
NATIONAL AI STRATEGY

CYPRUS NATIONAL AI STRATEGY 2032: A STRATEGIC BLUEPRINT

A ROADMAP FOR 2032: TECHNOLOGY for Citizens

Contents

1. Executive Summary	1
1.1 The Vision: Unlocking Value for the Innovation Economy.....	1
1.2 The National Strategic Objectives and Priority Sectors	2
1.3 Priority Sectors for Leadership.....	3
1.4 The Strategic Gap and the Implementation Approach	3
1.5 Implementation Timeline and Success Metrics	6
1.6 A Narrow Window.....	7
1.7 Methodology Followed	7
2. Vision, Ambition and Objectives.....	8
2.1 Why AI Matters for Cyprus.....	8
2.2 Cyprus Today: Digital, Data and Innovation Foundations and Challenges	9
2.3 The Strategic Choice Alignment for the Way Forward.....	11
2.4 The Vision: Where Cyprus Will Lead	13
2.5 National Strategic Objectives	15
3. Strategic Implementation Approach	18
3.1 Structured Approach to Design Principles and Impact Dimensions	18
3.2 Data as a Strategic National Asset	19
3.3 Governance and Controls.....	21
3.4 AI Adoption Across Government.....	28
3.5 Priority Sectors	29
3.6 Talent, Skills and Workforce Transformation	36
3.7 Infrastructure, Compute and Digital Sovereignty	38
3.8 Research, Innovation and Ecosystem Development.....	40
3.9 Ethics, Trust and Responsible AI	42
3.10 Sustainability and Economic Model	44
3.11 Measuring Impact and National KPIs	44
3.12 International Cooperation and EU Alignment.....	45
3.13 Risk Management, Resilience and Adaptation	46
4. AI Adoption and Strategic Enablers	47
4.1 The AI Adoption Flywheel	48
4.2 Strategic Enablers for Scaled Adoption.....	49
4.3 AI Governance Enablers	49
4.4 AI Adoption Enablers.....	50
5. Immediate Steps for the Strategy Launch	50
Annex A – Alignment with European Legal and Policy Frameworks	53
Annex B – AI Use Case Lifecycle and Control Gates	57
Annex C – Priority Sectors for Leadership.....	60
Government and Public Sector	60
Financial Services and Financial Technology.....	64
Healthcare and Life Sciences.....	67
Tourism and Hospitality	71
Legal Services	74
Education and Human Capital Development.....	77
Shipping and Maritime.....	82

Entrepreneurship and Innovation	85
Annex D – Research and Innovation.....	88
Focus Area 1: Energy, Environment and Resource Management.....	88
Focus Area 2: Autonomous Systems.....	88
Focus Area 3: Healthcare	89
Focus Area 4: Security, Defence and Space	89
Focus Area 5: Next-Generation Wireless Telecommunications.....	89
Focus Area 6: Foundational AI Research.....	89
Expected impact of these Focus Areas for Research in AI	90
Annex E – AI Officers: Roles, Responsibilities and Capability Profile	91
Annex F – National KPIs and Measurement Framework (sample).....	93
Annex G – Glossary of Key Terms.....	95
Annex H – Additional Bibliography	97

Figures

Figure 1: Cyprus Positioning Alignment based on SWOT Analysis.....	11
Figure 2: Governance Structure and Roles	23
Figure 3: Innovation Infrastructure.....	42
Figure 4: AI Use Case Adoption Lifecycle	57
Figure 5: Recommended Use Cases, Moonshots and KPIs to be considered for Government and Public Sectors	64
Figure 6: Recommended Use Cases, Moonshots and KPIs to be considered for Financial Services and Financial Technology.....	67
Figure 7: Recommended Use Cases, Moonshots and KPIs to be considered for Healthcare	71
Figure 8: Recommended Use Cases, Moonshots and KPIs to be considered for Tourism and Hospitality	74
Figure 9: Recommended Use Cases, Moonshots and KPIs to be considered for Legal Services	77
Figure 10: Recommended Use Cases, Moonshots and KPIs to be considered for Education	81
Figure 11: Recommended Use Cases, Moonshots and KPIs to be considered for Shipping and Maritime	85
Figure 12: Recommended Use Cases, Moonshots and KPIs to be considered for Entrepreneurship and Innovation	87

1. Executive Summary

Artificial Intelligence (AI) is a general-purpose capability that is reshaping economies, public administration, and service delivery worldwide. For Cyprus, the effective adoption of AI is a strategic requirement for productivity, competitiveness, and institutional resilience.

Cyprus has built a strong international reputation as a services economy, with strengths in financial services, legal and professional services, tourism, shipping, technology and advisory activities. AI is now transforming the foundations of these sectors. Data, digital capabilities, skills and governance have become critical determinants of future value creation.

1.1 The Vision: Unlocking Value for the Innovation Economy

“By 2032, Cyprus will be recognised as the leading trusted AI hub in the Eastern Mediterranean, a reliable European jurisdiction for AI-enabled services, and a bridge between the European Union and neighbouring regions.”

The Vision rests on five key ideas:

- 1) **AI sovereignty leveraging partnerships**, with Cyprus controlling all critical layers, including sovereign compute, governed access to high-value data, core skills, and national AI assurance, while using partnerships to reach scale where Cyprus cannot compete alone.
- 2) **Dual strategy of focus and differentiation**: concentrating effort where AI can drive national productivity and GDP growth fastest, while building sovereign capabilities that position Cyprus as a fast, credible, EU-aligned route to market.
- 3) **Human-centred AI**: systems that augment human performance while preserving human agency.
- 4) **AI as an enabling technology for economic growth and resilience**.
- 5) **Trustworthy AI**, implemented and operated in compliance with responsible AI practices.

The Strategy follows a deliberate approach of focus and differentiation. Focus concentrates adoption where AI can accelerate productivity and GDP growth the fastest. Differentiation builds sovereign capability, reinforced through collaborations and partnerships that enable scale while safeguarding European and national values, rights, and requirements including security and resilience.

The development of the National AI Strategy considers elements that act as the ethical and operational guardrails for all AI activities in Cyprus, ensuring they remain aligned with national values and European standards. These include:

- **Human-Centred by Design**: AI is a tool for human augmentation, not replacement. High-impact systems will always preserve human agency and remain subject to human oversight, clear accountability, and effective safeguards.
- **Trust and Transparency**: AI systems must be explainable, auditable, and understandable to those they affect. Transparency requirements should be

proportionate to the level of risk and potential impact of the system, consistent with the principles of the EU AI Act.

- **Compliance by Design:** Legal, regulatory and ethical standards are embedded from the earliest stages of design, procurement, and operation.
- **Security and Resilience:** AI systems are designed to be robust against misuse, failure, and cyber threats. Protection against adversarial AI attacks, establishing operational redundancy, and secure operational guardrails are key priorities.
- **Fairness and Non-Discrimination:** Systems must be proactively designed and monitored to identify and mitigate bias, ensuring AI does not create or reinforce discriminatory outcomes.
- **Human Oversight and Social Contract Rights Protection:** High-risk or citizen-facing systems must include “human-in-the-loop” mechanisms ensuring human oversight, clear accountability and effective safeguards. Citizens retain the right to explainability, contestation and human review in sensitive areas like health and social benefits.

Applying the Strategy and its Fundamental Principles shall:

- Empower citizens, businesses and public servants to interact with government through intelligent, secure and personalised services.
- Accelerate productivity and agility across high-impact sectors, starting with priority sectors that drive GDP growth and competitiveness, and then expanding adoption across the wider economy through staged delivery.
- Develop a vibrant ecosystem of startups, researchers and global partners that can build and scale AI products from Cyprus to the EU and beyond.
- Embed ethical governance, transparency, and trust in the AI systems through EU AI Act alignment and robust national safeguards.
- Promote digital inclusion and lifelong learning so that all communities can benefit from AI adoption, including people with disabilities and pensioners.

1.2 The National Strategic Objectives and Priority Sectors

To realise this vision, the Strategy is structured around eight integrated National Strategic Objectives. Together, these objectives define both what Cyprus seeks to achieve through AI and where national efforts will be concentrated:

- 1. Establish Cyprus as a trusted jurisdiction for AI,** using strong governance and regulatory certainty as a source of competitive advantage.
- 2. Increase national productivity through responsible AI adoption,** starting from sectors that are central to economic growth and public value and expanding cross-industry and governance to accelerate GDP growth and productivity.
- 3. Build a strong and inclusive AI ecosystem** by strengthening **foundational and applied research and industry engagement**, enabling collaboration between government, industry, academia and innovators, and by connecting AI development to real-world economic and societal challenges.
- 4. Transform public services through AI-enabled delivery,** improving efficiency, accessibility and citizen experience while maintaining human oversight.
- 5. Develop, attract and retain AI-related skills and talent,** ensuring the workforce is prepared for AI-augmented work and lifelong learning.

6. **Ensure secure, sovereign, and interoperable data and infrastructure foundations, and policies** supporting resilience, security and strategic autonomy.
7. **Embed strong governance, ethics and accountability across all AI use**, safeguarding rights, trust, and long-term societal benefit.
8. **Develop sovereign capability with partnerships**, build enduring national AI capability by developing core technological and human capacities, including co-design, development of sovereign technology, leveraging trusted partnerships to ensure ethical, resilient and sovereign adoption of AI.

To support the objectives, it is imperative to build world-class Centres of Excellence (CoE), industry-oriented towards applied innovation, aiming to build world-class capability with global reach and relevance. Through these Centres, Cyprus will cultivate globally competitive capabilities that will attract talent, investment, and partnerships, while enabling the development, validation, and scaling of AI systems aligned with European and international standards. This approach ensures that Cyprus not only participates in the global AI landscape but actively shapes it, positioning itself as a trusted hub for applied, responsible, and high-impact AI innovation.

These objectives are pursued through the targeted application of AI in sectors where Cyprus possesses distinct economic, institutional, and societal strengths, while also capitalizing on emerging opportunities enabled by AI. The identified priority sectors provide the focus for this effort.

1.3 Priority Sectors for Leadership

The following priority sectors have been identified as key areas for the adoption of AI use cases, due to their high contribution to national GDP and their high exposure to AI-driven transformation and productivity gains:

- **Government and Public Sector:** Service automation, fraud detection, decision-making support.
- **Financial Services and Financial Technology:** Anti Money Laundering (AML), compliance, intelligent insurance, AI-augmented CFO capabilities.
- **Healthcare and Life Sciences:** Clinical decision-making, resource planning, preventive care.
- **Tourism and Hospitality:** Personalisation, demand forecasting, smart infrastructure.
- **Legal Services:** AI-augmented expertise while preserving accountability.
- **Education and Human Capital Development:** Personalised learning and workforce planning.
- **Shipping and Maritime:** Predictive maintenance, regulatory copilots.
- **Entrepreneurship and Innovation:** Innovation ecosystem for export-ready AI services.

This focus is underpinned by full alignment with European law and values. Compliance with the EU AI Act, the General Data Protection Regulation (GDPR), and related frameworks will be leveraged as a competitive advantage.

1.4 The Strategic Gap and the Implementation Approach

Today, Cyprus scores well on digital connectivity and basic e-government. However, there are two critical gaps in relation to this AI Strategy:

1. **Physical and Digital Infrastructure and Data:** Fragmented institutional data centres/compute clusters, limited AI-grade compute, and immature data governance make it hard to scale AI beyond pilots.
2. **Talent and Execution Capacity:** A shortage of specialised AI skills, limited applied AI experience within ministries and regulators, and a risk of “AI theatre” (many experiments, little impact).

To address these structural weaknesses, the Strategy proposes an implementation approach with the following elements:

1.4.1 Defined Design Principles

The Strategy is governed by core Design Principles.

1.4.2 Data as a Strategic National Asset (Data-Led Execution)

Through the Strategy, data is treated as foundational infrastructure requiring:

- Strategic governance and stewardship: Unified standards across jurisdictions.
- Interoperability and secure sharing: National intelligent digital API fabric connecting systems.
- Data by design: Embedded in public systems from inception.
- Sovereign capability: Controlled access to high-value national datasets.
- National AI data infrastructure: The Strategy replaces scattered clusters with a sovereign, shared platform that provides high-performance compute, secure data environments and compliance testbeds for high-risk AI under the EU AI Act.

1.4.3 Governance and Accountability

A 3-tier governance model is defined within the Strategy to ensure coordination and accountability:

- National AI Authority: Acts as the policy-setting, execution engine and governance gatekeeper with clear mandate and resources.
- Interministerial AI Council: Oversees portfolio management and cross-cutting issue resolution.
- Specialised Committees: Bring expertise and support decision-making on AI infrastructure, ethics and values, security and misinformation, and other domain-specific topics.

Cascading obligation is established where every ministry and organisation deploying AI will be required to maintain its own Applied AI Strategy aligned with the EU AI Act.

Complementing the three-tier governance model, the Strategy defines the required innovation acceleration bodies:

- Government Innovation Hub: An experience centre supporting ministries in co-designing, prototyping and testing sovereign solutions that enable the public sector to test hardware and ethics before they reach citizens. The GIH will act as a validation unit, assessing whether the proposed solution can deliver the intended outcome before proceeding to project procurement.
- AI Centres of Excellence: Dedicated to the private sector to accelerate use case adoption by the ecosystem.
- National Testbeds: Real-world validation environments.

1.4.4 AI Adoption Across Government

To drive adoption across government entities and citizens, the following priority areas have been defined:

- Citizen-facing services and case management, including personalisation.
- Fraud detection and compliance.
- Operational efficiency and resource optimisation.
- Policy design and evidence-based decision making.

Implementation follows a use case driven approach with human oversight, shared capabilities, and capacity building.

1.4.5 Talent, Skills and Organisational Readiness

To address the skills gap and define a way forward for workforce transformation, a 5-track approach is defined:

- AI literacy and awareness: National education programme for schools.
- Advanced and sector-specific skills: Training for AI engineers, data stewards, AI Officers.
- Public sector capability: Embedded AI Officers in ministries.
- Workforce augmentation: Reskilling programmes for the existing workforce.
- Attracting and retaining talent: Incentives for global AI professionals.

1.4.6 Infrastructure, Compute and Digital Sovereignty

To address and manage the gap in physical and digital infrastructure and data, the following principles and initiatives have been defined:

- Secure, resilient infrastructure: Establishment of a national AI compute infrastructure.
- Compute capacity and access: Sovereign compute for sensitive workloads, partnerships for scale.
- Digital sovereignty: Strategic autonomy over critical AI capabilities.
- Integration with EuroHPC and European AI Factory: Leverage EU-wide resources while maintaining control.

1.4.7 Research, Innovation and Ecosystem Development

Focus on applied, impact-oriented research with strong industry–academia–government collaboration. Six research focus areas are identified:

- Energy, Environment, and Resource Management, including water management.
- Autonomous Systems.
- Healthcare.
- Security, Defence and Space.
- Next-Generation Wireless Telecommunications.
- Foundational AI Research.

1.4.8 Ethics, Trust and Responsible AI

Embedded principles to ensure ethics, trust and responsible use of AI include:

- Ethical Foundations: Aligned with OECD principles, WHO/ITU guidance.
- Human Oversight and Accountability: Clear redress mechanisms.
- Transparency and Explainability: Understandable AI decisions.

- Fairness and Non-Discrimination: Bias monitoring and mitigation.
- Responsible Deployment: Continuous monitoring and withdrawal criteria.

In addition to the above implementation domains, the following have been identified as important approach elements:

1.4.9 Sustainability and Economic Model

To ensure sustainability and a relevant economic model of efficiency, the efforts will be centred on:

- Energy and Environmental Sustainability: Establishment of Green AI practices.
- Economic Efficiency: A shared services model across government.
- Funding and Renewal: Multi-year investment with clear ROI tracking.

1.4.10 International Cooperation and EU Alignment

The Strategy ensures full alignment with and leverages the following:

- EU AI Act (Regulation 2024/1689): Compliance leveraged as a competitive advantage.
- GDPR, NIS2, DORA: Data protection and cybersecurity frameworks.
- EU programmes: Participation where possible in Digital Europe, Horizon Europe, EuroHPC.

Cyprus is positioned as a testing and deployment environment for EU and regional markets, particularly for regulated and multilingual contexts.

1.4.11 Risk Management, Resilience and Adaptation

To address risk and resilience, a structured approach will drive:

- Risk identification and assessment: Ongoing horizon scanning.
- Operational and institutional resilience: Redundancy and continuity planning.
- Security and threat management: Protection against adversarial AI attacks.
- Adaptation to change: Flexible framework responsive to technological and regulatory evolution.

1.5 Implementation Timeline and Success Metrics

A general implementation timeline is defined through the following key periods:

- 0–8 months: Governance activation, authority establishment, AI Officer appointments.
- 6–12 months: Infrastructure deployment, pilot launches, skills programmes initiated.
- 12–24 months: Scaling successful pilots, ecosystem expansion, early KPI measurement.
- 2026–2032: Full national rollout, sustained innovation, continuous improvement.

Progress and performance will be tracked using the following success metrics and expected outcomes:

- Recommended 15% productivity improvement relative to baseline trajectory.
- Recommended 12% GDP expansion from AI-enabled transformation.
- 3,000+ AI professionals in the market.
- Modernised shipping, maritime, healthcare, tourism, and professional services sectors.
- Increase in FDI attraction.

- Trusted AI jurisdiction recognised across EU and regional markets.
- Improved customer and citizen experience.

The Cyprus National AI Strategy 2032 is a comprehensive, execution-focused roadmap that positions Cyprus as a trusted, EU-aligned AI hub by addressing critical gaps (infrastructure, talent, governance), focusing on high-impact GDP sectors, and embedding human-centred, ethical AI principles throughout. The Strategy is designed for rapid activation with measurable outcomes, balancing sovereignty with strategic partnerships to achieve transformative productivity gains by 2032.

Measuring Impact and National KPIs

An outcomes-focused measurement framework, as defined by the Strategy, includes the following:

- National-level impact indicators (GDP productivity, FDI, job creation including reskilling, upskilling).
- Government and priority sector adoption.
- Talent and skills development.
- Trust, ethics and compliance metrics.
- Regular monitoring, reporting, and continuous improvement cycles.

1.6 A Narrow Window

Cyprus has many of the pre-conditions that allowed pioneers such as Estonia, Finland or Singapore to move early: manageable scale, EU membership, strong professional services, and an economy already anchored in services and logistics. It also faces real constraints: limited sovereign compute, a small talent pool that is globally contested, and a tendency towards fragmented initiatives.

The choice, therefore, is not between “AI or no AI”, but between coordinated, sovereign, human-centred AI on Cyprus’s own terms, or piecemeal adoption of foreign platforms that gradually lock the country into other people’s economic and governance models.

The Cyprus National AI Strategy 2032 is the way forward to make that choice explicit and actionable. It defines where Cyprus will compete, what it will build for itself and where it will partner, how it will protect citizens and workers, and how it will hold itself accountable. Through sustained political will, disciplined execution and honest course correction, it can turn AI from a risk into a concrete advantage, and secure Cyprus’s place as an intelligent, resilient society in the age of AI.

1.7 Methodology Followed

The National AI Strategy has been developed under the guidance of the National AI Taskforce, a multidisciplinary team representing local and international expertise across academia, industry, law, policy and international technology leadership, and chaired by Demetris Skourides, Chief Scientist for Research Innovation and Technology. The Chief Scientist for Research Innovation and Technology is the accountable custodian of the Strategy and acts as a catalyst for its implementation.

The work, grounded in a collaborative and inclusive methodology, involved conducting meetings across a broad stakeholder base from the public and private sectors, as well as

expert-led working groups by subject matter, led by AI Taskforce subcommittees. Meetings were held with key stakeholders to gather input and ensure alignment, including discussions with Dr Petros Agathangelou, the President of the Cyprus Medical Association, and Dr Constantinos Fellas, the Chairman of the Cyprus National Bioethics Committee; engagement with the Institute of Certified Public Accountants of Cyprus (ICPAC) and their CFO Committee; presentation of AI research priorities to the National Research Council; engagement with an ad hoc subcommittee on legal services and the AI/Intellectual Property (IP) ecosystem with industry experts led by Nick Kounoupas, with ad hoc contributions from Yiannos Georgiades, Andria Thrasyvoulou, Nicoletta Epaminonda, Michael Ioannou, Nicolas Pelides, Thomas Christodoulou and Anna Latzia; coordination with the Deputy Ministry of Research, Innovation and Digital Policy; and presentation of AI strategy direction in healthcare and tourism at relevant conferences.

The AI Taskforce conducted an extended literature review of the national strategies of Cyprus, Greece, Malta, France, Estonia, the UAE, Finland, the UK and other collaterals. Additionally, the National AI Taskforce has reviewed guidelines including the EU AI Continent Action Plan¹, EU Apply AI Strategy², EU AI for Science Strategy. The National AI Taskforce has also convened 9 times to align strategic intent and prioritise the most compelling, actionable use cases in addition to 15 meetings held by subcommittees aligned with each stream.

The methodology involved engagement with legal experts, education, industry and innovation leaders in an open consultative process to present the strategic direction and elicit insights and feedback. The process was designed to be iterative in nature, fostering a continued dialogue to refine the strategic thought process in line with the nation's needs, emerging trends and best practices. Transparency, inclusivity and adaptability were paramount to all work streams.

The Deputy Ministry of Research, Innovation and Digital Policy currently bears the responsibility for the implementation of the Strategy in association with other areas under the responsibility of the Deputy Ministry.

2. Vision, Ambition and Objectives

2.1 Why AI Matters for Cyprus

Research from organisations such as the World Economic Forum (WEF) and the United Nations Conference on Trade and Development (UNCTAD) highlights that AI is a defining and transformative technology with the potential to enable governments and economies to address complex global challenges.

According to projections by UNCTAD, the global AI market is expected to surge from \$189 billion in 2023 to an estimated \$4.8 trillion by 2033, representing a 25-fold expansion over the span of a decade. While AI can deliver significant economic and societal benefits, it also requires strong governance frameworks to ensure sufficient oversight, fairness and equitable access³. In addition, reports from the WEF indicate that 86% of employers expect AI and

¹ [European Commission, 2030 Digital Decade Policy Programme.](#)

² [European Commission, Apply AI Strategy.](#)

³ Technology and Innovation Report 2025: Inclusive Artificial Intelligence for Development.

information processing technologies to transform their business by 2032, while 58% expect robotics and automation to be transformative for their business.⁴

As a services-based economy, Cyprus operates in sectors where data, digital interaction, and decision quality are central to value creation. AI is rapidly becoming a core capability in these areas. At the same time, public administration faces rising complexity and expectations, alongside constraints on resources and workforce capacity. AI provides tools to improve efficiency, support decision-making, and enable more responsive and personalised services.

The strategic question is not whether AI will be adopted, but how. Passive adoption increases dependence and risk while deliberate adoption, supported by strong governance, enables control, trust, and long-term value.

This Strategy positions AI as a national capability that supports economic resilience, strengthens public institutions, and advances Cyprus's long-term development objectives.

2.2 Cyprus Today: Digital, Data and Innovation Foundations and Challenges

With a GDP of €36 billion and a growth rate of 3.8% in 2025, Cyprus demonstrates economic resilience and sectoral diversity. The services sector dominates, contributing 86.8% of GDP while the ICT sector, a key enabler of AI, accounts for 11.4% of GDP and has grown by 347% over the past decade, ranking second in the EU27. The high percentage contribution and reliance on services make the Cypriot economy vulnerable to horizontal disruptive effects when adopting AI, while also providing opportunities.

Cyprus enters the AI era with a set of digital and institutional foundations that provide a solid starting point. Regulatory alignment with the European Union provides a strong governance foundation. However, to move from isolated initiatives to scaled national impact, Cyprus must address fragmentation in data, strengthen institutional capacity, and improve coordination across the ecosystem.

2.2.1 Digital Infrastructure and Connectivity

Cyprus benefits from a full digital infrastructure coverage and a high fibre-to-home penetration rate of 95.5%, providing the technical foundation necessary for AI deployment.

Broadband coverage and mobile connectivity (100% 5G coverage since 2022) support digital service delivery across the island and provide the baseline required for data-driven applications, while Cyprus is also investing in the upgrade of existing, as well as the implementation of new, submarine cable systems with higher capacity to provide enhanced connectivity, strengthen digital resilience, and support secure, high-speed international data exchange.

Digital public services have also expanded in recent years, with progress in online portals, electronic identification, and transactional services. These initiatives provide an essential platform on which AI capabilities can be layered, particularly in areas such as service automation, citizen interaction, and operational analytics.

When considering enterprises using AI technology, Cyprus has an adoption rate of 9.27% (2025 data), after an annual progression of 17.3% since 2024, which is below the EU average

⁴ [World Economic Forum, Jobs of Tomorrow: Technology and the Future of the World's Largest Workforces 2025.](#)

of 19.95% while the IMF placed Cyprus in the “doing better” category, ranking 30th with an AI Preparedness Index of 0.63⁵ (2023 data).

2.2.2 Data Landscape and Interoperability

Data availability and quality are central to effective AI deployment. Cyprus has made progress in open data initiatives and sector-specific data systems. However, data remains fragmented across institutions, with varying standards, limited interoperability, and inconsistent governance arrangements.

Public-sector data is often collected for operational purposes rather than reuse. This limits its value for analytics, forecasting, and AI-driven applications. Addressing these issues requires coordinated data governance, common standards, and mechanisms for secure data sharing across organisations.

The Strategy therefore treats data modernisation and the ongoing work by the Deputy Ministry of Research, Innovation and Digital Policy (DMRID) on the development of a National Data Policy and a National Data Governance Framework for Cyprus as a prerequisite for AI adoption, rather than a parallel activity.

2.2.3 Innovation and Research Ecosystem

Cyprus has a growing innovation ecosystem, supported by 12 universities, 20+ research centres including 7 centres of excellence, and a developing startup and tech innovation community boasting more than 800 companies. Research activity in data science, machine learning, and related fields has increased, supported by national and European funding programmes.

Links between research and real-world deployment, however, remain uneven. AI research is not always translated into operational solutions within government or industry. Strengthening applied research and collaboration is necessary to move from experimentation to impact.

The European Innovation Scoreboard 2026 by the EU and the AI Preparedness Index Dashboard, both placed Cyprus favourably in terms of AI and innovation. More specifically, Cyprus ranks 16th amongst EU member states and is classified as a “Moderate Innovator”⁶.

2.2.4 Skills and Organisational Readiness

Cyprus demonstrates a solid foundation in digital skills, particularly among younger cohorts and within the technology sector. At the same time, advanced AI skills remain limited, and awareness of AI’s practical applications varies significantly across organisations.

According to the Cyprus Information Technology Enterprises Association (CITEA) 2024 study, AI adoption is increasing, with 58% of businesses already using AI tools, primarily in automation and data analysis.⁷

Furthermore, 44.2% of people aged 16–74 in Cyprus used generative AI tools in the past three months, placing the country 7th among EU member states. This compares with an EU average of 32.7%⁸. For formal education, 55.6% of people aged 16–24 in Cyprus use generative AI tools

⁵ [AI Preparedness Index \(API\)](#).

⁶ [European Innovation Scoreboard 2026](#).

⁷ [CITEA 2024 Survey Results and CITEA Index 2024](#).

⁸ [64% of 16–24-year-olds used AI in 2025 – Eurostat](#).

for learning or study purposes. This places the country well above the EU average and reflects the increasing role of AI in education and skills development⁹.

Within the public sector, digital maturity varies across ministries and agencies. While some organisations have experience with data analytics and automation, others lack the internal capability to identify, procure, and manage AI systems.

Building organisational readiness is therefore as important as investing in technology. The opportunities, driven by the existing foundations, and the challenges are depicted in the SWOT Analysis diagram below.



Figure 1: Cyprus Positioning Alignment based on SWOT Analysis

2.3 The Strategic Choice Alignment for the Way Forward

The only strategic choice for the future is for Cyprus to become an Eastern Mediterranean hub where AI systems can be developed, validated and operated responsibly under EU-aligned rules, then scaled to wider European and regional markets. This positioning turns compliance, assurance, and trusted deployment environments into a national advantage.

