

**SGI** Sustainable  
Governance  
Indicators

## 2014 Cyprus Report

Christophoros Christophorou, Heinz-Jürgen Axt,  
Roy Karadag (Coordinator)



## Executive Summary

In 2011, Cyprus entered into a period of grave economic problems that grew into a danger of outright collapse by early 2013. The government led by communist President Demetris Christofias applied to the European Stability Mechanism (ESM) in June 2012, but a final agreement was reached only three weeks after conservative Nicos Anastasiades assumed power, in late March 2013. The failure of the economy and of policies that had proved successful since the 1980s demonstrated the deficiencies of a system that was based on unsustainable structures, an oversized financial sector, and the lack of strategic planning and policy implementation. In a more in-depth examination, systemic problems become evident: The situation effectively deteriorated because of successive governments' very slow reaction to the need to adapt administrative structures and act innovatively. The failure of governance in the period under review can also be attributed to a shift in priorities by those in power; meritocratic incentives were sidelined in favor of partisan and private interests. This further weakened and slowed down the operation of the state.

It may appear at first scrutiny that democratic processes and institutions functioned in a satisfactory way. However, weaknesses were perpetuated in many cases by an apparent reluctance to act effectively and efficiently. Patron-client relations were coupled with a lack of real progress in newly adopted legal frameworks governing transparency in the funding of political activity, parties and elections, and for the enforcement of anti-corruption mechanisms. Evidence of the government's interference with institutional functioning was given by mistake to the media by the government itself. However, all political parties engaged in the same practices, media reports revealed. Meanwhile, the courts' ability to remedy administrative decisions was increasingly affected by long delays in decision-making related to insufficient resources.

While appropriate legal frameworks already existed in many cases, implementation means and mechanisms were either deficient or they were not utilized. The most serious negative outcomes included damages to the country's electricity-production plant related to a July 2011 ammunition explosion, and the failure of the economy. Deficient supervision of the banks, bad relations or poor communications between the main centers of authority, and poor state

finances excluded Cyprus from global markets in 2011. Thanks to the government's inaction and lack of determination, the volume of assistance needed by the country for stabilization purposes increased to a level above its annual GDP, while unemployment rose from 4.0% in 2010 to 14.2% in early 2013. Further negative impacts have already been felt, in the form of cuts to salaries, pensions, allowances and other support measures to families, as well as within education and other sectors. Thus, the country's sustainability has been gravely affected, in particular in already-problematic areas such as pensions and the family. The measures likely to be introduced on the basis of the memorandum with the Eurogroup will have even more significant effect.

Cyprus' efforts to create consistent policies for social inclusion and the integration of immigrants and asylum seekers, as well as to enhance environmental sustainability, also proved slow and insufficient to meet its obligations under EU treaties and international law. Indeed, the country is already facing penalties by the European Commission related to its failures in the realm of environmental protection.

In spite of a generally confrontational climate, understanding between political forces proved possible, with almost unanimous votes in parliament on commonly agreed measures in December 2011 and December 2012. This was partially the case with laws passed after the bailout negotiated by the new government, with the communist former governing party AKEL selectively voting against. However, a broader political understanding in the years 2011 – 2013 proved largely impossible due to the widespread casting of blame and the government's indecisive stance.

The well-organized administration inherited from British colonial rule in 1960 had weakened in many sectors over time, in large part due to nepotism and favoritism. Incremental management and reaction instead of proactive policies prevailed over the years. In the period under review, the absence of strategic capacity and planning was evident in government actions, but also in the work of other institutions, including the parliament and civil-society organizations. Their structures and resources appear inadequate, in part because they failed to consult with academics and other experts.

## Key Challenges

The main challenges facing Cyprus in the 2013 – 2015 period relate to

implementing policies aimed at solving the problems caused by the economic and financial crisis, as well as effectively responding to the terms of the Memorandum of Understanding with the Eurogroup. However, the economy's problems were caused by nonfinancial factors; thus, the crisis has deeper roots. Successfully facing the situation will require the formulation of policies addressing structural and endemic problems associated with democratic values, questions of economic equity and sustainability, and the need to improve strategic planning and implementation capacities.

Critical to recovery will be ensuring transparency and limiting the margin of discretion that makes corruption possible. Greater transparency is particularly needed in the area of financial transactions. The country's legal framework urgently needs to be streamlined through the adoption of all European Commission recommendations on the issue of transparency. Laws should provide for a clear and adequate means of supervision and control, create mechanisms for implementation, and provide for a system of sanctions in financing political parties and elections. Transparency should also apply in other fields such as media ownership, in criteria and procedures for appointments to public bodies, in the appointment of justices, and indeed in all aspects of life. This will allow processes and decisions that today undermine meritocratic principles in favor of partisan or other discriminatory criteria to be reviewed. Access to information should also be regulated in a transparent way.

In the financial sector, policies should put greater focus on social and environmental sustainability by shifting emphasis from favoring businesses and financial interests, often in an extreme way. This would first require the economy to be restructured on a more sustainable basis, reducing its reliance on factors such as tourism that are affected deeply by the business cycle, and reducing privileges for sectors such as land development, banking and finance. The responsibility for developing the infrastructure critical to specific sectors such as tourism should be given to businesses, rather than to society and the taxpayer.

The taxation system also must be reformed so that legal and physical persons are treated equitably, and so that redistribution is achieved through better enforcement of the laws. Liberal professions and companies must be taxed comparably with salaried employees. Reforms are also needed to ensure that funding for families, the pension system, health services, social inclusion and integration policies work to enhance societal equity.

In order to achieve these goals, the state must develop a strategic-planning

capacity, as well as the ability to implement its policies effectively. This will require clearly defined roles and competences. To this end, state structures will need to be fundamentally changed, first by creating an efficient and capable policy-planning unit and supervisory units that ensure implementation. This form of planning capability should be encouraged at various administrative levels. Special units within the presidential palace and the secretariat of the Council of Ministers should be staffed with personnel having the capacity to examine policy proposals on the basis of content, to an extent beyond the legal review provided by the Legal Office today. At the level of ministries and departments, as well as subnational authorities, an extensive and intensive program should be undertaken to train cadres and officials on issues of strategic policy planning, the setting and pursuing of targets, and the effectively implementation of plans. Supervisory mechanisms should ensure evaluation and proper implementation. Mechanisms of this kind, with clear and efficient means at their disposal, should be created in all sectors of the state.

Under conditions of crisis, many of the above proposals may appear to be, and may indeed be time-consuming exercises. However, they may also be the only way to efficiently solve the problems caused by the crisis.

# Policy Performance

## I. Economic Policies

### Economy

Economic Policy  
Score: 3

For three decades, Cyprus applied an economic model which ensured a sustained growth. This was a notable success, particularly given the loss of 35% of its territory and 70% of its resources, and the socioeconomic upheaval caused by the invasion of the Turkish army in 1974. The model was based on the adoption of a market-oriented economic system and macroeconomic policies. Contributing to the country's success as existence of a dynamic, flexible, entrepreneurial-minded and highly-educated labor force; moreover, the adoption of collective bargaining procedures between businesses and trade unions secured labor-market stability. The country's technological infrastructure, advanced legal and accountancy support services, taxation system and bilateral agreements avoiding double taxation, and efficient telecommunications networks served as additional factors encouraging a large number of foreign firms to establish a base in Cyprus. Furthermore, Cyprus' geographic location and its entry into the EU in 2004 gave it additional advantages as a business center.

However, the policies adopted, even though successful for a time, were ultimately unsustainable. The economy proved over-reliant on sectors affected by seasonality, on the financial and building sectors, and on unproductive investments. Increases in labor costs were not matched by productivity gains. When Cyprus joined the European Union in 2004, the European Commission was critical of Cyprus' extensive offshore sector, but no corrective measures were taken. Failure to implement long-due structural reforms and address the deteriorating state of public finances and spiraling borrowing costs left the economy vulnerable. In 2010, it became evident that deficit and debt levels exceeded the Maastricht criteria. The overexposure of the country's two major banks to Greek debt increased Cyprus' borrowing costs, and the country

experienced numerous downgrades to its credit rating from 2011 onward, effectively cutting it off from international money markets. In response to the crisis, the government introduced measures to cut the cost of the state payroll, curb tax evasion and revamp social benefits, and trimmed the deficit to 4.2% of GDP in 2012. In July 2012, Cyprus requested assistance from the European Stability Mechanism.

In March 2013, a government elected just a month previously completed negotiations on a €10 billion bailout. This included strict budgetary and monetary conditions, as well as the particularly unpopular banking “haircut” on deposits over €100,000 held in the country’s two major banks.

### Labor Markets

Labor Market Policy  
Score: 5

Until comparatively recently, Cyprus’ labor market has been characterized by near-full employment and an oversized public sector paying high salaries. Services accounted for more than 77% of the market in 2012. However, the global economic crisis had a deep impact on the labor market beginning in 2011; the main unemployment rate rose steadily from 4% in 2010 to 14.2% in March 2013.

The regulatory framework protects labor rights and protects workers from unlawful dismissal. However, serious shortcomings are evident in its implementation in the private sector. Over the years, “tripartism” in the form of agreements between the state, businesses and employees have made the labor market less flexible. Automatic cost-of-living allowances protected incomes against inflation. In other cases, low salaries, a lack of access to social insurance and other serious problems can be observed. Most importantly, the labor market is distorted by the coexistence of a large public and banking sector characterized by high levels of benefits and job security with a relatively small private sector offering comparatively minimal opportunities. Unions, particularly within the public sector, have a strong voice, but migrant labor from the European Union and elsewhere is often exploited, widening the economic gap. The migrant workforce, made up mostly of EU nationals, has grown sharply in recent years, rising from 21.6% in 2007 to an estimated 30% (2011) of the active labor population.

The persistently high unemployment trend during the period under review led to the implementation of active labor market policies, such as the provision of counseling services and seeking to improve unemployed workers’ employment prospects.

However, these policies have thus far proved insufficient in combating or curbing unemployment. The youth unemployment rate reached 26.7% in the first quarter of 2012, an increase from 22.4% in 2011. Long-term unemployment rose from 1.60% in 2011 to 3.2% in the second quarter of 2012. The degradation of the economy in general and the lack of comprehensive employment measures rendered active labor-market policies and other sectoral efforts largely ineffective.

Citation:

1. Labor statistics published in March 2013, available at, [http://www.mof.gov.cy/mof/cystat/statistics.nsf/labour\\_31main\\_en/labour\\_31main\\_en?OpenForm&=1&sel=2](http://www.mof.gov.cy/mof/cystat/statistics.nsf/labour_31main_en/labour_31main_en?OpenForm&=1&sel=2)
2. On the impact of immigration on unemployment and labor force, <http://www.ucy.ac.cy/data/ecorece/FullTextChristofidesetal.pdf>

## Taxes

Tax Policy  
Score: 6

Cyprus' tax system is comparatively uncomplicated, both with respect to individual provisions and structure. The floor for taxable individual income is €19,501, with tax rates gradually increasing to a maximum of 30% for sums beyond €36,300. Tax deductions and benefits further alleviate the weight of taxes. Horizontal equity is negatively affected by tax evasion and avoidance. Due to institutional capacity problems within the administration, income tax is primarily collected from salaried employees, who proportionally contribute much more than do self-employed or liberal professionals.

