

**16 September 2024**

**Positive preliminary assessment of the satisfactory fulfilment of milestones and targets related to the second payment request submitted by Cyprus on 15 December 2023, 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 15 December 2023, Cyprus submitted a request for payment for the second and third instalments 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 38 milestones and targets of the second and third instalments of the non-repayable support as set out in Section 2.1 of the Council Implementing Decision of 28 July 2024 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 37 out of 38 milestones and targets. Cyprus has not currently provided the necessary information for the Commission to reach a positive preliminary assessment on milestone 209 (Entry into force of the law to tackle aggressive tax planning). For this milestone, the Commission will proceed in accordance with Article 24(6) of Regulation (EU) 2021/241.

For one Milestone (127) 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 accelerating the energy renovation of buildings, establishing Cyprus's Agricultural Research Institute, attracting investment in innovative companies, streamlining procedures for strategic investments, setting-up of an independent anti-corruption authority and adopting the national strategy for Research and Innovation. The milestones and targets also confirm progress towards the completion of investment projects related to, among others, the construction of new facilities for the Cyprus Blood Establishment, facilitating energy upgrading and increased energy efficiency of selected public buildings, increasing forest fire protection, improving water resource management, setting-up a State funded equity fund and setting-up an IT platform to simplify the permitting of renewable energy sources and energy renovation projects.

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<sup>1</sup> Council Implementing Decision 11800/24 INIT and 11800/24 ADD1 of 28 July 2024 amending Council Implementing Decision ST 10686/21 INIT and ST 10686/21 ADD 1 on the approval of the assessment of the recovery and resilience plan for Cyprus.

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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**[Non-repayable support]**

<b>Number:</b> 5	<b>Related Measure:</b> C1.1.I1 New facilities for the Cyprus Blood Establishment and procurement of the latest technology attendant equipment
<b>Name of the Milestone:</b> Contract signature for the construction of the Cyprus Blood Establishment	
<b>Qualitative Indicator:</b> Signature of the contract	<b>Time:</b> Q3 2022
<p><b>Context:</b> The objective of this investment is to improve the operations of the Cyprus Blood Establishment. The investment consists of building new energy-efficient facilities in the municipality of Geri, which is in proximity to the General Hospital of Nicosia, as well as of acquiring state-of-the-art technology and equipment. The Cyprus Blood Establishment will manage blood from all blood donation stations in Cyprus, and it will process, test, store and distribute the tested blood.</p> <p>Milestone 5 consists of the signature of the contract with the tenderer selected under a competitive call for tenders for the construction of the Cyprus Blood Establishment.</p> <p>Milestone 5 is the first step of the implementation of the investment and it will be followed by milestone 6, related to the full completion of construction work as well as operationalisation of the new blood establishment facilities. The investment has a final expected date for implementation on 30 June 2025.</p>	
<p><b>Evidence provided:</b> In line with the verification mechanism set out in the Operational Arrangements, the following evidence was provided:</p> <ol style="list-style-type: none"><li>i. 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.</li><li>ii. Copy of the publication of the call for tenders for the construction of the Cyprus Blood Establishment (annex 1 to the signed contract).</li><li>iii. Copy of the contract for the construction of the Cyprus Blood Establishment signed by the Government of the Republic of Cyprus (through the Director of the Department for Public Works) and a representative of the contractor on 20 December 2022. Its annexes include the tender documents and the successful bid for the construction of the Cyprus Blood Establishment.</li></ol>	
<p><b>Analysis:</b> The justification and substantiating evidence provided by the Cypriot authorities covers all constitutive elements of the milestone.</p> <ul style="list-style-type: none"><li>• <b>Signature of the contract with the selected tenderer(s) (contractor(s)) selected under a competitive call for tenders for the construction of the Cyprus Blood Establishment.</b></li></ul> <p>In line with the requirements of the Council Implementing Decision, the contract for the construction of the Cyprus Blood Establishment (evidence No. ii, <i>hereinafter referred to as "the contract"</i>) was signed on 20 December 2022 (evidence No. iii, annex 2.1, pages 1 and 2) by the Government of the Republic of Cyprus (through the Director of the Department for Public Works) and a representative of the contractor.</p> <p>The successful bid is annexed to the contract. The competitive call for tenders was published on 11 May 2022 (tender reference "A/4/2022(E)") in the e-procurement website of the Treasury of the Republic of Cyprus (evidence No. iii, page 6). Eight bids were received and evaluated.</p> <p>The signed contract and its annexes define the general and specific terms of references in relation to the construction work. They define the subject matter, value, duration, obligations of the contracting authority and of the contractor, as well as the detailed technical specifications for the construction and maintenance of the new Blood Establishment, including minimum requirements for the structural</p>	

design of the building and specifications for building works and materials. The signed contract also describes the specific construction needs for the installation of all relevant state of the art technology and equipment that the Cypriot authorities need to provide for the operations of the Cyprus Blood Establishment (evidence No. ii, annex 2.2, part A, paragraph 1.2.5.1, page 10).

The contract specifies that the new Establishment will have the capacity to distribute about 80,000 blood products (such as red blood cells, platelets and fresh frozen plasma) for clinical use across the country (evidence No. ii, annex 2.2, part A, paragraph 1.2.1 and 1.2.3, page 8). The signed contract specifies that the Cyprus Blood Establishment will have the appropriate configuration to receive, process, test, store, and distribute tested blood.

- Furthermore, in line with the description of the measure, **the signed contract specifies that the primary energy consumption of the Cyprus Blood Establishment will not exceed 100 kWh per square meter per year.**

The requirement that the primary energy consumption of the Cyprus Blood Establishment will not exceed 100 kWh per square meter per year is set out in the contract (evidence No. iii, annex 2.2, part B, chapter C, paragraph 2.2.2, pages 379-380). This is 20% lower than what is defined in the nearly zero-energy building requirement for non-residential buildings, as demonstrated in page 1476 of the Regulatory Administrative Act 366 of the Republic of Cyprus, published in the Official Gazette of the Republic of Cyprus on 1 August 2014 (<https://www.energy.gov.cy/assets/modules/wnp/articles/202303/114/docs/kdp3662014.pdf>).

**Commission Preliminary Assessment:** Satisfactorily fulfilled

<b>Number: 7</b>	Related Measure: C1.1.I2 Cyprus Innovative Public Health information and communications technology (ICT) System
<b>Name of the Milestone:</b> Influenza Sentinel Surveillance (ISS)System	
<b>Qualitative Indicator:</b> Fully operational system	<b>Time:</b> Q2 2022
<p><b>Context:</b> The measure aims at establishing the Influenza Sentinel Surveillance module of the Cyprus Innovative Public Health information and communications technology System to support public health sector bodies in making evidence-based decisions. It includes procurement of digital tools, training various medical professionals (doctors, laboratory staff and Ministry of health officials) how to use them. It also includes voluntary participation of 30 general practitioners as sentinel doctors.</p> <p>Milestone 7 concerns the functioning of the module dedicated to influenza Sentinel Surveillance module of the Cyprus Innovative Public Health ICT System.</p> <p>Milestone 7 is the first step of the implementation of the investment, and it will be followed by target 8 related to sentinel doctors entering data in the Influenza Sentinel Surveillance System module.</p> <p>The investment has a final expected date for implementation in 31 December 2025.</p>	
<p><b>Evidence provided:</b> In line with the verification mechanism set out in the Operational Arrangements, the following evidence was provided:</p> <ol style="list-style-type: none"> <li>i. Summary document duly justifying how the milestone, including all the constitutive elements, was satisfactorily fulfilled.</li> <li>ii. Copy of the Research and innovation cooperation agreement between the ministry of health and the centre of excellence for research and innovation of Cyprus university of Cyprus for the project Cyprus innovative public health ICT system (CIPHIS), signed on 3 August 2022.</li> <li>iii. Copy of Annex A of the Research and innovation cooperation agreement for the project Cyprus innovative public health ICT system (CIPHIS) between the Ministry of health and the centre of excellence for research and innovation of Cyprus, signed on 3 August 2022.</li> <li>iv. Copy of amended Annex A of the Research and innovation cooperation agreement for the project Cyprus innovative public health ICT system (CIPHIS) between the ministry of health and the centre of excellence for research and innovation of Cyprus, signed on 24 November 2022.</li> <li>v. Copy of the acceptance certificate for the Influenza Sentinel Surveillance module issued by the contracting authority, dated 24 November 2022.</li> <li>vi. Description of the system put in place monitoring its effectiveness by the Centre of excellence for research and innovation of Cyprus university of Cyprus.</li> </ol>	
<p><b>Analysis:</b> The justification and substantiating evidence provided by the Cypriot authorities covers all constitutive elements of the milestone.</p> <ul style="list-style-type: none"> <li>• <b>The Influenza Sentinel Surveillance System module of the Cyprus Innovative Public Health information and communications technology (ICT) System shall be operational and a system-monitoring its effectiveness shall be in place.</b></li> </ul> <p>The signed contract (evidence No. ii) on research and innovation cooperation for the project “Cyprus innovative public health information and communications technology system” between the ministry of health and the centre of excellence for research and innovation of Cyprus university of Cyprus and its Annex and amended Annex (evidences No. iii and iv) include the technical specifications for all the functionalities covered by the Council Implementing Decision Annex. In particular, Work package 1 Phase A covers the Influenza Sentinel Surveillance Release along with the User Manual. The release includes a system put in place to monitor the platform’s effectiveness and provide means of feedback for future releases (evidence No. vi) The system is a collection of digital forms, and other tools that make up the platform (such as, data analysis dashboard, SMS notifying tools, user account management, sentinel doctor monitoring, etc...) and includes both software and ICT Infrastructure.</p>	

The completion of the Influenza Sentinel Surveillance System module (Work package 1 Phase A in the amended Annex 1.2 to the contract (evidence No. iv pages 10-11)), is demonstrated by a copy of the completion acceptance certificate (evidence No. v) issued by the Contracting Authority, in accordance with the national legislation, demonstrating that the new ICT system is in place and operational.

As the European Commission services could not access the system via the provided link, the Commission's services performed an online on-the-spot check on 10 January 2024. The Cypriot authorities organised a live demonstration via video link, which showed the operations of the module in different user roles as well as a presentation of the back-end architecture, which is put in place to monitor the effectiveness of the system including, among others, the key performance indicators. The live demonstration was performed in order to obtain reasonable assurance that, in addition to the received completion acceptance certificate, all functionalities of the system and monitoring are in place and operational. The on-the-spot check was finalised successfully without any issue found.

**Commission Preliminary Assessment:** Satisfactorily fulfilled



<b>Number:</b> 22	Related Measure: 2.1.R3 Digital One-Stop Shops to streamline RES projects permitting and to facilitate Energy Renovation in Buildings	
<b>Name of the Milestone:</b> Fully operational IT platform		
<b>Qualitative Indicator:</b> Fully operational IT platform accepted by the Ministry of Energy, Commerce and Industry		<b>Time:</b> Q4 2022
<p><b>Context:</b> The objective of this measure is to promote the implementation of renewable energy systems (RES) projects, and accelerate the energy renovation of buildings. It consists in digitalising the licensing permitting process for RES projects and establishing a single point of contact for technical and financial support for the purposes of energy renovation of buildings.</p> <p>Milestone 22 requires the acceptance by the Ministry of Energy, Commerce and Industry of a fully operational IT platform for (i) guiding the applicant through the administrative permit application process in a transparent manner up to the delivery of one or several decisions by the responsible authorities; and (ii) providing the applicant with all the necessary information and involve, where appropriate, other administrative authorities.</p> <p>Milestone 22 is the only milestone of this reform. The reform has a final expected date of implementation in 31 December 2022.</p>		
<p><b>Evidence provided:</b> In line with the verification mechanism set out in the Operational Arrangements, the following evidence was provided:</p> <ul style="list-style-type: none"> <li>i. 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, including screenshots demonstrating that the IT platform is functional.</li> <li>ii. Copy of the completion acceptance certificate, issued by the Ministry of Energy, Commerce and Industry (contracting authority) on 20 July 2023, in accordance with the national legislation.</li> </ul> <p>The authorities also provided:</p> <ul style="list-style-type: none"> <li>iii. Web-link to the platform: <a href="https://bfu.meci.gov.cy">https://bfu.meci.gov.cy</a>.</li> </ul>		
<p><b>Analysis:</b> The justification and substantiating evidence provided by the Cypriot authorities covers all constitutive elements of the milestone. In particular:</p> <ul style="list-style-type: none"> <li>• <b>Fully operational IT platform (...)</b></li> </ul> <p>An external provider created an electronic platform for the digitalizing of the licensing permitting process for renewable projects that enables the streamlining the RES projects permitting process (Digital One Stop Shop), as evidenced in the acceptance certificate issued by the Ministry of Energy, Commerce and Industry on 20 July 2023 (evidence No. ii).</p> <p>The link to the platform was provided (evidence No. iv).</p> <p>The platform is fully operational since 17 June 2023, as demonstrated by Cypriot authorities during the online on-the-spot check of the Digital One-Stop Shop performed by the Commission’s services on 7 February 2024 (<i>hereinafter referred to as “the online on-the-spot check”</i>).</p> <ul style="list-style-type: none"> <li>• <b>(...) Guiding the applicant through the administrative permit application process in a transparent manner up to the delivery of one or several decisions by the responsible authorities.</b></li> </ul> <p>The platform allows the electronic submission of applications ending with the delivery of one or several decisions by the responsible authorities.</p> <p>It supports the following functionalities:</p> <ol style="list-style-type: none"> <li>1. Application Management: a) Creation of a new application, b) Submission of the application, c) Status Monitoring, d) Document Management, e) Versioning</li> </ol>		

2. User profile management
3. User/Authorities communication facilitation

Examples of these functionalities are provided with explanations and photos (evidence No. i, Annex 2). They were also shown during the online on-the-spot check.

The platform provides guidance to the applicant through the administrative permit application process in a transparent manner up to the delivery of one or several decisions on the application by the responsible authorities via the platform. Notably, the possibility to monitor the status of the application continuously and the possibility to use document versioning (creating, maintaining, and managing multiple versions of a document or file as it goes through revisions, updates, or changes) help to guide the applicant through the process in a clear and straightforward way, as evidenced during the online on-the-spot check. The platform guides the applicant through the section Frequently Asked Questions of the website and various tooltips generated through the application process in the platform. The tooltips, messages, warnings, and errors are always accompanied by the correct action the applicant must take to proceed with his form.

- **(...) Providing the applicant with all necessary information and involve, where appropriate, other administrative authorities**

The main authorities involved are the Cyprus Energy Regulatory Authority, the Cyprus Transmission System Operator, and the town planning department of Ministry of Interior. However, depending on the topic of the application, potentially in total around 15 different administrative authorities could be involved in the application process.

As evidenced during the online on-the-spot check, the relevant authorities can inform the applicant through the system at any given time on any issues that may arise with their application. In addition, the applicant can monitor the application's progress and status on the platform, take corrective measures as per requests by the authorities and also ask any relevant question regarding the entire licensing process.

After final submission the applicant will be notified through the platform after the authority or authorities, in case of multiple license requirements, come to a decision shortening the time to process applications and informing applicants of the status of the application.

- **In line with the measure description, the reform shall (also) aim at accelerating the energy renovation of buildings. The reform (IT platform) shall consist in digitalising the licensing permitting process for RES projects and shall establish a single point of contact for technical and financial support for the purposes of energy renovation of buildings.**

By digitalising the administrative authorization process for renewable energy projects and by establishing a single point of contact for energy renovations of buildings in Cyprus, the reform achieves the objective of accelerating those projects, as also confirmed by Cypriot authorities during the Commission's services online on-the-spot check of the Digital One-Stop Shop.

All the stakeholders of a project (RES or energy renovation) use the platform to submit the necessary applications and/or exchange application necessary documents, as evidenced during the online on-the-spot check. Relevant authorities digitally receive all the application material submitted and digitally assess it. Applicant notification is exercised through the platform after the Authority's final decision. The creation of the platform therefore digitalised the licensing permitting process for RES projects.

For the purposes of accelerating energy renovation of buildings, the one-stop shop platform constitutes a single point of contact for technical and financial support as it eliminates the need to visit a multitude of authorities and provide in hard copy all the necessary and relevant documentation for each project. Also, applicants have at their disposal information for specialized technicians, that are certified to assist with the technical aspect of the energy renovation for buildings, and organizations or institutions for financing. Public and private financing assistance and options are displayed on the website.

**Commission Preliminary Assessment:** Satisfactorily fulfilled

<b>Number: 35</b>	<b>Related Measure: C2.1.I5 Energy Efficiency Upgrading of public buildings</b>		
<b>Name of the Target: Thermal insulation and photovoltaic systems installed in schools</b>			
<b>Quantitative Indicator: Number</b>	Baseline: 0	Target: 405	Time: Q1 2022
<p><b>Context:</b> The objective of this measure is to facilitate the energy upgrading and increased energy efficiency of selected public buildings. The investment is composed of three sub-measures: (i) Fire Service Properties and Schools; (ii) Nicosia General Hospital; and (iii) Installation of Grid connected Photovoltaic Energy Systems in Water Treatment Plants and water pumping stations.</p> <p>Target 35, as part of sub-measure 1, aims at the installation of thermal insulation and photovoltaic systems in at least 405 schools with an objective to achieve on average at least a 30% primary energy demand reduction.</p> <p>Target 35 is the first step of the implementation of sub-measure 1 under the investment Energy efficiency upgrading of public buildings. It will be followed by target 36 related to the completion of set up and installation of photovoltaics system at the Nicosia General Hospital and by target 37 related to the completion of installation of photovoltaic systems in water pump stations and fire stations. The final expected implementation date of the investment is 31 December 2025.</p>			
<p><b>Evidence Provided:</b> In line with the verification mechanism set out in the Operational Arrangements, the following evidence was provided:</p> <ol style="list-style-type: none"> <li>i. Summary document duly justifying how the target (including all the constitutive elements) was satisfactory fulfilled.</li> <li>ii. Copy of the confirmation signed on 1 November 2024 by the Electricity Authority of Cyprus (EAC), documenting all completed works on PV systems and thermal insulation, accompanied by a list of all 405 schools. The list includes the basic characteristics of every school as indicated in the verification mechanism.</li> <li>iii. Copy of the acceptance certificates issued by EAC on 1 and 7 of August 2023 and 1 February 2024 in accordance with national legislation, documenting completion of the works and installation of PVs.</li> <li>iv. Copy of the report by an external expert dated February 2024 verifying the 30% reduction, on average, in primary energy demand.</li> </ol> <p>The authorities also provided:</p> <ol style="list-style-type: none"> <li>v. Copy of the contract 4600002807: M.G.F.K. ENERGY LTD</li> <li>vi. Copy of the contract 4600002808: IOANNOU ALTERNATIVE ENERGY LTD</li> <li>vii. Copy of the contract 4600002809: CONSORTIUM TRIKKIS ENERGY LTD</li> <li>viii. Copy of the contract 4600002810: CONSORTIUM LIMCEN LTD</li> <li>ix. Copy of the Contract 4600002827: CONSORTIUM TRIKKIS ENERGY LTD</li> <li>x. Copy of the Tender 150/2020 published by EAC on 26 August 2020</li> <li>xi. Copy of the additional Final Progress Report and the Complementary Final Progress Report presented by EAC</li> <li>xii. An excel file elaborated by the EAC indicating the reason why thermal insulation has not been installed in 115 schools.</li> </ol>			
<p><b>Analysis:</b> The justification and substantiating evidence provided by the Cypriot authorities covers all constitutive elements of the milestone. In particular:</p> <ul style="list-style-type: none"> <li>• <b>Thermal insulation and photovoltaic systems installed in at least 405 schools with an objective to achieve on average at least a 30% primary energy demand reduction.</b></li> </ul> <p>The Electricity Authority of Cyprus (EAC), as project manager for the installation of rooftop Photovoltaic (PV) systems in Public School Buildings, water insulation and thermal insulation on behalf of the</p>			

Ministry of Education, Sport and Youth (MOESY) and the Ministry, published a tender call on 26 August 2020 (Tender Number 150/2020, evidence No. x).

The EAC signed five contracts with different contractors in March and June 2021 for the installation of PV systems, waterproofing and installation of thermal systems in a total of 405 schools (evidences No. v to ix).

All associated project works, consisting in the design, supply and installation of water insulation, thermal insulation and PV systems, at 405 schools, were completed by the project requirements on 15 July 2023 (confirmation of Works Completion and Acceptance Certificates, evidences No. ii and iii).

The total PV capacity installed is ~4.8 MWp, with each school receiving a PV system of either 3, 5, 10 or 20 kW, based on its average annual consumption (see for example evidence No. iii).

Based on the expert's findings (evidence No. iv, page 11, last paragraph), the average savings due to the installation of the PV systems and thermal insulation reach 35%. In line with the fact that the electricity production from the PV systems is estimated to constitute roughly 75% of the Final Energy consumption (evidence No. iv, page 5, third paragraph), while the grid is responsible for the remaining 25%, the final energy saving result appears plausible, and is mainly due to the PV installations (evidence No. iv, page 5, third paragraph) but also partly to insulation, according to this final deliverable report.

While photovoltaic systems have been installed in all schools, thermal insulation has not been installed for 115 out of the 405 schools, because these schools either had already existing thermal insulation, or the relevant roof corresponded to a space where no thermal insulation is needed (e.g. an outdoor corridor). This is explained in two documents elaborated by the EAC (evidence No. ii, Appendix A – Schools details, page 3 onwards and evidence No. xii). Whilst this constitutes a minimal substantive deviation from the requirement of the Council Implementing Decision, the CID requirement should be interpreted in light of the RRP text, which instead focused on *“that it estimated that 115.000 square meters of roofs will be insulated with thermal insulation systems and will be waterproofed”*. This has been achieved, as the whole area that has been waterproofed/thermally insulated within the 405 schools sums up to 144.945 square meters. 290 schools have received thermal insulation covering an area of 84.918 square meters, while 194 schools have received waterproofing covering an area of 60.027 square meters. The wording of the target makes clear that the interventions were to be done *“with an objective to achieve on average at least a 30% primary energy demand reduction”*, which has been met. Therefore, it does not change the nature of the measure and does not affect the progress towards achieving the first sub-measure of the investment that target 35 represents as more than 30% primary energy demand reduction have been achieved.

**Commission Preliminary Assessment:** Satisfactorily fulfilled

<b>Number:</b> 45	<b>Related Measure:</b> 2.1.I9 Forests fire protection
<b>Name of the Milestone:</b> Signing of 8 Agreements/Contracts Signatures for the purchase of equipment and provision of services	
<b>Qualitative Indicator:</b> Signing of eight (8) Agreements/ Contracts Signatures	<b>Time:</b> Q2 2022
<p><b>Context:</b> The objective of this measure is to upgrade the capabilities of relevant authorities in Cyprus to cope with fire hazards and to strengthen the protection against the risks faced by citizens, infrastructure and forests from a possible fire incident.</p> <p>Milestone 45 consists in the signing of eight agreements / contracts signatures with suppliers for the purchase of vehicles, equipment and provision of services and the issue of call for tenders for the purchase of firefighting aircraft.</p> <p>Milestone 45 is the first step of implementation of the investment and it will be followed by milestone 46 requiring the delivery and acceptance of firefighting aircraft, vehicles and equipment and milestone 47 requiring the completion of firefighting operations and training of pilot type rating, silvicultural practices and services for 3 unmanned aerial vehicles (drones).</p> <p>The investment has a final expected date for implementation in 30 June 2026.</p>	
<p><b>Evidence provided:</b> In line with the verification mechanism set out in the Operational Arrangements, the following evidence was provided:</p> <ol style="list-style-type: none"> <li>i. Summary document duly justifying how the milestone (including all the constitutive elements) was satisfactory fulfilled.</li> <li>ii. Copy of the signed contract for the supply, maintenance and training in the maintenance and use of seventy-five off-road vehicles (4x4) with double passenger cabin for the Department of Forests - ΤΔ 79/2022 (Greek language), including document 8 annexed to the contract (table of compliance with technical specifications).</li> <li>iii. Copy of the signed contract for the supply, maintenance and training in the maintenance and use of twenty-five special use and all terrain fire-fighting vehicles with the capacity for carrying 2000 liters of water, for the Department of Forests - ΤΔ 34A/2022 (Greek language), including document 8 annexed to the contract (table of compliance with technical specifications).</li> <li>iv. Copy of the signed contract for the supply, maintenance and training in the maintenance and use of four ground bulldozers (horsepower at least 90 Kw) and four ground bulldozers (horsepower at least 150 Kw), for the Department of Forests - ΤΔ 35/2022 (Greek language), including document 8 annexed to the contract (table of compliance with technical specifications).</li> <li>v. Copy of the signed contract for the supply, maintenance and training in the maintenance and use of four (4) wheel excavators (loaders), for the Department of Forests - ΤΔ 67/2022 (Greek language), including document 8 annexed to the contract (table of compliance with technical specifications).</li> <li>vi. Copy of the signed contract for the supply, maintenance and training in the maintenance and use of six (6) branch shredders, for the Department of Forests - ΤΔ 36/2022 (Greek language), including document 8 annexed to the contract (table of compliance with technical specifications).</li> <li>vii. Copy of the signed contract for the supply, maintenance and training in the maintenance and use of nine (9) agriculture tractors - ΤΔ 14/2023 (Greek language), including document 8 annexed to the contract (table of compliance with technical specifications).</li> </ol>	

- viii. Copy of the published call for tenders for (a) the purchase of one fire-fighting airplane and the provision of services of a flight crew for fire-fighting for the period of 2023-2027 with a renewal option for the year 2028 and for the year 2029 and (b) the purchase of two fire-fighting airplanes and the provision of services of a flight crew for fire-fighting and maintenance for the period of 2023-2027 with a renewal option for the year 2028 and for the year 2029 - FD 37/2022 with corrigenda (Greek language).

The authority also provided:

- ix. Copy of the published call for tenders for the supply, maintenance and training in the maintenance and use of five off-road vehicles (4x4) with double passenger cabin, for the Department of Forests - ΤΔ 79/2022 with addendum (Greek language)
- x. Copy of the published call for tenders for the supply, maintenance and training in the maintenance and use of twenty-five special use and all terrain fire-fighting vehicles with the capacity for carrying 2000 litres of water and seventeen fire-fighting vehicles<sup>4</sup> with the capacity for carrying 6000 litres of water, for the Department of Forests - ΤΔ 34/2022 with addendum (Greek language)
- xi. Copy of the published call for tenders for the supply, maintenance and training in the maintenance and use of four ground bulldozers (horsepower at least 90 Kw) and four ground bulldozers (horsepower at least 150 Kw), for the Department of Forests - ΤΔ 35/2022 with addendum (Greek language)
- xii. Copy of the published call for tenders for the supply, maintenance and training in the maintenance and use of four-wheel excavators (loaders), for the Department of Forests - ΤΔ 67/2022 (Greek language)
- xiii. Copy of the published call for tenders for the supply, maintenance and training in the maintenance and use of six branch shredders, for the Department of Forests - ΤΔ 36/2022 (Greek language)
- xiv. Copy of the published call for tenders for the supply, maintenance and training in the maintenance and use of nine agriculture tractors for the Department of Forests<sup>5</sup> - ΤΔ 14/2023 (Greek language)
- xv. Copy of the relevant documentation as regards the procedure for signing a contract (use of negotiation procedure without prior publication) for the purchase of services for training of staff for “Fire cause investigation”, for the Department of Forests - ΤΔ 71/2022 (Greek language)
- xvi. Copy of the relevant documentation as regards to the procedure of signing a public contract between entities within the Public Sector for the purchase of services for 3 unmanned aerial vehicles (UAV) drones - ΤΔ 53/2022 (Greek language)
- xvii. Copy of the published call for tenders for (a) the purchase of one (1) fire-fighting airplane and the provision of services of a flight crew for fire-fighting for the period of 2025-2027 with a renewal option for the year 2028 and for the year 2029 and (b) the purchase of two (2) fire-fighting airplanes<sup>6</sup> and the provision of services of a flight crew for fire-fighting and maintenance for the period of 2025-2027 with a renewal option for the year 2028 and for the year 2029 - FD 29/2023 (Greek language)

**Analysis:** The justification and substantiating evidence provided by the Cypriot authorities covers all constitutive elements of the milestone. In particular:

- **Signing of eight agreements/contracts signatures with suppliers for the purchase of vehicles, equipment and provision of services.**

Following calls for tenders (see evidence No. ix-xiv), the following contracts have been signed:

1. the contract for the supply, maintenance and training in the maintenance and use of seventy-five off-road vehicles (4x4) with double passenger cabin, for the Department of Forests - TA 79/2022 was signed on the 8 May 2023 (evidence No. ii, section 2, pages 4 and 5). This is in line with the measure description according to which 75 transport vehicles for patrol purposes for forest protection and transfer of staff in fire incidents shall be supplied, as evidenced in document 8 annexed to the contract (table of compliance with technical specifications of the vehicles), page 1.
  2. the contract for the supply, maintenance and training in the maintenance and use of twenty-five special use and all terrain fire-fighting vehicles with the capacity for carrying 2000 litres of water - TA 34A/2022 was signed on the 24 February 2023 (evidence No. iii, section 2, pages 4 and 5). This is in line with the measure description according to which 25 emergency firefighting vehicles shall be supplied.
  3. the contract for the supply, maintenance and training in the maintenance and use of four ground bulldozers (horsepower at least 90 Kw) and four ground bulldozers (horsepower at least 150 Kw), including the possibility to be connected to or transported by another vehicle, for the Department of Forests - TA 35/2022 was signed on 2 March 2023 (evidence No. iv, section 2, pages 4 and 5). This is in line with the measure description according to which four bulldozers for the construction of fire protection works with the possibility of transport by truck for rapid transport to fires, and four ground bulldozers for the construction of fire protection works shall be supplied, as evidenced in document 8 (table of compliance with technical specifications of the vehicles) annexed to the contract, pages 1 and 6.
  4. the contract for the supply, maintenance and training in the maintenance and use of four-wheel excavators (loaders), for the Department of Forests - TA 67/2022 was signed on 29 November 2022 (evidence No. v, section 2, pages 4 and 5). This is in line with the measure description according to which four-wheel excavators / loaders shall be supplied.
  5. The contract for the supply, maintenance and training in the maintenance and use of six branch shredders, for the Department of Forests - TA 36/2022 was signed on 18 November 2022 (evidence No. vi, section 2, page 4). This is in line with the measure description according to which six branch shredders shall be supplied.
  6. The contract for the supply, maintenance and training in the maintenance and use of nine agriculture tractors - TA 14/2023 was signed on the 24 July 2023 (evidence No. vii, section 2, pages 4-5). This is in line with the measure description according to which six agricultural tractors equipped with the necessary tools for the implementation of fire prevention measures shall be supplied, as evidenced in document 8 (table of compliance with technical specifications of the vehicles) annexed to the contract. For example, the tractors are equipped with levers allowing the rapid connection/disconnection of additional equipment, and which have the capacity to lift weight of at least 1,500 kg (page 10 of document 8).
  7. The contract for the training of staff for "Fire cause investigation", for the Department of Forests - TA 71/2022 was signed on 24 October 2022 (evidence No. xv, page 6).
  8. The contract for the purchase of services for 3 unmanned aerial vehicles (UAV) drones - TA 53/2022 was signed on 29 July 2022 (evidence No. xvi, page 9).
- **Issue of call for tenders for the purchase of firefighting aircraft with the objective of contributing to climate change adaptation and to the reduction of the risk of explosion and expansion of forest**

**fire and the strengthening protection against the risks faced by citizens, infrastructure and forests from a possible fire incident.**

A call for tenders for (a) the purchase of one fire-fighting airplane and the provision of services of a flight crew for fire-fighting for the period of 2023-2027 with a renewal option for the year 2028 and for the year 2029 and (b) the purchase of two fire-fighting airplanes and the provision of services of a flight crew for fire-fighting and maintenance for the period of 2023-2027 with a renewal option for the year 2028 and for the year 2029 - FD 29/2023 has been published on 25 October 2023 (evidence No. xvii).

