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Programmes, Coordination and
Development

COMBINED
STRATEGIC AND ANNUAL PROGRAMME REPORT
2015

for the

EUROPEAN ECONOMIC AREA (EEA)
AND NORWEGIAN
FINANCIAL MECHANISMS

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
PPD	Public Procurement Directorate, Treasury
PPR	Project Progress Report
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) and the Norwegian Financial Mechanisms (FMs) 2009-2014 according to Article 2.2.1 of the Regulation on the implementation of the EEA and Norway FMs as well as paragraph 6 of Annex A of the two Memoranda of Understanding (MoU) signed between the Republic of Cyprus and the three Donor States and the Republic of Cyprus and Norway respectively, on the implementation of the above Mechanisms. The purpose of the Report is to give comprehensive information on the implementation of the EEA and Norway FMs during the period January – December 2015 and to inform the members of the Monitoring Committee on the progress made in the period under review, as well as to form the basis for discussions at the Annual Meeting in 2016.

The Report contains information on the progress made towards the implementation of the three Programmes, operated by the DGEPCD, consisting of eight predefined projects and the Fund for Non-Governmental Organisations, operated by PWC Ltd. Furthermore, the Report reflects on publicity issues, bilateral relations and proposals for future activities.

During the period under review most of the projects under the programmes were in the final phase of their implementation. However, given the opportunity from the Donors to extend the final date of the eligibility of selected projects up to 30.4.2017, and in view of some delays in the construction phase of two projects (SPAVO and Nea Eleousa) and some bad weather conditions, that postponed one activity in another project (Amiantos), the NFP requested, in September 2015, an extension of the programmes' duration in order to achieve all results. The approval from the Donors was granted in November 2015, safeguarding the full implementation of the Programmes. The table below shows an analysis of the Programmes (including the amounts disbursed in 2015 and the Grant balance per project):

Project	Grant Allocation (€)	Grant claimed by the PPs in 2015 (€)	Total Grant claimed by the PPs (€)	% Grant claimed by the PPs (%)
1. Programme CY02				
(i) Biodiversity conservation of the Amiantos Asbestos Mine in Troodos National Forest Park - Project Promoter: Department of Forest	1.138.167	94.188	798.013	70,1
(ii) Transformation of Nea Eleousa to a Day Care Centre for Children & Youth With Multiple Disabilities - Project Promoter: Social Welfare Services	379.225	58.715	58.715	15,5
(iii) Centre for visual arts and research - Project Promoter: Costas and Rita Severis Foundation	613.655	-*	500.094	81,5
2. Programme CY03				
Funds for NGOs – Programme Operator: PWC Ltd - Project Promoters: 20 NGOs	1.320.750	628.963	1.180.535	89,4
3. Programme CY04				
The Cyprus Bone Marrow Registry - Project Promoter: The Karaiskakio Foundation	681.127	77.112	409.087	60,1
Establishment of a Translational Facility at the Cyprus Institute of Neurology and Genetics (CING) - Project Promoter: The Cyprus Institute of Neurology and Genetics	492.500	96.861	459.643	93,3
Construction of a new shelter for the victims of domestic violence - Project Promoter: The Association for Violence in the Family (SPAVO)	742.198	199.680	373.433	50,3
Strengthening MOKAS capacities and efficiency to detect money laundering and the financing of terrorism - Project Promoter: Combating Money Laundering Unit (MOKAS)	935.750	135.861	910.630	97,3
The Home for Cooperation (H4C) - Project Promoter: The Association for Historic Dialogue and Research	674.725	195.753	559.319	83,0
TOTAL	6.978.097	1.487.133	5.249.469	75,2

* even though the "Centre for visual arts and research" has been completed in 2014, the final balance has not been disbursed in 2015, in view of the pending final building permission which will be granted in early 2016. When the permit is granted, the final payment will be effected.

2. ASSESSMENT OF THE EFFECT OF THE GRANTS

2.1 Cohesion

The Programmes under the EEA and Norway Grants 2009-2014 fit into the overall objectives of the FMs, which is the reduction of the economic and social disparities and the strengthening of the bilateral relations. These objectives are achieved by projects that take

care children, women and youth at risk by providing additional services through the creation of a shelter for protecting them from domestic violence (SPAVO), by providing a Centre for helping young people and children with disabilities (Nea Eleousa), by advancing the equipment used in laboratories, providing better quality health services at national and local level and also by reducing the inequalities in health through increased access (Karaiskakio and CING). Bilateral relations played an important role in sharing experiences and good practices from peer institutions for the achievement of project results.

It is noted that the EEA and Norway Grants fit into areas that are not adequately covered by other resources, such as the areas of environmental protection and management, biodiversity, human and social development, cultural heritage, public health, domestic and gender based violence, justice and home affairs and civil society support. Even though the total allocation to Cyprus is not as much to have a major impact on the country, it does have an impact on the programme areas that benefit from these grants. The contribution to the implementation of these programmes is already visible and it has counter balanced some of the adverse effects of the financial crisis of the recent years.