The state offers benefits to businesses such as deductions for professional equipment or automobiles. Companies have historically paid a standard 10% corporate tax rate on profits, the lowest such in the European Union, while avoiding double taxation. Even with an increase in the corporate tax rate to 12.5% in 2013, the country remains very competitive.

Horizontal tax equity is to some extent achieved through the progressive increase in individual income tax rates from 20% to 30%. However, companies are treated more favorably, as the flat rate for companies is only 12.5%. Thus, a physical person can become a (low-paid) employee of a company she creates, deriving benefits from the company and paying only 10% on profits. The flat rate for businesses means that very profitable companies do not pay a higher tax share.



Though the tax system appears successful in general terms, it does have loopholes and suffers from institutional and regulatory weaknesses. It enables tax evasion and avoidance, and contains distortions; thus, it does not ensure the collection of sufficient public revenues in a sustainable way, and does not fully achieve equity goals.

Citation:

1. <http://www.eoi-tax.org/jurisdiction/s/CY#peerreview>.

### Budgets

Budgetary Policy  
Score: 4

Cyprus' balance of payments in 2008 was positive, with a significant amount of reserves. However, the financial crisis and structural economic imbalances have affected budgetary stability. Previously, at a time when state income depended strongly on unpredictable factors, expenditure was steadily increased. Tax revenue subsequently declined as a result of the economic slowdown, the shrinking tourism industry, fluctuating oil prices and other developments. The volume of unpaid taxes exceeded €1 billion in 2012. Meanwhile, expenditure increased due to inflated public-service salaries and rising social outlays associated with higher unemployment rates, severance payments and other costs.

As a result, the government deficit increased from 4.9% in 2010 to 6.1% in 2011, with a preliminary 2012 budget deficit estimated at 6.3% GDP. Responding to the European Council's recommendation to correct the deficit, the government ultimately reduced it to 4.9% in 2012. The country's fiscal crisis deepened in the 2012 – 2013 period due to the Greek financial crisis and the write-down on Greek bonds. Domestic banks with significant exposure to Greece lost a large amount of capital, and subsequently sought government recapitalization and assistance from the European central banks' Emergency Liquidity Assistance (ELA) program. Cyprus' own government provided bank support totaling more than 10% of GDP.

The government sought to cover its current expenses by taking out short-term external loans that proved impossible to pay back, while failing to take drastic measures to reverse the trend of rising salaries and expenditure. Thus, the debt ratio was projected to rise to 85% of GDP in 2013, and to 102.7% in 2014. This has further weakened the long-term sustainability of public finances. Net debt-interest payments already amounted to 2.40% of GDP in 2011, positioning Cyprus at 27th place among the 41 countries surveyed by the SGI, following the United States. In addition, age-related expenditure growth must be

contained, with pension reform critical, if public finances are to be returned to a sustainable path in the long term.

### Research and Innovation

R&I Policy  
Score: 4

Cyprus did not have a tradition of research and development within state-owned non-academic institutes until the 1990s. The creation of the first university (1992) and subsequently of other tertiary-education institutions with accredited programs, often drawing on EU funds, marked the beginning of research projects. The share of R&D expenditure accounted for by higher education today (49.6%) remains larger than that of businesses- or state-owned research centers, in contrast to the higher business-funded share EU-wide.

With regard to output and innovation, a substantial share of Cypriot companies have introduced innovations, and proportionally more enterprises receive public funding for innovation-oriented activities than the EU average. However, the country's scores on indicators such as R&D spending, number of research personnel and quality of Internet access are among the EU's lowest. Generally, the weakness of the private sector and the small size of most companies provide little opportunity for R&D activities. With respect to government expenditure on R&D, Eurostat ranked Cyprus at 22nd among the 27 EU member states in 2011.

Project funding was negatively affected by the economic crisis in the period under review. The rate of patent registration is among the lowest in the European Union (9.40 per 1 million population). As a response to deficiencies, intellectual property legislation has been regularly amended. New provisions enacted in 2012, offering tax incentives for profits and royalties deriving from the exploitation of intellectual property rights, are considered among the most advanced in Europe.

Citation:

<http://epp.eurostat.ec.europa.eu/tgm/table.do?tab=table&init=1&language=en&pcode=tsc00007&plugin=1>

### Global Financial System

Stabilizing Global  
Financial Markets  
Score: 3

Cyprus has developed as an important financial center since the 1980s, and effectively monitoring the market and enforcing international standards has been a major challenge. The country has introduced a regulatory framework and created bodies assigned with specific tasks, such as the Securities and Exchange Commission, the Unit for Combating Money Laundering (MOKAS),

and others. The money-laundering risks have not changed since 2005 and are considered to be low; risks and vulnerabilities mainly emanate from international business activities, in particular banking or real-estate transactions. Legal constraints regarding dealers in foreign currency, restrictions on foreign ownership of property and the limited role of cash in transactions minimize laundering risks.

A law on money laundering and terrorist activities (Law 188(I)/2007) has strengthened the preventive regime, and financial-sector supervisory authorities are vested with sufficient powers to supervise compliance with the laws and carry out inspections. However, Cypriot banks are not subject to “know your customer” regulatory measures and corporate audits, and do not verify the sources of funds. the system permits the concealment of beneficial company owners.

Effective supervision of designated nonfinancial businesses and professions (DNFBPs) is insufficient across the board, particularly regarding trust and company service providers, real estate, dealers in precious metals and stones, and lawyers.

Supervision of banks has been problematic in another respect, as institutions failed to follow rules related to large exposure and minimum capital and liquidity requirements, while taking on unsustainable levels of non-performing loans. The state’s inability to protect depositors, minimize systematic risk and foster economic growth led to disastrous effects on the economy.

In 2013, financial advisory firm Deloitte found that Cypriot banks were not consistently in a position to understand the purpose of accounts provided, define their customers’ business or economic profiles, or evaluate the expected pattern and level of transactions. In only 9% of cases had banks gathered independent information about their customers.

Citation:

1. Unit against money laundering, Cyprus

[http://www.law.gov.cy/law/m\\_okas/mokas.nsf/dttindex\\_en/dttindex\\_en?OpenDocument](http://www.law.gov.cy/law/m_okas/mokas.nsf/dttindex_en/dttindex_en?OpenDocument)

2. Council of Europe Report on anti-Money laundering, 2011,

<http://www.coe.int/t/dghl/monitor>

4\_Sum\_MONEYVAL%282011%2902\_en.pdf

[ing/moneyval/Evaluations/round4/CYP](http://www.coe.int/t/dghl/monitoring/moneyval/Evaluations/round4/CYP)

3. <http://www.spiegel.de/international/business/deloitte-audit-prevention-of-money-laundering-in-cyprus-is-inadequate-a-900593.html>

## II. Social Policies

### Education

Education Policy  
Score: 7

Cyprus' educational system is mainly public. It has undergone various reforms since the 1990s, and new plans and policies are today under study. The content of education has been primarily knowledge-based, with comparatively less focus on research, experimentation and critical thought. However, the latter subjects have gained ground since 2000. The high level of literacy (near 100% for youth) and high rate of upper-secondary attainment are indicative of a culture that places a high value on education. Cyprus has a high rate of participation in tertiary education, shared almost equally between Cyprus and overseas educational institutions; it ranks sixth in the European Union with respect to the proportion of the population aged 30 – 34 with tertiary education (45.8%).

The few public kindergarten-level facilities are provided mainly by communal authorities. Schooling from the pre-primary level to the age of 15 is compulsory. Vocational schools, apprenticeship programs and other education and professional training schemes also exist, mostly funded by public authorities but also by educational institutions and other organizations. Tertiary education including postgraduate coursework is provided by public and private universities as well as several private colleges and other institutions. A modest student allowance was offered to all tertiary-level students until 2011, after which income criteria were introduced.

Public expenditure on education was quite high in 2010; however, this was partly attributable to expenditure on a massive school buildings improvement program as well as to the high teacher salaries.

Prior to the establishment of a national university in 1992, all Cypriot students performed their graduate and postgraduate studies in overseas universities. The fact that only about half of them do today is one indicator of an efficient national system.

Citation:

1. Council of Europe, Report on fourth Assessment Visit, Anti- Money Laundering and Combating the financing of Terrorism Cyprus, 27 September 2011, <http://www.cysec.gov.cy>

[http://www.law.gov.cy/law/mokas/mokas.nsf/dtindex\\_en/dtindex\\_en?OpenDoc umen](http://www.law.gov.cy/law/mokas/mokas.nsf/dtindex_en/dtindex_en?OpenDoc umen)

## Social Inclusion

Social Inclusion  
Policy  
Score: 7

Until recently, poverty rates in Cyprus have been lower than the EU average (7.80% in 2011), with the elderly showing the highest at-risk rates. The country's social-welfare system has been routinely improved through the identification of and provision of support for vulnerable groups. The state's approach to combating social exclusion focuses on the risk of poverty, participation in the labor market, assisting children and young persons, and adapting the responsible institutions and relevant mechanisms when necessary.

Measures promoted during the period under review include public-sector quotas for the employment of persons with disabilities, housing programs for young and other families, and special pensions and allowances to specific groups such as the elderly and cleaning personnel, among others. In the country's present state of economic crisis, some groups have been affected due to reductions in benefits or the loss of employment. As a response to salary, pension and benefits cuts, allowances have been changed and targeted, and special plans for the employment of young persons have been adopted. However, despite mobilization by charity groups and various other institutions, larger groups face problems today. The almost invisible phenomena linked to poverty and exclusion are on the rise. The Gini coefficient of 28.80 in 2011 and the OECD life-satisfaction indicator of 6.2 in 2012 may be valid for the pre-crisis context only. Since the adoption of austerity policies to counter the financial crisis in 2013, these figures will probably experience a downward turn.

## Health

Health Policy  
Score: 7

High-quality medical services are provided by the public sector, which is the main system available, the private sector – clinics and individual doctors – as well as by several other programs typically reserved for professional groups. A shift toward private health care prior to 2011 has been reversed, as the number of those who can afford the cost is declining. Despite constraints and deficiencies in infrastructure and human resources (as shown in OECD statistics), which lead to long queues, waiting lists and delays, the quality of services offered by the public system is acknowledged by the WHO to be high. This is also testified by indicators for 2011, such as those for infant mortality (2.6 per 1,000 births) and life expectancy at birth (79 years for men, 82.9 for

women). Preventive medicine is specifically promoted, with Cyprus ranking high with respect to expenditure in this area.