This Strategy establishes a clear long-term direction for Cyprus in the age of AI. It defines how AI will support national objectives and contribute to national development, economic resilience, and public sector transformation, while remaining fully aligned with European frameworks and national policy priorities.

2.3.1 Alignment with National Development Objectives

The Strategy aligns with national priorities to modernise public administration, enhance service quality, increase productivity and economic competitiveness, strengthen evidence-based policymaking and regulation, as well as improve the citizens' quality of life.

By embedding AI within the National Development Objectives, the Strategy ensures that adoption delivers tangible and measurable benefits.

⁹ [Nearly Half of Cyprus Population Uses Generative AI Tools – Cyprus Mail.](#)

2.3.2 Alignment with Digital and Data Strategies

The Strategy builds on Cyprus's existing digital transformation agenda and national data initiatives. It recognises that AI adoption depends on mature digital foundations, interoperable systems, and high-quality data. The Strategy is therefore aligned with:

- National digital government initiatives including the existing Digital Strategy¹⁰.
- Public-sector interoperability and data-sharing frameworks.
- Open data and secure data access policies.

2.3.3 Alignment with European Frameworks

As a Member State of the European Union, Cyprus's approach to AI, whether applied in the public or private sector, is firmly grounded in European law and policy. The Strategy is fully aligned with the EU AI Act, the General Data Protection Regulation (GDPR), and related digital and data governance frameworks.

This alignment provides:

- Legal certainty for public institutions and businesses.
- Clear safeguards for citizens' rights.
- A predictable environment for innovation and investment.

Rather than viewing regulation as a constraint, the Strategy positions European compliance as a foundation for trust, market access, and international credibility. More detail is provided in [Annex A](#).

2.3.4 Strengthening the International Position

The Strategy situates Cyprus within the broader international AI landscape and leverages Cyprus's strategic position as an EU Member State in the Eastern Mediterranean. It recognises that AI development and governance are increasingly global, requiring cooperation, interoperability, and shared standards.

By executing this Strategy, Cyprus can:

- Act as a bridge between European and neighbouring markets.
- Participate actively in European and international AI initiatives.
- Contribute to the development of global norms for responsible AI.

This positioning strengthens Cyprus's role as a reliable partner in cross-border AI deployment. Cyprus can act as a testing, validation and deployment environment for AI systems intended for European and regional markets, particularly in sectors requiring regulatory compliance, multilingual operation and trusted governance frameworks.

2.3.5 Coherence and Policy Integration

The Strategy adopts a long-term perspective while remaining adaptable. It is designed to operate as an integrating framework across government, providing a common reference point for ministries, regulators, agencies, and public bodies when developing policies, investments, and programmes involving AI. In practice, this means establishing a coordinated and consistent approach to AI adoption, governance, data sharing, interoperability, and capability development across the public sector, while reducing fragmentation and duplication between

¹⁰ [Existing National Digital Strategy 2020–2025](#).

institutions. Through clear direction and guiding principles, it enables coordination while allowing for periodic review and adjustment as technologies, risks and opportunities evolve.

All significant AI initiatives are expected to:

- Align with the National Strategic Objectives set out in this Strategy.
- Conform to common governance, legal, security and ethical standards.
- Contribute to shared national priorities.

For the private sector, the Strategy establishes a clear national environment for AI adoption by signalling how AI will be governed, supported, and enabled in Cyprus, reducing regulatory uncertainty and fragmentation. Businesses can expect greater consistency across regulators, clearer expectations for responsible deployment, and improved access to shared infrastructure, data, skills programmes, and guidance where appropriate.

By aligning public-sector adoption, regulatory practice, and national capability building within an integrated framework, the Strategy strengthens the connection between public policy and private investment. Public-sector use cases help drive demand for AI solutions, while private-sector innovation and expertise inform practical implementation and continuous improvement.

This integrated approach reduces duplication, improves coordination, and ensures consistency in how AI is adopted and governed across Cyprus, while allowing sector-specific flexibility and innovation.

2.4 The Vision: Where Cyprus Will Lead

Given its size and economic structure, Cyprus's approach to AI is defined by focus, directing effort to achieve leadership in areas that deliver the greatest national value, and differentiation, building on existing strengths, institutional readiness or strategic advantage.

Our national AI vision is defined as follows:

By 2032, Cyprus will be recognised as the leading trusted AI hub in the Eastern Mediterranean, a reliable European jurisdiction for AI-enabled services, and a bridge between the European Union and neighbouring regions.

This Vision concentrates effort on sectors where trust, regulation, service quality, and human expertise are central, and where AI enhances rather than displaces these attributes.

This Vision rests on 5 key ideas, from which the Strategic Objectives are derived:

- 1) **AI sovereignty leveraging partnerships**, with Cyprus controlling all critical layers, including sovereign compute, governed access to high-value data, core skills, and national AI assurance, while using partnerships to reach scale where Cyprus cannot compete alone.
- 2) **Dual strategy of focus and differentiation**: concentrating effort where AI can drive national productivity and GDP growth fastest, while building sovereign capabilities that position Cyprus as a fast, credible, EU-aligned route to market.
- 3) **Human-centred AI**: systems that augment human performance while preserving human agency.

- 4) **AI as an enabling technology for economic growth and resilience.**
- 5) **Trustworthy AI**, implemented and operated in compliance with responsible AI practices.

2.4.1 Priority Sectors for Leadership

The following priority sectors were identified as the key sectors for adoption of AI use cases, due to their high contribution to national GDP and their high exposure to AI-driven transformation and productivity gains. The Strategy further recommends fostering the AI innovation and startup ecosystem across these priority sectors to further support growth and scalability:

Government and Public Sector

AI will be used to improve productivity, service delivery, internal efficiency, and policy design. Emphasis will be placed on citizen-facing services, case management, fraud detection, and decision support, while maintaining human oversight.

Financial Services and Financial Technology

AI adoption will support compliance, risk management, customer due diligence, and operational efficiency. Cyprus will position itself as a jurisdiction where AI strengthens regulatory outcomes and financial integrity.

Healthcare and Life Sciences

AI will support clinical decision-making, resource planning, and preventive care. Deployment will focus on improving outcomes and system sustainability, while protecting sensitive data and patient rights.

Tourism and Hospitality

AI will enable more personalised, efficient, and sustainable visitor experiences. Use cases include demand forecasting, service personalisation, and operational optimisation.

Legal Services

AI will augment expertise in legal analysis, research, and advisory services. This will enhance productivity and service quality while preserving professional accountability.

Education and Human Capital Development

AI will support personalised learning, skills development, and workforce planning, preparing citizens for an AI-enabled economy.

Shipping and Maritime

AI will support operational efficiency through predictive maintenance and intelligent route and fuel optimisation. Digital twins of vessels will enable continuous analysis to support prediction and prevention. Compliance, risk, and safety will be strengthened through a regulatory copilot that reduces administrative burden across multi-jurisdiction operations.

Entrepreneurship and Innovation

AI will support the shift from a service economy to a service plus knowledge economy, building a strong innovation ecosystem. This pillar turns sovereign compute, trusted data, and research excellence into new firms, new exports, and new high-skill jobs, while keeping intellectual property (IP) and decision-making anchored in Cyprus.

By focusing on specific industries across the private and public sectors, Cyprus can:

- Increase value and/or volume of output per worker.
- Reduce friction, waste, and delay.
- Raise average revenue per user (ARPU) in tourism, financial services, healthcare, maritime, legal services and digital economy sectors.
- Shift Cyprus toward a high-value, knowledge-intensive growth model, building strong foundations for a developing innovation ecosystem.

2.4.2 Innovation Value Chain

The Strategy considers structural weaknesses and addresses them by transforming the national Research and Innovation (R&I) ecosystem into a fully integrated, industry-oriented engine of growth. By establishing fast, low-friction pathways from frontier research to scalable commercial products and services, Cyprus aims to create one of Europe's most agile and effective innovation value chains. This approach directly responds to the core recommendations of the Letta Report (April 2024)¹¹ and the Draghi Report (September 2024)¹², while positioning Cyprus as a first mover in implementing the emerging EU industrial and competitiveness strategy.

2.5 National Strategic Objectives

This Strategy is structured around 8 national strategic objectives. Together, these objectives define how AI will be used to support Cyprus's economic development, public-sector transformation, and long-term resilience. They provide a common reference point for policy, investment, and delivery across government and the wider economy.

2.5.1 Objective 1: Establish Cyprus as a trusted jurisdiction for AI

Cyprus will position itself as a jurisdiction where AI is developed and deployed in a predictable, transparent, and accountable manner. Trust will be built through strong governance, regulatory clarity, and full alignment with European law.

This objective goes beyond compliance alone. It aims to create an environment in which trust functions as an economic and innovation enabler. By providing regulatory certainty, high standards of assurance, and clear expectations for responsible AI use, Cyprus can attract companies, researchers, and entrepreneurs who wish to develop, test, and deploy AI systems in a stable and credible European environment.

In this sense, becoming a trusted jurisdiction for AI is a foundational step toward establishing Cyprus as an Eastern Mediterranean AI hub .

As Cyprus builds its readiness to participate as a member of the Global Partnership on AI (GPAI), it will seek to leverage the EU AI Maturity Assessment Tool to develop a national AI maturity matrix. This assessment will be conducted every two years by the National AI Authority and will serve as a foundational instrument to guide strategic decision-making and improvement. AI adoption and usage shall be subject to oversight and assessment by the appropriate competent authorities as defined by the Government.

¹¹ [Enrico Letta, Much More Than a Market \(April 2024\).](#)

¹² [Draghi Report Part A](#) and [Draghi Report Part B](#).

2.5.2 Objective 2: Increase national productivity through responsible AI adoption

To raise productivity across the economy and the public sector, priority will be given to AI use cases that reduce administrative burden, improve decision-making, and allow organisations to operate efficiently with existing resources.

The Strategy aims, under an ambitious but plausible scenario, to enable up to 15% productivity improvement relative to the baseline growth trajectory by 2032. This will represent a structural improvement in productivity and a transformative leap for Cyprus's economy. This upper-bound scenario would correspond to a meaningful increase in GDP and broader economic impact. In practice, actual outcomes will depend on global conditions, investment levels, and policy execution.

Productivity gains will be pursued in a manner that supports workforce augmentation, job quality, and skills development, rather than displacement.

Beyond direct output effects, this could also amplify growth through:

- Investment attraction: Increasing FDI inflows as higher productivity signals efficiency.
- Employment effects: Net job creation of more than 3,000 high-skilled roles, offsetting any automation displacement via reskilling.
- Fiscal gain: Higher tax revenues over 10 years, funding further AI infrastructure and social benefits.

2.5.3 Objective 3: Build a strong and inclusive AI ecosystem

Cyprus will foster an AI ecosystem that supports innovation, experimentation, and collaboration across startups, established businesses, research institutions, and public-sector organisations.

The ecosystem will be inclusive by design, ensuring that small and medium-sized enterprises, as well as organisations outside the technology sector, can access AI capabilities, infrastructure, and guidance.

AI research will be more closely connected to real-world challenges. Applied research, pilot projects, and industry partnerships will be prioritised to accelerate the translation of research into impact.

This objective supports innovation that addresses national priorities and contributes to economic development.

2.5.4 Objective 4: Transform public services through AI-enabled delivery

AI will be used to modernise public administration and improve service delivery, enhancing efficiency, accessibility, and responsiveness, while maintaining accountability and human oversight.

AI adoption in government will focus on practical use cases that deliver measurable public value and strengthen trust in public institutions.

2.5.5 Objective 5: Develop, attract and retain AI-related skills and talent

Cyprus will invest in the development of AI-related skills across the workforce and society, including basic AI literacy, advanced technical skills, and sector-specific competencies.

By 2032, Cyprus aims to develop a skilled AI workforce of approximately 3,000 professionals, including AI engineers, data scientists, no-code developers, prompt engineers, and certified

specialists. A strong emphasis will be placed on reskilling and upskilling employees as part of a lifelong learning programme.

Education, training, and reskilling initiatives and incentives will be aligned with labour market needs to ensure that citizens and organisations are prepared for AI-enabled work.

2.5.6 Objective 6: Ensure secure, sovereign and interoperable data and infrastructure foundations

Reliable data and physical and digital infrastructure are essential for scaled AI adoption. Cyprus will strengthen data governance, interoperability, and access to secure digital infrastructure.

This objective supports resilience, cybersecurity, and strategic autonomy, while enabling compliance with European and national regulatory requirements.

2.5.7 Objective 7: Embed strong governance, ethics and accountability across all AI use

Every AI system deployed or supported by the Republic of Cyprus, whether in public administration or made available to the private sector, will adhere to the highest standards of governance, ethics, and accountability, and its delegated and implementing acts.

Strong governance will be embedded across the entire AI lifecycle. Ethical principles, risk management, and accountability mechanisms will guide the design, procurement, deployment, and monitoring of AI systems.

2.5.8 Objective 8: Develop Sovereign Capability through Partnerships

Cyprus will develop sovereign AI capability by building critical technological and human capacities while leveraging strategic partnerships with trusted public, private, academic, and international actors, in full alignment with ethical principles and European values.

This objective ensures that Cyprus retains meaningful control, knowledge, and resilience in key AI capabilities, even where delivery is supported through external collaboration. Sovereign capability does not imply isolation, but the ability to make informed, independent decisions, manage risk, and sustain long-term national capacity in a manner that protects public interest.

Technological capability development will prioritise access to and understanding of core AI platforms, data infrastructure, deployment environments, and system integration capabilities. Partnerships will be structured to support co-development, knowledge transfer, interoperability, and portability, while embedding ethical safeguards, transparency requirements, and accountability mechanisms by design.

Human capital development is equally central. Cyprus will expand domestic expertise in AI, chip and open chiplet design, data governance, system oversight, and responsible deployment through partnerships with universities, research institutions, industry leaders, and European initiatives. Education and training programmes will integrate ethical reasoning, legal awareness, and responsible innovation practices alongside technical skills. Training programmes will additionally enable the skilling, reskilling and upskilling of the workforce across specialisation sectors and fields: accountants, CFOs, lawyers, public-sector employees, doctors and medical staff, senior leadership, mid-management, tourism sector, and financial services.

Public–private and international partnerships will be selected, governed, and monitored based on trust, alignment with European law and values, and contribution to long-term capability building. Collaboration arrangements will ensure that ethical standards, human oversight, and compliance obligations are upheld throughout the lifecycle of AI systems.

Through this objective, partnerships are positioned as enablers of sovereignty and responsibility. The outcome is a country capable of developing, adopting, and governing AI in a manner that is technically capable, ethically grounded, and aligned with Cyprus’s long-term strategic interests.

3. Strategic Implementation Approach

The delivery of this Strategy requires a coordinated, whole-of-system approach. AI adoption is not driven by a single intervention, but by the combined effect of the following:

- Design principles.
- Data-led execution.
- Governance and accountability.
- AI adoption across government and the economy.
- Talent, skills, and organisational readiness.
- Infrastructure, compute, and digital sovereignty.
- Research, innovation, and ecosystem enablement.
- Ethics, trust, and responsible AI.
- Measurement, monitoring, and continuous adaptation.

This implementation approach sets out how the Strategy is operationalised across government, the economy, and society.

3.1 Structured Approach to Design Principles and Impact Dimensions

The Strategy is designed as an execution-oriented framework driven by design principles. It is built on the concept that effective AI adoption depends as much on governance, design, and organisational capability as on technology itself. AI initiatives are therefore assessed and prioritised based on their ability to deliver public value, comply with regulatory requirements, and be sustained over time.

3.1.1 Impact Dimensions

It is structured around 3 reinforcing dimensions of impact:

➤ **Operational acceleration**

AI will be used to reduce friction, automate routine processes, and improve efficiency across government and industry. This includes decision support, workflow automation, and predictive analytics that enable organisations to operate more effectively with existing resources.

➤ **Personalisation at scale**

AI will enable services to be tailored to individual needs while remaining scalable and cost-effective. This applies to citizen services, customer interaction, education, healthcare, and tourism. Personalisation will be implemented within clear boundaries to protect privacy and ensure fairness.

➤ **Trust, security and compliance at the core**

Operational scale and personalisation must be underpinned by trust. All AI systems deployed under this Strategy will be designed with security, compliance, and risk management at their core. Legal, ethical, and cybersecurity requirements will be embedded throughout the AI lifecycle, from design and procurement to deployment and monitoring. This ensures that scaling AI capability does not compromise rights, safety, or institutional integrity.

3.1.2 Design Principles

To achieve the above impact, all AI initiatives under this Strategy will adhere to a common set of design principles. These principles ensure consistency, trust, and long-term value.

➤ **Human-centred by design**

AI systems will support human decision-making rather than replace it. Clear roles, responsibilities, and oversight mechanisms will be defined for high-impact systems.

➤ **Trust and transparency**

AI systems must be explainable, auditable, and understandable to those affected by their use. Transparency requirements will scale with risk and impact.

➤ **Compliance by design**

Legal and regulatory requirements, including data protection obligations, will be embedded from the earliest stages of design and procurement.

➤ **Reuse and interoperability**

Shared platforms, common components, and interoperable standards will be prioritised to reduce duplication and increase efficiency across organisations.

➤ **Security and resilience**

AI systems will be designed to be secure, robust, and resilient to misuse, failure, and cyber threats.

➤ **Value-driven deployment**

AI initiatives will be selected based on measurable outcomes, not technological novelty. Pilots will be scaled only where value is demonstrated.

A recurring blind spot observed in many countries is a long list of disconnected pilots. Cyprus's Strategy aims to avoid this by defining a disciplined approach to choose and sequence AI investments. AI adoption will follow a structured lifecycle, from problem definition and data readiness to deployment, monitoring, and review. Continuous evaluation will ensure systems remain effective, lawful, and aligned with policy objectives.

3.2 Data as a Strategic National Asset

The effectiveness, scalability, and trustworthiness of AI systems depend directly on the quality, availability, interoperability, and governance of data. For Cyprus, treating data as a strategic national asset is essential to delivering the objectives of this Strategy.

3.2.1 Strategic Role of Data

Public-sector data holds strategic value. This Strategy calls for a federated national data architecture connecting ministries, hospitals, universities, and regulated sectors through secure APIs and standardised metadata to:

- Enable GDPR-compliant sharing of high-value datasets.
- Support sectoral data spaces (health, finance, mobility, energy, environment, tourism, maritime).
- Preserve sovereignty by avoiding unnecessary centralisation of sensitive information.
- Provide controlled research and innovation access through clear decision rights and full auditability.

When managed effectively, data enables predictive analysis for policy evaluation, and AI-enabled services that improve outcomes for citizens and businesses. When fragmented or poorly governed, it limits impact, reduces public trust, and increases operational, regulatory, and legal risk. Strengthening data governance and interoperability is therefore a foundational requirement for responsible and scalable AI adoption in Cyprus.

3.2.2 Data Governance and Stewardship

Strong data governance is essential for trust. This Strategy prioritises clear roles and accountability for data stewardship across public institutions. Data owners are responsible for ensuring data quality, security, lawful use, and appropriate access controls.

Data governance frameworks will align with GDPR and relevant European and national requirements and will be further supported through the development of a Data Policy and Digital Governance Framework for Cyprus.

Equally important is organisational capability in relation to data. Skills, processes, and tools for data management, quality assurance, and governance must be strengthened across institutions. Data capability is treated as a core component of institutional maturity.

3.2.3 Interoperability and Secure Data Sharing

AI requires the ability to combine and reuse data across systems and organisations. Interoperability is therefore a strategic priority.

This Strategy supports the adoption of common data standards, shared definitions, and interoperable architectures across government. Secure data-sharing mechanisms will enable reuse where it delivers public value, while maintaining controls for privacy, security and lawful access.

Data sharing will be purpose-driven and risk-based. Access will be granted only where justified, governed, and subject to appropriate oversight and monitoring.

3.2.4 Data by Design in Public Systems

New and modernised public-sector systems will be designed with data reuse, interoperability and analytics in mind. Data collection and management processes will be structured, documented, and accessible for legitimate secondary use, including AI applications.

This “data by design” approach ensures that future investments deliver long-term value and reduce the need for costly retrofitting.

3.2.5 Capability and Infrastructure

Data infrastructure must support secure storage, processing, and access at scale. This includes data platforms, analytics environments, and integration tools aligned with national and European requirements.

Data Layer (Warehouse)

An appropriate national data layer will support the secure hosting, sharing and reuse of anonymised datasets for research, evidence-based policymaking, and innovation, aligned with the data sandbox approach. The underlying architecture should include a data warehouse, data lake, data hub or a combination thereof, depending on operational, governance, interoperability, and AI capability requirements across government.

National Intelligent Digital API Fabric

The Strategy calls for developing a National Intelligent Digital API Fabric to enable cross-government interoperability and secure data exchange, connecting information systems, data assets, and AI services across ministries and, where legally appropriate, with regulated private sector participants.

This capability is a prerequisite for:

- National digital portals and orchestration platforms (e.g., Digital Citizen 2.0, Digital Company 2.0 and smart tourism portal).
- Cross-sector reuse of shared digital services (including identity services, document intelligence and multilingual processing).
- Secure and controlled integration patterns that support privacy by design and strong cybersecurity controls.

Strategic Outcome

By treating data as a strategic national asset, Cyprus creates the conditions for scalable, responsible, and trusted AI adoption. Strong data foundations reduce risk, improve efficiency, and enable innovation across government and the economy. This subsection establishes the data principles that underpin all subsequent AI adoption and implementation activities under this Strategy.

3.3 Governance and Controls

Effective governance and robust controls are essential to the successful implementation of the Strategy and responsible adoption of AI. As AI systems influence decisions, services, and outcomes, clear accountability, oversight, and risk management mechanisms are required to protect public interest and maintain trust.

This Strategy establishes a governance model and control framework to ensure that AI is deployed consistently, lawfully, and in alignment with national priorities. It defines institutional roles, responsibilities, and interaction mechanisms to support coherent, accountable, and risk-managed AI adoption across Cyprus. As AI technologies, regulations, and use cases evolve, governance arrangements may be refined to maintain effectiveness and relevance.

The governance model is designed to support innovation while protecting public interest. It balances strong national coordination with decentralised delivery and clear accountability at institutional level and ensures that AI adoption aligns with national priorities and European obligations, delivers measurable public and economic value, and maintains trust through transparency, accountability, and effective risk management.

Oversight and assurance mechanisms are integral to the governance model. These include risk-based approval processes, documentation and auditability requirements, and internal or external assurance where appropriate. Escalation procedures are in place to address incidents, failures, or high-risk issues promptly and transparently.

To support effective governance and oversight, the Strategy proposes the establishment of specialised councils and coordination bodies for key strategic and regulatory domains.

3.3.1 Governance Structure

The following bodies form the governance structure supporting the implementation and execution of the Strategy:

- Governing Bodies:
 - National AI Authority (including the Government AI Accelerator)
 - Interministerial AI Council
- Advisory Bodies:
 - National AI Taskforce
- Monitoring and Oversight Bodies:
 - National AI Infrastructure Council
 - National Ethics and Values Committee
 - National AI Misinformation and Security Council
 - National AI Skills Observatory
- Innovation and Development Bodies:
 - Government Innovation Hub
 - Industrial Centre of Excellence
 - National AI Cybersecurity Centre of Excellence
- Ministry Level Roles:
 - AI Officers (provided by the National AI Authority)
 - AI Champions (appointed by each ministry)

The figure below illustrates the governance structure and roles, adopting a model of central coordination, decentralised delivery, and risk-based control across the AI lifecycle.

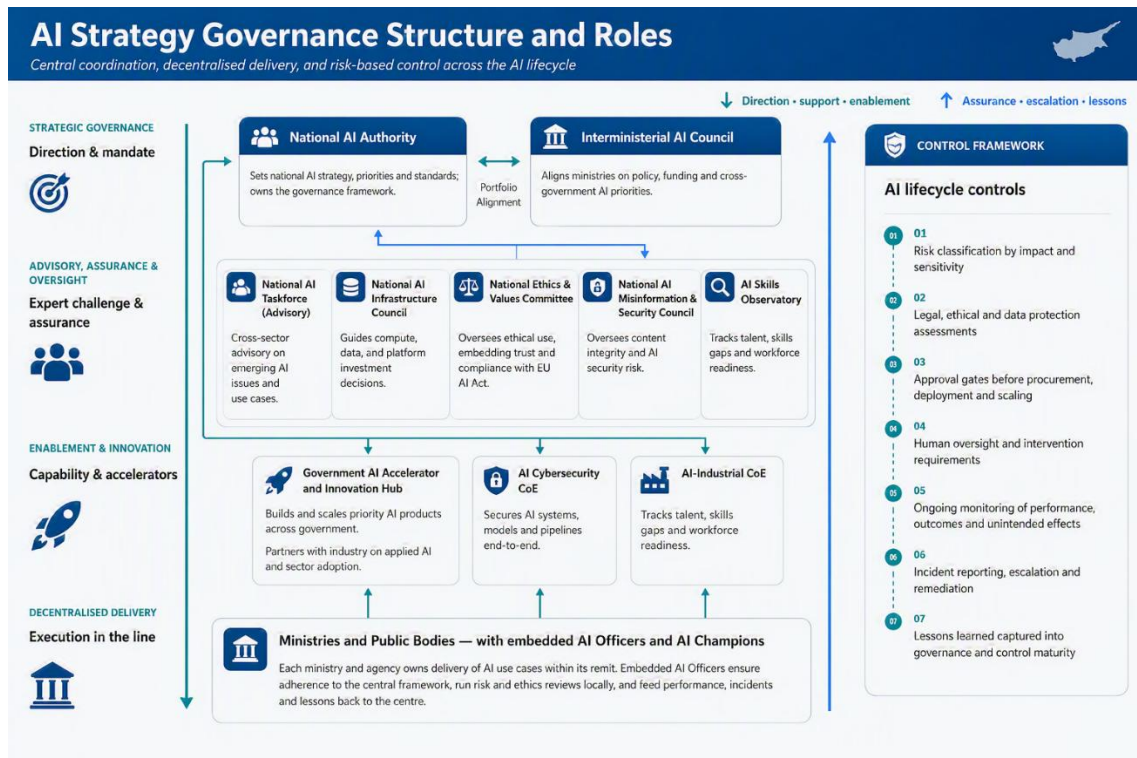


Figure 2: Governance Structure and Roles

3.3.1.1 National AI Authority

Strategic coordination and delivery of the Strategy will be led by a designated National AI Authority with a clear political mandate and the resources to act as both a policy coordination and execution body, as well as a governance and control gatekeeper. This Authority is responsible for setting national direction, establishing common frameworks and standards, and ensuring alignment with European regulation and national policy objectives. This Authority must be appropriately staffed and resourced to provide the political and technocratic leadership required to drive national AI priorities.

This Authority is responsible for setting overall direction, establishing common governance frameworks and standards, and ensuring alignment with European regulatory and policy requirements. It provides a focal point for cross-government coordination and acts as an escalation mechanism for issues that extend beyond individual organisational mandates. It will provide guidance on governance and acceptable use policy for AI to stakeholders in the public sector.

The Authority does not assume operational control over AI initiatives, nor does it replace ministerial authority or executive accountability within line ministries and public bodies. The designation of the National AI Authority shall be determined by the President of the Republic of Cyprus and ratified by the Council of Ministers.

3.3.1.2 Interministerial AI Council

An Interministerial AI Council shall be established to manage and promote the national portfolio and resolve cross-government matters related to the implementation of the Strategy. This Council shall focus on aligning priorities across ministries and facilitating the resolution of conflicts, bottlenecks and implementation challenges requiring cross-government coordination.

3.3.1.3 National AI Taskforce

The National AI Taskforce serves as an independent advisory body, separate from the executive functions of the governing bodies. It provides continuity of strategic direction across political and administrative cycles through policy advice and strategic recommendations to the President of the Republic of Cyprus and the Council of Ministers through the Deputy Minister of Research, Innovation and Digital Policy and the Chief Scientist of the Republic of Cyprus. The National AI Taskforce will also act as the coordinating body for the National Committees that provide advice, support and guidance.

