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Property Issues in the Cyprus Conflict

George Anderson

Context

While land and property issues were in no way the cause of the conflict that led to the division of Cyprus, they have been amongst the most intractable challenges in negotiations that have yet to resolve this “frozen conflict”, which has endured for more than forty years. The issues have become more difficult and complex with time, but there has been considerable creativity so that the key elements of a property settlement are widely recognized and the completion of a deal is largely a question of political will. The case is rich regarding lessons and tools for potential application or adaptation elsewhere.

The fundamental issue in Cyprus relates to the political co-habitation of the Greek and Turkish communities, which constituted 76 and 18 percent of the population (with five percent others) at the time of partition in 1974. The two populations had shared the island under Ottoman and then British rule, but the prospect of independence in the 1950s gave rise to critical issues, including whether Cyprus might unite with Greece, its internal governance, and its relation to external powers, including Turkey, Greece and the United Kingdom. The terms of independence in 1960, which were guaranteed by Turkey, Greece and the UK, provided for a power-sharing arrangement between the two communities, but this had failed by 1963 and inter-communal violence increased, leading to many Turkish Cypriots being confined in small enclaves for their protection. Events took a decisive turn in 1974 when the Greek military regime sponsored a coup d'état giving rise to fears in the Turkish Cypriot community of Cyprus unifying with Greece. Within days, Turkey, claiming its right under the Treaty of Guarantee (which others disputed), sent a large military force onto the island, where it established control over the north of the island, some 36 percent of the country. This territory had been predominately populated and owned by Greek Cypriots so there was a massive transfer of populations, with over 160,000 Greek Cypriots fleeing or expelled from the North while, between 1964 and 1974, over 40,000 Turkish Cypriots moved to the north.

The United Nations sent a peacekeeping force (UNFICYP) to Cyprus in 1964 to deal with the inter-communal violence and its mission after 1974 was to prevent war and supervise a buffer zone dividing the island. In the following two decades there were various unsuccessful diplomatic attempts, usually led by the UN, to address the dispute, which began the process of defining possible solutions, leading to the High Level Agreements of 1977 and 1979, and several formidable processes thereafter. The administration in the north declared independence in 1983 as the “Turkish Republic of Northern Cyprus,” though only Turkey recognized it. The decision by the European Union to open accession negotiations in 1997 with the Republic of Cyprus, which had effective control of the south, changed the context of the dispute and created incentives for a fresh search for a solution, which led to contacts between the leaders of the north and south in 1999 and then to a peace process under the United Nations which ran through 2004. This eventually resulted in the very ambitious and comprehensive Annan Plan of March 2004 (itself a fifth version), which proposed a comprehensive settlement; the proposal was submitted to simultaneous referendums in the two parts of the country, winning 65 percent approval in the Turkish Cypriot community but being rejected by 76 percent of the Greek Cypriot community. There was a new round of UN led talks in 2008-14 and yet another round in 2015-2017. Both of these failed in turn, but each brought new elements to the table, so that in 2017 the outline a possible settlement emerged and the prospects seemed better than ever. There were intensive negotiations in Switzerland in June-July, 2017, where Secretary General Guterres played a central role, but they ended with no agreement. The process is currently in suspense and it will probably remain so at least until after elections in Cyprus next year.

The Fractured and Undervalued Property Market that has Emerged

The situation in Cyprus regarding “affected property” has evolved greatly since 1974. However, the starting point, notably with independence in 1960, was a unified property regime, based on British principles, that resolved certain ambiguities arising from different historical property regimes. So Cyprus did not confront the problems of plural property regimes that exist in many countries and it had a sound system of property administration, though the registry system was never fully centralized. However, the political violence in the 1960s already resulted in some Cypriots fleeing or being forced from their property and this then became a flood after the partition of the island, the net effect of which was to displace at least three times as many Greek Cypriots as Turkish Cypriots (though proportionately more of the latter) and to result in a great transfer of effective control of property, notably in favour of the Turkish Cypriot community. “Affected properties” in the current context are those recognized as private property in 1960 but rendered practically inaccessible to their original owners as a consequence of the events of 1964 and 1974.

