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Groupe d'États contre la corruption

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FOURTH EVALUATION ROUND

Corruption prevention in respect of members of
parliament, judges and prosecutors

ADDENDUM TO THE SECOND COMPLIANCE REPORT CYPRUS

Adopted by GRECO at its 90th Plenary Meeting
(Strasbourg, 21-25 March 2022)

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I. INTRODUCTION

1. The Addendum to the Second Compliance Report assesses the measures taken by the authorities of Cyprus to implement the recommendations issued in the Fourth Round Evaluation Report on Cyprus (see paragraph 2), dealing with "Corruption prevention in respect of members of parliament, judges and prosecutors".
2. The [Fourth Round Evaluation Report](#) on Cyprus was adopted at GRECO's 72nd Plenary Meeting (1 July 2016) and made public on 27 July 2016, following authorisation by Cyprus.
3. The [Fourth Round Compliance Report](#) was adopted by GRECO at its 80th Plenary Meeting (22 June 2018) and made public on 6 September 2018, following authorisation by Cyprus.
4. In the [Second Compliance Report](#), adopted by GRECO at its 86th Plenary Meeting (29 October 2020) and made public on 17 November 2020, it was concluded that Cyprus had implemented satisfactorily in total seven of the 16 recommendations contained in the Fourth Round Evaluation Report. Of the remaining recommendations, six had been partly implemented and three had not been implemented.
5. As required by GRECO's Rules of Procedure, the authorities of Cyprus submitted a Situation Report with additional information regarding measures taken to implement the nine outstanding recommendations which, according to the Second Compliance Report, had been partly implemented or not implemented. This report was received on 21 October 2021. It served as a basis for the Addendum to the Second Compliance Report.
6. GRECO selected Greece and Serbia to appoint Rapporteurs for the compliance procedure. The Rapporteurs appointed for the current report were Mr Dimosthenis STINGAS, on behalf of Greece, and Ms Ivana CVETKOVIĆ on behalf of Serbia. They were assisted by GRECO's Secretariat in drawing up this Report.

II. ANALYSIS

7. GRECO addressed sixteen recommendations to Cyprus in its Evaluation Report. In the Second Compliance Report, GRECO concluded that recommendations ix, x, xi, xii, xiv, xv and xvi had been implemented satisfactorily, recommendations i, iii, and v to viii had been partly implemented and recommendations ii, iv and xiii had not been implemented. Compliance with the outstanding recommendations is dealt with below.

Corruption prevention in respect of members of parliament

Recommendation i.

8. *GRECO recommended that all forms of remuneration and benefits received (from public and private sources) by members of parliament be subject to clear rules, adequate auditing and public transparency.*
9. It is recalled that in previous compliance reports, GRECO considered this recommendation partly implemented. As for transparency, GRECO welcomed, in the Compliance Report, the fact that all payments made to MPs from state funds were from then on published on an official website and that asset declarations covering income received from outside private activities were also to be published. In the Second Compliance Report, GRECO noted that the reform aiming at clarifying the

income and various allowances received by MPs and at ensuring adequate, effective auditing or control was still ongoing. It called for new impetus in order to complete this reform, which is essential to achieve greater transparency and control over remunerations and benefits received by MPs.

10. The authorities of Cyprus now indicate that no further information is available regarding this recommendation and reiterate their position that the current situation meets the criteria of clarity, transparency and adequate auditing.
11. GRECO recalls that the abovementioned reform was engaged at the time of the Evaluation Report with a view to introducing a system based on a flat salary rate which might replace the different allowances received by MPs, in order to bring more clarity to this area. GRECO notes that this reform is still ongoing and that, in the absence of any new progress, this recommendation remains partly implemented.
12. GRECO concludes that recommendation i remains partly implemented.

Recommendation ii.

