



CYPRUS

NATIONAL REFORM PROGRAMME 2022

APRIL 2022

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1. INTRODUCTION

The National Reform Programme (NRP) for 2022 is submitted at a time of continued global challenges and reflects the government's reform and investment priorities, aimed to strengthen the economy's resilience and to enhance its long term sustainable growth potential, whilst contributing to the achievement of the Union's goals for the green and digital transition.

The NRP has been prepared on the basis of the Guidelines issued by the European Commission in December 2021. It takes into account the priorities set out in the 2022 Annual Sustainable Growth Survey, published in November 2021, as well as the Commission Staff Working Document on the Analysis of the Recovery and Resilience Plan of Cyprus published in July 2021, which identifies the Commission's assessment of the main economic and social challenges and macroeconomic imbalances of Cyprus.

The NRP aims to outline Cyprus' response to these challenges, as well as the national policy priorities, by presenting the progress of the measures being taken, as well as the planned actions. It incorporates information on the implementation of the Recovery and Resilience Plan (RRP) as well as on policy actions outside the RRP to implement the Country Specific Recommendations for 2019 and 2020. It also includes information on actions financed by the European Structural and Investment Funds (ESIF), other EU funding sources, as well as through the national budget.

The measures set out in the NRP describe the holistic approach of Cyprus' efforts to boost growth and investment, achieve a competitive and diversified economy and maintain macroeconomic stability, and address the challenges identified in the context of the European Semester.

In summary, the main reform priorities presented in the NRP relate to:

- Improving the business environment.
- Enhancing R&I to support productivity growth
- Promoting the diversification of the economy
- Safeguarding the soundness of the banking system and financial stability
- Addressing challenges and inefficiencies in the public sector
- Addressing labour market, education and skills and social challenges
- Strengthening the resilience and capacity of the health system
- Facilitating the green transition
- Facilitating the digital transition

These priorities and the policies and measures associated with them fall within the government's efforts to establish a new growth model aiming at sustainable long-term growth. They are in line with the new Long-term Strategy for Competitiveness and Sustainable Growth prepared by the Economy and Competitiveness Council, through support by DG Reform with the endorsement of the Minister of Finance.

The current NRP also provides an overview of progress in the achievement of the Sustainable Development Goals in Cyprus, with reference to the main contributing measures.

Cyprus's RRP is fully in line with the new Long Term Strategy. Its strategic objective is "to strengthen the economy's resilience and the country's potential for economically, socially and environmentally sustainable long-term growth and welfare". In alignment to this vision, the RRP contains reforms and investments under five policy axes and 13 components, namely:

(1) Policy Axis 1: Public health, civil protection and lessons learned from the pandemic

The main objective of the policy axis is the promotion of those reforms and investments in the healthcare sector that will increase the efficiency, accessibility and overall resilience of the NHS. Emphasis is given to the enhancement of the competitiveness of the public hospitals and their readiness to effectively respond to possible future health crises, through the upgrading of infrastructure, equipment and procedures. The Axis also includes investments in relation to the enhancement of civil protection in terms of increased security measures to improve public safety, preparedness and resilience to imminent or developing disasters and the overall capability to handle emergencies, with the use of smart technologies. Reforms and Investments included in the Axis contribute to the investment priority of the NRP relating to the strengthening of the resilience and capacity of the health system. The Axis comprises of one Component, Component 1.1. Resilient and Effective Health System, Enhanced Civil Protection.

(2) Policy Axis 2: Accelerated transition to a green economy

Policy Axis 2 aims to significantly contribute to green transition and environmental sustainability, through the achievement of the national targets for climate neutrality, energy efficiency and renewable energy sources. It promotes a number of reforms in the areas of climate and energy, sustainable transport, water resources management and the environment in general. Reforms and Investments included in this Axis contribute to the investment priority of the NRP relating to the facilitation of the green and digital transition. The Axis comprises of 3 components: Component 2.1 Climate neutrality, Energy efficiency and renewable energy penetration, Component 2.2 Sustainable transport and Component 2.3 Smart and sustainable water management.

(3) Policy Axis 3: Strengthening the resilience and competitiveness of the economy

Policy Axis 3 contributes to the enhancement of the competitiveness and the resilience of the Cypriot economy. In complementarity with the other Policy Axes, it includes measures contributing to the introduction and promotion of a new growth model, on the basis of the long-term economic strategy being developed by the Cyprus Economy and Competitiveness Council. It includes investments and reforms for the expansion of the productive base through the strengthening of the primary and secondary sectors of the economy, improving competitiveness and the business environment, with the support mainly of SMEs, the diversification and strengthening of the tourist product, major reforms for the modernization of the public administration and local authorities, reforms to improve the efficiency of the judiciary system, fighting corruption and increase transparency, strengthen research and innovation, as well as the resilience of the financial sector and fiscal stability. The reforms and Investments included in this Axis contribute to the investment priorities of the NRP relating to the enhancement of productive investment focusing on sustainability and competitiveness priorities, improving the business environment, the acceleration of anti-corruption reforms, the improvement of the efficiency of the Judicial System, the enhancement of R&I to support productivity growth, the promotion of the diversification of the economy, reducing further the high level of non-performing loans and increasing the efficiency of the Public and Local Administration. The Axis comprises of 5 components: Component 3.1 New growth model and diversification of the economy, Component 3.2. Enhanced Research and Innovation, Component 3.3 Business support for competitiveness, Component 3.4. Modernising public and local authorities, making justice more efficient and fighting corruption and Component 3.5. Safeguarding Fiscal and Financial Stability.

(4) Policy Axis 4: Towards a digital era

Policy Axis 4 aims to ensure the digital transformation of Cyprus, through inclusive and adequate access to communication infrastructure for all citizens. The axis is a fundamental part of the overall policy for

the digital transformation of Cyprus, promoting a new economic model on the basis of a vision for a strong and competitive economy, based on knowledge, digital and emerging technologies. The reforms and investments included in the Axis contribute to the investment priority of the NRP relating to the facilitation of the green and digital transition. The Axis comprises of two components: Component 4.1. Upgrade infrastructure for connectivity and Component 4.2. Promote e-government.

(5) Policy Axis 5: Labour market, social protection, education and human capital

Policy Axis 5 focuses on developing the required skills and competencies in the existing and future workforce, so that it effectively responds to the demands and trends of the labour market, in line with current and future needs, including those arising from the green and digital transitions. The proposed reforms and investments are aligned with the relevant EU initiatives and priorities. The Axis includes, amongst others, measures to address labour market weaknesses related to the need to facilitate market entry, especially for women with children, by improving the availability and accessibility of education and care in early childhood and in setting up a network of childcare facilities. It also aims to increase employment for young people not in employment, education or training (NEET). The proposed reforms and investments contribute to the investment priorities of the NRP relating to the improvement of the quality of Active Labour Market Policies, particularly for young people, the promotion of social sustainability and further promoting the reform of the education and training system and enhancing childhood care. The Policy Axis comprises of two Components: Component 5.1. Educational system modernisation, upskilling and retraining and Component 5.2. Labour market, social protection, social welfare and inclusion.

2. MACROECONOMIC CONTEXT

The global pandemic has weighed heavily on the global economy. However, as the spread of the pandemic shows signs of deceleration, there has been a reopening of the international economy, including Cyprus.

The Cyprus economy has been in the face of economic recovery from the pandemic, starting already as of the 2nd semester of 2021. In numbers, economic activity in 2021 expanded by 5.5%, fully recovering the lost ground of the recession in 2020 (-5.0%).

However, given the crisis in Ukraine and the imposition of significant sanctions to Russia by the US, UK and the EU, there is currently considerable geopolitical instability and uncertainty. Some of the sanctions are expected to have a direct or an indirect impact on the Cyprus economy, such as increased cost of energy, lower tourist arrivals etc.

Based on the above, economic growth is expected to be around 2.7% in 2022, with significant risks to the outlook.

The positive GDP growth in 2021 on the expenditure side was mainly driven by higher exports and also by consumption, both private and public. Private consumption increased by 3.7% in real terms, whilst government consumption recorded an increase of 8.4%. Gross fixed capital formation was influenced by decreases in transport equipment and dwellings and recorded a decrease of 6.3%. Imports in real terms increased at a rate of 9.5% following the increase in private consumption, and exports, in real terms, increased significantly at a rate of 13.4% reflecting the significant increase in tourist arrivals.

Tourist arrivals in 2021 were over 200% more compared to 2020. As far as 2022 is concerned, preliminary indications show that tourist arrivals could be better than the 2021 level. However, it remains to be seen how the crisis in Ukraine will affect tourism, given that, despite recent efforts to diversify tourism markets, Russia is a very important source of tourist arrivals in Cyprus.

In the labour market, the utilization of the temporary income support schemes has helped to contain unemployment at relatively low levels. The unemployment rate increased marginally from 7.1% in 2019 to 7.6% in 2020, but is estimated to fall to 7.5% in 2021. The labour market is expected to improve further in the outer years, with the unemployment rate expected to decrease to around 7.1% in 2022.

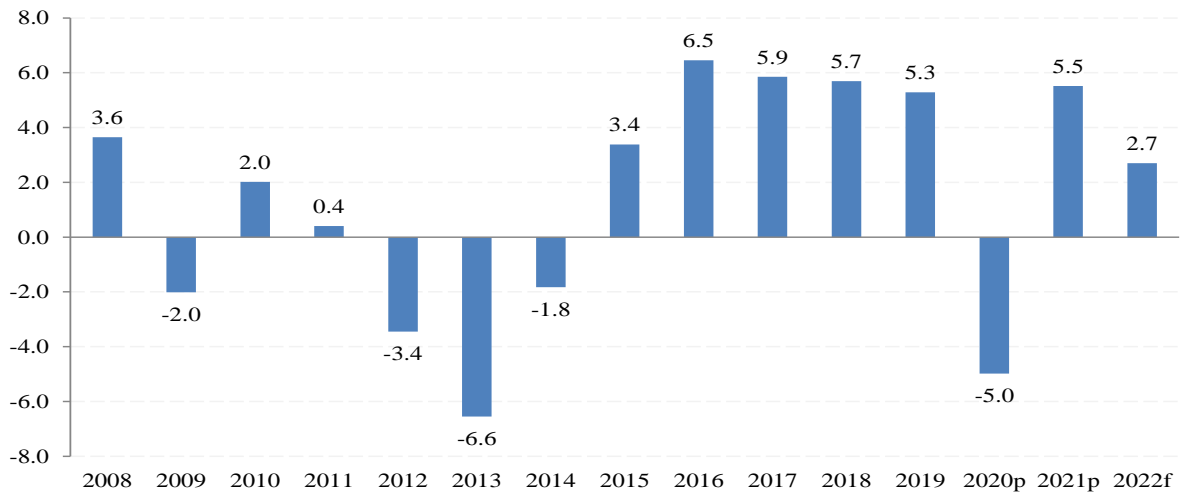
Regarding prices, during 2021, HICP inflation averaged at 2.3%, where the largest change was noted in Transport (8.6%). Inflation is expected to pick up and average at 4.1% in 2022, mainly due to increases in oil prices.

Table: Macroeconomic indicators

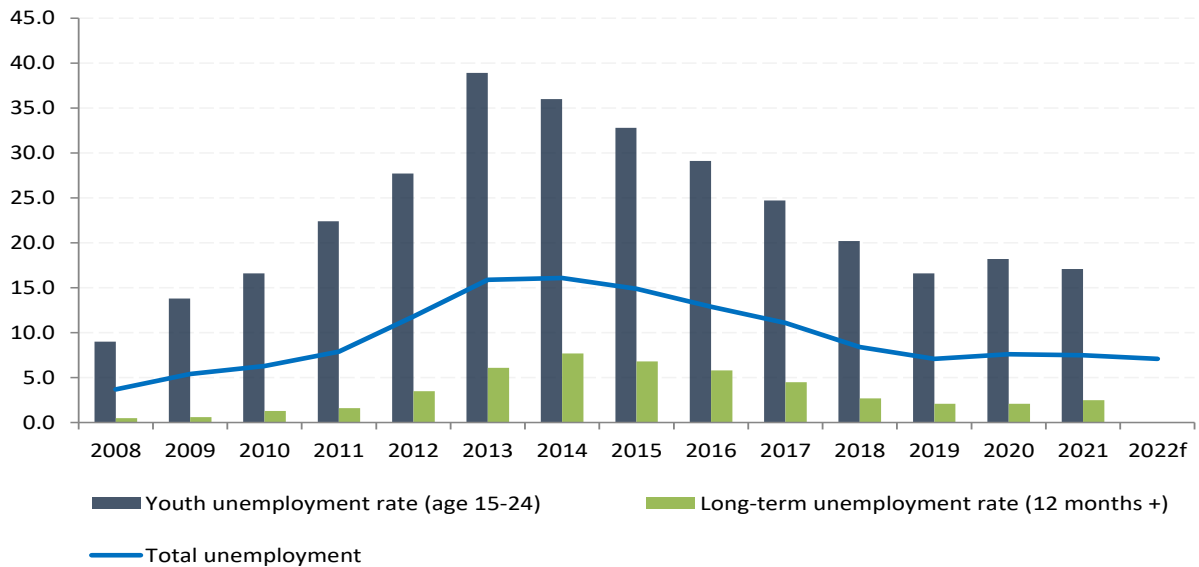
Indicator	2018	2019p	2020p	2021	2022f
Real GDP (%)	5.7	5.3	-5.0	5.5	2.7
Inflation (HICP)	0.8	0.5	-1.1	2.3	4.1
Unemployment Rate (% of labour force)	8.4	7.1	7.6	7.5	7.1

p: provisional, f: forecast

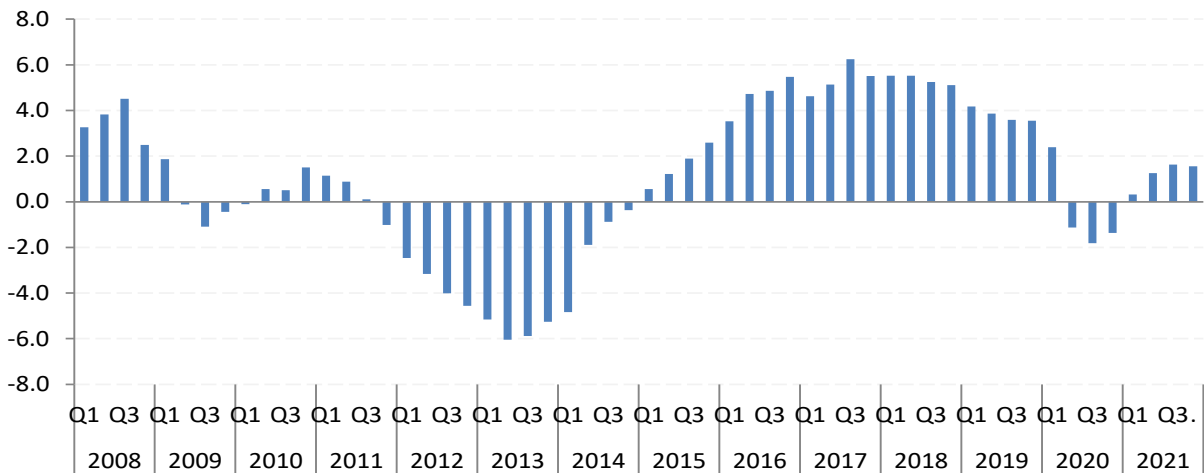
Graph: Real GDP growth, 2008-2022(%)



Graph: Labour market



Employment growth



3. KEY POLICY RESPONSE TO MAJOR ECONOMIC, EMPLOYMENT AND SOCIAL DEVELOPMENTS AND CHALLENGES

3.1. Improving the business environment

Subsections:

3.1.1 Improving access to finance for small and medium-sized enterprises (SMEs).

3.1.2 Facilitating investments.

3.1.3 Fighting corruption.

3.1.1 Improving access to finance for small and medium-sized enterprises (SMEs).

The Ministry of Finance and the Ministry of Energy, Commerce and Industry implement various measures and schemes aimed to improve the competitiveness of SMEs and create new job positions. These measures aim at improving the access to finance for SMEs and enhancing entrepreneurial activity. The policies and actions are in line with the EU policies for enterprises and industry and the corresponding EU guidelines aiming to modernize and green the industrial sector.

➤ **Main RRP Reforms and Investments:**

Equity Fund

The Government of Cyprus has finalised a Funding Agreement with the EIF for the establishment and management of the state-funded Equity Fund which will support the government's efforts to enhance access to alternative sources of finance, both by supporting innovative SMEs and attracting private investments. The EIF, in accordance with its internal rules and procedures, will launch one or more Calls for Expression of Interest, addressed to fund managers. The fund manager is expected to be selected by the end of 2022. The proposed financial engineering instrument aims at supporting primarily SMEs in Seed (including pre-seed) and Start-up stages (as defined by Invest Europe); investments in eligible SMEs in Later stage venture and growth stage and Replacement capital (excluding strategies intended for asset stripping) may also be permitted.

National Promotional Agency

A technical assistance project was granted by DG Reform and started in Q4 2021 for the design and establishment of a National Promotional Agency (NPA) which will support businesses by providing financial instruments such as loans, guarantees and equity financing in a coordinated way, ensuring expertise and operational synergies. According to the timeline set in the RRP, by Q2 2023 a Roadmap for the creation and establishment of the NPA will be approved by the CoM, by Q1 2024 it will be approved by the HoR and by Q3 2025 it will start its operations.

Upgrading the current Innovation Hub to a Regulatory Sandbox

Cyprus Securities and Exchange Commission is working towards upgrading the current Innovation Hub to a Regulatory Sandbox, which will provide regtech and fintech companies with detailed guidance in a safe regulatory space. It is expected to promote fintech and alternative finance further and is scheduled to be launched by mid-2023.

Scheme for modernisation and digitalisation of enterprises engaged in manufacturing and trading of agricultural products

Following its approval by the Council of Ministers and notification to EC on State Aid issues, the Scheme was announced on 1st March 2022. The Scheme aims to support existing and newly established SMEs engaged in the manufacturing and/or trading of agricultural products. The main objectives are the creation of new and expansion of existing businesses, the improvement of manufacturing and trading

procedures, the increase of the SMEs which use ICT, the development of new products with high added value, and the creation of new jobs, especially in rural areas.

Scheme for the Enhancement of Large Enterprises Competitiveness in the Manufacturing Sector

The Scheme's main objective is to support existing and newly established large enterprises in the manufacturing sector. More specifically, the scheme aims to help the expansion of business in the manufacturing sector through investments that will enhance the technological level, the production process and productivity. The terms and conditions of the scheme are currently being formulated, amongst others, through consultation with all the Competent Authorities and key stakeholders, with the view to have the Scheme launched in mid-2022.

➤ **Main reforms and investments undertaken outside the RRP framework:**

Cyprus Entrepreneurship Fund (CYPEF)

The CYPEF has supported both working capital and investment loans to SMEs. It has been implemented since 20th of May 2021.

Tax relief for investments in innovative SMEs

The first tax scheme for investing in start-ups and innovative companies was operated since 2017 and was valid until 30/6/2021. It provided 50% tax relief, up to €150,000 per year, for private investors investing in innovative companies, certified by the DMRID. An extension period was announced until the 30/6/2024. Furthermore, DG Competition approval was granted for expanding the specific measure to legal persons investing in startups and innovative companies, which is expected to be approved by the House of Representatives in the next few months.

Crowdfunding

Acknowledging that crowdfunding can serve as an alternative tool to bank financing, hence further facilitate and enhance SMEs access to finance, the Cyprus Securities and Exchange Commission (CySEC) issued a Crowdfunding Directive on the 17th January 2020 relating to investment-based crowdfunding through transferable securities. This concerns a set of secondary rules for complementary obligations, including but not limited to: conduct of business rules; management of conflict of interests; holding clients' money and financial instruments and product governance.

This set of rules is now supplementary to the Crowdfunding Regulation (EU 2020/1503) that started to apply from the 10th of November 2021. After one year of transition period from the application of the Regulation, the CySEC Directive will be repealed.

Measures announced during 2021, which will be financed under the European Structural and Investment Funds for 2021-2027:

Scheme for the Enhancement of SMEs competitiveness in the Manufacturing Sector and other specific Economic Activities

The Scheme's main objective is to support, develop and promote the SMEs in the manufacturing sector and other specific economic activities (start submission calls: 09/02/2021, end submission calls: 30/09/2021).

The main objectives are:

- The expansion of existing business through investments that will improve the technological level, the production process and productivity, the creation of new units and reinforcement of entrepreneurship and the creation of new jobs positions.

During the call 653 enterprises were submitted electronically. The applications are in the process of evaluation, while 116 companies have already been approved.

Investments in wine enterprises

The measure aims to encourage investments in regional wineries. The measure is included in the National Support Program for the Wine Sector and is 100% financed by European funds. During the call 33 enterprises were submitted and 27 companies have been approved (start submission calls: 08/04/2021, end of submission calls: 02/07/2021).

New Entrepreneurship Support Plan

For the new programming period 2021-2027, the Ministry decided to integrate the two schemes of Entrepreneurship (Women's and Youth Entrepreneurship) due to the covid pandemic but also to ease bureaucracy. The aim of the scheme is the development of new, small and viable businesses from three groups of people, young between the age of 18-29, men between the age of 30-50 and women between the ages of 30-55.

During this period the Ministry received 820 applications which are in the process of evaluation. Approvals are expected to be at frequent intervals during the process (start submission calls: 17/05/2021, end submission calls: 30/12/2021).

Cross-reference to CeSaR and Fenix Tables:

CeSaR Table:

CSR 2020: 3, Subpart 1

CSR 2019: 4, Subpart 7

Fenix Table:

Milestone CY-C[C3.3]-I[I6]-M[151]

Milestone CY-C[C3.1]-I[I7]-M[100]

3.1.2 Facilitating investments

In Cyprus the administrative burden on businesses, especially for obtaining necessary permits and licenses to invest, is high. Therefore, efforts are assumed in order to implement necessary structural reforms to improve the current procedures, aiming to create an integrated framework regarding the procedures related to Cyprus' investment activity. The overall objective is to develop a new system supporting strategic investments aiming at stimulating investment activity in the country through streamlined rules and mechanisms, with an expected positive impact on growth.

➤ Main RRP Reforms and Investments:

Operation of the Business Facilitation Unit (BFU)

As of 1 January 2022, the current "Fast Track Business Activation Mechanism" upgraded into the "Business Facilitation Unit (BFU)". The Unit will be the single point of contact for foreign companies. The purpose of the new unit will be the fast and efficient processing of requests received from foreign companies for the establishment of a company in Cyprus or the expansion of activities of existing companies. The unit will provide services relating to the establishment of businesses, guidance regarding the necessary permits for the activation and establishment of businesses in Cyprus and the registration of companies in the Register of companies of foreign interests.

Next steps include the establishment of an online platform where investors can track their online application and interact with the competent authorities. The platform is expected to accept requests and applications by the end of 2022.

Additionally, the reforms from the previous projects of the Action Plan for Insolvency and more specifically the full implementation and full operation of the legal and institutional framework on insolvency have been included under the RRP and are the following:

- (a) appointment of staff for all levels of the organisational structure of the Department of Insolvency, and delivery of trainings for the personnel,
- (b) establishment of a communication plan for promoting insolvency proceedings,
- (c) approval of a customer service line,
- (d) establishment of a framework for continuous professional development (CPD) for insolvency Practitioners.

It is noted that the CPD framework is already being implemented and by the end of the year the above mentioned tasks will be delivered.

Facilitation of strategic investments

A Bill aiming at the facilitation of strategic investments is currently pending for discussion at the Parliamentary Committee of Interior. The Bill envisages creating a new Sector at the Department of Town Planning and Housing that will facilitate the licensing of strategic investments. Further steps need to be undertaken for it to be operational upon its enactment. The project aims to prepare the operational guidelines, process flows, and other ISO 9001:2015 requirements for mainstreaming the process. It will draft MoUs with other Departments relevant to parts of the process in order to ensure the fast-track mechanism's feasibility. Moreover, it will include training of employees in the procedures to be introduced.

Enhancing the e-system for issuing building permits

A digital platform that is to be set up will enable the process of applying, examining and issuing Planning and Building Permits digitally. It will have two components: an application management tool and a GIS system. The Platform will be a component (module) of the information technology system of the Department of Town Planning and Housing ("Hippodamos"). The Platform will enable the interested parties to apply remotely.

Strengthen administrative capacity and transparency through the professionalisation of public procurement and further digitalisation of its process

This reform has two sub-measures, which are listed here-below:

(i) New e-procurement system

The new system will introduce a holistic approach to public procurement, adopt new and emerging technologies, and promote the participation of SMEs by removing administrative barriers, whilst enhancing transparency and availability of data to the citizen.

A tender procedure for the provision of consultancy services for the implementation of the new e-procurement system was launched in December 2021. The contract is expected to be signed in April 2022. The tender procedure for the new e-procurement system is expected to be launched in Q1 2023 and the contract is scheduled to be signed in Q4 2023. The new system will be fully operational by the end of 2025.

(ii) Professionalization of Public Procurement

The Treasury decided to initiate a reform for the introduction of a professionalization scheme for procurers, including academic and practical certification in the process of re-engineering the procurement structure in Cyprus. The end task is to create a pool of professional procurers able and competent to employ the right methodologies to horizontally undertake or support procurement activity

for all contracting authorities, ensuring the horizontal coverage of the majority of Cypriot public procurement market.

The tender procedure for services relating to the professionalization of Public Procurement was published in March 2022 and the relevant contract is expected to be signed in Q3 2022. During 2023, the Contractor will propose the route to professionalization that is suitable for Cyprus and deliver the training syllabus and material.

Design and Development of a Legislation Preparation Platform (e-legislation platform)

Cyprus Government is in the process of a major reform of the country's legislation process, which would make the law-making process entirely digital, including the drafting and the consolidation of legislation. The aim is to create an open data platform, accessible to citizens and businesses, which will enhance legal certainty and transparency and thus will enable possible investors have access to complete and credible information regarding Cyprus' legal and regulatory framework. The 1st phase of the project began in December 2021 (funded through the Technical Structural Instrument of DG REFORM) and will be completed in 16 months. The 2nd and 3rd phases will be financed through the RRP. The implementation of the project shall be completed by the end of 2025.

➤ Single Market

The implementation of the Facilitation of Investments Law (see RRP measures) is expected to have a positive impact on Single Market features. It is expected that it will create the appropriate economic and institutional conditions by reducing excessive regulation and simplifying procedures, hence encouraging competition and competitiveness. Simplifying procedures will lead to better allocation of resources so as to take advantage of specialization based on comparative advantage and economies of scale therefore making Cyprus more attractive as a location for investments.

➤ Resilience and fairness dimension of the green and digital transitions

The e-system for issuing building permits contributes to achieving several of the climate and environmental objectives defined in Regulation 2020/852 (Taxonomy Regulation), as it reduces the need for physical mobility and use of resources (such as paper). The activity does not harm the remaining environmental objectives, thus complying with the "do no significant harm" principle.

This reform contributes to the transition towards e-governance. Moreover, it complements the digital services of the Department of Town Planning and Housing that are due to be launched in 2022, included in the current e-governance strategy of Cyprus.

Cross-reference to CeSaR and Fenix Tables:

Fenix Table:

Milestone CY-C[C3.3]-R[R2]-M[136]

Milestone CY-C[C3.5]-R[R6]-M[201]

Milestone CY-C[C3.3]-R[R1]-M[134]

Milestone CY-C[C3.4]-I[I4]-M[173]

3.1.3 Fighting corruption

The President of the Republic of Cyprus and the Minister of Justice and Public Order presented on the 29th of January 2021 measures against corruption which are based on the Rule of Law, Transparency and Accountability. The implementation of these measures contributes towards addressing CSR 5 of 2019 and CSR of 2020 to the fight against corruption and denotes the decisiveness of the government to combat this phenomenon. The foreseen planning purports to improve at the maximum the legal,

political, financial and social environment through 27 specific actions that are divided in 3 pillars:

- (a) Prevention, education and awareness,
- (b) Reinforcement and modernization of the existing legal framework,
- (c) Supervision, risk assessment and active involvement of the Civil Society.

The Office of Transparency and Prevention of Corruption which has been established at the Ministry of Justice and Public Order in 2019, monitors and coordinates the implementation of these actions in cooperation with all competent implementing bodies. Several Actions, among of which the aforementioned legislations, have been implemented while the rest are on track.

The most recent developments are enactment of three bills for the creation of a strong legal framework against corruption.

Moreover, in order to address the requirements of CSR 5.3 (2019) and following the harmonization of national Law with the 5th AML Directive, voted by the HoR on February 2021 and published in the Official Gazette of the Republic on 23/2/2021, MECI has proceeded with the setting up of the Ultimate Beneficial Owners (UBO) Register for corporate and other legal entities under the auspices of the Department of Registrar of Companies and intellectual Property (DRCIP, previously known as Department of Registrar of Companies and Official Receiver - DRCOR). The aim of the Register is to improve corporate trust and achieve full transparency regarding the natural persons who ultimately own or control companies in Cyprus by making it very difficult for criminals to hide their identities behind corporate structures. In this context, on the 12/3/2021 the Registrar of Companies issued the 1st Directive (ΚΔΠ 112/2021) regulating the operation and maintenance of the UBO Register and an online platform (known as the interim solution) facilitating the collection of the relevant data was launched on 16/3/2021.

➤ **Main RRP Reforms and Investments:**

Law on the Establishment and Operation of the Independent Authority Against Corruption

The said law entered into force by its publication in the official gazette of the Republic on the 4.3.2022. It provides for the establishment of an Independent Authority composed by the Transparency Commissioner and four members.

The mission of the Authority is to undertake all necessary initiatives and actions to ensure the coherence and effectiveness of the actions of the public service, the broader public sector and the private sector in the prevention and fight against corruption, as well as to ensure, in the best and most efficient way, the implementation, progress, monitoring and evaluation of the National Strategy against Corruption.

The Authority has both a preventive and an investigative role. Regarding the former, it educates and trains the private and public sector on issues of corruption, it engages with risk management, makes suggestions for the improvement of legislations and procedures that are likely to enable acts of corruptions and so forth. Regarding the latter, it has the competence and the necessary legal powers to receive complains or information regarding acts of corruption against the public sector and to assess them and investigate them. In this regard, among others, it has access to information, to databases, it can take testimonies and recruit experts for the performance of specific investigative acts. The Authority can investigate actions against any public servant or official, including the President of the Republic.

Following the enactment of the Law establishing the Anti – Corruption Authority, all the necessary administrative steps in order for the Authority to become operational by Q2 2022 are already on track of implementation.

The salaries of the Members and staff of the Authority, operating expenses, training, etc. will be financed by the RRP for the period 2022-2026.

The Law on Transparency in Decision-Making and Related Matters (Lobbying)

The said Law which entered into force on 4.3.2022 aims to create a framework of transparency in the involvement of special interest groups in the public decision-making process, in order to prevent the creation of conditions of corruption.

Individuals representing groups of special interest and who are involved in the decision-making processes pursuing financial and/or business interests are required by law to register in the Registry of Lobbyists kept by the Independent Authority Against Corruption.

Moreover, the legislation establishes the conflict of interest, based on which public officials are obliged to abstain from a decision-making process when they (or the persons connected to them) have a personal interest in the outcome of the decision.

Law on the Protection of Persons Reporting Violation of EU and National Law Relating to the Public Interest (whistle-blowers)

The Law entered into force on the 04.02.2022. Its aim is to encourage the reporting of violations of EU and domestic law and especially acts of corruption, and also to provide for an enhanced system of protection. In particular, individuals who report information to the competent authorities enjoy extensive protective and supporting measures. Finally, the Law provides for mitigating circumstances for those who are involved in acts of corruption but voluntarily cooperate with the relevant authorities and give information resulting to the full investigation of the case and the prosecution of those holding hierarchical superior positions.

Aid Scheme for the private and public sector for certification with ISO 37001 (Anti Bribery)

The Ministry of Justice and Public Order aims to contribute to the fight against corruption by promoting the implementation of the above standard against bribery and corruption, through the subsidization of the relevant accreditation for organizations in the private sector, the public and broader public sector as well as in the Local Administration. With a total budget of €2mIn the subsidy will be cover both the cost of consulting services and the cost of certification for at least 120 organizations being ISO 37001 accredited by Q4 2025.

The terms and conditions of the Aid Scheme are currently being finalized and it is expected to be announced by mid-2022.

Developing the final system solution of the UBOs register

The project of developing the final system solution of the UBOs register has been included in the RRP of Cyprus (Setting up the Beneficial Ownership Registry in accordance with Directive (EU) 2015/849). The project is implemented by the Department of Information Technology Services (DITS) of the Deputy Ministry of Research, Innovation and Digital Policy (DMRID). The timeline of the above IT project is Q4 2023 (i.e. to conclude the final phase which involves interconnection with other national UBOs registers). A relevant contract was signed on 31st December 2021 for the development of the solution, between DITS and an economic operator. MECI in collaboration with DITS is working on finalizing the technical and functional requirements of the new system, capable of supporting all functionalities of the national UBOs Register as well as achieving interconnection with other Member States' Registers.