The National AI Taskforce monitors the progress and performs regular reviews to assess whether the implementation of the Strategy is delivering the intended outcomes and remains effective. Based on its advisory nature, the National AI Taskforce can provide recommendations for the enhancement or the adaptation of the Strategy is submitted to the Council of Ministers via the Deputy Minister of Research, Innovation and Digital Policy.

3.3.1.4 National AI Infrastructure Committee

The National AI Infrastructure Committee shall provide strategic oversight of national AI compute resources and promote responsible, secure, and sustainable use of national AI resources. The Committee will oversee the strategic matters relating to AI compute and data investments, infrastructure sustainability, operational performance and associated economic models. Following consultations with the relevant stakeholders, including the Government Innovation Hub and Pharos-CY, it shall also (i) recommend annual priorities and provide guidance to the National AI Authority, and (ii) publish an annual State of the National AI Infrastructure report.

3.3.1.5 National Ethics and Values Committee

The National Ethics and Values Committee shall oversee the promotion of ethical principles and public trust across the implementation and use of AI systems under this Strategy. All recommendations and guidelines are submitted to the National AI Taskforce.

3.3.1.6 National AI Misinformation and Security Council

The National AI Misinformation and Security Council shall be responsible for safeguarding against misinformation, disinformation and cybersecurity threats. It shall assess the system risk of AI models and provide insight, guidelines, and policy recommendations to the regulating and policy-making authorities to build up mechanisms, tools, and assets required to increase Cyprus's posture on AI security and misinformation. All recommendations and guidelines are submitted to the National AI Taskforce.

3.3.1.7 National AI Skills Observatory

The National AI Skills Observatory (NASO) will monitor workforce readiness and guide national upskilling and reskilling programmes. It will measure progress across the education-to-labour pipeline, ensuring policy remains evidence-based and responsive.

Roles, Accountability and Decision-making

Ministers retain responsibility for policy outcomes within their portfolios, including accountability for operations, governance, security and performance of AI systems that support strategic objectives such as improved service delivery, citizen experience, and productivity.

Budget allocations will be aligned with the strategic performance goals agreed between the Ministry of Finance and the Deputy Ministry of Research, Innovation and Digital Policy.

Senior executives are accountable for the implementation and operational performance of AI systems within their organisations. Ministries and public bodies retain full responsibility for AI adoption within their respective mandates, including the identification and prioritisation of AI use cases, resource allocation, delivery management, and accountability for outcomes and impacts. The direction is provided by the Strategy and complemented by tools, resources and guidance provided by the National AI Authority.

AI initiatives shall be embedded within existing policy, operational and accountability structures and shall not be treated as standalone or experimental activities.

The decision-making authority shall be clearly defined and documented for each stage of the AI lifecycle, from approval and procurement to deployment and ongoing operation.

Government AI Accelerator

Shared capability will be provided through a Government AI Accelerator (ApplyAI Framework), which will support ministries and public bodies with technical expertise, delivery support, and access to reusable tools, platforms, and templates. It will facilitate pilot projects, testing, and scaling of AI solutions, while promoting knowledge sharing and consistency across government. The Government AI Accelerator will be resourced appropriately by the National AI Authority.

The Accelerator will complement rather than replace institutional ownership and responsibility. This will be coupled with a cascading obligation approach, whereby every ministry deploying AI will be required to maintain its own Applied AI Strategy aligned with the National AI Strategy and in line with the EU AI Act, with an updated adoption plan every 3 years.

This combination of central coordination and decentralised ownership ensures coherence without limiting operational flexibility.

Government Innovation Hub (GIH)

To accelerate public-sector innovation and delivery, the Strategy calls for the establishment of a Government Innovation Hub (GIH) as a sovereign prototyping, testing and evaluation centre supporting ministries to move AI initiatives from ideas through to validated deployments and implementation, prioritising high-impact sovereign application requirements.

The Government Innovation Hub will:

- Build on infrastructure prioritising RISC-V, a foundational technology tool for sovereignty and new guidelines, in line with the European Technological Sovereignty Package that aims to support the development of research, design, development and deployment of technologies to promote full-stack integration.
- Provide a secure environment for proof-of-concepts initiatives that can mature into production services within the Digital Strategy.
- Support ministries in an AI-first and cloud-first approach. AI systems and solutions not requiring sovereign applications will be led by the AI CoE which will coordinate exclusively with the Government Innovation Hub.
- Guide and support developments for sovereign specialised learning models (SLMs)
- Offer architecture and compliance guidance aligned with EU standards, reducing reinvention across ministries.

- Collaborate with startups and the national AI Factory antenna (Pharos-CY) to bring innovation into government through controlled pilots.
- Create tools, resources, assets, and a sovereign blueprint providing scale by building Governance-as-a-Service, compliance auditing adhering to the relevant articles of the EU AI Act on security, oversight, and reduction of bias. The above will support the development of AI sovereignty under the leadership and coordination of the Deputy Ministry of Research, Innovation and Digital Policy.
- Act as the go-to resource entrusted with developing a sovereign AI architecture to support the national AI blueprint. It will also provide services to the private sector spearheading the development of sovereign industry solutions made in Cyprus and exported to the world.

National AI Industrial Centre of Excellence

The National AI Industrial Centre of Excellence will spearhead the readiness, adoption and transition of industry benefiting from new AI developments. It will provide resources, development and engineering, and governance guidance across priority sectors of the economy. It will serve as a bridge between AI innovation and real-world industrial deployment, enabling the translation of next-generation AI agentic technologies and emerging AI capabilities into practical and scalable industry solutions, while supporting the developments requiring preparation of blueprints and capacity to accelerate compliance with the EU AI Act.

National AI Cybersecurity Centre of Excellence

The National AI Cybersecurity Centre of Excellence will bring together industry, academia, and public institutions to address the intersection of AI and cybersecurity, including both the use of AI to strengthen cyber defences and the securing of AI systems from cyber threats and attacks.

The Centre will support frontier security research, the development of practical security standards and guidance, and the translation of outcomes into deployable cybersecurity solutions for organisations across the public and private sectors. The National AI Cybersecurity CoE will coordinate with stakeholders and associated government entities (e.g., DMRID Cybersecurity Directorate, DSA) for the development of security and privacy guardrails, controls and policies, creating thresholds and limitations for AI technologies, with the intention to protect the government and infrastructure from advanced unwarranted attacks.

AI Officers

Line ministries and public bodies retain full responsibility and accountability for AI adoption within their respective mandates. This includes identifying and prioritising AI use cases, allocating resources, managing delivery, and remaining accountable for outcomes and impacts while leveraging the shared capabilities, services and programmes offered by the National AI Authority, including the ApplyAI programme. AI initiatives shall be embedded within existing policy, operational, and accountability structures rather than treated as standalone or experimental activities. Ministries remain accountable for contributing to the objectives and outcomes of the National AI Strategy. Operational leadership for AI adoption will be embedded across the government through designated AI Officers within ministries and designated public-sector organisations.

This role ensures that AI initiatives are driven close to operational and sectoral needs while remaining aligned with national governance requirements.

The National AI Authority shall coordinate and outsource AI Officers to ministries complemented by resources, selected by each ministry, who will be trained to act as AI ambassadors and change agents.

These two resources for every ministry will be accountable parties at ministerial level.

The AI Officer serves as the focal point for AI within the organisation and is responsible for coordinating AI-related activities, supporting the implementation of the National AI Strategy within the ministry or public body and ensuring compliance with governance, legal, and ethical requirements. The role also supports internal capability development, awareness, and alignment with national standards.

AI Officers operate within existing organisational hierarchies and do not constitute a separate authority or governance layer.

AI Ambassadors

An AI Ambassador, also referred to as an AI Champion, shall be designated within each ministry to act as a change agent, tasked with championing AI adoption across their respective sectors while also supporting national engagement and representation of Cyprus in relevant international initiatives and collaborations.

3.3.2 Control Framework

Controls are embedded across the full AI lifecycle, including design, development, procurement, deployment, operation, monitoring, and decommissioning, to manage risk, ensure compliance, and maintain system integrity. This is presented in more detail in [Annex B](#) of this document.

Control mechanisms include:

- Risk classification of AI use cases based on impact, sensitivity and potential harm.
- Mandatory legal, ethical and data protection assessments for high-impact systems.
- Approval gates before procurement, deployment, scaling or material modifications to AI systems.
- Defined requirements for human oversight, accountability and intervention.
- Ongoing monitoring of system performance, outcomes and unintended effects.
- Adherence to defined security guardrail requirements.
- Use of approved and certified delivery and implementation partners in line with established governance and procurement requirements.

Controls shall be proportionate and risk-based. Higher-risk applications are subject to stricter oversight, documentation, and assurance requirements.

Compliance shall be treated as a design requirement rather than a post-deployment check. Legal and regulatory obligations are integrated into governance processes, procurement practices, and system design.

Governance arrangements will include clear procedures for incident reporting, escalation, and remediation. Failures, breaches, or unintended consequences shall be addressed promptly through defined responsibilities and corrective action mechanisms.

Lessons learned and operational insights will be continuously incorporated into governance and control frameworks to improve institutional resilience and AI maturity over time.

Strategic Outcome

Through robust governance and control mechanisms, Cyprus will ensure that AI adoption remains lawful, accountable, and aligned with public interest. This framework enables innovation while managing risk, supporting trust, and protecting institutional integrity.

3.4 AI Adoption Across Government

AI adoption within government is a central pillar of this Strategy. The public sector plays a dual role as both a user of AI and a steward of public trust. AI deployment must therefore deliver measurable public value while maintaining transparency, accountability, and human oversight.

Every ministry and organisation deploying AI will be required to maintain its own Applied AI Strategy aligned primarily with the EU AI Act.

Government adoption focuses on practical high-value and impact AI use cases that improve service delivery, enhance operational efficiency, and strengthen policy effectiveness.

3.4.1 Priority Areas for Government Adoption

AI will be applied where it can deliver clear and demonstrable benefits, specifically measuring in terms of productivity, efficiency and public value. The government will work towards establishing principles and prerequisites to support the transition towards AI-first procurement models by 2032. Priority areas with demonstrable benefits include citizen-facing services, internal administrative processes, and policy support functions.

In service delivery, AI will support faster processing, improved accessibility, and more personalised interaction experiences for citizens and businesses. In internal operations, AI will be used to reduce administrative burden, enhance workforce productivity, improve resource allocation, consolidate knowledge transfer, improve service quality, experiences and processes, and support improved employee experience. In policy and regulatory functions, AI will provide analytical and forecasting capabilities to support evidence-based decision-making.

3.4.2 Use Case Driven Approach

Government AI adoption follows a use case driven approach, whereby problems are defined before solutions are selected, with a clear articulation of expected impact in terms of productivity, efficiency, and customer service quality. Each proposed AI initiative must demonstrate a clear link to organisational objectives and public value, including productivity, efficiency and citizen experience.

Use cases are assessed based on expected impact, feasibility, data readiness, and risk. Low-risk and high-impact initiatives are prioritised for early deployment, while higher-risk applications will be subject to additional governance and control requirements.

3.4.3 Human Oversight and Accountability

Human oversight remains central to all government AI systems. AI is used to support, not replace, human judgement, particularly in decisions that affect rights, access to public services, or legal outcomes.

Clear accountability is assigned for each AI system. Public servants remain accountable for decisions informed or supported by AI, with mechanisms in place to review, override, or appeal outcomes where necessary.

3.4.4 Shared Capabilities and Reuse

Government AI adoption prioritises shared platforms, common tools, and reusable components. Capabilities developed in one organisation will be reused where appropriate across government.

This approach maximises efficiency and consistency by reducing duplication and cost, accelerating learning and ensuring consistent application of governance and control frameworks.

3.4.5 Capacity Building and Change Management

Successful AI adoption requires organisational readiness. Government bodies will be supported in building internal capability, including understanding of AI limitations, managing change, and integrating AI into existing workflows.

Change management is treated as a core component of deployment. Training, communication, and stakeholder engagement ensure that AI systems are used effectively and responsibly and in alignment with organisational objectives.

Strategic Outcome

Through structured and responsible adoption, AI strengthens public administration, improves service quality, and enhances policy effectiveness. Government use of AI demonstrates leadership by example, setting standards for responsible adoption across the wider economy.

3.5 Priority Sectors

Adoption of AI within the industry is not mandatory; however, it is highly recommended for organisations seeking to improve their productivity, efficiency and customer experience.

To close the productivity gap and position Cyprus in the top quartile of European Digital Economies by 2032, the Strategy concentrates effort on areas where AI can deliver the highest impact and fastest value creation. It is organised around eight priority sectors and a shared delivery model that makes adoption repeatable across the public sector and scalable across priority private sectors.

Each Priority Sector is a value-creation mission aligned with Cyprus's economic profile and comparative advantages. Across all priority sectors, delivery follows the same strategic dimensions introduced in earlier chapters, in essence, operational accelerators that raise productivity and resilience and trusted personalisation that improves citizen and customer experience. More details on policy intent, flagship programmes, governance, and performance indicators for each Priority Sector can be found in [Annex C](#).

The Strategy follows a focus and differentiation approach. Focus means concentrating effort on high-impact sectors and use cases where AI can drive national productivity and GDP growth fastest. Differentiation means building sovereign capability in the critical layers Cyprus cannot afford to outsource, while leveraging collaborations and partnerships to achieve scale and ensure alignment with national values, requirements, and rights. This approach positions Cyprus as a fast, trusted, EU-aligned route to market.

All Priority Sector actions and initiatives will be delivered through shared capabilities and controls to prevent fragmentation and reduce time to value, including common digital services, governed data access, sovereign compute where required, and assurance mechanisms aligned with the requirements of the EU AI Act.

The Strategy also recommends fostering the AI innovation and startup ecosystem across these priority sectors to further enable growth.

Priority Sectors for Leadership at a Glance

The priority sectors reflect areas where AI adoption can deliver significant public value, productivity, efficiency gains and strategic advantage for Cyprus.

1. Government and Public Sector
2. Financial Services and Financial Technology
3. Healthcare and Life Sciences
4. Tourism and Hospitality
5. Legal Services
6. Education and Human Capital Development
7. Shipping and Maritime
8. Entrepreneurship and Innovation

The Strategy introduces mandatory Applied AI Strategies for all ministries.

The dual priority of public and private sector adoption underpins a scalable and repeatable operating model for AI delivery in Cyprus. It establishes a consistent framework for how priorities are defined, how solutions are developed and governed, and how compliance, value creation, and impact are measured across government and regulated industries.

Within the public sector, delivery is anchored in a portfolio of shared, reusable AI use cases that can be deployed across ministries at scale. This is complemented by 6 transformational “moonshot” initiatives (outlined in [Annex C](#)), designed to drive systemic change and position Cyprus as a leader in high-impact AI adoption by 2032.

The priority sectors reflect areas where AI adoption can deliver significant public value, productivity, efficiency gains and strategic advantage for Cyprus. Every ministry deploying AI will be required to maintain its own Applied AI Strategy aligned with the National AI Strategy, renewed every three years. In addition, every sizeable organisation must formalise an AI adoption plan.

1. Government and Public Sector

This transforms government by supporting the transition from e-governance to intelligent governance through proactive, citizen-first service delivery enabled by human-centred AI augmentation across ministries and priority sectors. The 2032 national adoption target

involves increasing AI adoption from the current baseline to 50% across government and priority sectors.

The following key initiatives are defined:

- **Common Intelligent Government Platform:** A modular platform extending existing digital backbones over and above exposing shared services, identity, payments, document intelligence, case management, and multilingual assistants, configurable by ministries. Built on a "build once, reuse everywhere" principle to eliminate duplicate procurement and fragmented deployments.
- **AI Industrial Centre of Excellence:** The AI Industrial Centre of Excellence supports the adoption, development and governance of AI technologies across priority sectors of the economy. It will serve as a bridge between AI innovation and real-world industrial deployment, enabling the translation of emerging AI capabilities into practical and scalable solutions. Unlike other organisation-specific capability models, the AI Industrial Centre of Excellence will operate at sectoral and national level, supporting shared industrial priorities and ecosystem-wide capability and development. The AI Industrial Centre of Excellence reports to the National AI Authority.

Compliance matters addressed include the following:

- **EU AI Act Readiness:** National preparedness for compliance with the EU AI Act, including readiness for high-risk system registration, auditability, incident response, and relevant conformity assessment obligations.
- **National AI Authority:** Designation of a National AI Authority with executive mandate for policy leadership, standards, enablement, compliance oversight, and operation of shared national platforms.
- **Portfolio Governance and Review:** Quarterly portfolio reviews coordinated by the National AI Authority across all ministries and priority sectors.

Adoption Principles

- **Build Once, Reuse Everywhere:** Shared national AI capabilities and platforms will provide reusable common services including document intelligence, predictive case routing, and multilingual AI assistants, will introduce improvements to existing services where required (verification, payment), and deliver other AI-enabled capabilities that can be adopted across ministries and priority sectors. The Build Once, Reuse Everywhere principle will complement the revised Digital Strategy.
- **Value-First Portfolio:** 16 flagship transformation programmes will be assessed based on measurable citizen and business impact, implementation feasibility and clear value realisation. The National AI Authority, following consultation with stakeholders, will prioritise 6 flagship transformation programmes, referred to as "moonshots", for implementation by 2032, as outlined in [Annex C](#).
- **Ministry-Led, Centrally Enabled:** Ministries retain ownership of their AI use case pipeline and remain accountable for operational delivery, governance, security and compliance within their respective domains. Delivery will be supported through a common ApplyAI programme playbook providing shared expertise, standards, assurance mechanisms, tooling and implementation support.

- The ApplyAI programme will support ministries and participating organisations through specialised teams, reusable methodologies, and implementation guidance that translate AI use cases into compliant and scalable deployments.
- The National AI Strategy recommends high-impact, high-value use cases in priority sectors but does not mandate specific AI solutions. Ministries and organisations select, sequence, and govern initiatives based on value, feasibility, readiness, and risk in pursuit of productivity and customer-citizen experience targets.

Enabling Responsible Experimentation

Responsible experimentation will be encouraged to accelerate learning and innovation. Regulatory clarity, guidance on compliance, and access to shared infrastructure enable organisations to test and deploy AI solutions with confidence. Responsible experimentation will be supported through relevant national research and innovation structures, including Pharos-CY AI Factory Antenna, CyNet, Government Innovation Hub, sector-specific Centres of Excellence, and other authorised testing and innovation environments, depending on sectoral scope and applicability.

Where appropriate, controlled testing environments, pilot programmes and regulatory sandbox mechanisms will support experimentation while managing operational, legal, and ethical risks. Lessons learned from these activities will be used to refine standards, implementation guidance, and governance frameworks over time.

Supporting Small and Medium-Sized Enterprises

Small and medium-sized enterprises play a critical role in the Cypriot economy but often face barriers to AI adoption. This Strategy prioritises inclusive adoption by addressing capability, cost, and access constraints. Small and medium-sized enterprises will be supported by government subsidy through the AdoptNAICF programme and the Industrial AI Centre of Excellence.

Support measures focus on access to skills, shared tools, guidance on compliance, and scalable solutions that reduce complexity and risk for smaller organisations.

Scaling Proven Use Cases

Adoption efforts will prioritise scaling AI use cases that demonstrate measurable value, operational effectiveness, and public benefit. Successful applications will be promoted across sectors to encourage reuse, replication and faster time-to-value.

This approach ensures that investment is directed toward initiatives with proven impact and scalability rather than isolated or fragmented experimentation.

Public-Private Collaboration

Collaboration between government, industry, and research institutions is encouraged to support AI adoption, innovation and capability development. Public-sector challenges can be used as opportunities for co-development and learning, while industry expertise and market experience will inform practical implementation approaches.

This collaborative approach strengthens national capability, accelerates adoption, supports ecosystem development and promotes innovation aligned with national priorities.

2. Financial Services and Financial Technology

Financial services is a core pillar of the Cyprus economy and a primary target for AI adoption. The Strategy focuses on AI-enabled productivity and efficiency improvements across banking, insurance, fintech, and regulatory compliance, with full alignment to DORA, NIS2, and EU AI Act obligations.

The following key initiatives are defined:

- **AML and Fraud Detection:** AI-powered transaction monitoring, anomaly detection, and automation of regulatory reporting processes.
- **AI-Augmented Advisory:** Intelligent decision support for CFOs, compliance officers, and relationship managers including intelligent budgeting and financial planning.
- **Intelligent Insurance:** Predictive underwriting, claims automation, and personalised insurance products and services.
- **Regulatory Compliance and Reporting:** Automated regulatory submissions, compliance monitoring and reporting aligned with EU regulatory frameworks.
- **FinTech Innovation:** Position Cyprus as a testbed for EU-aligned AI-native financial products and services targeting regional and EU markets.
- **Administrative Efficiency and Automation:** Automation of back-office functions such as accounts payable and receivable, expense management, reconciliation and reporting processes.

3. Healthcare and Life Sciences

Cyprus will pursue a bold, patient-centric transformation of healthcare using AI to improve quality of care, clinical decision-making, and system effectiveness. By 2032, Cyprus aims for 50% of its medical workforce to be trained in AI-enabled practices. The Strategy also targets foundations for predictive treatment and virtual human twins by 2032.

The following key initiatives are defined:

- **Secure National Health Data Repository:** A national repository consolidating encrypted clinical data from primary care, hospitals, laboratories, imaging, and prescriptions. It will be governed by independent Data Access Committees in line with data governance, healthcare cloud policy and infrastructure with a target of zero data protection incidents. This will be elaborated in the dedicated AI healthcare strategy, to be developed by December 2027.
- **Virtual AI Patient Orchestrator:** A multilingual digital front door supporting symptom reporting, risk alerts, appointment booking, referrals, and telemedicine handoffs under clinician oversight.
- **Intelligent Triage and Care Navigation:** A nationally coordinated system to reduce waiting times, improve triage accuracy, and enable real-time patient routing to appropriate care pathways, including emergency services, based on clinical urgency. This system will interact where necessary with existing and planned systems.
- **Socratic Scaffolding Diagnostic AI:** PhD investment (2026–2029) to develop a diagnostic AI paradigm that preserves clinician agency, with clinical pilots after 2032.
- **Digital Healthcare Twin:** A system providing the Ministry of Health with management insight and decision support for sustainable healthcare delivery. It will also support

health and medical tourism ambitions. This aligns with Cyprus's commitment to develop virtual human twin research and solutions.

A full-scale AI healthcare strategy is recommended for development by 2028, given the scale of opportunity, complexity and risk.

4. Tourism and Hospitality

Cyprus will position itself as a living laboratory for AI in tourism and hospitality through the AI Industrial Centre of Excellence. The Strategy focuses on improving visitor experience through trusted personalisation and optimising destination management and planning. Attention is given to supporting SMEs and local communities, in addition to large tourism operators.

The following key initiatives are defined:

- Smart Tourism Infrastructure Programme: Deployment of AI-enabled operational tools across accommodation, transport, hospitality and related tourism services.
- Smart Planning and Destination Management Platform and Portal: An AI-powered demand forecasting, resource allocation, and sustainability monitoring for destination managers.
- Empowered Digital Tourists Programme: Personalised visitor engagement through multilingual AI services designed to enhance visitor experience across the tourism lifecycle.

5. Legal Services

Cyprus will promote the responsible use of AI in legal workflows to strengthen its investment proposition and judicial effectiveness. The Strategy prioritises the deployment of operational accelerators including Robotic Process Automation (RPA), generative AI, agentic AI and other AI solutions and technologies, while ensuring that deployment remains human-centred.

A key national objective is also to develop a legal language model trained on Cyprus law, complemented by specialised domain-specific models where sovereign requirements apply.

The following key initiatives are defined:

- National AI Compliance Framework (NAICF) Comply + Adopt: A two-step pathway providing incentives for SMEs to establish baseline governance aligned with the EU AI Act and adopt AI in document processing, e-discovery, legal research, billing, compliance, and conversational AI services.
- AIREG: A blockchain-based AI registry providing immutable certification of AI assets, supporting copyright enforcement and investor confidence across the EU.
- Digital AML Certification Scheme: Digitises core AML data and enables reliance by obliged entities and relevant authorities, improving efficiency and interoperability.
- AI Court Transcription: AI-generated transcription for court hearings and judgments to improve efficiency and reduce administrative burden.
- AI Judge Capability: AI-supported handling for very basic, low-value (under €5,000), factually uncontested cases subject to strict legal constraints and human oversight to reduce delays.
- LegalTech Sandbox: A supervised testbed for startups to validate AI tools under the oversight of the competent authority.

- European AI Certification Lab: A sandbox for pre-certification of high-risk and foundation models; builds international equivalence bridges with NIST AI RMF, Singapore AI Verify, and GCC ethics charters.

6. Education and Human Capital Development

Cyprus aims to become a leading European hub for AI in education by 2032, moving from fragmented pilots to a coherent national framework. The core commitment is lifelong AI learning for every resident, from early schooling to higher education and throughout professional life. The 2032 adoption target is to increase AI adoption across education and labour from 13% to 75%.

The following national frameworks and programmes are defined:

- Cyprus AI Literacy Framework (CALF): Defines learning outcomes across four age bands (6–8, 9–12, 13–15, 16–18) covering AI concepts, ethics, bias awareness, and responsible experimentation.
- Ethical Pedagogical Validation Layer (EPVL): A teacher-mediated interface that contextualises AI outputs for classroom use and checks age appropriateness, cultural respect, and curricular alignment, with full audit trails.
- National AI Skills Observatory (NASO): A central evidence and intelligence unit maintaining the Cyprus AI Skills Gap Atlas and producing annual reports and real-time dashboards.

Flagship programme FutureAI CY: A national workforce upskilling programme delivering stackable micro-credentials (5–15 ECTS), tiered across 6 priority groups: executive leadership, senior leadership, SMEs in key sectors, unemployed graduates, under-employed youth, and citizens in vulnerable or disadvantaged circumstances. A pilot of 500–1,000 learners will be implemented with independent evaluation prior to full scale-up. Sector-specific learning pathways, including finance, risk management and accounting, healthcare, tourism, legal, shipping and maritime sectors will be developed and customised as required.

7. Shipping and Maritime

Cyprus will leverage its position as one of the world’s leading ship management centres to deploy AI across maritime operations. The Strategy focuses on improving operational efficiency, safety, and regulatory compliance across the shipping and port ecosystem.

The following key initiatives are defined:

- Predictive Maintenance: AI-enabled condition monitoring to reduce downtime and operational costs.
- Voyage Optimisation: AI-supported fuel efficiency, route planning, and carbon footprint reduction aligned with IMO sustainability targets.
- Regulatory Copilots: AI-enabled assistance tools to support crew and operators with complex and evolving maritime regulations.
- Port Operations: Intelligent logistics coordination, cargo tracking, and resource allocation across port infrastructure.

- **Safety and Incident Prevention:** Real-time anomaly detection, situational awareness and risk management capabilities to improve maritime safety and operational resilience.
- **Performance and Predictive Analytics:** Digital twin and analytics capabilities supporting port authorities, shipping operators and maritime ecosystem planning through predictive insights and operational optimisation.

8. Entrepreneurship and Innovation

Cyprus will position itself as a launchpad for export-ready AI products and services targeting European and regional markets. The goal is to build a vibrant ecosystem of startups, researchers, investors, and global partners capable of developing, scaling and exporting AI solutions from Cyprus to Europe and beyond.

The following key initiatives are defined:

- **AI Startup Incubation and Acceleration:** Access to compute infrastructure, data resources, mentorship, and investment pathways to support AI startups and scaleups.
- **Innovation Testbeds and Sandboxes:** Controlled environments for validating and testing AI solutions before commercial deployment and wider adoption.
- **Industry–Academia–Government Collaboration:** Structured research partnerships, joint innovation programmes and knowledge-transfer initiatives to accelerate applied AI innovation.
- **SME Support:** Tailored tools, funding and governance guidance to support SME participation in the AI economy.
- **Cyprus as an AI Factory Antenna (Pharos-CY):** Acting as a bridge between EU innovation frameworks and Eastern Mediterranean/regional markets.
- **Ecosystem Development:** Support for the development of AI communities, sectoral ecosystems and innovation networks to make Cyprus an AI innovation hub in the Eastern Mediterranean.