13. *GRECO recommended that a code of ethics/conduct for members of parliament - including their staff as appropriate - be adopted, covering various situations of conflicts of interest (e.g. gifts and other advantages, third party contacts, lobbyists, accessory activities, post-employment situations).*
14. GRECO recalls that this recommendation was not implemented in previous compliance reports. In the Compliance Report, GRECO took note of the plans of the House of Representatives to adopt a Code of Conduct for MPs and in the Second Compliance Report, it noted that a draft Code of Conduct had been prepared for discussion by MPs, but had yet to be discussed in plenary.
15. The authorities of Cyprus now report that a Code of Principle and Rules of Ethics and Transparency for Members of Parliament (hereinafter "the Code of Ethics") has been approved by the House of Representatives (18 February 2021) and is currently in force. The Code of Ethics is available in Greek on the House's website.
16. GRECO takes note of the information provided by the authorities. It welcomes the adoption of the Code of Ethics in February 2021 and its publication on the website of the House of Representatives. The Code of Ethics covers a number of issues related to transparency, such as declarations of interests and gifts (see also recommendations iii and iv). It governs the broader conduct of MPs and staff of Parliament and contains some rules of relevance to integrity. However, there are no provisions regarding third party contacts, lobbyists, accessory activities and post-employment situations. While GRECO notes that lobbying is covered by a separate set of legislation (see recommendation v below), this should not preclude the inclusion of this issue in the Code of Ethics. Finally, compliance with the Code will be monitored by a specific Parliamentary Committee (the Committee on Ethics), composed of seven MPs elected by the plenary, and which may impose sanctions in case of unethical behaviour and/or behaviour in violation of the provisions of the Code of Ethics (Part V of the Code). Given that important integrity matters mentioned in the recommendation have not been included in the adopted Code of Ethics, this recommendation cannot be considered more than partly implemented.
17. GRECO concludes that recommendation ii has been partly implemented.

Recommendation iii.

18. *GRECO recommended that the preventive measures against conflicts of interest in respect of members of parliament be enhanced in respect of potential conflicts as well as in respect of conflicting interests that may emerge during parliamentary proceedings and that clear rules for the disclosure of such situations be articulated in written form.*
19. It is recalled that in the Second Compliance Report, GRECO considered this recommendation partly implemented. It was satisfied that the amendments to the Rules of Procedure of the House of Representatives contained clear rules as to the disclosure of interests. However, regarding *ad hoc* declarations of interests where a possible conflict of interest emerges, GRECO considered it too soon to pronounce on the proposed draft Code of Conduct that was still being discussed by MPs at the time.
20. The authorities of Cyprus reiterate that the Rules of Procedure of the House of representatives, as amended in November 2019, provide that any conflict of interest declared by a member of the competent parliamentary committee is included in the report accompanying a bill to be submitted to the plenary of the House of Representatives. They add that Part IV of the newly adopted Code of Ethics imposes an obligation on MPs to declare conflicts of interest. According to Part IV, a "conflict of interest" exists and/or emerges in the event that the objective purposes desired or served via the bill serve, directly or indirectly, personal or private interest or are in divergence and/or conflict with a private or personal interest, a fact that the member knows, so that s/he is urged to act or at any stage of the parliamentary procedure may act, influencing in any way the legislative procedure towards the aim of exclusively serving her/his personal or private interest, ignoring or overlooking the general and/or public interest. Part IV of the Code also stipulates that an MP who, during the discussion of a specific bill and/or other issue realises and/or notes that this relates and/or in any way connects, directly or indirectly, to a personal or private interest, in such a way as to give rise to a conflict of interest, must initially make an oral statement before the competent committee and, following that, a written statement to the Committee on Ethics.
21. GRECO takes note of the information provided. It welcomes that the Code of Ethics clarifies the circumstances in which a conflict of interest may occur and specifically deals with declarations of interests at the beginning of deliberations in the event that an MP's personal interests would lead to a conflict. GRECO is also satisfied that transparency is ensured as the Committee on Ethics of the House of Representatives is to publish without delay any submitted declaration of conflict of interests by uploading it on the website of the House of Representatives. Such declarations remain accessible until the end of the parliamentary term.
22. GRECO concludes that recommendation iii has been implemented satisfactorily.

