



Cyprus Report

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Sustainable Governance Indicators 2020

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Executive Summary

Cyprus sustained a course of economic growth in 2019, albeit with visible signs of deceleration. The Cypriot tourism and construction sectors continued to be the leading benefactors. The primary catalysts of the 2013 economic crisis appear to have retreated, but risks for the economy remain. Deficiencies in the economic environment (especially within the financial sector) resulted in investors' and creditors' low level of trust in the economy and weak international competitiveness. Also, it is unclear if currently strong tax revenue performance can be sustained.

Greater government attention addressing the broadly recognized need for stronger strategic-planning and policy-implementation capacities appear to be bearing fruit. Notwithstanding, government policies that pose serious threats to an effective legal order and the fight against corruption have persisted. These policies, along with the non-meritocratic recruitment system, negatively affect the quality of government services as well as citizens' trust.

The Cypriot government responded to its commitments under the 2013 Memorandum of Understanding (MoU) with its creditors with fiscal discipline and targeted policies. This has sustained better than forecast performance in recent years. In 2019, the government revived important reforms that had hitherto stalled. Troubles with some policies, such as the granting of permanent residency or citizenship for real estate investment ("golden visa" programs), have led to the revision of some rules. Notwithstanding, unruly large-scale construction projects continued to undermine city planning and sustainability efforts.

Democratic institutions and processes continued to function satisfactorily, though serious weaknesses remain. The extremely slow administration of justice broadly stymies the smooth functioning of democratic processes and the market as well as damages public trust in the justice system. Overall, the administrative system has remained inefficient and slow. Clientelistic relationships and expediency persisted in politics due to the pervasive power and control of political parties, challenging the generally accepted principle of a state operating for all citizens. Audits of party accounts between 2016 and 2018 demonstrated that current legislation on political party funding has serious deficiencies. Despite anti-corruption and accountability rhetoric, some

government actions, including the early release from prison of convicted politicians, led to a rise in the public's perception of corruption in 2018.

New legal instruments, including rules on banking system oversight and handling non-performing loans (NPLs) have led to a decline in NPLs. Nonetheless, their rate was the second-highest in the EU in 2019 and remains a risk for the economy. The labor market witnessed improvements, with the unemployment rate further declining to below 7%. The partial implementation since June 2019 of a national health system has been an important step toward providing universal healthcare. To reduce expenditures, the government decided to maintain cuts on public servants' benefits through January 2023, but recent court decisions declaring the cuts unconstitutional may pose a threat to the country's fiscal stability.

The overall share of persons at risk of poverty and social exclusion further declined in 2018. Nonetheless, immigrants (from both the European Union and third countries) remain highly vulnerable. While social inclusion programs for migrants, asylum-seekers and other groups have continued, pressures from increased immigration in 2019 have made it more difficult for Cyprus to meet international standards. Environmental policy remains highly problematic, with the country failing to transpose EU directives into national law, and to adopt and implement rules for effectively protecting the environment. Experts' warnings have been clear: the government's insistence on favoring land development, even over existing environmental protection rules, will yield environmental disasters; the lack of impact assessments only conceals the risks.

In 2019, relations between the executive and parliament improved. Notwithstanding, disagreements on the privatization of quasi-governmental institutions make their future unclear. In the fall of 2019, the government sought closer coordination with political parties on the adoption of structural and other administration reforms.

Governance shortages, favoritism in political appointments and politically motivated interference in institutional functions and decisions also persisted in 2019. Overall, though, public sector reforms aimed at developing strategic-planning capacities, fiscal responsibility and stronger regulations, though slow, have started to yield results. Yet, the reluctance to comply with adopted rules and the absence of a body coordinating reforms pose some risks to these efforts. Generally, the lack of an effective administrative culture has remained a serious obstacle to achieving sustainable results.

Key Challenges

The principal challenges facing Cyprus essentially remain the same as those identified in the 2013 bailout agreement, though additional problems are emerging. While no imminent risks exist today, the current economic recovery should not create a false sense of security. To sustain growth, sectors that impact the overall policy environment must be reformed. Government expressions of willingness to proceed with reforms now require concrete actions and the adoption of policies based on sound regulation. Government must address structural and other deficiencies in the administration and expand strategic planning on all levels. This also requires mechanisms for closely monitoring and continuously reassessing policies. A review of governance values, along with respect for and enhancement of fundamental democratic practices remain essential for the rule of law.

Within the financial sector, the government must resolve long-standing challenges that weaken the country's international competitiveness. Despite measures promoted since mid-2018, the effective settling of challenges related to non-performing loans is still pending. Clarifying policies on the privatization of quasi-governmental institutions also remains a necessity, so that their eventual market valuation does not suffer from the current uncertainty. Expanding the national health system (GESY) to offer a full range of services as well as securing adequate funding remain prerequisites for its survival.

In the interest of broad-based sustainability, government policies on social and environmental challenges require radical, holistic revision. Excessive emphasis on business and financial interests – which has led, for example, to the unruly granting of permits for the construction of skyscrapers – requires urgent redress before the resulting environmental destruction becomes irreparable. Given offshore fossil fuel discoveries and that extraction is clearly a political priority, it is imperative that government policies more effectively protect the environment and place greater weight on broader social benefits. Also, the development of reliable infrastructure with expanded public transportation as well as investment in renewable energy sources would benefit the economy, environment and society. Cypriot economic activity requires differentiation and a shift to productive sectors, including tertiary education, and research and innovation, with a focus on sustainability.

The European Commission stressed in 2017 that the taxation system requires revision to increase equality. Such reforms should address the challenges posed by aggressive tax planning, solve problems of tax collection and tax avoidance, and achieve the timely processing of tax declarations. The system should ensure that taxpayers are treated equitably and aim for a fairer reallocation of resources. Adequate funding of family, pension, healthcare and other social policies would enhance social equity and gradually return the country to a functioning welfare state.

The sustainability of Cyprus's recovery is at risk if the ample discretion and authority afforded the Council of Ministers is not limited. The public backlash from policies such as the citizenship-by-investment scheme and the disorderly granting of construction permits for skyscrapers point to the need for effective oversight through monitoring mechanisms. An urgent reform of the justice system would benefit the administration of justice, the financial sector and, more generally, democracy. There is also an urgent need for transparency in most policy decision-making, including the criteria and procedures that govern appointments to public bodies. Likewise, media relationships with the executive and politicians, and media ownership must be laid bare.

The attainment of these diverse reforms will require the government to review its actions and operations at the highest level. The creation of public bodies with clear mandates for coordination and action would greatly benefit the efficiency of the state. Also, expanding strategic-planning capacities from the central government to local authorities would accelerate the reforms of structures and procedures.

Declared commitments by the government and political parties to favor meritocracy in appointments now require concrete actions. Meritocracy can ensure that capable public sector managers in key positions can efficiently promote reforms. Ultimately, these ambitious reforms can be achieved if the administration places service quality and the rule of law above other aspirations.

Party Polarization

A cleavage between right- and left-wing forces that was shaped in the 1940s persists to today, though it has been quite weakened. Under the presidential system, the impact of party polarization is mitigated. The president is in office for a term of five years and forms a government, which is not subject to a vote of confidence by the parliament. The outcome of parliamentary elections and

parliamentary votes for or against legislation pursued by government have no destabilizing effect on the government or the political system.

Party positions are polarized with respect to the Cyprus problem and often motivate voting patterns on matters unrelated to the Cyprus problem. The main challenges derive from precarious or circumstantial party alliances and from political expediency. Political parties generally avoid legislation which could reduce their support from powerful interest groups.

Ideological polarization becomes more visible right before and immediately after a change of government, with those rising to power reversing the previous government's policies. This affects, in particular, the economy and education system. (Score: 7)

Policy Performance

I. Economic Policies

Economy

Economic Policy
Score: 4

In 2019, Cyprus sustained strong growth and robust fiscal performance within an improved financial and economic environment. Nonetheless, reports by its creditors, the IMF, the ECB and the European Commission, as well as by other institutions stress that risks and weaknesses persist. Progress to improve the country's low competitiveness rating remained marginal.

As an EU member with a strong services sector and favorable taxation system, Cyprus is attractive to investors. However, significant reforms are still needed to upgrade the country's infrastructure, and improve its technological readiness, the education system and the overall legal environment.

The implementation of reforms as well as efforts to reestablish confidence and stabilize the financial system have yielded a scaled down financial sector governed by stricter rules. The banking sector is fragile and shrunk further as a result of the country's former central bank, Cooperative Bank, defaulted on its debt in mid-2018. Having privatized some of its NPLs, the bank might benefit from new rules relating to NPLs.

Economic performance in 2019 continued to rely on traditional sectors which the EU and Cyprus Fiscal Council warn cannot guarantee long-term growth. Tourism, large construction projects and private consumption have driven growth; expected at around 2.9% in 2019, compared to 4.1% in 2018. While confident about the capacity of Cyprus to repay its debt, creditors added the new national healthcare scheme and the eventual disorderly hard Brexit as additional risks. They suggest that a stronger economy offers opportunities for long-due reforms. The IMF cites broader civil service and civil procedure reforms, privatizations and the introduction of an e-justice system as worthy policy objectives.

Though some NPLs have been removed from banks, very high ratios remain. Private and public debt could hamper bank access to sovereign markets. A large current account deficit and external financing needs make Cyprus vulnerable, but the improved composition of external liabilities and large gross external assets mitigates such risks according to the IMF.

Signs of improvement in the collaboration between the government and parliament in 2019 may benefit renewed efforts to promote reforms in the public sector. It is, however, too early to predict their outcome.

Citation:

1. IMF, Cyprus: Third Post-Program Monitoring Discussions-Press Release and Staff Report, June 2019, <https://www.imf.org/~media/Files/Publications/CR/2019/1CYPEA2019001.ashx>
2. Cyprus in the Global Competitiveness Report 2019, World Forum <http://reports.weforum.org/global-competitiveness-report-2019/economy-profiles/#economy=CYP>
3. World Bank, Doing business index 2019, Cyprus, <http://www.doingbusiness.org/en/data/exploreconomies/cyprus#>
4. European Commission, European Economic Forecast. Autumn 2019, https://ec.europa.eu/info/sites/info/files/economy-finance/ip115_en_0.pdf

Labor Markets

Labor Market
Policy
Score: 6

The Cypriot labor market continued to improve in 2019. The unemployment rate declined from 7.3% to 6.5% in the second quarter of 2019, following an EU trend. This decline shows significant progress since August 2013, when unemployment stood at 17%. It does, however, continue to contrast with the rate seen in 2008 of 3.7%, near-full employment conditions (76.5%). The labor force in 2019 was 62.8% of the population. The broader public sector employs 17.8% of the labor force. Per sector employment in 2019 was as follows: 18.1% in industry, 2.5% in agriculture and 79.4% in the services sector (81.6% in 2018). In 2018, the proportion of young people not in education, employment or training (17.4%) was among the highest in the EU.

The regulatory framework protects labor rights and includes provisions preventing unlawful dismissal from employment. However, serious shortcomings are evident in its implementation. “Tripartism,” in the form of agreements between the state, businesses and employees, remains a useful procedure, though it is going through a period of tension. Cuts to salaries and pensions imposed since 2011 in the broad public sector will gradually decrease, with all reductions ceasing in January 2023. The private sector also suffered severe cuts in salaries and benefits; in addition, there remain instances of salaries below the legal minimum wage and of employment with no social benefits. Distortions in the labor market persist, with the privileged public and banking sectors “competing” with a relatively weak private sector. In addition,

there are sustained pressures on benefits from private employers. The resistance of strong trade unions to benefits cuts appears to have weakened, due in part to employees accepting cuts to avoid a loss of employment. In contrast, powerful public sector unions remain successful in securing their members' benefits. Migrant EU and non-EU labor remain the most vulnerable groups, often exploited by employers, resulting in a widening economic gap. They accounted for 20.6% of the employed in mid-2019, of which 12.6% were other-EU and 8.0% third-country nationals.

The European Commission has observed low efficiency in the country's employment services, which remains a challenge. The Commission notes the need for reinforcing outreach and activation support for access to employment.

Despite improvements, serious issues of concern remain. These include a high youth unemployment rate (14.9%, compared to 17.9% in 2018) and significant long-term unemployment (2.2%). Also, women are affected slightly more than men. Only 57.4% of women participate in the formal labor force and 53.6% were employed in 2019, compared to 68.6% and 64.2% for men. Finally, persisting high rates of short-term (15%) and part-time (11.5%) employment are also problematic. The long-term sustainability of public employment service capacity remains an issue, as additional staff were recruited for only 2 years.

