

ADDENDUM

to the CYPRUS RECOVERY AND RESILIENCE PLAN SUBMITTED to the EC on 17 May 2021

This Addendum contains the principal amendments¹ to the Cyprus Recovery and Resilience Plan (RRP) following its official submission to the European Commission (EC) on 17 May 2021. The EC gave a positive assessment of the RRP for Cyprus on 8th July, publishing its proposal for a Council Implementing Decision (CID) on the approval of the assessment of the RRP for Cyprus and an accompanying Staff Working Document. The Council adopted the CID on the 28th of July 2021. The main amendments to the RRP following its official submission to the EC relate to the following:

1. On 23 June 2021, the below changes were proposed in relation to the financing of investments included in Components 3.3 and 3.4 of the RRP

- i. Investment C3.3I1: Integrated Information system for the Registrar of Companies and Official receiver (€6,58 m.) and Investment C3.4I9: Aid Scheme for the private and public sector for certification with ISO 37001 (Anti Bribery) (€2 m.) **will be financed through the loan support and not through financial contribution (non-repayable financial support)** as was initially proposed in the submitted RRP.
- ii. Investment C3.4I5: Smart Cities (€35 m.) **will be financed through financial contribution and not through the loan support** as was initially proposed in the submitted RRP.
- iii. Investment C3.3I7: Loan subsidization Scheme for new business loans (€26,96 m.) initially proposed to be financed through financial contribution in the submitted RRP, **was removed**.

2. Amendment to the total budget of the RRP

As a result of the amendments mentioned above, the total budget of the approved RRP is reduced to €1.206,4 m. (€1.006,08 m. in grants and €200,32 m. in loans), as compared to €1.233,36 m. (€1.006,62 m. in grants and €226,74 m. in loans) in the initial document submitted to the EC.

3. Increase in Green tagging

Due to the reduction in the total budget of the RRP the percentage of green tagging increased slightly from 40% in the RRP officially submitted to the EC, to 41% in the approved RRP.

¹ It is noted that, after the official submission of the Cyprus RRP to the EC on 17 May 2021 and the discussions that followed until the approval of the Council Implementing Decision on 28 July 2021, a number of amendments have been made throughout the text of the RRP including amendments to the text relating to milestones and targets. This addendum reports the significant amendments.

4. Amendments to Annex 4 of the RRP officially submitted to the EC on 17 May 2021: Monitoring and Control System (MCS)

The Monitoring and Control System (MCS) was annexed (Annex 4) to the RRP submitted to the EC on 17 May 2021. Following its submission, the MCS was revised on 25 June 2021. The main amendments to the MSC relate to:

- i. A change in the directorate designated as Coordinating Authority (CA) responsible for the implementation and monitoring of the Plan within the Directorate General for European Programs Coordination and Development (DG EPCD) was made. A new Directorate for Recovery and Resilience was formed and relative changes in the responsible team took place.
- ii. The designation of the Verifications and Certification Directorate (VCD) of the Treasury of the Republic as the National Control and Audit Coordinator for the RRP and the form of cooperation with the new Directorate responsible for the implementation and monitoring of the plan. (The VCD replaces the CA in this respect).
- iii. Changes regarding the Monitoring Information System for the Plan and the system audit to be performed by the Internal Audit Service regarding the system. The changes incorporate also the revision in the phases and timeline for the development of the system expediting its development.

5. Amendments to the number and formulation of M&Ts of several measures.

During the final assessment of the Plan by the EC, the number of milestones and targets (M&Ts) in the Annex of the CID was revised upwards. More specifically, the accompanying excel file that contains the description of the M&Ts was submitted on 17 May and encompassed 267 M&Ts. As a result of the following discussions with the EC, the final number of M&Ts was increased to 271.