Although access to public health-care services is based on specific criteria, the system is quite inclusive, and health care is available both in hospitals in the main towns and in townships and rural centers. Emergency services are available for free to all. All employees of the public service are also eligible for free health care and medicinal products, irrespective of income. This creates an imbalance in access, given that public-sector salaries and benefits are already significantly higher than in the private sector.

The main problem is that Cyprus is the only EU member lacking a national health system, though a law on the issue was passed in 2001 and an organization for the system's creation has been formed. This limits inclusiveness, and helps maintain the high cost of private-sector medical services.

### Families

Family Policy  
Score: 4

The low rate of enrollment in nurseries and child-care centers is one symptom of Cyprus' lack of adequate family policies. This creates obstacles to combining motherhood with employment, which in turn may help account for the very low birth rate of 1.48 % (2010). However, the country has a high female labor-force participation rate (74%) in 2012. Families seek care for children five years old and under primarily in the private sector, although there are a small number of community centers under the supervision of the Ministry of Labor.

The lack of adequate state family policies and of facilities for mothers with dependent children forces families to seek other solutions, mostly gaining help through the extended family, which is still strong. Responsibility for care is taken on by family members, in particular grandparents, which has the beneficial effect of lowering child-poverty rates. Kindergartens, in which more than 80% of children are enrolled, represent additional family expenses. Parents and young mothers are presented with further difficulties in finding transportation for their children, given that the public transportation infrastructure is largely insufficient. A recent measure creating full-day primary schooling in many communities has helped some families, but has not resolved this problem.

Although special allowances have been offered to families with three or more children, the economic crisis has caused more difficulties for families. Some may not have the resources to pay nursery fees, and mothers may consequently be forced to leave their jobs in order to take care of their young children.

### Pensions

Pension Policy  
Score: 4

Persons over 65 are the demographic with the highest risk of poverty in Cyprus, where the relative median income ratio is the EU's lowest. Expenditure on pensions as a percentage of GDP is the second-lowest in the EU-27. The existence of a variety of pension programs and rules means that some groups, such as public employees, may be in a better position than others. The public-service pension system provides for different retirement ages for employees in various sectors. In addition to employer-based and social-insurance pensions, employees within the public sector also receive a gratuity upon retirement. Private-sector workers typically have access only to the government social-insurance program, along, in some cases, with private-sector provident funds. The social-insurance fund does not offer an adequate, secure or sustainable pension income; the program is facing major financial sustainability challenges due to demographic changes and structural weaknesses. Provident funds, where they exist, have serious weaknesses in terms of their effectiveness as retirement-income vehicles.

Although pension programs have been expected to face additional serious problems in the future, social actors, in particular trade unions, have been reluctant to agree to reforms. However, changes to government and private pension schemes took place in August 2011, aimed at reducing the cost of the system to the government as well as at improving equity with private-sector employees. The economic crisis led to cuts in benefits, including pensions, and changes to the retirement age and other provisions are expected in the future. Reductions in salaries and benefits will mean further reductions in pensions, increasing the risks of poverty for the elderly.

Citation:

1. <http://www.socialwatch.eu/wcm/Cyprus.html>

2. The Cypriot Pension System: Issues and Reform Options -Alejandro Sergio Simone- International Monetary Fund- Cyprus Economic Policy Review, Vol. 5, No. 2, pp. 3-34 (2011)

3. <http://epp.eurostat.ec.europa.eu/tgm/table.do?tab=table&init=1&language=en&pcode=tps00103&plugin=1>

## Integration

Integration Policy  
Score: 4

Cyprus began a foreign labor guest-worker program in 1989, providing temporary immigration permits for workers mainly from Southeast Asia. In general, workers were given access only to specific labor sectors, and immigrants were not given long-term visas. A few years later, immigration by Pontian (Black Sea) Greeks from the former Soviet Union was encouraged, along with Russians and others, which prompted some policy changes. Entry into the European Union in 2004 led to increased numbers of EU immigrants, in particular after 2007; today, these form a considerable part of the labor force. However, the Council of Europe's European Commission on Racism and Intolerance (ECRI) report noted in March 2011 that "Cyprus has no integration policy."

Cyprus is under pressure to comply with EU standards, but its policies discourage long-term integration. Indeed, they score poorly on most indicators, including labor market access, culture and education, family reunion, political participation and access to citizenship. The Migrant Integration Policy Index (MIPEX) ranks Cyprus second-last among 31 countries.

Laws are not favorable to workers' market access or long-term labor-market integration. Non-citizen workers are often limited to market sectors that do not attract Cypriots. In addition, foreign workers have limited rights in many areas. For non-EU immigrants, time limits on working permits preclude any ability to obtain long-term resident status.

During the period under review, the government adopted policies for providing education to all children as part of the compulsory education scheme, including access to language classes that may assist in integration. Family reunification policies are limited, with restrictive eligibility criteria such as the need to show full-time employment, high fees and limited access to the labor market by dependents. Opportunities for migrants to participate in democratic life or to attain citizenship are limited, although very rich depositors can acquire citizenship with less trouble.

Cyprus has been hesitant in confronting issues related to integration. Improvements made during the period under review show that the existing regulatory framework needs to be implemented in a more sustained manner by the state authorities. This is particularly true in times of economic crisis, which are marked by increased competition in the labor market.

Citation:



1. Cyprus assessment by MIPEx, <http://www.mipex.eu/cyprus>
2. Council of Europe, ECRI report on Cyprus, published 31 May 2011, available at, <http://www.coe.int/t/dghl/monitoring/ecri/country-by-country/cyprus/CY-P-CbC-IV-2011-020-ENG.pdf>

### Safe Living

Safe Living  
Conditions  
Score: 7

Cyprus is generally considered to be a safe environment. A low incidence of crime, assaults and homicides place it in very good position compared to other countries in the world. As an island, it has developed adequate monitoring of the coast and entry points. Its only relatively vulnerable points are the line dividing the government-controlled areas and the Turkish-occupied north, as well as the portions of the British bases that abut the north. Cyprus is not part of the Schengen Area. The Green Line, or demarcation between the Greek Cypriot and Turkish-controlled areas, provides peculiar problems with respect to border protection. Burglaries and robberies of houses and businesses are by far the most common crimes, with a relatively stable occurrence in the period under review. Illegal drug activity is comparatively minimal overall, but an increase in the amount of illegal drugs confiscated at entry points has been evident.

The country's police force collaborates closely with INTERPOL and cooperates with the United States in the fight against terrorism. The number of police officers per 100,000 people is among the highest in the world. However, only 60% of the population have confidence in the police, a relatively low proportion.

Citation:

1. Police force per 100,000, [http://en.wikipedia.org/wiki/List\\_of\\_countries\\_by\\_number\\_of\\_police\\_officers](http://en.wikipedia.org/wiki/List_of_countries_by_number_of_police_officers)

### Global Inequalities

Global Social Policy  
Score: 4

Cyprus participates and contributes in development cooperation programs within the context of its membership in the European Union, United Nations and other international organizations. Its main policy is tied to that of EU, and is manifested through international-cooperation and bilateral agreements in various fields. During the period under review, it was a contributor to UNITAID, participated in the fast-track financing mechanism for climate change, and provided assistance for infrastructure development, social services including health and human development, and environmental protection. However, the country's total official development assistance (ODA) amounted to only 0.16% of GDP in 2011. To reach its individual ODA target of 0.33% of

gross national income by 2015, Cyprus would need to increase its annual provision of aid by €38 million, which is highly unlikely given the country's condition of post-crisis austerity.

Actions and policies do not appear to form part of a specific national strategy; rather, they take place primarily within existing international frameworks. The country appears to have little agenda-setting ambition in terms of pursuing specific initiatives of its own design.

Citation:

1. <http://www.oecd.org/dac/stats/non-d-accountiesreportingtheirdevelopment-tassistancetothedac.htm>
2. [http://ec.europa.eu/europeaid/what/development-policies/financing\\_for\\_development/documents/cyprus-donor-profile.pdf](http://ec.europa.eu/europeaid/what/development-policies/financing_for_development/documents/cyprus-donor-profile.pdf)

### III. Enviromental Policies

#### Environment

Environmental  
Policy  
Score: 4

Environmental issues took a place on the public agenda in the late 1980s, initially through opposition to tourist development, which had negative effects on many aspects of life including the environment. However, the country still lacks a comprehensive environmental policy, and faces the danger of being fined for failure to meet EU obligations. Ministerial responsibilities are highly fragmented, information on the issue is incomplete, and administrative coordination is insufficient, all factors that contribute to the country's slow pace of progress. The creation of environmental information centers has been promoted with the aim of raising citizen awareness of the issue.

The country's response to the demands of climate protection has been insufficient in many respects. Exploitation of solar energy has remained a low priority, and progress in renewable-resource use has been very slow. High levels of energy consumption and a lack of public transportation contribute to rising CO<sub>2</sub> emission levels. Thus, available data show a very low renewable-energy share and large volumes of CO<sub>2</sub> emissions and waste, placing Cyprus near the bottom of the 41 SGI countries in terms of environmental policy. The country has not met time-limited obligations to contain emissions and create the infrastructure for efficient waste management.

Water is a problem for Cyprus, an island, in various ways: Supply is heavily

dependent on rainfall, and the country depends in part on desalination. Waste water is insufficiently exploited, as most rural areas lack sewage systems. Drilling for water without permit has been widespread, which has led to over-pumping. Authorities at all levels must do more to promote water conservation and sustainable management.

Forest protection is governed by a national program for the 2010 – 2020 period, which aims at reforestation and the limitation of fire hazards. Other measures seek to protect forests from pollution and other hazards caused by visitors. Various areas have been included in the Natura 2000 project, including the Akamas peninsula, which is slated to become a national park. However, reactions on the part of neighboring communities and land owners have caused long delays with respect to project decisions and implementation.

In December 2012, on the occasion of its European Council presidency, Cyprus presented its strategic plan for biodiversity policy through 2020. This is another area where policy gaps and a deficient implementation of plans and regulatory enforcement has been noted. In 2010, a study by Yale University on environmental performance ranked Cyprus last among 30 European countries. By the end of 2012, it appeared that no progress had been achieved in the intervening time. The government has not effectively promoted the protection of the Natura 2000 areas or measures aimed at protecting ecosystems and flora and fauna. Land development is one of the main causes of ecosystem destruction, but remains frequently promoted in ostensibly protected zones. Hunting is one of the threats against protected species, in particular trapping with nets and other illegal practices. Environmental groups criticize politicians for being tolerant of practices threatening biodiversity for the sake of votes, while authorities have failed to implement decisions and measures designed to protect the environment.

