

11 February 2025

**Positive preliminary assessment of the satisfactory fulfilment of milestones and targets related to the third payment request submitted by Cyprus on 3 July 2024, transmitted to the Economic and Financial Committee by the European Commission**

**Executive summary**

In accordance with Article 24(2) of Regulation (EU) 2021/241, on 3 July 2024, Cyprus submitted a request for payment for the fourth instalment of the non-repayable support. The payment request was accompanied by the required management declaration and summary of audits.

To support its payment request, Cyprus provided due justification of the satisfactory fulfilment of the 16 milestones and targets of the fourth instalment of the non-repayable support as set out in Section 2(1) (1.4) of the Council Implementing Decision of 28 July 2021 on the approval of the assessment of the recovery and resilience plan for Cyprus<sup>1</sup>.

In its payment request, Cyprus has confirmed that measures related to previously satisfactorily fulfilled milestones and targets have not been reversed. The Commission does not have evidence of the contrary. Upon receipt of the payment request, the Commission has assessed on a preliminary basis the satisfactory fulfilment of the relevant milestones and targets. Based on the information provided by Cyprus, the Commission has made a positive preliminary assessment of the satisfactory fulfilment of all 16 milestones and targets.

For one Target (#220) covering a large number of beneficiaries, in addition to the summary documents and official listings provided by Cyprus, Commission services have assessed a statistically significant sample of individual files. The sample size has been uniformly set at 60 which corresponds to a confidence level of 95% or above in all cases.

The milestones and targets positively assessed as part of this payment request demonstrate significant steps in the implementation of Cyprus's Recovery and Resilience Plan. They notably highlight the continuation of the reform momentum in key policy areas. This includes, among others, reforms that support investment initiatives, enhance the productivity and effectiveness of public administration, improve the system for issuing and transferring title deeds, and lead the digital transformation of the Cyprus Police Force. The milestones and targets also confirm progress towards the completion of investment projects related to, among others, health care, research and development, digitalisation of SMEs to help enhance their productivity, improving connectivity through the upgrade of internet infrastructure, and improving the monitoring of greenhouse gas emissions from Cyprus's agricultural sector.

By the transmission of this positive preliminary assessment and in accordance with Article 24(4) of Regulation (EU) 2021/241, the Commission asks for the opinion of the Economic and Financial Committee on the satisfactory fulfilment of the relevant milestones and targets.

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<sup>1</sup> ST 10686 2021 INIT and ST 10686 2021 ADD 1, as amended by 17052/24 and 17052/24, ADD 1, not yet published.

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## Non-repayable support

**Number and name of the Milestone:** 3 Adoption of the list of health care facilities

**Related Measure:** C1.1.R2 Design of an Electronic platform for the surveillance of Nosocomial Antibiotic Consumption and Healthcare – Associated Infections

**Qualitative Indicator:** Adoption of the list of health care facilities

**Time:** Q1 2023

### 1. Context:

The aim of the reform is to support the digital transition of the healthcare sector and to strengthen the health system's effectiveness and resilience.

It shall consist of the development of an electronic platform to process data from hospital pharmacies (nosocomial antibiotic consumption), microbiology laboratories (antimicrobial resistance), and hospitals (healthcare-associated infections (HAIs)).

Milestone 3 relates to the adoption, by the Ministry of Health, of the list of healthcare facilities that participate in the project, and it is the first step of the implementation of the reform. It will be followed by milestone 4, related to the establishment of the electronic platform. The reform has a final expected date for implementation on 31 December 2025.

### 2. Evidence provided:

	Name of the evidence. For legal acts please provide the full legal reference and date of entry into force	Short description
1	Summary document	A document duly justifying how the milestone (including all the constitutive elements) was satisfactorily fulfilled
2	Request for official commitment and provision of a list of participating facilities	Letter from the Ministry describing the project and asking for expression of interest by hospitals
3	Official commitment of the Chief Medical Officer along with the list of participating healthcare facilities	Reply to the Ministry from the State Hospital Organisation agreeing to participate

4	Approval of the list of participating healthcare facilities, Ministry of Health, Ref. No Y.Y.5.21.01.73/22 Y.Y.5.21.01.105, 20 April 2023	Decision of the Minister and confirmation of the participating hospitals - making them a part of the projects
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### 3. Analysis:

The justification and substantiating evidence provided by the Cypriot authorities cover all constitutive elements of the milestone.

**Adoption of the list of health care facilities that shall be providing information to the Ministry of Health on antibiotic consumption and healthcare-associated infections that shall be monitored by the Ministry of Health.**

On 7 June 2022, the Director of the Medical and Public Health Services (hereinafter referred to as “MPHS”) sent a letter to the State Health Services Organisation’s (hereinafter referred to as “SHSO”) Chief Medical Officer explaining the purpose of the project and requesting the official commitment of the SHSO for the participation of the state hospitals (evidence no. 2).

On 22 June 2022, the Chief Medical Officer of the SHSO informed the Director of the MPHS in writing of the SHSO’s decision to participate. A list of the participating healthcare facilities was included (evidence no. 3).

On 20 April 2023, the Permanent Secretary of the Ministry of Health approved the participation of the eight state hospitals that shall be providing information to the Ministry of Health on antibiotic consumption and healthcare-associated infections (evidence no. 4).

**4. Commission Preliminary Assessment:** satisfactory fulfilled.

**Number and name of the Milestone:** 43 Purchase and installation of monitoring units for measuring GHG emissions from agriculture

**Related Measure:** C2.1.I8 Monitoring and reduction of GHG emissions in agriculture

**Qualitative Indicator:** Approval of the equipment and installation by the receiving committee

**Time:** Q2 2023

#### 1. Context:

The objective of this measure is to enhance the monitoring for greenhouse gas emissions (hereinafter referred to as “GHG emissions”) from agriculture in Cyprus and contribute to their reduction.

Milestone 43 covers the purchase and installation of automobile unit and permanent monitoring units, for measuring GHG emissions from agriculture.

Milestone 43 is the first step of the implementation of this investment. It will be followed by target 44 related to the achievement of a 10% reduction of GHG emissions from agriculture through the monitoring of GHG emissions. The final expected implementation date of the investment is 31 December 2025.

#### 2. Evidence provided:

	Name of the evidence. For legal acts please provide the full legal reference and date of entry into force	Short description
1	Summary document	A summary document duly justifying how the milestone (including all its constitutive elements, as set out in the description of the milestone and of the corresponding measure in the CID Annex) was satisfactorily fulfilled
2	Contract for the upgrade of an existing gas chromatograph with mass detector with automatic sampler, between the Agricultural Research Institute and MILLIQUEST LTD, signed on 27 October 2021	Contract signed for the upgrade of an existing gas chromatograph with mass detector with automatic sampler [following a call for tenders carried out on the basis of tender No. 23/2021]
3	Contract for the purchase, installation, and maintenance of a gas chromatography system for the measurement	Contract signed for the purchase, installation, and maintenance of a gas chromatography system for the measurement of greenhouse gases

	of greenhouse gases, between the Government of the Republic of Cyprus and MILLIQUEST LTD, signed on 27 October 2021	[following a call for tenders carried out on the basis of tender No. 24/2021]
4	Contract for the purchase and installation of an automatic system for the measurement of greenhouse gas fluxes using the method of static chambers, between the Government of the Republic of Cyprus and MILLIQUEST LTD, signed on 26 November 2021	Contract signed for the purchase and installation of an automatic system for the measurement of greenhouse gas fluxes using the method of static chambers [following a call for tenders carried out on the basis of tender No. 25/2021]
5	Contract for the purchase and maintenance of a 4x4 all-terrain vehicle, between the Government of the Republic of Cyprus and the Kidran Uzounian company, signed on 8 July 2022	Contract signed for the purchase and maintenance of a 4x4 all-terrain vehicle [following a call for tenders carried out on the basis of tender No. 15/2022]
6	Contract for the purchase and installation of automatic chambers for the accumulation of greenhouse gases, between the Government of the Republic of Cyprus and MILLIQUEST LTD, signed on 15 December 2022	Contract signed for the purchase and installation of automatic chambers for the accumulation of greenhouse gases [following a call for tenders carried out on the basis of tender No. 31/2022]
7	Contract for the purchase, installation, training, and maintenance of greenhouse gas analysers, between the Government of the Republic of Cyprus and MILLIQUEST LTD, signed on 1 September 2023	Contract signed for the purchase, installation, training, and maintenance of greenhouse gas analysers [following a call for tenders carried out on the basis of tender No. 17/2023]
8	Contract for the purchase, installation, of meteorological stations and data transfer, between the Agricultural Research Institute and	Contract signed for the purchase, installation, of meteorological stations and data transfer [following a call for tenders carried out on the basis of tender No. 36/2023]

	CY.R.I.C. LTD, signed on 4 October 2023	
9	Contract for the purchase, installation, of prefabricated cabins for the housing of greenhouse gas detectors in the field, between the Agricultural Research Institute and KEK Steelworks LTD, signed on 16 October 2023	Contract signed for the purchase, installation, of prefabricated cabins for the housing of greenhouse gas detectors in the field [following a call for tender carried out on the basis of tender No. 37/2023]
10	Acceptance Certificate for the upgrade of an existing gas chromatograph with mass detector with automatic sampler signed by the Committee for the receipt of the supplies on 25 November 2021	Acceptance Certificate for the upgrade of an existing gas chromatograph with mass detector with automatic sampler [following a call for tenders carried out on the basis of tender No. 23/2021], including a certificate proving the installation of the equipment
11	Acceptance Certificate for the purchase, installation, and maintenance of a gas chromatography system for the measurement of greenhouse gases signed by the Committee for the receipt of the supplies on 14 December 2021	Acceptance Certificate for the purchase, installation, and maintenance of a GC system for the measurement of greenhouse gases [following a call for tenders carried out on the basis of tender No. 24/2021], including a certificate proving the installation of the equipment
12	Acceptance Certificate for the purchase and installation of an automatic system for the measurement of greenhouse gas fluxes using the method of static chambers signed by the Committee for the receipt of the supplies on 10 February 2022	Acceptance Certificate for the purchase and installation of an automatic system for the measurement of greenhouse gas fluxes using the method of static chambers [following a call for tenders carried out on the basis of tender No. 25/2021], including a certificate proving the installation of the equipment
13	Acceptance Certificate for the purchase and maintenance of a 4x4 all-terrain vehicle signed by the Committee for the receipt of the supplies on 30 November 2022	Acceptance Certificate for the purchase and maintenance of a 4x4 all-terrain vehicle [following a call for tenders carried out on the basis of tender No. 15/2022], including a certificate proving the installation of the equipment

14	Acceptance Certificate for the purchase and installation of automatic chambers for the accumulation of greenhouse gases signed by the Committee for the receipt of the supplies on 6 March 2023	Acceptance Certificate for the purchase and installation of automatic chambers for the accumulation of greenhouse gases [following a call for tenders carried out on the basis of tender No. 31/2022], including a certificate proving the installation of the equipment
15	Acceptance Certificate for the purchase, installation, training, and maintenance of greenhouse gas analyzers signed by the Committee for the receipt of the supplies on 8 December 2023	Acceptance Certificate for the purchase, installation, training, and maintenance of greenhouse gas analyzers [following a call for tenders carried out on the basis of tender No. 17/2023], including a certificate proving the installation of the equipment
16	Acceptance Certificate for the purchase, installation, of meteorological stations and data transfer signed by the Committee for the receipt of the supplies on 10 November 2023	Acceptance Certificate for the purchase, installation, of meteorological stations and data transfer [following a call for tenders carried out on the basis of tender No. 36/2023]
17	Acceptance Certificate for the purchase and installation of prefabricated cabins for the housing of greenhouse gas detectors in the field signed by the Committee for the receipt of the supplies on 23 November 2023	Acceptance Certificate for the purchase, installation, of prefabricated cabins for the housing of greenhouse gas detectors in the field [following a call for tenders carried out on the basis of tender No. 37/2023], including a certificate proving the installation of the equipment

### 3. Analysis:

The justification and substantiating evidence provided by the Cypriot authorities covers all constitutive elements of the milestone.

#### **Purchase and installation of automobile unit and permanent monitoring units, for measuring GHG emissions from agriculture with the objective of implementing adequate policies to mitigate GHG emissions**

As evidenced by signed contracts and acceptance certificates, an automobile GHG monitoring facility (evidence no. 5 and 13) and permanent monitoring units have been purchased and installed. In terms of permanent monitoring units, infrastructure for monitoring non-CO<sub>2</sub> GHG in the main Experimental Stations of Agricultural Research Institute (evidence no. 1, 2, 3, 5, 6 and 7) and the peripheral lab infrastructures of the facility (evidence no. 4 and 8) have been established.



More specifically, the investment entails the development of methods for measuring GHG emissions from soils, understanding the responsible microbial processes, and identifying mitigation strategies for agricultural and manure sources (evidence no. 2, Article 2 (“subject”) on page 1; evidence no. 3, Article 3 (“subject of the contract”) on page 2; evidence no. 4, Article 2 (“subject of the contract”) on pages 4-5; evidence no. 10, section “contract for the supply of” on page 1; evidence no. 11, section “contract for the supply of” on page 1; and evidence no. 12, section “contract for the supply of” on page 1). As a result, mobile, high-resolution equipment like non-steady-state (NSS) chambers was installed (evidence no. 6, Article 2 (“subject of the contract”) on page 3 and evidence no. 14, sections “procurement contract” and “quantity of the invoice contract” on page 1) and connected to detectors/analyzers (evidence no. 7, Article 2 (“subject of the contract”) on page 4 and evidence no. 15, sections “procurement contract” and “contract quantity” on page 1) for continuous GHG flux assessment.

