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**Cyprus**\_\_\_\_**tomorrow**  
RECOVERY AND RESILIENCE PLAN

# Cyprus Recovery and Resilience Plan



Republic of Cyprus

BCO Cyprus Event,  
Recovery and Resilience Directorate, DG Growth-Ministry of Finance  
Larnaca, 5 July 2023

# The Cyprus RRP

Κύπρος — το αύριο  
ΣΧΕΔΙΟ ΑΝΑΚΑΜΨΗΣ ΚΑΙ ΑΝΕΚΤΙΚΟΤΗΤΑΣ



Cyprus Recovery  
and Resilience Plan  
2021-2026



## CYPRUS RRP TOTAL INVESTMENTS

€1,2 bln

*from EU Recovery and Resilience Mechanism*

+ more than €1 bln

*additional private funds mobilised in Cyprus*

*(133 measures in total - reforms & investments)*

58

reforms

75

investments

41%

green  
transition

23%

digital  
transition

### An integrated approach towards sustainable growth

CY RRP includes a coherent package of budgeted reforms and public investment projects to be implemented by 2026 and effectively address:

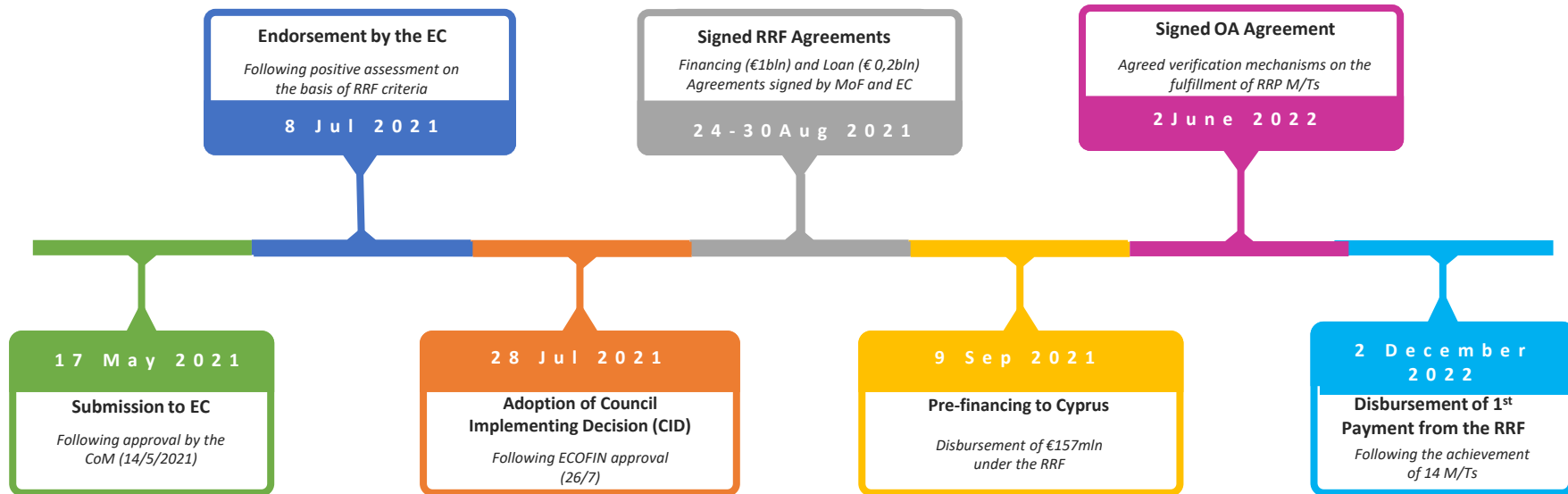
- ✓ **The key challenges** identified by the European Commission for EU economies, in the context of the European Semester, particularly those identified in the Country Reports and the **Country-specific recommendations**.
- ✓ The directions and priorities specified by the **long-term economic strategy** (LTES) being prepared on behalf of the CECC\*, aiming to formulate and implement a **new ambitious, growth model**, to transform Cyprus into a **thriving and prosperous economy**, while encompassing a **fair and inclusive society**

# EC approvals and agreements for the Cyprus RRP

RRP endorsement, CID approval, Financing and Operational Agreements

*Disbursements of pre-financing and 1st payment from the RRF*

# CY RRP submission, approval & financing



# The configuration of the RRP

Strategic goals, policy axis / components, milestones and targets

*Digital Transition / Policy Axis 4 – Towards a digital era / Component 4.1 – Upgrade connectivity infrastructure*

