



EU4Business



# ANNUAL REPORT

2020



[WWW.EU4BUSINESS.EU](http://WWW.EU4BUSINESS.EU)



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# FOREWORD

Small and Medium sized Enterprises (SMEs) are the backbone of the economy as well as the drivers of innovation and growth in the Eastern Partnership (EaP) region. In the wake of the COVID-19 pandemic, they are also key for socio-economic recovery, for the business boost we will need and for strengthening the resilience of our economies and societies. There already is an important tool to use in support of SMEs, our EU4Business initiative.



**Olivér Várhelyi**

European Commissioner  
for Neighbourhood  
and Enlargement

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We have a good basis to work on. During the last decade, **EU-EaP trade has doubled**, turning the six partner countries into the EU's 10<sup>th</sup> largest trading partner. The European Union is the first trading partner for Georgia, Moldova, Ukraine and Azerbaijan, and second for Armenia and Belarus. More and more EaP SMEs are exporting to the EU, with a larger variety of products. In particular, the number of companies exporting to the EU from the Deep and Comprehensive Free Trade Area (DCFTA) partners has increased, by 46% in Georgia, 48% in Moldova and 24% in Ukraine.

**In 2019 alone, the EU supported 80 000 SMEs** with access to finance and knowledge sharing. This enabled our partner countries to create 117 000 jobs, sustain 672 000 more and increase SME turnover by €1.3 billion. The EU has also reinforced the capacity of about 800 Business Support Organisations, providing consultancy services to 68 000 SMEs. In addition, to improve the investment climate, EU4Business has provided guidance and advice for adopting more than 700 laws, policies and regulations, and organised more than 1 500 public-private dialogue events.

**EU4business will also continue to support investment climate reforms.** Structural reforms are the key to supporting economic development and increasing resilience as well as to strengthening



favourable conditions for trade and investment. Business and investment environments must be simple, transparent and reliable. This requires efforts to ensure a level playing field and needs to build on rule of law reforms.

**Our ambition is to further increase trade between the EU and the EaP countries.** The full implementation of bilateral agreements is essential to ensure better access to EU markets for partner countries' SMEs. In particular, the regulatory approximation of DCFTA countries to the EU acquis in the areas of public procurement, technical barriers to trade, market surveillance, sanitary and phytosanitary measures, and customs is a precondition to benefit fully from market access opportunities and modernise economies.

The Joint Communication **"Reinforcing Resilience – an Eastern Partnership that delivers for all"**, adopted in March 2020, defines our policy beyond 2020. At its core, it aims to foster growth and resilience in order to attract the investment that the region needs to build back a stronger economy and better society as we emerge from the pandemic.

Whilst the results of the EU4Business are significant so far, I look forward to going even bigger in the next phase of the EaP. To move towards an inclusive and fair economy that delivers for all, and to support the economic recovery after the COVID-19 pandemic, during the next five years, **the EU proposes to provide support to 500 000 SMEs. We aim to reach 20% of all SMEs of the region:**

- Access to finance, in particular in local currencies, is often a constraint for SMEs looking to invest in their future and finance growth plans. In partnership with International Financial Institutions, the EU will provide at least **€1 billion of local currency financing to SMEs.**

- The COVID-19 crisis will likely lead European companies to analyse and evaluate their value chains to increase their resilience for future shocks. Producing closer to markets will benefit the environment and reinforce the EU's resilience. It will also offer opportunities for the EaP countries. To accelerate this economic integration process, **€500 million will be invested in EaP SMEs** to support the development of EU-EaP Joint Ventures.
- All EaP countries have a cohort of highly skilled scientists, notably ICT specialists. However, EaP start-ups often lack critical skills in specific areas, for example in marketing and financial analysis, or are insufficiently connected with customers and value chains. Through the Digital Innovation and Scale Up initiative, the EU will invest **€100 million to support digital start-ups** and to ensure that quality jobs are created in EaP countries.

SMEs should also benefit from our overall drive to improve connectivity, not just digital, but in transport or energy. Better connections will improve their business potential. For example, the EU will invest in sustainable transport connectivity with a focus on the extension of the TEN-T network, which in turn will further stimulate economic development, market integration and cross-border trade among EaP countries and with the EU, resulting in growth and jobs for citizens.

Both the EU and Eastern partners are preparing to emerge from the COVID-19 pandemic. I look forward to our joint work so that we not only overcome the crisis, but come out of it stronger, better connected and more resilient, to the benefit of our people and businesses alike.

# EXECUTIVE SUMMARY

## 2019 AT A GLANCE



As this difficult year draws to a close, we are proud to present the results of the EU4Business Initiative in this 2020 Annual Report. Despite the pandemic and its stark impact on business, the entire EU4Business team has worked tirelessly to expand the range of projects that we collect data on and we are pleased to say that we can now show the results that accurately reflect the entirety of EU support to SMEs in the Eastern Partnership.

## WHAT SUPPORT DOES EU PROVIDE TO SMES?



### Access to Finance (A2F):

- concessionary loans via national banks
- micro financing for household businesses
- small grants to SMEs
- training staff at national banks to better serve SMEs
- training SMEs in financial literacy



### Business Development Services (BDS):

- providing direct advice and training to SMEs
- training and capacity-building among national business support organisations (BSOs)
- establishing business incubators for start-ups
- developing business clusters for mutual support and development
- supporting governments in identifying new markets
- building capacities at export support organisations



### Business Enabling Environment (BEE):

- promoting regulatory reform and best practice
- building capacity amongst policy makers and regulators
- encouraging public-private dialogue
- informing business about reform processes and rules/procedures

## PORTFOLIO IN 2019

**116** projects

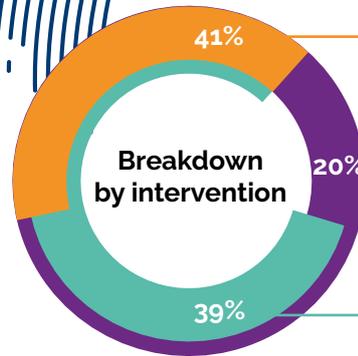
Total budget of EU support

**€787.33**

million

of which

**€187.7** was  
million disbursed



**A2F**

€325.98 million

**BEE**

€154.27 million

**BDS**

€307.08 million

## RESULTS OF EU SUPPORT IN 2019



**78,995**

SMEs supported

**29.8%**

women-  
owned

**€9.7**

billion

total turnover  
of SMEs supported

**€1.3**

billion

extra income  
generated by SMEs

**117,254**

new jobs created

## RESULTS OF EU SUPPORT

# 672,584

employed in EU-supported SMEs

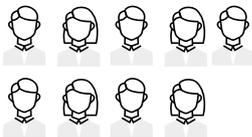


average  
SME supported  
by the EU in the EaP

has

## €123,000

annual income



employs

## 8-9

individuals

## WITH THE SUPPORT OF THE EU

these SMEs grew  
on average by

↑ **+16.1%**

more SMEs engaged  
in exporting

↑ **+5.9%**

expanded  
their staff by

↑ **+21.1%**

EU-supported SMEs  
increased their exports by

↑ **+3.83%**

For every  
million euro  
of EU support,

# €1 million



an average of

## 421

SMEs  
benefited



## 625

new jobs  
were  
generated



## €7.8

million  
increase in income  
recorded

# RESULTS PER PILLARS

## ACCESS TO FINANCE (A2F):



6,946

SMEs received loans and grants



women-owned

€504

million

total value of loans

€88,607

average loan

36

partner financial institutions supported

## BUSINESS DEVELOPMENT SERVICES (BDS):



796

business support organizations improved their capacity

68,752

consultancy services delivered to SMEs



women-owned

2,259

SMEs participated in B2B events

## BUSINESS ENABLING ENVIRONMENT (BEE):



714

laws, policies and regulations reformed

1,527

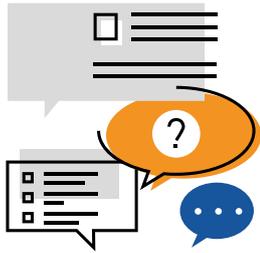
public-private dialogue events held

456

government institutions strengthened capacity

# EU4BUSINESS COMMUNICATION

EU4Business communication activities have provided an ongoing, continuous support using a structured and targeted approach. Having set out an updated vision in our communication strategy, we aligned all processes to build a more structured system for communicating the EU4Business brand.



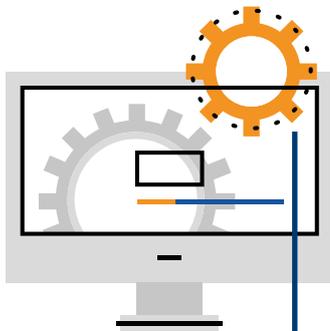
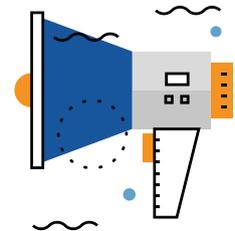
Our focus is on storytelling, putting quality of content over quantity.

Since August 2019, we have prepared over

**200**  
success stories  
and news items

that have been shared with the EU, our partners and the press.

Our stories have gained wide coverage in the mainstream media across Armenia, Azerbaijan, Belarus, Georgia, Moldova and Ukraine.



The number of visitors to the current EU4Business website grew by

**17.8%**

over January-August 2020, compared to the same period last year.

According to Analytics, we received

**156,975**

page views

and

**85.3%**

new visitors

## MODERNISING OUR WEBSITE

We have modernized our website to better match the needs of our target audiences. At the beginning of 2021, we launched the main donor-oriented platform and six country SME-focused web pages, providing a one-stop-shop for SMEs to find information about EU support.

The initiative has eschewed paid ads, focusing instead on promoting meaningful content.

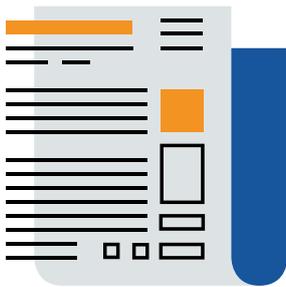
## IN RESPONSE TO THE COVID CRISIS

our team quickly launched COVID business help pages for all 6 countries under the EU4Business Initiative in just two weeks!

We brought together recommendations from the EU, governments and business.

Over May-August 2020, we recorded over

**3,000** visits to these Covid-19 pages



Since the pandemic hit, we have also issued more than

**25**

Covid-19 Weekly Alerts

that registered a remarkable

**40%**

open rate

**9%**

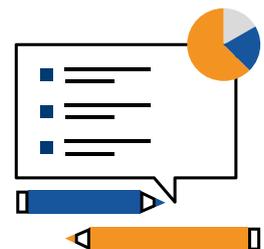
click rate

The number of subscribers to our digest has grown by

**20%**

since January 2020

To make sure that all messaging is consistent and cohesive so that a strong brand voice is established, we have upgraded the branding guidelines for the EU and our partners with easy-to-use templates and toolkits that each country will be able to adapt to its needs. The guidelines were presented to the EU, partners and projects in January 2021. Our information exchange guidelines have been widely communicated to make information flows more effortless and avoid unnecessary paper work and fully use the EU Digitool system to maximise cohesion.



Despite the challenges facing SMEs in the EaP region, and indeed the whole world, the EU's commitment to supporting EaP businesses remains unchanged. With a new and improved vision and approach, EU4Business is ready for any further challenges 2021 might present and looks forward to reporting on yet more positive results for the coming year.



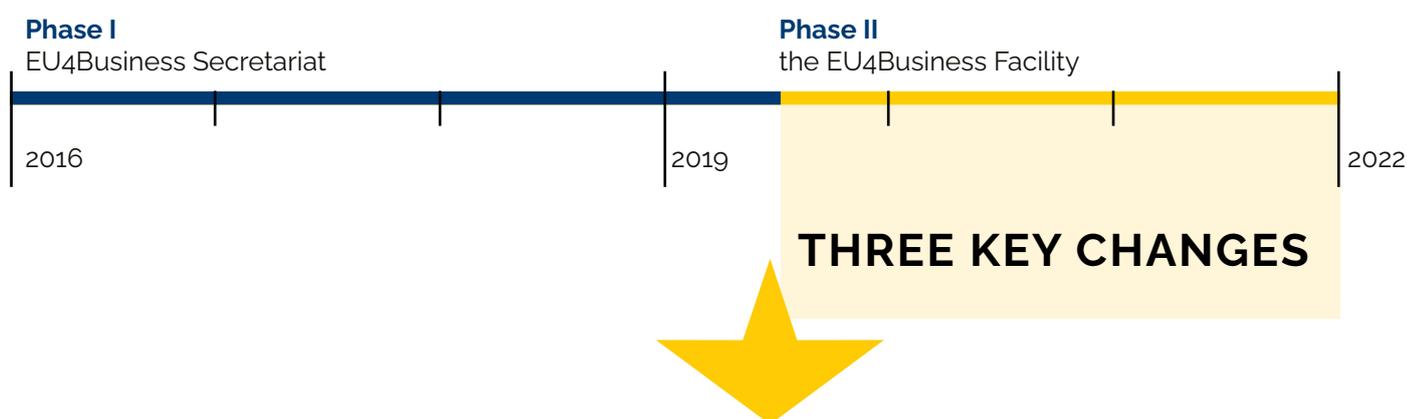
**Mark Hellyer**  
Team Leader



# INTRODUCTION

# [EU4BUSINESS] PHASE II

The European Union's EU4Business Initiative ultimately serves SMEs as the beneficiaries of EU support in the Eastern Partnership countries — Armenia, Azerbaijan, Belarus, Georgia, Moldova and Ukraine. Functionally, EU4Business operates as an information hub, providing the EU, partners and implementers with the big picture of support that the EU offers to SMEs, as well as signpost SMEs in each country. We also work with the EU and partners to transmit the EU brand coherently.



1

We have shifted from descriptive statistics of performance on a small range of mostly regional projects, towards a more **analytical emphasis on measuring results and the actual economic impact of EU support instruments for SMEs in the EaP.**

2

We now focus on a broad-based inclusion of **all EU support for SMEs** in the EaP in order to better understand the contribution of the EU to economic growth and prosperity.

3

We are also placing even more of an emphasis on effective **communication.**

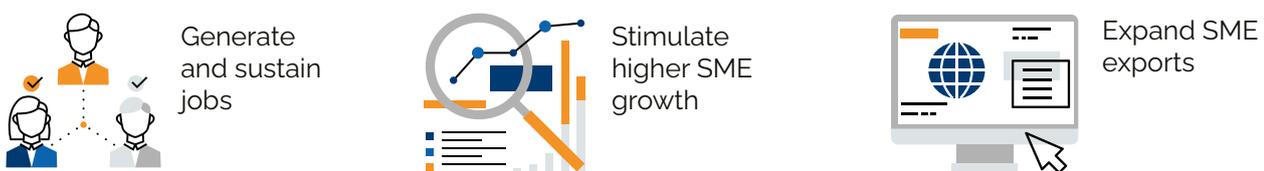
# GIVEN THE EXPANDED EU4BUSINESS CONCEPT, WE HAVE INTRODUCED SOME ADDITIONAL CHANGES:

**1** The term “EU4Business” now includes all support provided by the EU to SMEs across the EaP, which includes Armenia, Azerbaijan, Belarus, Georgia, Moldova and Ukraine.

## EU4Business continues to support SMEs by

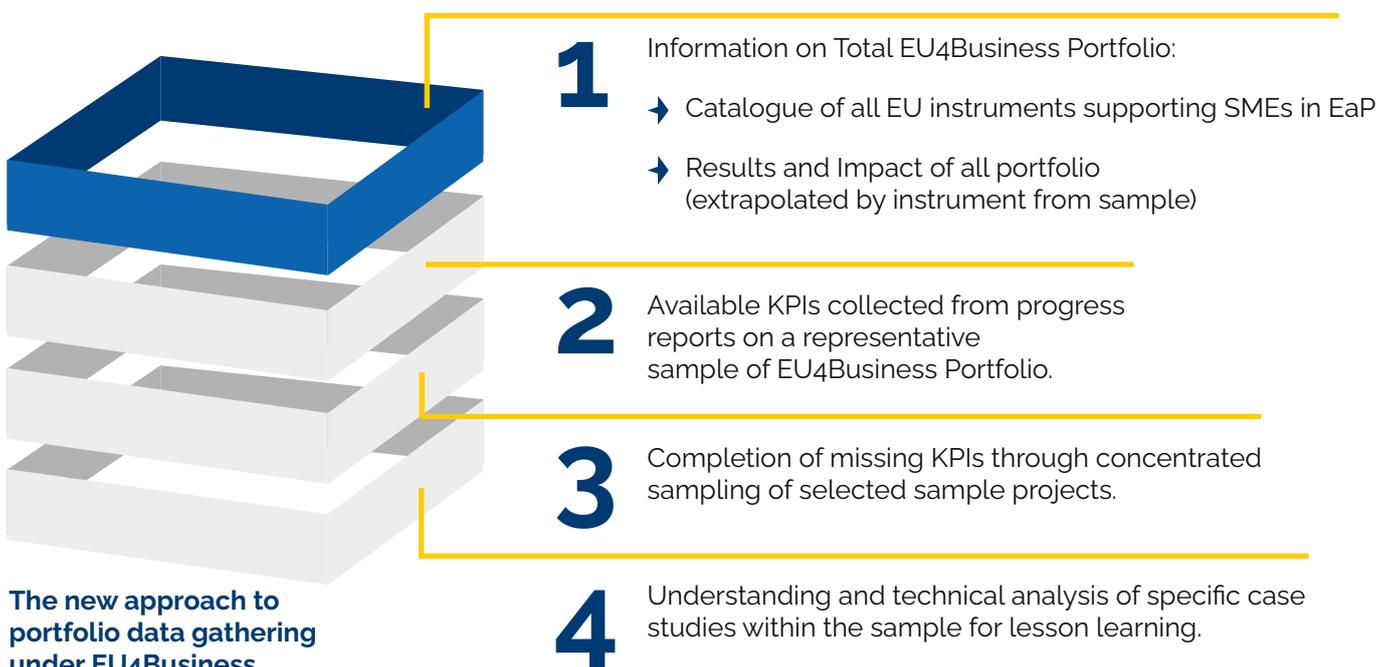


## EU4Business interventions help



**2** Our focus now is on collecting data on all EU support and then, based on the results of a representative sample, using these results to estimate an overall picture of the impact of the entire portfolio rather than a limited number of projects.

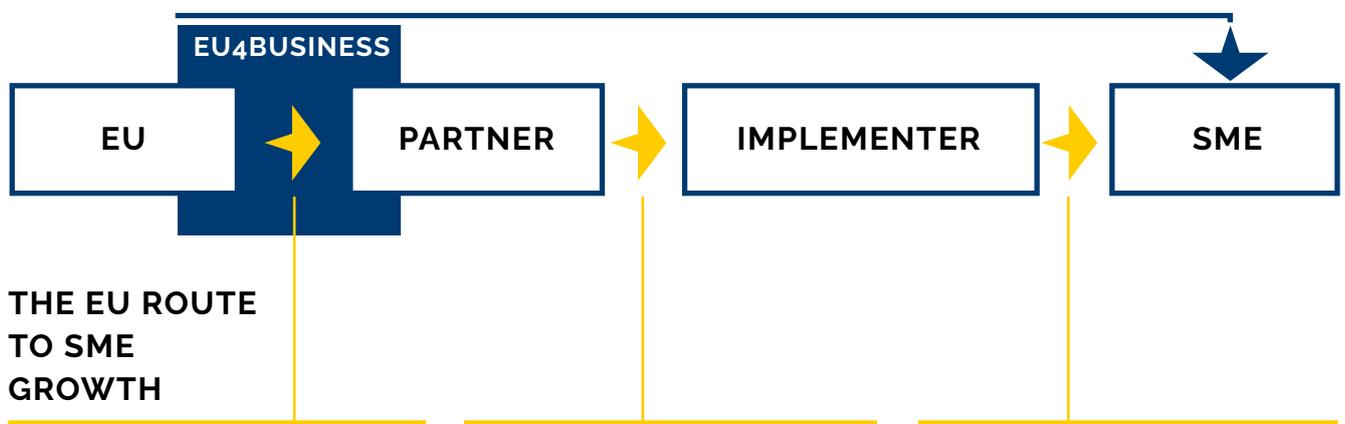
Such a sampling approach provides a statistically strong methodological base for precise data collection that is reflective of the entire portfolio at four levels that can be consistently communicated and understood:



The new approach to portfolio data gathering under EU4Business

In this way, our team has been able to provide a complete overview of EU instruments that support SMEs across the six EaP countries based on a robust evidence-based approach, which will improve policy-making and interventions, and provide the basis for comprehensive and clear communications of the EU's entire support for SME growth in the EaP.

EU4Business is placed between the EU (DG NEAR and EU Delegations) and local partners, allowing us to collect and aggregate data, and multiply the reach of communications. At the same time, EU4Business is the signpost for SMEs in each country, communicating the support available to entrepreneurs under various EU-funded projects.



**DG NEAR and EU Delegations are the direct beneficiaries of the EU4Business Facility,** which aims to improve overall understanding of EU support for SME growth in the EaP.

**The EU provides support to organisations, that is, partners, who use the resources to achieve specific project objectives that foster SME growth across the EaP,** sometimes with the EU as the only donor, sometimes co-financed, and at other times blended to unlock larger funds. These organisations have contracts with the EU and are EU4Business Partners that the EU4Business Facility works with to better understand results and impact, and to multiply the reach of communications.

**These partners then work with national intermediaries that make changes to benefit SMEs and lead to SME growth.** These vary according to the thematic objectives: A2F, BDS and BEE. Those organisations that partners support are EU4Business implementers and include national banks, government ministries and agencies, and BSOs. Since EU4Business partners are working directly with them, **the Facility has access to implementers through, and alongside, its partners.**

The activities of the EU4Business implementers lead to direct benefits to SMEs, whether through improved access to finance, a better business environment, greater skills, or support in accessing markets. **SMEs are the EU4Business ultimate beneficiaries, as this support leads to SME growth.** Given that SMEs interact directly with Implementers, the EU4Business Facility has limited direct interaction with SMEs — especially as there are likely to be tens of thousands of ultimate beneficiaries under the wider EU4Business Initiative.

# 3

## COMMUNICATION — key priority in Phase II.

The new structured and targeted approach to communications takes account of the channels of communications and activities of others that aim to maximise reach. As such, the EU4Business Facility acts as an intermediary between multiple stakeholders, including implementers and beneficiaries of actions under the EU4Business Initiative.

### OUR APPROACH INVOLVES:



Engaging in high level communications regarding the EU4Business brand and information that is distributed directly by the EU4Business team.



Generating more concentrated and deeper EU4Business messaging through multipliers, meaning our own communications with the EU and partners.



Ensuring higher visibility for EU4Business projects by encouraging project branding and providing EU4Business visibility guidelines.



Facilitating communication and exchange among EU4Business Partners and Implementers themselves.

# FOCAL POINT EU4BUSINESS FACILITY

**EU4Business Facility is a team of consultants headquartered in Kyiv, Ukraine, that ensures regular tracking and visibility of EU4Business activities, assesses the impact of activities and results of projects under EU4Business programmes.**

Its purpose is to ensure a coherent and coordinated approach to the implementation of EU4Business, monitoring and assessing the impact of projects and programmes under EU4Business portfolio, and ensuring the Initiative's communication and visibility.

**Funded by the EU, the EU4Business Facility is being implemented by a GFA-led Consortium of four partners:**



GFA Consulting Group GmbH



Action Global Communications



CARSA



ECORYS

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# HOW THE EU4BUSINESS FACILITY WORKS

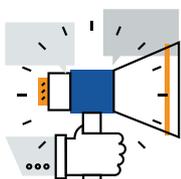
The EU4Business Facility team engages in four key activities:



Regularly **tracks EU4Business activities**, including through the publication and presentation of an annual report with consolidated data about the achievements of the EU4Business initiative.



**Assesses the impact of these activities and the results of the projects** run under EU4Business regional and bilateral programmes, based on predefined indicators, including an assessment of gender mainstreaming across the initiative.



**Maximises outreach by developing professional communication and outreach activities**, in coordination with the projects under the EU4Business initiative, to inform and engage with EU4Business key stakeholder groups, including SMEs, IFIs, partner country administrations and government agencies, business support organisations, universities, and future entrepreneurs.



**Collates key information from project implementers** on the impact of EU4Business activities regularly and make this available to EU professional communication contractors in Brussels and in the EaP countries.

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## WHAT WE DO

- Collect and assess data on the impact of EU4Business activities.
- Coordinate approaches to communication and branding.
- Consolidate data on achievements under EU4Business.
- Communicate and maximise outreach of the initiative.
- Prepare and publish reports with figures.

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## WHAT WE DON'T DO

- Provide financial support.
- Take over the role of the government or business support organizations in engaging with SMEs.
- Consult with SMEs directly.

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## THE EU4BUSINESS FACILITY TEAM



**Mark Hellyer**  
Team Leader



**Atena Duicu**  
Key Expert in SME  
Policy and Strategy



**Olga Seleznova**  
Head of  
Communications



**Victoria Sydoryk**  
Regional Project  
Coordinator



**Anton Zubenko**  
Data Specialist

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### Country SME experts



**Sevak  
Hovhannisyan**  
(Armenia)



**Gulnara  
Mammadova**  
(Azerbaijan)



**Irina  
Tochitskaya**  
(Belarus)



**David  
Okropiridze**  
(Georgia)



**Anatolie  
Palade**  
(Moldova)



**Olha  
Krasovska**  
(Ukraine)

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### Country communication experts



**Aghavni  
Harutyunyan**  
(Armenia)



**Esmira  
Aliyeva**  
(Azerbaijan)



**Taisia  
Charnukha**  
(Belarus)



**Thea  
Ghvinadze**  
(Georgia)



**Mihaela  
Babara**  
(Moldova)



**Oksana  
Prykhodna**  
(Ukraine)

# PARTNERS

All EU support for SMEs is provided through organisations that operate as partners, working closely with the EU4Business Facility team. Altogether, 62 partners are currently implementing EU4Business projects and programmes, among them various international organizations such as the EBRD, EIB, KfW, OECD, World Bank, ITC, and UNDP, as well as international consultancies, governments and government agencies, and NGOs.

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## International Organizations



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## Member State Governments and Agencies



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## International NGOs



## EaP Government Agencies and NGOs

<p>Armenia </p>   	<p>Azerbaijan </p>      <p>AZƏRBAYCAN NƏR İSTİNSALÇILARI VƏ İRACATÇILARI ASSOSIASIYASI</p>   <p>Azərbaycan Mikro-İşəgah Assosiasiyası</p>  <p>Azerbaijan Micro-Business Association</p>  <p>Center for Economic and Social Development</p> <p>Kend Inkisafına Destek İctimai Birlik (AZ)</p>	<p>Belarus </p>   	<p>Georgia </p>  <p>Georgian Farmers' Association საქართველოს მეურნეობის სამსახური</p> 	<p>Moldova </p>   <p>ORGANIZAȚIA PENITENȚIARĂ ȘI DE REEDUCARE SOCIALĂ A REPUBLICII MOLDOVA</p> <hr/> <p>Ukraine </p> 
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## International Consultancies

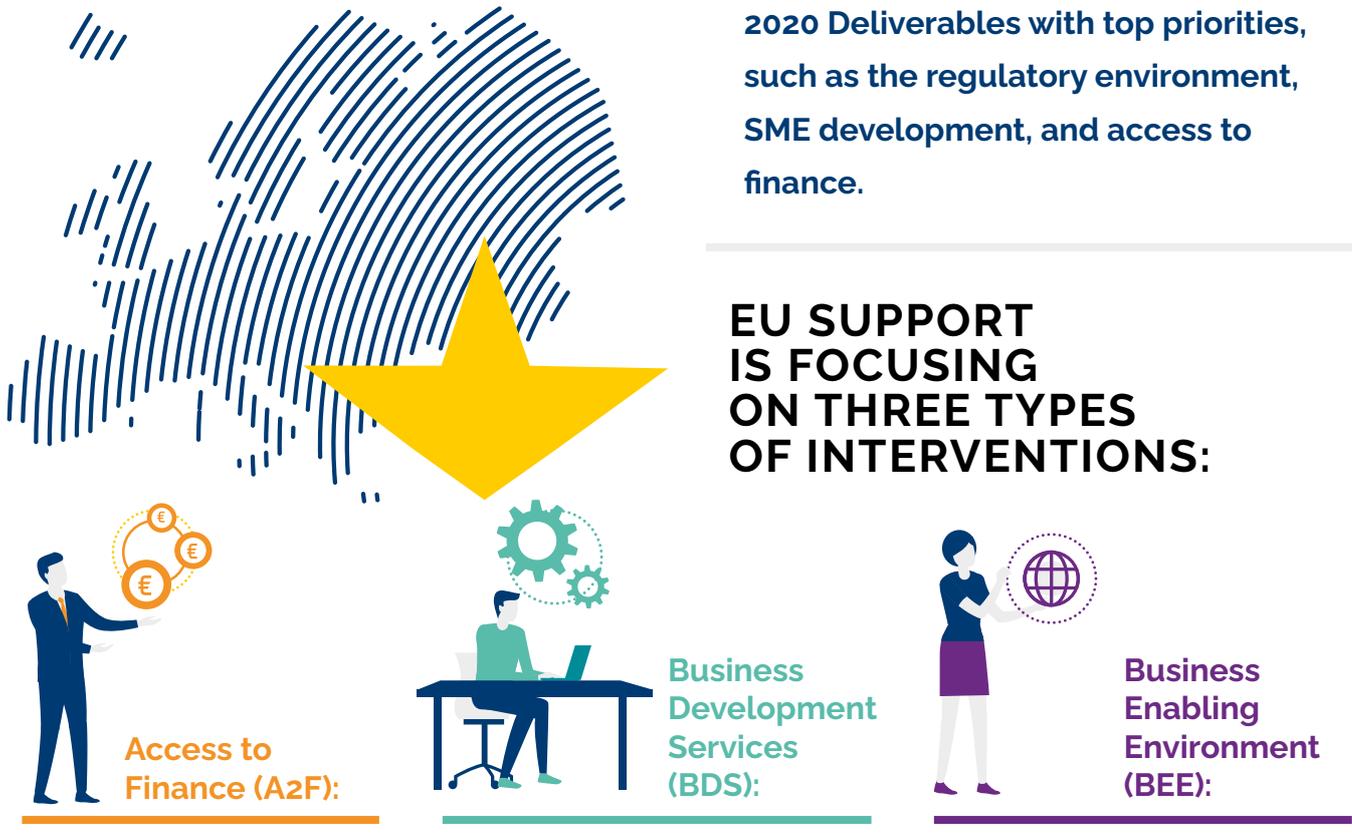


**EU SUPPORT  
TO SMES IN  
THE EASTERN  
PARTNERSHIP  
LIN 2019**

# [ PORTFOLIO OVERVIEW ]

The European Union's support for SMEs in Eastern Partnership is based on the joint policy between the EU and EaP countries set out in the 2020 Deliverables with top priorities, such as the regulatory environment, SME development, and access to finance.