The system's mobility is secured by the purchase of a 4x4 all-terrain vehicle (evidence no. 5, Article 2 “subject of the contract” on page 3, and evidence no. 13, section “contract for the supply of” and “quantity” on page 1), enabling the transport and temporary set-up of the measurement device (consisting of chambers, a multiplexer, pumping units, and an analyzer), which allows for measuring emissions from manure stockpiles and short-term missions for the evaluation of GHG emissions in livestock premises.

The permanent measurement units include analyzers that are connected to chambers and multiplexers at the Agricultural Research Institute Experimental Stations distributed across the country, which allows for continuous measurement throughout the crop growing season. For the permanent units, tailored installations protect the equipment, especially the analyzers, from high temperatures, thus necessitating the use of prefabricated cabins (evidence no. 9 and 17). Both systems required assessing comparable practices with offline systems using gas chromatography systems to ensure validity and refine methodologies (evidence no. 2, Article 2 “subject of the contract” on page 1, and evidence no. 10, sections “contract for the supply of” and “contract quantity” on page 1).

Both mobile and permanent units enable the monitoring of GHG emissions from agriculture in Cyprus and constitute a prerequisite for the implementation of adequate policies to mitigate GHG emissions, such as the development of practical protocols/measures for farmers and other stakeholders and of policy strategies and tools in order to reduce GHG emissions.

**4. Commission Preliminary Assessment:** satisfactorily fulfilled.

**Number and name of the Milestone:** 48 Installation of the Market Management System

**Related Measure:** C2.1.I10 Market Management System (MMS) to facilitate the opening of the electricity market to competition

**Qualitative Indicator:** Issuing of Final Acceptance Certificate for the Market Management System

**Time:** Q1 2023

**1. Context:**

The objective of the measure is to introduce a Market Management System (MMS) by the Cyprus Transmission System Operator as a tool for facilitating the opening of the electricity market to competition.

The investment shall consist in the installation and finalisation of the MMS, the opening of the competitive Cyprus electricity market with accessibility of the platform granted to target users in full functionality (go-live) and the related training of 100% of the personnel of the Transmission System Operator that shall operate the MMS.

Milestone 48 relates to the installation of the MMS for the Cyprus Electricity Market. Milestone 48 is the first milestone of Investment 10 (C2.1.I10), followed by milestone 48a consisting of the go-live of the MMS and the related training of the personnel.

The implementation of the investment shall be completed by 30 September 2025.

**2. Evidence provided:**

	Name of the evidence. For legal acts please provide the full legal reference and date of entry into force	Short description
1	Summary document	The summary document justifying how the milestone (including all constitutive elements) was satisfactorily fulfilled, also includes screenshots of the system functionalities and dashboards.
2	Contract signed by the Transmission System Operator (TSOC) and the contracted company, GE Grid Solutions SAS Massy,	The contract includes the technical specification for the Market Management System, as described by the milestone description.

	respectively on 9 and 14 April 2020	
3	Annex I of the Contract: General Conditions of Contract	
4	Annex II: Terms of reference – Technical Specifications	
5	Assignment of contract 202002 'Market Management System for the Cyprus Electricity Market (Software and Hardware) to GE Digital Services Europe	Assignment of the contract under evidence no. 2 to the company 'GE DIGITAL SERVICES EUROPE'
6	Report and acceptance certificate by the Committee of Project Acceptance of the TSOC under number ΔΑ11/ΔΣΜΚ12019/241183 dated 22 April 2024	

### 3. Analysis:

The justification and substantiating evidence provided by the Cypriot authorities cover all constitutive elements of the milestone.

#### **Installation of the Market Management System (MMS) for the Cyprus Electricity Market.**

The Contract for developing the Market Management System between the Cyprus Transmission System Operator (*hereinafter referred to as 'TSOC'*) and the Contractor Grid Solutions SAS (evidence no. 2) was signed on 9 and 14 April 2020. The Contract defines the scope, value, period of implementation, as well as the general conditions in Annex I (evidence no. 3), and the technical specifications in Annex II (evidence no. 4). The scope of the contract is the development of a Market Management System for the Cyprus Electricity Market (software and hardware) which includes the delivery of IT equipment, system software and application software (article 2.1 of evidence no. 2). In line with the technical specifications (evidence no. 4, section 1.1, page 8), the project includes all necessary hardware, software, licenses, and services for the detailed design, implementation, customization, installation, commissioning and any other service needed to procure the MMS to fully support the new electricity market; the integration of the MMS to the existing infrastructure of the Transmission System Operator of Cyprus (TSOC); a two-year warranty period for software, a two-year full manufacturer warranty for hardware and a Maintenance Period for three years beyond the conclusion of the two-year warranty period; and the provision of all necessary training and documentation.

By the TSOC's letter dated 15 February 2021 (evidence no. 5), the company GE DIGITAL SERVICES EUROPE was assigned as the contractor for the contract under evidence no. 2. The new contractor undertook all

rights, title, interest, obligations, and commitments of the contract (evidence no. 2), according to paragraph 2 of evidence no. 5.

The TSOC accepted the Market Management System and issued the report and the Final Acceptance Certificate effective as of 31 March 2024 (evidence no. 6). As per the final acceptance certificate, the TSOC examined qualitatively and quantitatively the deliverable, and it was found compatible with the contractual provisions.

**4. Commission Preliminary Assessment:** satisfactorily fulfilled.

**Number and name of the Target:** 74a Delivery and installation of photovoltaics at the Larnaca Wastewater Treatment Plant

**Related Measure:** C2.3.I4 Smart Water and Sewerage Networks Management

**Quantitative Indicator:** Number

**Baseline:** 0

**Target:** 700

**Time:** Q1 2023

#### 1. Context:

The objective of this measure is to enhance operational and energy efficiency of water and sewerage networks through the digitalisation of Larnaca Sewerage and Drainage Board, Larnaca Water Board and Water Board of Limassol.

Target 74a is aimed at delivery and installation of photovoltaic equipment at the Larnaca Wastewater Treatment Plant generating power of at least 700KW.

Target 74a is the first step in the implementation of this investment. It will be followed by targets 74b, 75, 76a and 76b with the aim of the delivery and installation of a biogas unit at the Larnaca Wastewater Treatment Plant, at least 200 quality and pressure sensors in the Larnaca and Limassol water networks, at least 100 000 smart meters in operation and a complete smart water metering system, monitoring system, as well as installed and operational control and support systems in Larnaca and Limassol, the development and operationalisation of the Digital Twin decision support tool and data bank in Larnaca, and the design of a customised software solution integrating all of the software's operations and supporting data-driven decision making in Limassol.

The final expected implementation date of the investment is 30 June 2026.

#### 2. Evidence provided:

	Name of the evidence. For legal acts please provide the full legal reference and date of entry into force	Short description
1	Summary document	A summary document duly justifying how the target (including all its constitutive elements, as set out in the description of the target and of the corresponding measure in the CID Annex) was satisfactorily fulfilled

2	Tender no. ASA 11/2021 for the procurement, installation and maintenance of a photovoltaic system, issued in October 2021 with the deadline for submission of tenders by 12 November 2021	Tender document (Tender no. ASA 11/2021) for the procurement, installation and maintenance for 10 years of a photovoltaic system of 150 KW, including conditions for the competition, agreement and all relevant forms
3	Tender no. ASA 28/2022 for the procurement, installation and maintenance of a photovoltaic system, issued in July 2022 with the deadline for submission of tenders by 24 October 2022	Tender document (Tender no. ASA 28/2022) for the procurement, installation and maintenance for 10 years of a photovoltaic system of 550 KW, including conditions for the competition, agreement and all relevant forms for the tender
4	Contract for the supply, installation and maintenance for ten years of one 150 KW photovoltaic system, signed between the Larnaca Sewerage Council and I Solar Ltd on 4 January 2022	Signed contract for the supply, installation and maintenance for ten years of one 150 KW photovoltaic system for wastewater treatment plant including the techno-economic study detailing notably the use of the Net Billing method, the location of the site, product and performance guarantees and the calculation of the energy output
5	Contract for the supply, installation and maintenance for ten years of one 550 KW photovoltaic system, signed between the Larnaca Sewerage Council and the company VPA CYPENERGIA LTD on 3 April 2023	Signed contract for the supply, installation and maintenance for ten years of one 550 KW photovoltaic system for wastewater treatment plant including the techno-economic study detailing notably the use of the Net Billing method, the location of the site, product and performance guarantees and the calculation of the energy output
6	Take-over certificate for the delivery and installation of the 150 KW photovoltaic equipment signed on 4 July 2022	Take-over certificate for the delivery and installation of the 150 KW photovoltaic equipment [following a call for tenders carried out on the basis of tender no. ASA 11/2021]
7	Take-over certificate for the delivery and installation of the 550 KW photovoltaic equipment signed on 16 October 2023	Take-over certificate for the delivery and installation of the 550 KW photovoltaic equipment [following a call for tenders carried out on the basis of tender no. ASA 28/2022]
8	Nominal energy performance projection for the 150 KW photovoltaic	Nominal energy performance projection for the 150 KW photovoltaic equipment, with simulation report for grid-connected system

	equipment, issued on 16 February 2024 by A&I SOLAR LTD (Cyprus)	
9	Nominal energy performance projection for the 550 KW photovoltaic equipment, issued on 17 October 2023 by V.P.A CYPENERGIA LTD	Nominal energy performance projection for the 550 KW photovoltaic equipment, with simulation report for grid-connected system
10	Electrical installation Certificate for the 150 KW photovoltaic equipment	Electrical installation Certificate for the 150 KW photovoltaic equipment issued in accordance with the Electricity Law and Regulations, including installation details and control and monitoring report
11	Electrical installation Certificate for the 700,1 KW photovoltaic equipment	Electrical installation Certificate for the 700,1 KW photovoltaic equipment issued in accordance with the Electricity Law and Regulations, including installation details and control and monitoring report

### 3. Analysis:

The justification and substantiating evidence provided by the Cypriot authorities cover all constitutive elements of the milestone.

#### **Delivery and installation of photovoltaic equipment at the Larnaca Wastewater Treatment Plant generating power of at least 700 KW.**

The photovoltaic equipment at the Larnaca Wastewater Treatment Plant has been delivered and installed in two different steps, reaching generating power of 700 KW overall.

First, the call for tenders for the supply, installation and maintenance of a photovoltaic system expected to generate power of at least 150 KW for the wastewater treatment plant in Larnaca was issued on 14 October 2021 (evidence no. 2) and the contract was signed on 4 January 2022 (evidence no. 4). The Acceptance Committee for the supplies of the contract in question confirmed that the investment was completed on 24 June 2022, as demonstrated by the take-over certificate (evidence no. 6, page 1, section "date of delivery"). This entails the completion of the delivery and electric installation of the system (evidence no. 10, installation details on page 2). As demonstrated by the nominal energy performance projection for the photovoltaic system (evidence no. 8, page 11, end of loss diagram: active energy injected into the grid of 249 MWh), the power generated by the system is at least 150 KW.

Second, the call for tenders for the supply, installation and maintenance of a photovoltaic system generating power of at least 550 KW for the wastewater treatment plant in Larnaca was issued on 19 September 2022 (evidence no. 3) and the contract was signed on 3 April 2023 (evidence no. 5). The Acceptance Committee for the supplies of the contract in question confirmed that the investment was completed on 30 September 2023, as demonstrated by the take-over certificate (evidence no. 7, page 1, section “date of delivery”). This entails the completion of the delivery and electric installation of this system (evidence no. 11, installation details on page 2). As demonstrated by the nominal energy performance projection for the photovoltaic system (evidence no. 9, page 8, end of loss diagram: active energy injected into the grid of 918 MWh), the power generated by the system is at least 550 KW.

Both photovoltaic systems taken together reach a generating power of 700KW.

Moreover, in line with the measure description, **the Larnaca Sewerage and Drainage Board shall take measures to reduce the energy consumption of the Larnaca Wastewater Plant through solar [...] solutions.**

The nominal energy performance projections for both photovoltaic systems show that the electricity of the photovoltaic system installed in the plant is injected in the grid, and at the same time the energy balance of the Larnaca Wastewater Plant where the photovoltaic system is installed will be reduced (evidence no. 8, loss diagram on page 11, and evidence no. 9, loss diagram on page 8). Thus, the solar solutions installed will reduce the energy consumption of the Larnaca Wastewater Plant.

**4. Commission Preliminary Assessment:** satisfactorily fulfilled.



**Number and name of the Milestone:** 86 - Master in the wider domain of Agriculture

**Related Measure:** C3.1 R1 Move agricultural practices from the 20<sup>th</sup> century to the 21<sup>st</sup> century by investing in a national centre for excellence in agri-tech

**Qualitative Indicator:** Media announcement and communication by competent authorities

**Time:** Q2 2023

**1. Context:**

The objective of this reform is to address challenges in the primary sector such as the lack of technological knowledge. For this purpose, the reform aims to establish Cyprus' Agricultural Research Institute (ARI) as the country's centre of excellence and strengthen the cooperation between the ARI and higher education institution(s).

Milestone 86 covers the enrolment of students and start of a Master's programme in the wider domain of agriculture.

Milestone 86 is the last step in the implementation of the measure, and it follows the completion of milestone 85. The reform has a final expected date for implementation on 30 June 2023.

