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**THIS ACTION IS FUNDED BY THE EUROPEAN UNION**

**ANNEX VII**

to the Commission Implementing Decision on the financing of the multiannual action plan in favour of the NDICI Neighbourhood East Region for 2023 -2024

**Action Document for Support to Digital Innovation in the Eastern Partnership region- EU4Innovation East**

**MULTIANNUAL ACTION PLAN**

This document constitutes the multiannual work programme in the sense of Article 110(2) of the Financial Regulation, and action plan/measure in the sense of Article 23(2) of NDICI-Global Europe Regulation.

**1. SYNOPSIS**

**1.1. Action Summary Table**

<b>1. Title OPSYS Basic Act</b>	Support to Digital innovation in the Eastern Partnership region - <b>EU4Innovation East</b> Annual action plan in favour of Neighbourhood East for 2023 and 2024 OPSYS business reference: ACT-61760 ABAC Commitment level 1 number: JAD.1160269 and JAD.1219337 Financed under the Neighbourhood, Development and International Cooperation Instrument (NDICI-Global Europe).
<b>2. Economic and Investment Plan (EIP)</b>	Yes, thematic priority IV (Digital), V (Economic Development), VI (Human Development).
<b>EIP Flagship</b>	Yes Armenia (AM) flagships 1 and 3 Azerbaijan (AZ) flagships 3 and 4 Georgia (GE) flagships 1, 3 and 4 Moldova (MD) flagship 1 Ukraine (UA) flagships 1 and 4
<b>3. Team Europe Initiative</b>	No
<b>4. Beneficiar(y)/(ies) of the action</b>	The action shall be carried out for the benefit of the Eastern Partnership countries (Armenia, Azerbaijan, Belarus <sup>1</sup> , Georgia, Republic of Moldova and Ukraine).

<sup>1</sup> In line with the Council Conclusions of 12 October 2020 and in light of Belarus’s involvement in the Russian military aggression against Ukraine, recognised in the European Council Conclusions of February 2022, the EU has stopped engaging with representatives of Belarus public bodies and state-owned enterprises. Should there be a change of the context this may be

<b>5. Programming document</b>	Multi-annual Indicative Programme for the Neighbourhood East Region for the period 2021-2027
<b>6. Link with relevant MIP(s) objectives/expected results</b>	Priority area 4: Resilient digital transformation Priority area 1: Resilient sustainable, and integrated economies
<b>PRIORITY AREAS AND SECTOR INFORMATION</b>	
<b>7. Priority Area(s), sectors</b>	Priority area 4: Resilient digital transformation - Specific objective 2: Promote e-services, supporting integration into the EU Digital Single Market, enhancing e-skills  Priority area 1: Resilient, sustainable, and integrated economies - Specific objective 1: Strengthen economic, small and medium enterprises and trade development - Specific objective 3: Invest in human capital and knowledge societies
<b>8. Sustainable Development Goals (SDGs)</b>	Main SDG (1 only): Goal 9: Industry, innovation and infrastructure Other significant SDGs (up to 9) and where appropriate, targets: Goal 1: End poverty Goal 4: Quality education Goal 5: Gender equality Goal 8: Decent work and economic growth Goal 10: Reduced inequalities Goal 11: Sustainable cities and communities Goal 13: Climate action
<b>9. DAC code(s) <sup>2</sup></b>	25030 - Business development services – 50% 11430 - Advanced technical and managerial training – 20% 22040 - Information and communication technology (ICT) – 20%
<b>10. Main Delivery Channel @</b>	<i>Third Country Government – 13000 (Delegated co-operation with a Member State's pillar-assessed entity).</i>

reconsidered. In the meantime, the EU continues to engage with and, where possible, has stepped up support to non-state, local and regional actors, including within the framework of this action as appropriate.

<sup>2</sup> DAC sectors (codes and descriptions) are indicated in the first and fourth columns of the tab 'purpose codes' in the following document: [DAC and CRS code lists - OECD](#).

<b>11. Targets</b>	<input type="checkbox"/> Migration <input type="checkbox"/> Climate <input checked="" type="checkbox"/> Social inclusion and Human Development <input type="checkbox"/> Gender <input type="checkbox"/> Biodiversity <input type="checkbox"/> Human Rights, Democracy and Governance <sup>3</sup>				
<b>12. Markers <sup>4</sup> (from DAC form)</b>	<b>General policy objective @</b>	<b>Not targeted</b>	<b>Significant objective</b>	<b>Principal objective</b>	
	Participation development/good governance	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	
	Aid to environment @	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	
	Gender equality and women's and girl's empowerment	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	
	Reproductive, maternal, new-born and child health	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
	Disaster Risk Reduction @	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	
	Inclusion of persons with Disabilities	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
	Nutrition <sup>5</sup> @	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
	<b>RIO Convention markers @</b>	<b>Not targeted</b>	<b>Significant objective</b>	<b>Principal objective</b>	
	Biological diversity @	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
	Combat desertification @	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
	Climate change mitigation @	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	
	Climate change adaptation @	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	
	<b>13. Internal markers<sup>6</sup> and Tags</b>	<b>Policy objectives</b>	<b>Not targeted</b>	<b>Significant objective</b>	<b>Principal objective</b>
		EIP	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
EIP Flagship		YES <input checked="" type="checkbox"/>		NO <input type="checkbox"/>	
Tags <sup>7</sup>		YES		NO	

<sup>3</sup> Thematic target for geographic programmes (at least 15%) in delegated act.

<sup>4</sup> For guidance, see [Development finance standards - OECD](#) (go to “Data collection and resources for reporters”, select Addendum 2, annexes 18 (policy) and 19 (Rio) of the reporting directive). If an action is marked in the DAC form as contributing to one of the general policy objectives or to RIO principles as a principal objective or a significant objective, then this should be reflected in the logframe matrix (in the results chain and/or indicators).

<sup>5</sup> Please check the [Handbook on the OECD-DAC Nutrition Policy Marker](#).

<sup>6</sup> These markers have a different scope/rationale than the DAC codes. They are drawn from the level of budget allocation and emphasis given to the action in terms of main objective(s) selected. The definition of objectives and outputs in the description of the action should be in line with this section.

transport	<input checked="" type="checkbox"/>	<input type="checkbox"/>	
energy	<input checked="" type="checkbox"/>	<input type="checkbox"/>	
environment, climate resilience	<input checked="" type="checkbox"/>	<input type="checkbox"/>	
digital	<input checked="" type="checkbox"/>	<input type="checkbox"/>	
economic development (incl. private sector, trade and macroeconomic support)	<input checked="" type="checkbox"/>	<input type="checkbox"/>	
human development (incl. human capital and youth)	<input checked="" type="checkbox"/>	<input type="checkbox"/>	
health resilience	<input checked="" type="checkbox"/>	<input type="checkbox"/>	
migration and mobility	<input type="checkbox"/>	<input type="checkbox"/>	
agriculture, food security and rural development	<input type="checkbox"/>	<input checked="" type="checkbox"/>	
rule of law, governance and public administration reform	<input checked="" type="checkbox"/>	<input type="checkbox"/>	
other	<input type="checkbox"/>	<input checked="" type="checkbox"/>	
Digitalisation <sup>8</sup> @	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Tags	YES	NO	
digital connectivity	<input checked="" type="checkbox"/>	<input type="checkbox"/>	
digital governance	<input checked="" type="checkbox"/>	<input type="checkbox"/>	
digital entrepreneurship	<input checked="" type="checkbox"/>	<input type="checkbox"/>	
digital skills/literacy	<input checked="" type="checkbox"/>	<input type="checkbox"/>	
digital services	<input checked="" type="checkbox"/>	<input type="checkbox"/>	
Connectivity @	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Tags	YES	NO	
digital connectivity	<input checked="" type="checkbox"/>	<input type="checkbox"/>	
energy	<input type="checkbox"/>	<input checked="" type="checkbox"/>	
transport	<input type="checkbox"/>	<input checked="" type="checkbox"/>	
health	<input type="checkbox"/>	<input checked="" type="checkbox"/>	
education and research	<input checked="" type="checkbox"/>	<input type="checkbox"/>	
Migration <sup>9</sup> @	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Reduction of Inequalities @	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
COVID-19	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

### BUDGET INFORMATION

<sup>7</sup> When a marker is Significant or Principal Objective, please indicate the relevant tags by selecting “YES” or “NO”.

<sup>8</sup> Please address the digitalisation marker in line with the note Ares(2019)7611708.

<sup>9</sup> Please address the migration marker in line with the note Ares(2021)6077013.

<b>14. Amounts concerned</b>	Budget line(s) (article, item): BGUE-B2023-14.020111-C1NEAR Budget line(s) (article, item): BGUE-B2024-14.020111-C1NEAR Total estimated cost: EUR 20 0000 00 Total amount of EU budget contribution EUR 20 000 000 The contribution is for an amount of <b>EUR 13 000 000</b> from the general budget of the European Union for 2023 and for an amount of <b>EUR 7 000 000</b> from the general budget of the European Union for 2024, subject to the availability of the appropriations provided for in the general budget of the Union for 2024 following the adoption of that budget by the budget authority.
<b>MANAGEMENT AND IMPLEMENTATION</b>	
<b>15. Implementation modalities (management mode and delivery methods)</b>	<b>Indirect management</b> with a pillar assessed entity to be selected in accordance with the criteria set out in section 4.3.1.

## 1.2. Summary of the Action

The overall objective is to strengthen the innovation ecosystems of the Eastern Partnership countries. The action will set up a regional action, with a focus on:

- (i) Enhancing the maturity and sustainability of the region’s start-up ecosystem,
- (ii) Promoting convergence with the EU market and start-up ecosystems;
- (iii) Providing targeted support to the Ukraine’s digital tech sector.

Boosting innovation and the resilient digital transformation of the Eastern Partnership economies is one of the key objectives of the **Economic and Investment Plan (EIP) for the Eastern Partnership**, with a joint target of mobilising up to 1.5 billion euro in support of the digital transformation, including 100 million euro in support of high-performance start-ups in the region<sup>10</sup>.

