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ANNEX 13

**ANNEX**

**CYPRUS**

*to the*

**EU Anti-Corruption Report**

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# CYPRUS

## 1. INTRODUCTION — MAIN FEATURES AND CONTEXT

### *Anti-corruption framework*

**Strategic approach.** Upon the recommendation of the Council of Europe's Group of States against Corruption (GRECO), Cyprus established the Coordinating Body against Corruption in 2003.<sup>1</sup> The Body has a mandate to develop an anti-corruption strategy, which does not yet exist. The Body's tasks are to examine existing measures against corruption and to propose further measures if necessary, based on international standards and taking into account the situation in Cyprus. The Body is also tasked with raising public awareness of the risks of corruption and promoting cooperation between public authorities and the private sector. However, the Body does not have full-time staff.

**Legal framework.** Following GRECO recommendations, Cyprus took steps to harmonise provisions on corruption across the criminal code and more recent laws ratifying the OECD Criminal Law Convention on Corruption.<sup>2</sup> Consistency was thus improved concerning pecuniary penalties for corruption offences.<sup>3</sup> While recognising such improvements, GRECO recommended additional steps to improve consistency and legal certainty, by removing discrepancies regarding incriminations and the standard of evidence. It also called for further efforts to apply in practice laws ratifying the Criminal Law Convention on Corruption, which have not yet been invoked in a criminal case of corruption. Cyprus abolished the requirement of dual criminality with respect to the offences of bribery and trading in influence committed abroad, and established jurisdiction over corruption offences committed abroad by domestic public officials who are foreign citizens.<sup>4</sup> Lack of application in practice has limited the dissuasive effect of legislative provisions against nepotism. No statutes of limitations apply for corruption offences.

**Institutional framework.** The Independent Commission Investigating Complaints against the Police (IAIAC) can investigate corruption allegations within the police force. Appointed by the President, the Public Service Commission has the competence to impose disciplinary penalties on civil servants but lacks investigative powers. The Commissioner for Administration (Ombudsman) has been operating since 1991.

### *Opinion polling*

**Perception surveys.** 57 % of 2013 Eurobarometer respondents from the general public report that corruption affects their daily lives (EU average 26 %), and 78 % think that it is widespread (EU average 76 %).<sup>5</sup> In addition, 92 % say that bribery and the use of connections is often the easiest way to obtain certain public services (EU average 73 %), while 12 % state that government measures against corruption are effective (EU average 23 %), and 14 % find that such measures are applied impartially (EU average 33 %). 83 % of Cypriots (the highest percentage in the EU) say that the only way to succeed in business is through political

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1 Chaired by the Deputy Attorney General, the Body includes representatives of the Ministry of Justice and Public Order, the Police, the Auditor General and the chairs of the parliamentary committees on legal issues and on institutions and values, as well as the chairs of the Bar Association and Institute of Certified Public Accountants.

2 Laws 23(III)/2000 and 22(III)/2006.

3 The maximum sanction was raised from EUR 17 000 to EUR 100 000.

4 [http://www.coe.int/t/dghl/monitoring/greco/evaluations/round3/GrecoRC3\(2012\)24\\_Cyprus\\_EN.pdf](http://www.coe.int/t/dghl/monitoring/greco/evaluations/round3/GrecoRC3(2012)24_Cyprus_EN.pdf).

5 2013 Special Eurobarometer 397.

connections, and 90 % believe that excessively close links between business and politics lead to corruption (also the highest percentage in the EU).<sup>6</sup>

**Experience of corruption.** In the 2013 Special Eurobarometer, 3 % have been asked or expected to pay a bribe for services received over the past 12 months (EU average 4 %).<sup>7</sup> 12 % of respondents say they experienced or witnessed a corruption case over the previous 12 months (EU average 8 %); of those 87 % did not report the case (EU average 74 %).<sup>8</sup>

**Business surveys.** 85 % of entrepreneurs think that favouritism and corruption hamper business competition in Cyprus (EU average 73 %).<sup>9</sup> 64 % of Cypriot business people say that corruption is a problem for their company (EU average 43 %).<sup>10</sup>