**2. Evidence provided:**

	Name of the evidence. For legal acts please provide the full legal reference and date of entry into force	Short description
1	Summary document	A summary document duly justifying how the milestone (including all its constitutive elements, as set out in the description of the milestone and of the corresponding measure in the CID Annex) was satisfactorily fulfilled, with appropriate links to the underlying evidence
2	Copy of a media announcement and communication by the Agricultural Research Institute and the Institute of Neurology and Genetics dated 9 July 2023	Media Announcement/Communication on the cooperation between the Agricultural Research Institute and the Cyprus Institute of Neurology and Genetics on the new Master's in Biotechnology, in the context of the implementation of a cooperation protocol
3	Copy of an anonymised list of enrolled students	Copy of an anonymised list of enrolled students in the Master's (MSc) degree in Biotechnology

### **3. Analysis:**

The justification and substantiating evidence provided by the Cypriot authorities cover all constitutive elements of the milestone.

#### **Enrolment of students and start of a Master in the wider domain of Agriculture.**

Classes for the new Master's degree in biotechnology began on 18 September 2023. This is demonstrated by weblinks to the media announcement and to the official site of the Master's degree in biotechnology (evidence no. 1) and copy of the media announcement made through the official website of the Press and Information Office of the Republic of Cyprus as public communication by the Agricultural Research Institute in cooperation with the Cyprus Institute of Neurology and Genetics, demonstrating the collaboration between them for the establishment of the new Master's degree in Biotechnology (evidence no. 2).

The enrolment of six students for the academic year 2023-2024 is evidenced by an anonymised list of the students that have enrolled to the new Master's degree in biotechnology for the year 2023-2024 (evidence no. 3).

#### **4. Commission Preliminary Assessment:** satisfactorily fulfilled.

**Number and name of the Milestone:** 132 Signing of grant agreements which commit 80% of total budget for funding to organisations performing R&D activities on dual technologies

**Related Measure:** C3.2 I4 Funding to organisations performing R&D activities on dual technologies

**Qualitative Indicator:** Grant agreements signed

**Time:** Q2 2023

#### 1. Context:

The objective of the measure is to promote dual-use research and to use technologies (which would otherwise only serve government/military purposes) for civilian, commercial and societal interests. The investment consists in a grant support that would enable research organisations and companies to engage in R&D on dual-use technologies.

The milestone requires the signing of grant agreements committing 80% of the total budget (contracts worth at least 2 400 000 euro) to fund organizations conducting R&D activities on dual-use technologies, in compliance with the 'Do No Significant Harm' Technical Guidance (2021/C58/01).

Milestone 132 is the first step in the implementation of the investment, and it will be followed by Target 133 related to the funding for the development of classified laboratories.

The investment has a final expected date for implementation on 30 June 2026.

#### 2. Evidence provided:

	Name of the evidence. For legal acts please provide the full legal reference and date of entry into force	Short description
1	Summary document	A summary document duly justifying how the milestone (including all its constitutive elements, as set out in the description of the milestone and of the corresponding measure in the CID Annex) was satisfactorily fulfilled
2	Call for proposals	Call for proposals as regards the RESTART Programme "Dual Use technologies"
3	DUAL USE-0922-0055 grant agreement signed on 2 May 2023 funded by the RESTART Programme "Dual Use technologies"	Copy of the signed grant funding agreement Unmanned Aerial Vehicle detection and neutralisation towards infrastructure protection (UAVNeutraliser) between the Research and Innovation Foundation and NovaMechanics Ltd with the protocol number DUAL USE-0922-0055

4	DUAL USE-0922-0015 grant agreement signed 20 March 2023 funded by the RESTART Programme “Dual Use technologies”	Copy of the signed grant funding agreement (Simulation training application for first responders (TRACER)) between the Research and Innovation Foundation and Eight Bells Ltd with the protocol number DUAL USE-0922-0015
5	DUAL USE-0922-0031 grant agreement signed 5 September 2023 funded by the RESTART Programme “Dual Use technologies”	Copy of the signed grant funding agreement (Reflecting intelligent surfaces for massive internet of things applications (RISE)) between the Research and Innovation Foundation and CY.R.I.C CUPRUS RESEARCH AND INNOVATION CENTER LTD with the protocol number DUAL USE-0922-0031
6	DUAL USE-0922-0032 grant agreement signed 28 April 2023 funded by the RESTART Programme “Dual Use technologies”	Copy of the signed grant funding agreement (Advanced multi-unmanned Aerial Vehicle and intelligent launching-recovery system for enhancing the search and surveillance continuous operations (HARESS)) between the Research and Innovation Foundation and CY.R.I.C CUPRUS RESEARCH AND INNOVATION CENTER LTD with the protocol number DUAL USE-0922-0032
7	DUAL USE-0922-0027 grant agreement signed 3 May 2023 funded by the RESTART Programme “Dual Use technologies”	Copy of the signed grant funding agreement (Integrating remote sensing and artificial intelligence to monitor maritime activities across Limassol Bay (IRSAI)) between the Research and Innovation Foundation and Marine and Environmental Research (MER) Lab Ltd. with the protocol number DUAL USE-0922-0027
8	DUAL USE-0922-0024 grant agreement signed 20 April 2023 funded by the RESTART Programme “Dual Use technologies”	Copy of the signed grant funding agreement (Fostering artificial intelligence-fuelled technologies to fuse and analyse sensorial knowledge for causal situational awareness and decision-making (CYGNUS)) between the Research and Innovation Foundation and Ubitech LIMITED with the protocol number DUAL USE-0922-0024
9	DUAL USE-0922-0048 grant agreement signed 20 April 2023 funded by the RESTART Programme “Dual Use technologies”	Copy of the signed grant funding agreement (Coordination of heterogeneous Unmanned Vehicles for Maritime Surveillance using a Mesh-Networked Distributed Shared Memory (CHARISMA)) between the Research and Innovation Foundation and Algolysis Ltd with the protocol number DUAL USE-0922-0048
10	An Excel spreadsheet containing a list of 22 final beneficiaries	The 22 final beneficiaries include seven host entities, which applied for the grant (ανάδοχος φορέας) and 15 partners (συνεργαζόμενος

		φορέας), who have received funding through the programme
11	The RESTART work programmes guide published by the Research and Innovation Foundation	It includes all the terms and conditions for the funding programmes
12	Declaration of the Research and Innovation Foundation (implementing body)	It verifies that all conditions of the grant agreements have been complied with

### 3. Analysis:

The justification and substantiating evidence provided by the Cypriot authorities cover all constitutive elements of the milestone.

**Signing of grant agreements which commit 80% of total budget (contracts of at least a total value of 2 400 000 euro total budget) for funding to organisations performing R&D activities on dual technologies [...].**

The relevant call for proposals was published on 7 September 2022 with a deadline of 9 November 2022. Cyprus selected seven offers and signed seven grant agreements with seven host entities and fifteen partners to engage them in R&D activities on dual technologies (evidence no. 3 to 9). Pursuant to Article 1 of the grant agreements (evidence no. 3 to 9), the RESTART work programmes (evidence no. 11) and the call for proposals (evidence no. 2) provide the legal base outlining the terms and conditions. This is further corroborated by a declaration of the Head of the Implementing Body of 5 March 2024 that all conditions of the grant agreements have been complied with and grant agreements have been signed with the beneficiaries (evidence no. 12).

The requested funding per project is: 1. DUAL USE/0922/0015: EUR 386 652; 2. DUAL USE/0922/0024: EUR 388 500; 3. DUAL USE/0922/0027: EUR 387 996; 4. DUAL USE/0922/0031: EUR 388 128; 5. DUAL USE/0922/0032: EUR 388 424; 6. DUAL USE/0922/0048: EUR 388 383.17; 7. DUAL USE/0922/0055: EUR 387 999.32 (evidence no. 3 to 9, annex I, page 1). The total budget amounts to EUR 2 716 082.49 and it corresponds to 90.6% of the measure's total financial allocation (EUR 3 million). As a result, it exceeds the total value of EUR 2 400 000 and the 80% of total budget target that are required in the milestone description.

The detailed list that Cyprus has provided includes the scheme identifier, the call identifier, the project protocol number, the unique identifier of the final recipient, the type of final recipient, the sector and location of incorporation of the final recipient and the type of R&I activity supported. The subject matter of the seven grant agreements concerns experimental development and the agreements are titled as follows:

- Simulation training application for first responders (TRACER);
- Fostering artificial intelligence-fuelled technologies to fuse and analyse sensorial knowledge for causal situational awareness and decision-making (CYGNUS);

- Integrating remote sensing and artificial intelligence to monitor maritime activities across Limassol Bay (IRSAI);
- Reflecting intelligent surfaces for massive internet of things applications (RISE);
- Advanced multi-unmanned Aerial Vehicle and intelligent launching-recovery system for enhancing the search and surveillance continuous operations (HARESS);
- Coordination of heterogeneous Unmanned Vehicles for Maritime Surveillance using a Mesh-Networked Distributed Shared Memory (CHARISMA);
- Unmanned Aerial Vehicle detection and neutralisation towards infrastructure protection (UAVNeutraliser).

**[...] with terms of reference including eligibility criteria that ensure that the selected projects comply with the ‘Do no significant harm’ Technical Guidance (2021/C58/01) through the use of an exclusion list and the requirement of compliance with the relevant EU and national environmental legislation.**

The work programmes (evidence no. 11, p. 107-108) and the call for proposals (evidence no. 2, p. 9-10) include an exclusive list of the do-no-significant-harm Technical Guidance (2021/C58/01) in their eligibility criteria and special conditions respectively. The seven grant agreements (evidence no. 3 to 9, annex IV) also include a reference to the do-no-significant-harm principle, and they refer to the exclusion list of work programmes (evidence no. 11).

Furthermore, in line with the description of this measure, **the investment shall consist in a grant support that would enable research organisations and companies to engage in R&D on dual-use technologies. The funding schemes shall 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.**

The 22 final beneficiaries include Research Centres of Excellence such as the CY.R.I.C Centre of Excellence (evidence no. 6), other Research Centres of Excellence such as the Frederick Research Center (evidence no. 7), academic institutions such as the University of Cyprus (evidence no. 5) and companies such as the Istognosis Ltd (evidence no. 8) that will upgrade their R&I capabilities and capacity through the grant support.

Furthermore, in line with the description of this measure, **the funding shall focus on civil business only and research outcomes and infrastructure will benefit civil applications only.**

This is illustrated in the Call (evidence no. 2, p. 3). The Council Implementing Decision states that the funding shall focus on civil business only and research outcomes and infrastructure shall benefit civil applications only. Dual-use research refers to studies and technology development that can satisfy more than one goal at any given time. Any number of products that are commonly used today may have originated within the government and later integrated into civilian life. Dual use research findings and results can be shared between the civil community and the military community. The main benefit is that expensive technologies which would otherwise only serve military purposes can also be used to benefit civilian commercial and societal interests. 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 Cyprus particular, they will enable these organisations to acquire security classification certificates in order to be able to compete and participate in consortia for European funding (e.g., Horizon Europe, EDF) as well as to enhance their R&I capabilities and competitiveness in the field of dual use technologies. These schemes cover topics that include, among

others, critical infrastructure protection, the fight against crime and terrorism, border security and external security, general security issues, artificial intelligence and cyber security. The proposed investment is compliant with applicable national and EU legislation and regulation (such as the Council Regulation (EC) No 428/2009 of 5 May 2009 setting up a Community regime for the control of exports, transfer, brokering and transit of dual-use items) regarding dual use technologies during the implementation of the funding scheme. It is stressed that funding will focus on civil business only and research outcomes and infrastructure will benefit civil cases only, noting also that purely defence-related companies do not exist in Cyprus. Cyprus has provided the call which states that under the Dual Use Technologies Programme only research and innovation activities focused on policy applications are eligible for funding. Projects with defence or military purposes shall not be funded and that The Ministry of Defence will have the right to require the licensing of intellectual property rights (IPR) generated in the Project, at no cost or on terms that are reasonable in the circumstances, to the extent that IPR is required by the Ministry of Defence to fulfil the national security needs of the Republic of Cyprus. Projects with defence or military purposes shall not be funded. According to the RRP and the documents provided by Cyprus it is clear that funding is focusing on civil business only and research outcomes and infrastructure will benefit civil cases only. On this basis, it is considered that this constitutive element of the milestone is satisfactorily fulfilled.

Furthermore, in line with the description of the measure, the RESTART programme “Dual Use Technologies” should **comply with the Council Regulation (EC) No 428/2009 of 5 May 2009 on setting up a Community regime for the control of exports, transfer, brokering and transit of dual-use items, regarding dual use technologies during the implementation of the funding scheme.** Specifically, the RESTART programme “Dual Use Technologies” concerns research and innovation projects targeting dual-use products, services and solutions, including software and technologies, as defined in the EU Regulation No. 2021/821 Setting up a Union regime for the control of exports, brokering, technical assistance, transit and transfer of dual-use items (recast) as products and technologies that are commonly used for civilian purposes (evidence no. 2, p. 3). In addition, the RESTART programme “Dual Use Technologies” has **been designed in line with ‘EU Funding for Dual Use – A practical guide to accessing EU funds for European Regional Authorities and SMEs’.** This is confirmed through, among others, the following:

- the projects of the RESTART programme “Dual Use Technologies” must be included in the technology readiness levels 4-7 (TRL 4-7) (evidence no. 3 to 9, p. 13) according to the relevant definitions adopted by the EU (EU Funding for Dual Use guide, p. 27-28);
- the programme is supporting companies in selected dual use technologies to enhance their competitiveness (evidence no. 3 to 9, p. 13; EU Funding for Dual Use guide p. 11);
- the programme involves obligatory collaboration between either at least two companies or one company and one research organisation (evidence no. 3 to 9, p. 3 and 7; EU Funding for Dual Use p. 52);
- the beneficiaries have direct access to the Central Knowledge Office services of the Research and Innovation Foundation to support the commercialisation of the project results (evidence no. 3 to 9, p. 8; EU Funding for Dual Use p. 30).