The eight projects under the EEA and Norway Grants as well as the NGO Fund Programme fit into the overall objective of their respective Programme area and they are fully in line with the legislation and national priorities and strategies for the specific sectors. Furthermore they are highly relevant to the existing needs of the country and they contribute in their own way in the reduction of economic and social disparities.

Two projects, the Amiantos Mine Project and the Project for the Centre of Visual Arts and Research 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 Day Care Centre for disabled children and youth project, when completed, will contribute to the combating of social exclusion of the specific target group and their reintegration into the community.

The Bone Marrow Donor Registry Project and the Project for the Cyprus Institute of Neurology and Genetics, are already contributing to the delivery of improved public health services as well as building more trust and further communication channels between the two communities in Cyprus. The Shelter for the victims of domestic violence, when the building will be completed, will contribute to the empowering of the specific target group and their reintegration into the society. The project on strengthening MOKAS capacities and improve efficiency to detect money laundering, will contribute to the fight against money laundering and terrorist financing thus increasing citizens' security. Finally the Home for Cooperation is already working on strengthening the capacity of NGOs in Cyprus. Furthermore, interaction of the Greek Cypriot and Turkish Cypriot communities are effected through its activities, contributing to even better relations and contacts between the two communities.

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 adverse conditions caused by the economic crisis affected all stakeholders in the EEA and Norway Grants in Cyprus. Due to the recession of the economy, the objective of reduced disparities might be difficult to be achieved, at least, in the coming years.

Furthermore, as regards the risks which might hinder the objectives and outcomes of the programmes, apart from the delay in the construction of the buildings of two projects, they were general risks and they were incorporated during the implementation of the projects and did not create serious problems. Such risks were the limited project management experience of Project Promoters and some minor delays in implementation etc. Mitigating actions are already in place and each Project Promoter was in close contact with the Programme Operators to address all issues that arose.

Furthermore, the total assistance provided to Cyprus has also a bi-communal dimension and in this sense it contributes to the promotion of bi-communal contacts and dialogue between the two communities in Cyprus, especially projects such as the H4C Project, the Karaiskakio project and a number of projects under the NGO Fund Programme.

2.2 Bilateral relations

In 2015 the bilateral relations between Cyprus and the donor states were strengthened through the events financed from the fund for bilateral relations at Programme and National Level.

Bilateral exchanges under the EEA/Norway Grants, gave the opportunity to Cypriot entities to cooperate with counterparts from the Donor States and be able to exchange views and experiences as well as good practices.

Project Promoters were involved in workshops, study visits and expert missions with counterparts from the Donor States, enhancing their perspectives and knowledge of how to deal with the challenges at hand. Furthermore, cooperating with donor partners, has already given the opportunity to PPs to continue the cooperation in some fields after the completion of their projects, such as the FIUs of Cyprus and Norway (signed a MoU) in combating money laundering and financing terrorism as well as the cooperation and shared experiences of shelters of domestic violence in the two countries.

It was noted by the PPs that these exchanges did not just provide an additional knowledge for their projects but gave them the opportunity to see the views of the donor partners from a different outlook and extent opportunities for future cooperation.

As regards risks that could impede on the bilateral objectives, the most significant risks relate to the difficulty in identifying partners from the Donor States and/or financing possible missions/workshops due to the limited budgets available (due to high fees, high cost of air tickets and other expenses related in organizing missions and workshops).

In order to address these risks, the NFP was in close contact with the FMO and the Norwegian Embassy in Athens in order to identify partners in the case that the Project promoters could not identify a partner themselves. Furthermore, in order to maximize the impact of the bilateral relations given the fixed budget, the NFP aimed at promoting a few but focused activities.

3. REPORTING ON PROGRAMMES

3.1. Overview of Programme Status

During the reporting period, the DG EPCD was in close cooperation with the PPs for the successful completion of their projects since this year was the year that most of the activities would be completed. It is noted that only one project (CVAR) is completed and it is in full operation.

However, due to unexpected delays, in a number of projects, the NFP requested and received from the Donors the permission to extend the duration of the Programmes in order to mitigate the risk of not completing the projects on time and not achieving all results. The projects receiving the extension are the SPAVO, Nea Eleousa, Amiantos and Karaiskakio projects.

Under the NGO Fund Programme, 18 out of the 20 projects have been completed and submitted their final reports to the Programme Operator.

3.2 Individual Programme Reporting

3.2.1 Overall progress as regards implementation of the Programmes and their sub-projects

Overall progress under the Programmes progressed well during the reporting period. The total amount claimed by the PPs has increased from 50,1% in 2014 to 75,2% in 2015.

The three Programmes contributed positively towards several horizontal concerns since several projects include actions or/are predominantly committed to promoting

multicultural understanding, respect for the rights of minorities, combating hate speech, extremism, racism, xenophobia, violence against women and trafficking.

However, it is noted that more effort should be concentrated on promoting and communicating the actions and results both at a Programme Operator level and National Focal Point.

As far as the Cross-Cutting issues are concerned, it is noted that all the Project Promoters were asked to address these issues at the application process and provide satisfactory ways to implement all these issues. Additionally, since the projects were pre-selected (under the two Programmes), all the Project Promoters selected are well established and have an excellent track record in all cross-cutting issues. Respect to all cross-cutting issues is also explicitly stated in the project contracts.

