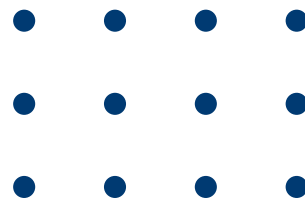




EU4Business



ANNUAL REPORT 2022



WWW.EU4BUSINESS.EU

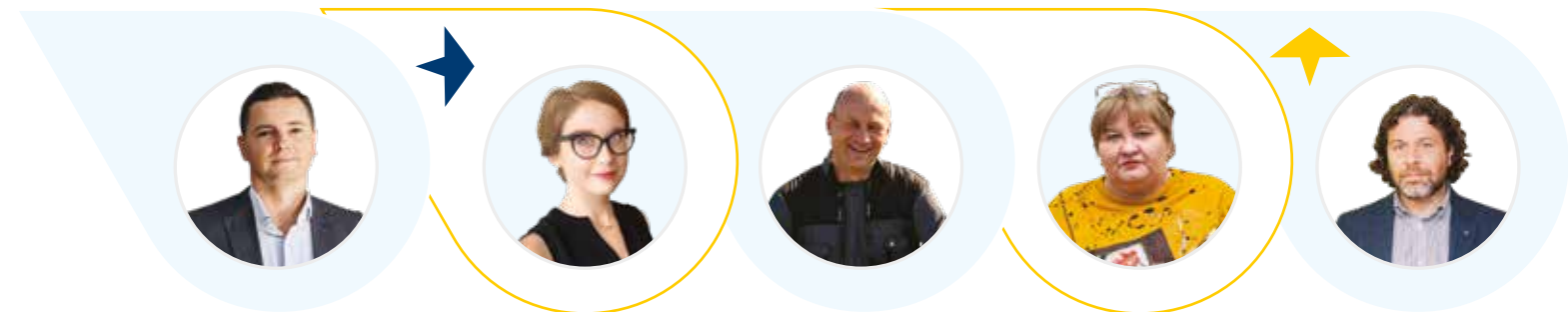
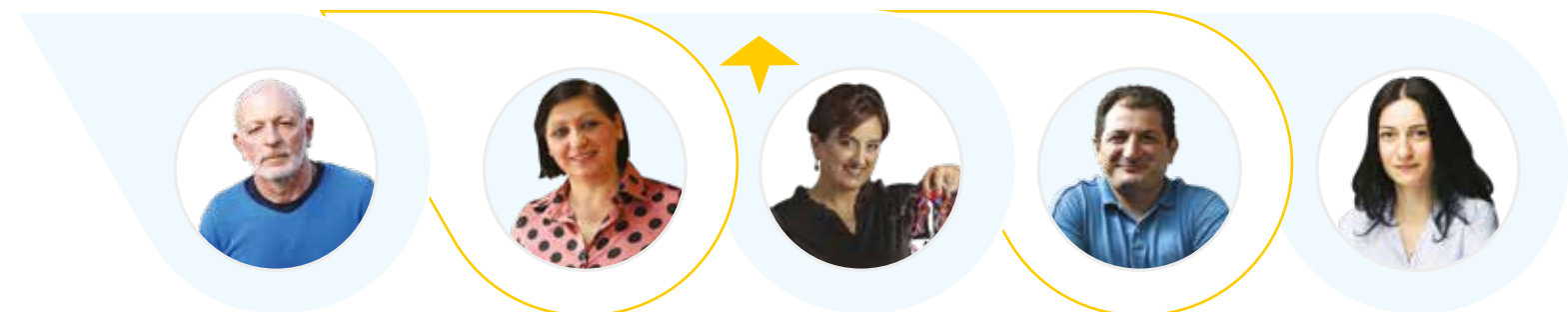
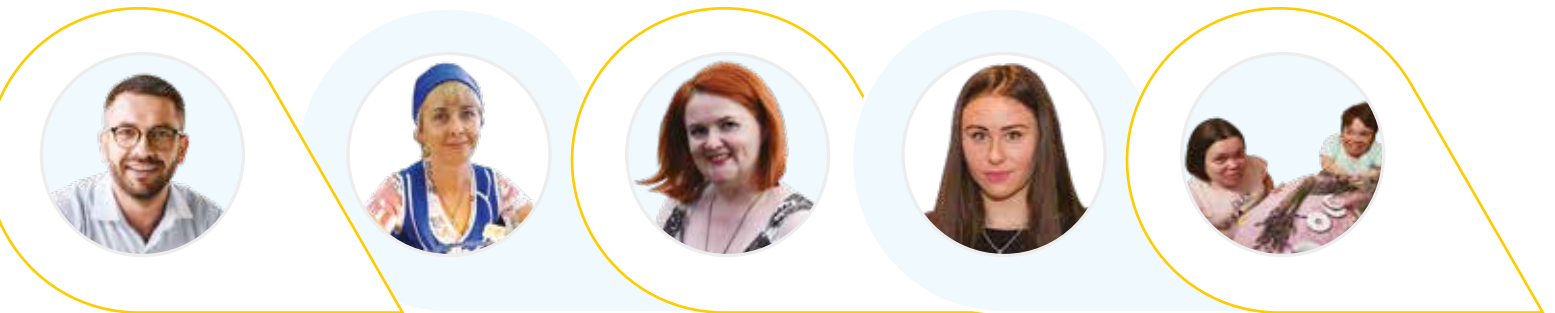
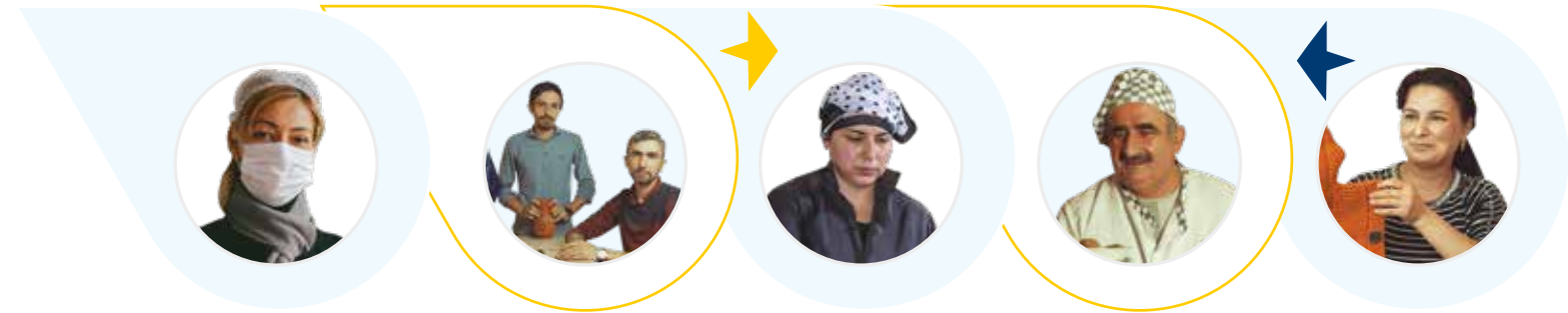


