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ANNEX 3

of the Commission Implementing Decision on the financing of the annual action plan in favour of the NDICI Neighbourhood East Region for 2022

Action Document for “EU4Business Facility: investing in the Eastern Neighbourhood – Phase 3”

ANNUAL ACTION PLAN

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

1. SYNOPSIS

1.1. Action Summary Table

1. Title OPSYS Basic Act	EU4Business Facility: investing in the Eastern Neighbourhood – Phase 3 Annual action plan OPSYS business reference: ACT-61185 ABAC Commitment level 1 number: JAD. 1004252 Financed under the Neighbourhood, Development and International Cooperation Instrument (NDICI-Global Europe).
2. Team Europe Initiative	No
3. Zone benefiting from the action	The action shall be carried out in the Eastern Partnership countries (Armenia, Azerbaijan, Belarus ¹ , Georgia, Republic of Moldova ² , and Ukraine).
4. Programming document	Multi-annual Indicative Programme for the Neighbourhood East Region for the period 2021-2027 ³
5. Link with relevant MIP(s) objectives/expected results	Support to resilient, sustainable and integrated economies. SO 1. Strengthen economic, small and medium enterprises and trade development

PRIORITY AREAS AND SECTOR INFORMATION

¹ 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. However, it continues to engage with and even step up support to the Belarusian civil society including within the framework of this regional programme.

² hereinafter referred to as Moldova

³ C(2021)9370 adopted on 15/12/2021

6. Priority Area(s), sectors	Priority area 1: resilient, sustainable and integrated economies.			
7. Sustainable Development Goals (SDGs)	<p>Main SDG (1 only): Goal 8. Decent work and economic growth</p> <p>Other significant SDGs (up to 9) and where appropriate, targets: Goal 1. End poverty Goal 9. Industry, innovation and infrastructure Goal 10. Reduced inequalities Goal 12. Responsible consumption and production.</p>			
8 a) DAC code(s) ⁴	25010 – Business policy and administration 25030 – Business development services 15010 – Public sector policy and administrative management			
8 b) Main Delivery Channel	Private sector institution - 60000			
9. Targets	<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 ⁵			
10. Markers ⁶ (from DAC form)	General policy objective	Not targeted	Significant objective	Principal objective
	Participation development/good governance	<input checked="" type="checkbox"/>	<input 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 checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	Inclusion of persons with Disabilities	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	Nutrition	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

⁴ DAC sectors (codes and descriptions) are indicated in the first and fourth columns of the tab 'purpose codes' in the following document: <http://www.oecd.org/dac/financing-sustainable-development/development-financestandards/dacandcrscodelists.htm>

⁵ Thematic target for geographic programmes (at least 15%) in delegated act.

⁶ For guidance, see <https://www.oecd.org/development/financing-sustainable-development/development-finance-standards/> (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).

	RIO Convention markers	Not targeted	Significant objective	Principal objective	
	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"/>	
11. Internal markers⁷ and Tags⁸	Policy objectives	Not targeted	Significant objective	Principal objective	
	Digitalisation	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	
	Tags digital connectivity digital governance digital entrepreneurship digital skills/literacy digital services	<input checked="" type="checkbox"/> <input checked="" type="checkbox"/> <input type="checkbox"/> <input checked="" type="checkbox"/> <input type="checkbox"/>	<input type="checkbox"/> <input type="checkbox"/> <input checked="" type="checkbox"/> <input type="checkbox"/> <input checked="" type="checkbox"/>	/	
	<u>Connectivity</u>	<input type="checkbox"/>	<input type="checkbox"/>		<input type="checkbox"/>
	Tags digital connectivity energy transport health education and research	<input checked="" type="checkbox"/> <input checked="" type="checkbox"/> <input checked="" type="checkbox"/> <input checked="" type="checkbox"/> <input checked="" type="checkbox"/>	<input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/>	/	
	Migration	<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				
	12. Amounts concerned	Budget line: BGUE-B2022-14.020111-C1-NEAR Total estimated cost: EUR 4 000 000.00 Total amount of EU budget contribution EUR 4 000 000.00			
MANAGEMENT AND IMPLEMENTATION					
13. Implementation modalities (type of financing and management mode)	Direct management through: - Procurement				

⁷ 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 main objective(s) selected. This section should be in line with the definition of objectives, results, activities in description of the action.

