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This report will be issued as a document of the Security Council under the symbol S/2017/814.

28 September 2017

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I. Introduction

1. The present report on my mission of good offices in Cyprus covers developments from 15 May 2015 to 11 August 2017. It focuses on the activities carried out by my good offices mission under the leadership of my Special Adviser, Mr. Espen Barth Eide, regarding the leader-led negotiations between the Greek Cypriot and Turkish Cypriot sides. The Security Council, in its most recent resolution 636 (2017), noted the outcome of the Conference on Cyprus and encouraged the sides and all involved participants to sustain their commitment to a settlement under United Nations auspices. Echoing the Secretary-General's firm belief that the responsibility for finding a solution lies first and foremost with the Cypriots themselves, the Security Council also expressed its full support for the Secretary-General in continuing to keep his good offices at the disposal of the parties.

II. Background

2. The negotiations between the Greek Cypriot leader, Mr. Nicos Anastasiades, and the Turkish Cypriot leader, Mr. Mustafa Akıncı, to reach a comprehensive settlement had started more than two years ago, on 15 May 2015. Throughout this period of intense and results-oriented talks, the sides were guided by relevant Security Council resolutions as well as the Joint Declaration of 11 February 2014. These recent efforts to find a mutually acceptable settlement have built on the body of work accumulated since the beginning of the fully fledged negotiations in September 2008. In particular, the process continued to follow the original design of the then Greek Cypriot and Turkish Cypriot leaders, Mr. Dimitris Christofias and Mr. Mehmet Ali Talat, respectively, which had also been in place during the period of negotiations between Mr. Christofias and Turkish Cypriot leader, Mr. Derviş Eroğlu.
3. As agreed in 2008, the negotiations were organized into six chapters, namely governance and power-sharing, economy, European Union matters, property, territory, and security and guarantees. On 15 May 2015, Mr. Akıncı and Mr. Anastasiades also agreed that the negotiations would be leader-led and that they would focus in a structured and results-oriented manner on core issues across chapters, as set out in the Joint Declaration. In the conduct of the negotiations, the leaders were supported by their respective negotiators and negotiating teams, as well as various experts, who were organized in several working groups, as described below.

III. Status of the process – substantive chapters

4. As of 15 May 2015, the sides engaged in intensive, on-going negotiations. This sustained process experienced short interruptions only on a few occasions, often due to political events and developments that were taking place outside of the talks *per se*. The amount of time and effort invested and documentation produced over the more than two-year-long process were extensive. The leaders personally engaged in 70 meetings on the island, while their negotiators had more than 150 meetings. The contacts, exchanges and meetings between the various experts in the working groups were no less frequent or substantive; 369 meetings were held at the level of the experts. More than 565 joint papers were exchanged between the sides, recording progress and convergences achieved over the course of the process. Such intensive and

focused engagement at all levels generated unprecedented substantive progress in all the chapters and enabled convening the Conference on Cyprus on 12 January 2017 in Geneva.

5. Throughout the negotiations, both sides maintained their agreement that the principles upon which the European Union is founded would be respected throughout the island. This allowed them to find solutions to and convergences on a myriad of issues in various negotiating chapters, underscoring the fundamental European character of the settlement that the two leaders were aiming to achieve. For instance, provisions were agreed that the rights of all citizens would be respected, regardless of where they reside on the island. While safeguarding the bi-communal and bi-zonal parameters of a settlement, the sides drew on European jurisprudence to remedy the past – as well as European norms and principles to build a united future. As a result, most issues under the chapter related to European Union matters were largely resolved. The only outstanding issues were related to permanent derogations and primary law as well as how to determine the joint positions of a future united Cyprus in European Union bodies; the set-up of the Joint Committee on European Union Matters, and questions regarding infringement and other internal procedures.
6. The sides converged on innumerable topics in the chapter of governance and power-sharing. By January 2017, the contours of a bi-zonal, bi-communal federation with political equality were well-known and largely agreed. The views on functions, composition and decision-making procedures, including deadlock resolving mechanisms of the main branches of the federal government, including federal legislature and federal judiciary, but also independent officers and the federal public service had already converged.
7. Federal competences, cooperation and coordination between the federal government and the constituent states as well as issues related to citizenship, in particular who would be considered a citizen of the future united Cyprus on “day one” of the settlement and criteria for acquiring citizenship in the future were also largely agreed. Importantly, views on criteria to grant internal citizenship, as defined in the Joint Declaration of 11 February 2014, also converged. The important and often sensitive issue of citizenship, with its links to other key aspects, including the exercise of civil and political rights in the future united Cyprus, was almost completely concluded, with only certain details left to be agreed.
8. The economy chapter was perhaps the closest to being fully completed and, generally speaking, the economic issues were among the least contentious aspects of the negotiations. The sides agreed on many of the core principles, policies and institutions to guide the economy of a post-settlement Cyprus, including fiscal federalism, growth-promoting structural reforms, economic convergence between the two communities, the ministries, the central bank, other regulatory bodies, revenue allocation, taxation, public debt, guarantees and state aid, and monetary policy. In particular, the negotiating teams and their experts worked carefully to balance the principles of fiscal federalism with simplified and effective decision-making. Notably, given recent economic and financial turmoil on the island, the sides negotiated a cooperation agreement that imposed fiscal discipline on the federal government, the constituent states and their subsidiary bodies. The remaining outstanding issues in the economy chapter were mostly related to governance, or to implementation and transition.