Citation:

1. Survey of Labour Market, Q2-2019, Statistical Service ROC, 2019
[https://www.mof.gov.cy/mof/cystat/statistics.nsf/All/84335198B5D80A9FC2258316004762F0/\\$file/Labour_Force_Survey-Q219-EN-050919.doc?OpenElement](https://www.mof.gov.cy/mof/cystat/statistics.nsf/All/84335198B5D80A9FC2258316004762F0/$file/Labour_Force_Survey-Q219-EN-050919.doc?OpenElement)
2. EU Commission Semester Report Recommendations, Cyprus, July 2019,
https://ec.europa.eu/info/sites/info/files/file_import/2019-european-semester-country-specific-recommendation-commission-recommendation-cyprus_en.pdf

Taxes

Tax Policy
Score: 6

The 2016 merger of the departments handling income and VAT taxes into the Tax Department aimed at strengthening tax collection and processing mechanisms (e.g., auditing) as well as fighting tax evasion and avoidance. These goals remain unfulfilled.

Cyprus's tax system is comparatively uncomplicated, both with respect to individual provisions and structure. Revenues from direct and social taxes are relatively low as they are affected by a high threshold of taxable income offset at €19,501. This results in a low tax burden on labor and an increased dependency on corporate and value-added taxes. A levy on salaries and a real-property tax imposed in 2013 were terminated in 2017, while a levy of 30% on interest income from bank deposits is in force since April 2013.

There is a high reliance on corporate and value-added taxes from non-diversified, buoyant economic activities. Although the impact on the economy from this income has been highly beneficial, the European Commission doubts its sustainability and warns that it cannot guarantee sufficient financial resources in the long-run. Sufficiency is also affected by tax collection problems, with €2 billion overdue taxes appearing uncollectible and many years delays in the clearance of tax declarations.

Tax equity is to some extent achieved through the progressive increase in individual income-tax rates from 20% to 35%. However, widespread tax evasion and tax avoidance, and a flat rate of 12.5% for companies are negatively affecting equity. They allow aggressive tax planning and benefit liberal professions and highly profitable companies – both pay a lower tax share than the share paid by employees. The Commission continued in 2019 to stress the need for Cyprus to revise tax system structures and tackle factors that enable aggressive tax planning.

While the low rate of corporate tax allows the country to remain competitive, it is unclear whether the benefits linked to this outperform the risks posed for companies, and the negative effects on equity, tax avoidance and tax evasion resulting from aggressive tax planning. It is indicative that Cyprus signed the Multilateral Convention to Implement Tax Treaty Related Measures to Prevent Base Erosion and Profit-Shifting with numerous reservations.

After 2017, redistribution and the promotion of ecological sustainability via the tax system have been encouraging. However, there is scope for a redesign of the structure of environmental taxation to improve climate and environmental policies, which are very problematic in Cyprus.

Citation:

1. European Commission Post Program Surveillance Report Cyprus, June 2018, https://ec.europa.eu/info/sites/info/files/economy-finance/ip104_en_pps_cy.pdf
2. Tax debt to State fall in Q3 2018, Cyprus Mail, 16 January 2019, <https://cyprus-mail.com/2019/01/16/tax-debts-to-state-fall-in-q3-2018/>

Budgets

Budgetary Policy
Score: 7

The Law on Fiscal Responsibility and Fiscal Framework of 2014 provided for budget design and implementation processes that meet the strategic targets set by the government. This required the administration to gradually acquire strategic-planning capacities. Assigned to the minister of finance, the process and oversight, from design to implementation, produced positive results, with large fiscal surpluses and a reduction in the public debt. Performance was also assisted by tax, tourism and other buoyant revenues.

Praise for the country's economic performance in post-program surveillance reports also included warnings: these urged against loosening the strict spending discipline and for promoting structural reforms to enhance spending reviews.

The 2020 budget aims at consolidating growth and further reducing the public debt, keeping it below 100%. A modest budgetary impact expected from the gradual reestablishment of public sector salaries could develop into a major risk following a court decision declaring the benefit cuts unconstitutional. In addition, sustaining the partly implemented national health system as well as insecurity from buoyant revenues may increase the risks.

GDP was expected to grow by 2.9% in 2019 compared to 3.9% in 2018. The debt-to-GDP ratio was expected to recede to 95.2% (IMF) or 93.8% (EU) in 2019.

Citation:

1. European Commission, European Economic Autumn Forecast, November 2019, https://ec.europa.eu/info/sites/info/files/economy-finance/ip115_en_0.pdf
2. IMF Downgrades projections for Cyprus, Cyprus Mail, 15 October 2019, <https://cyprus-mail.com/2019/10/15/imf-downgrades-projections-for-cyprus/>
3. European Commission Country Specific Recommendations, Cyprus, https://ec.europa.eu/info/sites/info/files/file_import/2019-european-semester-country-specific-recommendation-commission-recommendation-cyprus_en.pdf

Research, Innovation and Infrastructure

R&I Policy
Score: 4

Research and development in Cyprus is underdeveloped. The EU observes that the largest R&D expenditure lies with higher education, while public and private expenditure is among the lowest in the Union. This contrasts with the situation EU-wide, where the share of expenditure from business is higher. This notwithstanding, Cyprus ranks first in the EU in terms of per capita funds from Horizon 2020.

The shaping of a coherent policy on research is the target of a new scheme for the National Council for Research and Innovation. The Council of Ministers also appointed a chief scientist to orchestrate and grow the country's research and innovation ecosystem. The latest development is a decision taken in September 2019 to set-up a ministry for innovation and digital policy, subject to a vote by the House of Representatives.

Cyprus's capability for innovation, according to the 2019 edition of the Global Competitiveness Index, scored 46.3 points compared to 44.7 in 2018, while in

R&D it progressed to 34.7 from 33.9 points. The country ranks 43rd out of 141 countries in this assessment.

If the R&D expenditure target for 2020 remains at 0.5% of GDP, which is the lowest in the EU, it would offer very little prospects for substantial progress.

Citation:

1. Global Competitiveness Index 2019, Cyprus, Innovation, <http://reports.weforum.org/global-competitiveness-report-2019/economy-profiles/#economy=CYP>
2. European Commission Semester Country Specific Recommendations, Cyprus, June 2019, https://ec.europa.eu/info/sites/info/files/file_import/2019-european-semester-country-specific-recommendation-commission-recommendation-cyprus_en.pdf
3. Cyprus National Board for R&I, <https://www.nbri.gov.cy/>

Global Financial System

Stabilizing
Global Financial
System
Score: 3

Developing effective monitoring of the market and enforcement of international standards have been major challenges for Cyprus. Its status as a financial center since the 1980s complicated the pursuit of a clearer regulatory framework. The work conducted by specific institutions, such as the Securities and Exchange Commission and the Unit for Combating Money Laundering (MOKAS), and stricter frameworks and policies against money laundering did not erase risks and vulnerabilities. It remains difficult to assess the extent to which specific measures have decreased money laundering and corruption.

Amendments to laws on money laundering and terrorism-related activities that aimed to align with EU directives have strengthened the deterrence regime. Among measures that have enhanced the work of competent authorities is the seizing of property acquired through unlawful activities. Since January 2017, Cyprus is a signatory to the Common Reporting Standard for information exchange.

Bank-oversight mechanisms have also been enhanced to avoid past transgressions, when institutions simply failed to follow rules governing large exposures and minimum capital and liquidity. Laws passed in mid-2018 aim at facilitating the resolution of challenges related to NPLs while attempting to protect indebted households.

Following the European Commission's Report on Citizenship by Investment (January 2019) naming Cyprus as problematic, rules for the scheme changed. An October 2019 Reuters investigative report revealed serious corruption linked with the scheme, including the involvement of the church. Transparency International notes that Cyprus does not appear to take into account an applicant's source of funds or wealth when analyzing applications.

Citation:

1. European Commission report on Citizenship by Investment, January 2019, https://ec.europa.eu/info/sites/info/files/com_2019_12_final_report.pdf
2. Georgiades plays down citizenship scheme, Cyprus Mail, 5 November 2019, <https://cyprus-mail.com/2019/11/05/georgiades-plays-down-value-of-citizenship-scheme/>
3. Khmer Riche, Reuters special report, 16 October, 2019, <https://www.reuters.com/investigates/special-report/cambodia-hunsen-wealth/>
4. Transparency International/Global Witness, European Getaway, https://www.transparency.org/whatwedo/publication/golden_visas

II. Social Policies

Education

Education Policy
Score: 7

Primary education in Cyprus is almost exclusively public; 80% of secondary students attend public schools. Tertiary education is provided domestically by both public and private institutions, while a significant number of students attend overseas educational institutions. High literacy rates (near 100% for youth), low drop-out rates and high upper-secondary attainment are indicative of a culture that places a high value on education. Reforming education and solving chronic deficiencies remains a challenge. Reform processes initiated by a government are often overturned by their successors. Attaining agreement on reforms is very difficult, as it depends on powerful teachers unions, the involvement of the parliament and sometimes the agreement of parents associations. The implementation of executive decisions or new laws, such as revisions to the teacher appointment system and to semester exams in secondary schools, are often postponed and risk being canceled. Conciliatory talks between teachers unions and the ministry of education that followed a severe crisis in their relations in 2018 are ongoing.

Schooling from the pre-primary level to the age of 15 is compulsory. Kindergarten schooling is provided by public and communal authorities, while nurseries are mostly private. Vocational schools, apprenticeship programs, and other education and professional training schemes also exist, funded largely by public authorities in addition to educational institutions and other organizations. Tertiary-level students in public and private institutions receive a modest allowance, the provision of which depends on income criteria. While public education is free, various education-related costs are paid by parents.

A significant challenge for the system is providing education to immigrant children and adults to facilitate their social inclusion.

The European Commission observes, and data confirm, overqualification along with limited numbers of students in vocational education. Also, disciplines linked to innovation (ICT and STEM) attract only a small share of students. The Commission further notes that the very high expenditure on education (as a share of GDP) has not matched education outcomes, which are considered poor.

Citation:

1. European Commission, Education and Training Monitor, v. 2, October 2018, <http://ec.europa.eu/education/sites/education/files/document-library-docs/volume-2-2018-education-and-training-monitor-country-analysis.pdf>

Social Inclusion

Social Inclusion
Policy
Score: 6

The AROPE indicator (at risk of poverty or social exclusion) further declined from 25.2% in 2017 to 23.9% in 2018. This approaches the 2008 – pre-crisis – rate of 23.3%. The population share at risk of poverty fell slightly to 17.4% from 15.7%, in 2017. The Gini coefficient was 29.1% compared to 30.8% in 2017. Adjustments to the social-welfare system aim at identifying problems and providing support to vulnerable groups. Combating social exclusion focuses on poverty risk, participation in the labor market, child and youth assistance, and adapting the sectoral institutions and mechanisms in order to render them more responsive to existing or emerging needs.

The major policy actions adopted in 2013 continued into 2018: restructuring public aid, targeted allowances and benefits, public sector employment quotas for persons with disabilities, and housing programs for young families and other needy populations. A guaranteed minimum income introduced in 2014 has assisted the more vulnerable groups. Regarding the high rate of persons not in education, employment or training (NEET), the European Commission characterized the results of recent efforts to address the issue as “modest”.

The AROPE indicator for foreigners also improved in 2018, though it remains very high. It stood at 27.8% compared to 28.6% in 2017 for other EU nationals and 40% for non-EU citizens, compared to 21.1% for Cypriots. AROPE rates for persons over 65 improved compared to 2017 (23.5% compared to 24.6%) but remained higher than in 2016 (22.9%). Elderly women remain the group facing the highest risk: 25.9% in 2018 compared to 27.3% in 2017.

1. At-risk-of-poverty indicators 2008-2018, Cyprus Statistics Service, 2019, <https://www.mof.gov.cy/mof/cystat/statistics.nsf/All/7F87785CA7BE6AC4C225846600399F19?OpenDocument&sub=5&sel=1&e=&print>

2. Eurostat, People at risk of poverty or social exclusion, https://ec.europa.eu/eurostat/tgm/refreshTableAction.do?tab=table&plugin=1&pcode=t2020_50&language=en

Health

Health Policy
Score: 6

The launch of a national health system (NHS, in Greek GESY) in June 2019 is expected to enable access to high-quality healthcare services. Healthcare in the public sector, in private clinics, and from individual doctors has until now been affected by deficiencies in the system and a lack of regulation. Along with the NHS various health-insurance schemes and private sector services will continue. Despite constraints and deficiencies in infrastructure and human resources, the quality of services offered by the public system is acknowledged by the World Health Organization to be high. 2017 data show a very low infant-mortality rate (1.3 per 1,000 births) and a high life expectancy at birth (80.0 for men and 84.1 for women). Preventive medicine is specifically promoted, with Cyprus ranking high worldwide with respect to expenditure in this area.