The contracts and the call for tenders described above have the objective to reduce the risk of explosion and expansion of forest fire, and to strengthen the protection against the risks faced by citizens, infrastructure and forests from a possible fire incident, thus contributing to climate change adaptation. Each signed contract contains a dedicated section where its objective is mentioned.

**Commission Preliminary Assessment:** Satisfactorily fulfilled



<b>Number:</b> 71	<a href="#">Related Measure: C2.3.I3 Integrated Monitoring and Control Management System for the Water Development Department's infrastructure</a>	
<b>Name of the Milestone:</b> Completion of the detailed requirements analysis and system design document		
<b>Qualitative Indicator:</b> Approval of detailed requirements analysis and system design document by the Steering Committee of the Water Development Department		<b>Time:</b> Q2 2022
<p><b>Context:</b> The investment aims to improve water resource management efficiency and increase the operational capacity of the competent authorities. It consists of creating an integrated platform with a number of subsystems addressing key challenges, including water quality, flood management, water demand management and water allocation for irrigation purposes, energy efficiency as well as cyber- and physical security.</p> <p>Milestone 71 requires the completion of the detailed requirements analysis and system design document. This document shall describe all the aspects, features and functionalities of the system and it shall determine the exact number and type of equipment required for this project.</p> <p>Milestone 71 is the first step of the implementation of this investment, and it will be followed by milestones 72 and 73 related to the procurement and installation of equipment and implementation, assessment and commissioning of the IT sub-systems.</p> <p>The implementation of the investment has a final expected date for implementation of 30 June 2026.</p>		
<p><b>Evidence provided:</b> In line with the verification mechanism set out in the Operational Arrangements, the following evidence was provided:</p> <ol style="list-style-type: none"> <li>i. 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 investment in the CID Annex) was satisfactorily fulfilled.</li> <li>ii. Copy of the detailed requirements analysis and system design document analysing all the aspects, features and functionalities of the system and determining the exact number and type of equipment required for this project.</li> <li>iii. Copy of the approval by the Steering Committee of the Water Development Department of 26 May 2023 of the requirements analysis and system design document (evidence No. ii).</li> </ol>		
<p><b>Analysis:</b> The justification and substantiating evidence provided by Cypriot authorities covers all constitutive elements of the milestone.</p> <ul style="list-style-type: none"> <li>• <b>The requirements analysis and system design document shall describe all the aspects, features and functionalities of the system, including: quality sensors (a) operational sensors (such as flow, level and pressure) (b), energy meters (c), communications devices (d), IT equipment (hardware, software) (e). The detailed requirements analysis and system design shall determine the exact number and type of equipment required for this project.</b></li> </ul> <p>The Steering Committee of the Water Development Department has approved on 26 May 2023 (evidence No. iii) the detailed requirements analysis and system design document analysing all the aspects, features and functionalities of the system and determining the exact number and type of equipment required for this project (evidence No. ii, <i>hereinafter referred to as the "Detailed Requirements Analysis and System Design Document"</i>).</p> <p>The Detailed Requirements Analysis and System Design Document outlines the aspects, features and functionalities of an Integrated Monitoring and Control Management System for the Water Development Department (<i>hereinafter referred to as WDD</i>):</p> <ul style="list-style-type: none"> <li>- Chapter 2 assesses the needs for the Integrated Monitoring and Control Management System. Subsection 2.1 identifies the need for water quality sensors (a), and operational sensors (b) including flow, level and pressure sensors (pages 19-21). Subsection 2.3 identifies the needs for Energy Management including data analysis received from energy meters (c) (pages 24 and 25).</li> </ul>		

- Chapter 3 outlines the proposed design solution (3.1, page 27) which specifies the platform Implementation of the Water Demand and Irrigation Management System. This is segmented into three parts: 1) the south-bound Sensing Layer, which corresponds to all the sensing devices that will be installed in different water bodies and infrastructures operated by WDD, 2) the central Data Layer which includes the information technologies which will collect, validate, process and store the data in suitable data models so that they can be used by different applications, and 3) the north-bound Application Layer, which includes the software that will communicate with the Data Layer to exchange information and to provide added-value services to WDD. In particular, the north-bound Application Layer consist of a four-system solution, addressing Energy Management System (3.2, pages 28 - 42), Early Warning and Alerting System (3.3, pages 46-72), Potable Water and Irrigation Demand Management System (3.4, pages 81-89), and Security Information and Event Management System (3.5, pages 97-106). Section 3.6 provides an overview of all the sensing requirements across the different water bodies and infrastructures such as dams, rivers and groundwater (pages 108 - 139). Section 3.7 covers both hardware and software (e) aspects of the Data Platform which should be based on an Internet of Things architecture, including architecture, database, data validation and metadata (pages 140 - 148). One of the domains of the Data Platform is the Access and Communication Domain (page°140). The chapter concludes with Section 3.8, addressing Cyber Security requirements, including a risk assessment table and recommendations for ISO 27001 compliance (pages 155-71).
- Chapter 4 outlines the minimum functional requirements of the systems, sensors and IT equipment mentioned in chapter 3 that would assist WDD with the procurement process (pages 172-214).

As regards the software platform, the Water Demand and Irrigation Management System design involves transmitting and storing field data, along with data from other sources, on an interoperable data platform. The architecture as outlined in the Detailed Requirements Analysis and System Design Document includes four high-level subsystems, each addressing specific aspects of the problem and exchanging data with others:

- EneMS (Energy Management System): State-of-the-art research and proposed solutions are detailed on pages;
- EWAS (Early Warning): cover research findings and the proposed solution;
- DEMS (Potable Water and Irrigation Demand Management System): present research insights and the proposed solution;
- SIEM (Security Information and Event Management System): State-of-the-art research and the proposed solution are outlined on pages 97 to 106.

Annex A of the Detailed Requirements Analysis and System Design Document (evidence No. iii) identifies the exact locations where the equipment is to be installed along with necessary site-specific information necessary for procurement. It determines the following number and type of equipment required for the project:

- The acquisition and set up of 403 quality sensors with 'smart data loggers' for water quality monitoring in dams, lakes, boreholes, and the water transport network (page 2);
- The procurement and installation of 334 hydraulic flow meters for online water flow monitoring, including both mechanical and high-accuracy electromagnetic options (page 2);
- The installation of 210 level sensors to measure water levels in Dams, Rivers, and Reservoirs (page 2);
- The installation of 30 pressure sensors (page 11);
- The development and deployment of a custom-made Unmanned Surface Vehicle (USV) for water quality monitoring in large dams, equipped with quality sensors for periodic measurements and data transmission (page 2);
- The establishment of five weather stations at various Dams (page 3);

- The placement of seven accelerographs at specified locations in different water dams to enhance Dam safety (page 3);
- The deployment of 60 temperature sensors for measuring water temperature in rivers (page 3);
- The installation of 11 advanced day and night (infrared) and thermal cameras as part of an automated physical security system for continuous monitoring and alerting around and inside Dams (page 3);
- The procurement and deployment of 1043 communication devices (d) using LPWAN protocols like LoRaWAN and Nb-IoT to securely transmit sensor data to the data platform (page 3);
- The installation of 377 power meters and 1131 current transformers for measuring energy consumption in individual pumps and total consumption in pumping stations (pages 6 - 8);
- The implementation of 22 Motor Circuit Analysis (MCA) system kits to gather energy consumption data, evaluate pump operational health, calculate real-time efficiency, and facilitate predictive maintenance of equipment (page 2).

**Commission Preliminary Assessment:** Satisfactorily fulfilled

<b>Number:</b> 77a	<b>Related Measure:</b> C2.3.I5 Anti-flood and water collection measures
<b>Name of the Milestone:</b> Completion of construction works of drainage network and reconstruction of streets and pavements in areas of Nicosia	
<b>Qualitative Indicator:</b> Project management team certifies the completion of the construction	<b>Time:</b> Q4 2022
<p><b>Context:</b> The objective of this measure is to mitigate the negative effects on human health, the environment, cultural sites and income from flooding events through managing flood risk. A specific objective resulting from the actions to be implemented is the reduction of erosion from extreme runoffs, both in agricultural and urban areas.</p> <p>Milestone 77a requires the completion of construction of the drainage network and reconstruction of streets and pavements in Agios Antonios, Old city, Likavitos and Agioi Omologites areas of Nicosia with a total length of approx. 6.5km.</p> <p>Milestone 77a is the first step in the implementation of this investment and it will be followed by milestone 77b requiring the completion of construction works of drainage network and reconstruction of streets and pavements in areas of Nicosia.</p> <p>The investment has a final expected date for implementation in 31 December 2025.</p>	
<p><b>Evidence provided:</b> In line with the verification mechanism set out in the Operational Arrangements, the following evidence was provided:</p> <ol style="list-style-type: none"> <li>i. 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.</li> <li>ii. Copy of the signed contract for the reconstruction of streets and pavements and expansion of the rainwater network - Agios Antonios area (Greek language).</li> <li>iii. Copy of the signed contract signed Contract for the reconstruction of streets and pavements and expansion of the rainwater network - Lykavitos area (Greek language).</li> <li>iv. Copy of the signed contract signed Contract for the construction of a network of rainwater drainage on the streets of Nicosia old city (Greek language).</li> <li>v. Copy of the signed contract signed Contract for the reconstruction of streets and pavements and expansion of the rainwater network - Ayioi Omologites area (Greek language).</li> <li>vi. Copy of the taking-over certificate for Agios Antonios (Greek language).</li> <li>vii. Copy of the taking-over certificate for Lykavitos (Greek language).</li> <li>viii. Copy of the taking-over certificate for Nicosia old city (Greek language).</li> <li>ix. Copy of the taking -over certificate for Ayioi Omologites (Greek language).</li> </ol>	
<p><b>Analysis:</b> The justification and substantiating evidence provided by the Cypriot authorities covers all constitutive elements of the milestone. In particular:</p> <ul style="list-style-type: none"> <li>• <b>Completion of construction of drainage network and reconstruction of streets and pavements in Agios Antonios, Old city, Likavitos and Agioi Omologites areas of Nicosia with a total length of approx. 6.5 km.</b></li> </ul> <p>The call for tenders for the ‘Reconstruction of streets and pavements and expansion of the rainwater network - Agios Antonios area’ was issued on 15 October 2020 and the contract was signed on 24 February 2021 (evidence No. ii, page 1). Works were completed on 24 February 2022 (evidence No. vi,</p>	

page 2) and cover 12 streets (evidence No. ii, page 2, detailed specifications of Annex 100/2 of the contract) with a length of approximately 1.8 km.

The call for tenders for the 'Reconstruction of streets and pavements and expansion of the rainwater network - Lykavitos area' was issued on 28 May 2021 and the contract, signed on 4 October 2021 (evidence No. iii, page 3). Works were completed on 20 October 2022 (evidence No. vii, page 2) and cover 18 streets (evidence No. iii, detailed specifications, Annex 100/2 of the contract) with a length of approximately 2.3 km.

The call for tenders for the 'Construction of a network of rainwater drainage on the streets of Nicosia old city' was issued on 27 April 2021 and the contract signed on 10 September 2021 (evidence No. iv, page 1). Works were completed on 25 November 2022 (evidence No. viii, page 1) and covers five streets (evidence No. iv, pages 1 and 3, detailed specifications of the contract) with a length of approximately 0.7 km.

The call for tenders for the 'Reconstruction of streets and pavements and expansion of the rainwater network - Ayioi Omologites area' was issued on 11 January 2022 and the contract signed on 15 July 2022 (evidence No. v, page 1). Works were completed on 8 December 2023 (evidence No. ix, page 2) and cover 17 streets (evidence No. vi, page 4, detailed specifications, Annex 100/2 of the contract) with a length of approximately 2.2 km.

The completion of the construction works of the projects in the four selected areas is verified by the issuance of the corresponding taking-over Certificates by the Contracting Authority (evidences No. vi to No. ix).

The total length of the construction and reconstruction works mentioned above is of more than 6.5 km.

**Commission Preliminary Assessment:** Satisfactorily fulfilled

<b>Number:</b> 85	Related Measure: C3.1.R1 Move agricultural practices from the 20th century to the 21st century by investing in a national centre for excellence in agri-tech
<b>Name of the Milestone:</b> Cooperation between the Agricultural Research Institute and higher education institution(s), for at least one MSc programme	
<b>Qualitative Indicator:</b> Entry into force of signed cooperation agreement(s)	<b>Time:</b> Q4 2022
<p><b>Context:</b> The objective of this reform is to address challenges in the primary sector such as lack of technological knowledge. For this purpose, the reform aims to establish Cyprus' Agricultural Research Institute as the country's centre of excellence and strengthen the cooperation between the ARI and higher education institution(s).</p> <p>Milestone 85 concerns the cooperation agreement(s) between the ARI and higher education institution(s), for establishing the collaboration for at least one MSc programme. It requires the entry into force of legally binding document(s) establishing the collaboration.</p> <p>Milestone 85 is the first step of the implementation of the reform and will be followed by milestone 86, due in Q2 2023. Milestone 86 relates to the start of the new MSc programme in terms of students enrolling.</p> <p>The reform has a final expected date for implementation on 30 June 2023.</p>	
<p><b>Evidence provided:</b> In line with the verification mechanism set out in the Operational Arrangements, the following evidence was provided:</p> <ol style="list-style-type: none"> <li>i. Summary document duly justifying how the milestone (including all the constitutive elements) was satisfactorily fulfilled</li> <li>ii. Copy of the legally binding cooperation agreement between the Agricultural Research Institute and the Cyprus Institute of Neurology and Genetics (CING) signed by both authorities on 15 of July 2024</li> </ol> <p>The authorities also provided:</p> <ol style="list-style-type: none"> <li>iii. Copy of the accreditation verification of the Cyprus Institute of Neurology and Genetics issued on 26 April 2023.</li> </ol>	

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

- **Entry into force of legally binding document(s)...**

The legally binding cooperation agreement between the Agricultural Research Institute (ARI) and the Cyprus Institute of Neurology and Genetics (CING) (evidence No. ii), has as its subject matter the agreement of the ARI and the CING to cooperate on the implementation of a Master's degree programme in Biotechnology offered by the CING.

According to its Article 11, the Agreement shall be legally binding, governed and interpreted exclusively on the basis of and in accordance with the laws of the Republic of Cyprus and shall fall within the jurisdiction of the Cypriot Courts (evidence No. ii, page 6).

According to its Article 12, the cooperation agreement enters into force on the date of signature by both parties. It was signed by both parties on 15 July (evidence No. ii, page 6). Therefore, the cooperation agreement entered into force on 15 July 2024.

- **(...) signed between the Agricultural Research Institute and higher education institution(s).**

Evidence No. lii demonstrates that the CING has been registered as a Private Institution of Tertiary Education with the Ministry of Education, Sport and Youth since 2011.

- **(...) establishing the collaboration for at least one MSc programme (...)**

Pursuant to its Article 4.1, the legally binding cooperation agreement is the main instrument for the cooperation of the two parties. It provides the basis for establishing the collaboration between the ARI and the CING.

Article 4.2 establishes that the two parties agree to cooperate on the implementation of -a Master's degree programme in Biotechnology offered by the CING.

-As outlined in Articles 5.1 to 5.2, the CING will develop, offer, and implement the MSc Programme and award the relevant MSc degree, whereas the ARI will contribute in terms of teaching specific subjects, providing necessary research infrastructure, coordinating the laboratory work, and, when requested, supervising theses (evidence No. ii, pages 3 and 4).

**Commission Preliminary Assessment:** Satisfactorily fulfilled

<b>Number:</b> 87	<b>Related Measure:</b> C3.1.R2 On-line platform for improving the trade and information symmetry in the fresh produce supply chain	
<b>Name of the Milestone:</b> Law on unfair practices in transactions in the local fresh produce market		
<b>Qualitative Indicator:</b> Provision in the law indicating the entry into force of the new law on unfair practices in transactions in the local fresh produce market	<b>Time:</b> Q2/2022	
<p><b>Context:</b> The objectives of the measure are to address long-standing drawbacks of the fresh produce supply chain, especially regarding traceability, market price distortions and the information asymmetry, which weakens producers' position in the market.</p> <p>Milestone 87 consists in the entry into force of the new law on unfair practices in transactions in the local fresh produce market.</p> <p>Milestone 87 is the first step of the implementation of the measure. It will be followed by Milestone 88 which relates to a fully operational platform for recording transactions in the local fresh produce market, available to Producers' Organisations.</p> <p>The measure has an expected date for implementation on 30 June 2026.</p>		
<p><b>Evidence provided:</b> In line with the verification mechanism set out in the Operational Arrangements, the following evidence was provided:</p> <ol style="list-style-type: none"> <li>i. Summary document justifying how the milestone (including all the constitutive elements) was satisfactorily fulfilled.</li> <li>ii. Copy of the Law L.200 (I)/2021 on unfair trading practices in the Agricultural and Food Supply Chain, adopted by the House of Representatives, published in the Official Gazette of the Republic of Cyprus No 4869 on 21 December 2021, and entered into force on the same day.</li> </ol>		
<p><b>Analysis:</b> The justification and substantiating evidence provided by the Cypriot authorities covers all constitutive elements of the milestone.</p> <ul style="list-style-type: none"> <li>• <b>Entry into force of a new law which shall address unfair trading practices in transactions in the local fresh produce market, such as unilateral and retroactive amendments to contracts, last minute cancellations, payment deadlines longer than 30 days, payment for damaged or unsold products, and other actions affecting those involved in the production and distribution chain of agricultural products.</b></li> </ul> <p>Law L.200(I)/2021 (<i>hereinafter referred to as "the law"</i>, evidence No. ii) on unfair trading practices in the Agricultural and Food Supply Chain was published in the Official Gazette of the Republic of Cyprus on 6 December 2023. It entered into force on the date of its publication, in line with Article 82 of the Constitution of Cyprus setting out that "<i>A law or decision of the House of Representatives shall come into operation on its publication in the Official Gazette of the Republic unless another date is provided by such law or decision</i>".</p> <p>Unfair trading practices in transactions in the local fresh market are addressed in the law through the following specific provisions:</p> <ol style="list-style-type: none"> <li>1) Article 3(1) specifies that the Law should be applied in the following cases: <ul style="list-style-type: none"> <li>– unfair trading practices, in the agricultural and food supply chain, as defined in the provisions of Article 4 of the same law,</li> <li>– sales, where either the supplier or the buyer or both are established in the EU; and</li> <li>– services (defined in Article 4) provided by the buyer to the supplier.</li> </ul> </li> </ol>		



- 2) Article 3(7) provides a transitional period for supply contracts which were concluded before the date of the entry into force of the law to comply with the provisions of the law by 30 April 2022 at the latest.
- 3) Article 4 defines unfair trading practices and prohibits them:
  - Article 4(1) c) prohibits the buyer or supplier, except in cases of force majeure, to unilaterally and retroactively change terms in the supply agreement, addressing unilateral and retroactive amendments to contracts.
  - Article 4(1) b) prohibits the buyer to cancel orders with short notice, addressing last-minute cancellations.
  - Article 4(1) a) provides that regarding perishable agricultural and food products, the buyer should pay the supplier within 30 days after their delivery or within 30 days after the day when the supplier and the buyer agreed on the final amount of the delivery. According to Directive (EU) 2019/633 on unfair trading practices in business-to-business relationships in the agricultural and food supply chain, “perishable agricultural and food products” are defined as “the agricultural and food products that by their nature or at their stage of processing are liable to become unfit for sale within 30 days after harvest, production or processing”. These products correspond to the “fresh products” as referred to in the CID annex. Article 4(1) also addresses the issue of late payment deadlines longer than 30 days. Article 4(1) (d) and Article 4(2) subparagraph (a) prohibit the buyer to require from the supplier to pay for the alteration and/or loss of agricultural and food products arising on the buyer’s premises after ownership has been transferred to the buyer, addressing the payment for damaged or unsold products.
  - Article 4(1) h, i, j) prohibits and addresses other unfair practices affecting those involved in the production and distribution chain of agricultural products, such as non-issuance of invoices, payment requirements by the buyer to the supplier non-related to the sale of agricultural products, denial of the buyer to confirm in writing the terms of the sale agreement.

**Commission Preliminary Assessment:** Satisfactorily fulfilled

<b>Number:</b> 95	Related Measure: C3.1.I3 Upskill the existing farming community and professionalise future labour force by investing in human capital
<b>Name of the Milestone:</b> Scholarships granted	
<b>Qualitative Indicator:</b> At least five scholarships granted to secondary school graduates to study degree courses related to agriculture, in cooperation with the Department of Agriculture, the Agricultural Research Institute and local universities.	<b>Time:</b> Q4 2022
<p><b>Context:</b> The objective of the measure is the upskilling of the farming community, through knowledge transfer and the promotion of innovation. It aims at fostering a more competitive agricultural sector with higher potential.</p> <p>The investment shall consist in the granting of ten scholarships in the agricultural sector, of EUR°10,000 each.</p> <p>Target 95 is the only target of the measure. It consists in the granting of at least five scholarships to secondary school graduates to study degree courses related to agriculture, in cooperation with the Department of Agriculture, the Agricultural Research Institute and local universities.</p> <p>The investment has an expected date for implementation in 30 June 2024.</p>	
<p><b>Evidence provided:</b> In line with the verification mechanism set out in the Operational Arrangements, the following evidence was provided:</p> <ol style="list-style-type: none"> <li>i. Summary document justifying how the target (including all the constitutive elements) was satisfactorily fulfilled.</li> <li>ii. Copy of an anonymised list of six beneficiaries (students) and their degree courses.</li> <li>iii. Copy of the six letters to the six selected applicants, signed by the Director-General of the Ministry of agriculture, rural development and environment, dated 31 May 2023.</li> </ol> <p>The authorities also provided (in the summary document):</p> <ol style="list-style-type: none"> <li>iv. Web-link to the “call for scholarships for undergraduate studies in agriculture at universities of Cyprus”, where the call for proposal requirements can be downloaded: <a href="http://www.moa.gov.cy/moa/da/da.nsf/all/752428D7A65ABA7FC22588F50030D755?opendocument">http://www.moa.gov.cy/moa/da/da.nsf/all/752428D7A65ABA7FC22588F50030D755?opendocument</a></li> </ol>	
<p><b>Analysis:</b> The justification and substantiating evidence provided by the authorities covers all constitutive elements of the target.</p> <ul style="list-style-type: none"> <li>• <b>At least five scholarships granted to secondary school graduates to study degree courses related to agriculture, in cooperation with the Department of Agriculture, the Agricultural Research Institute and local universities.</b></li> </ul> <p>The call “Scholarships for Undergraduate Studies in the sector of Agriculture in Cyprus Universities” was published in November 2022, with a deadline for submission of applications of 20 January 2023 (evidence No. iv).</p> <p>As two applicants were ranked at the fifth position, the authorities decided to award a scholarship to six applicants. The list of six beneficiaries (students) and their degree courses was provided (evidence No. ii), as well as the six letters to the selected applicants.</p> <p>Cyprus provided a copy of the letters signed by the authorized person acting in the name of Director-General of the Ministry of agriculture, rural development and environment, dated 1 May 2023 (evidence No. iii), which granted the scholarships to the successful applicants. The letters commit the full scholarship amount of EUR°10,000; they set out that each annual instalment of EUR°2,500 will be paid</p>	

on the condition of the satisfactory performance in the annual examination (the letter refer to the detailed conditions clarified in the call document, evidence iv, point 10).

The scholarships target secondary school graduates starting their studies in academic year 2022-2023 (evidence No. iv, guide for applicants, section “beneficiaries for the award”), for a duration of four years (evidence No. iii, point 3). They each have a value of EUR°10,000 (evidence No. iii, point 1). The degree courses are taught in cooperation with the authority granting the scholarships, the Department of Agriculture of the Ministry of agriculture, as well as the Agricultural Research Institute attached to it, as well as in the universities of Cyprus (evidence No. iv, guide for applicants, section “notice”, point 2). The studies are pursued in the field of agriculture, in the agricultural production, animal husbandry and dairy science or food science and technology (evidence No. iv, guide for applicants, section “notice”, point 2).

**Commission Preliminary Assessment:** Satisfactorily fulfilled

<b>Number: 97</b>	Related Measure C3.1.I5 Creation of a National Commercial Identity and promotion of the traditional product “halloumi”
<b>Name of the Milestone:</b> Action Plans for (a) the “made in Cyprus” branding, and (b) for the promotion of the halloumi cheese	
<b>Qualitative Indicator:</b> Publication of the Council of Ministers’ decision and of the action plan	<b>Time:</b> Q1 2022
<p><b>Context:</b> The objective of the measure is to establish a brand name for the Cypriot products in order to promote their export.</p> <p>Milestone 97 requires the development of action plans based on two studies: (a) one on the creation of a National Commercial Identity “Made in Cyprus” (branding) focusing on the quality and structural characteristics of Cypriot products and services combined with elements of the tradition and history of the island, and (b) a study for implementing a strategy for halloumi cheese in order to increase its distinctiveness as an authentic Cyprus product and designing a promotional and awareness campaign.</p> <p>Milestone 97 is the only milestone of this investment.</p> <p>The investment has a final expected date for implementation on 31 March 2022.</p>	
<p><b>Evidence provided:</b> In line with the verification mechanism set out in Operational Arrangements, the following evidence was provided:</p> <ol style="list-style-type: none"> <li>i. 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.</li> <li>ii. Copy of the Council of Ministers’ decision No. 94376 of 8 February 2023 approving the action plan for a national visual identity of Cypriot products (Products of Cyprus Branding) (Greek language), published in the Official Gazette of the Republic of Cyprus No. 4806 of 3 March 2023.</li> <li>iii. Copy of the Action Plan for a National Visual Identity of Cypriot Products (Greek language), adopted the Council of Ministers on 8 February 2023, published in the Official Gazette of the Republic of Cyprus No. 4806 of 3 March 2023)</li> <li>iv. Copy of the Council of Ministers’ decision No. 93435 of 28 June 2022 approving the action plan for the promotion of the traditional Cypriot product “halloumi” (Greek language), published in the Official Gazette of the Republic of Cyprus No. 4786 of 23 September 2022.</li> <li>v. Copy of the Action Plan (for the promotion of the traditional Cypriot product “halloumi” (Greek language), adopted by Council of Ministers on 28 June 2022, published in the Official Gazette of the Republic of Cyprus No 4786 of 23 September 2022.</li> <li>vi. Copy of an underlying study of 22 March 2022 drafted by the Ministry of Energy, Trade and Industry on which the halloumi Action Plan was based (Greek Language).</li> </ol> <p>The authorities also provided:</p> <ol style="list-style-type: none"> <li>vii. Copy of a Brand book manual for Cypriot products (Supportive document created for drafting the ‘Action Plan for a National Visual Identity of Cypriot Products) (Greek language)</li> <li>viii. Copy of tools developed for the promotion of Halloumi (Greek Language).</li> <li>ix. Web-link to the website for the "Made in Cyprus" branding: <a href="http://www.cyprusmade.gov.cy">www.cyprusmade.gov.cy</a></li> <li>x. Web-link to the website promoting the “halloumi’: <a href="https://halloumi.cy">https://halloumi.cy</a></li> </ol>	
<p><b>Analysis:</b> The justification and substantiating evidence provided by the Cypriot authorities covers all constitutive elements of the milestone.</p> <ul style="list-style-type: none"> <li>• <b>Adoption by the Council of Ministers of Action Plans that shall consist of: (1) assisting businesses to promote their products and services on the basis of the “made in Cyprus” branding (...)</b></li> </ul>	

The Council of Ministers adopted the Action Plan for a National Visual Identity of Cypriot Products (evidence No. ii and iii) on 8 February 2023. The Action Plan aims to assist businesses in promoting their products and services based on the "made in Cyprus" branding (page 3). It also seeks to strengthen the presence of Cypriot products in foreign markets, increase consumption, and uphold the reputation of these products and to boost consumer confidence and improve the competitiveness of small-medium enterprises (pages 3 and 4).

More specifically, the deliverables of the Action Plan will assist businesses to promote their products and services through the following actions:

- a logo, a slogan, a brand manual, promotional videos, photos, and a media package (pages 4-7) as promotional tools to strengthen the presence of "Made in Cyprus" products in foreign markets;
  - a two-year promotional plan, targeting both the domestic and international market (page 8), aiming at raising awareness, attracting interest from stakeholders, and facilitating the recognition of Cypriot products. The plan is divided into two phases, roughly covering two periods (October 2022 to October 2023 and November 2023 to December 2024);
  - The development of a dedicated website (evidence No. x) for the "Made in Cyprus" branding (pages 8 and 9), which serves as a central platform for electronic promotion, offering information about the brand and relevant promotional materials, aiming to strengthen the extroversion and competitiveness of Cypriot businesses;
  - The submission of applications by the Ministry of Commerce, Energy and Industry to the Department of Intellectual Property of the Companies and Intellectual Property Division for the registration of a trademark in various forms, both in Greek and English languages, based on the logo that has been created (pages 8 and 9). This trademark will be awarded to eligible companies based on specific criteria detailed in a forthcoming Code of Practice. The goal is to protect the brand and its usage by approved beneficiaries.
- 
- **(...) and (2) increasing the distinctiveness of the halloumi cheese as an authentic Cyprus product and designing a promotional and awareness campaign for it.**

The Council of Ministers adopted the Action Plan for the promotion of the traditional Cypriot product "halloumi" (evidences No. iv and v) on 28 July 2022. The Action Plan aims to enhance the distinctiveness of halloumi cheese as an authentic Cyprus product and design a promotional campaign targeting the consumer audience of the five designated markets, which are Australia, China, Japan, the Middle East, and the United States (page 4).