Since partition, the two parts of the country have dealt with affected properties in very different ways:

- In the south, the government of the Republic moved Greek Cypriots expeditiously from camps and embarked on a five-year redevelopment program for the area remaining under its effective control. The government had a strict view regarding private property and largely left affected properties in the south—those abandoned by Turkish Cypriots—empty and unused. It did engage in limited, but arguably disproportionate, expropriation of Turkish Cypriot properties for purposes of “public benefit” and arguably adopted discriminatory planning and zoning, which affected Turkish Cypriot properties negatively (the 18 percent of southern properties belonging to Turkish Cypriots now represent only 13 percent of the market). At the same time, it granted some internally displaced Greek Cypriots “possessory rights” over Turkish Cypriot properties under a *Guardianship* law, while insisting that ownership remained with the displaced owners. Relatively few Greek Cypriots who left the north have received southern property in compensation, though most did get such benefits as first-home loans, education and health grants, given their status as refugees.
- In the north, at the time of partition, 75 percent of lands were owned by Greek Cypriots, 15 percent by Turkish Cypriot, and 5 percent were public lands (roads, mountains, etc.). The northern administration implemented a regime granting property rights under “title” to Turkish Cypriots for the use of Greek Cypriot properties. Three kinds of title have emerged in the north:
 - First are properties with *original title*. Such title is held by owners at the time of partition or by those who have obtained it in legal transactions involving the original owners. This title antedates any action by the northern authorities. Most Greek Cypriot owners in the north had abandoned their property but not their claim to such title. Their claims have gained recognition, as discussed below, from the European Court of Human Rights as well as in the negotiations regarding a settlement.
 - Secondly are properties with *exchange title*. The northern authorities provided such title to northern properties (almost all belonging to dispossessed Greek Cypriot owners) to Turkish Cypriots who had left properties in the south in exchange for those owners transferring their title to their southern properties to the northern government. Thus the Turkish Cypriot authorities accumulated titles to properties in the south while displaced southern Turkish Cypriots received *exchange title* to properties in the north based on a points system of valuation that was meant to provide for equivalence.
 - Thirdly are properties with *justice title*. The northern authorities provided such title to Turkish Cypriots for properties allocated in compensation for services to the community, based on a point system. Unlike for exchange title, those receiving justice title did not surrender any property title or claim in the south.

In addition, the authorities in the north reserved substantial lands for military purposes and hold others for future allocation. They have closed access to the once very valuable Varosha district of Famagusta, with many hotels, apartments and commercial properties abandoned and decaying.

The authorities in the north have no recognized legal standing. The European Court of Human Rights ruled in 1996 that Turkey (and by extension the northern administration) has no right to expropriate displaced owners in the north, who cannot be deemed to have lost title to their property. It further ruled, in 2001 and 2005, that Turkey was in violation of the European Convention on Human Rights provisions establishing the rights to respect for private and family life, to the protection of property and to respect for an individual's home. It called upon Turkey to introduce remedies. The Court has also found admissible over 30 cases from Greek Cypriots since 2001 and handed down judgments assessing financial penalties of several million euros on Turkey, which it holds responsible for compensation; Turkey has appealed and the penalties are outstanding.¹

Partly in reaction to ECHR decisions, the north Cyprus authorities enacted a law establishing the Immovable Property Commission to provide compensation for affected properties. The commission, while operational, is dysfunctional because it does not have anything approaching adequate financial means. Even so, some of its few settlement hearings have generated property valuations that give an indication of the scale of the property question and these have influenced the settlement negotiations.

What has emerged in Cyprus is thus a very fractured property market with significant uncertainties and overlapping claims and with properties in both north and south falling into different categories and trading at different values according to the nature of the title.

