

Eastern Partnership Civil Society Forum Working Group 2

Online Meeting, 1-3 June 2021

Report

EaP CSF Working Group 2 met online between **June 1 and June 3, 2021**. Made up of six online sessions, the meeting included an introductory “Meet & Greet” session, a session covering thematic updates from the six EaP countries, three policy debates on 1) digital transformation, 2) trade and economic integration and 3) investment and access to finance for SMEs. Selected EU stakeholders and external experts were invited to these debates to share their ideas and to discuss policy developments and the participation of civil society in addressing current challenges. The meeting was open to all WG2 members and delegates. In total, 50 WG2 members and delegates registered for the online sessions of this WG2 meeting.

Meet & Greet Session

Tuesday 1 June, 10.00 – 11.00 CET

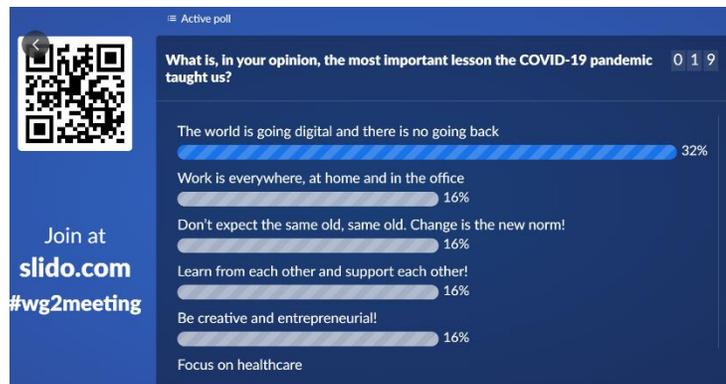
Power Point Presentation available [here](#).

The opening remarks of the “Meet & Greet” session were delivered by WG2 coordinators, Laura Dittel and Maksym Koriavets.

The updates from EaP CSF referred to organisational and structural updates in the Forum. With the start of the implementation of the 3-year new grant, EaP CSF will focus on several new activities. **The CSO Academy**

will be create new digital solutions for capacity building activities across policy silos, building on previous capacity building work for members and coordinating with planned training activities at the NP level, as well as those provided by other projects (i.e. technical assistance to CSOs in the EaP). A **new strategy of the Forum** is also under development; among others, the new Forum strategy (2022-2025) will look at proposals on **how to increase efficiency and optimise the work of the WGs**.

The Annual Assembly (AA) will be held online between **November 29 - December 3, 2021**. Given the current sanitary situation and travel regulation being unpredictable, the AA will be held **online**.



Re-granting was briefly covered during the session, with the **new FSTP (Financial Support for Third Parties) EaP CSF re-granting to members for 2021-2023** explained and changes and similarities from previous re-granting highlighted. The maximum allocation remains at EUR 240,000 per year and the distribution is made via three lots.

- *Lot 1 - Monitoring EaP deliverables;*
- *Lot 2 - Addressing the Forum's strategic advocacy priorities;*
- *Lot 3 - Strengthening the linkage between EaP CSF's members;*

For **Lot 1**, there will be one selection procedure for 2021-2023 and one multi-annual grant. For **Lot 2**, two calls are envisaged in 2021 and 2022. For **Lot 3**, the call for 2020 is already closed and [four projects](#) have been selected for implementation. There will be a call open for Lot 3 in 2022 and 2023.

In 2021 (as well as in 2022 and 2023), WG2 will also benefit from the support of a **WG2 consultant**, who will provide technical/ research and operational support to the group. The recruitment is currently ongoing and it will be finalised by mid-June.

Kristina Pitalskaia, the new Grants and Membership Manager at the Secretariat of EaP CSF introduced herself to the participants. As a Membership manager, Kristina will be in frequent contact with the members. Members can contact her at kristina.pitalskaia@eap-csf.eu.

Following a short presentation of the EaP architecture and advocacy channels delivered by **Alexandra Sabou**, EaP CSF Advocacy Manager, **Vera Rihackova**, briefly introduced the **advocacy updates** on EaP policy processes, focusing on *Human Rights Dialogues in Armenia, Azerbaijan, and Ukraine*, EURONEST, [the COVID-19 papers](#) series detailing the opportunities and policy solutions to be harnessed in the EaP region and COVID-19 vaccines for the EaP as part of [#PrepareEaP4Health](#).

Looking ahead, **the main EaP policy process milestones for the second half of 2021** will include:

- *Publication of the EU Joint Staff Working Document (JSWD) on EaP implementation between 2021-2025 based on the Joint Communication "EaP policy beyond 2020 - Reinforcing Resilience" (end of June 2021 TBC),*
- *Discussion in the Foreign Affairs Council on EaP policy,*
- *Meeting of the EaP Foreign Affairs Ministerial Meeting (27+6),*
- *Senior Officials Meeting (SOM),*
- *EaP Summit (14-15 December 2021 TBC).*

The Steering Committee Members will be able to deliver the message of the EaP CSF at the EaP Ministerial and SOM. In September a EURONEST resolution addressing the EaP Summit is expected and the Forum plans to contribute with its ideas. The EaP Summit itself will take place at the end of the year. EaP CSF plans to contribute to the debates and policy discussions around the EaP Summit during the online EaP CSF Annual Assembly.