The Action Plan for the promotion of the traditional Cypriot product "halloumi" (pages 71-82) presents a general action plan, including actions which are expected to be fulfilled in the first semester of 2022, in order to initiate the targeted action plans per country (page 71). The action plan for Australia, China, Japan, the Middle East and the United States are outlined (respectively on pages 72 and 73, 74 and 75, 76 and 77, 78 and 79, 80 to 82). The action plans include also the development of a promotional and awareness campaign (pages 72, 74, 76, 78, 80) through the use of social media and a dedicated website in English, Chinese, Japanese, and Arabic (evidence No. ix). The site provides historical insights, product statistics, nutritional information, and promotional material, serving as a foundation for electronic promotion and it increases the awareness of the origin of the product.

Further to the Action Plan, different tools have been developed to support the implementation of the Action Plan by increasing the awareness on the origin of the product by associating Halloumi with Cyprus, such as promotional materials including brochures and advertorials in multiple languages distributed to Trade Centers and Embassies (evidence No. ix), visuals highlighting halloumi's culinary versatility and

unique properties in various forms (raw, roasted, grilled, etc.), and digital "Back Wall" options for international trade fairs.

- Furthermore, in line with the description of the measure, **the investment shall consist in the development of action plans based on two studies: (a) one on the creation of a National Commercial Identity "Made in Cyprus" (branding) focusing on the quality and structural characteristics of Cypriot products and services combined with elements of the tradition and history of the island (...),**

The Brand book manual for Cypriot products (evidence No. viii) is the complementary study to the Action Plan for a National Visual Identity of Cypriot Products. It develops and elaborates the deliverables of the Action Plan for a National Visual Identity of Cypriot Products, which are the development of a logo, a slogan, a brand manual, promotional videos, photos, and a media package, by providing different types of Made in Cyprus logotypes that can be used for the promotion of Cypriot products (pages 5 to 25), and by presenting indicative applications of the logotypes in packaging (such as paper packaging, plastic packaging, glass packaging, metal container) (pages 26 to 46), applications of the Made in Cyprus logotype as well as photos of Cypriot products for business cards, newsletters, PowerPoint presentations, social media posts, flyers, roll-up and web banners, posters, advertorials and back wall (pages 47 to 105).

- **(...) and (b) a study for implementing a strategy for halloumi cheese in order to increase its distinctiveness as an authentic Cyprus product and designing a promotional and awareness campaign.**

The complementary study (evidence No. vii) to the Action Plan for the promotion of the traditional Cypriot product "halloumi" consists of two parts:

- Part 1 analyses the current situation regarding halloumi in the markets that are targeted by the Action Plan for the promotion of the traditional Cypriot product "halloumi", including the Australia, China, Japan, Middle East, and USA markets (pages 4 to 24).
- Part 2 identifies the appropriate tools for an effective communication strategy for halloumi (pages 25 to 70) as it is developed in the Action Plan for the promotion of the traditional Cypriot product "halloumi". More specifically, chapter 4 analyses the target markets (pages 25 to 48). Chapter 5 analyses the Targeting and Cost Strategy (page 53). Chapter 6 identifies the primary focus of the action plan which concerns household users and consumers, who, in turn, influence the demand for Halloumi (page 53 to 55). Chapter 7 analyses the Product Penetration Plan into Foreign Markets, and identifies suitable tools for an effective communication strategy in target markets (pages 55 to 65). Chapter 8 provides a TOWS analysis for each target market (pages 65 to 69). Chapter 9 suggests the conduction of quantitative market research (page 70).

**Commission Preliminary Assessment:** Satisfactorily fulfilled

<b>Number:</b> 105	<b>Related Measure:</b> C3.1.I9 Promotion of circular economy on hotel establishments		
<b>Name of the Target:</b> Coaching scheme for circular economy			
<b>Quantitative Indicator:</b> Signed collaboration agreements with at least 50 hotels have been signed for tailored business coaching for circular economy	<b>Baseline:</b> 0	<b>Target:</b> 50	<b>Time:</b> Q2/2022
<p><b>Context:</b> The objectives of the investment are to facilitate the transition of hotels’ business model to circular, or to develop circular products or services. The investment consists of diagnostics, recommendations, training and coaching, and monitoring of the implementation of recommendations leading to certification.</p> <p>Target 105 consists in the signature of at least 50 collaboration agreements for tailored business coaching for circular economy.</p> <p>Target 105 represents the initial stage of the investment. It will be followed by target 106, which relates to the certification of at least 18 hotels according to national standards as circular hotels following an audit. The investment has a final expected date for implementation of 31 March 2026.</p>			
<p><b>Evidence provided:</b> In line with the verification mechanism set out in the Operational Arrangements, the following evidence was provided:</p> <ol style="list-style-type: none"> <li>i. 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.</li> <li>ii. Copy of the announcement of the 1<sup>st</sup> call for proposals, as published on 28 April 2022 in Phileleftheros newspaper, with the deadline of applications until 31/05/2022.</li> <li>iii. Copy of the announcement for the extension of the 1<sup>st</sup> call for proposals, as published on 31 May 2022 in Phileleftheros newspaper, extending the deadline of applications to 31/07/2022.</li> <li>iv. Copy of the announcement for the 2<sup>nd</sup> call for proposals, as published on 6 July 2023 in Phileleftheros newspaper, with the deadline of applications until 14/07/2023.</li> <li>v. Web-links to the webpage of the Cyprus Employers and Industries Federation (OEB) (<a href="https://www.oeb.org.cy">https://www.oeb.org.cy</a>) and a dedicated webpage for the project (<a href="http://www.circularhotels.com.cy">www.circularhotels.com.cy</a>) providing information on the Calls for proposals and access to the guide for applicants.</li> <li>vi. Copy of the guide for applicants for the call for proposals (grant scheme guide).</li> <li>vii. Copy of the list of hotels with whom collaboration agreements have been signed, confirming their participation in the business coaching for circular economy;</li> <li>viii. Copies of the 50 collaboration agreements signed by the habilitated representatives of the Cyprus Employers and Industries Federation (OEB) and of each selected hotels.</li> </ol>			
<p><b>Analysis:</b> The justification and substantiating evidence provided by the Cypriot authorities covers all constitutive elements of the target.</p> <ul style="list-style-type: none"> <li>• <b>Signed collaboration agreements with at least 50 hotels have been signed for tailored business coaching for circular economy.</b></li> </ul> <p>A copy was provided of each of the 50 collaboration agreements “promoting the circular economy in hotel facilities” (evidence No. viii), signed respectively by the habilitated representatives of the Cyprus Employers and Industries Federation (OEB) in charge of the measure, and 50 hotels selected through calls for proposals (evidence No. vii).</p> <p>Two calls for proposals were published under the scheme, in the webpage of the Cyprus Employers and Industries Federation (OEB) and a dedicated webpage for the project (evidence No. v), as well as in the Phileleftheros newspaper (evidences No. ii to iv). The conditions for participation and selection as well as the description of the actions to be implemented described in the guide for applicants (evidence No. vi) which rules both call for proposals. As per the eligibility criteria under the call for proposals, they are</p>			

licensed hotel units and tourist accommodation of any size that have obtained an operating licence from the Deputy Ministry of Tourism or non-licensed hotel undertakings operating pursuant to Article 18 of the Regulation of the Establishment and Operation of Hotels and Touristic shelters Law L.34(I)/2019 (evidence No. vi, page 4).

- In line with the description of the measure, **the objectives of the investment are to facilitate the transition of hotels' business model to circular, or to develop circular products or services.**

The RRP funded scheme aims at strengthening the competitiveness and resilience of hotels by adopting a sustainable long-term growth model and facilitating and accelerating their transition to a sustainable and resilient business model (evidence No. vi, page 5). It promotes and consolidates the circular economy in Cypriots' hotels, by creating and delivering certification schemes.

These supportive actions are aimed at preparing and supporting the participating hotel businesses using a circular economy certification scheme to be developed as part of the implementation of the measure, based on the international circular economy standard "ISO/WD 59020.2 Circular economy" – Measuring circularity framework' (evidence No. vi, page 8). The training, diagnostic assessment, business guidance, monitoring and certification services include the following aspects (evidence No. vi, page 10):

- The reduction of business operating costs through reduced energy consumption and greenhouse gas emitted, waste prevention and reduction, supply of circular products and services, etc.
- The acquisition of necessary knowledge for the identification and development of new business opportunities;
- the support for the creation of sustainable and circular tourism products and value chains, thereby gaining a competitive advantage at national and international level;  
The promotion of the hotels as a "circular enterprise", following the award of the certificate.

**Commission Preliminary Assessment:** Satisfactorily fulfilled



<b>Number: 120</b>	<b>Related Measure: C3.2.R1 National R&amp;I Policy and policy tools</b>
<b>Name of the Milestone:</b> Adoption of the national R&I Strategy and of the Action Plan to implement it	
<b>Qualitative Indicator:</b> Publication of the Council of Ministers' decision	<b>Time:</b> Q4 2022
<p><b>Context:</b> The objective of the measure is to promote the efficient coordination of the R&amp;I governance system.</p> <p>Milestone 120 concerns the development of an integrated R&amp;I Strategy, providing a long-term perspective framework, ensuring a focused effort and commitment for implementation, over time, on behalf of the State and stakeholders involved in the national R&amp;I system, and a digital tool for the dynamic mapping of the R&amp;I ecosystem.</p> <p>Milestone 120 is the first step of the implementation of the reform, and it will be followed by milestone 121, related to the implementation of the measures in the Action Plan of the National Research and Innovation Strategy, as evidenced by a final report.</p> <p>The reform has a final expected date for implementation on 31 August 2026.</p>	
<p><b>Evidence provided:</b> In line with the verification mechanism set out in the Operational Arrangements, the following evidence was provided:</p> <ol style="list-style-type: none"> <li>i. 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.</li> <li>ii. Copy of the national R&amp;I Strategy and the Action Plan to implement it, which can also be accessed through the web-link: <a href="https://www.dmrid.gov.cy/dmrid/research.nsf/all/C87005A627FC9113C2258A840044596F?opendocument">https://www.dmrid.gov.cy/dmrid/research.nsf/all/C87005A627FC9113C2258A840044596F?opendocument</a>.</li> <li>iii. Copy of the decision of the Council of Ministers No. 95.643 of 7 December 2023 regarding the national R&amp;I Strategy and the Action Plan, published in the Official Gazette of the Republic of Cyprus No. 4582 of 16 February 2024.</li> <li>iv. Copy of an explanatory report demonstrating how the actions foreseen in the national strategy and action plan contribute to achieving the objectives of the reform.</li> <li>v. Web-link to the IGNITE Platform (<a href="https://ignite.com.cy/">https://ignite.com.cy/</a>) providing information on policy measures and tools and a registry of innovative companies.</li> <li>vi. Copy of the revised Smart Specialisation Strategy for Cyprus 2023-2030 as adopted by the Council of Ministers on 30 June 2023, accessible via the weblink: <a href="https://www.dmrid.gov.cy/dmrid/research.nsf/5FAAC15E0ED21A78C2258527004329EA/\$file/Στρατηγική Έξυπνης Εξειδίκευσης 2023-2030.pdf">https://www.dmrid.gov.cy/dmrid/research.nsf/5FAAC15E0ED21A78C2258527004329EA/\$file/Στρατηγική Έξυπνης Εξειδίκευσης 2023-2030.pdf</a>.</li> <li>vii. Copy of the decision of the Council of Minister No. 94.627 of 30 March 2023 on the adoption of the Smart Specialisation Strategy for Cyprus, published in the Official Gazette of the Republic of Cyprus No. 4822 of 30 June 2023.</li> <li>viii. KPIs on R&amp;I Action Plan Annex 1 and its endorsement letter for the adoption of the complementary document to the already adopted Action Plan of the National Strategy of Research, Innovation and Digital Policy</li> </ol>	

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

- **Develop an integrated R&I Strategy, providing a long-term perspective framework, ensuring a focused effort and commitment for implementation, over time, on behalf of the State and stakeholders involved in the national R&I system (...)**

The Research and Innovation Strategy for 2024-2026 for Cyprus (*hereinafter referred to as “the Strategy”*, evidence No. ii) was adopted on 7 December 2023 by the Council of Ministers (evidence No. iii).

The strategy sets up a R&I strategy framework (chapter 1) looking at the transition to a strong, unified and well-connected R&D ecosystem, describing the vision and defining key actions. Furthermore, in the strategy the current status is analysed with a focus on the performance of the national R&I system, knowledge transfer, business environment, human resources, extroversion and the creation of clusters (chapter 2). Lastly, the strategy introduces five pillars for further action (chapter 3), of which there are four key pillars (Pillar A: World-class Research Organizations and infrastructures, Pillar B: Connecting R&I with business, enhancing business success, Pillar C: Human Resources as a driver of ecosystem development, Pillar D: Cyprus as an R&D leader in the EU and Internationally) and one thematic pillar defining sectoral priorities. It constitutes a long-term perspective framework as it entails a long-term vision extended beyond 2026 (see chapter 1.3 of the strategy).

It is aligned with the strategic objective of the long-term development economic strategy of Cyprus “Vision 2035”; the thematic priorities of the Strategy (chapter 3, “Thematic Pillar: Sectoral Priorities”) have been identified in the Smart Specialization Strategy of Cyprus which covers the period up to 2030 (evidence No. ii, vi and vii).

The focussed effort and commitment for implementation, over time, on behalf of the State and stakeholders involved in the national R&I system is reflected by the action plan for the implementation of the R&I system (evidence No. ii and viii). It entails several measures, actions, bodies involved and the date of delivery for each of the measure. Evidence No. v sets out the deliverables for each measure of the Strategy, to be delivered by June 2026 (see milestone 121).

- **(...) and a digital tool for the dynamic mapping of the R&I ecosystem.**

The IGNITE platform (evidence No. v) was developed for the dynamic mapping of the R&I ecosystem.

The Commission’s services performed an online on-the-spot check of the IGNITE platform on 25 January 2024. It was demonstrated by the CY authorities that the IGNITE platform is operational, including its functionalities related to the “policy measures and tools” and the “registry of innovative companies”. The website which includes information on the support for innovative companies as well as an overview of certified innovative companies was also presented.

- Furthermore, in line with the description of the measure, there was a **political endorsement of the Action Plan**, and an **adoption of a National Strategy for R&I and the revised Smart Specialisation Strategy for Cyprus**.

The Strategy and the Action Plan were endorsed by the Council of Minister on 7 December 2023 (evidence No iii); both documents were published on the website of the Deputy Ministry of Research, Innovation and Digital Policy (evidence No. ii).

The revised Smart Specialisation Strategy for the period 2023-2030 was adopted on 30 March 2023 (evidences No. vi and vii).

**Commission Preliminary Assessment:** Satisfactorily fulfilled

<b>Number: 122</b>	<b>Related Measure: C3.2.R2 Incentives for investments and human capital in R&amp;I</b>
<b>Name of the Milestone: Tax exemption of legal entities for investing in innovative companies</b>	
<b>Qualitative Indicator:</b> Provision in the law indicating the entry into force of the legislation	<b>Time:</b> Q1 2022
<p><b>Context:</b> The objective of the measure is to attract investment in innovative companies and entrepreneurial and scientific talents from abroad.</p> <p>Milestone 122 consists of entry into force a law establishing the tax exemption of corporate investors (legal entities) for investing in innovative companies.</p> <p>Milestone 122 is the only milestone or target of this reform.</p> <p>The reform has a final expected date for implementation on 20 September 2022.</p>	
<p><b>Evidence provided:</b> In line with the verification mechanism set out in the Operational Arrangements, the following evidence was provided:</p> <ol style="list-style-type: none"> <li>i. 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.</li> <li>ii. Copy of Law L.122(I)/2022 amending the Income Tax Law L.118(I)/2002 adopted by the House of Representatives, published in the Official Gazette of the Republic of Cyprus No. 4905 of 26 July 2022, and retroactively entered into force on 14 February 2022.</li> <li>iii. Copy of amending law L.123(I)/2023 amending the Income Tax Law L.118(I)/2002 adopted by the House of Representatives, published in the Official Gazette of the Republic of Cyprus No. 4969 of 6 December 2023 and entered into force on the same day.</li> </ol> <p>The national authorities also provided:</p> <ol style="list-style-type: none"> <li>iv. Copy of Law L.135(I)/2016 amending the Income Tax Law L.118(I)/2002, adopted by the House of Representatives, published in the Official Gazette of the Republic of Cyprus No. 4586 of 23 December 2016 and entered into force on 1 January 2017.</li> <li>v. State aid decision SA.63127 (2021/N) from 14 February 2022, Document C(2022) 789 final.</li> <li>vi. Copy of an email exchange between the Deputy Ministry for Research, Innovation and Digital Policy of Cyprus (DMRID) and the Civil Registry and Migration Department of the Ministry of the Interior of Cyprus (CRMD) held between 26 November 2021 and 7 July 2023 concerning the Scientific VISA scheme and confirming a meeting to be held for discussing the Scientific VISA Scheme on 18 July 2023.</li> <li>vii. Copy of the minutes (internal information note) of a meeting held on 18 July 2023 between DMRID and CRMD on the Scientific VISA Scheme from 18 July 2023 (Ref. No. 07.30.005.001)</li> <li>viii. Copy of the proposal for the renewal and extension of the Start-up VISA scheme to the Council of Ministers from 25 May 2022 (Ref. No 07.30.009.005).</li> <li>ix. Copy of the Council of Ministers’ Decision No. 93.129 of 27 May 2022 regarding the renewal and extension of the Start-up VISA scheme, published in the Official Gazette of the Republic of Cyprus No. 4781 of 29 July 2022.</li> <li>x. Web-link to the IGNITE platform : <a href="https://ignite.com.cy">https://ignite.com.cy</a></li> </ol>	
<p><b>Analysis:</b> The justification and substantiating evidence provided by the Cypriot authorities covers all constitutive elements of the milestone.</p> <ul style="list-style-type: none"> <li>• <b>Entry into force a law establishing the tax exemption of corporate investors (legal entities) for investing in innovative companies.</b></li> </ul> <p>The law L.122(I)/2022 amending the Income Tax Law L.118(I)/2002 (<i>hereinafter referred to as “the first amending law”</i>) was published in the Official Gazette of the Republic of Cyprus on 26 July 2022 and entered into force retroactively on 14 February 2022 (evidence No. ii, article 3). Article 2 of the first</p>	

amending law amends article 9a (Deductible costs for investment in an innovative small and medium-sized enterprise *SME*) of the Income Tax Law to extend the application of the tax scheme for investing in innovative companies from physical persons to include legal entities. Under the new regime, eligible legal entities can claim a tax allowance that will be calculated as 30% of the amount invested by the legal entity in the approved innovative SME (evidence No. ii, article 2(b)). Legal entities are eligible investors provided that they are independent from the company they invest in (evidence No. iii, article 3(b) paragraph (iii) subparagraph (vi)).

The law L.123(I)/2023 (*hereinafter referred to as “the second amending law”*) amending the Income Tax L.118(I)/2002 published in the Official Gazette of the Republic of Cyprus on 6 December 2023 does not include a specific provision for its entry into force. It entered into force on the day of its publication, in line with Article 82 of the constitution of Cyprus setting out that *“a law or decision of the House of Representatives shall come into operation on its publication in the Official Gazette of the Republic unless another date is provided by such law or decision”*. The second amending law amends article 9a (Deductible costs for investment in an innovative small and medium-sized enterprise (*SME*)) of the existing Income Tax Laws of 2002 to extend the time frame of the tax scheme until 31 December 2026 (evidence No. iii, article 3(c)).

Eligible undertakings (to be) invested in are defined as *SMEs* that fulfil specific conditions and are certified as innovative *SMEs* by the Ministry of Finance or another competent authority designated by the Minister of Finance (evidence No. ii, article 2; evidence No. iii, article 3(b)).

- Furthermore, in line with the description of the measure, **eligible investments of up to EUR°150,000 per investor, under this incentive, include equity, loans, guarantees and factoring.**

Given the two amendments, Article 9a of the Income Tax Law allows eligible legal entities that invest in an approved innovative *SME* to claim tax allowance not exceeding EUR°150,000 per tax year. The limit of EUR°150,000 was already introduced in 2016 to the tax scheme for investing in innovative companies (evidence No. iv, article 4 paragraph (iii)).

The Council Implementing Decision requires that eligible investments include equity, loans, guarantees and factoring. The second amending law specifies that for legal entities only equity investments shall be deductible (evidence No. ii, Article 2(b)). Whilst this constitutes a minimal substantive deviation from the requirement of the Council Implementing Decision, it does not affect progress towards the objective of the reform, which is to attract investment in innovative companies. The State aid decision SA.63127 (2021/N) which approved the measure, stated in recital (79) that *“the Cypriot authorities have [...] adjusted the scope of the proposed eligible underlying risk finance to equity financing, excluding loans, guarantees and other types of risk finance, as the most appropriate means to provide aid that would specifically increase risk financing targeting the specific market failure identified.”* (evidence No. v). The deviation aligns with the adjustment, approved by SA.63217 (2021/N), to focus on equity financing. As of this, this minimal deviation does not change the nature of the measure and does not affect the progress towards achieving the reform that the milestone represents. 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, **it shall consist in the review, promotion and, where appropriate, amendment of current incentive schemes aimed at attracting talents from third countries, including the Scientific VISA scheme for researchers and their families and the Start-up VISA scheme for founders of innovative enterprises and their families.**

The Scientific Visa scheme for researchers and their families was discussed between the Deputy Ministry for Research, Innovation and Digital Policy of Cyprus (DMRID) and the Civil Registry and Migration Department of the Ministry of the Interior of Cyprus (CRMD). It was agreed to hold a bilateral meeting on the Scientific VISA scheme on 18 July 2023 (evidence No. vi). In the meeting, numbers regarding

requests for Scientific VISA, issued permits, rejected requests and the response time were presented. CRMD reported that there were no substantial problems with the scheme and pointed to a reduction in examination time (evidence No. vii, section 3 and 4). Hence, no amendment of the Scientific VISA scheme was undertaken.

The review of the Start-up Visa scheme for founders of innovative enterprises and their families is documented in the proposal to the Council of Ministers on the renewal and extension of the Startup VISA scheme. The numbers of applications for Startup VISA and the approvals are documented. In order to make the scheme more attractive, several changes to the Startup VISA scheme are proposed (evidence No. viii). The proposal to amend the Start-up VISA scheme was approved by the Council of Ministers on 27 May 2022 (evidence No. ix).

The Scientific VISA Scheme, the Start-up Visa Scheme and other actions under the Strategy for Attracting Business and Talend in Cyprus are being promoted through the IGNITE platform (evidence x) information on the different measures and through which applicants can directly apply for the VISA schemes online.

**Commission Preliminary Assessment:** Satisfactorily fulfilled

<b>Number:</b> 123	<b>Related Measure:</b> C3.2.R3 Policies to foster access to publicly funded research infrastructure and laboratories	
<b>Name of the Milestone:</b> Digital registry to record and publish research infrastructure		
<b>Qualitative Indicator:</b> Link to the digital registry published in the Deputy Ministry for Research, Innovation and Digital Policy website		<b>Time:</b> Q4 2022
<p><b>Context:</b> The objective of the measure is to optimise utilisation of publicly funded research infrastructure and laboratories by the business community.</p> <p>Milestone 123 requires the development and start of operation of a digital registry to record and publish research infrastructure that will facilitate the request of access of interested parties to such infrastructure. It will include the mapping of all publicly funded research institutions. It will also improve visibility of the Research Institutions and support collaboration with the private sector.</p> <p>Milestone 123 is the first step of the implementation of the reform and it will be followed by Milestone 124 related to the introduction of measures and incentives to enhance the collaboration of Research Performing Organisations with business and spin-offs.</p> <p>The reform has a final expected date for implementation on 31 December 2024.</p>		
<p><b>Evidence provided:</b> In line with the verification mechanism set out in the Operational Arrangements, the following evidence was provided:</p> <ol style="list-style-type: none"> <li>i. Summary document justifying how the milestone and all the constitutive elements were fulfilled.</li> <li>ii. Copy of the signed acceptance report by the Deputy Ministry of Research, Innovation and Digital Policy, attesting the completion of the digital registry.</li> <li>iii. Copy of a document drafted by the Ministry of Research, Innovation and Digital Policy explaining how the collaboration of the Research Institutions with the private sector (is expected) to be improved.</li> <li>iv. Web-link to the registry: <a href="https://cri.gov.cy/gr/">https://cri.gov.cy/gr/</a></li> </ol>		
<p><b>Analysis:</b> The justification and substantiating evidence provided by Cypriot authorities covers all constitutive elements of the milestone.</p> <ul style="list-style-type: none"> <li>• <b>Development and start of operation of a digital registry to record and publish research infrastructure. It shall include the mapping of all publicly funded research institutions (under Horizon 2020, national schemes).</b></li> </ul> <p>The development of the digital registry was completed on 21 November 2023, as attested by an acceptance report signed by the Deputy Ministry of Research, Innovation and Digital Policy (evidence No. ii). It is accessible through a dedicated webpage (evidence No. iv), and started its operation. The digital registry includes a database (<a href="https://cri.gov.cy/en/research-infrastructure-database">https://cri.gov.cy/en/research-infrastructure-database</a>) in which all research infrastructures and publicly funded research institutions in Cyprus are to be mapped in a dynamic manner.</p> <p>During the online on-the-spot check performed by the Commission’s services on 25 January 2024, the national authorities presented this section of the registry. It was evidenced that each of the public research infrastructure mapped is presented with a profile, information on its mission, its website, its hosting entity, its personnel, its number of publications. Furthermore, specific information is provided on its equipment (including a description, information on its hosting laboratory/department, the year of acquisition, possible access to external users). This section of the digital registry also displayed a list of 19 publicly funded research institutions, including the Research centres of Excellence of Cyprus which benefit from funding support under the EU Horizon programme and national funding programmes.</p>		

- **It shall facilitate the request of access of interested parties to such infrastructure. It shall also improve visibility of the Research Institutions and support collaboration with the private sector.**

The digital registry is accessible via a new e-platform open to all without use of password or a payment of a fee. It provides a comprehensive and updated overview of the research infrastructure landscape in Cyprus, making it easier to identify and access the equipment and resources that are needed to conduct cutting-edge research. The database includes recently updated information on all nationally funded research infrastructures in Cyprus, such as the name of the infrastructure, its location, its areas of expertise and its available equipment. The database is searchable by keyword and/or by hosting entity, making it easy to the user to find the information.

The registry provides a new policy-making and networking tool for researchers, businesses, and policymakers, fostering collaboration with third parties, including businesses and industry (evidence No. iii, section “collaboration with private sector”). It displays the CY research resources and infrastructures using the classification of the MERIL inventory (Mapping of the European Research Infrastructure Landscape), facilitating the information and collaboration with the organisations and companies in the European Union.

**Commission Preliminary Assessment:** Satisfactorily fulfilled

<b>Number:</b> 125	<b>Related Measure:</b> C3.2.I1 Set up and operate a central Knowledge Transfer Office (KTO)
<b>Name of the Milestone:</b> Launch of the Knowledge Transfer Office	
<b>Qualitative Indicator:</b> Opening of KTO's first case	<b>Time:</b> Q2 2022
<p><b>Context:</b> The objective of this investment is to improve technology transfer in Cyprus by enhancing academia-business collaboration and commercialising research. For this purpose, a Knowledge Transfer Office (KTO) shall be set up and put into operation.</p> <p>Milestone 125 concerns the launch of the KTO. It requires that the Research and Innovation Foundation puts in place staff as well systems and tools in order to make the KTO operational. It also requires that the KTO starts providing services to research institutions in terms of opening the KTO's first case.</p> <p>Milestone 125 is the first step of the implementation of the investment and will be followed by Milestone 126. Milestone 126 relates to the completion of at least 30 cases of services provided by the KTO to research institutions.</p> <p>The investment has a final expected date for implementation on 31 December 2025.</p>	
<p><b>Evidence provided:</b> In line with the verification mechanism set out in the Operational Arrangements, the following evidence was provided:</p> <ol style="list-style-type: none"> <li>i. 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.</li> <li>ii. List of KTO human resources in the form of copies of anonymised CVs: <ol style="list-style-type: none"> <li>a. KTO Lead Expert (Head of KTO),</li> <li>b. Lead Expert (Project Manager, external),</li> <li>c. Key Expert 1 (external),</li> <li>d. Key Expert 2 (external),</li> <li>e. Key Expert 3 (external),</li> <li>f. Key Expert 4 (external),</li> <li>g. Key Expert 5 (external),</li> <li>h. Key Expert 6 (external),</li> <li>i. Key Expert 7 (external),</li> <li>j. Key Expert 8 (external),</li> <li>k. Key Expert 9 (external)</li> </ol> </li> <li>iii. Methodology (excerpt from the proposal by the successful tenderer)</li> <li>iv. System (flow chart of the service delivery model and initial engagement - excerpt from the proposal by the successful tenderer)</li> <li>v. Tools (excerpt from the proposal by the successful tenderer) <ol style="list-style-type: none"> <li>a. Invention Disclosure Form</li> <li>b. Exploitation intentions</li> <li>c. BOSAT</li> <li>d. Patent Landscaping Input Tool</li> <li>e. IP Strategy and Audit Tool</li> <li>f. Checklist IP protection application</li> <li>g. IP Evaluation of Due Diligence Tool</li> <li>h. Example of technology flier</li> <li>i. Input for Negotiation</li> <li>j. Example of SDP</li> <li>k. Confidentiality Agreement</li> </ol> </li> <li>vi. Announcement of the call launch; <ol style="list-style-type: none"> <li>a. Announcement of the call launch for KT capacity building</li> </ol> </li> </ol>	



- b. Announcement of the call launch for KT support services – path 1
- c. Announcement of the call launch for KT support services – path 2
- d. Announcement of the call launch for KT support services – path 3
- vii. Form for Expression of Interest related to evidence No. vi.a (extract from the system, no longer active)
- viii. Log of Applications Received related to evidence No. vi.a

The authorities also provided:

- ix. Employment contracts of hired and contracted KTO staff
  - a. Employment contract of KTO Lead Expert
  - b. Contract with successful tenderer
  - c. Contract with successful tenderer part 1, equivalent to pages 1-68 of evidence No. ix.b
  - d. Contract with successful tenderer part 2, equivalent to pages 69-151 of evidence No. ix.b
  - e. Contract with successful tenderer part 3, equivalent to pages 152-255 of evidence No. ix.b
- x. Declaration of Service Delivery Plan Acceptance
- xi. RIF Board of Directors meeting minutes (Greek version)

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

- **The Research and Innovation Foundation, responsible for putting in operation the KTO, has hired or contracted highly trained staff and/or experts to provide expert knowledge transfer services.**

The Research and Innovation Foundation (RIF) has hired a lead expert to oversee the Knowledge Transfer Office (KTO) and contracted ten external experts to provide KTO services (consisting of one lead expert as a project manager and nine key experts). Copies of the employment contracts (evidence No. ix) demonstrate that staff members have been hired or contracted, while the copies of their curriculum vitae (CVs) (evidence No. ii) indicating their qualifications demonstrate that they are highly trained and experts in their respective fields.