### ***Background issues***

**Economic context.** As part of a bail-out agreement reached with the European Commission, the European Central Bank and the International Monetary Fund, Cyprus committed to strengthen its banking supervision and regulatory framework and enhance the transparency of financial information. Cyprus also pledged to reinforce the framework against money laundering, based on an independent audit of its implementation at credit institutions. Specific commitments include allowing the international exchange of financial intelligence without a court order, ensuring that all trustees of trusts under Cypriot law are regulated or otherwise registered, and enabling competent authorities to obtain timely and accurate information on the beneficial ownership of legal entities registered in Cyprus.<sup>11</sup> The government also appointed a committee to enquire into the causes of the financial crisis. Composed of former high-ranking judges, the committee has been tasked to investigate claims that banks had written off loans by politically connected debtors, and that others had benefited from insider information before the imposition of capital controls.<sup>12</sup> The shadow economy accounted for 26 % of GDP in 2012.<sup>13</sup>

**Private sector.** Cyprus has correctly transposed most provisions of Framework Decision 2003/568/JHA concerning the definition of active and passive corruption in the private sector, as well as the penalties applicable to natural and legal persons.<sup>14</sup> The legislation provides for both administrative and criminal liability of legal persons for corruption-related offences.<sup>15</sup> In the 2013 Global Competitiveness Index, Cyprus ranks 58th among 148 countries.<sup>16</sup>

**Access to information.** Various laws aim to protect the right to information held by public institutions, many of which have developed relevant procedures.<sup>17</sup> However, Cyprus does not have general legislation on access to information, despite a GRECO recommendation to

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6 2013 Special Eurobarometer 397.

7 2013 Special Eurobarometer 397.

8 2013 Flash Eurobarometer 374.

9 2013 Flash Eurobarometer 374.

10 2013 Flash Eurobarometer 374.

11 Letter of Intent, Memorandum of Economic and Financial Policies, and Technical Memorandum of Understanding, 29 April 2013, <http://www.imf.org/external/np/loi/2013/cyp/042913.pdf>.

12 The committee issued its report in September 2013. The Attorney General established an investigative unit to consider whether the report contains civil or criminal matters to be prosecuted.

13 [http://ec.europa.eu/europe2020/pdf/themes/06\\_shadow\\_economy.pdf](http://ec.europa.eu/europe2020/pdf/themes/06_shadow_economy.pdf).

14 COM(2011) 309 final, Brussels, 6.6.2011.; [http://ec.europa.eu/dgs/home-affairs/what-we-do/policies/organized-crime-and-human-trafficking/corruption/docs/report\\_corruption\\_private\\_sector\\_en.pdf](http://ec.europa.eu/dgs/home-affairs/what-we-do/policies/organized-crime-and-human-trafficking/corruption/docs/report_corruption_private_sector_en.pdf).

15 Ratification Law L. 25(III)/2008.

16 [http://www3.weforum.org/docs/GCR2013-14/GCR\\_Rankings\\_2013-14.pdf](http://www3.weforum.org/docs/GCR2013-14/GCR_Rankings_2013-14.pdf).

17 Law on Public Access to Environmental Information (L. 119(I)/2004) obliges public authorities to make information concerning the environment available, Law on the Re-Use of Public Sector Information (L. 132(I)/2006) provides for rules concerning the re-use of information which is held by public sector bodies, the State Archives Law (L. 208/1991) provides for public access to records held by the State Archive and by all bodies which produce public records.

complement constitutional provisions with a law governing the practical aspects.<sup>18</sup> Authorisation from a minister is required to provide access to government documents.<sup>19</sup> Parliamentary hearings on freedom of information indicated a lack of resources to respond to legal requests for information.<sup>20</sup> In a 2010 test, public agencies supplied a complete answer to 8 % of a total of 220 information requests received, and provided no reply to 73 %.<sup>21</sup> The websites of government bodies do not generally contain up-to-date details on budgets or procurement contracts signed.

**Whistleblowing.** Public officials have an obligation to report instances of corruption to their supervisors in writing, with supporting evidence.<sup>22</sup> The new Code of Ethics for Public Officials, published in June 2013, obliges public officials to report (not necessarily in writing) to their supervisory authorities any act of corruption which comes to their knowledge. The Labour Law requires objective grounds for dismissal of officials and the Civil Service Law provides for imprisonment or a pecuniary penalty for those who impose an unjustified punishment on a whistleblower for reporting corruption.<sup>23</sup> However, the provision does not cover protection after the disclosure or cases when supervisors fail to follow up, or are themselves part of the problem. Following an explosion at a naval base in 2011, senior Cypriot officials called for a new law to protect whistleblowers who disclose abuse of power or other illegal behaviour in the public and private sector.<sup>24</sup>

**Transparency of lobbying.** Lobbying is not regulated in Cyprus. There is no specific obligation to register lobbyists or report contacts between public officials and lobbyists.

