



**ANNEX 1**

of the Commission Implementing Decision on the Neighbourhood East Regional Action Programme 2018 Part II (including one action on the 2019 budget)

**Action Document "EU4Business: investing in the Neighbourhood East"**

**ANNUAL PROGRAMME**

This document constitutes the annual work programme in the sense of Article 110(2) of the Financial Regulation and action programme/measure in the sense of Articles 2 and 3 of Regulation N° 236/2014.

<b>1. Title/basic act/ CRIS number</b>	EU4Business: investing in the Neighbourhood East CRIS number: ENI/2018 /041- 369, financed under European Neighbourhood Instrument	
<b>2. Zone benefiting from the action/location</b>	Eastern Partnership The action shall be carried out at the following location: Eastern Partnership (EaP) countries Armenia, Azerbaijan, Belarus, Georgia, Moldova, and Ukraine.	
<b>3. Programming document</b>	Programming of the European Neighbourhood Instrument (ENI) - 2014-2020- Regional East Strategy Paper (2014-2020) Multiannual Indicative Programme (2017-2020)	
<b>4. SDGs</b>	SDG number 8 (main) : ‘Promoting sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all’ SDG 1 : ‘Ending poverty in all its forms everywhere’ SDG 5: Gender Equality SDG 12 :Responsible consumption and production	
<b>5. Sector of concentration/ thematic area</b>	250 (business and other services) 25010 (Business support services and institutions)	DEV. Aid: YES <sup>1</sup>

<sup>1</sup> Official Development Aid is administered with the promotion of the economic development and welfare of developing countries as its main objective.

	331 (Trade policy and related adjustments)			
<b>6. Amounts concerned</b>	Total estimated cost: EUR 9 340 000 Total amount of EU budget contribution: EUR 9 000 000 Potential co-financing by grant beneficiaries: EUR 340 000			
<b>7. Aid modality(ies) and implementation modality(ies)</b>	Project Modality – Direct Management 1. Grants - Call for proposal 2. Procurement of services			
<b>8. a) DAC code(s)</b>	250 (business and other services) 25010 (Business support services and institutions) 331 (Trade policy and related adjustments) 32130 (Small and medium-sized enterprises development)			
<b>b) Main Delivery Channel</b>	5200 - other			
<b>9. Markers (from CRIS DAC form)</b>	<b>General policy objective</b>	<b>Not targeted</b>	<b>Significant objective</b>	<b>Main objective</b>
	Participation development/good governance	x	<input type="checkbox"/>	<input type="checkbox"/>
	Aid to environment	<input type="checkbox"/>	x	<input type="checkbox"/>
	Gender equality (including Women In Development)	<input type="checkbox"/>	x	<input type="checkbox"/>
	Trade Development	<input type="checkbox"/>	<input type="checkbox"/>	x
	Reproductive, Maternal, New born and child health	x	<input type="checkbox"/>	<input type="checkbox"/>
	<b>RIO Convention markers</b>	<b>Not targeted</b>	<b>Significant objective</b>	<b>Main objective</b>
	Biological diversity	x	<input type="checkbox"/>	<input type="checkbox"/>
	Combat desertification	x	<input type="checkbox"/>	<input type="checkbox"/>
	Climate change mitigation	x	<input type="checkbox"/>	<input type="checkbox"/>
	Climate change adaptation	x	<input type="checkbox"/>	<input type="checkbox"/>
<b>10. Global Public Goods and Challenges (GPGC) thematic flagships</b>	NA			

<b>SUMMARY</b>
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The objective of the Action is to contribute towards the development of sustainable and equitable economic growth in the Eastern Partnership (EaP) countries, which can generate more investments and trade relations notably with the EU and improve socio-economic conditions and employment opportunities for citizens.

To this end, this Action will encompass the following 2 components:

1. **Support capacity of sectorial Business Support Organisations to enhance Small and Medium sized Enterprises internationalisation (SMEs), export capacities and access to new markets.** The assistance will focus on sectors which have most potential for export to the EU and EaP intra-regional trade. (EU4Business: Connecting Companies)
2. **Support data gathering, monitoring, reporting and production of information on bilateral and regional EU4Business programmes.** (EU4Business Facility)

## 1 CONTEXT ANALYSIS

### 1.1 Context Description

#### EaP business environment for SMEs

Boosting sustainable economic development and supporting job creation is at the heart of EU's contribution to stabilising its neighbourhood. In the past years the Eastern Partnership countries have achieved significant progress in reforming their economies and integrating into global market place. Since 2010 overall business climate in the EaP countries has also improved and EaP countries as a whole made substantial efforts to encourage the growth of their SMEs. Progress was made in design and implementation of business and investment climate reforms and all EaP countries have now adopted or are on the way to adopt SME strategies.