The NHS offers the opportunity for all contributors to benefit, putting an end to healthcare eligibility criteria introduced in 2013 that led to the exclusion of various groups. However, Cyprus should also address problems identified in a 2016 EU assessment, which noted that the private sector is unregulated with respect to prices, capacity and quality of care.

The major challenges ahead include securing adequate funding and the sustainability of a fully operational scheme, while also effectively addressing problems that emerged in the initial operation stages. There is also need for further actions, such as making hospitals and the whole system fully autonomous. Such a reform would constitute a proper response to criticism from private sector doctors, trade unions, employers associations and others, about the sustainability of the system and its potential exploitation by some doctors and patients.

Citation:

1. Nurses warn hospitals will turn into 'poor relation' of healthcare system, Cyprus Mail, 18 October 2019, <https://cyprus-mail.com/2019/10/18/nurses-warn-hospitals-will-turn-into-poor-relation-of-healthcare-system/>
2. Efforts 'well underway' for second phase of Gesy, minister says, Cyprus Mail, 24 September 2019, <https://cyprus-mail.com/2019/09/24/efforts-well-underway-for-second-phase-of-gesy-minister-says/>

Families

Family Policy
Score: 4

Family-support services are very limited, as indicated among others, by the very low rate of children in formal childcare (20.8%, compared to a 30.3% EU average). Combining motherhood with employment is difficult and may be the reason for the rapidly declining birth rate (1.07 in 2017 compared to 1.37 in

2016). Nevertheless, 75% of women between 25 and 54 were employed in 2018 (73.5% in 2017). Compared to the average of the EU-28 (63.4%), the employment of women is a little higher (64.2%) in Cyprus. Younger children can be registered in public kindergarten based on the availability of limited places and other criteria. This forces families to seek childcare primarily in the private sector and in community centers supervised by the labor ministry.

Family members, mainly grandparents, offer childcare, which contributes to reducing the rate of child poverty. However, the EU warned that childcare costs have become less affordable for households. An additional burden for parents is the insufficiency of public-transportation infrastructure.

The establishment of full-day pre- and primary schools in many communities has clearly benefited families and its expansion would further improve the overall situation.

Special allowances for multi-member families and the guaranteed minimum income may alleviate difficulties posed by the economic crisis. A 2017 law provides for 15 days of paternity leave, but there is need for the adoption of comprehensive policies. The primary need remains removing the dilemma of choosing between employment and childcare.

Citation:

1. European Commission: Semester Country specific Recommendations, Cyprus, 2019, https://ec.europa.eu/info/sites/info/files/file_import/2019-european-semester-country-specific-recommendation-commission-recommendation-cyprus_en.pdf

Pensions

Pension Policy
Score: 5

Improvements in living conditions continue. Citizens over 65 years of age have greatly benefited, though as a group they continue to face a higher risk of poverty. Cyprus's ratio of pension expenditure to GDP, which until 2012 was the EU-27's second lowest, has also improved.

A range of pension schemes places public employees in a better position than private sector workers. Retirement ages vary according to employment sector. Public employees receive state and social-insurance pensions and a retirement bonus. Private sector employees have access to social-insurance benefits and, some, to provident-fund schemes. The EU has expressed hope that a new regulatory framework adopted in 2019 will improve the currently inadequate system. The new framework should also strengthen the currently weak supervision of the insurance and pension schemes. Reforms to the social-insurance system that started in 2010 focused on the retirement age,

contribution rates, allowances to specific groups, the introduction of a guaranteed minimum income (GMI) and other measures. These reforms have partially mitigated the economic crisis's worst ills affecting vulnerable groups. Though they have benefited significantly from the GMI, pensioners, in particular women, remain vulnerable, with a high risk of poverty or social exclusion.

The European Commission noted in 2017 that the gender gap in pensions is the highest in the EU. It also noted a steep increase in inequality in 2018.

Citation:

1. European Commission, Semester Country Specific recommendations, Cyprus, 2019, https://ec.europa.eu/info/sites/info/files/file_import/2019-european-semester-country-specific-recommendation-commission-recommendation-cyprus_en.pdf
2. Poverty and Social Exclusion Statistics 2008-2018, Cyprus Statistics Service, 2019, <https://www.mof.gov.cy/mof/cystat/statistics.nsf/All/7F87785CA7BE6AC4C225846600399F19?OpenDocument&sub=5&sel=1&e=&print>

Integration

Integration Policy
Score: 4

Foreign labor in Cyprus increased by 9%, from 18.9% in 2018 to 20.6% in 2019, (12.6% other-EU and 8.0% third-country nationals). Radical changes in the composition of the population since 1989 were brought by an initial flow of foreign workers from southeast Asia, and central and eastern Europe, followed by other-EU nationals after 2004. Cyprus has needed to manage an increased influx of undocumented migrants in recent years. Comprehensive integration policies are still missing.

Despite pressures from the EU, the Council of Europe and NGOs, the level of compliance with European standards remains low. Officials adopt policies and rhetoric that create a negative climate. This not only impedes integration, it increases xenophobia. Poor performance persists on most relevant indicators, including labor market access, culture and education, family reunion and civil rights. The response to recommendations by the European Commission Against Racism and Intolerance (ECRI report 2016) for changes to laws and practices and the adoption of a comprehensive plan for integration remains slow and inadequate. ECRI observed that non-nationals had experienced difficulties integrating in Cyprus.

In the framework of EU programs, local authorities are involved in integration projects. Laws on market access were loosened in 2019 for foreign students, but not for migrants. Blocking long-term labor market integration, the granting of only limited rights and time limits on working permits for non-EU citizens are factors that preclude migrants from obtaining long-term resident status.

Improvements in employment rates also show an increase in the number of foreign workers in 2018. However, their risk of poverty and social exclusion remains very high: for non-EU citizens the risk in 2018 was 40.0% compared to 21.2% for Cypriots.

The implementation of recent policies regarding asylum-seekers – including the decisions to provide all children with an education as part of the existing compulsory education scheme and to facilitate family reunions – has been sluggish and plagued by various shortcomings. Two reports by the Office of the Ombudsman in September 2019 concluded that procedures for family reunification and the improvement of living conditions remain problematic.

Inconsistencies in integration policies toward different groups are best illustrated by the granting of limited rights to non-EU migrants, while the authorities are simultaneously engaged in selling permanent residency and citizenship to wealthy so-called investors.

Citation:

1. Office of the Ombudsman, Report on the Handling of Applications for Family Reunion, September 2019, [http://www.ombudsman.gov.cy/Ombudsman/Ombudsman.nsf/All/6F17320946D83045C22584890026D108/\\$file/ekthesi0001.pdf?OpenElement](http://www.ombudsman.gov.cy/Ombudsman/Ombudsman.nsf/All/6F17320946D83045C22584890026D108/$file/ekthesi0001.pdf?OpenElement)
2. Office of the Ombudsman, Report on the Living Conditions of Asylum-Seekers and Refugees, September 2019, [http://www.ombudsman.gov.cy/Ombudsman/Ombudsman.nsf/All/4D199F6AB14F59B3C2258480002A86E3/\\$file/%CE%91_%CE%94_4_2019_%CE%91_%CE%A0_1658_2019_24092019.pdf?OpenElement](http://www.ombudsman.gov.cy/Ombudsman/Ombudsman.nsf/All/4D199F6AB14F59B3C2258480002A86E3/$file/%CE%91_%CE%94_4_2019_%CE%91_%CE%A0_1658_2019_24092019.pdf?OpenElement)

Safe Living

Internal Security
Policy
Score: 7

Cyprus is generally considered a safe environment. A 2017 World Health Organization survey found it the world's safest for young people. Being an island state, it has developed adequate monitoring of the coast and of entry points. Its relatively vulnerable points are the border dividing the government-controlled areas and the Turkish-occupied north as well as sections of one of the British military bases that abut the north.

Cyprus is a trafficking destination for persons subjected to forced prostitution and labor. Cyprus is not part of the Schengen area. Incidents of serious crime, including a case of serial killings of women and children, showed that authorities handled the disappearance of “foreign persons,” in this case of domestic helpers, inadequately. Burglaries and robberies are by far the most common crimes, while digital crime is gradually surfacing. Law enforcement is largely deficient in cases of minor wrongdoing. However, violations of the driving code (a large-scale offense) often leads to deaths. Illegal drug activity is comparatively low overall, but an increase in illegal drugs confiscated at entry points has been noted.

Citation:

1. Six arrested in massive drug bust in Limassol, KNEWS, 19 March 2019, <https://knews.kathimerini.com.cy/en/news/four-arrested-in-massive-drug-bust-in-limassol>

Global Social
Policy
Score: 4

Global Inequalities

Cyprus participates in and contributes to development-cooperation programs to a limited extent, mainly within the context of its membership in major international organizations. Its policies are tied to that of the EU and materialized in the context of international-cooperation and bilateral agreements. A contributor to Unitaid, Cyprus participates in financing mechanisms for climate change; it also provides assistance for infrastructure development, social services, including health and human development, and environmental protection. Its official development assistance (ODA) amounted to 0.09% of GDP in 2015 with an ODA target set at 0.33% by 2015. No new data have been made available on the CyprusAid website since 2013.

Actions and policies do not appear to form part of a specific national strategy; rather, they take place primarily within existing international frameworks. An agenda-setting ambition in terms of pursuing specific initiatives of Cyprus' own design is missing.

Citation:

1. Data on ODA, Cyprus, http://www.cyprusaid.gov.cy/planning/cyprusaid.nsf/page11_en/page11_en

III. Environmental Policies

Environment

Environmental
Policy
Score: 4

Cyprus' performance with respect to protecting natural resources and limiting or minimizing pollution is deficient as is made clear by the EU with respect to Europe 2020 targets. Environmental policies are insufficient and not adequately implemented. Basic targets of Europe 2020, such as the reduction of greenhouse gas emissions and increasing the share of renewable energy in gross final energy consumption, have not been met.

The national program for the 2010 to 2020 period aims at reforestation and the reduction of fire hazards. However, the protection of Natura 2000 areas, both inland and at sea, is not yet regulated and projects without impact-assessments

that are still promoted threaten these areas. The Akamas peninsula and other sites remain at risk by those seeking profit at the expense of environmental protection. Although the European Commission insists on considering water management as the major environmental challenge, authorities continue to approve new water-intensive projects (e.g., golf courses). They also favor desalination while wastewater reuse remains limited. Energy policy is defined to a great extent by the focus on offshore fossil fuel explorations put in motion in recent years. According to the European Commission's 2019 Post-programme Surveillance Report, Cyprus has "missed the opportunities to explore its natural advantages in solar energy," and that it could invest in innovation and promote the construction of energy efficient buildings. Waste management is a major challenge, as waste generation in Cyprus is very high. It generates per capita three times more municipal waste and recycles less than one third of the EU average. In 2018, Cyprus received warnings from Brussels for failing to integrate EU directives on the environment into national laws, failing to meet recycling targets and to efficiently manage waste.

The European Commission suggested in 2019 that reducing gas emissions in transport requires more action. In 2017, renewable energy use in transport was only 2.7%, while the overall renewable energy use was 8.9%. The 2020 targets are 10% and 13% respectively.

The "weak environmental performance is a major concern and Cyprus remains vulnerable to climate change" notes the EU in 2019. This conclusion comes as no surprise given the absence of any comprehensive and coherent policy.

Yale University's Environmental Performance Index ranks Cyprus rather positively. However, Cyprus regularly ignores warnings by experts and existing EU rules, approving new projects with significant negative effects on ecosystems. A 2017 law leaves the door open for the privatization of beaches. The unruly construction of very high buildings in violation of town planning rules is already producing problems as wastewater is being discarded into the sea during construction.

Political expediency favoring financial interests at the expense of environmental protection continued in 2019. There have also been incidents of local authorities violating protection areas and obstructing the on-the-ground work of local and foreign experts on environmental protection. Also, politicians, businesses, and representatives from both public and private institutions are persistently asking the government and the Commission to relax environment protection rules. Local and central government authorities continue to highlight profit to justify the relaxation or cancelation of environmental protection rules.