## EU SUPPORT IS FOCUSING ON THREE TYPES OF INTERVENTIONS:



Across the six Eastern Partnership countries — Armenia, Azerbaijan, Belarus, Georgia, Moldova and Ukraine —



# 116

projects provided support to SMEs in 2019

with a total budget<sup>1</sup>

# €787.33

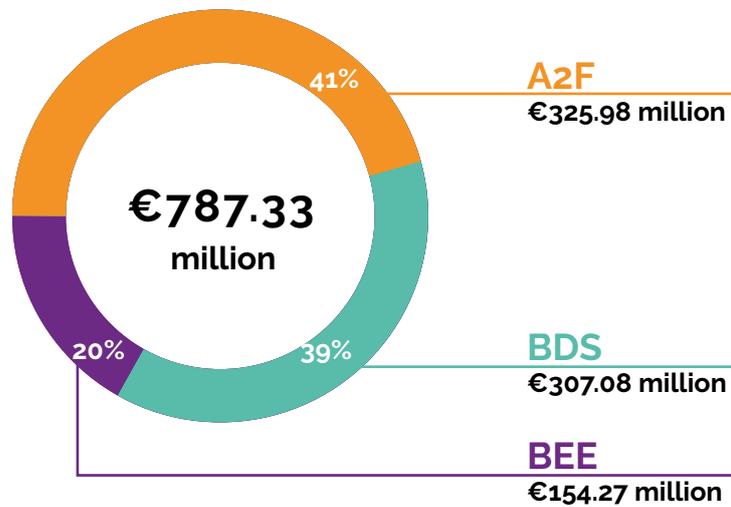
million

<sup>1</sup> This is the total value of contracts being implemented, not disbursements in 2019.

# BREAKDOWN

## BY INTERVENTION

Almost half (**41%** or **€325.9 million**) of the funds allocated to projects in 2019 went to improving access to finance, with a further **39%** for improving business development services and the remaining **20%** for improving the business environment.



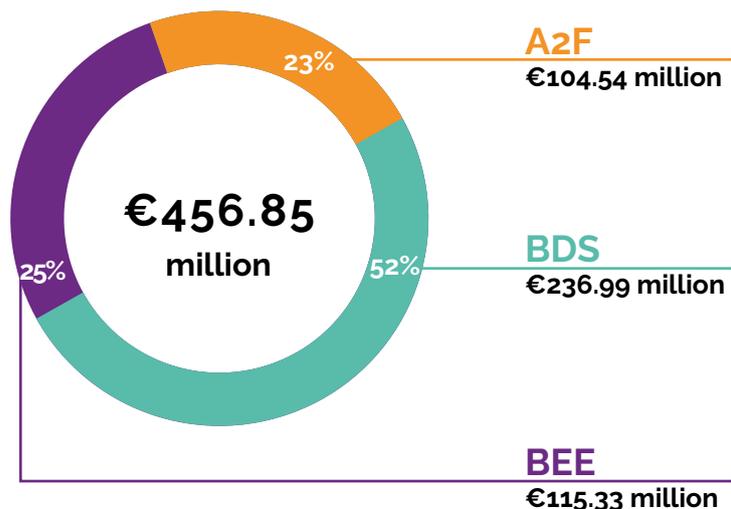
# BREAKDOWN

## BY BILATERAL/ REGIONAL PROJECTS

The majority of support to SMEs was provided through **bilateral projects and programmes**, with **58%** of total budget being country-specific. The remaining **42%** was dedicated to addressing A2F, BDS and BEE through **regional** interventions<sup>2</sup>.

However, there are big differences in the type of intervention at a regional versus bilateral level. The majority of bilateral budgets (**52%**) focuses on BDS, amounting to **€237 million**. Around **25%** of bilateral funds are allocated to improving the business environment and only **23%** to access to finance.

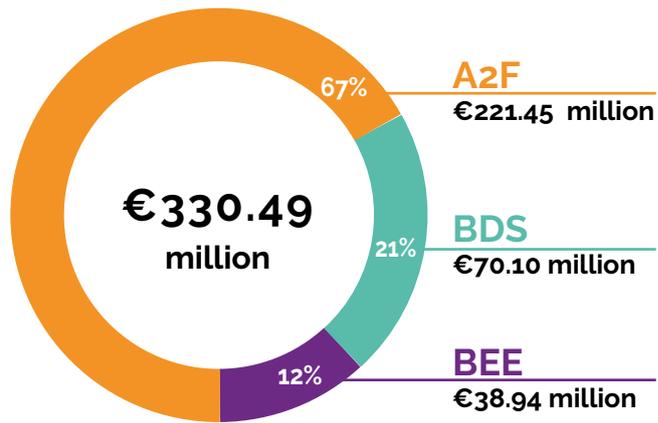
Breakdown of Active Bilateral Projects by Intervention in 2019



<sup>2</sup> Bilateral projects are those run out of EUDs that come from EU country programmes, whereas regional projects are managed by the EU HQs in Brussels and come from EU regional funds.

By contrast, around two thirds (67%) of regional budgets to support SMEs are aimed at improving access to finance, adding up to €221 million in 2019. A further 21% of regional interventions focused on improving business development services and only 12% on improving the business enabling environment.

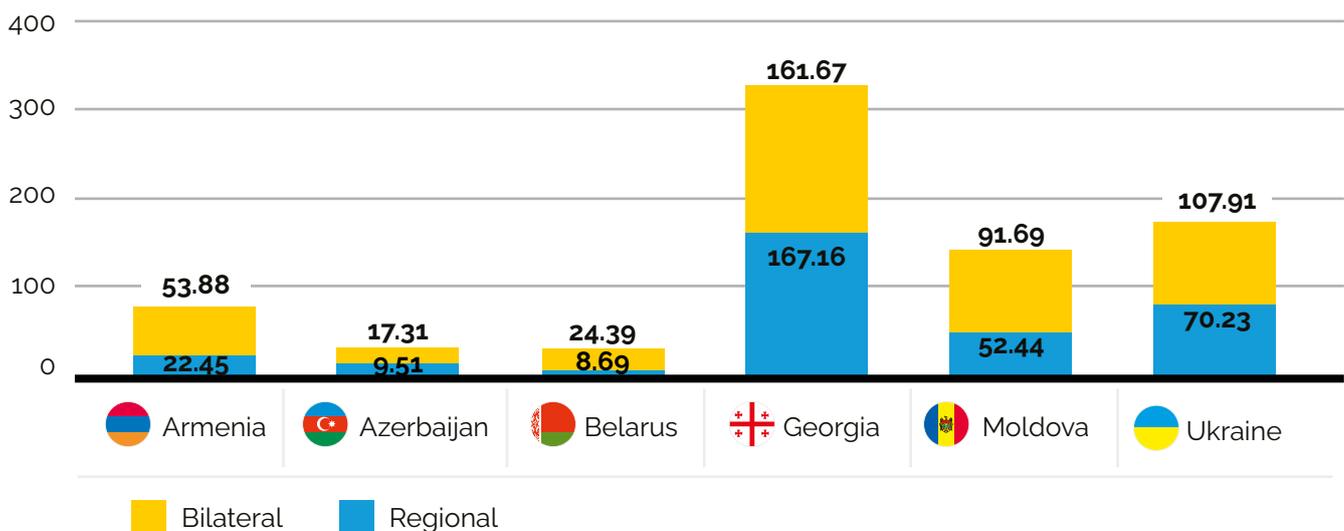
### Breakdown of Regional Projects by Intervention in 2019



## COUNTRY PORTFOLIOS

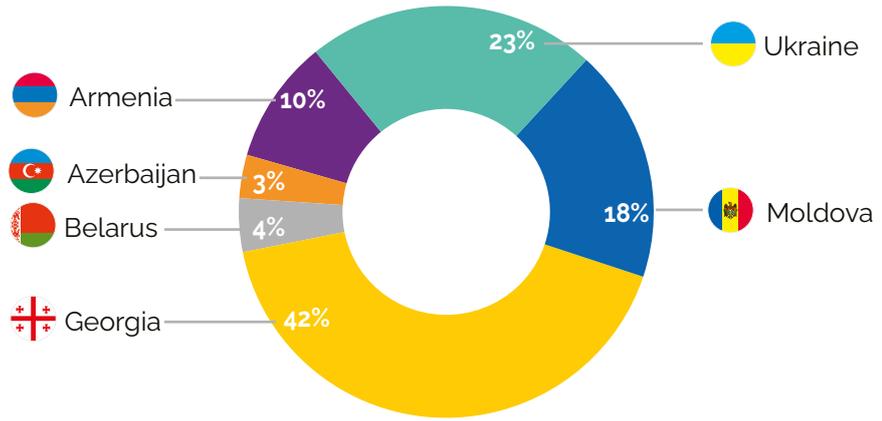
There are also differences in budget allocation across the EaP, with 41.8% of the value of interventions in projects active in 2019 allocated to Georgia, almost equally from bilateral and regional projects. Allocations of funding are not determined by importance or EU priorities in the region but by a number of other factors. Bilaterally, they are a reflection of bilateral priorities between the national government and the EU, and regional allocations are affected by absorption rates in the individual country.

### Value of Projects Breakdown by Country, mln €

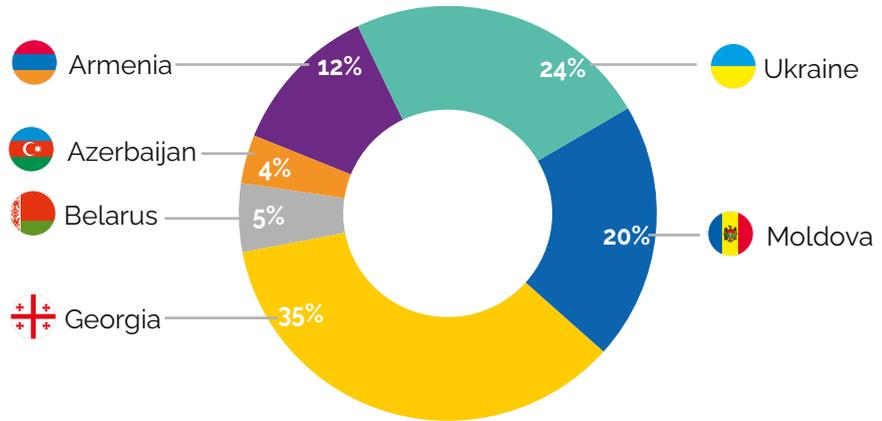


A further 23% of SME support is allocated towards Ukraine and 18% towards Moldova. The remaining 17% was allocated towards Armenia, Azerbaijan and Belarus. In all countries except Georgia, 60-70% of support to SMEs is delivered through bilateral projects and programmes.

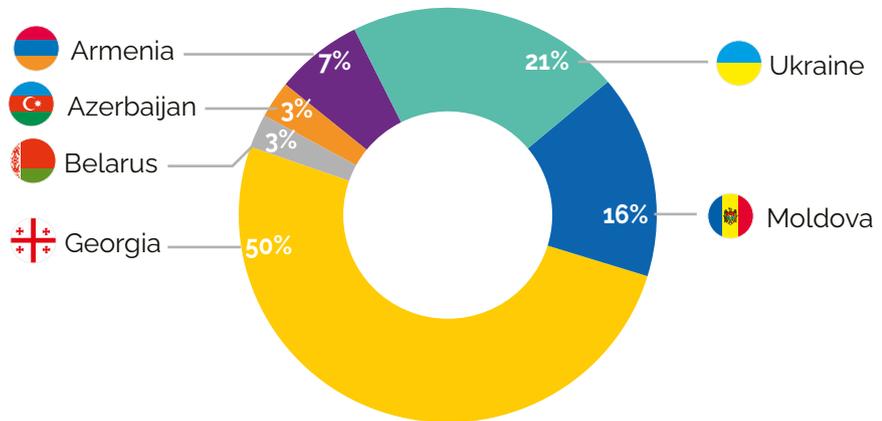
**Breakdown of Active Projects by Country (total regional and bilateral)**



**Breakdown of Active Projects by Country (bilateral)**



**Breakdown of Active Projects by Country (regional)**





## ARMENIA

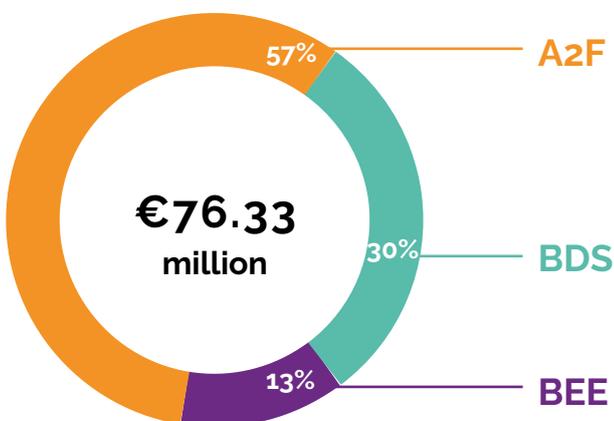
**26** EU4Business  
Projects  
in 2019

Total Value

**€76.33**  
million<sup>3</sup>



Breakdown of Active Projects in Armenia  
by intervention (total regional and bilateral)



<sup>3</sup> This is the total value of contracts being implemented, not disbursements in 2019.



## AZERBAIJAN

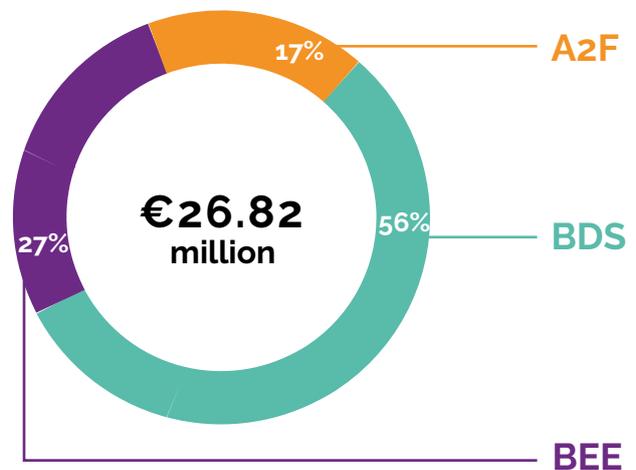
**34** EU4Business  
Projects  
in 2019

Total Value

**€26.82**  
million<sup>4</sup>



Breakdown of Active Projects in Azerbaijan  
by intervention (total regional and bilateral)



<sup>4</sup> Ibid.



## BELARUS

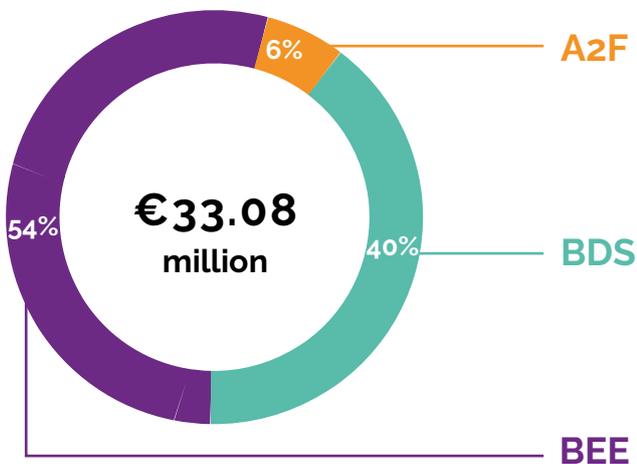
**19** EU4Business  
Projects  
in 2019

Total Value

**€33.08**  
million<sup>5</sup>



Breakdown of Active Projects in Belarus  
by intervention (total regional and bilateral)



<sup>5</sup> Ibid.



## GEORGIA

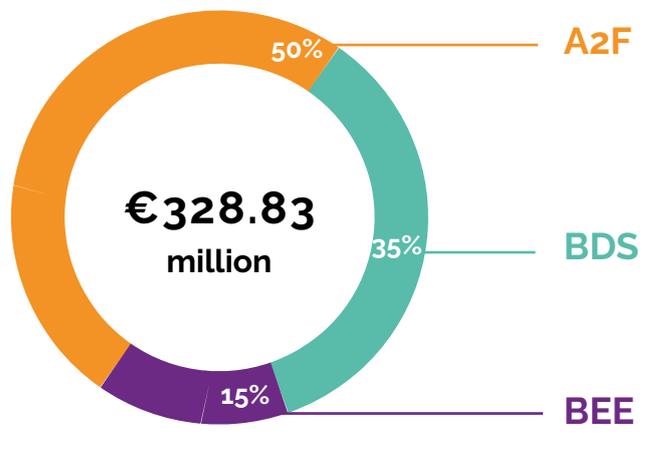
**47** EU4Business  
Projects  
in 2019

Total Value

**€328.83**  
million<sup>6</sup>



Breakdown of Active Projects in Georgia  
by intervention (total regional and bilateral)



<sup>6</sup> Ibid.



## MOLDOVA

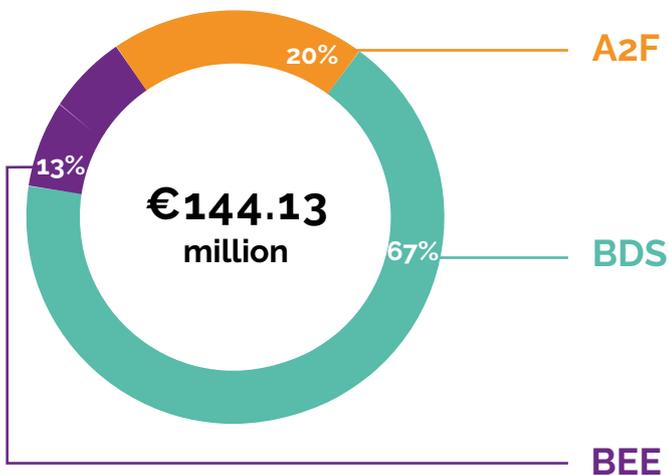
**27** EU4Business  
Projects  
in 2019

Total Value

**€144.13**  
million<sup>7</sup>



Breakdown of Active Projects in Moldova  
by intervention (total regional and bilateral)



<sup>7</sup> Ibid.



## UKRAINE

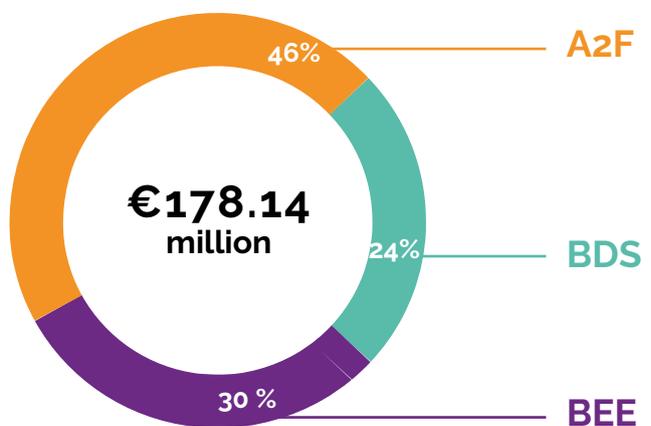
**39** EU4Business  
Projects  
in 2019

Total Value

**€178.14**  
million<sup>8</sup>



Breakdown of Active Projects in Ukraine  
by intervention (total regional and bilateral)



<sup>8</sup> Ibid.

# OVERVIEW

## BY TYPE OF INTERVENTION

### ACCESS TO FINANCE (A2F)

Overall, A2F is the largest area of EU intervention to support SMEs in the EaP.

A total of  
**€325.98**  
million

in EU support is allocated to unlock access to finance in 2019,<sup>9</sup> through



# 9

major specific support instruments:

**A1**

Capped Loss Recovery

**A2**

Interest Subsidy

**A3**

TA to PFIs

**A4**

Capped Guarantees

**A5**

Currency Hedging Subsidy

**A6**

SME incentive grants (linked to loans)

**A7**

Grants to SMEs

**A8**

Structured Funds

**A9**

Equity

<sup>9</sup> This is the total value of contracts being implemented, not disbursements in 2019.

# THE 9 SUPPORT INSTRUMENTS THAT EU4BUSINESS INITIATIVE USES FOR ENABLING ACCESS TO FINANCE ARE DEFINED BELOW:

A1

Capped Loss Recovery

The capped loss recovery is a risk sharing instrument in the form of a grant that the EU provides to an IFI. This grant is used by the IFI to partially cover the loss that any PFI, such as a local bank, would carry as a result of SMEs not repaying part or all of its loan. In this way, the PFIs feel more comfortable and are willing to use the credit lines from IFIs to lend to SMEs. However, the EU grant only partially covers the potential loss that PFIs could claim. The recovery of loss covered by this EU risk sharing instrument is generally up

to 10% of the total loan portfolio of the respective PFI (total value of the loans disbursed by the PFI from the respective credit line of the IFI) and generally up to 50% of each individual sub-loan. This actually means that if an SME does not pay back the loan to the local bank, the EU grant for capped loss recovery can actually cover half of the loss of the bank. In this way, the local banks are more willing to disburse loans to SMEs which are generally perceived as high-risk borrowers.

A2

Interest Subsidy

This instrument is a grant given by the EU to IFIs in order to lower the cost of their loans to SMEs in EaP. The grant provides interest subsidies of up to 10%, which is applied to the regular interest rate, with

which the IFI lend to PFIs and further on to SMEs. The purpose of this instrument is to lower the final cost of finance for SMEs in the EaP.

A3

TA to PFIs

This instrument consists of technical assistance to PFIs in the form of consultancy services, mentoring and specialised training. The main effect of this instrument is that the PFIs (local banks and microfinance institutions) become more

familiar with the modus operandi of the big IFIs, with the characteristic of their credit lines, their reporting requirements as well as to the standards regarding financial and risk analysis of the potential borrowers.

A4

Capped Guarantees

This instrument consists of a guarantee given to IFIs in order to lower the risk of lending to SMEs via local PFIs through guarantees to reduce collateral requirements of SMEs. This is a guarantee that enables improved access to finance through the reimbursement of a portion of the loss caused by the SME portfolio. These guarantees are generally capped

at up to 25% of the total portfolio of the respective partner financial institution and to generally 70% -80% of each individual sub-loan. In the case of the DCFTA facility phase 1 EIB/ EIF the guarantee was 25%/70%, for EIF COSME support the guarantee is 50%/70%, for DCFTA facility phase 2 the guarantee is 25%/80%.

## A5

### A5 Currency Hedging Subsidy

This instrument is given to IFIs in order to enable them to disburse loans to PFIs (and ultimately to SMEs) in local currency. Traditionally, the IFIs only provide credit lines in EURO or dollars. In order to sign credit contracts in national currency, the IFIs need to protect their investment through "currency hedging", a currency risk coverage facility provided by specialised agencies (that would cover the cost of currency devaluation, therefore the IFIs

do not lose any money) at a certain cost. Without the EU grant to cover the cost of the "currency hedging", the IFIs would add this additional cost in the lending contract with PFIs and the loans for SMEs in local currency would naturally become more expensive. Due to the EU grant, the IFIs and subsequently the PFIs can offer loans in local currency to SMEs at a competitive price.

## A6

### SME Incentive grants (linked to loans)

This instrument is different from regular grant schemes as the incentive grants are not given directly to SMEs as a "pure grant". The SME signs a loan contract from one of the credit lines of the IFIs via the PFIs. After the loan is disbursed, there is verification process to check if the loan was used for the purpose listed in the business plan or feasibility study and

of the other pre-conditions for the loan disbursement. Once the verification report confirms compliance, a part of the loan is transformed into a grant, so that the total "cost" of financing is lowered. The most common incentive grants are between 10% and 15% of the loan value as it is the case for EBRD DCFTA facility 1 and 2.

## A7

### Grants to SMEs

These grants are non— reimbursable and generally modest in value in order support as many SMEs as possible. In general, SME grants are disbursed in order to target specific economic development goals such as development in rural areas, poor

communities or a response to various types of crisis. These grants are usually disbursed through Non-governmental Agencies (NGOs) with links into the targeted communities.

## A8

### Structured Funds

The direct finance instrument is implemented directly by EU participation as opposed to the risk sharing with IFIs. Typically, this involves direct loans or equity investment in a financial instrument or fund. As EU does not have the capacity

to disburse direct loans to SMEs, this function is assigned to an intermediary. The most important EU investment in Direct Finance is shares in the European Fund for South – Eastern Europe (EFSE).

## A9

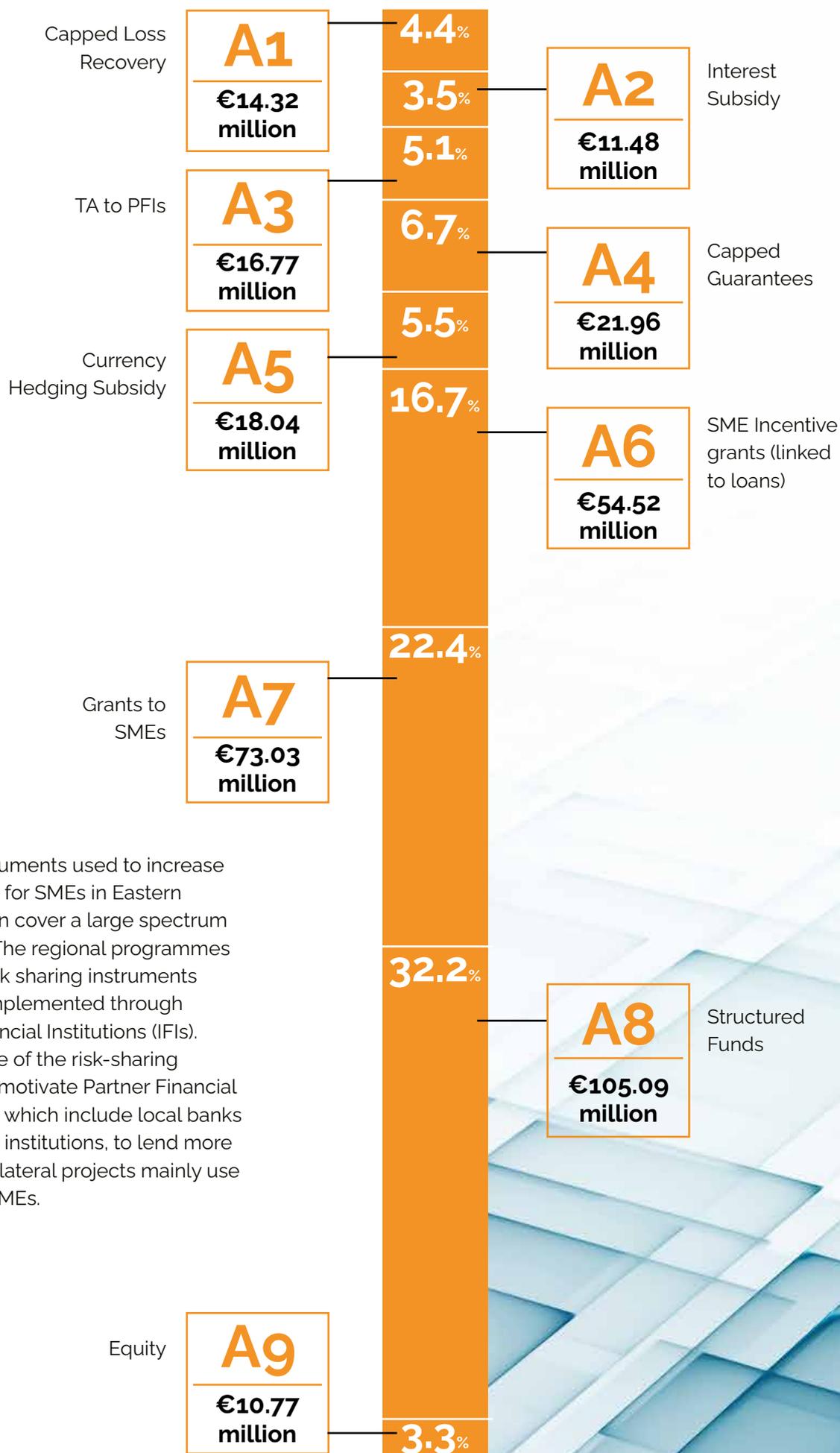
### Equity

Equity is a direct investment instrument for funding SMEs by buying participation (shares) in the respective company. This type of support instrument involves more

risk and for now it is only active in Armenia, where EU is providing a first loss guarantee for Amber Equity Fund that invest equity in SMEs of Armenia.

## Allocation of A2F Budgets by Instrument

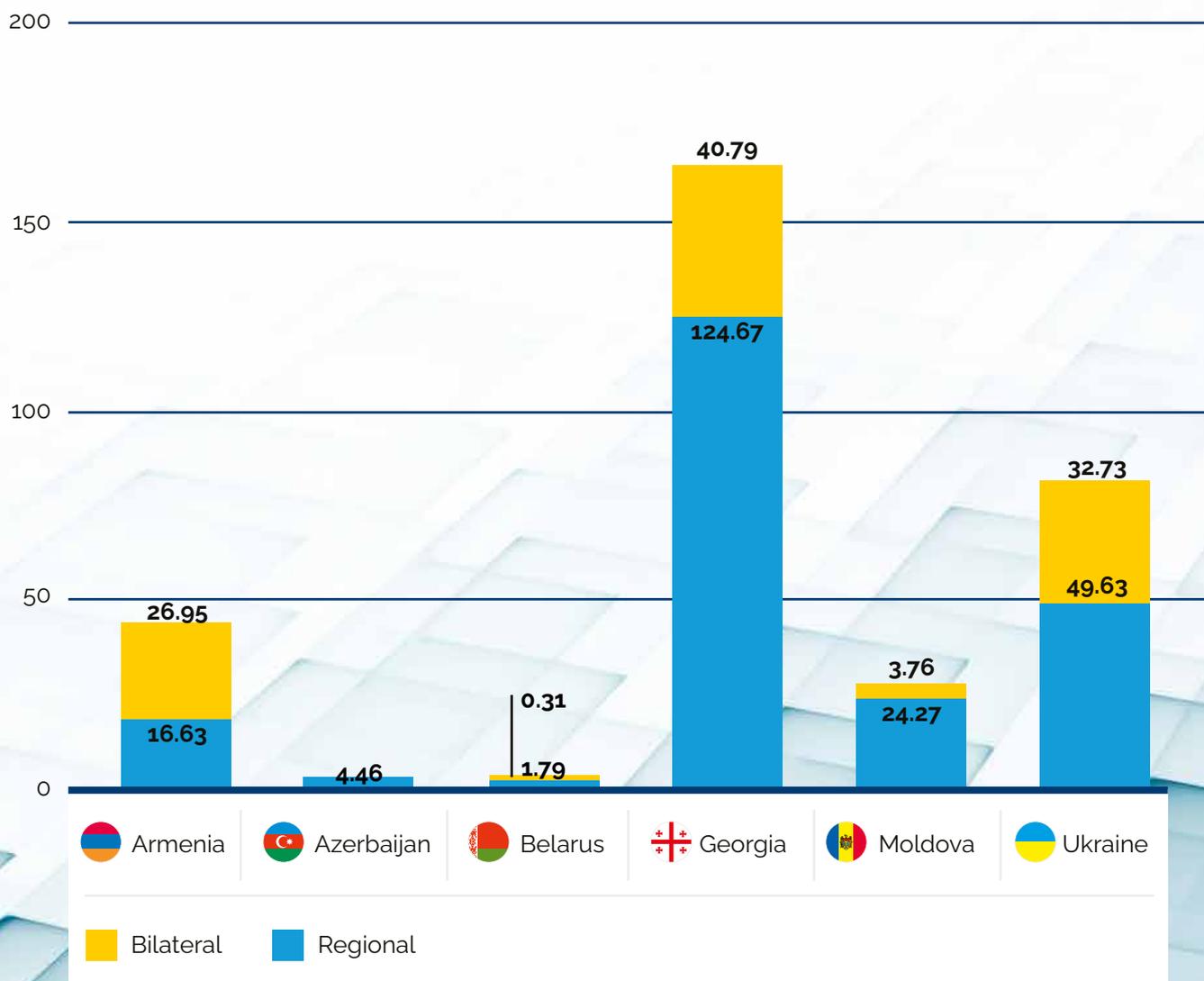
\* There might be some round-off errors in some figures throughout the report



The support instruments used to increase access to finance for SMEs in Eastern Partnership region cover a large spectrum of interventions. The regional programmes principally use risk sharing instruments and are mainly implemented through International Financial Institutions (IFIs). The main purpose of the risk-sharing instruments is to motivate Partner Financial Institutions (PFIs), which include local banks and microfinance institutions, to lend more easily to SMEs. Bilateral projects mainly use direct grants to SMEs.