Many SMEs in the region however, remain tied to low value-added sectors and still don't contribute as they could to job creation and export. Enhancing SME capacities to become more innovative, and to connect to new markets is especially pertinent today as some SMEs have been cut off from traditional markets. There is a need to support them to increase their share in value added production and employment rates, aiming in particular at increasing export potential of SMEs.

#### Increasing trade flows between EaP and EU countries

The European Union is a key trading partner for most of the EaP countries.

While the diversification of export markets is the major challenge for all six countries, in the case of Armenia and Belarus the private sector also needs to operate in the context of the Customs Union, while seeking for new markets globally, including in the EU.

#### Intra-regional Trade

According to a recent Commission analysis, intra-regional trade in the EaP is relatively limited, although liberalization of trade in goods on the basis of regional (Free Trade Agreement with the Community of Independent States) and several bilateral Free Trade Agreements (FTAs) concluded in the past already exist.

It seems that the intra-regional demand for EaP products is currently low considering their limited and similar range of traded goods (with the exception of Azerbaijan which differs due to almost solely energy resources based economy), hence diversification and specialization in some intermediate products are needed for trade enhancement in the region.

Ukraine, Moldova and Georgia recently joined the Regional Convention on pan Euro Mediterranean preferential rules of origin which could improve potential for intra-regional trade<sup>2</sup>.

## 1.2 Policy Framework (Global, EU) and Public Policy Analysis of the partner region

### a) Eastern Partnership initiative

The EU's relations with its neighbours are guided by the revised **European Neighbourhood Policy** (ENP)<sup>3</sup> and the **Global Strategy**<sup>4</sup>. Both call to focus on achieving the overall goal of increasing the **stabilisation** and **resilience** of our neighbours. In this framework, the EaP countries were offered various levels of economic integration and political association with the EU; some countries decided to conclude Association Agreements (AA) with Deep and Comprehensive Free Trade Areas (DCFTAs) while others preferred not to, leading to a differentiated approach with each country.

The 2017 EaP Brussels Summit<sup>5</sup> confirmed the consensus to step-up actions in the EaP region and countries in four key priority areas, including economic development and market opportunities where a number of deliverables<sup>6</sup> to be achieved by 2020 have been identified.

The Action will contribute notably to the achievement of the following deliverables and targets.

**Deliverable # 4** – "The investment climate and business environment in Partner Countries will be improved and the growth *potential of EaP Partners' SMEs* will be further unlocked through key measures, including on the *regulatory environment*, in the framework of the **EU4Business** initiative"

**Deliverable # 5** – "Gaps in access to finance and financial infrastructure will be addressed to continue pursuing reforms for economic development and transformation effectively." The component "EU4Business: Connecting Companies", although not implementing actions directly aimed at fulfilling the goal set under this deliverable, will contribute to the monitoring of the achievements under this deliverable.

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<sup>2</sup> Council Decision of 26 March 2012 on the conclusion of the Regional Convention on pan-Euro-Mediterranean preferential rules of origin; OJ L54 of 26/02/2013, p.3

<sup>3</sup> The European Neighbourhood Policy was reviewed in November 2015.

<sup>4</sup> Global Strategy for the European Union's Foreign and Security Policy presented by the High Representative in June 2016.

<sup>5</sup> Joint Declaration of the Eastern partnership Summit (Brussels, 24 November 2017)

<sup>6</sup> [Eastern Partnership - 20 Deliverables for 2020 Focusing on key priorities and tangible results - SWD\(2017\) 300 final](#)

**Deliverable # 6** – “The creation of *new job opportunities at the local and regional level* will be supported via EU programmes aimed at diversifying the economic activity and reducing disparities.”

The deliverables document also points towards increased focus on promoting intra-regional trade and regional economic cooperation, as requested by the EURONEST<sup>7</sup> Resolution of 2015.

**Deliverable # 8** - "*Trade among Partner Countries and between them and the EU* will be supported"

b) Economic Diplomacy

The current proposal is also in line with the policy framework and the strategy for a European Economic Diplomacy which is currently being put in place.

In the revised ENP<sup>8</sup> the Commission and the High Representative proposed to launch a "*Partnership for Growth*" with those EaP countries who wish to develop cross-cutting partnerships to support investment, growth, employment and economic modernisation. The 2017 Report on the Implementation of the European Neighbourhood Policy Review stresses that the EU will "*encourage entrepreneurs to engage directly with partners in the Neighbourhood*". By developing business opportunities in the EaP the action will contribute to the EU Economic Diplomacy.

c) External Investment Plan (EIP)

In line with the above, the EU in 2017 adopted an External Investment Plan (EIP) to encourage private investors to contribute to finance viable business proposals with a development impact. The EIP will provide finance for micro-, small- and medium-sized enterprises notably in the following sectors: energy, water, transport, ICT, environment, social infrastructures. Via a guarantee facility the EU aims to attract investment in the region and de-risk projects that otherwise might not find required financing. Technical Assistance and Policy dialogue interventions targeting specifically the business environment will complement the guarantee facility and ensure investment are made in line with an improved business climate. The current Action will provide the complementary technical assistance support to the EIP.