TABLE OF CONTENTS

| | | | |
|--|-----------|---|-----------|
| ➤ FOREWORD | 04 | ➤ ACHIEVEMENTS IN 2021 | 46 |
| | | Aggregated results..... | 47 |
| ➤ EXECUTIVE SUMMARY: 2021 AT A GLANCE | 05 | Access to Finance | 57 |
| | | Results per instrument | 57 |
| ➤ INTRODUCTION | 08 | ARTICLE: | |
| Partners | 09 | Enabling sustainable transformation through local currency lending..... | 62 |
| Focal point..... | 11 | Business Development Services | 65 |
| ARTICLE: | | Results per instrument | 65 |
| ➤ Beyond 2020: New priorities and approaches for the EaP | 12 | ARTICLE: | |
| | | Helping SMEs in the EaP region grow by the EU4Business: Connecting Companies | 70 |
| ➤ EU SUPPORT TO SMES IN 2021 IN THE EASTERN PARTNERSHIP | 16 | Business Enabling Environment | 75 |
| Portfolio of projects..... | 17 | Results per instrument | 75 |
| Breakdown by intervention | 18 | ARTICLE: | |
| Regional/bilateral | 20 | Russia's War on Ukraine and the implications for the Eastern Partnership: Economic shocks, SME impact, policy options by OECD..... | 79 |
| Country portfolios..... | 23 | ARTICLE: | |
| Types of interventions..... | 26 | Erasmus for Young Entrepreneurs: Opportunities for Growth | 83 |
| ARTICLE: | | | |
| How effective is EU4Business?..... | 38 | | |
| ARTICLE: | | | |
| Prospects for Post-2020 Targets..... | 43 | | |
| | | ➤ VISIBILITY | 85 |
| | | | |
| | | ➤ ANNEXES | 90 |



