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Proposal for a

COUNCIL IMPLEMENTING DECISION

amending Implementing Decision (EU) (ST 10686/21 INIT; ST 10686/21 ADD 1) of 28 July 2021 on the approval of the assessment of the recovery and resilience plan for Cyprus

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amending Implementing Decision (EU) (ST 10686/21 INIT; ST 10686/21 ADD 1) of 28 July 2021 on the approval of the assessment of the recovery and resilience plan for Cyprus

THE COUNCIL OF THE EUROPEAN UNION,

Having regard to the Treaty on the Functioning of the European Union,

Having regard to Regulation (EU) 2021/241 of the European Parliament and of the Council of 12 February 2021 establishing the Recovery and Resilience Facility[1], and in particular Article 20(1) thereof,

Having regard to the proposal from the European Commission,

Whereas:

(1) Following the submission of the national recovery and resilience plan ('RRP') by Cyprus on 17 May 2021, the Commission has proposed its positive assessment to the Council. The Council approved the positive assessment by means of the Council Implementing Decision of 28 July 2021[2]. That CID was amended on 8 December 2023, 16 July 2024 and 21 January 2025[3].

(2) On 26 March 2025, Cyprus made a reasoned request to the Commission to make a proposal to amend the Council Implementing Decision of 28 July 2021 in accordance with Article 21(1) of Regulation (EU) 2021/241 on the grounds that the RRP is partially no longer achievable because of objective circumstances. On that basis, Cyprus has submitted an amended RRP.

Amendments based on Article 21 of Regulation (EU) 2021/241

(3) The amendments to the RRP submitted by Cyprus because of objective circumstances concern 87 measures.

(4) Cyprus has explained that two measures are partially no longer achievable, because inflation has increased the estimated costs of the measure. This concerns, respectively, Investment 1: New facilities for the Cyprus Blood Establishment and procurement of the latest technology attendant equipment under component 1.1 Resilient and Effective Health System, Enhanced Civil Protection and Investment 11 Improvement and extension of the Cyprus Green Points Network and creation of a network of Collection

[1] OJ L 57, 18.2.2021, p. 17.
[2] ST 10686/21; ST 10686/21ADD 1.
[3] 15571/23 + ADD 1 + ADD 1 COR 1; 11806/24 + ADD 1; 17052/24+ ADD 1

Points and Recycling Corners under component 3.1 New growth model and diversification of the economy. On this basis, Cyprus has requested to amend the aforementioned measures, while maintaining their ambition. The Council Implementing Decision of 28 July 2021 should be amended accordingly.

(5) Cyprus has explained that 14 measures are partially no longer achievable, because of lack of demand. This concerns, respectively, the following measures: Investment 2 Promoting renewables and individual energy efficiency measures in dwellings and tackling energy poverty, including in households with vulnerable electricity consumer under component 2.1 Climate neutrality, energy efficiency and renewable energy; Investment 2 Creation of electro-mobility infrastructure and Investment 3 Promote widespread use of Electric Vehicles (EVs) under component 2.2 Sustainable transport; Investment 6 Scheme for modernisation and digitalisation of enterprises engaged in manufacturing and trading of agricultural products and Reform 4 Enhancement of circular economy in the Industry under component 3.1 New growth model and diversification of the economy; Investment 1 Set up and operate a central Knowledge Transfer Office (KTO) under component 3.2 Enhance Research and Innovation; Investment 6 Regeneration and Revitalisation of Nicosia Inner City, Investment 9 Aid Scheme for the private and public sector for certification with ISO 37001 (Anti Bribery) under component 3.4 Modernising public and local authorities making justice more efficient and fighting corruption; Reform 3 Gradual extension of free compulsory pre-primary education from the age of four under component 5.1 Educational system modernisation, upskilling and retraining; Investment 1 Improving the effectiveness of the Department of Labour and Public Employment Services and reinforcing support for young people; Investment 2 Establishment of multifunctional centres and childcare centres and Investment 3 Establishment of Home structures for children, adolescent with conduct disorders and persons with disabilities and people in need of long term care (LTC) under component 5.2 Labour market, social protection and inclusion and Investment 2 Scaled-up measure: Encouraging the use of renewables and energy savings by local/wider public authorities and investment 4 Scaled-up measure: Promote widespread use of Electric Vehicles (EVs) under component 6.1 REPowerEU. On this basis, Cyprus has requested to amend certain requirements of the aforementioned measures and fully remove Investment 4 scaled up measure: Promote widespread use of Electric Vehicles (EVs) under component 6.1 REPowerEU. The Council Implementing Decision of 28 July 2021 should be amended accordingly.