# RRP Cyprus Strategic goals

“Strengthening the economy’s resilience and the country’s potential for economically, socially and environmentally sustainable long-term growth and welfare”

A country with **high levels of resilience, productivity and competitiveness** through a sustainable model of long-term growth

A country where the education system and **workforce development are aligned with the skills needed for the future**

A country with high performance in **Green and Digital transition**

A country with a **resilient health system** that follows best practices from top health systems around the world

A **welfare state** with a strong protection network for those in need of state assistance

A state of **law, transparency and accountability**, with strong anti-corruption mechanisms

*...moving within the framework and directions specified by the long-term economic strategy (LTES)*

# RRP Policy Axis and funds allocation

Policy Axis / Components		Budget € mln	% on total
<b>1</b>	<b>Public health, civil protection and lessons learned from the pandemic</b>	<b>74,1</b>	<b>6,1%</b>
1.1	Resilient and Effective Health System, Enhanced Civil Protection	74,1	6,1%
<b>2</b>	<b>Accelerated transition to a green economy</b>	<b>447,6</b>	<b>37,1%</b>
2.1	Climate neutrality, energy efficiency and renewable energy penetration	269	22,3%
2.2	Sustainable Transport	91,3	7,6%
2.3	Smart and sustainable water management	87,3	7,2%
<b>3</b>	<b>Strengthening the resilience and competitiveness of the economy</b>	<b>422,3</b>	<b>35%</b>
3.1	Diversification of the economy	166,4	13,8%
3.2	Enhanced research and innovation	64	5,3%
3.3	Business support for competitiveness	51,4	4,3%
3.4	Modernizing public and local authorities, making justice more efficient and fighting corruption	96	7,9%
3.5	Safeguarding fiscal and financial stability	44,5	3,7%
<b>4</b>	<b>Towards a digital era</b>	<b>89,4</b>	<b>7,4%</b>
4.1	Upgrade infrastructure for connectivity	53,0	4,4%
4.2	Promote e-government	36,4	3%
<b>5</b>	<b>Employment, education and human capital</b>	<b>172,9</b>	<b>14,3%</b>
5.1	Educational system modernization – upskilling and retraining	94	7,8%
5.1	Labour market, social protection, social welfare and inclusion	78,9	6,5%
<b>Total RRP</b>		<b>1.206</b>	<b>100%</b>
<b>Green Transition</b>		<b>≈ 491</b>	<b>≈ 41%</b>
<b>Digital Transition</b>		<b>≈ 282</b>	<b>≈ 23%</b>

# Component 4.1 - Upgrade infrastructure for connectivity

## Support an Inclusive Digital Transformation

- ❖ Address infrastructure challenges in the area of data connectivity
- ❖ Enhance access to communication infrastructure for all citizens
  - C4.1R1: Empower the National Regulatory Authority (OCECPR)
  - C4.1R2: Empower the National Broadband Competence Office (DEC)
    - ✓ M#216 - Entry into force of the administrative acts for very high capacity networks' deployment, by Q2 2024
  - C4.1I1: Expansion of Very High-Capacity Networks in underserved areas
    - ✓ M#217 – Start (signature of contracts) of very high capacity networks' deployment in underserved areas, by Q4 2024
    - ✓ T#218 & 219 – Expansion and completion of very high capacity networks' deployment in underserved areas (covering at least 10,000 premises by Q4 2024 & 44,000 premises by Q4 2025, in targeted areas)
  - C4.1I2: Enhance building cabling to be “Gigabit-ready” and promote connectivity take-up
    - ✓ T#220 & 221 – Expansion and completion of intra-building Gigabit-ready cabling (support provision of Gigabit connection in at least 24,300 homes by Q2 2023 & 82,000 homes by Q2 2025)



# CY RRP MILESTONES AND TARGETS

**271**  
**Milestones**  
**and targets**

Axis 1: Public Health & Civil Protection (€74,1 ml)

18 Milestones & targets

Axis 2: Accelerated transition to a green economy (€447,6 ml)

66 Milestones & targets

Axis 3: Strengthening Resilience & Competitiveness of the Economy (€422,3 ml)