9. Throughout the process, the sides also worked extensively on the chapter of property. The first key agreement in this chapter was achieved by the leaders on 27 July 2015, when they announced that the individual's right to property would be respected and that there would be alternatives for the regulation of the exercise of this right. The leaders also agreed that dispossessed owners and current users would have various choices regarding their claims to affected properties, including compensation, exchange and reinstatement and that these would be subject to agreed criteria. Thereafter, progress continued on property, including both on the necessary judicial ad hoc mechanisms, such as the property commission and the property court, as well as progress on principles, including the prescription of just satisfaction and the proscription of unjust enrichment, albeit at a slower pace in the last months of negotiations.
10. The territory chapter is an example of how the sides went further in ownership and leadership in this round of negotiations than ever before. It had been the long held agreement that the territory chapter would always remain the last internal one to be negotiated, with maps and figures only to be discussed at the very end of the negotiating process. Recognizing the progress made since the start of their negotiations, the two leaders decided in October 2016 to hold intensive talks in Mont Pèlerin, Switzerland, formally opening negotiations on the chapter on territory during two rounds in November 2016.
11. During the first round, the leaders secured a significant breakthrough, agreeing on a range for the land percentages of the constituent states that would result from the territorial adjustment. During the second round, the sides failed to achieve further progress on territory and therefore to present their respective maps, returning to the island with a clear perception that the process risked facing a serious stalemate. The climate surrounding the talks deteriorated rapidly, demonstrating how a small setback in the process could quickly lead to a downward spiral. However, on 1 December 2016, in their first encounter since the end of the second round of Mont Pèlerin meetings, Mr. Anastasiades and Mr. Akıncı recognized the importance of resuming the talks. They announced that they would meet in Geneva from 9 to 11 January 2017 and that from 12 January a Conference on Cyprus would be convened with the added participation of the guarantor powers. Other relevant parties would be invited as needed.
12. The meetings between 9 and 12 January were a watershed moment in the process. For the first time in the history of the negotiations, the two leaders presented each other with their preferred maps of the internal administrative boundary. The maps were verified by expert cartographers from each side and the United Nations, and were then taken to a vault at the United Nations Office in Geneva. The presentation of maps was an important moment both in itself but also in that it was seen by both sides as a sign that the process was moving towards the 'end game'.
13. On 12 January 2017, I convened the Conference on Cyprus in Geneva with the added participation of the Foreign Ministers of Greece, Turkey and the United Kingdom, as well as the President of the European Commission as an observer. The convening of the negotiations on security and guarantees marked another historic first in this process, opening the international phase of the negotiations and bringing the parties one step closer to a comprehensive settlement.