### 1.3 Stakeholder analysis

#### EU4Business: Connecting Companies

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<sup>7</sup> The Euronest Assembly brings together MEPs and parliamentarians from the six Eastern Partnership countries for the purpose of promoting dialogue and exchange.

<sup>8</sup>Brussels, 18.5.2017 JOIN(2017) 18 final JOINT REPORT TO THE EUROPEAN PARLIAMENT, THE COUNCIL, THE EUROPEAN ECONOMIC AND SOCIAL COMMITTEE AND THE COMMITTEE OF THE REGIONS Report on the Implementation of the European Neighbourhood Policy Review

- **EaP Business support organisations (BSOs - Chambers of Commerce, Business Associations, federations, SME organisations, employers' organisations etc)**, with a specific focus on **sectoral organisations**: channelling support through business support organisations allows reaching a higher number of companies as they act as multipliers and are well connected to the target group. This reduces costs considerably. Moreover, the institutional linkage is a condition for sustainability.
- **European Business Associations, including European Business Associations**, present in Armenia, Georgia, Moldova, Ukraine and Belarus, **Member States chambers of commerce; EU and Member States sectorial organisations.**
- **SMEs (export oriented)** benefitting from increased information on potential for exports, demand, network with other SMEs active in the same sector/value chain. Since women led SME's often are small and have little access to business networks particular emphasis should be to on the creation/strengthening of such networks. SMEs will be informed about relevant business forum/trade fairs, business opportunities at regional/international level. they will also be better informed through their BSOs on market requirements, regulatory issues, labelling etc
- **National authorities:** Ministry of Economy and Trade /trade attaches/Export agencies/SME agencies/local authorities

#### EU4Business Facility

- Data gathered will allow to better inform EU services while reaching out to main beneficiaries more effectively.
- Policy makers will be better informed on EU funded programmes under the EU4business initiative and on how to benefit from them.

### **1.4 Priority areas for support/problem analysis**

#### EU4Business: Connecting Companies:

- **SME's limited access to markets (local & international)** Whether at national or international level, most SMEs in EaP countries lack an adequate knowledge of market requirements. This is a particularly relevant for countries with an AA/DCFTA which need to meet EU market requirements to reap the full benefits of these agreements.
- **Lack of understanding on how to export** notably to the EU, to other countries of the EaP region and lack of understanding on the sector potential and on the demand for EaP products/services (export promotion): SMEs in the EaP countries often lack the ability to locate, analyse, and pursue commercial opportunities in the local and foreign markets. While limited analysis, strategy, marketing and sales capacities within SMEs are key constraints, the inadequate sector-specific business support services represent an additional hindrance.
- **Limited availability of quality sector-specific services to SMEs:** There are only a very few sectoral Business Support Organisations (BSOs) capable to provide adequate

services to SMEs in EaP countries. This is further complicated by a lack of networks between BSOs and their foreign counterparts, weak sustainability of many BSOs and absence of experience to deal with the more complex demands of companies looking to export to more developed markets.

#### EU4business Facility

- Need to aggregate results across all bilateral and regional programmes aimed at supporting Private Sector Development. This tracking of key achievements across EU funded programmes has become even more relevant in the context of the adoption of the 20 Deliverables for 2020. The analysis and gathering of progress made across the EU4Business portfolio will also help the EU to better inform the business community on its support.

## **2 RISKS AND ASSUMPTIONS**

<b>Risks</b>	<b>Risk level (H/M/L)</b>	<b>Mitigating measures</b>
Political and macro-economic instability preventing a regional focus on economic development, drop of business linkages, trade and investment flows	H	Inclusive policy dialogue will be established with the different beneficiaries in supporting national strategies and assistance to set up targets, take corrective actions and monitor the effects of policies.
Difficulties for EU countries to invest in the EaP region	H	EU Chambers/sectorial Business support organisations should be part of the implementing consortium of beneficiaries under the grant scheme
Lack of economic progress to ease business environment	H	In order to support reform implementation, the Structural Reform Facility will support the design and implementation of structural reforms in: <ul style="list-style-type: none"> <li>- Business and investment climate and financial infrastructure</li> <li>- Human capital, including labour market and social protection</li> <li>- Economic governance and sustainability of public finances</li> <li>- Reinforcing the rule of law and good governance</li> </ul>
No regional organisation in the EaP countries, no high interest for intra-regional trade leading to difficulties to find good partnerships between consortium organisations	H	The applicants will have to demonstrate in their application that they are able to reach out to SMEs, European Business Association, EU Member States Chambers of Commerce
Assumption: the Network of more than 130 BSO was already established under East invest II and was working well.		



