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## Background Information

- The USG's foreign assistance program for Cyprus, the aim of which is to facilitate reunification of the island and reconciliation of its two communities, currently consists of four major programs.
  - The **Action for Cooperation and Trust (ACT)** program, like its predecessor the Bicomunal Development Program (BDP) supports projects that encourage Greek Cypriots and Turkish Cypriots to work together on common problems and issues. ACT is funded through a cooperative agreement between USAID and the UN Development Program (UNDP).
  - The **Cyprus Partnership for Economic Growth (CyPEG)** funds activities that support economic growth in the Turkish Cypriot community through a variety of small and medium enterprise (SME), banking, resource efficiency and cultural and natural resource management projects. CyPEG is implemented by U.S. contractors under different USAID contract mechanisms.
  - The **Cyprus America Scholarship Program (CASP)**, administered by the Cyprus Fulbright Commission (CFC), funds scholarships, training programs and bicomunal activities. CASP is funded through a cooperative agreement between the Department of State and the CFC.
  - The **Bicomunal Support Program (BSP)** funds theme-based and target group-based bicomunal programs, focusing on professional development, education and leadership. BSP is implemented by AMIDEAST through a cooperative agreement with the Department of State.
- The Embassy is sensitive to the GOC's concerns over these programs – namely that they not encourage recognition of the “Turkish Republic of Northern Cyprus” or threaten the property rights of Greek Cypriots who were displaced in 1974.
- The Embassy does not agree, however, with the GOC's assertion that activities funded during the run up to the referendum on the Annan Plan -- such as the translation and publication of impartial, fact-based information on the Annan Plan (the UN's official Annan Plan website in Greek, Turkish and English, the Peace Research Institute of Oslo's Citizen's Guide to the Annan Plan, etc.), a Flag and Anthem Competition, Technical Committee experts in areas such as economics, federal structures, etc. – were out of line.

**REVIEW AUTHORITY: Robert Homme, Senior Reviewer**

- The USG's support to the UN's Good Offices Mission (GOM) was appropriate given the GOM and ESF mandates. We have agreed to disagree with the GOC on this point as we turn the page and move ahead.
- The Embassy consults with the GOC regularly and demonstrates its desire to operate in a transparent and accountable fashion.
- Unfortunately, the GOC continues to ratchet up its expectations and appears to want to become the sole decision-making authority for Greek Cypriot-initiated, Turkish Cypriot-initiated and US-initiated projects. Such insistence, as a practical matter, tends to reinforce division while our approach facilitates reunification.
- Bicommunal programming has been handled through the leaders' representatives (one Greek Cypriot and one Turkish Cypriot) and US partners (like UNHCR, UNOPS, and UNDP) since U.S. aid began flowing to Cyprus in 1975. Those who participate in bicommunal programs do so as experts in their personal capacities.
- Programming to end the isolation of the Turkish Cypriot community is handled directly by US contractors. The Embassy takes pains to comply with all reasonable GOC requests. For example, USAID contractors maintain their corporate offices in the ROC, and operate service centers in the Turkish Cypriot community. Contractors are extremely sensitive of property concerns and, for example, rent only properties owned by Turkish Cypriots before 1974. Absolutely none of them is under the misconception that the USG will ever recognize the "Turkish Republic of Northern Cyprus".
- The Embassy cannot, however, insist that Turkish Cypriots utilize words like "occupied territory" when they write proposals, or ignore Turkish Cypriot individuals or civil society organizations because they are not interested in registering in the ROC.
- The GOC clearly wants to substitute its interpretation of Congressional language for our own. For example, the GOC asserts that Turkish Cypriot projects to teach conflict resolution in the Turkish Cypriot classroom or to revise nationalist Turkish Cypriot textbooks are not bicommunal and therefore should not be funded by the USG. Needless to say, we disagree. These are exactly the kinds of activities that will begin to allow trust and understanding to develop so that there can be a solution to the Cyprus problem.
- A shift of responsibility for decision making now to the GOC would undercut the majority of pro-solution Turkish Cypriots and their leadership.

It would be a gift to the nationalists who want to return to the days of the Turkish Cypriot ban on bicomunal programming.

- As of February 2007, the GOC MFA has declined to accept what had been regular consultation meetings with the USAID Representative. The Embassy regrets this unwillingness to consult and will keep proffering such consultations to the GOC MFA.