The KTO Lead Expert joined the RIF in September 2022 as a ‘Senior Consultant for Knowledge Transfer and Commercialization’ and reports directly to the RIF’s Director General. Evidence No. ix.a is the contract of employment between the RIF and the KTO Lead Expert and was signed on 22 July 2022 (see page 14), proving that the staff member was hired. Evidence No. ii.a outlines the qualifications of the KTO Lead Expert and therefore shows that he is an expert in her field. She is a Registered Technology Transfer Professional and a certified New Product Development Professional. In her function as founder and manager of a 70-staff company with a global client base, she supported the commercialisation of technologies across science and technology, and worked for major corporations, SMEs, universities, government agencies, foundations, research institutes, and other entities around the globe. Apart from this, she is a former Intellectual Property law school professor and authored a best-selling textbook about technology transfer (which is more specific term to define knowledge transfer services).

The KTO services will be provided by external experts. The RIF launched an Open Tender Procedure and signed the contract with the successful tenderer (‘META Group’) on 27 March 2023 (evidence No. ix.c, page 8). It is specified that the KTO services will be provided by the contractor’s experts (evidence No. ix.c, page 38). Evidence No. ix.e shows that the META Group engages ten external experts to provide the KTO services: page 4 provides information on the team of experts, while pages 98 to 104 include commitment and exclusivity agreements signed by seven external experts. In these agreements, the external experts declare that they intend to participate in the execution of tasks for the KTO. Evidence No. ii.b to ii.k are the CVs of the external experts and show that they are highly trained staff. The external lead expert serving as the project manager (different from the KTO Lead Expert referred to above) has a deep experience in technology transfer, commercialisation of innovation and early-stage finance. She worked for consulting firms, the European Commission, national/regional managing authorities and

International Financial Institutions (evidence No. ii.b). The nine key experts include for example a lawyer and trademark attorney specialised in Intellectual Property (key expert 2, evidence No. ii.d), a chemist with a PhD in nanotechnology and advanced materials (key expert 3, evidence No. ii.e), and an expert in exploitation related activities (key expert 5, evidence No. ii.g).

- **Systems and tools shall be in place to support KTO operation.**

The CY authorities submitted an extensive set of evidence, which is part of the awarded contract, demonstrating that the systems and tools to support the KTO operation are in place.

The methodology (evidence No. iii) maps the overall concepts used by the KTO. It explains the rationale for largely relying on external experts, outlines the approach for Intellectual Property assessment management, and describes the approach for knowledge transfer and exploitation.

The system visualisation (evidence No. iv) is a flow chart that visualizes the service delivery model used by the KTO.

The tools (evidence No. v) are several documents describing the system and the various tools at the KTO's disposal. The contract with the successful tenderer (evidence No. ix.c, page 38) specifies that these tools are provided by the successful tenderer of the Open Tender Procedure ('Meta Group', see above). As part of their bid, the META Group submitted descriptions of their tools (evidence No. ix.e). Among others, these include a business opportunity self-assessment tool (evidence No. v.c), a patent landscaping tool (evidence No. v.d), and an Intellectual Property Evaluation or Due Diligence Tool (Evidence No. v.g). Overall, they show that the KTO is well equipped to provide knowledge transfer services.

- **The KTO shall start the provision of services to universities, other research organisations or enterprises.**

On 17 October 2022, the RIF launched the first call for expression of interest (RIF-KTO/EOI/1022). The call relates to capacity building support for the development of institutional knowledge transfer offices and is addressing academic and research organisations (with Cypriot universities and specialised Cypriot research institutions). Particularly, the objectives of the call are:

1. to define existing knowledge transfer capacity of interested organisations,
2. to identify their needs in terms of knowledge transfer policies and workflow procedures, in-reach procedures to encourage disclosures, intellectual asset auditing, disclosure forms, non-disclosure, license, materials transfer, agreement templates, etc.,
3. to provide preparatory training and capacity-building support that will enable beneficiaries to become spokes in the national knowledge transfer and commercialization system collaborating with the central KTO and to operate within it more effectively and efficiently.

This is proven by the announcement of the launch of the call (evidence No. vi.a), and the electronic application form used for the expression of interest (evidence No. vii). The call explains the role of "the central Knowledge Transfer Office, which operates within the RIF", and specifically that "the central KTO will operate through a 'Hub-and-Spoke' model. The 'Hub' will operate centrally within the RIF and will be a focal point for all Organisations, whereas 'Spokes' (local KTO/ KTUs) will operate within Universities, Research Organisations and Enterprises to facilitate and support KT service provision and the communication between the 'Spokes' and the 'Hub'." Nineteen Academic Institutions of Cyprus applied to the call, which comprise the main private and public Universities of Cyprus and specialised academic institutions and Centres of Excellence.

On top of this, the RIF launched three further calls for applications on 08 May 2023. These three calls all relate to the provision of knowledge transfer support services and are divided into three paths: 1) a fast-track path for beneficiaries of research and innovation projects already funded by the RIF (RIF-KTO/PATH1/0523), 2) a direct path for beneficiaries of research and innovations projects to be funded by the RIF (RIF-KTO/PATH2/0523), and 3) an open path for beneficiaries implementing other research and innovation projects (RIF-KTO/PATH3/0523). This is proven by the announcement of the launch of the three calls (evidence No. vi.b, vi.c and vi.d).

The qualitative indicator of milestone 125 “opening of KTO’s first case” specifies that the start of the provision of services is to be understood as the opening of the first case. In addition to the submitted log of applications received under RIF-KTO/EOI/1022, indicating the name and type of the organisation (evidence No. viii), Evidence No. x demonstrates that the first case has been opened. Evidence No. x is a declaration with which the beneficiary accepts the service delivery plan proposed by the KTO; it is associated to a case under RIF-KTO/PATH2/0523. Evidence No. iv underlines that the acceptance of the service delivery plan is already an advanced step in the service delivery process.

- Furthermore, in line with the description of the measure, **the investment shall consist in the creation and putting in operation of a Knowledge Transfer Office (KTO) by the Research and Innovation Foundation, to provide a cost-efficient solution for the support of technology transfer, built on the principles of acquiring a critical mass of research output and economies of scale.**

The achievement of this requirement is already demonstrated by the achievement of the milestone requirements. The KTO is created and put into operation by hiring and contracting highly trained staff and/or experts, by putting in place systems and tools, and by starting the provision of services. As corroborating evidence, the CY authorities furthermore submitted the minutes of the RIF Board of Directors meeting on 28 February 2022 in which the KTO was created (evidence No. xi).

The launch of the KTO in itself provides a cost-efficient solution for the support of technology transfer, built on the principles of acquiring a critical mass of research output and economies of scale. The KTO operates through a “Hub-and-Spoke” model benefitting from economies of scale, in which the central KTO in the RIF operates as the “hub” and is the focal points for all “spokes”, whereas “spokes” operate within universities, research organisations and enterprises (evidence No. ix.c, page 27).

- Furthermore, in line with the description of the measure, **indicative list of services [are]: (a) evaluation of commercialisation prospects, (b) intellectual property rights advice, (c) patents filed and intellectual property rights maintenance cases, (d) development of commercialisation strategy, (e) technology marketing, (f) support in setting up spin-off companies, and (g) provision of funding to support translational research.**

As outlined in the contract with the successful tenderer (evidence No. ix.c, pages 33 to 35), the KTO offers the following knowledge transfer support services: (a) assessment of intellectual property ownership, (b) patent landscaping, (c) intellectual property protection strategy, (d) opportunity assessment, (e) technology marketing, and (f) support in negotiating knowledge transfer agreements (deal making) and (g) funding for IP protection (supporting translational research) through an “IP Voucher”, opportunity assessment, technology marketing and support in negotiations for KT agreements (as per evidence No. i). While the list of services in the measure description is only indicative, the offered services by the KTO are broadly in line with this list.

**Commission Preliminary Assessment:** Satisfactorily fulfilled

<b>Number: 127</b>	Related Measure: C3.2.I2 Innovation funding programmes & funding schemes for the enhancement of growth & competitiveness of start-ups, innovative companies, and SMEs
<b>Name of the Milestone:</b> Signature of grant agreements for 50% of budget	
<b>Qualitative Indicator:</b> Grant agreements signed	<b>Time:</b> Q4 2022
<p><b>Context:</b> The objective of the measure is to provide grant support to innovative SMEs and start-ups through innovation programmes (such as Fast-Track Innovation, Pre-Seed, Seed, Innovate) in order to improve their access to funding.</p> <p>Milestone 127 concerns the signing of grant agreements which commit at least 50% of total budget (contracts of a total value of at least EUR<sup>26,000,000</sup> total budget) for innovation funding programmes for start-ups, innovative companies and SMEs.</p> <p>Milestone 127 is the first step of the implementation of the investment, and it will be followed by targets 127 and 128 related to the support respectively to 70 and 200 organisations to carry out R&amp;I related activities under the funding programmes presented under this milestone.</p> <p>The investment has a final expected date for implementation on 30 June 2026.</p>	
<p><b>Evidence provided:</b> In line with the verification mechanism set out in the Operational Arrangements, the following evidence was provided:</p> <ol style="list-style-type: none"> <li>i. 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.</li> <li>ii. Copy of the fifteen Calls for proposals (both in English and Greek)</li> <li>iii. Copy of an Excel spreadsheet containing a list of 171 beneficiaries which received funding through the programme</li> <li>iv. Copy of the RESTART work programmes which are the legal base to each grant agreement and voucher in Greek and English (v.11 – PRE-SEED &amp; INNOVATE; v.12 – CODEVELOP-ICT-HEALTH; v.13 [only in Greek] – INNOVOUCHERS &amp; OPPTY; v.14 – DISRUPT &amp; ENTREPRISES; v.15 CODEVELOP-AG-SH-HE &amp; PRE-SEED)</li> <li>v. Copy of a declaration of the implementing body verifying that all conditions of the grant agreements have been complied with.</li> <li>vi. Copy of 60 signed grant funding agreements by the Research and Innovation Foundation (RIF).</li> <li>vii. Copy of an updated Excel spreadsheet containing a list of 170 beneficiaries which received funding through the programme (excluding one project that was resubmitted under M130).</li> </ol> <p>The authorities also provided:</p> <ol style="list-style-type: none"> <li>viii. Copy of supporting documents evidencing two amendments of the granting amount for project INNOVATE-0719-0095</li> </ol>	
<p><b>Analysis:</b> The justification and substantiating evidence provided by the Cyprus authorities covers all constitutive elements of the milestone.</p> <ul style="list-style-type: none"> <li>• <b>Signing of grant agreements which commit at least 50% of total budget (contracts of a total value of at least EUR<sup>26,000,000</sup> total budget) for innovation funding programmes for start-ups innovative companies and SMEs, 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.</b></li> </ul> <p>The Cypriot authorities provided two lists of beneficiaries (evidence No. iii and No, vii) of the funding for RESTART innovation programmes through grant agreements. The first list includes 171 beneficiaries, the second, updated list contains only 170 beneficiaries as one project was removed from the investment</p>	

under Milestone 127 and resubmitted under Milestone 130 during the assessment period. The programmes covered are the following: PRE-SEED, INNOVATE, ENTREPRISES, CODEVELOP-ICT-HEALTH, INNOVOUCHERS and SEED. Some of the projects in the programme have multiple beneficiaries which is why 170 beneficiaries correspond to 139 projects (in the first list it was 171 beneficiaries and 140 projects) and grant agreements, as the grant agreements are signed per project between all parties involved.

The funding was granted on the basis of the grant agreements or vouchers (evidence No. vi) to which the work programmes (evidence No. iv) provide the legal base outlining the terms and conditions. The terms and conditions specified in the RESTART work programmes include the specifications of the type of beneficiary as part of the eligibility criteria, which are either SMEs or in case of large enterprises must already be doing an innovative project which would be expanded in size, scope or speed through the funding provided. The work programmes also include the do no significant harm (DNSH) exclusion list in their eligibility criteria (Section III. subchapter 8.6).

On the basis of the first list of 171 beneficiaries (evidence No. iii), the Commission generated the list of 140 individual projects in accordance with the project protocol number, from this list a sample of 60 grant agreements was drawn (not including the one for the project that was removed). For each of the sampled project, the Cypriot authorities provided the signed grant agreement, in line with the requirement of the Council Implementing Decision.

The Council Implementing Decision requires the signature of grant agreements. In the case of the project INNOVOUCHERS, no contract or grant agreement in the same format as for the other projects exists but a voucher that is signed by the implementing body and that can be redeemed by service provider selected by the beneficiary only after the service was provided. Whilst this constitutes a minimal formal deviation from the requirement of the Council Implementing Decision, the vouchers commit the grant support to the selected projects and are subject to the same legal basis (the work programmes) as the other projects subject which include the signature of grant agreements. As of this, this minimal deviation does not change the nature of the investment and does not affect the progress towards achieving the investment that the milestone represents. On this basis, it is considered that this constitutive element of the milestone is satisfactorily fulfilled.

Each of the 60 contracts/vouchers were checked in the following way by linking each document to the information provided in the Excel list of 171 beneficiaries (evidence No. iii):

- I. For the signature of the agreement including the correct project number and the names of all beneficiaries of the project funding;
- II. For the total granting amount for the project;
- III. For the signature date after February of 2020;
- IV. For the reference to the Work programme as legal base to the contract to verify both compliance with type of beneficiary and DNSH.

The evidence provided for the sample of 60 units confirmed that the requirements of the milestone have been met.

For one of the samples (INNOVATE/0719/0095) the granting amount in the contract is higher than in table. This is due to the fact that the project was subject to two amendments after the initial signing of the contract. The amount in the table matches the granting amount after the second amendment, as demonstrated by the relevant documents documenting the amendments (evidence No. viii).

For another sample (PRE-SEED/0719/0044) the signature date on the page with the signatures is unclear, however page three of the contract confirms as signature date 12 June 2020 which is in line with the contract stating that it was signed retroactively with the starting date of the project being 1 June 2020.

- Furthermore, in line with the description of the measure **“the funding programmes shall:**
  - (i) **promote collaboration of businesses with research organisations;**

- (ii) **facilitate commercialisation of research results in targeting delivery of closer-to-market outputs and outcomes, thus allowing for shorter-term economic effects;**
- (iii) **lead to the creation of employment;**
- (iv) **promote business clustering, and**
- (v) **target accelerated transition to a green economy and towards a digital era of efficiency and productivity.**

- **These programmes shall require businesses to leverage private/own funds in conjunction with public funding (provided by the Research and Innovation Foundation), therefore contributing to the overall increase of R&D investment”.**

As stated, several projects include more than one beneficiary, since the funding is shared between several parties to the project. For projects with several recipients this often involves businesses and research organisations and universities which serves both the aim at fostering collaboration, business clustering between the parties but also creating more market-oriented outputs and outcomes of the project. The funding if acquired by large enterprises is only granted in case of increasing the project in size, scope or speed. New projects as well as an increase in size of existing projects, also relate to an increase in the number of persons employed in research, development, and innovation, therefore meeting the objective of increasing employment in innovation. The work programmes set out the aim of the programmes which are in line with the objective of targeting the funding towards projects dedicated to the green and/or digital transition.

The Council Implementing Decision required the programmes to make businesses leverage private/own funds in conjunction with public funding (provided by the Research and Innovation Foundation), therefore contributing to the overall increase of R&D investment. The RESTART work programmes lay out the maximum amount of support for beneficiaries according to the type of recipient and the type of activity funded. Enterprises receive between 25 – 100% funding, 100% is only attributed if the activity is in the area of “fundamental research”, which is a typical area of market failure as businesses tend to underinvest and therefore 100% public funding is justified. In all cases where the research activity does not concern fundamental research, additional funding is required by design, therefore contributing to the objective to leverage private funds in addition to public funding and through this channel raising overall R&D expenditure. Whilst the lack of leverage on fundamental research constitutes a minimal substantive deviation from the requirement of the Council Implementing Decision, the objective of leveraging private funds and therefore increasing overall levels of R&D investment is achieved by the very nature of fundamental research, whose results are made freely available so that companies can use the results for future R&D investment. As of this, this minimal deviation does not change the nature of the measure and does not affect the progress towards achieving the investment that the milestone represents. On this basis, it is considered that this constitutive element of the milestone is satisfactorily fulfilled.

**Commission Preliminary Assessment: Satisfactory fulfilled**

<b>Number:</b> 130	<b>Related Measure:</b> 3.2.13 R&I funding program on green transition
<b>Name of the Milestone:</b> Signature of grant agreements for a R&I funding programme of EUR°6 million budget	
<b>Qualitative Indicator:</b> Grant agreements signed by the Director of the Research and Innovation Foundation	<b>Time:</b> Q4 2022
<p><b>Context:</b> The objective of the measure is to provide grant support through thematic R&amp;I programmes of relatively high technology readiness levels focusing on green transition.</p> <p>Milestone 130 requires the signature of grant agreements for a R&amp;I funding programme of EUR°6 million budget, 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.</p> <p>Milestone 130 is the first milestone under the investment on the R&amp;I funding program on green transition and it is followed by target 131a requiring that at least 10 organisations have been supported by grants on green transition R&amp;I activities.</p> <p>The investment has a final expected date for implementation on 30 June 2026.</p>	
<p><b>Evidence provided:</b> In line with the verification mechanism set out in the Operational Arrangements, the following evidence was provided:</p> <ol style="list-style-type: none"> <li>i. 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.</li> <li>ii. Copy of the call CODEVELOP-GT/0322 within the framework of the «RESTART 2016-2020» Programmes for Research, Technological Development and Innovation (RTDI).</li> <li>iii. Copy of the call CODEVELOP (ICT-HEALTH).</li> <li>iv. Copy of the funding programme/grant scheme guide for the whole CO-DEVELOP programme</li> <li>v. Copy of the declaration of the Head of the Implementing Body verifying that all conditions of the grant agreements have been complied with and grant agreements have been signed with the listed beneficiaries accompanied by the complete list of the beneficiaries.</li> <li>vi. Copies of the signed grant funding agreements by the RIF.</li> </ol>	
<p><b>Analysis:</b> The justification and substantiating evidence provided by the Cypriot authorities covers all constitutive elements of the milestone. In particular:</p> <ul style="list-style-type: none"> <li>• <b>Signing of grant agreements for the selected proposals to be funded (through RIF’s competitive evaluation procedure) under a R&amp;I funding program on green transition, with a total budget of EUR 6 million (...)</b></li> </ul> <p>The Research and Innovation Foundation (<i>hereinafter referred as RIF</i>) published on 16 March 2022 a call for proposals (<i>hereinafter referred to as the “call”</i>) under the “green transition” thematic priority of the “CODEVELOP” programme CODEVELOP-GT/0322) (evidence No. ii). Another call under the “ICT-Health” thematic Priority of the same CODEVELOP Programme (CODEVELOP-ICT-HEALTH/0322) was launched at the same time (evidence No. iii). Both calls are based on the same legal conditions as set out in the CODEVELOP funding programme (evidence iv).</p> <p>Following the submission of proposals until May 2022 and subsequent evaluation, ten projects for a total amount of EUR°5.7 million have been granted under the call for proposals under the “green transition” thematic priority of the CODEVELOP, while another grant agreement of EUR°599,851.36 budget for the project serving the green transition (named «A Green - Holistic IoT platform for Forest Management and Monitoring») was granted under the “ICT-Health” of the CODEVELOP programme (evidence No. v and vi). Hence the total budget allocated/committed to proposals serving to the objectives of C3.213 exceeds the amount of EUR°6 million.</p>	

- (...) 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 funding programme (evidence No. iv, section 8.6, pages 88 and 89) , as referred to on page 2 of the calls (evidences No. ii and iii) sets out an exclusion list in line with the ‘Do no significant harm’ Technical Guidance (2021/C58/01), excluding from eligibility activities related to fossil fuels, activities under the European Union Emission Trading System achieving projected greenhouse gas emissions that are not lower than the relevant benchmarks, activities related to waste landfills incinerators and mechanical biological treatment plants, and activities where the long-term disposal of waste may cause harm to the environment.

The funding programme (evidence No. iv, section 8.6, page 88) also specifies that “all Programme beneficiaries must comply with National Legislation and EC Regulations regarding relevant issues, which include, amongst others, [...] (the) protection of the environment”.

- Furthermore, in line with the description of the measure, the investment **shall consist in grant support of projects that shall be using new technologies to provide cost-effective solutions for green transition, thereby upgrading the country’s research capacity. The supported projects shall focus on renewable energy, energy efficiency and sustainable transport, entail collaboration with Centres of Excellence for R&I and/or other stakeholders, and facilitate the commercialisation of research results.**

In view of upgrading the country’s research capacity, the funding programme (evidence No. iv, part 1, page 16) states that funded projects must fall within Technology Readiness Levels (TRL) 4-7, such as relatively high technology readiness levels. The TRL Level 4 means that the technology must be validated in lab and can reach TRL Level 7 which is system prototype demonstration in operational environment.

The selection criteria under the call require that projects focus on the fields of Renewable Energy, Energy Efficiency and Sustainable Transport are eligible as sub-categories of the “green transition” thematic priority (evidence No. ii, introduction of the call; evidence No. iv, part 1, page 14). Furthermore, according to the work programme (evidence No. iv, part 1, page 15), the funded projects are expected to provide cost-effective solutions for the green transition.

It requires the joint development and application of existing knowledge and know-how and its transfer from academia/research to industry, as well as exploitation of results with the aim of strengthening the competitiveness of the enterprise and the economy, enhancing green transition and improving the quality of life in Cyprus (work programme, evidence No. iv, part 1, page 14).

**Commission Preliminary Assessment:** Satisfactorily fulfilled



<b>Number:</b> 134	<b>Related Measure:</b> C3.3.R1 Facilitation of Strategic investments
<b>Name of the Milestone:</b> Law for strategic investments	
<b>Qualitative Indicator:</b> Provision in the law indicating the entry into force of the law	<b>Time:</b> Q1 2022
<p><b>Context:</b> 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.</p> <p>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.</p> <p>Milestone 134 concerns the entry into force of a law supporting strategic investments in Cyprus which will include the following elements: streamlining of procedures for licencing strategic investment, project manager for each project, timely issuance of building permits.</p> <p>Milestone 134 is the first step of the implementation of the reform, and it will be followed by milestone 135, related to the enhancement of the organisational capacity for the facilitation of strategic investments. The reform has a final expected date for implementation on 30 June 2024.</p>	
<p><b>Evidence provided:</b> In line with the verification mechanism set out in the Operational Arrangements, the following evidence was provided:</p> <ol style="list-style-type: none"> <li>i. 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.</li> <li>ii. Copy the Law L.84(I)/2023 that provides for the Facilitation of Strategic Development Projects, as published in the Government Gazette (No. 4957, 28 July 2023, pages 334 and 355).</li> </ol> <p>The authorities also provided:</p> <ol style="list-style-type: none"> <li>iii. Copy of the Council of Ministers Decision of 21 November 2023 setting out the entry into force of the Law L.84(I)/2023 on 1 December 2023, published in the Government Gazette (No. 5838, 29 November 2023, page 2781).</li> </ol>	
<p><b>Analysis:</b> The justification and substantiating evidence provided by Cypriot authorities covers all constitutive elements of the milestone.</p> <ul style="list-style-type: none"> <li>• <b>Entry into force of a law supporting strategic investments in Cyprus (...)</b></li> </ul> <p>The Law L.84(I)/2023 that provides for the Facilitation of strategic development projects (evidence No. ii, <i>hereinafter referred to as “the Law”</i>) was adopted by the House of Representatives on 13 July 2023 and published on 28 July 2023 (evidence No. ii). It entered into force on 1 December 2023, by a decision of the Council of Minister (evidence No. iii), in line with its article 29.</p> <p>The Law is meant to support the efficient implementation of strategic investments in Cyprus, in strategic sectors that significantly contribute to the development of the economy (evidence No. ii, Article 6 to 8).</p> <ul style="list-style-type: none"> <li>• <b>(...) which shall include the following elements: streamlining of procedures for licencing strategic investment (...); (...) a project manager for each project (...)</b></li> </ul> <p>The licencing of strategic investments is defined in the Law (Article 2) as the procedure starting with the approval of the application for designation as a strategic development project, following a decision of the Council of Minister, and which ends with the granting and issuing of the necessary permits for the implementation of the strategic development project by all relevant administrative authorities.</p> <p>The Law prescribes a deadline for the licencing procedure of 12 months (Article 11(3)) for all investments approved for designation as strategic investments. The designation is achieved through the following swift procedure:</p>	

1. Submission of the application for designation as strategic investment. A Project Manager is assigned for the assessment of the application by the Head of the Strategic Investments' Sector in the Ministry of interior (Article 23(1));
2. Submission of the assessment by the Project Manager to the Minister of Interior, including the preparation of the stepwise licencing procedure to be followed (if the project is designated as strategic) within 15 days (Article 23(2));
3. The Minister of Interior seeks the approval of the Council of Ministers on the designation (or not) of an investment as a strategic investment within 15 days (Article(10(3))).

- **(...) timely issuance of building permits.**

The Law sets out a procedure for the issuance of building permits (Articles. 16 to 21). The introduction of deadlines for the procedural steps including the consultation of all involved administrative bodies is aimed to ensure a timely assessment and decision for the granting of building permit.

- In line with the description of the measure, **the definition of strategic investment refers to investments in strategic sectors (including Health and Social Care, Education, Culture, Sport, Environment, Industry, Tourism, Energy, Research, Development and Innovation) that significantly contribute to the development of the economy.**

Chapter I of Part III of the Law outlines the application procedure and the documents required for a project to be considered as a strategic investment (Article 6).

The strategic investments can relate to any sectors (no sector is excluded in the Law); they can therefore relate to Health and Social Care, Education, Culture, Sport, Environment, Industry, Tourism, Energy, Research, Development and Innovation. Instead, the Law provides that the investment complies with a set of criteria as set out in its Article 8. The strategic investment should significantly contribute to the sustainable development of the economy (Article 8(1)), through the satisfaction of criteria based on the size of the capital investment and job creation. For an investment to be categorised as strategic investment, the applicant needs to submit its "business plan" (with references to aspects inter alia to the promotion of innovation, the development of new technologies, social welfare, and the protection of the environment) and additional information that shows that the criteria for the classification as strategic investments are met.

In addition, the Law introduces a list of exclusion criteria for the applicants (Article 7) and for projects (Article 8(3)), excluding plainly construction or plainly financial projects (Article 8(3) sub-paragraphs a-b), immorally dubious or illegal projects (Article 8(3)sub-paragraph c), or developments which increase the environmental impact and whose impact in its large part cannot be compensated or constrained (Article 8(3)sub-paragraph d).

**Commission Preliminary Assessment:** Satisfactorily fulfilled

<b>Number:</b> 136	<b>Related Measure:</b> C3.3.R2 Enhancing Fast-Track Business Activation Mechanism
<b>Name of the Milestone:</b> Establishment of an electronic system where investors can submit their online application	
<b>Qualitative Indicator:</b> Announcement by the Ministry of Commerce of the electronic system accepting applications	<b>Time:</b> Q4 2022
<p><b>Context:</b> The objective of this reform is to improve the operations of the Business Facilitation Unit under the Ministry of Energy, Commerce and Industry by simplifying and digitalising the procedures relating to the issuance of business permits for foreign investors. The reform consists of establishing a digital platform which will allow authorities and investors to exchange documents, interact and track the status of relevant applications.</p> <p>Milestone 136 consists of the establishment of an electronic system for the submission of online applications by investors.</p> <p>Milestone 136 is the first step of the implementation of the reform, and it will be followed by milestone 137, related to: the establishment of a platform where investors can track their online application and interact with the competent authorities, and the completion of assessments for at least 50 applications for investments. The investment has a final expected date for implementation on 31 December 2025.</p>	
<p><b>Evidence provided:</b> In line with the verification mechanism set out in the Operational Arrangements, the following evidence was provided:</p> <ol style="list-style-type: none"> <li>i. Summary document duly justifying how the milestone, including all the constitutive elements, was satisfactorily fulfilled.</li> <li>ii. Copy of the announcement by the Ministry of Commerce concerning the new electronic system accepting applications as of 17 November 2023.</li> <li>iii. Copy of the completion acceptance certificate issued by the Contracting Authority on 1 December 2023 in relation to the new electronic system.</li> <li>iv. Web-link to the electronic system (<a href="https://www.businessincyprus.gov.cy/bfu-application-form/">https://www.businessincyprus.gov.cy/bfu-application-form/</a>).</li> </ol>	
<p><b>Analysis:</b> The justification and substantiating evidence provided by the Cypriot authorities covers all constitutive elements of the milestone.</p> <ul style="list-style-type: none"> <li>• <b>Application for registration as a foreign interest company through the establishment of an electronic system where investors may submit their online application.</b></li> </ul> <p>In line with the requirements of the Council Implementing Decision, the Ministry of Energy, Commerce and Industry announced on 17 November 2023 (evidence No. ii, page 1) that a new electronic system accessible through a web-link (evidence No. iv) had been established, allowing the submission of online applications for the registration of organisations wishing to transfer or expand their activities in Cyprus as a "Company with Foreign Interests".</p> <p>The completion acceptance certificate issued by the Contracting Authority in relation to the new electronic system which will be part of the platform that will be further developed (under milestone 137) was signed on 1 December 2023 (evidence No. iii).</p> <ul style="list-style-type: none"> <li>• <b>Upgrade of the services of applications for business permit issuance.</b></li> </ul> <p>The Commission's services performed on 11 January 2024 an online on-the-spot check, during which representatives from the Business Facilitation Unit demonstrated on screen the different features of the new electronic system. It was demonstrated that the electronic system standardises and moves online the registration of organisations wishing to transfer or expand their activities in Cyprus as a "Company with Foreign Interests". It was explained that the system marks an upgrade of the services of applications for the issuance of business permits, as compared to the previous situation where requesting entities had to submit emails or physical documents to the Business Facilitation Unit.</p>	

- **Guidance for establishment and operation. Application for registration as a foreign interest company through the establishment of an electronic system where investors may submit their online application.**

The system includes a dedicated web-space with detailed guidance regarding the submission of a three-step online application.

