



*Permanent Mission of the Republic of Cyprus
Geneva*

Ref.: 24.11.006.018 (1000/1/1)

Note verbale

The Permanent Mission of the Republic of Cyprus to the United Nations Office at Geneva and other International Organizations in Switzerland presents its compliments to the Office of the United Nations High Commissioner for Human Rights (Special Procedures Branch) and with regards to the latter's communication with reference OL CYP 2/2024 dated 27 June 2024, has the honour to provide herewith copy of letter by Mr. Andreas S. Kakouris, Permanent Secretary of the Ministry of Foreign Affairs of the Republic of Cyprus, dated 8 October 2024, addressed to the the Special Rapporteur on the rights to freedom of peaceful assembly and of association; the Special Rapporteur on the situation of human rights defenders and the Special Rapporteur on the promotion and protection of human rights and fundamental freedoms while countering terrorism, with the request to be forwarded to its destination.

The Permanent Mission of the Republic of Cyprus to the United Nations Office at Geneva and other International Organizations in Switzerland avails itself of this opportunity to renew to the Office of the United Nations High Commissioner for Human Rights (Special Procedures Branch) the assurances of its highest consideration.

Geneva, 09 October 2024



To the
Office of the United Nations
High Commissioner for Human Rights
Geneva
ohchr-registry@un.org



REPUBLIC OF CYPRUS
MINISTRY OF FOREIGN AFFAIRS
The Permanent Secretary

Ref.: 24.11.006.013

Nicosia, 8 October 2024

Ms. Gina Romeo,
Special Rapporteur on the rights to freedom of peaceful assembly and of association

Ms. Mary Lawlor,
Special Rapporteur on the situation of human rights defenders

Mr. Ben Saul,
Special Rapporteur on the promotion and protection of human rights and fundamental freedoms while countering terrorism

Honorables,

I wish to refer to your letter dated 27 June 2024 regarding the amendments to the "*Societies and Institutions and other Related Matters Law of 2017*" (Law 104(I)/2017) on Non-Profit Organizations (NPOs), including human rights organizations in the Republic of Cyprus, and to express my appreciation for your engagement on the matter at hand.

From the outset, I would like to reiterate that the Government of the Republic of Cyprus is fully committed to upholding human rights and supporting the vital work conducted by NPOs and human rights defenders. Their work constitutes an important component in our collective endeavour to protect human rights in an effective way.

The proposed amendments to the "*Societies and Institutions and other Related Matters Law of 2017*" (Law 104(I)/2017), aim at enhancing oversight of the non-profit sector, particularly to combat money laundering and the financing of terrorism, which are national and international priorities. We recognize the importance of balancing the necessary security measures with the need to preserve the operational capacity and activities of NPOs.

The Republic of Cyprus is committed to ensuring that any legislative changes are compliant with international standards and do not unduly hinder the legitimate activities of civil society organizations.

The proposed amendments to the aforementioned Law, will be evaluated through a comprehensive and structured consultation process, which has been entrusted to private professional consultants (contractor). This process aims to ensure that any amendments are balanced, effective and take into account the operational realities of NPOs. The key steps in this process are as follows:

1. **Review of Provided Documents:** The consultants will begin by studying the relevant documents provided by the Ministry of Interior. These documents are essential for understanding the context, requirements, and existing legal framework related to the proposed amendments.
2. **Public Consultation:** The draft amendment bill, titled "*The Associations and Foundations and Other Related Matters Amendment Law of 2024*," has already been prepared by the Ministry of Interior. This draft was subjected to public consultation, during which approximately 10 NPOs, (representing dozens of other organizations, as they function as federations or umbrella organizations) and other entities submitted their written comments. These comments will be integral to refining the proposed amendments.
3. **Focus Group Meetings:** The consultants will organize structured discussions during at least five focus groups. Each group will comprise of 7-10 participants, including representatives from entities that provided comments during the public consultation, as well as additional stakeholders selected by the contractor. The discussions will be conducted in a structured manner to allow for detailed and clear expression of views and suggestions. A Ministry of Interior officer will observe these sessions to ensure that the process is governed by transparency and accountability.
4. **Analysis and Incorporation of Feedback:** The consultants will analyze the feedback from the previous public consultation and the focus groups. This analysis will assist in identifying key areas of concern and enabling suggestions for improvement. The feedback will be systematically incorporated into the draft amendments.
5. **Final Consultation Document:** The contractor will prepare a final consultation document that provides a detailed analysis and recommendations for each article of the draft amendment bill. This document will include a comparison table listing: (a) the original article, (b) all written comments from the public consultation, (c) comments from the focus group discussions, and (d) the contractor's recommendations for amendments. Additionally, each article will be evaluated based on criteria