## 2. ISSUES IN FOCUS

### *Conflict of interests and asset disclosure*

A law on the illicit enrichment of certain public officials, dating from the early years of the Republic, created the offence of illegal acquisition of property by ministers, Members of Parliament, mayors and other senior officials.<sup>25</sup> Amended in 2004 and 2008, the law provides for the confiscation of assets that have been acquired in breach of its provisions.<sup>26</sup> No cases have been reported under this law.

There is currently no legislation obliging politicians or high-level officials to disclose their assets. A law adopted for that purpose did not enter into force because it was found to contradict constitutional provisions on privacy.<sup>27</sup> GRECO has expressed the hope of a solution to reconcile constitutional considerations with the need for transparency of the assets of high-level officials.<sup>28</sup>

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18 GRECO Second Evaluation Round, [http://www.coe.int/t/dghl/monitoring/greco/evaluations/round2/GrecoRC2\(2008\)1\\_Cyprus\\_EN.pdf](http://www.coe.int/t/dghl/monitoring/greco/evaluations/round2/GrecoRC2(2008)1_Cyprus_EN.pdf)

19 State Archives Law, Article 8.1.

20 Parliamentary hearings on freedom of information in May 2009.

21 [http://www.accessinfocyprus.eu/images/access-info/final\\_report/Draft\\_Report\\_and\\_Recommendations\\_for\\_Consultation\\_24\\_Feb\\_2011\\_web.pdf](http://www.accessinfocyprus.eu/images/access-info/final_report/Draft_Report_and_Recommendations_for_Consultation_24_Feb_2011_web.pdf)

22 Article 69A of the Civil Service Law.

23 Section 9 of Law No 7(III)/2004.

24 Comments by the Environment Commissioner of Cyprus in July 2011.

25 Law 65/1965.

26 [http://www.cylaw.org/nomoi/arith/2008\\_1\\_62.pdf](http://www.cylaw.org/nomoi/arith/2008_1_62.pdf)

27 Decision 2/99 of the High Court of 12 May 2000. [http://www.cylaw.org/cgi-bin/open.pl?file=apofaseis/aad/meros\\_3/2000/3-200005-anaf2-99.htm&qstring=ανοτατο](http://www.cylaw.org/cgi-bin/open.pl?file=apofaseis/aad/meros_3/2000/3-200005-anaf2-99.htm&qstring=ανοτατο).

28 GRECO Compliance Report on Cyprus (First Evaluation Round) (12 December 2003) [http://www.coe.int/t/dghl/monitoring/greco/evaluations/round1/GrecoRC1%282003%2913\\_Cyprus\\_EN.pdf](http://www.coe.int/t/dghl/monitoring/greco/evaluations/round1/GrecoRC1%282003%2913_Cyprus_EN.pdf).

A Code of Conduct for Public Servants was drafted by the Ombudsman and approved by the Council of Ministers.<sup>29</sup> The Code states that public servants ought to behave properly, honestly, independently, competently, with integrity and professionalism in contacts with co-workers and the public. Public servants are also obliged to report potential conflicts of interest. The Public Servants Academy will organise training on the new Code. The Poliviou report, commissioned by the government following a naval base explosion in July 2011, had recommended among other things that civil servants be encouraged to pursue the public interest rather than personal or political party interests.<sup>30</sup>

A 2007 law regulates cases where officials move from the public to the private sector. An independent specialised committee, whose members come from the Office of the Attorney General, decides whether to authorise such transfers or prohibit work in the relevant business for up to two years. Failure to seek clearance or comply with this prohibition constitutes a criminal offence.<sup>31</sup> However, there is little public record to show to what extent these provisions are applied in practice. Questions have been raised regarding consultancies opened by retired senior civil servants, and the appointment of former finance ministers to banking positions without a 'cooling off' period.