FOREWORD



Olivér Várhelyi

European
Commissioner for
Neighbourhood
and Enlargement

Last year, the European Commission launched an ambitious Economic and Investment Plan (EIP) for the Eastern Neighbourhood, which aims to strengthen the resilience of our partners' economies and accelerate post-pandemic economic growth. The EU4Business Initiative – an umbrella initiative encompassing 108 private sector support projects in the region – is the cornerstone of this Economic and Investment Plan. The EU4Business initiative was launched in recognition of the central role that small- and medium-sized enterprises (SMEs) play in the economic fabric of our societies. In the Eastern Partnership region – as in the EU – SMEs satisfy a large part of our daily needs (whether for food, housing, clothing, furniture, or transport) and provide around 90% of our jobs. They are also a major driver of economic growth. Moreover, in the current geopolitical turmoil caused by Russia's war of aggression against Ukraine, the need to support the economic resilience of our partner countries and SMEs has become more relevant than ever before.

The challenges posed by the current geopolitical situation to SMEs are numerous: former export markets have been closed, energy and raw material prices are soaring – pushing inflation to levels not seen in the last 40 years – supply chains have been disrupted, and exchange rates and interest rates have become more volatile than ever. In such difficult and unpredictable market conditions, it is crucial to find ways to ensure that entrepreneurs continue to invest, develop their businesses, and continue to trade.

As it did during the COVID-19 pandemic, the EU4Business initiative will help address all these challenges by offering: 1) better financial terms and easier access to finance for SMEs that want to invest – especially if it is in more sustainable and energy efficient technologies and production means; 2) first-class expertise to help SMEs upgrade their production or management processes and to help them conquer new markets, and 3) top quality technical assistance to partner governments to help them improve their countries' business climates and lay the groundwork for sustainable economic growth.

As a quick glimpse at this annual EU4Business activity report shows, in 2021 the EU4Business initiative continued to deliver strong results in support of the region's private sector. Through its 108 EU-funded

bilateral and regional projects, in the last year the EU4Business initiative provided more than 78,000 SMEs with access to finance, technical expertise and support services. These SMEs – of which 31% were women-owned – have created an estimated 66,000 jobs and increased their turnover by an average of 26%. The number of SMEs engaged in export activities has increased by almost 5%. These impressive figures, propelled by a dynamic post-COVID-19 recovery, show that EU4Business is an invaluable support bolstering the positive economic trend that characterised 2021. It is meeting one of our most important commitments in our Economic and Investment Plan.

Since the beginning of Russia's war against Ukraine, the EU has adapted the implementation of many of its programmes in support of the private sector, with a view to providing a lifeline to as many SMEs as possible in the region. The EU is also deploying new financial guarantees to help the private sector mitigate the increased geopolitical and financial risks caused by the current war, to supporting investment and economic growth.

We are proud that the EU4Business initiative – an integral part of the Economic and Investment Plan for the Eastern Partnership – is contributing to a strong and resilient Eastern Partnership.

EXECUTIVE SUMMARY

2021 AT A GLANCE

The 2022 EU4Business Annual Report shows how the EU, its partners and SMEs in the Eastern Partnership region are facing up to the challenges post COVID. Results for 2021 show a bounce back in terms of the numbers of SMEs supported by the EU and impressive performance of supported SMEs.

