

Cyprus

The Development Challenge: Following the provision of humanitarian relief assistance after the events of 1974, USAID shifted its program emphasis to bicomunal multi-sector development activities, structured to engage individuals and organizations from both Greek Cypriot and Turkish Cypriot communities. USAID assistance is designed to increase multi-sectoral contact between the two communities in order to improve cooperation between individuals and organizations from the two sides and, ultimately, reduce tensions.

There is both a physical and economic division between the two communities. While the GDP per capita is approximately \$16,400 on the Greek Cypriot side, it is only approximately \$5,263 on the Turkish Cypriot side. During the last two years, the continuing depreciation of the Turkish Lira and Turkey's growing economic problems exacerbated economic hardships in the Turkish Cypriot community. An economic austerity package in the North led to strikes and public protests, and the failure of several banks reinforced the climate of economic deterioration. The disenchantment of the Turkish Cypriot community is reflected in an ongoing process of emigration--including many of the young--and a resulting brain drain.

Facilitating a resolution to the Cyprus dispute--to defuse tensions between NATO allies Greece and Turkey and promote stability in the Eastern Mediterranean--remains a key priority of U.S. foreign policy. The United States supports the ongoing mission of the good offices of the UN Secretary General to achieve a just and lasting settlement that protects the legitimate interests of both Greek Cypriots and Turkish Cypriots.

The USAID Program: The annual Congressional appropriations language on Cyprus reflects Congress' objectives: "...reunification of the island and ... reduce tensions and promote peace and cooperation between the two communities on Cyprus." The USAID approach supports Congress' objectives by focusing on increasing and strengthening cooperation and mutual tolerance between Greek Cypriots and Turkish Cypriots and provides initiatives that support a comprehensive settlement. The resulting cooperative relationships and activities are expected to strengthen each side's ability to compromise on a just and lasting settlement, provide opportunities for multi-sectoral contacts to increase the number of stakeholders in a solution, and promote tolerance and mutual understanding in support of a comprehensive settlement. USAID's grant to the United Nations Development Programme (UNDP) for the Bicomunal Development Program funds technical assistance, commodities and training/workshops related to agriculture, education, participant training, civil society/non-governmental organization (NGO) strengthening, information technology, communication, and telecommunications. Other activities involve public infrastructure, environmental management, public health, economic development, urban renewal, and historic restoration and preservation. The program has fostered cooperation despite an unevenly enforced prohibition on bicomunal meetings by the Turkish Cypriot leadership. According to the UNDP Annual Report (October, 2002), there were over 155 bicomunal meetings in 2001, and substantially more in 2002, as compared with twenty recorded bicomunal meetings in 1997, just before the prohibition. There are approximately 50 ongoing activities with the authorities of the two Cypriot communities, with 60 more initiatives being implemented via NGOs in both communities.

The Program Data Sheet provides additional detail on the program for which USAID is requesting funds during FY 2003 and FY 2004. These funds are implemented through a major grant to the United Nations Development Programme (UNDP) for the Bicomunal Development Programme, and other agencies' activities including the U.S. State Department's Cyprus-America Scholarship Program (CASP, implemented by the Cyprus Fulbright Commission); the Bicomunal Support Program (implemented by the U.S. Embassy in Cyprus); and the U.S. Department of Interior's U.S. Geological Survey for the Bicomunal Data Base for Water Management.

In case of actual political settlement, the program would support the terms of the approved peace agreement in priority strategic areas and be dedicated to the success and viability of the UN-brokered agreement between the two communities.

Other Program Elements: None.

Other Donors: The United States is the principal donor supporting bicomunal activities in Cyprus. The European Union (EU) and, separately, a number of European countries, including Germany, Norway, Slovakia, and the Czech Republic, are funding bicommunally-oriented initiatives focused on civil society, urban restoration, women, political parties, entrepreneurs, journalists, and labor unions. As Cyprus advances towards EU membership, it is expected that the EU, which is the largest overall donor to Cyprus, will also become the largest donor to bicomunal programs.