➤ **Main reforms and investments undertaken outside the RRP framework**

Control Units in the Ministries/Deputy Ministries

The reinforcement of the Control Units in the Ministries/Deputy Ministries with full-time personnel has been promoted. The Audit Service of the Republic is launching the preparation of a Manual of Procedures, which will be a guiding tool for all public sector services as well as the preparation of a new Internal Audit Manual for the Internal Audit Service. The two Handbooks and the delivery of corresponding seminars to the IAS Officers are expected to be completed by the end of May 2022.

As far as training is concerned, a 12-month training program which includes 12-day seminars for a period of one year is started and is expected to be completed by June 2022. The aim of the seminars is to provide the required knowledge related to the responsibilities of the Audit Units, risk assessment and carrying out checks so that they can adequately perform their duties.

Establishment of mandatory mobility of human resources among positions of responsibility, where and when specialized knowledge is not a prerequisite.

For the implementation of this action, the Department of Public Administration and Personnel, sent a circular on 31.8.21 to all Ministries/Deputy Ministries/Independent Offices/ Departments/Services with specific recommendations. For the purposes of monitoring/supervising the implementation of the action, the Department of Public Administration and Personnel will be informed by all recipients of the recommendations, about the actions/arrangements they are expected to make within one year.

Cross-reference to CeSaR and Fenix Tables:

CeSaR Table:

CSR 2019: 5, Subpart 3

Fenix Table:

Milestone CY-C[C3.4]-R[R10]-M[187]

Milestone CY-C[C3.4]-R[R10]-M[188]

Milestone CY-C[C3.4]-R[R10]-M[189]

3.2. Enhancing Research and Innovation to support productivity growth

Subsections:

3.2.1 Increasing R&I to support productivity growth (e.g. through funding towards new smart specialization areas, innovative SMEs and start-ups etc.).

3.2.2 Enhancing education systems to support productivity growth (e.g. measures for academia-business cooperation, enhance STEM courses in secondary education etc.).

3.2.1 Increasing R&I to support productivity growth

The Government of Cyprus recognizes the pertinent role of Research and Innovation (R&I) as one of the main drivers for economic growth and in tackling global challenges our society is facing such as climate change, energy, health etc. To this end and taking into consideration that R&I is lagging behind in Cyprus, efforts are made to increase public Research and Development (R&D) expenditure, while incentives are introduced to encourage private investments, in particular from abroad.

In the context of the formulation of the Comprehensive National R&I Strategy and following recommendations from the European Commission (DG RTD), the Deputy Ministry of Research, Innovation and Digital Policy (DMRID) in cooperation with the National Statistical Service is in the process of setting a new ambitious R&D target for 2030. For the exercise, various factors will be taken into account such as the capacity of the R&I community, the involvement of Cypriot businesses in R&D

activities in terms of participation and investments, the impact of the Covid-19 crisis and of the war in Ukraine etc. It should be noted that R&D expenditure, as a percentage of GDP, has increased significantly over the past 3 years reaching 0.74% in 2019 (from 0.62% in 2018 and 0.55% in 2017), exceeding the national EU 2020 target (0.50% by 2020). For 2020, according to provisional data from Eurostat (March 2022), R&D expenditure rose to 0.82%.

An important development is also that, the Minister of Finance has decided to further support R&I in Cyprus, by providing additional funding to the Research and Innovation Foundation (RIF) for new R&I national programmes under the 2021-27 programming period. Public R&I expenditure will primarily be financed by the RRF and the ESIF 2021-27.

➤ **Main RRP Reforms and Investments:**

Comprehensive National R&I Strategy and its Action Plan

The formulation of the **Comprehensive National R&I Strategy and its Action Plan** constitutes the main action of all the Reforms promoted by Cyprus under the RRP. This is basically an umbrella initiative, the official political document to guide all related decisions and actions for the R&I sector in Cyprus. The National Strategy, under preparation by the DMRID, will address the needs, shortcomings and challenges of the R&I ecosystem taking into consideration National and European priorities and policies with emphasis to the green and digital transitions. It will be complemented by a review of the Smart Specialisation Strategy of Cyprus (S3CY), to be commissioned to an external expert. The updated S3CY will be incorporated in the National Strategy under Pillar 4.

The National Strategy will consist of 4 Pillars:

- (1) Research Capacity and Excellence focusing on Human Resources, Research Infrastructures and Open Science.
- (2) Business Innovation and Entrepreneurship focusing on the Commercialisation of research results, the Participation of enterprises in R&I activities and Attracting investments and international innovative and high-tech companies.
- (3) Regional/International Cooperation – Extroversion of the R&I Ecosystem focusing on International and Euro-Mediterranean cooperation agreements and the Participation of Cyprus in European and international research infrastructures and programmes (with emphasis to Horizon Europe).
- (4) Thematic Priorities with high-added value to the economy and society focusing on the Review of the S3CY.

Currently, the structure and proposed actions of the National Strategy are being discussed with the members of the National Board for Research and Innovation (NBRI) – the principal advisory body for R&I.

The National Strategy and the updated S3CY are expected to be completed and adopted by the Council of Ministers by Q4 2022.

R&I Schemes

The first calls of several schemes of the National Framework Programme have already been announced by the RIF. The scope and objectives of the Programme are fully aligned with the vision and the priorities of the National R&I Strategy and with relevant European policies and initiatives like Horizon Europe, the European Green Deal and the Digital Strategy/transition.

The Programme, inter alia, aims to foster research excellence, to develop research and technology infrastructures, to increase the number of post-docs especially in the STEM fields, to attract human resources, to support the participation of Cypriot stakeholders to European programmes/initiatives, to enhance collaboration between business and academia, to support knowledge transfer/commercialization of research results and to facilitate the creation and further development of

start-ups. Furthermore, targeted support schemes focus on sectors where Cyprus has a competitive advantage as well in addressing societal and emerging challenges, in particular the digital and green transitions and health.

The policy tools/schemes of the Programme fall under 5 pillars that cover the whole spectrum, from idea to commercialization: 1) Research, 2) Cooperation and Knowledge Transfer (includes Investment 1 of the RRP 'Set up and operate of central KTO'), 3) Innovation (includes Investments no. 2 'Innovation Programmes' and no. 3 'Thematic programme on Green Transition' of the RRP) 4) Strengthening structures and capabilities and 5) Internationalisation.

"Innovation funding programmes for start-ups, innovative companies and SMEs" under the RRP

Following 3 calls (Pre-seed, Seed, Innovate) launched in July 2021, prior to RRP approval, 4 new calls were launched in December 2021 and in March 2022, all serving to the targets set in RRP under the above measure. More specifically, 3 calls were published in December 2021 (Pre-seed, Seed, Innovate) under a renewed "RESTART 2016-2020" Programme, incorporating additional requirements in compliance with RRF regulation and in line with the CID Annex, and 1 call was published in March 2022 (ICT-HEALTH) under a new "CO-DEVELOP" Programme (also aligned with RRP). An additional programme/call (innovation vouchers) serving to the above measure is also under development.

"R&I funding program on green transition"

With the aim to enhance the effective collaboration between enterprises and the research community, in order to jointly identify challenges in green transition areas, design and implement research and development projects to develop new cost-effective solutions to address these challenges the Research and Innovation Foundation (RIF) launched in March 2022 a new call under the "Green Transition" Thematic Priority of the "CO-DEVELOP" Programme. In line with the RRP, the scheme focuses in the sectors of Renewable Energy, Energy Efficiency and Sustainable Transport.

«Funding schemes to support organisations performing R&D activities on dual technologies, including the creation of new or upgrade of existing laboratories and the development of classified laboratories»

A limited number of companies and research organisations in Cyprus deal with R&I activities on dual technologies as part of their core businesses. Similarly, very few research organisations and industries deal with projects that require a certain level of classification in their laboratories or facilities. Thus, businesses are not oriented towards dual use classified projects. As an increasing number of goods transitions to everyday use, this sector offers great prospects for collaborations, new opportunities and important spill-over effects on the competitiveness of the whole sector. The funding schemes will enable the upgrade of the R&I capabilities and capacity of Research Centres of Excellence, academic institutions, research organisations as well as companies engaged in R&D on dual use technologies. In particular, they will enable these organisations to acquire security classification certificates in order to be able to participate in consortia for European funding as well as to enhance their R&I capabilities and competitiveness in the field of dual use technologies.

The terms and conditions of a new programme are under preparation by the competent Implementing Body (Research and Innovation Foundation - RIF) in cooperation with the Ministry of Defence. The R&D call is planned to be announced in Q3 2022 and grant agreements are expected to be signed by the end of Q1 2023.

➤ Main reforms and investments undertaken outside the RRP framework:

R&I Schemes

Various R&I Schemes will be funded under the ESIF 2021-2027.

➤ **Single Market**

The reforms and investments under this section are in compliance with Single Market rules and procedures. Furthermore, the programs and schemes announced by RIF are always in compliance with State-Aid Rules.

➤ **Resilience and fairness dimension of the green and digital transitions**

The preparation of the new national programming period 2021-2027 for Research and Innovation, is based on priorities identified by the national Smart Specialization Strategy for Cyprus, namely Energy, Environment and ICT sectors. Furthermore, emphasis is given on the investments in Green and Digital Transition with focus among other, on clean and efficient production and use of renewable energy, waste and water management, development of Digital Skills and digital solutions to the population and the society.

Cross-reference to CeSaR and Fenix Tables:

CeSaR Table:

CSR 2020: 3, Subpart 8

CSR 2019: 4, Subpart 5

Fenix Table:

Milestone CY-C[C3.2]-R[R1]-M[120]

Milestone CY-C[C3.2]-I[I2]-M[127]

Milestone CY-C[C3.2]-I[I3]-M[130]

3.2.2 Enhancing education systems to support productivity growth

Productivity growth is supported by initiatives promoted in various levels and types of education regarding the mismatch among the skills required by labour market and the ones provided in the education system (please see sub-section 3.6.5). Moreover, the enhancement of digital skills in schools and skills related to STEM education, will result to further support the productivity growth (sub-section 3.6.9). The upgrading and promotion of Vocational education and training (VET) will improve the relevance to labour market needs and thus, enhance the productivity growth (sub-section 3.6.10).

Cross-reference to CeSaR and Fenix Tables:

CeSaR Table:

CSR 2020: 2, Subpart 4

CSR 2019: 3, Subpart 2

3.3. Diversification of the economy

Subsections:

3.3.1 Enhancing the growth of other existing or/and new sectors/sub-sectors.

3.3.2 Strengthening the sustainability and diversifying of the tourism sector.

3.3.3 Transition towards a circular economy (with emphasis on waste management).

3.3.1 Enhancing the growth of other existing or/and new sectors/sub-sectors

Cyprus's key objective is to boost the resilience of the economy and strengthen its competitiveness through the diversification of economic activity through the transition to its new economic growth model. The Long Term Strategy (LTES) identified the sectors that can drive future long-term growth in an environmentally and socially sustainable manner. For a small, open economy like Cyprus these sectors were chosen with global trends in mind as well as domestic dynamics including skills, competencies and societal priorities.

➤ **Main RRP Reforms and Investments:**

Move agricultural practices from the 20th century to the 21st century by investing in a national centre for excellence in agri-tech

The Reform aims to establish a nationally organised centralised operating model that provides a common mechanism for farmers and the agriculture sector, to access relevant information, services, funding options (grants, private investors, and other sources). Additionally, the reform has a strong emphasis on driving the agri-tech agenda and hence a strong digitalisation component, where farmers can access a centralised repository of resources and ultimately technologically-enable their operations for increased yield, productivity, and efficiency.

On-line, cloud-based platform for improving the trade and information symmetry in the fresh produce supply chain

The project, which will be coordinated by the Agricultural Research Institute aims to utilise innovative cloud-based information technologies in order to develop an online trading platform that will record fresh produce entering the local market and moving along the supply chain. The investment has a strong emphasis on digitalisation and use of technology/emerging technology to make the primary sector more competitive. The project is expected to go-live with a new fully operational platform for recording transactions in the local fresh produce market by the end of June 2024.

Genetic improvement of the Cyprus sheep and goat population

The reform will boost the economy of the agricultural sector and also promote the efficient use of feed produced on agricultural land by selecting more efficient livestock, with higher productivity per unit of feed consumed. In addition, more sustainable breeding practices will be implemented to support the entire small ruminant farming system. The reform has a strong digitalisation component, data collection and reporting via digital means that would significantly increase the digital skills of the sheep and goat community and related stakeholders. Implementing novel agri and biotechnology methods and know-how through genomic evaluation and selection of sheep and goats will be a breakthrough in transferring innovative research results to industry, with tangible benefits in the years to come.

Enhancing the existing isotopic databases of Cypriot local traditional food/drinks, by developing a Block Chain platform to ensure their identity

The investment aims to directly address the issue of harmonisation of the authenticity of Cypriot products as well of European food in general, by using stable isotopic databases, utilising thus, research and technology. Additionally, the Investment has a strong emphasis on protecting local and traditional products thereby making the market more competitive, with a strong digitalisation element.

Upskill the existing farming community and professionalise future labour force by investing in human capital

The investment has a strong emphasis on driving upskilling in the farming community through close coordination with the universities/academia and R&I communities as well as on designing and implementing tailored degrees, placements, and coordination between local universities/academia with the ultimate objective of increasing fit-for-future employment opportunities in the primary sector.

Initiating the setup of the first Eco-Industrial Science Park

The Government's objective is to set the framework in place to encourage the growth of greenfield direct investment and host a cluster of light manufacturing entities that focus on renewables (emphasis on solar), agri-tech solutions, and ICT. The reform proposed has a strong emphasis on attracting new investment/FDI in the manufacturing of innovative products, hence a strong digitalisation, research & innovation, and strategic investment component. The eco-industrial zone will be designed specifically to create speed and efficiency for all investors to setup and conduct business, trade, and production in the

zone.

Scheme for the enhancement of large enterprises competitiveness in the manufacturing sector

The reform proposed has a strong emphasis on digitalisation of the secondary sector which will improve efficiency, output, and competitiveness. Eligible capital expenditures under this scheme will contribute to the competitiveness of the sector. It is expected the Issuance of a call for proposals of the Scheme following scheme approval by the Council of Ministers by the end of June 2022.

Incentives to promote mergers & acquisitions

The proposed reform consists of targeted incentives to promote the merging of enterprises in order to scale-up and become more competitive. An increase in the size of Cyprus enterprises will enable them, among others, to increase their productivity and achieve economies of scale. Given Cyprus' limited market size, the formation of large enterprises and medium-sized enterprises in the higher end of the definition, is expected to be particularly beneficial to export-oriented enterprises.

Scheme for the digital upgrade of enterprises

This grant scheme aims to provide funding for activities carried out by new and/or existing Cypriot firms. The proposed scheme will fund actions to strengthen the extroversion of new and existing, large, micro, small and medium-sized enterprises active in the fields of manufacturing/processing and marketing of agricultural and industrial products and service providers. Selectable funding expenditures might include consultancy and other eligible, under the state-aid regulations, expenses. The call of proposals is expected to be issued in 2023.

Support extroversion and openness of Cyprus firms to international trade

This grant scheme aims to provide funding for activities carried out by new and/or existing Cypriot firms. The proposed scheme will fund actions to strengthen the extroversion of new and existing, large, micro, small and medium-sized enterprises active in the fields of manufacturing/processing and marketing of agricultural and industrial products and service providers. Selectable funding expenditures might include consultancy and other eligible, under the state-aid regulations, expenses. The first call for submission of applications is expected to be issued at the end of 2022.

➤ Main reforms and investments undertaken outside the RRP framework:

The Ministry of Energy, Commerce and Industry (MECI) prepared a New Industrial Strategy Policy of Cyprus that has been adopted by the Council of Ministers on May 6th 2019. The New Industrial Strategy Policy of Cyprus is a horizontal policy that addresses all sectors of the economy, including traditional industries and manufacturing. Strategically, it seeks to connect traditional industry with other sectors of economic activity, in order to create competitive value chains and transform the current growth model of Cyprus into a modern, combinational model of growth. This will be achieved through the gradual implementation of the program starting from 2019 ending in 2030.

The Industrial Strategy Policy recognizes the need to take action in the six strategic pillars:

1. Sustainable Development and Production.
2. Improvement of Industrial and Business Environment.
3. Digitalization of industry.
4. Development of New and Enhancement of Existing Skills for Human Resources.
5. Enhancement of Access to Finance.
6. Enhancement of Access to Markets.

In the framework of the implementation of the actions included in the Industrial Strategy Policy paper, the Government proceeded with the implementation of a series of actions including the organization of the Industrial Week, the agreement with the Cyprus Organization for Standardization for the free access of SMEs to standards, the operation of the grant scheme for digitization and also the promotion of the circular economy. Measures related to the areas covered by the industrial strategy is reflected in various parts of the NRP.

Cross-reference to CeSaR and Fenix Tables:

Fenix Table:

CY-C[C3.1]-R[R1]-M[85]

CY-C[C3.1]-R[R2]-M[87]

CY-C[C3.1]-I[I2]-M[93]

CY-C[C3.1]-I[I3]-T[95]

CY-C[C3.1]-I[I7]-M[100]

CY-C[C3.3]-R[R6]-M[143]

3.3.2 Strengthening the sustainability and diversifying of the tourism sector

The Deputy Ministry of Tourism has taken steps to address the devastating consequences of the COVID-19 pandemic on the tourism sector, in order to alleviate the socio-economic impact and ensure the livelihood of local communities and population segments, which relied on tourism profits.

➤ **Main RRP Reforms and Investments:**

Enhancing the added value of the tourism sector with emphasis on the countryside, mountainous and remote areas

The following grant schemes are promoted under the above RRP measure:

- Financing for the renovation of accommodation establishments/hotels in countryside, mountainous and remote areas.
- Renovation of traditional restaurants and businesses selling traditional products, with their potential inclusion in the Label “Taste of Cyprus, launched in mid-April 2022, following approval by the Council of Ministers on the 13th April 2022.
- Repurposing of accommodation establishments/hotels to include medical and assisted living facilities in order to attract health, wellness and medical tourism.

Enrichment of the tourism product in rural, mountainous and remote areas

The revival of countryside, mountainous and remote areas are promoted through the creation of authentic experiences to enrich the tourism product and visual/aesthetic upgrade of infrastructures that have tourist aspects. This investment, planned to be launched by mid-2022, aims to provide targeted support to:

- local community boards for limited-scale restoration of public traditional buildings and mostly repurposing them in order to host micro and small businesses in the creative and manufacturing sectors, such as artists, handcrafts, traditional products.
- entrepreneurs active in the creative and manufacturing sectors to render their business adequate for live workshops open to visitors.

Promotion of circular economy in hotel establishments

The objectives of the investment are to facilitate the transition of hotels’ business model to circular. The investment consists of business diagnostics, training and tailored coaching for at least 50 hotels participating in the 1st phase of the scheme, as well as certification of at least 18 hotels as circular. The

terms and conditions of the scheme have been finalized, after been examined by the Technical Committee for RRP schemes and the RRP Coordinating Authority. The Scheme is expected to be launched by the end of April 2022.

➤ **Main reforms and investments undertaken outside the RRP framework:**

Domestic tourism scheme

The socio-economic consequences of the pandemic have had an uneven distribution across the country due to different specialisation patterns, in particular in areas markedly relying on tourism. To alleviate the negative impacts on the tourism industry, the Deputy Ministry of Tourism launched a domestic tourism scheme. In 2021, a total of 208.000 permanent residents made use of the scheme, generating a total of 575.000 overnight stays in the hotels and other tourism establishments.

Income replacement

In order to contribute to adequate income replacement for affected workers and self-employed people, the Deputy Ministry of Tourism has updated the legislation regulating the registration of peer-to-peer self-catering accommodation (sharing economy such as AirBnB platform), which regulates the offer and operation of listings through international platform reservations for tourism purposes. This type of sharing economy supports alternative household income. The registration period ends in January 2023.

➤ **Single Market**

All Schemes for the tourism sector are in line with the:

- Commission Regulation (EU) No 1407/2013 of 18 December 2013 on the application of Articles 107 and 108 of the Treaty on the Functioning of the European Union to de minimis aid, and
- Commission Regulation (EU) No 651/2014 of 17 June 2014 declaring certain categories of aid compatible with the internal market in application of Articles 107 and 108 of the Treaty on the Functioning of the European Union.

Cross-reference to CeSaR and Fenix Tables:

Fenix Table:

Milestone CY-C[C3.1]-I[I9]-T[105]

3.3.3 Transition towards a circular economy (with emphasis on waste management)

Circular economy

The National Circular Economy Action Plan was adopted by the Council of Ministers in June 2021. This Action Plan proposes targeted policies and actions on the basis of strengthening and promoting the Circular Economy in Cyprus. It includes actions that focus, inter alia, on creating a culture both among citizens (sustainable consumption) and among the manufacturers/entrepreneurs themselves, effective incentives for industry to invest in the circular economy and creation of the necessary infrastructure.

The Action Plan, with an implementation period up to 2027, includes 22 measures 10 of them to be funded by the RRF and the rest by national or EU Cohesion Policy funds. It addresses specific priorities such as the promotion of synergies in achieving economies of scale, creating favourable market conditions to boost circular products, boosting new economic activities, restructuring existing modes of operations and regulatory reform requirements. The Action plan also proposes specific legislative and political reforms towards policymakers and the adoption of circular culture in the financial sector.

Waste Management Policy

The Municipal Waste Management Strategy 2015-2021 has provided the policy framework for the

implementation of a number of important measures towards the appropriate management of municipal waste. These include important infrastructure development and improvements. It has also provided the basis for preparing the necessary legislative framework for the management of municipal waste by local authorities, assigning obligations for the preparation of local waste management plans and waste prevention programmes, the establishment of separate collection systems for a number of waste streams, including organic waste and the adoption of pay-as-you-throw schemes.

To further progress the ambitions of these strategies, the Ministry of Agriculture, Rural Development and Environment (MARDE) had requested technical support from the European Commission's Structural Reform Support Service (SRSS), in reviewing and revising the existing Municipal Waste Management Plan (MWMP) 2015–2021 to help Cyprus meet its obligations in relation to the EU environmental acquis. The new draft Municipal Waste Management Strategy 2021-2027 prepared by IMPEL (the European Union Network for the Implementation and Enforcement of Environmental Law) was submitted in December 2021 and aims to fulfill the obligations of Cyprus under Article 28 of Directive 98/2008/EC on waste, the Waste Management Framework Directive (WFD) and identifies further measures, actions and procedures for sustainable waste management and transitioning Cyprus towards a zero-waste economy. These include infrastructure measures for the appropriate management of waste, waste reduction and reuse measures, measures to improve extended producer responsibility systems and economic measures, such as the establishment of deposit-refund systems and the introduction of a landfill tax and a tax on single use plastic products. Following the public consultation which was concluded in March 2022, the Strategy will be submitted to the Council of Ministers for approval by the end of April–beginning of May 2022.

➤ **Main RRP Reforms and Investments:**

Integrated bio waste source separation and central small and medium-size aerobic treatment systems and home composting

The aim of the investment is to facilitate the separate collection and find solutions to treat biowaste separated at the source. The main objectives include:

- Develop decentralised biowaste management by establishing a network of at least 50 small and medium size composting systems and providing 2000 home composting units to households and schools.
 - Assist in the achievement of biowaste reduction targets and contribute to the circular economy.
 - Reduce the amount of biowaste ending up in landfill.
 - Use of good quality compost in household gardens and agricultural fields.
- Implementation
- Study for the planning and design of the community composting systems in all 5 regions of Cyprus. Funded from other sources.
 - Preparation of the tendering documents prior the procurement of the equipment.
 - Procurement and installation of the composting units/systems.
 - Educational activities.

The study for the design and implementation of the project has been included in the LIFE IP Cyzero Waste project. The grant agreement was signed on 7/12/21 and is currently under implementation. When the study is completed the Department of Environment will proceed with the tender process for the provision and installation of the necessary equipment. It is planned that the tender agreements will be concluded by the third quarter of 2023.

Construction and operation of Green kiosks for dry recyclables

The main aim of this investment is the establishment of a Green Kiosk recycling system, that will help municipalities in remote areas to improve their waste management schemes. The objectives include the

contribution to the overall reduction, reuse and recycling targets of Cyprus and the development of an innovative, efficient and flexible reuse system.

The study for the design and implementation of the project have been included in the LIFE IP Cyzero Waste project. The Grant agreement was signed on 7/12/21 and is currently under implementation. When the study is completed the Department of Environment will proceed with the tender process for the provision and installation of the necessary equipment. It is planned that the tender agreements will be concluded by the third quarter of 2023.

Construction and operation of Reuse and Repair Centres and networks

The project aims at developing the implementation of the waste reuse and repair policy in Cyprus by (a) constructing and operating two Reuse and Repair Centres that can serve all 5 regions and (b) establishing a network of reuse shops in the major cities of Cyprus that will be linked with the operation of the reuse and repair centres.

The study for the design and implementation of the project have been included in the LIFE IP Cyzero Waste project. The Grant agreement was signed on 7/12/21 and is currently under implementation. When the study is completed the Department of Environment will proceed with the tender process for the provision and installation of the necessary equipment. It is planned that the tender agreements will be concluded by the third quarter of 2023.

Improvement and extension of the Cyprus Green Points Network and creation of a network of Collection Points and Recycling Corners

Objectives/Actions:

- Solving operational problems of the existing Green Points (supplying the existing GPs with extra mobile/fixed equipment, including shredders, diggers, skips and containers and improving road access to existing/new GPs).
- Design/construction of new Green Points (GPs) for which an Environmental Impact Assessment (EIA) study has been approved.
- Design/construction of new Green Points (GPs) for which no EIA has been carried out yet.
- Design/construction of a Recycling Corners Network (small GPs) to serve the rural communities in the Troodos area, as part of the implementation of the National Strategy for the Development of the Troodos Mountain Communities.
- Design/construction of a Collection Points Network (small GPs) in remote rural communities not included in the National Strategy for the Development of the Troodos Mountain Communities.

The tender documents for the construction of the 4 Green Points in Avgorou, Troulloi, Eptagonia and Alambra have been completed and the Water Development Department will proceed with the tender call. The Water Development Department is looking for consultants to proceed with the studies for the design of the Recycling Corners. The completion of the 4 Green Points are expected by 2023, along with the completion of the additional 10 Green Points in Alambra, Aglatzia, Latsia, Dherynia, Sotera, Pelentri, Engomi, Lakatamia, Pano Platres, Kalo Horio Limassol and Souni Zanzatzia by 2024.

Enhancement of circular economy in Industry

The main objective of the measure promoted under the RRP is to enhance the circular economy in the country through the implementation of a number of actions included in the above mentioned National Action Plan. The sub-measures to be implemented include (i) a grant scheme to enhance business investment in the circular economy, as well as actions such as (ii) raising awareness among the consumers and the business community regarding the benefits of circular products towards the environment and about the strengths and business opportunities that the circular economy offers, (iii) a scheme for providing consulting services regarding business diagnostics, business coaching, training of employees and preparation of a roadmap for transitioning to circularity, and (iv) developing and sharing

a marketplace platform for the circular economy to connect supply and demand of materials, scrub and waste.

Business diagnostics and coaching on circular economy will be supported in the context of a grant scheme for the provision of consulting services, expected to be launched in the fourth quarter of 2022. Whereas the grand scheme for the provision for financing the investment for the transitioning into a circular operational model will be available early 2023.

The Ministry of Energy, Commerce and Industry is expected to proceed with a public procurement procedure for the development and implementation of a communication plan for circular economy and for the preparation of the sharing platform up to September 2022.

The implementation of the reform shall be completed by 30 June 2026.

Establishment of a Coordinating Body between Central and Local Government

The investment involves the establishment of an organisation that will effectively support both financially and technically local government to step up its efforts to change the way municipal waste is currently managed. The objectives of the project are the following:

- Provide a mechanism which will upscale waste management towards prevention and separate collection.
- Provide a mechanism which will be flexible and efficient in supporting technically local authorities for the implementation of waste management obligations.
- Liaising central government with local authorities, facilitating implementation of waste management policy in both a top-down approach and vice versa.
- Create expertise in the field of waste management to support local authorities in an effective manner.
- Exploit and use funding opportunities and collaboration.

The study on the form and mode have been included in the LIFE IP Cyzero Waste project. The Grant agreement was signed on 7/12/21 and is currently under implementation. The Body will be established in 2025 and begin operations. The study for defining its structure and functions is under way.

➤ **Main reforms and investments undertaken outside the RRP framework:**

Establishment of a Separate Collection System for Municipal Waste Source and Implementation of a Pay-As-You-Throw Scheme by local authorities

In June 2021, the Department of Environment announced the call to local authorities for expression of interest regarding the establishment of a separate collection system for recyclable and organic/bio-waste collection and implementation of a PAYT system. The call expired on 31/1/22 and the Department of Environment is currently evaluating proposals. The next stage concerns the preparation of a study by the local authorities that submitted proposals, which are expected to be completed and submitted for approval to the Department of Environment in 2022. Implementation will begin once the studies have been approved.

The Municipal Solid Waste Reduction Program for Coastal Hotel and Related Tourism Infrastructure in Limassol and Paphos

The project is addressed to the local authorities that have coastal hotel units and related tourist infrastructure and its purpose is to establish a system for the sorting at source and separate collection of recyclable and organic waste from large waste producers, such as hotels, tourist complexes, restaurants, leisure centers, institutions, etc.

The study for the implementation of the program is in process and is expected to be completed in May 2022. Following the study, the Department of Environment will proceed with the tenders for the supply of the necessary equipment. The tender documents have been prepared by the Department of Environment and will be agreed with the local authorities which are responsible for the implementation of the program.

Program for the prevention, separate collection and utilization of municipal waste of mountainous/semi-mountainous Cyprus

The aim of the program is the independence of the wider mountainous area from the need to transport waste to urban centers within a zero-waste approach.

The project will be implemented in mountainous/semi-mountainous communities and will include measures and actions to promote separate collection of recyclable materials at least for waste paper/cardboard, metal, plastic, glass and separate collection and utilization of organic waste (food waste, green) or promotion of home composting either by means of centralized composting plants, recyclable waste collection points and possibly a small foundry.

The project is implemented in collaboration with the Commissioner for the Development of Mountain Communities.

The tender agreements have been signed for (a) the preparation of the necessary studies and (b) the implementation of an information campaign, both of which are currently under preparation. The contracts for the provision of the equipment will start after the completion and approval of the studies.

Program for the improvement of existing and the development of new infrastructure for the treatment of organic or other waste

The aim of the programme will be to support improvements in existing infrastructure and promote the development of new infrastructure for the treatment of separately collected waste, with a priority on organic waste to ensure sufficient capacity for their appropriate treatment. The programme will be implemented in 2022 – 2027.

➤ **Resilience and fairness dimension of the green and digital transitions**

In order to ensure that the measure complies with the ‘Do no significant harm’ Technical Guidance (2021/C58/01), the eligibility criteria contained in terms of reference for upcoming calls for projects shall exclude the following list of activities⁶ : (i) activities related to fossil fuels, including downstream use; (ii) activities under the EU Emission Trading System (ETS) achieving projected greenhouse gas emissions that are not lower than the relevant benchmarks; (iii) activities related to waste landfills, incinerators and mechanical biological treatment plants; and (iv) activities where the long-term disposal of waste may cause harm to the environment. The terms of reference shall additionally require that only activities that comply with relevant EU and national environmental legislation may be selected.

Cross-reference to CeSaR and Fenix Tables:

CeSaR Table:

CSR 2020: 3, Subpart 5

CSR 2019: 4, Subpart 2

Fenix Table:

Milestone CY-C[C3.3]-I[I3]-M[145]

Milestone CY-C[C3.1]-R[R4]-M[109]

3.4. Safeguarding the soundness of the banking system and financial stability

Subsections:

- 3.4.1 ***Facilitating the reduction of non-performing loans including by setting up an effective governance structure of the State-owned asset management company.***
- 3.4.2 ***Improving payment culture.***
- 3.4.3 ***Improving the efficiency of the tax system by diversifying the tax structure¹ and tackle Aggressive Tax Planning.***
- 3.4.4 ***Pursuing fiscal policies and ensure debt sustainability.***
- 3.4.5 ***Addressing the inadequacies of the property transaction system (i.e. the issuance and transfer of title deeds).***

3.4.1 Facilitating the reduction of non-performing loans including by setting up an effective governance structure of the State-owned asset management company

A significant improvement has been achieved in the management of NPLs. More specifically, Non-performing loans (NPLs) declined to €4,3 bn in November 2021 from €5,2 bn at the start of 2020, mainly as a result of sales, write-offs and debt to asset swaps. The NPL ratio declined from 18% to 15% respectively. NPLs are now a fraction of the peak of €29 bn portfolio in 2014.