Citation:

1. Media report on a Yale University study on environmental performance in Europe, available in Greek at, <http://www.sigmalive.com/simerini/news/local/339662>
2. Report by Bird Life on biodiversity in Cyprus in 2012, available at, <http://www.birdlife.org/eubiodiversityreport2012/wp-content/uploads/2012/09/75-birdlife-fact-sheet-cyprus-mr.pdf>
3. Cyprus Strategy for Biodiversity, 2012, available in Greek at, [http://www.moa.gov.cy/moa/environment/environment.nsf/All/CE0747F45EB24725C2257B2F002D1685/\\$file/Biodiversity%20Report%20Final-Draft.pdf](http://www.moa.gov.cy/moa/environment/environment.nsf/All/CE0747F45EB24725C2257B2F002D1685/$file/Biodiversity%20Report%20Final-Draft.pdf)

## Global Environmental Protection

Cyprus has ratified many international conventions and protocols related to environmental protection, and participates in numerous international

Score: 4

organizations and meetings. However, the ministries and departments responsible for environmental issues appear largely concerned with following obligations deriving from participation in the European Union and other bodies. On these issues, Cyprus is not an agenda setter, either in the European Union or internationally, although it may take an active ad-hoc role in international meetings. On the occasion of its European Council presidency, Cyprus contributed to the shaping of policies in certain areas (particularly with respect to integrated maritime policy).

Citation:

1. Website of the ministry of Agriculture, Cyprus,  
[http://www.moa.gov.cy/moa/agriculture.nsf/index\\_en/index\\_en?OpenDocument](http://www.moa.gov.cy/moa/agriculture.nsf/index_en/index_en?OpenDocument)
2. Events related to environmental policies during Cyprus presidency of the European Council,  
[http://www.cy2012.eu/en/political-calendar?from\\_date=2012-12-13&to\\_date=2012-12-13](http://www.cy2012.eu/en/political-calendar?from_date=2012-12-13&to_date=2012-12-13)

# Quality of Democracy

## Electoral Processes

Candidacy  
Procedures  
Score: 9

Candidates for elected offices must meet minimum requirements that relate to citizenship, age, mental soundness and criminal record. Candidates for the presidency of the republic must belong to the Greek community. Citizens of other EU states are eligible to seek other local posts in local elections, and can serve as members of local elected bodies but not as heads or deputy heads. Citizens from non-EU states cannot vote or stand for electoral office. Candidates cannot simultaneously hold public office and/or a post in the public service and/or a ministerial portfolio and/or an elected office.

According to the constitution the president of the republic must be at least 35 years of age, while members of parliament must be at least 25 years. Candidates for the head of a municipality or community must be at least 25, while municipal or community council members must be at least 21. Procedures for the registration of candidates are clearly defined, reasonable and open to media and public review. Candidacies must be proposed and supported by a small number of registered voters: two for local-office candidates, four for parliamentary candidates, and nine for presidential candidates.

A financial deposit is also required, ranging from €85 (community elections) to €1,710 for presidential candidates.

Citation:

1. The Constitution of the Republic of Cyprus, available at, [http://www.presidency.gov.cy/presidency/presidency.nsf/all/1003AEDD83EED9C7C225756F0023C6AD/\\$file/CY\\_Constitution.pdf](http://www.presidency.gov.cy/presidency/presidency.nsf/all/1003AEDD83EED9C7C225756F0023C6AD/$file/CY_Constitution.pdf)
2. The Law on the Election of the members of the House of Representatives, L.72/1979, available in Greek at, [http://www.parliament.cy/parliament.gr/002\\_08\\_01.htm](http://www.parliament.cy/parliament.gr/002_08_01.htm)
3. The Municipalities Law, 11/1985, English translation available at, <http://www.ucm.org.cy/DocumentStream.aspx?ObjectID=966>
4. The Communities Law, 86(I)/1999, available in Greek at, [http://www.ucm.org.cy/downloads/nomos\\_koinotiton.pdf](http://www.ucm.org.cy/downloads/nomos_koinotiton.pdf)
5. OSCE/ODIHR Election Assessment Mission Final Report, Republic of Cyprus, Parliamentary Elections 22 May 2011, Warsaw, 7 September 2011, available at, <http://www.osce.org/odihr/elections/82242>

Media Access  
Score: 7

No legal framework governs the access of parties and candidates to print and online media. However, almost all newspapers and their online editions offer coverage to all parties and candidates.

The Laws on Radio and Television 7(I)/1998 and on the public-service broadcaster (Cyprus Broadcasting Corporation, RIK) require equitable and nondiscriminatory treatment of the executive and legislative powers, the political forces and other actors in society. Equity must be respected in particular during pre-election periods, which are defined as the three months before election day. Under this rule, air-time must be allotted in accordance with political parties' share of parliamentary seats and territorial strength.

In practice, broadcasters must create a "code of conduct," and compliance with its terms is monitored by the Cyprus Radio Television Authority (CRTA) for commercial broadcasters, or by the governing body of RIK, the public broadcaster. Codes of conduct and compliance reports for commercial and public broadcasters are rarely if ever published. Paid political advertising is allowed on broadcast media for the 40 days preceding an election.

The rules on media access are generally respected, with all political groupings and candidates enjoying coverage and air-time on public and commercial media. Small parties and some candidates have lobbied for more time and sometimes equality with larger parties, with several cases on the issue reaching the courts. Though problems of interpretation do arise due to discrepancies in terminology or other legal provisions, no notable cases of discrimination have been observed.

One issue of concern is women candidates' low level of participation and low level of visibility in the media.

The mass media is free to function as a set of independent institutions. It expresses a plurality of opinions. But there are weaknesses with respect to a weak regulatory framework, a trend toward concentration of media ownership, and party interference.

Citation:

1. The Law on Radio and Television Stations, L. 7(I)/1998, available at [http://www.crt.a.org.cy/images/users/1/Enopoiimenos%207\(1\)98%20mexri%2073\(i\)2011.pdf](http://www.crt.a.org.cy/images/users/1/Enopoiimenos%207(1)98%20mexri%2073(i)2011.pdf) (in Greek).
2. The Law on the Cyprus Broadcasting Corporation, Ch. 300A, available at [http://www.crt.a.org.cy/images/users/1/CYBC\\_Law\\_10122010.pdf](http://www.crt.a.org.cy/images/users/1/CYBC_Law_10122010.pdf) (in Greek).
3. Regulations on fair treatment of parties and candidates, Normative Administrative Acts (NAA) 193/2006 available at [http://www.cylaw.org/nomothesia/par\\_3/meros\\_1/2006/1641.pdf](http://www.cylaw.org/nomothesia/par_3/meros_1/2006/1641.pdf) (in Greek), and NAA 207/2009 (on European Parliament Elections), available at [http://www.cylaw.org/nomothesia/par\\_3/meros\\_1/2009/1087.pdf](http://www.cylaw.org/nomothesia/par_3/meros_1/2009/1087.pdf) (in Greek).

4. Yiouli Taki/David Officer, Civil Society and the Public Sphere, in: James Ker-Lindsey/Hubert Faustmann (eds), *The Government and Politics of Cyprus*, Bern 2009, 205-230.

Voting and  
Registrations Rights  
Score: 8

Electoral-roll registration and voter participation in all elections are both mandatory. Failure to meet either obligation is officially punishable with imprisonment and/or a fine of up to €240, except in the case of European Parliament elections. No means of e-voting or proxy voting exist. Following the second amendment of the constitution in 1996, the voting age was reduced from 21 to 18. Special arrangements are made so that various groups such as the Greek Cypriots in the northern part of Cyprus, prisoners and others are able to exercise their rights. Since 2011, overseas voting for those living temporarily abroad is possible in a limited number of cities in Europe and the United States.

Despite these provisions, increasing numbers of citizens today fail to register, and participation rates have declined sharply in recent years. Abstention and non-registration are no longer punished.

In some cases, displaced voters have to vote in polling stations at some distance from their community of actual residence, a factor that increases abstention rates. As stated by the Organization for Security and Cooperation in Europe (OSCE), the elections in 2011 showed respect for fundamental human rights and freedoms, and the election administration demonstrated a high degree of professionalism and impartiality.

Citation:

1. Ο περί της Δεύτερης Τροποποίησης του Συντάγματος Νόμος του 1996 (106(I)/1996), available at [http://cylaw.com/nomoi/enop/non-ind/1996\\_1\\_106/full.html](http://cylaw.com/nomoi/enop/non-ind/1996_1_106/full.html).

2. OSCE/ODIHR Election Assessment Mission Final Report, Republic of Cyprus, Parliamentary Elections 22 May 2011, Warsaw, 7 September 2011, available at, <http://www.osce.org/odihr/elections/82242>.+

Party Financing  
Score: 3

Since 1989, funding for political parties has been annually included by the Council of Ministers in the state budget. Parties and their affiliated organizations can also receive financial or in-kind donations of up to €50,000 from physical persons or legal entities, and can be sponsored for up to €20,000 by legal entities under public or private law. Donations up to €1,000 can be made anonymously. Accounting books must be kept according to international auditing standards and all accounts (i.e., income, expenditure, assets and debts) must be audited annually by the Auditor General. Parties' election-related accounts are also subject to this kind of audit, but no provision exists as to the form or standard to follow. Election-related accounts of political parties and electoral candidates must be submitted to the registrar of political parties, who is the director general of the Interior Ministry. Parliamentary candidates have

an electoral expenditure cap of €30,000; moreover, they must avoid activities that constitute corruption. However, the time frame governing these expenses is vague, as are other crucial details and procedures. Noncompliance and corruption are subject to fines and/or imprisonment, according to the offence.

In practice, only a few candidates and parties over the years have fulfilled their full electoral-expenses reporting obligations. Effective enforcement by the competent authorities has been neither sought nor applied. There is no legal requirement to separately disclose full electoral accounts, donations received, or expenditures made both during and after elections. The exact procedure by which accounts are to be filed with Auditor General is not clear; nor are this body's powers. The law does not provide for a deadline for the submission of party income and expenditure reports, and does not provide details on what must be included in those reports. Parties do not have to report on the sources of revenue used to pay for electoral expenses.

Ceilings set for anonymous and other donations, as well as per-candidate expense limits, seem excessively high given Cyprus' small size (550,000 voters). The criteria used in setting the level of annual and electoral-period state subsidies to political parties are not known. Overall, the minimal quantity of reforms in this area (the latest of which came in December 2012) indicates authorities' and political parties' reluctance to establish transparency in the realm of political financing.

Citation:

1. COE - GRECO, Third Evaluation Round, Compliance Report, on Cyprus, published 5 April 2013, available at [http://www.coe.int/t/DGHL/Monitoring/Greco/evaluations/round3/GrecoRC3\(2012\)24\\_Cyprus\\_EN.pdf](http://www.coe.int/t/DGHL/Monitoring/Greco/evaluations/round3/GrecoRC3(2012)24_Cyprus_EN.pdf)
2. Law on the Registration and Funding of Political Parties and other relevant matters, L. 175(I)2012, available in Greek at, [http://www.cylaw.org/nomoi/arith/2012\\_1\\_175.pdf](http://www.cylaw.org/nomoi/arith/2012_1_175.pdf).
3. OSCE/ODIHR Election Assessment Mission Final Report, Republic of Cyprus, Parliamentary Elections 22 May 2011, Warsaw, 7 September 2011, available at, <http://www.osce.org/odihr/elections/82242>.