The proposed project will contribute to the **integration of the Eastern Partnership countries into the EU start-up ecosystem** and deliver on the jointly identified **flagship initiatives** related to support to the private sector, innovation, green, digital economy and society, as part of the renewed Eastern Partnership agenda.

Promoting women entrepreneurship will be mainstreamed throughout all activities of the action, including dedicated trainings for women to raise funds as well as cooperation with female business angel networks.

As a horizontal objective, the action will promote specialisation of EaP countries in high-value added sectors related to the use of digital solutions, such as in the fields of agritech, smart cities, fintech, govtech, or blue economy for instance. In doing so, the action will contribute to convergence towards the joint EU and EaP objectives with regard to environment, climate change, local development, and digital governance. In that regard, the action has the potential to contribute to SDGs 1, 4, 5, 8, 9, 10, 11, 13.

<sup>10</sup> COM SWD(2021) 186 final

### 1.3. Beneficiaries of the action

The beneficiaries of the action are the citizens, entrepreneurs, including women and men, innovation support organisations of countries of the Eastern Partnership region (Armenia, Azerbaijan, Belarus<sup>11</sup>, Georgia, Republic of Moldova<sup>12</sup>, Ukraine).

## 2. RATIONALE

### 2.1. Context

**Economies in the Eastern Partnership region are at a turning point.** The shocks caused by the Covid-19 pandemic and the consequences of Russia's war of aggression against Ukraine have affected the region in an uneven but significant way. While the economic output was significantly reduced in Ukraine and in the Republic of Moldova, the economic activity in the three countries of the South-Caucasus was boosted because of the large influx of Russian businesses, including IT and tech specialists. However, common factors are affecting the region, such as high-inflation, unstable economic environment, instability of local currencies, supply chain disruptions and energy dependencies. This is posing a risk for its socio-economic stability, prosperity and resilience in the years to come.

**There is a need to invest further in economic diversification and innovation to increase the region's competitiveness.** As demonstrated by the Global Competitiveness' index, EaP countries mostly lag behind the average's global score, with Moldova, Ukraine, Georgia, Armenia, Azerbaijan ranking respectively at the 86<sup>th</sup>, 85<sup>th</sup>, 74<sup>th</sup>, 69<sup>th</sup> and 58<sup>th</sup> positions as the most competitive nations in the worlds, out of 140 countries evaluated<sup>13</sup>. Likewise, the 2022 Global Innovation Index, which measures the innovation ecosystem performance of 132 economies in the world, has ranked Azerbaijan, Armenia, Georgia, Moldova and Ukraine at the 93<sup>rd</sup>, 80<sup>th</sup>, 74<sup>th</sup>, 57<sup>th</sup>, 56<sup>th</sup> positions. One of the main reasons for this is the reliance on traditional industries with low-added value and low integration in global value chains. For instance, among the main obstacles in increasing productivity in Georgia, Moldova and Ukraine is the outsized role that agriculture plays in the economy as well as the country's lack of involvement in global value chains. In 2019, agriculture employed 14 per cent of the population in Ukraine, 21 per cent in Moldova and 38 per cent in Georgia<sup>14</sup>. This limits potential productivity gains in other sectors with higher value added<sup>15</sup>.

**Information and Communication Technologies (ICT) are key levers to unlock the potential of the green and digital transitions.** According to the World Bank, the digital economy already represents up to 15 per cent of the global GDP – as much as the global manufacturing sector. For businesses, digital solutions can help increase the productivity of companies through easier access to strategic resources, broaden the customer base and market access. This is particularly needed in the Eastern Partnership region, where SMEs represent up to 99% of all enterprises, account for around half of total private sector employment but generate only 47% of total value added and are more concentrated in low value-added sectors, such as

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<sup>11</sup> In line with the Council Conclusions of 12 October 2020 and in light of Belarus's involvement in the Russian military aggression against Ukraine, recognised in the European Council Conclusions of February 2022, the EU has stopped engaging with representatives of Belarus public bodies and state-owned enterprises. Should there be a change of the context this may be reconsidered. In the meantime, the EU continues to engage with and, where possible, has stepped up support to non-state, local and regional actors, including within the framework of this regional action as appropriate.

<sup>12</sup> Hereinafter referred to as 'Moldova'.

<sup>13</sup> In the Global Entrepreneurship Index 2019, Ukraine ranked as 73, Moldova as 92, Georgia as 77, Armenia as 88 and Azerbaijan as 62 out of 137 analysed economies.

<sup>14</sup> This is also a factor contributing to persisting gender gaps in the region. Agriculture in the Eastern Partnership region is the sector with highest levels of informal employment. Many households own a small land plot each and cultivate food for their own consumption, rather than for agricultural business purposes. In such households, women perform up to 80% of farming-related duties according to data estimates for Ukraine. Many of these households are headed by women, particularly older women over the age of 60. Source: 'Gender equality and post-2020 Eastern Partnership priorities: a guide on how to promote gender policy in policy, programming and reform work'. [https://euneighbourseast.eu/wp-content/uploads/2022/02/gender-equality-and-post-2020-eastern-partnership-priorities\\_feb2022.pdf](https://euneighbourseast.eu/wp-content/uploads/2022/02/gender-equality-and-post-2020-eastern-partnership-priorities_feb2022.pdf)

<sup>15</sup> DG ECFIN's annual report on the economic situation in the Eastern Partnership region (2022).

wholesale and retail trade. Digital innovation can have a spill-over effect on all areas of the economy and society, allowing to put into practice new ideas and concepts in established sectors (e.g. energy, healthcare, and agriculture) or facilitating the provision of key public services.

**The Eastern Partnership innovation ecosystem is under-developed.** While start-ups are key drivers of innovation, productivity, growth and job creation, their number and success rates are considerably lower in comparison to the Central and Eastern European countries. Among the main obstacles faced by start-ups is the lack of specialised and experienced business support structures such as ‘incubators’, whose mission is to help young entrepreneurs to create start-ups and support them through the first stages of the start-up life cycle, from the idea stage, when the product/service and business plan is validated, to the seed stage, when the company generate first sales.

**Bringing start-up development to the next level is a shared objective of the EU and Eastern Partnership leaders.** The July 2021 Joint Staff Working Document ‘recovery, resilience and reform: post 2020 Eastern Partnership priorities<sup>16</sup>’ has set clear targets for the resilient digital transformation of the businesses and for increasing each partner’s country’s Global Innovation Index by three points. The document provides that the partner countries, together with the EU and its Member States, will work together to stimulate digital innovation and support high performance digital start-ups, contributing to the creation of related high-quality jobs. These targets were re-affirmed by the EaP leaders, the EU and its Member States in the Joint Declaration of the Eastern Partnership Summit ‘Recovery, resilience and reform’ on 15 December 2021, which provides that ‘significant investments will be made to support **high performance digital start-ups**<sup>17</sup>’.

**The growth of the innovation ecosystem will also be a catalyst for mobilising further investments as part of the Economic and Investment Plan for the Eastern Partnership region.** The plan provides that the EU will contribute 2.3 billion euros in grants and guarantees with a view to unlock up to 17 billion euro in public and private investment to support the EaP’s post-pandemic recovery and pursue the green and digital transitions. It contains a set of ‘flagship projects’, which represent jointly identified investment priorities in each of the Eastern Partnership countries, in particular in the fields of support to the private sector, innovation, green and digital economy.

**Innovation is a key lever for economic convergence with the EU.** The action will support Ukraine, Moldova, and Georgia on their path to the European Union, by facilitating access to the Single Market. EU. As summarised by the 2022 annual report on the economic overview in the Eastern Partnership published by DG ECFIN, convergence towards economic integration requires not only having a strong institutional framework but also being able to rely on an economy that can take advantage of new sources of productivity growth.

**This is all the more relevant following the start of Russia’s war of aggression against Ukraine<sup>18</sup>.** The Ukraine’s tech sector has proved essential to support the country’s response to the war and the sector continues to grow. Digital innovation is not only a matter of economic growth and resilience, it is also a matter of technological sovereignty and Ukraine’s dominance in the area has helped shape the balance of power since the start of Russia’s invasion. However, physical destructions, brain drain and unstable business environment are limiting Ukraine’s ability to further develop its competitive advantage in the field of digital innovation. Since the start of Russia’s war of aggression, the EU has so far mobilised over EUR 70 billion euro <sup>19</sup><sup>[OBJ]</sup> for Ukraine. This includes targeted support via the Horizon Europe and Euratom programmes, as

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<sup>16</sup> SWD(2021) 186 final

<sup>17</sup> 14964/21 – Joint Declaration of the Eastern Partnership Summit (Brussels, 15 December 2021)

<sup>18</sup> <https://www.oecd.org/ukraine-hub/policy-responses/building-back-a-better-innovation-ecosystem-in-ukraine-85a624f6/>

<sup>19</sup> Latest figure to be double checked with the Ukraine Service.

well as via the<sup>20</sup> [2021]. Building on these initiatives, the present Action will provide targeted support to the Ukraine's start-up ecosystem, such as in view of helping the country digitalise all government services and become a 'digital state'.

The action will complement the activities implemented at the national level and EU-funded actions in the field such as EU4Digital or EU4Business, as well as activities carried-out by other donors, such as the Star Venture programme implemented by the European Bank for Reconstruction and Development (EBRD). In addition, the action will deliver on the Economic and Investment Plan for the Eastern Partnership region. Boosting the pipeline of high-quality and highly bankable start-ups will lead to an increase of investments in the region.

## 2.2. Problem Analysis

### Short problem analysis

This action will build on the results of the first phase of the EU-funded action 'EU4Digital: supporting digital economy and society in the Eastern Partnership' implemented between 2019-2022<sup>21</sup>. The action assessed the maturity of the start-up ecosystems in the EaP region, providing country-specific recommendations for the development of digital and innovation ecosystems<sup>22</sup>. The EU4Digital study included a life cycle assessment of the tech start-ups founded in the EaP countries from 2010 to 2020, with more than 28 000 start-ups in their different growth stages.

