

Eastern Partnership Civil Society Forum Working Group 2

Online Meeting, 15-19 June 2020

Meeting Report

This year EaP CSF Working Group 2 met in an online format due to circumstances related to the COVID-19 pandemic. Four online sessions were organised and took place between 15 and 19 June, and these all proved that the impossibility to meet in person can bring about new opportunities. The online policy debates on specific topics and the meeting with EU experts were open to all WG2 members and delegates. Out of 72 attendees, 25 were current delegates, 45 members and 2 external guests. The chart below shows the distribution of these attendees between the 6 EaP countries and EU member states.

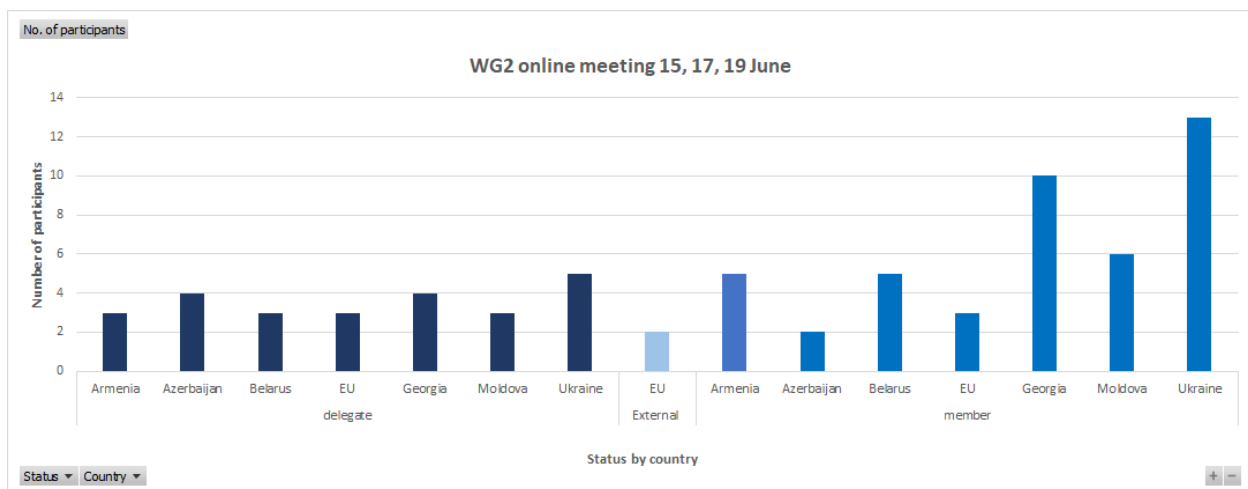


Figure 1: Diversity of WG2 attendance

Meet & Greet Session

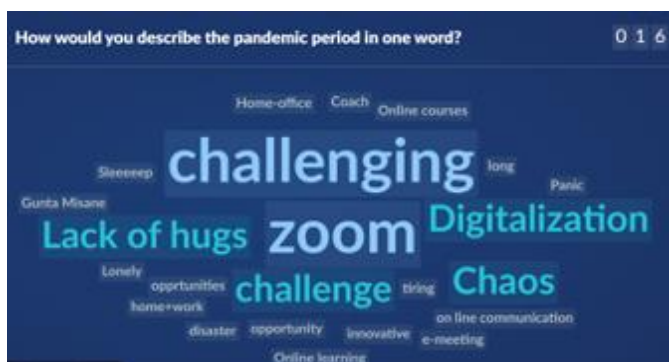
Monday 15 June, 15:00-16:30

Session PowerPoint presentation available [here](#).

Summary

The Meet and Greet session started with the opening remarks done by WG2 Coordinators, Olga Chyzova and Maksym Koriavets; participants were then engaged in a short icebreaker via Sli.do. During the icebreaker - which consisted of four questions regarding the way participants experienced the pandemic -, they expressed some of the difficulties they encountered personally

and professionally, and shared a number of their hopes and predictions for the post-COVID-19 world.



Next, the EaP CSF Secretariat made an introductory presentation about the work, structure and main advocacy activities of the Forum. Following this introduction, the discussion progressed with the debate around the topic of the WG2 policy paper. Three main ideas had surfaced during registration for the sessions - the impact of COVID-19 on SMEs, post-pandemic cooperation scenarios, and interconnectivity - and it was now a question of developing a final topic.

In the ensuing discussion, participants appeared more inclined to focus on the present effects of COVID-19 on SMEs, than looking ahead to the post-pandemic world. Given the possibility of a second, if not a third wave of the virus, it was deemed important to conduct a detailed evaluation of the impact of COVID-19 on SMEs and the policies already adopted by governments to lessen this impact, to better understand the situation now and its potential evolution in the future.