Recommendation iv.

23. *GRECO recommended (i) that consistent rules be elaborated concerning the acceptance by members of parliament of gifts, hospitality and other benefits including special support provided for parliamentary work, and (ii) that internal procedures for the valuation and reporting of gifts, and return of those that are unacceptable, be developed.*
24. It is recalled that in the Second Compliance Report, GRECO considered this recommendation not implemented. While taking note of the draft Code of Conduct which was under discussion amongst MPs, no finalised draft text was available yet.

25. The authorities of Cyprus now indicate that Part III of the new Code of Ethics regulates the receipt by MPs of gifts and gratuitous provisions. The Code provides that MPs may not accept any gift and/or any other gratuitous provision other than those legally provided for and permitted under the Code. In particular, MPs, during the exercise of their duties, shall not receive and shall not accept any gift or other gratuity other than purely complimentary and/or minor items of a commemorative nature which are offered as part of etiquette practice, either within or outside the Republic, in the context of official visits, meetings or parliamentary missions, provided that the estimated value of each such gift does not exceed €150. The Code also stipulates that an MP, during his or her term of office, shall, as soon as s/he receives a gift of an estimated value exceeding €50, submit a written declaration to the Committee on Ethics. In addition, any gift received by an MP with an estimated value of more than €50 shall be recorded in a special register kept by Parliament for each session, with precise reference to the type, origin and exact or approximate value, as well as the date on which the gift was received. In the event that a gift of an estimated value exceeding €150 was deemed to be acceptable, the MP concerned shall promptly submit to the Committee on Ethics a written reasoned report on the reasons and circumstances under which the gift was deemed to be acceptable. According to the Code, the Committee on Ethics is to determine whether to allow acceptance of a gift, despite its significant value and/or nature, if it would not be appropriate and/or not feasible to withhold or return it to the donor, because it would cause undue disruption or disturbance to the wider relationship between the parties on whose behalf the donor and the recipient of the gift were acting. Such a decision shall be made public immediately, together with the reasons for it.
26. Furthermore, the Code of Ethics specifies that an MP shall, as soon as s/he receives any gift which s/he considers to be of a special nature or of exceptional and/or collector's value, make a declaration to the Committee on Ethics, which shall decide whether the gift in question shall remain in the possession of the House of Representatives. At the end of each session, the Committee on Ethics shall publish on the official website of the House of Representatives a list of all the gifts offered to each MP during the respective session, with specific reference to the type, source, value and reason and/or occasion for the offer.
27. Finally, the Code of Ethics stipulates that MPs, in the exercise of their duties, shall not be allowed to participate in any visit abroad sponsored in whole or in part by any natural or legal person or private interest group, unless they request, in advance and exceptionally, permission from the Committee on Ethics.
28. GRECO takes note of the information provided. It welcomes that the Code of Ethics provides for clarification on acceptance of gifts and other benefits by MPs, as required by the first part of the recommendation. As for the second part of the recommendation, GRECO notes that the Code contains a procedure for the registration of gifts as well as provisions regarding the return of gifts that are deemed unacceptable. However, there is no specific procedure regarding the valuation of gifts, which values are estimated by their recipients. Therefore, GRECO finds that some further clarification regarding the valuation of gifts are still needed.
29. GRECO concludes that recommendation iv has been partly implemented.

Recommendation v.