⁸ When a marker is Significant or Principal Objective, please also choose the relevant yes/no tag.

1.2. Summary of the Action

The overall objective of the action is to contribute to the implementation of the **Economic and Investment Plan for the Eastern Neighbourhood** and, in doing so, contribute to sustainable and equitable economic growth in the region. The action will finance the EU4Business secretariat whose role will consist in 1) ensuring the regular and thorough monitoring of all EU projects in support of private sector development in the Eastern Neighbourhood and related country Flagships (currently consisting of more than 110 projects financed through bilateral or regional funds – and forming the “EU4Business initiative” – and amounting to more than EUR 880 million); 2) assessing the impact and results of EU4Business regional and bilateral projects; 3) maximising outreach and the visibility of EU support through professional communication services.

2. RATIONALE

2.1. Context

Improving the business environment for Micro, Small and Medium Enterprises (MSMEs), boosting sustainable economic development and supporting job creation is at the heart of the EU's effort to create a shared space of stability, peace and prosperity with its neighbourhood, as outlined in the **new agenda for the Eastern Partnership** adopted in December 2021⁹, which re-affirmed the priorities set out in the July 2021 **Joint Staff Working Document: ‘Recovery, resilience and reform: post 2020 Eastern Partnership priorities’**¹⁰ and its appended **Economic and Investment Plan**.

In recent years, Eastern Partnership (EaP) countries have made significant headways in reforming their economies, in integrating into global value chains and into the EU single market. Since 2010, the overall business climate in the EaP countries has improved and EaP countries as a whole have deployed massive efforts in supporting the development of their private sector and the growth of their MSMEs.

MSMEs in the region have however **been hard hit by two years of a COVID-19 pandemic** and a succession of lockdowns which have significantly reduced both business opportunities and trade flows. The **ongoing war in Ukraine** is having ravaging effects on Ukraine's but also on other Eastern Partnership countries' economies. All EaP countries are indeed tied to the Russian and the Ukrainian economies with whom they used to maintain significant trade relationships. In the context of the EU sanctions against Russia and Belarus, the **EU's ability to support its other Eastern partners' economies (Ukraine, Moldova, Armenia, Azerbaijan and Georgia) in this historic moments will therefore be crucial in the coming months and years.**

EaP countries' economies share a number of common characteristics:

Low value-added economies: Most MSMEs in the Eastern Partnership remain largely tied to low value-added economic activities that do not contribute as they could to job creation and exports. Enhancing MSME capacities to become more innovative and competitive and to connect to new markets is especially pertinent today as some MSMEs have been cut off from their traditional markets (e.g. Russia and Ukraine). There is a need to support them to increase their share in value-added production and employment creation, and to increase their export potential. The ongoing Smart Specialisation processes in most EaP economies contribute to increasing value added and new employment opportunities both in traditional and emerging sectors.

⁹ 14964/21 [20211215-eap-joint-declaration-en.pdf \(europa.eu\)](https://eur-lex.europa.eu/legal-content/EN/TXT/?uri=CELEX:20211215-eap-joint-declaration-en.pdf)

¹⁰ SWD (2021) 186 final [swd_2021_186_f1_joint_staff_working_paper_en_v2_p1_1356457_0.pdf \(europa.eu\)](https://eur-lex.europa.eu/legal-content/EN/TXT/?uri=CELEX:2021186_f1_joint_staff_working_paper_en_v2_p1_1356457_0.pdf)

Lowly diversified economies limiting intra-regional trade: intra-regional trade in the EaP is relatively limited, although liberalization of trade in goods on the basis of regional (Free Trade Agreement with the Community of Independent States) and several bilateral Free Trade Agreements (FTAs) concluded in the past already exist. The ongoing Russia's war of aggression against Ukraine however represents a major blow to past efforts in integrating regional economies. Additionally, intra-regional demand for goods produced within the EaP region is currently low due to the limited and similar range of traded goods between EaP countries (with the exception of Azerbaijan, which differs due to its almost solely energy resources based economy). This reality calls for further diversification and specialization of the EaP economies particularly in some intermediate products, to enhance regional trade exchanges. Ukraine, Moldova and Georgia, who joined the Regional Convention on pan Euro-Mediterranean preferential rules of origin, and who have all signed DCFTA agreements with the EU, could – provided an end is put to Russia's war in Ukraine - see their trade flows expand in the coming years.