The analysis indicated that the **EaP start-up ecosystem is not living up to its full potential**. The growth of the start-ups in the Eastern Partnership countries is considerably slower in comparison to EU countries in Central and Eastern Europe (CEE), and the region's ICT ecosystem is lagging behind in terms of access to resources, access to skills, access to finance and access to markets.

The EU4Digital research highlighted that the underdevelopment of the start-ups scene of Eastern partner countries stems, first, from **failures of the local ecosystems**. There is a **lack of start-up support capacities, especially incubators**. Companies from the private sector are rarely involved, technology transfers are little developed, and, in certain countries, unfriendly legal and/or judicial environments create additional obstacles for entrepreneurs and investors. As a result, much of the local entrepreneurial energy and tech talent is not converted into bankable start-ups.

As an illustration, in the years 2010 to 2020, only 0.19 percent of start-ups turned into scale-ups generating high profitability mainly through access to international markets. The figure is 0.64 percent in the EU Central and Eastern European countries such as Lithuania, Estonia, Poland, Bulgaria and Romania.

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<sup>20</sup> The new initiative will support at least 200 Ukrainian deep tech start-ups with up to €60,000. In addition, the EIC will offer non-financial support, such as business advisory services and matchmaking.

<sup>21</sup> ENI/2018/396-727.

<sup>22</sup> Guide for building the ICT entrepreneurial ecosystems in the Eastern partnership countries: maturity analysis and recommendations', March 2021. <https://eufordigital.eu/wp-content/uploads/2021/04/Guide-for-building-the-ICT-entrepreneurial-ecosystems-in-the-Eastern-partner-countries-maturity-analysis-and-recommendations.pdf>

Figures 1 and 2: Comparisons between EaP and EU MS (LT, EE, PL, HU, RO) 2010-2020



In more details, the EU4Digital analysis outlined the following problems:

### Access to finance<sup>23</sup>

Besides the failures of the local ecosystem in generating promising start-ups, the **lack of funding** is the next challenge in the development path of local start-ups. The gap concentrates at the pre-seed stage as well as at the early scale-up stages (see the ‘start-up life-cycle’ in figure 4 below). Country-level analysis reveals a lack of private funding at virtually all stages in Georgia and, to a lesser extent, Ukraine. The EU4Digital analysis also revealed an uneven or unsustainable distribution of public funding across the region (around €15 per capita in Armenia and Georgia; 0 in Azerbaijan, from €3 to €4 in other countries). Successful start-ups tend to seek funding abroad as early as the seed stage (when they are just generating their first recurring sales). In 2017-2019, Venture Capital funds from the United States (US) accounted for 72% of foreign investment in start-ups from these countries (all stages included), while EU investors accounted for just 12%. This explains why so many of these start-ups register in and/or or move their headquarters abroad, essentially to the US, generally leaving only R&D teams in their home country.

### Access to skills

While all EaP countries have a cohort of highly skilled scientists, technicians, engineers and mathematicians (STEM), EaP start-ups often lack critical skills, such as in marketing and financial analysis, and are poorly connected with customers and value chains. There is a **lack of business-oriented entrepreneurs**. Even though the ICT sector sees a 20% growth per year, without the provision of dedicated support to incubate ideas and accelerate the development of start-ups, this growth cannot be sustained. The average age for start-up founders in the region is 28 years, with a profile that is primarily a STEM professional. This means that there is also a need to diversify the profile of start-up founders.

### Gender divide

Due to its rapid growth and increased specialisation, the global ICT industry is facing shortages of workers with relevant skills. This is aggravated by the **gender divide**: because of the low number of women aware of the opportunities or able to find employment in the ICT sector, employers are facing workforce and talent shortages, which restrict their ability to deliver the services and products needed. According to the EU4Digital case-study on ‘setting up mentorship programmes to bridge the gender gap in the ICT sector<sup>24</sup>’, women are under-represented in managerial positions and are faced with a clear gender pay gap. In the Eastern Partnership countries, only 20 per cent of women hold leadership positions and they make 43 per cent less than their male counterparts in the workplace. This is a common issue in the field of ICT and digital technologies. Although some progress has been made on gender equality in the Eastern Partnership,

<sup>23</sup> [https://eufordigital.eu/wp-content/uploads/2020/12/EU4Digital\\_Market-Assessment-for-DISC-in-Eastern-partner-countries.pdf](https://eufordigital.eu/wp-content/uploads/2020/12/EU4Digital_Market-Assessment-for-DISC-in-Eastern-partner-countries.pdf)

<sup>24</sup> <https://eufordigital.eu/wp-content/uploads/2021/03/Setting-up-mentorship-programmes-to-bridge-the-gender-gap-in-ICT-a-guide-for-the-Eastern-partner-countries.pdf>

gender inequalities persists and gender stereotypes still hold women back. The share of female business owner vary across the region, 12.4 % in Azerbaijan and 26.2% in Georgia (World Bank Entrepreneurship Database, 2020). Other causes for this gender divide include unequal burden of care and household work, lack of flexible and family friendly work arrangements, policies and social protection schemes, sexual harassments in the work place, as well as access to capital.

#### *Access to resources*

There are important gaps with regard to **collaboration between the industry and the academia** in the region. Moldova, Armenia, Ukraine, Georgia, are ranked in the 101<sup>st</sup>, 100<sup>th</sup>, 73<sup>rd</sup>, 57<sup>th</sup> positions respectively, in terms of collaboration between the industry and the academia for research and development, in the Global Innovation Index 2022.

#### **Identification of main stakeholders and corresponding institutional and/or organisational issues (mandates, potential roles, and capacities) to be covered by the action**

The stakeholders of this action are the diverse actors of the start-up and innovation ecosystem: Incubators, accelerators, business support organisations including cluster organisations, universities, start-ups, SMEs and corporates, local, European and International Financial Institutions as well as partner countries' responsible ministries and regulatory authorities. In the relevant stages of preparation and implementation, the action will also favour consultations with Chambers of commerce and industry, as well as the civil society (specialised NGOs, including women's rights organisations ,media, youth) when relevant.

The action will also seek to strengthen involvement of financial organisations including venture capital firms, business angels and other types of investors providing access to finance, while public and government authorities on the local and central level will have a key role in ensuring sound framework conditions for the ecosystem.

EU Delegations will be closely involved in the implementation of the action. In addition, the action will ensure synergies with EU-funded actions in support of innovation at the national level as well as at the regional level such as EU4Digital, EU4Business, EU4Environment, Mayors for Economic Growth, Covenant of Mayors East, EU4Culture, EU4Youth. The action will also ensure synergies with the wider European Commission's portfolio such as Horizon Europe, Creative Europe, the European Innovation Council and Digital Europe, as well as with relevant initiatives such as the EU Digital Innovation Hubs to be implemented in the region.

### **2.3. Lessons Learned**

The action will build on the findings and lessons learned from several EU-funded actions in the fields of support to the businesses and to digital transformation in the Eastern Partnership region. The action will also take into consideration the needs identified by the local partners and EU Delegations to the beneficiary countries.

The action is inspired by the policy recommendations and action plans issued by the EU4Digital facility in support of reforms and actions in the area of ICT research, start-ups and innovation ecosystems in the region. In particular, the action will rely on the following sources of evidence:

- *Regional market assessment for a Digital Innovation and Scale-up Initiative (DISC)* to improve the EaP digital start-up ecosystem and SMEs' access to finance and integrate into EU markets, and to strengthen links with EU innovation ecosystems<sup>25</sup>.
- *Guide for building ICT entrepreneurial ecosystems*, with the aim to boost the growth of tech-enabled start-up ecosystems in the EaP as well as to encourage the governments to strengthen the role and competences of ecosystem builders<sup>26</sup>.
- *Roadmap for a Women in Tech mentorship programme*, with the aim of tackling the gender gap and to enable national organisations to implement such programmes locally and nationally.
- *Eastern Partnership start-up ecosystem platform*, launched in January 2022, connecting more than 2600 EaP startups with the EU and global innovation ecosystem<sup>27</sup>.
- In addition, the action will use the findings of the seven ICT Innovation networking events organised by the EU4Digital facility in different policy areas, which were organised between 2019 and 2023 in partnership with key EU organisations as well as EaP businesses and governmental representatives.

One of the main document in the preparation for the action has been the 'Guide for building the ICT entrepreneurial ecosystems in the Eastern partner countries: maturity analysis and recommendations', prepared in the context of the EU4Digital facility phase I (2019-2022<sup>28</sup>). As mentioned in section 2.2., the analysis highlighted the need to **strengthen the role of incubators in the region**, as 'ecosystem builders', which are key in attracting entrepreneurial talent, transforming ideas and validated business models into sustainable companies. It is essential to clarify that **incubation should be distinct from start-up acceleration**. While the responsibility of the incubator is to support entrepreneurs from the idea stage to the seed stage (first sales), the mission of the accelerators is to support start-ups in **generating value from the seed stage to scale-up**, mainly through support for business development, and access to national and international markets as well as investors interested in the growth of invested companies.

Most incubators in the region need more straightforward networking with international accelerators responsible for leading start-ups to their sustainability and economic growth. They need to find support for start-ups' internationalisation, as many start-ups with growth potential are limited to local markets. It can be done by attracting tech-skilled professionals and talented entrepreneurs in order to prepare them to sell a quality product or service that delivers a highly demanded value to a large critical mass of customers. It can also be realised by offering entrepreneurs **a combination of access to knowledge, markets, capital and resources, already in the initial stages of the start-up life cycle**, via the development of **high-performance incubators**, as showed in figure 3 below. Traditional incubators often limit their activities to supporting entrepreneurs with educational programmes (idea validation, design thinking, technical workshops, etc.), without facilitating access to market, capital, and resources (human resources, physical facilities).