**Cyprus
PROGRAM SUMMARY**

(in thousands of dollars)

Accounts	FY 2001 Actual	FY 2002 Actual	FY 2003 Prior Request	FY 2004 Request
Economic Support Fund	14,967	15,000	15,000	7,500
Total Program Funds	14,967	15,000	15,000	7,500

STRATEGIC OBJECTIVE SUMMARY

233-0410 Cyprus Bicomunal Program				
ESF	14,967	15,000	15,000	7,500

Data Sheet

USAID Mission:	Cyprus
Program Title:	Cyprus Bicomunal Program
Pillar:	Democracy, Conflict and Humanitarian Assistance
Strategic Objective:	233-0410
Status:	Continuing
Proposed FY 2003 Obligation:	\$15,000,000 ESF
Prior Year Unobligated:	\$1,066,000 ESF
Proposed FY 2004 Obligation:	\$7,500,000 ESF
Year of Initial Obligation:	FY 1975
Estimated Completion Date:	Indefinite

Summary: Grant funds are used to promote and develop bicomunal activities in a wide range of economic, social and cultural life in Cyprus. Major categories of assistance related to reconciliation include technical assistance for a wide array of sector-specific activities and implementing partners; related training and workshops; and commodities including materials, equipment, and supplies.

Inputs, Outputs, Activities:

FY 2003 Program:

USAID implements and manages the major grant to the United Nations Development Programme (UNDP) for the Bicomunal Development Program. USAID also transfers funds for direct implementation by other U.S. Government agencies including the Department of State (Cyprus America Scholarship Program implemented by the Cyprus Fulbright Commission, and the Bicomunal Support Program implemented by the U.S. Embassy); and the U.S. Department of the Interior's U.S. Geological Survey (bicomunal data base for water management). USAID employs a U.S. Personal Services Contractor (USPSC), based in Nicosia, and the Department of State engaged two USPSCs to provide local monitoring, advice and coordination of the program.

Bicomunal development program (\$10,000,000 ESF). USAID's Bicomunal Development Program is implemented through a multi-year, \$60 million grant to UNDP. The USAID program funds discrete activities in agriculture, education (e.g. TV programs for children in both communities), participant training, civil society/ non-governmental organization (NGO) strengthening, information technology, education, communication, and telecommunications. Other activities involve public infrastructure, environmental management, public health, urban renewal, and historic restoration and preservation. This grant program was initiated in 1998, when the UN High Commission for Refugees concluded its role as implementer. In 2001, USAID amended the grant to UNDP to extend the program through December 2004, for a total life-of-project level of \$60 million. An obligation of \$2.5 million to fully-fund this grant is expected during FY 2003. In view of a potential political settlement, a possible grant extension or the design and funding of a new, follow-on grant to UNDP is also being considered to take place during FY 2003. The implementer is the United Nations Development Programme (prime).

Interagency transfers to support an environment for feconciliation (\$5,000,000 ESF). Annual transfers of funds to the U.S. Department of State are utilized for separate grant and contract instruments to provide scholarships and short-term training (Cyprus-America Scholarship Program), as well as for the implementation of short-term, politically sensitive technical and training support for meetings and workshops (Bicomunal Support Program). The Cyprus America Scholarship Program was funded with \$4.35 million in FY 2002, with continued funding (precise level to be determined) anticipated in FY 2003. The State Department's Bicomunal Support Program received \$269,000 in FY 2002 funding. Additional FY '03 funding (precise level to be determined) will be provided in 2003. Using funding provided in FY 2000 to FY 2002, the U.S. Geological Survey continues to provide technical assistance, training, and commodities to establish a bicomunal water management database in Cyprus that will help both the

Greek Cypriots and Turkish Cypriots make joint decisions for efficient water resource management. U.S. Department of State (prime) and U.S. Geological Survey (prime).

