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Subject: COUNCIL IMPLEMENTING DECISION amending the Implementing Decision of 28 July 2021 on the approval of the assessment of the recovery and resilience plan for Cyprus

COUNCIL IMPLEMENTING DECISION

of ...

**amending the Implementing Decision 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 Facility¹, and in particular Article 20(1) thereof,

Having regard to the proposal from the European Commission,

¹ OJ L 57, 18.2.2021, p. 17, ELI: <http://data.europa.eu/eli/reg/2021/241/oj>.

Whereas:

- (1) Following the submission of the national recovery and resilience plan ('RRP') by Cyprus on 17 May 2021, the Commission proposed its positive assessment to the Council. On 28 July 2021, the Council approved the positive assessment by means of an implementing decision ('the Council Implementing Decision of 28 July 2021')². The Council Implementing Decision of 28 July 2021 was amended by Council implementing decisions of 8 December 2023³, 16 July 2024⁴ and 21 January 2025⁵.
- (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.

² See documents ST 10686/21 and ST 10686/21 ADD 1 at <http://register.consilium.europa.eu>.

³ See documents ST 15571/23, ST 15571/23 ADD 1 and ST 15571/23 ADD 1 COR 1 at <http://register.consilium.europa.eu>.

⁴ See documents ST 11806/24 and ST 11806/24 ADD 1 at <http://register.consilium.europa.eu>.

⁵ See documents ST 17052/24 and ST 17052/24 ADD 1 at <http://register.consilium.europa.eu>.

- (4) Cyprus has explained that two measures are partially no longer achievable because inflation has increased the estimated costs of those measures. This concerns 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 Points and Recycling Corners) under component 3.1 (New growth model and diversification of the economy). On this basis, Cyprus has requested that the aforementioned measures be amended, 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 the following measures: Investment 2 (Promoting renewables and individual energy efficiency measures in dwellings and tackling energy poverty, including in households with vulnerable electricity consumers) 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) under component 3.2 (Enhance Research and Innovation); Investment 6 (Regeneration and Revitalisation of Nicosia Inner City) and 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 (PES) 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) 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 that certain requirements of the aforementioned measures be amended and that Investment 4 (Scaled up measure: Promote widespread use of Electric Vehicles (EVs)) under component 6.1 (REPowerEU) be fully removed. 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 those 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) 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 (Legal framework for crisis management for credit institutions) and Reform 9 (Improving tax collection and effectiveness of the Tax Department) under component 3.5 (Safeguarding 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 that certain requirements of the aforementioned measures be amended or that the implementation timeline of some of the aforementioned measures be extended. Furthermore, Cyprus has requested that the intervention related to a grant scheme for SMEs in the accommodation industry be removed from Investment 8 (Enhancing the added value of the tourism sector) under component 3.1 (New growth model and diversification of the economy) and that in exchange a new sub-measure related to the renovation of the Filoxenia Conference Centre in Nicosia be introduced. The Council Implementing Decision of 28 July 2021 should be amended accordingly.

- (7) Cyprus has explained that 57 measures have been amended to implement better alternatives that allow the administrative burden to be reduced while still achieving the objectives of those measures. This concerns 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 (Enhancing the existing isotopic databases of Cypriot local traditional food/drinks, by developing a Block Chain platform, to ensure their identity), Investment 7 (Scheme for the enhancement of the competitiveness and/or the energy efficiency 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 (Comprehensive national Research and Innovation Policy supported by data-driven policy tools to support the R&I Ecosystem and to enhance links between policy making and implementation), Reform 3 (Introduce policies and incentives to facilitate and foster access to publicly funded research infrastructure and laboratories), Investment 2 (Innovation funding programmes & funding schemes for the enhancement of growth & competitiveness of start-ups, innovative companies and SMEs), Investment 3 (R&I funding program on green transition) and Investment 4 (Funding schemes to support organisations performing R&I activities on dual technologies, including the creation of new or upgrade of existing laboratories and the development of classified laboratories) under component 3.2 (Enhanced 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 (DSF)), Reform 2 (Definition and implementation of a new cloud policy with regard to government IT systems and services), Reform 3 (Police Procedures digitalisation ('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); and 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 that the aforementioned measures be amended, by clarifying or removing certain requirements of their milestones, targets or descriptions that are unnecessarily detailed or cause unjustified administrative burden, without reducing the ambition 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 amendments pursuant to Article 21(2) of Regulation (EU) 2021/241. The Council Implementing Decision of 28 July 2021 should be amended accordingly.

Distribution of milestones and targets

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

Commission's assessment

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

Contribution to the REPowerEU objectives

- (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) The measures of the amended RRP are expected to contribute to the achievement of the Union 2030 climate targets while complying with the objective of the Union climate neutrality by 2050. The positive assessment of the contribution to the green transition provided in the Council Implementing Decision of 28 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) The positive assessment of the contribution to the digital transition provided in the Council Implementing Decision of 28 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 cost 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 measures the amendment of which entailed a new cost assessment shows that most of the costs are reasonable and plausible. The changes in the cost estimates for the other amended measures were justified, proportional to the new revised targets and supported by detailed calculations and evidence, and as such the reasonability and plausibility of those cost estimates were not altered compared to the original RRP.

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 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), of Regulation (EU) 2021/241.

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 cost of Cyprus's amended RRP is EUR 1 220 971 974. As the amount of the estimated total cost 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 Article 21a(6) of Regulation (EU) 2021/241 that is allocated for Cyprus's 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) The Council Implementing Decision of 28 July 2021 should therefore be amended accordingly. For the sake of clarity, the Annex to the Council Implementing Decision of 28 July 2021 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 amended 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 set out in the Annex to this Decision.

Article 2

This Decision is addressed to the Republic of Cyprus.

Done at ..., ...

For the Council

The President