Policy country updates: trade, HDM, structural reforms and SMEs

Tuesday, 1 June, 14.00 – 16.00 CET

Power Point Presentation [here](#).

After a short introduction into the session, the moderators – WG2 coordinators, Laura Dittel and Maksym Koriavets – welcomed **Anna Repullo Grau**, Policy Officer for Eastern Partnership at the European External Action Service (EEAS), who updated the participants on the latest discussions on the future of the EaP policy. Following the adoption of [the Joint Communication: Eastern Partnership Policy beyond 2020: reinforcing resilience – an Eastern Partnership that delivers for all](#) (18 March 2020) which outlined the **key priority areas under the overarching framework of strengthening resilience in the EaP region**, the COVID-19 pandemic reaffirmed their relevance.

The 5 pillars are:

- *together for **resilient, sustainable and integrated economies**;*
- *together for accountable institutions, **the rule of law and security**;*
- *together towards **environmental and climate resilience**;*
- *together for a **resilient digital transformation**; and*
- *together for **resilient, fair and inclusive societies**;*

Building on the Joint Communication, the **Joint Staff Working Document (JSWD)** is about to be finalised and will be soon published by the European Commission (expected release date – by the end of June 2021). The JSWD will include the final monitoring of the “20 key deliverables for 2020 deliverables” for 2020, as well as an Economic and Investment Plan. These documents will be based on the conclusions stemming from intensive discussions that have been held with member states, partner countries and civil society, including EaP CSF, since 2019.

The **EaP Summit** will be held (most probably, physically) on 14-15 December 2021; the ambitious EaP agenda will be presented to the leaders and hopefully endorsed with the goal of building a forward-looking narrative, focusing on what unites us/ the EaP region and our common challenges.

The Summit narrative will be built around **3Rs**:

- **Recovery** – sustainable recovery
- **Resilience** - will remain an overarching target of the future of EaP policy, meant in a broad sense, including security, and also reflecting EaP countries’ different ambitions
- **Reforms** - crucial and connected to resilience and the fundamentals-first approach.

The recovery dimension of the narrative is a key priority not only for the EU-EaP relations, but worldwide. Therefore, concrete proposals supporting the post-COVID-19 recovery will be outlined by the Economic and Investment Plan to which particular attention should be paid.

Within these policy developments, the future EaP agenda will include among others the following:

- *support to SMEs,*
- *investments in equity,*
- *diversification of trade,*
- *implementation of DCFTA and SEPA and*
- *increased cross-border e-commerce.*

Several requests have been made by partner countries to join **SEPA**. Such a request and many others will be encompassed within the Economic and Investment Plan; the plan will also support agriculture and digitalisation.

In the field of **digitalisation**, upgrades to infrastructure will be prioritised to increase broadband access to remote and rural areas, reduce the digital divide, as well as ensure resilience against cyber threats.

The civil society in general, and EaP CSF in particular, remain a key partner in every sphere and policy proposal development; therefore, suggestions from civil society are greatly welcomed.



Following the brief policy update from the EEAS, the participants took part in a **quiz** which aimed at putting under spotlight various achievements made by EaP countries across various thematic areas relevant for WG2, such as **digitalisation, broadband development, artificial intelligence, and ease at doing business.**

Policy country updates

Invited to deliver short presentations on behalf of local WG2 structures in each EaP country, local WG2 coordinators answered to the following guiding questions:

- *How does the civil society assess the country's current situation in terms of trade and SMEs/ digitalisation and connectivity/ structural reforms and agriculture?*

- *What is the main achievement of the group in at least one policy field in your country? Why is it an achievement and how did WG2 members contribute to it?*
- *What is the main policy struggle of the group in your country in at least one policy field? What steps do you plan to take in order to overcome this struggle?*
- *Would your group be willing to receive regional support and cooperate with WG2 members from other countries to overcome that struggle?*
- *What policy objective(s) would your group be willing to follow up on with the EU stakeholders?*

ARMENIA

The country updates were delivered by **Movses Aristakesyan**, WG2 delegate, Armenia.

Movses highlighted that the COVID-19 pandemic and last year's war with neighboring Azerbaijan have had a toll on the work of the Armenian civil

society. Within the past couple of months, the work of WG2 in Armenia was focused on several key priority areas: **energy security, transport security, financial stability, free trade and economic cooperation**. More can be found [here](#).

Given the utmost importance of health in the context of COVID-19 and beyond the pandemic, Armenian WG2 reflected on the idea of **compulsory health insurance**, that could be replicated across the EaP region.

Among others, the Armenian WG2 advocates for **the development and the implementation of an economic stabilisation development fund** as well as a mechanism and action plan to ease the socio-economic effects of the recent conflict with neighbouring Azerbaijan over Nagorno-Karabakh.

Local WG2 coordinator, Tatoul Manasseryan, concluded the presentation with an encouraging piece of advice focused on cooperation, mutual respect and understanding of common threats and opportunities.

“Most of the EaP countries face similar challenges; we must focus our efforts on common risks and common threats. This gives the region the opportunity to cooperate and learn from each other, rather than compete for economic security, energy security, food security and many others.”

Tatoul Manaseryan, local WG2 coordinator, Armenia

AZERBAIJAN

The country updates were delivered by **Samir Aliyev**, WG2 coordinator, Azerbaijan.