EU4Business projects and programmes have supported

78,045

SMEs across the EaP

an increase of

8.62%

compared with 2020

PORTFOLIO*

108
Projects

Total Budget of EU support

€896.91
million

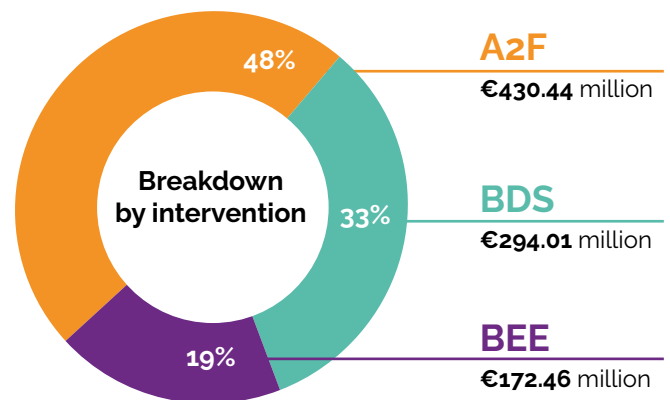
of which

€139.97
million

was disbursed

€2.026
billion

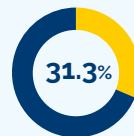
extra income generated



RESULTS IN FIGURES**

78,045

SMEs supported



women-owned

66,678

new jobs created

+8.1%

