LIFTING THE LID ON LOBBYING
MAPPING THE LOBBYING LANDSCAPE IN CYPRUS
Cyprus University of Technology was founded in December 2003 and welcomed its first students in September 2007. It is located in Limassol, Cyprus. It has six Faculties with an orientation towards applied research. The University aspires to establish a role for itself in supporting the State and society in addressing problems they face and which pertain to the fields of science, technology and knowledge areas the University caters for.

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EXECUTIVE SUMMARY

According to Transparency International’s 2013 Global Corruption Barometer, 90% of Cypriots believe that their government is run by a few big entities which are acting in favour of their own interests. Cyprus was by far considered the most ‘captured’ of all European countries. This fact clearly indicates that unfair and uncontrolled lobbying in Cyprus is rife – while it also suggests that companies and individuals with vast sums at their disposal have developed close relationships with lawmakers and thus have undue influence over politics and policy development. As Transparency International - Cyprus has noted in the 3rd Annual Corruption Perception Survey (2013), Cyprus is infested with corruption. A whopping 91% of the survey respondents felt that corruption is a major problem in Cyprus, whereas 79% also felt that it will increase due to the financial crisis. In a country where favouritism, bribery and nepotism thrive, the risks of unregulated and opaque lobbying cannot be ignored.

The report “Lifting the Lid on Lobbying: Mapping the Lobbying Landscape in Cyprus” seeks to highlight those risks and to assess the extent to which ordinary people have access to information about who is influencing their public decisions (transparency), whether there is an ethical framework for lobbying in place (integrity), and whether there are sufficient spaces in the decision-making system to allow for a diversity of voices and input (equality of access)¹. Utilising the methodology developed by Transparency International Secretariat to assess the degree to which Cyprus has a transparent, ethical and open framework for lobbying and decision-making, Cyprus scored a total of just 14%. Given the fact that there is no obligatory registration and disclosure by lobbyists in Cyprus, the particularly low score by Cyprus can be attributed to the complete lack of an infrastructure to effectively regulate and monitor lobbying activities. Transparency was the weakest dimension, when it comes to lobbying in Cyprus (scoring just 7%). With a score of just 13% on Equality of Access to public decision-making, the evidence suggests...
that the Cypriot legal framework does not foster consultation and public participation in the
decision-making process. The strongest dimension of the Cypriot assessment, although scoring
just 21%, was Integrity Mechanisms.

At the outset, lobbying does not appear to ‘exist’ in Cyprus, as the terms ‘lobbyist’ and
‘lobbying’ are not in common use and are not defined in Cypriot law. Despite this, the practice of
private actors trying to influence public individuals is rife, taking place mostly through informal
meetings and at social events. With no systemic disclosure in place, the relationships are opaque
and the public has little knowledge of who is lobbying whom and for what purpose. Coupled with
an outbreak of corruption scandals, particularly after the collapse of the Cypriot financial sector,
the practice of lobbying, and, consequently, lobbyists, are perceived negatively in Cypriot society.
The public does not have sufficient knowledge in regards to who is lobbying whom and for what
purpose.

For lobbying to become a legitimate and positive force within the Cypriot society, it must
come out of the shadows. With an overall score of just 14%, the present research suggests that
Cyprus does not effectively regulate lobbyists and lobbying practices as it fails to safeguard
Cypriots against the undue influence on the political process. The particularly low Cypriot score
clearly indicates that the broader legal environment in Cyprus does not support ethical and
transparent lobbying, as there are major insufficiencies in existing laws, absence of much-needed
regulation to adhere to basic transparency standards as set out by other EU and non EU-Member
States, and lack of robust integrity mechanisms to regulate lobbyists and those lobbied.

The report highlights that for lobbying to become a positive force within a democratic
society, transparency should be established as a means of preventing political corruption. Due to
the fact that the legislative framework for lobbying in Cyprus is at an embryonic stage, Cyprus
needs to firstly raise awareness and achieve a balanced discourse. It is therefore recommended
that the improvement of existing legislation and the creation of a compulsory ‘Lobbied register’ for
MPs and high ranking governmental officials that are being lobbied on important issues is
implemented. This will oblige lobbyists and lobbied to disclose information about their meetings
and encounters with lobbyists.
In addition, the existing public sector integrity mechanisms should be improved in order to guarantee equality of access in the decision making process. In an effort to ensure equality of access and allow for diverse participation in the decision-making process, it is suggested that a formal Lobby register is created, which will be publicly available on the Parliament’s website for all of the interested stakeholders wishing to be heard by Parliamentary Committees. Through the creation of this Register, interested stakeholders will be able to register and receive invitations for the meetings of the Parliamentary Committee that are of interest to them.

The present report also highlights the urgent need to address the lack of any meaningful regulation for lobbying within the broader integrity framework, including regulation in accessing information, whistleblowing protection, asset declaration, conflict of interests and revolving doors. It is noteworthy to say that currently, Cyprus, remains the only country among the EU without a Freedom of Information legislation!

The report suggests that the lack of any meaningful regulation to safeguard Cypriots from the undue influence of certain interest groups upon decision-makers was a crucial factor in the collapse of the Cypriot financial sector. Thus, evidence from the report suggests that Cyprus has a very long way to go before being able to effectively regulate lobbyists, those lobbied and the lobbying practice generally.

Existing research has suggested that after the collapse of the Cypriot financial sector, it became apparent that institutions in Cyprus suffer from the phenomenon of you-scratch-my-back-and-I'll-scratch-yours, favouritism, interdependence, secret transactions and corruption.
INTRODUCTION

A recent report by TI, ‘Money, Power and Politics’ (2012), found that in most European countries, the influence of lobbyists is shrouded in secrecy and a major cause for concern. When undertaken with integrity and transparency, lobbying is a legitimate avenue for interest groups to be involved in the decisions that may affect them. Problems arise when lobbying is non-transparent and unregulated, and where privileged access is granted to a select few while others are excluded from decision-making processes. Corporate lobbying in particular raises concerns because it often involves companies with vast sums at their disposal developing close relationships with lawmakers and thus gaining undue and unfair influence in a country’s politics and policies².

A recent Eurobarometer report revealed that 81% of Europeans (and 83% Cypriots) agree that overly close links between business and politics in their country has led to corruption and more than half believe that the only way to succeed in business in their country is through political connections³. This corroborates the data from TI’s Global Corruption Barometer 2013, which found that in many European countries, more than 50% of people believe that their country’s government is to a large extent or entirely run by a few big interests⁴. This report is part of regional project, which involves the assessment of lobbying regulation and practice in 19 European countries⁵.

This report begins by mapping the lobbying landscape in Cyprus, giving a contextual analysis of the national historical, socio-political and legal situation with regard to lobbying. Chapter III also discusses the intensity and scale of lobbying efforts and the various cultural understandings of the term ‘lobbying’ and perceptions of lobbying practices in the country. Other relevant issues such as self-regulation of lobbying activities and the role of the media and civil society as watchdogs in monitoring and reporting on lobbying activities are also discussed.

Following on from this, Chapter IV of the report assesses the degree to which national regulation (public law and private self-regulation) adequately provides for transparency of lobbying activities and public decision-making, ethical lobbying and conduct by public officials.
and equality of access to public decision-making processes, using a series of 65 assessment questions.
Cyprus is a relatively small country in the EU with about 800,000 citizens, holding just a tiny 0.2% of the Euro area GDP. It is rather a new democracy, as the Cypriot Constitution was drafted in August 1960. The country follows a presidential system of government with independent executive, legislative, and judicial branches.

Although lobbying regulation is increasingly recognized as an important aspect of good governance (OECD, 2007: 17) and the trend worldwide is towards regulation, lobbying in Cyprus remains unregulated and shrouded in secrecy; there is no legislation or regulation. Due to the lack of any lobbying regulation, there is no specific obligation to register lobbyists or publicly disclose the interaction between public officials and lobbyists. There is also no self-regulation of lobbyists’ activities and Cyprus has no professional association of lobbyists.