1. Good-Governance

Three out of eight Project Promoters are government services which are obliged to follow the National and EU legislation regarding good governance and transparency issues. Karaiskakio Foundation is audited by the State Audit Authority and the Cyprus Institute of Neurology and Genetics is a body governed by public law. Regarding the NGOs, as mentioned above, they have been selected taking account of their experience and track record. Additionally, they have been provided with specific instructions and procedures on procurement and transparency issues all of which are thoroughly monitored.

2. Environmental considerations

Besides the project on the *"Biodiversity and ecosystem services"* all projects contribute to the most efficient use of energy, resources by either the introduction of new technology which is more environmental friendly or as a fundamental policy of the Promoter itself. All measures are taken to ensure compliance with the legislation and best practices regarding environmental sustainability. None of the projects affected the environment negatively.

3. Economic Sustainability

All projects include either upgrading of technological and building infrastructure or direct support of their operations including implementation of a sustainability action plan, thus contributing to efficiency improvements, expanding their operations, new employment positions and attracting more funding resources.

4. Social sustainability

Most projects concern areas and actions directly involved with social issues like access to public health, tackling gender discrimination and violence and supporting victims, improving care facilities for children and youth at risk etc. Also, most projects carry a

bi-communal aspect for promoting healthy relationships and mutual understanding between communities in Cyprus, with one particular project having this as its main objective.

5. Gender Equality

All Project Promoters whether public services or not are firm supporters of gender equality implementing "Equal Opportunities and Rights" policies in employment, participation in managerial positions and project and research teams. Besides this, two projects are involved directly in promoting gender equality issues ("Shelter for Victims of Domestic Violence" and "Home for Cooperation" with the development and publication of a tri-lingual guide on how to introduce a gender perspective in history teaching and other streamlining activities).

3.2.2 Progress towards expected outcomes

Almost all outcome indicators are expected to be achieved, in view of the Programmes extension period to 30.4.2017. There are no serious operational or implementation risks.

Programme Areas	Outcome Indicators	Achievement
CY02-EEA Grants		
Biodiversity and ecosystem services	Number of management plans for Natura 2000 areas created, improved and/or implemented	One management plan was created for mine restoration with improved techniques taking into account nature conservation and wildlife needs. The management plan is achieved. All activities were completed apart from the construction of the 'bond', which due to the adverse weather conditions it was not possible to be concluded within 2015. An extension is granted and it is expected that construction will be completed in the summer of 2016.
Children and youth at risk	Number of young people directly benefiting by the programme	When the construction of the Centre will be completed, it will then contribute to the outcome of young people benefiting from the services of the Day care Centre. However, training for the members of staff took place and the relevant preparations for obtaining the necessary equipment for the Centre were underway.
Conservation and revitalisation of cultural and natural heritage	Number of new museums and cultural centres facilities created	The CVAR building is completed and is operational. The outcome has been achieved.
CY04 – Norway Grants		
Public health initiatives	Number of actions taken to reduce inequalities in	The IT infrastructure and communication tools are in place, the registry database is upgraded

	health through increase access	and the public awareness and recruitment campaigned took place
Domestic and Gender-based violence	Number of women's shelters or crisis centres supported	The construction of the Shelter is on-going and it will be completed in 2016. The Shelter will be functional within 2016.
Justice and Home Affairs	Number of law enforcement officers trained to prevent and combat cross border and organised crime	The installation of the application was completed and the officers were trained according to the plan. The application became operational in April 2015 and the responsible authority is now fully functional to meet its needs.
Civil Society Support	Number of smaller/grass roots organisations demonstrating increased capacity in relation to sustainability and extension of activities	Various small organisations benefited from the "Small Projects Programme" of the H4C, giving the opportunity to perform activities which benefited their sustainability capacity. In addition a large number of people benefited from the activities implemented by these projects
CY03 – NGO Fund		
NGO Fund	Democratic values, including human rights, promoted	7 NGOs promoted democratic values, including human rights and 15 NGOs committed to NGO Codes of Practice and ethics
NGO Fund	Provision of welfare and basic services to defined target groups increased	5 basic and welfare services that meet needs of defined target groups achieved and 200 individuals reported access to welfare/social services, such as the provision of support services to victims of trafficking where NGOs managed to tackle the problem both by directly assisting the victims and by training and informing practitioners in the public and private sectors (doctors, police etc).
NGO Fund	Strengthened capacity of NGOs and an enabling environment for the sector promoted	31 NGOs reported that achieved additional sources of funding and 12 workshops and experience exchange events for good practice and learning transfer were organised. Sectoral capacity building was achieved both at the project and the programme level through the offering of tools, workshops etc. A major capacity building effort was realized in the Call 2 project where a comprehensive mapping of the capacities of the NGO sector was implemented together with support in setting up NGO networks and offering training/ capacity building support to interested NGOs both by the project and the PO.