Citation:

1. Europe 2020 targets, https://ec.europa.eu/info/business-economy-euro/economic-and-fiscal-policy-coordination/eu-economic-governance-monitoring-prevention-correction/european-semester/european-semester-your-country/cyprus/europe-2020-targets-statistics-and-indicators-cyprus_de#greenhouse-gas-emissions
 2. European Commission, Environmental Implementation Review, Cyprus, 2019, https://ec.europa.eu/environment/eir/pdf/report_cy_en.pdf
 3. Extrajudicial fine for waste water in the sea (in Greek), Politis, 16 October 2019, <https://politis.com.cy/politis-news/kypros/one-tower-polla-apovlita/>
 4. Environmental decisions placing Cyprus on path to self-destruction, Etek says, Cyprus Mail, 29 March 2018, <https://cyprus-mail.com/2018/03/29/environmental-decisions-placing-cyprus-path-self-destruction-etek-says/>
- European Commission, Post-Programme Surveillance Report – Cyprus, Spring 2019, Published June 2019

Global Environmental Protection

Global
Environmental
Policy
Score: 4

Cyprus has ratified many international conventions and protocols relating to environmental protection, and it participates in numerous international organizations and meetings. However, policies are not proactive and though authorities appear concerned with meeting obligations to the EU and other bodies, they often fail to act efficiently. Though the republic has contributed to shaping EU maritime policies, it is not an agenda setter. In 2019, President Anastasiades offered a proposal on cooperation on climate change to the UN Secretary-General and leaders of eastern Mediterranean countries. NGOs called the initiative hypocritical given the country's poor environmental performance.

Citation:

- Government accused of hypocrisy over climate change action, Cyprus Mail, 24 September 2019, <https://cyprus-mail.com/2019/09/24/government-accused-of-hypocrisy-over-climate-change-action/>

Quality of Democracy

Electoral Processes

Candidacy
Procedures
Score: 9

Registration requirements for candidates are minimal and 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 have voting rights and are eligible to run for office in local elections. Since 2014, the eligibility to vote and run for office in European parliamentary elections has been extended to Turkish Cypriots residing in areas not under the government's control. Citizens of non-EU countries have no voting rights. Simultaneously holding a public office and/or a post in the public service and/or a ministerial portfolio and/or an elected office is constitutionally prohibited.

The eligibility age to run for president is 35 and 25 for a member of parliament. The eligibility age for municipal and community councils, and the European Parliament was reduced from 25 to 21 years-old (2013). Candidate registration procedures are clearly defined, reasonable and open to media and public review. Candidacies must be proposed and supported by registered voters: the required number is two for local elections, four for parliamentary elections, and, since 2016, one voter proposing and 100 supporting a candidacy for presidential elections.

A financial deposit is also required from candidates running for office, ranging from €85 (community elections) to €2,000 for presidential elections. This sum is returned to candidates who meet vote thresholds specific to each election type.

:

1. The Constitution of the Republic of Cyprus, [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, in Greek, http://www.cylaw.org/nomoi/enop/non-ind/1979_1_72/full.html
3. The Municipalities Law, 11/1985, unofficial 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.cylaw.org/nomoi/enop/non-ind/1999_1_86/full.html
5. The Law on the Election of Members of the European Parliament 10(I)/2004, available in Greek at http://www.cylaw.org/nomoi/enop/non-ind/2004_1_10/full.html

Media Access
Score: 7

Parties' and candidates' media access is only regulated for radio and television. There is no law for digital media and no coverage obligation for the press. However, almost all newspapers and their online editions offer coverage to all parties and candidates.

The Law on Radio and Television 7(I)/1998 and specific regulations require equitable and non-discriminatory treatment by commercial radio and television. The law on the public broadcaster (Cyprus Broadcasting Corporation, RIK) and regulations provide for fair and equitable treatment of political actors. Equity must be respected, particularly during the pre-election period. However, the definition of "pre-election period" varies in duration. Airtime must be allotted in accordance with a political party's share of parliamentary seats and the extent of its territorial organization.

Broadcasters are required to adopt an in-house code of coverage. The Cyprus Radio Television Authority (CRTA) monitors the compliance of commercial broadcasters, but does not publish findings. It does, however, produce an annual report on the public broadcaster. Rare special reports offer little insight for scrutiny. Paid political advertising on broadcast media is allowed during the 40 days preceding elections, on equal terms for all, without discrimination. It appears that there is compliance with the rules on media access. However, the absence of publicly available codes of conduct and relevant reports negatively impacts our evaluation.

Finally, during the EP elections in 2019, the percentage of female candidates and media access accorded to women was very low. The lack of a gender balance in politics and social life continues to be a matter of great concern.

Citation:

1. The Law on Radio and Television Stations, L. 7(I)/1998, in English, available at <http://crt.a.org.cy/images/users/1/FINAL%20CONSOLIDATED%20LAW%2016.3.17.pdf>
2. Report on RIK, public broadcaster for 2018 (in Greek), CRTA, http://crt.a.org.cy/images/users/1/EKTHESI_RIK_2018.pdf
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 (in Greek), and NAA 207/2009 (on European Parliament Elections), available at http://www.cylaw.org/nomothesia/par_3/meros_1/2009/1087.pdf (in Greek).

Voting and
Registration
Rights
Score: 8

Voting ceased to be mandatory in 2017. Exercising voting rights requires registration on the electoral roll. Despite amendments aiming to facilitate participation, registration rolls may "close" up to three months before an election. No means of e-voting or proxy voting exist. The voting age is 18, down from 21 since 1996. Special arrangements enable prisoners and other groups to exercise their voting rights. In some cases, displaced voters are

assigned to vote in distant polling stations, which seems to favor abstention. Overseas voting has been possible since 2011 in a limited number of cities in Europe and elsewhere. Only 7% of Turkish Cypriots living in the areas not under the Cypriot government's control exercised their voting rights in the 2019 EP elections. There were nine Turkish Cypriot candidates, and one of them, a professor at the University of Cyprus, was among the six elected to the European Parliament.

Voter registration by young citizens remains very low (20-25% of those eligible) since the early 2000s. Additionally, abstention rates have risen sharply, ranging from 28% in presidential elections to more than 50% in local and EP elections.

An OSCE report praised the way and the “competitive and pluralistic environment” in which the 2018 presidential elections were conducted. It also includes recommendations for addressing issues related to party and candidate financing.

Citation:

1. Turkish Cypriot politicians on Kizilyurek's election, in-Cyprus, 28 May 2019, <https://in-cyprus.com/turkish-cypriot-politicians-on-kizilyureks-election/>
2. OSCE/ODIHR Cyprus, Presidential Election, 28 January and 4 February 2018, Final Report 2 May 2018, <https://www.osce.org/odihr/elections/cyprus/379225?download=true>

Party Financing
Score: 3

Political parties and affiliated organizations receive annual and extraordinary state funding since 1989. The most recent amendment of the law in November 2015, in response to GRECO and other organizations' recommendations, sought to regulate private funding and fight corruption. Financial or other donations up to €50,000 are allowed; the list of donors must be published, except for sums below €500. Parties and candidates must submit their accounts, including election-related (i.e., income, expenditures, assets and debts), to the director general of the Ministry of Interior (registrar of political parties). The auditor general annually audits the accounts and publishes reports. Parliamentary candidates have an electoral expenditure cap of €30,000; for candidates for the presidency the ceiling is €1 million. The law lists activities that would constitute corruption and must be avoided by candidates. Non-compliance and corruption are subject to fines and/or imprisonment, depending on the offense.

In its Addendum Compliance report published in April 2018, GRECO concluded that its recommendation on transparency in party funding had been implemented satisfactorily. On the basis of the 2015 law, the auditor general audited party and candidate accounts for the 2016 parliamentary and municipal elections. His report found problems that limit the scope and efficiency of control; among others, the lack of a legal obligation for submitting payment

documents and no clear definition of the term “personal expenses.” Published accounts of presidential candidates in the 2018 election were met with skepticism.

The caps set for donations and per-candidate expenses seem excessively high given the small size of the electorate (550,000 voters) and the market. Also, both criteria and procedures for setting the level of annual or extraordinary state subsidies to political parties remain opaque. Despite these weaknesses, adopted regulatory measures constitute a positive step, though they do need improvement.

Citation:

1. Our View: Published campaign spending figures far removed from a full disclosure, Cyprus Mail, 4 June 2018 <https://cyprus-mail.com/2018/04/06/view-published-campaign-spending-figures-far-removed-full-disclosure/>
2. Council of Europe – GRECO, Addendum to the Second Compliance Report on Cyprus, April 2018 <https://rm.coe.int/third-evaluation-round-addendum-to-the-second-compliance-report-on-cyp/16807baf93>

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. Citizens cannot petition to initiate such a process. The Interior Ministry must call and organize the vote. The only general referendum held to date took place in April 2004. The vote was on a United Nations plan for settling the Cyprus problem. A special law (L.74(I)/2004), enabled members of the Greek Cypriot community to vote. In that case, the outcome was binding. Local referenda are also held when communities wish to become municipalities or change their status.

No update has been released on a draft law on e-petitions that was discussed by a parliamentary committee in October 2018.

Citation:

1. Law on organizing referendums, L. 206/1989, available in Greek at, http://www.cylaw.org/nomoi/enop/non-ind/1989_1_206/full.html.

Access to Information

Media Freedom
Score: 6

Efforts by the government to influence the media appear to have intensified since 2017. This is visible in the treatment of third party reports or statements critical of the president and government. Formal and informal relations between the government, journalists and media owners have intensified through appointments to political positions or in the governing boards of semi-

state organizations. NGOs have noted a tendency of some media to be indulgent to the government, a phenomenon they consider as a threat to democracy.

Legal requirements for launching a publication are minimal. Provisions in the Press Law 145/1989 for the establishment of a Press Council and Press Authority have been inoperative since 1990. Media owners, publishers, and the Union of Journalists collectively signed a code of journalistic ethics in 1997 and established a complaints commission composed mostly of media professionals.

RIK, the public broadcaster, is a public entity governed by a board appointed by the Council of Ministers. Appointments to this body are often politically motivated and very often include party officials. Disagreement from political parties with a government decision to ban advertising on RIK increased budgetary pressures for RIK in 2019. Interference and public statements by parties arguing for “more equitable” access continue to hold the public broadcaster hostage to politicians. Despite this competition for influence, pluralism generally prevails.

A law incorporating the provisions of EU media directives governs private audiovisual media services. Oversight is carried out by the Cyprus Radio Television Authority (CRTA), which also oversees RIK’s compliance with its public-service mandate. The CRTA has extensive powers and a broadly independent status. Though no high-level party official can be a member or chairperson of the CRTA, appointments by the Council of Ministers are often politically motivated rather than based on expertise or competence. The regulatory role of the CRTA has been very limited over the years.

At a different level, the Attorney General’s constitutional powers to seize newspapers or printed matter constitutes a threat to freedom of expression.

Citation:

1. OPEK: A blow to democracy the control of media by the executive (in Greek), Politis, 12 July 2019, <https://politis.com.cy/politis-news/kypros/opek-pligma-gia-ti-dimokratia-o-elegchos-ton-mme-apo-tin-ektelestiki-exoysia/>
2. Reporters without borders, Cyprus <https://rsf.org/en/cyprus>
3. Auditor-general has abused his position yet again in attack on Cyprus Mail, Cyprus Mail, 2 July 2019, <https://cyprus-mail.com/2019/07/02/our-view-auditor-general-has-abused-his-position-yet-again-in-attack-on-cyprus-mail/>

Media Pluralism
Score: 7

In recent years, media companies have grown in size, extending their hold on the press and broadcasting (mainly radio) sector, and operating internet news portals. Dependency on financial interests has increased, evident in media content. This has inevitably led to less critical or no reporting on specific

businesses and interests. Strict radio and television ownership rules, with a threshold of 25% capital share, disallow cross-media conglomerates. However, no ownership rules exist for the press and little data is publicly available, which limits scrutiny. Financial grants to assist print media companies are in place since 2017. A similar Council of Ministers decision (2017) for grants to television organizations has been kept classified.

The Cyprus problem remained the dominant subject in 2019; it also underpins polarized media positions and biases on other issues. Other themes, including the state of the economy, instances of corruption, the selling of citizenship, and a crisis with Turkey connected to explorations for hydrocarbons also made the headlines. Issues of social concern such as immigration and refugees, multiculturalism and the environment also occupied some media space in 2019. The absence of analytical reporting, combined with advocacy journalism and lenient positions toward the government and elites persisted as major challenges, constraining pluralism in society.

The government and mainstream actors continued to largely monopolize media access, limiting the spectrum of themes covered and the viewpoints expressed. A focus on partisan confrontations, polarization and blame games resulted in critical problems rarely being discussed in a meaningful manner.

- :
1. Media Pluralism Monitor Cyprus, 2017 https://cadmus.eui.eu/bitstream/handle/1814/61134/2018_Cyprus_EN.pdf?sequence=1&isAllowed=y
 2. Our View: Journalists making absurd claims over glossary, Cyprus Mail, 7 August 2018, <https://cyprus-mail.com/2018/08/07/our-view-journalists-making-absurd-claims-over-glossary/>

Access to
Government
Information
Score: 3

In December 2017, the parliament approved a law “to regulate the right of access to information in the public domain.” The law aimed at creating a comprehensive framework that would, among others, solve challenges with existing rules. References to the right to information are found in the constitutional clause on free expression (Article 19) and in laws on personal-data processing, access to environmental data, the reuse of public sector information, the public service, the press. Article 67 of the Law on Public Service (L. 1/1990) prohibits the disclosure without authorization of any information that comes to the knowledge of employees during the exercise of their duties. The absence of coherent legislation results in contradictory policies from government officials, which ultimately is limiting transparency and constraining citizens’ rights.

