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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 decision² (the 'Council Implementing Decision of 28 July 2021'). The Council Implementing Decision of 28 July 2021 was amended by the Council Implementing Decisions of 8 December 2023³, 16 July 2024⁴, 21 January 2025⁵, 20 June 2025⁶ and 12 December 2025⁷.
- (2) On 29 May 2026, 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 54 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>.

⁶ See documents: ST 9585/25 and ST 9585/25 ADD 1 at <http://register.consilium.europa.eu>.

⁷ See documents: ST 15743/25 and ST 15743/25 ADD 1 at <http://register.consilium.europa.eu>.

- (4) Cyprus has explained that five measures are partially no longer achievable because of lack of demand. This concerns measures C2.1I9 (Fire protection), C2.2I1 (Sustainable Urban Mobility Projects (SUMP) and accessibility-enhancing measures), C3.4I6a (Regeneration and Revitalisation of Nicosia Inner City), C5.1R4 (Digital transformation of school units with the aim of supporting digital skills and skills related to STEM education) and C6.1I6 (Scaled-up measure: Thematic research and innovation funding programme on green transition). On that basis, Cyprus has requested that those measures be amended. The Council Implementing Decision of 28 July 2021 should be amended accordingly.
- (5) Cyprus has explained that three measures are partially no longer achievable because of unexpected delays in the implementation. This concerns measures C1.1I5 (Construction works and new equipment in Cyprus State Hospitals), C3.4I5 (Smart cities) and C5.1R2 (A new teacher and school evaluation system). On that basis, Cyprus has requested that those measures be amended. The Council Implementing Decision of 28 July 2021 should be amended accordingly.
- (6) Cyprus has explained that five measures are partially no longer achievable because of technical issues in the implementation. This concerns measures C1.1I7 (Public warning system for emergency operations), C3.4R9 (Digital transformation of courts), C3.5R4 (Digital system for the exchange of data and the provision of credit scoring services), C3.5R9 (Digitalising tax collection) and C4.2I2 (Digitalisation of the Cyprus Ports Authority). On that basis, Cyprus has requested that those measures be amended. The Council Implementing Decision of 28 July 2021 should be amended accordingly.

- (7) Cyprus has explained that one measure is partially no longer achievable because of force majeure. This concerns measure C3.1R3 (Genetic improvement of the Cyprus sheep and goat population). On that basis, Cyprus has requested that that measure be amended. The Council Implementing Decision of 28 July 2021 should be amended accordingly.
- (8) Cyprus has explained that one measure has been amended to implement a manifestly better alternative in order to achieve its original ambition. This concerns measure C2.1R1 (Green taxation). On that basis, Cyprus has requested that that measure be amended. The Council Implementing Decision of 28 July 2021 should be amended accordingly.

- (9) Cyprus has explained that 36 measures have been amended to implement better alternatives that allow the administrative burden to be reduced and simplify the Council Implementing Decision of 28 July 2021, while still achieving the objectives of those measures. This concerns measures C1.1R1 (National Centre for Clinical Evidence and Quality Improvement), C2.1I1 (Energy-saving investments in SMEs and non-profit organisations), C2.2I2 (Creation of electro-mobility infrastructure), C2.3I2 (Water Treatment Plants), C2.3I4 (Smart Water and Sewerage Networks Management), C2.3I5 (Anti-flood and water collection measures), C2.3I6 (Water security projects), C3.1R1 (Move agricultural practices from the 20th century to the 21st century by investing in a national centre for excellence in agri-tech), C3.1I6 (Scheme for supporting the production of enterprises in the agricultural sector), C3.1I8 (Added value of tourism), C3.1I9 (Circular economy in hotels), C3.1I10 (Enrichment of tourism), C3.1R4 (Circular economy), C3.1I11 (Extension of the Cyprus Green Points Network), C3.2R1 (National Research and Innovation Policy), C3.3R2 (Supporting Fast-Track Business Activation Mechanism), C3.3R4 (Incorporation of a National Promotional Agency), C3.4R1 (Support the functioning of public administration), C3.4R4 (Digitalisation of public procurement), C3.4I3 (Economic Policy Modelling Hub), C3.4R7 (Urban land consolidation), C3.4I4 (E-system for issuing building permits), C3.5R8 (Enhancing supervision of Insurance and Pension Funds), C3.5R10 (Addressing Aggressive Tax Planning), C3.5I2 (Modernisation of Customs and Electronic Payment System), C4.2R1 (Digital Services Factory (DSF)), C4.2R3 (Police procedures digitalisation (Digipol)), C4.2I1 (Digitalisation of central government ministries/services), C5.1R3 (Gradual extension of free compulsory pre-primary education from the age of four), C5.1R5 (E-skills Action Plan – Delivery of specific actions), C5.2R2 (Flexible work arrangements in the form of telework), C5.2I2 (Establishment of Multifunctional Centres and Childcare Centres), C5.2I3 (Establishment of home structures for people in need of long-term care), C5.2I4 (Child centres in municipalities), C5.2I5 (Construction of two model special education schools) and C5.2R1 (Reform of the Social Insurance System and Restructuring of the Social Insurance Services). On that basis, Cyprus has requested that those measures be amended. The Council Implementing Decision of 28 July 2021 should be amended accordingly.