30. *GRECO recommended (i) that a detailed assessment be carried out in respect of various forms of potential third party impact (including lobbying); and (ii) that rules be introduced for members of parliament on interaction with third parties that may seek to influence the parliamentary process.*

31. It is recalled that in the Second Compliance Report, GRECO considered this recommendation partly implemented. GRECO was satisfied that an assessment had been carried out by the University of Nicosia on potential third-party impact on parliamentary work, which responded to the requirement of the first part of the recommendation. As regards part (ii) of the recommendation, GRECO noted that detailed rules would be included in the draft Code of Conduct, but that this draft was still under discussion. Therefore, this part of the recommendation was not considered as fulfilled yet.
32. With regard to the second part of the recommendation, the authorities of Cyprus now state that the government bill, which provides for the regulation of lobbying in general, covering more than the House of Representatives, was adopted by the plenary of the House on 17 February 2022. The law providing for transparency in public decision-making processes applies to any representative of a special interest group who intends to be involved in public decision-making processes and includes obligations for “officials or members of the civil service or the wider public sector and employees for the benefit of officials, who, by their position, take part in public decision-making processes”, i.e. including MPs (Part III of the law). A representative of a special interest group who intends to be involved in public decision-making processes is obliged to register in a specific Register, set up by the law (Part IV of the law). According to the law, each registered person shall submit to the newly created Independent Authority against Corruption any involvement in a public decision-making process that took place during the previous semester. In addition, any official, member of the civil service or the wider public sector or an employee for the benefit of an official, i.e. including MPs, is obliged to fill in a form for any communication with a registered person and to submit it to the Independent Authority against Corruption. The law also provides for penalties in case of non-compliance.
33. GRECO takes note of the information provided by the authorities. In relation to the remaining part (ii) of the recommendation. GRECO regrets that rules on the interaction of MPs with third parties (including lobbyists) were not included in the new Code of Ethics, contrary to what was foreseen in the draft Code of Conduct (see para. 29, Second Compliance Report). That said, GRECO welcomes the adoption of the Law on Regulating Lobbying on 17 February 2022, which includes obligations for MPs to report contacts with registered interest groups and representatives and regulates their contacts with them. GRECO notes that this law is to enter into force concurrently with the Law on the Establishment and Operation of an Independent Authority against Corruption, also adopted on 17 February 2022, and which creates this authority to oversee compliance with the requirements of the Law on Regulating Lobbying. With the adoption of these laws, GRECO considers that part (ii) of the recommendation has been implemented satisfactorily. As the law on Regulating Lobbying does not explicitly mention MPs, GRECO would, however, expect that this legislation be complemented by specific practical guidance for MPs, preferably in connection with the Code of Ethics (see recommendation ii).
34. GRECO concludes that recommendation v has been implemented satisfactorily.

Recommendation vi.

35. *GRECO recommended that the existing regime of asset declarations be further developed (i) by ensuring that all forms of assets, income and liabilities above a certain threshold be declared at their appropriate value; (ii) that the declarations be made publicly available promptly after their submission to the appropriate supervisory body; and (iii) by considering widening the scope of the declarations to also include information on spouses and dependent family members (it being understood that such information would not necessarily need to be made public).*

36. GRECO recalls that this recommendation was considered partly implemented in the Second Compliance Report. GRECO noted in relation to part (i) that the issue of the inclusion of movable property and the value of property other than immovable property and vehicles in MPs' asset declarations did not appear to have been resolved. Therefore, this part remained not implemented. Part (ii) had already been considered to be implemented as MPs' asset declarations were made public. As regards part (iii) of the recommendation, the issue to consider expanding declarations to dependent family members, which is a broader notion than underage children or spouse which are covered by MPs' asset declarations, has not been examined.
37. The authorities of Cyprus do not provide precise information addressing the issues that remained pending in this recommendation. They refer to a number of draft bills pending before the Committee on Institutions, Merits and the Commissioner for Administration (Ombudsman), which have been unified into one bill and are to be submitted to the plenary as soon as possible.
38. GRECO notes that, while there appears to be ongoing legislative work of relevance to this recommendation, there has been no concrete outcome as yet to address the parts of the recommendation that remained to be dealt with. As a consequence, GRECO still cannot consider this recommendation more than partly implemented.
39. GRECO concludes that recommendation vi remains partly implemented.