Some of the aforementioned laws provide for mechanisms for administrative appeal 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 relevant issues. Another option is recourse to the courts.

Implementation of the 2017 law was expected in December 2018, but the parliament suspended this for an additional period of two years. Contradictory policies by the authorities will continue.

Citation:

The Law to regulate access to information in the public domain, L. 184(I)/2017, in Greek, http://cyllaw.org/nomoi/enop/non-ind/2017_1_184/full.html

Civil Rights and Political Liberties

Civil Rights
Score: 7

Cyprus's constitution and laws guarantee and protect the civil rights of all residents, not only citizens of the Republic. However, problems do persist, including the treatment of asylum-seekers, economic and irregular migrants as well as forced labor. Compliance with EU and international rules and standards remains deficient.

The U.S. Department of State has placed Cyprus on Tier One, considering that it “fully meets the minimum standards for the elimination of trafficking.” A delegation of the anti-traffic group of experts (GRETA) of the Council of Europe visited Cyprus in mid-2019. Their compliance report is expected in 2020.

Despite a new policy framework and an EU harmonization law (2014), problems persist. Though a Council of Europe's SPACE report on prisons indicated overcrowding in prisons as no longer a problem, a 2018 Ombudsman's report concluded that detention conditions, services and support provided to detainees were problematic. In other 2019 reports the Ombudsman's Office observes shortcomings and problems in the treatment of asylum-seekers, including the provision of assistance, living conditions, employment opportunities and exploitation. Migrant workers face similar challenges. Despite improvements in official policies that aim to eliminate labor exploitation, the results remain unsatisfactory. Actions by NGOs appear to slightly mitigate problems, while also highlighting existing deficiencies. Though improving, the society's highly negative stance toward immigrants, as shown in Eurobarometer surveys, appears antithetical to solving these problems.

Progress is noted, but remains slow. More proactive and sustained measures to support vulnerable groups are required. Policies should also aim at a new culture toward migrants and other marginalized groups to increase acceptance by both society and the authorities. The fact that the at-risk-of-poverty-or-social-exclusion rate for non-EU citizens was 40% in 2018 points to the vulnerability of these groups and the need for assistance.

Citation:

1. USA State Department Report on Human Rights, Cyprus -Released 2019, <https://www.state.gov/reports/2019-trafficking-in-persons-report/cyprus/>
2. GRETA visits Cyprus as part of the third evaluation round, 18 June 2019, <https://www.coe.int/en/web/anti-human-trafficking/-/greta-visits-cyprus-as-part-of-the-third-evaluation-round>
3. Ombudsman's report on the legal framework regulating the living conditions of asylum-seekers outside the reception center (in Greek), 6 June 2019m [http://www.ombudsman.gov.cy/Ombudsman/Ombudsman.nsf/All/DCA7E9260217FA42C2258415003552AD/\\$file/%CE%91%CE%A01799_2016_06062019.pdf?OpenElement](http://www.ombudsman.gov.cy/Ombudsman/Ombudsman.nsf/All/DCA7E9260217FA42C2258415003552AD/$file/%CE%91%CE%A01799_2016_06062019.pdf?OpenElement)

Political Liberties
Score: 7

Political liberties and the protection of fundamental human rights are enshrined in the constitution and protected by law. NGOs and other associations flourish in Cyprus. New media have multiplied available channels for petitions, protests and rallies. However, the Church of Cyprus interferes in education and is a source of pressure on minorities. Also, isolated complaints have been reported on the state of places of worship and interferences with freedom of religion and worship rights.

Strong professional associations and trade unions continue to enjoy easier access to public authorities than weak groups, including citizens of Cyprus and abroad as well as citizens of third countries. The latter often require assistance from NGOs to claim their rights.

Libel was decriminalized in 2003 and courts in Cyprus apply European Court of Human Rights (ECHR) case law to free expression. However, the number of libel cases remains high as does the number of threats by both public figures and businesses to sue for libel/defamation. This threatens citizens' rights and the media's capacity to scrutinize public life and serve as society's watchdog.

Our overall evaluation takes into account the negative effect of the clientelist system on citizens' liberties and rights, which persists with no decisive measures taken to combat it. Persons affiliated with parties are favored over free thinkers.

Citation:

1. Department of State Report Human Rights Practice 2018, Cyprus (released 2019) <https://www.state.gov/reports/2018-country-reports-on-human-rights-practices/cyprus/>
2. Department of State, Report on International Religious Freedom 2018, Cyprus (released 2019), <https://www.state.gov/reports/2018-report-on-international-religious-freedom/cyprus/>
3. Anastasiades law firm calls on money laundering authority to investigate OCCRP claims, 27 August 2019, <https://cyprus-mail.com/2019/08/27/anastasiades-law-firm-calls-on-money-laundering-authority-to-investigate-occrp-claims/>

Non-discrimination
Score: 7

Article 18 of the constitution guarantees equality and non-discrimination for all. It explicitly prohibits discrimination, as do specific laws that aim to protect rights and prevent discrimination on the grounds of gender, race or religion.

Legislation also aims to proactively protect the rights of minority groups in various ways. However, no comprehensive policy framework exists that could effectively address the issue of equal and non-discriminatory treatment of all.

In line with relevant EU directives, laws on gender equality and against discrimination enforce equal treatment in employment and training. In practice, inequalities continue, with little progress achieved. Combating racism and other forms of discrimination and protecting persons with disabilities remain unattained goals. Disabled persons face problems in their movement and access to employment.

The adoption, in late 2015, of a law on civil partnerships and the recognition of a right to parental leave in 2017 are among the positive steps promoted in recent years.

In its conclusions published in June 2019, the Council of Europe's ECRI observed that its 2016 recommendations relating to the Office of the Ombudsman acting as an anti-discrimination authority were only partly met. And though it "strongly recommended that the authorities develop a new integration plan for non-nationals," including various foreign groups, its recommendation has not yet been implemented. The Gender Equality Index for Cyprus (56.3) was below the EU average (67.4) in 2019.

The 2019 murder of seven persons by a serial killer raised many questions. Critics argued that the disappearances were not properly investigated by police because the victims were foreign domestic workers.

Citation:

1. Cyprus serial killer case exposes abuse of migrant women, BBC, 2 May 2019, <https://www.bbc.com/news/world-europe-48110874>
2. CoE European Commission Against Racism and Intolerance, Conclusions on the Implementation of Recommendations, Cyprus, June 2019, <https://rm.coe.int/interim-follow-up-conclusions-on-cyprus-5th-monitoring-cycle-/168094ce05>

Rule of Law

Legal Certainty
Score: 5

Following the collapse of bi-communality in 1964, the law of exception leaves the State with very powerful executive and "independent officers," whom are subject to very little or no control. Decisions often exploit excessive discretionary powers of the Council of Ministers and other authorities, which show limited concern for rule of law principles.

A number of recent court decisions have confirmed the validity of questions raised regarding the legitimacy of measures to face the crisis. The latest (2019)

court decision declared the cuts to pensions and salaries unconstitutional. Many laws passed by the parliament are ultimately judged unconstitutional by the Supreme Court. Action on important matters is either delayed or consists of partial measures that are inefficient or unjust. The ESTIA scheme designed to mitigate the impact of non-performing loans on the Cypriot banking system was amended after the European Commission and ECB warned of “moral hazard risks and fairness issues” and against some amendments being pursued by the parliament.

Revelations about the granting of citizenship to the Cambodian dictator’s family and a Malaysian citizen wanted by Interpol are indicative of actions that violated basic rules and legality.

Thus, actions inconsistent with the rule of law persisted in 2019. Clashes between various high-level state officials continued. These factors contributed to further undermining people’s trust, meritocracy, administrative efficiency and law enforcement.

Citation:

1. Estia scheme rewards strategic defaulters, Cyprus Mail, 3 September 2019, <https://cyprus-mail.com/2019/09/03/our-view-estia-scheme-rewards-strategic-defaulters/>
2. Data watchdog ‘duty-bound to report audit boss’ over whistleblower, Cyprus Mail, 21 December 2018, <https://cyprus-mail.com/2018/12/21/data-watchdog-duty-bound-to-report-audit-boss-over-whistleblower/>
3. More questions raised about Malaysian businessman’s passport, Cyprus Mail, 5 November 2019, <https://cyprus-mail.com/2019/11/05/more-questions-raised-about-malaysian-businessmans-passport/>

Judicial Review
Score: 8

The addition of the Administrative Court in 2016 had limited effect on lengthy court procedures that plague the administration of justice. A functional review of the courts found that cases take up to 9.5 years.

There are proposals and plans for resolving serious problems such as sluggish decision-making, a lack of material infrastructure and rules of procedure that negatively affect the efficiency of the courts. However, at present, judicial review remains highly problematic. In addition, the judiciary’s integrity was subject to question in late 2018 when claims of nepotism and links between justices’ families and leading law firms emerged. These developments prompted a GRECO extraordinary mission to Cyprus, though no relevant report has thus far been made public..

Decisions by trial courts, administrative bodies and other authorities are reviewed by the Administrative Court and (appellate) Supreme Court. Appeals are decided by panels of three or five judges, with important cases requiring a full quorum (13 judges).

Citation:

1. Functional review of the Court system of Cyprus,

<http://www.supremecourt.gov.cy/Judicial/SC.nsf/Ail/4FAD54FDA1155764C225825F003DC397?OpenDocument>

2. If only our judges were capable of showing humility, Cyprus Mail, 20 January 2019, <https://cyprus-mail.com/old/2019/01/20/our-view-if-only-our-judges-were-capable-of-showing-humility/>

Appointment of
Justices
Score: 7

The judicial system functions on the basis of the 1960 constitution, albeit with modifications to reflect the circumstances prevailing after the collapse of bicomunal government in 1964. The Supreme Council of Judicature (SCJ), composed of all 13 judges of the Supreme Court, appoints, promotes and places justices, except those of the Supreme Court. The latter are appointed by the president of the republic upon the recommendation of the Supreme Court. By tradition, nominees are drawn from the ranks of the judiciary. GRECO 2016 recommendations to deepen participation in the SCJ by including trial court judges and rendering the procedure and criteria for selecting judges more transparent were at best only partially implemented. Similarly, the recommendation to institute a process for representation within the judiciary was also not followed. In late 2018, claims of nepotism and the corruption of justices were lodged; GRECO is expected to publish a special report regarding these claims.

In 2019, the EU recommended that Cyprus accelerate the pace of reforms in the judicial system (e.g., establish a commercial court, promote e-justice and strengthen the enforcement of decisions).

The gender balance within the judiciary as a whole is approximately 60% male to 40% female. Four (five until October 2019) of the 13 Supreme Court justices and five of the seven Administrative Court justices are female.

Citation:

1. Council of Europe, GRECO fourth evaluation round, published September 2018, <https://rm.coe.int/fourth-evaluation-round-corruption-prevention-in-respect-of-members-of/16808d267b>

2. Greco suggestions 'not optional,' Cyprus Mail, 9 February 2019, <https://cyprus-mail.com/old/2019/02/09/greco-suggestions-not-optional/>

Corruption
Prevention
Score: 3

Numerous cases of corruption resulted in the conviction of officials and others since 2014. However, the EU urged Cyprus in 2019 to accelerate the pace of reforms and strengthen the capacity of law enforcement, as provided in an 2017 anti-corruption national plan.

GRECO observed in 2018 that only two out of 16 anti-corruption recommendations from 2016 were implemented. Cyprus tops the list of countries regarding non-compliance to recommendations on issues relating to parliamentarians and holds a poor record of overall compliance. On issues in which GRECO considered implementation satisfactory, such as party financing, practice revealed loopholes and problems in policies that seriously affect efficiency.

In 2019, the European Commission observed that the adoption of laws for an independent anti-corruption agency and whistleblower protection were still pending. Though introduced years ago, we note that no evaluation mechanisms or reports exist on the implementation of codes of conduct for the public service and ministers.

The credibility of anti-corruption efforts was severely tarnished when convicted politicians were freed before completing half of their sentences. Also, official reactions to criticism on the citizenship-by-investment scheme and other issues tend to deflect attention from the substance of the problem and its potential to induce corruption.

