



AUDIT
OFFICE



REPUBLIC
OF CYPRUS

LEASING OF STATE LAND TO A COMPANY FOR THE PURPOSES OF CONSTRUCTION AND OPERATING PHOTOVOLTAIC PARKS

Executive Summary



**AUDIT OFFICE OF THE REPUBLIC
SPECIAL REPORT no. ΥΠΕΣ/03/2020**

20 November 2020



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AUDIT ENTITIES

Ministry of the Interior

Department of Environment

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The audit was performed in the context of compliance audit, following a request submitted to our Office by the Member of Parliament Mrs. Annita Dimitriou, regarding the permit procedures followed for constructing massive photovoltaic facilities of total capacity 45,2 MW, within state land covering a total area of 670.000 sq.m. between Troulloi, Avdellero and Kelia Communities, and whether the deep concerns of the affected border area communities and the Environmental and Agricultural Organizations had been adequately considered. In addition, we examined whether the state land was properly managed.

The most significant audit findings are outlined below:

- ◆ Non-compliance with the principles of transparency, equal treatment and non-discrimination for leasing the state land. We expressed the view that, if the Council of Ministers, which under the Article 54 of the Constitution, has the power to manage and grant the property belonging to the Republic, was of the opinion that the above mentioned state land could or should be leased to a private individual for the purposes of constructing photovoltaic parks, should ensure a certain degree of publicity and invite for expression of interest rather than lease the land to the first businessman who would request for it.
- ◆ Non-compliance with the legal procedure regarding the submission and examination of applications for granting planning permit, relating to the construction and operation of photovoltaic parks, since the applications were submitted by the company, before any decision has been taken for leasing the state land thereto.
- ◆ Insufficient justification of what the Council of Ministers resolved with respect to the lease of the state plots, relating to four specific photovoltaic parks, for which the Department of Agriculture and the Department of Town Planning and Housing expressed the view that their use should remain for agricultural purposes.
- ◆ Five out of the 11 photovoltaic parks proposed are adjacent to the Special Protection Area (SPA) of the European Network «Natura 2000» and the remaining six are located within a distance between 300 to 1.600 meters away from it. According to the letter of formal notice Infringement no. 2019/2303 of the Secretariat-General of the European Commission, none of the cumulative effects of the above mentioned project have been assessed. We have drawn the attention of the competent Authorities to the fact that the inclusion of the matter relating to the construction of photovoltaic parks into the letter of formal notice requires the correct application of law even more imperative, in order to avoid any economic sanctions against the Republic.
- ◆ There was a radical shift from the initial position of the affected Communities of Troulloi and Avdellero which, although were initially opposed to the above mentioned project, they subsequently expressed a favorable view.