Recommendation vii.

40. *GRECO recommended that the current mechanism for monitoring declarations of assets submitted by members of parliament be subject to an in-depth evaluation with a view to establishing an independent and effective mechanism for such monitoring.*
41. It is recalled that in previous reports, GRECO considered this recommendation partly implemented. In the Compliance report, GRECO took note of the possibility for the Special House Committee on Declaration and Examination of Financial Interests of referring the accounting and financial audit of the declarations of assets to an accredited auditor. However, it considered there was some uncertainty about the effectiveness of the mechanism taken as a whole and, for instance, how often these external audits would be carried out, what follow-up would be given by the Special House Committee to these audits and therefore how it could lead to sanctions. In the Second Compliance Report, GRECO noted that an evaluation of the existing mechanism for monitoring MPs' asset declarations appeared to be ongoing and reiterated that this assessment should be carried out with a view to establishing an independent and effective mechanism for such monitoring, as underlined in the Compliance Report.
42. The authorities of Cyprus now state that a number of draft bills pending before the Committee on Institutions, Merits and the Commissioner for Administration (Ombudsman) have been unified into one bill and that the Committee intends to conclude the scrutiny of the said bill and submit it to the plenary at the soonest possible time.
43. GRECO takes note of the information provided by the authorities. Given that the text of the bill is not available at this point in time and therefore the exact scope of the bill is not known, GRECO still cannot consider the recommendation fully implemented.
44. GRECO concludes that recommendation vii remains partly implemented.

Recommendation viii.

45. *GRECO recommended that the parliamentary authorities develop an integrity policy to prevent conflicts of interest and risks of similar deficiencies in respect of members of parliament through (i) awareness raising on an institutional level, (ii) in the form of handbooks and regular training and (iii) on an individual basis, in the form of a dedicated service providing confidential counselling.*
46. It is recalled that in previous reports, GRECO considered this recommendation partly implemented. With regard to the first part of the recommendation, GRECO referred in the Compliance Report to the plans to organise an event on laws having a bearing on the integrity of MPs, the review of the Rules of Procedure of the House of Representatives and the future Code of Conduct. These initiatives were regarded as positive steps that would need to be followed up by other regular awareness-raising events focusing on MPs. In the Second Compliance Report, GRECO noted that no organised set of training sessions on integrity nor a handbook on integrity standards for MPs appeared to be in place, as required by part (ii) of the recommendation. As to part (iii) of the recommendation, GRECO noted that MPs would have access to confidential counselling with the Legal Service of the House of Representatives, once in place.
47. The authorities of Cyprus now indicate that, in relation to parts (i) and (ii) of the recommendation, the Code of Ethics, which provides for the prevention of conflicts of interests, has been disseminated both within and outside the House of Representatives and is published on the website of the House. MPs were also provided with a short handbook concerning the functioning of parliamentary committees and a full text of the Rules of Procedure, which is also available on the House's website. Furthermore, a first round of seminars for MPs and their parliamentary assistants is currently under preparation by the Secretariat of the Committee on Ethics. These seminars aim at educating them on the functioning of the House, the Rules of Procedure and the Code of Ethics. Turning to part (iii) of the recommendation, the authorities reiterate that the Legal Service of the House of Representatives is tasked with providing confidential counselling to MPs.
48. GRECO takes note of the information supplied by the authorities. It welcomes the dissemination of the new Code of Ethics, the publication of a handbook for parliamentarians as well as the preparation of seminars for parliamentarians and their assistants to raise awareness on the Code of Ethics, among other standards, which meet part (i) of the recommendation. In addition, the Legal Service of the House of Representatives can now provide confidential counselling, in accordance with part (iii) of the recommendation. However, GRECO notes that none of the planned seminars on integrity standards has taken place so far. In this context, GRECO stresses that appropriate training and counselling need to be repeated regularly. Part (ii) of the recommendation thus remains partly implemented.
49. GRECO concludes that recommendation viii remains partly implemented.