Due to the fact that lobbyists are not legally required to register their attempts to influence laws, policies and public decisions, the scale and intensity of lobbying activities along with the estimates of total expenditure, cannot be measured. Although on paper lobbying does not exist, lobbying practices are simply happening in the shadows. It is a widespread belief that practices pertaining to lobbying activities are rife and very much prevalent within the political scene. Many of the Cypriot interviewees for this report asserted that most lobbying practices take place at social events like dinners and weddings, which of course cannot be regulated. This poses several challenges and fuels scepticism in the overall democratic system. It also makes the task of regulating lobbying more difficult, given that the practices do not take place in formal offices but rather in social settings. Due to the fact that lobbying occurs on the side-lines of the democratic process, it maximizes the risk of altering policy to the benefit of narrow interests at the expense of the wider public. In addition to that, when deals between lobbyists and public officials are made behind closed doors, a sense of distrust is generated among the voters and there is no participative democracy. Cypriots’ lack of trust in the political system and politicians was shown by the very low
turnout in the recent European elections in April, as 57.2% of Cypriots did not vote. Furthermore, 71% of Cypriots stated in a poll that they did not vote due to the discredited ethics of institutions and politicians. During times of economic crisis, citizens and voters are especially critical of their government's decisions that affect business practices and taxation. Thus, the decision making process should be open and the decision makers should be held accountable, as a means of reassuring the public that the decisions made were based on the principles of accountability and transparency.

**THERE ARE NO LOBBYISTS IN CYPRUS!**

There is no Greek equivalent for the word ‘lobbying’ and no legal definition of the term. Thus the term ‘lobbying’ is not widely recognised among decision-makers and the public. According to the Cypriot interviewees, the types of activities most perceived as lobbying in Cyprus revolve around actions by non-governmental organisations that aim to influence decisions made by the government. Those who are most commonly understood as matching the description of a ‘lobbyist’, according to our interviewees, are private sector representatives, for-profit organisation representatives, NGOs, trade unions and representatives from industry and professional associations.

Given the lack of monitoring mechanisms and because no professional lobbyists exist in Cyprus, we cannot be certain of who is actually practicing lobbying. However, from the interviews held with public servants, a former commissioner, and a lawyer, it was evident that there are a lot of individuals in Cyprus who are lobbying in an unofficial manner as a means of gaining access to public officials and luring influential people participating in decision making processes by various means so that they will defend specific interests. Financial incentives aiming to affect authoritative decisions may take the form of donations to public and charitable organizations and the financing of political parties. This is also supported by the evidence of the latest Special Eurobarometer report by the Commission, which clearly revealed that the vast majority of the Cypriot respondents (92%) obtain public services through the use of connections and bribery. In addition, the same survey found that 90% of Cypriots believe their government is captured by private interests.
Although the society in Cyprus is aware that pressure groups representing specific interests are able to influence the decisions of public authorities, all of the Cypriot interviewees agreed that the practice as such is not identified as ‘lobbying’. To further explain, an interviewee from the office of the Cypriot Commissioner for the Reform of Civil Service stated that, “Generally, if you say to someone that someone is a lobbyist he/she will not understand what you mean, but if you say that someone is promoting the interests of a company/sector/individual, then he/she will understand”. In addition, the interviewee from the House of Representatives notes that “Lobbying is happening; we know it is, we simply don’t call it ‘Lobbying’”.

Lobbying, and consequently, the practice of lobbying in Cyprus is perceived mainly in negative terms with considerable suspicion and mistrust, as the term has been linked with favouritism, nepotism, corruption, manipulation and bribery. On the rare occasions that the public does hear about lobbying, both the term and the practice, is through the media. Due to the fact that scandals sell fast, the media only portray bad stories concerning lobbyists who are often involved in incidents of corruption, instead of also showcasing good examples of the lobbying practice. Thus, it is reasonable to say that because lobbyists are perceived as the bad guys, both the term lobbying, and the practice as such, have been assigned with negative connotations.

The individuals interviewed for this report acknowledged that lobbying can be an important component of a healthy democracy if practiced ethically. However, their professional experiences have led them to consider lobbying negatively due to the presence of corruption between those who are lobbying (usually the wealthy) and those lobbied (public officials/law makers and politicians). As a result, lobbying is perceived to be a practice that undermines democracy, as it gives an unfair advantage to the rich and powerful that can afford to lobby or have access to undue influence.

**BROADER LEGAL ENVIRONMENT DOES NOT SUPPORT ETHICAL LOBBYING**

While lobbying itself is not regulated in consolidated legislation, there are some related laws and regulations which are worth mentioning, including access to information, political party
financing and trading in influence laws. In all of these areas, however, flaws within the broader legal environment are becoming more apparent, as it fails to provide transparency and to safeguard the Cypriot citizens from corruption. This might be partially explained by the fact that the majority of Cypriots do not believe that there are sufficient prosecutions to deter people from corrupt practices. Evidence from the 2013 Special Eurobarometer found Cypriots have the least positive opinions regarding the effectiveness of government efforts to tackle corruption. In addition, the majority of Cypriots (83%) also agreed that high-level corruption cases were not pursued sufficiently in their country; however, 58% of Cypriots agreed that it would be pointless to do so as the offenders will not be punished due to the evidence law which is outdated.

In the absence of a lobbying regulation for transparency, investigative journalists often turn to freedom of information laws as a means of uncovering details about who is influencing whom. This is not the case in Cyprus. Although there are some laws in place which protect the right to information held by public institutions, Cyprus is currently the only country within the EU without general legislation or even a draft law on freedom of information. Although the right to access information is guaranteed in constitutional provisions on freedom of expression, the existing legal framework is severely flawed. There is currently no Information Commissioner or similar body responsible for oversight. As a result, in order to gain access to government documents, one must gain authorisation from a Minister. In addition, parliamentary hearings on freedom of information have indicated a lack of resources to respond to legal requests for information. According to a 2011 report by the three non-governmental organisations, Access Info Europe, Cyprus EU Association (KAB) and the Socio-political Studies Institute (IKME), “systematic violations of the fundamental right of access to information island-wide were identified, with 75% administrative silence in response to requests for information.” The report also notes that out of the 393 requests submitted to 20 public bodies, only 8% of them resulted in full provision of information.

Donations to political parties from wealthy individuals and business, along with the undue influence these donors have over the political parties are also of major concern in Cyprus due to the very close links between business and politics. This view is also confirmed by the 2014 Special Eurobarometer Survey on Corruption, since only 9% of Cypriots believe that political party
financing is transparent and supervised\textsuperscript{17}. A scandal has resurfaced on the Cypriot political scene after \textit{Politis} newspaper published\textsuperscript{18} an article regarding the €2 million deposited to the two biggest political parties in Cyprus (AKEL and DYSI) during the period 2007-2008 by a private company, owned by an allegedly close friend and associate of the former CEO of Marfin Investment Group bank. Although the case was not followed up by a court of law, Cypriot citizens felt that the bold financial contribution to the 2 political parties was a means of ‘greasing the wheel’ and a pay-off for influence peddling. As a result, in an effort to alter this belief and ensure accountability in the financing of political parties, the Political Parties Funding Act was enacted in December of 2012\textsuperscript{19}. The Act establishes a legal framework for political parties in Cyprus, covering their legal status and registration requirements, and rules concerning the transparency of their financial administration\textsuperscript{20}. Although the Act has responded to a number of suggestions raised by GRECO, and has in place a cap of €50,000 euros per annum for individuals and companies, and a cap of €1,000 euros per annum for anonymous donations, the legislation did not go far enough in meeting the recommendations of GRECO\textsuperscript{21}. The Act fails to sufficiently address major issues with regards to the transparency of political party funding\textsuperscript{22} as there are no obligations upon political parties to report and make public the sources of donations and sponsorships. In addition to that, the Act covers parties and not individual candidates and does not have provisions in place for the monitoring of election campaigning financing. In line with the EU anti-corruption report and GRECO’s suggestions, the Parliament is discussing an amendment to the legislation as it has not been fully enforced by the Parties. An example is that some political parties have submitted their annual reports to the Auditor General, as provided for by the legislation, but the Auditor General has sent them back stating that they have not been prepared in accordance to the International Accounting Standards and have not been audited by an external auditor\textsuperscript{23}. The Act is being reviewed by the Parliament and it is expected by the end of 2014 or early 2015 that a revised Act will be enacted.