Strategic Outcome

Through targeted and responsible AI adoption across priority sectors, Cyprus strengthens productivity, service quality, and international competitiveness. Industry adoption complements public-sector leadership and reinforces Cyprus's position as a trusted jurisdiction for AI-enabled services, innovation and investment.

3.6 Talent, Skills and Workforce Transformation

This Strategy positions talent development and workforce transformation as critical enablers of AI adoption across government and the economy.

3.6.1 AI Literacy and Awareness

A broad level of AI literacy is required across society. Public servants, professionals, business leaders, and citizens must understand both the capabilities and limitations of AI, as well as the implications of its use.

Implementation prioritises awareness, foundational understanding, practical application of AI concepts, risks and opportunities, and responsible-use principles. This will support informed decision-making, responsible use, workforce readiness and public trust.

3.6.2 Advanced and Sector-Specific Skills

In addition to general AI literacy, Cyprus requires advanced AI skills and sector-specific competencies tailored to areas such as healthcare, financial services, justice and legal, tourism, security and defence. These include data science, machine learning, system integration, and the ability to apply AI tools effectively within specific professional regulatory contexts. The competencies to be developed are intended to improve workforce productivity and support the safe and responsible use of AI tools in compliance with applicable regulatory requirements and guidelines.

Education and training programmes will be aligned with labour market needs and evolving industry demand. Partnerships between education providers, industry, and government will support relevance, quality and responsiveness to emerging skills requirements.

3.6.3 Public-Sector Capability

Within government, AI adoption requires new capabilities in policy design, procurement, risk management and system oversight. Public servants must be able to commission, evaluate, and manage AI systems effectively, including where development or operation is outsourced to third parties.

Training and professional development will therefore target not only technical roles, but also leadership and operational functions, with the intention of developing competencies that improve workforce productivity and support the safe, compliant and responsible use of AI tools in compliance with regulatory requirements, standards and guidelines.

3.6.4 Workforce Augmentation and Transition

AI will be used to augment human capability rather than replace it. The Strategy emphasises the use of AI to support higher-value work, improve job quality, enhance productivity and reduce administrative burden.

Where roles and tasks evolve, workforce transition will be managed through reskilling and redeployment and continuous learning initiatives. Social dialogue and stakeholder engagement will support inclusive and responsible transformation.

The National AI Authority in collaboration with the Ministry of Labour and Social Insurance and other relevant stakeholders will facilitate and create content workshops required to support the development of future-of-work capabilities across the public sector. This includes delivering awareness programmes, workshops, guidance, and practical capability-building initiatives to prepare the workforce for effective human-AI collaboration.

3.6.5 Attracting and Retaining AI-related Talent

Cyprus seeks to attract and retain AI-related talent to support national strategic objectives. A stable regulatory environment, high quality of life, and alignment with European standards support this ambition. Specific incentives will be developed to support the attraction of AI experts and AI startups in Cyprus.

Talent attraction complements domestic skills development and supports the growth of the local AI ecosystem.

Strategic Outcome

Through sustained investment in skills, capability, and workforce readiness, Cyprus builds the human foundations required for responsible, inclusive and effective AI adoption. This ensures that AI delivers long-term economic and societal value.

3.7 Infrastructure, Compute and Digital Sovereignty

Infrastructure is a foundational prerequisite for the successful adoption of artificial intelligence. Data storage, processing capacity, connectivity, secure deployment environments, and access to advanced computing resources are necessary for AI-enabled research, innovation, public-sector transformation, and economic growth.

Cyprus currently lacks a National AI Infrastructure capable of supporting its long-term ambitions in artificial intelligence. Existing computing resources are fragmented across individual institutions, are often funded through independent projects, and are not generally accessible to the wider ecosystem. This model has resulted in duplication of investments, uneven access to resources, limited national capacity, and reduced opportunities for collaboration across government, academia, research organisations, startups, and industry.

This Strategy therefore recommends the creation of a National AI Infrastructure as a strategic national asset. The National AI Infrastructure should serve as the shared computational and data backbone of Cyprus's AI ecosystem, providing secure, scalable, and interoperable capabilities that support the full AI lifecycle, including model development, fine-tuning, inference, AI testing and validation, advanced scientific computing, and the deployment of AI solutions across priority sectors.

3.7.1 Secure and Resilient Infrastructure

The National AI Infrastructure should be designed and operated according to the highest standards of security, resilience, privacy, and operational continuity. Infrastructure supporting high-impact or sensitive AI applications must provide strong cybersecurity protection, auditability, business continuity mechanisms, and compliance with national and European requirements.

National AI security and privacy guardrails should be developed and maintained in alignment with cybersecurity, data governance, and digital policy frameworks. These guardrails should support secure deployment, monitoring, compliance, containment, and operational governance of AI systems throughout their lifecycle.

3.7.2 Compute Capacity and Access

Sufficient compute capacity is necessary to develop, test, fine-tune, and deploy AI systems. The National AI Infrastructure should provide advanced AI computing resources of sufficient scale to support public-sector needs, scientific research, innovation activities, and strategic national priorities.

The infrastructure should operate as a national resource rather than as an asset belonging to any individual ministry, university, research organisation, or company. Strategic oversight should be provided through an appropriate governance framework representing government, academia, research organisations, and industry. Access policies should ensure openness, transparency, and fair allocation of resources while prioritising projects of national strategic importance.

By consolidating strategic AI resources into a shared national capability, Cyprus can reduce duplication of investments, improve utilisation of public resources, and provide broad access to advanced AI technologies across the national ecosystem.

3.7.3 Digital Sovereignty and Strategic Autonomy

Digital sovereignty refers to the ability to deploy and govern digital technologies in a manner consistent with national and European interests. For AI, this includes appropriate control over critical compute infrastructure, strategic datasets, operational governance, and key AI capabilities.

Cyprus should seek to retain sovereignty over strategic AI assets while leveraging trusted international partnerships to achieve scale where appropriate. Infrastructure choices should therefore be guided by considerations of interoperability, portability, vendor diversity, supply-chain resilience, security, and long-term sustainability. This balanced approach reduces lock-in risks while preserving strategic flexibility and alignment with European values and regulatory frameworks.

3.7.4 Deployment Environments

AI systems should be developed and deployed within environments that support compliance, monitoring, transparency, and control. The National AI Infrastructure should therefore provide secure development and testing environments, controlled production systems, AI validation and compliance facilities, and mechanisms for audit and oversight.

These environments should support the requirements of the EU AI Act, GDPR, and other relevant frameworks, enabling the safe development and deployment of both public-sector and private-sector AI solutions. Infrastructure services should also include capabilities for AI testing, model validation, compliance assessment, and secure access to data.

3.7.5 Integration with EuroHPC and the European AI Factory Ecosystem

The National AI Infrastructure should be developed as part of a broader European ecosystem. Cyprus should continue to leverage EuroHPC resources, the European AI Factory initiative, and strategic partnerships to complement national capabilities and provide access to large-scale computing resources when needed.

Through Pharos-CY, the national AI Factory Antenna, Cyprus will support researchers, startups, SMEs, and public-sector organisations in accessing European AI infrastructure, participating in cross-border research and innovation activities, and contributing expertise, datasets, and AI solutions where appropriate.

In the short term (by 2028), Cyprus should leverage existing national and European assets, including publicly funded research-computing infrastructures, the G-Cloud initiative, Pharos-CY, and EuroHPC resources, to accelerate adoption and build operational experience. In parallel, the Republic should develop a roadmap, governance model, and funding plan for a sovereign National AI Infrastructure.

In the medium term (2028–2032), Cyprus should establish and expand a sovereign National AI Infrastructure operating as critical national infrastructure and serving as the foundation for AI-enabled research, innovation, public services, and economic growth. This infrastructure should complement, rather than replace, participation in European AI and HPC initiatives, ensuring that Cyprus benefits from both national capabilities and access to large-scale international resources.

Strategic Outcome

By creating a National AI Infrastructure that combines sovereign capabilities with European integration, Cyprus will establish the digital foundation required for large-scale AI adoption. This infrastructure will strengthen innovation, scientific excellence, public-sector modernisation, economic competitiveness, and digital sovereignty while ensuring alignment with European standards and values.

3.8 Research, Innovation and Ecosystem Development

Research and innovation are essential to building long-term AI capability. For Cyprus, the strategic priority is not only the production of research, but its translation into practical applications that deliver economic and societal value.

This Strategy focuses on strengthening the link between research, innovation, and deployment.

3.8.1 Applied and Impact-Oriented Research

AI research will be encouraged to address real-world challenges relevant to Cyprus's economy and public sector. Applied research, pilot programmes, and demonstration projects are prioritised alongside foundational research.

Public-sector needs and national priorities and sectoral challenges will help guide research agendas, ensuring relevance and impact. This approach aims to accelerate learning and reduce the gap between experimentation and operational deployment.

The following 6 focus areas have been identified to drive AI research in Cyprus, each aligned with national priorities and European strategic goals:

Focus Area	Intended Impact
Energy, Environment, and Resource Management	Enhance sustainability and resilience through AI-enabled monitoring, optimisation, and exportable solutions aligned with EU green priorities.
Autonomous Systems	Advance autonomous technologies for logistics, inspection, and emergency response, supporting rapid validation and practical pilots.
Healthcare	Improve clinical support, operational efficiency, and personalised medicine, strengthening the HealthTech ecosystem with EU-aligned trust controls.
Security, Defence, and Space	Build niche excellence in cyber defence, space analytics, and mission-critical AI systems with strong safeguards and EU-aligned trustworthiness.
Next-Generation Wireless Telecommunications	Enable real-time AI services and national interoperability through advanced, secure, and resilient connectivity infrastructure.
Foundational AI Research	Develop efficient, interpretable, and ethical AI methods that enhance trust, governance readiness, and national adaptability.

Further details on these focus areas as well as the associated research and innovation objectives, are available in [Annex D](#).

3.8.2 Industry–Academia–Government Collaboration

Collaboration across industry, academia, research institutions, and government is a central element of ecosystem development. Partnerships enable the sharing of expertise, data, and infrastructure and support the co-development of AI solutions.

Government plays an enabling and convening role, facilitating collaboration, supporting innovation partnerships and using public-sector challenges and controlled environments as testbeds for innovation. Industry participation helps ensure that solutions are scalable, operationally relevant and aligned with market needs.

3.8.3 Supporting Innovation and Commercialisation

The Strategy supports the commercialisation of AI research and innovation. Startups and scaleups are encouraged to develop, test, validate and deploy AI solutions within a supportive regulatory and operational environment.

Access to funding, infrastructure, compute resources, skills, and markets is critical to enabling innovation and scaling successful solutions. Support mechanisms should align with national and European innovation programmes, funding instruments, and strategic initiatives to maximise impact, collaboration and market access.

3.8.4 Ecosystem Coordination and Inclusion

A coordinated ecosystem approach reduces fragmentation and duplication. Information sharing, common platforms, and alignment of initiatives support coherence across the innovation landscape.

Inclusion remains a key principle to ensure that the benefits of AI adoption extend beyond the technology sector. SMEs, non-technology industries, and public organisations will be supported in engaging in the AI ecosystem.

3.8.5 National Testbeds

The Cyprus AI Strategy calls for the establishment of national AI testbeds to enable real-world experimentation and validation. Initial focus will include an autonomous systems test park for drones, autonomous vehicles, robotics, smart-city applications, cyber-resilience testing, and digital twin simulations.

These testbeds will:

- Support safe development, testing and validation of autonomous and intelligent systems with clearly defined operational, legal, safety, and ethical boundaries.
- Provide shared experimentation and innovation environments for research institutions, startups, public-sector organisations, and STEM education initiatives.
- Expand over time through sectoral sandboxes for healthcare, space, financial services, energy, shipping and maritime, tourism and other priority sectors aligned with the relevant governance, regulatory, and operational requirements.

3.8.6 Pharos-CY as Cyprus's AI Factory Antenna

Pharos-CY will serve as Cyprus's primary gateway to the European AI Factory and EuroHPC ecosystem, connecting researchers, startups, SMEs, public-sector organisations, and innovators to advanced AI infrastructure, tools, datasets, expertise, and high-performance computing resources. Through its role as the national AI Factory Antenna, Pharos-CY will support AI research, experimentation, skills development, innovation, and the adoption of trustworthy AI solutions aligned with national priorities and European frameworks.

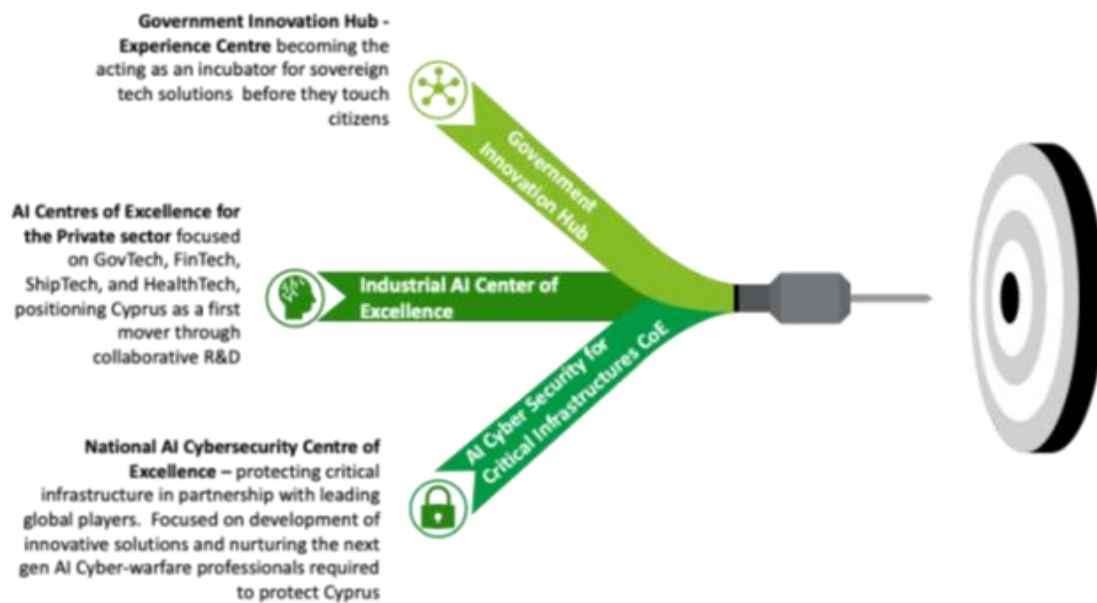


Figure 3: Innovation Infrastructure

Strategic Outcome

Through a coordinated and impact-driven approach to AI research and innovation, Cyprus strengthens its AI ecosystem. This supports capability development, economic growth, and the sustainable adoption of AI across sectors.

3.9 Ethics, Trust and Responsible AI

As AI systems increasingly influence decisions, services, and outcomes, ethical considerations and public confidence become central to their legitimacy.

This Strategy embeds ethics and responsibility across the full lifecycle of AI, from design and development to deployment and ongoing operation.

3.9.1 Ethical Foundations

AI deployment in Cyprus is guided by ethical principles that protect human dignity, fundamental rights, and democratic values. AI systems must operate in ways that are fair, transparent, and accountable.

These principles are applied proportionately, with stronger safeguards for systems that carry higher risk or societal impact.

3.9.2 Human Oversight and Accountability

Human oversight is a core requirement for responsible AI use. AI systems are designed to support human decision-making, not replace it, particularly in contexts affecting rights, access to services, or legal outcomes.

Clear accountability is maintained at all times. Responsibility for decisions informed by AI remains with identifiable individuals or institutions, and mechanisms exist to challenge, review, or override automated outputs.

3.9.3 Transparency and Explainability

Transparency and explainability are fundamental principles of trustworthy AI and are reflected in the requirements of the EU AI Act and other applicable European regulatory frameworks. This Strategy promotes their consistent application across AI adoption in Cyprus, supporting public trust, accountability, and responsible use.

AI systems must be explainable to an appropriate degree, based on their risk profile, use case, and operational context. Users, affected individuals, and oversight bodies should be able to understand, to the extent necessary, how AI systems function, what data they use, and how outputs are generated.

Documentation, traceability, and auditability are essential components of this approach and support compliance with applicable legal and regulatory obligations.

3.9.4 Fairness and Non-Discrimination

Fairness and non-discrimination are fundamental principles of responsible AI adoption. AI systems must be designed, developed, deployed, and monitored to prevent bias and discriminatory outcomes.

Data quality, model design, deployment context and human oversight should be assessed throughout the AI lifecycle to support identifying and mitigating risks.

3.9.5 Responsible Deployment and Monitoring

Responsible AI is operationalised through compliance-by-design, risk assessment, and continuous monitoring. AI systems are reviewed throughout their lifecycle to ensure continued alignment with ethical principles, legal requirements, and public expectations.

Where risks increase or operating contexts change, controls and safeguards will be reviewed and adjusted accordingly, consistent with the risk-based approach established in relevant regulations.

3.9.6 AI Social Contract Principles

Equally important is the social contract underpinning AI adoption. The Strategy is explicit that high-risk or citizen-facing systems will require a human-in-the-loop, and that companies are expected to use AI primarily for augmentation, not headcount arbitrage. It embeds rights to explainability, contestation and human review in sensitive areas such as health, credit, employment and social benefits. It also recognises that trust will not be won by law alone, and therefore invests in AI literacy for citizens, transparent communication about deployments, and mechanisms for redress. The following are proposed to serve as mandates for AI Adoption:

- Risk classification of AI systems in use or development according to their risk profile, consistent with the requirements and risk categories defined under the EU AI Act.
- Registration in the EU Database (where every organisation, without exception, will adhere to full compliance with the EU AI Act and the timelines outlined therein, the EU AI Code of Conduct and national guidelines, and will be able to demonstrate the following requirements) through documented conformity assessments, complemented by an annual audit by the Cyprus AI Security & Certification Authority.
- Human-centred augmentation as a default: AI is used as a means to improve productivity and support, rather than replace, human workers.

- Appropriate human oversight will be maintained for high-risk and other AI systems where decisions may significantly affect individuals, ensuring compliance with applicable requirements for related governance frameworks. This should include an explicit commitment that no high-risk or other AI systems whose decisions may significantly affect individuals should operate without human oversight.

Strategic Outcome

By embedding ethics, trust, and responsibility at the core of AI adoption, Cyprus ensures that AI strengthens public confidence and institutional legitimacy. Responsible AI supports innovation while safeguarding societal values and long-term public interest.

3.10 Sustainability and Economic Model

The national AI infrastructure must be environmentally sustainable and financially resilient to remain credible and scalable.

3.10.1 Energy and Environmental Sustainability

Facilities will follow green-computing principles, prioritising:

- Renewable-energy integration where feasible.
- Efficient cooling and power utilisation.
- Shared services to reduce duplication across institutions.

3.10.2 Economic Efficiency and Shared Services

Consolidation enables economies of scale in operations, security, DevSecOps, orchestration, and storage. A shared-services model with transparent access rules ensures that public investment supports ministries, researchers, SMEs, and startups.

3.10.3 Funding and Renewal Model

A multi-year renewal cycle will keep compute, storage, and governance capabilities current. Funding may combine public investment, EU co-funding (EuroHPC, Digital Europe), and structured cost-sharing with major private-sector users, maintaining predictable capacity for national priorities.

3.11 Measuring Impact and National KPIs

The effective implementation of this Strategy depends on the ability to measure progress, assess impact, and adjust course where necessary. AI adoption must deliver demonstrable public and economic value, rather than activity without outcomes.

This Strategy therefore establishes a structured approach to performance measurement and impact assessment. Further detail is provided in [Annex F](#).

3.11.1 Outcomes-Focused Measurement

Measurement focuses on outcomes rather than inputs. The emphasis is on what AI enables and improves, not simply on the number of systems deployed or pilots conducted.

Key outcome areas include productivity gains, service quality, operational efficiency, skills development, and public trust. These outcomes reflect the core objectives of the Strategy and provide a consistent basis for evaluation across sectors.

3.11.2 National Key Performance Indicators

A set of national key performance indicators will be used to track progress. These indicators are designed to be clear, comparable, and actionable.

KPIs cover areas such as:

- Adoption of AI use cases across government and priority sectors
- Improvements in service delivery and processing times
- Efficiency gains and cost avoidance for government
- Productivity increase
- Workforce capability and skills development
- Compliance, trust and public confidence
- Citizen satisfaction with AI-enabled public services

To comply with the EU AI Act and reduce administrative burden and auditing requirements, it is recommended to implement ISO 42001/ISO 27001 where applicable across industry and the public sector for use cases implementing high-risk, privacy, and security systems, ensuring that best practices for AI risk management and AI governance are met in compliance with the EU AI Act.

3.11.3 Monitoring and Reporting

Progress against KPIs is monitored on a regular basis. Reporting mechanisms support transparency, accountability, and informed decision-making.

Results are used by the National AI Authority tasked with identifying barriers, prioritising corrective action where needed, monitoring execution, and by the National AI Taskforce tasked with assessing performance and viability, and implementation of the Strategy.

3.11.4 Learning and Continuous Development

Measurement is used as a learning tool rather than solely as a compliance exercise. Insights from monitoring inform the refinement of governance, delivery approaches, and investment decisions.

Successful initiatives are identified for scaling and reuse. Underperforming initiatives are adjusted or discontinued to ensure efficient use of resources.

Strategic Outcome

Through systematic measurement and performance management, Cyprus ensures that AI adoption delivers tangible and sustained value. A clear focus on outcomes strengthens accountability, supports public trust, and enables continuous improvement across the Strategy.

3.12 International Cooperation and EU Alignment

AI development and governance are increasingly international. Technologies, data flows, standards, and risks extend beyond national borders. For Cyprus, effective AI adoption therefore depends on strong alignment with European frameworks and active international cooperation.

This Strategy positions Cyprus as a constructive and reliable partner within the European Union and the wider international AI ecosystem.

3.12.1 Alignment with European Union Frameworks

As a Member State of the European Union, Cyprus's approach to AI is fully aligned with EU law and policy.

European alignment provides legal certainty, protects fundamental rights, and supports access to the Single Market. It also enables Cyprus to leverage EU funding, infrastructure initiatives, and collaborative programmes to accelerate national capability.

3.12.2 Participation in European Initiatives

Cyprus actively participates in European and global initiatives related to AI, data, digital infrastructure, and skills development. Engagement in joint projects, networks, and research programmes supports knowledge sharing, capacity building, and interoperability.

Cyprus's geographic position and regulatory alignment enable it to act as a bridge between Europe and neighbouring regions, particularly for AI-enabled services operating across jurisdictions.

3.12.3 International Cooperation and Partnerships

Beyond the European Union, Cyprus engages with international partners to support cooperation on AI standards, governance, and best practices. International collaboration supports consistency, reduces fragmentation, and contributes to the development of responsible global norms for AI.

3.12.4 Supporting Cross-Border Deployment

International cooperation supports the cross-border deployment of AI systems in a manner that is lawful, interoperable, and trusted. Alignment with European standards increases confidence in AI systems developed or deployed in Cyprus and supports international market access. This outward-facing approach reinforces Cyprus's reputation as a trusted jurisdiction for AI.

Strategic Outcome

Through strong European alignment and active international cooperation, Cyprus strengthens its AI capabilities, enhances resilience, and reinforces its international standing. Cooperation supports innovation, trust, and long-term sustainability of AI adoption under this Strategy.

3.13 Risk Management, Resilience and Adaptation

AI introduces new and evolving risks alongside its benefits. These risks span legal, ethical, operational, technological, and societal dimensions. Effective implementation of this Strategy therefore requires a proactive and adaptive approach to risk management and resilience. This Strategy treats risk management as a continuous process rather than a one-off assessment.

3.13.1 Identification and Assessment of Risks

Risks associated with AI are identified early and assessed throughout the system lifecycle. Risk assessment considers factors such as impact on individuals and society, data sensitivity, system autonomy, and potential for unintended consequences. Higher-risk applications are subject to enhanced scrutiny, stronger controls, and more frequent review. Risk classification informs governance, oversight, and control requirements. The Strategy recommends the implementation of ISO 42001 as a standard for risk management.

3.13.2 Operational and Institutional Resilience

Resilience refers to the ability of institutions and systems to withstand disruption, adapt to change, and recover from failure. AI systems must be designed and operated with resilience in mind.

This includes redundancy, fail-safe mechanisms, human override capabilities, and clear contingency procedures. Institutions deploying AI are responsible for ensuring operational continuity and accountability in the event of system failure or degradation.

3.13.3 Security and Threat Management

AI systems introduce new security considerations, including exposure to cyber threats, data breaches, and model manipulation. Security risks are addressed through secure system design, access controls, continuous monitoring, and alignment with national cybersecurity frameworks.

Threat intelligence and incident response capabilities are integrated into AI governance and operational processes. The Strategy recommends the implementation of ISO 27001 for security management in relation to AI systems.

3.13.4 Adaptation to Technological and Regulatory Change

The AI landscape evolves rapidly. Technologies, risks, and regulatory frameworks continue to change. This Strategy is designed to remain adaptive rather than static.

Governance arrangements include mechanisms for periodic review, learning, and adjustment. Policies, standards, and controls are updated as required to reflect technological advances, regulatory developments, and societal expectations.

Strategic Outcome

Through proactive risk management, resilience planning, and adaptive governance, Cyprus ensures that AI adoption remains sustainable, secure, and aligned with public interest. This approach enables innovation while safeguarding institutions, citizens, and long-term national objectives.

4. AI Adoption and Strategic Enablers

The Strategy is deliberately structured as an integrated, end-to-end adoption flywheel, designed to translate policy intent into sustained, measurable national impact. Rather than viewing AI as a series of isolated initiatives, the Strategy establishes a continuous and reinforcing system that connects strategic direction, governance, capability building, and implementation into a single, coordinated model of execution.

At its core, the Strategy recognises that the fundamental challenge is not whether AI will be adopted but how it is adopted. In the absence of deliberate coordination, AI adoption tends to be fragmented, reactive, and uneven, leading to increased operational risk, regulatory exposure, and dependency on external capabilities. Conversely, a structured and intentional approach enables Cyprus to shape adoption in line with national priorities, ensuring that AI delivers productivity gains, enhances public services, and strengthens economic competitiveness.

Deliberate adoption, therefore, becomes a strategic choice that is anchored in strong governance, clear policy direction, and national capability development. Governance is not positioned as a constraint, but as a foundational enabler of scale. By embedding robust oversight mechanisms, ethical guardrails, and clear accountability structures, the Strategy establishes a trusted environment in which AI can be developed and deployed responsibly. This, in turn, builds confidence across government, industry, and society, enabling broader and faster adoption.

Critically, this governance-led approach ensures that Cyprus retains control over how AI systems are designed, applied, and scaled. It reduces reliance on fragmented or externally driven solutions and supports the development of sovereign capabilities across infrastructure, data, and talent. At the same time, it aligns national efforts with European regulatory frameworks, positioning Cyprus as a trusted jurisdiction for compliant and responsible AI deployment.