Furthermore, in line with the description of the measure, the RESTART programme “Dual Use Technologies” should **comply 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 activities: (i) activities related to fossil fuels, including downstream use; (ii) activities under the EU Emission Trading System 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.**

This is confirmed through the work programmes (evidence no. 11, p. 107-108) and the call for proposals (evidence no. 2, p. 9-10) which include an exclusive list of the do-no-significant-harm Technical Guidance (2021/C58/01) in their eligibility criteria and special conditions respectively. The seven grant agreements (evidence no. 3 to 9, annex IV) also include a reference to the do-no-significant-harm principle, and they refer to the exclusion list of work programmes (evidence no. 11).

**4. Commission Preliminary Assessment:** satisfactorily fulfilled.



**Number and name of the Milestone:** 135 Organisational capacity's enhancement for the facilitation of strategic investments

**Related Measure:** C3.3 R1 Facilitation of Strategic investments

**Qualitative Indicator:** Publication in the official gazette the set-up of a government sector facilitating the reform, and of the process system and guidelines, and stated verification by the coordinating authority of training completion

**Time:** Q2 2023

### 1. Context:

The measure aims to develop a more efficient system that will facilitate investments that significantly contribute to the economic development, through streamlined rules and mechanisms, simplified licencing and permit procedures, and reduced administrative burden. The reform consists in the entry into force of legislation for the facilitation of strategic investments, in regard to the efficiency of obtaining investment licenses and building permits.

Milestone 135 requires the publication in the official gazette of the completion of the set-up of a sector in the Department of Town Planning and Housing for the enhancement of the facilitation of strategic system of the process system, the guidelines design, as well as the reporting by the Coordinating authority of key personnel training for the implementation of the reform.

Milestone 135 is the second and last step in the implementation of the reform for facilitating strategic investments and it follows the completion of milestone 134. Milestone 134 was the first step of the implementation of the reform, and it concerned the entry into force of a law supporting strategic investments in Cyprus which included the following elements: streamlining of procedures for licencing strategic investment, project manager for each project, timely issuance of building permits. The reform has a final expected date for implementation on 30 June 2023.

### 2. Evidence provided:

	Name of the evidence. For legal acts please provide the full legal reference and date of entry into force	Short description
1	Summary document	Summary document duly justifying how the requirements of the milestone (including all its constitutive elements, as set out in the description of the milestone and of the corresponding measure in the CID annex) have been satisfactory fulfilled

2	Publication of the set-up of government sector	Publication in the official gazette of the completion of the setup of a sector in the Department of Town Planning and Housing for the enhancement of the facilitation of strategic system
3	Copy of the process system	This document provides in flow charts (diagrammatic representation) the procedures as enshrined in the Law. Specifically, it includes flow charts for the following procedures: characterisation of investment, application, town planning permit, environmental opinion, building permits and appeal
4	Copy of guidelines design	A detailed guide for applicants that explains the law's provisions in simple terms
5	Application form sample	A sample application form, showing the documents necessary for the assessment of the application
6	Training Confirmation	Signed letter (written confirmation) by the Director General of the Ministry of Interior that all key personnel have undergone training for the implementation of the reform
7	Memoranda of Understanding	The MoUs agreed with Government Departments relevant to the parts of the process in order to ensure the fast-track mechanism's feasibility, the emails confirming the agreement, as well as a table listing the dates on which the consultations took place
8	Templated forms for the Strategic investment characterisation procedure	A document with standardised forms to be used in the procedure
9	Diagrammatic guide for the Strategic investment characterisation procedure.	A detailed flow chart of the procedure, which includes the means used for each step

### 3. Analysis:

The justification and substantiating evidence provided by the Cypriot authorities cover all constitutive elements of the milestone.

**Publication in the official gazette of the completion of the setup of a sector in the Department of Town Planning and Housing for the enhancement of the facilitation of strategic system; [...]**

The completion of the setup of a sector in the Department of Town Planning and Housing for the enhancement of the facilitation of strategic investment system was published in the Official Gazette of the Republic on 31 May 2024, proposal No. 646/2024 (evidence no. 2).

**[...] publication of the process system and of the guidelines design; [...]**

The package of the diagrammatic representation of the procedures enshrined in the Law (process system) and the guiding document to applicants for the application of the Law guidelines (evidence no. 4) are published on the website of the Department of Town Planning and Housing.

The copy of the process system (evidence no. 3) shows the procedures provisioned in the Law in a clear diagrammatic way (flow charts).

**[...] and reporting by the Coordinating authority of key personnel training for the implementation of the reform.**

The Coordinating authority, namely the Ministry of Interior, has reported a list of key personnel which has undergone the main training session (evidence no. 6) regarding the procedures that are introduced, the provisions of the Law and the responsibilities of the newly established Strategic Investments Sector of the Department of Town Planning and Housing, as derived from the Law. The letter signed by the Director General of the Ministry of Interior states that “with the current, it is certified that the personnel of the Department of Town Planning and Housing, who will staff the Strategic Investments Sector, has completed a series of trainings with regards to the Law for the facilitation of Strategic Investments (L84(I)/2023)”. Additionally, Cyprus submitted the invitation and the agenda for the seminars, delivered to the key personnel of the Ministry of Interior (Sector for Strategic Investments), as well as the participants’ list, signed by each participant. Cyprus also submitted detailed invitations and agendas for the seminar delivered to the key personnel of the District Authorities, in collaboration with the Cyprus Technical Chamber.

The signed statement has the title “Certificate of Training of Personnel” and it lists the training areas covered in terms of: (a) the facilitation of strategic investments (including the provision of the Law, the new procedures and the responsibilities of the new sector of Strategic Investments of the Department of Town Planning and Housing); (b) training of town planning permitting (receipt and assessment of applications); (c) training on the building permitting and the Regulations for the fire protection and safety issues for building permitting. The Director General of the Ministry of Interior, in a signed statement, states that “with the aforementioned trainings, the participants acquired the basic skills for the mechanism of fast-track permitting, the town planning and housing permitting of investments, and they are in place to implement the provisions of the Law for Facilitating Strategic Investments of 2023.” The reporting by the Coordinating authority also certifies that the training on the streamlined procedures of the facilitation of Strategic Investments Law took place from May to June 2024 (evidence no. 6).

Furthermore, in line with the description of the measure, **a dedicated governmental sector shall be assigned for the processing of strategic investments. It shall consist in the preparation of the operational guidelines, process flows, and other ISO 9001:2015 requirements for mainstreaming the process.**

A dedicated sector in the Department of Town Planning and Housing was assigned for the processing of strategic investments (evidence no. 2).

Operational guidelines, process flows, and other ISO 9001:2015 requirements for mainstreaming the process were developed (evidence no. 3 and 4), in line with the provisions of the Law for streamlining the processes, as assessed under milestone 134. Moreover, there was the development of a template application form (evidence no. 5) and of standardised forms to be used by the Strategic Investment Sector and other administrative authorities involved in the various processes (evidence no. 8).

Furthermore, in line with the description of the measure, **it shall develop Memorandum of Understandings with other Departments relevant to parts of the process in order to ensure the fast-track mechanism's feasibility.**

The template of Memoranda of Understanding (hereinafter referred to as "MoU") that will be signed with other Departments has been developed. The template was approved by the Ministerial Council's decision on 29 May 2024 and published in the Official Journal of the Republic of Cyprus (evidence no. 2). By translating the requirements of the Law into practice, the MoUs ensure the fast-track mechanism's feasibility. The Department of Town Planning and Housing proceeded with dedicated consultations with five administrative authorities involved in the procedures introduced by the Law, which play an essential role in the licensing procedures. Cyprus reported on the consultation that took place. Cyprus shared the MoUs developed for each authority, and the written confirmation of agreement by all five of the departments (evidence no. 7).

Furthermore, in line with the description of the measure, **in addition, the reform shall benefit from the set-up of a digital platform that shall enable applying, studying, and issuing Planning and Building Permits digitally, through an application management tool and a GIS system (project under Component 3.4: "enhancing e-system for issuing building permits").**

This reform is benefitting from the upgraded Hippodamos IT system by digitalising the application for building permits, which is a procedure included in the Law for Facilitating Strategic Investments. Many of the steps of the Strategic Investment characterisation process are performed through the "Hippodamos" system (evidence no. 9). This includes the submission and receipt of the application, the completeness check, and the notification of the applicant of the decision of rejection or acceptance in the category of strategic investment.

**4. Commission Preliminary Assessment:** satisfactorily fulfilled.

**Number and name of the Milestone:** 140 Approval by the Council of Ministers of the roadmap for the creation and establishment of a National Promotional Agency

**Related Measure:** C3.3.R4 Design and establish a National Promotional Agency

**Qualitative Indicator:** Publication of the Council of Ministers' decision

**Time:** Q2 2023

#### 1. Context:

The measure aims to improve access to finance for small and medium enterprises by facilitating access to loans and guarantees through the establishment of a National Promotional Agency.

Milestone 140 relates to the Council of Ministers' approval of the roadmap for the creation and establishment of the National Promotional Agency.

Milestone 140 is the first step of the implementation of the reform. It will be followed by milestone 141, related to the start of operations of the Agency, including staffing with the required personnel. The reform has a final expected date for implementation in September 2025.

#### 2. Evidence provided:

	Name of the evidence. For legal acts please provide the full legal reference and date of entry into force	Short description
1	Summary document	A document duly justifying how the milestone (including all the constitutive elements) was satisfactorily fulfilled
2	Roadmap to implementation	Roadmap for the creation and establishment of the National Promotional Agency
3	Council of Ministers' decision of 30 April 2024, published in the Official Gazette No. 4867 of 31 May 2024	Decision of the Council of Ministers approving the roadmap for the establishment and operation of the National Promotional Agency
4	Business & Financial Plan of the NPA, Ernst & Young (EY), 15 April 2024	Final report on the business and financial plan of the National Promotional Agency
5	Report on ex-ante assessment and recommendations covering SME access to finance, EY, 10 March 2023	Final report on the assessment and recommendations covering SME access to finance

6	Legal and Organizational structure of the NPA, EY, 23 February 2024	Final report on the legal and organisational structure chosen for the NPA
7	The Strategic Plan of the NPA, EY, 15 April 2024	Final report outlining the strategic plan of the NPA
8	Meeting minutes for NPA Kick-off Meeting	Minutes of the meeting between Ernst & Young, Ministry of Finance, and the European Commission, 15 March 2022, produced by EY

### 3. Analysis:

The justification and substantiating evidence provided by the Cypriot authorities cover all constitutive elements of the milestone.

**Approval by the Council of Ministers of the roadmap for the creation and establishment of a National Promotional Agency which shall facilitate access to loans and guarantees to Small and Medium Enterprises and enhance the absorption capacity of EU financing through EU tools.**

The roadmap for the creation and establishment of a National Promotional Agency (*hereinafter referred to as "NPA"*) was prepared as part of the project implemented by the Cypriot Ministry of Finance, in cooperation with the European Commission and Ernst & Young (EY) Cyprus. The document (evidence no. 2) provides an overview of the timeline for the implementation of the NPA, including the expected dates for ratification of the NPA law and staff's on-boarding.

The roadmap was approved by the Council of Ministers on 30 April 2024, and the decision was subsequently published in the Official Gazette (evidence no. 3, page 205).

The NPA will be created for the purpose of addressing the market failure of Cypriot Small and Medium Enterprises (*hereinafter referred to as "SMEs"*) to access to finance through the roll-out of financial instruments and advisory services, which includes a guarantee scheme, direct lending scheme for digitalisation purposes, loans for energy efficiency purposes, subsidization of advisory services, business clinics, and generic market studies (evidence no. 4, pages 4-5). The report emphasizes the importance of setting up the NPA, explaining that the lack of an organisation of this type in Cyprus leads to inefficiencies in managing the EU financing tools which are available to the country (evidence no. 4, page 42) and that its creation could optimize the management of available EU financing tools in a coordinated way, by creating expertise and realising operational synergies (evidence no. 4, page 15).

Furthermore, in line with the description of the measure, **the reform shall consist in an ex-ante assessment analysis covering SMEs' access to finance in all sectors of the economy with a focus on green transition, digital enablement and alternative financing.**

The ex-ante assessment (evidence no. 5, pages 6-7) describes the access to finance as a major and persistent challenge for SMEs, which have *limited alternatives* to bank financing. Furthermore, it describes the lack of a dedicated product related to the financing of the *digital transformation*, while explaining that the *green transition* is mainly driven by the development of renewable energy sources installations and energy efficiency improvements in the country's building stock.

Furthermore, in line with the description of the measure, **the report shall define the scope of intervention of the proposed National Promotional Agency (NPA).**

In accordance with the goals listed in the report (evidence no. 5, page 13), the NPA is intended to:

- Improve SME access to financing and enhance their competitiveness
- Stimulate investment in areas aligned with Government policy objectives
- Promote entrepreneurial culture and activity
- Support the crowding-in of private investors
- Facilitate access to consultancy and technical support.

These goals and NPA's mission will be fulfilled through the roll-out of the abovementioned financial instruments and advisory services.

Furthermore, in line with the description of the measure, **the legal and organisational set-up of the NPA shall be defined after the final selection of its scope of activity. The proposed structure shall allow a high transparency of NPA's operations and autonomy.**

After considering the three legal structure options proposed, the Ministry of Finance considered that the most appropriate structure for setting up the NPA is the Non-Regulated financing institution established as a Legal Entity of Public Law (evidence no. 6, page 6). The report (evidence no. 6, page 28 onwards) also describes the selected organigram for the NPA and provides a description of each function, together with its assigned capabilities, responsibilities, activities, key interfaces with other functions, required management and key roles, direct/indirect reporting and management lines.