- In the north, properties with original title are undervalued relative to the south (perhaps by 10 percent, or more) because of the embargo on the north, while those with exchange title trade at a greater discount (perhaps 25 percent) and those with *justice* title are at an even greater discount (around 40 percent). The north thus has a dramatically undervalued property market compared to what it would have in a situation of political unity and clear titles. Despite this, the property regime introduced into the north has proved essential to its economic stability.
- The property market in the south is less fragile, given the internationally recognized legality of the government there, but it is undercapitalized because approximately 20 percent of the inventory of real estate under the effective control of the government is largely unused and outside the functioning market and off the books of relevant real estate indices. The policies of the government have also disfavoured the value of affected properties, notably because of lack of infrastructure investment and often unfavourable zoning.

This fractured property market, both north and south, has "trapped" significant potential value that could be realized through the regularization of titles, an open property market across the country, good land use planning, and the more general advantages of a political settlement.

Property Issues in the Negotiations for a Settlement

The population of Cyprus is only a little over one million and the country (especially the south) is relatively prosperous. There has been no real violence for years. Even so, the negotiation of a comprehensive settlement is extremely difficult and complex, not least because to be ratified it must win support in referendums in both parts of the country. The huge movements of people from their historic settlements, the subsequent policies of development and neglect by authorities north and south, as well as their assignment of affected properties for different uses and with different rights have made property one of the most sensitive issues in dispute.

¹ Crisis Group, *Bridging the Property Divide*, 9 December 2010, <https://d2071andvip0wj.cloudfront.net/210%20Cyprus%20-%20Bridging%20the%20Property%20Divide.pdf>

There have been three intense rounds of negotiations in Cyprus in the last 17 years: the round that culminated in the Annan plan in 2004; the round in 2008-2014 conducted when Alexander Downer was Special Advisor to the Secretary General; and the round in 2015-2017 conducted during the tenure of Downer's successor, Espen Eide. Each of these rounds failed in the end, but each marked real progress in deepening understanding of the problems and developing creative approaches to their resolution. While the United Nations led in the round leading up to the Annan Plan, it shifted to a more supportive, but still critical, role in the two subsequent rounds during which the heads of the two Cypriot communities had the formal lead.

A basic assumption through these negotiations has been that the island would be reunited as a bi-communal, bi-zonal federation, with extensive devolution to each constituent state and elaborate power-sharing ("consociational") arrangements in the central legislature and executive. In an interview after the failure of the intense round of talks in Switzerland in July, SASG Eide indicated that the United Nations was seeking a strategic breakthrough on six issues:

- What will replace the Treaty of Guarantees, by which Greece, Turkey and the United Kingdom guaranteed the original terms of Cyprus's independence?
- What to do with the troops on the island?
- Will the presidency rotate between Greek and Turkish Cypriots and if so how will the executive be elected?
- What to do with "one particular place", generally thought to be the village of Morphu?
- What property regime? Could there be two regimes, one for areas under territorial adjustment and one for those not under territorial adjustment?
- How to deal with the equivalent or special treatment of Turkish nationals in Cyprus?

These issues are interlinked, but it was thought that if a package resolving all of them could be agreed, this would have paved the way to a comprehensive settlement.

Two of these issues involved territorial adjustment and the property regime. There was considerable progress made on them during the latest negotiations and they were not the reason the talks failed. The following account focuses on the concepts and "tools" that have developed in the negotiations over time and does not try to present a chronology of all their twists and turns. The elements in the most recent round built on earlier thinking while bringing fresh ideas.

The property and land issues fell into three distinct clusters:

- Territorial adjustment, restitution and compensation;
- Institutions to implement the property settlement; and,
- Financing the property settlement.

In the most recent round, the bulk of the negotiations were around the criteria regarding different remedies that would apply for different properties in different contexts (areas subject to territorial adjustment or not), as well as the institutional arrangements. The financing issue, while fundamental, had been the object of much valuable thinking regarding instruments and approaches, but was unresolved and effectively left for subsequent negotiations, should the six strategic issues be agreed.