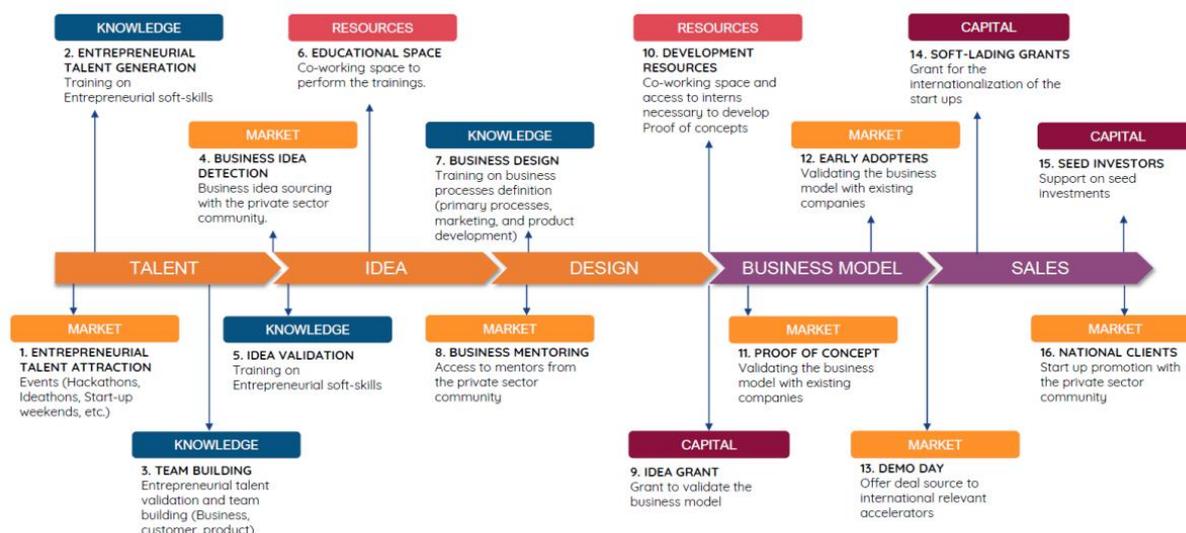
<sup>25</sup> <https://eufordigital.eu/library/market-assessment-for-digital-innovation-and-scale-up-initiative-in-eastern-partner-countries/>

<sup>26</sup> <https://eufordigital.eu/library/guide-for-building-the-ict-entrepreneurial-ecosystems-in-the-eastern-partner-countries-maturity-analysis-and-recommendations/>

<sup>27</sup> <https://eufordigital.eu/the-eastern-partnership-startup-ecosystem-platform-is-now-live/>

<sup>28</sup> ENI/2018/396-727

Figure 3: Indicative activities of a high-performance incubator



In relation to the incubators specifically, the EU4Digital team conducted a diagnosis of the incubators present in each of the countries (list in Annex II). The lessons learned are summarised below<sup>29</sup>:

#### Number and activities of incubators

There is a lack of high-performing incubators in all the EaP countries. A large part of the incubators could only be considered as small educational support programmes for entrepreneurs and not as organisations with a clear objective of developing successful start-ups. Most of the incubators assessed needed to be more consistent in carrying out activities that guarantee their sustainability, whereas most of their activity is often financed by grants from the public sector, which are very limited.

#### Entrepreneurial talent and training

None of the incubators assessed carries out programmes to attract entrepreneurial talent, nor do they carry out team-building tasks with the aim of creating teams of founders with experience and skills to develop sustainable business models with growth capacity. This is relevant as there is a need to shift the angle from being exclusively product-oriented to being customer-oriented and business-oriented founders.

If most of the diagnosed incubators carry out business idea validation trainings, the analysis found that there is a need for support to bring in international expertise in carrying out this type of training, via dedicated coaching and peer-review with international business angels.

Also, none of the diagnosed incubators develops business model validation programmes (pre-acceleration) that allow entrepreneurs to design product development, business operations, and commercial and sales roadmaps for the founded start-ups. It is important to move from product development to client and business development.

#### Collaboration with the private sector

There is a lack of relationship with the private sector. With very few exceptions, the region's incubators have no relationship with the private sector. It is essential to provide entrepreneurs with business ideas they can validate in their local ecosystem by accessing mentors and enterprises with which to develop common prototypes and proofs of concept. None of the diagnosed incubators develops incubation programmes

<sup>29</sup> As part of the preparatory stage for the action, a more detailed mapping will be carried-out to identify tailor-made solutions in each of the countries and create a momentum by involving all the ecosystems' actors.

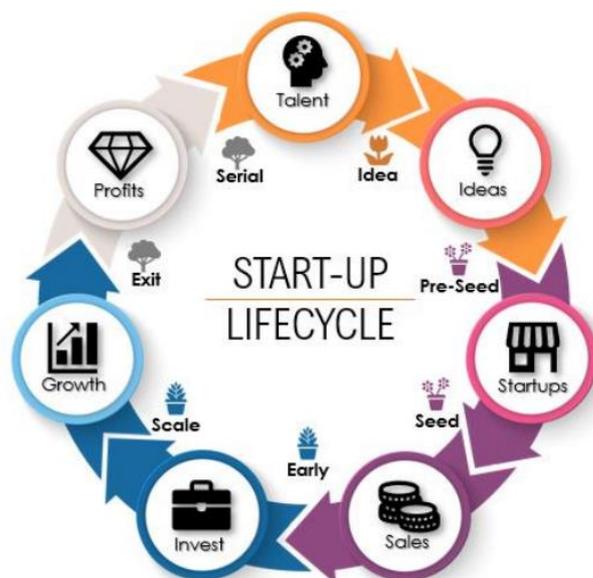
focused on specific sectors and business models, that would allow new start-ups to access local markets quickly.

#### *Difficulties in growing internationally*

The presence of international ‘wealth enablers’ (accelerators, VC funds, technology parks) in the ICT entrepreneurial ecosystems of the EaP countries is relatively low. It is limited to developing specific events to find start-ups of interest or establishing education programmes financed by the public sector (with limited scope). Most incubators in the region need more straightforward networking with international accelerators responsible for leading start-ups to their sustainability and economic growth. They need to find support for start-ups’ internationalisation, as many start-ups with growth potential are limited to local markets.

#### *Access to capital*

Incubators in the EaP region need the capacity to offer entrepreneurs access to early capital through grants to validate business models and access to international markets. Grant programmes in EaP countries are developed mainly by international organisations with little or no relationships with local incubators, generally awarding grants without the necessary feasibility and risk analysis.



*Figure 4: The start-up lifecycle*

During the “**Idea stage**”, the primary mission of the entrepreneur is to validate the idea of minimising risks, using “lean” methodology concepts, through interviews with future clients, analysis of entry into a large market, design of a competitive product in the market, and to have a clear and attractive value proposition. On the other hand, two key factors are developed: the creation of a team of entrepreneurs and a personal financial plan.

During the “**Pre-seed stage**”, the entrepreneurs' main objective is to validate their business models through the proof of concept of their prototypes and minimum viable products (MVP) with future clients.

During the “**Seed stage**”, a commercial product is created, with which the first customers are obtained. During this phase, the strategy of customer acquisition, acquisition costs, average customer life, average income, etc. allow entrepreneurs to create a viable business plan that helps to chart the growth strategy.

During the “**Early stage**”, the start-up's principal objective is to consolidate as a company reaching the breakeven point, between sales and costs, mainly in local markets.

As a “**Scale-up**”, the primary mission is to increase revenues and generate profits. Essential tasks are developed, such as growing in existing markets with new products or services, establishing alliances with international partners and accessing new markets.

<sup>30</sup> Guide for building the ICT entrepreneurial ecosystems in the Eastern partnership countries: maturity analysis and recommendations. March 2021.

*Synergies and lessons learned from other EU-funded actions in support of innovation and entrepreneurship in the region and in other DG NEAR regions:*

In the Eastern Partnership countries, synergies will be ensured with actions such as the following ones:

Armenia, EU4Innovation STEM Project (10.15 MEUR, World Bank, 2019-2022)

The project aims to improve the quality of Science, Technology, Engineering, and Mathematics (STEM) education. In Armenia. It will pilot in selected regions and then be implemented across the country. The project involves updating curricula, materials, textbooks, and exams for STEM subjects in grades 5-12, using modern methods and technology. The National Institute of Education will also be strengthened.

EU -TUMO Convergence Center for Engineering and Applied Science Project (12.5 MEUR, Simonian Educational Foundation, 2019-2025).

The project aims to establish a new center for technology and entrepreneurship in Yerevan, which will offer training in areas such as coding, robotics, artificial intelligence, and digital media. The center will also provide incubation and acceleration services to tech startups and will promote innovation and collaboration between the private sector, academia, and the government. In early 2023, the center launched incubation programs on green and educational technologies (Green-Tech and Ed-Tech).

EU4Business Innovative Tourism and Technology Development (13,5 MEUR, GIZ, 2019-2014)

The project aims to promote sustainable, responsible competitive tourism businesses in the Northern regions, as well as support the development of technological start-ups. The project provides support for entrepreneurship and technology start-ups through grant schemes and innovation partnerships between science, education, and businesses.

Georgia, EU4 Smart Economic Development programme (24 MEUR, AAP 2021)

The programme aims at stimulating smart, sustainable and inclusive growth in Georgia and supporting the modernisation of its economy. Important obstacles for the development of Georgia's economy are its lack of integration into global value chains, capacity gaps in digital skills, as well as the limited development of an innovative and entrepreneurial ecosystem. The action tackles these challenges via four components:

1. Reducing the digital divide through increasing access to affordable and secure broadband connectivity and ensuring digital inclusion of the rural population in the EU focal regions.
2. Enhancing digital skills through establishing trainings/capacity building to support basic ICT skills for the population, as well as advanced high-tech and ICT skills, with the aim also to bridge gender divides;
3. Supporting digital growth through digitalisation of small and medium-sized enterprises (SMEs) through tailor made support including a grant/voucher scheme, boosting innovation and Creative Industries in the regions.
4. Supporting policy development and coordination for all actors in order to support relevant agencies and institutions in capacity building, regulatory and policy reforms and to support the Government of Georgia in the development of its Digital Economy and Information Society Strategy.