In order to set up the NPA in this legal form, a draft law must be prepared and presented in the form of a bill before the House of Representatives for approval (evidence no. 6, page 15), and this bill is expected to include provisions that will ensure high transparency of NPA's operations and autonomy. Additionally, the chosen structure means that the NPA will be subject to the legal and regulatory requirements applicable to entities that have the legal form of a public law entity and that receive state and/or EU funding; as well as to requirements relating to the activities the NPA envisages to undertake and which are set out in the provisions of the NPA's establishing law and any deriving secondary legislation (evidence no. 6, page 6-7).

Furthermore, in line with the description of the measure, **the Agency shall not operate with a banking license and therefore shall not need to be capitalised a priori.**

As explained above, the chosen structure for the NPA is a non-Regulated financing institution which as such does not fall under the scope and provisions of the Business of Credit Institutions Law and thus will not operate with a banking license.

Furthermore, in line with the description of the measure, **a steering committee, with the participation of representatives of the Ministry of Finance and the Ministry of Energy, Commerce and Industry shall monitor the implementation.**

A steering committee monitored the implementation of the Technical Support Instrument project that resulted in the roadmap for the creation and establishment of the NPA, as well as in other deliverables mentioned above. The steering committee was comprised, among others, of representatives of both the Ministry of Finance and the Ministry of Energy, Commerce, and Industry (evidence no. 8, page 2).

**4. Commission Preliminary Assessment:** satisfactorily fulfilled.

**Number and name of the Milestone:** 147 Publication of call for proposals following approval of the scheme by the Council of Ministers

**Related Measure:** C3.3I4 Scheme for the digital upgrade of enterprises

**Qualitative Indicator:** Official announcement of the call for proposals in the press, the MECI/ITS website and MECI/ITS social media

**Time:** Q2 2023

#### 1. Context:

The objective of the investment is to enhance the integration of digital technologies in Cypriot small and medium sized enterprises (*hereinafter referred to as "SMEs"*), specifically by enhancing the digital identity of businesses, increasing the share of SMEs that use information and communication technologies, and promoting digital entrepreneurship.

Milestone 147 covers the publication of a call for proposals for grants covering a part of expenditures enhancing the diffusion of digital technologies among Cypriot SMEs. Milestone 147 is the first step in the implementation of the investment, and it will be followed by target 148 which requires that at least 290 SMEs are supported following the submission of the payment applications.

The investment has a final expected date for implementation on 30 June 2026.

#### 2. Evidence provided:

	Name of the evidence. For legal acts please provide the full legal reference and date of entry into force	Short description
1	Summary document	A summary document duly justifying how the target (including all its constitutive elements, as set out in the description of the target and of the corresponding measure in the CID Annex) was satisfactorily fulfilled, with appropriate links to the underlying evidence
2	Council of Ministers decision No. 94.357 approved on 8 February 2023, published in the Official Gazette number 4806 on 3 March 2023	Copy of the decision of the Council of Ministers approving the Scheme for the digital upgrade of enterprises
3	Call for proposals published on the official website of the Ministry of	Copy of the call for proposals on the Digital Plan Business upgrading published on the official



	energy, commerce and industry on 15 February 2023	website of the Ministry of energy, commerce and industry
4	Scheme guide published on the official website of the Ministry of energy, commerce and industry in February 2023	Copy of the Scheme guide which includes all terms and conditions for the grant, published on the official website of the Ministry of energy, commerce and industry

### 3. Analysis:

The justification and substantiating evidence provided by the Cypriot authorities cover all constitutive elements of the milestone.

**Publication of call for proposals for grants covering a percentage of expenditure that shall enhance the digital identity of the businesses or shall increase the amount of small and medium-size enterprises that use information and communication technologies (including the e-commerce sector), or shall promote digital entrepreneurship [...]**

The call for proposals (*hereinafter referred to as “the call”*) was published on 15 February 2023 on the official website of the Ministry of energy, commerce and industry (evidence no. 3, p. 2). The call specifies that the submission period for proposals opened on 7 March 2023 and applications were accepted via the Ministry’s electronic allocation plans system until 31 March 2023 (evidence no. 3, p. 1).

The grant covers the sponsorship of eligible costs for the implementation of digital upgrades of existing and new SMEs (evidence no. 4, p. 3).

The main objectives of the grant scheme listed in the scheme guide (evidence no. 4, p. 3) are:

- Strengthening the digital identity of businesses
- The increase in the number / percentage of SMEs that use information and communication technologies, including the field of e-commerce.
- The promotion of digital entrepreneurship.

The requirement for the publication of a call for proposals for grants is satisfactorily fulfilled based on the call for proposals and the scheme guide evidence and analysis.

**[...] following approval of the scheme for the digital upgrade of enterprises by the Council of Ministers.**

The Council of Ministers approved the Scheme for the Digital Upgrading of Enterprises at the Ministerial meeting that took place on 8 February 2023 under the decision number 94.357 (evidence no. 2, p. 1).

Furthermore, in line with the description of the measure, **the investment shall consist in the provision of financial grants of about EUR 30 000 to each beneficiary, as a share of what they shall have invested in eligible investment for the digital upgrade of their enterprises.**

The scheme guide sets EUR 5 000 as the minimum subsidy amount and EUR 50 000 as the maximum subsidy amount per beneficiary. In the case of companies established in mountainous and disadvantaged

areas, the maximum subsidy amount increases to EUR 60 000. The intensity of the grant covers 50% of the eligible budget of the proposal or 60% of the eligible budget of the proposal for companies established in mountainous and disadvantaged areas (evidence no. 4, p. 11).

**4. Commission Preliminary Assessment:** satisfactorily fulfilled.

**Number and name of the Milestone:** 158 Decision on flexible working arrangements in the public sector

**Related Measure:** C3.4.R2 Regulate flexible working arrangements in the public sector

**Qualitative Indicator:** Decision by the Council of Ministers

**Time:** Q1 2023

**1. Context:**

The reform aims to enhance the productivity and effectiveness of the civil service by introducing flexible working arrangements, such as remote work and part-time schedules. It will be based on recommendations from an external study, which will review best practices and limitations observed in other national public administrations. The Public Administration and Personnel Department (*hereinafter referred to as "PAPD"*) will oversee the implementation.

Milestone 158 concerns the publication of the decision on flexible work arrangements in the public sector and is the first step of the implementation of the reform. It will be followed by milestone 159, related to the implementation of the decision of the Council of Ministers based on an action plan developed by the PAPD.

The reform has a final expected date for implementation on 31 December 2024.

**2. Evidence provided:**

	Name of the evidence. For legal acts please provide the full legal reference and date of entry into force	Short description
1	Summary Document	Summary document duly justifying how the milestone (including all the constitutive elements) was satisfactorily fulfilled
2	External study on flexible working arrangements by Price Waterhouse Coopers (PWC) completed on 9 February 2023 - Report on the theoretical framework (main flexible forms of employment)	Theoretical framework
3	External study on flexible working arrangements by Price Waterhouse Coopers (PWC) completed on 9 February 2023 - Report	Practices applied in selected European countries

	documenting the experience from the implementation of teleworking and other flexible forms of employment in the civil service of three European countries	
4	External study on flexible working arrangements by Price Waterhouse Cooper (PWC) completed on 9 February 2023 - Report with the analysis of the results and the recording of conclusions	Analysis of the findings of a questionnaire sent to civil servants including the questionnaire
5	External study on flexible working arrangements by Price Waterhouse Cooper (PWC) completed on 9 February 2023 - Report with recommendations for the institutionalization of teleworking and other flexible forms of employment (terms and conditions, necessary regulations, control mechanisms, and safeguards for their implementation	Final part of the external study on flexible working arrangements - Recommendations
6	Assessment of the External study on flexible working arrangements by the Public Administration and Personnel Department (PAPD) completed on 13 June 2023	Assessment of the Study on flexible working arrangements
7	Proposal submitted to the Council of Ministers for the regulation of flexible working arrangements by the PAPD on 28 August 2023	Proposal submitted to the Council of Ministers for the regulation of flexible working arrangements. The proposal included recommendations for implementing a hybrid work model, reducing working hours, and extending flexible hours for civil service employees

8	A copy of the publication of the Council of Ministers' Decision regarding the implementation of the flexible working arrangements on 30 August 2023, published in the Official Gazette of the Republic of Cyprus on 19 April 2024	The Council of Ministers' decision on the hybrid work model, reduced working hours, and extended flexible hours for civil service employees
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### 3. Analysis:

The justification and substantiating evidence provided by the Cypriot authorities cover all constitutive elements of the milestone.

#### **A study regarding flexible working arrangements in the public sector shall be conducted.**

An external study (evidence no. 2 to 5) with the purpose of drafting recommendations for flexible working arrangements that can potentially be implemented in the civil service was completed and signed by an external contractor on 9 February 2023. The study consists of 5 deliverables:

1. Report with recording of the theoretical framework (main flexible forms of employment) (evidence no. 2);
2. Report with recording of best practices and possible limitations from the application of teleworking and other flexible forms of employment in the civil service of five European countries, namely Malta, Ireland, Finland, the UK and Estonia (evidence no. 3);
3. Questionnaire for the collection of opinions of managers and civil service employees regarding the organization of teleworking and other flexible forms of employment in the public service (preparation, deployment to recipients and receipt of responses) (evidence no. 4);
4. Report with analysis of the results and recording of feedback from the Questionnaire (evidence no. 4);
5. The final report of the external study (evidence no. 5) includes proposals for the regulation of teleworking and other flexible forms of employment in the Cypriot public service, including terms and conditions, control mechanisms, and safeguards for their implementation that would improve the effectiveness and productivity of the civil service. The proposals are based on the analysis and preparation of the other deliverables of the study, previous assignments (theoretical framework, practices of other countries, and questionnaire findings), as well as contacts with other stakeholders, and the overall study of the legal framework governing the operation of the public service. In particular, the report suggests the implementation of safeguards for monitoring and evaluating the performance and productivity of employees and the effectiveness of the civil service. The recommended "task management system" is based on the employees' performance against objective and measurable evaluation criteria, which will focus on the quality and volume of work completed rather than the formal measurement of the total

hours covered daily by each employee (evidence no. 5, pages 22 and 34). Another recommendation is to implement an electronic attendance monitoring system and develop electronic systems that ensure the secure handling of official documents and the intra-service transmission of data (evidence no. 5, pages 23-25). The final report concludes that the most suitable framework of flexible working arrangements for the Cyprus Civil Service is a combination model, with different options of working arrangements, that is, teleworking, reduced working hours, and increased flexible working hours (evidence no. 5, pages 42-43). More specifically, following as good example the case of Malta, the report recommends that the Cyprus Civil Service develops a general framework of guidelines, where each Department/Service would be able to adopt a model for flexible working arrangements based on its needs (evidence no. 5, pages 44).

**The PAPD shall assess the study's recommendations considering appropriate safeguards aiming at improving the effectiveness of the civil service.**

In its assessment of the study on flexible working arrangements (evidence no. 6), the PAPD takes note of the following factors highlighted in the study:

- the Cypriot civil service is not fully ready to immediately implement telework, particularly due to the technological limitations observed (evidence no. 6, p. 13);
- the civil service is complex and diverse from one service/department to another, varying significantly across different services and departments, necessitating a more flexible approach rather than a one-size-fits-all solution (evidence no. 6, p. 13);
- the most desirable flexible employment options of the civil service staff seem to be flexible working hours and hybrid telework (evidence no. 6, p. 13).

The PAPD has adopted the study's proposal to follow a model similar to Malta, where teleworking, reduced hours, and flexible working hours are implemented (evidence no. 6, page 13). In Malta, a framework with various flexible forms of employment and other measures to balance professional and personal life is being implemented. Each service is responsible for ensuring its smooth operation depending on the different forms of flexibility that the employees choose.

**Following the assessment of the study's recommendations, a decision regarding their implementation shall be taken by the Council of Ministers.**

Based on its assessment of the study (evidence no. 2 to 5) on flexible working arrangements (evidence no. 6), the PAPD submitted to the Council of Ministers a proposal (evidence no. 7) for the regulation of flexible working arrangements in the Cypriot civil service. The Council of Ministers' decision approving this proposal was taken on 30 August 2023 and it was published in the Official Gazette of the Republic of Cyprus on 19 April 2024 (evidence no. 8). The decision has authorized the Minister of Finance and the Deputy Minister of Research, Innovation and Digital Policy, to instruct the PAPD and the Department of Information Technology Services, respectively, to take the necessary actions to implement the flexible working arrangements proposed, by the end of 2024. In particular, the Council of Ministers' decision suggests the following flexible forms of employment in the Cypriot civil service:

- Implementation of mixed teleworking (hybrid work model) (evidence no. 8, p. 1ai);
- Implementation of reduced working hours (up to 2 hours maximum per day), with a corresponding reduction in salary, for employees covered by the law on Leave (Paternity,

Parental, Carers, Force Majeure) and Flexible Working Arrangements for the balance between Professional and Private Life of 2022 (L. 216(I)/2022)) (evidence no. 8, p. 1a ii);

- Extension of the flexible working hours of the civil service, from 1½ hours as it is currently, that is, 7:00am/8:30am – 2:30pm/4:00pm, to 2 hours, that is, 7:00am/9:00am – 2:30pm/4:30pm (evidence no. 8, p. 1a iii).