The first step of the application requires the requesting entity to fill in basic information: name of the entity, nationality of the ultimate beneficial owner, registration number of the entity, contact email, the representative's name and title, a mobile phone number, address of the entity, the business category, the nature of business, the number of staff currently employed, a brief description of the company's activities and (expansion) plans, as well as the type of additional services that will be requested from the Business Facilitation Unit once the application is approved (such as registration in the employers' register, entry in the tax register for direct taxation, facilitation for the necessary licensing if the company's envisaged activity is regulated).

The second step requires the requesting entity to upload all necessary certificates (such as tax clearance certificate, audited financial statements) in line with the guidance provided. The third step requires the requesting entity to submit some extra information such as ownership related details (for example ownership by third country nationals).

Then, the requesting entity can finalise and submit the application. The requesting entity then receives a unique ID, through which both Business Facilitation Unit Officers and the requesting entity can track the application. The requesting entity receives a notification on any update regarding the status of its application (such as notification for approval or rejection of the application).

- **Guidance for establishment and operation, provision of information for all the necessary permits required by the company to start operations, facilitation for the issuance of residence and employment permits in Cyprus for third-country nationals.**

Once the registration as a company with foreign interests is completed, the electronic system allows requesting entities to ask for individual guidance and information for all necessary permits required to start operations, including for establishment and operations (that is, via communication with Officers from the Business Facilitation Unit).

The electronic system also includes a "related link" with guidance on the procedure for employing third-country nationals, which facilitates for the issuance of residence and employment permits in Cyprus for third-country nationals.

The Officers from the Business Facilitation Unit can also guide requesting entities as regards requests for permits from the Civil Registry and Migration Department under the Ministry of Interior to employ third-country nationals.

**Commission Preliminary Assessment:** Satisfactorily fulfilled

<b>Number:</b> 143	<b>Related Measure:</b> C3.3.R6 - Incentives to promote mergers and acquisitions.
<b>Name of the Milestone:</b> Action Plan for incentives for mergers and acquisitions	
<b>Qualitative Indicator:</b> Council of Ministers adoption of a report and the accompanying action plan.	<b>Time:</b> Q4 2022
<p><b>Context:</b> The objective of the measure is to incentivise the increase of SMEs' size.</p> <p>Milestone 143 consists in the approval of a report and an accompanying action plan by the Council of Ministers, following the evaluation of similar regimes within the EU and consultation with stakeholders for specific incentives for promoting mergers and acquisitions.</p> <p>Milestone 143 is the only step of the implementation of the reform. The reform has a final expected date for implementation on 31 December 2022.</p>	
<p><b>Evidence provided:</b> In line with the verification mechanism set out in the Operational Arrangements, the following evidence was provided:</p> <ol style="list-style-type: none"> <li>i. Summary document duly justifying how the milestone, including all the constitutive elements, was satisfactorily fulfilled.</li> <li>ii. Copy of the Council of Ministers' decision No. 95.740 of 4 January 2024 adopting the Report and the accompanying action plan for incentives for mergers and acquisition, published in the Government Gazette No 4853 on 23 February 2024.</li> <li>iii. Copy of the Report and the accompanying action plan for incentives for mergers and acquisitions, as attached to the proposal of Council of Ministers' Decision (evidence ii) (official archiving reference: Y.Σ.05.05.008).</li> </ol> <p>The authorities also provided:</p> <ol style="list-style-type: none"> <li>iv. Copy of a list of the stakeholders from the private sector, that were consulted for the preparation of the action plan of this measure.</li> </ol>	
<p><b>Analysis:</b> The justification and substantiating evidence provided by the Cypriot authorities covers all constitutive elements of the milestone.</p> <ul style="list-style-type: none"> <li>• <b>Approval of a report and an accompanying action plan by the Council of Ministers on specific incentives for promoting mergers and acquisitions, following the evaluation of similar regimes within the EU and consultation with stakeholders.</b></li> </ul> <p>The report and the accompanying action plan for incentives for mergers and acquisitions (evidence ii, <i>hereinafter referred to as "the report" and "the action plan"</i>) were adopted by the Council of Ministers on 4 January 2024 (evidence iii).</p> <p>The report explains the general framework of the action plan for granting incentives for mergers and acquisitions, explaining the challenges that the Cypriot firms face in terms of productivity (in terms of economies of scale and cutting-end edge technologies), due to their very small size (92.9% are micro enterprises with less than six employees), and making also references to the respective analysis of the 2035 long-term economic strategy on the issue.</p> <p>The report analyses the general advantages of mergers and acquisitions in this context (pages 5-6), using statistical data for the global data on mergers and acquisitions (pages 7-8), their trends in the main economic sectors). It also analyses the existing framework for mergers and acquisitions in the Republic of Cyprus is described and similar frameworks in other EU Member States (Greece, France, Malta, Netherlands, and Luxemburg) are analysed (pages 9 to 11).</p>	

The action plan is based on the three following action groups, including sub-elements ((pages 17-20):

1. Creation of an integrated support and change framework culture for mergers and acquisitions through two main actions: a) the development of a targeted communication plan, including promoting the organization of workshops and events as well as the communication promotion of successful mergers and acquisitions both in Cyprus and abroad; b) as well as the development of a new national entrepreneurship policy;
2. Modernization of the corporate legislative framework (Law on companies) and review of the procedures for mergers and acquisitions to improve or simplify the administrative burden as necessary, and basing as relevant on successful models in other Member States of the European Union;
3. Improve the access to finance through funding schemes to subsidize equipment and machinery, provided that a merger or acquisition has taken place in a specific sector of the economy (agriculture, processing and export), in line with EU State aid rules.

The 1<sup>st</sup> and 2<sup>nd</sup> groups of actions are to be implemented in the period 2024-2026, and the third one in the period 2025-2027.

The detailed implementing timetable for each action together with the name of each competent Authority is presented on pages 17-20 of the Report and Action Plan. The Report specifies that the measures undertaken towards mergers and acquisitions will not lead to lessening of effective competition on relevant markets (pages 3, 5, 13 to 20).

The relevant national stakeholders of the public and private sector (ICPAC, CBA, CCCI, CEIF and CIPA) have been consulted during a written consultation process (evidence No. v page 12, evidence No. iv).

**Commission Preliminary Assessment:** Satisfactorily fulfilled

<b>Number:</b> 151	<b>Related Measure:</b> C3.3.I6 State funded equity fund
<b>Name of the Milestone:</b> Set-up of the fund	
<b>Qualitative Indicator:</b> Registration of the fund	<b>Time:</b> Q4 2022
<p><b>Context:</b> The objective of the investment is to establish a Cypriot Equity Fund, to support the efforts of the Cypriot authorities to enhance access to alternative sources of finance, foster economic development and growth, enhance the competitiveness of small-medium enterprises in Cyprus and contribute to the enhancement of the ecosystem for equity and venture capital investments.</p> <p>The investment consists in the launch a tender procedure to select and appoint an external fund manager for an investment period of five years. At least twelve start-ups and innovative companies should be supported through the Fund.</p> <p>Milestone 151 requires the full completion of the Fund setup, which shall increase the availability of alternative financing sources, particularly for innovative companies and start-ups.</p> <p>Milestone 151 is the first step of the implementation of the investment, and it will be followed by target 152, related to the reporting on the investment supported by the Fund. The investment has a final expected date for implementation in 30 June 2026.</p>	
<p><b>Evidence provided:</b> In line with the verification mechanism set out in the Operational Arrangements, the following evidence was provided:</p> <ol style="list-style-type: none"> <li>i. 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.</li> <li>ii. Copy of the Call for the expression of interest, together with its accompanying documents (Clarification document, FAQ document, appendix template, selection criteria document, underlying fund term sheet) launching the selection of the financial intermediary (fund manager) that will undertake the investment operations.</li> <li>iii. Copy of the signed Minutes of the 2nd Meeting of the Steering Committee of the Equity Fund of 11 October 2023 acknowledging the conclusions of the procedure for the selection of the financial intermediary (fund manager), including the following annexes: Copy of the minutes of the European Investment Board of Directors decision approving the selection process of the financial intermediary (fund manager) and Copy of the Investment Memorandum of the Fund Manager.</li> <li>iv. Copy of the registration of the Fund.</li> </ol> <p>The authorities also provided:</p> <ol style="list-style-type: none"> <li>v. Copy of the Funding Agreement between the Republic of Cyprus and the European Investment Fund</li> </ol>	
<p><b>Analysis:</b> The justification and substantiating evidence provided by Cypriot authorities covers all constitutive elements of the measure and milestone.</p> <ul style="list-style-type: none"> <li>• <b>The setup of the Fund is completed and registered.</b></li> </ul> <p>A new Cypriot Equity Fund was set up on 12 December 2023, with the aim to enhance alternative sources of finance for businesses (evidence No. i, page 4,). 33 East Fund 1 C.V was selected as the Fund Manager by the European Investment Fund (EIF) Board of Directors Decision on 6 January 2023. The Fund was registered in the business register of the Dutch Chamber of Commerce on 12 December 2023 (evidence No. iv).</p>	

- **The Fund shall increase the availability of alternative financing sources, particularly for innovative companies and start-ups.**

According to the Investment Memorandum of the Fund Manager (evidence No. iii, page 3), 33East Fund 1 C.V was appointed as the Fund Manager following the EIF’s commitment signature on 18 September 2023 and finally acknowledged by the Steering Committee of the Equity Fund on 11 October 2023 (evidence No. iii, page 6).

The investment strategy of the 33East Fund outlines that the Fund will primarily invest in SMEs in seed, pre-seed and start-up stages (evidence No. iii, page 3). In addition to SMEs, spin-offs coming out from universities and research centres, start-ups linked to incubators, co-working spaces, accelerators and universities, and entrepreneurial activities with high growth potential and in need of funding for product development may also be targeted (evidence No. v, page 3). This is in line with page 30 of the Funding Agreement stating that the proposed financial engineering instrument aims at supporting primarily SMEs in Seed, pre-seed and start-up stages, as well as provide direct investments to innovative companies (evidence No. v, page 30-31).

33East Fund is a venture capital (VC) fund providing early-stage capital to technology companies based and active in Cyprus or planning to expand their operations into the country. The Fund will be the first sizeable VC fund in Cyprus, playing a fundamental role in the development of the VC ecosystem in Cyprus and consequently the availability of alternative sources of financing (evidence No. iii, pages 4 and 6). The emergence of the Fund is expected to close the current financial gap faced by start-ups in Cyprus (evidence No. iii, page 4).

- **The investment policy shall include eligibility criteria for investees to ensure compliance with the ‘Do no significant harm’ Technical Guidance (2021/C58/01) of supported transactions under this measure through the use of sustainability proofing, the requirement of compliance with the relevant EU and national environmental legislation, and the requirement for beneficiaries that derived more than 50% of their revenues during the preceding financial year from activities or assets in the exclusion list to adopt and publish green transition plans.**

Appendix G of the Funding Agreement (evidence No. v, page 47) covers the application of the “do no significant harm” principle. The topic is further elaborated in the Underlying Fund Term Sheet to the Call of expression of interest, which lists the eligibility criteria to be applied under the principle (evidence No. ii, page 13 – 15).

The application of sustainability proofing is mentioned on page 47 of appendix G of the Funding Agreement between RoC and the EIF (evidence No. v). More detail on its requirements are described in page 14 of the Underlying Fund Term Sheet to the Call of expression of interest. The document states that the instrument shall be implemented in accordance with “Commission Notice on Technical guidance on sustainability proofing for the InvestEU Fund Technical guidance on sustainability proofing for the InvestEU Fund”, in particular Chapter 3 on Sustainability proofing approach for indirect financing (evidence No. ii, page 14).

The requirement to comply with the relevant EU and national environmental legislation is affirmed (evidence No. v, article 1(3) of the appendix G, page 47). It states that the fund manager has to contractually request the final recipients to comply with applicable national and EU environmental legislation (evidence No. v, page 47).

Article 1(4) of the appendix G of the Funding Agreement (evidence No. v) stipulates that beneficiaries, which derived more than 50% of their revenues in the preceding year from activities or assets covered in the exclusion list are required to adopt and publish green transition plans (evidence No. v, page 47).



- Furthermore, in line with the description of the measure, the Funding Agreement shall **exclude the following list of activities and assets from eligibility: (i) activities and assets related to fossil fuels, including downstream use; (ii) activities and assets under the EU Emission Trading System (ETS) achieving projected greenhouse gas emissions that are not lower than the relevant benchmarks; (iii) activities and assets related to waste landfills, incinerators and mechanical biological treatment plants; and (iv) activities and assets where the long-term disposal of waste may cause harm to the environment.**

The list mentioning all the required non-eligible activities and assets is stipulated in article 1(2) of appendix G to the Funding Agreement (evidence No. v, page 47). The excluded activities are also listed on pages 13-14 of the Underlying Fund Term Sheet to the Call of expression of interest (evidence No. ii, page 13-14).

- Furthermore, in line with the description of the measure, **the investment shall consist in a tender procedure to select and appoint an external fund manager for an investment period that is foreseen to be five years.**

The Call for Expression of Interest to select and appoint a Financial Intermediary under the Cyprus Equity Fund was launched by the EIF on 11 May 2022 and closed on 5 July 2022 (evidence No. ii, page 3). The minutes of the Investment Committee report that a total of ten applications were received (evidence No. iii, page 3).

The purpose of the Call together with the stated investment period of no longer than 5+1 years is elaborated in the Underlying Fund Term Sheet to the Call of Expression of interest (evidence No. ii, pages 1-2).

**Commission Preliminary Assessment:** Satisfactorily fulfilled

<b>Number:</b> 155	<b>Related Measure:</b> C3.4.R1 Enhance the administrative capacity and improve the functioning of public administration for better policy making and implementation
<b>Name of the Milestone:</b> Action Plan on the efficient management of human resource issues in the national public administration	
<b>Indicator:</b> Adoption of the Action Plan by the Council of Ministers	<b>Time:</b> Q1 2022
<p><b>Context:</b> The two objectives of the reform are to improve the functioning of general public administration by improving its human resource management framework and to restructure and enhance the administrative capacity of the Cyprus Police.</p> <p>Milestone 155 consists of the adoption of an action plan on the efficient management of human resource issues in the national public administration.</p> <p>Milestone 155 represents the initial stage of the reform. It will be followed by Milestone M156 on the adoption of a new human resources management framework for the Cyprus police and Milestone 157 on the implementation of the Action Plan.</p> <p>The reform has a final expected date for implementation in 31 December 2024.</p>	
<p><b>Evidence provided:</b> In line with the verification mechanism set out in the Operational Arrangements, the following evidence was provided:</p> <ol style="list-style-type: none"> <li>i. 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.</li> <li>ii. Copy of the Council of Ministers' Decision 4773 approving the action plan for the effective management of Human Resources matters in public administration (2022-2025), adopted on 30 March 2022 and published in the Official Journal of the Republic of Cyprus No. 4773 of 3 June 2022.</li> <li>iii. Copy of the action plan for the effective management of Human Resources matters in public administration, including an annex setting out the actions to be implemented.</li> </ol>	
<p><b>Analysis:</b> The justification and substantiating evidence provided by the Cypriot authorities covers all constitutive elements of the milestone.</p> <ul style="list-style-type: none"> <li>• <b>The Council of Ministers has adopted an Action Plan.</b></li> </ul> <p>The “Action Plan on the efficient management of human resource issues in the national public administration for the period 2022-2025” (<i>hereinafter referred to as “the Action Plan”</i>, evidence No. iii) was approved by a Council of Ministers' Decision on 30 March 2022 and published in the Official Journal of the Republic of Cyprus on 3 June 2022 (evidence No. ii).</p> <ul style="list-style-type: none"> <li>• <b>The Action Plan shall include guidelines, templates and implementation support by the Public Administration and Personnel Department (PAPD) to line ministries’ administration in relation to human resource management issues such as re-organisation and re-structuring, simplification of procedures and workforce planning.</b></li> </ul> <p>The provision of implementation support will be provided by the staff of the PAPD to and the HR departments of the line (deputy) Ministries with a view to effectively managing horizontal human resources issue is covered under action 2.1 (page 14 of the Action Plan) and envisaged to be completed by Q3 2023.</p> <p>The Plan also specifies that the support provided will take the form of at least four manuals/guidelines of human resource procedures (including templates), a revised Standard Human Resources Programming Tool (Workforce Planning), and Frequently Asked Questions (with answers) on main HR management issues, such as staff mobility, disciplinary issues, and leave policies.</p> <p>The Units/Directorates to be established in the line (deputy) Ministries will assume the responsibility to</p>	

prepare and submit workforce plans within the budget preparation process.

- **The Action Plan shall include the implementation of a revised organizational structure of Public Administration and Personnel Department (PAPD).**

The implementation of the review and revision of the role, responsibilities, organisational structure and related organisational elements and allocation of staff in the Public Administration and Personnel Department (PAPD) is covered under action 1.1 (page 8 of the action plan) and is envisaged to be completed by 3Q 2022. It includes the review of the reporting lines and communication between the Executive Units in (deputy) Ministries' administrations and the PAPD and the reallocation of human resources. The overall objective is to strengthen the role of the PAPD as the central body for the development and supervision of policies, while transferring the implementation of the strategic objectives to the executive Units in the (deputy) Ministries' administrations for the management of the daily functions related to the Human Resources functions.

Following-up on the implementation of Action 1.1 and the other actions under the same thematic module, the internal reorganisation of the PAPD is envisaged to be completed under Action 1.5 by Q4 2022, including the completed reorganisation of the structure and division of responsibilities in the Department's sectors.

- **The Action Plan shall include a Learning and Development Plan for PAPD staff. The action plan shall include a training Plan for line ministries' administration.**

A diagnostic of the training needs of the staff of the PAPD staff and the (deputy) Ministries' administrations and the delivery of a report identifying the skills and knowledge gaps, taking into account the broader policy for the learning and development of public service staff and the results of previous studies is covered under Action 3.1 (page 16 of the Action plan) and is envisaged to be implemented in cooperation with the Cypriot Academy of Public Administration by Q2 2023.

An educational and development plan for the PAPD staff and the (deputy) Ministries' administrations is covered under Action 3.2 (page 16 of the Action Plan) and is envisaged to be developed and completed by Q2 2023. The Plan aims at enhancing knowledge in relation to HR functions/issues, as well as developing soft, non-technical skills in topics such as change management, strategic and operational planning, etc. An integral part of the Learning and Development Plan is a Training Plan.

Further to this, the development of training materials is covered under Action 3.3 (page 17 of the Action Plan) and is envisaged to be completed by Q4 2023, while the delivery of online and face-to face training is envisaged for the period Q1 2024 to Q4 2025. The delivery of training activities will enable, on the one hand, PAPD staff to undertake a more strategic, project-oriented and supportive role, and, on the other hand, newly established HR Units/Directorates in (deputy) Ministries to gradually undertake their role, operating more efficiently and autonomously.

- In line with the description of the measure an action plan should be developed to **“strengthen the administrative capacity and the strategic role in human resource management of the Public Administration and Personnel Department relating to the formulation and monitoring of implementation of public administration and human resource management policies in the public sector, such as policy setting, formulation of guidelines and basic principles on human resource management matter, review of existing policies, legislation and practices, and industrial relations. In parallel, the reform shall enhance line Ministries' capacity to implement public administration policies and human resource functions, while ensuring adequate accountability and responsiveness”**.

The Action Plan was prepared to streamline the responsibilities and activities of the line ministries and the Public Administration and Personnel Department (PAPD), with a strengthened strategic and coordination role of the PAPD in the development and monitoring of the implementation of human

resources policies. At the same time, it has been developed to strengthen the administrative capacity of the HR units in the administrations of ministries/deputy ministries in implementing these policies, by rationalising them, taking on HR executive responsibilities and providing them with appropriate tools and materials for guidance, education and training of staff” (Page 3 of the plan).

More specifically, the Plan has four main objectives (pages 3 and 4 of the plan), corresponding to the measure description of the reform:

- 1) Strengthening the administrative capacity of the HR units in the administrations of the (deputy) Ministries to manage HR and other horizontal issues more effectively and efficiently;
- 2) Increasing the capacity to implement and manage/monitor human resources policies and issues by the PAPD and the executive units of the administrations of (deputy) Ministries, by providing tools and updating support material, codification/consolidation/simplification of the legislative framework;
- 3) Developing and enhancing the skills of staff of the executive units in the administrations of (deputy) Ministries and of the PAPD for more effective and efficient management of human resources issues through training programmes;
- 4) Improving the visibility of the action plan and strengthening communication channels with the staff and general public in the context of effective visibility and dissemination of its work.

**Commission Preliminary Assessment: Satisfactorily fulfilled**

<b>Number:</b> 173	<b>Related Measure:</b> C3.4.I4 Enhancing e-system for issuing building permits
<b>Name of the Target:</b> Enhancement of the e-application environment of the Hippodamos System	
<b>Quantitative Indicator:</b> Applications being received through the enhanced e-application environment	<b>Time:</b> Q4 2022
<p><b>Context:</b> The objective of the investment is to increase the efficiency of building permit procedures, through the increased use and upgrading of the existing Hippodamos IT system for planning and permitting. The investment consists in the expansion of the e-application environment of the Hippodamos IT system, to enable all planning authorities and building authorities (municipalities) to submit applications for planning and building permits from a common platform</p> <p>Milestone 173 consists in the completion of the enhancement of the e-application environment of the existing Hippodamos system.</p> <p>Milestone 173 represents the initial stage of the investment. It will be followed by Milestone 174 consisting of the enhancement of the planning and control tool, the project management tool and of the upgrade of the hardware and software of existing Hippodamos System to support the additional functionalities. The investment has a final expected date for implementation of 31 December 2024.</p>	
<p><b>Evidence provided:</b></p> <p>In line with the verification mechanism set out in the Operational Arrangements, the following evidence was provided:</p> <ol style="list-style-type: none"> <li>i. Summary document duly justifying how the milestone (including all the constitutive elements) was satisfactorily fulfilled. It includes a set of screenshots on the different steps for the submission of a planning and building permit.</li> <li>ii. Copy of the amendment to the procurement contract C.2014/04/YE/ТΠΟ of 27 October 2014, signed on 17 August 2022 by the Director of the IT services Departments (contracting authority) and NetU Consultants Ltd (the Contractor), with an Annex setting out the technical specifications for the expected enhancement of the e-application.</li> <li>iii. Copy of the acceptance certificate signed by the Contracting Authority on 16 December 2022, certifying that the extended functionalities of the Hippodamos System are operational.</li> </ol> <p>The authorities also provided:</p> <ol style="list-style-type: none"> <li>iv. Web-page for the submission of planning and building permits: <a href="http://www.moi.gov.cy/moi/tph/tph.nsf/all/95F7559F50F803A5C22586D800438167?opendocument">http://www.moi.gov.cy/moi/tph/tph.nsf/all/95F7559F50F803A5C22586D800438167?opendocument</a>.</li> </ol>	
<p><b>Analysis:</b> The justification and substantiating evidence provided by the Cypriot authorities covers all constitutive elements of the milestone.</p> <ul style="list-style-type: none"> <li>• <b>Completion of the enhancement of the e-application environment of the existing Hippodamos system. The platform enables the submission of applications for planning and building permits for all planning authorities and building authorities (municipalities) from a common platform. The applications are being received through the enhanced e-application environment.</b></li> </ul> <p>The platform “Hippodamos” was developed in a first phase under a procurement contract signed in 2014, and set in operation on 28 June 2022. It could only be used by the Department of Town Planning and Houses (Town planning authority in Cyprus, except for the delivery of planning permits in the perimeter of the cities of Nicosia, Limassol, Larnaca and Paphos, for which the municipalities are competent), and the District Administration Offices (Building authorities in Cyprus except for the delivery of building permit in the perimeter of the Nicosia, Limassol, Larnaca and Paphos and the community of Agios Tychonas).</p> <p>The amendment to the same procurement contract, signed on 17 August 2022 (evidence No. ii, Annex I page 10) required the contractor to further develop the platform to enable the municipalities of Nicosia,</p>	

Limassol, Larnaca and Paphos, and the community of Agios Tychonas to use the platform to review the applications for planning and building permits. With this second and last development phase of the platform, all town planning and building authorities in Cyprus are covered.

Besides the scope of use, the contract contains further technical amendments to the system (Annex 1 to evidence No. ii, pages 1 and 2) including:

1. the design and development of upgraded services/applications (related to the applications respectively for planning permits, building permits, and parcel division) to provide their access to the municipalities and the Community of Agios Tychonas; the testing and installation of the revised system in an operating environment;
2. the revision of the users' manual; and
3. the provision of training to the staff of municipalities and the Community.

Following the implementation of the requested functionalities, an acceptance document was issued by the Department of Information Technology Service (Contracting Authority) on 16 December 2022 (evidence No. iii, page 13).

The Commission's services conducted on 11 January 2024 an on-the-spot check, during which the functionalities of the platform was presented:

- The platform can be accessed by external users (architects) through a web-platform for *the submission of applications for planning and building permit* (see evidences No. iv and No. i, screenshots pages 4 to 9). The dashboard provides access to a set of functions and tools through which the e-users (architects) can fill-in, cancel, and send a permit application, pay the related fees, and upload documents.
- The authorised representatives of the planning and building authorities have access to the platform through user logins. They can accept or reject an application, send it to the relevant staff for review, issue and send the permit to the users, and communicate with them (evidence No. i, screenshots pages 9 to 11). A list of applications for planning and building permits (to be reviewed by the municipalities of Nicosia, Limassol, Larnaca and Paphos, and the community of Agios Tychonas were registered in the system, providing evidence that these authorities use the platform.

**Commission Preliminary Assessment: Satisfactorily fulfilled**

<b>Number:</b> 187	<b>Related Measure:</b> C3.4.R10 - Improving the legal and institutional framework for fighting corruption	
<b>Name of the Milestone:</b> Entry into force of the law establishing the independent authority against corruption		
<b>Indicator:</b> provision of the law indicating the entry into force of the law and start of operation of the independent authority against corruption with key management positions filled and staff recruited.	<b>Time:</b> Q1 2022	
<p><b>Context:</b> The objective of the reform is to achieve greater coherence in the fight against corruption by implementing the national horizontal action plan against corruption. The reform consists of: (i) a legislation to protect whistle-blowers, to enhance transparency in public decision-making processes and to prevent conflict of interest, (ii) the establishment and operation of an independent authority against corruption, which shall coordinate the efforts of all bodies engaged in the fight against and prevention of corruption and shall supervise the timely implementation of actions by the different competent services (iii) anti-corruption public awareness and trainings and (iv) the reinforcement of the Internal Audit Units in all the Ministries and the Internal Audit Service.</p> <p>Milestone 187 consists in the establishment and the setting in operation of an Independent authority against corruption on the basis of the entry into force of the corresponding law. The Authority shall coordinate the efforts of all bodies engaged in the fight against and prevention of corruption and shall supervise the timely implementation of actions by the different competent services.</p> <p>Milestone 187 represents the last stage of the reform. It follows the completion of milestones 188 and 189 respectively on the entry into force of the law on transparency in decision-making and related matters and on the entry into force of the law to protect whistle-blowers.</p> <p>The measure has a final expected date for implementation in 30 June 2024.</p>		
<p><b>Evidence provided:</b> In line with the verification mechanism set out in the Operational Arrangements, the following evidence was provided:</p> <ol style="list-style-type: none"> <li>i. 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.</li> <li>ii. Copy of the Law L.19(I)/2022 “on the establishment and operation of the independent Authority”, adopted by the Parliament, and published in the Official Journal of the Republic of Cyprus No 4876 of 4 March 2022, and entered into force on the same day.</li> <li>iii. Copy of the publication in the Official Journal of the Republic of Cyprus No 5448 of 15 July 2022 on the appointment of the Commissioner for transparency and four other members of the independent authority against corruption.</li> <li>iv. Copy of the Statement signed by the Commissioner for transparency on the recruitment of four other members in the independent anti-corruption authority on 8 July 2022.</li> </ol> <p>The Cypriot authorities also provided:</p> <ol style="list-style-type: none"> <li>v. Copy of the Regulations 483/2022 on the establishment and operation of the Independent authority against corruption, adopted by the Council of Ministers on 16 December 2022 and published in the Government Gazette No 5761 of 16 December 2022.</li> <li>vi. Copy of letters sent to two civil servants notifying their secondment to the Independent Authority as administrative officer and assistant secretary respectively as from 15 February 2022 and 2 May 2022.</li> <li>vii. Web-link to the first annual report of the independent Authority against corruption published under the website of the Authority on 20 March 2023: <a href="https://www.iaac.org.cy/iaac/iaac.nsf/All/69FBBCA92AC9E5A1C22589780047DB5F?OpenDocument">https://www.iaac.org.cy/iaac/iaac.nsf/All/69FBBCA92AC9E5A1C22589780047DB5F?OpenDocument</a></li> </ol>		

- viii. Copy of the decision 356/2021 of the Council of Ministers adopted on 23 March 2021 on “the reinforcement of control units in the Ministries/Deputy Headquarters, Strengthening the staffing of the Internal Audit Service Updated Action Plan against Corruption” published in the Government Gazette No 4726 of 11 June 2021.
- ix. Copy of the indexes of the standard manual of procedure for the Internal Control Units in the (Deputy)Ministries, and of the Internal Audit Manual for the Internal Audit Service.
- x. Copy of the agenda of the training programme implemented by the Internal Audit Service for the staff of Internal Audit Units of (deputy) Ministries, held in the period March-June 2022.

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

- **The Independent Authority against Corruption has been established on the basis of the entry into force of the corresponding law [...]**

The Law L.19(I)/2022 (*hereinafter referred to as “the Law”*) (evidence No. ii) entered into force on 4 March 2022, as set out in Article 3(1). Article 28(4) of the Law establishes an independent anti-corruption Authority (*hereinafter referred to as “the Authority”*).

- **It is operational. Key management positions are filled and staff is recruited.**

The Law is complemented by the Regulations adopted on 16 December 2022 on the basis of its Article 28, on the establishment and operation of the independent authority against Corruption (evidence No. v), which determines the manner in which the work of the Authority shall be performed, the procedure for submission and assessment of a complaint and/ or information, the process of collecting, processing and evaluating personal data, the conditions for a request by the Authority for the purpose of collecting personal data and/or information and the procedure for appointing inspection officers and assigning tasks to them.

The President of the Republic appointed the key management posts corresponding to the Commissioner and four Members of the Independent Authority against Corruption (as set out in Article 3(2) of the Law) on 8 July 2022 (evidences No. iii and iv). On the same day, the Office of the Authority (Article 4(7) of the Law) in charge of the daily tasks of clerical/secretarial, legal and administrative nature was already in operation, following the earlier recruitment of an assistant secretary and an administrative officer (evidence No. vi).