➤ Main RRP Reforms and Investments:

Credit Servicers and Credit Acquiring Companies

Given the considerable sales of loans to credit acquirers outside the banking sector and the increased use of assignment of the servicing of NPLs to specialized companies, a set of bills for the enhancement of the secondary market of NPLs was submitted to Parliament in March 2021:

- (a) The Sale of Credit Facilities and Related Matters (Amending) Law of 2022: Under this draft bill, the Law is amended to allow for the credit servicing companies to be licensed, assessed and supervised by the CBC
- (b) The Immovable Property (Transfer, Registration and Valuation) (Amending) Law of 2022: Under this draft bill the Law is amended so that credit acquirers and credit servicers can access the database of Department of Lands and Surveys (DLS) in order to assess the borrowers' creditworthiness for those loans under their management.
- (c) The Immovable Property (Transfer and Mortgage) Amending Law of 2022: Under this draft bill the Law is amended so that transfers relating to the sale and purchase of credit facilities are exempt from certain provisions of the Law to avoid double notices to borrowers by the credit institutions and the DLS.

During the discussion, bill (c) was withdrawn following a suggestion by the Commissioner for Personal Data Protection as it was deemed to be in conflict with the provisions of the Regulation, (EU), 2016/679. The remaining bills are currently being discussed at the relevant parliamentary committee.

Furthermore, in order to improve the legal framework regulating credit acquiring companies the proposed bill named the Evidence (Amending) Law of 2022 aims to enhance the admissibility of statements of loan accounts presented by credit acquirers before Court, in the same manner as statements by credit institutions are accepted before Court. Discussion at the parliamentary level is ongoing.

¹ As regards green taxation, please include the relevant information under challenge 3.8 "Facilitate the green transition" and add cross reference here.

All legislative amendments affecting credit servicers and credit acquirers will help improve the legal framework for managing NPLs outside the banking sector and thus strengthen the secondary loan market.

➤ **Main reforms and investments undertaken outside the RRP framework:**

Strengthening the effectiveness of the legal framework related to the management of NPLs

This set of actions concerns the creation of an enabling legal framework for creditors to pursue resolution and workouts of the stock of non-performing loans (NPLs). The most important legislations in place concerning the resolution of the NPLs are outlined below. The first two legislations were enacted a number of years ago, whereas the remaining legislative proposals or reforms are included in the Resilience and Recovery Plan of Cyprus.

Foreclosure framework

Foreclosures of real estate property are enabled and regulated in the Immovable Property (Transfer and Mortgage) Law of 2018, amending previous legislation of 2014. The amending provisions of 2018 allowed for the streamlining of the process under a concrete timeline and removal of provisions that were causing delays in implementing the law. Electronic auctions were subsequently introduced in late 2019.

As a result, the timeframe for foreclosure of collateral was brought down from previously around 10 years to less than 12 months, rendering it one of the shortest periods in the EU². Recent amendments to the foreclosure framework that entered into force in June 2020, have yet to be tested by creditors and courts but it is estimated that the majority of the NPL stock will not be affected, as, for most of the outstanding portfolio, legal and foreclosure actions had been initiated under the previous legal regime, rendering them non eligible for the revised process which nevertheless only covered a specific asset type, mainly the primary residence.

The creditors have been making considerable use of the foreclosure tool. Its effectiveness is shown both by the resolution rate of problematic loans before reaching the auction stage – through cash settlements, restructurings or swaps with real estate assets, and the sales completed through auctions. Moreover, the repossession of the mortgage property by banks, six months after the first auction has further facilitated the resolving of NPLs.

While initially auctions were conducted both physically and electronically as of 2022 auctions are run entirely electronically. While the initial rate of sales through e-auctions has been rather moderate, there has been positive feedback from mortgage lenders as well as prospective purchasers of credit facilities.

In December 2020 the House of Representatives enacted a short-term freezing of foreclosure proceedings for certain types of assets for the period January to March 2021. This law was extended thereafter for the period March 2021-June 2021 for a revised perimeter of assets. The law was then further extended for the period July 2021-October 2021 ; however this latter extension did not enter into force. The Government has referred the Law for extension of foreclosure freezing for the period July-October 2021 to the Supreme Court on the grounds of containing possible anti-constitutional provisions. During 2022 it is expected that the Supreme Court will rule on the constitutionality of the law extending the suspension period.

²IMF Country Report No. 18/337 (2018 Article IV Consultation).

Sale of loans

The Sale of Credit Facilities and Related Matters Law (2015) has been vital in enabling a number of significant transactions to take place, removing NPLs out of the banking system. The largest single transaction to date remains the transfer of NPLs from the former Cyprus Cooperative Bank to KEDIPES, of the order of €6,9 bn. Moreover, a number of transactions exceeding €5 bln to mostly foreign-owned credit acquiring companies by both large and medium sized banks has been completed over the past years.

Facilitating access to data on debtors

In order to combat high private indebtedness access to information on debtors is essential. A new legal framework and system of exchange of data and credit bureaus is currently investigated. The aim is to improve the assessment of credit risk for new lending through involvement of the credit registry, to enable the market to offer other services such as credit scoring in full conformity with data protection rules. In turn, this will lead to a better profiling of potential debtors and finally to better decision making in the loan-granting process.

The reform shall consist in amending the existing system for exchange of credit data, so as to allow the provision of credit scoring services. The main elements of the amendment shall be to alleviate the legal uncertainty regarding the ownership of the system and the distinct roles of the credit registry and credit bureaus, to ensure continuation of the duty to collect data on credit facilities, to provide data from the Insolvency Department, and to define the terms and conditions of access to data and its protection.

The overall aim of the reform is to provide better information for new lending regarding the debtor's financial profile. This should in turn contribute to low levels of non-performing loans

In parallel with the enhanced legal framework and the operation of the public credit registry, allowing the provision of credit scoring services, to both creditors and debtors, the creation of a liabilities/private debt monitoring register which will measure the amount of all debts, by the type of creditor, such as towards public sector, credit institutions, employees, will be promoted.

The liabilities monitoring register will allow competent authorities such as the Ministry of Finance, the Central Bank of Cyprus and the Department of Insolvency to design and implement targeted policies to prevent and manage the stock of private debt, taking into account existing financial data. Through the operation of this all-encompassing register a more thorough picture of the distribution of private debt would be obtained and its development would be monitored.

Effective Governance of KEDIPES

Since the establishment of Kedipes many actions have been completed as regards governance of the state-owned Kedipes. To this extent, recent progress is summarized as follows:

- Fully functioning Board of Directors and Risk, Audit, Nominations & Remuneration Committees. The Board of Directors has completed a new selection process with the assistance of an independent HR Consultant, for the appointment of two to three new independent Board members.
- On-going progress in implementation of Central Bank of Cyprus' on-site inspection findings on governance matters. The approved Action Plan for establishing full conformity with the new guidelines from CBC on the governance of Credit Acquiring Companies that were published September 2020, has been completed to a large extent (10/14 completed), with the main issue pending being the Issuance of the Risk Framework, which is under development.
- Further strengthening of middle level management at Monitoring and Deleveraging and Risk Management functions with external hires. Further organisational structure enhancement with key change being the consolidation of certain functions under the Chief Operating Officer.

- Progress on employee matters: under the Voluntary Redundancy Scheme terms of 2021 (i) a small staff reduction was achieved for Kedipes, albeit lower than the target (ii) employer ties with ex Cyprus Cooperative Bank staff at Altamira were cut off.

It is noteworthy that provisions regarding the effective governance of Kedipes are included in the List of Commitments that accompanied the State Aid decision of 2018 regarding the establishment of Kedipes as the residual entity of the former Cyprus Cooperative Bank (SA.35334(2018/N-2). The relevant requirement is assessed by the independent monitoring trustee through periodical reports to the European Commission's DG Competition as "nearly completed" mainly due to the ongoing recruitment of additional members of the Board of Directors.

Cross-reference to CeSaR and Fenix Tables:

CeSaR Table:

CSR 2019: 2, Subpart 1

3.4.2 Improving payment culture

Long judicial and debt enforcement processes, have historically weakened payment discipline placing Cyprus low in international rankings of contract enforcement. A number of actions aiming directly or indirectly in improving payment discipline have been completed or are on-going.

The stock of NPLs in Cyprus relates to so-called legacy NPLs, i.e. those that resulted from the credit expansion of early 2000s – itself correlated to the then prevailing property asset bubble, that ended with the eurozone crisis, which for Cyprus peaked in 2013. Data shows that new loans i.e. those granted after 2016 record a low default rate, with the NPL ratio from 2016 onwards at less than 5% and within the eurozone range. Moreover, following the loan instalment moratorium that ended at end 2020 (only a small extension was granted for H1-2021), the vast majority of loans have resumed their repayment profile with only 3% default rate and further 4,5% arrears (which may or may not turn into NPL), and this despite the ongoing covid economic impact. Moreover, the promotion of financial literacy in Cyprus will contribute to the improvement of debt repayment discipline, thereby addressing part of the 2019 CSR 2.2. Citizens with a higher level of financial literacy should be able to make more rational decisions with regard to their budgets and indebtedness, to the benefit of their individual well-being and the economy as a whole.

These can be interpreted as clear signs that point towards improvement of the payment discipline over the past few years.

This is being pursued through the preparation of a national Strategy for the promotion of financial literacy and financial education.

➤ Main RRP Reforms and Investments:

Judicial reform

The on-going judicial reforms cited in section 3.5 aiming at the enhancement of the efficiency of justice delivery, are expected to speed up the enforcement of court decisions and thus enhance the payment discipline.

Insolvency framework

Reinforcing and strengthening of the insolvency framework will also help towards the improvement of the payment discipline.

The national Action Plan for Insolvency, which aims to optimize the efficiency and effectiveness of the insolvency procedures with a set of reforms, is gradually being implemented since 2018.

Support to digitalize the handling of Insolvency cases in Cyprus

As of July 2021, the Project “Support to digitalize the handling of Insolvency cases in Cyprus” has commenced. The Project is being implemented once again with the support of DG Reform by MECI in cooperation with the Supreme Court of Cyprus. By the end of this project the following are expected to be delivered:

- an in-depth analysis of the relevant legislation, the operational flows, the organization of the courts that currently handle insolvency cases and the technical IT systems provided for the handling of insolvency proceedings,
- a benchmark of the Cypriot legislative, judicial and technical framework against four (4) countries that are widely deemed as European or international best practice in order to be mapped the gap analysis that will identify the inefficiencies,
- specific recommendations and action plan to improve the Cypriot framework governing insolvency and to address the gaps,
- formulation of the technical specifications and a corresponding tender document of the IT system,
- a Continuous Professional Development program for Judges, courts’ staff and the personnel of the Department.

Increase Awareness about Insolvency Framework

The Project “Increase Awareness about Insolvency Framework” which was concluded in September 2021 aimed to address the lack of sufficient awareness among the different target groups about schemes and developments in the area of insolvency.

Through the in-depth analysis that was done within the project, an Action Plan has been prepared for the **establishment of a Customer Service line (CSL)**. The CSL will address the need to strengthen the level of service provided to all stakeholder groups that contact the Insolvency within MECI Department and to ensure the effective implementation of all relevant laws. The sustainability of this reform, is being ensured through the provision made within the national budget of 2022, for extra positions on the organizational structure of the Department for the appointment of new staff for the CSL and the implementation of the Action Plan.

Strategy for Combating Financial Illiteracy

Aiming at improving payment attitudes and stance, Cyprus aims to draft its first Strategy for Combating Financial Illiteracy. The proposal for a national Strategy includes (among other measures) awareness raising and information campaigns for the public, creation of internet tools (webpage etc.) to facilitate access to information supporting sound financial decision making, e.g. with regard to borrowing and pension planning. Taking into account survey findings that the financial literacy of students in Cyprus is rather low, the proposal includes the introduction of a financial literacy course in schools. Better informed, financially responsible citizens should be able to make better decisions as regards payment of debt and correct attitude towards contract obligations. The strategy is now in the final drafting stage and is expected to be submitted to the Council of Ministers for approval in Q2 2022. The implementation of the short-term measures of the national Strategy is planned to be completed by end-2023.

Regulatory framework of Credit Acquiring Companies (CACs) and Credit Servicing Companies (CSCs)

The bills for the regulatory framework of CACs and CSCs are expected to improve the working

environment for these companies, thereby contributing towards a stronger payment collection from debtors.

Cross-reference to CeSaR and Fenix Tables:

CeSaR Table:

CSR 2019: 2, Subpart 2

3.4.3 Improving the efficiency of the tax system by diversifying the tax structure and tackle Aggressive Tax Planning

Cyprus supports the European Commission's initiatives to fight Aggressive Tax Planning (ATP) and reiterates its commitment and willingness to continue cooperation in all appropriate fora for taxation, in full respect of the respective competencies under the Treaties and in light of the relevant voting procedures that are applicable for such matters.

Towards this direction, a relative reform was included in the Recovery and Resilience Plan of Cyprus, with the ultimate objective of increasing the effectiveness, efficiency and fairness of the tax system by combatting tax evasion and ATP by multinational enterprises.

➤ **Main RRP Reforms and Investments:**

Aggressive tax planning

Enactment of legislation to tackle aggressive tax planning by (a) imposing a withholding tax on interest, dividends and royalty payments to jurisdictions, in Annex I of the EU list of non-cooperative jurisdictions on tax matters and (b) introduction of a further corporate tax residency test based on the incorporation of each entity. These two tax bills have been approved by the Council of Ministers on 25th of February, 2021 and on 8th of March, 2021 have been submitted by the Minister of Finance to the House of Representatives, for discussion and enactment. On the 21st of December, 2021 amendments of the Income Tax Law and Special Defence Contribution Law, were published in the official Cyprus Government Gazette. The Law amendments will enter into force on the 31st of December, 2022.

Additional tax provisions for ATP

By Q4 of 2024 Cyprus shall enter into force additional tax provisions tackling aggressive tax planning via payments to low tax jurisdictions.

Effectiveness of tax measures related to ATP

By Q4 of 2024, Cyprus will assess the effectiveness of the tax measures related to ATP through an independent evaluation, by exploring the whole tax framework. In case the evaluation leads to policy actions (legislative changes), these shall be implemented by Q2 of 2026.

Cross-reference to CeSaR and Fenix Tables:

Fenix Table:

Milestone CY-C[C3.5]-R[R10]-M[209]

3.4.4 Pursuing fiscal policies and ensuring debt sustainability

According to the latest projections, further improvements are expected in medium-term fiscal position, from excessive deficits during 2020 and 2021 to a surplus by the end of the programming period.

At the same time, debt-to-GDP ratio is forecast to continue its downward trend, from 104% of GDP end 2021 to below 90% of GDP end-2025 (please refer to Stability and Growth Programme for more details).

The area of fiscal policy and debt sustainability is covered under Cyprus's Stability Programme 2022-2025.

Cross-reference to CeSaR and Fenix Tables:

CeSaR Table:

CSR 2021: 1, Subpart 2

CSR 2020: 1, Subpart 1

3.4.5 Addressing the inadequacies of the property transaction system (i.e. the issuance and transfer of title deeds)

An important reform is promoted in this area, with the objective of the reform is to address inefficiencies in the system of issuing and transferring title deeds, which results in property rights not being defined, complicates foreclosure procedures and hinders the liquidation of collateral. The reform shall consist in: (i) examination and issuance of title deeds for pending cases, (ii) extension of the new planning and building permit policy, currently up to two residential units, to four residential units in a plot, which shall reduce the time needed to issue building and spatial permits, (iii) review of the Streets and Buildings Regulation Law to introduce the right incentives for the supervising engineer to further discourage irregularities that would result in title deeds not being issued, (iv) amendment of the Sale of Property (Specific Performance) Law, which shall ensure in advance that the transfer of immovable property is executed as soon as the buyer fulfils his/her contractual obligations.

It is noted that in 2016, the Lands and Surveys Department (DLS) proceeded with compulsory procedure in order to start the issuance of the title deeds for all the pending title deeds (for a total of 2,200 cases for around 45,000 title deeds). By the middle of 2021 the pending cases were around 20,000 title deeds, for around 1,000 developments. The target is to issue the 80% of the 20,000 pending title deeds by the end of June 2023. The progress regarding the numbers of title deeds being issued is being monitored. At present, the number of title deeds issued has reached around 2,000. It is expected that a large number of applications will be rejected due to serious irregularities.

➤ **Main RRP Reforms and Investments:**

Strategy for addressing inadequacies of the property transaction system The Department of Land Registry and Surveys in collaboration with the Ministry of Finance prepared a proposed bill entitled «The Sale of Property (Specific Performance) (Amending) Law of 2022» setting up a mechanism to safeguard the interests of real estate buyers by ensuring in advance that the transfer of real estate will be carried out immediately and as soon as the buyer fulfills his/her contractual obligations.

Through enhancement of transparency and introduction of new obligations, at the time of the sale of mortgaged property, for the seller and mortgage lender of the seller the bill empowers the new buyer, to attain legal ownership of the real estate, through property registration, even in the event that the mortgage lender does not transfer the property.

The proposed bill has emerged after the incorporation, to the extent possible, of the suggestions of the main stakeholders (Land Development and Large Development Associations, Association of Cyprus Banks and Central Bank of Cyprus), during the informal consultation.

The submission of the bill to the House of Representatives by June 2022 and its enactment by 31/12/2022 is one of the four milestones related to the specific measure included in the RRP.

The measure includes three more milestones for which the implementing body is the Ministry of Interior

and which concern:

Reduction of backlog of cases for issuance of title deeds

The target included in the RRP is to examine the 80% of the 20,000 pending title deeds by the end of June 2023. The progress regarding the numbers of title deeds being issued is being monitored. At present, the number of title deeds issued has reached around 2,300. It is expected that a large number of applications will be rejected due to serious irregularities.

Extension of the New Planning and Building Permit Policy for more complex developments

The Ministry of Interior (MOI), since October 2020, has proceeded with the modernization and simplification of permitting procedures, through the electronic submission of applications and issuance of Planning and Building Permits within 10 working days. Up to today, more than 2500 new permits have already been issued using the new procedure, while from June 2022, the simplified permitting procedure will be applied to larger and more complex developments (for up to four residential units or twelve residential units in a row, or twenty residential units in an apartment building, or commercial or office or mixed commercial/office/residential development with a total usable area of up to 1000 sq.m., in conventionally sized plots, in various urban zones). MOI is working intensively for the preparation of the necessary legislative documents (Mandates, Ministerial Decree). The legislative documents after the necessary consultation/approvals/modifications, will be applied in June 2022.

Review of the Streets and Buildings Regulation in order to introduce the right incentives for the supervising engineer

According to the Recovery and Resilience Plan for Cyprus, this measure includes amendment of the Streets and Buildings Regulation Law by increasing the fine to the supervising engineer for oversight of the project development in accordance with the permit issued (in order not to allow irregularities that will result to the titles not being issued). An amendment of Streets and Buildings Regulation Law is being prepared by MOI.

➤ **Main reforms and investments undertaken outside the RRP framework:**

Simplifying procedures

Beside the effort that is taking place for the issuance of the title deeds, the Lands and Surveys Department is focusing on simplifying the procedures that are currently in process. This is targeting two main tasks. First to minimize the time and effort that is currently needed for the completion of the applications involving the issuance of title deeds and secondly to achieve the issuance of the title deeds of all the applications accepted by the Lands and Surveys Department by setting out the prerequisites for the acceptance of the application.

Cross-reference to CeSaR and Fenix Tables:

CeSaR Table:

CSR 2019: 5, Subpart 2

Fenix Table:

Milestone CY-C[C3.5]-R[R3]-M[195]

Milestone CY-C[C3.5]-R[R3]-M[194]

3.5. Addressing the challenges and inefficiencies in the public sector

Subsections:

3.5.1 Improving the coordination between central and local government and tackle the fragmentation in municipalities

3.5.2 Adopting key legislative reforms to improve the efficiency in the public sector

3.5.3 Improving the efficiency (e.g. introduction of modern Civil Procedure Rules, time needed to resolve cases, limited information available to the public, upgrade the infrastructure of courts etc.) **and enhancing the digitalization of the judicial system**

3.5.4 Improving the digitalization of the public sector

[3.5.1 Improving the coordination between central and local government and tackle the fragmentation in municipalities](#)

The House of Parliament voted in favor of the three government bills on Local Government Reform, on the 3rd of March 2022. The new laws, which are expected to be published in the Official Journal of the Republic, are the following: (a) the Municipalities Law of 2022 (b) the Communities (Amending) Law of 2022 and (c) the District Local Government Organisations Law of 2022.

➤ Main RRP Reforms and Investments:

Modernising public and local authorities, making justice more efficient and fighting corruption. The intervention consists of the entry into force of three laws: Municipalities Law, Communities (Amending) Law and the Law on District Local Government Organisations). As stated above, the House of Parliament voted for the three new laws on 3.3.2022. The entry into force will occur in 2024 (either June or July depending on the date of the consequent elections for local authorities) by a Council of Ministers' Decision. The main objectives of the reform through these new draft laws are:

- To improve the administrative independence and capacity and ensuring financial autonomy for local administration. The reduction in the number of Municipalities becomes a necessity in order to ensure viability.
- To increase the administrative capacity of community councils by creating community clusters for the provision of services to communities. The establishment of 32 local clusters for the Communities, will provide centralised services to the 300 Communities not included in the new municipalities.
- Introduce a new model of administration for Municipalities and create new enhanced staff structure for the new Municipalities.
- The transfer of new competences together with the transfer of funds from central government to the municipalities especially in the areas of issuing of permits, social policy, local infrastructure maintenance, schools and the provision of local services to the citizens. Increase the range of services provided to citizens by local authorities while at the same time reducing the cost of these services, where possible.
- To create financially sustainable local administration authorities. The reform of local finances in order to foster fiscal decentralisation and secure adequate own financial resources of municipal authorities. A radical change in the way municipalities are financed.
- A novel form of legal supervision of local authorities that secures their administrative autonomy.
- New rules of transparency and democratic accountability. Increased civil participation in decision making.
- Improve the efficiency of water supply, sewerage and solid waste management as well as issuing of urban planning and building permits by creating five District Organisations for Local Administration which undertake exclusively the above-mentioned tasks on a district level.

A series of thematic capacity building programmes for local administration, providing training to at least 500 participants (members and staff of local authorities) are promoted. The Ministry of Interior is in the process of signing an agreement with the Council of Europe for the implementation of the project. The project is expected to begin by June 2022.

Cross-reference to CeSaR and Fenix Tables:

CeSaR Table:

CSR 2019: 1, Subpart 3

3.5.2 Adopting key legislative reforms to improve the efficiency in the public sector

Modernizing the public administration and improving its efficiency has been an important priority of the Government since the beginning of its term. As a result, legislative proposals for the reform of the public service were submitted to the House of Representatives (HoR) initially in 2016 and were enacted by the House of Representatives in January 2022.

➤ **Main RRP Reforms and Investments:**

Public administration reform

The public administration reform is a legislative horizontal reform relating to civil servants mobility, the introduction of a new appraisal system for civil servants and new procedures and criteria for the evaluation and selection of candidates for promotions. The proposals were rejected by the Parliament, with the exception of the Bill regarding mobility between the Public Service and State-Owned Organisations (SOEs), as well as among SOEs, which was approved in May 2017. The MoF and its Public Administration and Personnel Department (PAPD) reviewed the proposed Bills and, after taking into consideration the opinions expressed by the parliamentary parties as well as by the various stakeholders that participated in an extensive consultation process, introduced several amendments and retabled the proposals. The new legislative proposals were enacted by the House of Representatives in January 2022.

➤ **Main reforms and investments undertaken outside the RRP framework:**

Action Plan for the Reform and Restructuring of the Department of Registrar of Companies and Intellectual Property (DRCIP)

This Action Plan was approved by the Council of Ministers on 30/4/2014 with the aim to address the inefficiencies identified inhibiting the DRCIP from becoming an efficient service. MECI proceeded with the implementation of the comprehensive legal package approved by the House of Parliament and published in the Official Gazette on 18/12/2018. The relevant legal changes aimed at further simplifying the existing legal framework and procedures regarding the filing obligations of registered organizations by introducing for the Companies Section, new statutory forms redesigned or consolidated for the purpose of simplification. MECI is proceeding with the gradual implementation of the reformative changes introduced in 2018 as follows:

- On 12/2/2021, the 1st bundle (27 forms) of the new statutory forms was implemented.
- On 6/12/2021 the 2nd bundle (22 forms) was implemented.
- On 6/12/2021 the new procedure “Administrative Restoration of a Company” was implemented, whereby an-out-of-court restoration procedure is being introduced for the first time for companies that have been struck off the register for non-compliance with the companies’ law.
- To achieve smooth transition and educate the department’s personnel and external stakeholders in the filling of the forms, a series of targeted online webinars were executed in 2021 (13 in total) with over 600 participants.
- The 3rd bundle of statutory forms (27 in total) will be implemented with the introduction of the new system solution to be implemented in 2025.

The project for the new system solution addresses CSR 2020-4.3.

Within the next 2 years (2022-2023), it is expected that MECI will commence the following legal projects to further improve efficiency in the DRCIP:

- The consolidation/redesign/creation of certificates of the Companies Section on the basis of the new statutory forms (1st half of 2022).
- The consolidation/ redesign of all statutory forms of the Intellectual Property Section as per service provided, as well as the promotion of other legislative reforms resulting from the BPR process completed in 2016 (expected to commence Q4 2023).

Cross-reference to CeSaR and Fenix Tables:

CeSaR Table:

CSR 2019: 1, Subpart 1

Fenix Table:

Milestone CY-C[C3.4]-R[R3]-M[160]

3.5.3 Improving the efficiency (e.g. introduction of modern Civil Procedure Rules, time needed to resolve cases, limited information available to the public, upgrade the infrastructure of courts etc.) and enhancing the digitalization of the judicial system.

The justice system faces structural problems which have led to the accumulation of a large number of backlog of cases pending before the courts. In order to improve judicial performance, the Government of Cyprus has embarked on a very ambitious and holistic Courts' Reform plan. The overall aim is to build a modern, accessible and efficient system for administering justice. The reforms promoted are interlinked, forming parts of a coherent plan. Emphasis is given on measures to accelerate the delivery of justice and address the serious problem of backlog of cases. Important reforms include bringing the courts at par with technological development through the ejustice and digital audio recording projects, the implementation of which is currently underway. The introduction of the new Rules of Civil Procedure adopted by the Supreme Court in May 2021, for cases submitted as from September 2023, is also expected to have a significant impact on the efficiency of the courts. Through the establishment of an efficient court service, on the basis of the results of a study currently underway, the management structure of the courts and administrative processes of registries will be modernised and strengthened. Training of judges on a continuous basis, with emphasis on the implementation of the new Rules and the new e-justice system, is a prerequisite for the successful implementation of these reforms and for sustaining the quality of the justice system. Other reforms include the restructuring of the courts and the establishment of specialised Courts such as the Commercial Court, Admiralty Court and the Court of Appeal for which draft legislation is pending before the House of Representatives. Acknowledging the importance of providing suitable buildings to facilitate the efficient administration of justice, the Government is proceeding with the construction of the new Nicosia District Court, now at the final stages of design.

The above reforms contribute towards addressing CSR 5 of 2019 and CSR 4 of 2020 on Justice.

➤ **Main RRP Reforms and Investments:**

Civil Procedure Rules

One of the most significant reforms promoted relates to the revision of the Civil Procedure Rules (CPR), which have been approved by the Supreme Court on 19 May, 2021. The Cyprus Judicial Training School has already provided the first set of training to judges, registrars, legal officers and other court staff on the new CPRs in 2021 whilst the CPR training Programme for 2022 is ongoing and is scheduled to take place in the second semester of 2022. The training curriculum has already been developed for 2023 as well. It is noted that a commitment has been undertaken by the Supreme Court within the framework of the Recovery and Resilience Plan (RRP), for the implementation of the new Rules of Civil Procedure for the new cases submitted to the court as from 1.9.2023.

Backlog project

The clearance of the backlog of delayed cases which have accumulated in the courts, is a very critical and pressing task in the reform process. In order to facilitate this project, 32 new posts to increase the general capacity of the judicial system were approved by the House of Representatives as part of the State Budget for 2019. Following two recruitment procedures, 15 new judges were appointed in July 2020 and 6 new judges in July 2021. Currently, two procedures are underway for the appointment of 15 additional District Judges in total.

In September 2020, a pilot project was initiated in the District Court of Paphos through the temporary assignment of a “task force” of seven experienced judges to handle the backlog of cases. The project was expanded in September 2021 to cover all other districts.

Within the framework of the Recovery and Resilience Plan, a commitment has been undertaken for the reduction of the backlog of cases and appeals pending for over two years before the Districts Courts and the Supreme Court - by 20% by Q2 2024 from the 31 December 2020 level and by 40% by Q2 2026 from the 31 December 2020 level, as verified by an annual progress report.

To this end, the Director of Reform prepared a detailed report on the Backlog of cases in the District Courts and the Supreme Court which was delivered in June 2021. On the basis of this report, an Action Plan with timelines was prepared with the assistance of the Council of Europe. Furthermore, a project manager – an ex-president of the Supreme Court - has been appointed for the Backlog project. By the end of May 2022, the digitalisation of the backlog of delayed cases is expected to be completed which will allow for the further elaboration of the annual reduction programme.

Ejustice

The introduction of an electronic court administration system to digitalize the operations of courts is a prerequisite for increasing the efficiency of courts. The implementation of the e-justice system is now underway following a tender procedure to purchase a license for a web-based court administration system (eJustice system), including training of personnel, and the option to acquire the system by the government. By Q4 2022, development and installation of the system will be completed and the e-justice system will go live. It is noted that an interim solution, an “i-justice” system is used on a national basis as of 21 July 2021, which provides for digital filing, payment of fees and administration of Courts’ cases, while facilitating a two-way communication between internal (courts and court registrars, Law Office of the Republic, the police and other government authorities) and external users (lawyers, law firms and citizens).

Digital Audio Recording

The introduction of Digital Audio Recording in courts will further enhance the efficiency and quality of operations. The project is included in the RRP and according to the commitment undertaken, the installation and full operation of digital audio recording in court proceedings is expected by Q1 2025. Currently, a study is underway for the preparation of all the necessary information/documentation/specifications to be included in the project’s tender documents for the purchase of the appropriate system. The study is expected to be delivered by August, 2022.

Enhancement of the capacity of the Law Office

This reform aims at providing an integrated electronic case and records/document management system. The aim of the system is the automation and modernization of all procedures as well as the management in fully electronic form of all records/documents of the Law Office, contributing to increasing the efficiency and productivity of the Law Office personnel. Currently, the tenders are under evaluation after an open tender procedure and the project is expected to start soon, with an implementation horizon by the end of 2023.

Training of judges

The newly established Judicial Training School will in the coming years fill in the gap in judicial training, highlighted also by the EU justice Scoreboard. In 2021, training was provided to judges, lawyers, registrars and courts staff on the new Rules of Civil Procedure that are to be introduced. In the coming year the School will be providing further training to all Judges which will include Case and Time Management, with particular reference to backlog cases, and some core CPR provisions. A training seminar is also being organised for all Judges on Judgement Drafting. In addition, the School is providing training on Judicial Ethics and other judicial skills (Judgecraft) for all newly appointed Judges. Specialized training on (i) new legislation and on (ii) children as vulnerable witnesses is offered to District Court Judges whilst training is being organized for the Judges of the two Administrative Courts. In co-operation with the Academy of European Law (ERA), the School will be organising a training seminar for Cypriot Judges on EU Competition Law and State Aid.

According to the commitment undertaken within the framework of the RRP, at least 110 judges have to complete by Q4 2025 annual trainings on New Civil Procedure Rules and/or other judicial trainings on various legal topics and judicial skills, according to the training needs of the judiciary and guidelines from the EC.

Court Buildings

The construction works for the extension of the Famagusta District Court building in order to create a fully-fledged court in the district, trying in addition to criminal cases also civil cases have been completed.

➤ Main reforms and investments undertaken outside the RRP framework:

New Court Service

A new project underway relates to the establishment of a new modern and efficient Courts Service, responsible for all aspects of management, administration and support of the courts. The new project which is funded by DG Reform of the European Commission covers, inter alia, aspects relating to the organizational and governance structure of the new Courts Service, the re-engineering of procedures and staffing requirements. The kick-off meeting of the project was held on 18.2.2021 and the designated date for the completion of the project is September 2022. The recommendations of the study will be examined by the Supreme Court and the relevant government departments and a decision will be taken as to the best organizational structure to be adopted.

Digitalisation of Insolvency Cases

In order to implement Directive (EU)2019/1023, a DG Reform Project is currently underway. Its aim is to consider the digitalisation of all processes at the Insolvency Department and the Courts, in order to achieve a more efficient and speedy handling of insolvency cases, as well as specialisation of judges.