The outcome is a self-reinforcing system in which strategy informs execution, execution generates insights, and those insights continuously refine both policy and practice. Through this flywheel, AI adoption evolves from discrete implementations into a coordinated national capability, delivering long-term value, resilience, and sustained competitive advantage. This chapter provides a structured view of:

- The AI adoption lifecycle
- The governance, policy, and workforce foundations
- The strategic enablers required to scale responsible AI adoption across Cyprus

4.1 The AI Adoption Flywheel

Cyprus adopts a continuous and reinforcing model for AI adoption:

4.1.1 Strategic Intent and Direction

- National AI Strategy defining vision, objectives, and priority sectors
- Productivity and personalisation as a means of harnessing AI to support public service and private industry

4.1.2 Governance and Policy Foundations

- AI governance structures ensuring oversight, coordination, and accountability
- Development of AI acceptable use policies across public and private sectors
- Establishment of national bodies (e.g., AI Taskforce, AI Authority) to guide implementation

4.1.3 Human Capital and Workforce Development

- Development of AI skills and roles (e.g., compliance, ethics, engineering)
- Upskilling and reskilling aligned to national workforce needs
- Embedding AI literacy across education and professional domains

4.1.4 ApplyAI Execution Layer

- Translation of strategy into action through:
 - ApplyAI Programme
 - ApplyAI Framework
- Focus on use case identification, prioritisation, and execution

4.1.5 Responsible AI Adoption

- Deployment of AI solutions aligned with:
 - EU AI Act
 - Ethical standards
 - Human oversight principles
- Ensuring AI enhances, rather than replaces, decision-making

4.1.6 Continuous Feedback Loop

- Monitoring outcomes via national governance bodies
- Iterating strategy and policy based on performance and impact

4.2 Strategic Enablers for Scaled Adoption

The successful execution of the flywheel is supported by three categories of enablers:

4.2.1 AI Infrastructure Enablers

These provide the foundational capabilities required for sovereign, scalable AI development:

- **AI Pharos-CY (Research & Science Platform)**
 - National compute and research capability
 - Supports advanced AI development and experimentation
- **Government Innovation Hub**
 - Enables sovereign and highly critical public-sector applications, innovation and cross-ministry collaboration
- **AI Industrial Centre of Excellence**
 - Prioritises the preparation, readiness for adopting next-generation AI technologies supporting enhanced benefits, agentic AI, workforce augmentation. This includes driving ApplyAI development for industry and government use cases.
 - Supports incubation and scaling of AI solutions across sectors
- **AI Cybersecurity Centre of Excellence**
 - Ensures secure, resilient, and trustworthy AI systems
 - Embeds cybersecurity into AI lifecycle design

These are aligned with the Strategy's emphasis on building secure, sovereign, and interoperable infrastructure foundations.

4.3 AI Governance Enablers

These ensure trust, compliance, and alignment with EU regulatory frameworks:

- **NAICF (National AI Compliance Framework)**
 - Establishes standardised compliance protocols aligned with the EU AI Act
 - Supports certification, auditing, and regulatory oversight
 - Positions Cyprus as a compliance and testing hub for AI systems

This framework is critical in enabling Cyprus to:

- Turn compliance into competitiveness
- Build trust across stakeholders
- Facilitate international interoperability

4.4 AI Adoption Enablers

These accelerate the implementation and scaling of AI solutions:

- **AdoptNAICF**
 - Framework for structured AI adoption across sectors
- **AI Accelerator Programmes**
 - Support rapid development and scaling of priority use cases
- **ApplyAI Programme**
 - Core execution mechanism translating strategy into delivery
 - Focused on cross-sector, reusable AI use cases
- **Incentive Mechanisms**
 - Financial and regulatory incentives to stimulate:
 - Private sector adoption
 - Research and innovation; AI ERC Bridge
 - Talent attraction
 - Entrepreneurship

These enablers ensure that AI adoption is:

- Practical and executable
- Scaled across sectors
- Aligned with national priorities

5. Immediate Steps for the Strategy Launch

A robust governance and innovation architecture must be established, anchored in dedicated leadership, institutional coordination, and world-class research and industrial capabilities. Key immediate steps include:

1. Establishing the governance needed, including the National AI Authority and the Interministerial AI Council

Implement the three-tier governance model defined by the Strategy, ensuring coordination and accountability across the National AI Authority, the Interministerial AI Council, and the Specialised Committees. Refer to Section Governance and Control for more details.

2. Activating Strategic Funding Mechanisms

- National AI Research Fund to propel Cyprus into the top 15 European nations for AI research excellence.

- AI Innovation Fund targeting the development of existing SMEs and MEs, and the attraction of startups, including three unicorns, by providing growth capital and incentives for high-potential ventures.
- National AI adoption acceleration programme to complement the Ministry of Energy, Commerce and Industry's digital upgrade plan.
- Industry sandboxes programme for agile and safe testing.

3. Setting Up the Innovation Infrastructure

- Government Innovation Hub: Acts as an incubator for sovereign tech solutions and a pioneer in preparing the public service for the work of the future.
- Industrial AI Centre of Excellence: Develops readiness and adoption of GovTech, FinTech, ShipTech, tourism, and HealthTech using agentic AI and new technologies, positioning Cyprus as a first mover through collaborative R&D.
- National AI Cybersecurity Centre of Excellence: Protects critical infrastructure in partnership with leading global players, supports research and the development of innovative solutions, and nurtures the next generation of AI cyberwarfare professionals required for national security. Develops leading-edge expertise to combat cyberterrorism, misinformation, and disinformation.
- National Health Data Repository: Enables secure, compliant AI adoption in healthcare.

4. Accelerating Adoption and Industry Readiness

- National AI application and certification registry tracking all entities in Cyprus and their adoption and certification.
- National AI Compliance Framework (NAICF) driven by the Deputy Ministry of Research, Innovation and Digital Policy to fast-track AI integration and adoption in critical industries.
- The National AI Compliance Funding programme is audited by the Ministry of Energy, Commerce and Industry, with targeted interventions aimed at achieving 75% industry adoption of AI technologies in Cyprus by 2030.
- Development of an Autonomous Systems Park: A living lab for autonomous vehicles, robotics, and related policies for drones and autonomous systems.
- Development of an AI Registry: Cataloguing all AI solutions in the market and ensuring conformity with the European and national regulations.
- Industry-specific sandboxes: Enabling innovation clusters in priority sectors under controlled, compliant conditions.
- Development of an alignment instrument to monitor digital, tax, R&D, and AI investments across industries.

5. Developing Talent and Skills

- National Skills Observatory (NASO): Monitoring workforce readiness and guiding upskilling programmes (refer to Section Governance and Control).
- AI Community Building: Supported by Chief Digital Officers and AI Officers to foster collaboration and knowledge exchange, accelerating the creation of an AI innovation and startup ecosystem.
- Targeted incentives and policies to attract world-class researchers (e.g., AI ERC Bridge) and AI talent to Cyprus.

6. AI Adoption Plan:

- Priority identification and implementation of shared AI use cases to be used across ministries.
- Prioritisation of setup and oversight mechanisms within ministries for AI governance, AI acceptable use policies led by the National AI Authority.
- Launch of procurements for the first 6 transformational AI solutions within 8 months.
- Identification of 5 AI use cases per ministry with impact priority within 12 months.

The above will combine regulatory trust, research excellence, and entrepreneurial dynamism, ensuring Cyprus becomes a trusted EU–MENA bridge for AI and a magnet for founders, talent, and investment.

Annex A - Alignment with European Legal and Policy Frameworks

This Annex outlines how the National AI Strategy aligns with European Union legal, regulatory, and policy frameworks. Alignment with European standards is a foundational principle of the Strategy and a key enabler of trust, legal certainty, and international competitiveness.

Cyprus's approach to artificial intelligence is grounded in full compliance with European law and values. This alignment ensures that AI systems developed, tested, or deployed in Cyprus meet high standards of safety, transparency, accountability, and protection of fundamental rights.

Strategic Importance of EU Alignment

Alignment with European frameworks provides legal clarity and reduces uncertainty for government, businesses, and investors. It enables participation in the Digital Single Market and supports cross-border deployment of AI-enabled services.

Compliance is treated not as a constraint, but as a strategic advantage. By operating within trusted and well-defined regulatory boundaries, Cyprus strengthens its reputation as a reliable jurisdiction for responsible artificial intelligence.

EU AI Act

The Strategy is aligned with the EU AI Act, which establishes a risk-based framework for artificial intelligence systems. Today, the Communications Commissioner and the Commissioner for Personal Data Protection are appointed as Competent Authorities to enforce the EU AI Act. The Strategy aims to support these Authorities. Specifically, the governance and control mechanisms set out in the Strategy support classification of AI use cases, proportional safeguards, and oversight requirements consistent with the Act.

High-risk AI systems are subject to enhanced governance, documentation, human oversight, and monitoring. Prohibited practices are excluded, and transparency obligations are applied where required. Alignment ensures that AI adoption in Cyprus is future-proof and legally sustainable.

Harnessing the EU AI Act to Accelerate National Innovation

The following actions will safeguard Cyprus's competitive edge and alignment with European standards in an ever-evolving AI landscape:

1. **Integrate the EU AI Act into National Digital Policy:** The EU AI Act serves as a foundational regulatory framework within Cyprus's digital strategy. Embedding its principles ensures legal alignment, fosters trust in AI systems, and positions Cyprus as a responsible and forward-looking digital economy.
2. **Promote AI Literacy and Workforce Training:** A national effort to enhance AI literacy across both public and private sectors is essential. This includes targeted training programmes for civil servants, business leaders, and technical professionals to build capacity in AI governance, development, and ethical deployment.
3. **Support Startups and SMEs in Compliance and Innovation:** Small and medium-sized enterprises (SMEs) and startups often face challenges in navigating complex regulatory environments. Cyprus offers incentives, guidance, and technical support to

help these entities comply with the AI Act while fostering innovation and competitiveness.

4. **Leverage Regulatory Sandboxes for Safe Experimentation:** Establishing AI regulatory sandboxes will enable developers to test high-risk or novel AI applications in controlled environments. This approach encourages innovation while ensuring safety, accountability, and legal compliance.
5. **Monitor EU-Level Developments and Standards:** To stay informed of evolving legislation, technical standards, and best practices, Cyprus will continue to maintain active engagement with EU institutions. This will allow timely updates to national policies and ensure continued alignment with European digital and ethical norms.

Data Protection and Privacy Frameworks

Artificial intelligence adoption under this Strategy will fully comply with the Data Act, the General Data Protection Regulation, and related European data protection instruments. Lawful processing, data minimisation, purpose limitation, and individual rights are embedded across the AI lifecycle.

Data governance arrangements support accountability, security, and transparency, reinforcing public trust and institutional integrity.

Digital, Cybersecurity and Data Frameworks

The Strategy aligns with broader European digital and cybersecurity frameworks, including those related to data governance, interoperability, and network and information security.

This alignment supports secure infrastructure, trusted data sharing, and resilience against cyber threats. It also enables integration with European data spaces and digital public infrastructure initiatives.

Ethics and Fundamental Rights

European ethical principles and fundamental rights are embedded throughout the Strategy. This includes respect for human dignity, non-discrimination, fairness, and accountability. The Cyprus National AI Strategy 2032 embodies the four main principles outlined below:

1. Inclusive growth and sustainable development

Proactive engagement in responsible stewardship of trustworthy AI in pursuit of beneficial outcomes for people and the planet. Applications of that principle include augmenting human capabilities and enhancing creativity, advancing inclusion of underrepresented populations, reducing economic, social, gender, and other inequalities, and protecting natural environments. We expect to see outcomes such as invigorating inclusive growth, increased well-being, sustainable development and environmental sustainability. New solutions must cater to multilingual support and inclusive access tools that ensure that people with disabilities can interact with the services.

2. Human-centred values and fairness

AI actors must respect the rule of law, human rights, IP rights, democratic and human-centred values throughout the AI system lifecycle. Elements include non-discrimination and equality, freedom, dignity, autonomy of individuals, privacy and data protection, diversity, fairness, social justice, and internationally recognised labour rights under Cyprus's national laws and regulations. This also includes addressing misinformation and disinformation amplified by AI,

while respecting freedom of expression and other rights and freedoms protected by applicable international law.

To this end, AI actors should implement mechanisms and safeguards, such as capacity for human agency and oversight, including to address risks arising from uses outside the intended purpose, intentional misuse, or unintentional misuse in a manner appropriate to the context and consistent with the state of the art.

Cyprus aspires to be a leading example, with legislation for human autonomy and dignity protecting the human role in the workplace and public services by providing the right to human intervention and redress, establishing a robust and accelerated legal mechanism, and giving citizens and employees the express right to demand a human review and override of any decision made by an AI system impacting their well-being (e.g., loan approvals, hiring, public benefit determinations)

3. Transparency and explainability

AI actors should commit to transparency and responsible disclosure regarding AI systems. To this end, they should provide meaningful information, appropriate to the context, and consistent with the state of the art:

- Foster a general understanding of AI systems, including their capabilities and limitations
- Make stakeholders aware of their interactions with AI systems, including in the workplace
- Provide plain and easy-to-understand information, where feasible and useful, on the sources of data/input, factors, processes and/or logic that led to the prediction, content, recommendation or decision, to enable those affected by an AI system to understand the output
- Ensure algorithmic transparency and explainability, enabling affected parties to access explanations for how high-risk AI models function. Transparency and the ability to challenge AI decisions will increase citizen trust.

Cyprus can distinguish its strategy by deepening its focus on human-centred AI enabling conditions, specifically those safeguarding human dignity, autonomy, and the labour market from disruptive effects of AI augmentation and automation.

Key initiatives include:

- Proactive workforce re-humanisation and skill augmentation
- In addition to general AI skilling, focus on elevating human skills alongside technological ones, creating a “hybrid intelligence” workforce resistant to full automation.
- Human-first training modules for companies receiving public AI funding, with a minimum percentage of that funding dedicated to upskilling employees in non-automatable “soft skills” areas such as critical thinking, emotional intelligence, creativity, ethical reasoning, and complex interpersonal communications.

Robustness, safety and security

AI systems should be robust, secure and safe throughout their entire lifecycle so that, in conditions of normal use, foreseeable use or misuse, or other adverse conditions, they function appropriately and do not pose unreasonable safety and/or security risks.

In addition to the AI Alliance, in line with EU guidance and in pursuit of Europe's AI Continent Action Plan, Cyprus will host two councils: a council focused on AI ethics bringing together the Deputy Minister of Research, Innovation and Digital Policy, the National AI Council, technology associations, workers' councils, chambers of commerce, the Ministry of Labour and Social Insurance, and the Human Resources Development Authority. The second council will be recognised as the National AI Infrastructure Council.

Mechanisms should be in place, as appropriate, to ensure that if AI systems risk causing undue harm or exhibit undesired behaviour, they can be overridden, repaired, and/or decommissioned safely as needed. Mechanisms should also, where technically feasible, be in place to bolster information integrity while ensuring respect for freedom of expression.

And they are reflected in the Cyprus National AI Strategy 2032 efforts through:

1. Establishing a National Committee on Ethical and Reliable AI.
2. Promoting AI literacy and workforce reskilling.
3. Developing regulatory sandboxes for high-risk AI systems.
4. Ensuring compliance with the EU AI Act, which is mostly aligned with the OECD framework, while adhering to ISO 42001 and AIGP.

Participation in EU Programmes and Initiatives

Cyprus actively participates in European research, innovation, and digital programmes related to artificial intelligence. Engagement in EU-funded initiatives supports capability development, access to infrastructure, and collaboration with European partners.

Participation strengthens national capacity while contributing to collective European objectives.

Regulatory Coordination and Adaptation

The Strategy supports continuous coordination with European institutions and agencies to monitor regulatory developments and emerging guidance. Governance arrangements enable timely adaptation of national practices to reflect changes in European law and policy. This ensures long-term compliance and reduces regulatory risk.

Strategic Value

By aligning fully with European legal and policy frameworks, Cyprus positions itself as a trusted and compliant environment for artificial intelligence. This alignment supports innovation, protects fundamental rights, and enhances the country's standing within the European Union and the global AI ecosystem.

Annex B - AI Use Case Lifecycle and Control Gates

This Annex sets out the standard lifecycle for artificial intelligence use cases across government and provides a structured framework of control gates to manage risk, ensure compliance, and support consistent delivery.

The lifecycle approach ensures that artificial intelligence initiatives are problem-driven, value-focused, and responsibly managed from concept to operation and eventual retirement. Control gates are applied proportionately, based on risk and impact, and are integrated into existing governance and decision-making processes.

Purpose of the Lifecycle Approach

The use case lifecycle provides a common structure for planning, approving, deploying, and managing artificial intelligence systems. It enables consistency across institutions while allowing flexibility for different operational contexts.



Figure 4: AI Use Case Adoption Lifecycle

By defining clear stages and decision points, the lifecycle supports transparency, accountability, and effective oversight throughout the AI system's existence.

Stage 1: Use Case Identification and Problem Definition

Each AI initiative begins with a clearly defined problem or opportunity. The focus at this stage is on understanding the business or policy need, expected public value, and alignment with organisational and national priorities.

At this stage, proposed use cases are screened to assess suitability for artificial intelligence, availability of data, potential benefits, and initial risk considerations. Use cases that do not demonstrate clear value or feasibility do not progress.

Control Gate 1: Strategic and Feasibility Approval

Before further development, the use case is reviewed for strategic alignment, feasibility, and proportionality. Approval confirms that the initiative addresses a genuine need, aligns with national priorities, and warrants further exploration.

Every proposed AI initiative is evaluated in three ways: expected value (in revenue, citizen experience or efficiency), technical feasibility and EU AI Act conformity (given data, legacy systems and available talent), and organisational readiness (governance, ownership, willingness to redesign workflows). Only projects that clear a minimum bar on all three and support national priorities enter the portfolio.

Within that portfolio, three categories are distinguished:

- **Quick wins and operational accelerators** that can be deployed in 12–24 months and free up capacity. Examples include contact centre copilots, document intelligence for permits, basic fraud analytics, RPA, and automation.
- **Reusable common services** such as multilingual citizen assistants, identity and KYC platforms, knowledge engines for policy and law, health triage components, and fraud orchestrators that can be adopted across ministries and sectors.
- **Transformational “moonshots”** such as national health digital twins, maritime “blue intelligence” platforms, or autonomous systems test parks, which reposition Cyprus in specific global niches and enable citizen and company personalised experiences.

Roughly half of near-term investment is directed to quick wins and shared services, a quarter to sector-wide platforms, and a quarter to these longer horizon bets. This mix acknowledges the urgency to act now and demonstrate early results while still building the assets that can differentiate Cyprus in ten years’ time.

Stage 2: Design and Assessment

During the design stage, the proposed AI solution is defined in more detail. This includes system objectives, data requirements, model approach, human oversight arrangements, and operational context.

Legal, ethical, data protection, and risk assessments are conducted at this stage, particularly for higher-impact applications. Design decisions are documented to support transparency and accountability.

Control Gate 2: Risk, Ethics and Compliance Approval

Progression beyond design requires confirmation that identified risks are understood and appropriately mitigated. Approval is based on the adequacy of safeguards, controls, and compliance arrangements, as well as the clarity of accountability and oversight mechanisms.

Stage 3: Development and Testing

The AI system is developed and tested in controlled environments. Testing focuses on performance, accuracy, robustness, bias, security, and compliance with design requirements.

Human oversight mechanisms are validated, and contingency procedures are tested. Testing results are documented to support assurance and auditability.

Control Gate Three: Deployment Readiness Approval

Before deployment, confirmation is required that the system meets performance and compliance expectations, that operational processes are in place, and that staff are trained to use and oversee the system appropriately.

Stage 4: Deployment and Operation

Once deployed, the AI system operates within defined parameters and governance arrangements. Ongoing monitoring ensures that performance remains within acceptable thresholds and that unintended effects are identified early.

Users are supported with guidance and training, and clear channels exist for feedback, escalation, and issue resolution.

Control Gate 4: Operational Assurance Review

Periodic reviews confirm that the system continues to operate as intended, remains compliant with legal and ethical requirements, and delivers expected value. Where issues arise, corrective action is taken promptly.

Stage 5: Review, Adaptation or Decommissioning

AI systems are reviewed regularly to assess continued relevance, effectiveness, and risk. Changes in context, regulation, or performance may require adaptation, additional controls, or system modification.

Where a system no longer delivers value or presents unacceptable risk, it is modified or decommissioned in a controlled and transparent manner.

Annex C - Priority Sectors for Leadership

This Annex outlines indicative priority sectors for the application of artificial intelligence under the National AI Strategy. The sectors reflect areas where AI adoption can deliver significant public value, productivity gains, and strategic advantage for Cyprus.

The identification of priority sectors is intended to guide focus and investment rather than limit innovation. As national priorities, technologies, and capabilities evolve, these may be refined or expanded.

Public Sector

All ministries and public bodies will publish their Institutional AI Strategies by March 2027 and update them annually. These will be reviewed and approved by the relevant Deputy Ministry (TBD).

Regulated Private Sector (Finance, Banking, Insurance, Telecoms, Energy, Healthcare)

Over and above the centralised governance through the responsible government authority, Institutional AI Strategies become part of supervisory reporting to the respective regulators with the same legal weight as risk-management frameworks.

Private Companies/Organisations

Private enterprises/organisations dealing with critical and high-risk systems will be required to share their AI strategy and acceptable AI use policy to obtain or renew:

- Participation in any state-subsidised AI-funded programmes.
- Access to national GPU cloud or datasets.
- New or renewed operating licences in strategic sectors.

Failure to demonstrate basic compliance with these requirements may lead to ineligibility for specific public grants and AI support programmes, and, in the case of regulated sectors, to proportionate supervisory measures by the competent regulators.

Government and Public Sector

Context and ambition

Cyprus continues to make strong progress in its digital transformation, supported by significant advances in connectivity and digital infrastructure. In 2025, fixed very high-capacity network (VHCN) coverage reached 95.5%, significantly above the EU average of 85.6%, while fibre-to-the-premises (FTTP) coverage also stood at 95.5%, compared with 74.1% across the EU. The country has already achieved 100% basic 5G coverage. These achievements provide a strong foundation for the next phase of Cyprus's digital transition and create favourable conditions for the wider adoption of advanced digital technologies across the economy.

Opportunities remain to accelerate the uptake of AI by enterprises, which is still at an early stage with an adoption rate of 9.3%, below the EU average of 20%, and to further strengthen digital skills across the population, noting that Cyprus is at 55.8% of individuals aged 16–74 with at least basic digital skills and remains below the EU average of 60.4%. Continued investment in these areas will further support innovation, productivity, and broader participation in the digital economy. According to the DESI eGovernment indicators, Cyprus has also made notable progress in the digitalisation of public services, with ongoing efforts to

improve accessibility, efficiency, and user experience, further supporting the country's broader digital transformation agenda.

While Cyprus has made significant progress in strengthening its digital infrastructure and capabilities, some structural gaps remain in the supporting ecosystem for advanced digital technologies. In particular, the country has limited access to strategic digital infrastructure assets, including AI-ready data centres, while the government hybrid cloud environment (G-Cloud), capable of supporting the growing computational and data-processing demands of the public sector, is currently in the procurement process. In addition, ensuring access to competitive and sustainable energy resources will be important for enhancing the attractiveness of Cyprus as a destination for digital infrastructure investment.

Efforts to address these areas are ongoing and will, together with the implementation of the National AI Strategy, further strengthen the country's capacity to support AI adoption, attract technology-driven investment, and foster long-term digital competitiveness.

Strategic objectives and 2032 target:

By 2032, Cyprus will shift from e-governance to intelligent governance, delivering proactive, citizen-first services where human performance is augmented by trustworthy AI. Cyprus aspires to become a regional hub for research, innovation, and technology by combining sovereign product platforms with hybrid cloud scale, and by building national capabilities that move the country from consumer to creator of AI solutions. A core target is to reach 75% AI adoption by 2032, in line with the Digital Decade target, supported by unified data foundations, compliant deployment practices, and a workforce that rises into the top 10 in Europe for digital and AI skills. The transformation aims to reduce citizen waiting times by 40% by 2032 and to establish a consistent, customer-first experience across government services through personalisation and real-time support.

Personalised citizen journey – Digital Citizen 2.0

The Strategy sets the foundation for a roadmap delivering public services that are seamless, predictive, and personalised without compromising quality, security, privacy, transparency, or citizen choice. Personalisation initiatives will follow implementations of necessary guidelines including AI impact assessment, compliance with fundamental rights, and GDPR for relevant use cases. Specifically, advanced AI agents will learn from consented interactions to pre-empt needs, simplify processes, and provide consistent answers 24/7 through the citizen's preferred language and channel.

Digital Company 2.0 initiative

The Cyprus National AI Strategy will build on the Cyprus Digital Strategy, supporting the implementation of transformative changes to enable seamless, anticipatory services aligned to business needs through automation, making business-to-government interactions frictionless without compromising security, transparency, accountability, and adherence to laws and regulations.

National frameworks and governance

This pillar is executed through coherent governance, shared infrastructure, and disciplined prioritisation of use cases. The National AI Authority will spearhead compliant AI adoption across ministries, with ministries retaining autonomy over services and citizen relationships within common standards. To translate strategy into value, an ApplyAI prioritisation

framework starts from outcomes and applies three tests to candidate projects: expected value, technical feasibility, and organisational readiness.

A national AI use case portfolio will be reviewed quarterly by an interministerial council and supported by the entities and responsibilities defined by the governance model, as needed.

International alignment

Implementation is anchored in compliance with the EU AI Act and GDPR and aligns with OECD AI Ethics and GPAI principles. The strategy also references international best practices from Finland, France, Estonia, the UK, and the UAE in education, governance, infrastructure, and public-private collaboration to inform Cyprus's approach while maintaining national ownership. Standards referenced include ISO 27000 and ISO 42001, subject to applicable national and EU requirements.

Implementation, evidence and compliance

Execution begins with infrastructure and data readiness. Cyprus is in the procurement process for the G-Cloud, with the implementation to start in September 2026. Early deliverables include the completion of the cloud architecture design by December 2026 and the migration of three initial applications by March 2027. Once implemented, the G-Cloud will provide a fully governed, hybrid cloud foundation, expand the AI compute capacity, and establish governed sandboxes that will enable safe development and deployment, supported by the two existing government data centres. Furthermore, the National Cloud Policy was adopted by the Council of Ministers in March 2026. It provides the framework within which the G-Cloud will operate, setting the standards for governance, security, compliance, hosting regions, disaster recovery, procurement, and lifecycle management.

Cyprus will then build shared, reusable AI services that ministries and the private sector can adopt without duplicating effort. These include multilingual communication and document processing, document intelligence for classification and extraction, identity verification for use across sectors, knowledge base engines for policy lookup and citizen guidance, decision support for approvals and allocation, and conversational AI for continuous citizen service delivery.

A portfolio approach will guide delivery. Sixteen transformation projects have been defined by the AI Taskforce. They are intended to demonstrate common platform capabilities while delivering value. Priority areas include: a unified government knowledge assistant, common KYC infrastructure, a frictionless Digital Company 2032 portal and app, a personalised Citizen 2032 portal and app, intelligent health orchestration, intelligent e-procurement and fraud orchestration, smart security and emergency response assistance, a smart port and maritime operations digital twin, a government document backbone, tourism demand forecasting and revenue optimisation, and a skills and labour market intelligence platform. All projects are intended to be human-centred, privacy by design, security by design, and aligned with open standards and interoperability. The identification and prioritisation of these transformational projects will be led by the National AI Authority.

A government accelerator programme is proposed to allocate focus and resources across quick wins and scalable operational improvements, reusable cross-sector AI services, and a smaller set of transformational projects termed "moonshots". This structure is designed to prevent AI theatre and to keep attention on measurable outcomes, consistent governance, and practical adoption by ministries and businesses.

Flagship programme(s)

The flagship delivery mechanism is a common, modular intelligent government platform that exposes shared services such as identity, payments, document intelligence, case management, and multilingual assistants, configurable by ministries. In parallel, an AI Industrial Centre of Excellence is proposed as a publicly supported private entity to define and evaluate agentic AI use cases in priority sectors, publish interoperability roadmaps and reference architectures, test solutions in sandboxes, and bridge universities, municipalities, and industry.