Citation:

1. Cyprus amongst worst offenders in corruption report, 26 June 2019, <https://www.news.cyprus-property-buyers.com/2019/06/26/cyprus-amongst-worst-offenders-corruption-report/id=00156859>
2. 'Unfair for Cyprus to be singled out for golden visa criticism,' Cyprus Mail, 1 December 2018, <https://cyprus-mail.com/2018/12/18/unfair-for-cyprus-to-be-singled-out-for-golden-visa-criticism/>

Governance

I. Executive Capacity

Strategic Capacity

Strategic
Planning
Score: 4

With reforms launched in 2014, the government began integrating strategic planning into administrative practices, a key omission over previous years. To this effect, the Directorate General for European Programs, Coordination and Development (DGEPCD) was assigned with competences such as planning, coordination, monitoring, and the evaluation of implementation. However, the Directorate's work was limited to only part of the intended tasks. Decisive powers remained with the Ministry of Finance.

The law on fiscal responsibility adopted in 2014 aimed at enabling the government to identify goals and design policy actions based on strategic planning. Its implementation has been slow, as it needed to achieve the required capacity and planning skills as well as stronger political will. Planning remains fragmented between ministries, but capacity levels have improved and most central government services are involved. In the absence of a central coordination body, planning is dominated by the budgetary and fiscal considerations of the Ministry of Finance. Additionally, coherent strategic planning is sometimes compromised by ad hoc policies, such as the citizenship-by-investment scheme.

Citation:

1. Directorate of Strategy, Coordination, & Communication, Cyprus Ministry of Finance, <http://mof.gov.cy/en/directorates-units/directorate-of-strategy-coordination-communication>

Expert Advice
Score: 3

After 2015, the government appointed scholars to the governing bodies of quasi-governmental institutions. Though the government created consultative bodies to advise it on economic issues, energy policy and geostrategic studies, results on their work are not publicly available.

Despite a long tradition of establishing advisory bodies, their tasks and scope of work has always been limited. The non-binding character of their proposals meant that decision-makers would pay little attention to them.

Institutions in which experts participate, such as the Fiscal Council, the Economic Council and the Scientific Council for research have seen their work and advice mostly ignored.

Generally, the state very rarely seeks advice from external academic experts or, more broadly, thinktanks. Nevertheless, the appointment of a chief scientist and a new scientific council for research in 2018 is a positive development.

Citation:

1. Chief scientist refuses to stay in his comfort zone, Cyprus Mail, 23 October 2019, <https://cyprus-mail.com/2019/10/23/272558/>

Interministerial Coordination

GO Expertise
Score: 2

Under the constitution, line ministers are fully responsible for their ministries. They draft bills and forward them to the Secretariat of the Council of Ministers. The Secretariat ensures that the attorney general's office has checked bills for legal soundness and that they conform to established formats. The Secretariat also offers administrative support to the cabinet's work, forwards decisions to relevant offices and monitors implementation. While according to the constitution, "the general direction and control of the government and the direction of general policy" lies with the Council of Ministers, the Council does not possess administrative depth and the necessary mechanisms to evaluate proposals and collectively chart policy.

Specific GO control that lies with the minister of finance and the cabinet, under the law on fiscal responsibility, is limited to mostly budgetary issues.

Line Ministries
Score: 3

The services within the presidential palace have essentially been ad hoc and determined by the president in office. The tasks of the Secretariat of the Council of Ministers are mostly limited to providing administrative support and format checks of proposals. The Attorney General's Office undertakes legality checks of draft legislation. In drafting laws, ministries may refer to policies formulated by the government or to general frameworks decided by the cabinet. Draft laws are discussed only during the presentation and deliberation process in the Council of Ministers and not within a broader policy discussion.

Under the law on fiscal responsibility, the finance minister controls policy proposals to ensure compliance with general budgetary plans and policies. No

central coordinating body exists that could oversee policy proposals in a comprehensive manner.

Citation:

Directorate of Strategy, Coordination, & Communication, Cyprus Ministry of Finance, <http://mof.gov.cy/en/directorates-units/directorate-of-strategy-coordination-communication>

Cabinet
Committees
Score: 5

Forming ad hoc and ministerial committees is a regular practice. The constitutional limit on the number of ministries (11) results in the overlapping of competences and a great need for coordination. There are at present 18 committees, which focus on sector-specific matters that are within the powers of many ministries. The formulation of policy frameworks is also within their purview. Departments or technical committees mainly from within the ministries support their work; in some cases, they may seek contributions from external experts. The scope of work and degree of efficiency in committee coordination are not easy to assess, given that no activity reports are published.

Citation:

1. Cabinet orders review of crisis management, Cyprus Mail, 31 July 2018, <https://cyprus-mail.com/2018/07/31/cabinet-orders-review-of-crisis-management/>

Ministerial
Bureaucracy
Score: 5

The broad area that each of the 11 ministries is responsible for has been extended to new fields since EU membership. Ministry officials and civil servants participate in ad hoc bodies or seek coordination with other ministries and formulate policy proposals. Final decisions rest with the ministers themselves, who sometimes apply political criteria. While the constitution accords exclusive powers to ministers within their ministry, bureaucrats have an increasingly significant role in formulating policies and proposals.

More interministerial interaction was promoted through units created in the framework of the reform effort. However, the dissolution of the Unit for Administrative Reform has led to the reallocation of its tasks back to the ministries. The absence of a centralized coordination body has increased the need for consultation and coordination between line ministries.

Citation:

The Unit for Administrative Reform to be Dissolved, InBusiness, 27 July 2018, [https://inbusinessnews.reporter.com.cy/financials/cyprus/article/191286/dialyetai-i-monada-dioikitikis-metarrythmis \[in Greek\]](https://inbusinessnews.reporter.com.cy/financials/cyprus/article/191286/dialyetai-i-monada-dioikitikis-metarrythmis [in Greek])

Informal
Coordination
Score: 4

A practice of informal meetings exists but has been infrequently utilized. During the post-2010 economic difficulties, more formal meetings took place than before. In the period under review, we noted an increased number of ad hoc formal meetings, in particular with political parties, for important issues, such as migration, refugees and general reforms.

Digitalization for
Interministerial
Coordination
Score: 4

The use of digital technology covers a small spectrum of government work and activities as well as relations and interactions with citizens on public services. Some common IT programs aim at assisting the coordination of a limited number of activities, relating to payments, budget preparation and monitoring the progress of projects.

The Exandas project launched in September 2019 facilitates monitoring development works. An enterprise resource planning system, which is being prepared, is expected to enable the full coordination of government planning. Compared to other EU member states, digital services in public services are limited.

Citation:

1. The contract for Enterprise Resource Planning System for the Public Sector was signed, PIO, 7 November 2018, <https://www.pio.gov.cy/en/press-releases-article.html?id=4631#flat>
2. European Commission, The Digital Economy and Society Index, <https://ec.europa.eu/digital-single-market/en/desi>

Evidence-based Instruments

RIA Application
Score: 6

A RIA scheme was introduced in 2007 as part of a project on better regulation. A robust RIA tool was adopted in 2016 and training programs enabled its use in 2017.

Following the dissolution of a centralized Unit for Administrative Reform, the Department of Public Administration and Personnel assumed the RIA tasks. The department drafted a new action plan for better regulation for the period 2019 – 2022, which was adopted in early November 2019. The action plan seeks to address deficiencies in the system and improve implementation by instilling the necessary public service culture as well as establishing appropriate work processes and procedures.

Policies introduced without RIA via the discretionary powers of the Council of Ministers remains a serious concern and is under review. The “investment program,” the arbitrary granting of permits for the construction of tall buildings, and the sale of Cypriot citizenship continue to impact a wide spectrum of rules and practices, partly neutralizing RIA implementation and efforts for better regulation. Despite reforms, the impacts of Cyprus’s sale of permanent residency and citizenship has not been sufficiently appreciated by government.

Citation:

1. Better Regulation Progress Report, May 2018 [in Greek], <https://drive.google.com/file/d/1stXSvKF6tU2AeSXbBEbNGqfbdGLAjGfa/view?usp=sharing>
2. Transparency International, European Getaway, https://www.transparency.org/whatwedo/publication/golden_visas

Quality of RIA
Process
Score: 5

The OECD's 2019 RIA report points to reduced human resources that affect implementation and monitoring. Some gaps in implementation and monitoring occurred in 2018 during the period when responsibilities were transferred from the dissolved Unit for Administrative Reform to the Department of Public Administration and Personnel. The report highlights the successful introduction of SME impact assessments of new legislation and the growing number of training workshops.

Thus far, the impact of better regulation efforts remains clear. At present, stakeholder participation is more effectively implemented when SMEs are concerned. Improvements in RIA assessment procedures, participation and forms of evaluation are in the process of being institutionalized through processes and working groups.

Sustainability
Check
Score: 4

The assessment questionnaires inquire on positive and negative impacts of a policy proposal across various aspects of the economy, society, and environment as well as on the processes and work of the government. They also include questions on methods and processes followed, such as interactions with other ministries' services and consultations with the public and other stakeholders.

There are three questionnaires: for new legislation or amendments, for legislation transposing EU directives into national law and for legislation ratifying international treaties.

Questions on sustainability remain exclusively economic, focusing on budgetary impacts and macroeconomic effects. A new dimension will be introduced: an assessment of the possible impacts on human rights.

Quality of Ex
Post Evaluation
Score: 2

Given the deficiencies in strategic planning, ex post evaluation has not been part of government practice. However, in the framework of commitments to reform the public administration, the government in recent years solicited the drafting of studies by the World Bank and others. These studies on the administration and line ministries aimed mainly at restructuring and reforming the administration and its procedures, while also reviewing their general policies. Specific policies in ministries are not evaluated and progress achieved so far remains limited.

The administration acknowledges that sectoral reviews should form part of strategic planning.

Citation:

Public Administration Reform – Restructuring ministries and administration
<http://www.reform.gov.cy/en/public-administration-reform/restructuring-in-the-public-sector>

Societal Consultation

Public
Consultation
Score: 5

Consultation with societal actors has been a general practice for decades, though generally not at the stage of policy formulation. Once a policy is decided or a draft bill is before a parliamentary committee, stakeholders are invited to voice their views. Generally, vociferous stakeholders are more successful with realizing their demands than less powerful groups and may engage in consultations before final policy decisions are made. Trade unions and employers associations take part in the so-called tripartite system, giving them preferential access to public authorities. Consultation practices were sidelined during the implementation of the Memorandum of Understanding (MoU). After exiting the MoU in early 2016, the government appeared more willing to accommodate previously rejected union demands. Also, under trade union pressure, projects on privatizing the telecoms and electricity utilities have remained pending. Government deliberations in 2019 on increasing the corporate tax were immediately withdrawn after reactions from employers unions.

Public consultation before rulemaking is regularly practiced by some departments and less systematically than expected. The results and impact of such consultations are not always transparent or published.

In the framework of RIA assessment, representatives of SMEs are systematically consulted, participating in the process as stakeholders.

In order to ensure approval of its policies by the parliament, the government consults with political parties, in particular when a major crisis is imminent. In 2019, the government initiated consultations and ultimately secured support from the political parties for long-due administration reforms and for new migration policies.

Citation:

1. Tax hike proposal looks to the future, but not thought out well, Cyprus Mail, 9 August 2019, <https://cyprus-mail.com/2019/08/09/our-view-tax-hike-proposal-looks-to-the-future-but-not-thought-out-well/>

2. So-called dialogue and consensus always favors unions, Cyprus Mail opinion, 29 September 2018, <https://cyprus-mail.com/2018/09/29/our-view-so-called-dialogue-and-consensus-always-favours-the-unions/>

Policy Communication

Coherent
Communication
Score: 3

Government communications through official channels were complemented by increasingly intense interactions between government officials and the media. With ministers and other officials acting more independently in their

communications, the long-standing goal of achieving coherent communication could not be met.

In 2019, the president and his government faced some highly critical challenges, including the case of seven missing women, victims of a serial killer, corruption and the selling of passports. However, their communication performance has again been poor. There was a failure to communicate policies in a clear and coherent manner. In addition, responses to criticism from domestic political forces and the EU on political and ethical issues were often contradictory. The active resorting to conspiracy theories and blame games as well as attempting to discredit critics did not help the government. Thus, informing the public and dispelling confusion saw little success.