Commercial and Admiralty Courts

Increasing the specialisation of courts is a modern tool in the administration of justice as it is considered that it enhances the quality and efficiency of justice. Two bills concerning the establishment of a Commercial and an Admiralty Court are pending before the House of Parliament, since May 2019, to provide an appropriate forum for the determination of high-profile, high value commercial cases and admiralty cases. The discussion of the bills in the competent Parliamentary Committee has been concluded and it is expected that the bills will be sent to the Plenary for their enactment into laws.

Restructuring of Courts

Further important structural changes promoted include the splitting of the current Supreme Court into two distinct courts, as per the Constitution, the Supreme Constitutional Court and the Supreme Court, now being given a limited third-tier jurisdiction for the first time in Cypriot judicial history, and the

establishment of a new Court of Appeal. The latter will be the court dealing with civil, criminal and administrative cases at second instance. The relevant draft bills are pending before the House of Parliament. The implementation of these reforms, especially in relation to the establishment of the Court of Appeal, will greatly facilitate the implementation of the backlog project.

Court Buildings

The provision of suitable court buildings is an important component of the efforts to enhance the efficiency of courts. A significant project currently at the planning stage is the construction of a new District Court of Nicosia which is now housed in old and inadequate buildings. Additionally, a government building will be fully renovated to house the Family Court and the Industrial Disputes Tribunal, currently housed in an unsuitable rented accommodation, thereby moving these courts very close to the Courts quarters, contributing to the efficient functioning of the courts. The tender for the selection of construction company will be announced within 2022.

➤ **Resilience and fairness dimension of the green and digital transitions:**

By increasing the effectiveness, efficiency of the judicial system and administration is contributing to the modernization of the public administration, and to its green and digital transition. The above referenced projects will enhance trust, transparency, streamline procedures, contribute to strengthening the business environment, and overall economic resilience. The digitalization of the courts is an important parameter of the reform agenda, allowing the judicial system to be fully operational and independent of external factors like the pandemic, which is also expected to contribute towards economic resilience.

Cross-reference to CeSaR and Fenix Tables:
CeSaR Table:
CSR 2020: 4, Subpart 2
CSR 2019: 5, Subpart 1
Fenix Table:
Milestone CY-C[C3.4]-R[R9]-M[183]
Milestone CY-C[C3.4]-I[I8]-M[186]

3.5.4 Improving the digitalization of the public sector

In the context of the efforts towards the improvement of the efficiency in the public sector, efforts are promoted for the digitalization of the public sector. Digitalising the government will enhance efficiency and enable the provision of online, secure and provide services to citizens and society, in a user friendly, efficient and effective way which ultimately will facilitate the interaction with public services, without the need for physical presence. To this end, the digitalization of various Ministries and other central government services is promoted through a series of both horizontal and individual measures, contributing towards CSR 4 of 2019 and CSR 3 of 2020. The relevant measures are presented in sub-section 3.9.2

3.6. Addressing labour market, education and skills, and social challenges

Subsections:
3.6.1 Taking measures to tackle youth unemployment and the high rate of young people not in employment, education or training (NEETs).
3.6.2 Increasing the quality and affordability of early childhood education and care.
3.6.3 Supporting the labour market activation of persons with care responsibilities and mobility issues.
3.6.4 Addressing the issue of gender employment gap.

- 3.6.5 **Improving labour market-relevance of education and training.**
- 3.6.6 **Strengthening Social Services.**
- 3.6.7 **Integrating asylum seekers into education.**
- 3.6.8 **Increasing the effectiveness of the education system.**
- 3.6.9 **Improving digital education³.**
- 3.6.10 **Increasing employers' engagement and learners' participation in vocational education and training (VET).**
- 3.6.11 **Promoting training and strengthening skills (green, digital, blue) to low-skilled and unemployed people.**

3.6.1 Taking measures to tackle youth unemployment and the high rate of young people Not in Employment, Education or Training (NEETs).

Labour market situation (LFS)

The unemployment rate in 2021 indicated a slight decrease to 7,5% from 7,6% in 2020. The male unemployment rate decreased to 7,0% from 7,6%, whereas female unemployment rate increased to 7.9% from 7,6%. The Youth unemployment rate (15-24 years) decreased to 17,1% from 18,2% in 2020, reflecting a decrease of male youth unemployment rate to 17,8% from 24,4%, overcoming the increase of female youth unemployment rate to 16,3% from 12,3%. In the fourth quarter of 2021 the unemployment rate decreased to 6.3% (males 5,8%, females 6,7%) from 8.0% in the corresponding quarter of 2020 (males 8,3%, females 7,8%) whilst the youth unemployment rate decreased to 17.4% from 19.9% in the corresponding quarter of 2020.

In 2021, the employment rate for the persons aged 20-64 years increased to 75,9% from 74,9% in 2020. In particular, in the fourth quarter of 2021 the employment rate increased to 77.6% from 75.0% in the corresponding quarter of 2020. In 2021 the gender employment gap increased slightly by 0.2 p.p. from its level in 2020 (men's employment rate was 82.2% and women's 70.0% from 81.1% and 69.1% respectively), reaching the level from 12.2 p.ps. The Youth employment rate for the age group of 15-24, in 2021 increased to 34,8% from 31,3% in 2020, with women employment rate showing an increase to 33,1% from 32,1% and men employment rate to 36,5% from 30,4%. The NEETs rate in 2021 was 15.4%. The table below indicates the trend of unemployment rates and employment rates by quarter in 2020-2021.



³ Please include the information here and add cross-reference under challenge 3.9 «Facilitate the digital transition”.

The measures that follow aim at supporting young people and contribute to the 2019 CSR3.

➤ **Main RRP Reforms and Investments:**

Improving the effectiveness of the Department of Labour and Public Employment Services (PES) and reinforcing support for young people:

The project consists of the following actions:

- ✓ **The development and operation of four mobile PES units for outreaching the NEETs and providing them with guidance, counselling and employment services.** These mobile units will promote outreach activities for NEETs in all districts of Cyprus with the purpose of minimizing the risks of social exclusion and increasing the opportunities for their integration in the labour market. In particular, for the purchase of the four automobiles a call for tenders was published in March and the tenders are currently under evaluation. In April a call for tenders was announced for the purchase of services of the operational team of twelve Employment Counsellors and one Coordinator which will staff the four mobile PES units for outreaching the NEETs.
- ✓ **The development of a digital performance management system (PMS) and a digital early warning system for NEETs.** Through the PMS efforts will be promoted for identifying room for improvement initiating continuous learning for the personnel. The digital early warning system will be an IT module connected to the Candidate Placement System of the PES that will promote preventative actions for minimizing the risks for the increase of the long-term unemployment of NEETs. An expert is currently assisting PES in the design of both systems through outsourcing. It is expected that the design of the two systems and the preparation of the tender documents will be finalized by the end of Q2 2022 and by Q4 2024 the systems will be in operation.
- ✓ **Scheme that provides incentives to employ Young People (aged 15-29) Not in Employment nor Education or Training (NEETs) with 2 months training.** This investment provides incentives to private sector employers to employ unemployed young people between 15-29 years old and the subsidy is payable to the employers. The budget of the investment is €7.8 m. and is expected to place in employment and train 815 unemployed from the target group. It is expected to be announced in the 1st quarter of 2023.
- ✓ **Coaching and career guidance for the labour market orientation and integration of NEETs.** Coaching career guidance will be provided through cooperation of PES with academic institutions and training centres. It is expected that coaching will be offered to at least 5.500 young people Not in Education, Employment or Training (NEETs) by Q2 2026.

Addressing skills mismatch between education and labour market

In conjunction with the expected results of the study on graduate tracking and specifically on the skills acquired at university and skills needed by the labor market, the Career Counseling and Educational Services (CCES) of MoECSY foresees to receive valuable information in relation to the current obstacles/limitations and future demands/necessities of the labor market. Thus, the CCES will gather powerful resources and information in order to support, empower, engage and reengage all the counselees including and not limited to the NEETs and the students at risk of dropping out. All of the above actions are estimated to be completed by Q4 2024.

➤ **Main reforms and investments undertaken outside the RRP framework:**

Enhancement of PES capacity

The capacity of the Cyprus Public Employment Services has been strengthened with the temporary recruitment of 30 Employment Counsellors which will be extended until the end of 2029. In particular, the capacity of the PES has been enhanced in dealing effectively with its customers, especially with the most vulnerable, including NEETs, facilitating the implementation of specific policy programs and initiating a positive culture change of clients and officers. The PES considerably increased the provision

of individualized guidance and support to vulnerable unemployed, the referrals of unemployed to job vacancies, and their integration into the labour market.

It should be noted that mapping of NEETs is implemented annually since 2019.

Scheme that provides incentives to employ Young People (aged 15-29) Not in Employment nor Education or Training (NEETs)

Three calls were announced for the scheme, which is similar to the one included in the RRP (described above) in 10/2020, 5/2021 and 9/2021 and 2082 applications were received. The third call ended on 21/1/2022. The scheme is at the implementation stage. It is expected to be co-financed by the European social fund plus (ESF+) & Youth Employment Initiative (YEI).

Training programmes for young people aged 15-29 Not in Education, Employment, or Training (NEETs) to acquire basic knowledge and skills

The acquisition of basic knowledge and skills (for example literacy, math skills, digital and technological skills, interpersonal skills, entrepreneurship) will help young people aged 15-29 to enter the labour market. In addition, upgrading existing and acquiring new knowledge and skills will help them exploit the employment opportunities that will arise in dynamic sectors of economic activity, such as the green and blue economy, and will prepare them for the changing nature of work, especially that related to the digital transition. The target for the programming period 2021-2027 is for 2.800 NEETs to benefit from the scheme which has been included in the Cyprus Operational Programme «THALIA» 2021-2027 for ESF+ co-funding.

Lifelong Learning Strategy (LLL) 2021-2027

The Ministry of Education, Culture, Youth and Sport (MoECSY) is coordinating the designing of the national Lifelong Learning Strategy 2021-2027. The Strategy has an emphasis on upskilling and reskilling of low qualified and low-skilled adults. The strategy aims, among others, to face challenges such as the low participation of adults in lifelong learning, which remains below the EU average. Finally, the Lifelong Learning Strategy is expected to benefit other groups such as early school leavers and migrants/refugees. The text of the Strategy will be finalised in 2022 and in 2023 an Action Plan with key performance objectives will be designed.

Cross-reference to CeSaR and Fenix Tables:

CeSaR Table:

CSR 2020: 2, Subparts 2 & 3

CSR 2019: 3, Subpart 1

Fenix Table:

Milestone CY-C[C5.2]-I[I1]-T[257]

3.6.2 Increasing the quality and affordability of early childhood education and care.

A number of policies are being implemented on a national level from the Ministry of Education, Culture, Sport and Youth and the Deputy Ministry of Social Welfare, aiming to make Early Childhood Education (ECE) available and affordable to all families and their children, and identify and address financial and non-financial barriers to participation. Compulsory attendance in ECE remains one of the top priorities of the MoECSY, a policy that targets to increase the participation percentage in ECE programmes, to guarantee equal opportunities and support families' employment opportunities. In line with the 2019 Country Specific Recommendations (CSR 3.3), which refers to the delivery of affordable ECE, a number of policies have already been implemented or introduced including the extension of the compulsory period of early childhood education. Ensuring equal opportunities for access to quality education programmes in ECE, is another important priority. A project that will be implemented in 2022 and will

be financed by the European Social Fund-THALIA, as well as National Funds, will cover the tuition fees for all younger children attending public kindergartens. This project also aims to facilitate the activation of women taking care of children to enter the labour market by covering school fees, especially for disadvantaged children in public kindergartens. Several other policies are also being implemented addressing material deprivation and focusing towards an inclusive ECE providing support to children with learning difficulties to compensate for their linguistic, cognitive, and educational gaps.

It should be noted that in Cyprus, the indicator (EU SILC data) for the care of children aged less than 3 years old in formal childcare, has witnessed an important increase over the last years, from 20.8% in 2015 to 28.1 % in 2017, reaching 31.1% in 2019, although it is still below the EU average (35.3%-2019) and the relevant Barcelona target (33%).

➤ **Main RRP Reforms and Investments:**

Extension of free compulsory pre-primary education from the age of four

The reform refers to the gradual 8 months extension of free compulsory Early Childhood Education. Attendance in compulsory pre-primary education from September 2025, will be 2 years (from 4 to 6 years old). The project is in progress regarding the amendment of the legislation (a draft Law has been submitted to the Law Office of the Republic for legal vetting), the procedure of the allocation of the children to public, community and private kindergartens and a grant scheme regarding fee payments. The reform will be gradually implemented in 2023 and 2024 and will be fully implemented in 2025.

Establishment of Multifunctional Centres and Childcare Centres

The investment consists of a Scheme targeted at non-governmental organizations and local authorities for establishing new or improving existing multifunctional centres and childcare centres for children aged 0 to 3yrs and 8months, as well as for school age children (6-13years). The Scheme is currently under preparation and is expected to be announced by the end of Q2 2022. It is expected that by Q4 2024 at least 10 local authorities/non-governmental organizations will be supported for establishing or enhancing Multifunctional Centres or Child Centres, while by the end of June 2026, it is expected that 27 organisations will be supported.

Furthermore, in the context of the above Investment the Government is promoting the implementation of a Project under the Technical Assistance Instrument of the EU for supporting the expansion and strategic development of ECEC in Cyprus. This Project will commence by the end of Q2 2022 and it is expected to provide recommendations for investments in the sector of ECEC that will feed into the development of a National Strategy on ECEC and an accompanying Action Plan, which will be adopted by the Council of Ministers by the end of 2024.

➤ **Main reforms and investments undertaken outside the RRP framework:**

A policy which promotes accessibility and availability to ECE is the allocation of vacant places in public kindergartens to younger children (3-4 years old and eight months) every school year. The allocation of places is based on specific criteria which gives priority to children at risk and socioeconomic deprivation. Younger children who take up vacant places in public kindergartens, pay low fees. Full fee exception is given to poor families. Fee reduction is also given to families with four children or above. However, a project that will be implemented in 2022 and will be financed by the European Social Fund-THALIA as well as national funds, will cover the tuition fees for all younger children attending public kindergartens.

The MoECSY grants a yearly subsidy to cover some of the expenses for community kindergartens, which operate in cases where the public kindergarten classes are available, do not meet the needs of all the children in the community. In addition, in order to support families' employment opportunities, all-day

optional public kindergartens function until late afternoon hours, on a voluntary basis.

The MoECSY is also focusing towards an inclusive ECE providing support to children with learning difficulties to compensate for their linguistic, cognitive and educational gaps. The Ministry has received technical support through DG Reform in order to reform the legislation regarding inclusive education. This process was finalized in June 2021.

The MoECSY adapted facilities and educational materials of ECE in order to respond to the specific needs of children with special educational needs and of children with disabilities, using inclusive teaching and learning methods. It allocates funds for building adaptations to facilitate pupils with special needs. To meet children's needs, school assistants are employed, responsible for their safety and self-care. Most of the children with special needs attend the mainstream classes and receive accommodations to meet their special educational needs.

Resilient kindergartens

A two-year project focuses on building the capacity of kindergarten teachers in order to foster psychological resilience to children and therefore safeguard their overall wellbeing. Co-funded by the European Commission, the project started in 2020 and aims to develop quality resources for positive culture in kindergartens, based on Positive Psychology practices and scientific findings. It will be concluded in November 2022.

"Feeding pupils in need" project

The project, co-funded by ESF+ for the period 2021-2027, aims to provide free breakfast to children in need who attend public schools (in all levels of education), while also offers free meals to pre-primary and primary school pupils who choose to attend the all-day compulsory and all-day optional schools. In addition, in the all-day optional schools, an allowance for lunch to children that are of low socioeconomic status/their families are entitled to the minimum guaranteed income is provided.

Access to sufficient and healthy nutrition for children in need is also provided outside of school days, including through in-kind or financial support, in particular in exceptional circumstances such as school closures. During season holidays (e.g., Christmas, Easter), each school provides the economically disadvantaged children with vouchers for the purchase of basic goods and funding to cover their needs.

State Aid Scheme, under the European Commission Regulation 360/2012 for the provision of services of general economic interest

Moreover, the continuation of current policies securing the provision of accessible, affordable and quality child care services at local level with the involvement of stakeholders (NGOs and Local Authorities) is promoted, enhancing in this way the state efforts for the provision of care services. In this direction, the Deputy Ministry of Social Welfare implements a ***"State Aid Scheme, under the European Commission Regulation 360/2012 for the provision of services of general economic interest"*** where NGOs and Local Authorities may receive state aid for the development and functioning of quality social care programmes at local level.

One of the main priority areas addressed through the State Aid Scheme is the "Strengthening of state policies aimed at reconciling work and family life, by developing high quality social care services for dependent family members and by extending their working hours to make it easier for working parents". In 2021 an amount of about 3.5 mln euros was provided for the funding of 134 programmes covering child care needs (Day Care Centers for preschool and school age children, Day care Centres for children with disabilities).

Scheme for the Subsidisation of Care Services

The Government continued the implementation of the above scheme which covers the long-term social care needs of Guaranteed Minimum Income (GMI) recipients and members of their family unit as well as applicants whose application is rejected due to income criteria. Under this Scheme, the childcare needs of GMI recipients are subsidized up to €102 per child per month.

Childcare Services Grant Scheme (0-3years and 8 months)

The Scheme will be co-funded by the ESF+ for the period 2022-2025. It was announced on 13/1/2021 and aims to support families with young children, through the subsidy of Child Care Services for children up to 3 years and 8 months, for families with 2 or more children and for single parent families based on income and property criteria.

Modernization of the legislative framework concerning child protection and care

The Social Welfare Services of the Deputy Ministry of Social Welfare are responsible for the registration and inspection of child minders and of day care centres for preschool age children (0-6 years), as well as for day care centres for school age children (6-13 years) according to the relevant Laws and Regulations. Currently, the Social Welfare Services are in the process of modernizing the existing Laws and Regulations covering the provision of childcare services, with the drafting of a new Law for child protection and care and four new Regulations, which will cover the various types of care and protection provided (childminders, day care centres for preschool age children, day care centres for school age children, private child protection homes).

Cross-reference to CeSaR and Fenix Tables:

CeSaR Table:

CSR 2020: 2, Subparts 2 & 3

CSR 2019: 3, Subpart 1

Fenix Table:

Milestone CY-C[C5.1]-R[R3]-M[243]

3.6.3 Supporting the labour market activation of persons with care responsibilities and mobility issues

Care responsibilities are mostly undertaken by women and this reflects in the significantly lower labour market participation of women compared to that of men (82,7 % Vs 93,15 % for the age group 25-54 in 2021) as well as the lower employment rate compared to that of men (76,5% Vs 86,9% for the age group 25-54 in 2021). Responding to the CSR 3 of 2019 and CSR 2 of 2020, Cyprus is taking measures towards increasing the capacity and improving the affordability of care services and providing opportunities for flexible work arrangements that will improve work and family life balance and enhance employment.

➤ Main RRP Reforms and Investments:

Establishment of Multifunctional Centres and Childcare Centres

Apart from the benefits of ECEC on children's development path and learning outcomes, as described in subsection 3.6.2, this project will also enable the entry of additional members of the population into the labour market, particularly women with children and will contribute to gender equality and equal opportunities for all.

Adoption of legislation regarding telework

Through this initiative, the Ministry of Labour aspires to increase the use of telework so that Cyprus can benefit from the advantages it offers in the economic and social area. Social Dialogue in relation to the new legislation has been completed and the draft bill is under preparation.

➤ **Main reforms and investments undertaken outside the RRP framework:**

Childcare Services Grant Scheme (0-3years and 8 months)

The scheme, as described in subsection 3.6.2, also contributes to the activation of persons with care responsibilities in the labour market.

Cross-reference to CeSaR and Fenix Tables:

CeSaR Table:

CSR 2020: 2, Subparts 2 & 3

Fenix Table:

Milestone CY-C(5.2)-R(R2)-M(255)

3.6.4 Addressing the issue of gender employment gap

As described in section 3.6.1, in 2021 the employment gap between the employment rate of men (82.2%) and the employment rate of women (71.4%) aged 20-64 was at the level of 12.2 p.p. indicated an increase of 0.2 p.p. from its level in 2020 despite the fact that the increase in the employment of women was larger than the employment increase of men. In particular, in 2021 the employment of women increased by 6.860 persons (3.6%) and the employment of men by 4.796 persons (2.3%) compared to their level in 2020, but due to the larger increases of the female population (2.2%, 6.152 persons) than that of the male population (1%, 2.571 persons) the increase of the employment rate of men (1.1 p.p.) was larger than that of the employment rate of women (0.8 p.p.). It is worth mentioning that for persons aged 15-24 the gender employment gap in 2021 was considerably smaller at 3.3 p.p. The gap in 2020, in this age group, was in favor of women at the level of 1.7 p.p.

➤ **Main reforms and investments undertaken outside the RRP framework:**

According to the gender unemployment levels and trends in 2021, women seemed to be more vulnerable than men, facing more difficulties regarding integration in the labour market. As a vulnerable group of unemployed, women have a priority in the provision of individualized guidance and support by the PES.

Two employment subsidy schemes targeted at women are expected to be announced in 2024:

- **Scheme providing incentives to employ unemployed women:** The total budget of the scheme is €7 m. and 820 applications are expected to be received for the employment of 820 unemployed women.
- **Scheme providing incentives for flexible employment arrangements of inactive women:** The Scheme is planned for the period 2022-2027 with ESF+ co-financing. The total budget of the scheme is €4 m. and 470 applications are expected to be received for the employment of 470 unemployed women based on various forms of flexible working conditions.

Childcare Services Grant Scheme (0-3years and 8 months)

The scheme, as described in subsection 3.6.2, also contributes to the issue of gender employment gap.

Cross-reference to CeSaR and Fenix Tables:

CeSaR Table:

CSR 2020: 2, Subparts 1 and 3

3.6.5 Improving the labour market-relevance of education and training

At national level the skills mismatch is identified as a great challenge that needs to be urgently addressed (CSR3 of 2019 and CSR2 of 2020). Different types of mismatches (such as over-education – under-education, over-skilling – under-skilling, skill gaps, skill shortages, etc.) need to be identified as these call for different actions. The Department of Higher Education (DHE) of the MOECYS in 2020, in collaboration with the two Public Universities of Cyprus (the University of Cyprus (UCY) and the Cyprus University of Technology (CUT) designed and implemented a pilot study on graduate tracking and specifically on skills acquired at University and skills needed by the labour market. The aim is to expand this pilot study by involving all Cyprus Institutions of Higher Education as well as employers in order to have the perspective of the labour market in Cyprus regarding the skills offered and the skills needed.

Moreover, the findings of the Human Resource Development Authority (HRDA) research studies on the anticipation of skill needs constitute a significant tool for guidance, and also contribute to the improvement of labour market relevance of education and training. They are used by policy makers, at operational level for the development of programmes of study in education, by people involved in counselling and by the general public.

➤ **Main RRP Reforms and Investments:**

Addressing Skills Mismatch between Education and the Labour Market

The reform aims at: a) the design, development and implementation of a comprehensive National Graduate Tracking Mechanism that will generate high quality and comparable data on a longitudinal basis from graduates of all Higher Education Institutions (HEIs) in Cyprus, as well as data from administrative data sources (e.g. social insurance and tax data), and b) the design, development and implementation of a National Employers' Skills Survey on a longitudinal basis regarding the current and anticipated needs in terms of knowledge and skills by the labour market. The following activities/measures are planned in the context of this project:

- Reports of findings from National Employers' Skills Survey Studies (2022,2023 and 2025) regarding future demand for skills (such as green and digital skills etc.).
- Q3 2025-Q2 2026: A brief report regarding the needs identified for the design and development of upskilling and reskilling programmes based on the findings from National Graduate Tracking Surveys (2024 and 2025) and National Employers' Skills Survey (2025).

The Department of Higher Education has issued a Call on eProcurement for tenders for the project. It is expected to have the tender by late summer 2022.

➤ **Main reforms and investments undertaken outside the RRP framework:**

For the systematic employment forecasting and the identification of skills gaps, the HRDA conducts the following research studies:

- **Forecasts of employment needs in the Cyprus economy:** The HRDA provides 10-year employment forecasts on a regular basis. The latest study, which was completed in 2017, covers the period 2017-2027⁴ and provides forecasts for employment needs in economic sectors (3 broad sectors, 21 main sectors and 52 sectors) and in 309 occupations (173 high level occupations, 130 middle level occupations and 6 low level occupations) covering the whole spectrum of the Cyprus labour market. The next study is expected to be completed in 2022 and will cover the period 2022-2032.

⁴ <https://bit.ly/3MU3EIm>

- **Identification of employment and training needs:** This study provides annual estimates for the number of persons needed for specific occupations and the needs for specific skills. Based on these estimates, suggestions are put forward for the implementation of training programmes. In the study, the views of enterprises, social partners and other stakeholders are collected and analyzed.
- **Identification of green skill needs in the Cyprus economy:** This study examines and analyses the green economy and green occupations, mapping out the green economy of Cyprus for the period 2017-2027⁵. Additionally, it identifies the green skill needs for specific occupations of the green economy of Cyprus, which includes 30 economic sectors and 60 occupations from the whole spectrum of the Cyprus labour market.
- **Identification of blue skill needs in the Cyprus economy:** This study examines and analyses the blue economy and blue occupations, maps out the blue economy of Cyprus and identifies blue skill needs in the Cyprus economy for the period 2016-2026⁶. It provides forecasts for employment demand in economic sectors and occupations which are part of the blue economy. The identification of skills focuses on maritime, shipping, fishing and maritime and coastal tourism occupations. The study leads to suggestions aiming for the timely and planned satisfaction of Cyprus’s blue economy needs in the areas of employment and human resource development, education and training.

Cross-reference to CeSaR and Fenix Tables:

CeSaR Table:

CSR 2020: 2, Subpart 4

3.6.6 Strengthening Social Services.

The strengthening of Social Services is considered to be of the utmost importance for the established Deputy Ministry of Social Welfare (DMSW). Among the most recent actions is the creation of various social care structures through the Cyprus Recovery and Resilience Plan 2021-2026, as described below. Also, various benefits shall continue to be provided such as the Guaranteed Minimum Income and the Child (and Single Parent) Benefit, whilst various programs deemed to be successful will continue to operate such as the Children’s House and the Women’s House.

Moreover, in order to enable persons with disabilities to participate more effectively in the labour market and society (Principle 17 of the European Pillar of Social Rights) the Department for Social Inclusion of Persons with Disabilities under the Ministry of Labour and Social Insurance has coordinated in cooperation with other Ministries and Services and in consultation with the organisations of persons with disabilities the “National Disability Action Plan for 2021-2023” which was approved by the Council of Ministers in February 2022. A number of actions concern the development of a new legislative and institutional framework for the provision of social inclusion services and benefits to persons with disabilities. The impact expected is an expansion of the types and quantity of support services and benefits provided to persons with disabilities offering increased opportunities and enablement for social inclusion.

⁵ <https://bit.ly/37zFGSt>

⁶ <https://bit.ly/3uav3NN>

➤ **Main RRP Reforms and Investments:**

Establishment of home structures for children, adolescents with conduct disorders, persons with disabilities and people in need of long-term care

The investment consists of the establishment of three state structures for children. The relevant document regarding the call for expressions of interest, is under preparation.

In addition, a Scheme targeted at local authorities and non-governmental organizations for the establishment of at least eighteen homes for children (mainly unaccompanied minors), adolescents with conduct disorders, and people in need of long-term care, is under preparation and is expected to be announced by the end of Q2 2022.

Moreover, five new structures to enhance the capacity of supported living programmes are to be purchased by Q2 2026. Consultation with the stakeholders has already taken place and the call for expression of interest is expected to be announced by the end of April 2022.

➤ **Main reforms and investments undertaken outside the RRP framework:**

Restructuring of the Social Welfare Services

Towards the modernization of the services provided by the Social Welfare Services of the Deputy Ministry of Social Welfare, the Government is proceeding with the restructuring of the Social Welfare Services (SWS). To this end, the SWS implement a specific Project that is funded by the European Social Fund for the period 2020-2023 and they will promote a proposal for the funding of additional actions. The main strands of actions include the review of the Service's manuals, legislations, working methods, the promotion of co-operation and synergies with the local authorities, the civil society and other competent governmental and non-governmental authorities, through among others the establishment of Protocols of cooperation, the introduction and development of the institution of Social Work with the Community, etc.

Also, in order for SWS to promptly respond to people's social needs at local level, it is proceeding with the establishment of a 24hour call center.

Within this framework, public tenders have been announced and the relevant agreements have already been signed for the implementation of the following actions, which will take place within the period 2022-2023:

- (a) The hiring of services of various professionals (psychologists, psychiatrists, social needs assessors) to strengthen the multidisciplinary approach to service provision.
- (b) The provision of specialized escort services to children in the care of the State and children in high-risk families, as well as to persons with disabilities residing in the State Institutions of the Social Welfare Services.
- (c) The operation of the Central and District Multidisciplinary Groups, which aim at the multidisciplinary support to vulnerable people with the participation of the Social Welfare Services, the Police, the Mental Health Services, the Educational Psychology Service and other competent authorities.
- (d) The hiring of the services of professional supervision. The nature and scope of work of the Social Services Officers require great mental endurance and make them a high-risk group for repetitive mental trauma. In order to be able to respond adequately to their duties, in addition to continuous training and strengthening of administrative supervision, professional supervision is required, in order to enhance their resilience and their ability to cope with increased stress conditions and minimise the risk of burnout.

Furthermore, within 2022-2023, the following measures are expected to be launched:

- a) A tender procedure for the promotion of a study on the child protection system and needs in structures and programmes.
- b) An establishment of 24hour call centre which will operate and serve citizens 24 hours a day, 7 days a week and 365 days per year.
- c) A tender for the provision of Services by Experts for the modernization of the organization, methods and working principles of the SWS which will contribute to the:
 - optimization of the quality and efficiency of the programs implemented by SWS through better regulation, organization, operation, staffing, collaborations, etc.
 - optimization of a performance management system, through measurable (qualitative and quantitative) indicators Utilization of new technologies in a user-friendly and citizen-friendly way.
 - evaluation of SWS' work environment and service provision environment.
 - establishment and implementation of training programs for all staff in the context of work that will be formed and in the change of the organizational culture of the Social Welfare Services and the training of the trainers (train the trainer), so that there is continuity of the training.

Provision of Benefits

Apart from the measures mentioned above, the Deputy Ministry shall continue to provide all the benefits currently given and is currently making efforts through its policies to increase the coverage of the benefits in order to include more vulnerable groups. The benefits in the Republic of Cyprus are provided nationally, and are non-discriminatory, with the aim of tackling social exclusion and inequalities.

- **Guaranteed Minimum income:** The Guaranteed Minimum Income aims to ensure a socially acceptable minimum standard of living for persons (and families) legally residing in the Republic of Cyprus whose income and other economic resources are insufficient to meet their basic and special needs. It is provided in the form of monetary support and/or services. The amount provided as housing allowance and the childcare supplement are provided under the Guaranteed Minimum Income. The provision of housing can be increased in cases of persons with disabilities and/or persons with disabilities with increased needs for care, accessibility and other adjustments.
- **The provision of assistance to a non-beneficiary:** The Deputy Minister may provide assistance to a person who does not receive a monthly guaranteed minimum income and is in an extremely urgent and/or emergency situation as a result of personal circumstances or an unexpected or emergency situation if these needs are not met from other state resources or from another sources.
- **Child Benefit and Single Parent Benefit:** The child benefit is granted to families who have had their legal and continuous residence, in the areas under the effective control of the Cyprus Government for at least the last five (5) years prior to the submission of the application. Single parent families receiving child benefit are also entitled to a single parent benefit for each dependent child.
- **Scheme supporting pensioners' households with low income:** This is a cash benefit scheme addressed to pensioners' households whose total annual income is below the poverty threshold. The minimum resource is decided based on the annual poverty threshold as estimated in the EU SILC (European Union Statistics on Income and Living Conditions) survey conducted by Eurostat.
- **Granting of the Honorary grant for a Large Family Mother (Mother's Allowance):** A Honorary Allowance of a Mother with many children will be provided on the basis of income criteria, to mothers with many children, i.e. who have 4 or more children, whose children are over eighteen (18) years of age and no longer receive Child Benefit or Guaranteed Minimum Income for one of their children.
- **Financial Assistance and Support Plan for Released Prisoners:** The purpose of the scheme is to financially support and support persons who will be released from prison, in order to ensure the minimum standard of living and to facilitate their social reintegration.
- **Project "Baby's Dowry":** is co-funded by the Fund of European Aid to the Most Deprived and complements the efforts to combat child deprivation and poverty. Since the beginning of the

Project, basic material assistance was provided to 2500 cases of newborn babies from deprived families, along with social inclusion activities (2017-2021). This Project will also continue during the new programming period of the structural funds.