Georgia Increasing Institutional Capacity for Innovation Project (Georgia 2018-2021)

The overall objective of the Georgia Increasing Institutional Capacity for Innovation (GICI) Project was to increase the ability of Georgia's Innovation and Technology Agency (GITA) to effectively coordinate the Government's approach to innovation policy formulation and implementation. The project had the following specific goals:

- increase GITA’s capacity to develop and implement (in-house) innovation and entrepreneurship policies and programs.
- demonstrate the viability of technology transfer in Georgia and to support the creation of a central technology transfer office in Georgia
- improve the deal flow of innovative startups ready for investment, and of funding availability for early-stage companies.

Lessons learnt from the project include the following:

- While great for building excitement, a focus on international venture capital can distort entrepreneur expectations. Many local firms use the experience of peers in Silicon Valley to benchmark their own expectations. It is therefore necessary to calibrate entrepreneurship activities/expectations to the local reality. This includes the timing of new market expansion, appropriate sources of capital for the funding round, relevant benchmarking, terms and capital to be raised. These local differences can also affect training needs. As an example, in developed markets, the investor typically presents the term sheet. In markets like Georgia, entrepreneurs must in many ways be as familiar – if not more familiar – with common early-stage investment terms as investors.
- Funding and support for young angel investing programs could catalyze investor readiness and investor cultivation programs. Young early-stage funding programs or angel investing initiatives take considerable time and effort to get off the ground. While some high-net-worth individuals are willing to provide their time, the costs of setup and running activities, and the need to hire staff can become a drain on the leaders. Some funding support would be helpful.

Moldova, EU4Moldova: Start-up City Cahul, (7 MEUR, Moldovan Association of ICT Companies, Embassy of Sweden, Chisinau, 2020-2024)<sup>31</sup>

The project aims to support inclusive economic development in Moldova by increasing the potential of the digital economy and enhancing regional competitiveness and its business and investment environment. The programme is implemented in the region of Cahul, which is a focal region for the EU support to Moldova.

The programme has three components:

- Support to the creation of a Regional Innovation and Technology Centre;
- 2. Support to the National Moldovan Science, Technology and Math (STEM) promotional campaign and development programmes;
- 3. Developing a seed funding and acceleration programme for ICT related start-ups.

Ukraine, Support to Ukrainian start-ups via the European Innovation Council (20 MEUR)

The European Innovation Council amended its 2022 annual work plan to support at least 200 Ukrainian deep tech start-ups with up to €60,000. In addition, the EIC will offer non-financial support, such as business advisory services and matchmaking. This action will enhance the capacity of Ukrainian innovators to interact with the European innovation ecosystem, enter new markets and benefit from the European financing instruments.

To ensure greater impact, the €20 million support will be disbursed through a competitive call for proposals for a pan-European network of start-up associations, collaborating with at least one Ukrainian innovation stakeholder and seeking synergies with relevant EU initiatives, such as the Enterprise Europe Network (EEN). With this call, opening on 23 June, the European Innovation Council (EIC) aspires to ensure the business continuity of the Ukrainian tech companies and foster their growth. The action can help to prepare Ukrainian start-ups in successfully competing in EIC funding opportunities. The EIC can fund start-ups up

<sup>31</sup> <https://euneighbourseast.eu/projects/eu-project-page/?id=1526>

to €17.5 million in a combination of grants and equity investment and can crowd-in further private investments up to three times the amount invested by public funds.

In addition, the programme will use the experience developed in other EU-funded programmes under the ‘EU4Innovation’ brand in other regions:

#### Tunisia, Innov’i – EU4Innovation (Expertise France, 14.5 MEUR, 2019-2024)

The overall objective of the programme is to contribute to the sustainable and inclusive economic development of Tunisia by strengthening, structuring and ensuring the sustainability of the innovation and entrepreneurship ecosystem. The programme relies on three components:

- 1. Strengthen Tunisian innovation and entrepreneurship support structures with grants and TA.
- 2. Support the implementation of a regulatory framework conducive to innovative entrepreneurship and start-ups
- 3. Boost the promotion of Tunisian innovation and entrepreneurship ecosystem

Since its establishment in 2019, the program has financially supported 25 support structure organisations that support and accompany 500 entrepreneurial projects in 21 different governorates, for an amount of 7M EUR.

A Results Oriented Mechanism (ROM) exercise was carried-out in December 2022, which resulted in the following main conclusions:

- Importance of the preparatory stage before the start of the action, to map and identify the most important challenges to address in each local context, thus informing the definition of the final logical framework and identification of activities;
- Importance of ensuring sustainability of the actions, by targeting those sectors with the highest added value and potential for growth in the local context;
- The promotional and communication activities carried out by the programme were praised, especially as they rely on innovative channels such as digital communication tools. The programme ensured excellent visibility of the ‘EU brand’ and action.

#### Albania, EU4Innovation (10 MEUR, GIZ lead, SIDA partner)

The overall objective of the programme is to accelerate Albania’s transformation to a more innovation-driven and knowledge-based economy embracing the opportunities from the green and digital transitions, unlocking the country’s human capital and entrepreneurial potential and thereby increasing its competitiveness. It has four components:

- 1. Capacity building addressing the start-up and innovation ecosystem;
- 2. Improved access to finance for start-ups and innovation support organisations through grants;
- 3. Promotion and implementation of the Quadruple Helix approach;
- 4. Promotion of Albania’s start-up and innovation ecosystem domestically and internationally.

As stated by the Action Document related to the second phase of this programme, the following lessons learned can be taken into account from the first phase (IPA 2017):

- During the first phase of the programme, 500 grant applications submitted by start-up businesses and ISOs were assessed under three Calls for Proposals. 23 start-ups were awarded. The high number of applications, with many of low quality, reflects the need to strengthen the focused and professional advisory services;
- Grant programmes with a clear thematic focus or target group have a higher impact as they can provide more specific, concrete and demand-oriented support to start-ups. To ensure strong synergies

between the capacity development and financial support interventions of the action, a unified and clear definition of the target groups and potential beneficiaries of the Grant scheme is of utmost importance;

- Exposure to and cooperation with the European start-up scene is crucial for the development of the ecosystem players. At the same time, international experiences and approaches must be adapted to the local context. The valuable experiences in adapting international approaches and partnerships to the local context gained during phase 1 in both TA and grants areas need to be taken into account, aiming also to achieving greater sustainability;
- Key conditions for grant award shall be consulted with the stakeholders before each grant scheme is launched, in order to increase the focus and quality of the applications. Rejected applicants shall receive individual feedback so they can identify the reasons for rejection and improve their performance accordingly (ideally with support from the capacity development interventions of the action).

### 3. DESCRIPTION OF THE ACTION

#### 3.1. Objectives and Expected Outputs

The **overall objective** of this action is to strengthen the competitiveness and maturity of the EaP start-up ecosystem.

The **Specific Objectives** of this action are

1. Development of the EaP start-up ecosystem and of high-performance incubation is supported;
2. Convergence with the European start-up ecosystems, access to funding and access to markets are improved;
3. Ukraine's start-up ecosystem is supported on an ad-hoc basis.

The **Outputs** to be delivered by this action contributing to the corresponding Specific Objectives (Outcomes) are:

- 1.1. Develop high-performance incubators with sufficient human and operational resources to ensure their sustainability;
- 1.2 Train national agencies and business/innovation support organisations; empower them via co-funding schemes.
- 2.1 Improve approximation with the EU legislation and the overall innovation regulatory framework, including linkages with universities and industries;
- 2.2 Boost incubators' activities through targeted calls for proposals such as for business validation idea and access to markets;
- 2.3 Promote the EaP start-up ecosystem regional and international investors.
- 3.1 Support Ukraine's tech sector on a demand-driven basis, including networking with EU networks of investors and reconstruction of facilities.

The objectives of the action contribute to the general objectives of the Economic and Investment Plan for the Eastern Partnership region, which are to support socio-economic recovery and investment in competitive and sustainable economies, as well as increase the visibility and impact of Europe in support of partner countries.

#### 3.2. Indicative Activities

*N.B. A preparatory work will be carried-out before the start of the action by the implementing partner to be selected as per the criteria set out in section 4.3. This will inform the technical and financial offer to be submitted by the*

*implementing partner, which will include the final proposal of activities (also to be reviewed during the inception phase after signature of the contract).*

Activities related to Output 1.1: Develop High-performance incubation with sufficient human and operational resources to ensure their sustainability

- Co-financing schemes to incubators/business support agencies for the development of high-performance incubators;
- Technical assistance to high-performance incubators/accelerators in priority sectors for the country/region, building on potential synergies with the smart specialisation approach (i.e. in the blue economy sectors).
- Potentially create an ‘entrepreneurial talent and training program’, with the objective of attracting and selecting potential talents but also to give them resources to grow and create start-ups that can be invested in.
- Capacity building activities, such as trainings on ‘business idea validation’ and on ‘grant scheme management’, including risk analysis’, also with a focus on women empowerment.

Activities related to Output 1.2: Train National agencies and business/innovation support organisations; empower via co-funding schemes

- Organisation of awareness-raising national events to promote the benefits of high-performance incubators in the entrepreneurial ecosystems, in the private sector and in the academic sector;

Activities related to Output 2.1: Improve approximation with the EU legislation and the overall innovation regulatory framework, including linkages with universities and industries

- Regulatory support for the development of institutional frameworks for the promotion of innovation and entrepreneurship, in cooperation with partner countries’ authorities.
- If applicable and requested by the partner countries, development of smart specialisation and technology transfer roadmaps to increase business-industry linkages, taking as an inspiration as well the best practices from the 8 policy areas outlined in the EU Startup Nations Standard<sup>32</sup>).