A 2008 law states that certain positions, including that of Member of Parliament, are incompatible with the exercise of specific activities.<sup>32</sup> The Law establishes procedures in the event of incompatibility discovered before or after a person takes office, failure to declare an incompatibility, and the consequences of incompatibility on actions taken under it. Penalties for untrue declarations include a fine of up to EUR 1 700 or imprisonment of up to one year, or both.

Following allegations in 2009 that a minister had interfered in appointments and promotions, the Attorney General charged two senior officials, but not the minister himself. In 2012, the two officials were found guilty of favouritism and fined; the amounts of the fines raised questions regarding the dissuasiveness of the penalties in such cases.<sup>33</sup>

There is growing awareness in Cyprus of the need for transparency regarding the assets of high-level officials and politicians. For the first time, three presidential candidates voluntarily published lists of assets and loans ahead of the February 2013 presidential elections. Following the elections, the President also asked ministers to disclose their assets and to sign a code of conduct. The ministers' declarations were made public in July 2013. This positive trend would be consolidated by a statutory asset disclosure mechanism that includes the means to verify declarations, accompanied by dissuasive penalties in cases of non-compliance.

Parliament's Committee on legal affairs is considering a draft amendment of the Constitution's Article 15 to allow asset disclosure for reasons of transparency of public life and prevention of corruption. Such an amendment would clear the way for other proposed legislative changes to strengthen the framework regarding the disclosure of assets of the President, ministers and Members of Parliament<sup>34</sup> as well as other public officials.<sup>35</sup>

There is no code of conduct or disciplinary procedure for Members of Parliament. Parliament's Ethics Committee reviews relevant legislative proposals, but it has no role in addressing individual

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29 *Ombudsman*. (2013) Οδηγός Συμπεριφοράς και Δεοντολογίας Δημοσίων Υπαλλήλων. [http://www.ombudsman.gov.cy/Ombudsman/Ombudsman.nsf/All/0BEF79D468209AF4C2257B7B004287DE/\\$file/οδηγός%20συμπεριφοράς%20και%20δεοντολογίας.pdf?OpenElement](http://www.ombudsman.gov.cy/Ombudsman/Ombudsman.nsf/All/0BEF79D468209AF4C2257B7B004287DE/$file/οδηγός%20συμπεριφοράς%20και%20δεοντολογίας.pdf?OpenElement).

30 Recommendation 12, pp. 584-588.

31 Law no. 114(I)/2007.

32 Law 7(I)/2008.

33 EUR 1 000 and EUR 2 000 respectively.

34 Law 49(I)/2004.

35 Law 50(I)/2004.

integrity issues.<sup>36</sup> Parliament's rules of procedure oblige MPs to declare personal interests related to bills under discussion at the beginning of a meeting or at the point when such interest becomes evident.

### *Financing of political parties*

In December 2012, the Political Parties Funding Act came into force.<sup>37</sup> It responds to a number of suggestions raised by GRECO. The Act aims to ensure greater accountability and provide unified standards for the accounting of political parties and for audits of parties' accounts, extending not only to income and expenses but also to assets and debts. The legislation covers political parties and associated entities, including affiliates such as youth clubs and student associations.

Although the adoption of the 2012 Act represents an important step forward, it does not yet suffice to achieve the necessary transparency and accountability.<sup>38</sup> Three elements are not yet covered: the Act covers parties but not individual candidates; it does not contain separate provisions for the monitoring of finances related to election campaigns or of individual donations above a certain threshold; and timely and comprehensive publication of party accounts is not envisaged.

Under the 2012 Act, parties have to submit comprehensive annual accounts for independent auditing. Election income and expenditure is contained in these annual accounts, but there is no obligation to separately account for these sums, as GRECO had recommended, to ensure transparency of electoral income and spending.<sup>39</sup> Furthermore, there are no rules on the election income and spending of individual candidates. The 2012 Act sets caps on donations, but the level of these caps — EUR 1 000 per year for anonymous donations and of EUR 50 000 per year for donations from identified individuals and companies — are rather high.<sup>40</sup> GRECO has also raised concerns about the lack of disclosure requirements. The 2012 Act obliges political parties and their affiliates to publish the sum of all anonymous donations received over the year, but does not provide for publication of information on other donations. Therefore, there is no obligation to disclose the identity of donors or the amount of donations received from identified individuals and companies. State-owned companies may sponsor political party events (or events organised by related entities such as associations or foundations), up to EUR 20 000 per year.<sup>41</sup>

Cyprus has not yet complied with a GRECO recommendation to establish an independent supervisory mechanism in respect of election candidates' income and expenditure. The Parliamentary Committee on Internal Affairs is to consider the issue.<sup>42</sup> 9 % of 2013 Eurobarometer respondents in Cyprus think that the financing of political parties is sufficiently

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36 The official name of Parliament's Ethics Committee is the Committee on Institutions, Merits and the Commissioner for Administration.