EU support for Access to Finance in the EaP is highest in **Georgia**, accounting for **51%** of all A2F interventions, followed by **Ukraine** with **25%** and **Armenia** with **13%**. In contrast to other interventions, A2F is mainly delivered through regional projects, except in the case of Armenia where **60%** of access to finance is delivered through bilateral programmes and projects.

### Value of A2F Projects by Country, mln €



# BUSINESS DEVELOPMENT SERVICES (BDS)

BDS is the second largest area of EU intervention to support SMEs in the EaP.

A total of  
**€307.08**  
million

in EU support is allocated to improving business development services in 2019 through



## 7 specific support instruments:

**B1**

Consultancy services for SMEs

**B2**

Capacity-Building among BSOs

**B3**

Incubators

**B4**

Clusters

**B5**

Trade information

**B6**

B2B activities

**B7**

Export strategies

Over  
**62%**

of all BDS interventions are direct consultancy services to businesses in EaP countries,

with  
**24%**

being allocated to capacity-building amongst business support organisations to develop and deliver better business development services.

# THE SEVEN SUPPORT INSTRUMENTS THAT EU4BUSINESS INITIATIVE USES FOR IMPROVING BUSINESS DEVELOPMENT SERVICES AND KNOWLEDGE TO SMES ARE DEFINED BELOW:

**B1**

Consultancy services for SMEs

Through this instrument, the EU4Business Initiative aims to directly increase the knowledge and skills of SMEs in EaP countries through the direct provision (fully or part paid) of non-financial business services (these can range from basic start up and registration, accounting, marketing, input supply, technology

and product development, training and technical assistance, infrastructure support and advocacy). These services can be delivered through both international and/or local consultants, in both private firms/ individuals and/or business support organisations.

**B2**

Capacity Building of BSOs

This instrument aims at increasing the capacity of Business Support Organisations (such as Chambers of Commerce, SME Associations, Professional Bodies, Sector Trade Association, Training Institutes etc.) to deliver BDS services to SMEs (whether

members or not). The capacity building is achieved through mentoring, training trainers, advisory services and study tours to either enhance existing services, build new ones or improve organisational structures.

**B3**

Incubators

The business incubator is an organization designed to accelerate the growth and success of entrepreneurial companies through an array of business support resources and services that could include physical space, capital, coaching, common services, and networking connections.

EU4business incubators instrument generally shares the cost with the local

authorities with the EU bearing the cost of refurbishment, cost sharing arrangement for the running costs and/or service provision. One of the most important aspects related to this instrument is the sustainability. As the operation costs are high, the initial financial set up is crucial for keeping the incubators viable after the EU4Business intervention ends.

**B4**

Clusters

This instrument involves group support to SMEs involved in the same field of activity but on different positions in the value chain or with common interests. The basis of the clusters approach is the

synergy of creating a more effective value chain within the cluster. The success of the SME cluster is tightly related to the level of value added in the respective field of activity.

## B5

Trade information

Trade information instrument provides SMEs already exporting, exporting infrequently or those interested in exporting with the range of information needed to move closer to exporting. This instrument can include generating

information necessary (brochures, guides, market reports) or developing tools for (accessing online resources and intelligent searches) and covers market information, marketing guides and market access requirements.

## B6

B2B activities

Business to Business (B2B) activities support SMEs to make specific contact with nominally interested buyers (that is company decision makers in target export markets that regularly buy the export on offer). These can include participation in online buyer auctions,

trade fair participation, inward and outward trade missions, buyer meetings etc and EU4Business support can range from organisation, logistics, preparation and advice as well as covering the costs of travel and/or stand and event costs.

## B7

Export strategies

The export strategy instrument is used at a national or sector level to develop a policy to increase a country's exports. This instrument is typically based on studies, analysis and stakeholder consultation that assesses national production, market requirements and export constraints and then, working with government and stakeholders, build a common sector or

national approach (and action plan) to developing the exports of competitive products in target markets. In addition, this instrument can also include support in coordination of implementation of the strategy itself as well as national visibility and branding, support programmes and stakeholder dialogue.



## BDS Portfolio by Instrument

\* There might be some round-off errors in some figures throughout the report

Consultancy services for SMEs



Incubators



Trade Information

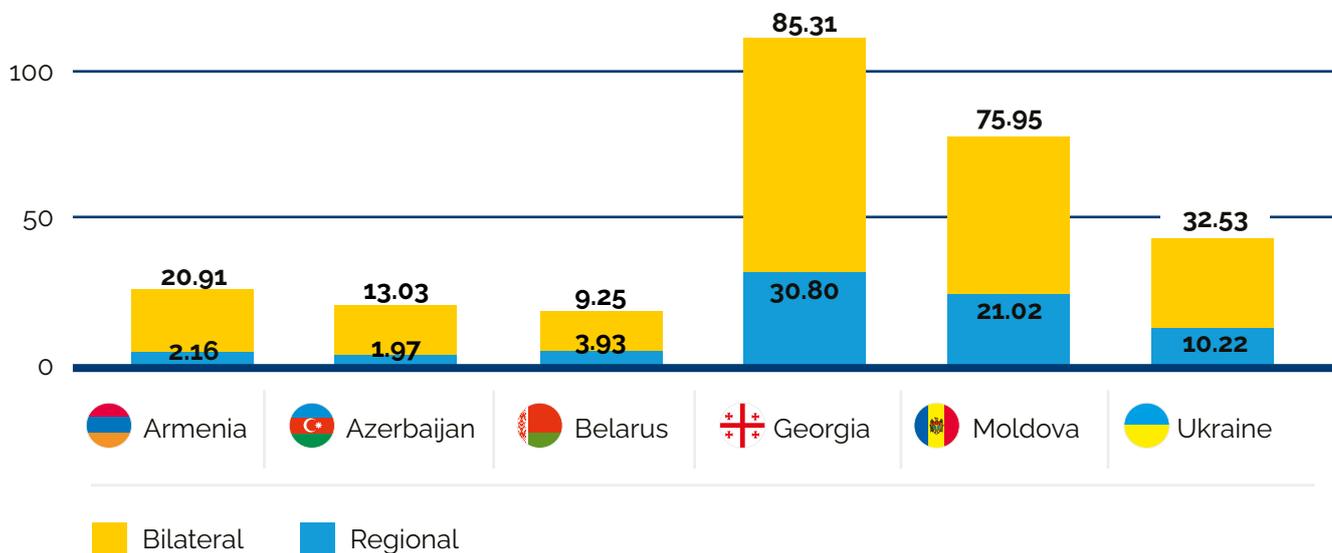


Export Strategies



By country, EU support to improving BDS was highest in Georgia, representing **38%** of all BDS interventions and coming mainly from bilateral projects. Moldova received **32%** of BDS interventions and Ukraine **14%**.

### Value of BDS Projects by Country, mln €



## BUSINESS ENABLING ENVIRONMENT (BEE)

BEE is the third area of EU intervention to support SMEs in the EaP.

A total of

# €154.27

million

in EU support is allocated to improving the business enabling environment in 2019,<sup>10</sup> through

**4** specific support instruments:



**C1**  
Capacity-building among policy-makers and regulators

**C2**  
PPD (Private Public Dialogue)

**C3**  
Regulatory Reform

**C4**  
Information and Communication for SMEs

<sup>10</sup> This is the total value of contracts being implemented, not disbursements in 2019.

# THE FOUR SUPPORT INSTRUMENTS THAT EU4BUSINESS INITIATIVE USES FOR CONTRIBUTING TO A BUSINESS ENABLING ENVIRONMENT ARE DEFINED BELOW:

C1

Capacity building of policy makers/regulators

Through this instrument, EU4Business interventions aim at strengthening the capacity of staff of various government agencies ensure better, more transparent and open policies and regulations that affect business, whilst ensuring appropriate controls in the six eastern Partnership countries. This can include

making and amending policies, laws and administrative procedures based on need and risk assessment. Through this instrument the EU4Business interventions deliver direct advisory, mentoring services and study tours to the relevant staff involved in policy making.

C2

PPD (Private Public Dialogue)

Public-private dialogue is an instrument for more inclusive and targeted policy making. Specifically, it involves effective consultation and collaboration between government

and the private-sector sector and/or its representatives, in order to achieve effective reform and administration of regulations that affect SMEs.

C3

Regulatory Reform

Through this instrument, EU4Business interventions support the EaP countries to improve the regulatory environment based on best practise and most often approximation (to align their SME related legislations, rules and regulations with those of the EU).

Approximation occurs in all six Eastern Partnership countries, but it is more intensely applied in the three DCFTA countries which have committed to widespread adoption of EU business acquis under the Association Agreement (AA).

C4

Information and Communication to SMEs

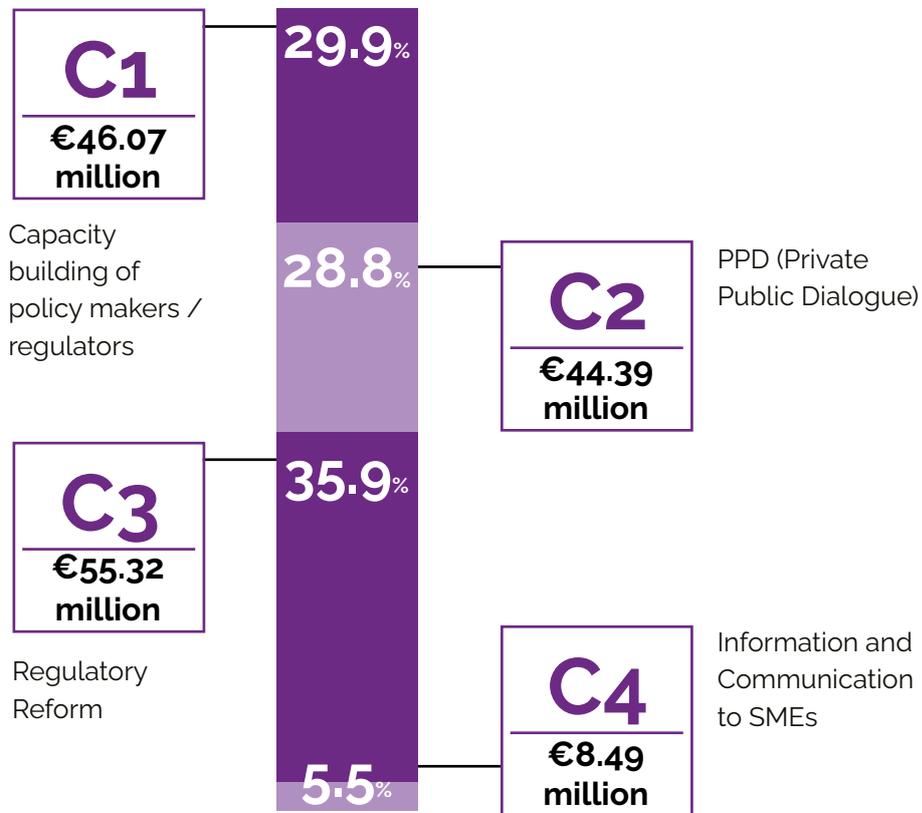
Through this instrument, EU4Business interventions support government to inform SMEs on reforms and implications

for their business and steps to compliance with regulatory reform.

The instruments for improving the business enabling environment were more evenly distributed, with regulatory reform comprising **36%** of BEE, and public private dialogue and capacity-building among regulators and policy-makers representing **29%** each.

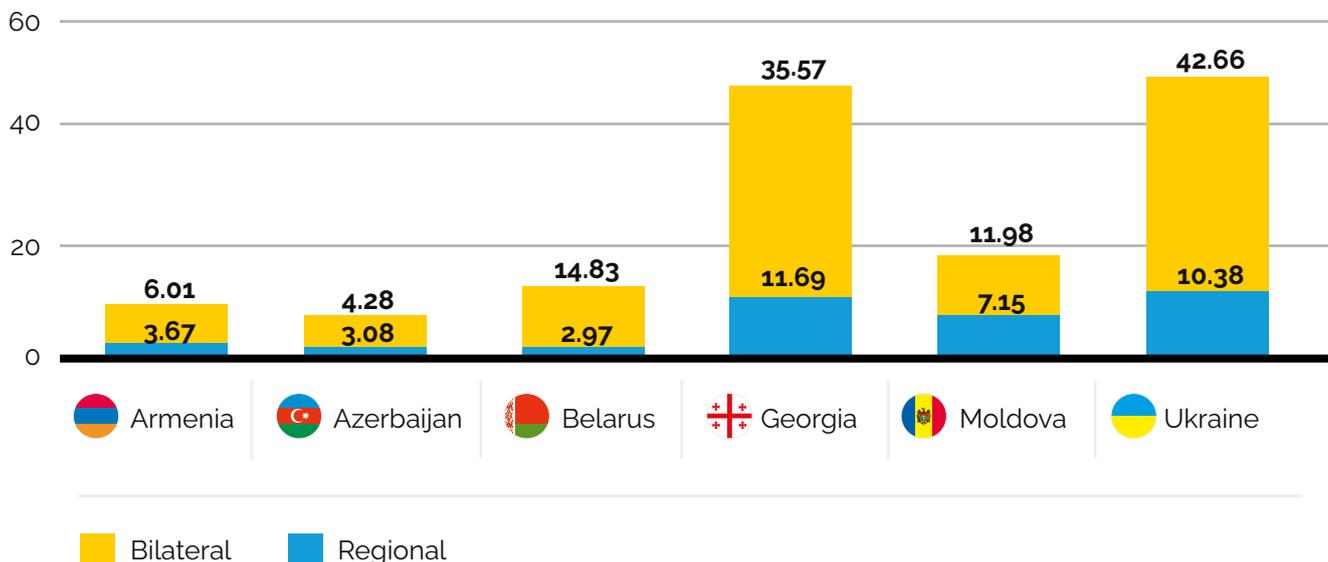
### BEE Portfolio by Instrument\*

\* There might be some round-off errors in some figures throughout the report



By country, EU support to improve BDS was highest in Ukraine, which involved **34%** of all BEE interventions, **80%** from bilateral projects. Georgia represents a further **31%** of BEE interventions, **76%** from bilateral projects, while Moldova and Belarus had **12%** each.

### Budget of BEE Allocations by Country





# [EaP POLICY]

## BEYOND 2020<sup>11</sup>

Launched in 2009 as a joint initiative of the European Union, the Eastern Partnership (EaP) aims to strengthen and deepen the political and economic relations among the EU, its Member States and its six Eastern Partner countries: Armenia, Azerbaijan, Belarus, Georgia, Moldova, and Ukraine.

**Working together towards resilient, sustainable and integrated economies** is one of the main policy objectives of the EU, its Member States and the partner countries under the long-term **Eastern Partnership policy objectives beyond 2020**.

Building on the Partnership's key achievements,

and recognizing that strengthening resilience is an overriding policy priority, the recently-developed objectives set out the measures intended to **foster sustainable development, establish economies that work for all, and ensure tangible results for society**.

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## SME SUPPORT: OBJECTIVES BEYOND 2020



**Structural reforms** are key to supporting economic development, improving governance, attracting foreign direct investment, and increasing economic resilience. By strengthening the partner countries commitment to key reforms, the EU aims to ensure:

- favourable conditions for sustainable **development of trade and investment**;
- a simple, transparent and **reliable business and investment environment**;
- an improved **labour market** and reduced informal work;
- improved **economic governance**.

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<sup>11</sup> Based on the source: [https://eeas.europa.eu/headquarters/headquarters-homepage\\_en/76166/Joint%20Communication:%20Eastern%20Partnership%20policy%20beyond%202020:%20Reinforcing%20Resilience%20-%20an%20Eastern%20Partnership%20that%20delivers%20for%20all](https://eeas.europa.eu/headquarters/headquarters-homepage_en/76166/Joint%20Communication:%20Eastern%20Partnership%20policy%20beyond%202020:%20Reinforcing%20Resilience%20-%20an%20Eastern%20Partnership%20that%20delivers%20for%20all)



**SMEs** represent the most employment in most of the partner countries and are a key driver of shared growth and innovation. The EU will continue to:

- support **access to finance** through guarantee schemes, interest rate subsidies and investment incentives;
- expand its support through **stronger partnership** with IFIs, as well as the European Fund for Sustainable Development (EFSD+) within the proposed Neighbourhood, Development and International Cooperation Instrument (NDICI) and the External Action Guarantee.



To respond to the needs of **start-ups and entrepreneurs**, the EU, together with IFIs, will:

- develop an innovative and smart **financing programme** that includes equity, venture capital, business angels and crowd-funding;
- further strengthen **business support organisations and SME internationalization**;
- facilitate **public-private dialogue** while addressing the need for knowledge and skills to foster **innovation, entrepreneurship and creativity** that match future market needs;
- support **business, particularly women-led initiatives**, and encourage more young people to become entrepreneurs.



Given the urgent need to scale up sustainable investments, working through the **International Platform on Sustainable Finance (IPSF)**, the EU will:

- strengthen its cooperation with partner countries to set up a **financial system** that supports **sustainable growth**;
- share **best practices** with partner countries;
- coordinate efforts on **environmentally sustainable investment**, such as green taxonomies, environmental and climate disclosures, and standards and labels for green financial products.



**In support of digital economies and innovation**, the EU will support EaP governments in developing digital innovation programmes and scaling up highly innovative digital start-ups in the EaP region, through the extension of the Digital Innovation and Scale-up Initiative:

- The EU will help digital **start-ups and SMEs** to improve their **access to finance, better reach into EU markets, and strengthen links with EU innovation ecosystems**.
- EU space-based data and services of the **flagship programmes Copernicus and Galileo** are already available freely and openly.
- The EU will cooperate with Eastern Partnership countries to boost their uptake to enable innovative **start-ups and SMEs and facilitate cross-border business cooperation**.

## TRADE AND ECONOMIC INTEGRATION: RESULTS SO FAR

**During the last decade, EU-EaP trade has nearly doubled, turning the six countries into the EU's 10th largest trading partner.**



The **EU is the top trading block for four partner countries** — Azerbaijan, Georgia, Moldova and Ukraine, while for Armenia and Belarus, the EU is the second biggest trading partner.



These trade relations have led to **diversification in exports of goods** from partner countries, and to better integration in global value chains for those countries.



The number of **companies exporting** to the EU from Georgia has increased by 46%, from Moldova by 48% and from Ukraine by 24%. This clearly reflects the mutual benefits of EaP.

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## TRADE AND ECONOMIC INTEGRATION: OBJECTIVES BEYOND 2020



**Deepen economic integration with and among the partner countries**, especially the three associated countries, through continued support for the full implementation of the current DCFTAs. Depending on ongoing and future reforms, the benefits remaining to be fully reaped from making good on DCFTA commitments are:

- **growth opportunities** for the private sector, as well as higher levels of labour protection;
- better **working conditions and access to compliant and safe products**;
- **legislation that is in line with EU rules and greater capacity** to implement agreed reforms and **facilitate trade**.

The EU will also encourage enhanced cooperation with non-DCFTA countries. Sector-based trade facilitation arrangements of common interest should take economic integration a step further, by involving all partner countries.



**Collaborate and build alliances with the partner countries** on relevant broader, global economic issues in various multilateral fora, including supporting accession to the World Trade Organisation for current non-members as one of the priorities under EaP Policy beyond 2020:

- the EU will support **green transition** in the region;
- the EU will aim at rules-based, undistorted and **fair trade and investment** in clean technologies, green goods and services, and related strategic raw materials.



**Economic integration** of associated countries into the EU's internal market is envisaged in the DCFTAs:

- phased **market access liberalization** continues;
- the EU *acquis* is to be applied in specified areas: public procurement, technical barriers to **trade, market surveillance**, sanitary and phytosanitary measures, customs services, and tax good governance standards.





# [COVID-2019 IMPACT ON LSMES IN EAP]

# THE EU'S RESPONSE

## TO THE CORONAVIRUS PANDEMIC

### IN THE EASTERN PARTNERSHIP<sup>12</sup>

As part of its global response to the coronavirus outbreak, the European Commission is mobilising an emergency support package for Armenia, Azerbaijan, Belarus, Georgia, the Republic of Moldova, and Ukraine:



**€80 million**

for immediate needs



Up to  
**€966 million**

for the short and medium term to support the social and economic recovery of the region

## AT REGIONAL LEVEL

Responding to immediate needs:



**Support to the health sector**  
(€30 million)

- Working with the WHO to supply medical devices and personal equipment such as ventilators, laboratory kits, masks, goggles, gowns, and safety suits.
- Training medical and laboratory staff, and raising awareness across the six countries.



**Support for the most vulnerable groups in society**  
(€11.3 million)

- Grants of up to €60,000 to civil society organisations to respond to immediate needs, such as supporting local schools with distance learning – already available through the EU's regional "Rapid Response Mechanism".
- Launch of the "Eastern Partnership Solidarity Programme" to target the most affected parts of the populations, with sub-grants to smaller, local organisations.

**Limiting the social and economic impact:**

Working closely with International Financial Institutions (IFIs) and financing institutions from EU Member States to provide a coordinated European response as **TEAM EUROPE**

New  
**€120 million**

support programme to help **SMEs**, including self-employed and others to **easily access credit** and **boost their businesses** after the crisis.

Over  
**€200 million**

of existing **credit lines** and grants to **SMEs** in local currency through the **EU4Business** Initiative.

Over  
**€500 million**

available for the EU's Neighbourhood through the EU's major de-risking instrument, the **European Fund for Sustainable Development** (EFSD) to rapidly provide liquidity across the region.

<sup>12</sup> Source: [https://ec.europa.eu/neighbourhood-enlargement/sites/near/files/coronavirus\\_support\\_eap.pdf](https://ec.europa.eu/neighbourhood-enlargement/sites/near/files/coronavirus_support_eap.pdf)

## SUCCESS STORIES

### ARMENIA

## ART LUNCH CATERS FOOD TO 1,500 COVID PATIENTS AND HOUSEBOUND ARMENIANS

Art Lunch, an Armenian enterprise providing food, catering, and hospitality services, has been able to move to an e-marketing model that increased turnover by 78% and improved sales by 31% with support from EU4Business and EBRD. In turn, the company has been supporting Armenia by providing food to 1,500 COVID patients and individuals who have become housebound due to the pandemic.



*"The lockdown provided an opportunity to move into the online business, so renewing our website, for which we got EU4Business support, allowed us to quickly reorient and organize delivery services."*

**Bakur Melkonyan**

Co-Founder and Business Development  
Director of Art Lunch

## 3D PRINTING COMPANY PRODUCES PROTECTIVE EQUIPMENT IN ARMENIA

The EU-supported 3D printing company AugmentAR produced more than 4,000 masks and glasses and donated them to 50 hospitals around the country in response to the Covid-19 crisis.



## BELARUS

### BELARUSIANS LAID OFF DUE TO PANDEMIC BECOME ECO-FARMERS WITH EU ASSISTANCE



Sergei Strok and the Nikolaychuk family are newly-minted farmers who started an agri-business during the pandemic with help from EU4Business and UNDP. They attended a series of workshops on farming technologies, principles of sustainable plant cultivation, sales, financial literacy, and received seeds and seedlings. After harvesting, they will get further assistance in processing and selling their crop.



### NELVA, MAKER OF WOMEN'S CLOTHES, SWITCHES TO MAKING MASKS AND PPE

Nelva, a well-known retailer of women's clothing, with 120 stores across Belarus, Russia and Ukraine, received EU4Business and EBRD support to improve brand visualization and strategy. The following year, the company's revenue grew by 20% and exports grew 45%. During the pandemic, the company switched to producing face masks, making some 15,000 a day and donating 5% of the PPEs to doctors in the Brest region. During three weeks in May 2020, Nelva sewed more than 50,000 protective overalls.

***"Now we produce high-quality masks not with sewing machines, but with special equipment run by four operators making about 15,000 masks a day"***

**Irina Rakhmanova**  
Deputy Director of Nelva LLC



# COVID-19 INFORMATION SUPPORT

## WEBPAGES IN 6 EAP COUNTRIES

In the wake of the global coronavirus pandemic, the resilience of small and medium enterprises has been put to the ultimate test.

The EU4Business team perfectly **understand that SMEs face challenges** to keep their business afloat. Entrepreneurs find it difficult to regularly adapt to newly-emerging regulations and market requirements, maintain the workforce, seek investments and continue operations with limited or negligible cash reserves after the lockdown.

To help SMEs withstand the coronavirus economic challenges, we have **launched unique Covid-19 Information Support platforms for small and medium enterprises** in EaP region. All major local business-related economic opportunities and decisions are brought together there. The web

pages provide guidance on the available measures in order to mitigate COVID-19 impact on business in Armenia, Azerbaijan, Belarus, Georgia, the Republic of Moldova and Ukraine.

On our new web pages, you will find information about **credit and loan opportunities** as well as **grant programmes** available for business within the framework of EU4Business. Specific **support measures initiated by the governments** in 6 EaP countries to support entrepreneurship are also listed as well as a number of COVID-related **resources to get free business advice** and various online services in the local context.

## CHECK OUT THE COVID-19 INFORMATION SUPPORT PLATFORM IN YOUR COUNTRY:



-  **Armenia:** <https://covid-19-armenia.eu4business.eu>
-  **Azerbaijan:** <https://covid-19-azerbaijan.eu4business.eu>
-  **Belarus:** <https://covid-19-belarus.eu4business.eu>
-  **Georgia:** <https://covid-19-georgia.eu4business.eu>
-  **Moldova:** <https://covid-19-moldova.eu4business.eu>
-  **Ukraine:** <https://covid-19-ukraine.eu4business.eu>

We do hope that you, whether you are an SME or support SMEs, will take advantage of the new web pages to stay safe and informed during this time!

ARTICLE:



**Atena Duicu**

Key Expert in SME Policy and Strategy  
at EU4Business Facility

# COVID-19: OVERVIEW OF SPENDING AND STEPS TAKEN BY EAP COUNTRIES TO SUPPORT THEIR ECONOMIES

EaP countries have taken a range of measures to mitigate the socio-economic impact of the COVID-19 crisis. The level of spending as a share of GDP to support economies in response to the crisis varies across the six countries, from 0.71% in Belarus to 8.2% in Georgia. If we compare the spending of the countries in the EaP region to that of selected EU member states, Georgia and Azerbaijan have been spending higher levels to support the economy than some EU member states.

With the exception of Armenia, EaP countries have **focused more on immediate fiscal measures**—mostly unemployment benefits, whereas EU member states have also focused on longer-term measures such as liquidity, guarantees, and equity. EaP countries are also taking a more sector-based approach, whereas EU member states support measures are more horizontal and available to all businesses.

The EU4Business Facility has compiled a **detailed overview of the measures** taken by each EaP partner country to mitigate the impact of COVID-19. The latest figures are included in this article. This

data is regularly updated with the support of local SME experts. The COVID-19: Impact on SMEs in EaP countries weekly digests are published on our website.

EU4Business has also launched a targeted **COVID-19 information for businesses** section on its website to provide up-to-date information to SMEs on the support available in each country.

The IMF has predicted that all EaP economies will contract in 2020. Ukraine is expected to experience the steepest decline, 7.7% of GDP, followed by Belarus with 6%, while Armenia's economy is expected to contract by only 1.5%.



EaP Governments have been taking a wide range of measures to support their economies during the COVID-19 crisis and the unprecedented lockdown. While the support provided varies in terms of scope and depth, it can be categorised into three distinct types:

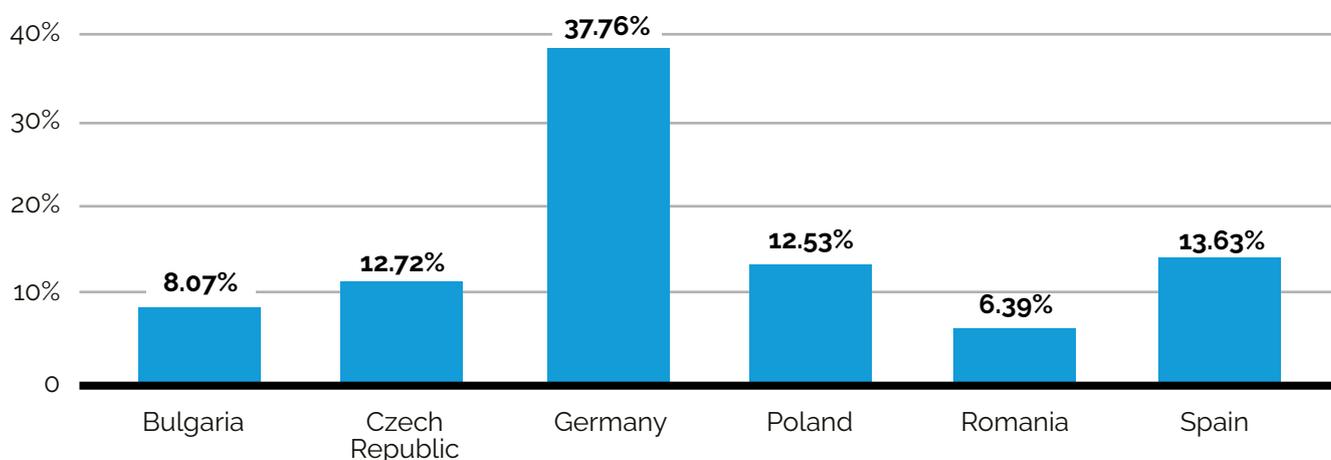
- **1. Immediate fiscal stimulus:**  
 measures that involve direct payment from the state budget, such as extended unemployment benefits, subsidies to companies, cash assistance to citizens, and so on;
- **2. Deferrals:**  
 measures to defer certain payments, including taxes and social security contributions;
- **3. Other liquidity and guarantee measures:**  
 these include export guarantees, liquidity assistance, credit lines through national development banks, and so on.

This article compares the allocation of budget by type of measure as a share of total spending and compares the "level of spending" as a proportion of GDP, to allow for a meaningful comparison of government response across countries.