With regards to the legal environment around trading in influence, Cyprus has signed the Council of Europe Criminal Law Convention on Corruption on 27\textsuperscript{th} January 1999, ratifying it on 17\textsuperscript{th} January 2001, and the United Nations Convention against Corruption on the 9\textsuperscript{th} of December 2003, ratifying it on the 23\textsuperscript{rd} of February 2009. Section 4 of Law No. 23(III) of 2000, transposes
article 12 of the Criminal Law Convention on Corruption, thus making trading of influence a criminal
offence.24 Cyprus has 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.25 Although Cyprus
has taken steps to harmonise the provisions on corruption across the criminal code as a means of
improving consistency concerning pecuniary penalties for corruption offences, the lack of
application in practice has limited the effect of the legislative provisions against incidents of
nepotism, due to the fact that no statutes of limitations apply for corruption.26

Case Study 1: Mari Naval Explosion and Public Disclosure of Investigative Reports – How
can lobbying benefit citizens

Although the Cypriot access to information framework and broader legal environment suffers from a number
of serious deficiencies, there has been a recent improvement, pertaining to the disclosure of investigative reports.

On 11th July 2011 at the Mari naval base, there was the worst peacetime military accident ever to be recorded in
Cyprus. The explosion, which caused the death of 13 people, occurred because 98 containers of explosives stored
for 2½ years in the sun self-detonated. Polys Polyviou, an independent state-appointed investigator, and an
established lawyer, was appointed to look into the potential responsibility of the State and other officials which
lead to the blast that killed 13 people, injured 62, left Cyprus without electricity, and cost an estimate of €2.04bn to
the Cypriot economy.

Until that time, special reports/commissions/investigations aiming to shed light and transparency on situations
under investigation were not publicly available. Under the Cypriot legal framework and constitution, the
Investigation Committee submitted its findings to the Cabinet and did not have the right to publish the findings itself.

However, with strong views from almost everyone within Cypriot society, and particularly from the legal teams of
the families of the 12 victims, demands were made via the media that the report commissioned by Poly Polyviou
should be made publicly available for the sake of greater transparency and due to the strong public interest in the
issue, as well as the fact that the Mari case was one of the largest investigations carried out by the Cypriot police.
Citizens feared that if the report was not made public, the authorities would cover up the case and no one would
pay for the consequences. Several thousand citizens staged peaceful demonstrations in the capital Nicosia and
other cities as a means of supporting the demands. MPs from political parties were finally convinced to take this
matter to the parliament, where they voted that such reports should in fact be made publicly available, thus
amending the existing legislation. On the 26th of September 2011, the amendment on legislation regarding the
public disclosure of investigative reports was published in the Gazette.

This case is of particular importance because it was the first time that the legislative authorities, following popular
demand, altered legislation in order to foster transparency and provide citizens with access to information. The MP
interviewed, who was a member of the parliamentary committee advocating for the amendment on the legislation,
stated that “The tragedy at Mari was the starting point for other bills to be filed to the Attorney General” in order to
improve the Cypriot legislative framework. As a result, the MP also noted that “the government has also filed to the
House of Bills two bills pertaining to the responsibility of Ministers and Officers without portfolio, and to the
responsibility of Independent Officers of the Republic, and awaits their approval”. On the annual memorial day for
the tragedy at Mari, the Cypriot President Nicos Anastasiadis stated that two other bills relating to the determination
of immunity and liability of the President and the determination of the limits of immunity, are currently before the Attorney General for the necessary legal vetting, before those two are also taken to the parliament for voting.

Following the Mari report, which was made publicly available on 3rd October 2011, other reports were also made public. These were the Helios Airways Flight 522 plane crash which killed 121 people, and the Pikis Report on the causes of the banking crisis in Cyprus. Such reports provide an important contribution to transparency, since they disclose information regarding high-ranking officials’ possible interweaving and corruption.

WATCHDOGS: MONITORING HAMPERED BY A LACK OF INDEPENDENCE OF THE MEDIA

The media in Cyprus is concentrated in the hands of a few wealthy and/or elite political parties and the Church, exert a large influence over the Cypriot media landscape. The television station ‘Sigma TV’ and the second-largest daily newspaper ‘Simerini’ are closely affiliated to the right-wing party DESY, whereas, the daily ‘Haravgi’ newspaper is close to the Communist Party, as is the radio station Astra. One could therefore assert that a high proportion of the media does not appear to be independent from political party influence. However, due to the fact that there is no comprehensive access to information law in Cyprus, citizens rely on the media in order to receive information. The practice of lobbying is not often portrayed in the media, and even when it is, it is often portrayed as scandal or an incident of corruption. Interviewees note that the media in Cyprus will not sell papers with a positive story on the cover, thus, when lobbying appears in the media it is always due to negative reasons. For example, a public servant interviewee argued that a newspaper with a big headline about a corruption scandal would sell more copies than one showcasing responsible lobbying practices, as scandals are more appealing to the public.

One would think, given the degree to which the public consider decision-making to be captured by a few big interests, the topic of lobbying would receive a lot of media attention in Cyprus. However, this is not the case. This is partially because investigative journalism is not developed in Cyprus, and also due to the fact that there is a lack of transparency and absence of whistleblowing legislation (EU anti-corruption report, 2014:427). For example, the journalist Baxevanis who published the Laggard list of names, a list of Greek and Cypriot individuals who have taken money outside of the country, was imprisoned28. There was no proven corruption link to this, and furthermore, the media coverage of the issue was limited since fellow journalists did not support Baxevanis in his effort to be freed29.
With regards to the role of civil society, think-tanks, along with anti-corruption and transparency watchdogs, have recently started to become very active on raising awareness about corruption, transparency and whistleblowing in Cyprus. However, apart from this study there is no other interest in monitoring or promoting ethical lobbying practices. Civil society can play an important role in enhancing transparency and good governance, as they contribute to increased public debates on issues surrounding the formulation and implementation of legislation, as well as in supporting greater transparency and access to information. Civil society organisations in Cyprus such as Transparency International – Cyprus and think tanks such as Thoukidides aim to contribute to the shaping of anti-corruption regulation.
Findings from the Cypriot Lobbying Report suggest that in Cyprus, lobbying is largely unregulated and shrouded in secrecy.

HOW PROTECTED IS CYPRUS FROM UNDUE LOBBYING?

14%

TRANSPARENCY
7%

The low scores of the Cypriot assessment highlight inefficiency in defining lobbying and lack of transparency in lobbying practices, whereas, they also point out deficiencies in accessing information and lack of oversight entities.

INTEGRITY
21%

Although Cyprus has in place some post-employment restrictions for high-ranking officials, the Code of Conduct for public employees only addresses lobbying in a piecemeal and insufficient manner. As a result, Cyprus currently lacks the infrastructure for regulating and monitoring lobbying activities.

EQUALITY OF ACCESS
13%

With a score of just 13%, the evidence suggests that the Cypriot legal framework does not foster consultation and public participation in the decision-making process. Currently in Cyprus, there is no legal obligation to have a balanced composition of advisory/expert groups between the private sector and civil society representatives.

www.transparency.org #cleanlobbying
LOBBYING: TRANSPARENCY, INTEGRITY AND EQUALITY OF ACCESS

TOWARDS TRANSPARENCY: HOW OPEN IS LOBBYING IN CYPRUS?

Utilising the methodology developed by Transparency International Secretariat, this report assesses the degree to which Cyprus has a transparent, ethical and open framework for lobbying and decision-making. Cyprus scored a total of just 14%. Given the fact that there is no obligatory registration and disclosure by lobbyists in Cyprus, the particularly low score of Cyprus can be attributed to the complete lack of infrastructure to effectively regulate and monitor lobbying activities. Transparency in lobbying is rather weak in Cyprus, scoring just 7%. The assessment of low scores highlights inefficiency in defining lobbying and a lack of transparency in lobbying practices. In addition, it also points out deficiencies to accessing information and a lack of oversight entities. The strongest dimension of the Cypriot assessment, although scoring just 21%, was integrity mechanisms. Findings suggest that Cyprus has in place some pre-employment restrictions which prohibit high-ranking governmental officials from maintaining other positions at the time they hold governmental office positions. Similarly, the Code of Ethics for public sector employees also addresses some issues pertaining to the monitoring of undue influence and lobbying.
The low scores of the Cypriot assessment highlight inefficiency in defining lobbying and lack of transparency in lobbying practices, whereas, they also point out deficiencies in accessing information and lack of oversight entities.
DEFINING LOBBYING AND LOBBYISTS: A STEP TOWARDS TRANSPARENCY

At the time of writing, there is no Greek definition of lobbying either within the legal framework or in the native Greek language. The law does not provide definitions for ‘lobbying targets’ and ‘lobbying activities’. The lack of control mechanisms along with the lack of definition in regards to which lobbying activities are considered acceptable and what behaviour is forbidden, have led the term to be associated with negative connotations and be closely connected with incidents of political corruption and a lack of transparency. As a result, in order to create balanced discourse and move forward from the negative perception of lobbying, emphasis should be on how to make lobbying ethical and transparent and how to ensure lobbyists are accountable to the public. The authors believe in order for lobbying to be a positive force within a democratic society, it must be properly controlled through clear definitions and a clear legislative framework.