(a) Territorial adjustment, restitution and compensation

In July 2016, the Greek Cypriot and Turkish Cypriot leaders jointly affirmed that the right to property is recognized and that a settlement will need to address both the Greek Cypriot and Turkish Cypriot dispossessed owners and current user rights. This provided a framework of critical principles. It was also important that any settlement be appropriately symmetrical, dealing with affected displaced owners from both communities equitably. While the resolution of the property issue was largely independent of the security and territorial issues, there were important linkages. The Turkish Cypriots argued that compromises on traditional security instruments would require a property settlement and territorial adjustment that would minimize Turkish Cypriot displacement. Even so, it was envisaged that there would be significant territorial adjustments (drawing heavily on the earlier work of the Annan Plan, but with some important modifications).

The Annan Plan had recommended territorial adjustment that would have reduced the Turkish Cypriot area from 36 percent to 28 percent of the island. The areas subject to territorial adjustment historically had large Greek Cypriot populations, so that the properties of more than half of the displaced Greek Cypriots would be assigned to the Greek Cypriot zone, thus facilitating their return and reinstatement. (However, some 40,000 Turkish Cypriots occupy homes in these areas and most would have had to be relocated, under Annan proposals)

A critical conceptual breakthrough in the negotiations was the recognition of a link between territorial adjustment and property restitution. The Greek Cypriots had taken a strict approach to the rights of dispossessed owners to return to their properties and have them reinstated, while the Turkish Cypriots argued that this undermined the concept of bi-zonality, whereby the new patterns of settlement would be largely respected. The breakthrough came in the concept that became known as the sliding scale:

- o Any limitation on strict restitution in areas not subject to territorial adjustment could be partially offset by lifting limitations on strict restitution in areas that would be subject to territorial adjustment.

This relates to SASG Eide's identifying the possibility of "two property regimes" as a critical issue. There was a deep logic to concluding that the approach to strict restitution in areas subject to territorial adjustment should be more expansive than in areas not subject to territorial adjustment. Most of the areas to be transferred would fall within the Greek constituent state in the new federation. The demand of original owners to return to their properties would clearly be much greater for these areas than for areas that would remain in the Turkish constituent state, while many current users would be inclined to move to remain in a Turkish area. A key related factor was to minimize hardship, in that restitution for returning property owners would result in displacement of current users, who would have to be provided compensation and assistance in re-accommodation. Affected properties in areas not subject to territorial adjustment could be governed by restitution in the broader sense—namely the provision of financial compensation or alternative properties. Even so, this idea proved sensitive and it took a few years before it was adopted by both parties. Once accepted, this "sliding scale" created a bargaining interaction between the extent of territorial adjustment, the rules or criteria regarding restitution and compensation that would apply in areas subject to territorial adjustment, and those that would apply in areas not subject to territorial adjustment.

The property negotiations focused heavily on the relevant criteria, definitions, entitlements, eligibilities, restrictions and requirements that would be used in dealing with individual cases. While details are confidential, public reports indicate that the following issues were addressed:

- o *Cross-cancelling compulsory acquisitions*: Authorities in both communities had made compulsory acquisitions of lands for public benefit. As part of the settlement, these would be cross-cancelled and the original title-holders compensated.
- o *Restitution of places of religious worship*: These are important culturally and symbolically and their direct reinstatement removes them as a financial pressure.
- o *Restitution of properties currently occupied by withdrawing military forces*: The security chapter would provide for dramatic reductions in troops, thus freeing up significant and often valuable large blocks of land, some of which were the location of former villages.
- o *Criteria re proof of claim*: Many claimants will not be entitled to restitution either because their claims cannot be sustained or they cannot be agreed due to multiple ownership on indivisible units (or in certain instances, one family member owning the house, another the garden and another the tree). These problems with claims have become more complex over time through successive generations of inheritance. There are some issues with destroyed or lost land registry records, though the extent of this is not known because the Turkish Cypriot authorities have resisted Greek Cypriot pressures for access to records. They have partly rationalized the cross-referencing of the new titles with original titles.
- o *Exchange of properties north and south*: Title to Turkish Cypriot properties in the south owned by current users of affected properties in the north could be used to cover some of

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the cost of compensation to dispossessed Greek Cypriot owners. While these are much fewer in number than those of affected properties in the north, they can have significant value.