Another recurring theme of the discussion was the importance of digitalisation for the economy. Indeed, the current crisis could present a real opportunity to accelerate the digitalisation of SMEs' operations, developing new business models, partnerships, and networks.

These two topics being closely related, they could be merged to ask the question: how can digitalisation help SMEs to overcome the impact of COVID-19? Further discussions would follow in the policy sessions, including specific and detailed inputs from the six countries.

Policy session 1: Impact of COVID-19 on SMEs

Wednesday 17 June, 13:00-14:30

Session PowerPoint presentation available [here](#).

Summary

Opening the session, the WG2 coordinators gave a general overview of the current situation for SMEs in the EaP region. They explained that, in light of the economic pressures posed by the COVID-19 crisis and the various quarantine restrictions on economic activity, most governments have taken active measures to alleviate the impact of the COVID-19 crisis on small businesses, including amendments to the fiscal code in Azerbaijan, targeted financial support to particular sectors in Armenia and Georgia, and the revision or provision of microfinancing and start-up loans in Moldova and Ukraine. However, it is far too early to assess the effectiveness of those policies, and the overall impact of downturns in trade, supply chain gaps and other challenges on SMEs in the EaP countries.

Participants were then invited to give a more detailed account of the realities that SMEs face in their respective countries, and the measures being taken by governments to alleviate the impact of the current crisis. Overall trends across most of the EaP countries suggest that SMEs in the agriculture and service sectors (especially tourism, accommodation and catering services) have been the most affected by the COVID-19 crisis, given their high reliance on external trade and international flows of goods and people. In adapting to the new realities of the current situation, an acceleration in the process of digitisation can be observed in a number of areas, ranging from agriculture to purchase and payment systems and online tax and social security mechanisms. This is in addition to the use of digital technologies by an array of sectors and industries for home-working arrangements. Low-interest loans appear to be the measure of choice for most EaP governments when it comes to supporting SMEs at this difficult time, though fiscal policy adjustments (including expanding the scope and raising the level of a number of social security benefits for employees, and adjusting tax rates for businesses) are also commonplace. Going forward, the main recommendations from country representatives related to the facilitation of microfinancing for new start-ups and existing enterprises, as well as intra-EaP efforts to boost external trade, and a greater focus on the (re-)integration of overseas workers who have returned to their countries of origin.

Policy debate 2: Enhancing connectivity and digital transformation

Wednesday 17 June, 15:00-16:30

Session PowerPoint presentation available [here](#)

Summary

During this session, participants updated each other on the situation in their respective countries. One of the main themes that emerged from this discussion was the need to improve the communications and broadband infrastructure across the EaP countries; so far, the EU support and best practices have been vital in extending internet coverage in Ukraine and Moldova, with Georgia having also developed a national strategy for the development of broadband infrastructure with EU help, so there is scope to build on this prior success. Other subjects raised included the digital skills gap, with Armenia's integration of digital technologies into the education system from a young age representing an example to follow elsewhere in the region, while Georgia's - and to a lesser extent, Moldova's and Ukraine's - advances in e-documentation (both in terms of the digitalisation of government services and the elaboration of legal frameworks governing the use of digital signatures) are yet to be matched by other countries in the region. Roaming costs, Russian ownership of internet services, HDM, and data protection were also touched upon by contributors.

Each of the EaP countries has thus made differing levels of progress in digitalisation and enhancing connectivity, with opportunities for a common approach and the harmonisation of national digital strategies so far overlooked.

Going forward, session participants suggested a number of recommendations:

- the development of a unified common strategy for digitalisation among all the six countries of the EaP;
- the creation of a common e-commerce platform for the EaP region;
- greater government engagement in digital governance;
- the further development of national digital skills strategies;
- greater investment in developing digital infrastructure;
- adoption of EU standards and best practices in the field of digitalisation.

Meeting with experts: Sustainable digital transformation for SMEs in the EaP region: (e)-ways forward in the post-pandemic world

Friday 19 June, 14:00-15:30

Session PowerPoint presentations available [here](#).

Summary

The WG2 coordinators began the session by explaining that, after a hard week of long discussions, this meeting with experts should serve as a source of information, ideas and inspiration for new projects and indeed the WG's policy paper topic. Summing up some of the week's exchanges, they noted that, as the first effects of lockdown policies and social distancing measures on SMEs begin to materialise, the support of the EU and national governments will be essential to ensuring that the impact of the current crisis can be mitigated, and even turned into an opportunity for accelerating digital transformation, developing a larger role for AI, and more.