14. The parameters for solving security and guarantees were set in Geneva. The statement of the Conference on Cyprus of 12 January underscored the need for mutually acceptable solutions that address the concerns of both communities, with the overarching principle that the security of one community cannot come at the expense of the security of the other community. It also established that the solutions envisaged needed to address both communities' traditional security fears, while developing a security vision for the future. These parameters guided the work of the Group of Deputies of the Conference, which met one week later in Mont Pèlerin, Switzerland, on 18-19 January, to develop questions and instruments related to security and guarantees.
15. Despite the leap forward, the process experienced another setback shortly thereafter. The controversy between the sides over the decision by the Parliament of the Republic of Cyprus to introduce an annual commemoration in public schools of the 1950 referendum on 'Enosis' (Union) with Greece resulted in a two-month hiatus in the talks from 16 February to 11 April 2017. This meant that the sides lost crucial time in the negotiations when they had gained significant momentum. It also had a negative impact on the trust between the two leaders and their respective communities.
16. From late January until late June 2017, in preparation for the reconvening of the Conference on Cyprus, my Special Adviser engaged in intensive shuttle diplomacy, visiting Cyprus, Greece and Turkey regularly with a view to finding mutually acceptable modalities for returning to the Conference and preparing the ground for a successful outcome of the negotiations on security and guarantees. Based on the parameters, my Special Adviser worked intensively with all parties to try and reframe the issue of security and guarantees in such a way that could allow the parties to move away from their seemingly irreconcilable positions and begin thinking in new terms about the questions concerned, laying the building blocks for a mutually acceptable solution.
17. To find common ground regarding these modalities and the sequencing of negotiations at a future session of the conference, I invited the leaders to New York. During a dinner that I hosted on 4 June, the two leaders agreed on the need to reconvene the Conference on Cyprus in June in line with the 12 January statement of the conference. They recognized the vital importance of security and guarantees to the two communities and the importance of progress in this chapter for reaching an overall agreement. At the same time, they committed to continue in parallel the bi-communal negotiations on all other outstanding issues, beginning with territory, property and governance and power-sharing. Furthermore, they reaffirmed that all issues would be negotiated interdependently and that nothing would be agreed until everything was agreed.

IV. Crans-Montana meetings

18. On the basis of the above commitments, the Conference on Cyprus reconvened on 28 June in Crans-Montana, Switzerland, with the participation of Mr. Anastasiades and Mr. Akıncı, the Foreign Ministers of Greece, Turkey and the United Kingdom and the Vice-President of the European Commission in his capacity as an observer. With the aim of arriving at a strategic agreement on all major outstanding issues across the six chapters of the negotiations, the Conference was organized in a two-table format, one involving the leaders of the two communities dedicated to core outstanding issues in territory, property and governance and power-sharing in particular, and the other table

dedicated to security and guarantees involving Mr. Anastasiades, Mr. Akıncı, Greece, Turkey and the United Kingdom, as well as the European Union as an observer. Despite differences in their opening positions and public rhetoric, I could see from my in-depth engagement with the three guarantors in Crans-Montana that they had all come to Switzerland committed to seeking mutually acceptable solutions.

19. Despite a positive mood and constructive statements made during the opening day of the Conference, real progress quickly became hampered by the parties at one 'table' being reluctant to make compromises unless demonstrated progress had been made at the other 'table', and vice versa. In an effort to resolve this dilemma, on 30 June, I presented the parties with a framework for simultaneously resolving six major outstanding issues at both 'tables' as elements of a final package that, in my view, would lead to a comprehensive settlement. These were related to territory, political equality, property, equivalent treatment, and security and guarantees.
20. The core outstanding issues related to governance and power-sharing remained few, related mostly to effective participation and, more specifically, to the composition and decision-making of certain low-level federal bodies and institutions as well as the federal executive, namely, whether or not there would be a rotating presidency. In addition, differences remained on whether, following a settlement agreement, Turkish nationals would be extended equivalent treatment in Cyprus to that enjoyed by Greek nationals in their capacity as citizens of the European Union.
21. Acknowledging the importance of these three core issues - together with the fundamental issue of security and guarantees - to the conclusion of a strategic agreement, I included them as elements of the final package. Further progress was achieved on all three of these issues in Crans-Montana. By the end of the Conference, the sides had reached practically full agreement on the federal executive and effective participation. On equivalent treatment, although some differences remained, they were limited in scope principally to the issue of free movement of persons, which officials of the European Commission present in the negotiations qualified as limited and possible to accommodate through practical solutions.
22. Progress was also made on property, with an understanding being reached that there would be a property regime largely leaning towards current users in areas that would not be subject to territorial adjustment and a property regime that would lean towards dispossessed owners in areas that would be subject to territorial adjustment. This left little outstanding with respect to an overarching property settlement framework, even though various details remained to be agreed on with regard to the exact criteria that would apply in each of these two regimes.
23. Regarding territory, following the presentation of respective maps in Geneva in January 2017, no further discussions had taken place. During my bilateral meetings in Crans-Montana, it appeared that an agreement on territorial adjustment was within reach. This issue could, however, only be concluded as part of a final package.
24. The complexity and importance of the chapter of security and guarantees derive from the fact that it speaks to the traumas of the past as experienced by Cyprus' communities, and that it sets the framework whereby the future security of Cyprus and the new state of affairs established by a settlement agreement shall be safeguarded. Conse-