Limited integration to the Single market and global value chains: The European Union remains a key trading partner for most of the EaP countries, especially for those countries who have signed a DCFTA with the EU (Moldova, Georgia and Ukraine) and the officially recognised candidate countries.¹¹ However, the diversification of export markets and integration into European and global value chains remains a major challenge for all countries.

To support the competitiveness and integration of its Eastern partners' private sector, the EU has –in recent years – financed a vast number of projects aimed notably at a) improving MSMEs' access to finance, b) facilitating MSMEs' access to top-quality business support services, c) providing technical assistance to governments to improve the business environment and d) providing diagnostics and analytical studies to inform policy-making with a view to help Eastern partners improve their business climate and their industrial policies and seize opportunities offered by international trends or recently concluded trade agreements. To date the EU implements **more than 110 projects amounting to EUR 881 million**. These projects are either financed through bilateral or regional funds and implemented using different forms modalities, including project approach (grants), blending or guarantees. They, in turn, allow to finance thousands of transactions (in the case of access to finance projects) and hundreds of actions whose monitoring and impact assessments are particularly complex and resource-intensive. All these actions form part of the "EU4Business initiative", a brand launched by the EU in 2016 to improve the visibility of EU support to the private sector in the context of the Eastern Partnership and the ever closer relationship the EU is striving to establish with Eastern Neighbourhood partners. Following the **Joint Staff Working Document: 'Recovery, resilience and reform: post 2020 Eastern Partnership priorities'**, the projects should contribute to the priorities identified in Smart Specialisation strategies (p.21).

The EU4Business secretariat was established in 2016 to continuously monitor these projects, by collecting and processing data provided by the wide-range of implementing partners the EU works with (e.g. European Financial Institutions, private contractors or Member States cooperation agencies). The EU4Business secretariat has played a key role in recent years in communicating on the EU's support to the private sector, in providing analyses on the impact of this support (e.g. on specific target groups) and more generally in promoting the EU4Business brand. By sustaining the important work of the EU4Business secretariat, the present action aims to support the successful implementation of the **Economic and Investment Plan and its country Flagships** for the Eastern Neighbourhood and its constant monitoring.

¹¹ In line with the Council Conclusions of 23 June 2022 October 2020 granting the status of candidate country to Ukraine and to the Republic of Moldova.

2.2. Problem Analysis

Short problem analysis

MSMEs account for over 95% of private enterprises in the EaP region. However, they employ a mere 50% of the working population and their contribution to GDP is on average just over 30%, whereas in OECD economies, MSMEs employ on average about 65% of the working population for a contribution to GDP of about 55%. Many MSMEs in the region remain tied to low value-added sectors and still do not contribute sufficiently to job creation and exports. However, MSMEs in the region have the potential to make a significant contribution to job creation and are essential economic actors in the expansion and creation of added value in a number of sectors which drive economic growth and development. For this reason, the EU has long been supporting private sector development, paying particular attention to MSMEs and to supporting its Eastern Partners in reforming their business environment. In the coming years, the EU aims to pursue and step-up its support to MSMEs notably by easing their access to finance and to business development services and by assisting them connect to new markets, especially the European Single Market.

Indeed, in its **Joint Staff Working Document: Recovery, resilience and reform: post 2020 Eastern Partnership priorities** adopted on 2 July 2021¹², the EU committed to contribute to the development, resilience and further integration of Eastern Partnership countries' economies. To that end, it laid particular emphasis on the need to pursue efforts towards closer trade integration, improved business environment and to accelerate EaP Small and Medium-sized Enterprises' access to finance. The first of the top-ten targets proposed in the Joint Staff Working Document consists in a commitment to support no less than 500,000 SMEs either financially or through technical assistance. This ambitious target on support to SMEs is also translated into the concrete country Flagships targeting SMEs.