With a settlement, there would be widespread gains affecting property values throughout the island because of freedom of capital, goods, services and labour, as well as free movement of people and rights of establishment because local regulations would have to conform with the principles of the European Union. Such benefits could justify a more modest level of compensation for dispossessed property owners, but this was not resolved. The Turkish Cypriot side was especially conscious that “current users” of property, who would vote in the referendum on ratification, would want as much clarity as possible regarding their right to remain (or possibility of being evicted) and so there developed bargaining in which the Greek Cypriots agreed to greater clarity in exchange for the Turkish Cypriots agreeing to greater territorial adjustment.

(b) Institutions to implement the property settlement

The implementation of the new regime would clearly be complex and take several years. Public reports indicate that there is agreement that the institution responsible would be an ad hoc quasi-judicial Property Commission, which would have equal representation from each community as well as international members, whose presence would, amongst other things, help prevent deadlocks. The commission would have three chambers, each of which would be assigned different issues, such as compulsory acquisitions for public purposes and religious properties, or competing claims for title in residential properties. Each chamber would have the same balanced membership as the commission. There would also be a Property Court, which would hear appeals on matters of law (not fact) arising from decisions of the commission. A united Cyprus would also continue to be subject to the human rights ruling of the European Court on Human Rights, including its important rulings relating to property rights.

(c) Financing the property settlement

A central concept underlying the most recent approach was to highlight the significant *potential net economic benefits* for Cyprus in resolving the property issues and to consider how to design mechanisms that would lever these benefits to help finance the property settlement itself. While territorial disputes over land confront its finite character, property values are not finite, but can be enhanced, which is why classical theories of conflict resolution relating to property emphasize growing the pie and building wealth. In late 2015, leaders from the two communities asked the World Bank for technical assistance on the economic issues arising in negotiations. The Bank provided an in-depth analysis of potential economic impacts of reunification, based on various assumptions; its analysis included such issues as the state of the banking sectors in both communities, the fiscal situations of the governments, and the need for investments to reconnect energy, water and transport across the island. The Bank’s conclusion was that the economic benefits of reunification would be substantial. On the specific question of property, it concluded that “with the right institutional choices and instruments, it is technically feasible for Cyprus to resolve the property issue in a way that would be fair and just for all citizens, fiscally sustainable, and with minimal impact on property and financial markets as well as on inflation. Because well-defined property rights are one of the pillars of economic success, resolving the property issue would help enhance the business climate in Cyprus”.²

Of course, any settlement of the property issue would involve significant costs as well as benefits. A settlement must deal with the individuals most directly affected by displacement or loss of property

² Dirk Reinermann, “On the Economic Impacts of Reunification in Cyprus”, 23 June, 2017, <http://www.worldbank.org/en/news/opinion/2017/06/23/qa-analysis-of-economic-impacts-of-reunification-in-cyprus>

and provide some kind of restitution, whether reinstatement of properties to the original owners or some form of compensation. In the case of reinstatement, there could be costs to compensate current users for improvements they have made to the properties and for their relocation. According to press reports, the Bank estimated that it could cost 8 billion Euros to deal with Turkish Cypriot claims and 21 Billion for those of Greek Cypriots—a total representing 60 percent of the island’s GDP and far beyond its financial capacity to assume.³ So a fundamental goal, raised by both sides at the outset of the post-Annan negotiations, has been to address the issue of *financeability*. This could only be achieved, if at all, through an extensive series of measures designed to reduce costs or to capture and leverage incremental value. No one tool would be adequate, so a set of interrelated measures would be required.

Negotiators for the two communities in Cyprus have largely taken the view that costs of compensation should be born by others—foreign donors and (according to the Greek Cypriots) perhaps Turkey. There had been signs in the past that the United States and the EU might be prepared to assume significant burdens, but their ardour has cooled since the financial crisis of 2008 and there has been no recent discussion of a donors’ conference. That said, the EU would assume some important financial costs as part of its normal programming, e.g. on matters related to infrastructure. Beyond this, there are various ways to reduce the cost of a settlement. A number of the issues outlined above regarding criteria for reinstatement and compensation (cross compensation, direct restitution, exchange of properties, valuing assistance already given) could be helpful in this regard. But there would still be a very large financial requirement. The UN team, with the World Bank, the European Commission, the IMF, and some major commercial banks, have, in recent years, worked on creative ways to address financing:

- *Capturing the enhanced values of affected properties under a settlement as a source of funding:* Current users of affected properties typically paid substantially less for their “title” or “possessory rights” than would be the value of their property with clean title in the context of a general settlement. So a mechanism whereby current users of affected properties who will get “clean” title in the context of a settlement pay for at least some of the incremental benefit or “equity gain” they would get in the value of their holding could be both equitable and a source of funds. The amount owed by a current user could be based a property valuation adjusted to reflect clean title in the new context of a settlement minus the price paid and the costs of improvements made by the current user. Legally, this financial obligation could take the form of a lien on title, with Turkish guarantees, that could be packaged as maturing asset-backed loans for sale on international markets. The dispossessed owners would be compensated upfront at some discounted rate by the sale of the lien, while the current users would face manageable obligations for payments over time; this would still be advantageous in that the incremental value of the properties that they were acquiring would exceed their payments. The bond purchasers, for their part, would benefit from the interest payments as well as the security tied to an appreciating asset. Properly structured, bonds backing such instruments should be able to find large, institutional purchasers. It is estimated that such a mechanism might defray 25 percent or more of the cost of compensation. This type of mechanism was explored in detail and delegations from the two communities met with major commercial banks in Western Europe, which confirmed the feasibility of such instruments if they were properly structured. Other mechanisms considered as ways to capture some of the increased property values were property taxes or a capital gains tax in the property market under the Turkish Cypriot administration. Another fundraising idea was to hold auctions for “leftover” properties—those not occupied or restituted or claimed in an exchange process. Any or all such revenue streams could be securitized, further reducing costs.

³ “Costs of property compensation could bankrupt Cyprus according to World Bank report”, *Cyprus Mail*, 19 August 2016

- *Creating value through a development strategy:* Several developers also discussed redeveloping certain potentially high value properties on the island and putting the net proceeds of such redevelopment at the disposal of the property settlement. At present Cyprus has relatively few high potential and available properties that are undervalued, consolidated, structurally deprived and under single ownership in prime areas for development. In the south, the natural growth of development has been distorted by the current Guardianship law, so that properties of dispossessed Turkish Cypriot owners are often undeveloped since 1974, even though they may be consolidated plots in prime areas. In particular, some five significant such plots have been identified for development depending on the outcome of a settlement and these could be structured so as to provide both a share to dispossessed Greek Cypriots who have not been adequately compensated for their loss and dividends that could flow into a fund for the property settlement. There are other, longer-term, possibilities for development of former Turkish Cypriot villages. Multinational property developers have described such consolidated plots, undeveloped since 1974, surrounded by prosperous neighbourhoods, as a major opportunity for common good and a collective strategy. The extent of value creation would depend upon careful planning, appropriate zoning and needed infrastructure developments. The title to most of these properties has been obtained by the Turkish Cypriot authorities in exchange for property titles in the north, which could greatly simplify structuring the arrangement.

These various measures to create financing mechanisms for a property settlement also relate to the *level of compensation* that might be paid dispossessed property owners. Financial compensation could either be a discounted upfront payment or a share in a property investment (which might be a bundle of properties), which would pay benefits and have equity value over-time. The structure of compensation for an individual could thus be either a discounted amount up-front or a longer-term investment (which might have potentially greater value, but also risk) or some combination of these. There would be widespread gains throughout the island the day after a settlement because of freedom of capital, goods, services and labour, free movement of people and rights of establishment. Moreover, displaced Greek Cypriots received favourable first home loans and other financial assistance, as well as health and education grants in the past. While some of this might be contested, it could affect the extent of compensation. Consequently, compromises to square past injustices in the property market, could be off-set by gains achieved in a future liberalized and normalized property market. Limiting any up-front burden from cash compensation, including from lowered compensation values, while difficult for individual justice, would nonetheless resolve concerns that there be an equitable social, island-wide distribution of the burdens and benefits of a settlement. Moreover, the collective solutions envisaged can enhance individual remedies, combining cash compensation and property investments, while diluting the burden of compensation over time.