- **State Aid Scheme** (also mentioned in subsection 3.6.2): The State Aid Scheme is published annually and NGOs and Local Authorities submit their applications for the operation social care programmes. In 2021, an amount of about €12.9 mln was provided for the funding of 281 social care programmes, including day care centers for pre-school and school age children, long-term social care services to the elderly and persons with disabilities (home care, day care, residential care), as well as specialized programmes for unaccompanied minors, for victims of trafficking, for victims of violence in the family, and programmes for social support and counselling.
- **Long term care services:** During 2022, a mapping of both the demand and the supply of long-term social care services will be pursued and, depending on the findings, the necessary actions will be promoted in consultation with stakeholders.

Activation of Beneficiaries of the Guaranteed Minimum Income

The Welfare Benefits Administration Service is responsible for the provision of the Guaranteed Minimum Income which ensures the dignified living of citizens, when they themselves are unable to provide themselves and their family with the necessary livelihood, the Child and Single Parent Benefit, as well as a number of other social benefits. The operation of the Welfare Benefits Administration Service, including the Simplification and recording of procedures of the Services as well as the implementation of a Unified Computerized System of Benefits are planned to be implemented until 2027. The Welfare Benefits Administration Service is in the process of drafting the necessary documents to activate a tender procedure for the analysis of the “Unified Computerized System of Benefits” project.

Moreover, three projects are being run by the Department for the Social Inclusion of Persons with Disabilities which are funded by the European Social Fund:

- **The Expansion and Upgrading of the System for Disability Assessment**
The project concerns an expansion of the previous project implemented in the period 2007-2013 for the introduction of the new disability assessment system as well as the expansion of the system during the period 2014-2020. Through the new system the disability and the needs of the applicant are assessed by multidisciplinary committees and the citizen receives a holistic report on the rights for social benefits and services they are entitled to. The assessment results are input in the national disability data base that is gradually created aiming to support the formulation of targeted policies relating to disability. From 2013 until the end of 2021, assessments were performed for 20.000 persons with disabilities.
- **The Expansion of the Network for Supported Living Homes**
The aim is for persons with disabilities to enjoy in small family-type homes in the community a safe, dignified and quality living with the necessary support services in the fields of care, communication, entertainment, skills development, socialization. The project continues in the new programming period with an additional expansion with five new homes.
- **The Center for Family Intervention and Support for Autism**
The Center started its operation in October 2021. The creation and operation of the Center aims at the timely provision of intervention and support services, so that children with autism participate in all aspects of social life. At the same time, the aim of the project is to maintain family cohesion, a necessary element both for the wider social cohesion and prosperity but also for the progress of the children themselves. The Center will be able to serve and provide its services to 300 children and their families annually across Cyprus. The funding of the project continues in the new programming period 2021-2027.

➤ **Resilience and fairness dimension of the green and digital transitions:**

The Welfare Benefits Administration Service is planning the implementation of a Unified Computerized System of Benefits until 2027. As part of the Social Welfare Services Restructuring Project, the computerized system will be upgraded to support the operation of the Services, to effectively cover the full range of their actions and programs, and to assist the staff of the Services in carrying out their duties.

Cross-reference to CeSaR and Fenix Tables:

CeSaR Table:

CSR 2020: 2, Subpart 1 / CSR 2020: 4, Subpart 3

3.6.7 Integrating asylum seekers into education

In response to 2019 sub-CSR 3.2, the MoECSY is undertaking actions which promote social inclusion of all students irrespective of their social and ethnic background.

➤ **Main reforms and investments undertaken outside the RRP framework:**

School and Social Inclusion Actions + Program

The programme aims at promoting and enhancing equal access for all children to the education system, regardless of social group, ethnic origin, learning status or other particularities, utilizing a number of benefits to promote social justice. It is included in the projects to be funded by the Cohesion Policy Funds 2021-27, as continuation of “School and Social Inclusion Actions”, which was implemented in the previous funding period. Starting date was 1/9/21 and the goal is to expand its actions in 170 school units and cover 25% of student population. It includes, inter alia, the offer of remedial teaching programs and creative engagement to students (in the morning and afternoon, as well as during the summer months), the provision of supportive teaching programs to students with immigrant biographies, the provision of additional psychosocial support to students by specialists, the innovative implementation of alternative education programs, the provision of support equipment and the provision of teacher training.

Policy of integrating pupils with migrant and refugee background

The MoECSY is implementing its policy for the smooth integration of pupils with migrant background in the Cypriot educational system based on an Action Plan 2019-2022. The general aim of the policy of integrating pupils with migrant and refugee background, including asylum seekers, into the educational system and consequently to Cypriot society, is to create the conditions which will ensure that all pupils have equal opportunities to access and success in education. Based on the above, the right to education is guaranteed for all without exception.

School Network for the Support of Antiracist Policy Implementation

Since 2018, the Cyprus Pedagogical Institute (CPI) continues to organize and facilitate a “School Network for the Support of Antiracist Policy Implementation”, which supports teachers from schools of all levels wishing to participate in the network while their school implements the MoECSY antiracist policy.

The network for the current school year, 2021-2022, consists of 33 schools of all levels. The CPI offers support to the Network schools in the following ways: continuous update of website (presentations, FAQs, supportive material etc.), support helpline (phone and email), parents information leaflet about the policy in 7 languages (Greek, English, Arabic, Turkish, Russian, Romanian, Bulgarian), focused training opportunities (school based seminars, optional afternoon seminars, network meetings, conferences in

collaboration with relevant NGOs and Bodies, e.g. UNHCR, Commissioner for Children’s Rights etc.).

Cross-reference to CeSaR and Fenix Tables:

CeSaR Table:

CSR 2019: 3, Subpart 2

3.6.8 Increasing the effectiveness of the education system.

In reference to sub-CSR 3.2 of 2019, the introduction of a new system for teacher and school evaluation is pursued. Its main aims are to:

- provide incentives for teachers to systematically retrain and improve their skills,
- allocate responsibilities to schools to assume an essential role in the evaluation of their work and the provision of quality education,
- allow educational authorities to assess the quality of education provided, with the aim of improving educational outcomes, and
- enable the selection of school leaders in a more effective way.

➤ **Main RRP Reforms and Investments:**

A new teacher and school evaluation system

The reform aims to enhance the quality of education and the improvement of educational outcomes. Discussions between the Minister and the teacher unions are under way based on a proposal, covering major aspects of the evaluation system which was tabled by MoECSY in July 2021. The provisions of the reform of Teacher Evaluation and Educational Work have been delivered to the Teachers' Trade Unions for discussion and consultation, and then to other stakeholders. The aim is to finalize the provisions of the reform within 2022.

➤ **Main reforms and investments undertaken outside the RRP framework:**

Several other reforms are being implemented for increasing the effectiveness of the education system (please refer in subsections 3.6.1, 3.6.2, 3.6.5, 3.6.7, 3.6.9, 3.6.10).

Cross-reference to CeSaR and Fenix Tables:

CeSaR Table:

CSR 2020: 2, Subpart 4

CSR 2019: 3, Subpart 2

3.6.9 Improving digital education.

Since the beginning of the pandemic there have been coordinated efforts between the Ministry of Education, Culture, Sports and Youth and the Deputy Ministry for Research, Innovation and Digital Policy to upgrade school infrastructure, make appropriate equipment accessible to all students and teachers and enhance teachers’ capacity to implement distance learning. Basic digital skills are necessary and there is a need to improve pedagogies to unlock the potential of digital education.

The measures taken to this end contribute towards addressing CSR4 of 2019 and CSR3 of 2020.

➤ **Main RRP Reforms and Investments:**

Digital Transformation of school units with the aim of enhancing digital skills and skills related to STEM education

The overarching objective is the transformation of the curriculum and the development of the educational material. The procurement procedure for the transformation of the existing curriculum of 120 content domains is underway and the development of the materials is expected to be delivered by December 2024. Moreover, the procurement procedure for the development of e-classes in 700 schools has started and the schools shall receive the equipment by June 2023.

E-skills Action Plan – Implementation of specific actions

(Please refer to sub-section 3.9.1).

Cross-reference to CeSaR and Fenix Tables:

CeSaR Table:

CSR 2019: 4, Subpart 4

3.6.10 Increasing employers' engagement and learners' participation in vocational education and training (VET).

In order to improve the knowledge and skills of the workforce in Cyprus, the HRDA implements a variety of measures which include the provision of training opportunities and job placements for the unemployed, the provision of training opportunities for the employed and the implementation of a System of Vocational Qualifications (SVQ).

The funding provided by the HRDA has effectively motivated enterprises and their employees to participate in training and development activities. Employers are directly involved in training activities and prepare and submit training programmes to the HRDA on a continuous basis. The HRDA provides subsidies to the employers and in general, the subsidisation covers 80% of the eligible total costs. The HRDA has in place a comprehensive system for evaluating the impact of its activities.

Moreover, in order to increase employers' engagement and learners' participation in vocational education and training (2019 Sub CSR 3.2) and to improve the correlation between technical and vocational education and training (CSR3.2 – 2019) the MoECSY has undertaken certain initiatives. The Directorate of Vocational Education and Training has signed Memoranda of Cooperation with the Cyprus Chamber of Commerce and Industry (5/62019) and the Cyprus Employers and Industrialists Federation (22/7/2019) which include, among others, measures for the development of new or the review of existing VET curricula, in order to be aligned with changing labour market needs. They also include measures for the facilitation of industrial placement of VET students in enterprises. Furthermore, support through ESF is being utilised aiming at the improvement of quality in VET. The overall intended outcome is to further develop and improve technical and vocational education and training in Cyprus.

➤ **Main reforms and investments undertaken outside the RRP framework:**

Individual Learning Accounts (ILAs): ILAs will provide credits to eligible groups of employed and unemployed persons to attend training programmes, in order to acquire new and/or upgrade existing knowledge and skills. They aim at promoting lifelong learning by providing opportunities for flexible promotion of upgrading knowledge and skills, while preventing social exclusion. Through ILAs, individuals will gain access to training programmes on a broad range of issues within the Standard Multi-Company Training Programmes of the HRDA. Their involvement in training activities with the opportunities provided for skills upgrading and retraining can enable them to remain competitive in the labour market,

improve their employment opportunities, while at the same time enhance social cohesion. The Scheme has been included in the Cyprus Operational Programme “THALIA” 2021-2027 for ESF+ co-funding. The target for the programming period 2021-2027 is for 1.800 persons to benefit from the scheme.

Training programmes for young people aged 15-29 Not in Education, Employment, or Training (NEETs) to acquire basic knowledge and skills: described in section 3.6.1

Scheme for the Utilisation of Alternative Forms of Learning: The scheme will meet the training needs of employees through their participation in training programmes utilising alternative forms of learning with the use of Information and Communication Technologies. The Scheme is currently under design and will be covered by national funds for the period 2022-2024. The 2022 target is for 1.000 participations.

Scheme for the Support of Training Infrastructure: The scheme will provide financial incentives for the enhancement of specialised training laboratories, which will be used for the assessment of candidates in the framework of the System of Vocational Qualifications (SVQ), as well as for the implementation of subsidised training programmes with the use of alternative forms of learning. The Scheme is currently under design and will be covered by national funds for the period 2022-2024.

Training programmes for the unemployed, through national funds:

- **Special Scheme for the Vocational Training of the Unemployed in Organizations of the Public and broader Public sector, Local Government Authorities, Non-Governmental Organizations and Non-Profit Institutions** (two years scheme): During 2021, 537 unemployed persons benefitted from the scheme. The 2022 target is for 1.000 unemployed persons to benefit from the scheme.
- **Scheme for the Employment and Training of Tertiary Education Graduates** (on-going scheme): The scheme aims at providing opportunities to tertiary education graduates less than 30 years old, to secure a suitable job and acquire work experience and specialized knowledge and skills, while at the same time strengthening enterprises and organizations through the employment and training of qualified persons. During 2021, 767 unemployed graduates benefitted from the scheme. The 2022 target is for 1.200 unemployed graduates to benefit from the scheme.
- **Scheme for the Training of the Long-term Unemployed in Enterprises/Organizations** (on-going scheme): During 2021, 94 long-term unemployed persons benefitted from the scheme. The 2022 target is for 300 long-term unemployed persons to benefit from the scheme.
- **Training Programmes for the Unemployed** (on-going scheme): Training programmes include on-the-job practical training in an organization/enterprise. During 2021, 28 unemployed persons benefitted from the scheme. The 2022 target is for 500 unemployed persons to benefit from the scheme.

Training programmes for the employed, through national funds:

- **Single-Company Training Programmes in Cyprus** (on-going scheme): During 2021, there were 26.805 participations. The 2022 target is for 40.000 participations.
- **Single-Company Training Programmes Abroad** (on-going scheme): During 2021, there were 14 participations. The 2022 target is for 200 employees to benefit from the scheme.
- **Standard Multi-Company Training Programmes - Participation of the employed** (on-going scheme): The programme covers a broad range of issues in all operations of the enterprise and in all occupations. During 2021, there were 9.810 participations. The 2022 target is for 14.000 participations.
- **High Priority Multi-Company Training Programmes** (on-going scheme): The scheme aims at providing continuing training to meet the training needs of employees through participation in training programmes in specific high-priority issues implemented by certified vocational training centres. During 2021, there were 1.397 participations. The 2022 target is for 1.400 participations.

System of Vocational Qualifications (SVQ)

The SVQ constitutes an integral part of the National Qualifications Framework (NQF), which is referenced to the European Qualifications Framework (EQF). The System is designed for the assessment and certification of the competence of a person to carry out a specific job in real or/and simulated working conditions. The Vocational Qualifications Standards (VQS) define the framework for the training and development of a person, providing to the person the opportunity to reach the appropriate competence level. During the programming period 2014-2020, two projects within the framework of the SVQ are co-financed by the European Social Fund (ESF) and the HRDA:

- i. The first project concerns the «**Expansion and Operation of the System of Vocational Qualifications (SVQ)**» and is expected to award 4.000 certificates for the programming period 2014-2020. During 2021, 286 certificates were awarded while it is expected that 1.200 certificates will be awarded in 2022. The Scheme will be implemented by the end of 2023.
- ii. The second project concerns the «**Development of Vocational Qualifications Standards (VQS)**» through which the existing VQS developed during the programming period 2007-2013 will be revised and new VQS will be developed. The project will be completed in the first six months of 2022 with the approval of 167 VQS.

Results of the study on the scheme (2013-2019)⁷, show that vast majority of the participants (93,7%) were employed at the time of the field research, about 3,6 years after their certification. The vast majority of the participants (92,1%) remained in the occupation they were certified and the majority (80,0%) continued to work in the same enterprise they were employed when they were certified through SVQ.

Development of the Vocational Education and Training

The main measures included in the project, co-funded by ESF+ project (2021-2027), are the following: introduction of new programmes of study in VET, purchase of and access to modern technical equipment and infrastructures, evaluation and improvement of VET structures, preparation of teaching materials, securing teaching services from business experts and professionals, actions to increase the general public's awareness about the advantages of STVET in contemporary economical and societal context, high quality professional training for SVET educators and professionals.

The project is under implementation and the following measures are scheduled to be carried out within 2022/3: Preparation of curricula for various programs of study, purchase of equipment (drones, robotic arms, CNC machinery), purchase of computers (rolling procedures), securing teaching services for MIEEK, Apprenticeship Scheme and SVET programs of study (until June 2022 and renewed in Sept 2022), professional training of educators and administrators, upgrade of labs, preparation of new books for SVET, etc.

Cross-reference to CeSaR and Fenix Tables:

CeSaR Table:

CSR 2019: 3, Subpart 2

3.6.11 Promoting training and strengthening skills (green, digital, blue) to low-skilled and unemployed people

Recent studies, both at national and European level, show that Cyprus lags significantly behind in the use of digital media and in digital skills. Specifically, Cyprus is ranked 21st among the 27 EU Member

⁷ <https://bit.ly/3MUuTmh>

States in terms of the integrated version of the Digital Economy and Society Index (DESI) for 2021, while, in terms of human capital, Cyprus is ranked 23rd in the EU. For the year 2021 Cyprus has significantly improved its scores in all parameters of the DESI Index (Connectivity, Human Capital, Internet Use, Integration of Digital Technology, Digital Public Services), but still remains below the EU average. The results of these studies strongly suggest the need for targeted actions. Therefore, the digital upgrade of the human capital of Cyprus is accorded high priority and in the framework of the RRF a number of actions and measures are included to promote e-government and digital skills to people aged 55 and over, as well as actions aimed at other age and occupational groups.

➤ **Main RRP Reforms and Investments:**

Skilling, Reskilling and Upskilling

The project will provide training programmes to public and private sector employees, self-employed and the unemployed, in order to strengthen digital, green and blue skills and promote entrepreneurship training for the unemployed people. The project targets to the completion of trainings for at least 25.600 participants by the end of 2025.

Currently, the HRDA is in the process of developing the training programmes content and the Tender Specification Documents. The calls of proposals are expected to be issued in the 2nd quarter of 2022 and the contracts are expected to be signed in the 3rd quarter of 2022 for the following training programmes for the unemployed:

- Acquisition of digital skills.
- Acquisition of knowledge and skills related to the green economy.
- Acquisition of knowledge and skills related to the blue economy.
- Acquisition of entrepreneurship knowledge and skills.

Addressing Skills Mismatch between Education and the Labour Market

(Please refer to sub-section 3.6.5).

Development of the Vocational Education and Training

(Please refer to sub-section 3.6.10).

➤ **Main reforms and investments undertaken outside the RRP framework:**

The Cyprus Productivity Centre (CPC) in collaboration with the Department of Electronic Communications (DEC) of the Deputy Ministry of Innovation, Research and Digital Policy, supports and implements actions for the promotion of e-business since September 2017. The actions include the implementation of trainings for e-Governance and digital skills training programs aimed at private and public sector employees, the unemployed as well as people aged 55+. It is noted that more than 6,500 citizens have participated in these programs until now.

➤ **Resilience and fairness dimension of the green and digital transitions:**

The digital upgrade of the human capital of Cyprus is attached great emphasis and in the framework of the Recovery and Resilience Plan a number of actions and measures are included to promote e-government and digital skills to people aged 55 and over as well as actions aimed at other age and occupational groups.

The actions that will be implemented under the RRP aim to upgrade the digital skills of the general population, to strengthen the skills of the public and private sector workforce, with special reference to ICT specialists, but also to promote the participation of women in the sector. At the same time, they aim

at the development of an expanded digital capacity and the promotion of the technological professional direction in the context of a holistic redesign of the educational system in Cyprus.

Cross-reference to CeSaR and Fenix Tables:

CeSaR Table:

CSR 2019: 3, Subpart 2

3.7. Improving health and long-term care systems

Subsections:

3.7.1 *Strengthening the resilience and capacity of the health system to ensure quality and affordable services, including long-term care services, taking also into consideration the deployment of challenges in recruitment and retention of health staff.*

3.7.2 *Supporting the digital transition of the healthcare sector*

3.7.1 Strengthening the resilience and capacity of the health system to ensure quality and affordable services, including long-term care services, taking also into consideration the deployment of challenges in recruitment and retention of health staff

The General Health System (GHS) operates today with the participation of approximately 75% of active doctors in Cyprus, 90% of the beds for inpatient care on a nationwide basis, 99% of pharmacies and 100% of laboratories. So far, 919,040 beneficiaries have been registered in the system, whilst the healthcare package covers almost all of the services with only the integration of rehabilitation care services still pending.

The Health Insurance Organisation (HIO) continues the implementation of specific measures to safeguard the resilience and the financial sustainability of GHS Fund, which include amongst others, temporary budget cuts on specific healthcare provider segments which are regularly reviewed based on the actual recovery of the economy, measures to address and minimize the misuse/abuse of the system by either healthcare providers and/or beneficiaries and the implementation of performance-based reimbursement for primary care and inpatient care. This reform has been included in the RRP.

Also, the State Health Services Organisation (SHSO) has undertaken the responsibility for the operation of Public Hospitals towards their autonomization. The hospitals operate with their own management team and organizational structure and this will further be enhanced with a special project implemented currently. This project aims to achieve the clear definition of the organizational needs of each clinic and will enable the organization to assess the areas from which savings can be achieved and the ones that need further investment. The structures and staffing requirements are going to be fully reviewed, with recommendations for further improvements to be communicated to all the key stakeholders. At the same time, SHSO continues with a plan for the upgrade of its facilities and equipment, that will enable the organization to enhance the provision of health services to its patients but also enter profitable areas of treatment such as digital health.

The measures promoted towards the resilience and capacity of the health system, contribute to the CSR1 of 2020 and CSR3 of 2019.

➤ **Main RRP Reforms and Investments:**

Gradually shifting the healthcare provision and reimbursement framework towards value-based models

The project covers both primary and inpatient care. As of 1st of June 2022 primary care reimbursement will move from a 100% capitation reimbursement to introducing reimbursement based on quality indicators and by the end of March 2023 quality KPIs will be introduced as part of the reimbursement of inpatient care, moving away from 100% volume-based reimbursement using a pre-agreed unit price with each hospital. As part of process, the HIO, in March 2022, has assigned a contract to an economic operator to provide consultation services in designing the primary care and the inpatient care value-based reimbursement model as well as support in the introduction of the implementation.

Accreditation of public and private hospitals and upgrade of medical equipment

Two aid Schemes are promoted in this area, aiming to enhance the quality of provided healthcare services through the accreditation of health institutions and the upgrading of medical technology and medical devices in hospitals. Both schemes have been preliminarily drafted and are currently being examined by the competent authorities engaged in the RRP monitoring and control system. Consultations with key stakeholders are also serving to the formulation of the final terms and conditions of these schemes, expected to be launched in 2022.

Enhancement, modernization and upgrade of Cyprus State Hospitals

Investments towards this goal will both serve the benefit of the patients and the operability of the hospitals and public health authorities. They will also create the required environment that will enable the improvement of the working conditions of the health workers and enhance their ability to provide better services to patients enabling better health promotion and protection. Some of the projects are underway, e.g. the new Mental Health Hospital, the Paphos Hemodialysis Unit, while some others have already been completed e.g. the construction of a COVID 19 Unit at the Famagusta Hospital. For the majority of the projects, the SHSO has procured a Tender Document for a Project Management Team who will be responsible for preparing the master plan for the additions and renovations of the hospital and also to prepare detailed drawings and tender documents for the construction.

➤ **Main reforms and investments undertaken outside the RRP framework:**

Based on the revised National Strategy for Cancer, a National Cancer Committee has been appointed by the Ministerial Council on the 24th of November 2021. This Committee consists also the first National Cancer Institute (NIC), an innovative reform for Cyprus. The NIC will be responsible for the evaluation, accreditation and organization of all oncology services, including the Cancer Archive, and for the definition of National Guidelines for treatment of Cancer.

As part of the efforts to ensure quality and affordable services, including long-term care services, taking also into consideration the deployment of challenges in recruitment and retention of health staff, the State Health Services Organization (SHSO), has among others, completed and begun implementation of the Strategic Planning of the Organization, set a number of priorities in the form of KPI's, which will assist the organization's strategic goals and objectives, developed a new Intensive Care Unit at Nicosia General Hospital, completed the extension of Famagusta Hospital, hired 338 persons (63 doctors, 112 nurses and 163 persons for paramedical and administration staff, etc.).

Cross-reference to CeSaR and Fenix Tables:

CeSaR Table:

CSR 2020: 1, Subpart 2

CSR 2019: 3, Subpart 4

Fenix Table:

Milestone CY-C[C1.1]-R[R3]-M[16]

3.7.2 Supporting the digital transition of the healthcare sector

The Ministry of Health has proceeded with the adoption of respective Law in 2019, based on which, the National eHealth Authority (NeHA) has been established. The NeHA is responsible for the institutionalization of the framework of use of electronic health for the prevention of diseases, the promotion of health and the effective and safe provision of health services to the citizens, the implementation of Electronic Health Record and the regulation of the storage and use of biomedical information and telemedicine. The efforts extend to cover cross-border healthcare.

Also, the digital transition is in the center of basic projects developed by the Ministry of Health, the HIO and the State Health Services Organization, some of which are included in the sections below, addressing also the CSR1 of 2020 and CSR3 of 2019.

➤ **Main RRP Reforms and Investments:**

Deployment of generic cross border ehealth services in Cyprus

The project aims at the implementation of cross-border healthcare and the secure access to patients records among European healthcare providers. It promotes the safety of patients by reducing the frequency of medical errors and providing fast information about patients' records, ePrescriptions abroad and correct information to medical providers in cases of emergency and avoidance of repetitive diagnostic procedures. The Board of Directors of National eHealth Authority has decided the signature of cooperation agreement with the University of Cyprus eHealth Lab for the implementation of the project. The starting date of the actions was the 4th of April 2022.

Cyprus Innovative Public Health (ICT) system

The aim of the project is to transform the existing paperwork processes to digital form by developing and implementing a collaborative data-centric ICT platform. The platform will enable the systematic collection, management and analysis of epidemiological and other sensing data using data analytics and dynamical systems theory. The proposed project aims at enabling a well-functioning, capable and resilient national public health ICT system which is a top priority and a necessary condition for the normal functioning of the country's Public Health services. The project started in 2022 and a Memorandum of Understanding has been signed with KIOS (Innovation and excellence Centre of the University of Cyprus) in the framework of the project implementation.

Design of an electronic platform for the surveillance of Nosocomial Antibiotic Consumption and Healthcare Associated Infections

The aim is to introduce a reform in this area in order to broaden the scope, health establishments involved and administrative arrangements for data collection and also to create a platform that will enable the Ministry of Health to collect data on antibiotic consumption, antimicrobial resistance, healthcare associated infection and Plan measures to tackle the above problems and monitor their effectiveness. A tender has been announced in March 2022 for the purchase of consulting services for the preparation of specifications, tender documents and cost estimate for the project. A call for tenders is expected to be announced for the assignment of project coordinator within the coming months.

➤ **Main reforms and investments undertaken outside the RRP framework:**

The establishment of national ehealth Authority comprises a major reform in the healthcare sector contributing to its digital transition. The National eHealth Authority (NeHA) is expected to proceed in

due course with the creation, establishment and operation of the Single Electronic Health Records Data Bank where the Citizen's Electronic Health Record shall be created and stored, as a part of the eHealth national legislation.

In the framework of the smooth operation of the GHS IT System, the focus till 2023 centers on the addition of system capabilities to enhance rehabilitation and palliative care services as well as the introduction of ambulance services and specialized care centers. Additional highlights of what is planned include the introduction of capabilities to manage healthcare protocols, to integrate a new DRG Grouper, to automate the feeding of patient history data into the patient summary, and to implement a GHS mobile app targeted specifically for use by the GHS beneficiaries.

In addition to that, among the investment projects financed by the European Regional Development Fund of the Structural Funds 2021-2027, are those related to ICT in the healthcare sector, such as:

- **Information system for the Screening Programs of the Ministry of Health**: this system will gather information on the Screening Programs already implemented by the Ministry (Breast Cancer and colon cancer), with the ability to be further expanded to future screening programs. The project is still on a preparatory basis.
- **Digitalization of Health record of Public Hospitals**: will cover the transfer of all documents included in the medical records to digital images which will be also available in the Integrated Health Information System through specialized viewing software. The project has already started with the installation of the equipment in GNL and GNA, while the contract for the supply and installation of central web-management/viewing software of e-FAs has been signed in 22/2/2022.
- **Development of the GHS mobile phone application**: through this application beneficiaries and providers will be informed through notifications for news and announcements of the HIO, such as on-call doctors, for the list of providers and centers contracted with the GHS, for the services provided per category of provider, for lists of medicines, etc. This project is at a preparatory stage. We are currently in the process of deciding the types of functionalities that will be supported by the mobile phone application
- **Application Programming Interface (API) for the GHS IT System**: the project aims at the creation of an open API portal, for an easy and flexible interconnection of the existing systems of the healthcare providers with the GHS IT system, thus allowing the adaptation of these systems according to the needs of the providers and at the same time satisfying the requirements of the GHS. The tender "Provision of consulting services to assist the Health Insurance Organization in developing a strategy and technical specifications for the implementation of an interoperability framework to interconnect third party IT systems with the GHS IT Solution" has been issued in 2021 and work is in progress. The tender "Development, Implementation, Operation and Support of a Total Solution for the Information Technology System and Other Business Processes of the National Health Insurance System in Cyprus", is in the drafting stage and it is expected to proceed to implementation during 2022.
- **Development of Data Analytics capabilities for the GHS System**: the aim of the project is to develop the capacity for "smart" data analytics related to the GHS operation, in order to extract economic and behavioral trends and reports required for the formulation and monitoring of strategic plans that ensure the sustainability of the GHS. The HIO is currently proceeding with a "precursor" tender for relevant consulting services. Based on the conclusions/recommendations of this consultation project, HIO will proceed with the tendering of the Data Analytics project. The latter is estimated to take place by the end of 2022-beginning of 2023.

Cross-reference to CeSaR and Fenix Tables:

CeSaR Table:

CSR 2019: 3, Subpart 4

Fenix Table:

Milestone CY-C[C1.1]-I[I2]-M[7]

Milestone CY-C[C1.1]-R[R2]-M[3]

3.8. Facilitating the green transition

Subsections:

3.8.1 Meeting the greenhouse gas emission reduction targets and diversifying energy supply.

3.8.2 Ensuring sustainable and green mobility.

3.8.3 Transition to renewable energy sources.

3.8.4 Improving the energy efficiency of buildings.

3.8.5 Encouraging water saving behaviour.

3.8.6 Improving the conservation status of habitats of community interest (biodiversity).

3.8.7 Promoting education, training and skills for the green transition.

3.8.1 Meeting the greenhouse gas emission reduction targets and diversifying energy supply

The energy and climate objectives present opportunities, benefits and advantages of the national economy, the energy system and civil society, in general, as well as the challenges that need to be overcome.

The main objective of the development of the National Energy and Climate Plan and the Recovery and Residence Plan was to design, plan and promote cost-effective policies and measures that will help to achieve the medium- and long-term national energy and climate goals, will contribute to the economic development of the country and will also respond to the challenge of other environmental goals.

According to the National Energy and Climate Plan, prepared in 2020, the following targets have been set, specifically for the year 2030:

- i. 21% reduction in non – ETS greenhouse gas emissions compared to 2005.
- ii. Ensure that greenhouse gas emissions from land use, land use change or forestry are offset by at least an equivalent removal of CO for the atmosphere.
- iii. 23% RES penetration into gross final energy consumption for the year 2030. Regarding the three indicative sub-targets for the promotion of RES in gross electricity consumption, (at least up to 26%, heating and cooling (up to 39%) and transport (up to 14%) by 2030 were set.
- iv. National indicative key targets set for energy efficiency: Final energy consumption of 2.0 Mtoe in 2030 and Primary Energy Consumption of 2.4 Mtoe in 2030. National obligatory target for achieving cumulative end use energy savings of 243.04 ktoe during 2021-2030.
- v. Introduction of Natural Gas by 2023 (due to some delays), as a bridging fuel that will reduce CO2 emissions and increase the security of supply.
- vi. Cyprus to become a dynamic and competitive economy, driven by research, scientific excellence, innovation, technological development and entrepreneurship, and a regional hub in these fundamental areas.
- vii. Turning Cyprus into an energy hub in the East Mediterranean, developing a sustainable and fully functional NG/LNG market to provide cleaner and affordable energy to the end-user.
- viii. Regarding hydrocarbon activities, there are several major oil and gas companies (Chevron, Shell, ENI, Total) already operating in Cyprus' EEZ and in Israel and/or Egypt, as well. The presence of these major oil and gas companies could be leveraged to create the right synergies towards a sustainable regional gas market that could supply the EU with gas in the immediate future and with

Hydrogen in a few years' time. Gas has a vital role to play in the security of supply and in the Energy Transition as the most environmentally friendly conventional fuel and a potential raw material for the production of hydrogen.

- ix. Furthermore, Cyprus is considering introducing Hydrogen into its energy mix, initially through the development of a national Hydrogen Strategy. Hydrogen is not in use today in Cyprus and there is no infrastructure fit for hydrogen, however, there seems to be a significant potential for hydrogen to decarbonize sectors where reducing emissions is otherwise challenging. This strategy will be developed through the technical support provided by the RePowerEU plan. When the strategy is completed (expected by October 2022), the results will be used for the development of the hydrogen market in Cyprus.

➤ **Main RRP Reforms and Investments:**

Ending energy isolation-Project of Common Interest "EuroAsia Interconnector" The measure supports the overall onshore and nearshore infrastructure of the electricity Interconnection "EuroAsia Interconnector" in the territory of Cyprus. "EuroAsia Interconnector" is a cross border interconnector between Crete, Cypriot and Israeli power grids via a subsea DC cable and with HVDC onshore converter stations at each connection point. The project is an energy highway bridging Asia and Europe, with a total length of 1,208 km. The project is expected to be implemented during the period 2021-2026.