Citation:

1. Don't expect a deep investigation into dodgy passport recipients, Cyprus Mail, 25 October 2019, <https://cyprus-mail.com/2019/10/25/our-view-dont-expect-a-deep-investigation-into-dodgy-passport-recipients/>

Implementation

Government
Effectiveness
Score: 4

The European Commission and the IMF praised the government in 2019 for sustained growth rates and tangible economic successes. General unemployment decreased from 8.2% in August 2018 to 6.8% in August 2019. However, youth unemployment remained high (16.6% in June 2019). The Commission also warned that the tourism and the construction sectors cannot be expected to guarantee long-term economic sustainability. While noting improvements in employment and the reduction of non-performing loans (NPLs), the Commission recommended major improvements to state employment services and called for efficiently addressing the NPLs problems. While Cyprus achieved a credit rating of BBB – credit rating agencies remain cautious in their assessment. The increase of public debt from the management of NPLs in 2018 has receded, with the debt falling below 100%. Despite good economy indicators, the EU and others warn that achieving sustainability will require the government to address critical issues, such as shifting economic activity to new sectors, accelerating structural and other reforms of the central and local governments, reforming the judicial system, and privatizing state-owned enterprises (SOEs). The funding of a fully implemented national health system and the eventual impact of court decisions on the salaries and benefits of public employees remain issues of serious concern.

Overall, while policies improved economic confidence, competitiveness has shown little progress. The government is still expected to meet major challenges.

Citation:

1. EU Commission Country Specific Recommendations, Cyprus, June 2019, https://ec.europa.eu/info/sites/info/files/file_import/2019-european-semester-country-specific-recommendation-commission-recommendation-cyprus_en.pdf
2. Rating agencies cautious over Cyprus' economy, In-Cyprus, 20 May 2019, <https://in-cyprus.com/rating-agencies-cautious-over-cyprus-economy/>

Ministerial
Compliance
Score: 4

Under the Cypriot presidential system, the appointment and dismissal of a minister are the president's prerogative. Implementation of line ministry policies rests entirely with each minister. In September 2019, the government launched the website Exandas to monitor the progress of works and policies; a task also carried out by the Secretariat of the Council of Ministers. However, no dedicated personnel or processes exist for the overall assessment of ministries' policies and compliance with state policies.

Monitoring is also difficult within line ministries, due to the very broad scope of each ministry's competences and departmentalization. This makes planning and coordination difficult to achieve. Strategic planning that benefits implementation and provides evaluation benchmarks is still not effectively implemented.

Monitoring
Ministries
Score: 4

The constitution establishes that the direction and control of the government and general policy lie with the Council of Ministers. This creates a circular relationship since each minister is the sole authority in her/his ministry. The Directorate General for European Programs, Coordination and Development (DGEPCD) has some monitoring functions, but these are limited to growth policies. The Secretariat of the Council of Ministers monitors the implementation of the cabinet's decisions, while the website-based tool Exandas, launched in September 2019, may help ministers and citizens monitor the progress of works and policies. This appears static at present. The question of whether any governmental actor has the capacity or processes to effectively exercise direction and control remains open. Finally, the law on fiscal responsibility assigns the finance minister central oversight and coordinating powers on budgetary and fiscal issues.

Citation:

President launches "Exandas" portal, Stockwatch, 6 September 2019, <https://www.stockwatch.com.cy/en/article/genika/president-launches-exandas-portal>

Monitoring
Agencies,
Bureaucracies
Score: 3

The Council of Ministers appoints the governing bodies of quasi-governmental institutions and approves their budgets. The law on fiscal responsibility offers some budget control, while 2014 amendments to the law on the governing bodies of these institutions strengthens government control. However, these changes appear to neither offer remedies against favoritism nor to improve oversight and sound management.

As Cyprus does not have a federal state structure, local authorities must be taken into account. Here the situation is not better. The auditor general notes in his 2016 report (the latest available) high debt, disrespect for rules and procedures, and functional inadequacies in many municipalities.

Radical reforms of public law bodies and local authorities, on both the structural and functional levels, has long been on the agenda. Such reforms have been suggested by the EU, IMF and specially commissioned studies. They have also sought improvements in the capacity for financial management and the monitoring of risk.

Citation:

1. Cyprus should pursue delayed reforms, IMF says, 5 June 2019, <https://www.cyprusprofile.com/en/articles/cyprus-should-pursue-delayed-reforms-imf-says/>

Task Funding
Score: 4

Local government bodies receive substantial state subsidies, amounting in some cases up to 40% of their budget. In addition, the Council of Ministers, in particular the ministers of interior and finance, have extensive powers to manage the finances and assets of municipalities. Efforts to reform municipalities were renewed in 2019 after long debates and disagreements that began in 2014. Existing plans for mergers and reorganizations aim to address the main challenges facing local governments by making them more efficient (including financially), improving management, fighting corruption and upgrading service quality.

Citation:

1. Petrides: We want to create a new kind of local authority, Cyprus Mail, 25 September 2019, <https://cyprus-mail.com/2019/09/25/petrides-we-want-to-create-a-new-kind-of-local-authority/>

Constitutional
Discretion
Score: 4

The constitutional status of local government is vague. Placed originally under the authority of the Communal Chambers (Art. 86-111), which were abolished in 1964, local authorities are governed by the Law on Municipalities of 1985. Local authorities possess limited competences because constitutional clauses allow the central government to impose restrictions on their powers. Budgets and management decisions on a variety of financial issues and assets are subject to approval by the Council of Ministers. Additionally, the law on fiscal responsibility (20(I)/2014) imposes strict budget controls by the finance minister. Reforms under discussion include the merger of the excessive number of municipalities, a reform that would require local approval via referenda.

In order to avoid a vote in which local interests would likely prevail over broader goals, the government seeks consensus. Though this points to centralization tendencies, the reform aims at addressing a situation where local authorities have so far not made good use of their autonomy..

Citation:

1. Petrides: We want to create a new kind of local authority, Cyprus Mail, 25 September 2019, <https://cyprus-mail.com/2019/09/25/petrides-we-want-to-create-a-new-kind-of-local-authority/>

National
Standards
Score: 2

Standards and indicators at the central government level often lack consistency and universality. The government’s decision to revive reform efforts to create a complete framework and improve implementation is a positive sign. In the meantime, the Ministry of Finance continues to issue guidelines to subnational entities and public institutions on budget design, based on strategic planning. These guidelines set general standards and procedures, in particular on fiscal issues. No recent evaluation reports are available regarding application issues.

In the latest available report on local government, the auditor general pointed to disregard for standards and procedures. He stressed that “the situation in municipalities is not viable” and urged the government to make the approval of pending reforms an extremely high priority.

In addition to guidelines, the Ministry of Finance annually publishes evaluation reports on the fiscal risks facing each sector. These reports also include proposals for addressing problems and minimizing risks.

Local authorities, for example, are offered guidance, among others, on how to avoid risks related to non-guaranteed loans, financial claims before the courts and excessive expenses.

:

1. Report on Fiscal Risks, MOF Cyprus, September 2018, http://mof.gov.cy/assets/modules/wnp/articles/201705/301/docs/ekthesi_dimosionomik_kindinwn_19.pdf

Effective
Regulatory
Enforcement
Score: 3

General government policies and practices appear fair. However, a bias toward serving the interests of powerful economic groups and individuals as well as bowing to the demands of strong trade unions becomes evident when the stakes are high. Also, both the government and political parties often act on the basis of political expediency: to avoid confrontation with strong formal or informal interest groups, they resort to procrastination, adopt rules that are either ineffective, or simply avoid decision-making. The public good is, thus, not fairly served and lingering governance challenges persist.

A glaring example is the citizenship granting investment scheme. In addition to raising potential ethical issues, corruption and money laundering, it neutralizes laws on town planning. Instead, it favors land developers, upsets the housing market and risks environmental damage. Land development – including for new golf courses – has been allowed within Natura 2000 protected sites, ignoring existing water scarcity challenges. In the financial sector, some argue the ESTIA scheme on foreclosures and non-performing loans was further amended by the parliament in ways “serving the strategic defaulters.”

The general lack of substantial progress on reforms is indicative of a policy bias among the government and parties of avoiding any possible political costs.

Citation:

1. Developers defend passport scheme, Cyprus Mail, 2 October 2019, <https://cyprus-mail.com/2019/10/26/developers-defend-passport-scheme/>
2. Most hotels didn't have operating licences renewed in 2018, Cyprus Mail, 4 October 2019, <https://cyprus-mail.com/2019/10/04/most-hotels-didnt-have-operating-licences-renewed-in-2018/>
3. Estia scheme rewards strategic defaulters, Cyprus Mail, 3 September 2019, <https://cyprus-mail.com/2019/09/03/our-view-estia-scheme-rewards-strategic-defaulters/>

Adaptability

Domestic
Adaptability
Score: 5

Numerous studies aiming to reform the administration have been conducted in the last decade. Their general goal was to offer prescriptions for overcoming the difficulties caused by the rigid structures of the 1960 constitution as well as fight the dominating lack of innovative spirit. Notwithstanding, there has thus far been little progress, despite the EU and IMF repeatedly urging reforms.

Some changes were brought about by EU accession: the creation of new institutions and adoption of new practices. However, as a single region under the EU's "cohesion policy," Cyprus has not been significantly affected by relevant EU policies.

The 2013 Memorandum of Understanding with creditors aimed at more radical reforms, including tackling governmental structures and entrenched mentalities. Growing strategic-planning capacity and promoting administrative reforms will require additional critical targets for success, such as changing administrative practices and culture, and promoting meritocracy.

In fall 2019, the government appeared willing to renew reform efforts. Meetings with the leadership of the parties aimed to promote some reform proposals previously rejected by the parliament. The renewed effort for reforms may be negatively affected by the absence of a centralized coordinating body following the dissolution in 2018 of the Unit for Administrative Reform.

Citation:

1. Studies for the reform of the public administration, ministries and departments <http://www.reform.gov.cy/en/public-administration-reform>

International
Coordination
Score: 4

The proclaimed role of Cyprus as a bridge between three continents draws on its geographical location. However, a focus and preoccupation with domestic challenges has prevented the country from seizing opportunities offered through its membership in the EU, UN and other intergovernmental organizations. A clear strategy for international coordination appears to be missing, and contributions to global and regional politics and public welfare has been limited. Government activities are in recent years focusing on bi- and tri-lateral relations as well as initiatives aiming to coordinate the exploiting of hydrocarbons in the Eastern Mediterranean with neighboring countries. 2019 showed that, given existing conflicts in the region (which are partly fueled by hydrocarbon explorations), forged alliances do not seem to help secure a better environment for the region. Also, the Cyprus conflict decisively absorbs authorities' activities.

Citation:

1. EEZ: Cyprus has the right, Turkey has the might, Cyprus Mail, 06 October 2019, <https://cyprus-mail.com/2019/10/06/eez-cyprus-has-the-right-turkey-has-the-might/>

Organizational Reform

Self-monitoring
Score: 4

The main structures and institutions of 1960 remain largely unchanged. Slow reform efforts usually commence when dysfunctions reach critical levels. This reform paralysis is connected to the absence of institutional monitoring. Efforts undertaken by a centralized unit for reform produced some results, mostly in the improvement of procedures. The parliament's rejection of the establishment of a sub-ministry for development led to the reassignment of tasks from the centralized unit for reform back to three line ministries. This makes reforms harder, given that self-monitoring in line ministries is weak or absent as no central coordination and monitoring body exists.

In the absence of internal monitoring, the government commissioned studies to identify existing deficiencies. These have not, however, led to the creation of monitoring mechanisms and no plans in this direction have been made public.

Institutional
Reform
Score: 5

Efforts to improve the efficiency of the administration have been stalled for years. However, in fall 2019 the government expressed its will to proceed with reform plans. The main goals are to improve the selection and promotion of personnel, speed up procedures, create control mechanisms, and clear confusion on roles and competences.

A major challenge is expanding strategic-planning capacities, which is currently performed without any central monitoring and evaluation mechanisms. The required professional training of personnel is advancing, albeit slowly and without publicly available reporting.

II. Executive Accountability

Citizens' Participatory Competence

Political
Knowledge
Score: 5

Traditionally strong interest and high participation in politics and elections has given way in recent years to political apathy and indeed alienation. This is testified by the low rate of political discussions among the general population, sinking turnout in elections (down from 90% to 66% in 10 years), and low rate of young people registering on electoral rolls.

The reasons may be linked to very low trust in institutions; the latest Eurobarometer (June 2019) shows only 10% trust for political parties, 34% for the parliament and 36% for the government.

Disengagement from politics is likely to affect citizens' level of information on policies. In 2018 and 2019, the media consistently noted the government's failure to properly inform the people or explain important policies and decisions.

Citation:

1. Public's trust in institutions being eroded, president says, Cyprus Mail, 14 March 2019, <https://cyprus-mail.com/2019/03/14/mps-state-commissioner-with-bad-debts-named/>

Open
Government
Score: 5

The Statistical Service and the Press and Information Office (PIO) systematically publish statistical data and reports, and information on the activities of the president and ministers. Ministries publish information on their work, albeit with significantly differing scope and type of information. The publication of annual activity reports by ministries and departments is often delayed by several years.