To meet this extremely ambitious target the EU is deploying a wide range of cooperation instruments funded under the Neighbourhood, Development and International Cooperation Instrument (NDICI-Global Europe)¹³. These instruments include project support financed through bilateral and regional actions but also financial and technical support provided under the European Fund for Sustainable Development + (EFSD+) in the form of blending or guarantee operations. This variety of instruments allows to diversify the type of support the EU can provide to Micro, Small and Medium Enterprises (MSMEs) and to better respond to their needs. The variety of support is also made possible thanks to an enhanced partnership with European and International Financial Institutions (EFIs) in the context of blending operations and guarantee agreements financed under the EFSD+. This enhanced cooperation with EFIs is expected to act as a multiplier to provide financial and technical support to the private sector in the EaP region.

This enhanced support to the private sector and the wide-range of financial and technical support the EU will mobilise under the Economic and Investment Plan, makes monitoring of ongoing projects more complex and resource intensive and calls for an additional monitoring effort. The wide diversity of actions funded by the EU and co-financed by partner financial institutions also requires an enhanced capacity to analyse EU-funded actions with a view to ascertain their impact on specific target groups (e.g. women-led businesses) or in line with overarching policy priorities (the green and digital transformation, etc.). Finally, in order to improve the visibility of EU-funded programmes as well as communication towards potential beneficiaries on opportunities offered by our programmes, additional resources and data collection methods are required.

The action presented in this Action Document therefore aims to improve the monitoring, communication and visibility of the wide-range of private sector support financed by the EU.

Main stakeholders

¹² [swd_2021_186_f1_joint_staff_working_paper_en_v2_p1_1356457_0.pdf \(europa.eu\)](#)

¹³ [Publications Office \(europa.eu\)](#)

The below list covers the main stakeholders concerned by the implementation of the different projects forming the EU4Business initiative:

- EaP countries' business support organisations (BSOs - Chambers of Commerce, Business Associations, federations, SME organisations, employers' organisations etc);
- National authorities: Ministry of Economy and Trade/Export agencies/SME agencies/local authorities when relevant;
- European and International Financial Institutions;
- Multilateral donors, implementing partners and contractors implementing the projects composing the EU4Business initiative;
- SMEs supported by the EU4Business initiative.
- European Business Associations present in EaP countries, Member States' chambers of commerce; EU and Member States sectorial organisations.
- EU Delegations and EU services managing business support projects in the region.

2.3. Lessons Learned

This new phase of the EU4Business project takes on board recommendations formulated in the context of a Result-Oriented Monitoring (ROM) exercise carried out end 2018 in the context of the previous phase (2016-2019) of the EU4Business project. These recommendations:

- Recognised the relevance of the EU4Business approach which consists in bringing all EU support to the private sector under one single brand (EU4Business). However, the ROM expert also noted the existence of several other brands being promoted at national levels (EU4Georgia, EU4Armenia, etc.) and the existence of tensions between communication and visibility efforts at national and regional levels. On this specific issue, it was recommended to reinforce the coordination of communication initiatives (a role that the EU4business project will ensure) and try and improve the articulation of these initiatives.
- Suggested that, in the case of access to finance projects, an increased outreach effort to partner European Financial Institutions be undertaken with a view to encourage them to disclose more detailed information about transactions financed in the context of projects co-financed by the EU. This important recommendation has been duly taken into consideration in the implementation of the project in the years 2020-2022 and will continue to be in the coming years. The communication of detailed information by the EFIs (e.g.: type of business supported, localisation of the business, gender of the CEO, size of individual loans, business sector, etc.) makes the monitoring and assessment of impact more meaningful and relevant.
- Suggested that the tone of the EU4business website – which was found too “institutional” - should be improved and should provide more practical information to its target audience, i.e. MSMEs and the EaP business communities. This recommendation has also been duly taken into account as in 2020, the EU4Business website has undergone a drastic makeover and is now a much more user-friendly information tool providing more concrete information about, e.g. financing possibilities for MSMEs and on EU technical assistance to businesses and EaP governments.
- Suggested that, beyond the EU4Business website, the EU4Business brand be more actively promoted on social media. While EU4Business still does not have a Facebook page or a Twitter account (a dimension that will need to be strengthened), the EU4Business brand is now largely promoted on social media through dedicated institutional and Senior Management accounts, as well as through the dedicated DG NEAR communication platform: ‘EUNeighbours’.¹⁴
- Finally, the ROM recommended that the EU4Business project should have a representative in each country playing a more active role in promoting the brand, addressing stakeholder questions and liaising with other relevant campaigns. It was decided to follow this recommendation and six country coordinators and communication coordinators were deployed to improve monitoring, outreach to IFIs, local authorities and EaP countries' business communities.