Introduction of a Market Management System to facilitate the opening of the electricity market to competition

The project for the installation and roll-out of the Market Management System (MMS) is currently in the phase of the Site Acceptance Testing (SAT) of the hardware and software components.

Creation of a digital platform service for RES licensing

This reform aims to establish a Digital Platform for One-Stop Shop for RES projects and Energy Renovation in Buildings. The Digital One-stop-shops for RES Projects and building renovation will be a part of a more significant reform project. The development of a new digital platform and e-procedures (e-forms) for the electronic, on-line submission of applications through the Point of Single Contact (PSC) Cyprus portal. The project is expected to be implemented during the period 2021-2026.

Green Tax reform

The implementation of the Green Tax will push forward all the actions need to be taken in order to reach the National energy and climate targets. The proposed Green Tax reform is based on three piles:

- A carbon tax for fuels used in non-ETS sectors.
- A levy on water.
- A charge on household/landfill waste.

The enactment of the bill will take place in 2023. According to studies, Carbon Tax will act as a leverage for further GHG emission reductions with limited impact on the National GDP.

➤ **Main reforms and investments undertaken outside the RRP framework:**

Development of the East Med pipeline and utilisation of Cyprus's natural gas resources

The EastMed pipeline, which has been labeled as an EU project of common interest and is also included in the fifth PCI list. The Commission proposed this in November 2021 and went through a scrutiny process with the co-legislators, which ended in March 2022. Such a project can contribute to building an integrated and resilient EU internal energy market and pursuing our energy and climate goals since it can also be hydrogen ready. The studies (Front End Engineering Design), funded by CEF with 34.5 million euros, are in progress and are expected to be finalized in mid-2023. The final Financial Investment

Decisions (FID) and then the project's construction will start right after. The project can be operational by the end of 2026. It should also be emphasized that the Ministry of Energy is the national contact point of the fast-track licensing procedure that cannot exceed 3.5 years.

The Eastern Mediterranean Pipeline Project (EastMed) is an offshore/onshore natural gas pipeline that will connect East Mediterranean energy resources (offshore gas reserves in the Levantine Basin) to mainland Greece via Cyprus and Crete, untapping new sources, currently not reaching any part of the European Union Member State markets.

The development of the energy sector, through the utilization of the country's natural gas resources, will drastically resolve the issue of Cyprus's dependence on imported oil, which is one of its major structural challenges. It will diversify energy sources as well as economic activity, improve energy prices and hence competitiveness and improve the current account balance. This important structural change for the economy would also enable a contribution by Cyprus to the achievement of the EU's aim for strategic autonomy from third countries, especially in the light of the Ukraine war and its effects. Additionally, the acceleration of the proposed gas interconnection pipeline project, together with the production of indigenous gas offshore resources and completion of the construction of facilities allowing for LNG imports, would support those goals, which will further ensure the security of the energy supply.

Installation of "Smart" electrical counters

The aim of the measure is to fund a percentage of the total cost that will be passed to final customers for installing smart meters, as per the requirements of Annex II of the Directive (EU) 944/2019 on smart meter deployment. The project is expected to be implemented during the period 2021-2026.

"I plant for Climate" Campaign

The Department of Forests is implementing a plan to increase forest tree production from its nurseries for planting in now non-forested lands. The campaign is titled "I plant for Climate" and is directed towards public or private organizations such as municipalities, churches, schools, NGOs and firms who wish to forest public or privately owned lands and who will agree to be responsible to provide the funds and care (i.e. water) of these areas for a minimum of three years. The Department of Forests, after evaluating the applications, will be providing the trees for free, taking into account the area of the plot and the specificities of the location, i.e. elevation. The plants supplied will be selected from a specific list of mostly indigenous, non-invasive species that are suited to the climatic conditions of Cyprus.

The scheme started from around 70,000 trees in 2020 and is planned to reach 300,000 trees planted per year in 2030.

Cross-reference to CeSaR and Fenix Tables:

CeSaR Table:

CSR 2020: 3, Subpart 4

CSR 2019: 4, Subpart 3

Fenix Table:

Milestone CY-C[C2.1]-I[I11]-M[49]

Milestone CY-C[C2.1]-I[I10]-M[48]

Milestone CY-C[C2.1]-R[R3]-M[22]

3.8.2 Ensuring sustainable and green mobility

All inland- domestic movements of people and goods are carried out by road and cannot presently develop some of preferable modes of transport, such as rail. The non-feasibility of establishing and operating a railway network and other fixed track systems, imposes full reliance on road transport, a

fact which dictates the construction of a modern and safe road network for all possible users.

This situation is reflected in the extensive road network, the high rate of private car ownership/use, the high modal share of cars (over 90%) and at the same time the low use of public transport (bus modal share around 3%). In this respect, transport emissions constitute significant share of the overall non-ETS green-house gas emissions. Furthermore, Cyprus, in the previous decades presented a significant improvement in road safety, nevertheless, still diverges from EU road safety average records.

The further development of the road network coupled with continuing and enhanced maintenance of existing is essential not only to maintain the viability and competitiveness of the Cypriot economy but also to support policy for economic and social cohesion in all regions of the island and for all groups of the population. In this context, the State is responsible for the development of sustainable, safe and efficient road infrastructure for all users. At the same time, the State regulates and supports technically and financially the system of public passenger transport, procuring and managing PPP contracts for bus service and providing the necessary infrastructure (bus stations and stops, priority infrastructure like bus lane and relevant intelligent transport supporting systems (ITS). In addition, further efforts were assumed to increase the use of other sustainable and clean modes like cycling and walking with all kind of measures (infrastructure, awareness campaigns, legislation). These actions are reflected in the Sustainable Urban Mobility Plans (SUMP), for all the main Cities of the island as well to the National Energy and Climate Plan.

The New National Road Safety Strategic Plan 2021-2030 adopts the pan European goals to halve road fatalities and serious injuries by 2030. The Strategic Plan recognizes the need for multidisciplinary approach and also identifies vulnerable users (pedestrians, cyclists, and motorcyclists) as well as the build-up areas as key action areas, based on the main deficiencies identified through a relevant impact assessment.

(CSR 4 2019, Recital 14, CSR 3 2020, Recital 23).

In the Long-term Strategy for Cyprus Shipping “Sea Change 2030” the Shipping Deputy Ministry (SDM) included actions for rewarding and incentivizing “greening” and sustainable investment in maritime transport through:

- a. the continuous evaluation of the Green Tax Incentives, which are already part of the Cyprus Tonnage Tax System, to reward efforts to proactively reduce the greenhouse gas emissions.
- b. the granting of Green Achievement Awards for the proactive environmental ship performance.

➤ **Main RRP Reforms and Investments:**

Implementation of Sustainable Urban Mobility Projects (SUMP) and accessibility enhancing measures

DG REFORM of EU is providing technical support through EIB for the necessary preparatory studies in relation to Sustainable Urban Mobility Projects (SUMP) for Larnaca and Limassol. This project includes among others critical infrastructure for public transport (park and ride facilities), cyclists (all kind of cycling paths), pedestrians, disable persons as well road safety interventions.

In the case of accessibility enhancing measures project, preparatory studies as well as tender documents are underway. The project will be developed in phases (geographical division). This project includes among others critical infrastructure for cyclists (all kind of cycling paths), pedestrians and disable persons.

Establishment of an Intelligent Transport System using Digital Twin technologies

In terms of the Cyprus Digital Twin the PWD is in the process of finalizing the Tender Documents for the

supply and installation of more than 300 sensors and also is in the process of preparing a contract with the Centre of Excellence KOIOS of University of Cyprus which will progress elements concerning the evaluation of impact of new technologies on transport and implementing tools and processes relevant to the creation of the Cyprus Digital Twin. It is expected that 150 sensors will be implemented by end of 2023, which is 50% of the overall investment. The PWD of the MTCW, through this project shall pursue the digitization of the mobility and utility networks, underpinning that with a detailed geographical information system representing the physical environment of the whole island, and extending the coverage of network sensors and telematic technologies to create the Cyprus Digital Twin (CY DG Twin). DG Twin is a digital representation that essentially simulates a real object or space, process or system.

Progressively phase out the most polluting vehicles, especially in polluted urban areas

The objective of the reform is to provide the regulatory framework to create impetus progressively phasing out the most polluting vehicles, especially in polluted urban areas.

The relevant legislative act is currently undergoing public consultation (14.01.2022).

Scheme for the Purchase of Electric Vehicles

The Scheme concerns the sponsorship for the purchase of electric vehicles or electric bicycles, in the form of an "ecological reward" for the purchase of vehicles with zero CO2 emissions (pure electric vehicles). The first call announced on the 25th November 2021, with a budget of €8mln out of the total budget of €30mln allocated to this scheme in the context of the RRP, is currently under implementation. A second call under this scheme is expected to be announced before the end of 2022, with the aim to serve to the first goal set under the RRP for at least 2,050 electric vehicles and bicycles been purchased by the end of 2023.

Scheme of Withdrawal of High Carbon Emissions Vehicle and the Granting of Incentives for Alternative, Low Emissions Ways of Transportation

The Scheme concerns the sponsorship for the withdrawal and scrapping of high emission vehicles and (i) their replacement by vehicles with low carbon dioxide emissions (with a CO2 emission limit of 50g/km), or (ii) the purchase of an electric bicycle, or (iii) the issuance of bus tickets. The withdrawal and scrapping of a high emission vehicle is a basic condition for participation in the Plan. The scheme is under implementation after the launching of its first call in November 2021, for a budget of €4mln, while a second call is expected to be announced before the end of 2022.

➤ Main reforms and investments undertaken outside the RRP framework:

Investments on the road TEN-T network, including new motorway network, dedicated projects on road safety and public transport

Projects include among others the Lefkosia South Orbital Motorway (Core TEN-T Network, CEF co-funded project), a key TEN-T project identified on the Orient/East- Med Core Corridor, interconnecting three other motorways for enhanced accessibility to the external gateways of Cyprus (Ports & Airports). The Vasilikos Energy Centre Road Network supports relevant policies for lifting the energy isolation of Cyprus. The Lemesos- Saittas Motorway (a CEF co-funded project) improves the accessibility to the southern isolated Troodos mountainous areas and provides enhanced road safety levels, by replacing the older road with extremely low road safety records. Dedicate road safety projects include the reconstruction of the Kornos Grade separated Junction with enhanced road safety levels including the installation of street lighting and the reconstruction of 19 Emergency Gates at Lefkosias- Lemesos Motorway's central reserves. Furthermore, in rural urbanised areas there are dedicated programmes for constructing road calming measures and walkways for enhanced road safety levels for venerable users. In the case of public transport in interurban areas a relative big programme replaces the older bus shelters as well as new Bus Stations are underway, including the newly built Alambra Station interconnecting the Lefkosia- Lemesos Motorway and the Lefkosia- Larnaca Motorway and supporting the surrounding rural area.

Projects identified by Lefkosia SUMP, Pafos SUMP and Famagusta Region SUMP and the National Land Transport Plan which their common aim is to deliver greener, smarter, inclusive, smooth, smarter and seamless mobility for passengers and freight.

In the case of Lefkosia SUMP many projects were constructed including the one-way Makariou-Kallipoleos Avenues system, the Aglanzia & Larnaca Network providing space for bus lanes as well as cycle tracks and cycle lanes. In addition, a dedicated cycle infrastructure project is under construction (already two paces in place) interconnecting the main University Campuses of Lefkosia. Many of these projects are co-funded by Cohesion Policy EU funds as well as National or Local Administration Funds. The existing Lefkosia SUMP is counting almost a ten years life and a dedicated study is underway to refresh its provisions.

In the case of Pafos SUMP and Famagusta Region SUMP the relevant studies are underway. Nevertheless, many projects are either under construction or study, providing enhanced accessibility to pedestrians, cyclists and public transport users.

Special attention is given to public transport infrastructure in a national-wide scale with new modern bus shelters and bus stations. The new shelters will provide enhanced real-time information to all the bus users. A relevant integrated project in Pafos is under construction with three bus stations and tenths of new bus stops, covering the urban area as well as the touristic areas. Relevant projects will follow in all main cities.

ITS relevant infrastructure in urban and Interurban road network including Trans- European Transport (TEN-T) network

Investing approximately €2m between 2018-2022 for the creation of the Cyprus National Access Point and the upgrade of the Central Mobility Platform for managing field sensors in the mobility networks, analyzing information received from those and disseminating information to users.

Reduction of tonnage tax

The reduction is up to 30% for the qualifying owners of Cyprus and Community ships that use mechanisms-equipment for the environmental preservation of the marine environment and the reduction of the effects of climate change is provided. (Sections 9(1) and 13(1) of Law 44(I)/2010, as amended by Law 39(I)/2020).

These incentives apply as from the fiscal year 2021 (i.e. for ships and their qualifying owners taxed with tonnage tax as from the 1st of January 2021) and will be assessed in July 2022.

The Green Achievement Awards

The awards will be announced and bestowed during the international maritime conference “Maritime Cyprus” which is organized by the SDM in cooperation with the Cyprus Shipping Chamber and the Cyprus Union of Shipowners every two years in Limassol.

➤ **Single Market**

The Cyprus tonnage tax and seafarer scheme, has been assessed by the European Commission and decided that the scheme of Cyprus is compatible with the internal market and in line with the Guidelines on State aid to maritime transport.

➤ **Resilience and fairness dimension of the green and digital transitions:**

The European Commission concluded in its Decision dated 16 December 2019 that the Cyprus Tonnage Tax and seafarer scheme is in line with EU State aid rules, as it contributes to the competitiveness of the

EU maritime sector and encourages ship registration in Europe while at the same time preserving Europe's high social, environmental and safety standards and ensuring a level playing field.

Cross-reference to CeSaR and Fenix Tables:

CeSaR Table:

CSR 2020: 3, Subpart 4

3.8.3 Transition to renewable energy sources

According to the National Energy and Climate Plan (NECP), the quantitative targets for 2030 for increasing the share of RES in energy consumption are:

- i. Share of RES in gross final energy consumption to reach 23%.
- ii. 1,1% annual increase in heating-cooling from RES, from 2021-2030 (Indicative target).
- iii. Share of RES in the transport sector to reach 14%.

In 2020, the share of RES in the total final energy consumption reached 16,88%, exceeding the mandatory national target of 13% RES in 2020, under the RES Directive 2009/28/EC. The share of the RES in electricity generation reached 12,04%, in the heating and cooling sector 37,12% and 7,4% in the transport sector.

➤ **Main RRP Reforms and Investments:**

Promoting renewables and individual energy efficiency measures in dwellings and tackling energy poverty in households with disabled people

The objective of the measure is to encourage the use of renewable energy sources and energy savings by the large stock of old dwellings, as well as to subsidize the implementation of small-scale energy renovations in energy poor households as well as in households with people with disabilities.

The investment is composed of two sub-measures: (i) a support scheme for promoting renewables (PV) and/or individual energy efficiency measures (roof thermal insulation) in dwellings, including households of vulnerable electricity consumers such as poor households and households with people with disabilities and (ii) a support scheme for promoting the installation or replacement of Solar Water Heating (SWH) Systems of an existing dwelling.

The 1st call of the scheme was launched in April 2021 while the 2nd call is expected to be announced within the 2nd quarter of 2022.

Amongst others, the new call will provide for tailored support/guidance to households with people with disabilities, in order to facilitate their participation and efficient funding by the RRF (i.e. for thermal insulation of roofs, PV installation, SWH systems installation/replacement) and other complementary schemes promoting RES and energy efficiency in dwellings, such as the national scheme launched in December 2021 for the replacement of energy-intensive electrical appliances in homes of vulnerable consumers of electricity, as part of a series of measures announced by the CY government to offset the rising price of electricity.

Encouraging the use of renewables and energy savings by local authorities and bodies of the wider public sector.

The Grant Scheme aims to provide financial incentives to encourage the implementation of energy upgrading investments by local authorities and semi-governmental organizations. The Scheme aims, in particular, to upgrade the existing building infrastructure of public entities and contribute to the achievement of national RES and energy savings obligations. For each building supported under the

scheme, transformation into a Nearly Zero Energy Building must be achieved. Primary energy savings of at least 30% should be achieved for any other infrastructure.

The call of the scheme was announced on 16/03/2022, following its approval by the CoM.

The aim of the Scheme is to lead to at least 580 investments by June 2026 for improving energy performance to be undertaken by local authorities and wider public entities.

Creation of electro-mobility infrastructure - Support Scheme (Grants) for Charging Electric Vehicles from Renewable Energy Sources

The Support Scheme (operated by the 'RES and Energy Conservation Fund') aims to provide financial incentives for the installation/expansion of PV systems, in existing residences for the charging of electric or plug-in hybrid vehicles. The first call of this scheme under the RRP is expected to be launched during the 2nd quarter of 2022.

The 'RES and Energy Conservation Fund' will also launch a grant scheme within 2023 financing local/public authorities for the construction of public charging points for electric vehicles, where electricity will have to be generated (totally, or partially) from RES.

The aim of the above schemes is to lead by Q2 2026 to at least 460 photovoltaic charging points installed by local authorities and households.

Digital One-Stop Shops to streamline RES projects permitting and to facilitate Energy Renovation in Buildings

The objective of the measure is to promote the implementation of RES projects by streamlining the RES projects permitting process. The reform shall also aim at accelerating the energy renovation of buildings. The reform shall consist in digitalizing the licensing permitting process for RES projects and establishing a single point of contact for technical and financial support for the purposes of energy renovation of buildings. Launching of the tender is expected in early May 2022 and contract signature is expected in early July 2022, with implementation of the first phase to take up to the end of December 2022 and the final platform to be interconnected with other platforms by the end of 2023.

Energy Storage Regulatory Framework

The reform concerns the entry into force of an amendment to the Transmission and Distribution Rules (TDRs) and Trading and Settlement Rules (TSRs) which shall provide the necessary regulatory framework (market rules) and technical modalities that shall allow storage facilities to participate in the wholesale electricity market, promote the development of an economically viable, efficient, safe and consumer-oriented electricity market that prioritizes the generation of electricity from renewable energy systems. The TSRs and TDRs were amended by the Cyprus Transmission System Operator (TSOC) and approved by the Cyprus Energy Regulatory Authority (CERA). The amended rules entered into force through the publication of TSOCs and CERAs relevant announcements in the Official Gazette of the Republic in April 8, 2022. The project promoter for this measure is the Cyprus Energy Regulatory Authority.

Independence of Cyprus Transmission System Operator (TSOC) from the incumbent Electricity Authority of Cyprus

The reform concerns the entry into force of the Law for the Regulation of the Electricity Market of 2021, which shall facilitate the opening of the electricity market to competition and boost the uptake of RES by achieving the independence of the Cyprus Transmission System Operator (TSOC) from the incumbent Electricity Authority of Cyprus (EAC) (autonomy in governance, financial autonomy and independence of TSOC personnel), introducing the necessary steps for reducing the cost of electricity for domestic and commercial/industrial customers and creating conditions of transparency and trust to motivate new

investors in generation and supply of electricity. The Law entered into force with its publication in the Official Gazette of the Republic of Cyprus on the 7 October 2021. The project promoter for this measure is the Ministry of Energy, Commerce and Industry.

➤ **Main reforms and investments undertaken outside the RRP framework:**

In order to enhance the use of RES, the following measures have been implemented/are under implementation:

Support scheme for the production of electricity from renewable energy sources for self-consumption

This Scheme covers the following installations: Net-metering photovoltaic systems with capacity of up to 10KW for all consumers (residential and non-residential), Net-billing RES systems with capacity up to 10MW for all consumers, Off-grid RES systems, virtual net-metering for households and agriculture consumers.

The support scheme has been in operation, with some modifications, since 2013, and will continue in 2022. Until end of 2021, a total capacity of 108 MW PVs was installed in the net-metering category, 19.6 MW in the net-billing category and 2,5 MW for self-consumption. Moreover, one biomass/biogas unit of 2,4 MW is installed in the net-billing category.

Financial support is provided for the installation of net-metering PV systems in households from the Renewable Energy Sources and Energy Conservation Fund.

RES and house energy efficiency actions promotion

The measure includes incentives to renovate the existing stock of buildings, social infrastructure and housing as well as alleviate energy poverty concerns in households with disabled people. The measures will lead to reduced energy and water bills, while improving affordability of housing and living conditions. The project is expected to be implemented during the period 2021-2026.

Usage of RES and house energy efficiency actions into public and local authorities and NGO

The measure contributes to Cyprus' transition to climate neutrality, through the achievement of the national targets in energy efficiency and renewable energy for 2030. Specifically, the measure aims to improve the environment policy through measures relating to green taxation, the opening-up of the electricity market and the facilitation of licensing of renewable energy and renovation projects, with the measure targeting local authorities and NGOs. The project is expected to be implemented during the period 2021-2026.

Support scheme for Electricity Generation from Renewable Energy Sources (RES) within the Competitive Electricity Market Framework (2017-18)

The scheme covers the licensing of the RES projects that will operate in the Competitive Electricity Market. A total of 120MW of PVs, one plant of Biomass 2,3MW and 12,5 MW of Wind Systems were approved. As of 31/12/21, 74 PV plants (96,6 MW) were in operation, while 2 PV Plants (4,9 MW) are in the construction phase. The scheme will be concluded by 2022.

Support scheme for Electricity Generation from Renewable Energy Sources (RES) in the context of the transitional electricity market regulations to be included eventually in the competitive electricity market

The scheme covers RES projects that will operate under the transitional electricity market Regulations. The application process was initiated in 2018 and a total of 145 projects of 260 MW were approved and in 2021 17 PV projects of 16,3 MW have started operation. The scheme will be concluded by the end of 2022.

Requirement of Transport fuel suppliers to blend biofuels with conventional transport fuels (petrol and diesel) in order the annual share of energy from renewable sources to be at least 7,3% of the final consumption of energy in transport sector. Moreover, a bill was prepared for transposing the new European Directive (2001/2018/EC) for the promotion of RES into the national law and submitted to the House of Representatives for adoption. The new law will be regulating the establishment and operation of renewable energy communities in Cyprus.

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Cross-reference to CeSaR and Fenix Tables:

CeSaR Table:

CSR 2020: 3, Subpart 4

CSR 2019: 4, Subpart 3

Fenix Table:

Milestone CY-C[C2.1]-I[I2]-M[27]

Milestone CY-C[C2.1]-I[I3]-M[30]

Milestone CY-C[C2.1]-R[R3]-M[22]

Milestone CY-C[C2.1]-R[R4]-M[23]

Milestone CY-C[C2.1]-R[R2]-M[21]

3.8.4 Improving the energy efficiency of buildings

In order for Cyprus to achieve the national targets for reducing greenhouse gas emissions and facilitate the energy upgrading and increased energy efficiency of government buildings, various measures are being taken, which also contribute towards CSR 4 of 2019 and CSR 3 of 2020.

The current minimum energy efficiency requirements are in force since 1st of July 2020. The requirements are in line with the requirement all new buildings to be Nearly Zero Energy Buildings (NZEB) and set new more ambitious requirements for buildings that undergo major renovation and building elements that are replaced or retrofitted. According to Long-Term Renovation Strategy the ‘realistic’ scenario is an annual renovation rate of 1%, taking into account economic and technical limitations. This rate, combined with the construction of new buildings that will now be NZEBs, will make a significant contribution to reducing energy intensity in the sector and will stabilize energy consumption over time. However, in order to achieve an ambitious target of decarbonizing the entire building stock by 2050, the annual renovation rate should be tripled. “Fit for 55” and the revision of NECP set the basis for accelerating renovation especially in low energy performance buildings.

RRF and Cohesion funds for the period 2023-2026 will be used for increasing the energy efficiency of existing buildings, including households, enterprises, schools, public and wider public buildings, hospitals etc.

Improving the energy efficiency of buildings has significant positive effect in reducing fossil fuel consumption and green-house gas emissions. In this respect this effort is unlocking economic, social and environmental benefits. It should be noted that the big majority of buildings in Cyprus were constructed with no or low levels of thermal protection, which is a substantial source of energy inefficiency.

The Energy Upgrade Committee of the Buildings of the Central Government Authorities currently handles and promotes the various actions related to the Energy Efficiency of Public Buildings, with the

aim of our country to harmonize with Article 5 of Directive 2012/27 / EU for energy savings per year (3,316 GWh) and the implementation of article 14 of the Energy Efficiency Laws of 2009 until 2015.

Relevant projects are funded by State and EU Funds aiming at the implementation of energy measures and the promotion of Renewable Energy Sources (RES) for energy savings, in Public Buildings. Furthermore, all new Government Buildings promoted from 1/1/2019 are Zero Consumption, according to article 5A of the Regulation of Energy Efficiency of Buildings Law 142 (I) 2006

Based on the past experience for public building energy efficiency projects, it should be noted that significant risks are identified. The Building stock mostly consists of Buildings that are over 50 years old, which there are cases where the cost of static upgrade is more than double the cost of energy upgrade and in these cases it is recommended to make a more detailed feasibility study. However, there are cases of buildings of significant architecture of a period of time (such as the Ministry of Labor, Welfare and Social Security), that the State wants to fully upgrade.

➤ **Main RRP Reforms and Investments:**

Energy Efficiency Upgrading of Government buildings

- **Schools**
Thermal insulation and photovoltaic systems will be installed in at least 405 schools. The implementation of the investment has already started and shall be completed by July 2022. Installation has been completed in 189 schools.
- **Fire Service Properties**
The investment consists in the implementation of energy upgrades (photovoltaics, LED lamps) in 17 Fire Stations, including the Fire Brigade Headquarters. The implementation of the investment shall be completed by Q4 2025.
- **Nicosia General Hospital**
The investment consists in the setting up and installation of photovoltaics system at the Nicosia General Hospital of a total capacity of 943 KW, by Q4 2023.
- It is also noted that the construction/upgrading of the Cyprus State hospitals, as described in sub-section 3.7.1, will be verified as class A to assure that the thermal installation materials will be used on the walls and roof top. All openings (windows, doors etc.) will also be thermal insulated and according to the regulations of the certifying office. Renovations/enhancements will result to, on average, at least 30% reduction on energy consumption compared to current buildings. The implementation of the project will be gradually and shall be completed by Q2 2026.
- **Water Treatment Plants and water pumping stations**
The investment consists in the installation of grid connected photovoltaic energy systems of total power of 2 MWp in water treatment plants and water pumping stations. The investment shall be completed by Q4 2025.

Mass installation and operation by the Distribution System Operator (DSO) of Smart Metering Infrastructure (Advanced Metering Infrastructure)

The measure concerns the delivery and installation of 400 000 smart electricity meters to final electricity customers, including natural and legal persons. The evaluation procedure of the Tender has been completed. Following the selection of the preferred bidder, a hierarchical recourse to the Tender Review Authority was made by an unsuccessful Economic Operator and thus the award procedure is currently

suspended. The completion of the measure involves the delivery and installation of at least 200 000 smart meters by Q3 2024 and the completion of the delivery and installation of all 400 000 smart meters by Q2 2026. The project promoter for this measure is the Distribution System Operator.

Promoting energy efficiency investments in SMEs and Non-Profit Organizations

The Scheme aims to support energy efficiency investments in existing buildings, facilities and production processes of SMEs and Non-Profit Organizations. The Grant Scheme's main objective is to reduce at least 30% the primary energy consumption of buildings and/or, facilities owned and or operated by SMEs and NPOs.

The Scheme was announced on 18 March 2022, following its approval by the CoM.

This objective is expected to be achieved by providing grants for the following type of investments:

- Energy upgrade of existing buildings (thermal insulation, replacement of windows and electromechanical equipment such as heating/cooling systems).
- Energy Audits.
- Integration of Renewable Energy Systems.
- Adoption of digital technologies (e.g. smart meters, automations, control systems etc.).
- Investments for energy conservation in production processes/operation facilities.

➤ Main reforms and investments undertaken outside the RRP framework:

Installation of PV systems in the military camps

Ministry of Defence started the discussions with the Directorate General Growth, the Ministry of Energy, Commerce and Industry and the Electricity Authority of Cyprus for the installation of PV systems in the military camps. The installation of PV systems will be implemented through the European Structural and Investment Fund and is expected to start after the approval of the budget. The installation will be completed by the end of December 2026.

Energy upgrading to small and medium sized enterprises, houses, municipalities and communities

The measure aims carbon neutrality and stimulation of significant local investments to improve the energy efficiency of the building stock and other infrastructures, support green investments in SMEs, and the wider public sector. The project is expected to implemented during the period 2021-2026.

Replacement of High-Pressure Sodium luminaires in the military camps with LED luminaires

Ministry of Defence (MoD) signed an agreement with the Electricity Authority of Cyprus to replace 6600 High Pressure Sodium (HPS) luminaires in the military camps with LED luminaires. A minimum of 65% saving in energy consumption on the perimeter and street lighting is expected. This will not only be beneficiary to the MoD in money terms, but it will also contribute into the reduction of greenhouse gas emissions in the atmosphere and in the reduction of importing fossil fuel for the production of electricity. By the end of May 2022, the first batch of 2200 luminaires will be replaced, by October 2022, is expected to start the replacement of the second batch of 2200 luminaires and by 31st of December 2023 the third batch of 2200 luminaires. The replacement of the luminaires will be implemented from the MoD budget.

Cooperative Intelligent education & electromobility in Zero Energy Buildings

The overall goal of the project is to create Intelligent School Buildings of almost zero consumption, in combination with charging and circulation of electric vehicles with pilot implementation. The project will be implemented through the programme Interreg V-A Greece-Cyprus 2014-2020. The implementation of the project will start in July 2022 and shall be completed by September 2022.

Energy Upgrading of Public Buildings

The Public Works Department is the Implementing Agency for the Energy Upgrading of Public Buildings that takes place within the framework of the Structural Funds 2014-2020 and 2021-2027. The Department of Public Works has established a Working Group in collaboration with the EMI Department and which is already working on the promotion and implementation of six Projects for the Programming period 2021-2027.

Implementation of new minimum energy performance requirements by 1st of July 2020 (Κ.Δ.Π. 121/2020)

According, to the current requirements all new buildings have to be energy class A and cover at least 25% of their primary energy consumption from RES except for hotels, for which the requirement is 9%. Maximum primary energy consumption is set, while additionally for residential buildings a maximum heating demand must be obtained. Residential buildings that undergo major renovation have to reach energy class A, and non-residential buildings energy class B+. The new requirements are the result of the second calculation of the cost-optimal levels carried out in 2018, as well as the public consultation with all stakeholders.

Amendment of the Law that Regulates Energy Performance of Buildings in 13th of November 2020 to transpose Directive 2018/844/EU

The amendment introduces the obligation for preparing and implementing Long-Term Renovation Strategy, for integrating electric vehicle infrastructure in buildings and measures to promote automation and control systems and “smartness” in the building sector.

Regulations for setting up an Energy Efficiency Obligation Scheme

In December of 2021 the Regulations for setting up an Energy Efficiency Obligation Scheme (KDP488/2021) came into force. The Regulations regulate the obligation of the energy distributors (obligated parties) to achieve part of the cumulative end-use energy saving target of the period 2021-2030. The operation of the Energy Efficiency Obligation Scheme is planned for 2023.

“Saving – Upgrading Houses” Program

In 2021 a new scheme “Saving – Upgrading Houses” Program operated for energy retrofits in households, funded by Cohesion Funds during the Programming Period 2021-2027. The scheme financed energy renovations to convert households to almost zero energy buildings or to achieve other criteria for improving energy efficiency, based on the energy efficiency certificate issued before and after the investment (ongoing up to 2026).

During the first call (end submission on the 22/06/2021) the Ministry received 2.152 new applications. The applications are in the process of evaluation. 261 applications have been approved. The program aims at the extensive energy upgrade of existing houses. This is intended to be achieved through the use of incentives in the form of grants. The call/program covers exclusively investments related to the purchase and installation of new equipment/materials.

Information campaigns – billboards – daily press

Aiming to increase public awareness on the benefits of energy efficiency, measures are planned to be implemented in 2022. These include information campaigns on media (TV, radio, social media), billboards and daily press (to be repeated annually using national funds).

Cross-reference to CeSaR and Fenix Tables:

CeSaR Table:

CSR 2020: 3, Subpart 4

Fenix Table:

Target CY-C[C2.1]-I[I5]-T[35] Milestone CY-C[C2.1]-I[I7]-M[40] Milestone CY-C[C2.1]-I[I1]-M[24]

3.8.5 Encouraging water saving behavior

Promoting the efficient use of water resources is the main strategic objective of the Ministry of Agriculture, Rural Development and Environment (MARDE) which is mainly implemented by the Water Development Department (WDD). Improving good practices of water consumption and reuse is essential aim of sustainable water policy and is in line with 2019 and 2020 Country's Specific Recommendations for focus investments in water management to address the challenges of draughts and water scarcity (CSR 4 2019, Recital 13 and CSR 3 2020, Recital 23).