Given the fact that currently in Cyprus lobbying is perceived negatively, all of the experts and stakeholders interviewed agreed that a Greek definition should be given for the term ‘lobbying’ and stressed the importance of providing the term with a more positive connotation. The interviewees agreed on a general definition of lobbying as “any pressure group petitioning the government by representing collective interests or the interests of businesses and whole sectors, aiming to influence the decisions of public authorities”. In their opinion, lobbyists should also be defined as “any person or entity representing the interests of a larger group or of a collective interest” whereas lobbying targets should be defined as “any public officials involved in the decision-making process of legislative branches, administration and regulatory bodies”.

As evidenced by the case study below, by providing such definitions within the legislative code, the government will essentially be trying to regulate lobbying as part of laws to prevent political corruption through establishing transparency. This will also benefit elected and appointed officials who adhere to the principles of honesty and integrity, as the unethical activities of officials will be exposed as corrupt conduct, thus distinguishing lobbying from corruption.
Prior to 2010, public companies in Cyprus were required to print their annual reports. Every public company listed on the stock exchange market was required every April to send a hard copy of their annual report to all of their shareholders, even those holding just one share. Given that printing is a very costly activity, there was a lot of lobbying by the then Environmental Commissioner over the course of two years to change the legislation in order to be able to publish them online rather than providing shareholders with hard copies.

The Environmental Commissioner at the time, who was pushing for an amendment in the legislation, was able to speak with the Securities and Exchange Commission and to secure the support of the President and the Minister of Finance. Although there were many meetings with the Registrar of Companies, and all of those who attended supported the idea and suggested alternatives, the matter stopped at the Attorney General’s office. In an interview the former Environmental Commissioner stated that the case got ‘stuck’ at the Attorney General’s office due to lobbying practices by typographers, who would lose a lot of money if the printing were not mandatory. For two years nothing happened, until at a social event the ex-Environmental Commissioner personally met the CFO of the Bank of Cyprus, and discussed the matter with him. When the ex-Environmental Commissioner explained the issue, the case got “unstuck” from the Attorney General’s office with “other methods”. No information is publicly available on how the decision to alter the existing legislation was taken.

Thus, this case had positive results since it resulted (after three years) to the amendment of the Companies Act, requiring publicly listed companies to publish their annual reports electronically. Despite having a positive outcome on the environment and the financial burden on the companies, this case reveals the dangers imposed to the democratic system when lobbying is not regulated. It also showcases why the term has been associated with negative connotations and incidents of corruption. Had lobbying and lobbying targets being properly defined within the Cypriot law, and consequently monitored, pressure groups would not have had to go behind the scene or hide in shadow in their effort to influence the Attorney General’s decision. In addition, if a transparency register had been in place, the Attorney General would have been forced to disclose information regarding the influence exerted on him by the different pressure groups and the public would have been able to scrutinize the pressure groups representing their own self-interests, making the Attorney General’s decision more open to public scrutiny.

Currently in Cyprus the public does not have sufficient knowledge in reference to the lobbying of public representatives, what issues are being lobbied, when and how they are being lobbied, how much is being spent in the process and what is the result of the lobbying efforts. The lack of transparency in lobbying is an outcome of many factors including absences of and omissions in legislation. The assessment in Cyprus gave a score of just 7% for the overall transparency of lobbying, which clearly indicates a major problem. Scandals regarding the financing of political parties, revolving doors, conflict of interests, and undue influence over decision makers have emerged, thus making it clear that transparency in lobbying is crucial to guard the benefits of the overall society against undue influence.
Case Study 3: Why did the Central Bank of Cyprus alter its 2007 decision to reduce housing funding in 2008? A case study highlighting the need for transparency

Although one of the main responsibilities of the Central Bank of Cyprus (CBC) is to supervise banks to ensure the smooth operation of the banking system as a means of protecting depositors, it is not within the remit of the CBC to exercise integrated housing policy. Yet in 2007, the CBC circulated directions to the banks in Cyprus to lower the maximum percentage of housing financing. The 2007 report of Central Bank of Cyprus regarding monetary policy noted that “a result of the rapid credit growth, especially in the construction sector… reduced the maximum rate of funding for the purpose of purchase or construction of immovable property from 70% to 60% on the value of the property financed” while maintaining that “The maximum rate of funding for the purchase or construction of a primary residence for permanent ownership by residents will remain 80%.” This decision clearly affected the banking and construction sectors that had the most to lose from a decline in construction development and lending.

Following his appointment at the position of the Governor of the Central Bank of Cyprus in 2007, Athanasios Orphanides warned of the creation of a fiscal bubble in the construction sector. The former governor maintained that there were clear signs of overheating and inflationary pressures, which were greatly increased by the high rates of growth of money lending and credit to the private sector. Most disturbing was the fact that credit funds were channelled mainly into the construction sector and secondly into consumer spending. The CBC reported in 2007 that there was a 28% increase in construction loans/mortgages during the first eight months of 2007, and pointed out that if the current rate of growth rate continued until the end of the year, the growth for the whole year would exceed 40%. Orphanides noted that “in light of these developments, but also because of the excessive growth in property prices over the last 1-2 years that cannot continue indefinitely, the CBC found a particularly increased risk for the loan portfolios of the banks excessive concentration in the real estate sector, resulting in a need for increased security of banks against these risks.” While highlighting that “the greater the degree of exposure of our banking system in the field of real estate, the greater is the risk regarding the health of banks from the adverse developments in the field, while the more vulnerable it becomes to potential negative effects of the international environment.”

The above indicates that the former Governor of CBC was particularly concerned with the dangers to the banking sector resulting from the real estate industry bubble. However, in May 2008, the CBC again revised the maximum allowable percentage of funding for the purposes of purchase or construction of immovable property, excluding primary residence for permanent ownership, upwards from 60% to 70%. This was done despite the fact that there were clear signs regarding the overheating of the construction sector, which the CBC warned of in 2007. The existence of a housing bubble was evident, documenting a 103% increase of housing lending from 2005-2008.

Given the lack of any regulatory framework for lobbying in Cyprus, we cannot be sure how the former Governor came to alter his decisions; however, it appears that the CBC did not act in an independent manner and was clearly affected by the short term interests of the two sectors. As a result, it failed to efficiently apply lending restrictions that would have been beneficial to the overall economy and supervise the bubble that was forming. A stakeholder from the banking sector, who wishes to remain anonymous, when interviewed noted that, “although we have no solid proof regarding any negotiations and discussions that must have taken place, it is common sense to believe that both the construction industry stakeholders and the bankers must have pushed the CBC to alter the original decision following a significant sales downturn caused by lending restrictions as well as the global credit crisis. This is because from June 2006 to June 2007 there was a 24% increase in overall property sales while at the same time the following year the percentage was dropped by 28%. The construction industry was losing money so they were pushing CBC to relax the measures.” As the report published in June 2013 by the Independent Commission on the Future of the Cyprus Banking Sector noted, “the most significant high level cause of the [banking] crisis was a failure at the level of national policy to appreciate that running a big banking industry is about risk as well as reward.” Furthermore, the report notes that, “There may even have been a (possibly subconscious) inclination to ignore these risks in order to avoid ‘spoiling the party.’ This set a political tone in which low priority was given to monitoring banking risks, and to supervising banks themselves.” To make matters worse, “the political
establishment seems to have difficulty accepting that the banking system and its regulators need to be independent’.

If lobbying was regulated in Cyprus, the representatives of the Banking and Construction Sector would have been required to disclose information regarding their influence upon the housing funding restrictions imposed by the CBC. Perhaps the CBC would have considered the decision more conservatively to alter the 2007 restrictions and would have been more hesitant in backing down from its original decisions. In turn, the CBC could have assisted in preventing or minimising the bursting of the property bubble and the deteriorating effect it had on the collapse of the Cypriot financial sector. Additionally, had there been transparency and integrity mechanisms in place, the many layers of corruption within the Cypriot property market and financial institutions would have been uncovered at an earlier stage, and actions could have been taken sooner to avoid the collapse of the Cypriot banks.