### 3 LESSONS LEARNT, COMPLEMENTARITY AND CROSS-CUTTING ISSUES

#### 3.1 Lessons learnt

##### East Invest

The East Invest project (2010-2017) was a regional investment and trade facilitation project for the economic development of the Eastern Neighbourhood region. It provided direct support to both SME and BSO across the region in order to increase trade and networking opportunities with the EU via the organisation of trade fairs, investment forum and participation of SMEs in the so called "road-shows". East Invest identified six sectors as having the greatest potential for export to the EU and investment from a regional perspective: ***agro-food, sustainable construction, ICT, transport & logistics, textiles and tourism***. It is around these sectors that the project organised various "roadshows". The contract was also used to finance various events such as the Eastern Partnership Business Forum in Tallinn, Belarus and Azerbaijan Investment forums. The programme also entailed capacity building activities in order to better prepare SME and BSO to export to the EU market. The project which started in its first phase in 2010 will be closing by the end of 2017, leaving no possibilities to finance transnational/international or regional Business to business meetings between the EU and EaP countries but also within the EaP countries. A new framework is therefore needed at regional level in order to enhance people to people contact and trade opportunities, in line with the 20 Deliverables for 2020.

The project was monitored in 2017 and found that East Invest was a very useful *first* step to boost Business Support Organisations in the East. As on the EU side, private enterprises are still very cautious with trade environment and investment opportunities in the EaP countries the evaluation recommended the next programme to focus on linking selected group of Eastern Partners' BSOs directly with EU Member States BSOs.

Sectorial organisations:

A 2014 study showed that the majority of SMEs surveyed in EaP countries wanted to export to the EU; most SMEs and BSOs had however a very limited understanding of the implications of AA/DCFTA for them and how they could benefit from it.

The study therefore recommended to:

- Provide very specific know how and support to SMEs and BSOs by taking a more sectorial approach to accompany EaP SMEs to increase their export competitiveness.
- Guidance manuals and best practise should be developed on a sector by sector basis.
- The sectors to be targeted in each country have to be large enough to make the formation of associations sustainable, meaning sectors with a large number of SMEs in each country.

##### EU4Business Secretariat (2016-2019)

The EU4Business initiative encompasses all EU support for SMEs in the EaP region. It includes an active portfolio of more than 30 bilateral and regional projects worth about EUR 300 million in 2017, incl. DCFTA Facility. When set-up in 2016 the Secretariat was entrusted with two core functions: monitoring of EU4B projects and communication, which allowed the Commission to better communicate results at the 2017 EaP Summit and at the Business Forum as well as to identify realistic deliverables for 2020. The project will end in February

2019 but the Commission will continued needing support to measure and communicate progress against the business support related deliverables foreseen for 2020.

#### EU4Business findings of the First Annual report (2009-2016)

The 2017 Consolidated report, which analyses funding/assistance gaps in the region, found that more tailor made assistance was needed for SMEs and BSOs, and that further assistance in investment attractiveness and in accessing new markets could be better channelled through a careful selection of sectors with real potential for growth and healthy enterprises with promising market prospects.

### **3.2 Complementarity, synergy and donor coordination**

The Action will complement EU4Business ongoing related projects, notably those focussing on access to market.

- *EU4Business: Ready to Trade* regional project, implemented by the International Trade Center: The project will help SMEs integrate into domestic and global value chains and access new markets with a focus on the EU. This will be done by assisting SMEs to produce value added goods in accordance with international and EU market requirements and linking them to domestic and global value chains. Once the inception phase is over (first trimester 2018) and specific value chains have been selected per country, close coordination will need to be made with assistance provided at BSO level under EU4 Business : Connecting Companies.
- International Finance Institutions' related projects
  - *Small Business Support* implemented by the European Bank for Reconstruction and Development (EBRD) and providing a wide range of capacity-building assistance, taking into account particular challenges faced by women in business, to BSOs and SMEs in the EaP countries.
  - The DCFTA trade facilitation component
  - The large investment mobilization foreseen under the External Investment Plan.
- Bilateral projects including :
  - notably in Georgia, where a number of initiatives are targeting sectorial BSO (see 2017 call for proposals under the Decision 2014/037-381), in addition to the planned support to specific clusters under the AAP 2017.
  - notably the capacity-building efforts for the network of Business Support Centres in Ukraine (EU4Business-EBRD).
- The Action will complement and look for synergies and joint actions with existing networks, chambers and structures such as:
  - **Enterprise Europe Network (EEN) consortium:** the world's largest support network for SMEs with international ambitions. It has 3,000 experts across 600 member organisations in more than 60 countries. It is co-financed under the EU's Competitiveness of Enterprises and Small and Medium-sized Enterprises (COSME) and HORIZON 2020 programme. Member organisations include chambers of commerce and industry, technology centres, and research institutes. The EEN consortium is already in place in all 6 EaP countries except Azerbaijan. It provides a number of services including:

- match-making, trade mission, brokerage events, participation in trade fairs: through direct access to Europe's largest database of business opportunities, experts help SMEs forge new international partnerships with excellent growth potential
- information provision on EU laws and laws in partner countries.
- advise on market opportunities to expand internationally, market intelligence and personalised support.
- support SME to commercialise their innovations faster.