On 10 March 2023, the Authority published its first annual report presenting the implemented actions for the prevention and investigation of corruption (evidence No. vii), as required under Article 21(2) of the Law.

- **The Authority shall coordinate the efforts of all bodies engaged in the fight against and prevention of corruption and shall supervise the timely implementation of actions by the different competent services.**

The Authority carries out coordination activities of all bodies engaged in the fight against and prevention of corruption. This is demonstrated by the following mission and tasks entrusted to the Authority under the Law:

- The mission of the Authority is to take the necessary initiatives and actions for ensuring the coherence and effectiveness of the actions of the services of the public sector, the wider public sector and the private sector in matters of prevention and combating of acts of corruption, as well as for ensuring, in the best and most efficient manner, the implementation, progress, management and assessment of the national strategy against corruption (Article 6(1)).
- Moreover, the Authority carries out any other work within the framework of coordination, monitoring and evaluation of mechanisms for preventing and combating acts of corruption (Article 7(1)α).



The Authority also carries out supervision activities demonstrated by the following tasks entrusted to the Authority under the Law:

- The Authority supervises the actions of public sector services, the wider public sector and the private sector in relation to the prevention of and fight against acts of corruption (Article 7(1) α). The public sector refers to any independent service or authority provided for in the State budget as well as officials and public officials, while the “wider public sector” means a legal person governed by public law or a body governed by public law, including local authorities (Article 2 of the Law). In particular, and not exclusively:
- The Authority assesses whether the results of the actions of the public sector services, the wider public sector and the private sector in preventing and combating acts of corruption are compatible with the expected results and objectives, on the basis of internationally recognized best practices and standards for preventing and combating acts of corruption and whether those actions are implemented as planned and, if necessary, takes measures within its remit to implement the actions as planned and to achieve the objectives set (Article 7(1)β).
- The Authority investigates and assesses any complaint, information or personal data brought to its attention relating to acts of corruption in the public sector, the wider public sector and the private sector. It investigates, ex officio or upon complaint, on acts of corruption in the public sector, in the wider public sector and in the private sector and report to the competent authority (Article 7(1)β).
- It assesses the risks associated with acts of corruption, defines evaluation indicators and, if necessary, draws up reports with views and recommendations to prevent and combat such acts, which it shall send to the competent authorities concerned for information, views and/or action (Article 7(1)ζ).
- It carries out studies, issues circulars to the competent authorities as appropriate, takes measures within its competence to ensure its mission and issue manuals for information and training purposes (Article 7(1)α).
- In line with the description of the measure, measures have to be taken to **‘reinforce the Internal Audit Units in all the Ministries and the Internal Audit Service’**, and regarding **‘anti-corruption public awareness and trainings’**

The Council of Ministers adopted on 23 March 2021 a decision (evidence No. viii) aimed at reinforcing the Internal Control Units in all Ministries/Deputy Ministries and the Internal Audit Service. It sets out actions related to the drafting of a manual of procedures for the Internal Control Units, the continuous training of the staff of the Internal Audit Units in the (Deputy)Ministries, and the creation of additional posts in the Internal Audit Service and ministerial departments.

The actions set out in the Decision are in different stages of implementation.

- The Internal Audit Service prepared and delivered two manual of procedures one standard manual of procedures for the Internal Control Units in the (Deputy)Ministries, as well as a new Internal Audit Manual for the Internal Audit Service (evidence No. ix). Both Manuals incorporate best practices with regard to the assessment and management of risks, and take into account international internal audit standards;
- The Internal Audit Service developed in cooperation with the Cyprus Academy of Public Administration several training courses for the staff of the Internal Audit Units in the (Deputy)Ministries, taking into account the provisions of the new manual of procedures for the Internal Control Units. As an example, a 12-days training and coaching sessions for 26 staff of the Internal Control Units of Ministries/Deputy Ministries and covering a set of topics related to the risk assessment and internal audit was held in March-June 2022 (evidence No. x). First actions to reinforce the staff capacity of the Internal Audit Units in all the Ministries and the Internal Audit Service have been taken. Based on a needs assessment analysis, the Council of Minister decided on the recruitment of seven additional officers in the Internal Audit Services (point 5(b)) and the

set-up of new internal Control Units in seven important Departments of a set of Ministries (Annex II).

The Authority performs regular awareness-raising actions as part of its prevention mandate and more widely in the framework of the National Strategy against Corruption. These include further to high level meetings of the Commissioner for Transparency with high officials of other organizations (civil society organizations, professional associations, academics, and the private sector), the holding of anti-corruption events and campaigns as advertised in the “news” section of the website of the Independent Authority (<https://iaas.org.cy>), such as the one held on 9 December 2023 during the international anti-corruption day.

**Commission Preliminary Assessment: Satisfactorily fulfilled**

<b>Number: 194</b>	Related Measure: <a href="#">C3.5.R3 Strategy for addressing inadequacies of the property transaction system (title deeds)</a>
<b>Name of the Milestone:</b> Extension of the New Planning and Building Permit Policy	
<b>Qualitative Indicator:</b> Decree issued by the Minister of Interior	<b>Time:</b> Q4 2022
<p><b>Context:</b> The objective of the reform is to address inefficiencies in the system of issuing and transferring title deeds. The reform tackles the examination of pending cases for the issuance of title deeds, the extension of the new planning and building permit policy, the review of the Streets and Buildings Regulation Law and the amendment of the Sale of Property (Specific Performance) Law.</p> <p>Milestone 194 concerns the extension of the new planning and building permit Policy, currently up to two residential units, to four residential units in a residential plot. The new Policy also enables the submissions of electronic applications and introduces fixed deadlines to grant planning and building permits.</p> <p>Milestone 194 is the second step in the implementation of the reform. It will be followed by target 193 relating to the reduction of backlog cases for the issuance of title deeds, milestone 195 related to the amendment of the Sale of Property (Specific Performance) Law, and milestone 196, related to the amendment of the Streets and Buildings Regulation. The implementation of the reform shall be completed by 31 December 2023.</p>	
<p><b>Evidence provided:</b> In line with the verification mechanism set out in the Operational Arrangements, the following evidence was provided:</p> <ol style="list-style-type: none"> <li>i. Summary document duly justifying how the milestone (including all the constitutive elements) was satisfactorily fulfilled.</li> <li>ii. Copy of the Decree 357 issued by the Minister of Interior on the extension of the New Planning and Building Permit Policy adopted on 9 September 2022, entered into force on 15 September 2022, and published in the Government Gazette No 5738 of 9 September 2022.</li> </ol>	
<p><b>Analysis:</b> The justification and substantiating evidence provided by the Cypriot authorities covers all constitutive elements of the milestone.</p> <ul style="list-style-type: none"> <li>• <b>Extension of the New Planning and Building Permit Policy for up to four residential units in residential plots.</b></li> </ul> <p>The decree for the extension of the New Planning and Building Permit Policy (<i>hereinafter referred to as the Decree</i>) was issued by the Minister of Interior on the 9 September 2022 and according to Article 13 of the Decree, is set to enter into force on the 15 September 2022 (evidence No. ii).</p> <p>The scope of the Decree on the extension of the new planning and building permit policy is covered in Article 3. Among the buildings covered, Article 3a lists residential developments of three or four residential units in residential plots. Additionally, Article 8 of the Decree, which established the maximum assessment duration of building permit applications by the competent authorities, makes specific reference and requirements to three and four residential units.</p> <ul style="list-style-type: none"> <li>• <b>The Policy provides the possibility to submit applications electronically and introduces fixed deadlines to grant planning and building permits (ten to twenty days).</b></li> </ul> <p>The possibility of electronic submission is provided for in Article 5 of the Decree. Since 15 September 2022 applicants can submit their permit applications exclusively in electronic form (evidence No. ii, Article 5). The reference to electronic form submission is also made in Article 8 of the Decree.</p>	

Article 8 of the Decree states that the competent authorities will complete the assessment of the permit application and inform the applicant of its decision within 20 -working days from the date of the application submission. The maximum 20 -working days assessment period applies for residential developments between three and four residential units or twelve residential units in a series. For up to twenty residential units in multi-apartment buildings a maximum forty-day assessment period applies.

The Council Implementing Decision required the possibility to submit applications electronically and introduces fixed deadlines to grant planning and building permits between 10 to 20 days. Cyprus has applied the maximum 20 -working days assessment period for residential developments between three and four residential units or twelve residential units in a series. For up to twenty residential units in multi-apartment buildings a maximum 40 -day assessment period was applied. Whilst this constitutes a minimal substantive deviation from the requirement of the Council Implementing Decision, the Urban Planning Authority applies the maximum 20-day assessment period to residential developments between three and four residential units, which are the main focus of the extension of the new Planning and Building Policy under this milestone. As of this, this minimal deviation does not change the nature of the measure and does not affect the progress towards achieving the reform that the milestone represents. On this basis, it is considered that this constitutive element of the milestone is satisfactorily fulfilled.

**Commission Preliminary Assessment:** Satisfactorily fulfilled

<b>Number:</b> 195	Related Measure: C3.5.R3 Strategy for addressing inadequacies of the property transaction system (title deeds)
<b>Name of the Milestone: Entry into force of the amendment of the Sale of Property (Specific Performance) Law</b>	
<b>Qualitative indicator:</b> Provision in the law indicating the entry into force of the amended Sale of Property (Specific Performance) Law	<b>Time:</b> Q4 2022
<p><b>Context:</b> The objective of the reform is to address inefficiencies in the system of issuing and transferring title deeds, which results in property rights not being defined, complicates foreclosure procedures and hinders the liquidation of collateral.</p> <p>Milestone 195 concerns the entry into force of the amended Sale of Property (Specific Performance) Law to safeguard the buyers’ interests in advance. The amendment shall allow for transfer of title deeds, under full safety and legal certainty, while minimizing operational costs and delays through checks at a preliminary stage to identify specific obstacles to the transfer before the payment of the purchase price. The aim is to create a mechanism to safeguard the interests of the buyers of immovable property and ensure in advance that the transfer of immovable property shall be executed as soon as the buyer fulfils his/her contractual obligations.</p> <p>Milestone 195 is the second step of the implementation of the reform, it followed milestone 194 on the extension of the new Planning and Building Permit Policy. It is followed by target 193 on the reduction of backlog of cases for issuance of title deeds and milestone 196 on the review of the Streets and Building Regulation.</p> <p>The reform has a final expected date for implementation in 31 December 2023.</p>	
<p><b>Evidence provided:</b> In line with the verification mechanism set out in the Operational Arrangements, the following evidence was provided:</p> <ol style="list-style-type: none"> <li>i. Summary document duly justifying how the milestone (including all the constitutive elements) was satisfactorily fulfilled.</li> <li>ii. Copy of the Law L.132(I)/2023 amending the Sale of Immovable Property (Specific Performance) Law, adopted by the Council of Ministers on 12 December 2023, published in the Official Gazette of the Republic of Cyprus N. 4971 (Greek language).</li> </ol>	
<p><b>Analysis:</b> The justification and substantiating evidence provided by the authorities cover all constitutive elements of the milestone.</p> <ul style="list-style-type: none"> <li>• <b>Entry into force of the amended Sale of Property (Specific Performance) Law to safeguard the buyers interests in advance.</b></li> </ul> <p>The Law L.132(I)/2023 amending the Sale of Immovable Property (Specific Performance) Law (<i>hereafter referred to as “the Law”</i>) (evidence No. ii) entered into force on 12 December 2023. The Law L.132(I)/2023 does not include a specific provision for its entry into force. It entered into force on the date of its publication, in line with art 82 of the Constitution of Cyprus setting out that “A law or decision of the House of Representatives shall come into operation on its publication in the official Gazette of the Republic unless another date is provided by such law or decision”.</p> <p>The new requirement for a Search Certificate protects all prospective buyers by making the property's legal status transparent, by fully informing them of any encumbrances or prohibitions registered against the property before finalizing the transaction, thus preventing any unforeseen legal complications post-purchase. When attached to the Sales and Purchase agreement, it will make it clear that a buyer consciously and voluntarily entered the transaction with full knowledge of the risks and</p>	

the option to withdraw. An additional layer of safety is introduced with the mortgage resolution mechanism, applying specifically to registered mortgages arising from the seller's obligations to banks.

- **The amendment shall allow for transfer of Title Deeds, under full safety and legal certainty, while minimizing operational costs and delays through checks at a preliminary stage to identify specific obstacles to the transfer before the payment of the purchase price. The aim is to create a mechanism to safeguard the interests of the buyers of immovable property and ensure in advance that the transfer of immovable property shall be executed as soon as the buyer fulfils his/her contractual obligations.**

Article 4(1) subparagraph (a) of the Law introduces an obligation for the seller to include a search certificate of encumbrances and prohibitions of the property as an integral part of the contract sale of immovable property. This is a document issued by the Department of the Land Registry and Surveys listing all the encumbrances or prohibitions (Annex I of the Law) that could hinder the transfer of the title deed of the immovable property which is subject to the contract, thus ensuring legal certainty and a safety mechanism for the buyers of immovable property.

Furthermore, Article 3 subparagraph (a) of the Law creates an additional obligation when the only encumbrance on an immovable property is a registered mortgage and there are no prohibitions, that the registration of the contract by any of the contracting parties at the Department of Land Registry and Surveys is accepted only if it is accompanied by one of the two following documents:

- Form A in the Annex of the Law: signed by each mortgage lender, seller and buyer verifying that the buyer has been informed in writing about the mortgage on the property. In the same document, the mortgage lender declares that upon receipt of the amount specified in the document and deposited in an account also specified in the document, the lender (in accordance with Article 34 of the Law on the Transfer and Mortgage of Real Estate) will release the property from the encumbrance of mortgage.
- Form C in the Annex of the Law: signed by the buyer verifying that he/she accepts to submit the relevant contract to the Department of Land Registry and Surveys without being accompanied by Form A.

Article 5 of the Law creates the obligation for the sales contracts accompanied by Form A that any amounts deposited by the buyer or the seller, including advance payments at the signature of the contract, in the account specified in Form A count as a payment by the buyer for the property under the contract. In addition, it creates the obligation for the mortgage lender upon acceptance of the full amount specified in Form A to issue to the buyer a written declaration (Form B in the Annex of the Law) verifying that the lender has received the required amount and that it exempts or eliminates the encumbrance of the mortgage (in accordance with Art 34 of the Law of Transfer and Mortgage of Real Estate). Article 5 and Form B also provide that even in the case, for any reason, the mortgage lender does not exempt or eliminate the encumbrance of the mortgage after the full amount is paid, the Director of the Land Registry and Surveys must transfer the property to the buyer. Thus, Article 5 ensures minimal delays in transfers of immovable property as soon as the buyer fulfils his contractual obligations.

The date of the issuance of the search certificate should not differ from the date of the signing of the contract by more than five working days, further minimizing delays in immovable property transfers. This obligation is effective for all sale contracts, which entered into force after the date of the entry into force of the Law (evidence No. ii, Article 4(1) subparagraph (a)).

**Commission Preliminary Assessment: Satisfactorily fulfilled**

<b>Number:</b> 199	<b>Related Measure:</b> C3.5.R5 Action Plan for the development of a liability monitoring register
<b>Name of the Milestone:</b> Action Plan for the development of a liability monitoring register	
<b>Qualitative Indicator:</b> Approval of the Action Plan by the Council of Ministers	<b>Time:</b> Q4 2022
<p><b>Context:</b> The objective of the measure is to improve the ability of the authorities to design and implement targeted policies to prevent and manage the stock of private debt. The measure aims at implementing the action plan for the design and development of a liabilities monitoring register. The register shall cover the amounts of debts towards the public, credit institutions, and credit acquiring companies, and shall generate reports for decision and policy making.</p> <p>Milestone 199 requires outlining the necessary steps in an Action Plan for the introduction of the liability monitor register. This includes setting-up an electronic database, collecting data on liabilities from various public and private creditors, such as the public credit registry, and enabling the design and implementation of targeted policies for preventing and managing private indebtedness.</p> <p>Milestone 199 is the first step of the implementation of this reform, and it will be followed by milestone 200 related to the full implementation of Action Plan for the development of a liability monitoring register. The reform has a final expected date for implementation on 31 December 2024.</p>	
<p><b>Evidence provided:</b> In line with the verification mechanism set out in the Operational Arrangements, the following evidence was provided:</p> <ol style="list-style-type: none"> <li>i. 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.</li> <li>ii. Copy of the Council of Ministers’ decision approving the Action Plan for the Implementation of a Liability Monitoring Register (LMR), adopted on 7 December 2023 and published in the Government Gazette No. 4855 of 8 March 2024.</li> <li>iii. Copy of the Action Plan for the Implementation of a Liability Monitoring Register (LMR) detailing the necessary steps, development and creation of the LRM.</li> </ol>	
<p><b>Analysis:</b> The justification and substantiating evidence provided by Cypriot authorities covers all constitutive elements of the milestone.</p> <ul style="list-style-type: none"> <li>• <b>The Action Plan shall put forward the necessary steps for introducing the liability monitor register that shall utilise an electronic database, collecting data on liabilities from various public and private creditors, such as the credit registry under reform C3.5R4.</b></li> </ul> <p>The Action Plan for the development of a liability monitoring register (LMR) (<i>hereinafter referred to as “the action plan”</i>, evidence iii) was approved by the Council of Ministers on 7 December 2023 (evidence No. ii) and entered into force on 8 March 2024.</p> <p>The Action Plan outlines the necessary information and steps needed for the final implementation of the LMR. As such, it addresses several dimensions such as requirement gathering and analysis, governance and legal status, data analysis and optimization, technological architecture as well as maintenance and operations (page 9).</p> <p>The steps for introducing a LMR that will utilise an electronic database are described in the Action Plan, which requires the usage of the Government Data Warehouse database together with data extracted from credit institutions and Credit Acquiring Companies’ (CACs) databases under the LMR (page 10). Databases will be grouped into population segments and policy makers will retrieve specific data from</p>	

them based on their needs (pages 17, 22). Thus, the LMR will bring together internal and external data under one centralised electronic database to be used by policymakers.

Section 4.1 of the Action Plan categorises internal and external data sources from public and private creditors that will feed liabilities data into the LMR. Internal data sources come mainly from Ministries and central Cyprus government departments (public creditors) while the information from external data sources are going to be available from the ARTEMIS Credit Bureau (private creditors), which collects data from CACs and the credit institutions and the Local Authorities. In total, 64 internal data sources and one external data source were identified in the Action Plan to feed liability data into the LMR (page 10).

- **The Action Plan shall put forward the necessary steps for introducing the liability monitor register that shall enable the design and implementation of targeted policies for preventing and managing private indebtedness.**

According to the Action Plan (page 6), the creation of the LMR is expected to contribute to the fair and accurate recording of private debt by providing the Ministry of Finance with a comprehensive picture of private sector liabilities on an aggregate level from multiple data sources. The following will improve the ability of the authorities to design and implement targeted policies for managing the stock of private debt.

Section 3 of the Action Plan further stipulates that the LMR will hold data on liabilities of public institutions, credit institutions, local authorities, and municipalities with the aim of providing the MoF with a comprehensive holistic picture of private debt in Cyprus.

More concretely, page 13 of the Action Plan indicates that in order to support policymakers in the MoF to design targeted policies and enable informed decision-making, the scope of LMR will include the following data types of liabilities:

1. Liabilities towards the public (such as income tax, value-added tax, corporate tax, social security, municipalities taxes)
2. Liabilities towards credit institutions and credit acquiring companies (credit facilities, etc)
3. Overpayments of subsidies
4. Administrative Penalties
5. Fees and fines
6. Rents (for property owned by the government)
7. Other public liabilities from exchange or non-exchange transactions

In addition, the LMR shall offer the functionality to group data by certain characteristics of households (such as income, work status, residency, sector of employment, benefits) and non-financial legal entities (such as revenues, turnover, number of employees, size, sector, location) (page 14).

In addition to liabilities, data on property and income shall be available in the LMR to conduct a comprehensive financial profile of natural persons/households and non-financial legal entities (page 16).

Policymakers will be able to use the LMR to select characteristics such as debt types dynamically on a user-friendly interface (page 16). It will support policy analysis and design by providing various data visualizations (such as charts, graphs and diagrams) and support statistical analysis (distributions, trends, patterns, relationships).

- Furthermore, in line with the description of the measure, **the action plan that shall involve the design and development of a credit liability register to generate reports for decision and policy making, including the production of person-by-person liability reports.**



The LMR will allow users to create reports for policymaking purposes, allowing the Ministry of Finance access to person-by-person liability reports during a specific policy implementation process (page 16).

**Commission Preliminary Assessment:** Satisfactorily fulfilled

<b>Number:</b> 201	<b>Related Measure:</b> C3.5.R6 Reinforcing and strengthening the insolvency framework
<b>Name of the Milestone:</b> Full implementation and full operation of the legal and institutional framework for insolvency	
<b>Qualitative Indicator:</b> Appointment of staff confirmed by the Official Gazette. Council of Ministers' approval of the Progress Report	<b>Time:</b> Q4 2022
<p><b>Context:</b> The objective of this reform is to strengthen the implementation of the insolvency framework, promote the use of insolvency schemes and tools, and ensure full and effective functioning of the Department of Insolvency.</p> <p>Milestone 201 requires the full implementation and operation of the insolvency framework through the staff appointment on all levels in the Department of Insolvency, establishment of a communication plan for promoting insolvency proceedings, approval of a customer service line, and establishment of a framework for continuous professional development for insolvency practitioners.</p> <p>Milestone 201 is the first step of the implementation of the reform, and it will be followed by milestone 202, related to the operation of the new digital systems developed for the Department of Insolvency. The reform has a final expected date for implementation on 30 June 2025.</p>	
<p><b>Evidence provided:</b> In line with the verification mechanism set out in the Operational Arrangements, the following evidence was provided:</p> <ol style="list-style-type: none"> <li>i. 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.</li> <li>ii. Copy of the publications confirming the appointment of staff of the Department of Insolvency, published in the Official Gazette of the Republic of Cyprus No. 5496 of 30 December 2022; No. 5523 of 13 April 2023; No. 5557 of 4 August 2023; No. 5569 of 29 September 2023; No. 5580 of 27 October 2023; No. 5611 of 9 February 2024.</li> <li>iii. Copy of the progress report on the completion of the milestone Full implementation and full operation of the legal and institutional framework for insolvency, 05.25.016.008, issued by the Ministry of Energy, Commerce and Industry on 1 December 2023.</li> <li>iv. Copy of the Decision of the Council of Ministers No. 95.635 of 7 December 2023 approving the Progress Report on the Completion of the Full Implementation Stamp and Full Operation of the Legal and Institutional Insolvency Framework, published in the Official Gazette of the Republic of Cyprus No. 4855 of 8 March 2024.</li> </ol> <p>The authorities also provided:</p> <ol style="list-style-type: none"> <li>v. Copy of the Customer Service Action Plan, Support to increase awareness about the Insolvency Framework in Cyprus, KPMG, October 2020.</li> <li>vi. Copy of the Communication Action Plan, Support to increase awareness about the Insolvency Framework in Cyprus, KPMG, September 2021.</li> <li>vii. Copy of the Continuous education and training programmes for insolvency practitioners, Department of Insolvency, October 2022.</li> <li>viii. Copy of the list of trainings and seminars organised for the insolvency practitioners, with their agendas.</li> <li>ix. Copy of the list of trainings delivered to the staff of the Department of Insolvency</li> <li>x. Copy of the report "Supporting the Framework for Insolvency and Restructuring Practitioners in Cyprus", Phase A, EY, July 2018.</li> <li>xi. Copy of the participation lists of the trainings organised for the staff of the Department of Insolvency and insolvency practitioners.</li> <li>xii. Copy of the Cyprus National Reform Program 2023, Directorate General Growth, Ministry of Finance, April 2023.</li> </ol>	

xiii. Copy of the Organisational chart of the Department of Insolvency.

**Analysis:** The justification and substantiating evidence provided by the Cyprus authorities covers all constitutive elements of the milestone.

- **Full implementation and full operation of the legal and institutional framework on insolvency through: (a) appointment of staff for all levels of the organisational structure of the Department of Insolvency, and delivery of trainings for the personnel.**

The Council Implementing Decision requires the full implementation and full operation of the legal and institutional framework on insolvency through the fulfilment of four cumulative requirements listed under (a), (b), (c), and (d).

Regarding the requirement (a), the Department of Insolvency, has four levels of staff in its organisation – head of department/director, senior insolvency officer, officer A, and insolvency officer, as demonstrated by the organisational chart (evidence No. xiii). The authorities provided the following copies of publications to evidence the appointments of staff on all four levels in the Department of Insolvency (evidence No. ii):

- Official Gazette of the Republic of Cyprus No. 5496, page 1999, appointments under No. 1396 – 6 insolvency officers
- Official Gazette of the Republic of Cyprus No. 5523, page 574, appointment under No. 441 – 1 director of the Department of Insolvency
- Official Gazette of the Republic of Cyprus No. 5557, pages 1147-1148, appointments under No. 862 – 9 insolvency officers
- Official Gazette of the Republic of Cyprus No. 5569, page 1458, appointment under No. 1086 – 1 insolvency officer
- Official Gazette of the Republic of Cyprus No. 5580, page 1582, appointments under No. 1208 and 1209 – 4 insolvency officers A
- Official Gazette of the Republic of Cyprus No. 5611, page 203, appointment under No. 151 – 1 senior insolvency officer.

The authorities provided participation lists from training programmes that took place with physical presence and were completed within 2023 (evidence No. xi), containing names and signatures of the participants, and the programme sheets of trainings delivered for the staff of the Department of Insolvency (evidence No. ix), including the Basic Training Programme for officials of the Department of Insolvency, held from 14 to 18 November 2022, and the Basic Training Programme for newcomer officials, held from 24 to 26 April 2023. In the same document, they also delivered information about the e-learning training programme ‘Modern Public Administration and Cyprus Reality’, available to newcomers in the Department of Insolvency in the period from 18 October to 18 December 2023. Additionally, the Progress report informs (evidence No. iii, paragraph 3) that the programmes on digital skills were carried out in different groups of staff.

- **Establishment of a communication plan for promoting insolvency proceedings.**

The Communication Action Plan (evidence No vi) presents the design of the public campaign to raise awareness about the Department of Insolvency and the insolvency framework in Cyprus. It displays in detail the communication activities and, where applicable, the respective communication actions that are recommended for implementation during the public campaign (page 1).

For each communication activity and action, its table 3.3. (section on the “Communication activities”, page 1) contains further specification related to the targeted audience for which the plan has been defined, grouped, and mapped (such as, insolvency practitioners, law firms, general public) and the most appropriate channel for reaching the desired audience (such as email, website, newsletter). Furthermore, the table provides an overview of the communication goals and intended messages, which were developed on the basis of the three communication pillars: 1) Department of Insolvency, 2) Directive (EU) 2019/1023 & Insolvency Framework and 3) Insolvency Practitioners (evidence No. vi,

page 3 of the 'Communication activities' section). Finally, table 3.3 contains the breakdown of the targeted communication level, indication of the implementation phase, as well as the responsible body for the implementation, which is distributed between KPMG, Department of Insolvency, Ministry of Energy, Commerce and Industry, Department of Information Technology Services, and the Press and Information Office.

- **Approval of a customer service line.**

The action plan for the development of a customer service line was approved by the Council of Ministers (evidence No. iv) in December 2023.

The Customer Service Action Plan, published by KPMG in October 2020, contained recommended activities for the improvement of Department of Insolvency's customer service, structured around eight dimensions. Most notably, a sub-dimension "Customer management" within the process dimension (evidence No. v, page 27) contains several activities related to the customer service and relations, including the creation of an online feedback and complaints form (activity 2.3), simplification and digitisation of application forms and submission of related documents (activity 3.6), creation of an online system/portal and a blog/forum for insolvency practitioners (activities 3.7 and 3.8). Furthermore, activity 5.1 within the "people & capabilities" sub-dimension of the organisation dimension (evidence No. v, page 28) relates to the staffing of the newly created customer service team and provision of customer service training to all employees. Finally, the "channel management" sub-dimension within the enablers dimension contains 6 activities that relate to the redesign and development of a website, establishment of a central telephone line and main email address, introduction of a reception and waiting area, creation and management of Department of Insolvency social media accounts, introduction of an online chat and online payments functionalities.

The individual activities are explained in detail (evidence No. v, pages 29-75), with each containing a description and, where applicable, the list of actions required for the activity to be completed, the potential dependency of the specific activity on other activities, the opportunities and advantages deriving as a result of implementing the suggested activity, their priority level, and the suggested time plan.

- **Establishment of a framework for continuous professional development for insolvency practitioners.**

The report on the framework for insolvency and restructuring practitioners in Cyprus (evidence No. x, page 113) describes the legal and regulatory framework of the Continuing Professional Development programs for licensed insolvency practitioners, stating that they must provide the respective licensing/monitoring authority with certificates or other documentation of participation to training programs related to the insolvency profession. If licensed insolvency practitioners fail to provide this documentation for more than two years, the respective licensing/monitoring authority must warn the insolvency practitioner, who is left with six months to comply before being referred to the Disciplinary Committee.

The training sessions are organised by the Committee for continuous vocational training of insolvency advisors and as explained in the announcement sent by the Ministry of Energy, Commerce, and Industry in October 2022 (evidence No. vii), a certificate of attendance is provided to participants of the training courses, allowing them to satisfy the legal requirements and renew their annual authorisation to practice the profession of insolvency advisor. With this announcement, the framework has entered into force on a transitional basis and three training seminars were subsequently carried out in the period until November 2023, which are listed in the paragraph 3(d) of the Progress report (evidence No. iii, page 2). Programmes of these seminars were provided in a separate document (evidence No. viii), also titled "Continuing education and training programmes for insolvency practitioners". Additionally, the authorities delivered participation lists from training programmes that took place with physical presence and were completed within 2023. With the approval of the Progress report by the Council of

Ministers (evidence No. iv) and the publication of its decision in the Official Gazette of the Republic of Cyprus, the framework was fully established.

- Furthermore, in line with the description of the measure, **the reform shall consist in implementing the remaining measures and actions specified in the 2018 Action Plan that were not already implemented.**

Cyprus' National Reform Program 2023, in its section on main RRP reforms and investments (evidence No. xii, page 12), states that the reforms from the previous projects of the Action Plan for Insolvency have been included under the RRP. In fact, the reforms related to the full implementation and full operation of the legal and institutional framework on insolvency which are listed in the National Reform Program 2023, are identical to the requirements of this milestone. As the fulfilment of the milestone requirements was explained above, this part of the measure description is considered satisfactorily fulfilled.