Popular Decision-Making  
Score: 2

The constitution makes no provision for referenda, and does not grant citizens the right to make binding decisions. Law 206/1989 provides that the Council of Ministers can initiate such a procedure, and ask the House of Representatives to decide on whether a referendum should be held. Referenda thus must be initiated by a formal political institution, not by citizens. The authority responsible for organizing any such vote is the Ministry of Interior. A referendum on accepting or rejecting the United Nations' plan for settling the Cyprus problem took place in April 2004. Beforehand, a special law (L.74(I)/2004) was passed in April 2004 giving members of the Greek Cypriot community eligibility to vote. In this case, the outcome of the referendum was



binding. Referenda are also held in cases when a community seeks to become a municipality.

Citation:

1. Law on organizing referenda, L. 206/1989, available in Greek at [http://www.cylaw.org/nomoi/enop/non-ind/1989\\_1\\_206/full.html](http://www.cylaw.org/nomoi/enop/non-ind/1989_1_206/full.html).
2. Law on holding a referendum for the Greek Cypriot Community, on 24 April 2004, L. 74(I)/2004, available in Greek at [http://www.cylaw.org/nomoi/enop/non-ind/2004\\_1\\_74/index.html](http://www.cylaw.org/nomoi/enop/non-ind/2004_1_74/index.html).

### Access to Information

Media Freedom  
Score: 7

In general, the media do not suffer from governmental interference. Legal requirements for starting a publication are not overly restrictive. Since the early 1990s, the Press Law (Law 145/1989) has not applied to the functioning of independent professional bodies (such as the Press Council and Press Authority). In response, all media owners and the Union of Journalists created an independent media-complaints commission in 1997 and signed a code of journalistic ethics.

The Cyprus Broadcasting Corporation (RIK), the public-service broadcaster, is a legal entity, and the Council of Ministers appoints the chairperson and members of its governing body. Political party officials are appointed to this body, as there is no legal prohibition against this. Budgetary issues and public statements are often used by political parties to exert pressure on the broadcaster, each of them arguing for “more equitable” access. Despite a competition for influence between the government and political parties, pluralism prevails. As a part of the EU accession process, a media regulatory framework meeting EU standards was required; as a result, the Law on Radio and Television Broadcasting was passed in 1998.

Private broadcasting is governed by a different law, and is regulated by the Radio Television Authority, the members of which are appointed by the Council of Ministers. This body has extensive powers, and a broadly independent status. Although no high-level party officials can be members or chairperson of this authority, appointments based on political criteria rather than competence are made. This, along with the fact that the authority’s budget is set by the administration and the Council of Ministers, and approved by the House of Representatives, affects the regulator’s work.

In the period under review, government officials frequently complained about what they considered to be negative media coverage. As the European

Parliament has stated, the Attorney General's constitutional powers to seize newspapers or printed matter constitutes a threat to the freedom of expression.

Citation:

European Parliament, The Citizen's Right to Information: law and Policy in the EU and its Member States (<http://www.statewatch.org/news/2012/nov/ep-study-citizens-right-to-information.pdf>)

Media Pluralism  
Score: 8

In recent years, media companies have grown in size, extending their hold on the press and broadcasting (mainly radio), and beginning to operate as Internet news portals. However, all – particularly daily newspapers – are facing serious financial challenges. The number of electronic media organizations with a national reach increased following the switch to digital television transmission in July 2011. Ownership rules are strict, disallowing cross-media conglomerates and barring physical or legal persons from holding an ownership share of greater than 25% in any broadcaster. However, there is a serious lack of transparency, as exact ownership data is not made public by press organizations, broadcasters or the Radio Television Authority.

The public dialogue and the character of public opinion have over the years been affected by the Cyprus problem and the Greek-centered national rhetoric that conditions life in Cyprus. While the years under review showed increasing openness in this respect, the range of opinions expressed in the media has largely been limited to mainstream views. Significant topics such as multiculturalism, minority rights, the need for transparency in society and politics, and the quality of governance are sidelined.

Government and political-party officials, along with the leaders of major interest groups such as trade unions, largely monopolize media access, in all media and at all times. This too serves to restrict both the themes and the spectrum of views addressed. At times, the country's real problems tend to be lost in the mist of unnecessary partisan or other confrontations.

Citation:

Report on Cyprus in "The Citizens' Right to Information: Law and Policies in the EU and its Member States," 2012, pp. 163-182, available at <http://www.europarl.europa.eu/committees/fr/studiesdownload.html?languageDocument=EN&file=75131>.

Access to  
Government  
Information  
Score: 3

No legal framework governs the right to access information in Cyprus. Provisions are found in various legal documents, including Article 19 of the constitution (the on freedom of expression), as well as laws on personal data processing, access to environmental data, the reuse of public-sector information (PSI), the public service, the press, and more. Article 67 of the Law on Public Service (Law 1/1990) specifies that all information that comes to the

knowledge of an employee in the exercise of his or her duties “is confidential,” and prohibits its disclosure without authorization by a superior. In the absence of specific legislation or a conflicting provision, access is left to the discretion of officials, which leads to contradictory attitudes that ultimately affect transparency.

Mechanisms for administrative appeal are provided in connection with the reuse of public-sector information, environmental information and data protection. Recourse to an independent authority, the Commissioner for Data Protection, is also possible for issues of data protection. Recourse to courts may also be an option, though no legal provision is made for this.

As research funded by the European Union has made clear, the right of access to information is being breached, and public bodies are failing to comply with Council of Europe standards on access to information. Information requests are systematically ignored.

Citation:

<http://www.accessinfocyprus.eu/en/research.html>.

### Civil Rights and Political Liberties

Civil Rights  
Score: 8

The law guarantees and protects the civil rights of all individuals. This applies to migrant groups from other EU and non-EU countries as well as citizens. Since 2008, efforts have been made to address problems related to asylum seekers and economic migrants in order to abide by European and international rules and standards.

Primary concerns in this regard relate to human trafficking, where specific laws creating stricter control of women’s employment in night clubs and cabarets do not appear to have addressed the problem sufficiently. The exploitation of migrant workers, who in some cases receive low wages or no social insurance, is also a problem. A number of measures aimed at combating uninsured employment or labor exploitation have been implemented, such as increasing penalties for employers of or even for owners of properties rented to undocumented migrants; however, these have largely failed to stop the problem. Language and other barriers limit migrants’ access to legal protections when in need, and constrain the efficiency of enforcement. Societal and official complacency can also be blamed. NGO initiatives have sought to provide compensation for existing gaps or omissions in law enforcement official efforts. The economic crisis and pressing needs for work and income

Political Liberties  
Score: 7

may make some groups more vulnerable or unwilling to seek the protection of the law.

Political liberties and the protection of all fundamental human rights are enshrined in the constitution and protected by relevant laws. Political, trade unions, environmental and other NGOs and groups flourish in Cyprus. In addition, the Internet has provided political liberties and in particular free expression with new channels and new means of expression in recent years, in addition to the traditional channels of petitioning, demonstrations and rallies. Rare cases of official interference with the exercise of these rights and liberties have been properly addressed by courts. Non-Greek Orthodox and non-Christians have their respective places of worship, and are not subject to interference by the authorities.

Some groups and associations, including strong professional associations and trade unions, have comparatively more direct access to authorities and official channels of communication. Inversely, immigrant groups have limited opportunities for such access, and their demands are formulated mostly through NGOs.

Recently, the use of the law on telecommunications data retention to access communications content instead of metadata raised concern. Previously, Article 17 of the constitution was amended in June 2010 to allow breaching of the secrecy of communications in specific cases. However, police practices of seizing personal computers when investigating suspected offences is considered to be in breach of the secrecy of communications.

Politicians and other actors sometimes accuse the media and individuals of libel or defamation in such a way as to risk undermining scrutiny of public life. In this area, courts apply principles established by European Court of Human Rights (ECHR) case law, which acts as a protective shield for free expression.

The way in which political parties' clientelist relations affect nominations and appointments to various bodies and within the public service, which to a certain extent excludes those who lack party affiliations, represents an indirect interference with political liberties. Party clientelism and pressure cannot be underestimated in this respect.

In the period under review, incidents of interference and favoritism were made public through errors in the transmission of emails and faxes emanating from the governing party and the presidential palace. Specific cases involving the main political parties were also revealed by newspapers.

Thus, even though liberties are in principle protected, there is an increasing level of “ambient” psychological pressure on citizens to join political parties in order to avoid marginalization.

Citation:

1. Decision by the Supreme Court on cases of retention /access to telecommunications data, report available at [http://www.edri.org/edriagram/number 9.3/data-retention-un-lawful-cyprus](http://www.edri.org/edriagram/number%209.3/data-retention-un-lawful-cyprus)
2. On the sixth amendment of the Constitution (art. 17), see the report on Citizens’ Rights to Information, available at, <http://www.europarl.europa.eu/committees/fr/studies/download.html?languageDocument=EN&file=75131>

Non-discrimination  
Score: 8

An extensive body of laws and measures aiming at protecting the rights of various groups are effectively implemented and serve to dissuade discrimination. The Constitution protects human rights, with Article 18 guaranteeing equality of all and non-discrimination. It explicitly prohibits discrimination based on factors such as gender, race or religion, while specific laws proactively protect the rights of minority groups in various ways.

Gender equality is promoted, and specific laws against discrimination have been updated since EU accession; these provide for equal treatment in employment and occupations, for measures combating racism and other forms of discrimination, and for measures protecting persons with disabilities. The laws contain proactive measures, but also provide for sanctions if their provisions are violated by employers or others. Disabled persons are provided with guarantees against unlawful dismissal and specific quotas for entrance in higher education institutions, among other measures.

The Office of the Ombudsman is responsible for overseeing enforcement of the law combating racism and other forms of discrimination; however, recourse to the courts – a costly and longer procedure – is also an option in cases of suspected discrimination. However, the last report issued by the Office of the Ombudsman on the matter was released in 2010.

Critics have pointed out gaps and weaknesses in the implementation of anti-discrimination laws, including the insufficient provision of information to affected groups, the lack of available sanctions, and the limited resources at the disposal of bodies overseeing the area.

Citation:

1. <http://www.stop-discrimination.org.cy/en/>
2. Trimikliniotis, N., Demetriou, C. ‘Evaluating Anti-discrimination Law in the Republic of Cyprus - A critical Reflection’, in *The Cyprus Review*, vol. 20, no. 2, 2008, available at [http://www.prio.no/Global/upload/Cyprus/Publications/4\\_TRIMIKL\\_DEMETRIOU.pdf](http://www.prio.no/Global/upload/Cyprus/Publications/4_TRIMIKL_DEMETRIOU.pdf)

3. Report of the anti-discriminatory body for 2010, available at [http://www.ombudsman.gov.cy/Ombudsman/ombudsman.nsf/annualrpt\\_en/annua lrpt\\_en?OpenDocument](http://www.ombudsman.gov.cy/Ombudsman/ombudsman.nsf/annualrpt_en/annua%20lrpt_en?OpenDocument) .