Concerning what could be done better, having also the next programming period in mind, the following issues are identified:

- Communication
This is an area in which both the NFP/PO and PPs could have done more than what is absolutely necessary, which we recognise and we will try to improve in the coming months. Also, some communication methods chosen were perhaps not very effective at disseminating the results, progress, liaising with media/journalists etc. However, there is still enough time to communicate the results and raise awareness about the Grants and the Donor Countries in the wider public.
- Progress and results indicators
Due to the small size of the programmes in Cyprus, the current indicators are mostly generic and do not necessarily reflect progress either at the project level or effects in a broader level. This should be taken into consideration when compiling the programme indicators for the next period.
- Reporting
The reporting template could become more user-friendly and simple. Also, the reporting periods could be reconsidered to take account of the liquidity constraints faced by some of the PPs.
- Payments
The expenses verification procedure should be improved for the next programming period in order to expedite payments.
- Clarified procedures and instructions
In some cases we had to deal with unforeseen developments that required special handling which in turn caused some delay in the implementation of the projects. We will incorporate these experiences for the future.

3.2.1 Outputs achieved

In the period under review, implementation for most of the projects was progressing according to the planned timelines. The table below summarizes the output results for each programme area:

Programme Areas	Output Indicators	Output results
Biodiversity and ecosystem services		
	Area reshaped in sq meters	0 (completed in 2014)
	Number of staff trained on restoration	0 (completed in 2014)

Children and youth at risk		
	Number of rooms renovated	0 (construction is still on-going)
	Number of men trained	9
	Number of women trained	76
Conservation and revitalisation of cultural and natural heritage		
	Gallery for the permanent exhibition of the collection established – Area in sq.m.	0 (completed in 2014)
	Number of men involved in exchange visits between beneficiary and donor states	1
Public health initiatives		
	List of newly discovered biomarkers/ genes	0
	Number of new recruited donors during the project period	6050
Domestic and Gender-based violence		
	Number of purpose build shelter	0 (construction is still on-going)
	Number of men trained	23
	Number of women trained	97
Justice and Home Affairs		
	Number of study visit to FIU Norway, FIU Finland and FIU Netherlands and to UNODC by FIU Cyprus	1
	Number of contracts signed between FIU Cyprus and UNODC	1
Civil Society Support		
	Number of international conferences organized on history teaching	0 (completed)
	Number of international conferences organized on history teaching	0 (completed)
	Number of new collaborations initiated between the H4C/AHDR and NGOs, non-formal groups and other grass-roots organisations	100
NGO Fund	Number of Reports and Financial Reports submitted	6

In a nutshell, it is noted that most of the project outcomes (except for those where an extension of their project duration is granted) which were expected to be achieved in the reporting period have been met by the project promoters and based on the status of the implementation of these projects and the NGO Fund Programme, no deviation from the targets is expected.

A brief description of the implementation progress achieved during 2015 on the individual projects under the three Programmes is given below:

A. Projects under the EEA Programme

(i) "Biodiversity Conservation in the Restoration and Management of the Amiantos Asbestos Mine at Troodos National Forest Park"

The project has been nearly completed except that the pond works had to be postponed again due to bad weather conditions. Although the excavation works started in September 2015 and the pond basis and landscape have been prepared along with the basic pipeline infrastructure, unfortunately the artificial membrane could not be installed because there was heavy rain fall in October 2015. However, the contract with the constructor provided for this kind of event and the works will continue towards the end of the summer next year. An extension has been granted from the Donors for completion of the project by April 2017.

(ii) "Centre for Visual Arts and Research" (CVAR)

The project is completed and has been in operation since June 2014. Pending is the final balance payment along with the final approval by the Directorate of Control regarding the building structure.

(iii) "Transformation of Nea Eleousa to a Day Care Centre for Children and Youth with Multiple Disabilities"

The PP started the necessary procurement procedures for the purchase of equipment with some of it already acquired. They also re-evaluated their equipment needs and updated the necessary equipment catalogue. Concerning the construction process, although there was some delay in the implementation schedule, after the representations made by the Project Promoter, the constructor increased the work volume and has proceeded at a faster pace.

B. Projects under the Norway Programme

(i) "Strengthening MOKAS Capacities and Improve Efficiency to Detect Money Laundering and Financing of Terrorism"

The project is completed. In November 5th the PP presented the software in a closing event hosted at Larnaca. At the same event, MOKAS and the respective FIUs of Norway and Liechtenstein proceeded to the signature of Memoranda of Understanding for extending their cooperation.

(ii) "Establishment of a Translational Facility at the Cyprus Institute of Neurology and Genetics"

After the purchase and installation of the Genomics and Proteomics facilities, the project is currently at the research part (Act. 4,5,6) which has already provided some initial results.

(iii) "Home for Cooperation"

The project activities have been completed successfully. In 2015 the PP completed the Small Projects, Activities 3 (gender publication) and 4 (Nicosia as a shared space project). All the aforementioned activities were presented publically and received coverage from the

Press, as well as a large audience participation in the presentations made both for the publication of a trilingual guide (English, Greek and Turkish) on how to introduce a gender perspective in History Teaching and the Interactive Website for "Nicosia as a contested and shared space" project.