**Commission Preliminary Assessment:** Satisfactorily fulfilled

<b>Number:</b> 207a	<b>Related Measure:</b> C3.5.R9 Improving tax collection and effectiveness of the Tax Department
<b>Name of the Milestone:</b> Operation of VAT Services within an Integrated Tax Administration System (ITAS)	
<b>Qualitative Indicator:</b> Project Board Approval of the Project Deliverables for completion, installation and operation of a new integrated VAT System	<b>Time:</b> Q1 2022
<p><b>Context:</b> The objective of the reform is to improve the tax collection and customer service through a higher level of digitalisation. It is aimed at integrating different tax units, procedures and processes, introducing the necessary legislative changes, and implementing a new IT system for the purposes of the Tax Department.</p> <p>Milestone 207a concerns the start of the operation of the Integrated Tax Administration System (<i>hereinafter referred to as "ITAS"</i>). More specifically, it requires the functionalities related to the VAT services to be completed and operational within ITAS.</p> <p>Milestone 207a is the first step of the implementation of the reform and it will be followed by milestones 207b and 208, related to the purchase of the new building for the integrated Nicosia District Office and Large Taxpayers' Office, and the operation of the tax administration services related to direct taxes within the ITAS, respectively. The reform has a final expected date for implementation in 31 December 2025.</p>	
<p><b>Evidence provided:</b> In line with the verification mechanism set out in the Operational Arrangements, the following evidence was provided:</p> <ul style="list-style-type: none"> <li>. 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.</li> <li>i. Copy of the contract number Ref 06/2017/2020, under the tender procedure for the "Implementation, maintenance and operation of an Integrated Tax Administration System (ITAS)". Part B: Agreement – special conditions of contract, signed on 05 October 2020.</li> <li>ii. Copy of the certificate of receipt of a new computer system Tax Management (ITAS) in accordance with Regulations 26, 27 and 28 of Regulatory Administrative Act 138/2016. Completion of Phase E: Acceptance testing of the ITAS system. Document for the Approval by the Project Board, 7 December 2022; Tenth Project Board Meeting Minutes, 8 December 2022.</li> <li>iii. Web-link to the platform: <a href="https://taxforall.mof.gov.cy/">https://taxforall.mof.gov.cy/</a>.</li> </ul>	
<p><b>Analysis:</b> The justification and substantiating evidence provided by the Cyprus authorities covers all constitutive elements of the milestone.</p> <ul style="list-style-type: none"> <li>• <b>The Cyprus Tax Department (CTD) shall put into operation an Integrated Tax Administration System (ITAS) that shall support the tax administration functionalities and processes.</b></li> </ul> <p>The contract signed by the Government of the Republic of Cyprus and a consortium on 5 October 2020 (<i>hereinafter referred to as "the contract"</i>, evidence No. ii) is supplemented with Annex I (General Conditions of the Contract), and Annex II (Terms of Reference).</p> <p>It is the basis for the implementation of the ITAS with the following areas (evidence No. ii, paragraph 2, page 5): Functional, Web Portal, Cross Functional, Non-Functional, Non-Functional - Technical, Operations and Maintenance, Data Migration and Tax Profiles, as well as for the provision of the corresponding application software licenses for the operation of the system. Furthermore, the contract provides for project management and change management services, the operation and maintenance of the system, including the provision of the necessary equipment and personnel for the operation of two server rooms, the primary site and the disaster recovery site and the provision of services for the operation of a User Help Desk, as well as an option to purchase additional services for the implementation of additional functionalities related to the contract scope.</p>	

The platform can be accessed using the link provided in evidence No. iv.

The completion acceptance certificate to prove the operational state was issued by the Acceptance Committee on 2 December 2022 (evidence No. iii, page 1). The certificate of receipt of a new computer system Tax Management (ITAS), was issued in accordance with Regulations 26, 27 and 28 of the Regulatory Administrative Act 138/2016 and the contract (evidence No. ii, Annex II, page 32 onwards), which states that all deliverables shall be subject to acceptance by the Government Quality Review Board (Acceptance Committee) and ratification by the Project Board. In the certificate, the Acceptance Committee recommends that the Project Board accepts the exit from the user testing phase of Stage 1 (VAT and Taxpayers' Register) and confirms that the system is ready to be put into productive operation, which the Project Board did in its minutes of 8 December 2022 (evidence No. iii, page 5). Cyprus demonstrated during the online on-the-spot check performed by the Commission's services on 4 December 2023 that all functionalities of the platform related to the operation of VAT-related services are operational. The platform can be accessed via a web-link (evidence No. ix).

- Furthermore, in line with the milestone description, **the functionalities related to the VAT Services shall be completed and operational within this system.**

The VAT functionalities of the system are listed in the measure description in the Council Implementing Decision.

(a) *a single registration to the tax base and Taxisnet* (for electronic submission of Income Tax Returns by Individuals, Legal Persons and Employers): The new IT system of the Cyprus Tax Department, the Tax for All System (TFA) provides for a single point of registration for both individuals and non-individuals, eliminating the need for separate registrations for VAT and direct tax purposes. Section 1.1.8. on page 21 of the Appendix 1 of the Annex II to the contract (*hereinafter referred to as "Appendix 1"*) lays out the functional requirements related to the registration in the system, among others, the capability to record the necessary registration data to cover all the various taxpayer types and tax types, to provide all necessary controls to exclude a double registration for the same taxpayer, and to provide the capability for the system to assign a unique Tax Identification Number (TIN) to each payer. The latter was further substantiated with the user guides for registration in the TFA system provided by the authorities. The functional requirements related to the registration in the web portal are covered in section 1.1.9. on page 7 of the Appendix 2 of the Annex II to the contract (*hereinafter referred to as "Appendix 2"*).

b) *an integrated tax auditing process based on risk assessment*: The system is capable of automatically generating a return assessment case when a filed tax return fails validation or post-processing rules. When a return assessment case is generated, the system automatically assigns it to a case manager. The functional requirements related to the assessment and audit are laid out in section 1.1.1 on page 6 and section 1.1.2 on page 7 of the Appendix 1, respectively. Additionally, in a file linked in the summary document, the authorities explained the individual steps of the workflow, including review compliance, taxpayer notification, taxpayer account changes, notice of assessment, and assessment outcome. This system feature is currently limited to VAT returns, which is the requirement of milestone 207a.

c) *an integrated refunds audit*: The TFA system is capable of generating an automatic refund if the risk rules are met. Otherwise, a refund processing case is manually created, assigned to and processed by a case manager, and approved by the approving officer. This functionality is described in section 1.1.7. on page 20 of the Appendix 1, specifying that the system provides support for the automatic execution of (preliminary) checks by the system (e.g. pending tax returns, availability of credit amount, availability of bank account for refunds) resulting in either rejection or acceptance for further examination, as well as support for the automatic risk analysis of the taxpayer requesting refunds, resulting in either approval of the refunds request or assigning to audit unit for further examination. The requirements for the web portal are specified in section 1.1.10. on page 9 of the Appendix 2.

d) *an integrated and enhanced single point of service, including the direct payment of VAT and connecting businesses to a server held within the Tax Department, without the use of specialised mechanisms*: This feature is achieved by connecting businesses directly to Tax Department's server, without the use of specialised mechanisms. TFA system users can utilise the system to perform multiple tax-related activities, including the direct payment of VAT. In the "My Tax" section of the portal, taxpayers are able to review their tax accounts, make a tax payment, and review their payment history. The functional requirements related to the payments are laid out in section 1.1.6 on page 18 of the Appendix 1, while the requirements for direct payments through the portal are laid out in section 1.1.8. on page 6 of the Appendix 2. Through these functionalities, the businesses can directly access the Tax Department and its services.

e) *a process to issue single tax clearances*: It is currently possible to request and issue a tax clearance certificate for VAT, while the single clearance for other taxes will be provided upon the final completion of the project. The functional requirements for the issuance of certificates, which include e.g. tax residency, tax clearance, and income declared, are laid out in section 1.2.1. on page 30 of the Appendix 1. The certificates can also be requested through the web portal, as shown by the section 1.1.2. on page 5 of the Appendix 2.

Cyprus demonstrated during the online on-the-spot check performed by the Commission's services on 4 December 2023 that the functionalities of the system and elaborate them in a granular way. This was done in order to obtain reasonable assurance that the received digital documents on the functioning of the TFA system, including the guidance videos and manuals, reflect the real state of play and that the system functionalities are operational. The online on-the-spot check was finalised successfully without any issue being detected.

**Commission Preliminary Assessment:** Satisfactorily fulfilled



<b>Number: 214</b>	<a href="#">Related Measure: C4.1.R1 Empower the National Regulatory Authority (OCECPR)</a>
<b>Name of the Milestone:</b> Launch of the geographical survey and entry into force of secondary legislation	
<b>Qualitative Indicator:</b> Entry in to force of the secondary legislation and launch of the geographical survey	<b>Time:</b> Q1 2022
<p><b>Context:</b> The objective of the reform is to facilitate investments in Very High-Capacity Networks in underserved areas by providing stakeholders with relevant geographical information. The reform consists in the adoption of secondary legislation to empower the Office of the Commissioner of Electronic Communications and Postal Regulation (<i>hereinafter referred to as OCECPR</i>) to launch a survey to collect geographical data on electronic communication networks. The data will then be accessible through a web portal providing detailed information regarding network roll-out in areas where it is needed.</p> <p>Milestone 214 concerns the entry into force of the secondary legislation and the launch of the geographical survey based on Article 22 of the European Electronic Communications Code.</p> <p>Milestone 214 is the first step of the implementation of the reform, and it will be followed by milestone 215, related to the entry in operation of the web portal.</p> <p>The reform has a final expected date for implementation in 31 December 2024.</p>	
<p><b>Evidence provided:</b> In line with the verification mechanism set out in the Operational Arrangements, the following evidence was provided:</p> <ol style="list-style-type: none"> <li>i. 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.</li> <li>ii. Copy of the secondary legislation “Regulatory administrative Act 132/2022”, published in the Government Gazette n° 5685, 31 March 2022), entered into force on 31 March 2022.</li> <li>iii. Link to the website of the Office of the Commissioner for Electronic Communications and Postal Regulation (OCECPR) where the survey is published: <a href="https://ocecpr.ee.cy/images/files_uploads/mitroa/Launch_of_survey.pdf">https://ocecpr.ee.cy/images/files_uploads/mitroa/Launch_of_survey.pdf</a>.</li> </ol>	
<p><b>Analysis:</b> The justification and substantiating evidence provided by the Cyprus authorities covers all constitutive elements of the milestone.</p> <ul style="list-style-type: none"> <li>• <b>The secondary legislation shall enter into force (...)</b></li> </ul> <p>The secondary legislation “Regulatory administrative Act 132/2022” (evidence No. ii, <i>hereinafter referred to as “the Act”</i>) was published on the Official Gazette of the Republic of Cyprus on 31 March 2022 and entered into force on the same day according to Article 10.</p> <p>The Act provides that the Commissioner for Communications carries out a study on the geographical mapping of the development of electronic communications networks (article 4), which includes a survey on the geographical reach of broadband networks and information on planned developments of very high-capacity networks in the territory under the control of the Republic of Cyprus (article 5). Article 7 of the Act provides that after the completion of the study, the Commissioner will publish a decision designating an area where there is no very high-capacity network already deployed or to be deployed. After the publication, the Commissioner may invite interest parties to declare their intention to deploy very high-capacity networks in the designated area.</p>	

According to Article 6(3) of the Act, the Appendix to the Act describes the terms and conditions for the submission of information and data in relation to the carrying out of geographical surveys, and to the creation and maintenance of a system of integrated spatial data. The Appendix is part of the Act and published together with it on the Official Gazette of the Republic of Cyprus on 31 March 2022.

- **(...) and cover the main aspects related to the survey such as the type, the degree of analysis and the form of the required information (...)**

The type and degree of data required are outlined under the section “Appendix” subsection 3 of the Act, where the information to be submitted are specified. These relate to details on the existing physical infrastructure (3.1.), such as copper, fibre optic, coaxial, and on the coverage of the network (3.2), such as its technology, speed and provider.

The form for the submission of the required information is explained under the section “Appendix” subsection 1 of the Act, where it is stated that the required data will be submitted in electronic form.

- **(...) as well as the persons from whom the required information is requested.**

The persons from whom the information is requested are defined in Article 6(1) of the Act and further specified under the section “Appendix Terms and Conditions” subsection 2. It includes the providers, the network operators, and the public and/or local authorities.

- **Launch of the geographical survey of the reach of electronic networks capable of delivering broadband networks and physical infrastructures based on Article 22 of the European Electronic Communications Code.**

The survey was launched by OCECPR on 31 March 2022 and published on the OCECPR website (evidence No. iii).

The survey directly refers to Directive (EU) 2018/1972 establishing the European Electronic Communications Code and quotes its Article 22, according to which “National regulatory and/or other competent authorities shall conduct a geographical survey of the reach of electronic communications networks capable of delivering broadband (‘broadband networks’) by 21 December 2023 and shall update it at least every three years thereafter” and states that OCECPR oversees the implementation of Article 22 of Directive (EU) 2018/1972, to collect information on electronic communications networks and associated facilities, disaggregated at local level and in sufficient detail to allow for a geographical survey, in accordance with the Act.

- Furthermore, in line with the description of the measure, **the reform consists in providing the proper tools, through the adoption of secondary legislation, to the Office of the Commissioner of Electronic Communications and Postal Regulation (OCECPR) to launch a survey in order to collect geographical data on electronic communication networks.**

The Act provides that OCECPR will launch the survey, under section “Appendix Terms and Conditions” subsection 1. By defining the scope of the survey and the type, degree of analysis and form of the information required, the Act legally defines how the survey shall be conducted and provides the OCECPR with the tools to launch the survey in order to collect geographical data on electronic communication networks.

**Commission Preliminary Assessment:** Satisfactorily fulfilled

<b>Number: 224</b>	<b>Related Measure: C4.2.R1 Digital Services Factory</b>
<b>Name of the Milestone:</b> Definition of the Service Delivery Model for the Digital Services Factory	
<b>Qualitative Indicator:</b> Appointment decision of the Deputy Minister of Research, Innovation and Digital Policy establishing the team; publication of the standards on the website of the Deputy Ministry	<b>Time:</b> Q4 2022
<p><b>Context:</b> The objective of the reform is to build a new Service Delivery Model for the development of quality digital services addressed to the public, to facilitate the interaction with public services. The reform consists in the design and development of this new model, the Digital Services Factory, in two steps. First, setting up the core team, defining the standards and procedures for the development of the services, developing the services. Second, the development of the services in cooperation with the private sector, to be provided in the website gov.cy, in synergy with already existing services.</p> <p>Milestone 224 concerns the definition of the service delivery model for the DSF, including the establishment of the Core Digital Services Factory team and the definition of the standards and procedures for the development of digital services.</p> <p>Milestone 224 is the first step of the implementation of the reform, and it will be followed by targets 225 and 226, related to the delivery on 70 services. The reform has a final expected date for implementation on 30 June 2026.</p>	
<p><b>Evidence provided:</b> In line with the verification mechanism set out in the Operational Arrangements, the following evidence was provided:</p> <ol style="list-style-type: none"> <li>i. 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.</li> <li>ii. Copy of appointment Letters of the members of the Digital Services Factory core team, signed by directors in the Deputy Ministry of Research, Innovation and Digital Policy, and list of the members of the Digital Services Factory core team, as published in the official website of the Digital Services Factory.</li> <li>iii. Link to the official website of the Digital Services Factory: <a href="https://dsf.dmrid.gov.cy">https://dsf.dmrid.gov.cy</a> including the service delivery model and the service standard (SS) and relevant guidelines published in the DSF website.</li> </ol> <p>The national authorities also provided:</p> <ol style="list-style-type: none"> <li>iv. Copy of the framework contract with the suppliers eligible to join the Framework for the Digital Transformation of Government Services.</li> <li>v. Copy of the Call for tender documentation on the framework agreement for the digital transformation of the government digital services.</li> <li>vi. Copy of the Internal vacancy notices for the core team of the Digital Services Factory.</li> <li>vii. Copy of the Curricula Vitae information of the members of the core team of the Digital Services Factory.</li> </ol>	
<p><b>Analysis:</b> The justification and substantiating evidence provided by the Cyprus authorities covers all constitutive elements of the milestone.</p> <ul style="list-style-type: none"> <li>• <b>The Service Delivery Model for the Digital Services Factory has been defined so as to enable the efficient provision of high-quality and user-friendly digital services to the public.</b></li> </ul> <p>The Digital Services Factory (DSF) is defined on the official gov.cy portal (evidence No. iii). The section of the portal on the Service Delivery Model defines the DSF's vision, team, and governance. It specifies that digital services to the public (citizens and businesses) under the coordination of the DSF can be delivered in three ways: externally, by outsourcing to the private sector; in-house by government teams; internally by the DSF itself. The outsourcing of services occurs in the framework of a Framework</p>	

Agreement signed with actors in the private sector after a competitive procedure (evidence No. iv). The delivery and implementation of the services should be in line with the service delivery standards, also published in the DSF website. Those service delivery standards set common processes to design the services and outline the practices to follow to create and run efficient and effective public digital services. The service delivery standards ensure the provision of high-quality and user-friendly digital services through three specific sections on Understanding User Needs, Leading Agile Teams, and Choosing the Right Technology. The compliance with the Service Standard is ensured by an assurance process consisting of a preliminary and final assessment: the preliminary assessment is conducted at the end of the learning stage of development of a service and is to verify that the development is proceeding in the right direction; the final assessment occurs at the end of the development of a service. The assurance process is a mandatory prerequisite for a service to go live. The assessments are performed by an assessment panel consisting of members of the DSF core team, ensuring that the service meets the Service Standard. The Service Delivery Model also entails practices for knowledge transfer, establishes that the services are hosted in the DSF cloud infrastructures, provides for the publication of the services on the gov.cy portal and clarifies that the Government departments take the ownership of the digital services they provide.

- **This shall include: (a) the establishment of the core Digital Services Factory team (...)**

The core DSF team is composed by civil servants from the Department of Information Technology Services and the Department of Electronic Communications of the Deputy Ministry of Research, Innovation and Digital Policy, and from the Press and Information Office of the Ministry of Interior evidence No. iii).

The CY authorities submitted appointment letters related to the placement of the 19 officials currently working in the DSF team (evidence No. ii). A list of the team is published on the DSF website (evidence No. iii).

- **(...) (including the procurement of services of experts from the private sector), (...)**

In April 2023, the CY authorities signed a Framework Agreement (evidence No. iv) with 35 suppliers to create a marketplace where the selected suppliers can participate in mini competitions to develop digital services (Article 2 of the Framework Agreement) in line with the Service Standards (Article 7 of the Framework Agreement). The list of selected suppliers is publicly available on the DSF website. The suppliers were selected and admitted signing the Framework Agreement after a tender procedure, for which CY has submitted the relevant documentation on the call for tender (TYΠ2022/044/A/A, evidence No. v). The call defines two lots for the provision of services for the digital transformation of government digital services, namely: Lot 1 on service teams and Lot 2 on user research studios and user research participants. Part A paragraph 6 of the call defines the eligibility criteria for participation in the process. In particular, paragraph 6.4 sets the technical specifications required for eligibility, including: for lot 1, having successfully completed contracts for delivering one or more digital products and services for a total of at least EUR<sup>100,000</sup> (with a minimum contract value of EUR<sup>35,000</sup>); for lot 2, having completed successfully at least one contract for providing user research studios and/or user research process.

- **(...) and (b) definition of the standards and procedures for the development of digital services.**

The service standard of the DSF has been published on the DSF website on 28 June 2022 (evidence No. iii) and it was updated in 4 iterations. Its aim is to assist the DSF teams in creating and running efficient and effective public services. It includes a detailed description of the general process to develop digital services with the use of open standards. It provides for a definition of service and sets 15 principles, each of one backed by relevant guidelines, divided in three pillars: understanding user needs (section A), leading agile teams (section B), choosing the right technology (section C).

- Furthermore, in line with the description of the measure, a **core team of the DSF (comprised of experts of different specialties with the appropriate skills and qualifications) is set up.**

As reported in the DSF website, the core team of the Digital Services Factory comprises of 19 experienced civil servants, covering the following functions (one team member is assigned to two roles): product manager (1); delivery manager (1); user researcher (2); service designer (2); content designer (1); interaction designer (2); developer (2); technical architects (3); test lead (1); performance lead (1); mini-competition coordinator (1); procurement officer (1); standards lead (1); assurance lead (1). One expert covers both the roles of service designers and standards lead. Each of these roles require specific specialties to be performed. As reported above, the CY authorities provided the appointment letter for each member of the core team; moreover, the CY authorities submitted the internal vacancy notices (evidence No. vi) and the Curricula Vitae information of the selected members of the core team (evidence No. vii), providing evidence of their appropriate skills and qualifications.

**Commission Preliminary Assessment:** Satisfactorily fulfilled

<b>Number: 233</b>	<b>Related Measure: C4.2.I1 Digitalisation in various Central Government Ministries - Services</b>		
<b>Name of the Target:</b> Start of the digital upgrade of a number of central government ministries and departments			
<b>Quantitative Indicator:</b> Number	<b>Baseline:</b> 0	<b>Target:</b> 4	<b>Time:</b> Q1 2022
<p><b>Context:</b> The investment aims at digitalising key workflows in a number of ministries and central government services, to improve efficiency in the delivery of government services, simplify compliance with government regulations, strengthen citizen participation and trust in government, and yield cost savings.</p> <p>Target 233 requires that contracts with providers selected through public procurement procedures have been signed to digitalise/digitally upgrade at least four of the five central government ministries/departments mentioned above.</p> <p>Target 233 is the second target of the investment, and it follows the completion of target 232 related to putting in place and operationalising a repository system for monitoring the implementation of the RRF. It will be followed by targets 234 and 235 related to the completion of the development and putting into operation of the systems for the government ministries/departments (two and two respectively) of the list in target 233.</p> <p>The investment has a final expected date for implementation in 31 December 2025.</p>			
<p><b>Evidence Provided:</b> In line with the verification mechanism set out in the Operational Arrangements, the following evidence was provided:</p> <ul style="list-style-type: none"> <li>i. Summary document duly justifying how the target (including all the constitutive elements) was satisfactorily fulfilled</li> <li>ii. Copy of the publication of the call for tenders, showing that the procurement procedure was public or the invitation to the negotiation in case of negotiated procedures. <ul style="list-style-type: none"> <li>a. SD M233 – Annex 1.1 for Road Transport Department</li> <li>b. SD M233 – Annex 1.2 for Deputy Ministry of Shipping</li> <li>c. SD M233 – Annexes 1.3.1-1.3.13 for Ministry of Foreign Affairs</li> <li>d. SD M233 – Annex 1.4 for Directorate General Growth</li> </ul> </li> <li>iii. Copy of all contracts awarded and their annexes which will include the tender documents and the successful tenders for the deployment of the systems. In the case of contracts implemented by the Ministry of Foreign Affairs, a copy of the invitation to tender and the sanitised contracts. <ul style="list-style-type: none"> <li>a. SD M233 – Annex 2.1.a-2.1.f.15 for Road Transport Department</li> <li>b. SD M233 – Annex 2.2.a-2.2.d for Deputy Ministry of Shipping</li> <li>c. SD M233 – Annexes 2.3.1-2.3.13 for Ministry of Foreign Affairs</li> <li>d. SD M233 – Annex 2.4 for Directorate General Growth</li> </ul> </li> </ul> <p>The authorities also provided:</p> <ul style="list-style-type: none"> <li>iv. Copy of the Law L.191(I)/2021 published in the Official Gazette of the Republic of Cyprus No. 4867 of 21 December 2021, in which the Directorate General for European Programmes, Coordination and Development has been renamed to Directorate General for Growth.</li> </ul>			
<p><b>Analysis:</b> The justification and substantiating evidence provided by the Cypriot authorities covers all constitutive elements of the target.</p> <ul style="list-style-type: none"> <li>• <b>The contracts with providers selected through public procurement procedures have been signed to digitalise/digitally upgrade at least four of the following central government ministries/departments: 1) Road Transport Department of the Ministry of Transport, Communication and Works, 2) Deputy Ministry of Shipping, 3) Ministry of Foreign Affairs, 4) Directorate General for European Programmes, Coordination and Development, 5)</b></li> </ul>			

**Department of Town Planning and Housing of the Ministry of Interior (for Architectural Heritage).**

Based on the evidence provided by Cyprus, the contracts with providers selected through public procurement procedures have been signed to digitalise or digitally upgrade four government ministries/departments out of the five mentioned in the description of the milestone. All contracts have been signed after 1 February 2020. More precisely:

- Road Transport Department of the Ministry of Transport, Communication and Works

For the digitalisation of the Road Transport Department, a contract (evidence No. iii.a) has been signed following an open public procurement procedure (tender no. ΤΥΠ2021/017/A/A, evidence No. ii.a) on 19 May 2022. The objective of the new system is to digitalise key workflows of the Road Transport Department referred to in APPENDIX II of ANNEX II-Terms of Reference of the Contract (evidence No. iii.a, Annex 2.1.a, pages 92 to 148). The new Information System will substitute the existing information system and its digital services, and it will help the department to fully automatize its procedures and to provide online services to legal and natural persons so that all procedures be completed online (evidence No. iii.a, Annex 2.1.a, page 54). The procurement includes the software and equipment that make up the new Information System and are necessary for the successful and productive operation of the system (evidence No. iii.a, Annex 2.1.a, page 4 par. 1 and 60-68). The customer-centric digital services to be provided, while being oriented to the user needs, are expected to reduce costs, increase productivity and efficiency (evidence No. iii.a, Annex 2.1.a, page 54-58). In addition, this project targets the promotion of e-government and the use of eSignatures and electronic identification in the Road Transport Department's online services (evidence No. iii.a, Annex 2.1.a, page 58-59). The new information system should be completed and put into operation within 39 months from the signature of the contract - two months preparation, 32 months completion, four months pilot operation, and one month rolling out to productive operation (evidence No. iii.a, Annex 2.1.a, page 6-7).

- Deputy Ministry of Shipping

The contract for the digital transformation of the Deputy of Ministry of Shipping (evidence No. iii.b) was signed on 5 August 2022 following an open call for tender (tender no. SDM 1/2022, evidence No. ii.b). The overall objective of the new digital system is to enhance the efficiency and effectiveness of the Deputy Ministry's operations and offer a better experience to the users of its services. All software components that implement these operations will be incorporated into the new software system, with the name "Cyprus Maritime Authority and Administration System" (evidence No. iii.b, annex 2.2b, ANNEX II-Terms of Reference-Technical specifications, page 7). The system to be developed will digitally transform the key workflows referred to in Contract Scope (evidence No. iii.b, Annex 2.2b ANNEX II-Terms of Reference pages 10-17) and APPENDIX I of ANNEX II-Terms of Reference. These workflows cover the whole spectrum of the services provided from the Shipping Deputy Ministry to the shipping sector in general. Through the digitalization cost savings are expected to be created for both the Deputy Ministry and the shipping sector in Cyprus. This project is aligned with the Cyprus Government's goal of digitally transforming the public sector and the National Digital Strategy (evidence No. iii.b, annex 2.2b, ANNEX II-Terms of Reference-Technical specifications, page 7). The new information system should be completed and put into operation within 21 months from the signature of the contract (evidence No. iii.a, Annex 2.2a, pages 5-6).

- Ministry of Foreign Affairs

The digital transformation system of the Cyprus Ministry of Foreign Affairs, its Diplomatic missions overseas and the government in general, is called "Skytale". The system focuses on digital security and infrastructures and digitalisation of processes, that would secure the transfer and storage of classified information as well as monitoring and securing networks and endpoints from cyber threats. The implementation of the investment is expected to be completed before 31 December 2025. It is being materialized through 13 projects/contracts (evidence No. iii.c). All of 13 contracts have been signed with providers selected through public procurement procedures (evidence No. ii.c) as follows:

A Crypto

- The contract for “Supply of the software system ΣΚΥΤΑΛΗ” was awarded through negotiated procedure (tender no. MFA 1/2019) and signed on 12 March 2020.
- The contract for “Supply, installation and implementation of a cryptographic network system” was awarded through negotiated procedure (tender no. MFA 2/2020) and signed on 23 June 2020.
- Addendum to contract MFA 20-2/2020: The addendum was awarded through negotiated procedure was signed on 1 March 2022. It concerns the addition for the Deployment of network and crypto components to the Diplomatic Missions.
- The contract for “digital transformation and security of infrastructure and systems of the Ministry of Foreign Affairs and Diplomatic Missions” was awarded through negotiated procedure (tender no. MFA 22-1/2022) and signed on 29 March 2022. It includes four divisions: A: Security Operation Centre for the networks of the Ministry of Foreign Affairs and Diplomatic Missions, B: Geographical Hubs, C: Voip telephone systems for the Diplomatic Missions, D: Support training, skills development and retaining talent.

Evidence provided includes (a) the signed contract, (b) the general terms of the contract and (c) the letter of award.

#### B Cyber Defence

- The contract for “provision of IT consulting services and security systems of the Ministry of Foreign Affairs and Diplomatic Missions” was awarded through negotiated procedure (tender no. 10/2020) and signed on 23 December 2020. Evidence provided includes (a) the signed contract, (b) the signed confidentiality agreement and (c) the letter of award.
- The contract for “exchange server configuration and maintenance” was awarded through negotiated procedure (tender no. ΑΨΑ 04/2022) and signed on 31 March 2022. Evidence provided includes (a) the signed contract, (b) the general terms of the contract and (c) the letter of award.
- The contract for “agreement for the supply of servers, central file storage system, Microsoft Exchange software licenses and equipment installation” was awarded through an open public procurement procedure (tender no. ΑΨΑ 07/2022) and was signed on 29 April 2022. Evidence provided includes (a) the signed contract, (b) the general terms of the contract, (c) the technical requirements and (d) the letter of award.
- The contract for “System Supply for Security Email Gateway Email Encryption, Secure File Transfer and Installation” was awarded through an open public procurement procedure (tender no. ΑΨΑ 37/2021) and signed on 31 March 2022. Evidence provided includes (a) the signed contract, (b) the general terms of the contract, (c) the technical requirements and (d) the letter of award.
- The contract for “programming, configuration, and network shielding of the Ministry of Foreign Affairs” was awarded through negotiated procedure (tender no. MFA 1/2020) and signed on 9 March 2020. Evidence provided includes (a) the signed contract, (b) the technical requirements and (c) the letter of award.

#### C Infrastructure

- The contract for the “provision of smart mobile devices (smartphones)” was awarded through an open public procurement procedure (tender no. ΑΨΑ 27/2021) and signed on 30 December 2021. Evidence provided includes (a) the signed contract, (b) the general requirements and (c) the letter of award.
- The contract for the “supply and installation of a mobile device management system” was awarded through an open public procurement procedure (tender no. ΑΨΑ 34/2021) and signed on 31 December 2021. The contract concerns the. Evidence provided includes (a) the signed contract, (b) the general terms of the contract, (c) the technical requirements and (d) the letter of award.