As a result, the lack of transparency in how the CBC came to alter its original decision, and in general, the lack of transparency and associated secrecy concerning the financial decisions taken by high-ranking officials, the government and other executives, has led to the collapse of the Cypriot financial sector in 2012-2013. This has had a very negative impact on the credibility of banking institutions across Cyprus. Evidence suggests that after the collapse of the banking sector, Cypriots do not trust banks, as during the last year deposits decreased by 245 million euros in March 2014. This case is a perfect example to illustrate the risks of unchecked lobbying and highlights the need for the implementation of transparency regulation, in order for lobbying activities to be brought into the open.

DEFICIENCIES IN ACCESS TO INFORMATION

Despite GRECO recommendations to complement constitutional provisions with a law governing the practical aspects, and even in the wake of the collapse of the financial sector, Cyprus has yet to enact legislation on access to information in order to guarantee the public the right to information and access to governmental data. Citizens often face obstacles to accessing information relating to their case/file per se. In order for citizens to gain access to government documents, they must require authorisation from a minister or submit a letter to the Ombudsman who will investigate the matter and reply accordingly. Parliamentary hearings on freedom of information indicated a lack of resources to respond to legal requests for information. Additionally, the websites of government bodies generally do not contain up-to-date details on budgets, actual expenses incurred or procurement contracts signed. Due to the fact that citizens have no access to information regarding the undue influence of big business over key policy areas, those who perform lobbying activities are able to continue profit-driven lobbying at the expense of the wider society. The right to know is a prerequisite for a healthy democracy and the public has the right to know who is influencing government decisions.
NO REGISTRATION AND DISCLOSURE BY LOBBYISTS

Case study 4: Sewage schemes and golf courses

Water shortages are a major source of concern in Cyprus, as the island has been experiencing long periods of drought throughout recent years. For example, during the summer of 2008, Cyprus had to import water in tankers as there was not enough to supply the cities. An inexhaustible source of water in Cyprus is that produced by sewage schemes, especially those in cities that cover large agglomerations. The annual volume of treated wastewater exceeds 17m cubic meters and is sold at one third of the price for irrigation purposes.

For the past 10 years the Cypriot Organisation for Tourism has been promoting the construction of 14 golf courses throughout Cyprus as a means of attracting quality tourism. Although an assessment of the environmental impact of the construction of the golf courses was required by the EU, according to the Ex-Environmental Commissioner, the government allegedly delayed the adoption of the EU Directive for Environmental Impact Assessment (85/337/EEC) on purpose in order to gain time to set policy for the building of golf courses and marinas, and then to pass legislation on environmental studies. As the former Environmental Commissioner notes, “Construction businesses were putting so much pressure on public authorities to promote golf-course licensing, that neither the study about whether golf courses would actually enrich tourism nor the study to decide the right number of golf courses to be constructed was conducted. Instead, the relevant stakeholders decided that 14 golf courses should be constructed, satisfying thus, all of the business traders”.

Instead, in order to allay the reactions of environmentalists, the original terms of the golf policy presented by the government included a ban on water supply from dams and boreholes, referring to private desalination47. Back in 2010, the then Minister of Agriculture, Natural Resources and Environment, Demetris Eliades, reassured the House of Representatives that “No amount of water will be granted by governmental water projects and sewage systems for golf course development” and that “This policy applies to all golf courses, including the existing golf courses”48. However, according to the former Environment Commissioner interviewed for the purpose of this case study, “given the fact that desalination is very expensive, there was a lot of lobbying from businesses in the development land sector, and they have managed to alter the original terms of the golf policy in order to be able to take water from sewerage systems”.

Although many environmental organizations opposed this decision49, their efforts fell short in stopping this from happening. As a result, as the former Environment Commissioner asserted, a golf course is allegedly now irrigated by an illegal private dam and another is allegedly using water from boreholes illegally.

Due to the lack of legislation in accessing information and because lobbying is unregulated in Cyprus, there is no publicly available information as regards to the lobbying activities of pressure groups from the relevant industry to decision makers. However, it is evident from the current case study that the lack of transparency of lobbying, along with the fact that lobbyists are not required to disclose information regarding their activities, leads to undue and unfair influence over public policy decisions. This case study clearly showcases how shadow lobbying representing the interests of a small number of the rich and powerful can negatively influence the decision-making process at the expense of Cypriot society. It highlights the need for lobbying registers, which would make lobbyists accountable to citizens.

Currently in Cyprus there is no lobbying register, and lobbyists are not required in any way to disclose any information regarding their activities. At the same time, the lobbied do not disclose cases of having been lobbied. As a representative from the Cypriot Commissioner for the Reform
of Civil Service stated, “We simply don’t have it in our culture to disclose information pertaining to how we make the decisions we make”.

At the time of writing, when legislation is introduced by a Ministry to the Parliament and the Attorney General, the appropriate public officer(s) preparing the legislation are required to meet with stakeholders, discuss the legislation, complete an Impact Assessment Questionnaire and submit the questionnaire to the Parliament and the Attorney General. The procedures are laid out in the document prepared by the Ministry of Finance. See further discussion below.

When the bill reaches Parliament, officers at the Parliament verify that the bill has already been discussed with the stakeholders. The plenary then sends the bill to the appropriate Committee for discussion as per Regulation 41. The agenda of the Committee meetings states the bills to be discussed; if a formal or informal group wants to meet with the Parliamentary Committee, they must notify the Parliament’s General Secretary and/or the Chair of the Parliament. Parliamentary Committees invite, without being prompted, organized groups and individuals who are involved in or affected by a bill. According to Parliamentary regulations, everyone present at a Committee meeting are given the chance to express their views. In the unlikely event that time constraints limit the depth to which a guest at a committee can discuss his views, he may submit them in writing so that they go on record. However, from the authors’ experience, having attended three Parliamentary Committees, little time was allocated to the guests and there did not appear any interest from the Parliament Members to listen to the views of the experts they invited.

Given the fact that most of the lobbying in Cyprus takes place at social events rather than in the offices, a voluntary ‘Transparency Register’ like the one introduced by the European Commission and European Parliament will be a start to ensure the relevant stakeholders are invited to the Parliament and it is not left up to the public to review the Parliament’s agenda. At the same time, this register ought to be made publicly available. In addition, Cyprus would benefit from the creation of a robust ‘Lobbied Register’ where public officials could provide information about who is trying to influence them and what they were lobbied for. As the interviewee representative from the Cypriot Commissioner for the Reform of Civil Service asserted, “The responsibility to disclose such information lies with those being lobbied. Not the other way round”.

Similarly, another interviewee from the House of Representatives stated that “MPs are asking for transparency as a means of distancing themselves from corrupt practices”. A ‘Lobbied Register’ will enable politicians, MPs and other public officials to be transparent and register information about the public policy area or legislative issues discussed between them and those doing the lobbying. This will improve electorate accountability and improve the image of politicians in the country.

STEPS TOWARDS A LEGISLATIVE FOOTPRINT

Although in Cyprus there is no law requiring the publication of a ‘Legislative Footprint’ as an annex to all legislative records, according to the interviewees from the Parliament and the Reform Commissioner office, the Attorney General requires an Impact Assessment Questionnaire to be completed and attached to proposed bills/legislation submitted to the Attorney General’s Department for legislative checks. Once the Attorney General approves a proposed bill it is submitted to Parliament for voting, along with the Impact Assessment Questionnaire (IAQ). The IAQ aims to reflect the procedures which led to the drafting of the proposed bill. In addition, senior public officials and public representatives are not required to publish documentation related to meetings held prior to drafting the bill. A random review of the IAQ is made through the Parliament as well as on occasions when there is cause for concern that the procedure outlined in the IAQ has not been fully observed.