Synergies will also be ensured with the EEN consortium sectorial and thematic working groups once the sectors have been identified.

- Three EaP countries are full members of the EEN (Armenia, Ukraine and Moldova), thanks to their participation in the EU COSME programme. Membership involves grants and access to sectorial working groups<sup>9</sup>.

Synergies with the work carried out by EASME, through COSME programme and through the EEN network need to be created in order to reinforce the outreach to the private sector, in particular for the Technical assistance and capacity building programmes in SMEs development activities, local events organisation and support to missions (company missions and brokerage events) organised by EEN and by EU4Business: Connecting Companies. Added value compared to the EEN network will be brought in emphasising on a selection of specific sectors.

- Cluster cooperation initiatives such the cluster collaboration platform and cluster internationalisation initiatives.
- Existing European Business Support Organisation in the EaP countries;
- EU Member States' Chambers of commerce;
- Discussions held in the multilateral fora of the EaP, notably under the different panels of Platform II dealing with Economic Development and Market Opportunities (Structural reforms - Business Development panel, Trade panel);
- Bilateral policy dialogue/trade dialogue and sectorial discussions. In these dialogues legal and regulatory challenges faced by women in business should be discussed, for instance laws on inheritance of land, laws that limit women's choice of employment and parental leave laws that limit women's employment potential.
  - Synergy will be ensured with the support provided through the Horizon 2020 **InnovFin** initiative providing loan guarantee services to innovative small and medium enterprises in certain Eastern Partnership countries associated to the Horizon 2020 programme.
  - Synergy will also be ensured with the **EU4Innovation** initiative which brings under a single umbrella all the Commission support to the Eastern Partnership countries in the area of innovation.

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<sup>9</sup> Armenia participates in the Agrofood Sector Group and Women entrepreneurship; Moldova participates in the ICT Industry & Services.

## **4 DESCRIPTION OF THE ACTION**

### **4.1 Overall objective, specific objectives, expected outputs and indicative activities**

The **overall objective** of this action is to contribute towards the development of sustainable and equitable economic growth models in the EaP countries, which can generate more investments and improve socio-economic conditions and employment opportunities for citizens.

**I) Specific Objective 1- "EU4Business: Connecting Companies"**: to support sectorial BSOs in SMEs internationalization and access to new markets.

The following results are envisaged for the Specific Objective 1:

**Result 1:** Increased number of business deals between EaP SMEs and international companies.

**Result 2:** Capacity of participating sectorial Business Support Organisations (BSOs) has been strengthened.

**II) Specific Objective 2- "EU4Business Facility"**: to improve information on EU support to private sector development and its impact in the EaP countries.

The following results are envisaged for the Specific Objective 2:

**Result 1:** Monitoring/data collection of EU4business programmes and assessing their impact is ensured, both at regional and national (EU-country) level.

**Result 2:** EU4Business brand is adequately communicated to its target audience, including through the EU4business website.

This programme is relevant for the Agenda 2030. It contributes primarily to the progressive achievement of SDG Goal n°8 "Decent work and economic growth", but also promotes progress towards Goals n°1 on "No Poverty", n°5 "Gender Equality" and n°12 "Responsible consumption and production". This does not imply a commitment by the six EaP countries benefitting from this programme.

The following activities are foreseen:

#### **I)"EU4Business: Connecting Companies"**:

- Development of SMEs competitiveness and awareness of market requirements to export, be it to the EU or to other EaP partners.

- Development of BSOs capacity in the following three core areas:

- Specialised sector specific business advisory services to SMEs.
- Support to export.
- Support to SMEs to integrate value chains.

#### **II)"EU4Business Facility"**:

- Monitoring/data collection of EU4Business regional and bilateral programmes:
  - Support to regular monitoring of EU4Business, including through the publication and presentation of an annual report with consolidated data on achievements made under the EU4Business initiative.
  - Assessment of impact of the EU4Business initiative
  - An assessment of the impact of gender mainstreaming across the initiative should also be included.
- Information on EU4Business projects
  - Develop communication activities to adequately promote EU4Business brand towards the target audience.
  - Maintenance of EU4Business website, ensuring close coordination with implementing partners and EU Delegations on all related events, success stories, and other communication material produced via bilateral and regional projects.
  - Update constantly the website and provide practical information to SMEs on EU available support to SMEs. Information is specifically targeted for relevant stakeholders, as general public communication is taken care through other programmes (mapping, factsheets, videos, ensuring EU's presence in IFI's videos).