37 Political Party Funding Law AR 4371, 17.12.2012, N. 175(I)/2012 [http://www.cylaw.org/nomoi/arith/2012\\_1\\_175.pdf](http://www.cylaw.org/nomoi/arith/2012_1_175.pdf).

38 GRECO, Third Evaluation Round, Compliance Report on Cyprus, GRECO RC-III (2012) 24E. [http://www.coe.int/t/dghl/monitoring/greco/evaluations/round3/GrecoRC3%282012%2924\\_Cyprus\\_EN.pdf](http://www.coe.int/t/dghl/monitoring/greco/evaluations/round3/GrecoRC3%282012%2924_Cyprus_EN.pdf).

39 Ibid.

40 The permissible acceptance limits for donations represent an increase of previous amounts which went 'much beyond the threshold levels that GRECO has accepted in respect of other member states'. GRECO Evaluation Report on Cyprus on Transparency of Party Funding, 2011

[http://www.coe.int/t/dghl/monitoring/greco/evaluations/round3/GrecoEval3%282010%2999\\_Cyprus\\_Two\\_EN.pdf](http://www.coe.int/t/dghl/monitoring/greco/evaluations/round3/GrecoEval3%282010%2999_Cyprus_Two_EN.pdf).

41 Section 5(3) of the Political Parties Law.

42 [http://www.coe.int/t/dghl/monitoring/greco/evaluations/round3/GrecoRC3%282012%2924\\_Cyprus\\_EN.pdf](http://www.coe.int/t/dghl/monitoring/greco/evaluations/round3/GrecoRC3%282012%2924_Cyprus_EN.pdf).

transparent and supervised (EU average 22 %).<sup>43</sup> A particular area of concern is the practice of writing off loans as a form of financial support for political parties.

### ***Comprehensive strategic approach on corruption***

Established in 2003, the Coordinating Body against Corruption has a mandate to develop an anti-corruption strategy (which does not yet exist), continuously assess legislation and propose new initiatives. The Body has not fulfilled this mandate. No institution coordinates work on preventing and fighting corruption, or ensures follow-up of Audit Office findings and recommendations for more efficient management of public expenditure. An example of such a recommendation concerns planning at the National Guard which had constructed warehouses at considerable cost and converted them to a different use shortly after their completion.<sup>44</sup> In another case, the Audit Office noted significant weaknesses and failures in the control and monitoring of local authorities' contribution to urban projects.<sup>45</sup> Transparency International has suggested that there should be an independent institution, with its own budget, to focus solely on preventing, detecting and investigating corruption.<sup>46</sup> A more strategic approach could build on an analysis of corruption risks such as, for example, those that arise when local councillors make decisions on rezoning of land for agricultural, industrial or domestic use.

The public administration does not currently carry out corruption risk assessments. In 2013, the government appointed a commissioner to oversee plans to improve public-sector accountability and transparency by simplifying procedures, introducing staff mobility within services and accelerating the introduction of e-government — measures with a potential to help prevent corruption.<sup>47</sup>

The Public Service Commission, whose members are appointed by the President for a term of six years, oversees the appointment and promotion of public servants.<sup>48</sup> It can impose disciplinary penalties on public servants, ranging from a fine to compulsory retirement. However, the Commission lacks investigative powers. It may not act on its own initiative, only on files submitted by other institutions. Decisions are based on evidence contained in such files. The Public Service Commission reported 14 disciplinary cases in 2012, four such cases in 2011, five in 2010, and 11 in 2009. Of the ten public servants disciplined in 2012, seven received a reprimand and three received a fine of EUR 1 000 to 2 000.<sup>49</sup>

The Independent Commission Investigating Complaints against the Police (IAIAC) has the competence to investigate corruption allegations within the police force. Appointed by the Ministerial Council for a five-year term, the IAIAC can carry out criminal investigations, appointing additional investigators or experts when necessary. In 2010, out of 137 complaints dealt with by the Commission, only one concerned corruption. The Attorney General decides whether to institute criminal proceedings. If the matter is deemed to be of a non-criminal nature, the Chief of Police together with the Professional Standards Department (within the Police Force) determine whether to take disciplinary action. According to a 2010 IAIAC report, the police has declined to

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43 2013 Flash Eurobarometer 374.