quently, this chapter perhaps more than others has been the subject of different, often-times conflicting narratives and has generated seemingly irreconcilable positions. Thus, I proposed that the parties identify solutions taking into account that the current system of guarantees, and in particular article four of the Treaty of Guarantee containing the unilateral right of intervention, was “unsustainable”. I also suggested that a new system of security was needed for Cyprus, together with a credible framework for monitoring implementation of the agreement in which the current guarantors would play a role. On the question of the presence of Greek and Turkish troops in Cyprus, it was agreed that any outstanding issues regarding troops would best be addressed at the highest political level involving the Prime Ministers of the three guarantor powers.

25. I returned to Crans-Montana on 6 July to assist the parties to arrive at a strategic understanding on the six elements which I had identified on 30 June. It was only upon my return that some of the most essential elements were considered. During confidential bilateral meetings, key positions and indications of possible openings were put forward by relevant parties, particularly on the issues related to security and guarantees. It was underscored, however, repeatedly by several of the parties that these were to be taken as part of the overall package which I had presented. During a dinner for the heads of delegation, I shared my assessment that there was a broad understanding of the parameters of the potential strategic agreement. I also presented the parties with a draft of an implementation monitoring framework in the form of a non-paper for their consideration.
26. Regrettably, during the dinner, while the six elements of the package were largely available, the parties were unable to finalize a package and bridge remaining differences. While the parties were moving closer on substance, they remained far apart with respect to the necessary trust and determination to seek common ground through mutual accommodation, ultimately preventing them from reaching the broad outlines of a strategic understanding across the negotiating chapters which could have paved the way for the final settlement deal. Therefore, no agreement could be reached to convene the Prime Ministers. As a result, the parties concurred with my conclusion that the Conference would likely not achieve a result and should be closed.
27. By the time the Conference closed, the sides had essentially solved the key issue of effective participation. While some differences remained on the equivalent treatment of Turkish nationals with regard to the issue of free movement of persons, this was now down to a question of certain details rather than principles. An incipient agreement was also emerging on territorial adjustment. With regard to property, the sides had agreed in principle on two separate property regimes, while again some details remained. Finally, the participants had significantly advanced in developing a security concept— assuming that agreement was reached on all domestic aspects of the settlement to the satisfaction of both communities.

V. Status of the process – other features

28. Undoubtedly, the progress in this round of negotiations is unique in many respects, including a number of new elements as well as benefitting from unprecedented support from a wide variety of international actors. This placed the leaders and their ne-

gotiators in an optimal position to gather and utilize expertise on many of the issues being discussed at the table as well as start preparations for the implementation of a deal well in advance. In fact, in view of a potential settlement deal, during a joint meeting on 29 January 2016, the leaders committed to engaging in preparatory technical work, alongside their substantive negotiations, in four priority areas: drafting of the federal constitution, technical preparations for the implementation of European Union *acquis communautaire* in a future Turkish Cypriot constituent state, ongoing work with international financial institutions on economic aspects of the settlement and planning for implementation.