Activities related to Output 2.2: Boost incubators’ activities through targeted calls for proposals such as for business validation idea and access to markets

- Establishing grant programmes on access to markets, with a focus on EU markets;
- Establishing grant programmes on access to capital (via grant scheme validation of business idea; prototypes and specialisation in specific sector).
- Calls for projects to finance and support high-performance incubators through grants in priority sectors.
- Supporting the development of the most suitable financing scheme for entrepreneurs in priority sectors and leveraging different mechanisms to finance start-ups at the pre-seed and seed stages;
- Facilitating the increase of collaboration with regional and European VC funds as well as with angel investors’ networks;

Activities related to Output 2.3: Promote the EaP start-up ecosystem regional and international investors

- Organisation of entrepreneurship international event for the promotion of the EaP ecosystem and national awareness-raising events;
- Promotion of incubators at the local level (via the organisation of events such as innovation days);
- Organisation of events (hackathons, entrepreneurial project competition, student entrepreneurial projects, etc...) to discover entrepreneurial talent and reinforce the link between the academic and the private sector;

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<sup>32</sup> [https://ec.europa.eu/newsroom/dae/document.cfm?doc\\_id=74944](https://ec.europa.eu/newsroom/dae/document.cfm?doc_id=74944)

- Online promotion of innovative entrepreneurship (for example, sharing content dedicated to innovative entrepreneurship, promotion of regional and national success stories on social networks, creation of web-series, engagement with Startup Europe projects launched under Horizon Europe<sup>33</sup>, podcasts etc...).

Activities related to Output 3.1: Support Ukraine's tech sector on a demand-driven basis, including networking with EU networks of investors and reconstruction of facilities

- Supporting delocalised Ukrainian entrepreneurs and incubators, including via networking with European networks of business angels and investors;
- Supporting applications to Horizon Europe and other EU-funded programmes;
- Facilitating access to EU computing resources and centres for Ukrainian deep-tech start-ups; Facilitating partnerships with Polish, Baltic and EU universities for remote access to courses, research labs and resources;
- Supporting access to innovative schooling programmes in the field of digitalisation, to gain highly-specialised skills in those fields such as AI, big data analytics, robotics, drones, biotechnology or quantum computing.

### 3.3. Mainstreaming

#### Environmental Protection, Climate Change and Biodiversity

**Outcomes of the Environmental Impact Assessment (EIA) screening** (relevant for projects and/or specific interventions within a project).

The EIA screening classified the action as Category C (no need for further assessment).

**Outcome of the Climate Risk Assessment (CRA) screening** (relevant for projects and/or specific interventions within a project).

The CRA screening concluded that this action is no or low risk (no need for further assessment).

Protection of the environment, of the biodiversity and mitigation of climate change will be cross-cutting topics to be mainstreamed through all of the project activities, including via the support to start-ups proposing innovative solutions in this area.

The internet and ICT technologies are widely recognised as drivers for a resilient green transition and key tools for the EU to become climate neutral by 2050, the goal set by the European Green Deal. As stressed in the EU Communication 'Shaping Europe's digital future', digital technologies could help reduce global emissions by up to 15%. As stated in the EU Communication on the EU Green Deal, the EU should promote and invest in the necessary digital transformation and tools as these are essential enablers of the green transition. In addition, the use of digital technology to fight climate change and environmental challenges was identified by the EU Communication on the Digital Compass as one of the key areas for international partnerships and for further investments for the Digital Transformation.

#### Gender equality and empowerment of women and girls

As per OECD Gender DAC codes identified in section 1.1, this action is labelled as G1. This implies that the action will include a specific component to support gender equality and women entrepreneurship in ICT technologies. This is in line with the EU policy objectives in the region. According to the Joint Staff Working Document: Recovery, resilience and reform: post 2020 Eastern Partnership priorities<sup>34</sup>, the priority

<sup>33</sup> Startup Europe projects active in June 2023 are: [www.synergisteic.eu](http://www.synergisteic.eu), [www.x2-0.eu](http://www.x2-0.eu) and [www.venturesthive.eu](http://www.venturesthive.eu)

<sup>34</sup> SWD (2021) 186 final

is clear, gender equality shall be mainstreamed across key priority areas and the EU is committed to support the eastern partner countries in their efforts to close gender gaps and promote equal access to resources through evidence-based policy making and gender mainstreaming.

Beyond the support to individual women entrepreneurs, there is a need to address some of the main barriers that women face on their way to becoming entrepreneurs, and in particular lack of access to capital, and lack of information about the steps in developing and operating a business. The EU is active in supporting women entrepreneurs in the Eastern partnership through the good collaboration with EBRD and SIDA on the “EBRD Women in Business” programme. This action will build on the work of the programmes already implemented in the region. The action will also seek inspiration from the EU Gender Action Plan III (2021-2025)<sup>35</sup>.

### **Human Rights**

The action will support sustainable inclusive economic growth in line with the EU’s values and principles. It will be implemented following a rights-based approach, with a view to respect all human rights and fundamental freedoms. This carries particular relevance for people in vulnerable and disadvantaged situations, those living in rural areas, and those whose rights may be under threat from being infringed upon through digital technologies or the non-respect of digital fundamental rights and data protections. Efforts will be made to promote accessibility, equality, environmental sustainability and climate change adaptation as well as to identify opportunities where digital transformation can support change in these areas.

In the fields of digital technologies specifically, the EU Communication on the Digital Compass<sup>36</sup> states that ‘digitalisation can become a decisive enabler of rights and freedoms, allowing people to reach out beyond specific territories, social positions or community groups, and opening new possibilities to learn, have fun, work, explore and fulfil one’s ambitions, irrespective of geographical distance’.

### **Disability**

As per OECD Disability DAC codes identified in section 1.1, this action is labelled as D0. This implies that the Action does not specifically target the inclusion of persons with disabilities. However, this action will be carried-out in line with the human-centric approach of the European vision for the digital transformation, as a society where no-one is left behind.

### **Democracy**

The consolidation of democracy is not directly targeted by this project.

### **Conflict sensitivity, peace and resilience**

Not directly targeted.

### **Disaster Risk Reduction**

Not directly targeted.

## **3.4. Risks and Assumptions**

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<sup>35</sup> JOIN(2020) 17 final

<sup>36</sup> COM/2021/118 final

<b>Category<sup>37</sup></b>	<b>Risks</b>	<b>Likelihood (High/ Medium/ Low)</b>	<b>Impact (High/ Medium/ Low)</b>	<b>Mitigating measures</b>
1 – External environment	Russia’s war of aggression against Ukraine and geopolitical tensions in the Eastern Partnership region might impede the implementation of the action in certain countries.	<b>H</b>	<b>H</b>	The EU will continue to provide support to the partner countries over the implementation of this project but will ensure that operations are adapted to the evolving situation.
1- External environment	Political and macro-economic instability preventing a regional focus on the support to incubation	<b>M</b>	<b>M</b>	With the exception of Belarus (not directly covered by this action) and Ukraine (where efforts will focus stimulating the resilience and recovery of the tech sector), political and macroeconomic instability could affect the implementation of the programme in specific countries.
1- External environment	Local markets offer little opportunities to grow	<b>M</b>	<b>M</b>	Provision of tailor-made networking, capacity-building events and promotional campaigns to promote the connections with the EU accelerators.
3 – Risk to planning, processes and systems	Insufficient capacities of the business support organisations and incubators, including with regard to gender-equality	<b>M</b>	<b>M</b>	The action will provide tailor-made assistance to incubators and facilitate networking with EU and international ecosystem players, as well as financing institutions. The action will also provide dedicated training opportunities on gender equality and women empowerment.
3 – Risk to planning, processes and systems	Low take-up of potential entrepreneurs of the opportunities offered by the green and digital	<b>L</b>	<b>L</b>	Promotional information campaigns targeted to potential entrepreneurs and capacity-building to the incubators’ staff.

<sup>37</sup> The risk (category) can be related 1-to the external environment; 2-to planning, processes and systems; 3-to people and the organisation; 4-to legality and regularity aspects; 5-to communication and information. See pp44-48 of [Implementation Guide of the Risk management in the Commission](#). *[EC internal link]*

	transitions			
4 – Risk to legality and regulatory aspects	Regulatory environment is not conducive for the development and growth of start-ups in innovative sectors	<b>M</b>	<b>M</b>	Development of action plans and draft ‘Innovation and Entrepreneurial’ regulatory frameworks in the relevant EaP countries, and drawing inspiration from the best practices for 8 policy areas outlined in the EU Startup Nations Standard <sup>38</sup> .
4- Risk to legality and regulatory aspects	Lack of political support to innovation	<b>M</b>	<b>M</b>	Close alignment with technical assistance programmes related to the support of governmental action plans and national strategies related to the development of innovation.

### External Assumptions

- Factors outside the project’s control that may affect the outcome-impact linkages, such as continued political, social and economic stability in the region, are favourable for implementation;
- The security situation in Ukraine improves or does not deteriorate and the overall political situation of the region does not pose major obstacles to the completion of the outputs;
- Beneficiary counties are fully collaborating.

### 3.5. Intervention Logic

The underlying intervention logic for this action is that the untapped potential of the Eastern Partnership start-up ecosystem is one of the main factor limiting economic recovery, competitiveness, growth and job creation in the region. The present action will set up a regional programme, with a lifetime of up to 54 months, with a focus on (i) developing the maturity and sustainability of the region’s innovation and start-up ecosystem as well as (ii) selecting and empowering so-called ‘high-performance incubators’, whose mission will be to generate bankable start-ups, ready to be invested in.

The overall objective of the action is to significantly increase the number of bankable start-ups in the region and support them through critical early stages of their life cycle, until they generate first sales (seed stage). The action will also promote innovative financing opportunities for entrepreneurs and facilitate their access to the European and international markets.

The action will include a component addressing the specific needs of the Ukraine’s tech sector. Promoting women entrepreneurship will be mainstreamed throughout all activities of the action, including dedicated trainings for women to raise fund and scale up, as well as cooperation with female business angel networks.

As a horizontal objective, the action will promote specialisation of EaP countries in high-value added sectors related to the use of digital solutions, such as in the fields of agritech, smart cities, fintech, or govtech. In doing so, the action will contribute to convergence towards key EU and EaP objectives, with regard to environment, climate change, local development, and digital governance.

Prior to the start of the action, a preparatory and inception stages will be carried out in cooperation with the EU4Digital regional programme, also involving EU Delegations. This will help identify country-specific

<sup>38</sup> [https://ec.europa.eu/newsroom/dae/document.cfm?doc\\_id=74944](https://ec.europa.eu/newsroom/dae/document.cfm?doc_id=74944)

needs and fine-tune the targets for the action, in consultation with local stakeholders and with the objective of making this consultation as inclusive as possible.