Government and Public Sectors Pillar - What this pillar is expected to deliver

Strategic direction	Expectation for 2026-2032
From e-governance to intelligent governance	Proactive, citizen-first service delivery with human-centred AI augmentation across ministries.
AI adoption uplift	Increase AI adoption toward the 75% target by 2032, moving beyond isolated pilots and RPA-only deployments.
Infrastructure and cloud readiness	Hybrid cloud posture, expanded AI compute, and governed sandboxes, enabled by G-Cloud and data consolidation milestones.
Unified data foundations	Unification of data silos across ministries under GDPR and referenced standards to enable safe analytics and AI deployment.
ApplyAI prioritisation discipline	Outcome-led project selection using value, feasibility, and readiness, avoiding AI theatre and focusing on measurable results.
National AI use case portfolio governance	Quarterly portfolio review supported by the entities and roles defined by the governance model to coordinate across ministries, regulators, research, and industry.
Shared reusable AI services	Common modular services such as multilingual assistants, document intelligence, identity verification, knowledge engines, and decision support.
Transformation projects delivery	Delivery of the referenced set of transformation projects as platform demonstrations and service improvements.
National AI Authority establishment	Authority with executive mandate to provide standards, enablement, compliance oversight, and platform operations.
Compliance readiness for EU AI Act	Risk management, auditability, and governance maturity ahead of 2 August 2026 and through 2032.
AI Industrial Centre of Excellence	Sandboxes, evaluation protocols, and reusable reference architectures for agentic AI in priority sectors.
Workforce and skills uplift	Targeted programmes to raise digital and AI skills and support adoption capacity across public and private sectors.
Investment and value realisation	The investment is linked to expected efficiency gains and improved service delivery through reduced processing times and stronger resource allocation.

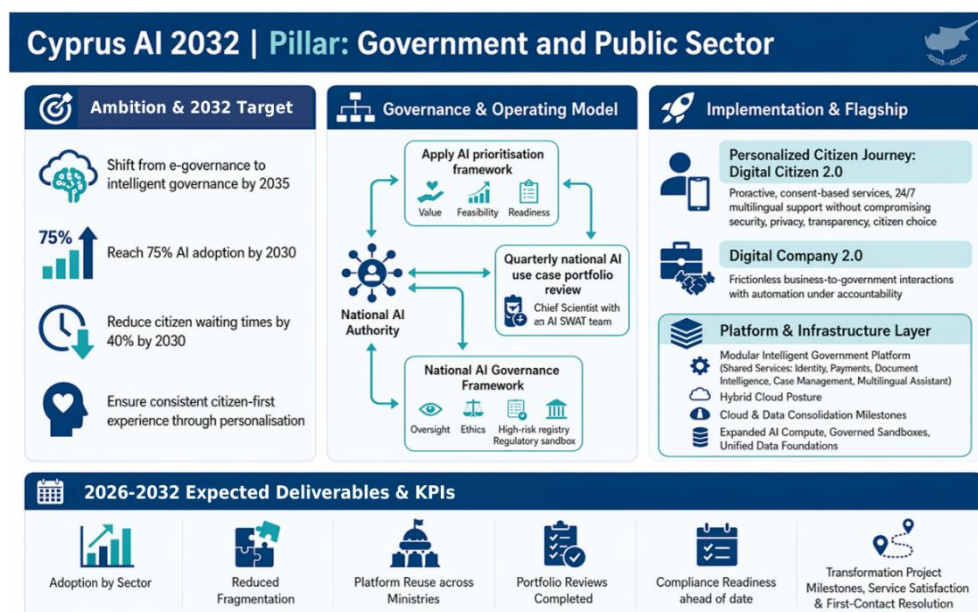


Figure 5: Recommended Use Cases, Moonshots and KPIs to be considered for Government and Public Sectors

Financial Services and Financial Technology

Context and ambition

Financial services are a cornerstone of the Cypriot economy and a gateway between Europe and MENA. Cyprus is well positioned to evolve from a traditional financial hub into a premier AI-driven fintech centre, building on a mature ecosystem of around 250 fintech companies,¹³ a rapidly expanding digital payments market projected to approach €3 billion by 2028, and a robust banking and professional services base.

Cyprus also benefits from a competitive regulatory and business environment, including a 15% corporate tax rate¹⁴ and an IP Box regime that can reduce the effective rate to 3% for qualifying assets¹⁵, alongside a licensing process that averages 3 months compared to roughly 12 months in competitor jurisdictions¹⁶. This agility has already supported 14 authorised Electronic Money Institutions¹⁷ and 10 Payment Institutions¹⁸, with over 40 applications in the pipeline¹⁹, and has reinforced Cyprus's position as a global forex hub with more than 100 licensed brokerages²⁰.

Strategic objectives and 2032 target

By 2032, Cyprus will shift to a service plus knowledge financial model where human expertise is augmented by intelligent agents. Routine processing and compliance checks will be

¹³ [KTC Business Consultants, Cyprus: The New Fintech Destination.](#)

¹⁴ [Tax Reform: Tax Benefits for Businesses/Legal Entities.](#)

¹⁵ [Cyprus IP Box Regime.](#)

¹⁶ [Global Legal Insights, Fintech Laws and Regulations 2025 – Cyprus.](#)

¹⁷ [Legal500, Cyprus Fintech: Central Bank of Cyprus reports 14 authorised Electronic Money Institutions.](#)

¹⁸ [Legal500, Cyprus Fintech: 10 authorised Payment Institutions.](#)

¹⁹ [Legal500, Cyprus Fintech: 43 applications pending \(32 EMIs and 11 PIs\).](#)

²⁰ [Yasoo Cyprus, Cyprus's Forex Landscape – An In-Depth Analysis and Future Perspectives.](#)

automated so professionals can focus on high-value advisory, complex risk management, and product innovation. The Strategy targets a productivity uplift of 15% to 25% across banking, insurance, forex, and professional services, alongside reduced operational risk, and positions Cyprus as a Eurozone benchmark for compliant, AI-enabled finance with human oversight as a core premise. By prioritising investments in operational accelerators that focus on reducing overhead, improving productivity, and delivering targeted improvements in customer experience, citizens will benefit from more timely access and proactive support through personalisation.

National frameworks and governance

The strategic pivot is from automation to agentic AI, where goal-oriented systems can reason and take bounded actions within defined guardrails. In Cyprus, this will translate into intelligent orchestration across regulated workflows, operating as a copilot with explicit human accountability in line with EU AI Act requirements and fundamental rights protections. The Strategy also promotes structured upskilling and reskilling so professionals in industry, including accountants, can move toward emerging roles such as data scientists, chief digital officers, and chief AI officers.

International alignment

Implementation will remain anchored in compliance with the EU AI Act and GDPR through privacy by design and data minimisation, with accountability and auditability across the model lifecycle. The pillar also recognises the evolving EU regulatory landscape for the sector, including requirements relevant to crypto assets and operational resilience, and promotes openness and interoperability through open standards and transparent documentation.

Implementation, evidence and compliance

The strategy focuses on four high-impact use cases that modernise operations while strengthening trust. First, next-generation fraud detection and AML will move beyond rule-based systems that generate high false positives. Advanced machine learning models will analyse large datasets in near real-time, while agentic AI monitors transactions continuously and assembles decision-ready case files by tracing context, fund origins, and sanctions references, enabling faster KYC and AML decisions without weakening controls. This supports Cyprus's CySEC-regulated ecosystem and reinforces secure cross-border operations.²¹

Second, an intelligent insurance ecosystem will accelerate claims and improve risk modelling. GenAI will extract and structure data from diverse sources such as handwritten reports, medical records, and photos. For standard low-risk claims, agentic AI can validate coverage and process payments quickly under approved rules²², while complex claims are triaged for human adjusters with summaries and inconsistency flags²³. AI agents will also support dynamic underwriting by simulating localised scenarios such as wildfire risk and coastal erosion patterns to enable more accurate pricing and proactive advice.

Third, strategic finance will be strengthened through the AI-augmented CFO²⁴. Finance teams will adopt forecasting and scenario planning that incorporate real-time indicators, enabling dynamic rolling forecasts instead of static quarterly budgets. Agentic what-if analysis will run

²¹ [Cyprus Mail, CySEC reports 11.8% growth in supervised entities over five years.](#)

²² Industry benchmarks from ComplianceOS, Tookitaki, RegScale and FinTech Magazine (Barclays case study).

²³ UOB Bank Case Study (Singapore), Google Cloud AML AI, and Hawk AI/HSBC implementations.

²⁴ NeonTri, AI2Work and DashDevs industry analyses.

complex simulations and present mitigation options²⁵, while cash flow optimisation agents monitor receivables and payables to anticipate liquidity pressure and recommend corrective actions.

Fourth, accounting and audit will evolve toward higher-value advisory. AI will enable near-zero-touch reconciliation for standard transactions and agentic exception handling that investigates discrepancies, checks historical patterns, and drafts client queries for human validation. AI-assisted regulatory reporting will map data to current templates as requirements change, including in areas such as MiCA and DORA, reducing manual overhead while maintaining auditability.

Flagship programme(s)

To catalyse delivery, the government, in partnership with the private sector, will support an AI Industrial Centre of Excellence that operates as a sandbox of sandboxes at the intersection of IndustryTech and GovTech. Working closely with the CySEC Innovation Hub and the Regulatory Sandbox, the Centre will validate models against EU AI Act requirements before commercial deployment and will produce a practical blueprint for compliant agentic AI in regulated industries. Evidence-based adoption is mandatory, including independent evaluations and clear withdrawal criteria if safety or compliance thresholds are not met.

Financial Services and Financial Technology - What this pillar is expected to deliver

Strategic direction	Expectation for 2026-2032
AI-driven fintech positioning	Transition from traditional hub to AI-driven fintech centre, leveraging Cyprus's regulatory agility and ecosystem scale.
Service plus knowledge model	Sector shift where automation and agents free professionals for high-value advisory, risk, and innovation.
Agentic AI with human accountability	Guardrailed agentic AI as a copilot across regulated workflows with clear human oversight and auditability.
Fraud detection and AML at scale	Advanced ML and agentic case assembly to reduce false positives and accelerate KYC and AML decisions without weakening controls.
Intelligent insurance ecosystem	Tiered claims automation with fast processing for standard claims and triage support for complex cases, plus improved underwriting via dynamic risk modelling.
AI-augmented CFO capability	Dynamic rolling forecasts, autonomous scenario analysis, and cash flow optimisation for stronger resilience and decision quality.
Accounting and audit evolution	Near-zero-touch reconciliation with agentic exception handling and AI-assisted regulatory reporting under auditability controls.
AI Industrial Centre of Excellence	Sandbox of sandboxes that validates models with CySEC Innovation Hub and Regulatory Sandbox and publishes a blueprint for compliant agentic AI.
Workforce upskilling and reskilling	Programmes that enable role progression toward data and AI governance functions across the sector.
Evidence-based deployment and withdrawal criteria	Independent evaluation and clear stop conditions for safety, compliance, or performance failures.

²⁵ Mezzi.com and Microsoft analysis of AI systems.

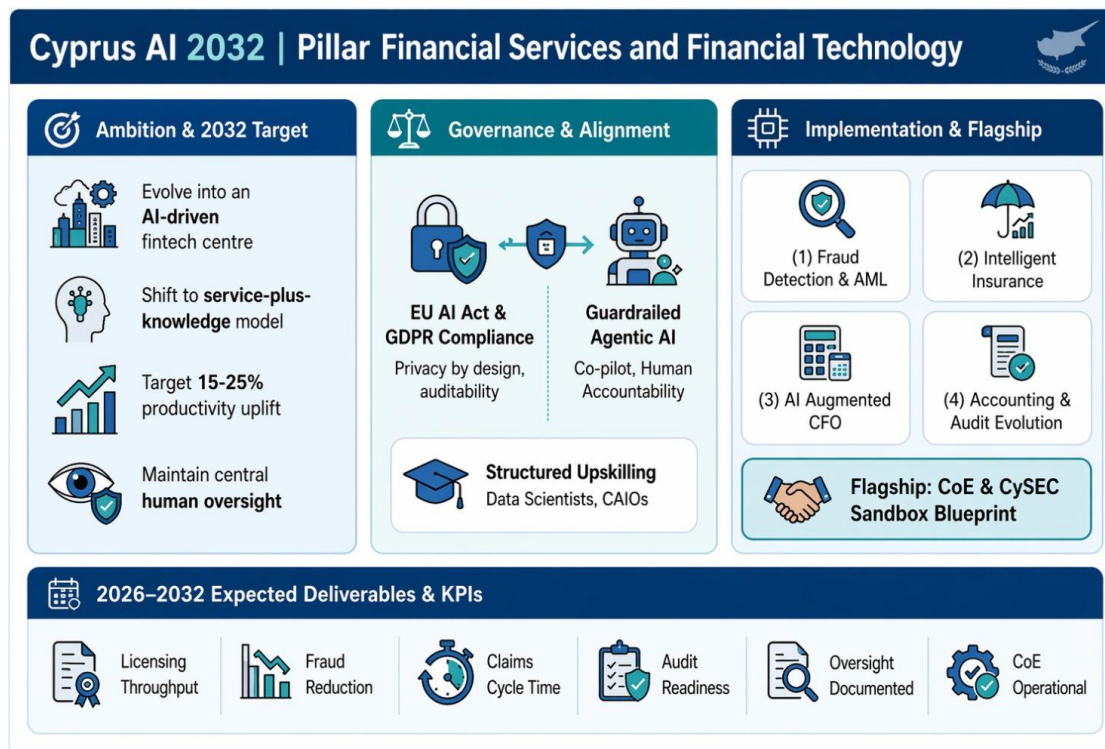


Figure 6: Recommended Use Cases, Moonshots and KPIs to be considered for Financial Services and Financial Technology

Healthcare and Life Sciences

Context and ambition

Cyprus will pursue a bold, patient-centric transformation of healthcare, using AI as a strategic enabler to improve quality of care, quality of service, and system effectiveness.²⁶²⁷ The pillar responds to persistent inefficiencies and capacity pressures by strengthening clinical decision-making, improving planning and optimisation, and expanding evidence-based policy making. The citizen remains at the centre, while medical professionals are equipped with advanced digital capabilities that enhance diagnostic, predictive, and prescriptive capacity.²⁸ The Strategy builds on Cyprus's growing excellence in medical research and care and supports national ambitions that include health and medical tourism under the auspices of the Ministry of Health, in partnership with the wider ecosystem.

Strategic objectives and 2032 target

By 2032, Cyprus will move from isolated initiatives to a coherent national programme where AI is embedded responsibly in clinical and operational workflows under human

²⁶ Esteva, A., Robicquet, A., Ramsundar, B., Kuleshov, V., et al. A guide to deep learning in healthcare. *Nature Medicine* 25(1), 24–29 (2019).

²⁷ Topol, E.J. High-performance medicine: The convergence of human and artificial intelligence. *Nature Medicine* 25(1), 44–56 (2019).

²⁸ Bevilacqua, R., Bailoni, T., Maranesi, E., Amabili, G., Barbarossa, F., Ponzano, M., Virgolesi, M., Rea, T., Illario, M., Piras, E.M., et al. Framing the human-centred artificial intelligence concepts and methods: Scoping review. *JMIR Human Factors* 12, e67350 (2025).

oversight.²⁹³⁰³¹ By prioritising investments in operational accelerators that focus on reducing overhead, improving productivity, and targeting improvements in customer experience through focused personalisation, citizens will benefit from more timely access and proactive support through personalisation, real-time engagement, and alerts that indicate when medical attention may be required. Medical professionals will be supported by AI-powered assistants that provide rapid information and insight, strengthen triage capability, improve diagnostic accuracy, reduce unnecessary examinations, and reduce waiting times. Cyprus will also lay foundations for predictive treatment by 2032 and for virtual human twins by 2032. Workforce capability is a core deliverable: by 2032, Cyprus aims for 50% of its medical workforce to be trained in AI-enabled practices through continuous, Socratic AI-driven learning approaches.³²³³³⁴³⁵

National frameworks and governance

Delivery depends on standardising and validating AI solutions as diagnostic and operational enablers that complement, not replace, clinical expertise.³⁶³⁷ The pillar prioritises the digital infrastructures required for safe scale: a Secure National Health Data Repository; an Intelligent Patient Triage and Care Navigation blueprint and platform; AI services that reduce administrative burden for clinicians and nurses; cognitive assistants that strengthen patient communication; and a digital healthcare twin that supports evidence-based planning and system optimisation for the Ministry of Health and the Ministry of Finance. Governance will connect policy, validation, procurement, and monitoring through clear ministerial leadership, with transparent data access decisions, auditability, and clinical accountability.³⁸³⁹ Due to the opportunity and risk associated with transforming the healthcare sector using AI, it is recommended that a full-scale AI healthcare strategy is developed by 2028.

International alignment

Cyprus will align implementation to WHO guidance and to European principles for trustworthy, human-centred AI in health.⁴⁰ Data and interoperability will follow established standards, including HL7 FHIR, SNOMED CT, and ICD, and will reflect European Health Data Space principles to enable continuity of care and responsible research and innovation.

²⁹ [World Health Organization. Ethics and governance of artificial intelligence for health: Guidance on large multi-modal models. World Health Organization \(25 March 2025\).](#)

³⁰ [UNESCO. Recommendation on the Ethics of Artificial Intelligence, adopted 2021.](#)

³¹ [Organisation for Economic Co-operation and Development. Recommendation of the Council on Artificial Intelligence \(OECD/LEGAL/0449\), adopted 22 May 2019.](#)

³² Collins, A., Brown, J.S., Holum, A. Cognitive apprenticeship: Making thinking visible. *American Educator* 15(3), 6–11, 38–39 (1991).

³³ Schön, D.A. *The Reflective Practitioner: How Professionals Think in Action*. Basic Books, New York (1983).

³⁴ Vygotsky, L. *Mind in Society: The Development of Higher Psychological Processes*. Harvard University Press, Cambridge, MA (1978).

³⁵ [Stanford Center for Health Education. AI Clinical Coach \(2024\).](#)

³⁶ [World Health Organization. Ethics and governance of artificial intelligence for health: Guidance on large multi-modal models. World Health Organization \(25 March 2025\).](#)

³⁷ Topol, E.J. High-performance medicine: the convergence of human and artificial intelligence. *Nature Medicine* 25(1), 44–56 (2019).

³⁸ [World Health Organization. Ethics and governance of artificial intelligence for health: Guidance on large multi-modal models. World Health Organization \(25 March 2025\).](#)

³⁹ [Organisation for Economic Co-operation and Development. Recommendation of the Council on Artificial Intelligence \(OECD/LEGAL/0449\), adopted 22 May 2019.](#)

⁴⁰ [World Health Organization. Ethics and governance of artificial intelligence for health: Guidance on large multi-modal models. World Health Organization \(25 March 2025\).](#)

Implementation, evidence and compliance

A secure National Health Data Repository will consolidate encrypted clinical data from primary care, hospitals, laboratories, imaging, prescriptions, and outcomes, supported by robust identity, consent, and key management, and will meet EU, national laws and guidelines. Privacy and security will be embedded by design through encryption, pseudonymisation, privacy-preserving analytics, secure researcher workspaces, strict role-based access, and full audit trails. Independent Data Access Committees will govern access transparently and report publicly on approved projects. Progress will be evidenced through measurable gains in research enablement and service performance, with an explicit target of zero data protection incidents. National triage and care navigation pilots in emergency and primary care will be evaluated against WHO-aligned indicators, focusing on triage accuracy, time to first clinical assessment, and reduction of avoidable visits. For longer-term capabilities, the Strategy requires transparency, version control, bias detection, and monitoring for model drift, with clear clinical explanations and uncertainty handling to preserve clinician agency and patient safety.

Flagship programme(s)

A flagship initiative tailored to improve citizen experience through personalisation is the development of an intelligent, multilingual Virtual AI Patient Orchestrator that functions as a national digital front door. It will support symptom reporting, risk alerts, appointment booking, referrals, and telemedicine handoffs, integrate with electronic health records, and dynamically match patients to available medical professionals nationwide. The system will operate under clinician oversight, with safety nets for vulnerable populations, reducing pressure on emergency services, lowering operational burden, and improving patient experience.

To strengthen national capability and clinical ownership of reasoning, Cyprus will invest in PhD programmes from 2026 to 2029 to develop a Socratic scaffolding design paradigm for diagnostic AI. This approach structures interactions into human hypotheses, reflective prompts, evidence review, and model suggestions, mitigating automation bias and preserving accountability.⁴¹⁴²⁴³⁴⁴⁴⁵

Deliverables include prototypes, open specifications, and evaluation protocols, with clinical pilots planned after 2032 following rigorous safety assessment. In parallel, operational accelerators, including generative AI and agentic AI, will be used to streamline administrative workflows and improve patient communication, integrated with national systems under the guidance of the Deputy Ministry of Research, Innovation and Digital Policy and the Ministry of Health. A digital healthcare twin will provide management insight and decision support for sustainable healthcare delivery.

⁴¹ Schön, D.A. *The Reflective Practitioner: How Professionals Think in Action*. Basic Books, New York (1983).

⁴² Collins, A., Brown, J.S., Holum, A. Cognitive apprenticeship: Making thinking visible. *American Educator* 15(3), 6–11, 38–39 (1991).

⁴³ Vygotsky, L. *Mind in Society: The Development of Higher Psychological Processes*. Harvard University Press, Cambridge, MA (1978).

⁴⁴ Gaube, S., Suresh, H., Raue, M., Merritt, A., Berkowitz, S.J., Lermer, E., Coughlin, J.F., Gutttag, J.V., Colak, E., Ghassemi, M. Do as AI say: susceptibility in deployment of clinical decision-aids. *npj Digital Medicine* 4, 31 (2021).

⁴⁵ Romeo, G., Conti, D. Exploring automation bias in human–AI collaboration: a review and implications for explainable AI. *AI & Society* (2025).

This pillar also commits to building a vibrant HealthTech and MedTech cluster that attracts researchers and startups, strengthens partnerships between medical schools and research organisations, and accelerates R&D across public and private institutions.

Healthcare and Life Sciences Pillar - What this pillar is expected to deliver

Strategic direction	Expectation for 2026-2032
Patient-centric service improvement	More timely access and proactive support through personalisation and real-time engagement, while keeping clinical accountability.
Clinician enablement with accountable AI	AI-powered assistants and triage support embedded in workflows to improve diagnostic accuracy and reduce unnecessary examinations without replacing clinical judgement.
Secure National Health Data Repository	A secure repository consolidating encrypted clinical data with consent, auditability, and transparent access governance to support continuity of care and research.
Intelligent triage and care navigation	A nationally coordinated digital front door that supports symptom reporting, risk alerts, booking, referrals, and telemedicine handoffs under clinician oversight.
Virtual AI Patient Orchestrator	Multilingual orchestration that matches patients to available professionals nationwide and reduces pressure on emergency services.
Workforce upskilling and Socratic learning	Socratic AI-driven learning pathways and national capability building, aiming for 50% of the medical workforce trained in AI-enabled practices by 2032.
R&D investment: Socratic scaffolding paradigm	PhD investment from 2026 to 2029 to develop a Socratic scaffolding design paradigm for diagnostic AI, with prototypes and evaluation protocols, and clinical pilots after 2032.
Operational accelerators and digital healthcare twin	GenAI and agentic AI to reduce administrative overhead and improve patient communication, plus a digital healthcare twin for operational optimisation and evidence-based policy support.
Long-term foundation to 2035	Foundations for predictive treatment by 2032 and virtual human twins and personalised diagnostic capability by 2035, with transparency, bias controls, and drift monitoring.

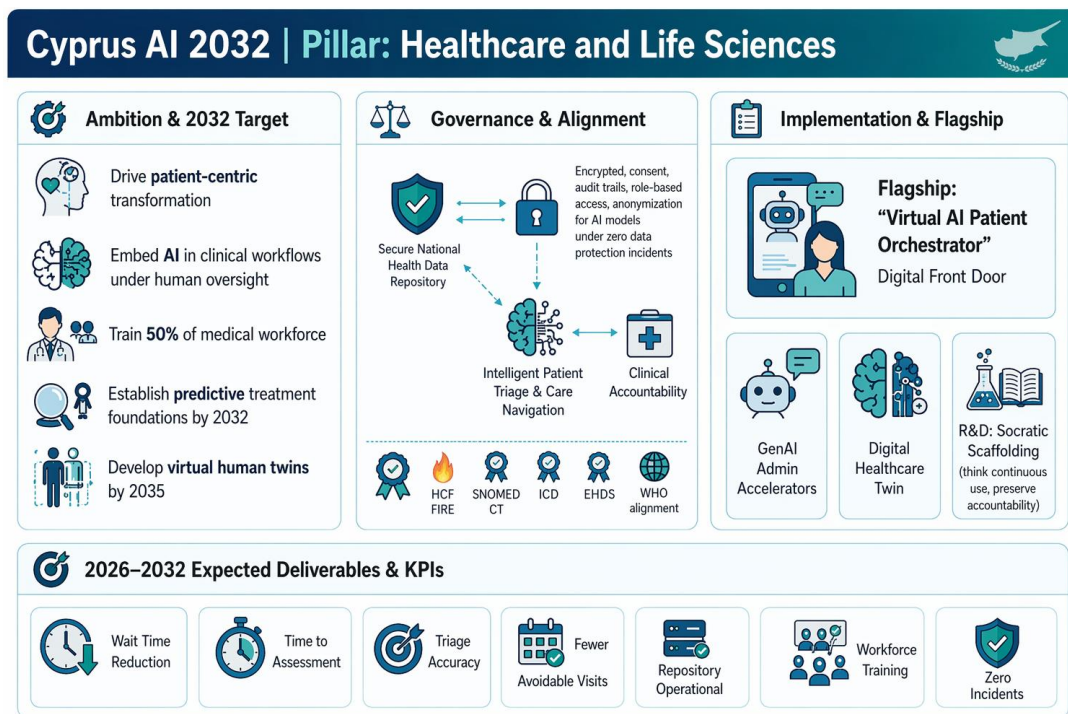


Figure 7: Recommended Use Cases, Moonshots and KPIs to be considered for Healthcare

Tourism and Hospitality

Context and ambition

Tourism is one of Cyprus's strongest contributors to GDP and a core pillar of its international identity. This pillar sets a national direction to deliver extraordinary, memorable visitor experiences while strengthening productivity and positioning Cyprus as a sustainable Mediterranean destination. The approach is to use operational accelerators that reduce overhead and accelerate productivity while also focusing on personalisation, targeting improvements in customer experience. Citizens will benefit from more timely access and proactive support through personalisation. Operational accelerators may leverage technologies including RPA, generative AI, and agentic AI across the tourism value chain, while preserving the hospitality, warmth, and cultural authenticity that distinguish Cyprus.

Strategic objectives and 2032 target

By 2032, Cyprus will provide seamless end-to-end visitor journeys that are smart, accessible, personalised, and environmentally responsible. The strategic objective is service excellence at scale: better visitor support before, during, and after the trip, higher conversion to direct bookings for local businesses, and improved destination management through data-informed planning. AI adoption will be governed to remain human-centred and trustworthy, with continuous evaluation through clear KPIs.

National frameworks and governance

Cyprus will operate as a living laboratory for AI in tourism and services through the Government Innovation Hub under the direction of the National AI Authority. The Centre of Excellence will design, test, and evaluate sector-specific agentic AI solutions for tourism and hospitality, including related GovTech and IndustryTech use cases, using industry and SME

sandboxes. Governance will ensure privacy, data protection, and compliance with the EU AI Act, while supporting SMEs and local communities, not only large hotel chains.

International alignment

Implementation will align with European requirements on trustworthy AI, privacy, and transparency, and will promote open, interoperable data and platforms across regions and providers. This ensures that tourism innovation is scalable, auditable, and compatible with cross-border visitor expectations.

Implementation, evidence, and compliance

The pillar is implemented through three linked programmes. First, Smart Tourism Infrastructure modernises key sites, museums, and attractions to improve accessibility, reduce environmental footprint, and enhance visitor experience. This includes AI-enabled energy and water optimisation, prioritised retrofitting in high-traffic areas, AI-powered wayfinding and translation for multilingual and accessibility needs, and predictive models for crowd and flow management with real-time recommendations for alternative times and less crowded attractions. Selected destinations will develop digital twins to simulate high-season demand, extreme weather, and infrastructure changes before implementation.