## Rule of Law

Legal Certainty  
Score: 5

Cyprus inherited administrative structures from British colonial rule that were well organized and functional. Though the foundations of the state apparatus have been somewhat weakened over the years, its operational capacities and adherence to the law have remained largely consistent. Some imbalances can be observed in the powers of the executive and the parliament due to peculiarities of the constitution; initially designed to share power in a two-community (Greek and Turkish) system, it led to a very powerful executive (president) when bi-communality collapsed in 1964. During the period under review, competition between the legislative and executive powers caused some strains, and led to the issuance of decisions and laws that the Supreme Court was called to review. In view of these factors, the scope of discretion left to the government may be considered as being too broad.

Indeed, while government actions are generally predictable, this margin of discretion does allow the government to make, avoid or delay decisions in a manner not consistent with the rule of law. Weak points have included the appointment process and compliance with proper law enforcement tactics. Delays in appointments or the selection of unqualified persons has resulted in some state bodies failing to carry out their missions. In addition, the state has failed to collect taxes and fines imposed on various occasions, thus undermining efforts to combat tax evasion and enforce the law. A major issue of concern beyond simple predictability has been the slow pace of administrative activity. This has affected the smooth functioning of the state in various sectors, and has even led to disasters such as the Mari explosions and the degradation of the economy. Overall, these negative characteristics manifested by the public administration can be traced back to the widespread patterns of party clientelism, which undermine legal certainty.

Judicial Review  
Score: 8

Judicial review is effective and efficient in all fields of administration, but can be affected by procedural delays. The organization and professionalism of courts do serve to protect citizens' rights, since administrative decisions affecting citizens are subject to review by the courts. Decisions by trial courts and the administration can be reviewed by the Supreme Court. More particularly, decisions by the administration at various levels and by independent government organizations can be reviewed by the Supreme Court (First (Revisional) and Second (Appellate) Instance). Appeals are decided by

Appointment of  
Justices  
Score: 7

three or five judges, with highly important cases needing a full quorum (13 judges). The efficiency of judicial review has since 2006 been affected by delays attributable to insufficient staffing, limited resources and the high number of cases filed. This often gives authorities a considerable period of time to impose decisions despite appeals.

Cyprus' judicial system essentially continues to function on the basis of the 1960 constitution, albeit with modifications to reflect the circumstances prevailing after the collapse of the constitution of 1963. The Supreme Council of Judicature, which is composed of all 13 judges of the Supreme Court, appoints, promotes and places justices, except those of the Supreme Court. The members of the Supreme Court are appointed by the president upon the recommendation of the Supreme Court. By tradition, nominees are drawn from the ranks of the judiciary. The judicial appointment process in general raises questions of transparency, as details on the procedure and the interaction between the Presidential Palace and the Supreme Court are not made available.

Corruption  
Prevention  
Score: 4

The retirement age is 68 for Supreme Court justices and 63 for other judges.

State expenditure and compliance with rules and procedures are audited by the office of the Auditor General, a respected and trusted institution. The Auditor produces annual reports on the public administration's accounts and misdoings. Public-sector institutions rarely make corrections in response to comments, observations or recommendations.

Other reporting rules and mechanisms also exist. For example, public-office holders must declare their income and assets to the president of the parliament. Rules also seek to ensure the transparency of the public procurement system, and provide for prosecution of persons attempting to influence administrative decisions through favoritism or financial means. Conflicts of interest in public life can be observed, often without those concerned feeling the need to declare such conflicts or take remedial action. During the period under review, the presidential palace exhibited a modicum of favoritism and abuse of power.

Generally, anti-corruption measures are not effectively implemented; indeed, public opinion holds that a condition of wide-ranging impunity exists. This situation was reflected in the government's crisis management in 2012, when it became obvious that high-ranking figures in the administration were able to withdraw their money from the banks at which deposit cuts were expected, thus underlining the fact that officeholders use their position to further their own private interests.

# Governance

## I. Executive Capacity

### Strategic Capacity

Strategic Planning  
Score: 2

General strategic planning, institutionalized under the Planning Bureau and directorates of the Ministry of Finance, appears to have a limited presence in the organizational charts of other state units. The constitutionally independent Office Planning Bureau is under the authority of the Ministry of Finance, with a role that has today shifted toward managing EU funds and issues related to the Lisbon Strategy. This means that its previous planning and coordinating role has declined. Strategic planning, to the extent it exists, mostly focuses on the financial aspects of development.

Overall, it seems that strategic planning has been rather deficient, exerting little influence on policies and decisions. The current crisis is tangible evidence of this fact. During the period under review, the country's president issued numerous statements criticizing policies and plans proposed by successive finance ministers as showing insufficient strategic vision. The period also saw numerous contradictions in statements and announcements by government officials. In April 2013, a commission of judges was created to investigate responsibility for the collapse of the economy. These sources of dissonant information highlighted the limited role of strategic planning.

The government that took office in March 2012 announced the creation of a coordinating body that will supervise the implementation of policies. The Planning Bureau will be given a substantial role in this regard.

Scholarly Advice  
Score: 2

Although there is a tradition of setting up advisory bodies that may include academics and specialists in various disciplines, their tasks and scope of work have been limited to very specific topics. These groups have primarily served to inform the public on a specific issue, or have drafted reports and issued proposals that have largely been ignored given their nonbinding character.



None of these bodies has had any role in strategic planning or top-level decision-making. In some cases, the administration has sponsored research by institutes or universities. A rare example of the involvement of academics was seen in the 2012 creation of the Advisory Committee for Natural Gas, coordinated by a deputy minister to the president. However, this group's role was largely to provide advice in specific fields rather than to offer long-term strategic proposals. Generally, consultation between government and external academic experts has not been an established practice.

The new government has created an economic council headed by economics Nobel prize winner Christophoros Pissarides, a citizen of Cyprus.

### Interministerial Coordination

GO Expertise  
Score: 2

Under Cyprus' presidential system, draft bills are prepared by the responsible ministry and sent to the secretariat of the Council of Ministers for inclusion on the agenda of the Council of Ministers. Advice, limited to the constitutionality of the draft, is provided by the Attorney General's Office. The secretariat of the Council of Ministers is expected to check proposals for consistency with previous decisions and prevailing laws. However, neither this body nor any other presidential-palace institution has sufficient sectoral expertise or capacities to evaluate them.

GO Gatekeeping  
Score: 6

The agenda of the Council of Ministers is prepared by the president "at his discretion," which means he has the ability to withhold action on an item. Decisions are made by the Council of Ministers as a whole, with the president chairing the meeting and having only the right to take part in the discussion. The cabinet can decide to send a proposal back to a line ministry. When Council decisions are communicated to the president by the secretariat of the Council of Ministers, he or she has the right to return a decision for reconsideration or to veto decisions on specific matters (security, foreign affairs, defense). If the Council of Ministers insists on its initial position on a matter returned for reconsideration, the decision must be promulgated through publication in the official gazette. Despite this theoretical course of decision-making, no specific cases of discord have ever been reported between the president and the Council of Ministers. The extent to which decisions echo the views of dissenting parties in case of actual differences is unclear.

Line Ministries  
Score: 3

The structure of functions within the presidential palace has an ad hoc character, with each president setting these structures for the duration of his or her mandate. The secretariat of the Council of Ministers is part of the state administration, tasked with offering support and services to the Council of Ministers. However, this body has limited capacity to draft laws or to review

proposed policies. The Attorney General's Legal Office is the sole body involved in the examination of policy proposals and draft laws, and provides no more than legal advice. Ministries tasked with drafting a law can refer to policies formulated by the government, and in some cases frameworks proposed by an interministerial committee or issued by the cabinet. Draft laws are discussed only during the deliberation process in the Council of Ministers. No evidence or information is available about systematic consultation before proposals are made between line ministries and the presidential palace or the secretariat of the Council of Ministers.

Cabinet Committees  
Score: 4

Interministerial committees are regularly formed in Cyprus. Committees are established on ad hoc basis, on procedural and sector-specific matters (e.g. promoting road safety, combating fire hazards, and on defense and other topics). Their work is to formulate general policy frameworks, and are supported by services or technical committees mainly from within ministries, though in some cases contributions from external experts are sought. The scope of work and the degree of efficiency in the committees' coordination are not easy to assess, as their reports are rarely made public. However, the period under review saw ministers frequently making contradictory statements and issuing dissenting views on important issues, which is perhaps indicative of flawed coordination. This could be due to disagreement between ministries on policies or the lack of clear policy frameworks, among other factors.

Coordination tends to take place on specific topics and on a short-term basis, rather than being focused on strategic planning. In-depth analysis of the policy issue at hand is comparatively rare.

Ministerial  
Bureaucracy  
Score: 4

Line ministries appear as fiefdoms, with each claiming sovereign rights within its area of responsibility. Ministry officials and civil servants may participate in ad-hoc bodies assigned to deal with specific issues, or seek coordination with other ministries in drafting proposals if this is deemed useful.

Ministry staffers occasionally seek the assistance of other sections within their ministry. Line ministries sometimes – but rarely – ask the views of other ministries on a matter, or attempt to coordinate policy proposals.

Informal  
Coordination  
Score: 4

The post-2010 economic difficulties led to a number of meetings at various levels and between a variety of actors. This included (mostly informational) meetings between president and his ministers and party leaders, as well as informational meetings between the minister of finance and party leaders, aimed at restoring confidence in the economy. The minister of commerce used this informal mechanism frequently when dealing with the issue of natural gas. Consultations promoted by the minister of finance (August 2011 – March

2012) resulted in agreements between the parties on specific measures, and their subsequent passage in parliament. However, this type of meeting does not take place on a regular basis.

### Evidence-based Instruments

RIA Application  
Score: 5

Since 2007, a Ministry of Finance committee has led a project aimed at developing better regulation, with liaison officers in all ministries. Regulatory impact assessment (RIA) is one key focus of the project. Every new regulation is supposed to include an RIA. To date, this has taken the form of a questionnaire initially drafted by the Ministry of Finance, and revised several times as deemed necessary. However, impact assessment reports attached to draft laws sent to the Legal Office for legal review have had gaps, been too general, or in many cases have been simply absent. A new oversight mechanism for receiving and reviewing impact assessment reports was created in 2011. This body has not yet released any reports on its operation, however. Its bureaucratic position as a part of the Finance Ministry is noteworthy, as it should have fallen under the purview of the Legal Office. It is unclear whether draft laws have regularly been sent to the oversight committee, or whether the Council of Ministers has sent back proposed laws that have failed to go through this review process.