129 Milestones & targets

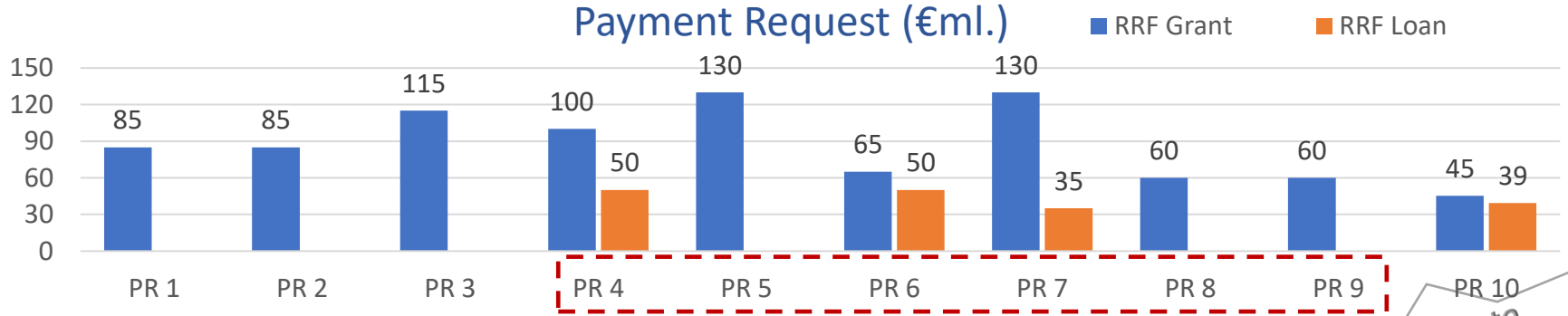
Axis 4: Towards a Digital Era (€89,4 ml)

25 Milestones & targets

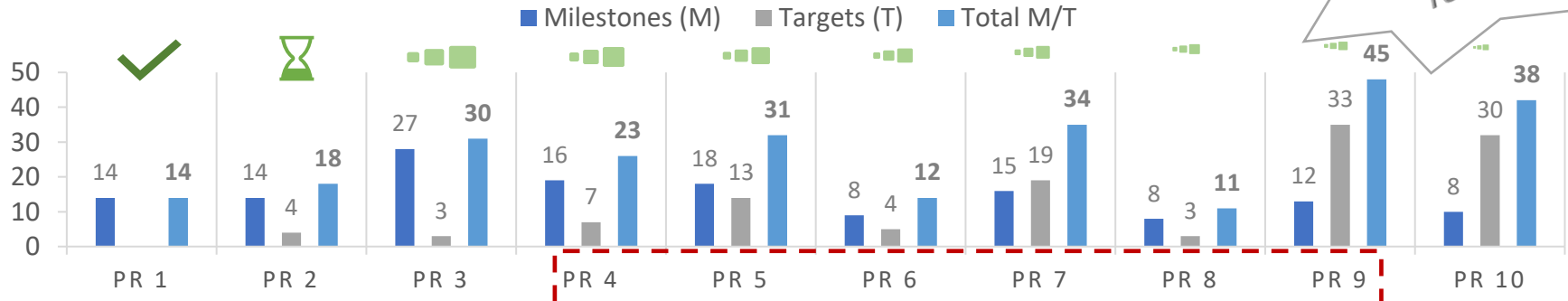
Axis 5: Labour market, social protection, education and human capital (€172,9 ml)