Second, Smart Planning and Destination Management builds an AI-enabled planning layer that connects municipalities, smart city services, events, cultural experiences, and transport options into a coherent national offer. A national smart tourism portal will aggregate services by region, enable unified access to bookings and transport through APIs, and tailor content dynamically to season and visitor profile. Agentic AI will support forecasting, capacity planning, and service coordination, aligning event calendars, transport availability, and accommodation capacity to reduce bottlenecks and underutilisation. Integrated ticketing and passes will combine museums, cultural events, and transport, with pricing and recommendations informed by visitor behaviour. Data sharing, governance, and compliance will be established through standard data models and agreements between municipalities, the national tourism authority, and private operators, ensuring secure exchange and representative data that reflects local communities.

Third, the Empowered Digital Tourists programme strengthens visitor support through intelligent tools, starting with a national tourism mobile application guided by the Deputy Ministry of Tourism, and helps Cypriot businesses capture more value through direct, trusted relationships. This programme co-funds multilingual, privacy-compliant GenAI chatbots and recommendation systems for sustainability-certified hotels and tourism SMEs. International case studies referenced in this chapter report that 8% of chatbot conversations resulted in a confirmed booking, rising to 25% with a single follow-up email, and estimate a 10% increase in direct sales after adding a chatbot. Cyprus will apply these approaches with clear disclosure when content is AI-generated and easy escalation to human staff, while promoting responsible personalisation and marketing in line with GDPR and EU AI Act requirements. Targeted digital literacy training and toolkits for businesses and staff will support safe use, content review, prompt design, and handling of sensitive or high-risk information.

Flagship programme(s)

The flagship delivery backbone is the integrated rollout of the Smart Tourism Infrastructure programme, the Smart Planning and Destination Management platform and portal, and the Empowered Digital Tourists programme. To accelerate implementation of agentic AI in

planning and operations, the Deputy Ministry of Tourism will rely on technical support from the AI Industrial Centre of Excellence, which will standardise patterns, validate deployments, and scale tested solutions across the ecosystem.

Tourism and Hospitality Pillar - What this pillar is expected to deliver

Strategic direction	Expectation for 2026-2032
Visitor experience and service excellence	Seamless end-to-end visitor journeys that are smart, accessible, personalised, and culturally authentic.
Operational accelerators across the value chain	Responsible use of RPA, generative AI, and agentic AI to improve productivity and quality in tourism operations.
Living laboratory and sandbox governance	Sector-specific solutions designed, tested, and evaluated through industry and SME sandboxes under trustworthy governance.
Smart Tourism Infrastructure	Modernised sites and attractions with AI-enabled energy and water optimisation, accessibility support, and improved on-site information.
Crowd and flow management	Predictive management of visitor flows with real-time recommendations to reduce congestion and improve safety.
Digital twins for destinations	Digital twins for selected destinations to simulate demand, weather scenarios, and infrastructure changes before implementation.
Smart planning and destination management platform	AI-enabled planning layer connecting events, culture, transport, and services into a coherent national offer.
National smart tourism portal and API integration	Central portal aggregating regional offers and enabling unified access to bookings and transport through APIs.
Integrated ticketing and passes	Integrated passes for museums, cultural events, and transport with optimised pricing and recommendations.
Data sharing, governance, and compliance	Standard data models and agreements enabling secure, representative data exchange across public and private operators.
Empowered Digital Tourists programme	National tourism mobile application and business enablement for direct, trusted relationships with guests.
Support for sustainable hotels and SMEs	Funding scheme co-funding multilingual, privacy-compliant chatbots and recommendation tools for sustainability-certified SMEs.
Digital concierges and transparent AI use	GenAI-based concierges supporting multilingual guidance, culture and heritage explanations, and human escalation.
Responsible personalisation and marketing	AI-supported, human-supervised segmentation and communication that respects privacy and promotes sustainable and off-season offers.
Digital literacy for staff and businesses	Training and toolkits for safe and effective AI use, including content review and handling of sensitive information.



Figure 8: Recommended Use Cases, Moonshots and KPIs to be considered for Tourism and Hospitality

Legal Services

Context and ambition

Legal services are a major contributor to Cyprus' GDP and a pillar of the country's international identity. A trusted judicial system and high-quality legal services are essential to attract entrepreneurs, high-net-worth individuals, and businesses that invest and innovate in Cyprus, including in AI development. This pillar positions Cyprus as a living laboratory for AI in legal services, where modernisation strengthens competitiveness while protecting professional integrity, rights, and trust.

Strategic objectives and 2032 target

The strategic objective is to improve the client and citizen experience and to increase sector productivity by equipping law firms and related services with operational accelerators and properly governed AI capabilities. By prioritising investments in operational accelerators that focus on reducing overhead, improving productivity and targeting improvements in customer experience through focused personalisation, citizens will benefit from more timely access and proactive support through personalisation. Cyprus will promote the responsible use of RPA, generative AI, and agentic AI for high-value legal workflows, while ensuring that deployment remains human-centred, trustworthy, and aligned with European and national regulation. A further national objective is to develop a language model capability trained to handle Cyprus case law, supporting legal offices and citizens.

National frameworks and governance

Delivery will be supported by the Government Innovation Hub and the AI Industrial Centre of Excellence, working under the direction of the National AI Authority. The Centre of Excellence will design, test, and evaluate sector-specific agentic AI solutions for legal services, as well as

related GovTech and industry tech use cases, using sandboxes for industry and SMEs. The Strategy focuses on combining digital excellence with properly regulated, efficient, and effective delivery of legal services within an effective judicial system, ensuring that technology augments, rather than replaces, professional judgement.

International alignment

Cyprus will embed EU AI Act regulatory logic into its innovation ecosystem and turn early adoption into competitive advantage. The strategy is to build conformity and trust capabilities that can also serve vendors targeting markets beyond the EU, through international equivalence bridges that align EU AI Act requirements with the NIST AI Risk Management Framework, Singapore's AI Verify approach, and relevant AI ethics charters in the GCC.

Implementation, evidence and compliance

The Strategy recommends that a National AI Compliance Framework (NAICF) will be established, aligned with EU AI Act provisions and leveraging ISO 42001 and AIGP. NAICF will define standardised compliance protocols for developers and deployers operating in or through Cyprus and will support a centralised national registry of AI systems certified under EU rules. To make this credible and investment-relevant, Cyprus will also clarify targeted aspects of its copyright regime so that computer-generated works and AI-related assets can be protected with clearer legal certainty, strengthening confidence compared to less explicit environments. NAICF will coordinate with the Research and Innovation Foundation (RIF) and the Office of the Chief Scientist to fund compliance readiness and auditing innovation.

Flagship programme(s)

The flagship policy mechanism for adoption is a two-step pathway. NAICF Comply will provide a one-time incentive for organisations to establish baseline governance and compliance capability. AdoptNAICF, led by the Ministry of Energy, Commerce and Industry, will support SME implementation of EU AI Act-aligned practices. The focus will encourage companies and organisations to leverage AI-related technologies as operational enablers in concrete legal use case categories, including document processing, e-discovery, legal research, time recording and billing, compliance and risk management, and to leverage technologies such as conversational AI to improve citizen and customer experience through personalisation to improve customer service.

For high-value public interest and investment enabling reforms, the Strategy recommends 4 priority initiatives. First, enhancement of the copyright regime and the creation of an AI registry (AIREG) that provides immutable certification of AI assets using blockchain technology, creating a strong presumption of ownership that supports enforcement across the EU. Second, creation and adoption of a Digital AML Certification Scheme that digitises core AML data, issues trusted certification, and enables reliance by obliged entities and relevant authorities, supporting a more efficient, interoperable AML ecosystem aligned with EU standards. Third, AI-generated transcription for court hearings and judgements to improve efficiency, create accurate records, and reduce administrative burden. Fourth, an AI judge capability for very basic, low-value, factually uncontested cases under €5,000 with strict constraints to reduce delays and free capacity for higher complexity matters. To accelerate innovation, a LegalTech sandbox will be developed by the competent authority so startups can use Cyprus as a testbed under supervision.

Legal Services Pillar - What this pillar is expected to deliver

Strategic direction	Expectation for 2026-2032
Sector modernisation and competitiveness	Trusted, higher productivity legal services that strengthen Cyprus' investment proposition and judicial effectiveness.
Operational accelerators in legal workflows	Responsible deployment of RPA, generative AI, and agentic AI to improve efficiency and quality across law firm operations.
NAICF compliance framework	Standardised EU AI Act-aligned compliance protocols for developers and deployers, with ISO 42001 and AIGP as implementation references.
Testing and certification hub	European AI Certification Lab and sandbox capability enabling precertification of high-risk and foundation models in Cyprus.
International equivalence bridges	Interoperability path that aligns EU AI Act assurance with NIST AI RMF, Singapore's AI Verify, and GCC ethics charters to support dual recognition.
AI governance workforce capacity	Governance role model adopted, with larger organisations encouraged to establish dedicated compliance and oversight functions and SMEs supported through certified providers.
Flagship adoption mechanism	NAICF Comply incentive and AdoptNAICF programme supporting SME implementation for document processing, e-discovery, legal research, billing, compliance, and conversational AI.
Copyright enhancement and AIREG	Improved protection for computer-generated works and a blockchain-based AI registry that supports proof of ownership and confidence for investors.
Digital AML certification scheme	Trusted certification that digitises AML data and enables reliance by obliged entities and relevant authorities, improving efficiency and interoperability.
Justice system efficiency and innovation	AI transcription for hearings and judgements and an AI judge capability for strictly constrained low-value uncontested cases, alongside a LegalTech sandbox for supervised experimentation.
Cyprus case law language model capability	A language model capability able to handle Cyprus case law for professional and citizen use, under governance and transparency controls.



Figure 9: Recommended Use Cases, Moonshots and KPIs to be considered for Legal Services

Education and Human Capital Development

Context and ambition

Cyprus aims to become a leading European hub for AI in education by 2032, offering a safe, dynamic, and innovative environment to live, work, and learn. The urgency is clear: AI systems already shape schools⁴⁶ and workplaces⁴⁷, however Cyprus lacks a coherent national framework to turn disruption into opportunity, equity, and trust. Without coordination, fragmented pilots and generic training will produce low-impact, unequal access, and public mistrust.

Strategic objectives and 2032 target

This Strategy sets the direction for a confident, AI-literate Cyprus where teachers guide technology in classrooms^{48,49,50}, workers adopt AI responsibly to enhance productivity⁵¹, and all learners, including vulnerable groups, benefit from inclusive, accessible design^{52,53,54}. The

⁴⁶ Zhang, P. and Tur, G. A systematic review of ChatGPT use in K-12 education. *European Journal of Education*, 59(2), e12599 (2024).

⁴⁷ Brynjolfsson, E., Li, D. and Raymond, L. Generative AI at work. *The Quarterly Journal of Economics*, 140(2), 889-942 (2025).

⁴⁸ Holmes, W. and Porayska-Pomsta, K. (eds.). *The Ethics of Artificial Intelligence in Education: Practices, Challenges, and Debates*. Routledge, London (2022).

⁴⁹ Selwyn, N. *Should Robots Replace Teachers? AI and the Future of Education*. Polity Press, Cambridge (2019).

⁵⁰ Miao, F. and Cukurova, M. *AI competency framework for teachers*. UNESCO, Paris (2024).

⁵¹ Brynjolfsson, E., Li, D. and Raymond, L. Generative AI at work. *The Quarterly Journal of Economics*, 140(2), 889-942 (2025).

⁵² Pagliara, S.M. et al. The integration of artificial intelligence in inclusive education: A scoping review. *Information*, 15(12), Article 774 (2024).

⁵³ Nussbaum, M.C. *Creating Capabilities: The Human Development Approach*. Harvard University Press, Cambridge, MA (2011).

⁵⁴ [Miao, F., Shiohira, K. and Lao, N. AI competency framework for students. UNESCO, Paris \(2024\).](#)

core commitment is lifelong AI learning for every resident, from early schooling to higher education and throughout professional life⁵⁵⁵⁶⁵⁷⁵⁸⁵⁹. State institutions, academia, and industry will jointly build a talent pipeline that translates research excellence into classroom and workplace practice, while remaining adaptive to evolving technologies and business models.

National frameworks and governance

Governance is anchored in three national instruments that connect learning outcomes, safe classroom use, and measurable impact. The Cyprus AI Literacy Framework (CALF) defines what learners should know and be able to do across age bands, aligned with the Key Competences for Lifelong Learning and the revised Bloom’s taxonomy. The Ethical, Pedagogical Validation Layer (EPVL) provides a mediated, open interface that contextualises AI outputs for classroom use⁶⁰⁶¹⁶², checks age appropriateness, cultural respect, and curricular alignment, and records teacher decisions through transparent audit trails⁶³⁶⁴. The National AI Skills Observatory (NASO) measures progress across the education-to-labour pipeline, ensuring policy remains evidence-led and responsive. Together, CALF defines the learning destination, EPVL governs safe and pedagogically valid use, and NASO verifies impact and informs adjustments.

International alignment

Cyprus will align with international best practice while retaining national ownership⁶⁵⁶⁶⁶⁷. The UK National AI Skills Framework will inform occupational pathways and competency structures, complemented by collaboration with Finland, France, and Estonia on teacher training, AI literacy, and ethics in education, drawing on proven approaches such as open AI literacy initiatives and structured secondary-level AI courses including ethics. Through CALF and EPVL, these references will be adapted to Cyprus’s linguistic, cultural, and institutional context. NASO will benchmark progress so international excellence translates into measurable national results and sustained, human-centred growth.

⁵⁵ UNESCO. Recommendation on the ethics of artificial intelligence, adopted by UNESCO Member States, 23 November 2021.

⁵⁶ OECD. Recommendation of the Council on Artificial Intelligence. OECD Legal Instrument OECD/LEGAL/0449 (2019).

⁵⁷ OECD. Empowering learners for the age of AI: An AI literacy framework for primary and secondary education. Review Draft (May 2025), public consultation draft.

⁵⁸ [Miao, F., Shiohira, K. and Lao, N. AI competency framework for students. UNESCO, Paris \(2024\).](#)

⁵⁹ [Miao, F. and Cukurova, M. AI competency framework for teachers. UNESCO, Paris \(2024\).](#)

⁶⁰ Khosravi, H. et al. Explainable artificial intelligence in education. *Computers and Education: Artificial Intelligence*, 3, Article 100074 (2022).

⁶¹ Madsen, A., Chandar, S. and Reddy, S. Are self-explanations from large language models faithful? Findings of the Association for Computational Linguistics: ACL 2024 (2024).

⁶² Holmes, W. and Porayska-Pomsta, K. (eds.). *The Ethics of Artificial Intelligence in Education: Practices, Challenges, and Debates*. Routledge, London (2022).

⁶³ Regulation (EU) 2024/1689 Artificial Intelligence Act. Official Journal of the European Union (2024).

⁶⁴ Diakopoulos, N. Accountability in algorithmic decision making. *Communications of the ACM*, 59(2), 56–62 (2016).

⁶⁵ UNESCO. Recommendation on the ethics of artificial intelligence, adopted by UNESCO Member States, 23 November 2021.

⁶⁶ OECD. Recommendation of the Council on Artificial Intelligence. OECD Legal Instrument OECD/LEGAL/0449 (2019).

⁶⁷ Regulation (EU) 2024/1689 Artificial Intelligence Act. Official Journal of the European Union (2024).

Implementation, evidence and compliance

NASO will operate as the central evidence and intelligence unit supporting the Ministries of Education and Labour and the Deputy Ministry of Digital Policy, Research and Innovation, in close coordination with the Human Resource Development Authority of Cyprus (HRDA). It will maintain the Cyprus AI Skills Gap Atlas and produce annual reports and real-time dashboards by integrating labour market information, education enrolment data, and AI literacy indicators from CALF assessments. Its outputs will feed directly into policy revisions, budget planning, and the design of upskilling programmes, creating a closed feedback loop between evidence, funding, and implementation under joint supervision with the relevant governance bodies.

CALF will structure AI literacy into 4 developmental bands: ages 6 to 8 focusing on pattern recognition, rules, and safe use under adult guidance; ages 9 to 12 covering basic data concepts, simple algorithms, and early ethical language; ages 13 to 15 building model basics, bias awareness, and verification habits; and ages 16 to 18 advancing systems thinking, data rights, and responsible experimentation. CALF will include classroom-ready assessment rubrics for knowledge, skills, and attitudes, designed for piloting before scale-up.

EPVL will be specified in a separate technical and pedagogical annex. This Strategy sets policy intent, governance, funding priority, and readiness checkpoints. EPVL is explicitly teacher-mediated: it does not replace the teacher,⁶⁸⁶⁹⁷⁰ but scaffolds instruction with structured templates, transformation tools⁷¹⁷²⁷³⁷⁴⁷⁵⁷⁶, and auditable records aligned with the EU AI Act and GDPR,⁷⁷⁷⁸ and with accessibility and inclusion checks built into implementation.⁷⁹⁸⁰⁸¹

Implementation will be governed through an integrated institutional landscape. A steering board chaired by the Deputy Ministry of Digital Policy, Research and Innovation, with the Minister of Education as co-chair, will approve plans and budgets and publish progress. A Pedagogical and AI Safety Committee (PASC) will maintain CALF and EPVL rubrics, approve pilots, and validate accessibility checks. HRDA will co-chair the AI Upskilling Certification and Quality Committee, manage provider accreditation, and maintain the credentials registry,

⁶⁸ Holmes, W. and Porayska-Pomsta, K. (eds.). *The Ethics of Artificial Intelligence in Education: Practices, Challenges, and Debates*. Routledge, London (2022).

⁶⁹ Selwyn, N. *Should Robots Replace Teachers? AI and the Future of Education*. Polity Press, Cambridge (2019).

⁷⁰ Wood, D., Bruner, J.S. and Ross, G. The role of tutoring in problem solving. *Journal of Child Psychology and Psychiatry*, 17(2), 89–100 (1976).

⁷¹ Vygotsky, L.S. *Mind in Society: The Development of Higher Psychological Processes*. Harvard University Press, Cambridge, MA (1978).

⁷² Puntambekar, S. and Hubscher, R. Tools for scaffolding students in a complex learning environment: What have we gained and what have we missed? *Educational Psychologist*, 40(1), 1–12 (2005).

⁷³ Wood, D., Bruner, J.S. and Ross, G. The role of tutoring in problem solving. *Journal of Child Psychology and Psychiatry*, 17(2), 89–100 (1976).

⁷⁴ van Merriënboer, J.J.G. and Kirschner, P.A. *Ten Steps to Complex Learning: A Systematic Approach to Four-Component Instructional Design*, 3rd ed. Routledge, New York, NY (2018).

⁷⁵ Molenaar, I. The concept of hybrid human-AI regulation: Exemplifying how to support young learners' self-regulated learning. *Computers and Education: Artificial Intelligence*, 3, Article 100070 (2022).

⁷⁶ Molenaar, I. Towards hybrid human-AI learning technologies. *European Journal of Education*, 57(4), 632–645 (2022).

⁷⁷ Regulation (EU) 2024/1689 Artificial Intelligence Act. Official Journal of the European Union (2024).

⁷⁸ [Regulation \(EU\) 2016/679 \(General Data Protection Regulation\). Official Journal of the European Union \(2016\).](#)

⁷⁹ Pagliara, S.M. et al. The integration of artificial intelligence in inclusive education: A scoping review. *Information*, 15(12), Article 774 (2024).

⁸⁰ Nussbaum, M.C. *Creating Capabilities: The Human Development Approach*. Harvard University Press, Cambridge, MA (2011).

⁸¹ [Miao, F., Shiohira, K. and Lao, N. AI competency framework for students. UNESCO, Paris \(2024\).](#)

while NASO delivers continuous labour market and skills intelligence. Minimum compliance requirements, legal hooks, and procurement rules will be developed to ensure consistent, safe deployment and accountability.

Flagship programme: FutureAI CY

FutureAI CY will operationalise workforce retraining and upskilling as a national productivity and resilience programme.⁸² The programme's objective is to equip working adults with job-relevant AI skills that reduce repetitive work, improve decision quality, and strengthen employability, through role-specific learning, quality assurance, and incentives tied to measurable outcomes.⁸³ Governance will be provided by an AI Upskilling Certification and Quality Committee co-chaired by the Ministry of Education and HRDA, with participation from the Deputy Ministry of Research, Innovation and Digital Policy and the Chairman of the AI Taskforce or an assigned AI Taskforce member, while NASO functions as the evidence hub through forecasting, task impact audits, and the Skills Gap Atlas that anchors national targets.

Delivery will follow stackable micro-credentials worth 5 to 15 ECTS, combining online study with workshops and sandboxed exercises, mapped to the European Qualifications Framework and recognised for public sector progression or Continuing Professional Development (CPD) requirements.

Phasing will prioritise 6 tiers across the first two years: executive leadership including public-sector officials and top CEOs; senior leadership across major public-sector and private organisations; SMEs in tourism, maritime logistics, financial services, legal professions, and healthcare; unemployed graduates and under-employed youth; citizens with difficulties; and retired citizens. Every pathway will begin with a short foundational AI literacy module covering digital competence, responsible data use, and ethics, followed by profession-specific units such as client-safe prompting for legal work, explainable audit tools for accounting, privacy-controlled forecasting for public health, and information orchestration for executives and assistants.⁸⁴⁸⁵⁸⁶⁸⁷⁸⁸

Funding will include a local voucher scheme and a pilot of 500 to 1,000 learners with independent counterfactual evaluation. Incentives will include benefits for certified employers, grant preference for organisations with at least 10% certified workforce, public recognition through a Future Ready Enterprise badge, and talent acceleration where top participants access advanced modules and internships.

⁸² Brynjolfsson, E., Li, D. and Raymond, L. Generative AI at work. *The Quarterly Journal of Economics*, 140(2), 889–942 (2025).

⁸³ Brynjolfsson, E., Li, D. and Raymond, L. Generative AI at work. *The Quarterly Journal of Economics*, 140(2), 889–942 (2025).

⁸⁴ UNESCO. Recommendation on the ethics of artificial intelligence, adopted by UNESCO Member States, 23 November 2021.

⁸⁵ OECD. Recommendation of the Council on Artificial Intelligence. OECD Legal Instrument OECD/LEGAL/0449 (2019).

⁸⁶ OECD. Empowering learners for the age of AI: An AI literacy framework for primary and secondary education. Review Draft (May 2025), public consultation draft.

⁸⁷ [Miao, F., Shiohira, K. and Lao, N. AI competency framework for students. UNESCO, Paris \(2024\).](#)

⁸⁸ [Miao, F. and Cukurova, M. AI competency framework for teachers. UNESCO, Paris \(2024\).](#)

Education and Human Capital Development Pillar – What this pillar is expected to deliver

Strategic direction	Expectation for 2026-2032
National ambition and trust	A coherent AI in Education framework that replaces fragmented pilots with a scaled, trusted national approach.
2032 adoption target	Increase AI adoption across education and labour from 13% to 75% through human-centred, ethical, and transparent deployment.
Lifelong AI learning platform	Personalised, adaptive platform enabling upskilling across life stages, aligned with national needs.
CALF (AI literacy outcomes)	Age-banded national AI literacy outcomes with classroom-ready rubrics, piloted then scaled.
EPVL (safe classroom use)	Teacher-mediated validation interface for age-appropriate, culturally respectful, curriculum-aligned AI use, with auditability.
NASO (evidence loop)	Continuous monitoring, forecasting, and skills gap mapping through the Skills Gap Atlas and dashboards that inform budgets and policy revisions.
Compliance and procurement	Minimum compliance requirements, legal hooks, and procurement rules that embed safety, accessibility, and accountability.
FutureAI CY (workforce upskilling)	Stackable micro-credentials (5–15 ECTS), tiered rollout, voucher support, and incentives with counterfactual evaluation of a 500–1,000 pilot.

Cyprus AI 2032 | Pillar: Education and Human Capital Development

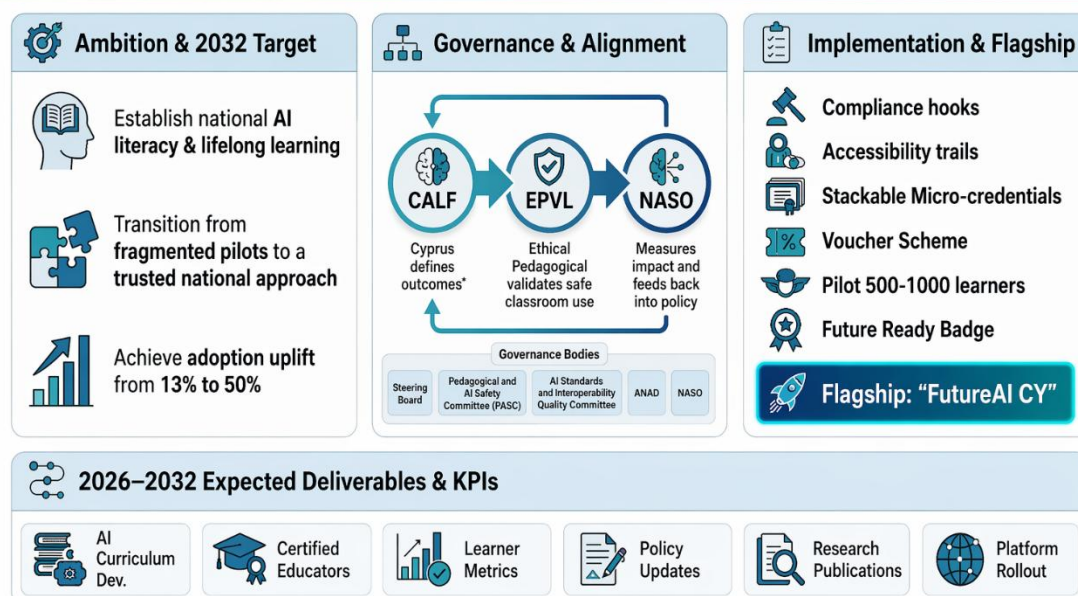


Figure 10: Recommended Use Cases, Moonshots and KPIs to be considered for Education

Shipping and Maritime

Context and ambition

Cyprus is the 11th largest ship registry globally and the 3rd largest in the European Union,^{89,90} with more than 2,200 ocean-going vessels and gross tonnage exceeding 25 million.⁹¹ The fleet expanded by 18% between late 2023 and the end of 2024.⁹² Cyprus is also a global centre of ship management, commanding around 20% of the world's third-party ship management market⁹³ with Limassol serving as the largest third-party crew management centre globally and supporting employment for over 55,000 seafarers.⁹⁴

The sector contributes roughly 7% of GDP,⁹⁵ exceeding €1 billion annually⁹⁶, and ship management revenue reached €638 million⁹⁷ in the second half of 2023. The sector now faces a dual transformation: decarbonisation driven by EU and IMO rules and the data-driven shift of Industry 4.0. With the global maritime AI market projected to grow from \$4.3 billion in 2024 to \$32.7 billion by 2032, Cyprus must evolve from administrative excellence to technological excellence.

Strategic objectives and 2032 target

This pillar positions Cyprus to lead in Blue Intelligence by integrating agentic AI, generative AI, and digital twin technologies across the maritime value chain. By 2032, Cyprus will aim to be the world's premier Intelligent Maritime Orchestrator, where shipping companies and shore-based professionals use AI to optimise fleets in near real-time. The Strategy targets 10% to 20% fuel savings and 30% to 40% reductions in maintenance costs through smarter operations and compliance at scale, while maintaining safety as the primary constraint. A human-in-the-loop architecture is mandatory: AI proposes, simulates, and prepares decisions, while qualified professionals retain final authority. By prioritising investments in operational accelerators that focus on reducing overhead and improving productivity, digital twins, and

⁸⁹ Cyprus Shipping Chamber: [Cyprus: A Leading Maritime Centre](#) (Cyprus Registry is classified as the 11th largest merchant fleet globally). Cyprus Profile: [Maritime and Shipping](#).

⁹⁰ Cyprus Shipping Chamber and official government communications. [Cyprus: A Leading Maritime Centre](#) (3rd largest fleet in the European Union).

⁹¹ Cyprus Shipping Chamber: [Cyprus: A Leading Maritime Centre](#) (more than 2,200 ocean-going vessels).

⁹² Wikipedia: [Cyprus Merchant Marine](#) (citing governmental estimates: 20% of the world third-party ship management market). Cyprus Government: [Why Cyprus Maritime](#).