FY 2004 Program:

For the entire Cyprus portfolio, funds in FY 2004 intended to be used for a continuation of bicomunal activities, based on emergent needs as well as new opportunities ushered through a potential political settlement, generally utilizing the existing grant/contract mechanisms.

Bicomunal development program (\$5,000,000 ESF). The Bicomunal Development Program will continue activities similar to ongoing activities. If a political settlement is reached, programming will likely shift towards activities that encourages support for and implementation of the political settlement. United Nations Development Programme (prime).

Interagency transfers to support an environment for reconciliation (\$2,500,000 ESF). FY 2004 funds are expected to continue ongoing activities through the existing grant/contract mechanisms. Activities could change so that they meet the new needs that would arise from a political settlement. U.S. Department of State (prime).

Performance and Results: The bicomunal program has fostered cooperation on activities of mutual interest and increased mutual understanding between Greek and Turkish Cypriots in multiple sectors through more than 110 activities. Principal near-term results for UNDP's Bicomunal Development Program include: continued development of bicomunal contacts and cooperation on activities such as the expansion and repair of the Nicosia sewerage system shared by both the Greek Cypriots and the Turkish Cypriots; the restoration of historical sites such as the Hala Sultan Tekke Mosque and Apostolos Andreas Monastery, and the Venetian Wall around Nicosia; an economic study of Cyprus focusing on the benefits of political settlement; a comprehensive survey of the infrastructure in the UN Buffer Zone; a comparative survey of political and national attitudes and perceptions; several seminars and workshops on a range of specific topics; the completion of a seismic risk study for greater Nicosia; and broadcast and favorable reception to an eight-episode children's educational television program. Hundreds of Greek Cypriots and Turkish Cypriots also came together for training/workshops on politically sensitive topics including education and disaster management. The State Department's Bicomunal Support Program has supported: (1) a six-week Future Global Leaders Youth Leadership Program for Turkish Cypriot and Greek Cypriot youth leaders at American University to teach conflict resolution and explore social issues; (2) several joint musical ensembles, publications, musical compositions, and compact disc recordings; (3) joint training of Greek Cypriots and Turkish Cypriot medical professionals in emergency medical training; (4) the second International Workshop on Information Technology and Education in Nicosia which brought together over 100 Cypriot professionals from both communities and nine international experts to examine the role and future of information technology in education; and (5) joint training of Greek Cypriot and Turkish Cypriot rescue personnel in earthquake rescue techniques. The U.S. Geological Survey made modest progress through training and provision of computer equipment intended for the development of a bicomunal water management database. The Cyprus-America Scholarship Program continued to provide scholarships, short-term training as well as a number of bicomunal workshops and seminars for participants from both communities.

The overall impact to be achieved is ongoing contact between members of both separated communities, and a growing network of collaborating Greek-Cypriot and Turkish-Cypriot organizations, institutions, and individuals working together on developmental initiatives to benefit the whole island of Cyprus. It is hoped that such functional and cooperative relationships will help set the stage for the reconciliation of all Cypriots following the attainment of a political settlement. The program is designed to be open to targets of opportunity that support a political settlement. In the event of such an agreement, program priorities will be adjusted and dedicated to support the successful implementation of a viable, UN-brokered and sanctioned peace plan.

US Financing in Thousands of Dollars

Cyprus

233-0410 Cyprus Bicomunal Program	ESF
Through September 30, 2001	
Obligations	225,507
Expenditures	201,004
Unliquidated	24,503
Fiscal Year 2002	
Obligations	12,007
Expenditures	12,095
Through September 30, 2002	
Obligations	237,514
Expenditures	213,099
Unliquidated	24,415
Prior Year Unobligated Funds	
Obligations	1,066
Planned Fiscal Year 2003 NOA	
Obligations	15,000
Total Planned Fiscal Year 2003	
Obligations	16,066
Proposed Fiscal Year 2004 NOA	
Obligations	7,500
Future Obligations	0
Est. Total Cost	261,080