### 3.6. Indicative Logical Framework Matrix

[PROJECT MODALITY (3 levels of results / indicators / Source of Data / Assumptions - no activities)]<sup>39</sup>.

Results	Results chain: Main expected results [maximum 10 @]	Indicators [it least one indicator per expected result @]	Baselines (values and years)	Targets (values and years)	Sources of data	Assumptions
<b>Impact</b>	Increase the number of start-ups in the region, especially the number of pre-seed and seed start-ups, which are ready to be invested in.	1 Number of start-ups and conversion rates from the creation stage to the pre-seed and seed stages.	1. (2020) 28 478 start-ups, with 1 515 seed start-ups	1. (2025-2035) 40 000 start-ups, with 6000 seed start-ups.	1. EaP Startup ecosystem platform; EU4Digital analysis.	<i>Not applicable</i>

<sup>39</sup> Baselines and targets are needed to assess progress against the expected results (Outputs, Outcomes, Impact(s)). In some cases, there are indicators for which there is no baseline at the design stage, and in such exceptional cases the baseline and target can be defined during the inception phase of implementation. This happens for example when a survey is needed to define the baseline.

<p><b>Outcome 1</b></p>	<p>1. The maturity and sustainability of the Eastern Partnership innovation and start-up ecosystem is strengthened.</p>	<p>1.1 Number of public and private actors in the EaP start-up and innovation ecosystem that have improved their capacities to support the development of high value added start-ups.</p> <p>1.2 Number of businesses (start-ups and/or entrepreneurs) that have benefited from support activities (e.g. high-performance incubation, acceleration programmes, coaching and workshops focused on innovation) organised and/or facilitated by the action (disaggregated numbers by gender).</p> <p>1.4 Number of start-ups that completed the Investment Readiness Programme organised by the action and that are investment ready (i.e. the required documents and procedures are in place, including due diligence process) to apply for funding and/or seek investment.</p> <p>1.3 Number of innovation support agencies empowered with human and operational recourses as a result of the action.</p>	<p>1.1 Baseline to be set in preparatory and inception stages.</p> <p>1.2 Idem</p> <p>1.3 Idem</p>	<p>1.1 Target to be set in the preparatory and inception stages</p> <p>1.2 Idem</p> <p>1.3 Idem</p>	<p>1.1 Progress reports, activity reports of the organisations.</p> <p>1.2 Idem</p> <p>1.3 Idem</p>	<p>All stakeholders collaborate actively in the field of innovation and entrepreneurship policy making and enforcement of the policies</p>
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<p><b>Outcome 2</b></p>	<p>2. Convergence with the EU start-up ecosystem, access to markets and to capital is supported.</p>	<p>2.1 Number of pro-entrepreneurship regulations, reforms and pilot initiatives launched by public authorities. 2.2 Number of cooperation agreements signed and/or negotiated between supported university research clusters and local or international industry players facilitated through the action. 2.3 Number of innovative financing mechanisms increased as a result of the action. 2.4 Number of promotional activities (events/communication campaigns) promoting the EaP ecosystem, involving innovation support organisations, incubators, accelerators.</p>	<p>2.1 Baseline to be set during the preparatory stage 2.2 Idem; 2.3 Idem. 2.4 Idem, on an annual basis.</p>	<p>2.1 Target to be set during inception and preparatory stages; 2.2 Idem 2.3 Idem. 2.4 Idem.</p>	<p>2.1 Progress and monitoring reports 2.2 Idem. 2.3 Idem. 2.4 Idem</p>	<p>The European and international innovation ecosystem is open to embracing opportunities to invest in the EaP region.</p>
<p><b>Outcome 3</b></p>	<p>3. Ukraine's start-up ecosystem is empowered</p>	<p>3.1 Number of Ukrainian start-ups or innovation support organisations benefiting from targeted support in response to the impact of Russia's war of aggression. 3.2 Number of innovative financing mechanisms increased as a result of the action.</p>	<p>3.1 Baseline to be set during the preparatory stage, due to the consequences of the Russia's war of aggression.</p>	<p>3.1 Target to be set during inception and preparatory stages.</p>	<p>3.1 Progress and monitoring report.</p>	<p>The Ukrainian start-up ecosystem has enough capacity to take part in the actions.</p>

<p><b>Output 1 related to Outcome 1</b></p>	<p>1.1 High-performance incubators are developed, with sufficient human and operational resources to ensure their sustainability.</p>	<p>1.1.1 Number of high-performance incubators developed (including by empowering existing ones); disaggregated by gender 1.1.2 Number of existing incubators empowered with human and operational resources, in view of living up to the standards of high-performance incubators. disaggregated by gender</p>	<p>1.1.1 0, as per EU4Digital analysis; 1.1.2 Idem.</p>	<p>1.1.1 Min 4 1.1.2 Based on output 1.1., minimum 4.</p>	<p>1.1.1 Progress reports of the action, internal documentation of incubators. 1.1.2 Progress reports of the action.</p>	<p>Incubators and innovation support organisations are willing to expand their business services for start-ups in the fields of digital, green and sustainable economy. There is demand and start-ups have the ability to unlock the opportunities offered by the programme, including with regard to specialisation in sectors where with high-added value in the context of the green and digital transitions.</p>
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<b>Output 2 related to Outcome 1</b>	1.2 National agencies and business/innovation support organisations are trained and empowered via co-funding schemes.	1.2.1 Number of national agencies and business support organisations trained and empowered, with specific attention paid to socio-economic issues such as women empowerment.	1.2.1 Baseline to be identified in preparatory and inception phases.	1.2.1 Target to be identified in preparatory and inception phases.	1.2.1 Progress reports of the action.	Incubators and innovation support organisations are willing to expand their business services for start-ups in the fields of digital, green and sustainable economy.
<b>Output 1 related to Outcome 2</b>	2.1 Approximation with the EU legislation and the overall innovation regulatory framework is improved, including linkages with universities and industry;	2.1.1 Number of supported innovation related policies, regulations or legislations developed/ revised/ implemented with the support of the EU-funded intervention 2.1.2 Number of cooperation agreements/activities put in place with universities and industries (such as research and development units)	2.1.1 Baseline to be set during the preparatory/inception stages. 2.1.2 Idem.	2.1.1 Target to be set in preparatory /inception stages 2.1.2 Idem.	2.1.1 Progress reports. 2.1.2 Progress reports.	Political will, institutional capacity and regulatory framework in place, including resources.
<b>Output 2 related to Outcome 2</b>	2.2 Incubators' activities are boosted through targeted calls for proposals such as for business validation idea and access to markets;	2.2.1 Number of calls for proposals launched by supported incubators; 2.2.2 Start-ups benefit from a wider scope of financing opportunities through the different stages of their growth, including innovative financing initiatives. 2.2.3 Increased access for women, in all their diversity to managerial and leadership roles.	2.2.1.0 2.2.2 Baseline to be set during the preparatory/inception stages. 2.2.3 Idem	2.2.1 Target to be set in preparatory /inception stages 2.2.2 Idem 2.2.3 Idem	2.2.1 Progress reports 2.2.2 Progress reports 2.2.3 Progress reports	There is demand for grant funds and innovative financing models, in line with EU and national policies.

<b>Output 3 related to Outcome 2</b>	2.3. The EaP start-up ecosystem is promoted to regional and international investors.	2.3.1 Number of people reached with EU-funded awareness raising campaigns (disaggregated by gender and age); 2.3.2 Number of ‘exits’ to the European and international markets, disaggregated by gender of start-ups owners.	2.3.1 Idem 2.3.2 Idem	2.3.1 Idem 2.3.2 Idem	2.3.1 Progress reports, annual activity reports of supported organisation 2.3.2 Idem	Interest from EaP, EU and international business angels to participate in the networks established by the Action.
<b>Output 1 related to Outcome 3</b>	3.1 Ukraine’s tech sector is supported	3.1.1 Number of ad-hoc activities launched in support of the Ukrainian start-up ecosystem (indicative activities are kept wide on purpose, and will be fine-tuned during preparatory and inception stages, taking into account the evolution of the needs in the context of Russia’s war of aggression against Ukraine). Activities will be measured with gender disaggregated data.	3.1.1 Baseline to identified in preparatory/inception stages.	3.1.1 To be set in preparatory and inception stages.	3.1.1 Progress reports.	Ukrainian start-ups and innovation support organisations have capacity to benefit from the programme, in the context of Russia’s war of aggression.

## **4. IMPLEMENTATION ARRANGEMENTS**

### **4.1. Financing Agreement**

In order to implement this action, it is not envisaged to conclude a financing agreement.

### **4.2. Indicative Implementation Period**

The indicative operational implementation period of this action, during which the activities described in section 3 will be carried out and the corresponding contracts and agreements implemented, is 54 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 responsible authorising officer **in duly justified cases**.

### **4.3. 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>40</sup>.

#### **4.3.1. Indirect Management with a pillar-assessed entity<sup>41</sup>**

The action may be implemented in indirect management with a pillar-assessed entity, or a consortium of pillar assessed entities or several pillar assessed entities working individually, which will be selected by the Commission's services using the following criteria:

- Excellent logistical and management capacity (human resources, organisational set-up, capacity of holding the below technical skills and in transposing it towards beneficiaries etc...);
- Proven long-term and diverse experience, established procedures and tools for channelling assistance in a sustainable manner as evidenced by achievements within previous similar actions/projects;
- High-degree of specialisation and experience in implementing projects related to digital transformation and/or support to innovation;
- Sound knowledge of the Eastern Partnership countries and the regional context;
- Renowned reputation and high credibility among beneficiaries;
- Positive track-record of promoting the EU visibility when working with or for the EU and/or its Member States;
- Experience in managing calls for proposals, engaging with the private sector and in working in partnership with European and International Financial Institutions.

#### **4.3.2. Changes from indirect to direct management (and vice versa) mode due to exceptional circumstances**

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<sup>40</sup> [EU Sanctions Map](#). 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.

<sup>41</sup> The signature of a contribution agreement with the chosen entity is subject to the completion of the necessary pillar assessment.