## SPENDING LEVELS IN RESPONSE TO THE CRISIS

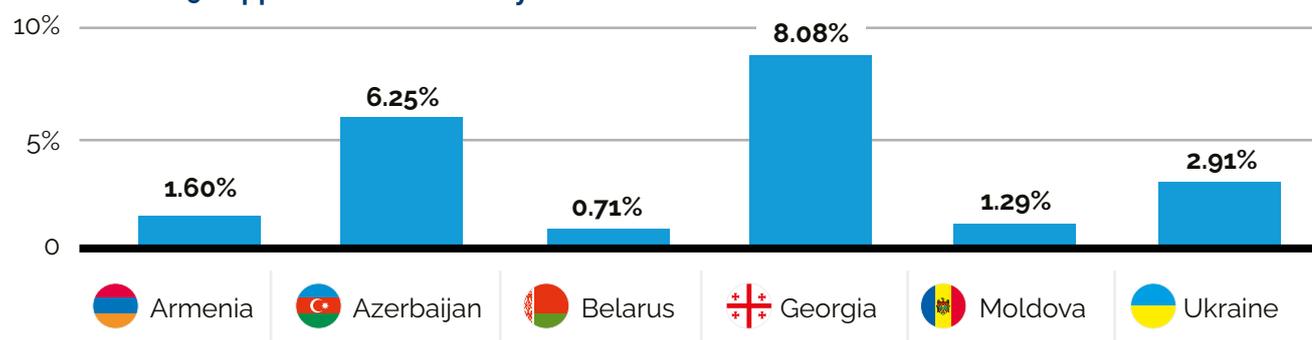
The level of spending as a share of GDP to support the economy in response to the COVID-19 crisis varies across the Governments from **0.71%** in Belarus to **8.2%** in Georgia, as seen in the Figure below. In EU Member states, Government spending also varies—from **6.39%** in Romania to **37.8%** of GDP in Germany.

COVID-19 Measures Across Selected EU Member States



Georgia and Azerbaijan lead the EaP region in level of support for their economies, and these levels are comparable to some EU members, such as Bulgaria at **8.07%** and Romania at **6.39%**. Georgia's spending relative to GDP is, in fact, higher than Romania's.

COVID-19 Support for the economy as share of GDP



## SUCCESS STORIES

### GEORGIA

## HELPING COMPANIES GO DIGITAL DURING TIMES OF SELF-ISOLATION

The Georgita supermarket offers online shopping and delivery service to customers in Tbilisi and outside of the city, which is especially necessary during the lockdown caused by the Covid-19 outbreak. A few years ago, EU4Business and EBRD helped the company establish a solid online presence, including support with its e-commerce platform and developing a mobile application.



## EU HELPS PROVIDE PPE TO PANDEMIC FRONT-LINE MEDICS IN GEORGIA



With support from EU4Business and UNDP, CaucasPack, the maker of plastic cups and food containers, switched to producing face shields, which allowed the company to keep 99 employees on payroll, despite a broader pandemic lockdown.



The company produced 7,500 protective face shields, and medical personnel throughout the country were supplied with 16,000 face shields, all told.

## SUCCESS STORIES

### MOLDOVA



### TOY COMPANY ADDS PRODUCTION OF PPEs FOR MOLDOVAN MEDICS

Igor Hincu, the founder of EduJoc toy company, received a grant from the EU and UNDP to purchase a laser cutting device four years ago. This allowed him to expand his business. Today, he is using this equipment in the fight against COVID-19. Within two weeks, his company produced 24,000 visors and distributed them to 200 hospitals, police departments, and others who are on the front line of fighting COVID-19. EduJoc also produced special boxes for patients in intensive care units to reduce the risk of transmitting the virus.

*"This is a balance in life: good generates more good, when you don't expect it. The EU, or the UNDP staff – they never thought that after four years their support would generate such results during these hard times. We initially said that we will help children and parents. Now we help doctors, the health system, and the whole team of heroes who fight this crisis. Together we will win, because this solidarity, even from a distance, makes us more powerful."*

**Igor Hincu**  
the Founder of EduJoc

### UKRAINE

### WHEN RIVALS BECOME PARTNERS: 1 MILLION MASKS, 12,000 PROTECTIVE OUTFITS, 60 DAYS

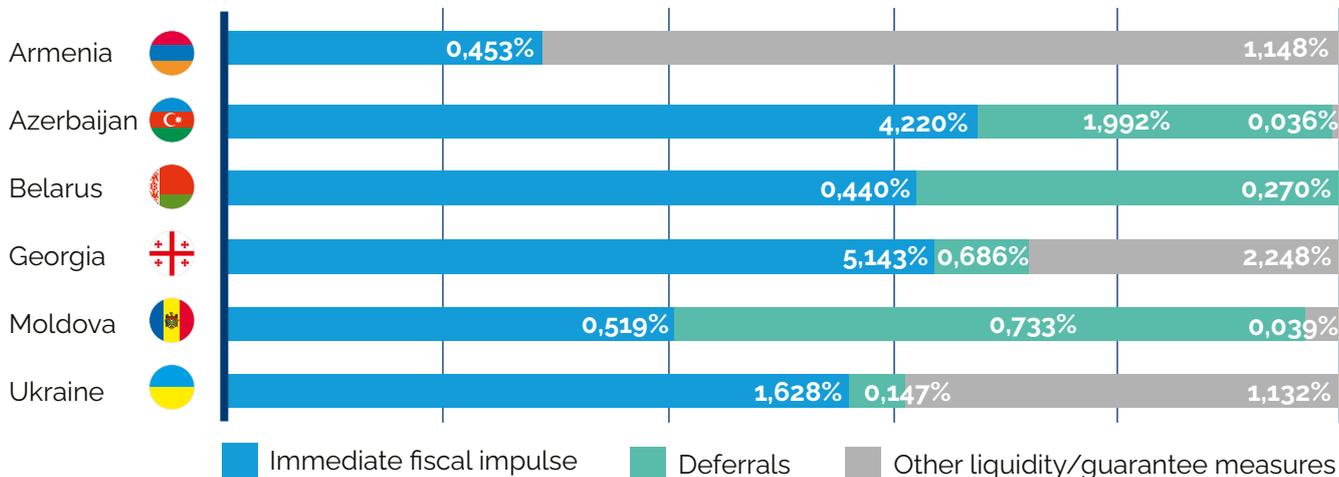
During the two months of Ukraine's quarantine and lockdown, three EU and EBRD supported garment-making clusters in western Ukraine managed to save 100% of jobs, sew 1 million protective masks and 12,000 protective outfits for medics and the public, create an incredible volunteer campaign, and produce many creative ideas.



## THE RANGE OF MEASURES TAKEN

The allocation of budgets by type of measures introduced across the EaP varies considerably, as figure below shows.

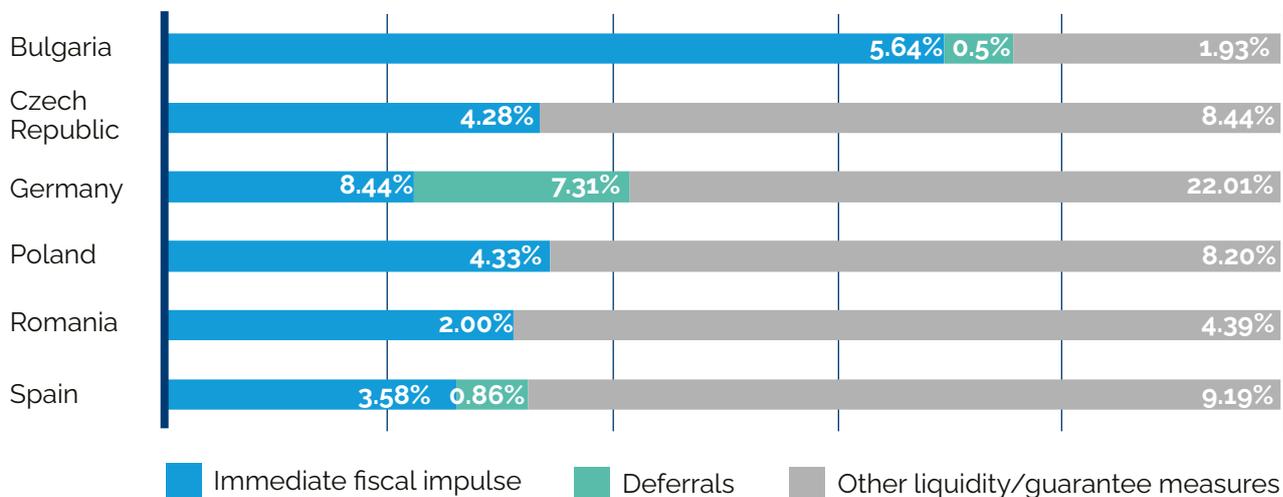
### Allocation of Budget by Type of Measure in EaP Countries (% from GDP)



**Georgia and Ukraine** have been applying the full range of measures, with around 55-60% being immediate fiscal measures, some 30-40% liquidity and guarantees, and 5-10% deferrals. **Armenia** has focused 75% of measures on liquidity and guarantee measures, while **Moldova** has a mix of 50% deferrals such as tax breaks and streamlined tax administration, and 40% in immediate fiscal support, and 5% liquidity and guarantee. **Azerbaijan and Belarus** have focused their efforts around 60%-70% on immediate fiscal measures and 30% – 40% on deferrals.

**EU countries** have demonstrated a rather different range of measures from EaP countries, with most of them focusing a large proportion of efforts, over 60%, **on liquidity and guarantees**. This includes the Czech Republic, Germany, Poland, Romania and Spain. Immediate fiscal measures are highest in Bulgaria at 70%, and around 20-30% in the Czech Republic, Germany, Poland, Romania and Spain, as seen in Figure below.

### Allocation of Budget by Type of Measure in EU Member States (% from GDP)



Another major difference is that some EaP countries, like Armenia, Georgia and Moldova, have introduced specific **support to certain sectors**, such as tourism and hospitality, IT and agriculture, while the support provided by EU member states is less targeted in most countries.



# [ACHIEVEMENTS] LIN 2019

# [ AGGREGATED RESULTS ] ACROSS THE EAP

EU support for SMEs in the EaP is reported here under the EU4Business Initiative. It is an amalgamation of all EU support but, unlike previous years, we are reporting by instrument rather than by project under the three types of intervention — A2F, BDS and BEE. This allows us to isolate and present results by country, intervention and/or instrument in a meaningful way, which, in turn, enables our readers to analyse and assess EU support more thoroughly.

In 2019, the EU disbursed

# €187.7

million to support SME growth in the EaP



Reflecting the number and budgets of active projects in each country, 40.4% of support to SMEs was in Georgia. Since support and spending include both regional and bilateral projects and programmes, this higher level of spending reflects the priorities of Georgia's Government regarding SME development in EU national programmes as well as the absorptive capacity of SMEs to take advantage of regional projects.



**Business enabling environment**

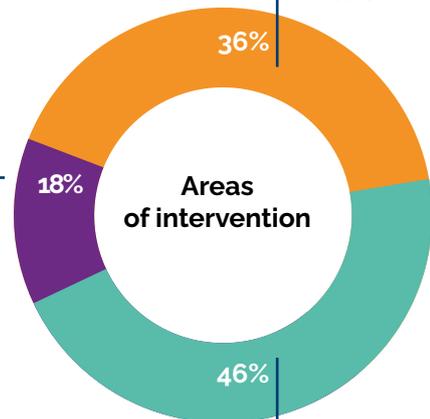
€33.8 million

EU support to Ukraine was 25.3% of total spending in 2019, followed by Moldova with 13.7%, and the remaining three countries below 10% each:



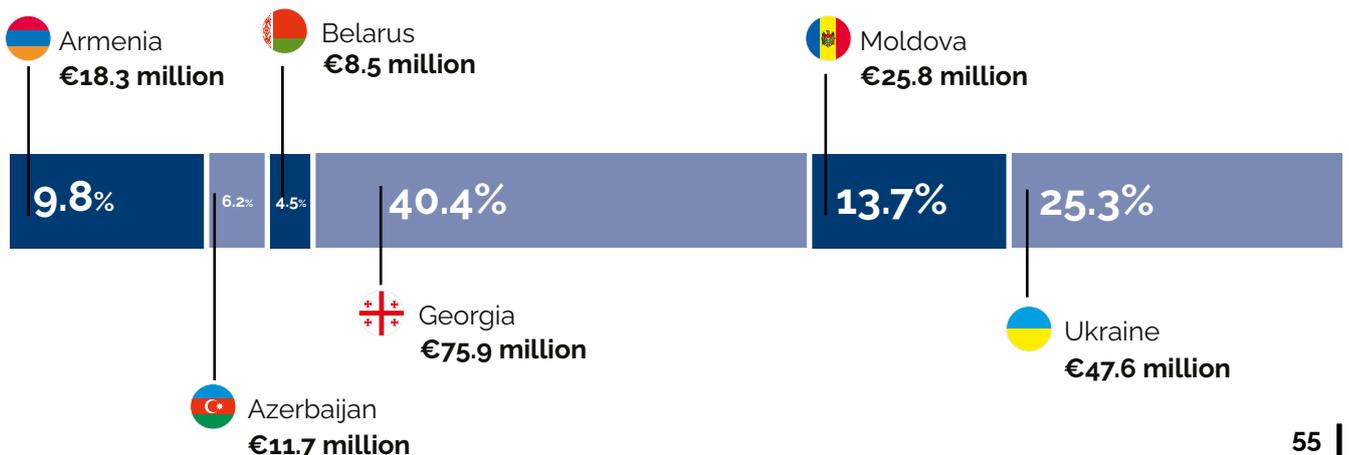
**Access to finance**

€68 million



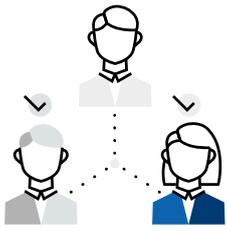
**Business development services**

€85.9 million



# NUMBER OF SMES SUPPORTED\*

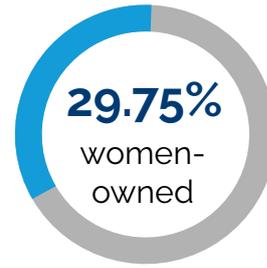
Overall, the EU supported a massive



# 78,995

## SMES

across the EaP in 2019



were supported through

**91.2%**



improved business development services (BDS)

**8.8%**



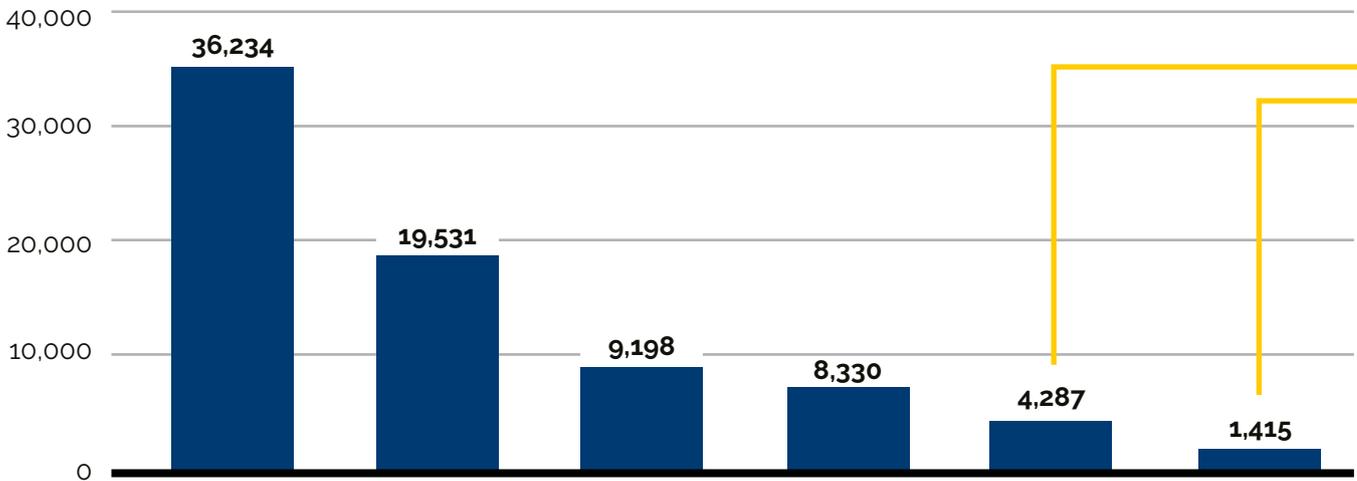
access to finance (A2F)



While improvements to the business enabling environment (BEE) would support and benefit a whole range of SMEs, this has not been included in the analysis.

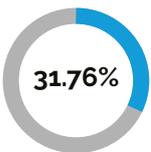
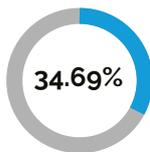
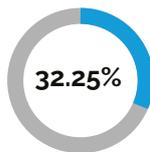
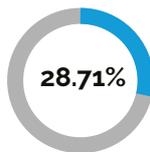
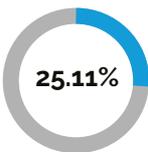
### SMES

This disbursement of funds meant that EU support in Georgia assisted **36,234** SMEs (**46%**), followed by **19,531** in Moldova (**25%**) and **9,198** in Azerbaijan (**12%**).



Georgia Moldova Azerbaijan Armenia Ukraine Belarus

female-owned business



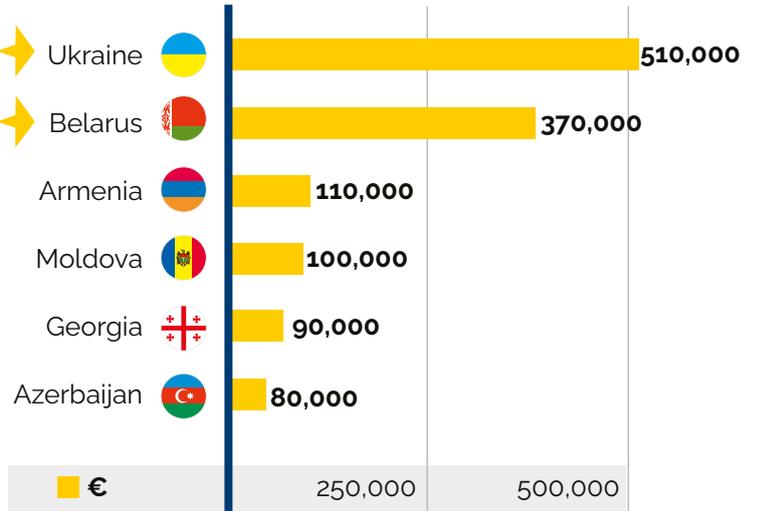
In terms of gender, EU projects in Armenia support the highest proportion of **female-owned business**, at **35%** of the total, followed by **32%** each in Azerbaijan and in Ukraine. EU projects in the other three EaP countries support **25-29%** female-owned business of the total number of SMEs.



Although far fewer SMEs were supported in Ukraine, the total turnover of these SMEs ranks second highest in the group, in line with funds disbursed.

Although Ukraine accounts for **25%** of disbursements of EU funding in support of EaP SMEs, it only accounts for **5%** of the number of SMEs supported. This is because there is a big difference in the size of SMEs supported in different countries. On average, SMEs supported in Ukraine have an annual income of over **€500,000**. That is well above the regional annual average income of SME supported — **€123,000**.

Average Turnover of Supported SMEs by country



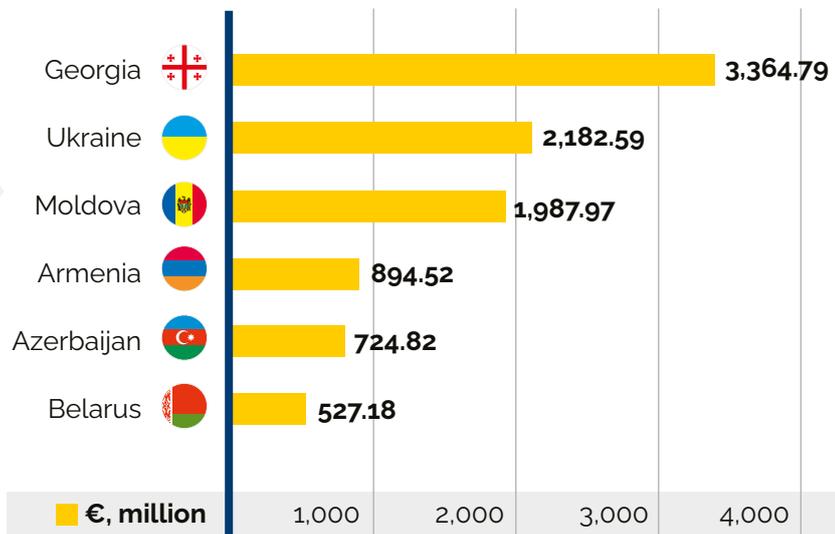
The average size of SME supported in Belarus is larger than the regional average, with annual income of **€370,000**.

In the remaining countries, the EU supports SMEs with average incomes of between **€80,000** and **€110,000**.

Total Income of Supported SMEs

Eastern Partnership

**€9,681.87**  
million



# INCREASE IN TURNOVER

↑ Across the region, SMEs supported by the EU grew on average in 2019 by

**+16.1%**

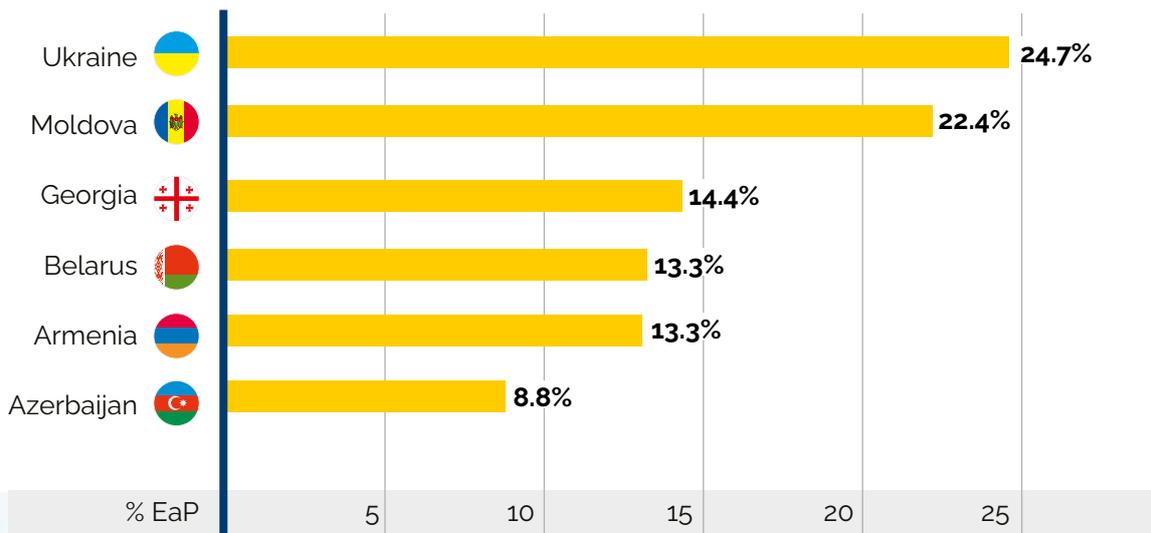


**€1.3** ↑

billion

extra income generated by SMEs for their domestic economies

At **24.7%** and **22.4%**, SME growth rates were much higher than the average in Ukraine and Moldova. In contrast, SMEs supported by the EU in Azerbaijan grew slowest, at **8.8%** in 2019, perhaps reflecting that Azeri SMEs were the smallest in the region, while Ukrainian SMEs were the largest.



# NUMBER OF SUSTAINED JOBS

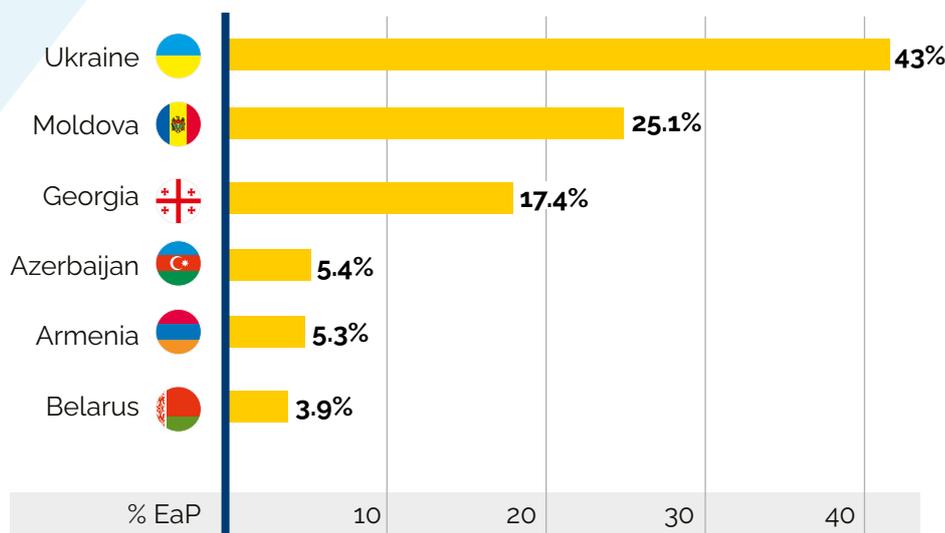
EU-supported SMEs in the EaP employed

**672,584**  
people in 2019



with the average SME supported by the EU employing

**8.5**  
workers



The largest number of jobs in EU-supported SMEs was in Ukraine, accounting for **43%** of all jobs sustained in the EaP. This reflects the larger average-sized SME in Ukraine, with incomes averaging **€500,000** compared with an EaP average of **€100,000**. Moldova accounts for **25.1%** of jobs sustained and, despite reflecting the largest share of SMEs supported (**46%**), Georgia accounts for **17.4%** of all jobs sustained at EU-supported SMEs. Azerbaijan and Armenia account for **5.4%** and **5.3%**, while Belarus represents only **3.9%**.

The number of jobs sustained in EU-supported SMEs largely reflects the size of enterprises supported in each country with the average supported SME in Ukraine employing **67.4** and an average annual income of **€500,000**. Similarly, Belarus's EU-supported SMEs employ on average **18.4** and have an income of **€370,000**. On the other hand, SMEs supported in Georgia, Azerbaijan and Armenia employ **3.2**, **3.9**

and **4.3** workers and have average annual incomes of **€90,000**, **€80,000** and **€110,000**. Although Georgia generates the fewest workplaces relative to the size of SME supported, this indicates a higher income and higher added value per employee in that country. By contrast, Moldova generates the second largest employment after Ukraine, with **8.6** jobs sustained per **€100,000** income.

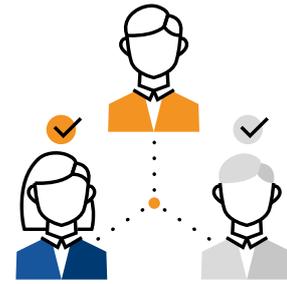
	Average jobs/ supported SME	Average income/ supported SME	Number of employees/ €100,000 income	Average annual income/employee at supported SME
Ukraine	67.4	€500,000	13.5	€7,418
Moldova	8.6	€100,000	8.6	€11,627
Georgia	3.2	€90,000	3.6	€28,125
Azerbaijan	3.9	€80,000	4.9	€20,513
Armenia	4.3	€110,000	3.9	€25,581
Belarus	18.4	€370,000	4.9	€20,109

# NUMBER OF JOBS CREATED

In 2019, EU-supported SMEs in EaP countries generated

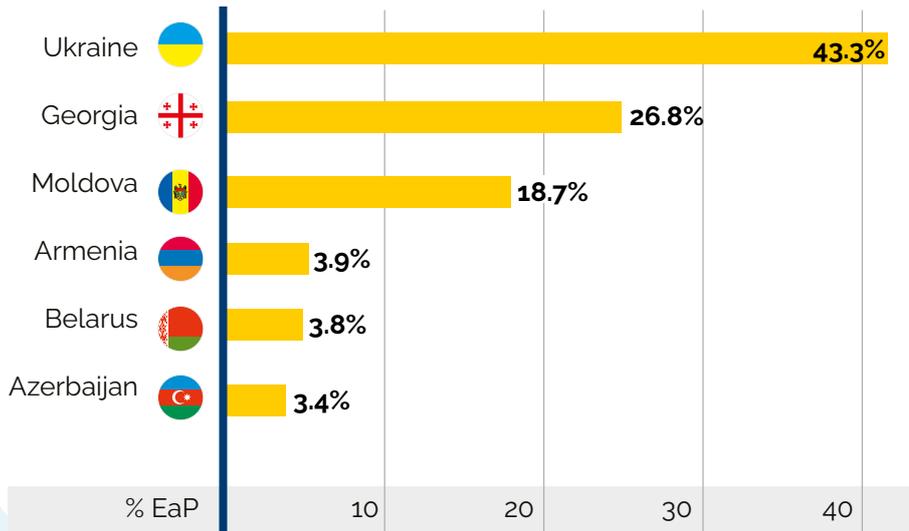
**117,254**  
new jobs

**+21.1%**  
growth



From an employment perspective, EU-supported SMEs in Ukraine and Moldova sustain the highest number of jobs per €100,000 income, whereas supported SMEs in Georgia generate the highest income per employee at **€28,125**. This shows that targeting SMEs could be used to achieve different policy objectives, such as employment versus employment in added value, across the EaP.

Ukraine accounted for **43.3%** of this growth, Georgia **26.8%** and Moldova **18.7%**.