The measures undertaken cover the following:

- Aquaculture cultivation measures and communication strategy to enhance water saving behavior (repeated measure in National Budget).
- Reducing groundwater abstraction by imposing limits on water intake licenses – monitoring and control of compliance (WDD's functional activity).
- Minimization of water losses and non-revenue water using new technologies, improved irrigation systems and by replacing old pipelines and water infrastructure.
- Maximizing the reuse of treated waste water in agriculture. (Larnaca's and west Nicosia's projects are under construction and estimated to be completed until 2025).
- Promotion of water pricing policy.

All water projects proposed in the Recovery and Resilience Plan or in the Cohesion Fund as well as in the National Budget have as common goal the implementation of the Governmental Policy and Strategy in the management of water resources as it is formed for the next decade. So, there is a horizontal complementarity between the various funds with the following main project categories and characteristics:

- Enhancing water supply systems and ensure water adequacy.
- Improve infrastructure and water quality, water resource management efficiency and operational capacity.
- Full implementation of wastewater treatment facilities.
- Increasing the reuse of treated wastewater in agriculture.
- Smart water and sewerage networks monitoring.
- Flood protection and promote adaptation to climate change.

It should be noted that one of the Government's basic priorities on Water Sector is the National Implementation Program for Urban Waste Water Treatment Directive 91/271/EEC compliance. The EC is referring Cyprus to the Court of Justice of the EU over its failure to ensure that in 31 agglomerations all waste water is collected and treated. The current situation is: 2 aggl. have been constructed, 13 are under construction and 5 proposed to be co funded during Cohesion Fund 21-27. For remaining 11 aggl. The Government have been decided to revise its contribution to Municipalities where the works are not viable through sewerage fees.

➤ Main RRP Reforms and Investments:

Water Resource Management Reform

The Reform aims to promote actions addressing structural weaknesses in the water resource management in Cyprus. A High-level Working Party intends to serve as a body for cooperation between the various water management authorities with common purpose to improve efficiency and

sustainability. At the same time, it will also serve as a coordination and monitoring body for the implementation of the investments and action to be proposed. The Working Party will try to identify and propose an action plan with the necessary regulatory and adaptation measures to be promoted within the next 10-15 years, based on four measure categories:

- Assist the merging of District Water & Sewerage Boards.
- Reduce non-revenue water.
- Improve water reuse.
- Enhance the safety and sustainable operation of WDD's infrastructure.

A significant number of studies have been included, including those required for compliance with regulation EU 2020/741 for potable water like Risk assessment and risk management of catchment areas and supply system and assessment of water leakage levels using the Infrastructure Leakage Index. The aforementioned studies will be completed on 2023.

New legal framework for Local Authorities and relevant support measures

Part of this Reform is creating of five District Organizations for Local Administration which undertake the water supply, sewerage and solid waste management as well as issuing of urban planning and building permits on a district level. The relevant legal framework was adopted by the House of Representatives in March 2022.

The main investments are included in the following measure categories:

Measure Category 1: Improve infrastructure and water quality.

Investment 1: Choirokoitia-Famagusta Conveyor Replacement (Replacing of a 50 years old potable water WDD's conveyor to minimize water losses, improve water supply security and efficiency). It is expected that within 2023 the required studies for the implementation of the project will have been completed.

Investment 2: Water Treatment Plants upgrade for water quality improvement (WDD will implement technological refurbishment to maintain the ability of the water treatment plants to produce top water quality water). Currently the WDD is in the Tendering Procedure for the implementation of an activate carbon unit at one of water treatment plants.

Measure Category 2: Improve water resource management efficiency and operational capacity of the competent authorities.

Investment 3: Integrated Monitoring and Control Management System (An integrated platform will be established in WDD's system aim to address various challenges, including water quality, flood management, water demand management and water allocation for irrigation purposes, energy efficiency as well as cyber-physical security). An agreement is jointly prepared between the Water Development Department and KIOS - Center of Excellence (University of Cyprus) that will undertake the preparation of the requirements analysis and system design document. The agreement is expected to be signed by end of April 2022.

Investment 4: Smart Water and Sewerage Networks Monitoring (Implemented to Water and Sewerage Boards The objective of the investment is to enhance operational and energy efficiency of water and sewerage organisations through the digitalisation of Larnaca Sewerage and Drainage Board, Larnaca Water Board and Water Board of Limassol. As regards the installation of photovoltaics at the Larnaca Wastewater Treatment Plant (which consists of two contracts of 150KW and 550KW), the photovoltaic system of 150KW has been procured and is expected to be installed by July 2022, whereas the photovoltaic system of 550KW is expected to be procured by July 2022.

Measure Category 3: Ensure water adequacy and adaptation to climate change

Investment 7: Eastern Nicosia infrastructure for wastewater treatment's effluent re-use (increase the use of treated wastewater to achieve the full utilization of the quantities of recycled water). The objective of the investment is to increase the storage capacity of a Wastewater Treatment Plant in the area Vathia Gonia to enable the utilisation of the whole treated wastewater amount. The tender documents for the construction of a winter storage reservoir are currently under preparation and the tender is expected to be procured by July 2022.

➤ **Main reforms and investments undertaken outside the RRP framework:**

Main Investments in Water Sector funded by the Cohesion Fund:

- Vasilikos – Nicosia Conveyor Project. A two phases main water project which is under construction and is expected to be completed on 2024 (Phase A) and 2026 (Phase B).
- Kokkinokremmos Conveyor Project.
- Water supply network replacement in urban areas.
- Smart water and sewerage networks monitoring.
- Polis Chrysohous Sewerage System.
- Larnaca's Phase C Sewerage Collection System.
- Larnaca's re-use of treated wastewater.

Investments Funded by other sources:

- Western Nicosia infrastructure for the re-use of treated wastewater. Agricultural for Rural Development Fund (EAFRD).
- Aradippou anti-flood Dams.

The Water Development Department is currently planning (technical, financial and environmental evaluation) the following water projects to be included in the National Budget:

- New Water Treatment Plant at Choirokoitia.
- Choirokoitia – Famagusta Conveyors Replacement (Phases B & C).
- New Desalination Plant for eastern Limassol water supply.
- Polis Chrysohou's area water supply project.
- Limassol's re-use of treated wastewater.
- Agia Napa & Paralimni re-use of treated wastewater
- Sewerage systems in rural communities <2.000 population equivalent (p.e.).

The Ministry of Agriculture, Rural Development and Environment taking into consideration the National Strategy in water resource management and especially:

- the proposed projects in THALIA (PP 2021-2027),
- the proposed projects in National RRP,
- the current and planned projects in National Budget,
- the needed contribution to Municipalities for construction of remaining sewerage projects under the National Implementation Program of UWWT Directive 91/271/EEC,
- the necessary investments for implementation of the new Drinking Water Directive and
- the drought control measures included in the relevant Strategy Plan,

will submit a proposal to the Council of Ministers for the approval of the 10-year National Investment Plan in water sector of Cyprus. The procedure is expected to be finalized in May 2022.

Cross-reference to CeSaR and Fenix Tables:

CeSaR Table:

CSR 2020: 3, Subpart 5

CSR 2019: 4, Subpart 2

Fenix Table:

Milestone CY-C[C2.3]-I[I3]-M[71]

Milestone CY-C[C2.3]-I[I4]-T[74]

Milestone CY-C[C2.3]-I[I7]-M[82]

3.8.6 Improving the conservation status of habitats of community interest (biodiversity)

According to Article 17 of the Habitats Directive (HD)-Reporting- the results of the assessments of the conservation status of habitats for the period 2013-2018 shows that 45,24 % have a good conservation status and 43,76% are at an unfavorable conservation status: 8,05 % poor and 35,71 % bad. Of the CY habitat groups that were reported on, over 35 % of dune habitats and fresh water habitats, have a bad conservation status. These habitats also have the highest proportion of deteriorating trends (almost 30 %). For the current reporting period (2019-2024) efforts will focus on monitoring and improvement of habitats in bad or unfavorable conservation status.

The Natura 2000 network adequately covers the terrestrial area of Cyprus. Some sites have been expanded and some have been newly designated to cover minor insufficiencies. At the same time efforts are focusing on offshore marine areas for the protection of marine habitats by designating a large marine area (Oceanid) as a Special Protection Area in 2022. Further research is currently underway to identify other possible areas for protection.

The competent authorities are now in the process of preparing Ministerial Decrees for all Natura 2000 sites to achieve specific targets, impose specific prohibitions and improve conservation status for the next Reporting period.

Additionally, significant steps have been taken to improve the implementation of Article 6(3) of the Habitats Directive, to ensure that all plans and projects undergo appropriate assessment and do not cause damage to habitats and species. Capacity building activities are underway to further increase knowledge and expertise.

A LIFE Nature Integrated Project that has a 10-year implementation period (2019-2029) and a budget of almost €17 mil. is aiming at directly improving the conservation status of species and habitats of community interest in the N2K network in Cyprus in the areas under the effective government control, based on the Prioritized Action Framework (PAF). The project includes actions affecting the whole network and other actions affecting certain species and habitats in 35 N2K sites. A total of 14 partners (Competent Authorities, Universities, NGOs and SMEs) joint forces in this long-term ambitious project, that is about to enter the 2nd phase (4 in total), progressing from Preparatory Actions (1st phase mainly) to the Concrete Conservation Actions.

➤ **Main reforms and investments undertaken outside the RRP framework:**

Competent authorities for the management of the Natura 2000 sites (Department of Environment, Department of Forests, and Department of Fisheries and Marine Research - Ministry of Agriculture Rural Development and Environment- and Game and Fauna Services -Ministry of Interior), designated and implement measures for the protection, conservation and improvement of habitats and habitats of the species. Currently measures are implemented mainly through national funds, LIFE and Interreg projects and the Rural Development Plan.

Measures are prioritized for those habitats and species with high pressures and threats. In order to achieve EU Biodiversity Strategy for 2030 targets MS are expected to develop a National Pledge for the 30% improvement targets for habitats and species. The CY National Pledge will include habitats and species with unfavorable conservation status and deteriorating trends in order to improve status, as well as sites with high pressures and threats.

3.8.7 Promoting education, training and skills for the green transition

Acknowledging the importance for the green transition the Government included in its priorities the implementation of various training programmes aiming at the education for farmers in the fields relevant to green intervention but also for young professionals and students in order to study agriculture related topics.

➤ Main RRP Reforms and Investments:

Upskill the existing farming community and professionalise future labour force by investing in human capital

The objective of the measure is the upskilling of the farming community, through knowledge transfer and the promotion of innovation. Promotion of education, acquiring of skills and formal training for young professional will be supported by offering scholarships to Cypriots, secondary school graduates, who are willing to study Agriculture related degrees in Cypriot Universities.

The investment shall consist in the granting of ten scholarships in the agricultural sector The grants will be available on yearly basis. The scholarship requirements, conditions and the procedure are under preparation.

Training programmes for the acquisition of knowledge and skills related to the green economy

(Please refer to subsection 3.6.11).

Training programmes for the acquisition of knowledge and skills related to the blue economy

(Please refer to subsection 3.6.11).

➤ Main reforms and investments undertaken outside the RRP framework:

Educational programs for farmers and livestock breeders

The Department of Agriculture has established an Advisory System through which it organizes and provides, among other actions, various educational programs aimed at farmers and livestock breeders.

These programs are organized mainly by the District Agricultural Offices and are financed from the State Budget. In the framework of these training activity, farmers are provided with programs relevant to the Green Intervention. Examples include programs for the Usage of Plant Protection Products, the correct usage of sprayers, the development of alternative energy sources, the welfare of animals, the more effective and efficient usage of water, etc. The organization and implementation of training programs are carried out on a continuous basis.

Vocational training and skill development actions for existing and young first-time farmers

The Department of Agriculture implemented the above measure through which training programs are organized both for existing and young first-time farmers. The topics of the training programs include, among others, topics relating to the use of plant protection products, the correct use of sprayers, the development of alternative energy sources, the welfare of animals, the more effective and efficient use of water, etc. Everybody who is engaged in agriculture and animal husbandry, has the possibility to

participate in these programs and a small financial support is provided to them. During the period 2016-2021, 109 training programs were organized, in which 2238 beneficiaries participated. The implementation of the Sub-measure will be completed within the current year. However, a similar measure has been planned for the next programming period 2023-2027.

Cross-reference to CeSaR and Fenix Tables:

CeSaR Table:

CSR 2020: 3, Subpart 4

CSR 2019: 3, Subpart 2

Fenix Table:

Target CY-C[C3.1]-I[I3]-T[95]

3.9. Facilitating the digital transition

Subsections:

3.9.1 Promoting education, training and skills for the digital transition.

3.9.2 Improving the digitalization of the public sector.

3.9.3 Ensuring adequate access to communication infrastructure.

3.9.4 Enhancing integration of digital technology in business activities.

3.9.5 Enhancing the level of online interaction between the public authorities and the general public

3.9.1 Promoting education, training and skills for the digital transition

The Deputy Ministry of Research, Innovation and Digital Policy, under the National Digital Strategy for 2020-2025 and in regards to one of its four portfolios, the digital society portfolio has crafted the “Digital Skills – National Action Plan 2021-2025”, taking into consideration the latest developments in the field, considerably, among others, the goals of Europe’s Digital Decade specifically in the area of digital skills and in full alignment and in support of the “Path to the Digital Decade” Policy Programme. The plan has been adopted by the Council of Ministers on 13.12.2021, with Decision Number 92.305 and is a comprehensive and dynamic plan, stipulating a decisive step in the country’s digital transformation.

The purpose of the Plan is to strengthen the digital fitness and capacity of citizens across the whole spectrum of demographics, social structure and economic activity. Digital skills are an essential prerequisite for learning, working and actively participating in a sustainable and competitive economy and an open and inclusive society. Emphasis is given on actions related to meeting the growing needs of the labour market – both in regards to broad-based digital skills and ICT specialists – but also on redesigning the education system to better utilize digital tools in teaching and learning processes, cultivate the skills of the future and promote the STEM (Science, Technology, Engineering, Mathematics) career path.

Digital education is clearly a policy focus. The enhancement of digital skills in schools and the facilitation of distance learning are promoted by the MoECSY through specific measures (please refer to sub-section 3.6.9).

Moreover, training programmes for the acquisition of digital skills of the unemployed and of people over 55 are important actions promoted by the Ministry of Labour (please refer to sub-section 3.6.11).

➤ **Main RRP Reforms and Investments:**

E-skills Action Plan – Implementation of specific actions

The action plan was finalised after consultation with the main stakeholders involved, namely the

Ministries of Labour, Welfare and Social Insurance, Finance (Cyprus Academy of Public Administration), Education, Culture, Youth and Sports, and the Human Resource Development Authority. Some actions have already been designed and are being implemented, while others are in the design phase.

A Governance Committee, consisting of relevant stakeholders, has been established in the context of the Plan, responsible for monitoring progress and accelerating the Plan's successful and timely implementation, which will be based on set targets, those envisaged under RRP, and included by the interventions of the Ministry of Labour, and specifically by the Human Resource Development Authority and the Cyprus Productivity Centre in skilling, upskilling and reskilling the workforce and people over 55 years old in digital skills, and of the Ministry of Education regarding the digital transformation of schools.

Additionally, the DMRID, also through the function of the Digital Champion, title attributed to the Permanent Secretary of the Deputy Ministry, will re-activate the national Digital Skills and Jobs Coalition, with more than 50 members from the public and the private sector who commit to jointly achieve the objective of a digitally fit society, at all levels, maximizing impact, exploring synergies and collaboration and avoiding duplication of effort.

➤ **Main reforms and investments undertaken outside the RRP framework:**

As regards the public sector, the Deputy Ministry of Research, Innovation and Digital Policy, in collaboration with Cyprus Academy of Public Administration, have collected the training needs in basic and advanced digital skills of the ministries and other independent services. Based on these needs (both in numbers and fields), the two aforementioned bodies are working closely together in designing, delivering and promoting specific and targeted programs. Specifically, a project management course across different public sector bodies, is currently under implementation (with a target group of 420 public employees). Also, a series of targeted programs for upskilling and reskilling more than 13,000 public employees, in selected digital skills areas, such as Microsoft Office, collaboration tools, social media, cybersecurity, teleworking and tele-education tools etc., are under implementation. These programs have been included under European Structural and Investment Funds (ESIF) funding for the programming period 2014-2020.

Moreover, and in addressing the need for culture change in the public sector communication and awareness events are campaigns are also planned for the near future, in various areas, and especially in digital leadership, thus ensuring the engagement of senior level officials in the digital transformation journey of the public sector.

➤ **Resilience and fairness dimension of the green and digital transitions**

High levels of digital competence as well as a mixture of skills, as well as other cross sectoral competences, are a prerequisite to support and embrace the digital transformation of the economy and society. In parallel, an inclusive digital society raises people's digital literacy and encourages them to more actively participate in digital communities and helping them in making informed decisions in the digital environment. Moving towards a digital environment also supports the green transition.

Cross-reference to CeSaR and Fenix Tables:

CeSaR Table:

CSR 2020: 3, Subpart 4

CSR 2019: 3, Subpart 2

Fenix Table:

Milestone CY-C[C5.1]-R[R5]-M[249]

3.9.2 Improving the digitalization of the public sector

In 2021, Cyprus significantly improved its position in the DESI (Digital Economy and Society Index), in terms of their digital competitiveness and maturity, as it is ranked 21st among the 27 Member States, an upgrade of three (3) positions from last year.

A new, holistic National Strategy has been completed and is currently at an execution stage, under the approval of the Council of Ministers and the Minister of Research, Innovation and Digital Policy (DMRID) as the competent executive sponsor for its deployment. A solid governance and KPI metrics for safeguarding proper execution are foreseen and 2021 is acknowledged as a pivotal year for enhanced digital fitness of the society, the entrepreneurial landscape and eGovernment transformation.

The national strategy for digital transformation includes the following pillars:

1. Promote eGovernment by redesigning the Ministry's enterprise architecture and governance model, optimizing our service delivery model, delivering a resilient, robust and secure ICT infrastructure;
2. Deliver a stronger digital economy and increasingly more digital and competitive industries;
3. Facilitate high speed network connectivity and increase take-up;
4. Promote an accessible and inclusive society that has the skills and the motivation to embrace the national digital transformation and actively participate in digital communities;
5. Ensure security in data and infrastructure and increase the trust of the public in the online transactions.

Solid tangible results associated with the deployment of the new National Digital Strategy realized in 2021 in the accelerated deployment of eGovernment citizen services (more than 50 new services deployed), new major digital reform projects and integrated systems realized (in the domain of Justice, Education, Town Planning and Lands & Surveys), amounting to €300 million over a period of 6 years, as well as fast deployment of connectivity and Fiber-to-the-Home FttH for nationwide coverage.

Also, new technologies (AI and Blockchain) have been at the forefront of our focus with excellent results, positioning Cyprus in the leading Member States in Blockchain whereas highlighted by the annual 2020 report of the EU Blockchain Observatory and Forum, Cyprus is one of the three top Blockchain hotspots amongst all EU member states, UK and Switzerland, exhibiting the most sophistication in both their market development and regulatory maturity.

The above-mentioned references are also addressing the issues in sub-sections 3.5.3 and 3.5.4, which are the digitalization of the public sector and the judicial system respectively, as well as the digital transition of the healthcare sector developed by the Ministry of Health, the HIO and the State Health Services Organization (sub-section 3.7.2), while improving digital education also by the Ministry of Education (sub-section 3.6.9).

The measures referred to under this section relate to CSR 4, 2019 and CSR 3, 2020.

➤ Main RRP Reforms and Investments:

Digitalisation in various Central Government Ministries – Services

This investment promotes digitalisation in the following Ministries/Deputy Ministries/Services of the Government:

- Deputy Ministry of Shipping, Ministry of Foreign Affairs,
- Road Transport Department of the Ministry of Transport, Communication and Works,
- Department of Town Planning and Housing of the Ministry of Interior, and

- Directorate General for Growth (specifically for the development of an Information System for the Monitoring of the Cyprus Recovery and Resilience Plan and the development and implementation of Cyprus' RRF Communication Strategy).

The implementation of the investment shall be completed by the end of 2025.

Digital Services Factory

The Cyprus Government has built a new delivery model for the development of end-to-end quality digital services – the **Digital Services Factory** (DSF) model - aiming to improve the quality of life for citizens and businesses by providing 100% of the public services online. The provision of digital services to the public, in a user friendly, efficient and effective way will ultimately facilitate the interaction of citizens and businesses with public services, without the need for physical presence. The DSF will develop advanced digital services following an Agile/Scrum methodology, through redesigning and reengineering of procedures, and following a citizen journey that provides adaptability, response to change, based on user experience. In this context, a framework agreement with the Government Digital Service (GDS) of the UK has been signed for the establishment of this new delivery model based on the UK example gov.uk. Within the scope of the project a DSF multidisciplinary team has been established in the DMRID that works closely with GDS aiming to deliver all the required prerequisites that would allow for the efficient provision of high-quality and user-friendly digital services to the public.

The standards and procedures for the development of digital services have been defined and presented during the official Digital Services Factory Event which was held on 1st of March 2022, organised by the Deputy Ministry of Research, Innovation and Digital Policy. A number of stakeholders (approx. 500) from the private and public Sector participated in this event. During the conference the Digital Services Factory team and model was presented and the draft standards were shared with all the stakeholders. DSF final standards are expected to be published online in May 2022.

The project started in July 2021 and the target is to have the majority of public services online until 2026.

New cloud policy with regard to government IT systems and services

The objective of the measure **Definition and implementation of a new cloud policy with regard to government IT systems and services** is to elaborate the cloud policy of the government, notably the data classification, data residency, the hosting and operation of the government IT systems in the government GCloud (hybrid, public and private Cloud) environment. This will be accomplished through a strategic collaboration with Partnership Deutschland, in the context of a study for redesign and modernization of the architecture of digital infrastructure, data and public information systems. At the same time an Enterprise Architecture Team will be established. As regards implementation, it is noted that the tender documents to acquire Datacenter facilities are completed and the tender is expected to be launched in May 2022. Also, the tender document to acquire Consultancy Services for the definition and design of the G-Cloud is under preparation, anticipating to issue the tender in June 2022.

The project is currently under implementation and it is expected to finish by December 2025.

Integrated Information system for the Registrar of Companies and Intellectual Property

The overall objective is the design, development, implementation, maintenance and operation of an Integrated Registry Platform solution, supporting the processes and services of the Companies Section and Intellectual & Industrial Property Section, with upgraded online capabilities and outstanding customer service delivered by efficient internal processes and supported by flexible IT systems. The basis for the functional specifications of the solution is largely based on the results of the business process reengineering aimed at the streamlining of the procedures and the provision of efficient and faster services. It aims at increasing staff productivity through automation of end-to-end business processes

and enhanced service delivery and provision of services via online channels for assistance, information and clarity. The project is expected to start in June 2022 with an implementation horizon of 2,5 years. It is noted that appeals to the Tenders Review Authority caused delays to the tender evaluation procedure. Contract preparation and signature is expected in early July 2022. Upon signature of contract, the technical specifications of system hardware, software and networking will be defined in collaboration with the contractor. Purchase and installation will follow.

Modernisation of Customs and Electronic Payment System

The upgrade and digitization of the Customs Department envisaged through the project **Modernisation of Customs and Electronic Payment System**, will contribute to safeguarding fiscal stability, increased efficiency, simplification, automation, securing many processes and enhancing transparency, enabling effective policy making and tackling weakness of the past in the area of customs and customs collection. The objective of the measure is the installation and use of electronic customs systems in a single customs environment in the European Union, under the Union Customs Code, facilitating the exchange between Member States of the customs declarations, simplifying and expediting customs formalities and reducing the administrative cost for all stakeholders, thus making revenue collection more efficient. The project started in January 2022 and the target is to have the deployment of the three main systems by the end of 2025.

Development of a new integrated system for the Road Transport Department

The project will facilitate the redesign of the electronically provided services, while taking advantage of B2G and G2G interfaces, and streamlining current processes. The new system will have new architecture, better design and the latest technologies incorporated. As regards implementation, the tender evaluation procedure was completed in December 2021. A hierarchical recourse was however submitted to the Tenders Review Authority in January 2022 and a decision was issued in March 2022. The Tender Board's new decision (after the TRAs decision) was to proceed with notification to the Tenderers, which was sent on 8 April 2022. The contract is expected to be signed by June 2022, provided that there will be no other hierarchical recourse. The project is expected to be fully developed by December 2025

Police procedures digitalisation ("Digipol")

The objective of the reform is to eliminate the use of paper procedures and physical presence of the citizens by moving to digitalized procedures for Cyprus Police. This is expected to be beneficial for both citizens and police officers as procedures shall be simplified and efficient. The project started in corporation with KOIOS Centre of Excellence. Within the year 2022 it is expected that the project Management contract will be signed as well as the collaboration with KOIOS. In 2023 Cyprus police will assign the contract for the construction of the software and hardware for the DIGIPOL online Gate. It is noted that the software needs analysis is completed and the system design phase as well as the specification of the technical requirements are currently in progress (part of the operational requirements phase).

Main reforms and investments undertaken outside the RRP framework:

Reform of the Government's web presence on the internet

The Deputy Ministry of Research, Innovation and Digital Policy is promoting the complete redesign and adoption of a holistic approach to the development and management of government websites with a modern design and communication approach, through the project **Reform of the Government's web presence on the internet**, aiming to create a content and governance structure horizontally and universally for the entire government. The first badge will consist of 60 new websites utilized by the first 18 months of the project implementation.

The measure financed by ESIF 2021-2027 and it is expected to start in May 2022 with an implementation horizon by August 2026.

Ippodamus information system

The **Ippodamus** information system, resulting in the development and implementation of an integrated information system, covering the needs and demands of all Town Planning and Housing Department Sectors as well as the management of Building Permits from the District Administration Offices, was completed in February 2021. Based on the roll-out plan, the implementation of “Ippodamus” system will be completed by July 2022.

New Integrated Information System for the Social Insurance System

This project is included in the Reform of the Social Insurance System and Restructuring of the Social Insurance Services. The implementation of the reform shall be completed by 30 June 2026.

Digitalization of applications for Social Insurance benefits of the Social Insurance Services

As of 7/02/2022 the application for sickness benefit is submitted electronically. The Government is in the process of digitalizing all applications, starting with those which are most widely used by citizens.

Upgrade of the Payment system of the Social Insurance Services

The online system of payment of contributions of the Social Insurance Services “SISnet” was upgraded in January 2021 allowing for the online registration of its users and allowing payment not only with the method of direct debit, but also with the use of credit cards.

Introduction of advanced digital technology for the Public Employment Services

Cyprus Public Employment Services (PES) is in the process of introducing advanced digital technology through ESF+ funding, to cover all the services provided to the clients. The change will entail modifications in the duties, responsibilities and the culture of PES staff and on behalf of the customers, redesigning of objectives and time schedules, organization of workshops and training for all PES staff in order to provide the information and knowledge about new procedures and ensuring a high degree of commitment and understanding by the PES staff.

Digitalization of PES services (substituting the traditional provision of physical services) and distant services (mostly via telephone)

Since June of 2021, the registration of unemployment and their renewals are made through the online platform of PES by the unemployed themselves. PES mediation and matching services are communicated to job seekers via telephone or e-mail as well and the required contact with Employers is done in the same way.

Electronic system for complete management of MECI subsidies

The Ministry of Energy, Commerce and Industry is developing an electronic system for complete management of its subsidy-grants. The project, currently under way, aims to develop a dynamic electronic system that will operate as a central digital platform for the electronic administration of all the Ministry’s funding applications.

The system has already hosted successfully the electronic submission/administration of several schemes, starting December 2019, and is now in progress with gradual development of consequent modules within its scope. The new system already incorporates electronic communication and data interchange with other Government systems through API’s thus utilizing effectively the existing governmental ICT infrastructure (Ariadni e-gateway, Gov. data warehouse and various reusable web-services), reinforcing e-strategy and providing digital scalability.

In parallel to its modular development the new electronic system will gradually host and administer all funding schemes of the Ministry.

Websites of the DRCIP

On 25/1/2021 MECI launched the English version of the two websites of the DRCIP (Companies Section and Intellectual Property Section). Both websites were structured in such a way so as to provide maximum guidance to the public and hence reduce the need for support services.

➤ **Resilience and fairness dimension of the green and digital transitions:**

The twin transition, green and digital, is an essential part of the reforms and investments previously referenced, as through a digitally upgraded and transformed environment, both the efficiency, effectiveness and speediness of the public sector is achieved, which is a decisive factor for economic growth, resilience and development. The measures are expected to improve the existing operating and regulatory framework, introduce new working methods through the use of modern technology, reinforce transparency and improving the overall business environment, with long lasting positive impacts on economic and social resilience, and above all will drive a cultural and mind set change.

Cross-reference to CeSaR and Fenix Tables:

CeSaR Table:

CSR 2020: 4, Subpart 3

CSR 2019: 1, Subpart 1

Fenix Table:

Milestone CY-C[C4.2]-R[R1]-M[224]

Milestone CY-C[C4.2]-R[R2]-M[227]

Milestone CY-C[C3.3]-I[I1]-M[153]

Milestone CY-C[C4.2]-I[I1]-T[233]

Milestone CY-C[C4.2]-R[R3]-M[229]

3.9.3 Ensuring adequate access to communication infrastructure

Cyprus fully shares the vision and the objectives of Digital Compass Communication (March 2021) and stresses the importance of the 2030 digital connectivity targets outlined therein, as well as of the recent follow-up proposal for a Decision establishing the 2030 Policy Programme “Path to the Digital Decade”. The accompanying new governance mechanism and its fundamental elements for monitoring its progress, will help the achievement of those 2030 targets and also the implementation of the Connectivity Toolbox, which undoubtedly contributes towards this direction. Cyprus allocated a significant part of the RRF funds to reforms for digital, including several broadband connectivity projects.

The performance of each EU member State as regards its digital transformation are expressed in the Digital Economy and Society Index (DESI) issued by the European Commission every year. In accordance with the latest DESI 2021 results, Cyprus is at the 24th position out of 27 Member States in connectivity scoring 41.8, compared to 50.2 the EU average, a classification which is deemed to be non-satisfactory. Cyprus lags behind in ultrafast broadband coverage, fast broadband uptake and ultrafast broadband uptake, and the broadband price index. The current situation in Cyprus demonstrates very low fibre deployment for very high-capacity networks (mainly in urban areas and almost non-existing in rural). The spectrum auction for 5G (700MHz and 3.6GHz) was allocated in December 2020 and the first commercial 5G network was announced in February 2021 by the incumbent.

The Cyprus Competiveness Report 2019 also finds that connectivity is a weak spot for Cyprus, along with human capital (i.e. digital skills), which are both below the EU average. Potentially, this creates the possibility of a negative cycle, whereby low internet speeds, low broadband penetration and high prices

create a barrier to digital adoption and acquisition of digital skills. Conversely, low digital adoption and acquisition of digital skills constrain demand for broadband internet and hence restrict incentives for suppliers to roll-out infrastructure investments and services.

The reforms and investments under this section relate to the implementation of CSR 4, 2019 and CSR 3, 2020.

➤ **Main RRP Reforms and Investments:**

Empower the National Regulatory Authority (Office of the Commissioner of Electronic Communications & Postal Regulations), to ensure that regulatory conditions are favourable to help bridge the gap with private investments, in particular by assuring regulatory certainty and contribute in addressing affordability of broadband services for the end-users. Secondary legislation has entered into force in 31st of March 2022, and will cover the main aspects related to surveys such as the type, the degree of analysis and the form of the required information, as well as the persons from whom the required information is requested. The geographical survey of the reach of electronic networks capable of delivering broadband networks and physical infrastructures based on Article 22 of the European Electronic Communications Code was also launched on 31/03/2022 on OCECPR's website at https://ocecpr.ee.cy/sites/default/files/launch_of_survey.pdf. The objective of the measure is to facilitate and accelerate investments in Very High-Capacity Networks (VHCN) by providing stakeholders with the relevant information to improve transparency and enhance the incentives for market operators to invest faster in VHCN, thereby increasing connectivity in Cyprus.

Empower the national Broadband Competence Office (Department of Electronic Communications of the DMRID), as the single point of contact for public investment and cooperation with private investors and facilitator of the necessary administrative procedures, as well as a primary contributor to the preparation and implementation of the common Union Toolbox for Connectivity. In October 2021 a contract was signed between DG Reform and PWC for the Technical Support of this Reform. The implementation of the reform shall be completed by 30 June 2024. The technical support will also provide assistance regarding preparation work for the following:

- (i) **Expansion of Very High-Capacity Networks in underserved areas**, aiming to close the relevant investment gap in order to reach connectivity targets for very high-capacity networks, as set above for fibre and 5G, through a public tender addressed to telecom operators, in areas of no private interest. In this regard, the technical support will assist the Department of Electronic Communications of the DMRID - DEC for the successful preparation of the Investment, including state aid notification and preparation of the tender documents. The implementation of the investment shall be completed by 31 December 2025.
- (ii) **Enhance building cabling to be “Gigabit-ready” and promote connectivity take-up**, in order to encourage end users to connect with very high-capacity networks, deployed close to their residence, through the reduction of cost of (a) internal cabling and (b) connection fee (the once-off setup fee of broadband service). The technical support will also assist DEC for the state aid notification and the preparation of the implementation guide of this investment. The implementation of the investment shall be completed by 30 June 2025.