29. While there was progress registered in a few of these technical priority areas, in others progress was slow or never materialized. Despite the repeated encouragement by my Special Adviser, a proposed constitution-drafting working group did not begin deliberations. Not consolidating convergences reached in the negotiations into constitutional text created uncertainties and did not allow for full preparations in the other legal work streams. Similarly, work on planning for implementation of the settlement never really got off the ground beyond a handful of leaders' and negotiators' level meetings and initial position papers exchanged on this matter.
30. Regrettably, therefore, the potential of this agreed-upon engagement and the high level of support available was not always utilized to the fullest and, on several occasions, was hampered by internally created delays and other challenges. Furthermore, the fact that the two communities were not accustomed to working together on certain issues, principally due to the status quo and the continuing division of the island, also presented some challenges.
31. One prominent feature of this round of talks was the agreement between the sides to enable the European Union to play an enhanced role in the peace process in conjunction with my Good Offices. This role was further strengthened through the consistent support of the political leadership of the European Union to the efforts of my Special Adviser, demonstrated by the personal engagement of the President of the European Commission, through several visits to the island by high-level European Commission officials as well as through their high-level engagement during the Conference on Cyprus in Geneva and in Crans-Montana. The Personal Representative of the President of the European Commission to my good offices mission together with a small team which was deployed in Cyprus in 2015, remained fully engaged in the process, enabling unprecedented structural integration of the Commission's support to the process under the auspices of the United Nations.
32. The European Commission's engagement to help prepare for the implementation of the *acquis communautaire* of the European Union in a future Turkish Cypriot constituent state also led to several key developments. On 3 October 2015, the sides reached an agreement to set up a Bi-communal Ad Hoc Committee on European Union Preparation to facilitate this work. Furthermore, on 4 February 2016, the two negotiators carried out an unprecedented joint visit to the European Commission headquarters in Brussels to request an intensification of the European Union technical assistance provided within the framework of the Bi-communal Ad Hoc Committee. Following this visit, it was agreed that the Commission would conduct fact-finding missions to the north of the island to identify gaps and propose technical assistance, where appropriate.

33. By mid-2017, in spite of repeated interruptions to their work usually connected to dynamics in the talks, the European Commission had carried out fact finding missions in all priority areas identified by the two negotiators: customs, immigration and border control, plant and animal health, food safety, currency, competition and taxation, free movement of goods, market surveillance as well as single market and European Union funds. On this basis, the Commission arrived at an initial assessment of the Turkish Cypriot community's preparedness which was presented to the two leaders on 10 May 2017. Shortly thereafter, the Commission also shared its in-depth assessment by circulating the fact-finding mission reports to both communities on 5 June 2017. In all, the Commission, under United Nations auspices, conducted no less than 125 working group meetings, seminars and fact finding missions, involving hundreds of Commission experts specialized in different areas of the European Union *acquis*.
34. Uniquely, the economic aspects of the negotiations also benefited from extensive and unprecedented support from European bodies and international financial institutions, including the International Monetary Fund and the World Bank, which implemented an accelerated programme of technical assistance to the two sides under the auspices of the United Nations. This engagement stemmed from the leaders' request to my Special Adviser to seek expert technical assistance with the aim of supporting the two communities in finding sustainable solutions to economic issues in a post-settlement Cyprus, as noted in my previous report. The support of the European Union bodies in this area related to the financial aspects of the European Union *acquis* as well as euro zone requirements, with the bulk of the assistance provided by European Commission and European Central Bank experts. The support by the international financial institutions was truly substantial. Since the accelerated programme began in November 2015, the International Monetary Fund spent a total of 294 mission days on the island, while the World Bank spent a total of 430 mission days in Cyprus, with broad participation by senior staff and experts from both institutions.
35. The work of the international financial institutions included assessments and diagnostics on the financial sectors, macroeconomic and fiscal frameworks, social protection and health, and the public administration of a future united Cyprus. In addition, these institutions formulated forward-looking recommendations on revenue policies, debt management and the economic impacts of a settlement, including the property settlement. In order to coordinate this wide-ranging work, my Special Adviser and his team chaired regular detailed discussions via videoconference with the relevant institutions providing support to the talks.
36. While the overall economic framework for a united federal Cyprus was largely agreed, preparation to implement the economic aspects of the settlement remained slow. Work on implementation planning, which was supposed to be largely a technical exercise, instead became politicized over time. Political forces in each community that were opposed to a settlement were able to leverage their positions in political and administrative bodies to slow implementation preparations. The lack of progress on certain aspects of implementation then became a recurring argument in the negotiating room itself.
37. Throughout the process, the sides also engaged in intense work at the level of the various working groups of experts as well as technical committees. Particularly, working

groups of experts on property, economy and European Union matters met regularly to hold focused discussions at the technical level. In addition, in 2015 and early 2016, the leaders agreed to the establishment of four legal expert groups to address the drafting of a federal constitution, the preparation of federal laws, the functioning of the federal and constituent judiciaries and the international treaty obligations of a united Cyprus.