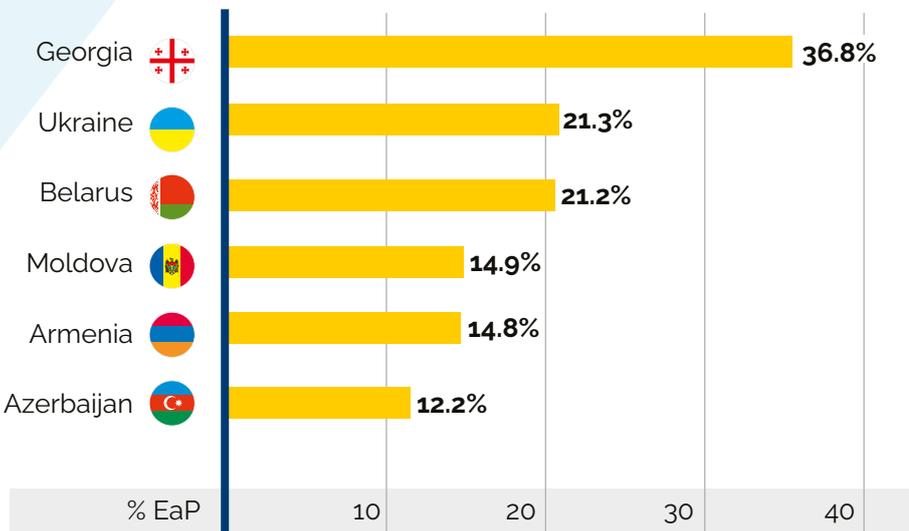
# JOB GROWTH IN EU-SUPPORTED SMEs

**+21%** increase in staff amongst EU-supported SMEs



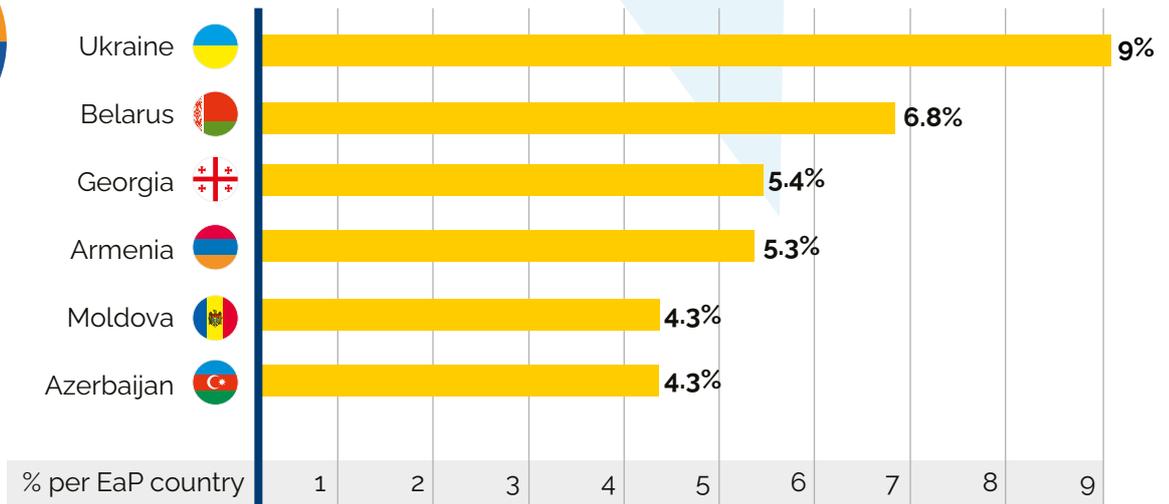
Perhaps what is more interesting is that the highest growth rate in jobs among SMEs supported by the EU was in Georgia, which experienced a **36.8%** increase.

As shown above, Georgia may not be sustaining the highest proportion of jobs, or generating the highest number of new jobs, but the growth rate is highest, as is income per employee, indicating high growth rates in high quality jobs.



## INCREASE IN EXPORTING SMEs

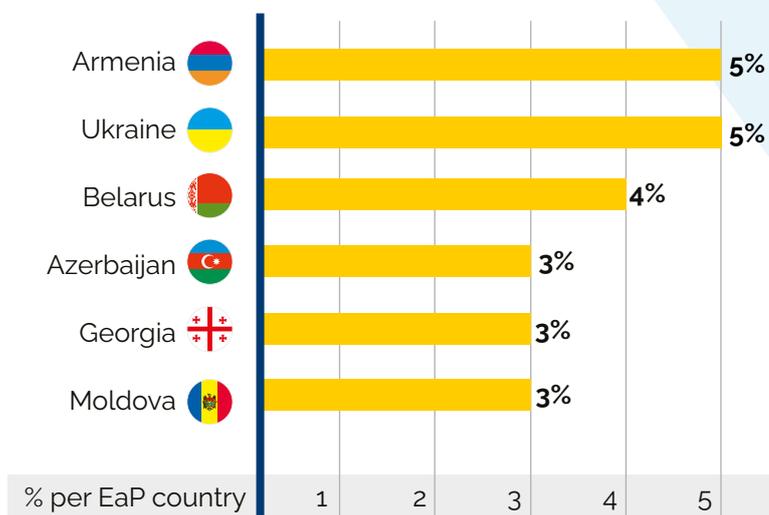
↑ **+5.85%** EU-supported SMEs engaged in exporting



## INCREASE IN SMEs' EXPORTS

Among those EU-supported SMEs that export, export growth in 2019 averaged

↑ **+3.8%** across the EaP



Growth in exports of supported SMEs did not vary much amongst countries, with EU-supported exporters in Armenia and Ukraine increasing exports by **5%** at the higher end and Moldova, Georgia and Azerbaijan exports growing by **3%**.

## SUCCESS STORIES

### BELARUS

## SUOMIKIDS KEEPS BELARUSIAN BABIES WARM

SuomiKids, a Belarusian brand selling warm clothes for children, took out the EU— and EBRD supported loan worth US \$400,000 at Idea Bank to expand its retail network. The company also turned to consultants to find out about expanding to foreign markets, advertising strategies, developing an incentives system for employees and a loyalty system for customers. As a result, SuomiKids doubled its customer base, increasing its working capital by 116% and sales by 80%, and its brand had become much more visible.



*"In Belarus, small business loans are given out very reluctantly. So it was a complete surprise that, just 10 days after we called the bank, the loan was issued. This is something that never happens in any domestic bank."*

**Irina Serezhonok**  
the Co-Founder  
of SuomiKids



# RESULTS BY INTERVENTION



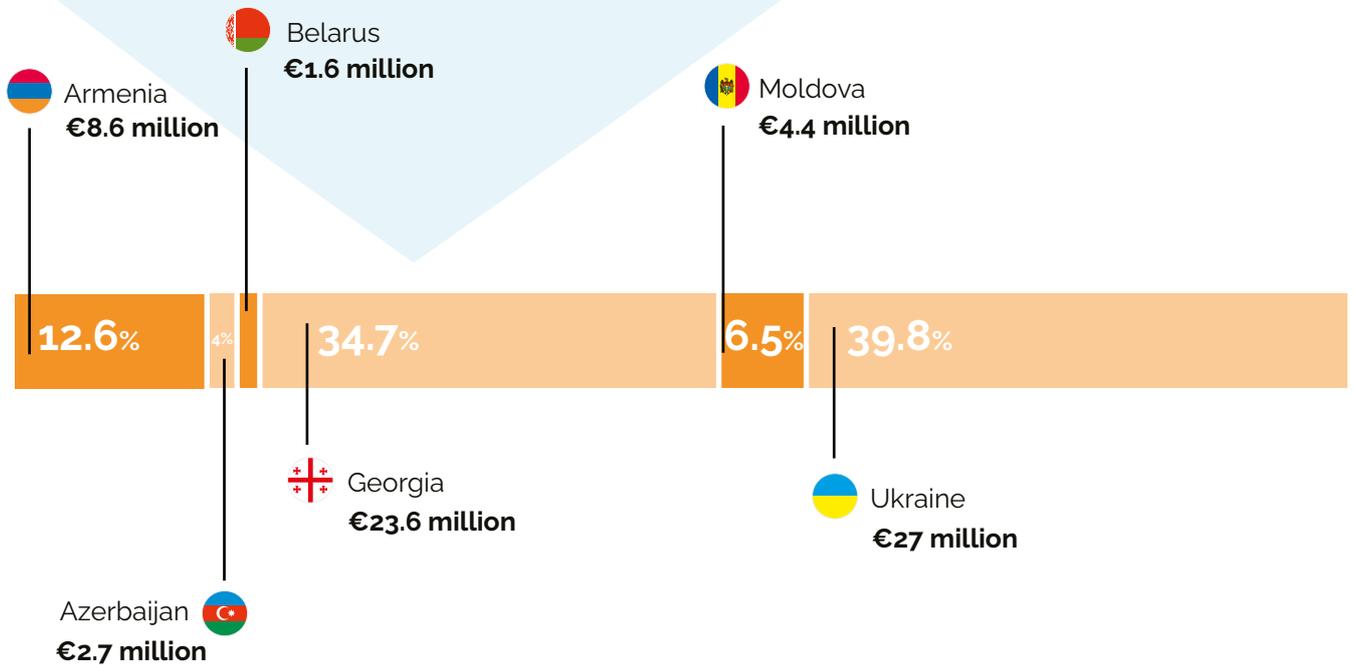
## ACCESS TO FINANCE (A2F)

The amount of EU funds disbursed for improved access to finance for SMEs in the EaP in 2019

**36%**

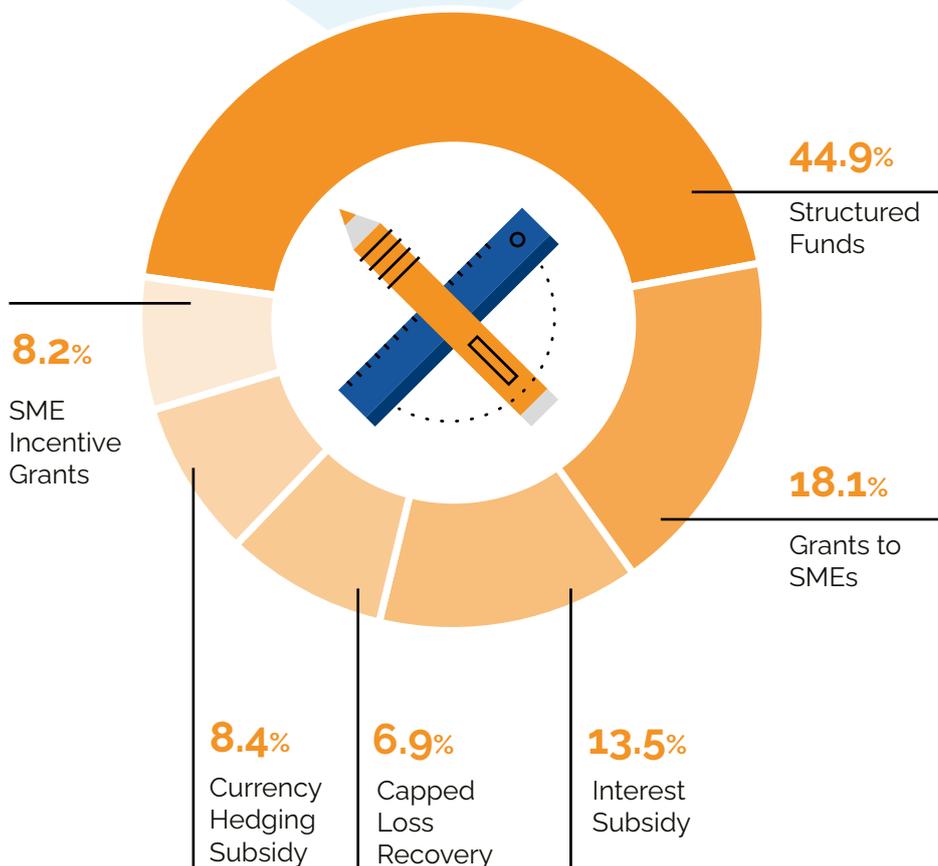
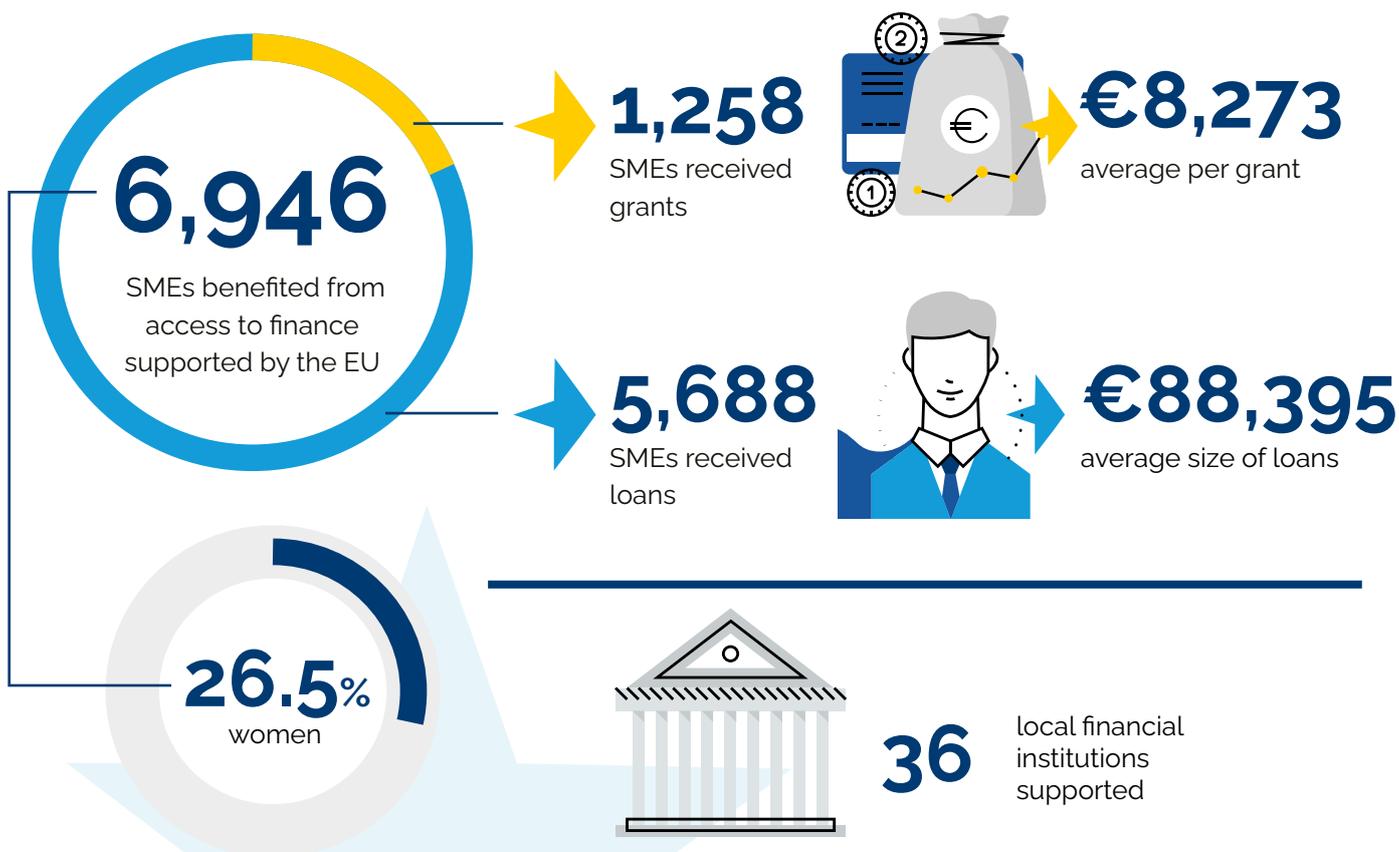
Total EaP

**€67,984,210**



The majority of A2F support went to Ukraine (39.8%), followed by Georgia (34.7%) and Armenia (12.6%).

In 2019, **€55.38 million** was disbursed through international financial institutions (IFIs) to leverage almost **€504 million** in loans to SMEs through national partner financial institutions (PFIs) across the EaP.



In terms of A2F instruments, all except direct grants to SMEs were used to leverage loans through commercial channels. Most lending was derived through structured funds, representing **3,116** loans. The most important of these funds was EFSE and reflected **44.9%** of all SMEs benefiting from EU A2F. Direct grants to SMEs were the second most widely used instrument to benefit SMEs, with **18.1%** of SMEs supported receiving a direct grant.

## MOLDOVA

### A CREDIT ALLOWS VASCONI, A MOLDOVAN CLOTHING BRAND, TO GROW

VASCONI, a Moldovan clothing brand, received a €20,000 loan from EU4Business and the EBRD that helped transform the company over several years into a modern, technologically savvy business with 114 employees.

## SUCCESS STORIES



*"The EBRD-EU4Business credit line allowed us to buy modern software that lets us manage the business based on the latest standards. Many work processes are now automated, allowing employees to allocate time usefully to other activities."*

**Constantin Cojocari**  
CEO of VASCONI



### 1,500 HAPPY PIGS ON THE DNIESTER RIVER, THANKS TO AN EU GRANT

A loan provided by EU4Business and UNDP helped Vitali Radulov put his idea into practice. With a grant of €10,000, the young farmer bought a special breed of low-fat pigs from Holland. When he started his business, he had 120 pigs. Today, his farm boasts 1,500 hogs.



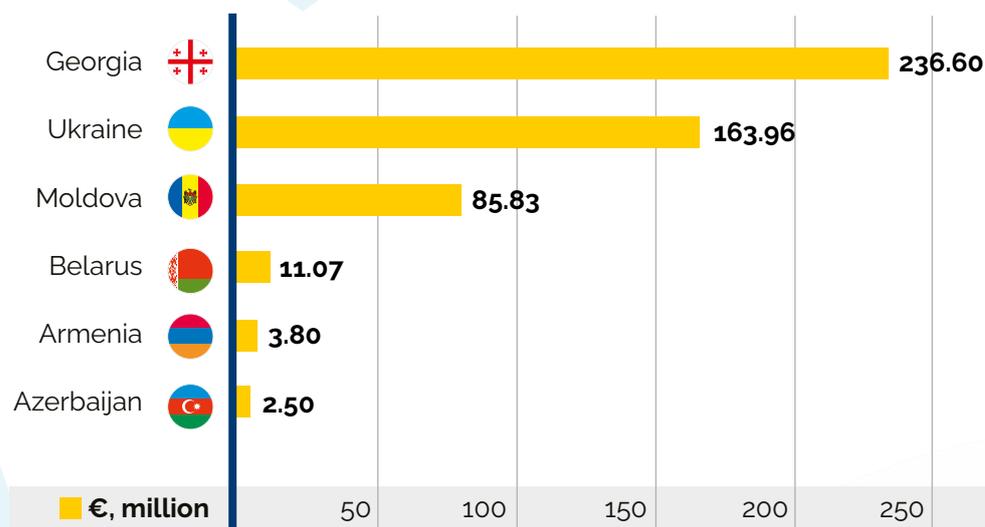
## VOLUME OF LOANS TRIGGERED IN EASTERN PARTNERSHIP

total volume of loans triggered across the EaP

# €503.76

million

In terms of the total volume of loans across the EaP, **47%** were leveraged in Georgia, followed by Ukraine **32.6%** and Moldova **17%**. Lending in the remaining three countries was marginal.

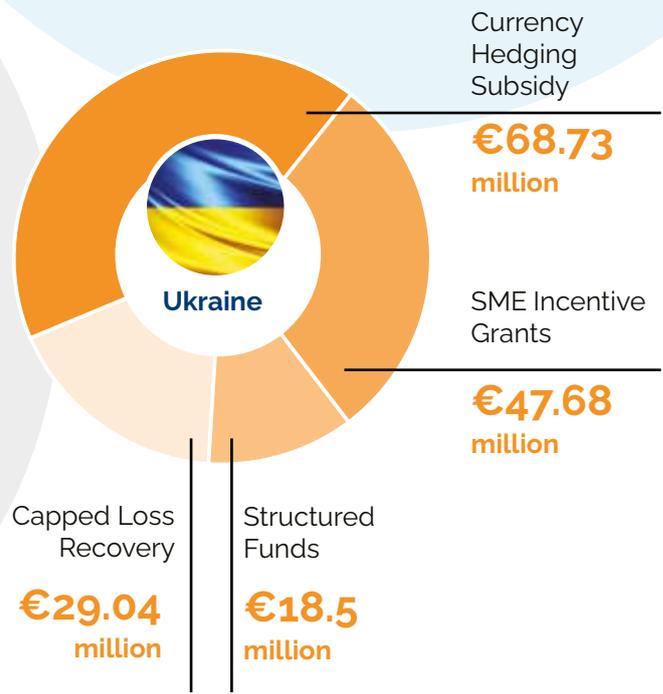
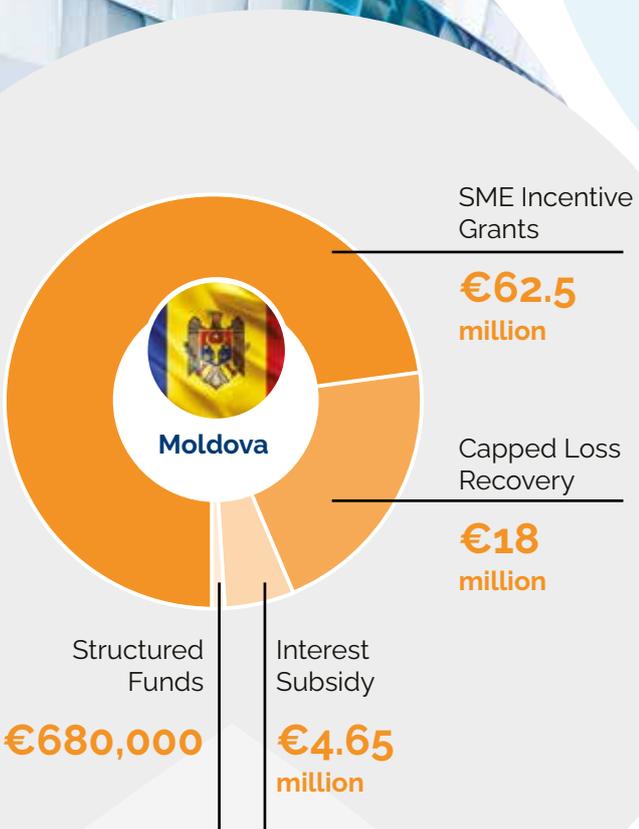
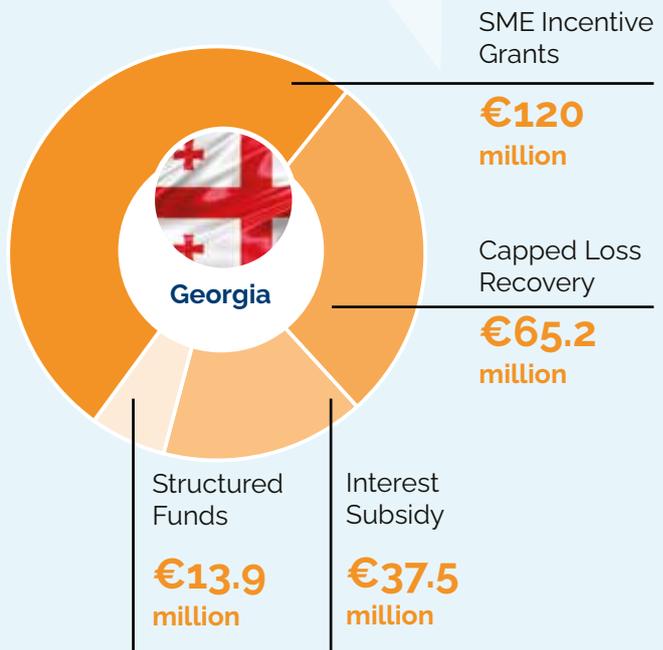
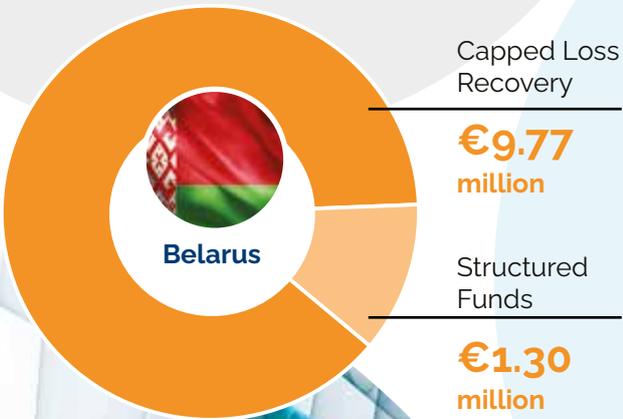
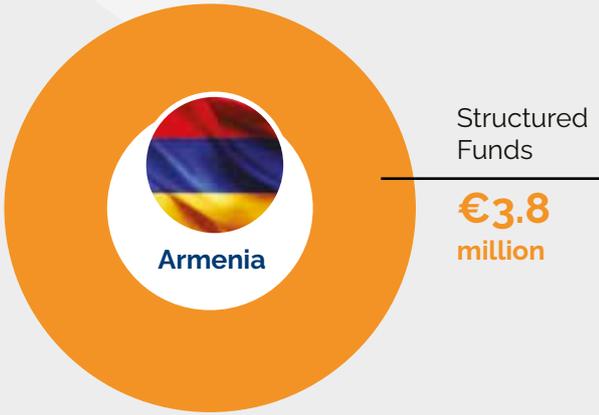


## VOLUME OF LOANS TRIGGERED BY COUNTRY

A wide variety of instruments were used to provide better access to finance in each EaP country.

In Georgia, **2,956** SMEs, **28%** of which were owned by women, were provided with access to finance, with **11%** receiving grants. The remaining **55%** received loans through structured funds, **27%** received loans at subsidized interest, and **6%** received loans with incentive grants. By contrast, **100%** of A2F in Azerbaijan was lending through structured funds.

Armenia and Moldova have the highest proportion of direct grants to SMEs, **31%** each, followed by Belarus with **29%** and Ukraine with **23%**. Currency hedging is only used in Ukraine and it accounts for **44%** of support to SMEs. SMEs benefit from capped loss recovery instruments mostly in Belarus, at **69%** of all access to finance, while **16%** SMEs in Ukraine benefit from this instrument. Incentive grants or interest subsidies were used mostly in Moldova, where more than **70%** of benefiting SMEs accessed loans through these instruments.



A man with dark hair and a beard, wearing a blue suit jacket over a white shirt, stands with his arms crossed in front of a modern, multi-story building with large windows. The background is slightly blurred, focusing attention on the man.

## GEORGIA

### YOUNG ENTREPRENEUR TURNS ABANDONED BUILDING INTO INTERNATIONAL HOTEL IN TELAVI

Financing by EU4Business and the EBRD helped 27-year-old Levan Eristavi turn an abandoned building into an international hotel under the Holiday Inn brand. In the process, Eristavi generated 65 new jobs and attracted thousands of tourists to Telavi, Georgia.

*"The EU4Business-EBRD credit line unlocked our potential. Our team had the idea, but we could never have managed to put together such a major investment project on our own."*

**Levan Eristavi**  
co-owner and the director  
of Holiday Inn Telavi

ARTICLE:



by **Jonathan First**,  
EU4Business Expert on  
Impact Investment

# IMPACT INVESTING 101

In response to the gap between the world we have and the world we would like to have, the impact investing market has been growing around the world. The narrative around impact investing challenges the existing capital systems and the inequitable distribution of wealth. It also highlights the large segments of society that are excluded and the inability of governments and taxpayers to continue to shoulder the burden of corporate externalities being effects to the environmental and social costs they create). Like all emerging markets, the EaP countries have their own challenges in reallocating resources, which require the delivery of impact alongside risk and return.

## WHAT IF...

we could bring together the very best of multilateral, regional and local development agencies together with local partner financial institutions or PFIs and their clients to find solutions to challenging social and environmental problems as framed and guided by sustainable development goals (SDGs)

## WHAT IF ...

we could unlock billions of Euros of additional investment to tackle these challenges, which would stimulate business activity, economic growth and reduce the burden of fiscal constraints on national governments in dealing with environment, social and governance (ESG) commitments

Impact investing is one way to do this. Impact investors can make this happen where they look for positive social, environmental and governance change while generating a financial return.

Impact investing allows business to realize that "doing good" and "doing well" are not mutually exclusive. Once they realize this, they can attract concessional capital to their businesses, which

should then lead to "crowding in," of private sector impact based investment

The purpose of the Impact investing, then, is to contribute to a more equitable distribution of wealth, not by applying social policy or social responsibility, but by incentivizing commercially-oriented private investments into SDG areas.

# HOW DOES IMPACT INVESTING WORK?

"Investments made into companies, organizations, and funds with the intention to **generate measurable social and environmental** impact alongside a **financial return**. There is an explicit intention on the part of both investor and investee to **create and measure that impact**."

**Impact measurement is aligned to enable ESG impacts and achieve related SDGs.** The theory is that these investments will outperform the market, as value is protected through sustainable investment selection and responsible portfolio management. It takes investment from the realm of "risk and return" to "risk, return and impact"

## INTENTIONS AND GOALS OF ORGANISATIONS IN THE IMPACT ECONOMY

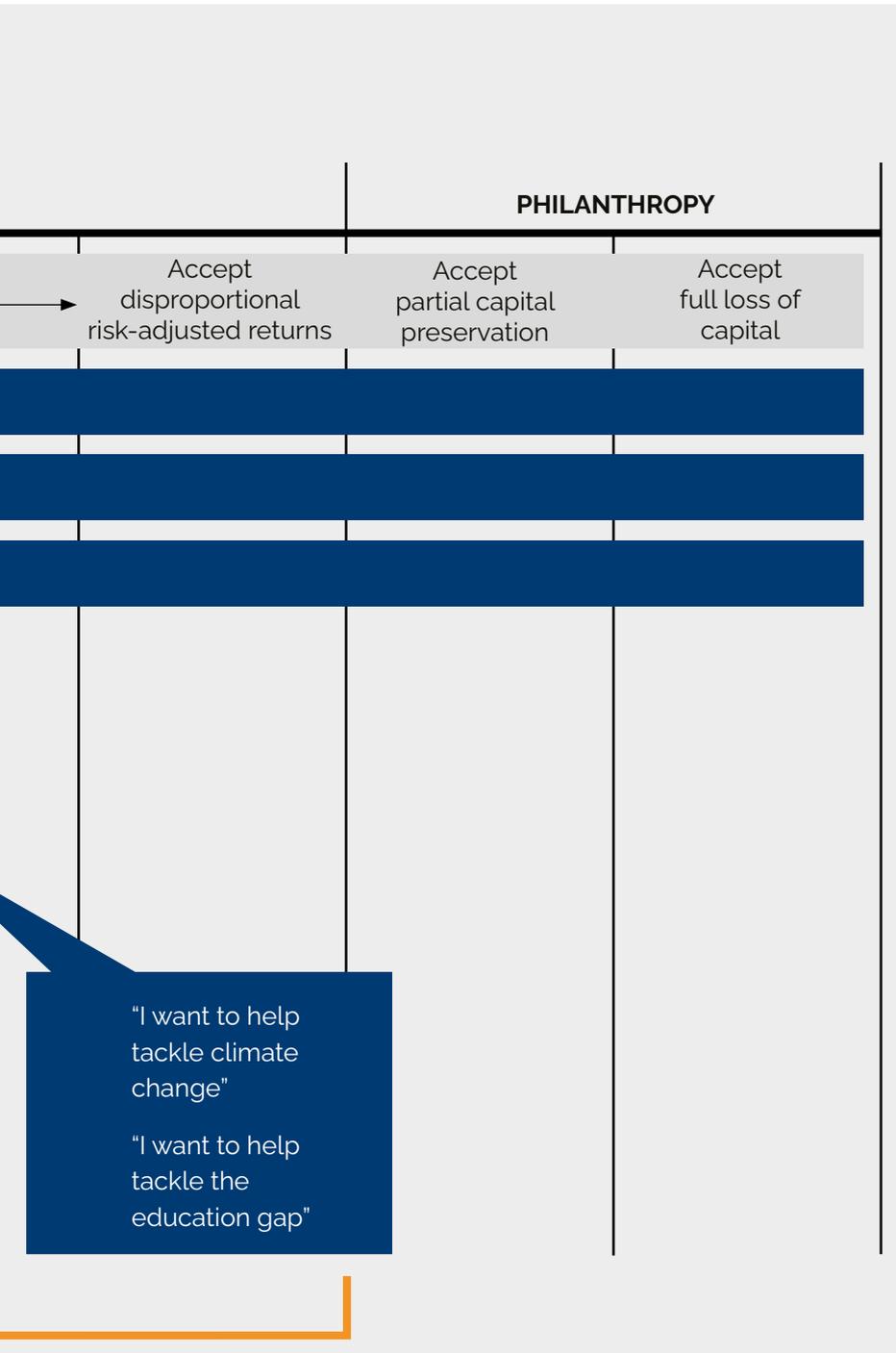
Approach	TRADITIONAL	RESPONSIBLE	SUSTAINABLE	IMPACT-DRIVEN
Financial goals	← Accept competitive risk-adjusted financial returns →			
Impact goals		<b>Avoid harm</b>	<b>Benefit all stakeholders</b>	
	<b>Don't consider</b>	<b>Avoid harm</b>	<b>Benefit</b>	<b>Contribute to solutions</b>
	May have significant effects on important negative outcomes for people and the planet	Try to prevent significant effects on important negative outcomes for people and planet	Affect important positive outcomes for people & planet	Have a significant effect on important positive outcome(s) for underserved people or the planet
Intentions	"I am aware of potential negative impact, but do not try and mitigate it"	"I have regulatory requirements to meet" "I want to behave responsibly"	"I want businesses to have positive effects on the world, and help sustain long-term financial performance"	

THE "IMPACT ECONOMY"

# HOW DO WE MOVE FROM TRADITIONAL TO IMPACT INVESTING?

Within the context of the Impact Economy, impact investing moves funding away from the traditional approach to being responsible and sustainable by

introducing "impact" in a way that it is measurable and can be reported. This is the defining aspect of impact investing.