In addition, and based on observations made during the previous implementation phase, the success of this project and the meaningfulness of data collected relies significantly on the capacity of partner financial institutions to improve on the quality of their reporting to the EU. While the uneven quality of EFIs' reporting will be addressed separately, the EU4Business secretariat will also be requested to support EFIs' reporting team in improving the quality and relevance of their reporting over the duration of the project.

Similarly, in order to improve the relevance of the project, it will be important to make the publication of EU4Business reports more frequent with a view to limit the time lag between actual implementation of the underlying actions and reporting upon them. Synergies should also be sought between the reporting required from the IFIs and the new OPSYS financial management system.

¹⁴ <https://www.euneighbours.eu/en>.

3. DESCRIPTION OF THE ACTION¹⁵

3.1. Objectives and Expected Outputs

The Overall Objective (Impact) of this action is to contribute to sustainable and equitable economic growth in the EaP countries, through an active monitoring, impact assessment and communication on the wide range of EU-funded projects in support to the private sector.

The Specific(s) Objective(s) (Outcomes) of this action are to

- 1) Improve monitoring and the qualitative assessment of EU support to private sector development in the EaP countries and related country Flagships.
- 2) Improve communication on EU-supported private sector development projects towards potential beneficiaries (MSMEs at large, women-led businesses, MSMEs located in underserved regions, etc.) and stakeholders.
- 3) Improve the visibility and provide a coherent branding for EU-financed actions in support to private sector development.

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

1.1 contributing to Outcome 1 (or Specific Objective 1): Publication of regular analytical reports on bilateral and regional private sector support projects and programmes and on their impact.

2.1 contributing to Outcome 2 (or Specific Objective 2): Improved communication and outreach towards potential beneficiaries with a view to maximise the impact of EU-supported programmes, especially on most vulnerable and underserved groups.

3.1 contributing to Outcome 3 (or Specific Objective 3): Reinforced EU's image as a key player in support of the private sector and of the EU4Business brand in the EaP at large and among SMEs and partner governments in particular. Visibility of the EU4business initiative and underlying projects will be reinforced across the EaP business community. Support to the implementation of Smart Specialisation Strategies developed with EU support in the region.

3.2. Indicative Activities

The following indicative activities are anticipated in relation to the proposed projects outputs:

Activities related to Output 1.1:

- Regular data collection/monitoring of “EU4Business” bilateral and regional projects and programmes (as well as private sector support financed thanks to the newly established EFSD+ guarantees), including consolidation of data on achievements under the EU4Business initiative.
- Assessment of impact/qualitative analysis of EU4Business projects and programmes, including e.g. through a gender lens, a sectoral or geographical perspective (capital cities versus more remote areas). The impact analysis will also cover the impact of EU-sponsored SME support projects on achieving green transition goals and on sectors' growth and development.
- Provide advice on new private sector support projects being submitted by partner EFIs, in the context of the blending instrument or guarantee agreements.
- Assist EFIs' reporting teams in improving the quality and frequency of reporting on SMEs supported through EU-sponsored projects.

Activities related to Output 2.1:

- Data collected and impact assessments are presented in easy to read and accessible materials.

¹⁵ From section 3 onwards, no cross-references should be made with sections 1 and 2, because sections 1 and 2 are not included in the Technical and Administrative Provisions of the future Financing Agreement.

- Information on access to finance and technical assistance products supported by the EU are made available in all languages across the Eastern Partnership region.
- Communication activities and outreach campaigns are carried out regularly to adequately promote the EU4Business initiative and activities towards the target audience (National SME agencies, MSMEs, business support organisations, Government, etc.) and local media.

Activities related to Output 3.1:

- Maintenance and further improvement of EU4Business website to promote EU's wide-range support to the private sector in the EaP region. Maintain news feed and information in all relevant languages.
- Establish an online tool/platform allowing for a real-time tracking of SME support in the EaP and for an easy visualisation of the location of SMEs supported by EU programmes, including the ones resulting from Smart Specialisation Strategies.
- Ensuring close coordination with implementing partners and EU Delegations on all related events, success stories, and other communication material produced via bilateral and regional projects.