The approach to a settlement with adequate restitution and compensation in Cyprus clearly has required broad systemic thinking regarding links to territorial and security issues but more specifically how to lower the potential cost of compensation, limiting the up-front burden, and developing creative means for leveraging financial advantage from the improved property market. While Cypriots were unable in their negotiation to embrace a financing plan, or to agree explicitly on the tools described above, clearly the impact of such policies would be so high on the broader society and wider economy as to recommend them in the collective interest, and not only as useful supplements for dealing with individual redress. It is to be expected that when the two communities finalise on the mechanisms agreed for individual redress, then they will also be able to focus on collective interests.

Key actors and organizations

Fundamental to the progress in the last two rounds of negotiations was the strong participation of representatives of the two communities. The two sides tabled comprehensive proposals for the first time during the round associated with SASG Downer and they tabled a joint paper in the latest round with SASG Eide. Both sides had to climb very steep learning curves, as did the United Nations teams

working in support. The UN team was a special political mission that came under the Department of Political Affairs.

A key lesson that the UN team drew was that the UN is not traditionally equipped to cope with property and financing questions of this complexity, so they drew heavily on outside expertise. The driving question for the UN team was whether it could help develop a settlement quickly that would be fair and financeable and that would prescribe just satisfaction, while proscribing unjust enrichment. The most critical contribution to the solution came from the conjunction through the UN of transaction lawyers, financiers, developers, property dealers, fund managers, human rights lawyers, and economists in aid of slow, but intensive Cypriot negotiations. The UN mission entered into formal letters of engagement with the World Bank, the IMF, and the European Commission and the EU established a coordinating office in Brussels. These actors also worked with the European Central Bank, major private banks and international law firms. Within the UN team, key officers led on such critical questions as (1) identifying the under-capitalization of the Republic's property market, as well as the need for an island-wide spatial framework and development plan, (2) the trapped property values in the north and the implications for island-wide development, and (3) the importance of legal process and the administration of justice under a property commission and court.

Outreach within Cyprus was critical. While property proved a highly traumatic subject, there were many widespread misconceptions amongst Cypriots that needed to be addressed. So under SASG Downer core stakeholder groups were established locally, in particular with property developers but also including business leaders in commerce, industry, construction, tourism and shipping. Cells of opinion leaders were convened in every municipality, north and south. There were constant exchanges with the chambers of commerce and interest groups such as environmental NGOs and refugees. Of course, not all went smoothly and there were politically significant factions that had vested interests in no settlement.

While not engaged in the negotiations in any way, the European Court of Human Rights played an important role through its judgments in establishing important elements of the legal context, including the illegality of expropriations by the Turkish authorities and the human rights dimension to the claims of the dispossessed. Its decisions on key case loads shaped the course of negotiations at least up until the landmark Demopoulos decision in 2010, by which point the Court was referring cases to the Immoveable Property Commission in the north of Cyprus and recommending a political settlement in its *obiter dicta*.

In the case of Cyprus, the numbers of players was exceptionally large, while the institutional stakes were extraordinarily complex and challenging. Property has been only one chapter, which underlines what a remarkable set of challenges and opportunities the negotiating teams were called upon to deal with.

Conclusion

This paper has sought to show that in land disputes affecting property, it is in the nature of property values to afford creative solutions. An equitable distribution of equity can be generated through collective uses of property in support of redress for individual claims. Depending on the system of land tenure and registration, affected property can compensate its own loss, or, consolidated, generate new value gains, and therewith, enhanced equity. In the case of Cyprus the recapitalization of the property market in the south and the release of trapped market values in the north provide major potential upside. The tools developed to address the property issues in Cyprus have brought this aspect of the conflict very close to settlement, though completion will require agreement on important outstanding issues, notably the financial architecture. The fate of the property conflict is entirely tied to the larger issues that must be agreed if there is to be a comprehensive settlement, where there has been considerable progress but closure depends on the political will to agree.