Referring to the civil society's assessment of the country's current situation in terms of trade/ economic development/ HDM/ structural reforms, it was pointed out that the Azerbaijani Government recently

announced its priorities for the next 10 years, [“Azerbaijan 2030: National Priorities for Socio-Economic Development”](#). The focus will be on **decreasing the state budget burden, reviving the business sector** – including the agricultural potential of the country, **digitising the economy and enabling the implementation of various digital transformation initiatives**.

In terms of achievements or positive initiatives happening in the country, the activity “Problems of efficiency of large state enterprises and ways to solve them” was mentioned. Based on expert recommendations and following public discussions to which WG2 members contributed, a Presidential Degree provided the guidelines to implement structural reforms aimed at improving the activity of state-owned enterprises such as SOCAL, AZAL, BakuBus, Baku Metropolitan, Azerbaijan Railways, etc.

In the context of COVID-19 pandemic and in view of the recovery, the main policy struggle in the country remains the impact of the pandemic on the economy, including SMEs. When referring to their work in the country, the strengths and the weaknesses of the civil society sector were also presented.

BELARUS

The country updates were delivered by **Natalia Harbuz**, the newly appointed WG2 coordinator in Belarus.

Referring to the country's current economic situation, the following trends were mentioned: reduction of cross-border

communications (due to the pandemic or other reasons related to the current socio-economic and

“The main policy objectives (of WG2) are promoting economic diversification and the improvement of the non-oil sector in Azerbaijan, developing a digital economy, increasing the role of SMEs and the development of the private sector, while decreasing the role of the state in the economy.”

Samir Aliyev, local WG2 coordinator, Azerbaijan

“The world has changed, and it will never be the same again; people receive and perceive information differently now, they consume more online products and services, which is something the civil society should also adapt to.”

Natalia Harbuz, WG2 coordinator, Belarus

political situation in the country), shrinking supply chains, localisation of markets and the further stratification of consumers.

In terms of digitalisation, the trends included: increased usage of online technologies, interest for robotisation, increased usage of contactless technologies, and creation of more mass-media content adapted to the online world and consumers.

In terms of structural reforms, the following trends have been noticed: the increasing role of the state in the economy, the steep decrease in terms investment, the lack of internal resources for development, the increasing importance of social responsibility for businesses, the development of outsourcing and sharing services, and a growing interest in knowledge, self-education, coaching and online training. In light of socio-economic changes in the country, the government has changed its position regarding SME support; although SMEs used to be the “love child” of the government before, the current context is not as favourable anymore and many businesses are cautious in requesting/ receiving governmental aid.

According to its working plan for 2021, Belarusian WG2 plans to hold bilateral WG2 meetings with fellow WG2 groups the other EaP countries. The aim of these meetings would be enhancing knowledge sharing and find avenues for collaboration bilaterally or regionally. Natalia Harbuz will get in touch with the other local coordinators of WG2 in the EaP countries to discuss the possibility of such online gatherings. More can be found [here](#).

GEORGIA

The country updates were delivered by **Konstantin Zghenti and David Tsiskaridze**, WG2 coordinators in Georgia.

Although Georgia made significant progress in terms of economic development and legislative

approximation with the EU, several challenges are to be tackled, such as: 1) better/ more intensified EU-Georgia trade relations; 2) better awareness-raising campaigns regarding the opportunities for SMEs offered by the Association Agreement and the preferential trade regime (DCFTA) signed with Georgia; 3) the need to close the knowledge gap between Georgian SMEs and their counterparts in Europe, mostly regarding import-export procedures; 4) the need to embrace digitalisation in the trade sector; 5) the need to address the low levels of certification, i.e. in the organic agriculture/ bio-food sector.

“The (Georgian) Civil Society advocates for more governmental involvement in the elaboration of advanced HDM policy, strategy, action plans and roadmaps in Georgia. ICT innovation is clearly vital for the economic development of the Georgian economy and more needs to be done in this sector.”

David Tsiskaridze, WG2 coordinator, Georgia

In the framework of the discussion on Georgia’s EU integration, WG2 initiated a policy discussion with the Ministry of Foreign Affairs and the Parliament of Georgia on Georgia’s participation to

[the COSME programme](#)¹. The proposal was met with full support by business associations and the Georgian Ombudsman; however, some resistance to this proposal came from the Ministry of Economy and Sustainable Development (MESD). Currently, WG2 is preparing a letter to the Prime Minister of Georgia (Irakli Garibashvili) in which they will highlight the missed opportunities for the country from not joining COSME and the urgency for MESD to start negotiations with the European Commission.

In terms of digital transformation, the governmental strategy Georgia 2020 “[Social Economic Development Strategy](#)” outlines several targets to enhance the digital ecosystem in the country, including broadband infrastructure development, digital literacy training, cyber security, and e-Government services.

To transpose the benefits of the EU Digital Single Market, more needs to be done to fully comply with HDM requirements. The Georgian government should focus on helping digital start-ups and SMEs with access to finance and improve access to EU markets and links with the EU innovation ecosystem.

MOLDOVA

The country updates were delivered by **Viorel Chivriga** (WG2 delegate, IDIS Viitorul Association, Moldova).

Throughout 2020 and in 2021, the pandemic’s economic effects were drastically felt by the hospitality industry, transport and mobility, international trade, manufacturing and agriculture – the latter being also severely affected by natural disasters.

