

Cyprus

The Development Challenge: USAID assistance to Cyprus began as a humanitarian relief operation in the summer of 1974 and has since evolved into a multi-sectoral development program aimed at increasing the quality and quantity of interaction between the estranged and geographically-separated Greek Cypriot and Turkish Cypriot communities. USAID assistance supports cooperation between individuals and organizations from the two sides in order to reduce tensions and promote a climate that will foster reconciliation and a durable peace settlement.

The division of the two physically separated communities is reinforced by economic differences. While Greek Cypriot per capita GDP is approximately \$16,400, Turkish Cypriot per capita GDP is approximately \$5,263. During recent years, the continuing depreciation of the Turkish Lira and Turkey's growing economic problems have exacerbated economic hardships in the Turkish Cypriot community. 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, defusing tensions between NATO allies Greece and Turkey, and promoting stability in the Eastern Mediterranean remain key U.S. foreign policy priorities. The United States supports the mission of the United Nations Secretary General in working to achieve a just and lasting settlement that protects the legitimate interests of both Greek Cypriots and Turkish Cypriots. The international community, especially the United States, has been encouraging resumption of negotiations between the two sides on the basis of the Annan Plan, to arrive at a permanent solution before the Republic of Cyprus formally joins the EU on May 1, 2004. This remains a challenge since the December 2003 parliamentary elections in the northern Cypriot parliament resulted in a deadlock between the pro-European Union (EU), pro-settlement opposition, and long-dominant hard-line parties.

The USAID Program: The U.S. Congress' objectives for Cyprus, reflected in the annual Congressional appropriations language, include reunification of the island, reduction of tensions, and promotion of 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; provide tangible examples of the benefits of cooperation and permanent settlement; and promote tolerance and mutual understanding between the two communities in support of a comprehensive settlement.

USAID's \$60 million ESF grant to the United Nations Development Programme (UNDP) for the Bicomunal Development Program (BDP) supports technical assistance, commodities, and training and workshops related to agriculture and veterinary science, education, civil society and 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. In 2002, the number of BDP--facilitated bicomunal meetings (over 200) far exceeded the number that took place in 1996, previously considered the highpoint of bicomunal activities. The opening of the checkpoint between the north and south in April 2003 has enabled a deepening of bicomunal activities. Meetings between Greek Cypriots and Turkish Cypriots to plan and implement projects of island-wide interest are commonplace, as are activities that bring the two communities together for a common cause. There are approximately 40 ongoing activities with the authorities of the two Cypriot communities, with 60 more initiatives being implemented by NGOs in both communities.

The Program Data Sheet provides additional detail on the program for which USAID is programming FY 2004 funds and requesting FY 2005 funds. These funds are implemented through a major grant to the UNDP for the BDP, which averaged approximately \$10 million in annual obligations. Other agencies'

activities include the U.S. State Department's Cyprus-America Scholarship Program, implemented by the Cyprus Fulbright Commission with \$4.3 million obligated in FY 2003 funds, and the Bicomunal Support Program, implemented by the U.S. Embassy in Nicosia with \$2.0 million obligated in FY 2003 funds.

In case of actual political settlement, the program would support the terms of the approved peace agreement in strategic areas, facilitate the transition, 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 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.

Data Sheet

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| USAID Mission: | Cyprus |
| Program Title: | Cyprus Bicomunal Program |
| Pillar: | Economic Growth, Agriculture and Trade |
| Strategic Objective: | 233-0410 |
| Proposed FY 2004 Obligation: | \$13,420,000 ESF |
| Prior Year Unobligated: | \$6,749,000 ESF |
| Proposed FY 2005 Obligation: | \$13,500,000 ESF |
| Year of Initial Obligation: | FY 1975 |
| Year of Final Obligation: | Indefinite |

Summary: USAID's program to reduce tensions and improve collaboration between Greek Cypriots and Turkish Cypriots support a variety of bicomunal activities in a wide range of areas. USAID's program includes support for economic development, civil society empowerment, good governance, education, and social and cultural exchange, especially among youth. USAID assistance supporting reconciliation includes technical assistance for sector-specific activities and implementing partners; related training and workshops; sub-grants to non-governmental organizations (NGOs), and commodities including materials, equipment, and supplies.