- The contract for “IT Helpdesk Support” was awarded through negotiated procedure (tender no. AΨA 03/2022) and it was signed on 31 March 2022. Evidence provided includes (a) the signed contract, (b) the general terms, (c) the technical requirements and (d) the letter of award.

#### D Project Management and Training

As regards the contract for the recruitment of an assistant project manager. The procedure was awarded through an open public procedure (Official Gazette of the Republic of Cyprus Number No. 5392 of 26 November 2021, pages 1479-1480). The contract was signed on 9 March 2022. Evidence provided includes (a) the signed contract/ letter of award.

- Directorate General Growth

The digitalisation project of Directorate General Growth concerns the development of a Monitoring Information System for recording and storing the relevant data related to the implementation of the Recovery and Resilience Plan of Cyprus (in particular on the achievement of milestones and targets, data on final recipients, contractors, subcontractors and beneficial owners). The contract was awarded following a negotiated procedure (tender no. 1/2021, evidence 2) d.) and it was signed on 9 September 2021 (evidence 3) d.).

The objective of the contract is:

- the development of a repository system for recording and storing the relevant data related to the implementation of the recovery and resilience plan (in particular on the achievement of milestones and targets, data on final recipients, contractors, subcontractors and beneficial owners) – Phase A of the development of the system (Milestone 232) and
- the development of functionalities related with managing audit actions, development of key reports including summary of audits report and functionalities related with payment claims of the Republic of Cyprus to the European Commission – Phase B of the development of the system.

This is also in line with the description of the measure. According to the contract the new information system should be completed and put into operation by Q2 2022. The Directorate General Growth was previously named Directorate General for European Programmes, Coordination and Development, under which name the call and contracts were signed. The name of the Directorate changed with the Law L.191(I)/2021 (evidence iv).

**Commission Preliminary Assessment:** Satisfactorily fulfilled

<b>Number: 251</b>	<b>Related Measure: C5.1.I1 Construction of one Model Technical School</b>
<b>Name of the Milestone:</b> Contract for the construction of one Technical School	
<b>Qualitative Indicator:</b> Contract signature and initiation of construction	<b>Time:</b> Q4 2022
<p><b>Context:</b> The objective of this investment is to provide students and educators with a modern well-equipped environment for learning, thereby increasing the capacity, quality and attractiveness of vocational education and training in Cyprus. The investment consists of building a new technical school in the municipality of Kato Polemidia in Limassol (in replacement of existing A' Technical School).</p> <p>Milestone 251 consists of i) the signature of contract with the contractors selected under a competitive call for proposals for the construction of one Technical School in Limassol; and (ii) the issuance of the construction initiation order by the project engineer.</p> <p>Milestone 251 is the first step of the implementation of the investment, and it will be followed by milestone 252, related to the completion of construction of the Technical School in Limassol. Milestone 252 requires the issuance of taking-over certificates by the Contracting Authority demonstrating that the Technical School is ready for use in accordance with national legislation. The investment has a final expected date for implementation in 30 June 2026.</p>	
<p><b>Evidence provided:</b> In line with the verification mechanism set out in the Operational Arrangements, the following evidence was provided:</p> <ol style="list-style-type: none"> <li>i. Summary document duly justifying how the milestone, including all the constitutive elements, was satisfactorily fulfilled.</li> <li>ii. Copy of the signed contract and its annexes for the construction of one Technical School in Limassol, which include architectural and engineering designs, contract notice, tender announcement, financial offer, letter of acceptance, bills of quantities.</li> <li>iii. Copy of the construction initiation order (annex II to the signed contract, evidence No. ii).</li> </ol>	
<p><b>Analysis:</b> The justification and substantiating evidence provided by the Cypriot authorities covers all constitutive elements of the milestone.</p> <ul style="list-style-type: none"> <li>• <b>Signing of a contract with the contractor selected under a competitive call for proposals for the construction of one Technical School in Limassol.</b></li> </ul> <p>The contract for the construction of one model Technical School in Limassol (evidence No. ii) was signed on 30 January 2023 between the Government of the Republic of Cyprus (through the Director of Technical Services of the Ministry of Education, Sports and Youth) and a representative of Cyfield Development Public Limited (page 2).</p> <p>The publication of the relevant call for tenders took place on 20 June 2022 (tender reference “T.Y 38/2022”) in the e-procurement website of the Treasury of the Republic of Cyprus, as described in page 6 of the tender announcement.</p> <p>The signed contract and its annexes define the general and specific terms of references in relation to the construction work. They define the subject matter, value, duration, and obligations of the contracting authority and of the contractor, as well as the detailed technical specifications for the construction of the new facilities. The Technical School will comprise of four main interconnected buildings. Building A will include laboratories and teaching rooms; building B will include laboratories, teaching rooms and a canteen; building C will include multiple purpose room with a stage and a court, teaching rooms and a library, while building D will include laboratories, teaching rooms, an auditorium</p>	

and administration offices. In addition, the facilities will include a fifth building, the Branch of the Pedagogical Institute which will include an exhibition area, a conference room, a cafeteria, laboratories, teaching rooms, a library and administration offices.

Specifically, the contract and its Annexes specify the detailed costing, design and technical requirements for the execution and completion of all constructions and electromechanical installations relating to the Technical School. This includes, among others, excavations and foundation work based on the structural engineering design, work on basic building infrastructure, interior finishes according to the architectural design such as flooring, wall coverings, paint, and ceiling installations, work for water, electricity, gas and sewage system installations, IT infrastructure, communication networks, as well as heating, ventilation, air conditioning, lighting features. The technical requirements also cover outdoor spaces and sports facilities, as well as outline compliance with relevant national and European legislation such as health and safety standards.

- **Issue of construction initiation order by the project Engineer.**

The construction initiation order was issued on 24 February 2023 (evidence No. iii) foresees the start of construction works for 1 March 2023 in accordance with the contractual requirements, with an implementation period of 36 months.

The Council Implementing Decision required the issuance of the construction initiation order by the project engineer. Instead, the construction initiation order was issued and signed by the project architect. Whilst this constitutes a minimal formal deviation from the requirement of the Council Implementing Decision, the issuance and signature of the order took place after a meeting among the two project engineers (contractor), the project architect (contractor), a health and safety expert (contractor) and the project coordinator (Ministry of Education) (evidence No. iii, annex 2, page 1). As of this, this minimal deviation does not change the nature of the measure and does not affect the progress towards achieving the investment that the milestone represents. On this basis, it is considered that this constitutive element of the milestone is satisfactorily fulfilled.

**Commission Preliminary Assessment:** Satisfactorily fulfilled

<b>Number: 266</b>	<b>Related Measure: C5.2.14 Child Centres in Municipalities</b>		
<b>Name of the Target:</b> Construction of at least one child centre			
<b>Quantitative Indicator: Number</b>	<b>Baseline: 0</b>	<b>Target: 1</b>	<b>Time: Q4 2022</b>
<p><b>Context:</b> The objective of this investment is to facilitate the participation and re-entering of workers with caring responsibilities, mostly women, in the labour market, thereby promoting gender equality. It further aims at enhancing the social inclusion of children from disadvantaged and/or migrant background.</p> <p>The investment consists of the construction of four childcare centres in the municipalities of Ayios Athanasios, Ayia Napa, Paralimni and Yermasoyia.</p> <p>Target 266 concerns the construction of one of the four centres.</p> <p>Target 266 is the first step of the implementation of the investment, and it will be followed by target 267, related to the construction of the remaining three childcare centres in the remaining three municipalities. The investment has a final expected date for implementation on 31 December 2024.</p>			
<p><b>Evidence Provided:</b> In line with the verification mechanism set out in the Operational Arrangements, the following evidence was provided:</p> <ol style="list-style-type: none"> <li>i. Summary document duly justifying how the milestone was satisfactorily fulfilled</li> <li>ii. Copy of a document on the Child Centre Description</li> <li>iii. Copy of the provisional Taking Over Certificate</li> </ol>			
<p><b>Analysis:</b> The justification and substantiating evidence provided by the Cypriot authorities covers all constitutive elements of the target.</p> <ul style="list-style-type: none"> <li>• <b>Completion of construction and issue of taking-over certificate of at least one child centre in one of the following municipalities: Agios Athanasios, Agia Napa, Paralimni and Yermasoyia.</b></li> </ul> <p>The completion of the construction of the Child Care Centre in the Agios Athanasios Municipality is verified by the issuance of a taking over certificate on 19 October 2022 (Evidence No. iii, Annex II). The Child Care Centre is located at the industrial area of the Agios Athanasios Municipality at 14 Alkidamou Street, 4104 Agios Athanasios.</p> <p>The authorities have provided a description note (evidence No. ii) indicating basic information and a short description about the childcare centre. The centre currently provides morning childcare services to children aged between two and six years old in the form of five separate classes. Furthermore, the centre provides afternoon childcare services and activities for children aged between two and 12 years old. The description note includes two tables indicating that the number of children attending the morning classes went up from 73 in the school year 2022-23 to 107 in the school year 2023-24, which is the centre's full capacity. The centre includes a dining room, a playground and a food preparation area, which additionally accommodate around 300 children that participate in programs of the Community Volunteer Council (evidence No. ii, Annex I).</p>			
<b>Commission Preliminary Assessment:</b> Satisfactorily fulfilled			

<b>Number: 268</b>	<b>Related Measure: C5.2.I5 Construction of two model special education schools</b>
<b>Name of the Milestone:</b> Signing of contract with the selected tenderer (contractor)	
<b>Qualitative Indicator:</b> The contract shall be signed with the selected tenderer (contractor)	<b>Time:</b> Q4 2022
<p><b>Context:</b> The objective of this investment is to improve the school environment for pupils with severe disabilities or other special educational needs and support their academic and social development. The investment consists of the replacement of two special schools in the Limassol district: (i) the Special Education School of Apostolos Loucas and (ii) the Red Cross Recovery Special Needs School. Milestone 268 concerns the signing of the contract with the selected tenderer for the construction of two special schools. Milestone 268 is the first step of the implementation of the investment, and it will be followed by target 269, related to the completion of the constructions of the two special schools. The investment has a final expected date for implementation on 31 December 2025.</p>	
<p><b>Evidence provided:</b> In line with the verification mechanism set out in the Operational Arrangements, the following evidence was provided:</p> <ol style="list-style-type: none"> <li>i. 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.</li> <li>ii. Publication of the Call for tenders with the package of relevant annexes</li> <li>iii. Copy of tender documents - 2_VOLUME D - LIST OF PLANS.pdf</li> <li>iv. Copy of tender documents - 3_VOLUME D - ARCHITECTURAL PLANS_1.pdf</li> <li>v. Copy of tender documents - 4_VOLUME D - ARCHITECTURAL PLANS_2.pdf</li> <li>vi. Copy of tender documents - 5_VOLUME D - STATIC PLANS.pdf</li> <li>vii. Copy of tender documents - 6_TOMOS D - LIST OF BEAM AND COLUMNS.pdf</li> <li>viii. Copy of tender documents - 7_VOLUME D - DETAILS.pdf</li> <li>ix. Copy of tender documents - 8_VOLUME D - ELECTRICAL PLANS.pdf</li> <li>x. Copy of tender documents - 9_VOLUME D - ENGINEERING PLANS.pdf</li> <li>xi. Copy of tender documents - 10_VOLUME D - SUBSTATION EAC PLANS.pdf</li> <li>xii. Copy of tender documents - 11_VOLUME E.pdf</li> <li>xiii. Copy of tender documents – 12_VOLUME A.pdf</li> <li>xiv. Copy of tender documents - 13_VOLUME C.pdf</li> <li>xv. Copy of tender documents - 14_VOLUME B.pdf</li> <li>xvi. Copy of the Signed Contract.</li> </ol>	
<p><b>Analysis:</b> The justification and substantiating evidence provided by the Cypriot authorities covers all constitutive elements of the milestone.</p> <ul style="list-style-type: none"> <li>• <b>Signing of contract with the selected tenderer(s) (contractor (s)) selected under a competitive call for proposals for the construction of two model schools in Limassol - the Special Education School of Apostolos Loucas and the Red Cross Recovery Special Needs School.</b></li> </ul> <p>The contract for the replacement - construction of the two model education schools in the Limassol district the Special Education School of Apostolos Loucas and the Red Cross Recovery Special Needs School (hereinafter referred to as “the contract”), evidence No. xvi) was signed on 22 December 2022 (evidence No. xvi, Annex II). The implementation period of the contract is two years. The successful tenderer was selected in the context of a competitive call that was announced on the e-procurement website of the Treasury of the Republic of Cyprus on 5 August 2022 (evidence No. ii, Annex I – Publication of the Call for Tenders; tender documents, evidences No iii to xv).</p>	

- Furthermore, in line with the description of the measure, **the schools shall be constructed adjacent to each other and shall share the multi-purpose hall as well as a therapeutic indoor swimming pool.**

The contract (evidence No xvi, Annex I, page 8 of “xiv. annex I – 13 Volume C”) and the engineering plans (evidence No. x, Annex I – 9 Volume D) indicate that the two schools will be constructed adjacent to each other. Furthermore, the contract (evidence No. xvi, Annex I, page 8 of “xiv. annex I – 13 Volume C”) lists the constituent parts of the school, among which the areas of common use (Multipurpose Hall, therapeutic indoor swimming pool, Gym).

**Commission Preliminary Assessment:** Satisfactorily fulfilled

<b>Number:</b> 278	<b>Related Measure: C7.1R1: Arrangements for the control framework of the Recovery and Resilience Plan</b>	
<b>Name of the Milestone:</b> Clear delimitation between control and implementation duties		
<b>Qualitative Indicator:</b> Adopted instructions and proof of dissemination to all Implementing Bodies.	<b>Time:</b> Q4/2023	
<p><b>Context:</b> The objective of the measure is to improve the control framework of the Cypriot Recovery and Resilience Plan, and to ensure an effective implementation of proportionate measures for the protection of the financial interests of the Union (PFIU) according to the Article 22 of the RRF Regulation.</p> <p>Milestone 278 consists of the adoption of mandatory instructions prepared by the Coordination Authority and distributed upon their adoption to all relevant bodies. The instructions are meant to establish a clear delimitation between control and implementation duties, and provide instructions as regards the controls to be conducted.</p> <p>Milestone 278 is the only Milestone and target under the measure which has an expected date for implementation on 31 December 2023.</p>		
<p><b>Evidence provided:</b> In line with the verification mechanism set out in the Operational Arrangements, the following evidence was provided:</p> <ol style="list-style-type: none"> <li>i. Summary document duly justifying how the milestone (including all the constitutive elements) was satisfactorily fulfilled;</li> <li>ii. Note of Approval by the Minister of Finance of the Revised Guidelines - Procedures for ensuring the protection of the Union’s financial interests in the context of the Recovery and Resilience Plan of the Republic of Cyprus for the period 2021-2026;</li> <li>iii. Copy of the circular letter to all implementing and other relevant bodies involved in the implementation of the RRP notifying them of the new Council of Ministers Decision and instructing them to adhere to the provisions of the Guidelines for the Protection of the Financial Interests of the Union and the Revised Policy for countering Fraud and the second Fraud Risk Assessment exercise and Action Plan:</li> <li>iv. Guidelines – Procedures for ensuring the protection of the Union’s financial interests in the context of the Recovery and Resilience Plan of the Republic of Cyprus for the period 2021-2026;</li> <li>v. Revised Guidelines- Procedures for ensuring the protection of the Union’s financial interests in the context of the Recovery and Resilience Plan of the Republic of Cyprus for the period 2021-2026, 2<sup>nd</sup> version March 2024;</li> <li>vi. Revised Anti-Fraud Policy of the Coordinating Body;</li> <li>vii. Copy of the circular letter to all implementing and other relevant bodies notifying them of the revised Guidelines - Procedures for ensuring the protection of the Union’s financial interests in the context of the Recovery and Resilience Plan of the Republic of Cyprus for the period 2021-2026, 2<sup>nd</sup> version, March 2024 and instructing them to adhere to the provisions of these Guidelines;</li> <li>viii. List of interventions assigned to each Technical Verification Body appointed by the Council of Minister;</li> <li>ix. Copy of the Anti-Fraud Policy and the revised Fraud Risk Assessment Methodology and the Action Plan with additional measures to combat it;</li> </ol>		

- x. Copy of the revised methodology for assessing the risks for Fraud and the revised Action Plan following the second assessment undertaken by the Central Fraud Risk Assessment Team;
- xi. Copy of the full 2nd Fraud Risk Assessment Exercise undertaken by the Central Fraud Assessment Team;
- xii. Copy of the extracts of the Minutes of the Council of Ministers Decision of 7 December 2023;
- xiii. General Order that governs the correspondence between departments and the ministry with the Minister's office within the Ministry of Finance;
- xiv. Copy of the emails sent from the Coordinating Authority informing all the involved entities on the first edition of the Circular, on 12/12/2023;
- xv. Ministers' Decision n° 95.616 of 7 December 2023 – Protection of the Union's financial interests.
- xvi. Revised Guidelines - Procedures for ensuring the protection of the Union's financial interests in the context of the Recovery and Resilience Plan of the Republic of Cyprus for the period 2021-2026, 3<sup>rd</sup> version, June 2024;
- xvii. Approval by the Minister of Finance of the Revised Guidelines for the Protection of the Financial Interests of the Union (3rd Version), 31 July 2024
- xviii. Updated circular letter to all implementing and other relevant bodies involved in the implementation of the RRP notifying them of the Revised Guidelines (3rd Version), 6 August 2024
- xix. Copy of emails to all implementing and other relevant bodies involved in the implementation of the RRP notifying them of the Revised Guidelines (3rd Version), 7 August 2024.

**Analysis:**

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

- **The Council of Ministers shall adopt mandatory instructions prepared by the Coordinating Authority.**

According to the minutes of the Ministerial meeting Council of 7/12/2023 (evidence xiii), the Council has adopted 'Guidelines – Procedures for ensuring the protection of the Union's financial interests in the context of the Recovery and Resilience Plan of the Republic of Cyprus for the period 2021-2026' (evidence v, hereinafter referred to as "*the Guidelines*"), as well as the "Anti-Fraud Policy and the revised Fraud Risk Assessment Methodology and the Action Plan with additional measures to combat it" (evidence x). Following some changes made to the first version of the Guidelines, the revised Guidelines, 3<sup>rd</sup> version, June 2024, have been approved by the Minister of Finance on 31 July 2024 (evidence xvii), pursuant to paragraph e) of the Decision No 95.616, which authorizes the Minister of Finance to make amendments to the Guidelines (evidence vi). The mandatory instructions have been prepared by the RRP coordinating authority (evidence vi cover page).

- **The instructions shall be distributed to all entities involved in the implementation, monitoring and control of the RRP and shall clearly segregate their responsibilities, ensuring a clear separation between control and implementation duties and shall require that controls are conducted in alignment with them.**

The circular letter of 8 December 2023 (evidence iv) confirms the adoption of the first version of the Guidelines and the Anti-Fraud Policy and the revised Fraud Risk Assessment Methodology and the



Action Plan with additional measures to combat it, and confirms that they have been posted on the Recovery and Resilience Plan webpage: 'Cyprus tomorrow' (<https://cyprus-tomorrow.gov.cy/>), under the heading 'Coordinating Authority Instructions/Instructions'. Moreover, the emails sent from the Coordinating Authority informing all the involved entities on the first edition of the Circular, on 12/12/2023 (evidence xv) have the reference of the upload of the Guidelines.

The updated circular letter of 6 August 2024 to the implementing bodies and all entities involved in the implementation notifies them of the revised Guidelines (evidence xvi). It also confirms that they have been posted on the same website as the initial one. Moreover, it requires that controls are conducted in alignment with the revised procedures. The distribution list at the end of the circular defines clearly and lists all bodies that have received the circular. Additionally, a copy of emails to all implementing and other relevant bodies involved in the implementation of the RRP notifying them of the Revised Guidelines (3rd Version) has been shared (evidence xix), and is dated 7 August 2024.

As regards the segregation of functions, the entity responsible for overseeing the controls executed by the Verification Bodies is the Directorate of Financial Control of European Funds (DFC) of the Treasury of the Republic. DFC is responsible for collecting the results of the audits undertaken by the audit bodies. Moreover, DFC conducts ex ante and ex post controls for the avoidance, detection, and correction of conflict-of-interest and double funding using the info provided by the Implementing Bodies and the ARACHNE tool. The reason for this division of responsibilities, where DFC, oversees the Verification Bodies, is rooted in the regulatory structure designed to maintain a clear segregation of duties and ensure a more robust verification process. In this context, 'Verification Bodies' refers to the entities designated to perform checks and audits on the implementation of the RRP. These bodies are tasked with verifying that projects within the RRP are executed according to the established rules and regulations, ensuring compliance with the established guidelines. The DFC handles the comprehensive compilation of results from various audits and controls, including those related to irregularities and fraud, which are critical for compiling management declarations and audit summaries essential for payment applications to the EU. The list of bodies involved in implementation and in controls ensures clear separation of functions. Lastly, the guidelines mandate that all control procedures, including administrative and on-the-spot verifications, are conducted in strict alignment with the risk-based methodologies and compliance checklists. This ensures that controls are systematically executed and aligned with the established procedures.

- **The instructions shall cover at least the following areas:**

***(1) The risk assessment methodology to be applied for all verification types (administrative and on the spot)***

Section 3 "Risk-based verifications" of the revised Guidelines (3<sup>rd</sup> version) on page 8, lists 14 different risk factors to be applied in view of carrying out the verification procedures. This section outlines the implementation of a risk-based approach to verifications, and details the tools used in developing the risk assessment model, including the ARACHNE tool and factors considered in the risk model. It also details the frequency of the assessment and conditions for extending the sample checked, while also outlining the responsible bodies for performing the risk assessment (pages 10 and 11). The verification procedures are enumerated at the different sections of the guidelines (sections 3 to 9), including administrative and on-the-spot verifications.

***(2) Verifications for double funding and procedures for its avoidance***

To ensure the avoidance of double funding for the investments and reforms of the Recovery and Resilience Plan (RRP), three levels of verifications have been foreseen in section 9, page 41:

- i. Level 1 Planning level and checks of the coordinating authority before the approval of project implementation proposals/ guidelines (section 9.1 of the 3<sup>rd</sup> version of the revised Guidelines, page 41)

In the context of evaluating programs included in the RRP, it has to be ensured that the proposals have not been submitted for funding in other co-financed or national programs, through the cooperation, at this stage, of all the Directorates of the General Directorate of Development, which have the responsibility to manage the Programs of Cohesion Policy and Fisheries and European Territorial Cooperation programs, as well as the Ministry of Finance regarding programs funded by purely national resources or through loans from the European Investment Bank or other tools financed by the EU (e.g., Green Bonds). The Directorates of the General Directorate of Development and the Ministry of Finance ensure, through their continuous cooperation and exchange of new information as they arise during the execution of the programs, the avoidance of double funding of the investments and reforms included in the RRP from other future European or national programs throughout the implementation of the RRP.

In addition, a Technical Committee was established, chaired by the Director General of the Ministry of Finance. Its role is to support the bodies implementing grant schemes, supporting the ex-ante control of the avoidance of double funding during the planning of grant-schemes.

Additionally, the Coordinating Authority analyses the grant schemes, before they are launched, by issuing an opinion. This opinion also covers double funding risk which is further reflected into the call for grants launched by the implementing bodies. At this stage, the Coordinating authority indicates possible double funding risks and informs the respective bodies by identifying projects under common areas of intervention. If a risk is identified, the Implementing Bodies are instructed to exchange data on the final recipients of aid within defined timeline.

- ii. Level 2 Controls carried out by Implementing Bodies on selection and implementing stage (section 9.2 of the 3<sup>rd</sup> version of the revised Guidelines, page 43)

At the stage of assessment of the applications, all applicants are requested to submit ex-ante a self-declaration of non-double funding.

Furthermore, the implementing bodies are also performing checks during the implementation of aid schemes/interventions (including interventions through contracts). These verifications of absence of double funding include on-the-spot verifications, administrative expenditure verifications, automated verifications through information systems, where available, as well as verifications during and after the completion of projects and data exchange and cross-checking with other schemes/programs.

To note that automated controls through specialized information system of the implementing bodies (where these systems exist) have been foreseen for the avoidance of double funding for the electronic submission of grant payment request. In the absence of these specialised information systems, a stamp on the original documents is applied to avoid the double submission of the same documents. For interventions implemented through public procurement, automated checks are conducted by the information system of the Treasury of the Republic and the MIS to ensure the avoidance of double use of contractors' documents.

Another guarantee for the avoidance of double funding is the regular exchange of applicants data among Implementing Bodies when risks have been identified and communicated to them by the Coordinating Authority. Furthermore, another cross-check verification is carried out by the DFC in the context of the expenditure verifications of the RRP interventions implemented through contracts.

- iii. Level 3 Ex-post horizontal verifications of absence of double funding carried out by DFC (section 9.3 of the 3<sup>rd</sup> version of the revised guidelines, page 45)

Before submitting payment requests to the European Commission, a sample-based check is conducted by the DFC to prevent double funding. This ensures that the payment request is accompanied by a management declaration based on the summary of verifications and checks to protect the Union's financial interests, as stipulated in Article 22 of Regulation (EU) 2021/241. However, there is a higher risk for non-central government entities and particularly for those participating in grant schemes due to the competitive selection process and the need for pre-financing by the entities themselves.

To manage this risk, details of contractors, final recipients, and their beneficial owners are monitored using the European Commission's ARACHNE tool. This tool helps ensuring the avoidance of double funding by identifying concentration risks. Additional verifications are carried out to ensure that the Implementing Bodies fulfill their obligations, and in cases where beneficiaries are found to be common across multiple projects, data exchanges are again conducted to prevent double funding. These verifications are also performed bi-annually, before submitting payment requests. For grant schemes, implementing bodies receive a final sample for review, and EU databases are checked to confirm the absence of double funding from other sources. For public procurement contracts, the relevant directorates ensure that double funding is not occurring across different programs.

- ***The treatment of irregularities and the whistle blowing process followed for interventions (projects or schemes) funded by the Union***

The treatment of irregularities and the whistle-blowing process followed for interventions funded by the Union are covered in the revised Guidelines under the section 12 "Handling of Irregularities" (page 56) and section 13 "Procedure for receiving, examining and handling complaints affecting the financial interests of the Union referred to in Article 325 TFEU" (page 60). Section 12 elaborates on prevention, detection, and response to fraud, corruption, and conflict of interest risks. It includes the detection of suspicions of fraud, corruption, and conflict of interest through various procedures such as monitoring, verifying the physical and financial objects of the interventions, internal and external audit procedures, and dealing with complaints submitted in cases of corruption, fraud, conflict of interest, or misuse of public funds.

Furthermore, Section 13 of the revised Guidelines describes the procedure for receiving, examining, and handling complaints, emphasizing the role of the National Coordination Body for Combating Fraud Against the Financial Interests of the European Union (AFCOS), and outlines the legal basis for the protection of whistleblowers under the Law on the Protection of Persons Reporting Infringements of EU and National Law of 2022, specifying the rights and protections provided to individuals reporting breaches of EU law.

- ***Requirements for audit trail***

The requirement for audit trail is covered in the Section 11 "Adequate audit trail" of the 3<sup>rd</sup> version of the revised Guidelines (page 50). It mandates that comprehensive data and relevant documents are registered within the IT system of implementing bodies implementing grants. For interventions executed via contracts, implementing bodies must submit expenditure documentation to the Monitoring Information System (MIS). In cases of grant-based interventions, the MIS provides data on the payments made by the implementing bodies to the beneficiaries. Moreover, the DFC oversees the storage of expenditure information for interventions implemented through public procurement and for Implementing Bodies implementing grants through grant payment requests. Therefore, the MIS serves as the central repository for all audit trail documents, maintaining a

comprehensive list of information that must be preserved. Consequently, the 3<sup>rd</sup> version of the revised Guidelines explicitly prescribes the responsibilities of the Implementing Bodies and the Coordinating Authority, the procedures for maintaining the audit trail, and the requirement for storing all relevant data within the MIS.

- ***A central fraud risk assessment for all contracting authorities, taking into consideration all the elements outlined in the Guidance Note on Fraud Risk Assessment and Effective and Proportionate Anti-Fraud Measures for ESIF 2014-2020. Each contracting authority functioning under the RRP is mandated to comply with the action plan devised by the central fraud risk assessment team***

The requirement for a central fraud risk assessment for all contracting authorities, is addressed under section 1.c of the revised methodology for assessing the risks for Fraud and the revised Action Plan following the second assessment undertaken by the Central Fraud Risk Assessment Team (evidence x) tasked with evaluating potential fraud, corruption, and conflict of interest risks impacting the EU's financial interests within the framework of the Recovery and Resilience Plan. The team comprises key stakeholders from various directorates, including the DFC, and the Public Procurement Directorate.

Furthermore, page 5 of the revised Anti-Fraud Policy of the Coordinating Body (evidence vii) mandates that all Contracting Authorities, Implementing Bodies, and monitoring and verification bodies adhere to the action plan formulated by the central fraud assessment team for fraud prevention and detection. Section 1.b of the revised methodology for assessing the risks for Fraud and the revised Action Plan following the second assessment undertaken by the Central Fraud Risk Assessment Team (evidence x) details the fraud risk assessment procedure in alignment with the Guidance Note on Fraud Risk Assessment and Effective and Proportionate Anti-Fraud Measures (EGESIF 14-0021-00, dated 16/06/2024).

The full 2nd Fraud Risk Assessment Exercise undertaken by the Central Fraud Assessment Team (evidence xii) details the second assessment exercise undertaken by the team, adhering to the COM Guidance Note on Fraud Risk Assessment and Effective and Proportionate Anti-Fraud Measures for the European Structural and Investment Funds (ESIF) 2014-2020.

- ***Establishment of specific functions for PFIU, dedicated to tackling issues related to fraud, corruption, and conflicts of interest in Implementing Bodies implementing aid schemes under the RRP***

The establishment of specific functions for PFIU within the context of the RRP involves the creation and operationalization of dedicated teams responsible for addressing fraud, corruption, and conflicts of interest. This initiative is mentioned in section 1.d. and 1.e. of the revised Fraud Risk Assessment Methodology and the Action Plan with additional measures to combat it (evidence x, pages 7 and 8), which outlines the formation of specific fraud risk assessment teams at the Implementing Bodies level. These teams are tasked with conducting fraud risk assessments, establishing controls and procedures to mitigate such risks, and ensuring adherence to guidelines aimed at preventing conflicts of interest, double funding, and managing irregularities and whistle-blowing processes.

**Commission Preliminary Assessment:** Satisfactorily fulfilled