



AUDIT
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REPUBLIC
OF CYPRUS

**DEVELOPMENTS OF INTERESTS TO A SPECIFIC POLITICALLY EXPOSED
PERSON, WITHIN OR NEAR «NATURA 2000» NETWORK, IN SOTIRA
MUNICIPALITY, FAMAGUSTA DISTRICT
Executive Summary**



**AUDIT OFFICE OF THE REPUBLIC
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AUDITED ENTITIES

**Department of Town Planning and Housing
Department of Environment
Game and Fauna Service
Sotira Municipality**

Executive Summary

Following the broadcast of Al Jazeera Media Network's report, which concerned the Cyprus Investment Program and involved Politically Exposed Persons (PEP), as well as publications in relation to a company affiliated with one of these PEP, which illegally constructed additional floors in a Mixed Tourist Development (MTD) in the Municipality of Sotira, Famagusta District, in a site adjacent to an area of the «Natura 2000» Network, our Office decided to examine the procedure of environmental assessment of the project. The audit was extended to another project, which came to light during the audit, connected with the same PEP, located within the same «Natura 2000» area and erected illegally, as well as to other illegal developments of the Municipality of Sotira, which do not seem to protect and or even damage the integrity of the area.

The most important audit findings are summarized below:

- Although the MTD is adjacent to the boundaries of a «Natura 2000» Network area, the Environmental Authority issued, in the framework of the implementation of Directive 2011/92/EU on the assessment of the effects of certain public and private projects on the environment («EIA Directive») and of the Environmental Impact Assessment of Certain Projects Law of 2005 (Law 140(I)/2005), which was in force then, a positive opinion based on a Preliminary Environmental Impact Assessment, without justifying and recording the reasons on which its conclusion was based, i.e. that despite its size and proximity to the area, the proposed project does not affect the area significantly, individually or in combination with other projects. Also, the project was not appropriately assessed of its implications for the site in view of the site's conservation objectives, pursuant to Article 6(3) of Directive 92/43/EEC on the conservation of natural habitats and wildlife, as well as fauna and flora (the «Habitats Directive»).

- The Town Planning Authority issued the town planning permits for a project related to the construction of two houses, which is partially located within the Special Protection Zone (SPZ) of the «Natura 2000» Network, without their prior environmental assessment, in violation of the law, setting, as a condition, the subsequent request of the Environmental Authority's opinion. By doing so, the Town Planning Authority violated both the European and the national institutional framework., which does not give the Town Planning Authority the right to approve, prior to the issuance of the Environmental Authority's opinion, a project which is subject to a town planning permit and which is not directly connected with to or necessary to the management of a site, which falls within an area of the «Natura 2000» Network, but likely to have an effect thereon, either individually or in combination with other projects.

- Construction work for the first development has reached an advanced stage of completion, however and it has been found that it is not in line with the approved town planning permit. Construction work for the second development has also reached an advanced stage of completion, although a building permit has not yet been issued. Although the competent Authorities have observed the illegal construction activity and, as far as the first case is concerned, the Department of Town Planning and Housing (DTPH) has issued an Enforcement Notice, the illegalities have not come to an end. It is noted that the Directors of the company, which is the owner of the MTD, as well as their minor children, were naturalized as Cypriot citizens, within the framework of the Cyprus Investment Program. The Unit for Combatting Money Laundering investigated cases concerning some of the above persons.

- • High tolerance was exhibited, in relation to the violations of the legislation, by the Town Planning Authority, the Environmental Authority, the Game and Fauna Service (GFS), the Municipality of Sotira, as well as the competent Ministerial Committee empowered to examine the hierarchical recourse, based on articles 31 and 32 of the Town and Country Planning Law and relaxations, based on article 5A of the Beach Protection Law. It appears that the above-mentioned Authorities changed their

approach to the matter only after the scandal, in relation to the Cyprus Investment Program, came to light, which involved the resigned Member of Parliament and Director of both the aforesaid project owner companies and the construction company.

- For more than seven years, the Municipality of Sotira has been systematically violating the « Habitats Directive», the « Bird Protection Directive», the «EIA Directive», as well as the corresponding national legislation (Law 153(I)/2003, Law 152(I)/2003 and Law 127(I)/2018) and, as a result, the integrity of the area is not protected, or even damaged. These violations are also recorded in a letter of formal notice of the European Commission, for the breach of the obligations of the Republic warning about the potential of bringing the Republic of Cyprus before the European Court of Justice.

We called the attention of both the Department of Environment and the DTPH to the large number of factors that pose a threat to the area, since, according to the data from the former, the Environmental Authority has issued a significant number of positive opinions for developments therein.

We stressed that failure to comply with the Acquis Communautaire may lead to sanctions, for non-compliance, on the Republic of Cyprus and that, according to the letter of formal notice Infringement no. 2019/2303 of the EU General Secretariat, dated 27.11.2019, to the Minister for Foreign Affairs, the Commission, inter alia, expressed the view that «... The Republic of Cyprus, in general and continuously fails to secure that its authorities submit plans or projects not directly connected with or necessary to the management of the site , but likely to have significant effect thereon , either individually or in combination with other plans or projects, which are subject to Appropriate Assessment (AA) of its implications for the site in view of the site's conservation objectives, in light of the conclusions of the assessment of the implications for the site, shall be in line to plans or projects only after having ascertain that they will not adversely affect the integrity of the site connected...», in breach of Article 6(3), in conjunction with Article 6(7), of the «Habitats Directive».

We called the attention of the Minister of Interior to the fact that the DTPH systematically issues town planning permits for plans and projects prior to their environmental assessment, although under the national and Community legislative framework they are subject to prior environmental assessment, is unacceptable and should be investigated in relation to disciplinary offenses.

With regard to the project for the construction of the two houses, we suggested an investigation in order to reveal the potential liabilities of the Municipality of Sotira, as the competent Authority, for the issuance of a building permit, both regarding the promotion of the project town planning permits to the Environmental Authority, despite the illegal commencement of construction works by the developer and its failure to notify so the Environmental Authority.