In addition, the Parliamentary Secretary General highlighted that all of the Parliamentary Committees prepare a report that accompanies any legislation that has been submitted to Parliament for enactment. The report highlights the reasons why the Parliamentary Committee met, who attended the meetings, highlights of the discussions, and pinpoints the positions taken by the political parties and stakeholders. Of course, meetings held behind closed doors are not mentioned. The reports by the Parliamentary Committees do not accompany the legislations as an annex. The reports can be found on the webpage of the House of Representatives on the date the legislation is passed. This makes the information difficult to locate since an interested party needs to know the date the legislation passed, rather than having the ‘report’ as an annex to the legislation itself.
Evidence from Case Study 5 pinpoints that if a Legislative Footprint was mandatory, and easy to access, high ranking officials charged with making important decisions for the overall Cypriot society, would have to provide solid explanations for their decisions. This would make them more accountable as they would take into consideration that a biased decision would lead to societal scrutiny.
Although Cyprus has in place some post-employment restrictions for high-ranking officials, the Code of Conduct for public employees only addresses lobbying in a piecemeal and insufficient manner. As a result, Cyprus currently lacks the infrastructure for regulating and monitoring lobbying activities.
Case study 5: Lack of integrity, conflict of Interests, undue influence and debt write-offs leading to the collapse of the financial sector

After the collapse of the Cypriot financial sector, it became apparent that institutions in Cyprus suffer from the phenomenon of ‘you-scratch-my-back-and-I’ll-scratch-yours’, favouritism, interdependence, secret transactions and corruption. The crisis plaguing the island’s economy is not only due to institutional weaknesses (such as legal loopholes and regulatory gaps) and misunderstandings between government structures and officials regarding the formulation and implementation of sound economic policies, but also due to the lack of strategy for the financial sector. The administration of MIG (Marfin Investment Group), leading up to its collapse, is the perfect example showcasing how inadequate internal and external supervision of Cypriot financial institutions, in addition to poor corporate governance tactics and a lack of transparency and integrity at many levels, led to the collapse of the biggest bank in Cyprus, Marfin Laiki, and the crumbling of the Cypriot financial sector.

Revelations regarding serious conflicts of interest, which lead to undue influence in how bank loans were allegedly issued to finance MIG’s wider activities under the personal interests of board members, clearly highlight the need to introduce legislation to foster integrity and transparency. The debt write-offs of MIG, which amount to hundreds of millions, occurred within a year. The write-offs were for politicians and high-ranking officials, state-owned companies, political parties and other associated entities. In addition to that, questions are raised about the granting of loans with preferential interest rates, given to companies associated with the interests of MIG. The Hot Doc magazine explains how these loans were granted and in turn, how entrepreneurs would buy shares of the MIG Group and guarantee the same shares as collateral.

Following the outbreak of the above scandals, it is evident that the Cypriot financial system was harmed by the interests of those who wanted to serve the interpenetrating political and economic system in Cyprus. Such incidents of interweaving, corruption and shadow lobbying cause anger and resentment among the public, who are plagued by the economic bankruptcy and are left without work, and those that do have work have had major reductions in their pay cheques. Citizens have the right to know who, how and why, decisions made by high-ranking officials and executives in key positions were influenced. Amending the relevant legislation is also of vital essence, as better regulatory mechanisms, along with whistleblower protection, are vital in order to monitor lobbying activities and enable the reporting of incidents of corruption in Cyprus.

Although Cyprus has in place an ethical framework for public representatives and high-ranking officials, the same cannot be said for lobbyists. In the assessment carried out, Cyprus scored only 21% in reference to the mechanisms in place to support and encourage ethical lobbying. Cyprus has neither a code of ethics for lobbyists nor a self-regulatory framework, which clearly indicates a major cause of concern regarding the integrity of lobbyists and lobbying practices. Given the fact that Cyprus currently lacks the infrastructure for regulating and monitoring lobbying activities, the onus for integrity has fallen on the public representatives and high-ranking
officials for whom a code of ethics does apply. However, the code of conduct for public employees only addresses ethical lobbying in a piecemeal and insufficient manner. In addition, some post-employment restrictions exist with regards to high-ranking governmental officials.

POST-EMPLOYMENT AND PRE-EMPLOYMENT RESTRICTIONS

Some legislation exists in Cyprus with regards to post/pre-employment restrictions; however, it is insufficient. The incompatibilities with the office of Member of Parliament are stated both in legislation and in the Constitution itself, in Article 70. According to the existing legislation which is entitled ‘Incompatibility with the duties of Certain Officers of the Republic of Certain Commercial and Other Related Activities’ Law of 2008 (7(I) / 2008) and 12(I) / 2014, persons who are appointed in high-ranking governmental positions are not allowed to maintain other positions similar to their new duties for the time they hold governmental office positions in order to avoid conflict of interest. The legislation establishes an obligation for any high-ranking government official (before accepting any office/position) to provide a written disclosure to the designating body for any existing prohibition relating to incompatibilities with his/hers duties. In case of incompatibility with the duties, the person is not allowed to accept the office/position, unless he/she previously made a written pledge to resign from or terminate the position she/he holds before the appointment to a government position. If a person makes false or untrue statements or submits false documents, they are liable to a penalty of €1,708 or to imprisonment for one year or to both fine and imprisonment. No such cases have been tested in the courts of law.

With regards to post-employment restrictions, the law in Cyprus provides a two-year cooling-off period for appointed government officials (ministers) and public sector officials; however, this does not apply to elected officers, such as MPs. The legislation outlines that in case of violating the two-year cooling-off period, offenders will be subject to a fine of maximum €17,086 or incarceration or both. However, there have been a number of cases where senior public servants and ministers have moved easily and directly into other high-ranking positions in relevant industries as the positions held. Furthermore, within the restrictions placed by L7(I)/2008 and the
Regulations of the House of Representatives, MPs may hold other positions during their term as well as after it (e.g. legal practitioners).

In accordance with the legislation N114(I) 2007, governmental officials and public sector officials must seek and be granted a permit by an independent specialized committee, consisting of the three most senior prosecutors from the Office of the Attorney General. The authors of this report spoke to a member of the committee who stated that according to the legislation N114(I)/2007 and the 2011 amendments, the committee is obliged to send their report to the President of the Republic and the Chair of the Parliament. The committee does not commence an investigation without first being asked by the related party, or the government, or a public officer, as was recently the case where the Governor of the Central Bank requested to have their view on an appointment in a bank. The members of the committee are not authorised to make public the reports, and if they read in the newspaper a situation where they have not been asked to investigate, they will simply comment that they have not been asked to investigate. The committee 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. Questions have been raised in the media about officers who did not comply with the two-year cooling-off period. Perhaps if the reports were made available upon request, and the investigation committee had the authority to investigate cases where there are suspicions of failure to comply with the law, then the public would feel more comfortable that the legislation is being enforced. Another suggestion would be for an annual report to be published without making the names of the individuals available so as to adhere to anonymity and privacy rules.

CODES OF ETHICS FOR PUBLIC SECTOR EMPLOYEES

In Cyprus, the Code of Conduct and Ethics for Public Officials only addresses ethical lobbying in a piecemeal and insufficient manner. The Code of Conduct and Ethics for Public Servants, was drafted by the Ombudsman and approved by the Council of Ministers, states that public servants must behave properly, honestly, independently, competently, with integrity and professionalism in their contacts with co-workers and the public. The Code of Conduct and ethics obliges public servants to report potential conflicts of interest. On the other hand though, there is
currently no code of conduct or disciplinary procedure for Members of Parliament. The Parliamentary Ethics Committee reviews relevant legislative proposals, but it has no role in addressing individual integrity issues. However, the Parliament’s rules of procedure oblige MPs to declare any personal interests related to bills under discussion at the commencement of a meeting or at the point when such interest becomes evident. The interviewee from the House of Representatives has noted that there have been a number of such cases which took place in public plenary sessions in the presence of the media and broadcasted live on radio, and in open committee meetings in the presence of the stakeholders and members of the press.

As is the practice in other Parliaments, including the European Parliament, it is suggested that a code of conduct and disciplinary procedures are prepared and prescribed by law for Members of Parliament. The Parliamentary Secretary General disagrees with this suggestion, saying that “The Regulations of the House of Representatives contain a number of provisions governing the conduct of its Members (including, for example, Regulations 35 and 36), and in the event of violation of such regulations during a committee meeting, the Chairman is responsible for enforcing proper conduct [see Reg. 42(15), 42 (16) and 43] and the Speaker of Parliament is generally responsible for enforcing proper conduct in the House of Representatives [see regulation 8(2)(a)]”.