Corruption prevention in respect of prosecutors

Recommendation xiii.

50. *GRECO recommended that reform considerations concerning the Law Office of the Republic include means to strengthen the independence of the prosecutorial functions and the capacity of the individual law officers and prosecutors to conduct their duties in a more autonomous way, guided by the safeguards necessary under the rule of law.*

51. It is recalled that in the Second Compliance Report, GRECO considered this recommendation not implemented. It noted that the Law Office had prepared a new bill on its independence and autonomy and submitted it to the executive, where it was under consideration. It considered that the only tangible measure taken, which concern the alignment of the remuneration scales between judicial officers and law officers, was not enough in itself to consider this recommendation to be even partly implemented.
52. The authorities of Cyprus now state that, since the last Compliance report, further amendments to the aforementioned bill relating to the independence and autonomy of the Law Office of the Republic were prepared by the Law Office. The authorities indicate that the bill also covers the autonomy of prosecutors. A revised version of this bill was expected to be submitted anew to the executive.
53. GRECO takes note of the information provided by the authorities. GRECO notes that the bill previously mentioned in the Second Compliance Report has not been approved by the executive and that discussions are still under way on a revised version of this bill. GRECO considers that, in the absence of any tangible progress, this recommendation still cannot be considered implemented.
54. GRECO concludes that recommendation xiii remains not implemented.

III. CONCLUSIONS

55. **In view of the foregoing, GRECO concludes that Cyprus has implemented satisfactorily or dealt in a satisfactory manner nine of the sixteen recommendations contained in the Fourth Round Evaluation Report.** Of the seven remaining pending recommendations, six recommendations have been partly implemented and one recommendation not implemented.
56. More specifically, recommendations iii, v, ix-xii, xiv, xv and xvi have been implemented satisfactorily or dealt with in a satisfactory manner. Recommendations i, ii, iv, vi, vii and viii have been partly implemented and recommendation xiii not implemented.
57. In respect of members of parliament, GRECO welcomes the adoption of the Code of Ethics for parliamentarians covering integrity-related matters, which was a long-awaited development. The new Code of Ethics provides guidance on conflicts of interest and gifts and contains rules of relevance to integrity. However, it regrets that important issues such as contacts with third parties and lobbyists, accessory activities and post-employment situations have been left out the Code, which should be the reference document for ethical standards for parliamentarians. That said, GRECO welcomes the adoption of the Law on Regulating Lobbying , which includes obligations for MPs to report contacts with registered interest groups and representatives and regulates their contacts with them. GRECO also welcomes that compliance with the Code is to be monitored by a specific Parliamentary Committee, the Committee on Ethics. At the same time, it underlines that the success of the Code will depend on its effective enforcement, including the application of sanctions in case of breach. The publication of a handbook for parliamentarians and the preparation of seminars to raise awareness on the Code of Ethics are also positive developments. GRECO encourages the House of Representatives to pursue its efforts for promoting the Code. In contrast, little progress has been made regarding the reform aiming at clarifying the income and various allowances received by MPs as well as the regime of asset declarations.

58. With regard to judges, all recommendations have been complied with (see previous reports). As far as prosecutors are concerned, only one recommendation is pending. GRECO notes that work on legislation relating to the Law Office of the Republic has not progressed further. The authorities are urged to accelerate this procedure with a view to strengthening the independence/autonomy of the prosecutorial functions.
59. GRECO notes that nine recommendations have been fully implemented, six recommendations remain partly implemented and one has not been implemented. Therefore, in accordance with Rule 31 revised, paragraph 9 of its Rules of Procedure, GRECO invites the Head of delegation of Cyprus to submit additional information regarding the implementation of recommendations i, ii, v, vi, vii and xiii by 31 March 2023 at the latest.
60. Finally, GRECO invites the authorities of Cyprus to authorise, as soon as possible, the publication of this report, to translate it into the national language and to make the translation public.