(iv) "The Cyprus Bone Marrow Registry"

Around 85% of the project deliverables and activities are completed. Namely the entire IT infrastructure has been installed, and the upgrades of the users have been completed. The PP continued with the installation and configuration of the NGS system purchased and has also implemented the Laboratory Information System, which allows integration with the NGS platform and enhances the communication between the Cyprus Registry and the Laboratory software. This also improves the communication and donor search elements between the international registries. The Web page has been completed, and was released to the public in June 2015.

(v) "Construction of a new shelter for the victims of domestic violence"

The constructor increased the personnel working at the site in order to cover for previous delays. The construction of the building has progressed well and is currently at the floor installation stage. An extension of the project duration has been granted from the donors for the minor delay in the construction phase of the project.

C. NGO Fund Programme

Regarding the NGO Fund Programme, 18 out of the 20 projects were completed and the project promoters submitted their final reports to the Programme Operator. The last two projects were in the final stage of their implementation.

3.2.4 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 limited experience of the Project Promoters in project management and in implementing projects and to the willingness and readiness of the private sector contractors to meet their obligations.

It is noted that in 2015, one of the main risks was the delay of the completion of the buildings for the Shelter for Domestic Violence and the Nea Eleousa Day-Care Centre. Since it was anticipated to face some delays in four projects in total, the NFP, after the Donors decision to grant exceptional extension of the final date of the eligibility of selected projects in all the countries benefiting from the grants, decided to request from the Donors the extension of the Programmes' deadline to care for these projects. The granted extension will assist the efforts of the Project Promoters to complete their projects within the new deadline and meet their objectives.

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 regular 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. Moreover, regarding the construction of the Nea Eleousa Building, the Public Works Department and the Directorate of Control of the Ministry of Communication and Works have been following the works of the contractor in order to monitor the agreed steps and timelines.

For the NGO Programme, potential risks were identified such as the sustainability of the services funded under the NGO Fund Programme after financing is concluded. This risk was minimized by selecting various types of projects for funding under the Programme as well by stressing to all NGOs the importance of sustainability during all the workshops and the monitoring meetings.

Another risk identified by the PO was the timely completion of the projects. This was dealt by the close monitoring of all projects by the PO officers through regular meetings, emails and phone calls to solve any problems that might hinder the implementation of the projects.

It is noted that further risks that were previously identified by the PO have been dealt with and no further action needed to be taken during the period under review.

In addition to all the above mitigation actions, the DG EPCD in its role as NFP and PO provided continuous support and guidance to the Project Promoters and to the NGO PO. 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.

3.2.5 The need for adjustments of plans, including actions for risk mitigation

In order to mitigate the risk of construction and other delays in four projects, the two Programme Agreements have been modified to extend the final eligible period for up to April 2017. The relevant contract extensions will be prepared and signed with the PPs.

3.2.6 The use of funds for bilateral relations

A lot of effort from the part of the project promoters was put to develop and strengthen the bilateral relations with the Donor States, as was stipulated in their project proposals.

It is noted that the PPs are well aware of the benefits these contacts have, both for the implementation of their projects, as well as for their future efforts in meeting their overall objectives. By these contacts they anticipate to establish sustainable relations with these entities from the Donor States and to gain access to valuable professional, technical, administrative and organisational skills.

In the period under review, bilateral activities were mainly the arrival of experts from Norway to Cyprus to participate in workshops and other events and the study trips of Cypriot officials to Norway to learn from local experience. These are summarized below:

Project	Activity
MOKAS	Visit to Cyprus to Sign the Memorandum of Understanding (MOU) between FIU Cyprus and FIU Norway
H4C	-Visit to Cyprus of new director of the House of Literature, Oslo, Andreas Liebe Delssett -Short internship at the House of Literature, Oslo, by a member of the AHDR
SPAVO	-Norwegian experts participated in the activities of SPAVO in (a)Analysing victim demographics data in detail, (b)Awareness activities and Round Table Discussions -a team from SPAVO visited Norway Shelters
CING	-Short term training of two experts for Genomics/Proteomics at Oslo Hospital -Bioinformatics Short Training of two experts at Oslo Hospitals
CVAR	A Norwegian Chef introduced the Norwegian Cuisine at CVAR Restaurant

Apart from the above activities which took place in 2015, it is noted that through the sharing of knowledge and experience between donor partners and the PPs, both sides have managed to establish a network of communication and continue the direct contacts among them, within their budget limits.

Regarding the Bilateral Fund at National level, the DGEPCD submitted a proposal, through the Norwegian Embassy in Athens, for implementing an activity within 2015, and the approval of the Donors is expected for organizing the event.

4. MANAGEMENT AND IMPLEMENTATION

4.1 Management and Control Systems

The DG EPCD, in its role as the NFP submitted to the FMO on 31.12.2015, the revised/updated Management and Control System (MCS) Description for the PO for the Programmes CY02 and CY04.

The changes implemented in the MCS have been reviewed by the Internal Audit Service and have been included in the Annual Audit Report (AAR) 2015 which was also sent to the FMO on 31.12.2015.

Furthermore, in the AAR, the Internal Audit Service (IAS) noted that the MCS continues to comply with the requirements of the Norwegian and the EEA FM Regulations 2009-2014 and generally accepted accounting principles. In addition, the IAS confirmed that the revised MCS is proportionate to effectively achieve the objectives of the programmes.