One typical means of assessing the impact of new laws was for a line ministry to seek the views of other ministries on a proposed measure. As proposed laws reach the legislature, the House of Representatives regularly invites stakeholders likely to be affected to hear their views during committee sessions.

Citation:

1. Report on BR project 2012, available in Greek at, <http://www.better-regulation.org.cy/LinkClick.aspx?fileticket=xqDTHWHU sTo%3D&tabid=82>.

Quality of RIA  
Process  
Score: 4

In its present form, impact assessments appear to be performed by bills' authors and reviewed by a Ministry of Finance body before being forwarded to the Legal Office for legal advice. This means that the policy-proposal process has no integrated impact-assessment mechanism. Though the current arrangement was communicated to all government bodies in January 2012, no details on its functioning have subsequently been made available. Stakeholders have no role in the assessment procedure at any stage, and it remains unclear as to precisely how the RIA report is used. Responding to an EU Commission consultation, the country's Chamber of Commerce and Industry has proposed that stakeholders be integrated more deeply into the process, that more

information be made available to the public (including stakeholders), and that the focus of assessments be shifted from qualitative to quantitative reviews.

Citation:

1. Report of the Cyprus Chamber of Commerce and Industry to a consultation of the EU Commission [http://ec.europa.eu/governance/better\\_regulation/smart\\_regulation/consultation\\_2012/docs/registered\\_organisations/ccci\\_en.pdf](http://ec.europa.eu/governance/better_regulation/smart_regulation/consultation_2012/docs/registered_organisations/ccci_en.pdf)

Sustainability  
Check  
Score: 3

The questionnaire on which assessments are based asks whether proposed regulations might have a positive or negative impact on the country's economic, social and environmental aspects of life. This assessment is based on a limited number of specific factors, with just 10 social and eight environmental issues addressed. The questionnaire asks for yes or no answers, while also soliciting detailed explanations. The extent to which information sufficient to substantiate the yes or no responses is provided remains unclear. There is no mention of time horizons in the assessment, which may mean the idea of sustainability is effectively ignored.

Citation:

1. Questionnaire on Impact Analysis available in Greek at, <http://www.better-regulation.org.cy/LinkClick.aspx?fileticket=di2ctt hW0Jw%3d&tabid=92>  
2. Country profile on Sustainability plan, <http://www.esdn.eu/?k=country%20profiles&s=single%20country%20profile&country=Cyprus>

### Societal Consultation

Negotiating Public  
Support  
Score: 5

Consultation with societal actors has been a general practice since the early years of Cyprus' independence. Governments have typically taken the probable reactions of trade unions or other organized professional associations into account before promoting policy proposals. However, consultation takes place only when government feels the need to do so, not in any systematic way. This has prompted strong trade unions or interest groups to air their views publically in order to benefit their members. This was the case in the period reviewed, as the government has adopted contradictory positions when it came to implementing stringent measures aimed at saving the country's economy, seeking to avoid discontent on the part of strong public servants' and other labor unions.

In certain fields such as electronic communications or broadcasting, public consultation before rulemaking is a typical practice. The results of such consultations are not always made public, however.

As previously mentioned, the presidential system leads the government to consult with political parties as well. In most cases, consultation with stakeholders is also accomplished in the course of parliamentary committee meetings.

### Policy Communication

Coherent  
Communication  
Score: 2

The government's communications are channeled through the Press and Information Office, a department of the Ministry of Interior that supplies the government spokesperson. Liaison press officers are dispatched to individual ministries. There have always been problems with coherent communication, but the situation grew considerably worse between 2010 and 2013. Government members' conflicting policy positions were often made public, in some cases leading to the cancellation of presidential plans and measures. On some occasions, already-announced plans went unimplemented. This produced considerable confusion, leaving citizens with some uncertainty as to the government's actual course.

### Implementation

Government  
Efficiency  
Score: 2

In terms of efficiency, the government underperformed in almost every respect. It failed to foresee the economic crisis that erupted months after it assumed office in early 2008, and did not accurately assess its eventual impact on Cyprus. Its primary objectives were to preserve salaries and stabilize living costs, which did not help to address post-2010 developments in a sustainable manner. An enormous amount of damage to the economy and overall social welfare resulted. Efforts to assess, identify and prioritize possible solutions mostly failed. The government that assumed office on 1 March 2013 performed little better when it tried to find solutions meeting the Eurogroup and IMF criteria as the financial crisis reached its peak in 2013.

Ministerial  
Compliance  
Score: 3

Under the presidential system, no mechanisms exist for ensuring implementation of state policies, either at the level of the presidency or the House of Representatives. The quality of ministerial work has mostly been determined by each officeholder's personality and will. The government's lack of cohesive organization or a strategic plan, as well as instances in which the president questioned some of his ministers' skills and knowledge, further undermined incentives for ministerial action.

Monitoring  
Ministries  
Score: 2

The state structure contains no specific mechanism for monitoring the work of line ministries. This task is left to the president and his advisors.

Monitoring  
Agencies,  
Bureaucracies  
Score: 2

Line ministers have the legal power to oversee semi-governmental organizations (S-GOs), and to give their governing bodies guidance as to general government policies. S-GOs governing bodies are appointed by the Council of Ministers, which approves their budgets after review by the appropriate line ministries. Budgets are approved by parliament. However, oversight of these bodies is in reality deficient, even in terms of finances. This is because governing bodies typically act in a clientelist manner toward the government, with resources, personnel appointments and promotions largely serving government and partisan objectives. In addition, the renewal of an S-GO governing-body appointment usually depends on the candidate's conformance with the will and desires of the government or governing party.

Task Funding  
Score: 4

Local governments receive substantial subsidies from the state budget, with funds often earmarked for specific projects. In recent years, the amount of this subsidy has been decreased, with the declines approved by the government and by parliament. At the same time, new municipalities have been created through referendum, substantially increasing the quantity of funds needed for local government. Various problems, such as the lack of strategic planning, redundancy in services, and failure to comply with the recommendations of the Auditor General, have pushed some municipalities to the brink of financial collapse. Thus, the growing and in some cases inflated needs of local governments conflict with the central state's deteriorating finances.

Constitutional  
Discretion  
Score: 4

The constitutional status of local government suffers from confusion or vagueness, as the constitution's provisions on the issue are quite general. Municipalities were placed under the authority of either Greek or Turkish communal assemblies (Art. 86-111). However, communal chambers were abolished with the collapse of bi-communality in 1964, so local governments' fields of authority and powers are today given by articles 84 and 85 of the Law on Municipalities. Budgets as well as the management of selected financial issues and assets are subject to approval by the Council of Ministers. The central government's discretionary powers on these issues as well as on changes in the amount of subsidy provided can be regarded as factors limiting local government's autonomy.

National Standards  
Score: 2

Standards and indicators at the central government level are generally neither consistent nor universal; those that are tend to be followed in incoherent ways. National standards of public services are rarely achieved. One example is the performance of public employees, which is internally assessed as "excellent" in more than 99% of cases. More important, there is no mechanism to monitor or ensure compliance with standards. Rules and regulatory frameworks meant to apply across various central-government levels are applied somewhat inconsistently, with their interpretation and implementation left to each body's

individual discretion. For example, each municipality has its own body for appointments and promotions.

### Adaptability

Domestic  
Adaptability  
Score: 4

The country's political and administrative structures have remained largely in place since independence. European Union accession has led to the creation of new bodies over the past 20 years, but without changing the overall state structure. As the whole of Cyprus constitutes a single region under the EU's Cohesion Policy, the impact of European innovations aimed at strengthening the role of regions has been very limited. Isolated policymaking adaptations have included new departments tasked with handling European Union issues, the implementation of e-government functions, and the creation of citizens' service offices. The country fell to rank 45 from 42 in a 2012 e-government index, indicating the limited pace of change.

Citation:

1. World UN ranking in e-government, <http://unpan3.un.org/egovkb/datacenter/countryview.aspx>
2. [http://ec.europa.eu/regional\\_policy/sources/docgener/informat/country2009/cy\\_en.pdf](http://ec.europa.eu/regional_policy/sources/docgener/informat/country2009/cy_en.pdf)

International  
Coordination  
Score: 3

As a full member of the European Union, the Council of Europe, the United Nations and other international organizations, Cyprus could have seized many opportunities to contribute to the global public welfare. One such opportunity was the country's (successful) presidency of the European Council in 2012, which showed that active contribution was indeed possible. However, it appears that no specific plans or mechanisms exist to ensure this kind of contribution on a sustained basis. Rather, various ministry officials provide isolated contributions in the course of their participation in the meetings of international organizations. Cyprus remains too introverted for more expansive participation. Whenever Cyprus acts in international forums, the division of the island remains the focus of attention.

### Organizational Reform

Self-monitoring  
Score: 3

With its EU accession, Cyprus had to respond to commonly held EU standards. However, monitoring has taken place only in specific departments, and has focused on isolated issues such as the plan for better regulation. One factor in this inconsistency has been the absence of specialized mechanisms for this purpose, as well as the lack of technocrats within the presidential palace assigned to (or even with the capability to perform) this task. Tense relations between the president and political parties (except AKEL) undermined relations with the parliament during the period under review, in particular after

Institutional Reform  
Score: 3

July 2011. This made it even more difficult for the government to accept the need for self-monitoring. After the new government's assumption of power in March 2013, this weakness was noted, and as of the time of writing, plans to remedy existing shortcomings were being worked on.

The efficiency of the administration declined between 2009 and 2012, largely as a result of a lack of government coherence and clear policy orientations. Confusion as to the roles of ministers from the various political camps, and cases in which the president assumed tasks belonging to ministers (such as the minister of finance, for example) weakened the government's capacity. In late 2011 and 2012, the government at times appeared to be presenting itself as an ally of the public servants' and workers' trade unions. The president met with trade unions without the presence of line ministers, which weakened these ministers' positions and undermined their support for policies crafted without their input.

The government experienced a substantial loss of public trust after the explosion of ammunition seized from a Russian ship in July 2011, and as the impact of the economic crisis worsened. This made institutional cooperation even more difficult. Under these circumstances, it proved impossible to engage in constructive institutional reform.

## II. Executive Accountability

### Citizens' Participatory Competence

Policy Knowledge  
Score: 4

A high public interest in politics and a high rate of attachment to political parties were until recent years combined with low rates of abstention in elections. A sharp decline in participation rates has recently been observed, with abstention rates doubling in 2011 (21%) and 2013 (17%) as compared to elections five years earlier. According to Eurobarometer, faith in institutions fell also sharply between 2010 and 2012. The share of citizens saying they had trust in political parties fell from 23% to 9%, while trust in the government fell from 43% to 16%, and trust in parliament fell from 40% to 15%.