Submarine link to Greece, by creating a new submarine link that will connect Cyprus with Greece, providing interconnection to the region’s most important internet exchanges (Athens, Sofia and Chania). The DEC has completed a Request of Interest (RFI) between all interested parties and currently is in the process of evaluating the responses and the next actions to be taken in order to proceed with the investment. The implementation of the investment shall be completed by 30 June 2026.

Smart Cities: The Deputy Ministry of Research, Innovation and Digital Policy, pursuant to a relevant Council of Ministers' decision on 13/11/2020, has been assigned to take the leading and coordinating role in developing a nation-wide strategy on smart cities, by orchestrating the existing on-going initiatives and including them in a nationwide plan, enhanced and complemented with additional initiatives. DMRID is currently conducting a study, which is being implemented by consultants with subject-matter expertise on smart cities strategic planning and architecture, whose outcome will be the framework, functional and technical specification for building a 'CY Smart City Platform', to support vertical solutions from various providers (vendor-neutral), as is required by each municipality's needs, taking into account the various projects that certain municipalities have implemented or are in the process of implementing. It is mentioned that the study started in November 2021 and will be completed by May 2022. The implementation roadmap includes the following smart city solutions to run on the CY Smart City Platform: Smart parking, Smart lighting and Smart waste management, and is expected to be completed by June 2026.

➤ **Main reforms and investments undertaken outside the RRP framework:**

Broadband Plan of Cyprus 2021-2025

The Department of Electronic Communications of the Deputy Ministry of Research, Innovation and Digital Policy announced the Broadband Plan of Cyprus 2021-2025 in November 2021. The new Broadband Plan, funded by national funds, focuses on expanding ultra-high-speed networks coverage and demand by utilising EU funding and other State aid resources. It is a roadmap that aims to strengthen and develop new infrastructure, technologies and connectivity services. The plan includes a set of interventions at legislative and regulatory level currently funded by RRP, but also actions of practical support for the development of broadband infrastructure, and sets the following connectivity targets, to be achieved by 2025:

- Gigabit connectivity for all main socio-economic drivers,
- All premises in organized communities (urban or rural) to have access to internet connectivity offering a download speed of at least 100 Mbps, upgradable to 1 Gbps,
- 100% of the population living in organized communities (urban or rural), and all major terrestrial transport paths to have uninterrupted 5G coverage with a download speed of at least 100 Mbps,
- 70% of households to have an internet connection (take-up) with a download speed of at least 100 Mbps.

The Republic of Cyprus effectively transposed the European Directive 2018/1973/EU on establishing the European Electronic Communication Law into the national legislation in March 2022. The new legislation contributes to connectivity through VHC networks, faster time-to-market for spectrum resources and timely 5G deployment, alongside the take-up of 'Internet of Things' applications and innovative services. It ensures that connectivity for citizens and businesses is at affordable prices, through sustainable competition and universal service when needed. It also provides better protection for end-users, addressing new and emerging rights issues based on market developments.

➤ **Single Market**

Cyprus is in line with the EU's 2025 5G and Gigabit connectivity objectives as set out in the "Connectivity for a Competitive Digital Single Market - Towards a European Gigabit Society" Communication and the "2030 Digital Compass: The European way for the Digital Decade" Communication. The European Commission presented the vision of European Society, Gigabit Society, where the availability and adoption of high-capacity networks will allow the wider use of products, services and applications in the Digital Single Market. The said communications confirm the significance of internet connectivity for the digital single market and the requirement of Europe to further develop the appropriate networks to ensure its digital future.

Thus, the main objective of the RRP proposal is to bridge divides and ensure an inclusive digital transformation. Ensuring adequate access to communication infrastructures for all citizens is essential for the realization of the opportunities of digital transformation. A number of divides exist in society including differences in access to broadband between rural and urban areas, and divides along gender, age, income and education. Bridging the gaps is needed to ensure an inclusive digital transformation so that the opportunities are harnessed by all. This will be achieved by:

- ensuring 5G and fibre coverage for 100% of the population living in organized communities, including deployment of 5G along the main terrestrial corridors, and
- enabling universal and affordable access to Gigabit connectivity in all urban and rural areas, including 5G and Gigabit connectivity.

➤ **Resilience and fairness dimension of the green and digital transitions:**

Green Transition

Digital applications and technologies can be powerful tools for advancing environmental protection, nature and biodiversity conservation, circularity, and climate action. Digital infrastructures and devices increasingly consume valuable raw materials and energy along global value and supply chains during design, development, manufacturing and use, and thus can contribute to greenhouse gas emissions, pollution, degradation of nature, biodiversity loss and waste generation.

Ubiquitous coverage with fibre-based networks allows copper switch-off and the replacement of old and dense copper-Central-Offices with modern and fewer fibre-Central-Offices, therefore contributing to the digital transition and the Green Deal, complementing the effort to replace other obsolete or less performant infrastructure by allowing lower energy consumption for broadband networks: optical fibre networks are more energy-efficient than copper networks (which use a much larger amount of active components requiring power), especially in view of increasing traffic volumes due to the data economy.

Digital Transition

The new National Digital Strategy and the new National Broadband Plan (which is in progress), will contribute to ensuring the coherence and reinforcement of the synergies between actions and investment in different areas of the digital economy. Digital connectivity reforms and investments will be structured as coherent actions, anchored into the wider local, regional and national digital transition plans. Investments in appropriate very high-capacity networks, in particular 5G and/or fibre infrastructure deployment projects, has important spillover effects on the competitiveness of the whole digital sector (supply of IT equipment, cloud technologies and solutions, data analytics, AI, high performance computing, etc.), across all sectors of the economy such as health, transport, education, agriculture, smart mobility and also for public administration.

Effective communications networks are very important in a modern society and are a prerequisite for digitalization. Technologies such as artificial intelligence, blockchain, data analytics, Internet of Things (IoT), automated driving, smart cities, robotics etc. require very high speed, almost latency free and secure networks. There are still large gaps in connectivity mainly due to the lack of effective policies, corresponding tools and investment. The deployment of Very High-Capacity Networks is both a prerequisite and an enabler for such services and applications making use of them.

Cross-reference to CeSaR and Fenix Tables:

Fenix Table:

Milestone CY-C[C4.1]-R[R1]-M[214]

Milestone CY-C[C4.1]-I[I2]-T[220]

3.9.4 Enhancing integration of digital technology in business activities

The integration of digital technology in business activities is identified as a challenge for Cyprus, as Cyprus has a mixed performance in this sector. Even though the percentage of SMEs having at least a basic level of digital intensity is above the EU average and Cyprus is doing well on Cloud, being above the EU average, the main challenge remains on the companies that do not yet take full advantage of the use of all state-of-the-art digital technologies. Thus, Cyprus is focusing on the introduction of digital technologies in business activities, acknowledging the benefits that follow, such as increasing the efficiency of systems, products and services.

➤ Main RRP Reforms and Investments:

Scheme for the digital upgrade of enterprises

The Scheme's main objective is to enhance the integration of digital technology in SMEs that are established or to be established in areas controlled by the Cyprus Government.

By Q2 2026, at least 290 SMEs will be supported following submission of payment applications and administrative and on the spot verifications performed by the responsible Scheme Management Team. The Scheme is expected to be announced by Q2 2023. The Scheme has been preliminarily examined by the Technical Committee for RRP schemes and suggestions provided are under assessment by Ministry of Energy, Commerce and Industry in the context of the preparation of the scheme documents. Discussions are also in progress with other relevant Authorities and stakeholders.

➤ Main reforms and investments undertaken outside the RRP framework:

Scheme for the Digital Upgrade of Enterprises

This scheme was included in the Operational Programme 2014-2020 "Competitiveness & Sustainable Development" co-funded by ERDF and national funds, aiming to enhance the integration of digital technology in SMEs that are established or to be established in areas controlled by the Cyprus Government.

By the end of 2021, 371 enterprises have been approved, while 358 enterprises signed the Public Financing Agreement.

The Scheme will be extended and financed under ESIF for 2021-2027. The new scheme will be announced in May 2022.

3.9.5 Enhancing the level of online interaction between the public authorities and the general public

eGovernment projects are developed by DMRID through a 2-tier approach, specifically through the rapid deployment of small-scale digital solutions (microservices) and the parallel long-term implementation of mega e-government projects. There is a holistic approach encompassing all governmental authorities. The ultimate goal is to create an end-to-end high-quality experience for citizens and businesses throughout their interactions and 'touch-points' with the public sector, drive cost efficiencies, enhance reliability, security and resilience, and draw genuine trust in the system and the technologies themselves. Flagship projects of this domain include the Digital Services Factory (through which efficient provision of high-quality online services will be deployed), the implementation of government Cloud-G Cloud, the digital transformation of Courts, the modernization of Customs and Electronic Payment System and the integrated information system of the Registrar of Companies.

➤ **Main reforms and investments undertaken outside the RRP framework:**

Building Blocks:

While deploying digital interventions the following tools are in place:

- Cy Login: provides unified and secured access to the government systems, through online identification process.
- eID: the national eID scheme according to the eIDAS, includes a series of legislations which have been voted by the Parliament in April 2021. According to this legislation, Trust Service Providers (TSP), who will be authorized by the Cyprus Government will be able to provide eID to the citizens above 18 years old. The TSP is obliged according to the legislation to follow a remote server solution using PKI infrastructure (the private keys are kept in an HSM server in the TSP premises). One TSP is already in the process of being authorized by the government (end of February 2022) and will start providing eID to Cypriot citizens during the year. The national eID scheme will be notified this year. The citizens will be able to use eID to access the public eServices through the Cy login mechanism. Cy Login has already integrated with one TSP provider.
- Payment Engine: utilization of the central government mechanism for conducting government payments, through two methods, account payment initiation and debit/credit cards.
- Notification Engine: provides for various communication channels by the government with the public like email, sms.

New integrated information technology system for the HRDA

The Human Resources Development Authority (HRDA) is developing an integrated information technology system which will cover the operational needs and all services provided by the HRDA.

The system contributes to the promotion of the use of ICT and digital skills, both by the HRDA's staff and its partners. The digital portal of "Hermes" (<https://ermis.anad.org.cy>) provides easy access with simple and user-friendly procedures, to all schemes and systems operated by the HRDA, guiding the user in the processing of registration as well as the submission of applications, their processing as well as the monitoring of their progress.

The new integrated information technology system is currently at the final stage of the implementation. At this stage, the digital portal of "Hermes" provides the opportunity to register as an entity (physical person, legal entity, consortium, government body), as well as to acquire the necessary roles (employer, trainer of vocational training, vocational training facility, vocational training centre and centres for assessment of vocational qualifications).

As of 1st January 2022, the applications for participation in the Scheme for the Employment and Training of Tertiary Education Graduates and the Scheme for the Training of the Long-term Unemployed in Enterprises/Organisations are submitted only electronically through the digital portal "Hermes".

By the end of February 2022, 2 712 persons, 530 legal entities, 28 vocational training providers, 21 vocational training facilities and 132 employers have been registered and approved. In addition, 16 applications for implementing a training programme have been approved under the two schemes mentioned above.

It is expected that during 2022 all the schemes and systems operated by the HRDA will be included in the digital portal of "Hermes" and all interested parties will be informed accordingly.

Digitalisation of application for Social Insurance benefits of the Social Insurance Services

(Please refer to subsection 3.9.2).

Upgrade of the Payment system of the Social Insurance Services

(Please refer to subsection 3.9.2).

Digitalization of PES services (substituting the traditional provision of physical services) and distant services (mostly via telephone)

(Please refer to subsection 3.9.2)

Cross-reference to CeSaR and Fenix Tables:

CeSaR Table:

CSR 2020: 4, Subpart 3

CSR 2019: 1, Subpart 3

4. PROGRESS TOWARDS THE UN SUSTAINABLE DEVELOPMENT GOALS (SDGs)

Following the submission of its Second Voluntary National Review in June 2021, Cyprus has been continually making efforts towards achieving the SDGs, despite the economic crisis, the impact of the Covid-19 pandemic as well as the unstable global environment because of the war in Ukraine. To this end, key horizontal and site-specific policy actions are being promoted with Ministries and government departments setting up their own processes, plans, bodies and initiatives to achieve the SDGs and effectively tackle the specific challenges in their own area. Cyprus is ranked 40th among 166 countries, with an overall score of 74.9% (percentage of SDG achievement).

Cyprus over performs in SDG01: No Poverty, SDG03: Good Health and Well-being, SDG04: Quality Education, and SDG07: Affordable and Clean Energy, for which the country reached more than 90% of achievement. On the other hand, it underperforms, scoring less than 60% of achievement, in SDG02: Zero Hunger, SDG9: Industry, Innovation and Infrastructure, SDG12: Responsible Consumption and Production, SDG14: Life Below Water, and SDG17: Partnerships for the Goals. For the remaining SDGs, the performance of Cyprus can be considered as average, since the overall achievement score ranges from 60-90%. For 12 out of the 17 SDGs the performance of Cyprus has improved, while for the remaining 5 it has worsened. The biggest improvement in performance is observed in SDG09: Industry, Innovation, and Infrastructure, followed by SDG17: Partnerships for the Goals, SDG12: Responsible Consumption and Production and SDG14: Life Below Water. It should be pointed out that the SDGs in which the performance of Cyprus has improved are the ones for which the country was previously seriously underperforming. The biggest decline in performance is observed for SDG11: Sustainable Cities and Communities, and SDG06: Clean Water and Sanitation.

Green transition

The transition towards environmental sustainability is the area in which the performance of Cyprus suffers the most relative to the majority of EU countries. In particular, the main challenges that Cyprus faces concern sustainable agriculture, water scarcity and sustainable waste management, energy efficiency; the elevated level of greenhouse gas emissions. Nevertheless, Cyprus has overachieved the Renewable Energy Sources (RES) target for 2020, maintains the excellent water quality of its bathing sites, and is currently in the top 5 EU countries in the surface of terrestrial sites which are protected within the framework of Natura 2000.

Despite the huge challenges Cyprus faces towards the green transition, it continues to make efforts for the improvement of all its environmental indicators, so as to reach the 2030 climate targets and decarbonisation by 2050. Major investments have been planned and are scheduled in renewable energy, in the transformation of the network as well as the introduction of smart meters in power distribution. The import and use of natural gas will contribute towards energy efficiency in power generation, in households, businesses as well as in transport infrastructures. Moreover, both electricity storage and interconnections are highly important as they will enable the faster integration of renewables to the electricity system and the export of produced renewable electricity. For storage, the relevant legal framework is under preparation while funding schemes are in the pipeline. The EuroAsia Interconnector project for the electricity interconnection between Cyprus, Israel and Crete is planned to operate by 2025.

At the same time, agri-environmental measures and eco-schemes will be introduced in order to significantly reduce Cyprus' underperformance in sustainable agriculture by promoting practices that reduce the need for pesticides, increasing the budget for organic farming, together with significant higher target for land under organic, measures that include the substitution of chemical fertilisers.

Regarding water reuse, two major recycled water schemes funded by various European funding sources

(including the European Investment and European Development Bank) are currently under way, while, by 2027, Cyprus aims to fully implement all necessary sewerage plans in order to comply with the EU Urban Waste Water Treatment Directive regarding the percentage of wastewater load collected and receiving secondary treatment. Additionally, through the implementation of the Action Plan for the Circular Economy, Cyprus is geared towards creating a sustainable consumption culture among citizens and the industry (manufacturers/entrepreneurs) as well as provide incentives to the industry to invest in the circular economy.

Social fairness

Cyprus continues to make progress in reducing poverty in all its forms by decreasing unemployment and income inequality, increasing employment and incomes, and implementing targeted welfare schemes. Cyprus ensures high standards of healthy living and well-being, having recently rolled out its national healthcare system providing equal access to quality healthcare for all.

Regarding gender equality, Cyprus ranks among the 10 countries with the smallest gender pay gap but falls behind in the representation of women in politics and women who hold leadership positions in the public and private sector. Focusing on the protection of vulnerable groups, increased efforts have been made to prevent and combat domestic violence and sexual abuse against women and children, and human trafficking. A major challenge that Cyprus faces is the integration of immigrants, due to the high volume of first-time asylum seekers.

The percentages of Cypriot students underachieving in reading, mathematics, and science have raised concerns within the Cyprus Government, which has started making efforts towards improving in this field with the re-operation of the STEM education programme in nine All-Day Optional schools (Primary Education), the promotion of compulsory education from the age of four, the adoption of a Literacy Program (running in all Gymnasiums). The provision of second chance education and lifelong learning is also taking place with the functionality of five Evening Schools, which are addressed to adolescent students (Secondary Education).

Concerning the promotion of gender equality, efforts are focused on minimising inequality of opportunity via education with the adoption of Science, Technology, Engineering, the Arts and Mathematics (STEAM) and Science, Technology, Engineering and Mathematics (STEM) education projects and also training at the school level as well as centrally.

At the same time, Cyprus continues to make progress in reducing poverty in all its forms. Measures for the reduction of prices on electricity tariffs have been implemented as well as financial incentives for upgrading the energy efficiency of houses and installation of Photovoltaics with the net metering method for the protection of vulnerable consumers. Contributing to gender equality and to the reduction of the risk of poverty are measures regarding the expansion of affordable childcare centres enabling the entry of care takers in the labour market, particularly women with children.

Macroeconomic Stability/Digitalization

Cyprus recognises the need for measures and actions that will accelerate performance in industry, innovation, and infrastructure. Thus, various Schemes have already been adopted and are planned for the modernisation and digitalisation of enterprises engaged in manufacturing and trading of agricultural products, the enhancement of Large Enterprises' Competitiveness in the Manufacturing Sector as well as the enhancement of Circular Economy in the Industry.

Cyprus aims to boost the digital transformation of the country, covering a wide range of technological, economic and societal innovations. With the adoption of the National Digital Strategy, Cyprus aims to become a fit-for-the-future society and knowledge-based economy enabled by digital and emerging

technologies that will drive economic prosperity and competitiveness.

Even though Cyprus showcases an increasing employment and decreasing long term unemployment rate, the percentage of young people neither in employment nor in education and training remains a challenge at 14.1%, just above the EU average, of 12.6%. To this end a scheme is promoted with a budget of a €10 million aiming to increase the employment opportunities of Young People (aged -15-29 years old) Not in Employment or in Education or Training (NEETs) through the economic support of employers, to create new jobs, and to support youth to upgrade their digital competence and efficiency. The Scheme for the Employment and Training of Tertiary Education Graduates also provides opportunities to tertiary education graduates who are under 30 years old to secure a suitable job and acquire work experience and specialised knowledge and skills.

Cyprus also makes considerable efforts towards the objectives of justice and strong institutions that will contribute to a strong business environment. To this end, a comprehensive Anti-corruption Strategy along with the necessary legislation has been prepared. The newly established Independent Authority against Corruption will undertake all necessary initiatives and actions to ensure the coherence and effectiveness of the actions of the public service, the broader public sector and the private sector in the prevention and fight against corruption.

A very ambitious reform is also promoted to enhance the Judicial system with the introduction of an electronic court administration system to digitalise the operations of courts. Furthermore, reforms towards improving the administrative capacity, and the functioning of public administration for better policy making and implementation will serve towards more just and well-functioning public services, while supporting the sustainable growth of the economy of Cyprus.

Building Forward Better— Next Steps

Cyprus' economic model is in the process of changing in order to reflect the ambitions of its society and to become more sustainable, livable and more resilient to shocks. The adoption of a Long-Term Strategy focuses on introducing a robust new growth model reflecting the country's potential for economically, socially and environmentally sustainable long-term growth and welfare. Although economic performance is important for growth, the broader implications for competitiveness, productivity, innovation, skills and sustainability are equally important. As a result, the new growth model of Cyprus builds on the premises of diversification, resilience, self-sustainability, liveability, the green economy, digitalisation as well as inclusiveness.

At the same time, a solid, secured, integrated and modern Government digital architecture is critical towards achieving the transformation to a digital Government and society. Digitalising the Government services will enhance the efficiency and/or enable the provision of online, secure and prompt services to citizens and society, in a user friendly, efficient and effective way which will ultimately facilitate the interaction with public services. Digitalisation is advancing and major RRP and ESIF resources will be allocated to it.

In supporting the reduction of existing gender gaps in employment, pay and representation in decision-making positions, measures will be promoted towards reskilling and upskilling, securing better education and life-long training as well as affordable early childcare services, providing the support and creating the conditions necessary to allow for better accessibility to a wider spectrum of employment opportunities.

Cyprus government envisions towards the SDGs becoming a real policy and action agenda that will enhance the well-being of people everywhere. A preliminary overview of the sustainable development governance in Cyprus pointed to the need for strengthening the country's SDG coordination mechanism

and utilize it as an effective tool not only for conducting regular reviews of progress at the national level, but also for informing sectoral policies and programmes with SDGs, improving horizontal coordination and coherence of policies across sectors as well as provide for regular engagement with other stakeholders outside of Government such as civil society organisations or local authorities.

5. UTILISATION OF EU FUNDS

Cohesion Policy Funds

The utilization of the European Union's Cohesion Policy resources is based on multi-annual programming documents, prepared by each Member State and submitted to the European Commission for approval. This is the Partnership Agreement, which constitutes the broader strategic document and the Operational Programmes, which further elaborate the Partnership Agreement into specific priorities/actions.

Programming Period 2014-2020

Regarding the programming period 2014-2020, it is noted that by the end of 2021, Cyprus has achieved its annual absorption targets for all Operational Programmes within the competency of Directorate General (DG) Growth as the Managing Authority for Cohesion Policy Funds in Cyprus: a) "Competitiveness and Sustainable Development b) "Employment, Human Resources and Social Cohesion" and c) "Food and/or Basic Material Assistance to the Most Deprived". According to the official statistics of the European Commission, Cyprus is among the best performing Member States in terms of Cohesion Funds absorption.

Programming Period 2021-2027

In relation to the programming period 2021-2027 - and after the agreement reached in July 2020 on the new Multiannual Financial Framework 2021-2027 at European Council level - the European Commission has proceeded (September 2020) to calculate the exact allocations of the Member States under the Cohesion Policy Funds. In the context of this envelope, Cyprus will receive a total of € 968 million for the new programming period, under the framework of Cohesion Policy.

The distribution per Fund is as follows:

- € 467 million under the European Regional Development Fund (ERDF).
- € 222 million under the European Social Fund + (ESF +).
- € 178 million under the Cohesion Fund.
- € 101 million under the Just Transition Fund.

In addition to the allocations for Cohesion Policy for the period 2021-2027, Cyprus has also received in the context of Next Generation EU an additional allocation of € 132 million for the 2014-2020 Cohesion Policy Programmes, under REACT EU.

In terms of programming, DG Growth has already proceeded with preparation of a single Operational Programme for Cohesion Policy funds entitled "THALIA 2021-2027" (Greek acronym for: Foundations for Change, Prosperity, Equality and Growth), which aims to support and enhance the competitiveness and robustness of the Cypriot economy through smart, digital and green investments, while promoting healthy employment and social cohesion.

Its structure is based on the five EU Policy Objectives for the period 2021-2027, which are in full alignment with the national development objectives, as described in the: a) Government Strategy Statement 2021-2023, b) Long-Term Strategy for Sustainable Growth of Cyprus, c) Cyprus Competitiveness Report, as well as d) individual sectoral strategies.

The preparation of the Operational Programme was carried out in consultation with all stakeholders (Ministries, Governmental Services, Bodies/Organizations, economic and social partners, representatives of Civil Society, etc.) taking also into account the projects/actions channeled through the rest of EU funding sources namely: the Recovery and Resilience Facility, the Common Agricultural Policy,

the Common Fisheries Policy and the Asylum, Border and Migration Policies.

Time-wise, in January 2021, the 1st informal draft of the Programming Documents has been submitted to the European Commission, on the basis of which a substantive dialogue/consultation process with the European Commission was launched. The final drafts of the Programme Documents were officially submitted to the European Commission, through the SFC electronic system, on 30 December 2021. Currently, consultations are underway with the relevant Services of the European Commission for the finalization and final approval of Cyprus's Programming Documents, a procedure expected to be concluded before the end of 2022.

In terms of budget, the above mentioned Cohesion Policy allocation for Cyprus is translated to €1,8 bln of public investment (including national contributions) in the context of the "THALIA 2021-2027" Programme. Specifically, the allocation per category of investments is as follows:

Promoting Investments in the fields of Research, Innovation, Digital Transformation and Entrepreneurship (Budget: € 312 million)

- Business Support Schemes:
Subsidization of the cost of starting a new business (or expanding an existing one in the industrial sector), promoting the sectors of CyS3.
- Research and Innovation Programs:
Upgrade and creation of new research infrastructures in research centers, universities and companies. Implementation of research projects by young researchers. Promotion of cooperation between companies and research organizations through specialized grants.
- Digitization Projects in the public sector:
Public service digitalization, office automation systems, digitization of patient records, information systems for the Department of Land and Surveys, electronic connection of schools with the Ministry of Education in order to support the management of educational programmes and grading, creation of smart city infrastructure through digital networks and applications, subsidization of the cost of digital upgrading for existing SMEs and promotion of e-commerce.

Promoting investments in clean energy, cyclical economy and climate change adaptation (Budget: € 780 million)

- Energy upgrade of public buildings, schools, houses.
- Renewable Energy Projects.
- Projects for reduction and recycling of municipal waste, purchase of relevant equipment, education and public awareness, restoration of uncontrolled waste disposal sites.
- Water management and natural disaster protection projects: drinking water pipelines, sewers, replacement of water supply network, smart water meters, flood protection projects and projects for the protection of coastal fronts from erosion (breakwaters).
- Urban mobility projects: creation of bicycle lanes and sidewalks, intelligent traffic light regulation systems, upgrading of bus stops /shelters, creation of priority lanes for busses.
- Biodiversity protection projects: interventions for the management of Akamas National Forest Park and other NATURA areas (forest protection, accessibility, observatories, cleaning).
- Just Transition Fund projects: resulting from a specialized study focusing on projects for the transition to Renewable Energy Sources, energy storage (accumulators/batteries) and for upgrading the electricity network.

Promoting investments for a more interconnected Europe (Budget: € 30 million)

- Upgrading of Trans-European Transport Network (Nicosia South Orbital Ring).
- Intelligent highway and urban road transport systems (variable message signs, automatic traffic meters, cameras with sensors).

Promoting investments for a more social and inclusive Europe (Budget: € 424 million)

- Employment:
 - o Modernization of Public Employment Service: Staffing, digitalization, application of new methods and use of modern tools for serving the public.
 - o Unemployment Schemes: Incentives in the form of employer cost subsidy.
 - o Youth Employment Schemes: Employment, training, mentoring, internship, entrepreneurship.
 - o Activating women in the labor market: employment, subsidizing infant care services, subsidizing tuition in public/community kindergartens.
- Education and Training:
 - o Development of Vocational Education and Training: Development – redesign of the curriculum, cooperation with the industry, laboratory equipment.
 - o School Social Inclusion Activities: psychosocial support, supportive teaching, creative employment.
 - o Workforce Training: Developing skills for unemployed persons (including digital skills).
- Social Inclusion and Fight against Poverty:
 - o Active Integration of vulnerable population groups: Incentive schemes for employing: i) Minimum Guaranteed Income recipients, ii) Long-term Unemployed, iii) People with Disabilities and Chronic Diseases and iv) unemployed people over 50 years old.
 - o Improving Social Services: Reorganization of Social Welfare Services, cooperation with private sector professionals to provide social services, strengthening Local Authorities with social workers, financing the Welfare Benefits Management Service.
 - o Social Inclusion of People with Disabilities: Disability Assessment System, operation of an Autism Center, creation of shelters, provision of home care services to people with disabilities.
 - o Provision of Food and Material Assistance to deprived persons: provision of necessities and care for infants, provision of school breakfast for destitute students.

Promoting investments for sustainable development of urban, rural and coastal areas (Budget: € 180 million)

- Integrated Territorial Development Strategies have been prepared by the Local Authorities for the implementation of actions concerning:
 - o upgrading of open public spaces (squares, parks, etc.).
 - o infrastructure for social services (e.g. multipurpose centers).
 - o upgrading of existing road network in order to promote urban mobility (bike lanes, sidewalks).
 - o infrastructure for promoting entrepreneurship (such as innovation and entrepreneurship centers).
 - o cultural heritage (amphitheaters/theaters).

Furthermore, an amount of **€75 million** has been allocated for **Technical Assistance** actions/projects.

It is noted that the role of the DG Growth as both the Managing Authority for the Cohesion Policy Funds and the competent body for the implementation of the Cyprus Recovery and Resilience Plan has been utilized in order to effectively select and allocate the proposed investments between the two instruments, safeguarding consistency, synergies and complementarity and avoiding possible overlaps

and double-funding. Consequently, the measures have a clear demarcation, whereas sectors with large investment needs are covered by both funding mechanisms.

More specific information as regards the RRP has been provided in the introduction.

6. INSTITUTIONAL PROCESSES AND STAKEHOLDER INVOLVEMENT

Stakeholders' involvement in the context of RRP

The involvement and active participation of the stakeholders, through continuous consultation, has been an instrumental element during the preparation of the RRP and remains so during the implementation phase. The aim of this approach has been to formulate and implement a national Plan widely endorsed by both the society and the country's economic actors.

Consultation has been sought at all levels. Starting from the RRP governance, this is mainly reflected in the set-up of an Inter-ministerial Committee, chaired by DG Growth and consisting of representatives of the Ministry of Finance, the Ministry of Agriculture, Rural Development and Environment (Department of Environment), the Ministry of Energy, Commerce and Industry (Energy Service), the Ministry of Transport, Communications and Works and the Deputy Ministry of Research, Innovation and Digital Policy, to support the preparation of the RRP. The first draft of the RRP resulted through intensive discussions and consultations with all the Ministries/Services, on the basis of their proposals. The involvement of Ministries/Services has been continuous for the finalisation of the Plan, with numerous meetings having been held both at technical level as well as at the higher political level with Ministers and Permanent Secretaries being actively engaged.

As regards the involvement of the political parties, given amongst others the very important role of the House of Representatives in the smooth implementation of the Plan's ambitious reform programme, a relevant technical committee was formed during the preparation of the Plan, on the basis of a CoM decision on the 16th December 2020. The aim of the technical committee, consisting of representatives of all Parliamentary Parties was to thoroughly discuss the content of the Programme and secure political consensus on it. The committee held six meetings between January and February 2021, discussing all Priority Axes and Components of the Plan. Following the meetings, political parties submitted written proposals, which were forwarded and further assessed by the competent authorities.

Furthermore, as it has been agreed, the political parties' technical committee will remain active throughout the implementation of the Plan in order to facilitate its implementation, especially with regards to the great number of reforms planned. The Committee has already met after the initiation of the RRP implementation, following its approval by the EU last summer, while continued dialogue with the House and its political parties, in the context of the RRP, seems to have already borne fruits with a number of bills having been approved after been pending for months or even years before the House of Representatives and having gone through quite lengthy discussions amongst the line Ministries and the competent Parliamentary Committees.

Beyond the political parties, consultation has been held with all key stakeholders during the preparation of the RRP, including local authorities, employers and workers federations and unions, commercial and technical chambers, environmental organisations, youth and other associations. Contribution was submitted by a number of stakeholders and it was duly assessed and taken into account in the final formulation of the RRP.

Finally, the continuous, active and substantial participation and contribution of the Cyprus Economy and Competitiveness Council (i.e. of the national productivity board), throughout the RRP preparation, should be noted. The common needs and targets towards resilience against unprecedented shocks and sustainable growth, led to the inclusion of a great number of reforms and investments in RRP that are fully aligned and consistent with the directions and strategic objectives of the Long-term Economic Strategy (LTES) initiated by the Cyprus Economy and Competitiveness Council.

Consultation remains an important aspect for the RRP, also during the implementation phase, mainly when it comes to the formulation of measures addressed to private sector bodies in order to mobilize additional funds into investments serving to the RRP goals. To this end, all the Implementing Bodies for Aid Schemes included in RRP are expected to consult with the key stakeholders in their sector/area of competence in order to appropriately formulate a scheme corresponding to their needs and better serve to the growth potential for the sector or sub-sector supported. Consultation with regards to RRP aid schemes is also undertaken, when appropriate, through a Technical Committee set up for the examination of these schemes. Finally, consultation is also undertaken for all RRP measures with Competent Authority (i.e. Department of Environment) to secure in advance compliance with environmental legislation, including the Do No Significant Harm (DNSH) principle.