Furthermore, in line with the description of the measure, **the reform shall consist in implementing flexible working arrangements in the public sector on the basis of an assessment by the Public Administration and Personnel Department of the recommendations of an external study of best practices and possible limitations noted by other national public administrations. The study shall review the terms and conditions for flexible working arrangements in the civil service as applied in other jurisdictions.**

Deliverable 2 of the external study (evidence no. 3) records best practices and possible limitations from the application of teleworking and other flexible forms of employment in the public service of five European countries, namely Malta, Ireland, Finland, the UK, and Estonia. The study analyses how each country has dealt with restrictions and difficulties that it has faced during the design and/or implementation of the flexible working arrangements. The study's conclusion is that the five countries considered present different levels of flexibility regarding flexible forms of employment. Teleworking is the most prevalent form of flexibility in these countries and is established as a horizontal policy. The responsibility for managing and implementing teleworking lies with the managers at the service/department level, based on guidelines prepared at the central level. Nevertheless, in none of the five countries, teleworking and other flexible forms of employment are strictly and restrictively implemented.

**4. Commission Preliminary Assessment:** satisfactorily fulfilled.

**Number and name of the Target:** 193, Reduction of backlog of cases for issuance of title deed either by issuing title deeds or by rejecting the case

**Related Measure:** C3.5R3 Strategy for addressing inadequacies of the property transaction system (title deeds)

**Quantitative Indicator:** % (Percentage)

**Baseline:** 0

**Target:** 80%

**Time:** Q2 2023

#### 1. Context:

The objective of the reform is to address inefficiencies in the system of issuing and transferring title deeds, specifically by examining pending cases for the issuance of title deeds or rejection of the cases.

Target 193 concerns the reduction of the backlog of pending cases for issuance of title deeds either by issuing title deeds or by rejecting the case. Specifically, it aims to reduce the backlog of 20,000 pending title deed cases, affecting 1,050 developments. The goal is to resolve 80% of the pending cases, resulting in either the issuance of title deeds or the rejection of the case.

Target 193 is the first step of the implementation of the reform, and it will be followed by milestone 194, which extends the new planning and building permit policy to allow up to four residential units to be built on residential plots. It will be further followed by milestones 195 and 196, which review and amend the Streets and Buildings Regulation Law and the Sale of Property (Specific Performance) Law.

The reform has a final expected date for implementation on 31 December 2023.

#### 2. Evidence provided:

	Name of the evidence. For legal acts please provide the full legal reference and date of entry into force	Short description
1	Summary document	A summary document duly justifying how the target (including all its constitutive elements, as set out in the description of the target and of the corresponding measure in the CID Annex) was satisfactorily fulfilled, with appropriate links to the underlying evidence
2	Progress report approved by the Council of Ministers	Progress report issued on 16 May 2024 and approved by the Council of Ministers on 22 May 2024 with explanations on how the target was



		achieved, including annex tables showing the initial and the remaining number of pending title deeds
3	Council of Minister's decision approving the Progress Report on 22 May 2024, with reference number Y.Σ. 05.05.008, published in the official Gazette on 8 November 2024, with the reference number 4889	The signed copy of the Council of Ministers' decision approving the Progress Report
4	Excel extract from the Cyprus Integrated Land Information System	Excel file prepared for the purpose of calculating statistical data on the number of cases and title deeds examined, extracted from the Cyprus Integrated Land Information System. The Excel tables show the total number of cases and number of titles that have either been examined or are pending for examination
5	ISO certificate	The ISO certification of the Department of Lands and Surveys. The Department was first granted ISO 9001:2008 certification in 2015. The Department proceeded in 2019, with the transition and implementation of the new version of the ISO 9001:2015 Quality Management System (QMS)

### 3. Analysis:

The justification and substantiating evidence provided by the Cypriot authorities cover all constitutive elements of the target.

**Reduction of backlog of pending cases for issuance of title deeds either by issuing title deeds (the legal document constituting the evidence of a right to the ownership of a property) or by rejecting the case. Title deeds for 1 050 developments are pending for assessment, corresponding to 20 000 title deeds. Of this total of 20 000 pending title deeds, 80% shall be resolved resulting either to the issuance of title deeds or to a rejection of the case.**

The Department of Lands and Surveys (*hereinafter referred to as "DLS"*), has extracted tables from the Cyprus Integrated Land Information System (*hereinafter referred to as "CILIS"*) database, which were included as annexes in the Progress report (*hereinafter referred to as "report"*) approved by the Council of Ministers on 22 May 2024 (evidence no. 2, evidence no.3).

- Annex A of the report is a table extracted on 5 January 2021 showing the backlog of 1 049 pending cases for the issuance of 19 928 title deeds as of 31 December 2020.
- Annex B of the report is a table extracted on 5 January 2024, showing the backlog of 219 pending cases for the issuance of 3 742 title deeds as of 31 December 2023.

- Annex C of the report is a table extracted on 19 April 2024, showing the backlog of 219 pending cases for the issuance of 3 524 title deeds

As of April 19, 2024, 3524 title deeds remain pending, bringing the total number of resolved title deeds (by either issuing a title deed or rejecting a case) to 16 404 and therefore achieving the target with an 82.32% resolution rate (evidence no. 2). Of the 16 404 resolved title deeds, 6 737 title deeds (41.07%) were issued, and 9 667 (58.93%) title deeds were rejected. A development case (a dwelling) can be comprised of one to multiple title deeds.

On 18 July 2024, the DLS also generated an updated automated Excel extract using the CILIS system. This extract includes a list of development cases with unique development case numbers, the status of each case (whether rejected or issued), and the number of title deeds attributed to each case (evidence no. 4).

The Commission services conducted an on-the-spot check on 11 October 2024 to verify the functionalities of the CILIS system and the data extraction processes. DLS provided a live demonstration of data extraction from the original database to an excel file, confirming data integrity as no manipulation can occur during the process, due to restricted access and audit trails. DLS clarified that only authorized personnel have file modification access, ensuring data security. An example file was presented, detailing each process stage, matching previously shared excel file data by a unique identifier number. DLS confirmed that their procedures adhere to ISO standards (evidence no. 5), with annual reviews ensuring compliance. This check was completed successfully, confirming that of the total 20 000 pending title deeds, more than 80% have been resolved either by the issuance of title deeds or by the rejection of the case. Therefore, the reduction of backlog of pending cases for the issuance of title deeds either by issuing title deeds or by rejecting the case is satisfactory fulfilled.

**4. Commission Preliminary Assessment:** satisfactorily fulfilled.

**Number and name of the Milestone:** 197 Entry into force of the framework and system of exchange of data legislation

**Related Measure:** C3.5.R4 New legal framework and system of exchange of data and credit bureau

**Qualitative Indicator:** Provision in the legislation indicating the entry into force of the legislation

**Time:** Q1 2023

#### 1. Context:

The objective of the measure is to fight high private indebtedness by improving the assessment of credit risk for new lending through evolvement of the credit registry, to enable it to offer services such as credit scoring in full conformity with data protection rules. The reform consists in amending the existing system for exchange of credit data, under which a private company owned by the Association of Cyprus Banks is the credit registry, so as to allow the provision of credit scoring services. Milestone 197 relates to the entry into force of the legislation on the framework and system of exchange of data by ARTEMIS credit bureau, which shall eliminate impediments in the current framework so as to allow it to provide credit scoring services.

Milestone 197 is the first step of the implementation of the reform. It will be followed by milestone 198, related to full implementation and entry into service of the upgraded digital system of exchange of data by ARTEMIS credit bureau, and start of provision of credit scores services. The reform has a final expected date for implementation on 31 December 2024.

#### 2. Evidence provided:

	Name of the evidence. For legal acts please provide the full legal reference and date of entry into force	Short description
1	Summary document	A document duly justifying how the milestone (including all the constitutive elements) was satisfactorily fulfilled
2	Directive published in the Official Gazette of the Republic of Cyprus, Annex III(I) R.A.A. 243/2024, No. 5881, on 3 July 2024 and entered into force on the same day in accordance with its paragraph 21	Directive on the definition of the operation of a system or mechanism for the exchange, aggregation and provision of data

3	The Law No. 169(I)/2015 published in the Official Gazette of the Republic of Cyprus, Annex I(I), No. 4541, on 27 November 2015 and entered into force on the same day	Sale of Credit Facilities and Related Matters Law and its amendments from 2018, 2022, and 2024 regulate the sales of credit facilities and define the legal entities allowed to buy and sell credit facilities, which include, among others, the credit acquiring companies
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### 3. Analysis:

The justification and substantiating evidence provided by the Cypriot authorities cover all constitutive elements of the milestone.

**Entry into force of the legislation on the framework and system of exchange of data by ARTEMIS credit bureau, which shall eliminate impediments in the current framework so as to allow it to provide credit scoring services.**

The Directive on the definition of the operation of a system or mechanism for the exchange, aggregation and provision of data (*hereinafter referred to as "Directive"*) formulates the terms, conditions, responsibilities, obligations and procedures for the system of exchange of data by Artemis credit bureau/data exchange mechanism (*hereinafter referred to as "Artemis"*). It is applied by authorised credit institutions, credit purchasers who own credit facilities, credit acquiring companies, credit facility servicers, and leasing service providers, who are under the obligation to provide the Artemis with the data stipulated in the directive (evidence no. 2, paragraphs 2, 4, 6, 7 and 9 and evidence no. 3, article 4). The directive entered into force on 3 July 2024, on the date of its publication in the Official Gazette (evidence no. 2, paragraph 21).

The data from Artemis may be used by authorised users for, amongst others, setting up a credit scoring system for clients or potential clients (evidence no. 2, paragraph 11(1) sub-paragraph a)). Artemis will be able to prepare a calibration of credit ratings, record it in the credit rating report, and that report will then be recorded in the client or potential client's overall image report, with a view of categorising those persons into a credit rating scale (evidence no. 2, paragraph 13).

**The main elements of the amendment shall be to broaden the supervisory role of the Central Bank of Cyprus, to maintain a duty to collect data for credit facilities by credit institutions and other creditors, to provide Insolvency Department data, and to define the terms and conditions of access to data and its protection.**

The adopted legislation includes provisions that broaden the supervisory role of the Central Bank of Cyprus (*hereinafter referred to as "CBC"*), such as:

- The CBC can request submission of any data from those entities that are obliged to submit data to Artemis, including data that is not envisaged by the Directive, and also determines its technical specifications and the submission procedure (evidence no. 2, paragraphs 6 and 7).
- In case of a security breach, the CBC must be immediately informed (evidence no. 2, paragraph 14(7)).

- Artemis needs to inform the CBC without a delay in case of an intention to outsource significant tasks, whereas the delegation contract needs to include a provision stating that the person to whom significant operational activities are entrusted shall, in relation to the activities in question, submit any information which the CBC may require (evidence no. 2, paragraph 14(19)).
- The CBC evaluates and approves the common price list for all participants for the use of Artemis (evidence no. 2, paragraph 16).
- Artemis must submit to the CBC statistics on the use of the data exchange mechanism database by the authorised participant users, which is now used also for the provision of the credit scoring services, as explained above. The exact content, format and frequency of statistical data shall be determined by the CBC after consulting Artemis (evidence no. 2, paragraph 14(18)).

Artemis collects data that authorised credit institutions, credit purchasers, credit facility servicers, and leasing service providers are obliged to submit to Artemis on a monthly basis. Data in Annex A of the Directive need to be submitted for all their clients, whereas data in Annex B need to be submitted for existing or potential clients requesting credit facilities (evidence no. 2, paragraphs 6, 7, and 9). Furthermore, the Directive prescribes that the client or potential client's overview report shall include information held in the Central Information Register for the Issuers of Dishonoured Cheques, as well as the information included in the registers of 'Debt Relief Orders' and 'Protection Orders and Personal Repayment Plans' published by the Insolvency Department of the Ministry of Energy, Commerce and Industry (evidence no. 2, paragraph 12(6)).

Access to data in Artemis is granted to authorised participant users and is subject to strict compliance with confidentiality and conduct of business rules. The data is made available solely for the purposes of assessment by participants of the creditworthiness of their clients or potential clients in order to achieve a more efficient management of credit and other related risks. Participants are required to keep audit logs of the actions of each authorised user who searched or retrieved data (evidence no. 2, paragraph 5). The Directive applies the provisions of the Regulation (EU) 2016/679 on data protection and the relevant national Laws 125(I) of 2018 and 26(I) of 2022 (evidence no. 2, paragraph 3, 4, 14 and 19). Artemis needs to have an appropriate information security framework in place to protect the confidential data received, including an information security policy and a management structure supervising the security of operational information. It must also implement procedures to detect and respond to security breaches, and also establish adequate data control mechanisms (evidence no. 2, paragraph 14). In order to minimise leakage of information, including personal data, Artemis (and the persons listed in paragraph 2 of the Directive) need to have a data loss prevention system in place (evidence no. 2, paragraph 9(5)).

Furthermore, in line with the description of the measure, **the reform shall consist in amending the existing system for exchange of credit data, under which a private company owned by the Association of Cyprus Banks is the credit registry, 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 role of the credit registry and other products offered by ARTEMIS as a credit bureau, to ensure continuation of the duty to collect data on credit facilities by credit institutions and other creditors (such as credit acquiring companies), to provide data from the Insolvency Department, and to define the terms and conditions of access to data and its protection.**

Following the entry into force of the Directive, Artemis continues to operate as the exchange mechanism for credit data but with the ability to provide credit scoring services and with an active supervisory role of the CBC which, as explained above, acts among others as a joint controller for the purposes of processing

personal data (evidence no. 2, paragraph 14(1)). The role of Artemis' products is defined by the Directive which prescribes that the data collected by Artemis is made available exclusively for the purposes of assessment by the participants of the creditworthiness of their clients or potential clients in order to achieve a more efficient management of credit and other related risks (evidence no. 2, paragraph 5), while also outlining the specific cases in which the data from Artemis may be used (evidence no. 2, paragraph 10).