increase in staff among EU-supported SMEs

+26.2%

growth in SMEs' turnover recorded

+4.89%

EU-supported SMEs engaged in exporting

+11.48%

increase in exports among EU-supported SMEs

* total budget of active projects in 2021

** data for 2021

IMPACT OF EU SUPPORT

For every million euro of EU support

€1
million



558
SMEs benefited

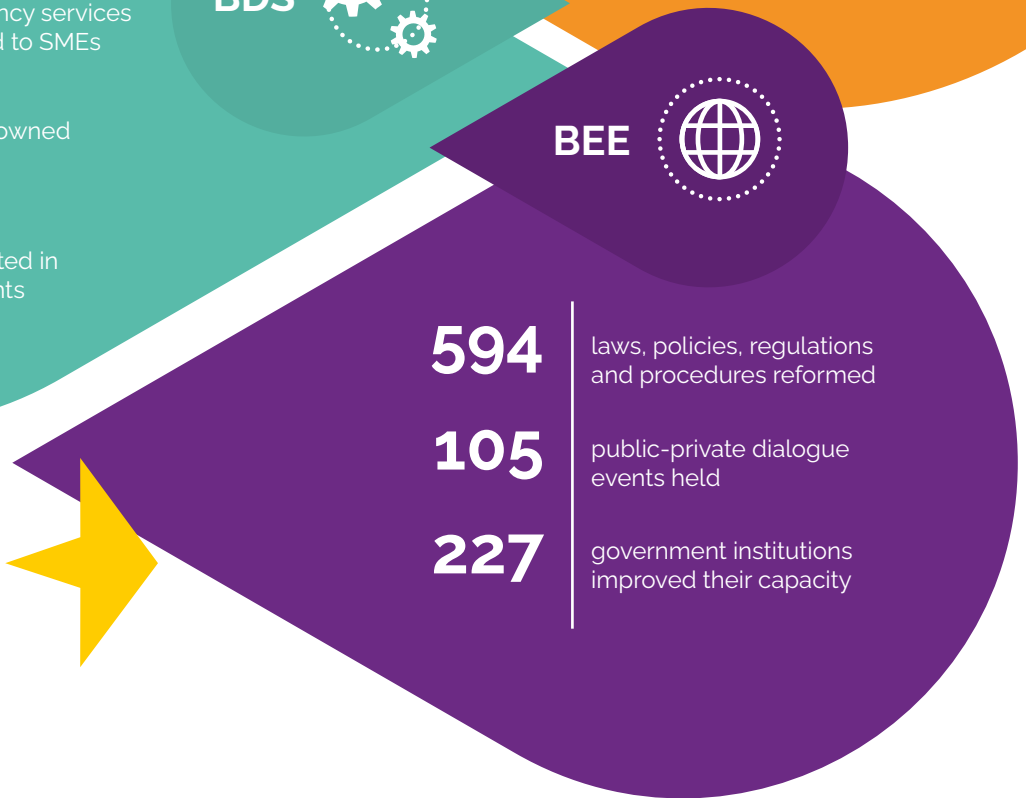
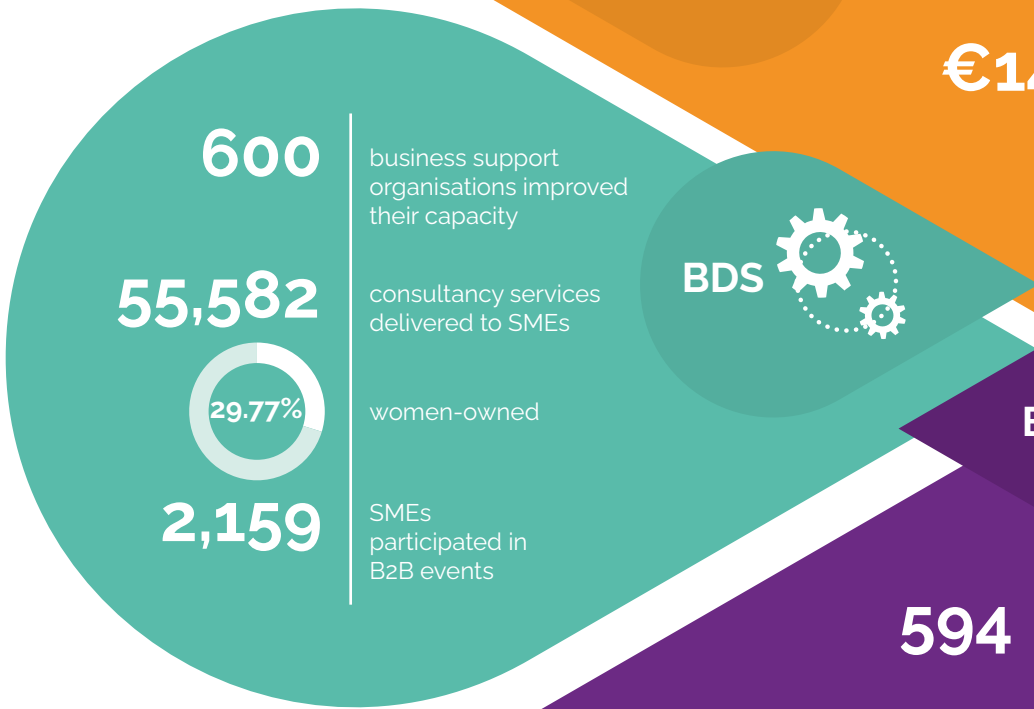
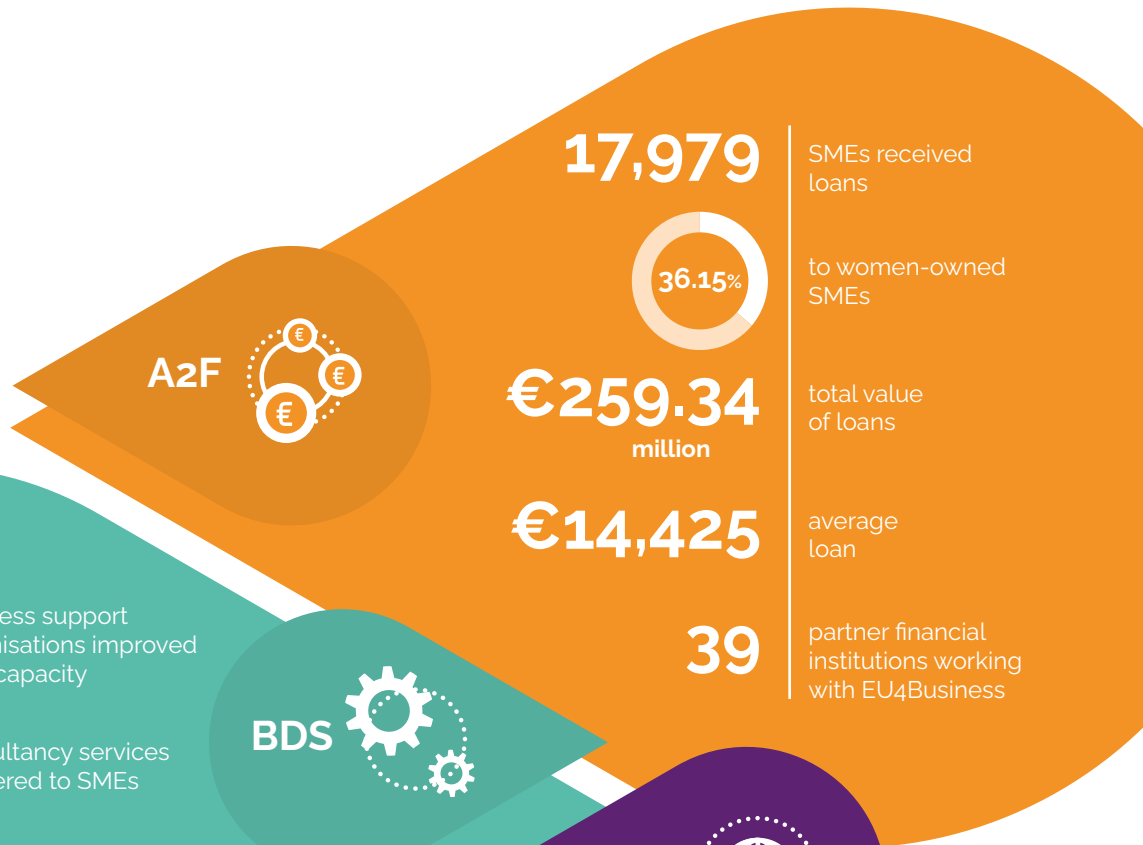