The changes that took place to the description of the Management and Control Systems in 2015 were minor and they referred to the bi-meetings organized between the project promoters and the PO. Meetings with the PPs are now organized when needed and not every two months as it was initially the case. It was noted that since Project implementation was well underway in the period under review, the bi-monthly meeting were not necessary as it was the case in the first year of implementation. The above update in the MCS was necessary for the better functioning of the implementation of the programmes.

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 were no modifications made in the period under review.

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 in the area of public procurement either since all procurement procedures have been 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

During 2015, two cases of irregularities have been identified:

- 1) For Home of Cooperation Project, an expenditure became ineligible after an audit carried out by the Audit Authority. The expenditure was found ineligible by the Audit Authority, due to the fact that they were incurred before the eligibility period of the project. The total amount was €1.431,51 and the grant amount was €1.155,80.

The ineligible expenditure has been deducted from a next IFR and the case is considered closed.

2) Norwegian Program: After reviewing the incurred expenditure of the CY04 Program we identified that under the outcome "Strengthened capacity of NGO's and an enabling environment for the sector promoted", the total incurred expenditure declared until December 2014, (i.e. €292.483), did not match with the actual payments by the PO to the PP for the same period (i.e. €242.112).

The difference of €50.371 related to a payment that was incurred in October 2014 (payment by PO to PP 07/10/2014) and while correctly recorded in IFR#7, it was also recorded in IFR#5 by mistake and therefore counted twice.

The error was corrected in IFR#8 by reducing the actual incurred expenditure of that outcome for the period Jan-April 2015 (i.e. €102.153) with the amount of the error (i.e. €50.371). Hence, the amount reported in IFR#8 for the specific outcome was the difference €51.782 (€102.153-€50.371). The case is still open and under review by the FMO.

4.4 Audit, monitoring, review and evaluation

During the period under review all the projects under the EEA and Norway Programmes (apart from one which was concluded in 2014), as well as the NGO Fund Programme continued their implementation phase and the DGEPCD has been closely monitored all.

The DGEPCD in its role as NFP and PO monitored the Projects/Programme through the Project Progress Reports submitted by the POs and through the regular meetings with the PPs/PO where issues such as the project progress, problems or potential risks encountered, were discussed and resolved. Furthermore, the DGEPCD was in close contact with the PPs through emails and telephone calls for clarifying issues raised by the PPs or solving problems that occurred during the implementation phase.

As regards on-the-spot verification of projects, these have taken place in the process of the verification of their payment claims according to the Management and Control System.

Furthermore, one system audit was conducted by the Internal Audit Service of the Republic to the NGO Fund Programme Operator on its compliance to the Management and Control System and follow up audits to the three system audits conducted in 2014 were completed in 2015. From the system audits and the follow up carried out, no significant problems/weaknesses of a systemic nature were identified.

It is also noted that the Audit Authority prepared and submitted to the FMO, in accordance with the provisions of the Article 4.6(1.d) of the Regulation, the Annual Audit

Report for 2015 (stating the method to be used, the sampling method for audits on projects and the indicative planning of audits throughout the programming period) as well as the revised Audit Strategy 2009-2014, on 31.12.2015.

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:

1. Website: Updated the website dedicated to the EEA and Norwegian Financial Mechanisms in Cyprus (<http://www.eeagrants.gov.cy>).

2. Facebook: Weekly feeding of the Facebook page of the EEA and Norway Grants in Cyprus with events organized in Cyprus and sharing the official facebook page of the EEA and Norway Grants with news from other countries events and activities.

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. The facebook page is gaining more and more followers and more people are now aware of the events taking place under the EEA/Norway projects and of the financial contribution of the Financial Mechanisms in the implementation of these projects. Facebook also assists project promoters to advertise their future events and activities, inviting people to attend. In 2015, there were 50 posts of events in the EEA and Norway Grants Cyprus facebook page, 261 "likes" of the Page, and a number of comments and likes on the posts uploaded.

Overall, the Communication Strategy is implemented in accordance to the timeline set. However, due to the extension granted for a number of projects under the EEA and Norway Grant Programmes, the timeline will need to be amended accordingly to cover the period up to April 2017. As regards the information and publicity activities of the Programme Operator of the cross-sectoral Programme, it is noted that those overlap with the activities which are implemented by the NFP, since both these roles are executed by the DGEPCD.

For the "Fund for NGOs", the PO undertaken the following activities:

(1) organised a final report workshop on 11/5/2015 with aim to support promoters prepare and submit their final reports in a timely and quality manner. The objective was to resolve any issues faced by promoters and to provide as much guidance on the process as possible.

(2) For the publicity of the NGO Programme, the PO was very active on the programme webpage, where (i) the news and results of funded projects were showcased, (ii) events within Cyprus and outside relevant to the sector were disseminated to the promoters, and (iii) promoters were also informed of the events organised by POs of other beneficiary countries for their participation where possible.

(3) The Facebook page has managed to create awareness about the NGO Programme in Cyprus.