**4. Commission Preliminary Assessment:** satisfactorily fulfilled.

**Number and name of the Target:** 220 Expansion of Gigabit-ready internet connection take-up by households

**Related Measure:** C4.1I2 Upgrade internet connection to be “Gigabit-ready” and promote connectivity take-up

**Quantitative Indicator:** Number.

**Baseline:** 0

**Target:** 24 300

**Time:** Q2 2023

### 1. Context:

This investment aims to facilitate digital transition in Cyprus through incentivising the widespread take-up of Gigabit-ready internet connection by households. It consists of a fixed value (i.e., EUR 120) voucher scheme which allows households running on networks that do not support very high-capacity services to select a service provider and upgrade their internet connection to accommodate Gigabit connectivity.

Target 220 requires that at least 24 300 homes upgrade their internet connection to accommodate Gigabit connectivity.

Target 220 is the first step of the implementation of the investment, and it will be followed by target 221, related to the upgrade of internet connection to accommodate Gigabit connectivity for at least 82 000 homes. The investment has a final expected date for implementation in Q2 2025.

### 2. Evidence provided:

In line with the verification mechanism set out in the Operational Arrangements, the following evidence was provided:

	Name of the evidence. For legal acts please provide the full legal reference and date of entry into force	Short description
1	Summary document	Summary document duly justifying how the target has been satisfactorily fulfilled
2	A copy of the aid scheme guide, published in January 2023 by the competent implementing body of the scheme	This outlines all terms and conditions for issuing the vouchers, including the possibility for end-users to select an installer (private installer or a telecom operator)
3	A declaration of the Director of the Department of Electronic Communications	This verifies that all conditions for issuing the vouchers have been complied with and vouchers have been issued for the listed final recipients, accompanied by the complete list of all households with newly upgraded

		internet connection included in an attached table (evidence 4)
4	Spreadsheet table with a list of 24 967 households which have been granted a voucher	The table includes the following information per beneficiary household: (i) Voucher Unique ID., (ii) Telco Operator Name, (iii) Telco Operator's unique id., (iv) Operator's program name, (v) Beneficiary's address, Post Code and Apartment number, (vi) Download Speed, (vii) Upload Speed
5	On the basis of the sample of 60 vouchers selected: a copy of 60 E2 forms signed by the installer and the final beneficiary before the installation of the new connection and addressed to the Department of Electronic Communications of the Deputy Ministry of Research, Innovation and Digital Policy	The E2 forms confirm the relevant CID requirements as regards the non-existence of Gigabit-ready connectivity in households
6	On the basis of the sample of 60 vouchers selected: a copy of 60 E3 forms signed by the installer and the final beneficiary after the installation of the new connection and addressed to the Department of Electronic Communications of the Deputy Ministry of Research, Innovation and Digital Policy	The E3 forms confirm the relevant CID requirements as regards the installation of new Gigabit-ready connections in households
7	Completion certificates issued by the Implementing body at each operator's level, verifying completion of projects, in full compliance with the terms of the aid scheme and the grant decision	Two internal notes produced by the Department of Electronic Communications after the authorisation of the Council of Ministries, approving the first two payments payment to the Telecommunication Providers participating in the scheme in relation to the first 24 967 vouchers.
8	Access to CY portal for Voucher Scheme <a href="https://gigavoucher.dmrld.gov.cy/admin/">https://gigavoucher.dmrld.gov.cy/admin/</a>	This portal stores information regarding all vouchers issued under the relevant scheme.

### 3. Analysis:

The justification and substantiating evidence provided by the Cypriot authorities cover all constitutive elements of the target.

#### **Internet connection has been upgraded to be able to support provision of Gigabit connectivity in at least 24 300 homes.**

The Aid Scheme Guide (evidence no. 2) appointed the Department of Electronic Communications (*hereinafter referred to as "DEC"*) of the Deputy Ministry of Research, Innovation and Digital Policy as the competent Implementing Body of the voucher scheme (evidence no. 2, p. 8). DEC launched the first call for the participation of households in the scheme on 1 February 2023. Cyprus submitted a table (evidence



no. 4) with a list indicating that 24 967 households have been granted a voucher and have upgraded their internet connectivity so far.

Based on the list of 24 967 vouchers used (evidence no. 4) to upgrade the internet connectivity of households in Cyprus, the Commission services drew a random sample of 60 vouchers. For each of the sampled vouchers, the Cypriot authorities provided a copy of signed E2 forms (evidence no. 5) and E3 forms (evidence no. 6). The E2 forms, issued by the implementing body for every eligible owner/tenant applying for a voucher, can be considered as the vouchers and include the personal details of the owner/tenant (Name, ID, Address) and a declaration that they were not voucher beneficiaries before (at the same premise) and that the premise was not “Gigabit ready” prior to the voucher. The E3 forms are verification reports issued and verified by the Telecom Operator per each voucher/E2 form and signed by the owner/tenant of the household. This report verifies/certifies that the installation has been completed and the household is “Gigabit-ready”, and it also provides evidence on the speed of the new connection.

The E2 and E3 certificates were treated as documentary evidence and were checked against the following two requirements:

- i. The voucher concerns single tenant units, as well as apartments in multi-dwelling buildings with a connection that did not support Gigabit ready broadband services and had a download speed of less than 100 Mbps prior to the intervention (confirmed by the private installer or telecoms operator), verified through the check of E2 forms. In particular, in the E2 forms, the final beneficiary and the installer declare that there is no broadband connection of 100 MBps or above in the final beneficiary’s premise.
- ii. The household connection has been upgraded to “Gigabit-ready” and has a download speed of 200 Mbps or more (confirmed by the private installer or telecoms operator), verified through the check of E3 forms. In particular, in the E3 forms, the installer and the final beneficiary confirm that Gigabit-ready connection has been installed in the final beneficiary’s premise.

As a second layer check, the Commission services checked the information reported in the signed E2 and E3 forms against the information included in the Cypriot Gigavoucher portal (where access was granted to Commission services, evidence no. 8). The Commission services conducted an on-the-spot check on the portal on 10 June 2024 to verify the information reported in the signed E2 and E3 forms. This check was completed successfully, confirming that the conditions outlined in the CID were met.

In addition, the Cypriot authorities provided completion certificate packages which were issued by the implementing body at operator level and verify the completion/final payment to each telecom operator as regards all 24 967 vouchers used under the scheme so far and indicating full compliance with the terms of the scheme (evidence no. 7). As a second layer check, during the on-the-spot check on the Cypriot Gigavoucher portal (evidence no. 8) on 10 June 2024 to the Commission services verified that all sampled vouchers had been paid/completed. This check was completed successfully, confirming that relevant certificates had been uploaded into the system and the corresponding vouchers had been redeemed.

To this end, the evidence provided for the sample of 60 units confirmed that the requirements of the target have been met.

In line with the description of the measure, **the investment consists in the implementation of a demand subsidy (voucher) scheme, addressed exclusively to physical persons (i.e. excluding enterprises), encouraging them to proceed with the upgrade of their internet connection by subscribing to a Gigabit ready internet service. The voucher applies to single tenant units, as well as apartments in multi-dwelling buildings with no connection capable of supporting very high-capacity services. The voucher value per premise shall be fixed. End-users shall be able to select a service provider and the technology of their choice to upgrade the connection.**

The aid scheme guide defines the general and specific terms of reference in relation to the implementation of the voucher scheme (evidence no. 2). Cyprus published the first voucher proclamation in January 2023 and the second one in October 2023 through the relevant website (<https://gigavoucher.dmrid.gov.cy/voucher/>). The voucher scheme is exclusively addressed to physical persons (evidence no. 2, Section IV, sub-section 6.2, p. 10). The voucher concerns single tenant units, as well as apartments in multi-dwelling buildings with a connection that does not support broadband services or has a download speed less than 100 Mbps (evidence no. 2, Section IV, sub-section 6.2, p. 10). The value of a voucher is fixed at EUR 120 and covers less than 50% of the total estimated cost for the relevant installation and the first 12 monthly subscriptions (evidence no. 2, Section IV, sub-section 6.1, p. 9-10). According to the requirements described in the aid scheme guide, beneficiaries of vouchers are free to choose a service provider (evidence no. 2, Section IV, sub-section 6.1, p. 10) and the technology, in the form of different internet programs that beneficiaries could subscribe for and that are illustrated in the Cypriot Gigavoucher portal (i.e., under the general category “programs”).

Furthermore, in line with the description of the measure, **after the upgrade of the connection, installers shall upload in the IT system the “Gigabit-ready” certificate for the household, along with the acceptance form signed by the owner/tenant who issued the voucher, thus triggering redemption of the voucher.**

On 17 May 2024, the Commission services had a walkthrough of the Gigavoucher portal. In addition, Commission services were granted access to the same IT system (evidence no. 8) and conducted an on-the-spot check on 10 June 2024. The IT system includes five general categories (i.e., audit reports, audits, payment requests, programs, vouchers). Under the “vouchers” category, one can find all information stored per voucher. This includes, among others, (i) the voucher ID, (ii) the telecom provider that upgraded the internet connection, the program selected, personal and contact details of the physical beneficiary person, (iii) the type of the connection, (iv) internet speed, and (v) the status of the vouchers (i.e., whether approved, paid etc.). Through the walkthrough, the Commission services could understand the functioning on the system; with the access to the system and the on-the-spot check, the Commission services could verify the information on the sampled units, including that the relevant certificates had been uploaded into the system and the corresponding vouchers had been redeemed.

**4. Commission Preliminary Assessment:** satisfactorily fulfilled.

**Number and name of the Milestone:** 229 Digipol prototype operational

**Related Measure:** C4.2.R3 Police Procedures digitalisation Digipol

**Qualitative Indicator:** Declaration by Cyprus Police confirming that the prototype platform (Digipol) is operational

**Time:** Q2 2023

**1. Context:**

The measure aims to digitalise the procedures of the Cyprus Police Force, by creating a new platform (Digipol) for police services, which can be used by both citizens and police officers.

Milestone 229 provides that a first prototype of the platform is operational and open to access for police officers.

Milestone 229 is the first step of the implementation of the reform. It will be followed by target 230, related to the platform being used by the public. The reform has a final expected date for implementation on 30 September 2025.

**2. Evidence provided:**

	Name of the evidence. For legal acts please provide the full legal reference and date of entry into force	Short description
1	Summary document	Summary document duly justifying how the milestone is fulfilled
2	Contract No 05/2022 of 23 June 2022	Research cooperation agreement between the Cyprus Police and the research Center of the University of Cyprus
3	Prototype delivery report	Report produced by the contractor to deliver the pilot Digipol Platform
4	Web portal to access the prototype	Website where the Digipol prototype is accessible ( <a href="https://kiosapps.ucy.ac.cy/digipol/admin">https://kiosapps.ucy.ac.cy/digipol/admin</a> )
5	Invitation to training event of 17 May 2024	Invitation to relevant staff, including Police officers, for the training event of 17 May
6	Invitation to training event of 4 June 2024	Invitation to relevant staff, including Police officers, for the training event of 4 June
7	List of participants of training event of 17 May 2024	List of participants of training event of 17 May 2024

8	List of participants of training event of 4 June 2024	List of participants of training event of 4 June 2024
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### 3. Analysis:

The justification and substantiating evidence provided by the Cypriot authorities cover all constitutive elements of the milestone.

#### **The prototype platform (Digipol) is operational.**

Cypriot Ministry of Justice and the Centre of Excellence 'KOIOS' (Research Centre for Intelligent Systems and Networks) of the University of Cyprus (*hereinafter referred to as the "contractor"*) signed a contract for the development of the Digipol project on 26 June 2022 (evidence no. 2). The details of the project are outlined in Annex A to the contract, which defines the detailed steps and deliverables for the development of the Digipol platform. Work package 5 as outlined in Annex A to the contract provides that a pilot system setting up access to two main police services is developed between November 2022 and January 2024, and that at the end of the development, access is given to police officers to operate on the pilot platform. In particular, deliverable 5.3 under Work package 5 provides that the contractor prepares a delivery report once the pilot system is operational. Cyprus shared the delivery report (evidence no. 3), which describes the main features of the pilot (section 1), provides a user manual for the training of police officers on the several procedures available on the prototype (sections 3, 4, 5 and related subsections) and proves that the Digipol prototype is operational, as stated in Annex A of the contract.

The prototype can be accessed by the police officers and by citizens at a dedicated link (evidence no. 4). Cypriot authorities provided the Commission with two dedicated accounts to enter and test the prototype as a police officer or as a citizen. The Commission services conducted an on-the-spot check on 20 September 2024 to verify that the prototype platform (Digipol) was operational. This check was completed successfully, confirming that at least one digital service (delivery of digital criminal records) was available and operational on the prototype.

#### **Police officers shall be the users and have access to the prototype Digipol for familiarity and training purposes.**

By accessing the prototype with the dedicated accounts provided by the Cypriot authorities, the Commission services conducted an on-the-spot check on 20 September 2024 to verify that police officers were users and had access to the Prototype. This check was completed successfully, confirming that 90 users were allowed access to the platform, and 67 of them were part of the police staff . Cypriot authorities also shared with the Commission the correspondence between the contractor (KOIOS) and staff of the Finance Division of the Cyprus police on the organization of two training events involving the police staff held on 17 May and 4 June 2024, including the related invitations (evidence no. 5 and 6) and participants list (evidence no. 7 and 8).