“The Moldovan National Platform (MNP) believes that 2020 was one of the most difficult years since Moldova’s independence (1991); the pandemic shackled Moldova’s economy, contributed to an 8.2 % contraction of the economy, increased the external debt at its maximal level, and contributed to the deterioration of the agricultural trade value.”

Viorel Chivriga, WG2 delegate, Moldova

Throughout 2020, the MNP organised several national and international online events, where different stakeholders, members of WG2, representatives of ministries, business associations were involved; the aim was to support the idea of EU integration and to discuss the challenges stemming from the implementation of the Association Agreement.

Looking at the effects of COVID-19 on the Moldovan economy and SMEs, the Moldovan WG2 developed several studies, including “Smart specialisation in regional development in Moldova.

¹ COSME is the EU programme for the Competitiveness of Enterprises and Small and Medium-sized Enterprises running from 2014 - 2020 with a planned budget of EUR 2.3 billion. The [Executive Agency for Small and Medium-sized Enterprises \(EASME\)](#) manages COSME on behalf of the European Commission. For more information, check https://ec.europa.eu/growth/smes/cosme_en

Trends and possible ways forward” and “The impact of COVID-10 on the economy and SMEs of the Republic of Moldova”

Referring to the priorities of the country during and beyond the pandemic, WG2 advocates for:

- Structural reforms and real progress in the implementation of the Association Agreement with the European Union.
- Support for small and medium-sized businesses.
- Regional development and reforms in agriculture.
- Support in the transfer of experience and expertise from EU countries for economic sectors

Given the uncertain political situation in Moldova in light of parliamentary elections (11 July 2021), the economic/ political risk remains pervasive across all sectors.

UKRAINE

The country updates were delivered by **Iryna Kuropas**, WG2 coordinator in Ukraine.

“With digital services becoming more and more prominent, the protection of personal data becomes a priority topic to which the civil society should pay more attention.”

The Covid-19 pandemic brought new limitations and, to a certain extent, political instability in the country.

Irina Kuropas, WG2 coordinator, Ukraine

Digitalisation is the main trend observed in the economy and in all aspects of social life. In this regard, some successful initiatives worth mentioning are [DIYA Business Platform](#), or [UA30 Cybercenter](#) – which could become a platform for experience exchange between Ukraine and the European Union. Beside HDM and the digital transformation of all aspects of life, the agri-food sector coupled with the importance allocated to biodiversity and environmental responsibility are also part of WG2’s interests and work.

In terms of WG2 achievements in Ukraine, the following were mentioned:

- Strengthening the position of NGOs in the regions as participants in reforming the food safety system aimed at combating corruption (Agrarian Union of Ukraine)
- Digital Transformations in Ukraine: Do Domestic Institutional Conditions Meet External Challenges and the European Agenda? (Polissya Foundation for International and Regional Studies)
- 3 DCFTAS (Institute for Economic Research and Policy Consulting)
- Public initiative “For honest and transparent customs”(Institute for Economic Research and Policy Consulting)
- #Covid crises (Center for Economic Strategy)
- How to improve SMEs' access to EU financial resources during a pandemic crisis (Local Economic Development Agency of Yavoriv District)

Policy session: Digital Transformation

Wednesday, 2 June, 10.00 – 11.30 CET

Power Point presentation available [here](#).

Among the 2020 deliverables, the Harmonisation of Digital Markets in the Eastern Partnership region has been of particular importance, as it has aimed to extend the benefits of the European Digital Single Market Strategy to the 75 million consumers in the EaP region, contributing to economic growth, creating more jobs, improving people's lives, and supporting SMEs and businesses.

Although significant accomplishments have been achieved when it comes to drawing up national broadband strategies and improving the necessary broadband infrastructure in the EaP countries, certain common trends are still prominent in the region: the urban bias in the fixed broadband market, the social and economic inequalities caused by the digital skills gap that pose a serious challenge for businesses, people and governments in the region, the need for more localised digital services and content providers and the limited involvement of civil society and grassroots organisations in the formulation and implementation of digital policies.

The COVID-19 pandemic exacerbated pre-existing regional trends and put even more emphasis on the importance of bringing the digital perspective into all aspects of life. However, *how ready was the EaP region for such an accelerated need for digital transformation, be it in health, education, or manufacturing?*

As one of the policy papers developed by the EaP CSF to assess the effects of the COVID-19 pandemic in the region shows, “the EaP countries lacked consistent efforts on the part of the authorities to foster qualitative improvements in the population’s digital literacy.”² *How could the experience of the crisis be further used to advance the policy on digital transformation without deepening the digital and economic divide that already exists in the region?*

The harmonization of digital markets between EaP and EU requires both proper infrastructure and skilled human resources. *What should be the main priorities in seizing the digital momentum in paving the way towards more digitally savvy human resources in the EaP? What role could civil society play in the medium and long term in this process? How can digital technologies foster human development, sustainability and enhance the well-being of local communities in the EaP countries?*

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Moderated by WG2 coordinator, Maksym Koriavets, the session featured four speakers: **Mara Jakobsone**, EU4Digital eSkills expert, **Atis Migals**, EU4Digital expert, E&Y Senior consultant,

² See Tinatin Akhvediani, “Digital Literacy in times of COVID-19 in the Eastern Partnership countries”, EaP CSF COVID-19 policy paper, April 2020, available at <https://eap-csf.eu/wp-content/uploads/Digital-Literacy-in-times-of-the-Covid-19-in-the-Eastern-Partnership-Countries.pdf>

Anna Pobol, EU4Digital ICT Innovation Expert, and **Alessandro Brolpito**, Senior Specialist in Digital Skills and Learning, European Training Foundation (ETF).