Francesco Alfonso

Project Coordinator and Policy Analyst
in the OECD Eurasia Division, OECD



Franak Viacorka

Vice-President,
Digital Communications network (Belarus)



Veronica Cretu

Governance Lead and Co-founder of
Innovating Governance Association
(Austria)

Figure 2: Experts invited to WG2 meeting

Next, **Francesco Alfonso**, *Project Coordinator and Policy Analyst at the OECD* (Eurasia Division) presented the OECD's ongoing efforts to map the impact of, and immediate policy responses to, the COVID-19 crisis in the EaP region. The organisation's forecast suggests that economic output is set to fall by between 19 and 30 percent as a direct result of the crisis, with the retail, hospitality and construction sectors the most affected. Common challenges for SMEs across all sectors include falling revenues and incomes, liquidity shortages, rising unemployment, loss of productive capacity, and a long-term fall in market share. With governments having already adopted a range of monetary and fiscal policy responses, including financial support to individuals and households, and tax, social security contribution, rent, utility bill and other relief to businesses, the OECD sees a number of longer-term policy directions as being necessary to overcoming the lasting impacts of the COVID-19 crisis. These include efforts to strengthen SMEs' contribution to the low-carbon transition, accelerate digitalisation, and improve connectivity.

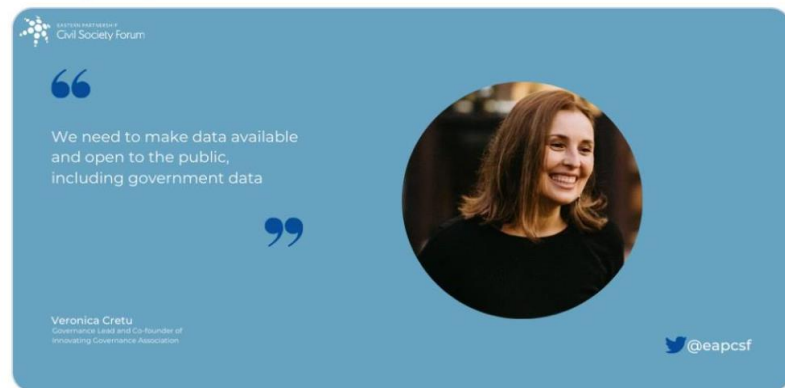
Franak Viacorka, *Vice-President of Digital Communications Network*, then presented an overview of how SMEs can ensure a successful digital transformation, at a time when COVID has catalysed this process, made the internet even more of a necessity, and led to the emergence of new platforms and tools. While in the past, communication models entailed a publisher or brand producing output for an audience with very little interaction, brands and firms now have to be much more reactive, utilising algorithmic platforms such as Facebook and Instagram to target audiences based on their own preferences. Particularly central to this process nowadays are presence on multiple networks, social media influencers, and so-called ‘ephemeral content’ (which disappears after 24 hours).

Veronica Crețu, *Governance Lead and Co-founder of Innovating Governance Association*, used her presentation to speak about Artificial Intelligence (AI) - its current development, its potential applications to SMEs, and its prospects in the post-COVID era.



Civil Society Forum @eapcsf · 20h

Civil society expert @VeronicaCretuMD calls for more #data becoming available to the #public in order to tap the full potential of A.I. in the future . #StrongerTogether



Forecast to add 15 trillion USD to the global economy by 2030, AI refers to ‘the theory and development of computer systems able to perform tasks normally requiring human intelligence, such as visual perception, speech recognition, decision-making, and translation between languages’. Currently, 21 countries have an official national AI strategy (in the EaP region, only Azerbaijan has made steps in this direction), with international organisations, namely the UN, the European Commission, and the Council of Europe, also turning their attention to the development of legal and cooperative frameworks for AI going forward. For businesses, the main applications of AI include Customer Relationship Management (CRM) systems which analyse customer feedback across communications channels and automatically adjust marketing and lead generation activities, automated communications (i.e. chatbots), automatic processing of job applications, and the acquisition of competitive intelligence. As digitalisation of commerce becomes the norm, it is likely that the public will become more accepting of AI going forward. Yet for AI to be effectively developed, better data infrastructure, an adequate innovation ecosystem, and - more fundamental still - the transformation of the education system, will be essential.

Veronica recommended those interested in AI and digitalisation to consult the following resources:

- [Government Artificial Intelligence Readiness Index 2019](#)

- [Best practices for social media usage in the public sector](#) (in Romanian only), developed by the Open Government Institute, Moldova