(6) Cyprus has explained that 14 measures have been amended to implement better alternatives in order to achieve the original ambition of the measures. This concerns the following measures: Investment 5 Enhancement, modernisation and upgrade of Cyprus State Hospitals and Investment 6 Deployment of generic cross border e-health services in Cyprus under component 1.1 Resilient and effective health system, enhanced civil protection; Investment 2 Water Treatment Plants: upgrade for water quality improvement; Investment 5 Anti-flood and water collection measures and Investment 6 Enhance water security for Nicosia and Larnaca regions under component 2.3 Smart and sustainable water management; Investment 8 Enhancing the added value of the tourism sector with emphasis on the country side, mountainous and remote areas and Investment 10 Enrichment of the tourism product in rural, mountainous and remote areas under component 3.1 New growth model and diversification of the economy; Reform 9 Digital transformation of courts and Investment 2 Digitalisation of the law-making process under component 3.4 Modernising public and local authorities, making justice more efficient and fighting

corruption; Reform 1 Completing the legal framework for Crisis Management for Credit Institutions and Reform 9 Improving tax collection and effectiveness of the Tax Department under component 3.5 Safeguard fiscal and financial stability; Reform 2 A new teacher and school evaluation system under component 5.1 Educational system modernisation, upskilling and retraining; Reform 2 Flexible Work Arrangements in the Form of Telework under component 5.2 Labour market, social protection and inclusion and Investment 1 Scaled-up measure: Promoting renewables and individual energy efficiency measures in dwellings and tackling energy poverty in households with vulnerable electricity consumers under component 6.1 REPowerEU. On this basis, Cyprus has requested to amend certain requirements of the aforementioned measures or to extend the implementation timeline of some of the aforementioned measures and to remove the intervention related to a grant scheme for SMEs in the accommodation industry from Investment 8 Enhancing the added value of the tourism sector with emphasis on the country side, mountainous and remote areas under component 3.1 New growth model and diversification of the economy while in exchange introducing a new sub-measure related to the Renovation of the Filoxenia Conference Centre in Nicosia. The Council Implementing Decision of 28 July 2021 should be amended accordingly.

(7) Cyprus has explained that 57 measures have been amended to implement a better alternative allowing to reduce the administrative burden, whilst still reaching the objectives of the respective measures. This concerns, respectively the following measures: Reform 1 National Centre for Clinical Evidence and Quality Improvement, Investment 2 Cyprus Innovative Public Health information and communications technology (ICT) System, Investment 4 Accreditation of public and private hospitals, and Investment 7 Public warning system for supporting emergency operations through SMS under component 1.1 Resilient and effective health system, enhanced civil protection; Reform 1 Green Taxation, Investment 1 Promoting energy efficiency investments in SMEs and non-profit organisations, Investment 3 Encouraging the use of renewables and energy savings by local/wider public authorities and facilitating the transition of local communities towards climate mitigation & adaptation and Investment 5 Energy Efficiency Upgrading of public buildings under component 2.1 Climate neutrality, energy efficiency and renewable energy; Reform 1 Establishment of an Intelligent Transport System using Digital Twin technologies, Reform 3 Progressively phase out the most polluting vehicles, especially in polluted urban areas and Investment 1 Implementation of Sustainable Urban Mobility Projects (SUMP) and accessibility enhancing measures under component 2.2 Sustainable transport; Reform 1 Water Resource Management Reform, Investment 1 Choirokitia-Famagusta Conveyor Replacement, Investment 3 Integrated Monitoring and Control Management System for the Water Development Department's infrastructure and Investment 4 Smart Water and Sewerage Networks Management under component 2.3 Smart and sustainable water management; Reform 3 Genetic improvement of the Cyprus sheep and goat population, Investment 2 Enhancement of isotopic database of traditional Cypriot products, Investment 7 Scheme for the enhancement of their competitiveness and/or the energy upgrade of large enterprises in Cyprus and Investment 12 Waste management towards circular economy under component 3.1 New growth model and diversification of the economy; Reform 1 National R&I Policy and policy tools, Reform 3 Policies to foster access to publicly funded research infrastructure and laboratories, Investment 2 Innovation funding programmes for start-ups, innovative companies and SMEs, Investment 3 R&I funding program on green transition and Investment 4 Funding to organisations performing R&D activities on dual