3.3. Mainstreaming

Environmental Protection, Climate Change and Biodiversity

In recent years, the EU has been co-financing several financial instruments aimed at supporting the green transition such as the Green Growth Fund, the Caucasus Sustainable Energy Facility or the Finance and Technology Transfer Centre for Climate Change. In line with the European Green Deal's objectives¹⁶ and the ambitions of the Economic and Investment Plan for the Eastern Partnership, the EU will continue to promote the green transformation of the economy. The EU4business project will be particularly critical in providing quantitative analysis on the volume green investments made through EU-supported financial facilities.

Gender equality and empowerment of women and girls

While gender disparities vary greatly, societal norms about the roles and functions of women and men are still very traditional across the EaP countries. This mind-set is, out of economic necessity, gradually being challenged and many women have taken on the role of breadwinners while remaining the primary caregivers. Nevertheless, female economic activity remains lower than their male counterparts and women are under-represented as employers and wage-earners and overrepresented as unpaid family workers.

As per OECD Gender DAC codes identified in section 1.1, this action is labelled as G1. This implies that this action will encourage and support women's participation in economic development, in line with the Gender Action Plan III and the Joint Declaration of the EaP Brussels Summit on 15 December 2021. To that end, the EU4Business project will provide important quantitative and qualitative analyses on the EU4Business initiative's impact and capacity to deliver on high-level political commitments made by the EU to support women empowerment and their improved contribution to economic growth.

Human Rights

Human rights are not directly supported under this project. However, by supporting MSMEs and promoting more open market economies, the EU4Business initiative contributes to the consolidation of social and economic rights. MSMEs are not only key to sustainable economic development, but are also important vector of change in the consolidation of open societies. A business enabling environment and a large SME sector prevent economies from becoming dominated by few entities and thus impede concentration of power in the hands of oligarchs hindering a country's development in both economic and political terms.

¹⁶ <https://eur-lex.europa.eu/legal-content/EN/TXT/HTML/?uri=CELEX:52019DC0640&from=EN>.

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.

Democracy

The consolidation of Democracy is not directly targeted by this project. However, it is believed that by ensuring that the EU's support to the private sector (including through the promotion of a fairer and more transparent business environment) is effective and impactful, the project will indirectly contribute to the consolidation of open societies in the EaP region and the governance of public institutions.

Conflict sensitivity, peace and resilience

The project aims at building resilient economies across the EaP region by ensuring a thorough monitoring of the effectiveness and impact of EU projects and programmes in support to the private sector. EU actions in favour of the private sector aim to contribute to the diversification of EaP economies, to create economic opportunities and improve framework conditions in underserved regions and to ensure equal opportunities for minority groups or women. By doing so, these actions contribute to building resilient economies and societies.

Disaster Risk Reduction

Not targeted.

3.4. Risks and Assumptions

Category	Risks	Likelihood (High/ Medium/ Low)	Impact (High/ Medium/ Low)	Mitigating measures
1- External environment	The ongoing Russia's war of aggression against Ukraine and geopolitical tensions in the Eastern neighbourhood might impede implementation of EU support to the private sector and/or limit their impact.	H	H	The EU will continue to provide support to the private sector over the implementation of this project but will ensure that operations are adapted to the evolving situation. Monitoring of activities under the EU4Business project should not be impeded in principle by a deteriorating situation, but underlying EU-funded activities in support to the private sector could.
1- External environment	Political and macro-economic instability	H	H	While political and macroeconomic instability and the subsequent drop in business linkages, trade and

	preventing a regional focus on economic development, drop in business linkages, trade and investment flows			investment, should not have a direct impact on the implementation of the EU4Business project, it may have an impact on the underlying EU-funded activities in support to the private sector in the EaP region.
2- People and the organisation	Lack of progress in business environment reforms	M	M	Lack of progress or even backtracking on business environment reforms might impede the performance of EU support to the private sector (including access to finance programmes), but should not affect the monitoring activities under the EU4Business project. In the context of his policy dialogue with partner Governments, the EU will continue to advocate in favour of an ambitious business environment reform agenda in the EaP region, using all its cooperation modalities (budget support, technical assistance, etc.) to support effective implementation.