## **4.2 Intervention logic**

### **I) EU4Business: Connecting Companies**

- The component of the action will be implemented via a call for proposals. The main bulk of this component will consist in financial support to third parties for activities to support sectorial BSOs, notably the internationalisation of their SMEs.
- Special attention will be paid during the evaluation process of the financial support to third parties to proposals that:
  - have a clear strategy for supporting women entrepreneurs, to support actions that aim at providing solutions to (country and sector specific) challenges faced by women in business and creating decent employment for women;
  - propose a strategy to promote intraregional initiatives and take advantage of opportunities created by agreements between the target countries and the European Union, such as the Association Agreements;
  - demonstrate how to create European added value, for example fostering exchanges between EU and EaP countries, strengthening institutional networks between both regions, sectors, promote knowledge transfer, and create synergies with existing initiatives, such as COSME and the Enterprise Europe Network.
  - in order to support job creation and poverty reduction attention should be given to women and men who run business in rural areas.

## **II) EU4Business Facility**

- This component of the Action will be implemented via a service contract.

### **4.3 Mainstreaming**

In line with the Gender Action Plan I and II and the Joint Declaration of the EaP Brussels Summit, it is essential that women's participation in economic development is mainstreamed in the activities of the EU4Business programme. In a recent study by Indevlop it is revealed that women in business are faced with various challenges. While gender disparities vary, societal norms about the roles and functions of women and men are still very traditional across the EaP countries. This mind-set is, out of economic necessity, gradually being challenged and many women have taken on the role of breadwinners while remaining the primary caregivers. Nevertheless, female economic activity remains lower than their male counterparts and women are under-represented as employers and wage-earners and overrepresented as unpaid family workers. Attention will therefore be given to ensure that women will gain from all activities that will be made under the EU4Business programme.

When defining the priority sectors in specific countries, attention should be paid to include sectors of green economy, to ensure environmental sustainability is fully taken into account. Resource-efficiency will be a cross-cutting issue in all sectors.

### **4.4 Contribution to SDGs**

This intervention is relevant for the 2030 Agenda. It contributes primarily to the progressive achievement of SDG(s) number 8, on 'Promoting sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all', while also contributing to SDG 1, on 'Ending poverty in all its forms everywhere', to SDG 5, on 'Gender Equality' and SDG 12, on 'Responsible consumption and production'.

## **5 IMPLEMENTATION**

### **5.1 Financing agreement**

In order to implement this action, it is not foreseen to conclude a financing agreement with the partner country.

### **5.2 Indicative implementation period**

The indicative operational implementation period of this action, during which the activities described in section 4.2 will be carried out and the corresponding contracts and agreements implemented, is **60 months** from the date of adoption by the Commission of this Financing Decision.

Extensions of the implementation period may be agreed by the Commission's authorising officer responsible by amending this decision and the relevant contracts and agreements.

### 5.3 Implementation modalities

The Commission will ensure that the EU appropriate rules and procedures for providing financing to third parties are respected, including review procedures, where appropriate, and compliance of the action with EU restrictive measures<sup>10</sup>.

#### 5.3.1 Grants: Component 1: EU4Business: Connecting Companies

##### *(a) Purpose of the grants*

The objective of the call for proposals consists in supporting the development of quality business networks including the provision of adequate support and linkage services for SMEs, including but not limited to agro-food, sustainable construction, ICT, transport & logistics, textiles and tourism. The main bulk of this component will consist of financial support to third parties activities to reinforce the action of sectorial BSOs notably the internationalisation of their SMEs.

Main expected results include the following (see full description above):

- Growth in the number of business deals between the EU and EaP companies/among EaP companies.
- Capacities of BSOs are further strengthened to provide improved services towards their members in view of increasing international trade and attract investment.

##### *(b) Type of applicants targeted*

In order to be eligible for a grant, the applicant must:

- be legal persons, and
- be non-profit-making, and
- be specific types of organisations such as: non-governmental organisations, public sector operators, local authorities, international (inter-governmental) organisations as defined by Article 43 of the Rules of application to the EU Financial Regulation, and
- be established in a Member State of the European Union or a country that is a beneficiary of the ENI Regulation, a country that is a beneficiary of an Instrument for Pre-Accession Assistance set up by Council Regulation (EC) No 1085/2006 (IPA) or a Member State of the EEA.

The essential selection criteria are the financial and operational capacity of the applicant.

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<sup>10</sup> [www.sanctionsmap.eu](http://www.sanctionsmap.eu) Please note that the sanctions map is an IT tool for identifying the sanctions regimes. The source of the sanctions stems from legal acts published in the Official Journal (OJ). In case of discrepancy between the published legal acts and the updates on the website it is the OJ version that prevails.

The essential award criteria are relevance of the proposed action to the objectives of the call; design, effectiveness, feasibility, sustainability and cost-effectiveness of the action.