If the implementation modality under indirect management as defined in section ‘4.3.1’ cannot be implemented due to circumstances beyond the control of the Commission or in case no compliant pillar assessed entity can be identified, these parts of the action may be implemented through a grant under direct management.

The grant shall contribute to achieving the objectives identified in Chapter 3 of this Action Document. The selection criteria will be the ones defined in section 4.3.1 and aligned with article 195 (f) FR.

#### 4.4. 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 on the basis of urgency or of unavailability of services in the markets of the countries or territories concerned, or in other duly substantiated cases where application of the eligibility rules would make the realisation of this action impossible or exceedingly difficult (Article 28(10) NDICI-Global Europe Regulation).

#### 4.5. Indicative Budget

<b>Indicative Budget components</b> <sup>42</sup>	<b>EU contribution (amount in EUR) 2023</b>	<b>EU contribution (amount in EUR) 2024</b>	<b>Total</b>
Indirect management with a pillar assessed entity – cf. section 4.3.1.	EUR 13 000 000	EUR 7 000 000	EUR 20 000 000
<b>Evaluation</b> – cf. section 5.2 <b>Audit</b> – cf. section 5.3	Will be covered by another Decision <sup>43</sup>		
<b>Strategic communication and Public diplomacy</b> – cf. section 6	Covered under Outcome 4		
<b>Totals</b>	<b>EUR 13 000 000</b>	<b>EUR 7 000 000</b>	<b>EUR 20 000 000</b>

#### 4.6. Organisational Set-up and Responsibilities

An oversight mechanism shall be established to ensure coordination and complementarity of the different activity streams within the Action. It will comprise representatives of the European Commissions to ensure strategic guidance of the actions, as well as implementing partners and other stakeholders as appropriate. The steering committee will meet twice a year and additionally on a case-by-case basis if such a necessity arises. Performance monitoring and reporting, including in terms of visibility obligations, of the Action will be undertaken in accordance with the signed agreement.

<sup>42</sup> N.B: The final text on audit/verification depends on the outcome of ongoing discussions on pooling of funding in (one or a limited number of) Decision(s) and the subsequent financial management, i.e. for the conclusion of audit contracts and payments.

<sup>43</sup> Where the action is covered by a financing agreement, evaluation should be budgeted in the action. Where the action is not covered by a financing agreement (see section 4.1), put ‘will be covered by another decision’ as it is unlikely that evaluation and audit contracts on this action would be concluded within N+1. These contracts have to be authorised by another financing Decision.

Overall, the implementing partners will also manage the Action in close cooperation with the main stakeholders, counterpart institutions, national regulatory institutions and administrations. They shall closely coordinate with the relevant EU Delegations in consultation with the Commission.

As part of its prerogative of budget implementation and to safeguard the financial interests of the Union, the Commission may participate in the above governance structures set up for governing the implementation of the action.

## **5. PERFORMANCE MEASUREMENT**

### **5.1. 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 Outputs and contribution to the achievement of its Outcomes, and if possible at the time of reporting, contribution to the achievement of its Impacts, as measured by corresponding indicators, using as reference the logframe matrix.

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).

Arrangements for monitoring and reporting, including roles and responsibilities for data collection, analysis and monitoring:

Each of the project activities is related to specific outcomes/outputs and equipped with quantified indicators and deliverables. Throughout the implementation, the achieved results will be checked against original activity plans and project deliverables set as milestones. Indicator-based reporting will be performed based on the logframe. Relevant indicators will have to be disaggregated by country, geographic unit, age group, and gender. Where feasible, data specific for most vulnerable groups should be included.

The implementing partners will be responsible for the day-to-day execution and monitoring of the activities. In case of discrepancies, the project team will propose and introduce corrective measures. The normal procedure for eliminating discrepancies will be (a) recognition of discrepancy, (b) estimation of the level of discrepancy and potential impact (time, quantity and quality wise), (c) definition of reasons (internal and external), (d) preparation of a contingency plan (responsibilities, activities), (e) implementation of a contingency plan and (f) review.

The Commission will be regularly updated on progress made and any issues encountered. EU Delegations in beneficiary countries will be systematically consulted and informed of annual project work plans and on the progress of any bilateral activity within the project.

The Commission and EU Delegations in beneficiary countries will be regularly consulted on thematic issues. They will be invited to participate in steering committee meetings.

Regular internal reporting will be established at the onset of the project with all project stakeholders and will contribute to the overall project evaluation reporting. While the monitoring will be a constant process, at the key milestones of the project, internal evaluation will be implemented.

The project will be subject to the internal monitoring procedures of the implementing partners. The project might be object of result-oriented monitoring (ROM) by the European Commission.

## 5.2. Evaluation

Having regard to the importance of the action, a final evaluation may 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 the action is supposed to complete over a decade of support in some of its areas.

The Commission shall form a Reference Group (RG) composed by representatives from the main stakeholders at both EU and national (representatives from the government, from civil society organisations (private sector, NGOs, etc.), etc.) levels. If deemed necessary, other donors will be invited to join. The Commission shall inform the implementing partner at least 3 months in advance of the dates envisaged for the evaluation exercise and 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 evaluation reports shall be shared with the partner country and other key stakeholders following the best practice of evaluation dissemination<sup>44</sup>. The implementing partner and the Commission shall analyse the conclusions and recommendations of the evaluations and, where appropriate, in agreement with the partner country, jointly decide on the follow-up actions to be taken and any adjustments necessary, including, if indicated, the reorientation of the project.

Evaluation services may be contracted under a framework contract. The financing of the evaluation shall be covered by another measure constituting a financing Decision.

## 5.3. Audit and Verifications

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 audit or verification assignments for one or several contracts or agreements.

## 6. STRATEGIC COMMUNICATION AND PUBLIC DIPLOMACY

All entities implementing EU-funded external actions have the contractual obligation to inform the relevant audiences of the Union's support for their work by displaying the EU emblem and a short funding statement as appropriate on all communication materials related to the actions concerned. To that end they must comply with the instructions given in the 2022 guidance document [Communicating and raising EU visibility: Guidance for external actions](#) (or any successor document).

This obligation will apply equally, regardless of whether the actions concerned are implemented by the Commission, the partner country, service providers, grant beneficiaries or entrusted or delegated entities such as UN agencies, international financial institutions and agencies of EU Member States. In each case, a reference to the relevant contractual obligations must be included in the respective financing agreement, procurement and grant contracts, and delegation agreements.

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<sup>44</sup> See best [practice of evaluation dissemination](#)

For the purpose of enhancing the visibility of the EU and its contribution to this action, the Commission may sign or enter into joint declarations or statements, as part of its prerogative of budget implementation and to safeguard the financial interests of the Union. Visibility and communication measures should also promote transparency and accountability on the use of funds. Effectiveness of communication activities on awareness about the action and its objectives as well as on EU funding of the action should be measured.

Implementing partners shall keep the Commission and the EU Delegation/Office fully informed of the planning and implementation of specific visibility and communication activities before the implementation. Implementing partners will ensure adequate visibility of EU financing and will report on visibility and communication actions as well as the results of the overall action to the relevant monitoring committees.

For communication on Team Europe Initiatives, the EU and its Member States can rely on the specific guidance on the Team Europe visual identity.

## Appendix I – List of incubators whose performance has been assessed in the context of the preparation for this action (EU4Digital team)

*N.B. please note that the assessment of Belarusian incubators was carried-out in 2019 and will not be relevant for this action. In line with the Council Conclusions of 12 October 2020 and in light of Belarus's involvement in the Russian military aggression against Ukraine, recognised in the European Council Conclusions of February 2022, the EU has stopped engaging with Belarusian authorities.*

ARMENIA	AZERBAIJAN	BELARUS	GEORGIA	MOLDOVA	UKRAINE
1. Entrepreneurship and Product Innovation Centre (EPIC)	1. <a href="#">Youth Inc Business Incubation Centre</a>	1. <a href="#">High Tech Park incubator</a>	1. <a href="#">Impact Hub</a>	1. <a href="#">XY Partners</a>	1. <a href="#">The Centre for Entrepreneurship of the Ukrainian Catholic University</a>
2. French University of Armenia (UFAR) Accelérateur 28	2. <a href="#">Eazi Startup School</a>	2. <a href="#">Imaguru</a>	2. <a href="#">IT Incubator</a>	2. <a href="#">Dreamups Innovation Campus</a>	2. <a href="#">Business Incubator Group Ukraine</a>
3. Foundation for Armenian Science and Technology (FAST)	3. <a href="#">ANAS Business Incubation Centre</a>	3. <a href="#">Future is with us</a>	3. <a href="#">Startup MARANI</a>		3. <a href="#">1991 Open Data Incubator</a>
4. <a href="#">Beeline Startup Incubator</a>	4. <a href="#">Azerbaijan Economic University Incubator</a>	4. <a href="#">Demium</a>	4. <a href="#">Smart Up Georgia</a>		4. <a href="#">Innovation Centre of Kyiv Academic University</a>
5. <a href="#">Armenia Startup Academy</a>	5. <a href="#">Azerbaijan Architecture and Construction University Incubator</a>	5. <a href="#">Tech Minsk Accelerator</a>			5. <a href="#">IoT Hub Accelerator</a>
	6. <a href="#">IBA Innovation</a>	6. <a href="#">Startup Hub</a>			6. <a href="#">Kharkiv Polytechnic Institute SPARK</a>
	7. <a href="#">Technovate Venture studio</a>	7. <a href="#">Launch Me</a>			7. <a href="#">Tech Startup School</a>
		8. <a href="#">FTH.BY</a>			8. <a href="#">Sikorsky Challenge Innovative Ecosystem</a>
		9. <a href="#">InSight TDI</a>			9. <a href="#">Polyteco</a>
		10. <a href="#">VTB Fintech Accelerator</a>			10. <a href="#">eō Business Incubators</a>
		11. <a href="#">Elevator Lab</a>			11. <a href="#">PopCorn</a>
		12. <a href="#">Krokit</a>			12. <a href="#">Indax Accelerator</a>
		13. <a href="#">Bridgio Tech Accelerator</a>			13. <a href="#">Blue Lake Accelerator</a>
					14. <a href="#">Carrot</a>