External Assumptions

- Factors outside the project’s control that may affect the outcome-impact linkage, such as continued political, social and economic stability in the region, are favourable for implementation;
- The security situation in Ukraine is stable enough to allow for implementation;
- Beneficiary countries are fully collaborating;

3.5. Intervention Logic

The underlying intervention logic for this action is that there is a need to thoroughly track and assess the impact of EU-funded support to the private sector in the Eastern Partnership region and to communicate coherently upon it.

The EU has long made support to the private sector one of its main policy priorities and, over the years, has financed an increasing number of projects, covering a wide spectrum of interventions funded through various and increasingly complex modalities (grants, blending, guarantees, technical assistance, TAIEX, Twinning, etc.). In 2020, the EU managed 111 projects in support to the private sector for a total amount of EUR 881 million. The Economic and Investment Plan for the Eastern Partnership region of July 2021 makes support to the private sector its number one priority; the number of such operations is hence due to increase in the coming years. Similarly, the entry into force of the European Fund for Sustainable Development + (EFSD+) will make EU support more far-reaching but also more complex to monitor and communicate upon.

Ensuring the effectiveness of EU support and measuring its quantitative and qualitative impact, requires a constant outreach to EU Delegations and European and international financial institutions (EFIs) but also to commercial banks in EaP countries to track every single EU-supported financial transaction (in the case of

access to finance programmes) and every single technical assistance support (in the case of business development services or support to regulatory reforms).

The EU4Business secretariat – financed under this project – will ensure data collection, see to the integrity and trustworthiness of the data provided and analyse them. Once data collection is complete they will be processed in order to provide a general and more disaggregated overview in the context of reports provided on a regular basis. The EU4Business reports will serve both as a communication and a policy-making tool since it will inform DG NEAR, EU Delegations and partner financial institutions on the impact of MSME support actions and indicate whether underlying policy objectives (e.g. improve economic opportunities for women or in underserved regions, etc.) are achieved or fall short of expectations.

The EU4Business secretariat, financed under this project, will also implement the necessary outreach effort to inform target audiences (MSMEs, women-led businesses, young entrepreneurs, businesses located in underserved regions, etc.) on the availability of EU-funded projects to support their businesses or business ideas. The EU4Business website (www.eu4business.eu) will be maintained by the secretariat and will provide country by country information on existing EU programmes and ways for businesses to access the wide range of support opportunities financed by the EU locally, in all languages of the EaP region.

Finally the EU4Business secretariat will continue to promote the EU4Business brand (the umbrella brand for all EU support activities in favour of the private sector) and doing so, improve the image of the EU as a major provider of support to businesses in the EaP region. It will support EU's visibility in the region, assist Delegations in their effort to promote private sector development activities at local level and provide advice on how best to promote EU's visibility among the business community.

3.6. Indicative Logical Framework Matrix

Results	Results chain: Main expected results	Indicators	Baselines (values and years) ¹⁷	Targets (values and years) ¹⁸	Sources of data	Assumptions
Impact	To improve information on EU support to private sector development and its impact in the EaP countries	1. Production of an annual Eastern Partnership EU4Business report and annual country reports 2. Number of visitors in the EU4Business website	1. Annual EU4Business reports available in 2019, 2020, 2021 2. About 40 000/year	1. Annual EU4Business reports available in 2021, 2022, 2023 2. About 60 000 per year	1. EaP RSO beneficiary countries 2. WHO data	<i>Not applicable</i>

¹⁷ Baseline values will be inserted at a later stage in the description of the action

¹⁸ Idem

<p>Outcome 1</p>	<p>1. Improved monitoring and the qualitative assessment of EU support to private sector development in the EaP countries and related country Flagships.</p>	<p>1. Production of the annual EU4Business report and annual country reports</p>	<p>1. Annual EU4Business reports available in 2019, 2020, 2021</p>	<p>1. Annual EU4Business reports available in 2021, 2022, 2023</p>	<p>Idem as per Impact section.</p>	<p>Implementing partners/EC Programme managers cooperate with the Facility to provide the data and related progress reports. The economic and political situation of the region does not pose major obstacles to the completion of the outputs.</p>
<p>Outcome 2</p>	<p>2. Improved communication on EU-supported private sector development projects towards potential beneficiaries (MSMEs at large, women-led businesses, MSMEs located in underserved regions, etc.) and stakeholders.</p>	<p>2.1. Number of visitors on the EU4Business website 2.2. Increased number of beneficiaries of EU actions (access to finance and business support services)</p>	<p>2.1. About 40 000/year 2.2. In 2020, 71 851 SMEs supported across the EaP region</p>	<p>2.1. About 60 000 per year 2.2. Between 2022 to 2025, more than 80 000 SMEs supported annually</p>	<p>Idem.</p>	<p>Idem.</p>