technologies under component 3.2 Enhance Research and Innovation; Reform 2 Enhancing Fast-Track Business Activation Mechanism, Reform 3 Modernisation of the Companies Law and Investment 1 Integrated Information system for the Department of Registrar of Companies and Intellectual Property under component 3.3 Business support for competitiveness; Reform 1 Enhance the administrative capacity and improve the functioning of public administration for better policy making and implementation, Reform 4 Strengthen administrative capacity and transparency through the professionalisation of public procurement and further digitalisation of its process, Reform 5 Enhancement of the capacity of the Law Office, Reform 6 New legal framework for Local Authorities and relevant support measures, Reform 8 Efficiency of Justice and Investment 3 Economic Policy Modelling Hub under component 3.4 Modernising public and local authorities, making justice more efficient and fighting corruption; Reform 3 Strategy for addressing inadequacies of the property transaction system (title deeds), Reform 5 Action plan for the development of a liability monitoring register, Reform 6 Reinforcing and strengthening the insolvency framework, Reform 7 Strategy for Combating Financial Illiteracy, Reform 8 Enhancing supervision of Insurance and Pension Funds, Investment 1 Enhancement of the Supervisory Function of the Cyprus Securities and Exchange Commission and Investment 2 Modernisation of Customs and Electronic Payment System under component 3.5 Safeguard fiscal and financial stability; Reform 1 Empower the National Regulatory Authority (OCECPR), Reform 2 Empower the National Broadband Competence Office (DEC of the DMRIDP) and Investment 1 Expansion of Very High Capacity Networks in underserved areas under component 4.1 Upgrade infrastructure for connectivity; Reform 1 Digital Services Factory, Reform 2 Definition and implementation of a new cloud policy with regard to government IT systems and services, Reform 3 Police Procedures digitalisation on Digipol and Reform 4 Setting up the beneficial ownership registry under component 4.2 Promote e-government; Reform 1 Addressing skills mismatch between education and labour market (Secondary and Higher Education), Reform 4 Digital transformation of school units with the aim of enhancing digital skills and skills related to STEM education and Reform 5 E-skills Action Plan – Implementation of specific actions under component 5.1 Educational system modernisation, upskilling and retraining; Reform 1 Reform of the Social Insurance System and Restructuring of the Social Insurance Services and Investment 4 Child Centres in Municipalities under component 5.2 Labour market, social protection and inclusion; Reform 1 Regulating and facilitating the participation of Active Customers, Renewable Self-Consumers, Citizen Energy Communities, Renewable Energy Communities and Demand Response through Cumulative Representation in the electricity market, Investment 3 Promoting extensive energy upgrading of housing stock, Investment 5 Scaled-up measure: Scheme for the enhancement of the competitiveness and the energy efficiency of large enterprises in Cyprus, Investment 6 Scaled-up measure: Thematic research and innovation funding program on green transition and Investment 7 Thematic research in enterprises for energy production, storage, transmission and distribution solutions under component 6.1 REPowerEU. On this basis, Cyprus has requested to amend the aforementioned measures, by clarifying or removing certain requirements of their milestones, targets or descriptions that are unneccessarily detailed or cause unjustified administrative burden, without reducing the amibition of those measures. The Council Implementing Decision of 28 July 2021 should be amended accordingly.

(8) The Commission considers that the reasons put forward by Cyprus justify the amendment(s) pursuant to Article 21(2) of Regulation (EU) 2021/241, and the Council Implementing Decision of 28 July 2021should be amended accordingly.

(9) The distribution of milestones and targets in instalments should be modified to take into account the amendments to the plan and the indicative timeline presented by Cyprus.

Commission's assessment

Contribution to the REPowerEU objectives

(10) The Commission has assessed the amended RRP against the assessment criteria laid down in Article 19(3) of Regulation (EU) 2021/241.

(11) In accordance with Article 19(3), point (da), of and Annex V, criterion 2.12, to Regulation (EU) 2021/241, the REPowerEU chapter is expected to effectively contribute to a large extent (Rating A) to energy security, the diversification of the Union's energy supply, an increase in the uptake of renewables and in energy efficiency, an increase of energy storage capacities or the necessary reduction of dependence on fossil fuels before 2030.

(12) The overall ambition of the RePowerEU chapter is maintained. While some measures have been downscaled due to lack of demand, other measures have been upscaled that effectively contribute to a large extent to energy security, the diversification of the Union's energy supply, an increase uptake of renewables and in energy efficiency and an increase of energy storage capacities or the necessary reduction of dependence on fossil fuels before 2030.

Contribution to the green transition including biodiversity

(13) In accordance with Article 19(3), point (e), of and Annex V, criterion 2.5, to Regulation (EU) 2021/241, the amended RRP contains measures that contribute to a large extent (Rating A) to the green transition, including biodiversity, or to addressing the challenges resulting therefrom. The measures supporting climate objectives account for an amount which represents 45.5 % of the amended RRP's total allocation and 94% of the total estimated costs of measures in the REPowerEU chapter calculated in accordance with the methodology set out in Annex VI to Regulation (EU) 2021/241. In accordance with Article 17 of Regulation (EU) 2021/241, the amended RRP is consistent with the information included in the National Energy and Climate Plan 2021-2030.