These outcomes could be connected with the realities of Cyprus life. Television is the top source of public information, commanding the highest share of trust of any media category, at 52%. However, the quality of broadcast information is generally low, with in-depth analysis rare if not non-existent. Moreover,



debates between the political figures who monopolize the news and current-affairs programs have little substance beyond populist appeals, endless arguments and incessant finger-pointing. As modern media play an important role in information-gathering, it is interesting to note that people in Cyprus make less use of the Internet (38%) than is the average across the European Union as a whole (54%).

The declining state of the economy and lack of clear policies in the period under review were coupled with government procrastination and contradictions between announcements and actions. Political leaders' efforts to blame one another only spread more confusion. As a result, citizens found it difficult to obtain reliable information on the country's real situation, the exact implications of policies, or the positions of political leaders and the government. However, the public did express its strong support for any course that could bring the period of uncertainty to a close.

### Legislative Actors' Resources

Parliamentary  
Resources  
Score: 3

The House of Representatives' moderately sized staff primarily provides administrative and secretarial support. A research, studies and publications division appears to perform activities related to drafting and publications and organizes events rather than producing genuine expert research or study reports. Deputies each have a personal research assistant, but the quality of the assistants' research output has never been assessed.

The parliament has a rich library that remains largely unused. Independent research is rarely commissioned.

Information about government activities is obtained by specialized committees that invite members of the executive or administration officials to attend their meetings.

Obtaining  
Documents  
Score: 4

The government has no constitutional obligation to make documents available to the parliament. In practice, parliamentary oversight is performed by addressing questions to line ministers on specific issues. In some cases, an ad-hoc investigative committee may ask for more in-depth information.

The Law on the Deposition of Data and Information to Parliamentary Committees gives committees the right to ask for official information and data. However, the wording of this law is cautiously formulated; under its terms, officials attending a committee hearing are obliged to tell the truth or to provide genuine documents, and are not allowed to hide relevant knowledge or

documents. It also establishes penalties for misinforming or misguiding a committee.

Critically, attending a meeting if invited is not made mandatory by this law. Thus, obtaining documents is dependent on the summoned officials' willingness to attend a hearing, as well on minister's discretionary power to approve a document's release. The law's enforcement and efficiency depend on the sensitivity of the issue at hand.

Summoning  
Ministers  
Score: 5

The constitution contains no provisions making the executive power accountable to the House of Representatives. Article 79 stipulates that the president "may address" or "transmit his views" to the House or a committee "through the ministers." Moreover, ministers "may follow the proceedings, [...] make a statement to, or inform" the House or a committee on issues within their sphere of responsibility. Thus, from the legal point of view, the parliament is very weak, and has no power to summon executive officials or command the provision of documents. In practice, however, ministers are regularly invited to provide committees with information on issues relating to their mandate. Ministers rarely decline invitations to appear, and if ministers are unavailable, other high administration officials often represent the line ministries and provide the information or data requested. Thus, though attendance is up to the discretion of the executive, government members usually respond positively to committee invitations.

In 2012, the minister of commerce refused to attend committee meetings after deputies at a previous hearing behaved toward her in a manner she found insulting. This dispute was settled after a meeting with the president of the House of Representatives.

Summoning Experts  
Score: 7

The law on the Deposition of Data and Information to Parliamentary Committees gives committees the power to summon officials or private persons to provide documents or data. The obligation to attend committee meetings, which is connected with the obligation to provide genuine data and information, is not definitively established in the law.

Task Area  
Congruence  
Score: 5

Under the constitution, only 10 ministerial portfolios can exist; however, this number was increased to 11 with the creation of a Ministry of Education that took over the tasks of the Communal Assembly, which was dissolved in 1964. In the present House of Representatives, there are 16 committees, one for each ministry plus others dealing with specific cross-ministerial matters or important sectors. According to the House's activity report for the 2011 – 2012 session, committees held 711 meetings overall, with individual groups meeting from 29

(the Human Rights and Equal Opportunities committee) to 87 (Finances and Budget) times.

Given the small number of deputies overall (56), combined with the fact that most committees have nine members, deputies generally participate in at least three committees. This may be an impediment to properly following all committee work or to effectively monitoring the work of line ministries. It has also led to a chronically low committee-meeting attendance rate.

Audit Office  
Score: 3

The auditor general is an independent officer appointed by and reporting to the president. Though a member of the public service, her or she has a status equivalent to that of a Supreme Court justice. The auditor's annual report is presented to the president, who "shall cause it to be laid" before the parliament. Thus, the parliament has no authority over the auditor general. The audit office has the responsibility to review "all disbursements and receipts, and audit and inspect all accounts of moneys and other assets administered, and of liabilities incurred, by or under the authority of the Republic." This gives it the power to audit the House of Representatives as well as executive bodies.

Ombuds Office  
Score: 2

Cyprus has no constitutionally established ombudsman's office. Law 3/1991 introduced the Office of the Commissioner for Administration, with the serving commissioner appointed by president upon the recommendation of the Council of Ministers, and upon prior approval by the parliament. The commissioner presents an annual report to the president, with comments and recommendations. A copy is made available to the Council of Ministers and to the parliament. Investigative reports, monthly activity reports and reports on the failure to comply with recommendations in connection to a case investigated are also submitted to the cabinet and the parliament.

The commissioner does not have oversight power over the House of Representatives, the president, the Council of Ministers, courts including the Supreme Court, or a variety of other officials and ministers.

## Media

Media Reporting  
Score: 5

Cyprus' current media landscape is dominated by infotainment programming, and media organizations largely fail to provide in-depth analyses. The capacity to analyze and evaluate policies is hampered by a low level of issue knowledge, partisan approaches and the low awareness of the code of journalistic ethics.

Though print and radio broadcasts are dominated by political affairs, little insight is offered, even in the case of issues that are at the center of current

affairs or receive extended media coverage. In-depth information is occasionally provided by academics or experts invited to debates, in particular by the public-service broadcaster.

However, analysts in many cases come from specific ideological camps and do not disclose their links with political parties. Most journalists do little to hide their personal views and preferences in the course of their work. In the period under review, the government's failures and low public approval rating, as well as its attacks on the media, were coupled with a further decline in balanced media coverage.

Finally, political figures' polarizing rhetoric and tendency to avoid nuances in their public statements has led to the provision of low-quality and superficial information.

The lack of transparency in print-media circulation figures and media ownership data are additional factors affecting the quality of public information.

### **Parties and Interest Associations**

Intra-party  
Democracy  
Score: 6

In the years since 2000, political parties have introduced procedures giving all party members (and in some cases their friends) the right to elect party governing bodies and high officials, and to nominate or be nominated as candidates for public office. The rules are more restrictive for nominating national presidential candidates or candidates associated with party alliances. In practice, leadership groups tend to try to reach consensus in such a way as to avoid elections, while other procedures tend to undermine the power of grassroots party organizations.

The Democratic Rally (Δημοκρατικός Συναγερμός, DISY) was the first party to offer all party members (and later members' friends) voting rights in electing high officials and governing bodies, as well as a voice in nominating candidates to elected public offices. Non-party members can be nominated as candidates or chosen by the chairperson of the party.

In both the 2010 and 2013 DISY intraparty elections, and its nomination of candidates to the 2011 parliamentary and municipal and mayoral elections, efforts to find consensus candidates dominated the procedures, limiting the importance of member voting. The DISY's 2013 presidential candidate was selected by the approximately 1,000 members of the party's Supreme Council.

DISY electoral programs are drafted and approved by the party's governing

bodies. Opinion polls and advice provided by communications consultants shape the choices made.

The Progressive Party of the Working People (Ανορθωτικό Κόμμα Εργαζομένου Λαού, AKEL) has also opened its nomination decisions to members and their friends, while adhering to the principle of democratic centralism. Lists of candidates proposed at party-cell level or higher, depending on the kind of elections, are collected and ranked by selection committees in advance of final decisions by the Central Committee (CC). Thus, the CC finalizes lists of candidates to elected public offices, while the party congress, made of 1,200 to 1,400 party cadres nominated by party cells, elects the 105 members of the CC itself. The members of the CC elect their own secretary general. AKEL's presidential candidate is selected first through a party-cell vote, and then by the vote of a special electoral congress. Electoral programs are approved by the party's governing bodies.

The Democratic Party (Δημοκρατικό Κόμμα, DIKO) established the direct election of its leadership by party members after 2000. However, all party candidates including the presidential candidate are selected by the central committee (made up of 150 members). The central committee also approves the electoral program.

Thus, even though Cyprus' parties differ in their internal practices, important issues in each are usually decided in a centralist manner.

Association  
Competence  
(Business)  
Score: 4

Cyprus has very strong trade unions, with a very high rate of membership, as well as well-organized employers' associations. Their relations have been characterized by a will to find consensual solutions and avoid industrial action. These associations in some cases have internal research or study divisions, which typically produce proposals defending or promoting sectoral interests. In rare cases, associations have commissioned and made public special studies by academics or experts. Associations propose no comprehensive measures or policies that take a long-term perspective. They mostly focus on specific short-term issues rather than structural change. The Pancyprian Labor Union (Παγκύπρια Εργατική Ομοσπονδία, PEO) has created a research institute on labor issues, which largely focuses on producing studies and monitoring developments in the economy and the labor market.

As an example of typical behavior, during the period under review the current price-indexed system of adjusting salaries to reflect cost-of-living increases became a central issue of controversy. Employers unilaterally suggested ending the policy, while trade unions reacted strongly in opposition. Neither side

Association  
Competence  
(Others)  
Score: 4

offered a policy proposal for addressing the matter on a long-term basis.

The development of civil society is a very recent phenomenon in Cyprus. This process started with the mobilization of environmental groups in the late 1980s, initially for specific causes, and later on behalf of a comprehensive policy framework. With the help of European funding, new associations have been created, studies undertaken and proposals formulated on issues pertaining to good governance (e.g., access to information).

In the past two years, various groups have emerged with the aim of addressing the political crisis and its associated economic and social problems in a comprehensive manner. These groups are still young, and their proposals have thus far been of a general nature. The issues of hydrocarbon use, transparency in political finance, and the country's response to the economic crisis are at the top of these groups' agenda. However, it is too early to assess the relevance, value and the likely impact of their work.

The Church of Cyprus is one of the country's strongest institutions, and continues to claim a role in education and other broader issues. This includes the problem of Cyprus' division, but also other political and economic topics such as the exploitation of hydrocarbons.

This country report is part of the Sustainable Governance Indicators 2014 project.

© 2014 Bertelsmann Stiftung

Contact:

Bertelsmann Stiftung  
Carl-Bertelsmann-Straße 256  
33311 Gütersloh

Dr. Daniel Schraad-Tischler  
[daniel.schraad-tischler@bertelsmann-stiftung.de](mailto:daniel.schraad-tischler@bertelsmann-stiftung.de)

Najim Azahaf  
[najim.azahaf@bertelsmann-stiftung.de](mailto:najim.azahaf@bertelsmann-stiftung.de)