Outcome 3	3. Improved visibility and a coherent branding for EU-financed actions in support to private sector development is provided.	3.1. The EU4business brand continues to be consistently used across the Eastern Partnership region and its visibility is enhanced	3.1. N/A	3.1. All visibility events on EU support to the private sector continue to refer to the EU4Business branding/logo	EU Delegation's websites, press clippings, EU4Business websites, official EU documents, etc.	Idem.
Output 1 related to Outcome 1	1. Publication of regular analytical reports on bilateral and regional private sector support projects and programmes and on their impact.	1.1 Production of an annual portfolio + EU4Business country report	1.1 1/year for each publication	1.1 1/year for each publication (Timing of publication will be improved – sooner in the year.	EU4Business reports Survey (SME, BSO) Report on the implementation of the Economic and Investment Plan website	Idem.
Output 2 related to Outcome 2	2. Improved communication and outreach towards potential beneficiaries with a view to maximise the impact of EU-supported programmes, especially on most vulnerable and underserved groups.	2.1 Number of visitors on the website	2.1 40 000/year in 2017	2.1 70 000/year in 2020	Idem.	Idem.
Output 3 related to Outcome 3	3. Reinforced EU's image as a key player in support of the	3.1. Number of success stories published online	3.1. 200 success	3.1. More than 200/year	Idem	Idem

	<p>private sector and of the EU4Business brand in the EaP at large and among SMEs and partner governments in particular. Visibility of the EU4Business initiative and underlying projects will be reinforced across the EaP business community.</p>	<p>3.2. Creation of an online mapping tool allowing easy visualisation of SMEs supported by the EU in the EaP region, including projects on Smart Specialisation.</p>	<p>stories and news items published in 2021 3.2. The online mapping tool does not currently exist.</p>	<p>3.2. The online mapping tool has been created and is easily accessible through the EU4Business website</p>	<p>Idem</p>	<p>Idem</p>
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4. IMPLEMENTATION ARRANGEMENTS

4.1. Financing Agreement

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

4.2. Indicative Implementation Period

The indicative operational implementation period of this action, during which the activities described in section 3.2 will be carried out and the corresponding contracts and agreements implemented, is 72 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 by amending this financing Decision and the relevant contracts and agreements.

4.2.1. Direct Management (Procurement)

The procurement shall contribute to achieving all objectives identified in Chapter 3 of this Action Document.

4.3. 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).

4.4. Indicative Budget

Indicative Budget components	EU contribution (amount in EUR)
Outcome 1, outcome 2 and outcome 3, output 1, 2, 3 composed of:	4 000 000.00
Procurement (direct management)	4 000 000.00
Evaluation – cf. section 5.2 Audit – cf. section 5.3	will be covered by another decision
Communication and visibility – cf. section 6	N/A
Contingencies	0
Totals	4 000 000.00

4.5. Organisational Set-up and Responsibilities

This Action will be governed by a Steering Committee, which shall meet annually, and bring together the European Commission, the Contractor, and key stakeholders from the Eastern Partner countries and partner Financial Institutions.

In line with Section 5.4 below, the Contractor shall submit Bi-Annual Reports, for approval by the European Commission, giving a full account of the projects' progress as measured against its results framework. Regular monitoring will take place as part of the project implementation.

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.

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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 results (Outputs and direct Outcomes) 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).

5.2. Evaluation

Having regard to the importance of the action, a final evaluation will be carried out for this action or its components via independent consultants.

It will be carried out for accountability and learning purposes at various levels (including for policy revision), taking into account in particular the complexity and the various topics covered by the action.

The Commission shall inform the implementing partner at least 3 months in advance of the dates envisaged for the evaluation missions. The implementing partner shall collaborate efficiently and effectively with the evaluation experts, and inter alia provide them with all necessary information and documentation, as well as access to the project premises and activities.

The evaluation reports shall be shared with the partner country and other key stakeholders following the best practice of evaluation dissemination. 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. 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 [Communication and Visibility Requirements of 2018](#) (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.