The maximum possible rate of co-financing for grants under this call is 95% of the eligible costs of the action.

In accordance with Articles 192 of Regulation (EU, Euratom) No 966/2012, if full funding is essential for the action to be carried out, the maximum possible rate of co-financing may be increased up to 100%. The essentiality of full funding will be justified by the Commission's authorising officer responsible in the award decision, in respect of the principles of equal treatment and sound financial management. Indicatively, the call should be launched by the fourth quarter of the year 2018.

### 5.3.2 Procurement (direct management)

Subject in generic terms, if possible	Type (services)	Indicative number of contracts	Indicative trimester of launch of the procedure
EU4Business Facility	Service contract	1	4 <sup>th</sup> trimester 2018

### 5.4 Scope of geographical eligibility for procurement and grants

The geographical eligibility in terms of place of establishment for participating in procurement and grant award procedures and in terms of origin of supplies purchased as established in the basic act and set out in the relevant contractual documents shall apply, subject to the following provisions.

The Commission's authorising officer responsible may extend the geographical eligibility in accordance with Article 9(2)(b) of Regulation (EU) No 236/2014 on the basis of urgency or of unavailability of products and services in the markets of the countries concerned, or in other duly substantiated cases where the eligibility rules would make the realisation of this action impossible or exceedingly difficult.

### 5.5 Indicative budget

	EU contribution (amount in EUR)	Indicative third party contribution (amount in EUR)	TOTAL
Specific Objective 1- "EU4Business: Connecting Companies", composed of	6.5M	0.34M	6.84M



Grants (direct management) cf - section 5.3.1 <i>EU4Business: Connecting Companies</i> - Call for proposals	6.5M	0.34M	6.84M
<b>Specific Objective 2-</b> <b>"EU4Business Facility"</b>	<b>2.5M</b>	-	<b>2.5M</b>
Procurement (direct management) – Cf section 5.3.2 <i>EU4Business Facility</i> – Procurement (direct management)	2.5M	-	2.5M
<b>Total</b>	<b>9M</b>	<b>0.34M</b>	<b>9.34M</b>

## 5.6 Organisational set-up and responsibilities

The two components under this action will be managed by Commission services (Directorate General for Neighbourhood and Enlargement Negotiations) and, where relevant in close co-operation with other Commission services and other relevant stakeholders. For each component, a Steering Committee will be created and the participation of relevant Commission services is foreseen.

## 5.7 Performance monitoring and reporting

The day-to-day technical and financial monitoring of the implementation of this action will be a continuous process and part of the implementing partner's responsibilities. To this aim, the implementing partner shall establish a permanent internal, technical and financial monitoring system for the action and elaborate regular progress reports (not less than annual) and final reports. Every report shall provide an accurate account of implementation of the action, difficulties encountered, changes introduced, as well as the degree of achievement of its results (outputs and direct outcomes) as measured by corresponding indicators, using as reference the logframe matrix (for project modality) or the list of result indicators (for budget support). The report shall be laid out in such a way as to allow monitoring of the means envisaged and employed and of the budget details for the action. The final report, narrative and financial, will cover the entire period of the action implementation.

The Commission may undertake additional project monitoring visits both through its own staff and through independent consultants recruited directly by the Commission for independent monitoring reviews (or recruited by the responsible agent contracted by the Commission for implementing such reviews).

## 5.8 Evaluation

Having regard to the importance of the action, an ex-post evaluation will be carried out for this action or its components via independent consultants.

It will be carried out for accountability and learning purposes at various levels (including for policy revision), taking into account in particular the fact that this action is essential in meeting the objectives set under deliverables 4 "Improved business environment" and 6 "Improved regional and local economic development" .

The Commission shall inform the implementing partner at least 1 month in advance of the dates foreseen for the evaluation missions. The implementing partner shall collaborate efficiently and effectively with the evaluation experts, and inter alia provide them with all necessary information and documentation, as well as access to the project premises and activities.

The financing of the evaluation shall be covered by another measure constituting a financing decision.

## **5.9 Audit**

Without prejudice to the obligations applicable to contracts concluded for the implementation of this action, the Commission may, on the basis of a risk assessment, contract independent audits or expenditure verification assignments for one or several contracts or agreements.

The financing of the audit shall be covered by another measure constituting a financing decision.

## **5.10 Communication and visibility**

Communication and visibility of the EU is a legal obligation for all external actions funded by the EU.

This action shall contain communication and visibility measures which shall be based on a specific Communication and Visibility Plan of the Action, to be elaborated at the start of implementation.

In terms of legal obligations on communication and visibility, the measures shall be implemented by the Commission, contractors, grant beneficiaries and/or entrusted entities. Appropriate contractual obligations shall be included in, respectively, the procurement and grant contracts.

The Communication and Visibility Requirements for European Union External Actions (or any succeeding document) shall be used to establish the Communication and Visibility Plan of the Action and the appropriate contractual obligations.