Discover
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EU4Digital Initiative

Policy areas

Projects

Eastern Partnership

EU Digital Single Market

To set the scene, **Atis Migals** (EU4Digital expert, E&Y Senior consultant) offered an overview of the main streams of the [EU4Digital project](#). EU4Digital Facility has the overall objective of eliminating existing obstacles and barriers for pan-European online services for citizens, public administrations and businesses, supporting the accession of the EaP countries to the European Digital Single Market. Its main objective is promoting key areas of the digital economy and society in all EaP countries in alignment with EU norms and best practices. EU4Digital is split into seven streams: **Telecom**

Rules, Trust and Security, eTrade, ICT Innovation, eHealth, eSkills and communication.

eSkills is one of the most important streams of the project and a methodology for measuring and forecasting digital skills gaps and remedial actions was developed.

EU4Digital is also providing support on the design of the memorandums of the national coalitions as well as ad-hoc assistance on developing Action Plans and defining KPIs. Support is also aimed at promoting networking and the exchange of best practices among EaP countries and to promote networking with EU national digital skills coalitions and other stakeholders

Mara Jakobson (EU4Digital eSkills expert) briefly introduced the [Digital Economy and Society Index \(DESI\)](#), which summarises relevant indicators on Europe's digital performance and tracks the evolution of EU member states in digital competitiveness.

“Based on the lessons learnt from the current crisis, governments, businesses, civil society organisations should adopt coordinated actions and invest in the priorities marking the current “Digital Decade” (2021-2030): digital skills, secure and sustainable digital infrastructures, digital transformation of businesses, and digitalisation of public services.”
#DigitalEU2030

Mara Jakobson, EU4Digital eSkills expert

driven the need for infrastructure improvements as schooling and working have moved to distance, home-based settings. The change in many countries to distance learning and working was very sudden and many people were not ready or equipped for the transition. So, it was also a big accelerator for digital skills learning as people realised the importance and necessity of these skills. The pandemic has shown the extent of the digital skills gap very clearly.

The effect of the pandemic on the digital world has been enormous and exposed the issues with one of the main pillars of DESI, *connectivity*. Some countries boast of high internet speeds but people in rural areas still lack the infrastructure to get online and the pandemic has

Anna Pobol reflected on the digital innovation ecosystem agenda.

“The EaP countries need to build their capacity (in terms of R&I, digitalisation), knowledge kits and service toolkits from scratch as there is no tradition of innovation support like there is in the EU. It would be logical and most efficient to look at already existing practices and tools, in the EU for example, and to agree with EU organisations employing these tools that they should take over EaP practices, some of them are even available free of charge online.”

Anna Pobol, EU4Digital

Digital transformation has been boosted tremendously due to COVID-19. The ecosystem for digital innovations is seen as the one formed by various types start-ups and companies at various stages of development all interacting to create and support digital innovations. The goal of the innovation ecosystem is to enable increased

productivity through the delivery of certain required services. The main productivity sources of ecosystems are:

- the quality of institutions - concerns the quality of regulation and the framework conditions for innovations in the country
- the quality of the actors - concerns the building of competencies and skills of ecosystem actors
- the quality of links - relates to the networking and development of relevant organisational forms

To support the ICT entrepreneurial ecosystems in the EaP countries, an [EU4Digital guide](#) was developed and tailored to all six countries to show what they can do to support the further development of these ecosystems.

Alessandro Brolpito presented the experience of the European Training Foundation, the EU agency supporting countries to develop through learning. Several examples of projects and initiatives featuring EaP countries were introduced to the participants. The digital transformation is an opportunity for the educational sector. The ETF aims to improve human capital development by supporting countries to create inclusive and innovative lifelong learning systems. There are three lenses through which digital transformation should be perceived:

- *How digital technologies influence skills and skill sets,*
- *How to develop digital skills and competences,*
- *How digital technologies can enhance student learning and well-being and to make learning more relevant and engaging.*

Low digitally skilled adults are a vulnerable section of the population. Low digital skills are associated with negative consequences for the whole society and are an element of exclusion for jobseekers. CSOs for HCD have a very important role, offering localised and specific services to

specific groups of people and helping educate them through both formal and informal forms of education. The findings of the ETF survey on how CSOs for HCD have responded to Covid-19 disruptions in the six countries, including Ukraine, were that there is a need to revisit non-formal and informal learning activities as a way of supporting employment in a new reality

“CSOs need to rapidly adapt their practices to stay more closer than ever to local beneficiaries and to innovate their services. Improving the digital and innovation capacity of CSOs is key in the EaP region.”

Alessandro Brolopito, Senior Specialist in Digital Skills and Learning, ETF

These include using the EU self-reflection tool **SELFIE** in the EaP countries. In 2021 SELFIE is being piloted in [Azerbaijan](#) and [Ukraine](#) and has already been piloted in [Moldova](#) and Georgia. In Moldova the project is being upscaled and this is also a possibility in Georgia.