(14) In accordance with Article 19(3), point (e), of and Annex V, criterion 2.6, to Regulation (EU) 2021/241, the modified RRP contains measures that contribute to a large extent to the green transition, including biodiversity or to addressing the challenges resulting from it, as well as to the achievement of the Union 2030 climate targets while complying with the objective of EU climate neutrality by 2050. The positive assessment of the contribution to the green transition provided in the Council Implementing Decision of 20 July 2021 remains valid.

Contribution to the digital transition

(15) In accordance with Article 19(3), point (f), of and Annex V, criterion 2.6, to Regulation (EU) 2021/241, the amended RRP contains measures that contribute to a large extent (Rating A) to the digital transition or to addressing the challenges resulting from it. The measures supporting digital objectives account for an amount

which represents 23.2 % of the amended RRP's total allocation calculated in accordance with the methodology set out in Annex VII to that Regulation.

(16) In accordance with Article 19(3), point (f), of and Annex V, criterion 2.6, to Regulation (EU) 2021/241, the modified RRP contains measures that contribute to a large extent to the digital transition or to addressing the challenges resulting from it. The positive assessment of the contribution to the digital transition provided in the Council Implementing Decision of 20 July 2021 remains valid.

Costing

(17) In accordance with Article 19(3), point (i), of and Annex V, criterion 2.9, to Regulation (EU) 2021/241, the justification provided in the amended RRP on the amount of the estimated total costs of the RRP is to a medium extent (Rating B) reasonable and plausible, is in line with the principle of cost efficiency and is commensurate to the expected national economic and social impact.

(18) According to the information provided, the assessment of the cost estimates for the existing measure whose modifications entailed a new cost assessment show that most of the costs are reasonable and plausible. The changes in the cost estimates for the other modified measures were justified, proportional to the new revised targets and supported by detailed calculations and evidence, and as such the reasonability and plausibility of these cost estimates were not altered compared to the original RRP. Finally, the amount of the estimated total cost of the RRP is in line with the principle of cost-efficiency and commensurate to the expected national economic and social impact.

Any other assessment criteria

(19) The Commission considers that the amendments put forward by Cyprus do not affect the positive assessment of the RRP set out in the Council Implementing Decision of 28 July 2021 (ST 10686/21, ST 15571/23) on the approval of the assessment of the RRP for Cyprus regarding the relevance, effectiveness, efficiency and coherence of the RRP against the assessment criteria laid down in Article 19(3), points (a), (b), (c), (d), (db), (g), (h), (j) and (k) .

Positive assessment

(20) Following the positive assessment by the Commission of the amended RRP with the finding that the RRP satisfactorily complies with the criteria for assessment set out in Regulation (EU) 2021/241, in accordance with Article 20(2) of and Annex V to that Regulation, the reforms and investment projects necessary for the implementation of the amended RRP, the relevant milestones, targets and indicators, and the amount made available from the Union for the implementation of the amended RRP in the form of non-repayable financial support should be set out.

Financial contribution

(21) The estimated total costs of Cyprus's amended RRP is EUR 1 220 971 974. As the amount of the estimated total costs of the amended RRP is higher than the updated maximum financial contribution available for Cyprus, the financial contribution determined in accordance with Article 20(4) and 21a(6) of Regulation (EU) 2021/241 allocated for Cyprus amended RRP should be equal to EUR 1 020 223 681.

Loans

(22) The loan support made available to Cyprus amounting to EUR 200 320 000 remains unchanged.

(23) Council Implementing Decision ST 10686/21 of 28 July 2021 on the approval of the assessment of the RRP for Cyprus should therefore be amended accordingly. For the sake of clarity, the Annex to that Council Implementing Decision should be replaced entirely,

HAS ADOPTED THIS DECISION:

Article 1

The Council Implementing Decision of 28 July 2021 on the approval of the assessment of the recovery and resilience plan for Cyprus is amended as follows:

(1) Article 1 is replaced by the following:

"*Article 1*

Approval of the assessment of the RRP

The assessment of the modified RRP of Cyprus on the basis of the criteria provided for in Article 19(3) of Regulation (EU) 2021/241 is approved. The reforms and investment projects under the RRP, the arrangements and timetable for the monitoring and implementation of the RRP, including the relevant milestones and targets related to the payment of non-repayable financial support and the additional milestones and targets related to the payment of the loan, the relevant indicators relating to the fulfilment of the envisaged milestones and targets, and the arrangements for providing full access by the Commission to the underlying relevant data are set out in the Annex to this Decision.";

(2) the Annex is replaced by the text in the Annex to this Decision.

Article 2
Addressee

This Decision is addressed to the Republic of Cyprus.

Done at Brussels,

For the Council
The President