476
new jobs were generated



€14.5
million increase in income

RESULTS PER PILLAR



WHAT SUPPORT DOES THE 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

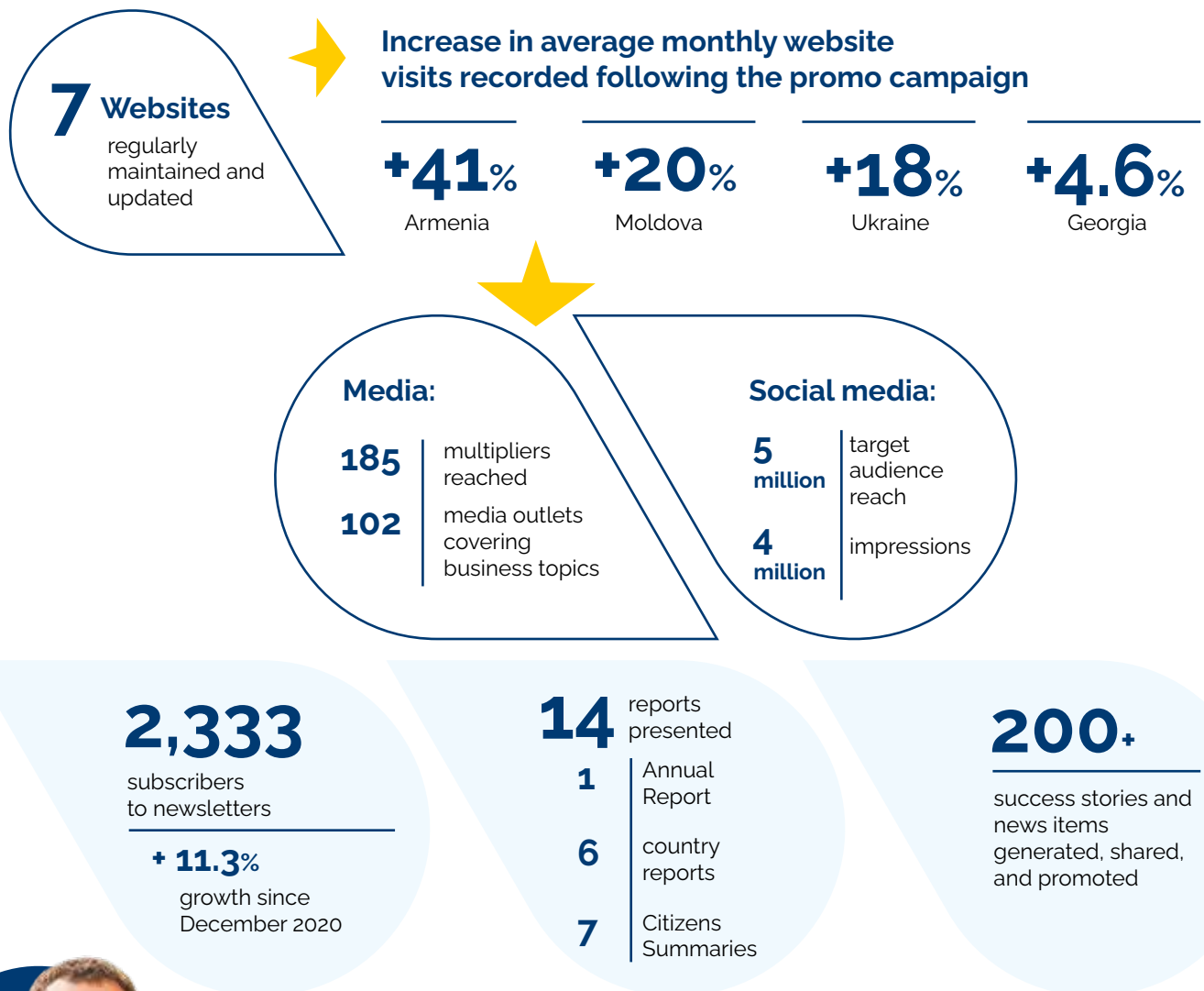
Business Development Services (BDS):