As a result of COVID-19, learning is changing; therefore, in 2020 the ETF launched the ‘Create New Learning’ project. The aim is to develop and share know-how about innovation in teaching and learning.

“Innovation has to be discovered; and the dynamics of how it can be replicated at the national and local levels should be well understood! It is of vital importance in these changing times.”

During the debate that followed the speakers’ interventions, speakers and participants shared good practices and referred to numerous resources which could be used in the EaP countries.

RESOURCES



Digital Skills & Jobs Platform

[Digital Skills and Jobs Platform](#) (check for insights regarding EU e-skills strategies, useful resources and reports. Register on the platform and join the community)
<https://clustercollaboration.eu/>

[SELFIE \(Self-reflection on Effective Learning by Fostering the use of Innovative Educational technologies\)](#) is a free tool designed to help schools embed digital technologies into teaching, learning and assessment. The SELFIE tool can be used in the EaP countries as well.





“Creating New Learning” (CNL) is the ETF’s multi-annual, multi-thematic initiative (2021-2027). To find out more and get access to their resources, register [here](#).

‘MyMachine’ programme

Check their initiatives and projects, and find out how you can start the “MyMachine” chapter in [your country!](#)



Policy session 2: Trade and economic integration

Wednesday, 2 June, 10.00 – 11.30 CET

Power Point presentation available [here](#).

The structured consultation carried out by the European Commission in 2019 highlighted the strong expectation of all involved stakeholders, including civil society, that the economic agenda of EU-EaP relations be reinforced.

In the latest communication of the EC (Joint Communication: Eastern Partnership policy beyond 2020: Reinforcing Resilience – an Eastern Partnership that delivers for all) this expectation was emphasised since economic resilience is one of the five newly proposed pillars of the policy beyond 2020.

So far, EU - EaP economic cooperation has been a success story (EU-EaP trade, Intra-EaP trade, Business cooperation, Support to SMEs), but more needs to be done, including:

- Full implementation of DCFTAs and trade agreements (regulatory approximation, market access in public procurement and sanitary and phyto-sanitary products, removing technical barriers to trade, and facilitating customs cooperation)
- Mutual recognition of Authorised Economic Operators (AEOs),
- Increasing border crossing points and customs cooperation,
- Further diversification of EaP exports of intermediate and final products leading to the increased integration of partner countries into global value chains.

In light of the EaP Summit and of the publication of the Joint Staff Working Document this summer, what should we expect in terms of trade and economic-related targets?

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Moderated by **Kakhaber Gogolashvili**, Director of the Centre for EU Studies at Georgian Foundation for Strategic and International Studies (GFSIS), the session featured three speakers: **Rikke Mengel-Jorgensen**, Trade Policy Officer in charge of trade relations with EaP countries at DG Trade, **Mark Hellyer**, Team Leader EU4Business Facility and **Ia Khodeli**, project officer EU4Business: Connecting companies, EUROCHAMBRES.

Rikke Mengel-Jorgensen, Trade Policy Officer in charge of trade relations with EaP countries at DG Trade, mentioned that since 2019 and, especially in 2020, the future of the EaP has been progressively built aiming at favouring **resilient, sustainable and integrated economies**.

“Despite the effects of the pandemic on trade, the EaP region remains the EU's 10th largest trading partner. The EU is working towards enhancing trade relations between EU27 and the six EaP countries, while also supporting interregional trade within the EaP region.”

Rikke Mengel-Jorgensen, Trade Policy Officer, DG TRADE

Since 2020, the EC and the EEAS have worked together on the JSWD (Joint Staff Working Document), which should set out the new targets for the EaP region. The EU also plans to accelerate the implementation of DCFTAs and CEPA.

Talking about a possible update of the DCFTAs regarding trade in goods and technical barriers to trade, there are several processes ongoing. For example, Ukraine has recently launched a review of the agreement through article 481. That also includes a review of article 29 on market access. This is the most comprehensive and promising process ongoing. In Moldova, the 3-year review of market access was completed last year. Georgia also has a five-year review article which was not triggered by Georgia as it has not seen the same trade increase as Moldova and Ukraine. The annexes that cover technical regulations are being updated regularly; if there is new EU acquis, AA countries are notified to approximate their legislation. There is still a lot of untapped market access potential in the DCFTAs. For example, Georgia could gain a lot by approximating its legislation with public procurement acquis and become a member of the Government Procurement Agreement.

There is also the Agreement on Conformity Assessment and Acceptance of Industrial Products, a sort of industrial visa-free regime, with Ukraine being the most advanced country in the region, which means the process needs to be adapted slightly for other countries to benefit from it. In the upcoming JSWD, the EU would like to set out a path for the Mutual Recognition Authorised Economic Operators, where Moldova is the most advanced now. This process could also be applied to non DCFTA countries as it is about customer legislation. Some EU member states are not very fond of giving access to the single market.

Regarding **Platform 2 meetings**, none have been planned so far. However, the following meetings are in the pipeline so far: a Customs seminar, a Trade panel and a DCFTA informal ministerial meeting.

One of the main deliverables under the Trade umbrella is the [EaP Trade Helpdesk](#). Scheduled to be operational in the first half of 2021, it will be launched at the end of summer 2021.

In DCFTAs, there are promises but only after countries fulfil difficult requirements. Are there any possibilities of improvement regarding trade for businesses on some products that are heavily regulated?