33 Milestones & targets

# CY RRF disbursements plan



## FULLFILMENT OF MILESTONES & TARGETS



Subject to RRP revision

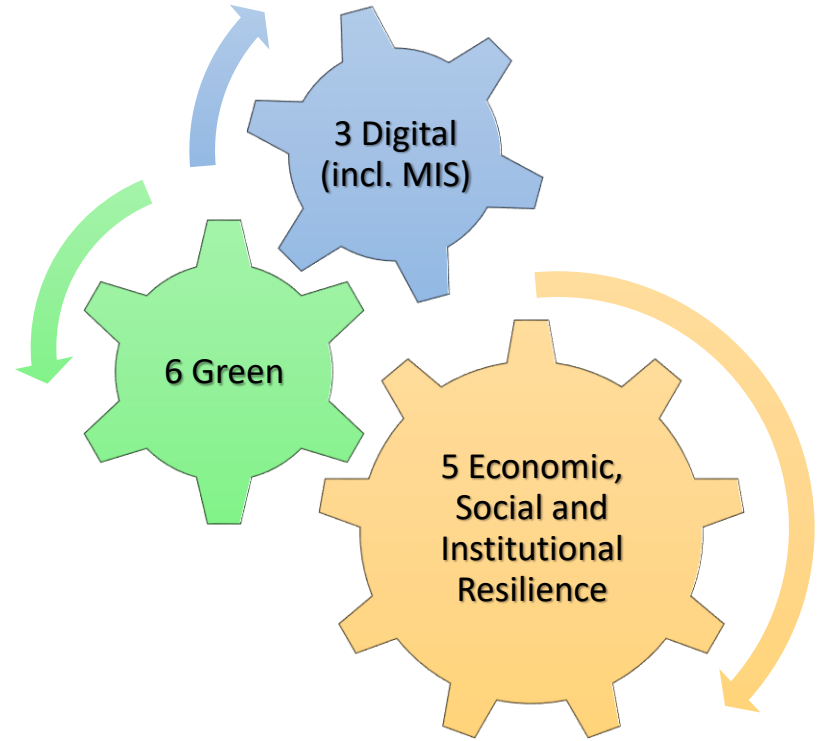
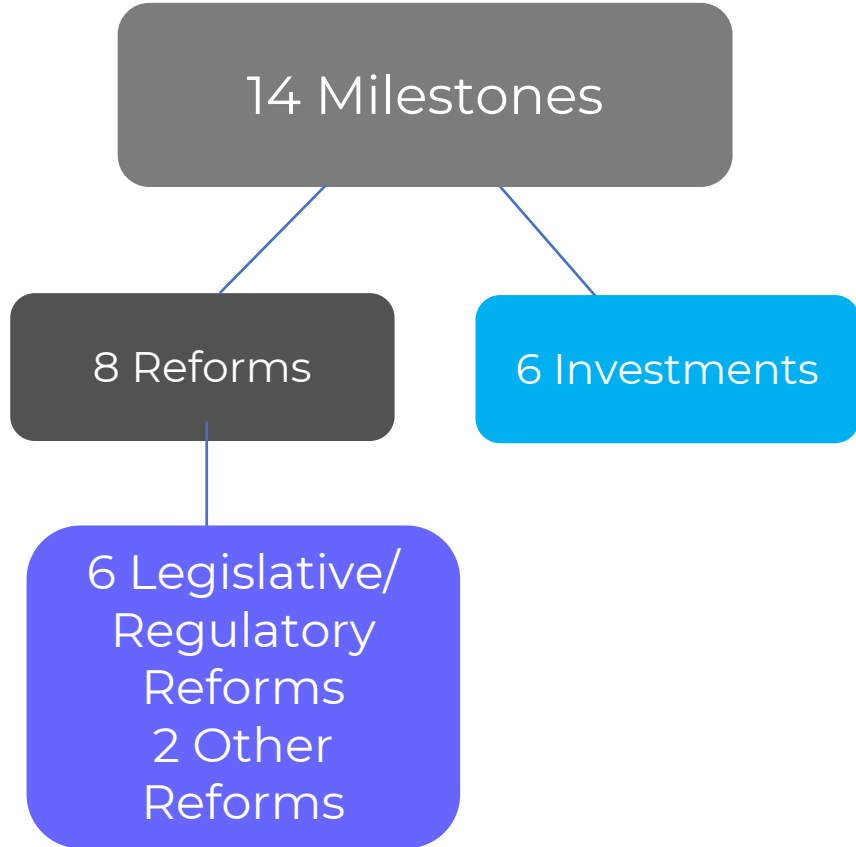
# The implementation of the RRP

Progress, challenges and next steps

# Progress in the Implementation of the RPP

- ✓ Important Reforms have been promoted either through the entry into force of Laws and Regulations or through Council of Ministers' Decisions (*administrative acts being finalized under C4.1R2*)
- ✓ Public investments are underway through calls procured, number of contracts signed and some projects already under construction or completed (*tender documents prepared under C4.1R2*)
- ✓ Call for proposals for a significant number of grant schemes have been announced (*call announced in Feb 2023 under C4.1I2*)