38. The working group on federal laws met regularly. Despite the obstacles created by the lack of a corresponding draft constitution, the sides agreed on a large number of federal laws that would be required to be in place at the entry into force of a settlement. Although progress was made, a substantial amount remained outstanding by the time the sides met in Crans-Montana. The legal experts in the treaties working group had commenced reviewing the compatibility of the international agreements entered into by the sides with the settlement and European and international law. However, while the sides exchanged updated lists and began providing initial comments, a full review was not commenced. The sides also had an initial exchange of views on a number of issues in the judiciary working group; these did not, however, produce tangible results.
39. Throughout the reporting period, the bi-communal technical committees which had been established in 2008 as part of the process to work on confidence-building measures aimed at not only improving the everyday lives of Cypriots, but also at encouraging and facilitating greater interaction among them, continued to work in support of a possible settlement, especially since the leader-led negotiation process intensified in the autumn of 2016. In addition to the Technical Committees that had been established in 2008, Mr. Anastasiades and Mr. Akıncı agreed to set up additional ones to focus on specific issues, such as gender, education and culture. Since 15 May 2015, 15 technical committees had been working on initiatives in support of the talks and a total of 339 meetings had been held by the time the Conference on Cyprus reconvened in Crans-Montana. However, the success of the committees in formulating and implementing confidence building measures was mixed and their overall impact on the daily lives of the population in both communities continued to be limited. This was due to various factors, including lack of material and organizational support, as well as limited high-level political support for their work, given that more emphasis was often placed on the ongoing “track one” negotiations between the leaders to reach a comprehensive settlement. Despite the small number of measures implemented, there were also some very successful initiatives and promising beginnings, such as the much-appreciated restoration work on historic buildings and monuments of the Technical Committee on Cultural Heritage and the Technical Committee on Education’s launching of the “Imagine” project, bringing Greek Cypriot and Turkish Cypriot children together to interact and learn side-by-side. These initiatives demonstrated that with the necessary support and political will the two communities can work together to implement confidence-building measures aimed at improving the daily life of all Cypriots across the island and creating conditions conducive to a successful settlement process.
40. Following the closure of the Conference on Cyprus on 7 July 2017, it remains unclear whether all the technical committees will continue to meet and whether the sides intend to implement already agreed confidence building measures or pursue new ones. A few technical committees have held meetings since, noting that it was now more

important than ever to carry on some of the work that would benefit both communities. I believe that it is important to continue the support of the United Nations to the work of the technical committees, particularly during this period of political uncertainty. Because of the bi-communal nature of the technical committees, they have the potential to sustain the gains achieved so far in the Cyprus peace talks, and continue to contribute to the development of further confidence-building measures and peace-building efforts.

41. Heeding the many calls for greater inclusion of a gender perspective in the negotiations, on 28 May 2015 Mr. Anastasiades and Mr. Akıncı agreed to establish a Committee on Gender Equality. The mandate of this committee included a clear reference to Security Council resolution 1325. The sides proceeded quickly with the appointment of their respective members of the committee, which comprised both men and women. The committee held its first meeting in August 2015 and initially met quite regularly. It carried out in-depth analysis of important and relevant gender issues and provided some recommendations to the leaders and their negotiators. Regrettably, however, these recommendations were not always mainstreamed into the deliberations at the negotiation table and the impact of the work of the committee on relevant substantive issues being negotiated remained quite limited.
42. As soon as the talks between Mr. Anastasiades and Mr. Akıncı started on 15 May 2015, as a sign of their shared commitment, the leaders had agreed on a number of confidence building measures which would mutually benefit the two communities. While progress was made on some of these measures over the past two years, particularly on issues such as demining, the removal of visa requirements and increased access for the Committee on Missing Persons, the implementation of other confidence building measures such as the opening of additional crossing points lagged behind or did not register any progress for months. Regrettably, the sides have yet to implement the earlier agreements on interconnectivity of electricity grids and the interoperability of mobile telephones.
43. In the early stages of the process, the leaders had also made highly visible and important attempts to increase the frequency of their joint public appearances, such as addressing a conference organized by the two Chambers of Commerce on the economic benefits of a settlement on 8 July 2015 as well as jointly attending a concert organized by the Technical Committee on Culture held in Famagusta on 28 July 2015. Furthermore, they also made an appearance at the Annual Meeting of the World Economic Forum in Davos, Switzerland, in January 2016, jointly addressing the plenary of this high-level meeting, committing themselves to seeking a settlement within 2016 and promoting the economic opportunities of a future united Cyprus. On 15 May 2016, the leaders issued a statement marking the first year of their negotiations in which they affirmed their commitment to intensify efforts in the following months with the aim of reaching a comprehensive settlement within 2016. These events were perceived as a sign of their strong joint commitment and helped to foster confidence in the process and galvanize public support for the talks. The number of such appearances and initiatives dwindled, however, over the course of the process. Moreover, as the negotiations moved forward and the issues being discussed at the table became more complex, the leaders became increasingly focused on their respective communities, foregoing more often than not opportunities for joint public communication and appearances.