Some products are heavily protected and legislation in the EU is strong to protect consumers. For many products, the existing limits cannot be lifted. EU cannot downgrade its legislation, however it should provide financial and technical support for EaP businesses to be able to trade with the EU.

Mark Hellyer presented the [EU4Business Facility](#). The Facility is an umbrella term, which regroups all support activities the EU does for businesses and SMEs in the EaP region. Data is gathered to measure and estimate the effectiveness of EU support. This begins with looking at how the EU helps SMEs. SMEs are a driver for growth. **The EU proposes 3 types of intervention: access to finance instruments Access to Finance (A2F), Business development Services (BDS), Business Enabling Environment (BEE). Impact is thus measured by instrument.** These programs look at various indicators. A2F enables banks locally to target groups that usually do not have access to finance, or offers lending in local currency, and also provides microcredit programs. BDS provides direct consultancy, support for B2B activities, helping governments with export strategies. BEE helps countries with the approximation process and in public-private dialogue. Currently, the EU support to SMES is valued at 881 million euros across 111 projects. 45% is dedicated to A2F; 37% is dedicated to BDS; 18% is dedicated to BEE.

116 projects were providing support to SMEs in 2019 with a total budget of €787.33 million. 30% were women-led. This represents on average over 10% of all SMEs. But it differs from country to country: the size of the SMEs impacts this number; for example, in Georgia, the EU focuses on small businesses (3.2 jobs on average), and more on medium businesses in Ukraine (67.4 jobs on average). The EU has an ambitious target to support more SMEs within the next 5 years. **The EU tries to target vulnerable SMEs, by bringing those access to finance, knowledge and create a better environment for them.**

Forum Members can see all this data and much more on the [EU4Business website](#). The website features specific support pages for SMEs.

How much time on average is needed from the first application by an SME from and EaP to actually obtain financial assistance? What are the main steps?

It takes several years for a project to be designed and come to fruition. The EBRD and the EU discuss contracts for a long time before negotiating with a bank to provide lending opportunities. There are over 111 projects supported by EU4Business and each one has its own process for application and its own scope. There is no standardized/ unique instrument. For a new project, there is usually a project cycle of 3-6 months for the project to start and then a 3-year cycle.

After Eu4Business facility was presented, **Ia Khodeli, EU4Business: Connecting Companies** Project Officer presented a concrete project implemented with EU funds in the region. [This project](#) is managed by EUROCHAMBRES. Implemented from 2019 to 2022, it concentrates on 5 economic sectors. Its overall objectives are to promote trade between EU-EaP, promote sustainable economic development, increase investment and employment through technical and policy support to SMEs.

SMEs and Business Supporting Organisations (BSOs) in the region are still underdeveloped. EU4BCC identified many challenges, such as administrative and legislative barriers, weak access to innovation, finance, bad public private dialogue and in this case BSOs can play a crucial role as intermediary. Labour productivity is low due to weak educational systems or insufficient skills, weak cooperation and integration between business in the region and with global markets. **EU4BCC will concentrate on bioorganic food, wine, tourism, textile, and creative industries.** The project pays attention to cross-cutting issues, gender equality, business in rural areas, youth, and wants to create synergies with existing networks in the region. On the [EU4BCC website](#), members can also find reports for countries as well as guidelines and strategies for each specific sector.

Policy session 3: Investment and access to finance

Thursday, 3 June, 14.00 – 15.30 CET

Power Point presentation available [here](#).

Over the last decade, EIB, EBRD, WB and IFIs have worked together with the European institutions and the EaP governments to develop stronger and more diversified economies in the region, particularly by supporting small and medium-sized business, sustaining job creation and trade opportunities.

Although micro and small and medium-sized enterprises are the backbone of the EaP economies, accounting for almost 80% of business and employing approximately two thirds of the active population, access to funding in local currencies has been challenging. When it comes to alternative financial routes like crowdfunding, impact investing, venture philanthropy, their usage and impact are still nascent in the region.

With the COVID-19 pandemic unfolding globally, the gaps in the availability of financial products for EaP-based SMEs, including access to funding through a diversified portfolio of financial instruments, venture capital and private equity and SME guarantee schemes, can become even more prominent. Initiatives like the SME Access to Finance Initiative in the context of the European External Investment Plan, the Guarantee Agreements in the context of the European Fund for Sustainable Development (EFSD), EU4business initiative, or the coordinated Team Europe response to the effects of the pandemic in the EaP countries, are all designed to leverage additional financing and support local EaP SMEs, self-employed, entrepreneurs, businesswomen, start-ups and others in addressing their current vulnerabilities and investing in their recovery, growth and competitiveness.

However, despite all efforts to mitigate the economic effects of the pandemic, evidence suggests that all EaP economies are expected to deteriorate further in 2021.

- *How is the EU together with EIB/ EBRD/ WB helping SMEs to weather the crisis in the EaP region?*
- *What are the major challenges foreseen in the coming years that may prevent the recovery of local EaP SMEs and the development of a sustainable private sector?*

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Moderated by **Veronica Movchan**, Academic Director and Head of the Center for Economic Studies (IER), Ukraine, the session featured three speakers: **Catarina Bjorlin Hansen**, regional Head of Caucasus, EBRD, **Tarik Sahovic**, Senior Private Sector Development Specialist, World Bank, and **Lukas Vesely**, Team leader - blending and EIB relations DG NEAR.