Although lobbying is not specifically addressed in the Code of Conduct, issues pertaining to regulating lobbying activities such as conflict of interests are comprehensive, whereas asset declaration issues are not addressed per se. Legislation 51(I)/2004 criminalizes the act of governmental officials and state officials acquiring movable or immovable property, including financial or operational profits, shares, bonds, bank deposits and securities of all kinds, through the use and abuse of their position. Violators found guilty are subject to a fine of maximum €42,500 or imprisonment up to seven years, or both.

With regards to the issue of asset declarations, the Cypriot legislation fails to oblige all high-ranking officials to disclose information pertaining to their assets. Cyprus has recently made amendments to the 2004 asset declaration legislation for independent officials, members of the local government and board members of semi-governmental organizations, that was previously
found to be unconstitutional in reference to provisions on privacy. The enactment of the legislation is pending before the Parliamentary Committee on Legal Affairs and at the time of writing has not been voted into law by the House of Representatives. However, the President, Ministers and MPs currently adhere to the law 49(I)2004 on asset declaration, which was not challenged in the Supreme Court, and thus was not found to be unconstitutional. The current legislation obliges the President, Ministers and MPs to declare their assets to a commission within three months of taking office and every three years from the time they have undertaken their responsibilities and throughout the duration that they hold office. However, the interviewee from the House of Representatives noted that both legislations on asset declaration are very similar, thus, if one is found to be unconstitutional, it is likely that the other will be found as well.

NO CODES OF ETHICS OR SELF-REGULATORY CODES OF ETHICS FOR LOBBYISTS!

There is no professional association for lobbying in Cyprus, and there is no self-regulatory framework or a code of ethics applying to lobbyists. Although the 2009 OECD paper, which presents the experience of self-regulation by lobbyists, notes that of ethics by lobbyists can be sufficient in enhancing transparency and accountability in countries where cynicism about government integrity is not overly strong. Given the fact that the lobbying profession does not formally exist in Cyprus as such, a self-regulatory code of conduct would not be of assistance in regulating lobbying in Cyprus. Consequently, due to the fact that the most common types of lobbying in Cyprus are shadow and grassroots lobbying, many of the Cypriot interviewees are of the view that regulation should apply to those lobbied, not lobbyists.
With a score of just 13%, the evidence suggests that the Cypriot legal framework does not foster consultation and public participation in the decision-making process. Currently in Cyprus there is no legal obligation to have a balanced composition of advisory/expert groups between the private sector and civil society representatives.
EQUALITY OF ACCESS: LEVELLING THE PLAYING FIELD

CONSULTATION AND PUBLIC PARTICIPATION IN DECISION MAKING

With a score of just 13% on equality of access to public decision-making, the evidence suggests that the Cypriot legal framework does not foster consultation and public participation in the decision-making process. Parliamentary committees currently invite, without being prompted, organized groups and individuals who are involved in or affected by a bill. Stakeholders that are not invited by the Parliamentary Committees but are interested in the topic discussed by a parliamentary committee can write to Parliament and ask to be invited to attend the meeting. This approach appears to be working (according to the Secretary General of the House of Representative), and it is a practice followed for many years, for even the less disadvantaged members of the community since they have the opportunity to appear in Parliamentary Committee meetings that are of interest to them. Published agendas mention the organisation and the capacity under which each person was invited to attend the meeting, thus the public has a way of finding out who has attended which meeting, according to the Secretary General of the House of Representatives. However, although the Parliament meetings are open to the public, given the fact that it is up to each Parliamentary Committee to invite relevant stakeholders to the meetings they host, and because there are no specific time frames to provide sufficient notice for such consultation, the participation of the public might not always be guaranteed. It appears that the Parliament is using internal rules to invite the public to Parliamentary Committee meetings, but this is not provided for by legislation.

Some provisions in the ‘Regulations of the House of Representatives of the Republic of Cyprus’ do exist. According to Section 2 Chapter B 42 (4), Parliamentary Committees have the right to invite any interested stakeholder, authority, organization, affiliation, trade union, legal or physical person to provide information and evidence, or to express and develop views and
opinions on any bill or subject. In addition, according to Section 2 Chapter B 42 (6), when a person wishes to express and develop views and opinions on a subject, he/she may ask for permission to participate in writing by the President of the Parliamentary Committee through the Director of the Parliamentary Committees Service. However, from discussions and the interviews carried out, few citizens actually know about this. According to the same regulations, which were drafted in 1995, “the Parliamentary Committee itself is to decide whether or not the retrieved information by the interested stakeholder will be taken into consideration for the decision-making process”. In addition, there are no legal provisions for requiring public authorities to explain whether and how they have taken into consideration the participation of affected stakeholders in the decision-making process. Perhaps the implementation of an e-governance system, where a member of the public electronically notifies the Parliament of which legislation he/she is interested in and subsequently receives e-alerts of amendments to the bill or legislative in question, could go towards improving parliamentarian and law making accountability.

**ADVISORY AND EXPERT GROUP COMPOSITION**

Currently in Cyprus there is no legal obligation to have a balanced composition of advisory/expert groups between the private sector and civil society representatives.
RECOMMENDATIONS

This report aims to map the Cypriot lobbying landscape and assess the effectiveness of the broader legal environment in regulating lobbying activities. In a country where corruption and nepotism thrives, transparency is not guaranteed as citizens have no access to information. It seems that what is problematic in Cyprus is the fact that legislation to safeguard lobbying activities is scattered across different sections of various legislation instead of having a unified legislation. Although Cyprus has in place some legislation and good practices, which are closely related to safeguarding lobbying activities from corrupt practices, there is currently no consolidated legislation for lobbying.

As a result, the recommendations made, aim not only to strengthen the Cypriot legal environment, but also to safeguard the fundamental right of citizens living in modern democratic countries to have access to information on how governmental decisions are influenced. In addition to the enactment of a consolidated lobbying legislation which should include provisions for regulating access to information, whistleblower protection, asset declaration, conflict of interests and revolving doors, the present report recommends the development of a robust Code of Conduct and Ethics for Public Officials, along with the creation and implementation of a compulsory ‘Lobbied Register’ and ‘Stakeholders Register’. Such registers would enhance transparency as the ‘Lobbied Register’ would oblige officials to disclose information about their meetings and encounters with lobbyists, whereas the ‘Stakeholders Register’ would guarantee equality in accessing information as it would allow the diverse participation of a broad range of stakeholders within the decision-making process. The targeted recommendations for Cyprus are intended to provide solutions to the weaknesses identified throughout the report and set the tone for an effective regulatory framework of lobbying.
For lobbying in Cyprus to become a legitimate and positive force, it must come out of the shadows. In an effort to make lobbying transparent, the government, public officials and the Parliament should introduce a lobbying register which is to be made publicly available. The lobbying register would foster transparency in lobbying of public officials and allow the public to see who is influencing decision making and if they had a vested interest in decisions and actions taken. In addition, given the fact that most lobbying in Cyprus takes place at social events rather than at professional venues, a voluntary 'Transparency Register' like the one introduced by the European Commission and European Parliament will ensure relevant stakeholders are invited to the Parliamentary Committee Meetings and will not be left up to the public to review the Parliament's agenda and seek permission to attend the Parliamentary Committee Meeting.