Inputs, Outputs, Activities:

FY 2004 Program:

Bicomunal Development Program (\$8,540,000 ESF, \$6,749,000 ESF carryover). Since 1998 this program has been implemented through a multi-year grant to UNDP. UNDP was engaged when the UN High Commissioner for Refugees concluded its role as implementer after 20 years in Cyprus. The original grant provided for a three-year, \$30 million program, which in 2001, was extended through December 2004 with an increase in funding that amounted to a total life-of-project level of \$60 million. At the end of the current grant, USAID intends to re-engage UNDP in a similar arrangement through which it will continue to fund discrete activities in civil society/NGO strengthening, agriculture, education (e.g. TV programs for children in both communities), communication, information technology, and telecommunications. Other activities will involve public infrastructure, environmental management, public health, urban renewal, and historic restoration and preservation. Principal grantee: UNDP.

Interagency transfers to the U.S. Department of State (\$4,880,000 ESF). These funds support an environment for reconciliation, and 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).

FY 2005 Program:

Bicomunal Development Program (\$8,600,000 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 encourage support for and implementation of the political settlement. United Nations Development Programme will remain as grantee. The current BDP grant expires in December 2004. USAID will use an independent, comprehensive evaluation of the BDP program to inform the design of a follow-on grant program to UNDP, which will commence sometime in early-mid FY 2004. FY 2005 funds are intended to continue bicomunal activities, based on emergent needs as well as new opportunities ushered through a potential political settlement, generally utilizing the existing grant/contract mechanisms. Principal grantee: UNDP.

Transfers to the Department of State (\$4,900,000 ESF). These funds will support an environment for reconciliation, and are expected to continue ongoing activities through the existing grant/contract mechanisms. Activities may change to accommodate political settlement.

Performance and Results: BDP, BSP and CASP each offer unique advantages; together, they represent a strong, varied and complementary array of resources to enable the U.S. to address the ongoing Cyprus Problem. Overall, the bicomunal program has fostered cooperation on activities of mutual interest and for island-wide benefit and has increased mutual understanding between Greek and Turkish Cypriots in multiple sectors through more than 110 different activities.

Principal near-term results for UNDP's Bicomunal Development Program include: direct support to the UN's good offices mission for facilities repair, technical support and translation services; support and facilitation of public debate on settlement and the Annan Plan; continued development of bicomunal contacts and cooperation on activities such as the expansion and repair of the Nicosia sewerage and water systems shared by both the Greek Cypriots and the Turkish Cypriots; the repair and restoration of historical and culturally significant sites such as the Hala Sultan Tekke Mosque, Apostolos Andreas Monastery, the Venetian Wall around Nicosia, the orphaned churches of Lapithos village, the church and mosque of Pentakomo village; a comprehensive survey of the infrastructure in the UN-patrolled Buffer Zone; a comparative survey of political and national attitudes and perceptions; seminars and workshops on a range of specific topics; the first on-line daily translation of newspaper articles from Greek to Turkish and Turkish to Greek; and the production and broadcast of educational programs, including documentaries, an adult comedy series, and 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 leadership and volunteerism program for Turkish Cypriot and Greek Cypriot youth leaders at American University; 2) several joint musical collaborations and sports events; 3) joint training of Greek Cypriots and Turkish Cypriot medical professionals in different areas; 4) joint training in the area of disabilities awareness and advocacy; and 5) a youth camp focused on team building. The Cyprus America Scholarship Program continued to provide scholarships, short-term training and workshops and seminars to participants from both communities.

The overall impact achieved is ongoing contact and a growing network of Greek-Cypriot and Turkish-Cypriot organizations, institutions, and individuals collaborating on developmental initiatives to benefit the island as a whole. Such functional and cooperative relationships will help set the stage for the island-wide reconciliation following 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.