44. In my previous report, I encouraged the leaders to strengthen their efforts to communicate jointly through coordinated messaging. When the leaders did address the communities together - for instance during their joint New Year's message in 2015 - the results were a resounding success, with the public responding overwhelmingly positively.

Observations

45. It is my assessment that thanks to the tireless and determined efforts of the leaders and their teams and the unwavering support provided by the international community, the essence of a comprehensive settlement to the Cyprus problem is practically there. The parties had come close to reaching a strategic understanding on security and guarantees as well as on all other outstanding core elements of a comprehensive settlement. It is therefore my firm belief that a historic opportunity was missed in Crans-Montana.
46. Upon closing the Conference on Cyprus, I encouraged the sides to reflect on the way forward. Even if all the core enablers are in place, as they appeared to be in Crans-Montana in late June, I am convinced that the prospects of pushing this process finally 'over the finishing line' will remain elusive without the strongest of political will, courage and determination, mutual trust and a readiness on the part of all parties to take calculated risks in the last and most difficult mile of the negotiations. I remain equally convinced that, in the framework of a renewed process, in order for a comprehensive settlement to be successful in simultaneous referenda, the parties should lose no time in engaging the public and jointly building support for a unified future.
47. I thus reiterate my call to the leaders, their respective communities and other interested parties, including the guarantor powers, to continue such reflection to determine if and when conditions will mature again for a meaningful process in the near future. I reaffirm the readiness of the United Nations to assist the sides should they jointly decide to engage in such a process with the necessary political will, in order to conclude the strategic agreement that was emerging in Crans-Montana. I furthermore encourage them to seek ways to preserve the body of work that had been built throughout the process in the form of convergences and understandings accumulated in the course of the past two years.
48. It is my firm belief that for a process of such complexity and political sensitivity to be successful, a package approach on specific key issues such as the one which guided the discussions during the meetings in Crans-Montana would need to be followed. In the future, agreement should be pursued at the strategic level on key outstanding issues which would form the basis for the comprehensive settlement and that, following the conclusion of a strategic agreement, details would need to be worked out at the technical level. An early agreement at the strategic level would immediately provide each side with the needed reassurance that the overall settlement would contain those elements that are of key importance for each community and thus provide impetus for completion of the remaining technical details.
49. I commend the work of the international financial institutions and relevant European Union bodies in support of the sides on economic aspects of the talks. The close co-

operation among the international financial institutions under the auspices of my good offices mission yielded significant results. These institutions provided timely and helpful technical assistance and support to the leaders and negotiating teams to design jointly an economically sustainable agreement that maximizes an expected peace dividend, reduces risks in the post-settlement period, and promotes human security across the island. Should a settlement agreement be reached, the diagnostic assessments and technical advice produced by the European Commission, the European Central Bank, the International Monetary Fund and the World Bank would need to be transformed into capacity-building assistance directed at both communities, as needed, in order to prepare Cyprus for reunification.

50. In conclusion, I wish to thank my Special Adviser, Espen Barth Eide, and my Special Representative, Elizabeth Spehar, and the personnel serving in my good offices mission in Cyprus for the dedication and perseverance with which they facilitated the talks over the past two years and the commitment with which they have discharged the responsibilities entrusted to them by the Security Council.