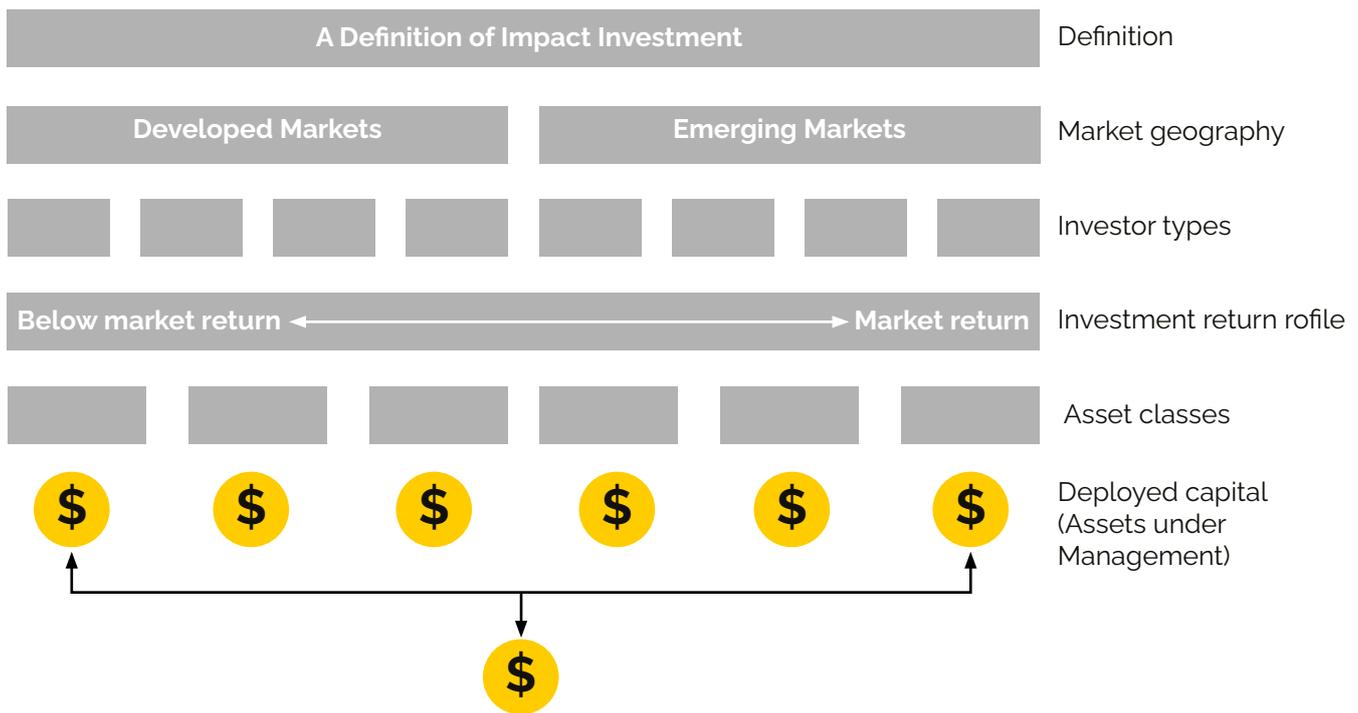


## WHAT ARE THE BUILDING BLOCKS OF IMPACT INVESTING?

Impact investing uses building blocks that define and contextualize its approach. The global principles are developed and enunciated through the Global Steering Group (GSG) but, for impact investing to be successful, it must localize either on a regional or national basis. The regional approach assumes a harmonized geopolitical and economic group of countries.

A further consideration and a most important one is the features of local capital markets, both debt and equity, how local financial institutions and institutional investors interact, and what government policies and regulations are in place regarding "investable assets," especially pension funds.

## BUILDING BLOCKS FOR A MARKET SIZING METHODOLOGY



## THE BENEFITS OF IMPACT INVESTING



### Increase the supply of capital available for profit-with-purpose businesses

Funding from development finance institutions is now almost all impact-based—certainly from the IFIs that the EU Support. They, in turn, are the catalyst for the “crowding in” of private sector capital and blended capital, where there is a significant movement by private sector investors to provide capital that is impact-driven based on the SDGs and ESG commitments.



### Improve the match between impact capital and investable opportunities

The development of an investment pipeline is an integral prerequisite of impact investing. Any program, which is already established and operational, has an existing process of pipeline development that makes the shift to impact investing simpler, compared to starting from scratch. This pipeline can then be matched with the funds available, where the concessional part is already mostly provided by the IFIs.



### Support the development of a pipeline of businesses to address challenges associated with the SDGs.

Approaches and methodologies have been developed by already-established impact investing associations and can be adapted to this by any new program in the EaP. Evaluations of the pipeline process will determine “green or red” with regard to meeting the SDGs that underline impact investing.

## IN TERMS OF THE PROGRAM, AT LEAST 6 SDGS ARE EXPECTED TO BE SUPPORTED:

-  Decent work & economic growth
-  Industry, innovation and infrastructure
-  Reduce inequality
-  Sustainable cities & communities
-  Responsible consumption & production
-  Climate action
-  Partnerships to achieve goals

## ESTABLISH AN ENABLING ENVIRONMENT TO INCREASE THE USE OF IMPACT INVESTING, INCLUDING IMPACT MEASUREMENT OF ESG COMMITMENTS, MANAGEMENT STANDARDS AND REGULATORY ENABLERS



Impact investing in the EaP countries will benefit from a growing and now well-established movement around impact measurement developed and implemented by the Global Impact Investing Network (GIIN) formed over a decade ago.

## THE GLOBAL IMPACT INVESTING NETWORK (GIIN)

Formed over a decade ago, the Global Impact Investing Network is the global innovator of impact investing, dedicated to expanding the scale and effectiveness of such investment around the world

Through GIIN's efforts, ESG indicators are integrated into different frameworks including UNPRI, FTSE,

Russell's ESG Ratings, Equator Principles, and the UN Global Compact.

GIIN can provide support for the development of impact investing in the EaP region, like it has in the other 19 countries where impact investing national advisory boards (NABs) have been established.

# THE ESSENTIAL ATTRIBUTES OF IMPACT INVESTING

## Identifying and developing an investable pipeline of SMEs

SMEs are undeniably one of the key drivers of economic growth, job creation and community development in emerging countries. This effect is often greater when such SMEs are impact enterprises.

Despite this, there is a persistent SME credit funding gap that the EU4Business Program has recognized. Improved access to capital for such enterprises

would build livelihoods, tackle inequality, and support economic growth.

Part of the implementation of an impact investing NAB will be setting up a Demand-side Working Group dedicated to supplementing and supporting the SME funding program but focusing far more on sustainability and socio-economic impact.

## Identify the "supply" of funding on a blended finance basis that supports impact investing.

TYPE OF INVESTOR	TRADITIONAL INVESTING	RESPONSIBLE INVESTING	SUSTAINABLE INVESTING	MARKET RATE RETURNS	BELOW MARKET RETURNS	PHILANTHROPY
		Delivering competitive financial returns				
		Benefit all stakeholders Environmental, Social and Governance (ESG) risks				
			Avoid harm and mitigate ESG risks			
				Creating high impact solutions		
Example investors	Pension Funds, Medical Schemes, Insurers, Banks, PE funds	DFI's, Pension Funds, Medical Schemes, Insurers, Banks, PE funds	DFI's, Pension Funds, Medical Schemes, Insurers, Banks, PE funds	DFI's, Pension Funds, Insurers, Banks and other impact investors	Foundations, DFI's and other impact investors	Development agencies, Foundations
Focus	Limited or no regard for ESG practices	Acting to avoid harm	Mitigate risky ESG practices in order to protect value OR Adopt progressive ESG practices in portfolio decisions	Address societal challenges that investors that generate competitive financial returns for investors	Address societal challenges that require a below-market financial returns and / or higher risk for investors	Address societal challenges that cannot generate a financial return for investors and grants or subsidies are required

## Develop the ability to measure, verify and report on impact investing.

This needs to be done within the context of existing frameworks, such as IRIS, that are designed to support all three pillars discussed here. They must,

however, be tailored to the businesses supported by impact investing. **Investors themselves need to form and drive this aspect of impact investing.**

## WHAT IS IMPACT MEASUREMENT AND MANAGEMENT?

Impact measurement and management includes identifying and considering the positive and negative effects that business actions have on the community they operate in.

**An effective impact strategy is built on three pillars:**



### 1. Set goals & expectations:

Goals should consider the impact of an investment and balance investor expectations for **risk, return, liquidity and impact**.

This can be done by way of the SDGs or themes under ESG commitments.



### 2. Define strategies:

Investors should consider what pathways make the most sense for their **portfolio, investment expertise, or client demand**.

It is also critical to use evidence during this phase.



### 3. Select metrics and set targets:

Investors should use appropriate outputs and outcomes, and metrics to set targets where necessary, track performance, and manage impacts that can be measured, verified and reported on.

The European Union, through the EU4Business and its cohorts of IFIs—KfW, EIB and EBRD—, all of whom support the principles of impact investing, are the natural conduit to introduce impact investing into the EaP countries. The EIB is, in fact, a member of the Global Steering Group on impact investing.

## THE NEXT STEP

The Eastern Partnership needs to be evaluated in the context of the building blocks needed for impact investing where perhaps the EU and EaP partners can provide the impetus and enabling environment, as well as the overall strategic/KPI framework for a regional impact investing framework and national implementation.



## MOLDOVA

### SUCCESS STORIES

### THE SCIENCE OF BEEKEEPING IS MASTERED BY A WOMAN FROM THE VILLAGE OF SIPKA

Natalia Porhun, owner of a beekeeper business in Moldova, received support from EU4Business and UNDP to purchase mobile equipment for honey extraction. This equipment replaces the work of three people and led to a major boost in productivity. Now Porhun can collect up to 800 kilograms of honey per day.



*“This mobile equipment of honey extraction was assembled thanks to the grant obtained from the European Union. It replaces at least three persons’ work and comes with growth of productivity. With its help, we can collect to 800 kilograms of honey per day or, sometimes, up to one tone. Without this support, we would have reached this level probably in 10 years and not now”.*

**Natalia Porhun**  
the beekeeper

## UKRAINE

### TWO UKRAINIANS SAVE CUSTOMERS UP TO 30% ON FUEL

GPS PRO installs Global Positioning Systems (GPS) in commercial vehicles for companies to control fuel use. Oftentimes, it can mean savings of up to 30% for vehicle owners. With EU4Business and EBRD programme, the founders acquired a vehicle by borrowing or leasing, under which the car cost 10% less on a 2-year-leasing term.



*"The manager offered us a leasing programme from one of the banks, but she quickly understood that it was too expensive for us. She then told us about a programme from the EBRD and OTP Leasing supported by EU4Business. Under this programme, our car cost 10% less, or approximately €1,670, on a 2-year leasing term. These conditions were a lifesaver."*

**Ivan Semenyuk**  
the Co-Founder of GSP PRO



## BUSINESS DEVELOPMENT SERVICES (BDS)

The amount of EU support disbursed to support improve the skills SMEs in EaP in 2019

**45.8%**

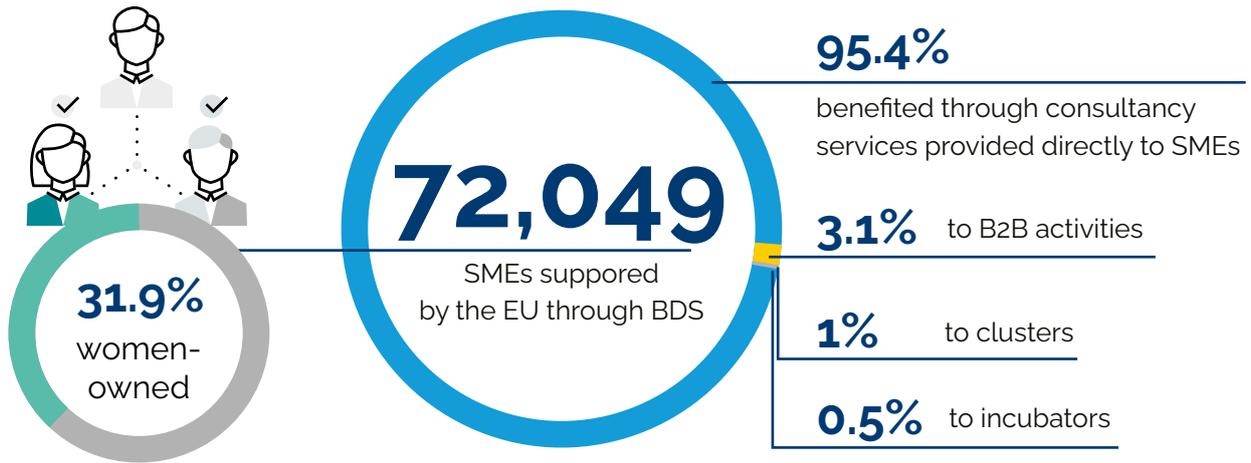
Total EaP

**€85,909,810**

The majority of BDS support went to Georgia (50.6%), followed by Moldova (19.4%).

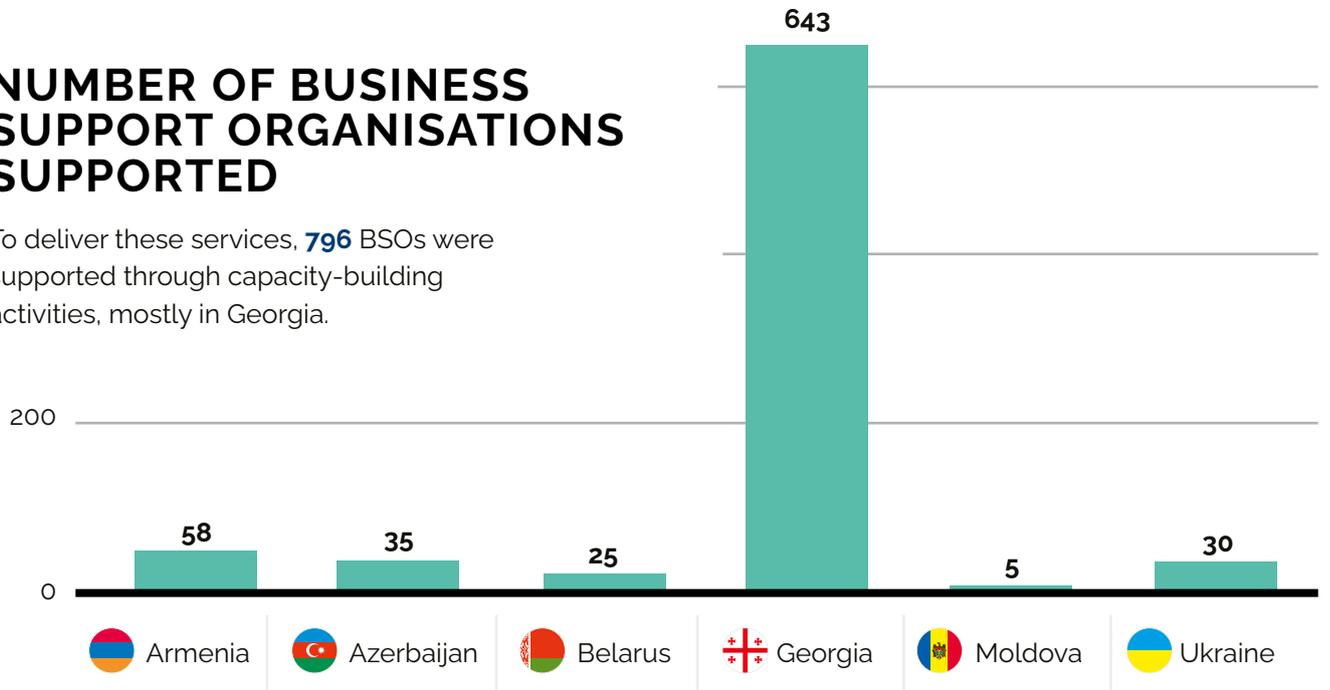


# NUMBER OF SMES SUPPORTED WITH BUSINESS DEVELOPMENT SERVICES

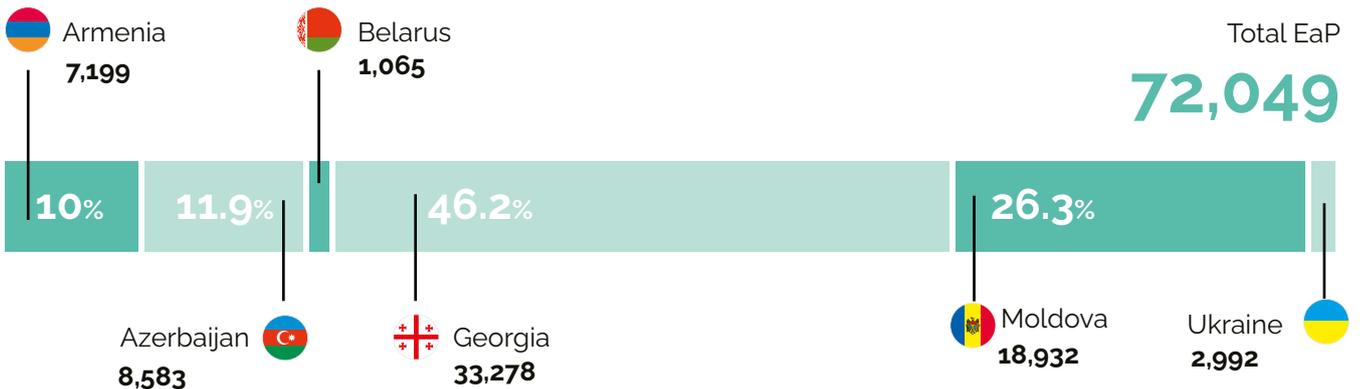


## NUMBER OF BUSINESS SUPPORT ORGANISATIONS SUPPORTED

To deliver these services, **796** BSOs were supported through capacity-building activities, mostly in Georgia.

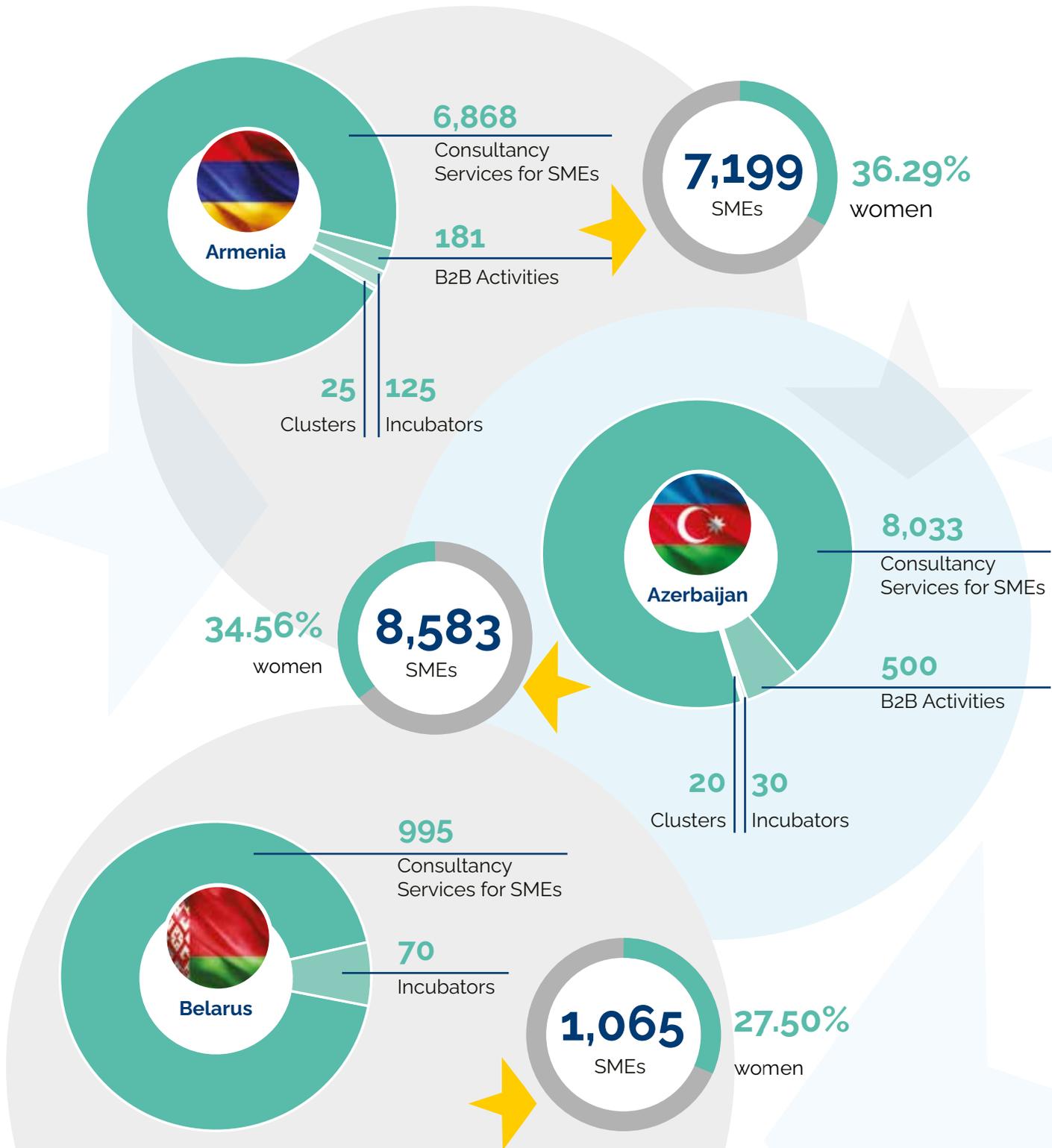


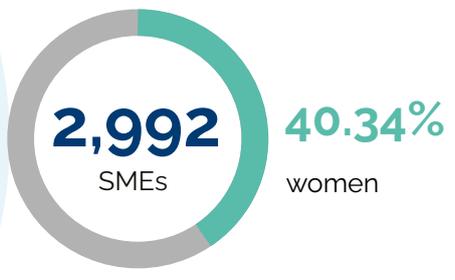
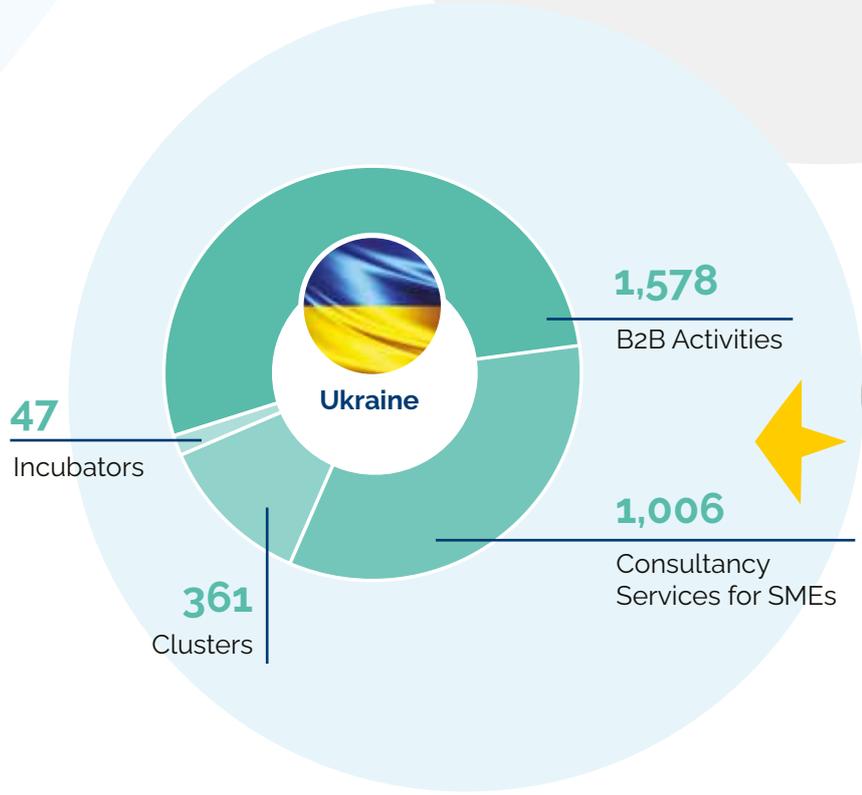
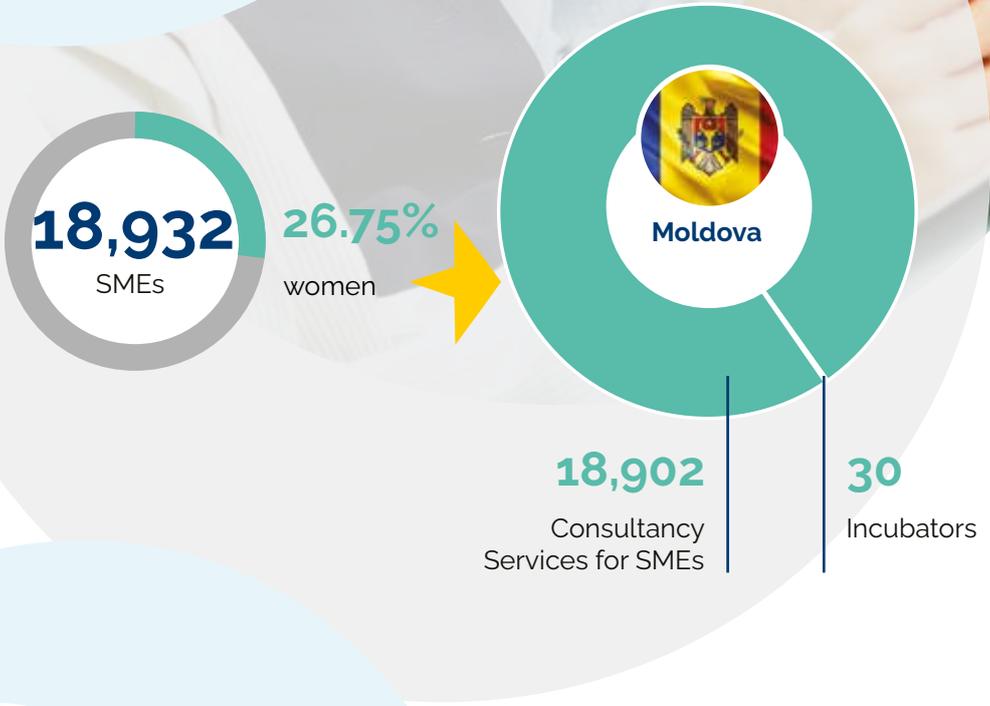
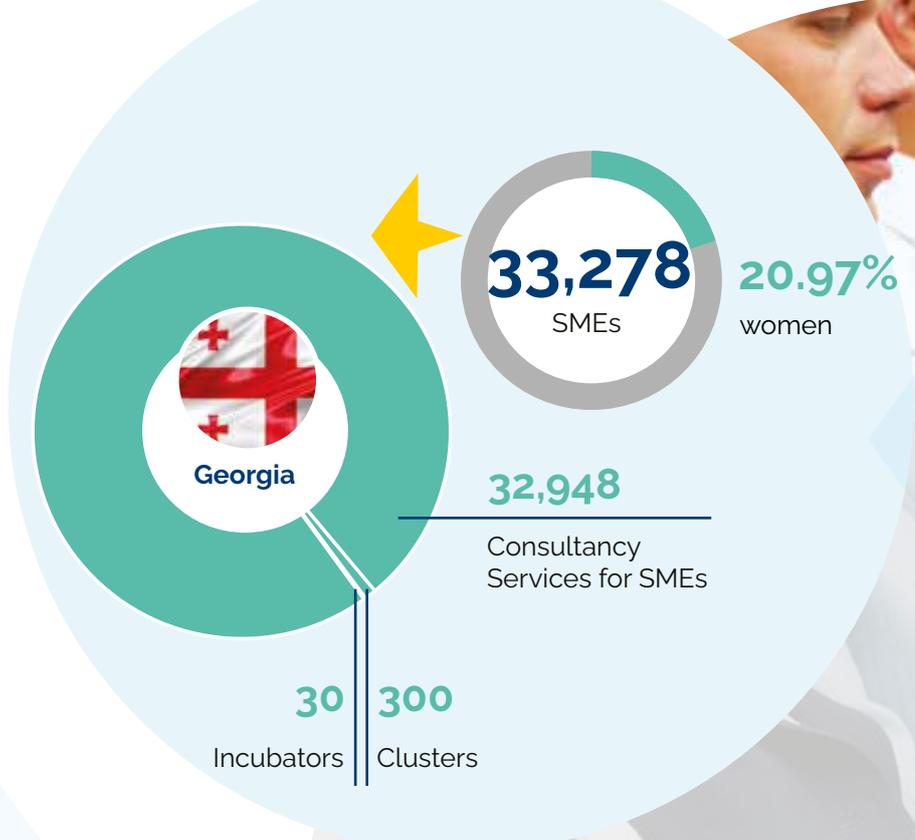
As expected, with the majority of support to BSOs in Georgia, the greatest number of SMEs supported through BDS was in Georgia, accounting for **46%**. The number of SMEs supported by BDS in Belarus and Ukraine was small, accounting for less than **2%** of SMEs supported by EU.



# NUMBER OF SMES SUPPORTED BY BDS INSTRUMENTS BY COUNTRY

While consultancy services are used significantly by SMEs in all countries, there is a big disparity in the use of other SME support instruments across the EaP. B2B activities are mostly used in Ukraine, where they supported **1,578** SMEs and represented **52.7%** of all BDS support. A further **500** SMEs were supported in Azerbaijan, **181** in Armenia, and none reported elsewhere. Clusters were also used more in Ukraine, supporting **361** SMEs, and in Georgia, supporting **300** SMEs. Incubators were used in all countries, supporting **30-125** SMEs.