# CY 1st Payment Request- €85 mln



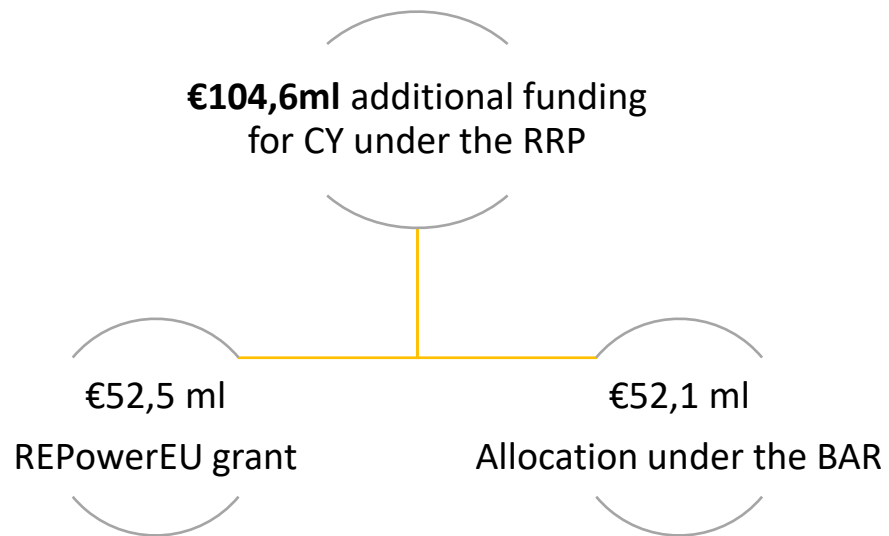
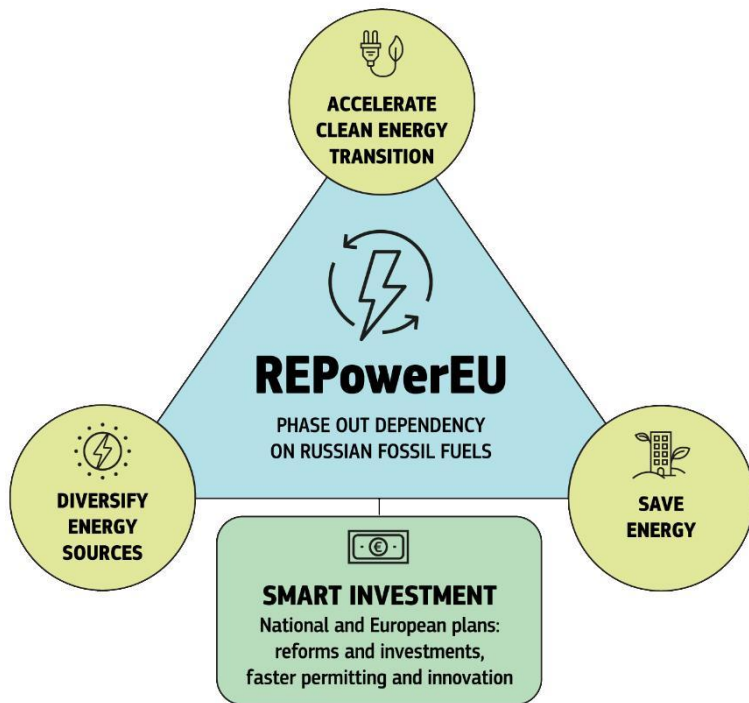
# Implementation of the RPP- Challenges

- ✓ Cost Increase – significant **price increases in construction materials**
- ✓ **Supply chain challenges-** significant delays in the delivery of products and raw materials
- ✓ **Limited resources** (management, implementation, absorption)
- ✓ **Political challenges** – need for a consensus for the adoption of reforms
- ✓ Culture- need for a **change in culture** for the effective implementation of reforms

# Implementation of the RPP- Next Steps

- ✓ New **REPowerEU chapter** in the RPP
- ✓ **Amendment of existing measures of the RRP** to tackle problems in implementation (removing measures, reducing or **modifying targets**, shifting timelines)
- ✓ **Submission of 2nd and 3rd payment** requests following the approval of the amendment of the Cyprus RRP by the Commission

# The new REPowerEU chapter





# Amendment of the RRP

RRP Downwards Revision (-€90ml.)

**Amend RRP, on the basis of (a) reduction of RRF financial allocation for Cyprus (Art. 18 (2)) or (b) due to objective circumstances (Art. 21):**

- Remove measures
- Shift timelines of milestones and targets
- Modify / reduce targets

**Introduce a new REPowerEU Chapter:**

- Scale-up current RES & energy efficiency schemes (e.g. households, LAs)
- Scale-up e-mobility schemes
- New reforms for energy / RES communities and e-mobility charging

REPowerEU funding (+€104,6ml.)

Thank you for your attention

[www.cyprus-tomorrow.gov.cy](http://www.cyprus-tomorrow.gov.cy)