



European Commission

Next Gen EU

LAYING THE FOUNDATIONS FOR RECOVERY: CYPRUS

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Cyprus's recovery and resilience plan

The European Commission has given a positive assessment to **Cyprus recovery and resilience plan, consisting of €1 billion in grants and €200 million in loans.**

The financing provided by the Recovery and Resilience Facility – at the heart of NextGenerationEU – will support the implementation by 2026 of crucial investment and reform measures put forward by Cyprus to emerge stronger from the COVID-19 pandemic.

The Cypriot plan forms part of an **unprecedented coordinated EU response to the COVID-19 crisis**, to address common European challenges by embracing the green and digital transitions, to strengthen economic and social resilience and the cohesion of the Single Market. In particular, the Cypriot plan will support energy efficiency and renewable energy generation, connectivity and the digitalisation of the public administration, and improve education and training across the country.

KEY MEASURES TO SECURE CYPRUS'S GREEN TRANSITION

41% of the plan's total allocation for reforms and investments support climate objectives



▶ **Green taxation:** introducing a carbon tax for fuels, a gradual introduction of a levy on water, and a charge on landfill waste.



▶ **Energy efficiency and renewables:** financing various support schemes to implement energy efficiency measures and renewable energy investments and to combat energy poverty. **€89 million**



▶ **Energy interconnector:** contributing to the EuroAsia Interconnector project, which will connect Cyprus to the EU electricity network and boost renewable energy production. **€100 million**



▶ **Promoting sustainable and green mobility:** encouraging a shift from private cars to public transport, cycling, walking, and promoting the use of clean vehicles. **€87 million**

KEY MEASURES TO SUPPORT CYPRUS'S DIGITAL TRANSITION

23% of the plan's total allocation for reforms and investments support digital objectives



▶ **Supporting connectivity:** enhancing access to communication infrastructure and supporting an inclusive digital transformation. **€87 million**



▶ **Digitisation of public services:** building a secured, integrated and modern digital architecture to support the transition to a combination of digital public services. **€133 million**



▶ **Promoting digital education and skills:** upgrading digital infrastructure and tools in schools, providing teachers with digital training and upskilling and reskilling programmes for different parts of the Cypriot society. **€30 million**



▶ **Enabling the digital health transition:** modernising the IT systems of the National Health System and deploying cross border e-health services. **€10 million**

KEY MEASURES TO REINFORCE CYPRUS'S ECONOMIC AND SOCIAL RESILIENCE



▶ **Aggressive tax planning:** adopting a reform to introduce a withholding tax on outbound payments made to EU-listed non-cooperative and low tax jurisdictions and other measures to curb aggressive tax planning.



▶ **Supporting early childhood education and care:** extending free compulsory pre-primary education from the age of four, investing in childcare centres accompanied by a national action plan on early childhood education fostering equal opportunities for all children and fulltime labour market participation of carers, mostly women. **€33 million**



▶ **Increasing the quality of education and training:** reforming the teaching profession and secondary schools' curricula, establishing modern vocational education and training schools and introducing a higher education graduate tracking system. **€ 51 million**



▶ **Fostering youth employment:** improving the effectiveness of the Public Employment Services (PES), providing coaching and career guidance for young people not in employment, education or training and an incentive scheme for employers to hire young people. **€17 million**



▶ **Modernisation of justice and business environment:** increasing the efficiency of courts and reviewing company law to improve the business environment. **€15 million**

IMPLEMENTATION

- None of the plan's measures will do significant harm to the environment.
- Stakeholders should continue to be involved in the implementation of the recovery and resilience plan to ensure ownership of reforms.
- Disbursement of funds is performance-based and will reflect progress on reforms and investments set out in the plan.
- Control systems will protect against serious irregularities such as fraud, corruption and double funding.