In early September 2019, the government website Exandas was launched. It provides access to government tables and gives an overview of all development projects and reforms, political decisions, and national strategies which are being implemented. Data and information available mostly consist of an inventory of all actions undertaken since the current government took office in 2013. Unfortunately, data offered on Exandas bears no dates and no update has been undertaken since the website's launch. Given the lack of comprehensive data on key policies and government activities, citizens remain unable to independently evaluate the government's work.

Citation:

1. Exandas – Report for monitoring the progress of government work (in Greek), <https://exandas.presidency.gov.cy/>

Legislative Actors' Resources

Parliamentary
Resources
Score: 3

Since 2016, the House of Representatives has taken measures to enhance the resources available for conducting legislative work. In its 2018 – 2019 session activity report, it enumerates technological upgrades and the piloting of an internal legal service. With the recruitment of specialized staff, the parliament has sought services that go beyond administrative and secretarial support. The research and studies section, for example, provided some support to deputies drafting legislation.

In addition to information received from ministers and other state officials, the parliament needs more resources to efficiently monitor government activities. It needs its own research and expertise capacities.

Citation:

House of Representatives, Activity report for the season 2018-9, October 2019, http://www.parliament.cy/images/media/redirectfile/EKΘΕΣΗ_ΠΕΡΙΠΑΓΜΕΝΩΝ_2018-2019_τ._Α'-ΜΕΡΟΣ_Α'.pdf

Obtaining
Documents
Score: 4

The government and the broader public administration have no constitutional obligation to make documents available to the parliament. In practice, ministers or other officials answer questions, present their views or documents to deputies, House of Representatives committees or ad hoc committees.

The Law on the Deposition of Data and Information to Parliamentary Committees gives committees the right to ask for official information and data. Under the law, an official who attends a committee hearing is obliged to tell the truth and to provide genuine documents. Hiding information or documents may lead to judicial.

Critically, while attending a meeting, if invited, is mandatory under the law, there has never been a case of activating this provision against officials and private persons who have refused to appear. This is indicative of the weakness of the law and the House's ability to obtain documents: access depends on an official's willingness to attend a hearing and a minister's discretionary power to approve the release of documents. Thus, she/he can withhold information without risking sanctions.

<p>Summoning Ministers Score: 5</p>	<p>Citation: 1. Law on the deposition of data and information to the House of Representatives and parliamentary committees 21(I)/1985 http://www.cylaw.org/nomoi/enop/non-ind/1985_1_21/full.html</p> <p>The constitution (Art. 79) stipulates that the president “may address” or “transmit his views” to the House of Representatives 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, constitutionally, the parliament has no power to summon executive officials despite a law passed by the parliament to make attendance mandatory. In practice, there have been cases where ministers and other officials that were invited failed or declined to appear themselves or be represented. No attempt has ever been made to activate the law penalizing failures to appear. Thus, since attendance ultimately lies with the discretion of the executive, ministers feel comfortable ignoring invitations when the subject is related to a contentious matter or for other reasons.</p>
<p>Summoning Experts Score: 7</p>	<p>Citation: 1. The Constitution of Cyprus, http://www.parliament.cy/easyconsole.cfm/page/download/filename/SYNTAGMA_EN.pdf/foldername/articleFile/mime/pdf/</p> <p>Under the law, parliamentary committees have the power to summon experts. In practice, committees invite interested parties and stakeholders to present their views, but inviting independent experts or seeking their views is exceptionally rare.</p> <p>Under the law, a person that attends a parliamentary meeting has the obligation to provide genuine data and tell the truth.</p>
<p>Task Area Congruence Score: 5</p>	<p>Citation: 1. Law on the Deposition of Data and Information to the House of Representatives and to Parliamentary Committees, L.21(I)/1985, http://www.cylaw.org/nomoi/enop/non-ind/1985_1_21/full.html (in Greek)</p> <p>In the present House of Representatives there are 56 deputies and 16 committees. The latter corresponds to one committee for each of the 11 ministries, while five deal with cross-ministerial matters. According to the latest available activity report of the House, during the 2018 – 2019 session, committees held 613 meetings (compared to 564 in the 2017 – 2018 session). The Defense Committee held 22 and the Finance and Budget Committee held 77 meetings.</p> <p>The proper monitoring of the work of the ministries is critically hindered by three factors: the small number of deputies (56), high membership needed in most committees (nine) and very broad scope of each line-ministry’s</p>

competences. Each deputy must participate in at least three committees and, given their workload and constraints in resources, all face difficulties to properly prepare. Insufficient knowledge and deficient study and preparation is sometimes combined with deputies readiness to serve interests promoted by lobbyists.

Citation:

House of Representatives, Activity Report 2018/2019 (in Greek)

http://www.parliament.cy/images/media/redirectfile/EKΘΕΣΗ_ΠΕΙΡΑΓΜΕΝΩΝ_2018-2019_τ.Α'-ΜΕΡΟΣ Β'.pdf

Media

Media Reporting
Score: 5

Media display a generally low capacity to analyze and evaluate policies. This is linked to poor issue knowledge, limited research capacities and political bias. Low awareness and respect of media ethics rules often combine with increased dependency on financial interests. Economic difficulties have reduced the number of daily newspapers to four.

Coverage of political issues generally offers little insight. In-depth reporting is offered mostly by the public broadcaster. Analysis on television and in Sunday papers are becoming increasingly rare. Analysts often fail to disclose their political connections or possible conflicts of interest. Personal views and preferences influence journalists' reporting. In 2019, individual journalists took a critical view of inconsistencies in some government policies. Overall, however, the media's bias and leniency vis-a-vis institutions and politicians was often founded on self-interest.

The usual polarizing and confrontational rhetoric in media coverage of issues related to the Cyprus problem dominated the 2019 EU elections. Media failed to provide the information citizens needed to assess what was at stake in the elections.

There is no audit body for print-media circulation figures. In addition, deficient transparency in media ownership, in particular the press, makes it impossible to verify claims that the influential lawyer and businessman Andreas Neocleous holds shares in several media companies. In 2019, he bought the English-language daily Cyprus Mail. Such lack of transparency negatively affects scrutiny and the public's capacity to properly evaluate the information they receive.

Citation:

Founder of disgraced Cypriot law firm buys the Cyprus Mail, OCCRP, 1 March 2019, <https://www.occrp.org/en/daily/9301-founder-of-disgraced-cypriot-law-firm-buys-the-cyprus-mail>

Parties and Interest Associations

Intra-party
Decision-Making
Score: 6

The extending of powers to party members and their friends that began in the 1990s is being eroded by efforts at “consensus.” In the latest elections, the leaderships of the parties by-passed party procedures, including on candidate selection. Instead, they reserved decisions on important issues for themselves, depriving grassroots bodies and members of powers.

In the name of “consensus,” the Democratic Rally (Δημοκρατικός Συναγερμός, DISY) sought to in some cases impose “strong” candidates, violating rules of procedure. This was the case both in intra-party and public-office elections. For example, the presidential candidate for 2018 was nominated by simply approving the already announced candidacy of the incumbent president. DISY’s electoral programs are drafted and approved at a high party level. The issues and proposals are based on opinion surveys and advice from communications consultants. The party amended its statutes in 2018 to increase the leader’s powers and further enable his highly personal management approach.

The Progressive Party of the Working People (Ανορθωτικό Κόμμα Εργαζομένου Λαού, AKEL) adheres to the principle of democratic centralism. Party members and friends have nomination and selection rights, in a process that lacks transparency. The party congress (1,200 cadres) elects the Central Committee (CC, 105 members), which in turn elect the secretary-general. AKEL’s presidential candidate is selected by party cells, on proposals by the CC and a vote by an extraordinary congress. Electoral programs are approved by the party’s governing bodies.

The Democratic Party (Δημοκρατικό Κόμμα, DIKO) applies a direct vote for its leadership. However, the CC (150 members) nominates the presidential candidate, while regulations set the procedures for nomination of candidates to other offices. The CC also approves the electoral program.

Association
Competence
(Employers &
Unions)
Score: 4

Industrial relations have been based on a spirit of consultations between strong partners. The actors continue to found their demands and positions on sectoral interests. They generally either possess no research teams or such teams have only very limited capacities and scope. The left-wing Pancyprian Federation of Labour (Παγκύπρια Εργατική Ομοσπονδία, PEO) is a rare exception; its research institute regularly produces scientific studies on the economy and labor market.

Labor relations today are strained by employers' attempts to further limit benefits, while trade unions fight to gradually reestablish rights and benefits.

Citation:

1. Hoteliers and unions agree on terms for collective agreement, Cyprus Mail, 28 August 2019, <https://cyprus-mail.com/2019/08/28/hoteliers-and-unions-agree-on-terms-for-collective-agreement/>

Association
Competence
(Others)
Score: 4

Civil society groups have an increasing presence in society. Funding from the EU and others has led to the creation of subject-oriented associations. Notwithstanding, the capacity of CSOs to formulate policy proposals has always been limited.

In recent years, some groups have focused actions on politics, the economic crisis, and social and environmental issues. However, in many cases, the momentum that their proposals and lobbying initially seemed to gain appears to have faded. Issues such as promoting transparency and combating corruption, electoral system reform, and protecting the rights of minority groups receive only a limited response. Despite media attention and quality proposals on such significant subjects, political forces choose to promote sectoral interests, mostly counting on votes.

Bicommunal civil society organizations create spaces for dialogue between the Turkish and Greek Cypriot communities. The Church of Cyprus continues to play an important role in society, fueled by its financial and organizational capacities. This influence does not recede despite statements and actions from the church leadership that do not comply with the spirit of Christianity.

Citation:

1. Bird groups say illegal shooting in Cyprus must stop, Cyprus Mail, 27 September 2019, <https://cyprus-mail.com/2019/09/27/bird-groups-so-illegal-shooting-in-cyprus-must-stop/>

Independent Supervisory Bodies

Audit Office
Score: 5

The auditor general is a constitutionally independent officer appointed by and reporting to the president, the highest authority in the republic. The office is equivalent to that of a Supreme Court justice. The auditor general presents an annual report to the president, who "shall cause it to be laid" before the parliament. S/he also produces other reports. Parliamentary committees invite the auditor general to their hearings. The constitution provides that the audit office shall 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 oversight authority over all three estates, local governments and the broader public sector.

In 2019, the auditor general was involved in confrontations with other

independent public offices on issues relating to the extent of his powers, damaging the credibility of the institution.

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1. Auditor-general has abused his position yet again in attack on Cyprus Mail, opinion Cyprus Mail, 2 July 2019, <https://cyprus-mail.com/2019/07/02/our-view-auditor-general-has-abused-his-position-yet-again-in-attack-on-cyprus-mail/>

Ombuds Office
Score: 4

The constitution does not provide for an ombuds office. Instead, it was established by Law 3/1991 as the Office of the Commissioner for Administration and Human Rights. The president of the republic appoints the commissioner upon the recommendation of the Council of Ministers, subject to prior approval by the parliament. The commissioner presents an annual report to the president, with comments and recommendations. Copies of the report, investigative reports and activity reports are made available to the Council of Ministers and to the parliament.

Excluded from the commissioner's oversight are the House of Representatives, the president of the republic, the Council of Ministers, ministers themselves, courts (including the Supreme Court) and other officials.

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1. Office of the Commissioner for Administration and Human Rights, http://www.ombudsman.gov.cy/Ombudsman/ombudsman.nsf/index_en/index_en?opendocument

Data Protection
Authority
Score: 6

The Office of the Commissioner for the Protection of Personal Data was established in 2002. Law 125(I)/2018 updated the legislation in accordance with EU regulations and directives. The Council of Ministers appoints the commissioner upon the recommendation of the minister of justice and public order. The qualifications for appointment are those required for a judge of the Supreme Court, a "lawyer of high professional and moral standard." The commissioner's authority is extended to both public and private persons, except on processing operations by courts when acting in their judicial capacity.

Violations of personal data by the authorities, politicians and political parties has always been an issue of concern. Though massive numbers of persons are affected by unsolicited messages and other encroachments, very few decide to file a complaint. Fines imposed on wrongdoers do not appear to deter repetition. The latest available activity report of the commissioner states that she received 346 complaints in 2017.

Citation:

1. Commissioner for the Protection of Personal Data – Activity Report 2017, [http://www.dataprotection.gov.cy/dataprotection/dataprotection.nsf/64DE4B83284311F7C225836700400096/\\$file/Ετήσια Έκθεση 2017.pdf](http://www.dataprotection.gov.cy/dataprotection/dataprotection.nsf/64DE4B83284311F7C225836700400096/$file/Ετήσια Έκθεση 2017.pdf)

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