4.6 Work Plan

The indicative implementation plan of the EEA Financial Mechanism in 2016 is listed in the table below:

Implementation Plan of the EEA FM in 2016		
	Activity	Timeline for Implementation
1.	Organisation of the 5 th Meeting of the Monitoring Committee for the presentation of the Combined Strategic and Annual Programme Report and the progress made in the implementation of the EEA and Norwegian FMs	28 January 2016
2.	Submission of the Combined Strategic and Annual Programme Report for 2015 to the FMO	29 January 2016
3.	Organisation of the Annual Meeting of the Government of the Republic of Cyprus and the Donor States	Spring 2016
4.	Participation at the Communications Workshop organized by the Donors	March 2016
5.	Submission of the Interim Financial Reports for the Programmes	By 15 March, 15 July and 15 November 2016
6.	Meetings with the PPs of the predefined projects as well as the PO for the Programme "Funds for NGOs"	To be scheduled according to needs for additional clarifications in the project progress reports
7.	Bilateral Fund at National Level activity (after the Donor's approval)	May-June 2016

The work plan for the information activities are listed in the table below:

Work Plan for the Information Activities for 2016		
	Activity	Timeline for Implementation
1.	Continuous updating of the EEA/Norway dedicated website in Cyprus	On-going

2.	Updating of the Facebook page "EEA/Norway Grants Cyprus"	On-going
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5. SUMMARY LIST OF ISSUES AND RECOMMENDATIONS

The main effort in the previous year was to proceed with the implementation of the projects which were at their final stages of their implementation.

Even though most of the project promoters were implementing their projects according to their timelines, some delays occurred due to problems encountered in the construction phase of their projects and due to unexpected weather conditions. In view of these, an extension of the Programmes was granted and the new deadline for completing the projects is April 2017. Therefore, close monitoring is needed in these projects for the timely implementation of their projects within the new deadline. Furthermore, substantial progress was also achieved for the Programme "Fund for NGOs" where the implementation of all projects was completed.

Recommendations

		<u>Recommendations</u>	<u>Action</u>	<u>Timing</u>
(a)	Predefined Project	Close monitoring of the Nea Eleousa project for successful completion in view of the new deadline	PP/PO	Continuous
(b)	Predefined Project	Close monitoring of the SPAVO project for successful completion in view of the new deadline	PP/PO	Continuous
(c)	Predefined Project	Close monitoring of the Amiantos project for successful completion in view of the rescheduling of the construction of the pond	PP/PO	Continuous
(d)	"Funds for NGOs"	Close monitoring of the Programme and submission of final report	PO	January-April 2016
(e)	Bilateral Fund at National level	Organisation of an event in Cyprus after the final approval of the Donors	NFP	May-June 2016

6. ATTACHMENTS TO THE STRATEGIC REPORT

1. Applications in Cyprus - table showing the breakdown in respect of projects selected/contracted, as well as the types of intervention supported.
2. Projects with donor project partners in Cyprus - table providing information in respect of donor partnership projects (names of Donor State entities, number and proportion of partnership projects).
3. A summary table on Donor partnership projects on the Beneficiary State level.
4. A list of irregularities detected at the Beneficiary State level and at Programme level during the reporting period and financial corrections made.
5. For each Programme, a list of irregularities detected at project level during the reporting period and financial corrections made.
6. A plan setting out the monitoring and audit activities in the Beneficiary State for the coming reporting period.
7. A risk assessment at the national and programme levels.

Annex - Strategic report attachment 1

Applications in Cyprus Reporting year 2015

Supported export format word, excel and .pdf

Calls for Proposals

Applications for CY02 EEA Programme

Calls for proposals	2013			2014			Total
	Received	Partnership	Projects Contracted	Received	Partnership	Projects Contracted	
Predefined in MoU			2			1	3
Total			2			1	3

Predefined project measures:

- Capacity-building
- Education and training
- Information and awareness raising
- Infrastructure development and provision of equipment
- Research
- Capacity-building
- Infrastructure development and provision of equipment
- Provision of services

Applications for CY03 Funds for Non-governmental Organisations

Calls for proposals	2013			2014			Total
	Received	Partnership	Projects Contracted	Received	Partnership	Projects Contracted	
Call for proposals for the EEA NGO Fund In Cyprus 2009-2014	109	18	0	109	20	20	20
Call for proposals for the EEA NGO fund in Cyprus 2009-2014 (sector capacity building)	1	0	0	1	0	1	1
Total	110	18	0	110	20	41	38

Open call related outcomes:

- Democratic values, including human rights, promoted
- Strengthened capacity of NGOs and an enabling environment for the sector promoted
- Provision of welfare and basic services to defined target groups increased

Applications for CY04 Norwegian Financial Mechanism

Calls for proposals	2013			2014			Total		
	Received	Partnership	Projects Contracted	Received	Partnership	Projects Contracted	Received	Partnership	Projects Contracted
Predefined in MoU			4			1			5
Total			4			1			5

Predefined project measures:

- Advocacy
- Capacity-building
- Information and awareness raising
- Infrastructure development and provision of equipment
- Research
- Capacity-building
- Infrastructure development and provision of equipment
- Provision of services