## BELARUS

### SUCCESS STORIES



## MARK FORMELLE AIMS FOR THE HEARTS OF FASHION MAVENS AND FAMILIES ALIKE

Mark Formelle, Belarus's leading fashion brand, received support from EU4Business and EBRD with advice on branding and marketing, which helped MF expand their retail chain, double exports and increase turnover by 87%.



## ARMENIA

### ORGANIC HERBAL TEAS SPREAD NATURE'S HEALING POWER

EDNA LLC, a natural herbal tea producer, received support from EU4Business and EBRD with branding and packaging design to enter new markets. The company saw an increase in sales by 30% and growth in turnover by 35%.



*"Two-month expert support made it possible to take all the necessary steps: concept development, copywriting, packaging design, and tea label design, and the final processing of the print file. Within three months the developed branding was brought to life."*

**Gnel Nazanian**

the Founder and Executive Director of EDNA



*"Moreover, the EU assistance also helped to expand the brand to include organic honey and natural syrups, with 7 sub-product designs for each of the new products launched. After this, we were able to expand our product line with new offerings, expand our customer base, and increase awareness on the local market."*

## AZERBAIJANI GOURMET FOOD BRAND GROWS FROM THE GROUND UP

Zira Natural & Gourmet, a business in the premium foods segment, participated in a number of foreign exhibitions, revamped its website, and received EU4Business and ITC support for developing its business plan.



*"We are actively benefiting from EU4Business and ITC support. They organized for us to participate in a number of foreign exhibitions. They hired programmers to help us design a new website, while marketing specialists and financial analysts helped us put together business plans."*

**Afet Akhmadova**  
founder of Zira Natural &  
Gourmet





# [E-COMMERCE] [READINESS]

The EU4Digital initiative is developing an eCommerce study under the European Union's regional "EU4Digital Facility: Bringing the benefits of the harmonised digital market to Eastern Partnership countries," a thematic area of eTrade.

The aim of this study is to support the harmonisation of cross-border eCommerce between EaP countries and the EU by providing recommendations for harmonising cross-border eCommerce and launching a pilot to facilitate it.

Based on the developed current and future EU eCommerce state of play, EU Digital collects relevant data in the EaP countries, such as from marketplaces, customs authorities and parcel delivery operators. This is followed by gap analysis performed by a team of experienced eCommerce experts to find gaps preventing successful electronic commerce between the EU and the EaP countries. To address the gaps, recommendations are drawn up. This process is scheduled to be completed in October 2020.

Based on the findings of the eCommerce study, the EU4Digital team plans to design a pilot solution to facilitate cross-border eCommerce. This is scheduled to be run October 2020 – June 2021.

## eCOMMERCE AND CROSS-BORDER TRADE

On the EU market, eCommerce offers opportunities for retailers from different countries to grow their businesses. The EU eCommerce market provides access to over 500 million consumers and is worth more than €510 billion.<sup>13</sup> This market is posting an annual growth rate of 15% on average domestically and over 25% for cross-border eCommerce, that is between EU Member States and non-EU countries. In EaP countries, eCommerce is starting to grow and get attention at the national level. The volume of eCommerce transactions between the EU and EaP countries is starting to grow as well.

However, the EU and EaP countries face challenges in cross-border trading. There are differences in eCommerce processes, rules, know-how and ways of engaging stakeholders. Historically, being the second biggest in the world cross-border buyer of goods after China, the EU has established its own eCommerce order. These procedures can be used as is or adapted by EaP countries. The harmonisation of eCommerce is of mutual benefit to both the EU and EaP countries, because businesses, government agencies and consumers get a system with protected customers, a variety of goods, seamless delivery and fairly paid taxes.

In addition, the EU continues to develop its existing eCommerce system and is introducing major changes related to digitalisation of customs procedures, fiscal aspects, transport security, and customer protection, such as through its 2021 eCommerce package.<sup>14</sup> With this, the EU aims to establish a fair, seamless eCommerce system, in which income from transactions (i.e. taxes) stays with a country of consumption. The 2021 eCommerce package encourages all non-EU countries to align with these changes: failing in doing so might lead to challenges in exporting goods into the EU, and could even block trade for some time.

To support EaP countries in harmonisation, EU4Digital experts will provide practical recommendations regarding legislation, standards and ecosystem. The EU4Digital Facility aims to harmonise two versions of eCommerce sales. First is when someone from an EaP country buys from the EU. Second is when an EU country buys from an EaP country. The key challenges are presented based on these two scenarios.

<sup>13</sup> More at: <https://www.digitalcommerce360.com/2019/05/09/the-delivery-preferences-of-european-online-shoppers/>

<sup>14</sup> The changes to upcoming legislation, such as the 2021 eCommerce package, were planned to be implemented in January 2021. However, the eCommerce package has been postponed by the European Commission because of the spread of COVID-19. The current planned date is July 1, 2021, which could be extended by another three months. This allows for businesses and government agencies to prepare for the changes.

# KEY CHALLENGES TO ECOMMERCE

The key challenges to eCommerce in EaP countries fall into three factors.

- **Uncertainty** for EU and EaP countries customers when buying on cross-border marketplaces.
- **Limited or no awareness** of the new rules introduced by the EU 2021 eCommerce package.
- **Missing key eCommerce legal protections** for customers purchasing online.

**Limited trust in cross-border purchases on global marketplaces**

Because of the difference between the EU and EaP countries in procedures for goods searches, payments, and logistics and fulfilment, customers in EU and EaP countries face uncertainty when buying cross-border on global marketplaces. Customers who want to buying cross-border face have insufficient guarantees that the right goods will be successfully ordered and delivered.

**Table 1. Challenges to cross-border eCommerce: limited trust**

Key challenges to cross-border eCommerce	Scenario A: Buying from the EU on the EaP marketplace	Scenario B: Buying from EaP countries on the EU marketplace
<b>Goods search</b>		
1. Businesses in EaP countries <b>rarely offer personalisation</b> , such as at least English language and € payments) making it hard for EU customers to find products.		
2. When customers from EaP countries buy on the global marketplaces, <b>not all goods are available for delivery</b> . <sup>45</sup> If delivery is not available, forwarding services can be used, which are not commonly offered on marketplaces directly. This means customers must be aware, select and register with such services, creating additional burden.		
3. <b>Limited or no marketplaces</b> in EaP countries that <b>can sell cross-border</b> , such as to EU customers, because of problems with logistics and fulfilment.		
<b>Payment</b>		
4. One of the most common payment methods in EaP countries is <b>cash-on-delivery (COD)</b> , which is often <b>not supported</b> by global marketplaces for cross-border eCommerce.		
5. <b>Secure and trusted payment gateways</b> used in the EU to process payments on global marketplaces are not common in EaP countries.		
<b>Logistics and fulfilment</b>		
6. The <b>fulfilment networks</b> of key global marketplaces such as Amazon and eBay) are <b>not available</b> in EaP countries. For this reason, delivery can take from 10 days to a few weeks. With parcel forwarding services, delivery can take from a few weeks to several months.		
7. Businesses in EaP countries do not sell on global marketplaces, because <b>international parcel delivery services</b> that deliver cross-border, such as UPS, DPD, DHL, TNT, FedEx, and private postal operators, are <b>expensive</b> .		

 status of challenge

## Case study: Buying from EaP countries in the EU

EU4Digital experts tested the above two scenarios of eCommerce transactions. This table illustrates the experience of buying from Ukraine on Amazon from an EU businesses

**Table 2. Case study: buying from EaP countries in the EU**

Typical user action	Key points relevant for cross-border eCommerce transactions
<b>Goods search</b>	
Go to German Amazon or use search engine to find products.	The language can be changed from German to English, with other EU and non-EU languages, such as Turkish, also available.
Browse product catalogue.	<b>Not all goods are available for delivery to Ukraine.</b> From the goods catalogue, it is not clear which products can or cannot be delivered until a specific product is opened in a new tab. No filter is available to search for only products that can be delivered to Ukraine.
Select product from catalogue.	The product page clearly displays important information: Product images, description, recommendations and reviews; availability; price and shipping cost; VAT rules; seller with relevant information (e.g. registration and VAT numbers, contact details, address); Q&A section.
<b>Payment</b>	
Check out with selected product and select a payment method.	Most universal bankcards are accepted. There are options for direct bank transfers, but these are <b>only available for EU countries</b> . Some local payment options are available, such as for Belgium, Poland and the Netherlands. <b>No cash-on-delivery (COD) payment</b> option. Only pre-payment. Amazon's own payment security method is used to process payments, so Amazon charges a small fee when a bankcard is used. In addition, your bank may apply security check.
<b>Typical user action</b>	
<b>Key points relevant for cross-border eCommerce transactions</b>	
<b>Logistics and fulfilment</b>	
Wait for goods to be delivered and pick them up.	Delivery cost is displayed on the product page before checking out. This varies from free to as much as 50% of the product price. For goods delivered to Ukraine through Amazon, the expected delivery date range is displayed before checking out: from 10 days to a few weeks. <b>Delivery options:</b> Only Amazon delivery services are available. Parcel forwarding services can be used, but this option is not displayed on the marketplace, which means customers have to know about this themselves. <b>Delivery time:</b> If a parcel forwarding service is used, delivery can take between a few weeks and a few months. <b>Delivery tracking:</b> The purchased products can be tracked on the marketplace and communicated via e-mail. <b>Delivery pick-up:</b> The purchased products can be picked up from local post offices. If a parcel forwarding service is used, a delivery location can be selected, such as local courier or unattended PDS such as a locker.

<sup>15</sup> Although goods are available on the global or the EU market, there may be limitations as to their delivery to Eastern Partnership countries depending on which logistics services are used. Customers can choose to use parcel forwarding services that are available in EaP countries. This way, the purchased goods are delivered through the network of this parcel forwarding service and are ultimately delivered to the buyer, but not through a marketplace delivery service. An example of such a service could be generating a virtual delivery address in the EU, such as the address of a warehouse that a parcel forwarding service uses, for the buyer and forwarding goods from this address to a country that the buyer designates as the final delivery address.

# LIMITED OR NO AWARENESS OF THE NEW 2021 ECOMMERCE RULES

The EU is introducing its 2021 eCommerce package<sup>16</sup> with the aim of establishing a fair and seamless eCommerce system. From now on, revenues from transactions, meaning taxes, will stay with the country of consumption. This change is in line with the principles of international stakeholders, such as the Universal Postal Union (UPU) and the World Customs Organisation (WCO), since the EU is involved in global eCommerce.



According to EU4D research, eCommerce stakeholders in EaP countries, such as marketplaces, parcel delivery services and customs authorities, are not aware of and are not actively preparing for the eCommerce changes intended to allow for such commercial transactions:

**a:** the use of the Import-One-Stop-Shop (IOSS) system to pay VAT cross-border. This requires establishing a representative in the EU and connecting to the IT system.

## **BENEFIT:**

increased VAT revenues for governments, reduced cross-border VAT compliance costs for businesses.

**b:** mandatory use of Import Control System 2 to submit pre-arrival information about goods. This requires connecting to the IT system and exchanging goods information before they arrive.

## **BENEFIT:**

greater customs control for governments, faster release times at customs for businesses.

**c:** the use of simplified customs clearance procedures, where a limited amount of information is required. In addition to national postal operators, all parcel delivery services have access to the simplified customs clearance procedure.

## **BENEFIT:**

less paperwork for governments, faster release at customs for businesses.

**d:** the loss of VAT exemptions. Export and logistics become more expensive, customs authorities may face additional requirements, including setting up additional warehouse capacity when all goods must be declared.

## **BENEFIT:**

increased VAT revenues for governments, streamlined procedures with fewer exceptions.

**e:** the use of harmonised ID for stakeholders, where all assigned IDs are linked to the originally assigned IDs by seller, such as the marketplace.

## **BENEFIT:**

seamless goods tracking for consumers and businesses.

**Failing to introduce and harmonise with the EU 2021 eCommerce package could lead to substantial challenges with eCommerce transactions for both the EU and EaP countries. For this reason, this challenge is relevant for both sides.**

**Table 3. Challenges to cross-border eCommerce:  
limited or no awareness of new 2021 eCommerce rules**

Key challenges to cross-border eCommerce	Scenario A: Buying from the EU on the EaP marketplace	Scenario B: Buying from EaP countries on the EU marketplace
<p>8. eCommerce stakeholders such as marketplaces, parcel delivery services, and customs authorities have <b>limited or no awareness of new rules</b> coming with EU 2021 eCommerce package. <b>Limited or no preparatory actions</b> are being taken.</p>		

## LEGAL IMPROVEMENTS NEEDED TO FULLY PROTECT CUSTOMERS BUYING ONLINE

Certain legal aspects are critical to enable cross-border eCommerce, as they protect customers' rights in the market. Looking at EaP countries, a number of challenges need to be addressed.

**Table 4. Challenges to cross-border eCommerce: legal protections for customers**

Key challenges for cross-border eCommerce. EaP countries need to make improvements in four key areas:	Scenario A: Buying from the EU on the EaP marketplace	Scenario B: Buying from EaP countries on the EU marketplace
<p>9. <b>Online dispute resolution for customer disputes:</b> no clear rules for online dispute resolution platform(s) to facilitate independent, transparent, effective, fast, and fair out-of-court resolution of disputes between online buyers and sellers.</p>		
<p>10. <b>Consumer protection against misleading paid advertisement in product search results:</b> no rules prohibiting misleading paid advertising, so search results show queries without flagging paid advertisements intended to achieve higher placement.</p>		
<p>11. <b>Displayed prices to consumers:</b> no obligation to indicate a) price discounts that must be lower than the regular price in the last 30 days before the price reduction; b) personalised prices based on automated decision-making. Failure on the part of sellers to provide clear information about pricing, misleading customers and possibly resulting in "fake" prices.</p>		
<p>12. <b>Public information re authenticity of product reviews:</b> no rules to ensure customers that published reviews originate from buyers who have actually used the product.</p>		

 status of challenge

## CONCLUSION

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The EU4Digital Facility has identified a number of challenges that have led to gaps in the seamless transaction of eCommerce between the EU and EaP countries:



EU and EaP customers face **uncertainty** when buying cross-border at international marketplaces.



There is **limited or no awareness** of the new rules coming with the EU 2021 eCommerce package.



Certain **legal protections are not in place** to fully cover EU and EaP customers engaging in eCommerce.

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The aim of the EU4Digital Facility is to support EaP countries in bridging these gaps with the EU. Both the EU and EaP countries will benefit from the harmonisation of eCommerce, because businesses, governments and consumers will have a system that protects customers, offers a wide variety of goods, ensures seamless delivery, provides for fairly paid taxes, and generates income.

The EU4Digital team of experts plans to publish recommendations to harmonise eCommerce in the region in October 2020. A pilot project is also scheduled for October 2020 – June 2021 to bridge some of the key gaps and facilitate cross-border eCommerce.



## GEORGIA

### SUCCESS STORIES



## GEORGIA'S INVET GROWS A COMPETITIVE BUSINESS

Invet, a Georgian veterinary and pet product company, received support from EBRD and EU4Business with purchasing and customizing a software solution. The new software helped improve the company's productivity by 40% and cash flow by 20%. It also simplified business operations, cutting the time needed to accomplish certain tasks from a week to a day, and reducing the human resource needed by 85%.



*“Accurate control over drug expiration dates and production processes minimized our losses, both in warehousing and manufacturing. As a result, we expanded our client base, streamlined our distribution network, and acquired new facilities. This gave a major boost to the growth of our profits. This is one of the best decisions we ever made in our business.”*

**Maka Skhvitardze**  
the Invet Group's Strategy Development Manager.

## MOLDOVA

## MOLDOVAN TEXTILE-MAKER PONTI DIVERSIFIES ITS SALES STRATEGY

Ponti, a well-known Moldovan manufacturer of textile products, has been able to put together a successful marketing strategy with EBRD and EU4Business support. Since the project ended in early March 2020, Ponti has expanded its workforce and turnover by 55%.





## SUCCESS STORIES

## UKRAINE

### UKRAINIAN TOY PRODUCER ENTERS EUROPEAN MARKETS

Ukrainian toy producer LisLis has reshaped their communication model and approach to foreign clients after attending training supported by EU4Business and the EBRD. In just a few months, the company has attracted several overseas orders and has focused on exporting to the USA, the UK, Sweden, and France with a 40% increase in sales.

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*“Knowledge we gained at the training programme supported by EU4Business and EBRD unlocked our negotiations with potential investor. We almost doubled the number of new clients and increased the number of repeat buyers”.*

Oleksandr Shestakovych  
the Founder of LisLis

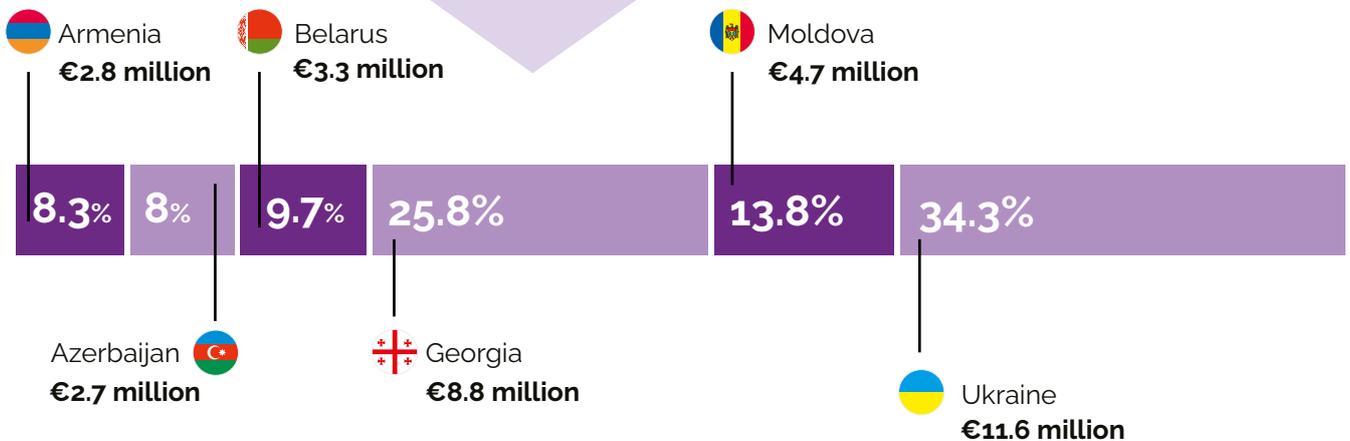


## BUSINESS ENABLING ENVIRONMENT

In this EU4Business Annual report, support for improving the business enabling environment in EaP is treated differently. While improvements in the business enabling environment will inevitably improve competitiveness, lower costs and make SMEs more efficient, it is more difficult to isolate those SMEs that actually benefit: potentially, all will benefit. For instance, reforms that make it easier and less costly to pay taxes will benefit all SMEs.

Total EaP

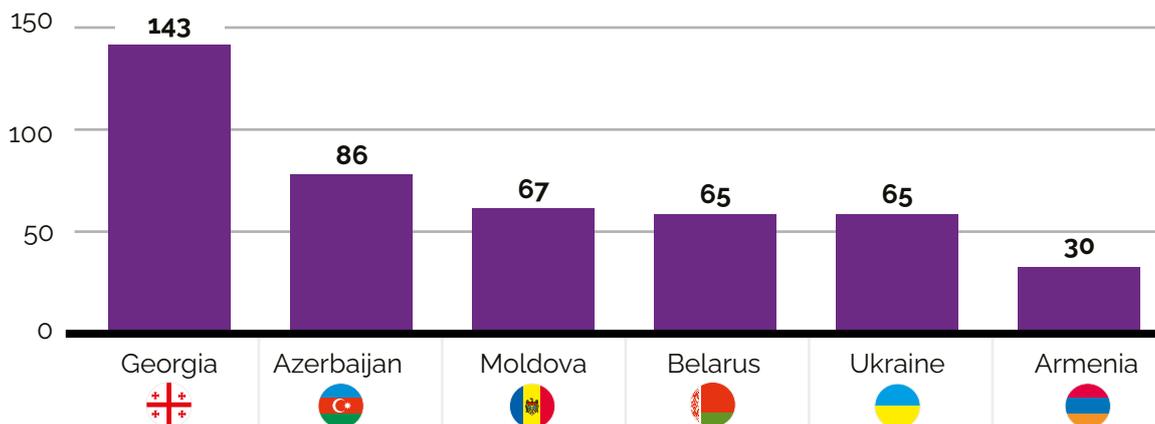
# €33,829,775



The amount of EU support targeting an improved business enabling environment represents **18%** of all EU funds in the EaP disbursed to support SMEs in 2019. The majority of BEE support went to Ukraine, at **34.3%**, followed by Georgia at **25.9%** and Moldova at **13.8%**. The remaining **26%** was shared fairly evenly by the other 3 EaP countries.

## NUMBER OF REGULATORS/GOVERNMENTS WHOSE CAPACITY WAS BUILT IN EASTERN PARTNERSHIP

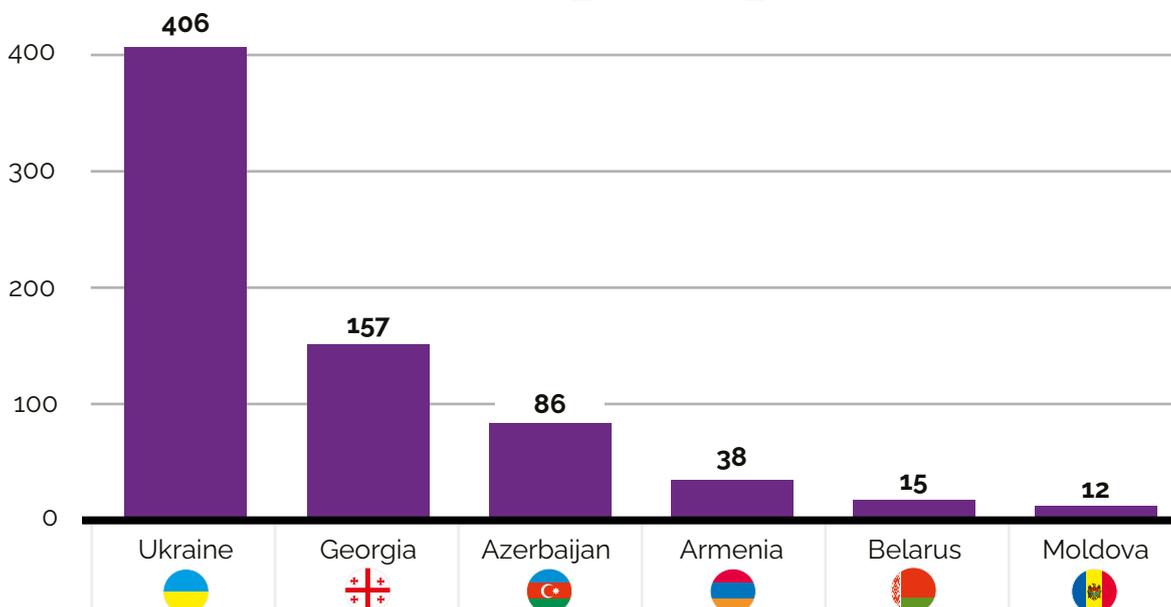
Across the EaP, a total of **456** government institutions, including policy-makers, regulators and enforcement agencies have had their capacities improved, with the highest number of organisations supported in Georgia.



## NUMBER OF LAWS /REGULATIONS CHANGED IN EASTERN PARTNERSHIP

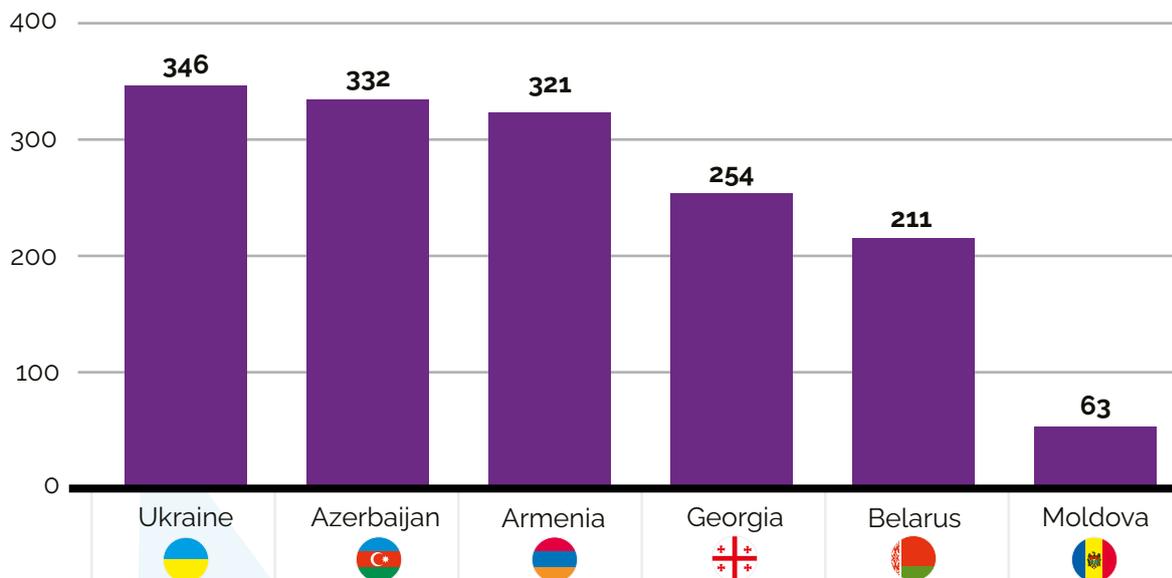
In terms of the number of reforms undertaken, in line with the budgets disbursed in 2019, Ukraine had the highest number of laws, regulations and procedures reformed, **406**, representing **56.9%** of all business reforms supported by the EU in the EaP.

Across the EaP, a total of **714** number of laws, regulations and procedures reformed



# NUMBER OF PUBLIC PRIVATE DIALOGUE EVENTS IN EASTERN PARTNERSHIP

Over **1,527** public-private dialogue events were supported by the EU across the EaP. These events are very important for identifying business concerns and constraints in the reform process, and for ensuring that reforms actually target and benefit business. The number of events supported by the EU was fairly even across the region.



## SUCCESS STORIES

### ARMENIA

#### AN INNOVATIVE BUSINESS CENTRE IN ARMENIA HELPS SMES TO GROW



The EU-supported Sevan Innovative Business Centre has become a hub for new business ideas and initiatives – more than 60 entrepreneurs have benefitted from the Centre's services for developing a business plan and some 200 have gone through workshops. Alongside business support, training and assistance is regularly provided to job seekers, especially young people and women and disabled individuals, to enable them to get jobs as qualified professionals.

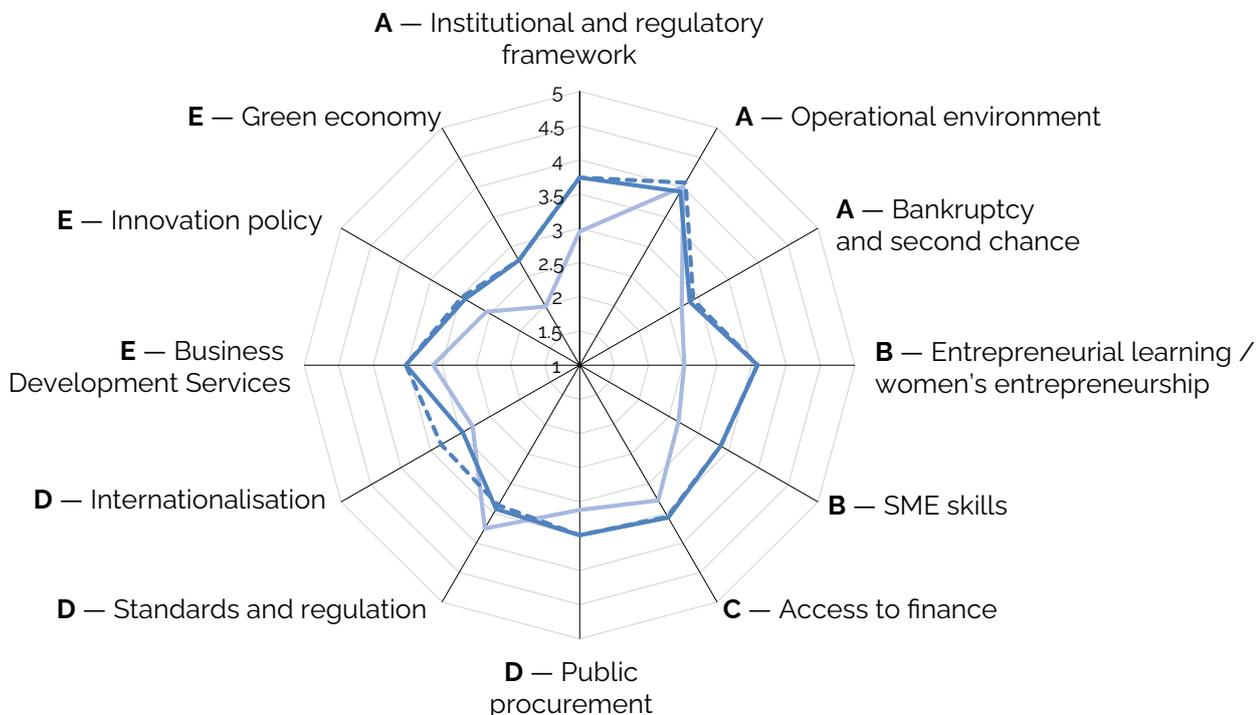


# EAP SMES BENEFIT

## FROM IMPROVED BUSINESS ENVIRONMENTS, BUT MANY CHALLENGES REMAIN

Knowing the importance of SMEs for their economies, EaP governments have all made SME development a priority, with improvements ranging from a more simplified regulatory environment for SMEs, to stronger SME support institutions, to targeted SME support programmes. Significant progress has been made across the region since 2016, as reflected in the [SME Policy Index: Eastern Partner Countries 2020](#),<sup>17</sup> a benchmarking tool designed to assess the level of implementation of SME-friendly policies against the core principles of the Small Business Act for Europe.<sup>18</sup>

### Progress towards SME-friendly policies in EaP countries since 2012



<sup>17</sup> OECD et al. (2020), SME Policy Index: Eastern Partner Countries 2020: Assessing the Implementation of the Small Business Act for Europe, <https://www.oecd.org/development/sme-policy-index-eastern-partner-countries-2020-8b45614b-en.htm>

<sup>18</sup> For more information, see [https://ec.europa.eu/growth/smes/business-friendly-environment/small-business-act\\_en](https://ec.europa.eu/growth/smes/business-friendly-environment/small-business-act_en)

Prepared jointly by the OECD, the EBRD, the European Training Foundation, and the European Commission under the EU4Business Initiative, the report provides an overview of the state of play and offers recommendations for how to further improve the business environment for SMEs, how to foster entrepreneurship, and how to strengthen competitiveness in EaP countries. The 2020 edition shows that all six EaP countries have implemented more SME-friendly policies since 2016, moving closer to standards and good practices promoted by the EU and the OECD. Georgia stood out as top performer, with particularly noteworthy improvements in the field of entrepreneurial learning and SME skills, while Ukraine achieved the position of top reformer, with an overall increase in scores by an average of 34%.