⁹³ Wikipedia: [Cyprus Merchant Marine](#).

⁹⁴ Cyprus Profile: [Maritime and Shipping](#) (over 55,000 seafarers are employed on Cyprus-flagged vessels); Cyprus Mail (December 2025): [Global fleet under pressure as seafarers leave in rising numbers, a concern for Cyprus maritime sector](#) (more than 200 shipping-related companies are active on the island, employing around 55,000 seafarers worldwide).

⁹⁵ Cyprus Profile: [Maritime and Shipping](#) (contributing more than €1 billion to the economy annually, which equates to over 7% of GDP); Financial Mirror (October 2025): [Maritime Cyprus looks to shipping future journey of change](#) (maritime sector contributing more than 7% to the country's gross domestic product); MaritimeCyprus (December 2021): [The shipping sector in Cyprus: competitive advantages, ship registration procedures and the latest developments](#) (shipping accounts for approximately 7 per cent of the country's gross domestic product).

⁹⁶ Cyprus Profile: [Maritime and Shipping](#) (contributing more than €1 billion to the economy annually); MaritimeCyprus (December 2021): [The shipping sector in Cyprus: competitive advantages, ship registration procedures and the latest developments](#).

⁹⁷ Cyprus Mail (May 2024): [Cyprus ship management revenue hits €638 million](#) (Cyprus witnessed a marginal rise in its ship management revenues in the latter half of 2023, which climbed to €638 million, citing Central Bank of Cyprus data).

focused personalisation targeting improvements in customer experience, citizens will benefit from more timely access and proactive support through personalisation.

National frameworks and governance

Delivery will prioritise operational efficiency through the agentic fleet, compliance, risk, and safety through a regulatory copilot, and logistics and smart port integration that connects ship to shore. Governance will ensure that deployments remain human-centred, auditable, and accountable under the EU AI Act and GDPR, with evidence-based adoption and clear withdrawal criteria where safety or compliance thresholds are not met.

International alignment

The maritime pillar aligns with EU Green Deal priorities, the EU emissions framework affecting shipping operations, and IMO regulations on decarbonisation. It will also reflect the EU AI Act and GDPR requirements for high-risk use cases, ensuring privacy by design, data minimisation, and lifecycle auditability across models used in safety-critical contexts.

Implementation, evidence and compliance

Operational efficiency will be advanced through predictive maintenance and intelligent route and fuel optimisation. Digital twins of vessels will enable continuous analysis of sensor streams, hull stress, and auxiliary systems to shift maintenance from schedule-based routines to prediction and prevention. Agentic AI will support technical superintendents by assembling decision-ready options that consider spares, port capacity, and cost-benefit trade-offs. Route and fuel optimisation will integrate weather, currents, fuel prices, and hydrodynamic performance and will recalculate routes dynamically to reduce fuel burn and emissions costs as carbon pricing impacts shipping.

Compliance, risk, and safety will be strengthened through a regulatory copilot that reduces administrative burden across multi-jurisdiction operations. Operational accelerators will support automated regulatory monitoring, reporting readiness, and safety audits, including support for crew welfare processes, while keeping accountability with the responsible human officers. Logistics and smart port integration will connect fleet operations with shore-side planning, enabling better coordination, reduced bottlenecks, and more reliable scheduling as part of a modernised ship-to-shore operating model.

To enable these capabilities, Cyprus will build a shared Maritime AI ecosystem. A Trusted Maritime Data Space will be developed so companies can contribute anonymised datasets for national model training without compromising commercial know-how. This reduces data siloing and improves the robustness of models used for maintenance, routing, and compliance.

Flagship programme(s)

A national Maritime AI programme will be anchored by a sector platform approach that combines digital twins, agentic orchestration, and a Trusted Maritime Data Space and may be supported by a Centre of Excellence to standardise, test, and scale solutions across the cluster. Cyprus will also position itself as an EU shipping and maritime testbed, leveraging its strategic location and calm waters to support a regulatory sandbox for autonomous surface vessels and drone-based inspection technologies under supervised conditions.

Shipping and Maritime Pillar – What this pillar is expected to deliver

Strategic direction	Expectation for 2026-2032
Blue Intelligence positioning	Shift from administrative excellence to technological excellence in maritime AI and digital twins.
Intelligent Maritime Orchestrator ambition	By 2032, AI-enabled orchestration of fleet operations with human-in-the-loop governance.
Fuel and emissions performance	10% to 20% fuel savings through route and performance optimisation under decarbonisation constraints.
Maintenance cost reduction	30% to 40% maintenance cost reduction through predictive maintenance and digital twin-enabled planning.
Predictive maintenance via digital twins	Digital twins and agentic analysis of vessel sensor streams to shift from fail-and-fix to predict-and-prevent.
Intelligent route and fuel optimisation	Dynamic routing based on weather, currents, fuel prices, and hydrodynamic performance to reduce costs and emissions.
Regulatory copilot	Automated regulatory monitoring and reporting readiness with safety audits and crew welfare support under human accountability.
Ship-to-shore logistics integration	Smart port and logistics integration that improves coordination and reduces operational bottlenecks.
Trusted Maritime Data Space	Shared data capability enabling anonymised dataset contribution for national model training without compromising commercial know-how.
EU shipping and maritime testbed	Regulatory sandbox for autonomous surface vessels and drone-based inspections under supervised conditions.
Evidence-based adoption and withdrawal criteria	Independent evaluation and clear stop conditions for safety, compliance, or performance failures.

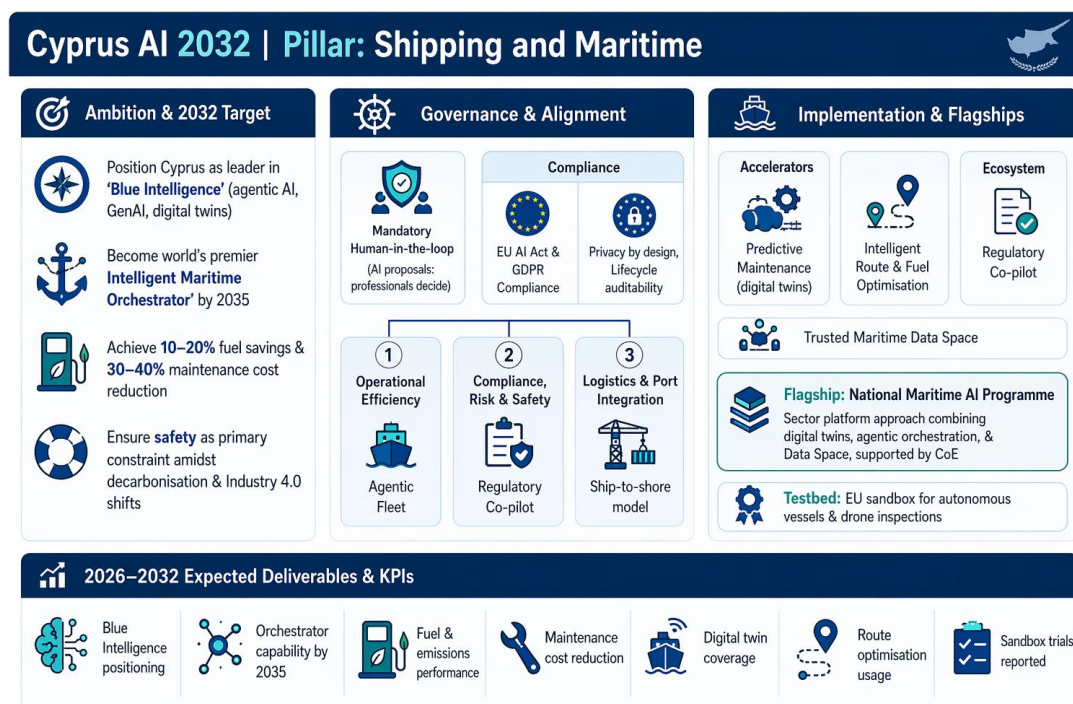


Figure 11: Recommended Use Cases, Moonshots and KPIs to be considered for Shipping and Maritime

Entrepreneurship and Innovation

Context and ambition

Cyprus will leverage AI entrepreneurship to complete the shift from a service economy to a service plus knowledge economy, building a strong innovation ecosystem. The ambition is to be the smallest EU state where it is easier to start, finance, and scale an AI company than to move it elsewhere. This pillar turns sovereign compute, trusted data, and research excellence into new firms, new exports, and new high-skill jobs, while keeping IP and decision-making anchored in Cyprus.

Strategic objectives and 2032 target

Cyprus will position itself as the Eastern Mediterranean's AI launchpad and as a trusted EU-to-MENA bridge for AI products, platforms, and services. The objective is to convert compliance into competitiveness for founders, reduce time and cost from proof of concept to production under EU rules, and provide a predictable path from national pilots to international expansion. Universities will operate as entrepreneurship engines that produce spin-offs and venture pipelines, while targeted talent measures close the senior gap so local teams can ship production systems and scale.

National frameworks and governance

A national network of AI testbeds across priority sectors will serve as the operational backbone for innovation, offering governed datasets, controlled environments, and conformity assessment pathways that reduce EU AI Act compliance burden without compromising safety, privacy, or transparency. A sovereign, market-driven investment

platform will anchor IP, senior teams, and high-value jobs in Cyprus by co-investing with reputable funds and tying capital to local presence, governance standards, and knowledge transfer. Governance will emphasise clear decision accountability, predictable national IP rules, and shared services for legal, compliance, data access, and compute that lower transaction costs for founders and researchers.

International alignment

The pillar aligns entrepreneurship acceleration with EU alignment and regulatory trust, including the use of regulatory sandboxes and conformity pathways under EU rules. It also references best practices from international sandbox and co-investment models, adapting them to Cyprus's scale while maintaining national ownership and EU compatibility.

Implementation, evidence, and compliance

Three execution instruments drive delivery. First, data sandboxes will provide fast, low-friction access to datasets under strong governance, mirroring best practice approaches referenced in this chapter. Developer-facing sandboxes will be built on top of existing data repositories, with the Cyprus healthcare system as a priority through a General Healthcare System (GHS) health data sandbox designed to comply with EU data space principles, GDPR, local laws, and bias controls. The sandbox model will be tested and then replicated for tourism, transport, justice, finance, and GovTech, using baseline standards that include stable APIs, anonymised and GDPR-compliant data, example notebooks, and baseline models aligned with EU guidance.

Second, an AI Sovereign Investment Matching Fund will close the scale-up financing gap in AI and deep tech by concentrating public capital on follow-on rounds. The Fund is rules-based: it invests only when a pre-approved institutional investor commits cash, matches euro for euro on the same terms up to €1 million per round per company, does not lead rounds, and exits when private investors exit. It allocates 25% of capital to pre-seed and seed rounds and 75% to A and B rounds, and targets firms that develop IP in Cyprus, creating new jobs. Any startup receiving government support should host at least one master's or PhD student from universities in Cyprus for at least 12 months. The Fund will be co-designed with the national authorities and Commission to be state aid-compliant while remaining fast and rules-based.

Third, universities, academics, spin-offs, and IP measures will accelerate commercialisation by establishing simple, predictable national IP rules and a national IP template for technology commercialisation across publicly funded universities. Tech transfer offices will be supported and evaluated based on outputs such as spin-offs created and licences signed, ensuring that research translates into firms and firms into national productivity. It is important that the revision of public university law regarding the creation and participation in spin-offs was approved by Parliament in April 2026 to accelerate progress.

Flagship programme(s)

The flagship mechanism is the integrated operation of national testbeds and data sandboxes, combined with the AI Sovereign Investment Matching Fund and university commercialisation measures. Execution speed will be treated as a national asset through a single digital front door, standardised application kits, pre-agreed decision service levels, and cross-ministerial

case management that reduces cycle times from incorporation to licensing to investment and scale-up.

Entrepreneurship and Innovation - What this pillar is expected to deliver

Strategic direction	Expectation for 2026-2032
AI launchpad positioning	Cyprus becomes the preferred home base for AI founders and scaleups as a trusted EU-to-MENA bridge.
National AI testbeds	Network of sector testbeds that lower the cost of compliance and shorten the path from proof of concept to production under EU rules.
Data sandboxes with governed access	Developer-facing sandboxes with anonymised data, fast online decisions, strong logging, and bias controls, starting with a GESY health data sandbox.
Replication across sectors	Sandbox model replicated for tourism, transport, justice, finance, and GovTech with baseline standards including APIs, notebooks, and baseline models.
AI Sovereign Investment Matching Fund	Rules-based co-investment that matches private capital up to €1 million per round, prioritises follow-on rounds, and anchors IP and jobs in Cyprus.
Knowledge transfer requirement	Government-supported startups host at least one master's or PhD student from a Cyprus university for at least 12 months.
Universities as entrepreneurship engines	Predictable national IP rules, a national IP template, and output-linked support for tech transfer offices to grow spin-offs and licences.
Closing the senior talent gap	Targeted attraction of experienced engineers, researchers, and repeat founders with real presence and knowledge transfer.
Time to execution as a national asset	Reduced friction through a single digital front door, standardised application kits, decision SLAs, and cross-ministerial case management.



Figure 12: Recommended Use Cases, Moonshots and KPIs to be considered for Entrepreneurship and Innovation

Annex D - Research and Innovation

Research is a strategic enabler that strengthens national capability, feeds sector initiatives with locally owned expertise, and creates exportable knowledge and IP. The strategic vision is to position Cyprus as an emerging hub for AI research, innovation, and experimentation within five years, aligned with European priorities and focused on domains that reinforce national economic strengths⁹⁸.

Cyprus will treat research as a portfolio that combines applied work directly linked to sector initiatives with foundational work that improves trustworthiness, efficiency, and compliance readiness across all deployments. This approach supports talent attraction, investment, and international collaborations while keeping national relevance and delivery focus.

The 6 key focus areas identified for AI research in Cyprus are:

- Energy, Environment, and Resource Management
- Autonomous Systems
- Healthcare
- Security, Defence, and Space
- Next-Generation Wireless Telecommunications
- Foundational AI Research

Focus Area 1: Energy, Environment and Resource Management

This area underpins sustainability goals and supports initiatives where climate pressures matter most (tourism, maritime, public services). Priorities include:

- Prediction and monitoring for wildfires, air quality, water scarcity, and climate impacts
- Smart-grid optimisation and renewable integration
- Smart buildings and IoT-driven efficiency
- Precision irrigation and water-use optimisation

Expected outcomes include resilience improvements, lower operating costs, and exportable solutions aligned with EU green priorities.

Focus Area 2: Autonomous Systems

Autonomy is strategic for testbeds, logistics, inspection, and resilience, linking directly to the maritime testbed ambition and smart infrastructure priorities. Priorities include:

- Robotic perception, learning, and decision-making
- Cooperative perception and intelligent transport systems
- Developing sovereign end-to-end capabilities including SLM, multi-agent coordination, swarm intelligence, and drone robotics for inspection and emergency response
- Human-robot interaction to ensure safe, trusted collaboration

Cyprus's scale supports rapid validation cycles and practical pilots in controlled environments.

⁹⁸ European Strategy for AI in Science (October 2025).

Focus Area 3: Healthcare

Healthcare research links directly to the Healthcare pillar’s ambition for safe clinical support, operational optimisation, and longer-term digital twin and virtual human twin capability. Priorities include:

- Medical imaging and diagnostics under clinician oversight and strong governance
- Predictive monitoring and system planning analytics
- Bioinformatics and personalised approaches where data governance enables
- Integration with health and medical tourism through evidence-based services

The goal is measurable improvements for citizens and a stronger HealthTech ecosystem with EU-aligned trust controls⁹⁹.

Focus Area 4: Security, Defence and Space

This focus strengthens national resilience and aligns with Cyprus’s emerging space ecosystem and cybersecurity needs, while generating dual-use innovations relevant to maritime monitoring and critical infrastructure protection. Priorities include:

- AI-enhanced cyber defence and threat intelligence
- Intelligence, Surveillance and Reconnaissance (ISR) for border and maritime contexts, and space-related analytics aligned with ESA directions
- Decision support, simulation, predictive maintenance, and logistics for mission-critical operations
- Human-AI teaming, explainability, and ethics for dual-use systems¹⁰⁰
- Designing and developing sovereign chiplets, SLM, and cyber innovations

The objective is niche excellence with strong safeguards and EU-aligned trustworthiness¹⁰¹.

Focus Area 5: Next-Generation Wireless Telecommunications

Advanced connectivity is a prerequisite for real-time AI services, edge deployments, and national interoperability. Priorities include:

- 6G and AI-integrated network management
- Semantic communications for efficiency and reduced bandwidth demand
- Secure, resilient, adaptive infrastructure for future public and industrial services

This strengthens sovereignty and supports sector initiatives that require reliable real-time operations.

Focus Area 6: Foundational AI Research

Foundational research amplifies every sector pillar by improving efficiency, trust, and governance readiness. Priorities include:

- Sustainable and resource-efficient AI methods
- Quantum AI

⁹⁹ [Artificial Intelligence \(AI\) in Science – Research and innovation.](#)

¹⁰⁰ [Trustworthiness for AI in defence.](#)

¹⁰¹ [Defence and artificial intelligence.](#)

- Few-shot, transfer, and privacy-preserving learning
- Interpretable and ethical AI aligned with EU AI Act expectations
- Robust anomaly detection for cybersecurity, safety, and predictive maintenance
- Hybrid AI approaches combining reasoning and learning for more controllable systems

This work supports Cyprus's ability to build and validate systems that are efficient, auditable, and context-adapted to national sovereign needs.

Expected impact of these Focus Areas for Research in AI

A focused research portfolio will diversify the economy, strengthen participation in European research ecosystems, and produce innovations that feed directly into the sector initiatives. It will also build national talent, reduce dependency on external technologies, and improve resilience through trustworthy AI approaches.

By linking research investment to infrastructure enablers, sandboxes, and sector testbeds, Cyprus can shorten the path from discovery to deployment and from deployment to export, while maintaining compliance, transparency, and measurable public value.

Annex E - AI Officers: Roles, Responsibilities and Capability Profile

This Annex defines the role of AI Officers within ministries and major public bodies. It clarifies responsibilities, authority, and capability requirements to ensure consistent and effective implementation of the National AI Strategy across government.

The AI Officer role is a critical enabler of decentralised delivery within a coordinated national governance model. AI Officers ensure that AI adoption is operationally grounded, strategically aligned, and responsibly managed.

Purpose of the AI Officer Role

The AI Officer serves as the designated focal point for AI within an organisation. The role exists to translate national strategy into practical implementation, ensuring that AI initiatives support organisational objectives while complying with governance, legal, and ethical requirements.

AI Officers support informed decision-making, promote responsible innovation, and strengthen institutional capability. The role is embedded within existing organisational structures and does not constitute a separate authority.

Core Responsibilities

AI Officers are responsible for identifying and prioritising AI use cases that align with organisational mandates and national priorities. This includes working with operational, policy, and technical teams to define problems, assess feasibility, and articulate expected value.

AI Officers coordinate with the National AI Authority to ensure alignment with national standards, frameworks, and regulatory requirements. They support the preparation of approvals, documentation, and reporting required under the governance and control framework.

Oversight of risk, compliance, and control forms a core part of the role. AI Officers ensure that appropriate assessments are conducted, that human oversight is defined, and that monitoring arrangements are in place throughout the AI lifecycle.

AI Officers also play a central role in building internal capability. This includes raising awareness, supporting training, and fostering an organisational culture that understands both the potential and limitations of artificial intelligence.

Authority and Positioning

AI Officers operate with delegated authority from senior management to coordinate AI-related activity across the organisation. While they do not replace existing decision-makers, they act as a point of coordination and assurance.

The role requires direct access to senior leadership to support escalation, prioritisation, and decision-making. Clear reporting lines are essential to ensure effectiveness and accountability.

Capability Profile

AI Officers require a balanced capability profile that combines strategic understanding, operational insight, and technical literacy including data and decision-making. Ideally, they will be professionally certified or academically trained in the field. Deep technical expertise is not always required, but the ability to engage effectively with technical specialists is essential.

Core capabilities include an understanding of artificial intelligence concepts and limitations, data governance and protection, risk management, regulatory compliance, familiarity with no-code AI and ML platforms, and strong development skills. Strong communication and stakeholder engagement skills are necessary to bridge policy, operational, and technical perspectives.

Experience in change management, programme delivery, or digital transformation is particularly valuable, as AI adoption often requires organisational and process change.

Support and Development

AI Officers are supported through shared resources, guidance, and training coordinated at national level. Communities of practice and peer networks support knowledge sharing and continuous learning.

Capability development is treated as an ongoing requirement, reflecting the evolving nature of artificial intelligence technologies and governance frameworks.

Strategic Value

By embedding AI Officers across government, Cyprus strengthens delivery capacity while maintaining coherence and control. The role ensures that artificial intelligence adoption is practical, accountable, and aligned with public interest.

This Annex establishes the AI Officer as a cornerstone of effective and responsible AI implementation under the National AI Strategy.

Annex F - National KPIs and Measurement Framework (sample)

This Annex sets out an indicative framework for measuring progress and impact under the National AI Strategy. It supports transparency, accountability, and evidence-based decision-making, while recognising that metrics will evolve as AI adoption matures.

The purpose of the framework is to ensure that artificial intelligence delivers measurable public and economic value, rather than activity without outcome.

Principles of Measurement

Measurement under this Strategy is outcomes-driven. Indicators focus on the value created through AI adoption rather than on the volume of initiatives or technological deployment alone.

The framework emphasises proportionality, clarity, and practicality. Indicators are selected to support decision-making and learning, not to create unnecessary reporting burden. Where possible, existing data sources and reporting mechanisms are leveraged.

National-Level Impact Indicators

At national level, measurement focuses on the aggregate impact of AI adoption across government and the economy.

Indicative indicators include improvements in public service delivery outcomes, productivity gains across priority sectors, contribution to economic growth, and progress in workforce capability and skills. Public trust and confidence in the use of artificial intelligence are treated as critical indicators of long-term success.

These indicators provide a high-level view of whether the Strategy is achieving its intended objectives.

Government and Priority Pillar Adoption Indicators

Within government, measurement focuses on the effectiveness and maturity of AI adoption.

Key indicators include the number and scale of AI use cases deployed in production, reductions in processing times, enhancements in service quality, and efficiency gains realised through automation or AI-supported decision-making. Additionally, compliance with governance, ethical, and legal standards is closely monitored, especially for systems with significant impact.

For priority industry sectors, measurement emphasises AI adoption, competitiveness, and productivity improvements. Indicative metrics include sector-wide AI adoption rates, reported gains in productivity, uptake among small and medium-sized enterprises, and evidence of innovation or new AI-enabled services.

Where relevant, these indicators are aligned with broader national economic and innovation metrics to ensure strategic coherence.

Further details and specific indicators for each priority pillar are provided in Annex C.

Talent and Skills Indicators

Measurement of talent and skills development focuses on readiness and sustainability.

Indicative indicators include AI literacy levels, participation in training and reskilling programmes, availability of advanced AI skills, and workforce transition outcomes. These indicators support alignment between education, training, and labour market needs.

Trust, Ethics and Compliance Indicators

Trust-related indicators assess whether AI adoption remains responsible and aligned with public expectations.

Indicative indicators include compliance rates, number and severity of incidents or breaches, effectiveness of oversight mechanisms, and public perception measures. These indicators reinforce the central role of trust in sustaining AI adoption.

Monitoring, Reporting and Review

Progress against indicators is monitored on a regular basis and reported through established governance structures. Results inform strategic review, prioritisation, and resource allocation.

The National AI Taskforce uses measurement outcomes to assess progress, identify gaps, and recommend adjustments to implementation approaches.

Evolution of the Framework

This measurement framework is indicative and adaptive. Indicators may be refined, expanded, or replaced over time to reflect technological change, regulatory developments, and evolving national priorities.

Updates to the framework do not require revision of the core Strategy, ensuring continuity while supporting learning and improvement.

Strategic Value

By applying a structured and outcomes-focused measurement framework, Cyprus ensures that AI adoption remains accountable, transparent, and impact-driven. Measurement supports trust, enables informed decision-making, and strengthens long-term strategic delivery.

Annex G – Glossary of Key Terms

This Glossary provides definitions of key terms used in the National AI Strategy. The definitions are intended to support consistent understanding and interpretation of the Strategy and should be read in the context of its overall objectives and governance framework.

Artificial Intelligence (AI)

Systems designed to operate with varying levels of autonomy by analysing data, identifying patterns, and producing outputs such as predictions, recommendations, or decisions that influence physical or virtual environments.

AI Officer

A designated official within a ministry or public body responsible for coordinating AI initiatives, ensuring alignment with national strategy, and overseeing compliance with governance, legal, and ethical requirements.

AI Use Case

A specific application of AI designed to address a defined problem or opportunity, with clear objectives, scope, and expected outcomes.

AI Lifecycle

The full set of stages through which an AI system passes, from problem definition and design to development, deployment, operation, review, and decommissioning.

Compliance by Design

An approach in which legal, ethical, and regulatory requirements are integrated into the design and development of systems from the outset, rather than addressed after deployment.

Controls

Policies, processes, technical measures, and oversight mechanisms used to manage risk, ensure compliance, and maintain accountability across the AI lifecycle.

Digital Sovereignty

The ability of a state to govern digital technologies, data, and infrastructure in a manner consistent with national and European interests, values, and legal frameworks.

EU AI Act

European Union legislation establishing a risk-based regulatory framework for AI systems, including obligations, prohibitions, and oversight requirements.

General Data Protection Regulation (GDPR)

European Union regulation governing the processing of personal data and the protection of individual rights and freedoms.

Governance

The structures, roles, decision-making processes, and accountability mechanisms through which AI is directed, controlled, and overseen.

Government AI Accelerator

A shared capability that provides technical expertise, delivery support, and reusable tools to support AI initiatives across the public sector.

Human Oversight

Measures ensuring that humans retain appropriate control over AI systems, including the ability to review, intervene in, or override automated outputs.

Interoperability

The ability of systems, organisations, and technologies to work together through common standards, interfaces, and shared understanding of data.

National AI Taskforce

The central coordinating body responsible for strategic oversight, alignment, and coherence of AI adoption at national level.

Priority Industries

Economic sectors identified as strategically important for AI adoption due to their contribution to national competitiveness, productivity, or public value.

Public Trust

The confidence of citizens and stakeholders that AI systems are used responsibly, transparently, and in alignment with societal values and legal safeguards.

Responsible AI

The development and use of AI in a manner that is lawful, ethical, transparent, accountable, and aligned with public interest.

Risk-Based Approach

An approach that tailors governance, controls, and oversight based on the level of risk and potential impact associated with an AI system.

Strategic Implementation Approach

The integrated framework through which the Strategy's objectives are operationalised across governance, data, skills, infrastructure, ethics, and delivery mechanisms.

Annex H – Additional Bibliography

1. [Global AI Governance Law and Policy \(Australia, Canada, China, EU, India, Japan, Singapore, South Korea, UAE, UK and US\)](#)
2. Priorities 2026-2030 Resolution – European Committee of the Regions – [Publications Office of the EU](#)
3. [AI 2030 Scenarios: Helping policy makers plan for the future of AI](#)
4. Pathways on capacity building for AI supervisory authorities: insights and recommendations from the 1st UNESCO expert roundtable on AI supervision – [UNESCO Digital Library](#)
5. [Digital Progress and Trends Report 2025: Strengthening AI Foundations](#)
6. National AI Strategy Cyprus 2020 – [Εθνική-Στρατηγική-TN.pdf](#)
7. [A Blueprint for Greece's AI Transformation](#)
8. [Malta's AI Strategy - Where Innovation Meets Trust for Well-Being](#)
9. [Make France an AI Powerhouse](#)
10. [Estonia's National Artificial Intelligence Strategy or Kratt Strategy for 2022-2023](#)
11. [UAE National Strategy for Artificial Intelligence 2031](#)
12. [Artificial Intelligence 4.0 programme \(Finland\)](#)
13. [UK National AI Strategy](#)