### **4. Commission Preliminary Assessment: satisfactorily fulfilled.**

**Number and name of the Milestone:** 236 Start of the digital upgrade of the Cyprus Ports Authority

**Related Measure:** C4.2 I2 Digitalisation of the Cyprus Ports Authority

**Quantitative Indicator:** Number

**Baseline** 0

**Target** 4

**Time:** Q2 2023

#### 1. Context:

The objective of the measure is to digitalise key processes in the Cyprus Ports Authority (CPA) to improve their efficiency and effectiveness, including communications between vessels and the relevant authorities and improvements to monitoring vessel traffic in Cypriot waters.

Target 236 covers the signature of the contracts with providers, selected through a public procurement procedure, to develop/upgrade at least four out of the following seven systems for the Cyprus Ports Authority: 1. Upgrade of the Port Community System; 2. Installation of VTS Station; 3. Digitisation of CPA archives; 4. Upgrade of IT infrastructure (such as network, switches); 5. Update IS systems; 6. Installation of an HR Management System; 7. Upgrade CPA Servers. It also covers the signature of contracts to develop the e-service for monitoring and safety navigation to and from the ports of Larnaca and Vasiliko.

Target 236 is the first step in the implementation of the measure, and it will be followed by targets 237 and 238. Target 237 requires the finalisation and installation of at least four of the systems for all relevant ports. Target 238 requires that all seven systems for all relevant ports are installed and operational with all hardware/equipment installed and set up, including administrative and reporting formalities and monitoring and safety of navigation to and from the ports of Larnaca and Vasiliko. The investment has a final expected date of implementation in December 2025.

#### 2. Evidence provided:

	Name of the evidence. For legal acts please provide the full legal reference and date of entry into force	Short description
1	Summary document	A summary document duly justifying how the target (including all its constitutive elements, as set out in the description of the target and of the corresponding measure in the CID Annex) was satisfactorily fulfilled, with appropriate links to the underlying evidence.
2	(i) Approval by the Board of Directors of Cyprus Port	<b>Installation of VTS Station</b> (Vessel Traffic Service system), also including the <b>e-service monitoring</b>

	Authority (CPA) for negotiation with potential contractor on 21 March 2023 and (ii) Tender TY 12/2023 dated 1 September 2023	<b>and safety</b> of navigation to and from the parts of Larnaca and Vasiliko.
	Publication of the public calls for: <b>(i) Tender no. 25/2022:</b> dated 26 July 2022 and <b>(ii) Tender No. 1/2023:</b> dated 5 April 2023	<b>Upgrade of IT infrastructure (such as networks and switches):</b> (i) Supply, installation, operation, training in the use and maintenance of a system of switches (ethernet switches) for the needs of the Cyprus Ports Authority (ii) Implementation of a structured cabling network at the Nicosia Head Offices and at the ports of Limassol and Larnaca
3	Publication of the public calls for: <b>(i) Tender No. 11/2023:</b> dated 7 April 2023 <b>(ii) Tender no. 12/2023:</b> dated 7 April 2023 <b>(iii) Tender no 18/2023:</b> dated 12 April 2023	<b>Upgrade of IS systems</b> (i) Supply, Installation, Operation and Maintenance of the Classified Access Control System (ii) Supply, Installation, Operation and Maintenance of a Unified Solution for the Management of Information Systems (iii) Purchase of security incident and incident management services (SIEM and SOC) to support intrusion prevention and detection processes
4	Publication of the public call for tender: <b>ΠΡ.3/2023:</b> dated 11 May 2023	<b>Upgrade of CPA servers</b> Supply, installation, operation, training in the use and maintenance of Servers, Storage and VMware systems
	The signed contracts and their annexes, including the tender documents and the successful tenders for the deployment of the systems, as per the following:	
5	<b>The contract signed on 25 October 2023</b> between CPA and Wartsila Voyage Limited	<b>Installation of VTS station</b> including <b>e-service</b> monitoring and safety of navigation to and from the ports of Larnaca and Vasiliko.
6	<b>(i) The contract signed on 20 December 2022</b> between the CPA and Newcytech Business Solutions Ltd	<b>Upgrade of IT infrastructure (such as network and switches)</b> <b>(i)</b> Supply, installation, operation, training in the use and maintenance of a system of switches

	<b>(ii) The contract signed on 17 July 2023</b> between CPA and Optronics Plus (CY) Ltd	(ethernet switches) for the needs of the Cyprus Ports Authority <b>(ii)</b> Implementation of a structured cabling network at the Nicosia Head Offices and at the ports of Limassol and Larnaca
7	<b>(i) The contract signed on 13.7.2023</b> between CPA and G.C.C (COMPUTERS) limited. <b>(ii) The contract signed on 31 August 2023</b> between CPA and Adacom <b>(iii) The contract signed on 25 September 2023</b> between CPA and CHANNELIT Limited	<b>Update of IS systems</b> <b>(i)</b> Purchase of security incident and incident management services (SIEM and SOC) to support intrusion prevention and detection processes <b>(ii)</b> Supply, Installation, Operation and Maintenance of the Classified Access Control System <b>(iii)</b> Supply, Installation, Operation and Maintenance of a Unified Solution for the Management of Information Systems
8	<b>Contract signed on 25 September 2023</b> between CPA and CBS IT Systems Cyprus LTD	<b>Update CPA servers</b>

### 3. Analysis:

The justification and substantiating evidence provided by the Cypriot authorities cover all constitutive elements of the milestone.

**The contracts with providers selected through a public procurement procedure have been signed to develop/upgrade at least four of the following seven systems for the Cyprus Ports Authority: 1. Upgrade of the Port Community System; 2. Installation of VTS Station; 3. Digitisation of CPA archives; 4. Upgrade of IT infrastructure (such as network, switches); 5. Update of IS systems; 6. Installation of an HR Management System; 7. Upgrade of CPA Servers; [...]**

Four contracts with providers selected through public procurement procedures have been signed to develop/upgrade the following systems for the Cyprus Ports Authority (hereinafter referred to as “CPA”): 1) Installation of a vessel traffic service (hereinafter referred to as “VTS Station”), 2) Upgrade of IT infrastructure (such as network, switches), 3) Update of IS systems and 4) Upgrade of CPA Servers.

#### 1) Installation of VTS Station

A VTS is a marine traffic monitoring system established by harbour or port authorities, similar to air traffic control for aircraft. The installation of the VTS Station will be achieved using specialised equipment for the monitoring of sea traffic, i.e., radar and other relevant equipment.

A contract was signed on 25 October 2023 (evidence no. 6) following a negotiated procedure (tender no. TY 12/2023 dated 1 September 2023, evidence no. 2(i) and 2(ii)), for the supply of two radars and the relevant equipment, infrastructure, and software for the development of a VTS station at Zygí-Vassiliko.

#### 2) Upgrade of IT infrastructure (such as network, switches)



For the upgrade of IT infrastructure, two contracts have been signed, namely:

- (a) The contract signed on 20 December 2022 (evidence no. 7(i)) for the supply, installation, operation, training in the use and maintenance of a system of switches (ethernet switches), for the needs of the Port Authority, following a tender (evidence no. 3(i)); and
- (b) the contract signed on 17 July 2023 (evidence no. 7(ii)) for the implementation of a structured cabling network at the Nicosia Head Offices and at the ports of Limassol and Larnaca, following a tender (evidence no. 3(ii)).

### **3) Update of IS systems**

For this update of Information Systems, three contracts have been signed through a public procurement procedure, namely:

- (a) the contract signed on 13 July 2023 (evidence no. 8(i)), for the purchase of services for the management of incidents and security incidents (SIEM and SOC) to support intrusion prevention and detection processes, following a tender (evidence no: 4(iii)).

The solutions provided will allow to detect, locate and record vulnerabilities of operating systems and software but also to ensure the repair of vulnerabilities. For data leakage and loss prevention (DLP), the solutions will ensure that data is protected from intentional or unintentional loss.

- (b) the contract signed on 31 August 2023 (evidence no. 8(ii)) for the supply, installation, operation, and maintenance of Privilege Access Management (PAM) system, following a tender (evidence no: 4(i)).
- (c) the contract signed on 25 September 2023 (evidence no. 8(iii)) for the supply, installation, operation, and maintenance of a unified solution for the management of Information Systems (IS), following a tender (evidence no. 4(ii)).

### **4) Upgrade of CPA Servers**

For the upgrade of CPA Servers, a contract (evidence no. 9) was signed on 25 September 2023 for the supply, installation, operation, training in the use and maintenance of Servers, Storage and VMware systems, following a tender (evidence no. 5). Based on the contract, all existing servers will be replaced with new rackmounts in a fault tolerant configuration, that is, in case of failure of one server in each location, the other two servers in the same location will take over all its tasks. Also fault tolerance will exist between the Authority's facilities (offices) in Nicosia and Limassol. As such, the upgrade of the servers will allow CPA to install and run all the necessary software that is required for its digitisation, as well as to incorporate business continuity contingencies, such as duplication of data.

**[...] and contracts have been signed to develop the following e-service: • monitoring and safety of navigation to and from the ports of Larnaca and Vasiliko.**

The e-service “Monitoring and safety of navigation to and from the ports of Larnaca and Vasiliko” is associated with the contract signed for the VTS Station on 25 October 2023 (evidence no. 6, pages 11-20).



The provision of the e-service will be achieved through the agreement for the supply of a radar and relevant equipment for the development of a VTS station at Zygi-Vasiliko. Through this contract, CPA will install the relevant equipment for the VTS station (such as radar, CCTV, etc.), which is essential for the operation of VTS in the area, as well as equipment for the provision of the service (consoles, VHF radio, CCTV monitoring surveillance), which will transmit the data to the VTS station in order to monitor the safety and navigation. Once operational, the VTS Vasiliko Station will collect data from both the ports of Vasiliko and Larnaca and the monitoring and the safety of the navigation of both ports will be performed from a single location.

**4. Commission Preliminary Assessment:** satisfactorily fulfilled.

**Number and name of the Milestone:** 255 Entry into force of the law for flexible work arrangements in the form of telework

**Related Measure:** C5.2.R2 Flexible Work Arrangements in the Form of Telework

**Qualitative Indicator:** Provision in the law indicating the entry into force of the law for the flexible work arrangements in the form of telework

**Time:** Q2 2023

### 1. Context:

The objective of the reform is to promote flexible work arrangements in the form of telework to enhance work-life balance and increase employment opportunities.

Milestone 255 concerns the entry into force of a law which regulates flexible work arrangements in the form of telework. The law defines the telework, describes the economic activities where telework is applicable, as well as the conditions for taking up telework and the rights and obligations of employers and employees.

Milestone 255 is the first step of the implementation of the reform. It will be followed by target 256, related to the grant scheme to incentivise the employers to hire unemployed persons. The reform has a final expected date for implementation on 31 December 2025.

### 2. Evidence provided:

	Name of the evidence. For legal acts please provide the full legal reference and date of entry into force	Short description
1	Summary document	A summary document duly justifying how the milestone (including all its constitutive elements, as set out in the description of the target and of the corresponding measure in the CID Annex) was satisfactorily fulfilled
2	Official Gazette L120(I)/202 3, entered into force on 1 December 2023	The law for flexible working arrangements in the form of telework

### 3. Analysis:

The justification and substantiating evidence provided by the Cypriot authorities cover all constitutive elements of the milestone.

### **Entry into force of a new law which shall regulate flexible work arrangements in the form of telework.**

The Law for flexible working arrangements in the form of telework (*hereinafter referred to as “the Law”*) entered into force with its publication in the Official Gazette of the Republic on 1 December 2023: O.G. Annex. I(I) L.120(I)/2023, No. 4968) (evidence no. 2), pursuant to Article 52 of the Constitution.

**The law shall include a definition of telework, description of the economic activities where telework is applicable, the conditions for taking up telework and the rights and obligations of employers and employees.**

The Article 2 of the Law defines telework as *“the remote provision of the work of an employee using technology, under a full-time, part-time or other form of employment contract, which may be performed from premises of the employer and/or from a workplace outside the employer’s premises”*.

The economic activities where telework is applicable are described in Article 2 of the Law (evidence no. 2) where the term “employee” from the telework definition is defined as *“a person working for another person either under an employment contract or relationship or an apprenticeship, or in such circumstances as to establish the existence of a full-time or part-time relationship between employer and employee for a fixed or indefinite period, whether continuous or not, irrespective of the place of employment, and includes a person working for a legal person governed by public law or for a local authority”*.

Article 3(1) of the Law describes the conditions for taking up telework. According to the Law, the teleworking shall be voluntary and shall be agreed in writing between the employer and the employee either upon recruitment, by amending the employment contract, or by collective agreement, and it may not adversely affect any conditions of employment.

Also, teleworking may be applied, following a decision by the employer, on grounds of the protection of public health, and at the request of the employee, in the event of a substantiated risk to his or her health (Article 3(3) of the Law).

The rights and obligations of employers and employees are set out as follows: in Articles 4(1) and 5(1) concerning the obligations of employers and Article 7 concerning the obligations of employees.

Furthermore, in line with the description of the measure, the legislation **promotes collective agreements to regulate telework**. In particular, Article 19 of the Law specifies that the collective agreements, to the extent that they are more favourable for the employee, prevail over the provisions of the Law. Telework is optional and agreed in writing between an employer and an employee either upon recruitment or by amending the employment contract or with collective agreement. It is understood that teleworking cannot adversely affect any terms of employment (evidence no. 2, article 3(1)).

**4. Commission Preliminary Assessment:** satisfactorily fulfilled.