What is problematic in Cyprus is that legislation to safeguard lobbying activities is scattered across different sections of various legislation instead of having a unified legislation. Although Cyprus has in place some legislation and good practices which are closely related to safeguarding lobbying activities from corrupt practices, there is currently no consolidated legislation for lobbying. Therefore, the Cypriot legal environment should be strengthened and a framework for fostering ethical lobbying should be provided through the enactment of consolidated lobbying legislation. The legislation should aim at granting transparency and equal access to all interest groups to decisions made by policy makers, public representatives and high-ranking officials. To do so, it is believed that clear legislative measures (soft laws in the immediate future, until there is enough maturity to accept hard laws) ought to be put in practice for the following:

a) **Lobbyists and the practice of lobbying ought to be formally defined in Cypriot legislation.** There appears to be guidelines set out by the Ministry of Finance in drafting legislation and there are good practices followed by the Parliament. However, there is no ‘consolidated’ legislation on the procedures to be followed. This would not only raise awareness for the practice of lobbying in Cyprus, but it will also enable citizens to distinguish lobbying practices from corrupt incidents. Due to the fact that lobbying is not addressed in Cypriot law, the practice is largely unregulated, leading Cypriots to associate the practice of
lobbying and lobbyists with negative connotations, and raising the risk of corruption. Therefore, by providing solid definitions and equivalent Greek words for the terms ‘lobbying’ and ‘lobbyists’, citizens will start to acknowledge that lobbying can also be a positive force within the decision-making process of a modern democratic state;

b) The Political Parties funding legislation ought to be amended and take into consideration GRECO’s suggestions in order to foster transparency on party financing. By amending the legislation, donations and sponsorships to the parties would be monitored and be publicly disclosed, limiting thus the opportunities of the rich and powerful to bribe politicians and decision-makers. At the same time, it would force political parties to publicly disclose their annual audited consolidated accounts and, more importantly, disclose where the funding received from the public budget has been spent.

c) For the sake of greater transparency and in order to provide citizens with greater access to information, while also enabling citizens to keep track of the influence of external advice on new policies, legislation and amendments, the Cypriot government should take action by making mandatory a ‘Legislative Footprint’ as an annex to all legislative records. The format of the ‘Legislative Footprint’ will detail with whom key parliamentary actors met, received, and heard from while drafting legislative texts. This way, citizens will have sufficient information about whom their representatives are meeting with in the process of drafting legislation, improving electorate accountability. Whilst this information is now available on the Parliament’s website, it is not user friendly to those interested in accessing it.

d) Citizens not only have the right to demand accountability of public funds, but they also need to be reassured that decision-makers and officials are not bribed by powerful pressure groups or individuals. In order to promote transparency and accountability elected and appointed officials should publicly declare their assets. Asset declaration should be made mandatory through legislation in an effort to prevent illegal gains made through undue influence. Such legislation would be a preventive factor against unethical behavior and a valuable deterrent in detecting abuse of power and corruption.
In order to maintain public integrity and trust in government, revolving door regulation aiming to prevent real or perceived conflicts of interests should be streamlined with lobbying regulation. Regulation should be well-defined, with a prescribed two-year cooling-off period for all public and high-ranking officials as a means of ensuring that public sector employees cannot work for the private sector, where they can unfairly use their previous insider position, action or decisions to influence their former government colleagues and/or benefit their new employer. Conflicts of interest rules should be introduced in order to assist in identifying and managing conflicts of interests to ensure that the decisions of appointed and elected officials are not biased or affected by any self-interest. By avoiding situations that could potentially create real and/or apparent conflict of interests for officials, citizens would be reassured that lobbying is conducted in the highest ethical manner. Similarly, in enforcing the legislation on the revolving door, an annual report should be made publically available. The annual report can disclose the number of cases the investigative committee reviewed and the overall outcome without necessarily publishing personal information.

In addition to proposing the introduction of a robust transparency register to be held at the Parliament and to be made publicly available at the Parliament’s website, it is also strongly recommended that the lobbied ought to publish their ‘Lobbied Register’. Through such a register, public officials could provide information about who is trying to influence them and what they were lobbied for. As the interviewee representative from the Cypriot Commissioner for the Reform of Civil Service asserted, “the responsibility to disclose such information lies with those being lobbied. Not the other way round”. Thus, MPs, decision-makers and other high-ranking governmental officials should be held accountable to provide meaningful information regarding who is trying to influence them, why and with what means. The Cypriot Reform Commissioner, has revealed that many MPs are nowadays utilising online blogs, personal websites, Facebook and Twitter accounts to inform the general public about their decisions, opinions and stand on issues that affect society, while going on to state that many of them are utilising these means due to the excessive pressure that falls upon them by pressure groups representing specific interests. Similarly, another interviewee from the House of Representatives stated that “MPs are asking for transparency as a means of distancing
themselves from corrupt practices”. As a result, a ‘Lobbied Register’ would enable MPs, decision-makers and other high-ranking governmental officials to provide transparency to the public in a structured manner, and showcase their integrity pertaining to if and how they were influenced by pressure groups. Such a register would not only enable the public to scrutinize influence on particular policy decisions, but it would also promote trust in the integrity of decision-making processes and reduce the risk of corruption. This, in turn, would ensure that the contact between lobbyists/pressure groups and MPs/decision-makers/other high-ranking governmental officials is conducted in an ethical, transparent and accountable manner, fostering thus integrity within the decision making process. In addition, it would improve electorate accountability and the image of politicians in the country. Given the fact that the costs associated with operating such a register are not significant, the cost of development of the register could be financed by the public purse.

**g)** In an effort to guarantee integrity within the decision making process, a robust Code of Conduct and Ethics for Public Officials, which will specifically address lobbying, should be introduced for all elected and appointed officials (e.g. Ministers, Commissioners, President of the Republic etc.) to ensure that lobbying activities adhere to the principles of transparency, ethics and accountability. Furthermore, there ought to be an ethics/disciplinary committee to ensure the enforcement of the Code of Conduct and Ethics for Public Officials.

**h)** In order to ensure equality of access and allow for diverse participation in the decision-making process, the legal framework for Consultation and Public Participation in decision making must be updated. The present authors suggest that a ‘Stakeholders Register’ for all those wishing to be invited by Parliamentary Committees to discuss bills or amendments to legislation ought to be made publicly available. Through the creation of this register, which could potentially be set up online thus making it easier to access, interested stakeholders would be able to register to receive invitations for the meetings of the Parliamentary Committee that they are interested in and have the right to be included in the discussion of the legislative process. In addition, by enacting legislation to make it a legal obligation for advisory groups and think-tanks to participate in decision-making processes, Cyprus would be able to
effectively integrate modern scientific knowledge within political decision-making; something that would benefit Cypriot citizens.

In view of the risks of lobbying, which often lead to the undue and unfair influence for vested interests over decision-making processes, it is rather crucial to safeguard the public interest through stricter regulation of lobbying activities. From the research carried out for the drafting of this report, it appears that Cyprus has a very long way to go before being able to support ethical lobbying due to gaps and omissions within the legislative framework. The recommendations made above aim to strengthen the framework for lobbying regulation and integrity within decision-making processes. The disclosure of lobbying activities between lobbyists and government officials is also an essential step in monitoring lobbying activities. Thus, in order to move towards greater lobbying transparency in Cyprus, lobbying should be legally defined and regulated. As a means of fostering integrity, revolving doors should be blocked through stricter legislation on cooling-off periods in order to prevent high-ranking officials from entering the private sector soon after the end of their public duties. Additionally, the legal framework for public participation in decision-making processes should also be strengthened in order to secure the participation of interested stakeholders in the discussion of legislative processes. By doing so, citizens' trust on politicians will improve the accountability on the decision-making process.
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5 The participating countries are Austria, Bulgaria, Cyprus, Czech Republic, Estonia, France, Germany, Hungary, Ireland, Italy, Latvia, Lithuania, Netherlands, Poland, Portugal, Slovakia, Slovenia, Spain, and the United Kingdom, as well as the Transparency International Liaison Office of the EU. The project leader is Transparency International-Secretariat.


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


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58 Minister of Finance who upon completing his term of office became Chair of a Board of a Bank or Minister of Education who upon completing his term was employed at a Private University


60 Spoke to Mrs Petridou, member of the 3 committee review on 29/7/2014

61 Law no. 114(I)/2007.


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

65 The 1995 Regulation of the House of Representatives of the Republic of Cyprus, Section B Part II 44 highlights that “When a member of the committee has a direct personal interest in relation with the subject under consideration, he/she must declare it to the President and the members of the Committee at the beginning of the meeting”.


70 Meeting held with Mrs Anastasiadou on the 28 of July 2014.
71 1995 Regulation of the House of Representatives of the Republic of Cyprus, Section B Part II 46(A) 1
72 1995 Regulation of the House of Representatives of the Republic of Cyprus, Section B Part II 42(6) and Section B Part II 42(7)
73 For example, the Ex-environmental Commissioner regularly updates his website (http://theopemptou.com/portal/) and blog (http://theopemptou.blogspot.com/).
74 According to the Alliance for Lobbying Transparency (2013) “Costs associated with robust registration systems are not substantial. In Canada an annual budget of C$1.1 million (£706,682) is spent on the administration of the detailed national register. This includes salaries for the equivalent of six full-time employees and $4-500,000 invested annually in technical work to maintain and upgrade the system. The European Union also operates a relatively detailed lobbying register. The 2013 operating budget of the Joint Transparency Register, serving both the Commission and Parliament, is €130,000 (£110,430)”. 