such as proportionality, administrative burden, compliance with FATF guidelines and effectiveness in oversight.

6. **Presentation and Discussion:** The final consultation document will be presented to the Ministry of Interior and relevant stakeholders for discussion. This step ensures that all parties have a clear understanding of the proposed amendments and the rationale behind them.

It should be noted that the following documents have been provided to the Contractor:

1. **Written Comments from Public Consultation:** These include feedback from approximately 10 NPOs and other entities. This feedback is critical for understanding the concerns and suggestions of various stakeholders.
2. **Draft Amendment Bill:** Titled "*The Associations and Foundations and Other Related Matters Amendment Law of 2024*" was prepared by the Ministry of Interior and serves as the primary document for the consultation process.
3. **Moneyval Report by the Council of Europe (attached):** This report evaluates the Republic of Cyprus and includes obligations related to the NPO sector. It also references FATF guidelines, specifically "Combating the Terrorist Financing Abuse of Non-Profit Organizations – Recommendation 8," which provides essential guidelines for the amendments.
4. **Risk Mapping of the NPO Sector in Cyprus (attached):** Prepared by the Ministry of Interior, this document is based on a risk assessment conducted on the nearly 2000 associations/foundations. It provides valuable insights into the potential risks associated with NPOs and informs the need for enhanced oversight and control.

The primary aim is to prepare amendments that simultaneously meet three objectives:

1. Our obligations as derived from the Moneyval report (<https://rm.coe.int/moneyval-2023-19-cy-3rdenhfur/1680ae8293>).
2. The views of the involved stakeholders.
3. The Ministry of Interior's decision to scale the obligations of NPOs based on the intensity of their financial activities, so that NPOs with small-scale economic activities are further enhanced.

In response to your comments on the proposed amendments, the Government of the Republic of Cyprus wishes to make the following clarifications:

- 1. Comment on the Proposed Preamble, on the proper distinction between NPOs and NGOs:** The Law and its amendment pertain only to NPOs of private law, particularly associations, foundations, their federations, as well as NPOs registered abroad that wish to operate legally in the Republic of Cyprus. The term Non-Governmental Organization (NGO) is broader and includes non-profit companies and/or profit-making organizations that do not fall within the scope of the law.
- 2. Comment on the Articles 4(2) and 4(4):** The Government of the Republic of Cyprus will review and clarify the threshold for suspicion to ensure that it is precise and prevents arbitrary actions. The differentiation between minor and serious violations will be incorporated, and the definition of "suspicion" will be strictly outlined to avoid any potential misuse.
- 3. Comment on the Articles 10(1), 10(3), and 10(4):** The Government of the Republic of Cyprus will refine Article 10(1) to provide clear criteria and avoid arbitrary interpretations. The fee structure in Article 10(3) will be re-evaluated to ensure it is proportionate and takes into account the intent behind non-compliance. Additionally, Article 10(4) will be clarified to specify the number and nature of administrative fines before proceeding with dissolution.

I wish to also note that a platform enabling electronic and immediate service to NPOs is already in effect.

Finally, an important issue that will be resolved with the introduction of certain further control measures for highly active NPOs is to increase the reliability of checks to facilitate NPOs' access to bank financing.

In ending, we welcome your detailed feedback on specific provisions of the proposed amendments that may raise concerns, as well as any recommendations you may have to ensure our regulatory framework effectively addresses security threats while promoting an enabling environment for NPOs.

Sincerely,

A handwritten signature in black ink, consisting of a large, stylized loop followed by a horizontal line and a small upward tick at the end.

Andreas S. Kakouris
Permanent Secretary