- (10) Following the decrease in the level of implementation of measures in accordance with Article 21 of Regulation (EU) 2021/241, Cyprus has requested to use the resources freed up by the decrease in the level of their implementation to increase the level of implementation of three measures. This concerns measures C2.1I2 (Renewables and individual energy efficiency measures in dwellings and tackling energy poverty in households with vulnerable electricity consumers), C2.2I3 (Advance the use of Electric Vehicles (EVs)) and C6.1I1 (Scaled-up measure: renewables and individual energy efficiency measures in dwellings). On that basis, Cyprus has requested that the level of implementation of three measures be increased. The Council Implementing Decision of 28 July 2021 should be amended accordingly.

Distribution of milestones and targets

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

Commission's assessment

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

Addressing all or a significant subset of challenges identified in country-specific recommendations

- (13) In accordance with Article 19(3), point (b), of, and criterion 2.2 of Annex V to, Regulation (EU) 2021/241, the amended RRP is expected to contribute to effectively addressing all or a significant subset of challenges (rating A) identified in the relevant country-specific recommendations addressed to Cyprus, including fiscal aspects thereof, or challenges identified in other relevant documents officially adopted by the Commission in the context of the European Semester.

Contribution to the REPowerEU objectives

- (14) In accordance with Article 19(3), point (da), of, and criterion 2.12 of Annex V 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.
- (15) The overall ambition of the REPowerEU chapter is maintained. While one measure has been slightly scaled down due to lack of demand, another measure promoting renewables has been scaled up, therefore the chapter effectively contributes to a large extent to energy security, the diversification of the Union's energy supply, an increased uptake of renewables and energy efficiency, and the reduction of dependence on fossil fuels before 2030. Therefore, the amended RRP effectively contributes to the objectives of Article 19(3), point (da), of Regulation (EU) 2021/241.

Contribution to the green transition including biodiversity

- (16) In accordance with Article 19(3), point (e), of, and criterion 2.5 of Annex V 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 43,30 % of the amended RRP's total allocation and 94,18 % of the estimated total cost 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.

- (17) The amended RRP contains measures that contribute to a large extent 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 28 July 2021 remains valid. While one measure on green Research & Innovation projects has been slightly scaled down, one measure on electric vehicles has been scaled up, resulting in an increase of 2,79 % in the overall contribution to the climate target of the RRP. Therefore, the measures amended do not impact the overall ambition of the plan regarding the green transition.

Contribution to the digital transition

- (18) In accordance with Article 19(3), point (f), of, and criterion 2.6 of Annex V 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 29,15 % of the amended RRP's total allocation calculated in accordance with the methodology set out in Annex VII to that Regulation. The amendments to the RRP entail a net decrease in the overall contribution to the digital target of the RRP by 2,93 %. However, the measures amended do not impact the overall ambition of the RRP regarding the digital transition. The positive assessment of the contribution to the digital transition provided in the Council Implementing Decision of 28 July 2021 remains valid.

Costing

- (19) In accordance with Article 19(3), point (i), of, and criterion 2.9 of Annex V 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 with the expected national economic and social impact.
- (20) 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 were justified, proportional to the 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. Finally, the amount of the estimated total cost of the RRP is in line with the principle of cost-efficiency and commensurate with the expected national economic and social impact.

Any other assessment criteria

- (21) 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) of Regulation (EU) 2021/241.

Positive assessment

- (22) 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 should be set out.

Financial contribution

- (23) The estimated total cost of Cyprus's amended RRP is EUR 1 022 123 510. 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 4a of Regulation (EU) 2021/1755 of the European Parliament and of the Council⁸, and 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. Therefore, the financial contribution made available to Cyprus remains unchanged.
- (24) 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.

⁸ Regulation (EU) 2021/1755 of the European Parliament and of the Council of 6 October 2021 establishing the Brexit Adjustment Reserve (OJ L 357, 8.10.2021, p. 1, ELI: <http://data.europa.eu/eli/reg/2021/1755/oj>).

- (25) This Decision is without prejudice to the outcome of any procedures relating to the award of Union funds under any Union programme other than the Recovery and Resilience Facility or to procedures relating to distortions of the operation of the internal market that may be undertaken, in particular under Articles 107 and 108 of the Treaty. It does not override the requirement for Member States to notify instances of potential State aid to the Commission under Article 108 of the Treaty,

HAS ADOPTED THIS DECISION:

Article 1

Approval of the assessment of the amended recovery and resilience plan

The assessment of the amended recovery and resilience plan for Cyprus on the basis of the criteria provided for in Article 19(3) of Regulation (EU) 2021/241 is approved.

Article 2

Amendments

The Annex to the Council Implementing Decision of 28 July 2021 on the approval of the assessment of the recovery and resilience plan for Cyprus is replaced by the text set out in the Annex to this Decision.

Article 3

Addressee

This Decision is addressed to the Republic of Cyprus.

Done at ..., ...

For the Council

The President