All countries have been proactive in setting up a **strong institutional framework for SME policy delivery** by adopting multi-year SME development strategies. Five of them have established dedicated SME agencies, with Belarus planning to do so in the near future. Starting and managing a small business has become easier, as legislation has been simplified and regulatory barriers have been reduced. For instance, Azerbaijan set up a single entry portal for all e-government services, with over 440 different services now available online.

EaP governments have also supported businesses by considerably investing in **developing entrepreneurial skills, knowledge and know-how**. All countries have included entrepreneurial learning in their national curricula or education legislation. Female entrepreneurship has moved up in the priority list, with a wide range of support measures being offered. For example, Moldova's SME agency ODIMM created a "Women in Business" programme that supports women entrepreneurs through all phases of start-up development.

Despite these important achievements, SMEs across the region **still struggle with numerous challenges** that hamper their growth and productivity. In particular, **access to finance** remains a major obstacle. The situation has improved since 2016: a more robust legal framework was developed, and banking regulations of most countries have been aligned with Basel III requirements. Yet the lending

environment remains tight, and financial inclusion is still low, particularly in countries that have suffered from difficulties in their banking sectors in recent years—Armenia, Moldova and Ukraine.

On average, more than half of the firms requesting a loan in the EaP region are credit constrained despite noteworthy achievements in the establishment of credit guarantee funds for SME lending across the region. The use of non-banking financial instruments such as leasing and factoring should be encouraged to further diversify access to finance for SMEs and increase financial inclusion. Financial literacy initiatives are taking place, such as Georgia's financial education programme targeting SMEs, which constitutes an interesting example that other countries could consider following.

**Legal insolvency frameworks** remain one of the weakest areas, with only modest progress achieved since 2016. Belarus, Georgia, Moldova and Ukraine have developed tools to detect and prevent insolvency at early stages of financial distress, but they still lack visibility and accessibility.

**SME access to markets has been facilitated**, although there is still significant room for improvement. Public procurement has been made more accessible: Ukraine for instance launched the ProZorro e-procurement system, enabling SMEs to apply more easily for government contracts and increasing the transparency and fairness of the process. Countries have also made efforts to foster SME internationalisation, such as by developing online tools to connect local SMEs with international buyers in Azerbaijan and Georgia. Technical regulations and standardisation laws have been brought closer to the EU principles, and all EaP countries have applied for associate membership in the European Co-operation for Accreditation. Yet SMEs are still under-represented in international trade, due to information asymmetries, financial barriers and lack of know-how. Moving forward, the provision of export support services and trade finance tools could be expanded, and regulatory and administrative barriers to trade should be reduced.

Finally, **business development services (BDS) have been further developed since 2016**, although



## SUCCESS STORIES

### UKRAINE

## HOW AN EU PROJECT TURNED A UKRAINIAN TOWN INTO A DREAM PLACE FOR ITS CITIZENS

*“Young people aged 13-17 in Ukraine have their own online stores and patents for inventions. They run businesses and sometimes support their entire families.*

*These kids not only earn some money, but they are self-fulfilling. We are glad that now we are able to give our children such an opportunity in our native Baranivka.”*

**Oksana Zagorska**  
the Action Manager

For the second year in a row, a pilot project under the European Union's M4EG programme, Mayors for Economic Growth, is being implemented in Baranivka, a small town in Zhytomyr Oblast, as part of the EU initiative EU4Business. In just two years the project “Youth-Driven Organic Business Cluster in Baranivka UTC” has provided more than 1,100 school children and 400 adults with opportunities to gain practical professional skills through a number of means, including 30 master classes.



## HELPING SMALL FOOD PRODUCERS IN MOLDOVA TO INTEGRATE INTO GLOBAL SUPPLY CHAINS

The food processing sector plays a key role in Moldova's economy, accounting for more than a third of production and a quarter of employment in the manufacturing sector. It also enjoys an expanding and nearby market for its products, the EU, which absorbs 70% of the country's food exports and draws on Moldova's bountiful agricultural production.

Despite this partnership with the EU, which intensified with the signing of the Association Agreement in 2014, small producers often struggle to access EU markets due to limited competitiveness, concerns about food safety standards, limited managerial skills and a lack of export-support programmes. They also face hurdles at the domestic level, as small producers often struggle to meet the requirements necessary to supply the burgeoning supermarket sector.

With EU4Business support, the OECD launched a project to support Moldovan food producers in their efforts to reach international markets and foster linkages between small and medium food producers and the growing food retail sector. The project seeks to help identify gaps and build the necessary capacities to meet the sector's evolving demand. Working in close partnership with the government and involving the active participation of food producers and retailers, the OECD prepared a set of recommendations to facilitate supply chain linkages between local food processors and supermarkets and leverage these links to prepare local food processors for integration into EU and broader global value chains. These key recommendations are contained in the report "Supporting Exports and Supply-Chain Linkages in the Food Industry in the Republic of Moldova".

***"Our objective is to facilitate cooperation between SMEs from the food sector with large companies and promote these companies in foreign markets. We believe that with the OECD and EU4Business support we will manage to achieve the expected results."***

**Iulia Costin**

Director General, Moldova's Organisation for Small and Medium Enterprises Sector Development (ODIMM)





**VISIBILITY**

# COMMUNICATION

## IS A KEY PRIORITY FOR EU4BUSINESS FACILITY IN PHASE II

as its main function is to provide in-depth information about EU support to SMEs in the EaP region, and about the impact of the activities and interventions being supported.

### COMMUNICATION OBJECTIVES (2020 – 2022):



#### Connect:

Help build effective channels for coordination and information exchange among the EU, partners and projects for joint communication purposes.



#### Partner & Inform:

Raise awareness about EU support for SMEs under the EU4Business umbrella by building effective synergies with partners. Take advantage of the multiplier effect, including peer cooperation and learning.



#### Shape Attitudes:

Help promote and increase positive perceptions of EU support to SMEs among stakeholders.

To achieve each communication objective, the EU4Business Facility employs a range of tools.



# CONNECT

Help build effective channels for coordination and information exchange among EU4Business, EU and partners.



## Coordination meetings

regular meetings with partners and EUDs to cultivate relationships and cooperate on joint initiatives.



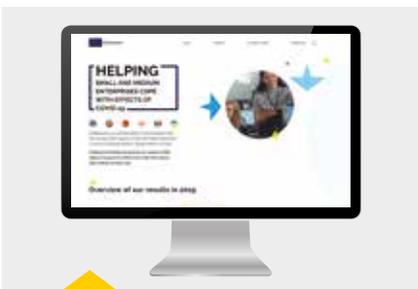
## Information exchange manual and toolkits

easy-to-use toolkits and templates with procedures for gathering content and participating in events.



## Synergies on events and communication campaigns

participate together in public awareness campaigns and co-organize events – both with partners and EUDs.



## The [www.eu4business.eu](http://www.eu4business.eu) website

the main "knowledge hub" and one-stop-shop for DG NEAR, partners and EUDs.

## Newsletters

to help disseminate vital updates and receive feedback.



## Annual reports

not just nice-looking documents, but an analytical tool with well-grounded data.

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## PARTNER & INFORM

Raise awareness about EU support for SMEs under the EU4Business umbrella by building effective synergies with partners



### Branding and visibility guidelines

advice and ready-made templates and toolkits for branding EU4Business initiatives designed for EUDs, partners and projects.



### Training on branding and information exchange procedures for EUDs and partners

on-site training on branding and information exchange procedures for partners in 6 countries.



### Partnerships with organisations

EU4Business proactively engages with the OPEN programme, EU Neighbours East, European External Action Service, East Stratcom Task Force, and the communication units and contractors of EU delegations in EaP countries.

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## SHAPE ATTITUDES

Help promote and increase positive perception of EU support for SMEs among stakeholders

### Media relations

feeding relevant data, information and news to journalists, involving media representatives as moderators or hosts of events, providing articles, feature stories, op-eds, interviews of key partners and beneficiaries, working with radio and TV, organising press visits to EU4Business project implementation locations.

### Multimedia and infographics

visualizing key facts and figures in the form of infographics, charts and multimedia presentations in a simple and easy-to-remember way.

### Local landing pages

setting up websites with local domains aimed at SMEs in all 6 countries. These are the main go-to place to search for information relevant to SMEs and entrepreneurs.

### Storytelling

publishing authentic success stories involving SMEs.

### Awareness-raising video clips

filming short testimonials of successful EU4Business beneficiaries.

### Promotional materials

producing info sheets, brochures, toolkits ready-made for the use of EUDs, partners and projects.

### Workshops & peer-to-peer support

organizing roundtables and panel discussions for SMEs, face-to-face and virtual workshops for established SMEs, potential entrepreneurs and start-ups, export-oriented SMEs, female entrepreneurs, and so on, to further build their capacities to run a successful business.

# KEY RESULTS

## COMMUNICATION STRATEGY

We have elaborated a communication strategy for EU4Business over 2020-2022.

Our communication is **result-driven**.

We are guided by the goal of **maximising**

**EU4Business outreach** by developing outreach activities, in

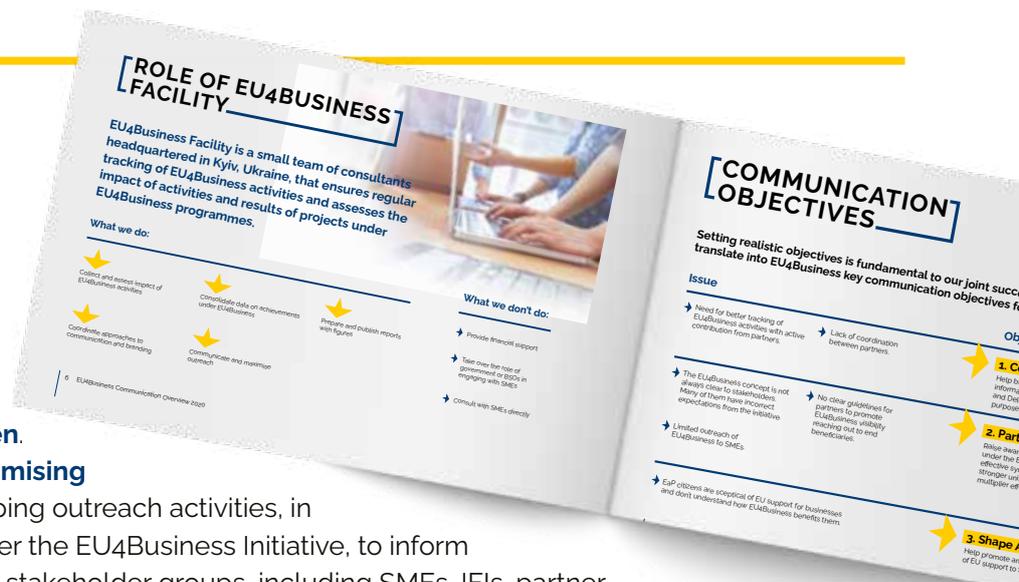
coordination with the projects under the EU4Business Initiative, to inform

and engage with EU4Business key stakeholder groups, including SMEs, IFIs, partner

country administrations and government agencies, business support organisations, universities,

and future entrepreneurs.

**Having set out an updated vision in our communication strategy, we aligned all processes to build more structured system for communicating the EU4Business brand.**



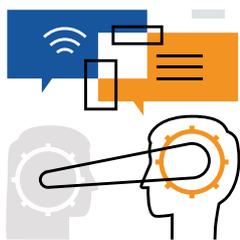
## STORYTELLING AND MEDIA OUTREACH

### OUTPUTS:

Over

# 200

success stories and news items generated, shared and promoted



### RESULTS:

**EU4Business has become a focal point for the EU and partners in accumulating and sharing SME-related content, as well as a source of information for local media.**

Our stories have been covered in the mainstream media.

We have also used EU platforms, such as EU Neighbours, to publicise EU4Business stories. We have regularly supplied EU Delegations with stories that they, in turn, multiplied through their platforms, reaching millions of readers. We also provide stories to the DG NEAR team, which uses our materials in its tweets and reports.

We have produced a number of professionally designed leaflets with SME-focused projects for EU Delegations, which they have used for communication and promotion.

# BRANDING AND VISIBILITY GUIDELINES

## OUTPUTS:

- ➔ The branding of EU4Business has been revamped, and the new branding concept and promotion materials presented.
- ➔ A Brand book and Branding Guidelines for the EU, partners and projects has been produced.
- ➔ Design templates and toolkits with ready-made designs have been developed for EUDs, partners and projects to use.

## RESULTS:

- ➔ Information Exchange Guidelines for better information exchange with partners and projects have been developed and shared.
- ➔ Consistency in communicating initiatives under the EU4Business brand.
- ➔ A substantial increase in visibility for the EU4Business brand in EUD, partner and project communications.

## OUR GOAL

was to streamline the approach to branding and offer modern, easy-to-use toolkits that each country could adapt to its needs.

In the Brand Guidelines, we set out guidance on the use of the EU4Business name, logo and branding for the EU, partners delivering EU-funded projects, and implementers through whom EU support is delivered directly to SMEs.

The goals of Branding Guidelines are to establish a unified visual style for all projects under the EU4Business umbrella in all six EaP countries and help the EU, partners and projects communicate a consistent message and on-brand content to audiences.

[Download Brief Brand Guidelines](#)

[Download Extended Brand Guidelines](#)



In this Brand book, the whole array of promotional materials and toolkits is provided for instant use.

To ensure that the EU4Business Facility always has the most recent information available, we have established information exchange guidelines for a unified approach to generating newsworthy information items under the EU4Business umbrella in the six EaP countries.

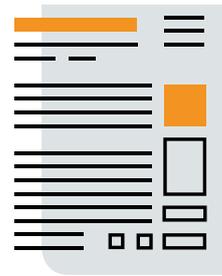
Our approach is about quality, not quantity of news from partners and projects. This policy is guiding partners and projects to present information so that it's engaging and newsworthy if they decide to share their news and stories with us.



## CURRENT EU4BUSINESS WEBSITE

**OUTPUTS:** **300+**

news items published on the current website into the sections called "News," "Stories," "Programmes," and "Library" over August 2019-August 2020



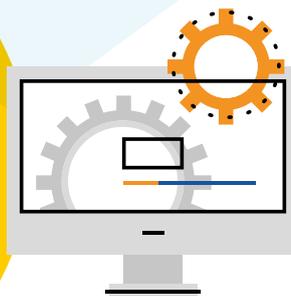
**10+**

sections updated with new content

**RESULTS:** Site visitors grew in

**17.8%**

over January-August 2020, when the Implementation Phase started.



## NEW EU4BUSINESS WEBSITE

**OUTPUTS:**

**New websites:** concept, structure content, design expanded

**RESULTS:**

main site at [www.eu4business.eu](http://www.eu4business.eu) + 6 country SME-focused pages – launched at the end of 2020

**50,840**  
users over January-August 2020

**156,975**  
page views

**14.7%**  
repeat visitors

**85.3%**  
new visitors

## DEVELOPING THE NEW WEBSITES

Our analysis showed that the current EU4Business website was not user-friendly enough for visitors and was attracting visitors well below its potential. We decided to distinguish target audiences and set up useful platforms for these different groups, taking into account their information needs, rather than providing just one overly complicated webpage.



## LAUNCHED AT THE END OF 2020

# 7

### NEW WEBSITES:

#### The primary website

[www.eu4business.eu](http://www.eu4business.eu)

for the donor-oriented community. This is the main “knowledge hub” and a one-stop-shop for the EU and partners with information on portfolios with facts and figures, results and impacts, list of projects, and so on. Its purpose is to keep everyone on the same page and allow various groups to learn from each other’s experience.

#### Country web pages

are tailored for local SMEs and implementers, such as business support organizations, banks, and so on. They are self-explanatory, easy to navigate and offer solutions to problems SMEs face, which that EU can help with:



[eu4business.am](http://eu4business.am)



[eu4business.ge](http://eu4business.ge)



[eu4business.az](http://eu4business.az)



[eu4business.md](http://eu4business.md)



[eu4business.by](http://eu4business.by)



[eu4business.org.ua](http://eu4business.org.ua)

# SUPPORT DURING COVID-19

## OUTPUTS:

Covid-19 Information Support web pages launched for 6 EaP countries



**25+**

Covid-19 Weekly Alerts issued over March-August 2020



## RESULTS:

**3,000+**

new visits to the newly-launched Covid-19 pages over May-August 2020

**40%**

open rate

**9%**

click rate

The number of digest subscribers has grown by 20% since January 2020.



## COVID-19 INFORMATION SUPPORT WEB PAGES FOR SMES

In response to the COVID crisis, our team adapted quickly, working with content writers and designers to launch COVID business help pages for all 6 countries under EU4business in just two weeks, including recommendations from the EU, governments and business:

-  **Armenia:** <https://covid-19-armenia.eu4business.eu>
-  **Azerbaijan:** <https://covid-19-azerbaijan.eu4business.eu>
-  **Belarus:** <https://covid-19-belarus.eu4business.eu>
-  **Georgia:** <https://covid-19-georgia.eu4business.eu>
-  **Moldova:** <https://covid-19-moldova.eu4business.eu>
-  **Ukraine:** <https://covid-19-ukraine.eu4business.eu>



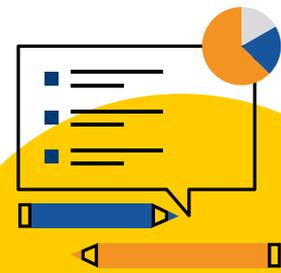
The COVID web pages have been highly appreciated by the EU and SMEs. The pages are now a one-stop-shop for SMEs who are looking for EU support in addressing Covid-19 related issues.

The launch of these websites gained wide media coverage in all countries.

# COVID-19 WEEKLY ALERTS

From March on, our team began sending out Covid-19 Weekly Alerts to keep our international audience informed about COVID developments for SMEs in EaP countries.

We have received **positive feedback** about our newsletters as being "informative" and "timely."



# 20%

more users have subscribed to our newsletter since March



Our newsletters reach over

# 2,000

subscribers and boast a high efficiency



# 98%

delivery rate



# ANNEX

LIST OF PROJECTS BY  
COUNTRY AS OF 2019

Title	Total Budget	Start date	End date
Armenia SME Finance and Advice Facility	€ 15 380 000	2015	2029
Innovative Tourism and Technology Development for Armenia (EU ITTD)	€ 13 500 000	2019	2023
EU Green Agriculture Initiative in Armenia (EU-GAIA)	€ 9 700 000	2019	2023
EU4Tourism: Outdoor adventures on historic trails in Syunik	€ 425 000	2018	2021
Strengthening EU business development in Armenia	€ 110 000	2018	2020
EU4Shirak:Wool for Jobs	€ 350 000	2018	2020
Boosting competitiveness of regional SMEs	€ 1 123 370	2016	2020
EU4Sevan: SME Platform for Business Development and Innovation	€ 480 000	2018	2020
EU4Tourism: Community-driven rural tourism and cultural activities in Gegharkunik and Vayots Dzor marzes	€ 431 274	2018	2020
EU4Women: Women's Economic Empowerment through Social Enterprise	€ 400 000	2017	2019
Enhancing SME competitiveness through promotion and wider use of sustainable innovative technologies	€ 1 500 000	2016	2019
Support to SME development in Armenia	€ 6 400 000	2015	2019
First inclusive and barrier-free Bakery and Coffee Shop in Gyumri	€ 269 187	2016	2019
Boosting Technological Development in Shirak Marz	€ 510 000	2016	2019
Organic Agriculture Support Initiative	€ 3 300 000	2015	2019
Support to Transformation and Achievement of Excellence in Pomegranate Value Chain (STEP)	€ 502 210	2019	2023
"From Kitchen to Business" Food Promotion and Women Empowerment Action	€ 446 789	2019	2022
Azerbaijan Hazelnut and Pomegranate Initiative (AHPI)	€ 551 223	2017	2022
Strengthening of agricultural advisory services	€ 1 600 000	2019	2021
Assistance to farmers to develop the sustainable value chains on soft fruit and vegetable production in the rural regions of Azerbaijan	€ 423 000	2019	2021
Promoting local food production and agri-business owners through advisory services, the creation of new value chain models and agri-tourism development	€ 569 719	2019	2021
Development of sustainable and inclusive local agri-food systems in north-west region of Azerbaijan	€ 1 200 000	2019	2021
Improved Support for Entrepreneurial Development in Rural Areas	€ 1 734 000	2019	2021
Improved Promotion and Marketing of Traditional Food Products	€ 1 900 000	2019	2021

	Type of the Project	Country Benefiting						Areas of Intervention		
		AM	AZ	BY	GE	MD	UA	A2F	BDS	BEE
	Bilateral	•						•	•	
	Bilateral	•						•	•	•
	Bilateral	•						•		
	Bilateral	•						•	•	
	Bilateral	•								•
	Bilateral	•						•	•	
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	Bilateral		•						•	
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Title	Total Budget	Start date	End date
COVCHEG: Community-based Value Chain Enhancement in the Greater Caucasus Mountains area in Azerbaijan	€ 813 106	2018	2021
Promoting Community-based Agritourism as a Rural Regeneration Strategy	€ 384 437	2017	2021
Entrepreneurship for Youth	€ 324 000	2018	2021
Accelerating development of sustainable micro-entrepreneurship in rural regions of Azerbaijan (ADSMIRRA)	€ 418 324	2018	2021
Socio-Economic Empowerment and Development of Small-scale vulnerable rural families in Dashkasan, Goranboy and Samukh rayons of non-Absheron regions of Azerbaijan (SEEDS project)	€ 927 118	2018	2020
Support to the development of small family businesses in the Sheki-Zagatala Economic Zone through ABAD regional centre in Balakan	€ 820 000	2017	2020
The agricultural initiatives for market-driven income generation in the Telishli ecomigrant community	€ 240 527	2017	2020
Supporting regulatory framework for improving the business environment	€ 289 600	2019	2020
Supporting the Government of Azerbaijan in implementation of the Annual Action Programme 2017 "European Union for the Lankaran Region of Azerbaijan"	€ 249 356	2019	2020
Support to EU-AZ Business Forum	€ 179 970	2018	2020
Technical assistance project for the implementation of the support to rural and regional development (SRRD) programme in the Republic of Azerbaijan	€ 3 177 400	2017	2020
Development of competitiveness in key non-oil manufacturing sectors of the economy of the Republic of Azerbaijan	€ 559 530	2017	2019
Local Economic Development in Belarus (LED)	€ 7 700 000	2019	2022
EU-Belarus Private Sector Development Trust Fund	€ 4 800 000	2018	2021
Networking for Improvement Job Opportunities in the Rural Areas of the Mogilev Oblast	€ 604 612	2017	2021
Belarus Investment Climate and Competition Advisory Program Single-Donor Trust Fund (No. TF073054)	€ 4 000 000	2018	2021
Advice for Small Businesses in Belarus	€ 6 000 000	2017	2021
BY RURAL BOOST: Boosting rural entrepreneurship in Belarus via establishment & running of Komarovo Rural Business Incubator	€ 526 503	2014	2020
Social Entrepreneurship Incubator	€ 758 878	2016	2019
Economic and Business Development in Georgia -Budget Support contract	€ 21 250 000	2018	2023
Green Economy: Sustainable Mountain Tourism and Organic Agriculture (GRETA)	€ 3 000 000	2018	2023

	Type of the Project	Country Benefiting						Areas of Intervention		
		AM	AZ	BY	GE	MD	UA	A2F	BDS	BEE
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Title	Total Budget	Start date	End date
Clusters 4 Development – Better Business Sophistication in Georgia	€ 5 300 000	2019	2023
EU innovative action for private sector competitiveness in Georgia	€ 5 693 500	2019	2023
Increasing Institutional Capacity for Innovation Project	€ 2 700 000	2019	2022
Improving Rural Development in Georgia (ENPARD III)	€ 10 000 000	2018	2022
Improving the Agriculture Sector in Georgia (ENPARD III)	€ 12 000 000	2018	2022
European Neighbourhood Programme for Agriculture and Rural Development in Georgia, phase III (ENPARD Georgia III)	€ 44 500 000	2018	2022
Strengthening Georgian Accreditation System with the Focus on EU Technical Regulations	€ 1 400 000	2019	2021
Joint EU-UNDP Programme for Rural Development, Phase II (ENPARD III Abkhazia Component)	€ 4 000 000	2018	2021
Promotion of rural development and diversification in Khulo Municipality	€ 1 800 000	2017	2021
European Neighbourhood Programme for Agriculture and Rural Development in Georgia, phase II (ENPARD Georgia II)	€ 24 875 000	2017	2021
Rural Development for Sustainable Growth of Tetrtskaro Municipality	€ 2 127 260	2016	2020
Extension of Project 'Support to Regional Policy Implementation II'; ENI 2016/376-862	€ 404 985	2019	2020
DCFTA Adaptation Programme (DAP) Support for SME competitiveness in Georgia	€ 4 500 000	2015	2019
SME Development and DCFTA-GEORGIA	€ 5 033 940	2015	2019
Support to Regional Policy Implementation in Georgia (Phase II)	€ 1 230 300	2016	2019
Strengthening Rural Development Models in Georgia	€ 2 999 998	2017	2019
Food and Agriculture SME Support Initiative (FASSI)	€ 477 478	2017	2019
CSOs for Sustainable Economic Development – Strengthening Role of CSOs in DCFTA and SME Policy Implementation in Georgia	€ 478 600	2017	2019
Georgia on European Way: Creation of Effective Model for DCFTA and SME Strategy Implementation	€ 400 000	2017	2019
Support to the National Food Agency, Phase III	€ 5 500 000	2016	2019
Empowerment of local economic actors for basic sustainable rural development in Abkhazia	€ 1 500 000	2016	2019
Regional Civil Society Organizations as Vectors of Rural Economic Development	€ 500 000	2017	2019
Inclusive economic empowerment of focal regions of the Republic of Moldova	€ 23 000 000	2019	2025



Title	Total Budget	Start date	End date
European Union confidence Building Measures Programme V (2019-2022)	€ 9 400 000	2019	2023
Direct grant to ODIMM "Support to SMEs in rural areas"	€ 4 000 000	2018	2021
"ENPARD Moldova – Support to Agriculture and Rural Development" SRC	€ 48 956 111	2015	2020
Support to the quality infrastructure framework within a DCFTA context in the Republic of Moldova	€ 3 683 800	2017	2020
Technical Assistance for the implementation of the Sector Reform Contract: European Neighbourhood Programme to Agriculture and Rural Development (ENPARD)	€ 2 651 900	2016	2019
Improvement of legislation, control and awareness in food safety, animal health and welfare in Ukraine	€ 4 267 150	2019	2023
EU Support to the East of Ukraine	€ 9 500 000	2018	2022
EU Support to the East of Ukraine: Recovery, Peacebuilding and Governance	€ 13 769 743	2018	2022
"EU Support to Ukraine to Re-launch the Economy (EU SURE) "EU SURE Technical Assistance Project"	€ 12 878 276	2016	2021
Support to the development of a Geographical Indications system in Ukraine	€ 3 448 975	2017	2021
Support to Agricultural and Food Policy Implementation	€ 5 692 450	2016	2020
Strengthening the regulation and supervision of the non-bank financial market	€ 2 828 000	2017	2020
Strengthening the Capacity of the Ukrainian National Standardisation Body	€ 998 582	2018	2020
EU4Business: Network of Business Support Centres in Ukraine	€ 40 000 000	2016	2020
Social Entrepreneurship: Achieving Social Change from Bottom Up	€ 416 441	2018	2020
Financing Technologies against Climate Change / FINTECC	€ 4 160 000	2015	2020
Technical assistance in the financial sector's priority areas	€ 4 360 000	2015	2019
Approximation of Ukrainian legislation with the EU in the field of plant protection products and plant health and strengthening associated inspection and laboratory services	€ 2 000 000	2016	2019
Improvement of food safety control system in Ukraine	€ 3 591 550	2014	2019
DCFTA Initiative East (EIB) (can also be referred to as DCFTA Facility by EIB)	€ 62 746 000	2016	2031
Grant for the DCFTA Initiative East – Local Currency Solution Programme	€ 5 300 000	2018	2031
DCFTA Facility Phase II by EBRD	€ 38 900 000	2017	2027

	Type of the Project	Country Benefiting						Areas of Intervention		
		AM	AZ	BY	GE	MD	UA	A2F	BDS	BEE
	Bilateral					•				•
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Title	Total Budget	Start date	End date
EU Deep and Comprehensive Free Trade Area (DCFTA) Facility, EBRD DCFTA Programme	€ 19 430 000	2016	2026
DCFTA SME Direct Finance Facility	€ 10 220 000	2014	2024
SME Finance Facility Phase I – EBRD/KfW	€ 10 200 000	2010	2019
2018 NIP decision share – Green for Growth – Extension to Neighbourhood East II	€ 5 162 849	2018	2040
Green for Growth – Extension to Neighbourhood East II	€ 6 157 151	2018	2040
EU4Business – The EU Local Currency Partnership Initiative: the European Fund for Southeast Europe (EFSE)	€ 50 320 000	2018	2039
Eastern Partnership SME Finance Facility – Phase II KfW	€ 5 200 000	2017	2032
Eastern Partnership SME Finance Facility – Phase II EIB	€ 5 200 000	2017	2027
Structural Reform Facility: World Bank component	€ 1 500 000	2018	2023
Women in Business	€ 5 035 000	2015	2022
Eastern Partnership SME Finance Facility – Phase II EBRD	€ 5 200 000	2016	2022
EU-EBRD Country-specific Investment Climate Reviews and Action Plans for Eastern partnership (EaP) countries.	€ 2 000 000	2018	2021
Financial Sector Institution Building and Crisis Response	€ 12 000 000	2009	2020
Mayors for Economic Growth	€ 4 979 800	2017	2020
Mayors for Economic Growth 2 TA	€ 10 000 000	2017	2020
EIB-04 SME Finance Facility – EIB window	€ 5 100 000	2012	2020
WBG technical support to the implementation of the Mayors for Economic Growth initiative	€ 500 000	2016	2020
Eastern Partnership: Ready to Trade – an EU4Business initiative	€ 6 000 000	2017	2020
EU4Business: From Policies to Action	€ 4 000 000	2017	2020
Green for Growth – Extension to NIF East Region	€ 13 350 000	2013	2019
Framework for Capacity Building to support Financial Intermediaries in Azerbaijan and Georgia	€ 2 880 000	2009	2019
SBS Program – EGP BAS Phase II	€ 8 000 000	2015	2019
EFSE (Neighbourhood Window of the European Fund for South East Europe)	€ 5 100 000	2009	2019
Ukraine top up L shares	€ 15 000 000	2009	2019
GGF L shares for Georgia	€ 10 000 000	2009	2019
STAREP (Strengthening Auditing and Reporting in the Countries of the EaP)	€ 1 000 000	2014	2019

	Type of the Project	Country Benefiting						Areas of Intervention		
		AM	AZ	BY	GE	MD	UA	A2F	BDS	BEE
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