Projects under this Action will be branded as part of the EU4business initiative.

## APPENDIX - INDICATIVE LOGFRAME MATRIX <sup>11</sup>

The activities, the expected outputs and all the indicators, targets and baselines included in the logframe matrix are indicative and may be updated during the implementation of the action, no amendment being required to the financing decision. When it is not possible to determine the outputs of an action at formulation stage, intermediary outcomes should be presented and the outputs defined during inception of the overall programme and its components. The indicative logframe matrix will evolve during the lifetime of the action: new lines will be added for including the activities as well as new columns for intermediary targets (milestones) for the output and outcome indicators whenever it is relevant for monitoring and reporting purposes. Note also that indicators should be disaggregated by sex whenever relevant.

### EU4Business: Connecting Companies

	Results chain	Indicators	Baselines (incl. reference year)	Targets (incl. reference year)	Sources and means of verification	Assumptions
Overall objective: Impact	Promote job creation in the formal economy, economic development, trade with EU and EaP countries (incl. intra regional trade)	<p>Increase in trade and economic growth, and related employment opportunities in the formal economy</p> <p>More specifically: Increased trade between EU and EaP countries</p> <p>Increased intra-regional trade.</p> <p>Increased EU FDI in the EaP region</p>	To be defined for each sector	To be defined for each sector	ECFIN, TRADE Eurostat, WB, UN reports	NA

<sup>11</sup> Mark indicators aligned with the relevant programming document mark with '\*' and indicators aligned to the EU Results Framework with '\*\*'.

Specific objective(s): Outcome(s)	Enhance capacity of sectorial business support organisations and increase business linkages, in particular with EU and EaP counterparts to create economic opportunities at international and regional levels	Growth in the number of direct business cooperation deals and negotiations for partnership between the EU and EaP companies/among EaP companies in the related sectors  Increased market access for target companies	To be defined for each sector	To be defined for each sector	Progress reports from implementing partner  ROM and evaluation report  BSO and SME surveys	
Outputs	<p><i>Indicative - To be further defined by the selected application grant in the respective 'Call for Proposals'</i></p> <p>Organisation of matchmaking events (Business forum national/regional/sectorial levels)</p> <p>Sectorial strategies</p> <p>Studies</p> <p>TA and capacity building activities to</p>	<p>number of events organised</p> <p>number of participants from EU countries</p> <p>number of participants from EaP countries</p> <p>Number of sector strategies drafted/proposed</p> <p>Number of studies launched</p> <p>Number of</p>	<p>0</p> <p>0</p> <p>0</p>	<p>At least 1 EaP Business Forum every 2 years. Other events to be defined per sector/country</p> <p>Min. 3 strategies adopted by 2021</p> <p>Min. 3 studies finalised by 2021</p> <p>At least 6 trainings per sector and per year</p>	Idem as above	

	improve sectorial BSO services to their members	workshop/classes  Increased number of SME trained/reached by their BSOs on internationalisation issues	0	To be defined in the call		
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#### EU4business Facility

	Results chain	Indicators	Baselines (incl. reference year)	Targets (incl. reference year)	Sources and means of verification	Assumptions
Overall objective: Impact	Improve information on EU support to private sector development and its impact in the EaP countries	Production of an annual EU4Business report  Number of visitors on the EU4Business website	Annual EU4Business report available in 2017, 2018  About 40 000/year	Annual EU4Business report available in 2019, 2020, 2021  About 60 000 per year	EU4business report Survey (SME, BSO)  Report on the implementation of the 20 Deliverables by 2020  website	
Specific objective(s): Outcome(s)	Data is available on key achievements made on all EU4business programmes (Key Performance Indicators)  SMEs and BSOs across EaP countries are increasingly aware of the related EU assistance and know where to find support  A donor coordination platform created via the EU4business initiative allows key implementing partners to coordinate their activities via the EU4Business	EU4Business report  Number of visitors on the EU4Business website  Number of annual coordination meeting Production/update of a guide on how to cooperate	Idem  SME survey from 2018  1/year since 2017  1	Idem  Target to be defined based on the results of the 2018 SME survey  1 year  1	EU4Business report ROM/evaluation SME survey  Agenda+ list of participants and conclusions of the meeting	Implementing partners/EC Programme managers cooperate with the Facility to provide the data and related progress reports

	initiative (events, funding, projects, analysis)	with the Facility				
<b>Outputs</b>	Annual EU4Business report produced gathering information on key progress made incl. specific links to relevant deliverables to be achieved for 2020	Production of an annual EU4Business report	1/year	1/year		
	The EU4business website is constantly updated providing practical information to SMEs on EU available support to SMEs, relevant contact details, success stories, as well as key events and other updates (incl. policy updates, studies etc)	Number of visitors on the website	40 000/year in 2017	70 000/year in 2020		