44 Audit Office of the Republic of Cyprus, 2011 Annual Report, <http://www.audit.gov.cy/audit/audit.nsf/All/BC38CBA65D3FC0A1C2257AD0002B2758?OpenDocument>.

45 Ibid.

46 [http://www.transparencycyprus.org/el/wordpress/wp-content/uploads/2013/04/TIC\\_Suggestions\\_Anticorruption-Measures\\_english\\_March-13.pdf](http://www.transparencycyprus.org/el/wordpress/wp-content/uploads/2013/04/TIC_Suggestions_Anticorruption-Measures_english_March-13.pdf).

47 Cyprus National Reform Programme, May 2013, p. 5, [http://ec.europa.eu/europe2020/pdf/nd/nrp2013\\_cyprus\\_en.pdf](http://ec.europa.eu/europe2020/pdf/nd/nrp2013_cyprus_en.pdf)

48 Article 124 of the Constitution. Article 4 of the Public Service Law.

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[http://www.psc.gov.cy/psc/psc.nsf/All/D2EBEE16A706E7F9C2257BDA0037CE9D/\\$file/Etisia%20Ekthesi%202012.pdf?OpenElement](http://www.psc.gov.cy/psc/psc.nsf/All/D2EBEE16A706E7F9C2257BDA0037CE9D/$file/Etisia%20Ekthesi%202012.pdf?OpenElement) pp. 19, 28.

follow IAIAC recommendations citing its own parallel investigation through the Professional Standards Department.<sup>50</sup>

### **Public procurement**

The procurement of public works, goods and services constitutes 10.5 % of GDP in Cyprus.<sup>51</sup> The value of calls for tender published in the Official Journal as a percentage of total expenditure on public works, goods and services was 56.6 % in 2007 and 49.1 % in 2010.

#### **Good practice: public procurement rules**

*A specific law regulates conflicts of interest for public servants responsible for procurement<sup>52</sup> and the Treasury has prepared a national code of conduct for procurement.<sup>53</sup> According to this code, evaluation committee members must sign a declaration of integrity, impartiality and confidentiality of information acquired in the course of duty. They are also under an obligation to disclose conflicts of interest. Moreover, awarding a contract through a negotiated procedure requires the approval of the national Public Procurement Directorate. Legislation transposing the EU directives into national law, including anti-corruption safeguards, applies also to contracts below the thresholds. Procedures for examining appeals at the Tenders Review Authority were updated.<sup>54</sup> E-procurement is used (5 355 contracts awarded in 2012) and a database of tender calls is publicly available.<sup>55</sup> The benefits of e-procurement include greater transparency, faster procedures and more competition.*

The 2007 Regulations for the Coordination of Procedures for the Award of Public Work, Supply and Service Contracts aim to achieve transparency, equal treatment and impartiality. Tender boards, evaluation committees and contracting authorities are required to keep minutes of every meeting. The Attorney General, the Auditor General and the Accountant General may participate in such meetings as independent observers. Members of bodies involved in the procurement process sign a pledge to serve with integrity and impartiality. Members of *ad hoc* technical committees cannot simultaneously participate in bodies involved in the procurement process.

However, no specific mechanism is in place within contracting authorities to help detect potentially corrupt practices at different stages of the procurement process. The Auditor General may review public procurement contracts. The financial independence of the Auditor General remains in need of further enhancement, as noted during pre-accession monitoring by the European Commission.<sup>56</sup> Cyprus is currently reviewing procedures for the appointment of members of the supervisory boards of state-owned companies.