Annex - Strategic report attachment 2 & 3

Projects with donor project partners in Cyprus

CY03 - Funds for Non-governmental Organisations

Project id	Project Name	Pre-defined project	Donor state	Donor project partner	Type of organisation
CY03-0008	24 hours - Home Care Service	No	Norway	Norwegian Cancer Society	Other type of NGO
CY03-0015	Development of a Network of Important Bird Area (IBA) Caretakers in Cyprus	No	Iceland	BirdLife Iceland	Other type of NGO
CY03-0018	Implementing Mandatory Sexuality Education for Teens	No	Norway	The Norwegian association for Sexual and Reproductive Health and Rights	Other type of NGO
Projects with donor project partners 3 out of 20 (15.0%)					

CY04 - Norwegian Financial Mechanism

Project id	Project Name	Pre-defined project	Donor state	Donor project partner	Type of organisation
CY04-0005	Construction of a new shelter for the victims of domestic violence	Yes	Norway	The Norwegian Secretariat of the Shelter Movement	Umbrella organization / Network of NGOs
Projects with donor project partners 1 out of 5 (20.0%)					
Planned grant amount for projects with donor project partners € 184,605					
Planned grant amount for projects with donor project partners € 742,197					

Cyprus - Summary

Project grant amount total	€ 6,783,919
Number of projects	28
Number of projects with donor project partners	4
Proportion of projects with donor project partners	14.29 %
Number of programmes *	3
EEA and Norway grants committed	€ 7,221,250
* Excluding Technical assistance programmes and PA22	

Annex - Strategic report attachment 4
Programme and country irregularities in Cyprus as initially reported
Reported by designated entities in or before 2015

Prepared 22-Jan-16

Supported export format
word and excel

Irregularities detected at Beneficiary state level

No irregularities have been reported

Irregularities detected at Programme level

Irregularity case	Irregularity status	Case opened	Case closed	Irregularity period	Followed up	Initial nature of irregularities	Amount of recovered funds	Grant amount reduced
IR-0246	In Review	23/10/15		2015Q3		error in payment claim	50.371	0
Total							50.371	0

Annex - Strategic report attachment 5
Project irregularities in Cyprus as initially reported
 Reported by designated entities in or before 2015 on project level

Prepared 14-Jan-16

Supported export format word and excel

Irregularity case	Irregularity status	Case opened	Case closed	Irregularity period	Followed up	Initial nature of irregularities	Amount of recovered funds	Grant amount reduced
IR-0054	Closed	11/06/14	27/11/15	2014Q1	2015Q3	error in payment claim	0	0
IR-0055	Closed	13/06/14	27/11/15	2014Q1	2015Q3	error in payment claim	0	0
IR-0105	Closed	27/02/15	27/11/15	2014Q4	2015Q3	deviation from programme agreement,error in payment claim	0	0
Total							0	0

Annex – Strategic report attachment 6

Audit Activity Planned (System Audits)

Bodies to be audited each year						
No.	Bodies/Authorities involved in the Management and Control System	Financial Mechanism	Programmes	2014	2015	2016
1	DGEPCD (National Focal Point)	EEA and Norwegian	All Programmes	√	-	-
2	Directorate for European Funds and Financial Control of the Treasury of the Republic (Certifying Authority and National Public Entity responsible for the preparation and the submission of the irregularity reports)	EEA and Norwegian	All Programmes	√	-	-
3	DGEPCD (Programme Operator)	EEA and Norwegian	CY02 and CY04	√	-	-
4	PricewaterhouseCoopers Ltd (NGO Fund Programme Operator)	EEA FM	CY03	-	√	-

1) During 2015 the Audit Authority carried out:

- A system audit concerning the Programme Operator of Programme CY03 – Fund for nongovernmental organisations
- 6 project audits covering both FMs. It should be noted that the Audit Authority has appointed an independent and certified auditing body from the private sector to perform 5 out of the 6 project audits and the other was conducted by the Audit Authority.
- A follow up of the system audits performed in 2014 regarding the DGEPCD as National Focal Point as well as Programme Operator. It was verified that IAS recommendations regarding some of the audit findings were implemented.

2) During 2016 the Internal Audit Service (IAS) will again outsource the project audits that will be selected for audit on the basis of the sampling methodology of the IAS Audit Strategy.

No system audits are planned to be performed in 2016.

Annex - Strategic report attachment 7

Risk Assessment in Cyprus

(7.1) 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 objective ¹	Description of risk	Likelihood ²	Consequence ³	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	Difficulty in finding partners from the Donor States to participate in bilateral relations activities	2	3	Work closely with the PPs in finding partners for the bilateral activities, and seek help and advice from the Norwegian Embassy in Athens and the FMO to identify donor state partners.
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.

(7.2) Risk assessment at the programme level

Programme #	Type of objective ⁴	Description of risk	Likelihood ⁵	Consequence ⁶	Mitigation planned/ done
	Cohesion (Programme) outcomes:				
	Bilateral outcome(s):				
	Operational issues: Successful Implementation of Projects	Delays in the implementation of the various project components	2	3	Efficient and close monitoring of each activity implementation, close cooperation between all involved entities, so that the defined deadlines are met. Also an extension of the eligibility period was requested and granted from the Donors in order to reach all the results in the Programmes

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.