Catarina Bjorlin Hansen, Regional Head of Caucasus at the EBRD, took stock of the SME recovery support over the past year, as well as the upcoming post-COVID-19 recovery. The EBRD has decades of experience with local presence in the region; during the pandemic, the EBRD has reached out to support SMEs and other clients across 38 countries and, during these 1.5, years they have made an enormous effort to reach out to clients to help with restructuring and financial support. SMEs were the most vulnerable during this crisis; since they are dynamic by definition, they are vulnerable. SMEs are drivers of job creation and market innovation, therefore any impact on SMEs has a major knock-on effect on the economy. At the onset of the crisis, governments, banks, IFIs and donors realised the need to act. **The EBRD provided support to SMEs in the form of advisory service and liquidity support through loan repayment deferrals and additional finance.**

In terms of experience gained, a great example is the EU funded “**advice for small business**” program. Usually, around 70 SMEs/year are supported with custom advice. This program moved to an online format and provided exercises and group training. 100s of participants were reached. It also provided advisory services to financial management during crises.

The EaP countries have been through an intense digitalisation process over the last 15 months. **Proper internet services** across the region, as well as **improvements in infrastructure and especially electricity infrastructure** are needed. There is also the need for enhanced **English language skills**. In the digital world, SMEs can integrate the global economy quickly. But when working remotely, there is a lot more

“Women-entrepreneurs have less access to finance and face more impediments in trying to access finance than their male counterparts. The same difficulty is shared by other vulnerable groups, including young people. There is a need for capacity building in terms of financial literacy for women, youth, and people living in rural areas.”

Catarina Bjorlin Hansen, Regional Head of Caucasus at the EBRD

communication in writing; while a lot of people are good at speaking English, it is not the case with writing.

Many SMEs, especially in the retail and hospitality sectors, needed support with loan repayment deferrals because their business disappeared with COVID. **This takes time as there is no one-size-fits-all solution.** There is also a group of SMEs that managed to utilise the pandemic for their benefit. This includes food producers, who found a new market niche, but also producers and distributors of construction material. Another positive element that came out of the crisis is the **focus on enhanced standards** when looking at import substitution. In the absence of import, SMEs realised that they needed to ensure high quality and environmental standards.

The EBRD is very active in the financial institutions sector and provides funding to local banks to ensure access to finance to SMEs. EBRD offers currency both via credit lines at local banks and to customers directly including SMEs. This is key to risk mitigation. For example, the COVID-19 crisis changed the EBRD's approach by establishing currency swap lines of 200 million dollars in Georgia and Azerbaijan.

One of the greatest problems when providing local currency loans is the cost of funding. Local banks have easier access to local currency. IFIs do not want to outcompete local banks but would like to provide competitive co-financing with local banks. They often provide technical assistance. In some countries, banks have established special desks for first-time applicants, which could work in EaP countries.

There is also the issue of lack of collateral, women typically have less collateral than men; but it is the same for asset-light companies in the IT sector, in the hospitality sector and for most start-ups. IFIs and donors could play an important role in the form of first loss support to local commercial banks as well as technical assistance and capacity building.

Tarik Sahovic continued by explaining the complexities of supporting SMEs in one country, let alone a whole region with all its diversity.

“Three elements could help SMEs in their post-COVID-19 recovery:

1) less fiscal and administrative burden for SMEs

2) digital, digital, digital,

3) better access to finance.”

Tarik Sahovic, World Bank

market functioning; payment systems like digital functions 7% and insolvency was 1% which is not as good.

The World Bank did extensive research, on more than 150 countries globally, on what were the access to finance measures implemented by different countries around the world. There are five buckets, **banking, liquidity, financial markets, payment systems and insolvency.** If we look globally, most measures were done through the banking sector; roughly half of them. Liquidity measures at 25%, financial markets at 13% with most going to

Insolvency is part of the red tape. COVID-19 created a huge shock that put a lot of people and businesses out of business. Insolvency procedures should be efficient so that resources can be brought back to operation as quickly as possible or remove them from the market so as not to distort it. But few countries are doing enough to prepare for the wave of insolvency to come.

Lukas Vesely, Team Leader - blending and EIB relations at DG NEAR, highlighted that the EU came up with a support program for SMEs, however it takes time to adapt “older” programs to react to exceptional situations. For example, currently the EU is trying to finance technical assistance, give grants, and business advice through third parties. The EU also subsidises the cost of borrowing in local currency. Building on programmes that already exist, the European Lending Mandate (ELM). Already today, the EU provides a big guarantee to banks. The EU promises to cover losses that might happen so the EIB can make credit lines to SMEs. There is another guarantee program called the European Fund for Sustainable Development, for which the EU shares risks. In the next decade, the EU will be guaranteeing a large spectrum of investments: loans to governments, loans to municipalities, to cities for their infrastructure needs, and also private sector investments, through credit lines to local banks or direct lending to SMEs or equity investment in SMEs. They are building a large framework of support called EFSD+ which is all about using money from the EU budget in a smart way, to share risks with the banks to help the recovery.

The reason for this: thematic priorities such as **the green transition, digitalisation, gender equality**.

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After a brief Q&A session, members participated in the closing session of the meeting and discussed internal matters relevant to the group.