Although few cases of corruption in public procurement have surfaced, 55 % of companies surveyed that participated in a public tender or procurement process in the last three years claim that corruption prevented them from winning the contract (the third highest percentage in the

50 Independent Commission Investigating Complaints against the Police  
[http://www.iaiacap.gov.cy/iaiacap/iaiacap.nsf/All/8B928C6733FDC232C225794A003E89AA/\\$file/%CE%95%CE%9A%CE%98%CE%95%CE%A3%CE%97%20%CE%91%CE%A1%CE%A7%CE%97%CE%A3%202010.pdf?OpenElement](http://www.iaiacap.gov.cy/iaiacap/iaiacap.nsf/All/8B928C6733FDC232C225794A003E89AA/$file/%CE%95%CE%9A%CE%98%CE%95%CE%A3%CE%97%20%CE%91%CE%A1%CE%A7%CE%97%CE%A3%202010.pdf?OpenElement)

51 [http://ec.europa.eu/internal\\_market/publicprocurement/docs/indicators2010\\_en.pdf](http://ec.europa.eu/internal_market/publicprocurement/docs/indicators2010_en.pdf)

52 Based on the Law of 2006 (N 12/06).

53 [www.treasury.gov.cy/.../Εθνικός%20Κώδικας%20Δεοντολογίας.pdf](http://www.treasury.gov.cy/.../Εθνικός%20Κώδικας%20Δεοντολογίας.pdf)

54 Tenders Review Authority, 2011 Annual Report,

[http://www.tra.gov.cy/aap/aap.nsf/All/C7EDC1BC58FE8C9BC2257AD0003B9A28/\\$file/EtisiaEkthesi2011.pdf?OpenElement](http://www.tra.gov.cy/aap/aap.nsf/All/C7EDC1BC58FE8C9BC2257AD0003B9A28/$file/EtisiaEkthesi2011.pdf?OpenElement)

55 <https://www.eprocurement.gov.cy/ceproc/viewInfo.do?section=statistics>

[http://www.treasury.gov.cy/treasury/publicpro/ppro.nsf/dmlstatistical\\_gr/dmlstatistical\\_gr?OpenDocument](http://www.treasury.gov.cy/treasury/publicpro/ppro.nsf/dmlstatistical_gr/dmlstatistical_gr?OpenDocument)

56 European Commission, Comprehensive monitoring report on Cyprus's preparations for membership, 5 November 2003, p. 48,  
[http://ec.europa.eu/enlargement/archives/pdf/key\\_documents/2003/cmr\\_cy\\_final\\_en.pdf](http://ec.europa.eu/enlargement/archives/pdf/key_documents/2003/cmr_cy_final_en.pdf)



EU), as reported in the 2013 Eurobarometer business survey. Respondents highlighted specifications tailor-made for particular companies (80 %), conflicts of interest in bid evaluation (76 %), collusive bidding (68 %), abuse of negotiated procedures (62 %), unclear selection or evaluation criteria (61 %), and amendment of contract terms after the contract is concluded (55 %).<sup>57</sup> 67 % of business respondents consider that corruption is widespread in public procurement at national level (EU average 56 %), and 61 % – in contracts managed by local authorities (EU average 60 %). These indicators, while not necessarily directly related to corruption, illustrate risk factors that increase vulnerabilities to corruption in public procurement procedures.

### 3. FUTURE STEPS

Cyprus has demonstrated commitment to prevent and address corruption by amending legislation and establishing the Coordinating Body against Corruption. However, the small number of cases investigated, prosecuted or adjudicated in Cyprus indicates the need to strengthen the enforcement system and implement transparency and integrity safeguards facilitating detection and collection of evidence. Additional efforts are necessary to ensure closer coordination of relevant bodies, effective disclosure of assets and conflicts of interest, and greater transparency in the financing of political parties as well as in public procurement.

The following points require further attention:

- Strengthening the **disciplinary regime for public servants**, and streamlining procedures to ensure effective investigation of corruption within the police. Ensuring an effective coordination of anti-corruption policies by endowing a **coordinating institution** with the necessary powers.
- Introducing codes of conduct for **elected and appointed officials** for them to declare assets periodically and to disclose potential conflicts of interests, with independent supervision and dissuasive penalties.
- Lowering the thresholds for **donations to political parties**, limiting the ability of state-owned companies to sponsor political events, regulating donations to election candidates and campaigns, obliging parties to publish their financial statements and accounts online (including the identity of donors), and establishing external supervision of election candidates' income and expenditure.
- Developing uniform and effective tools to prevent and detect corruption in **public procurement** at national and local level, including internal and external control mechanisms and risk management tools within contracting authorities.

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57 2013 Flash Eurobarometer 374.