- 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

EU4BUSINESS FACILITY COMMUNICATIONS

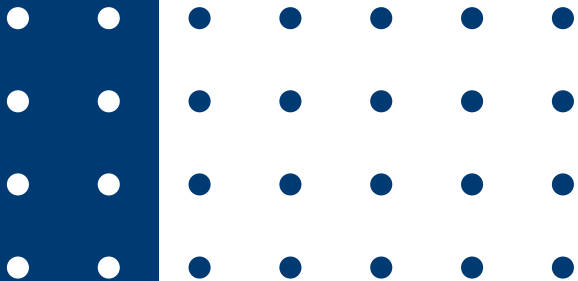


The performance of SMEs supported by EU in 2021 is impressive, creating more income and more jobs than in any previous year. There are even greater challenges in 2022 but despite the regional turmoil, the EU is committed to continue to support SMEs. The EU4Business initiative is adapting and providing appropriate measures so that SMEs can access the support they need.

Mark Hellyer
Team Leader, EU4Business Facility



INTRODUCTION



[PARTNERS] OF EU4BUSINESS

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

International Organizations



Member State Governments and Agencies



International NGOs



International Consultancies and private sector

WEglobal

bsi.

COWI

GFA
Consulting Group

DAI human dynamics

Wyz
A YOUNG TECH COMPANY

Agrotec

IDI INTERNATIONAL DEVELOPMENT IRELAND

DMI
MOBILE ENTERPRISE SOLUTIONS

CTC
Centro Tecnológico Nacional de la Conserva y Alimentación

Europeanprofiles^{SA}

VAKAKIS & ASSOCIATES
DEVELOPMENT CONSULTANTS



PIN

POLO UNIVERSITARIO CITTÀ DI PRATO

SERVIZIO DIDATTICO E SCIENTIFICO PER L'UNIVERSITÀ DI FIRENZE



D·M·I

AMZ
AgrarMarkt Austria

TUNO
STUDIOS

NIRÁS

Planet

Microsoft
Innovation Center Armenia

EaP Government Agencies and NGOs

Armenia



Ներդրումների Աջակցման Կենտրոն

Azerbaijan



YiY
İCTİMAİ BİRLİYİ

JA
100

Azərbaycan Mikrofinans Assosiasiyası
AMFA
Azerbaijan Micro-finance Association

RIQC

CESD
Center for Economic and Social Development

ANİA
AZƏRBAYCAN NAR İSTEĞALÇILARI VƏ İRƏKATÇILARI ASSOSIASİYASI

Kend Inkisafına Destek İctimai Birlük (AZ)

Belarus



ODB
Brussels



Georgia



RDFG
for a better future



CINEMA SAKARTVELO

Moldova



ODIMM
ORGANIZAȚIA PENTRU DEZVOLTAREA DESTINULUI ÎNTERPREZINȚILOR MCI-DI MOLDOVA



Solidarity Fund PL in Moldova

Ukraine



BRDO

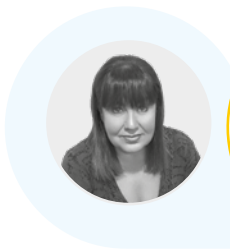


East Europe Foundation

THE EU4BUSINESS FACILITY TEAM



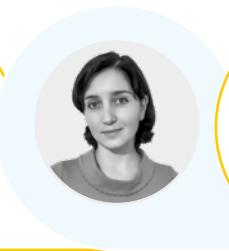
Mark Hellyer
Team Leader



Atena Duicu
Key Expert in
SME Policy and
Strategy



Olga Seleznova
Head of
Communications



Victoria Sydoryk
Regional
Project
Coordinator



Anton Zubenko
Data Specialist

COUNTRY SME EXPERTS



Sevak Hovhannisyán



Gulnara Mammadova



Irina Tochitskaya



David Okropiridze



Anatolie Palade

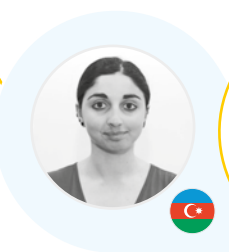


Olha Krasovska

COUNTRY COMMUNICATION EXPERTS



Aghavni Harutyunyan



Esmira Aliyeva



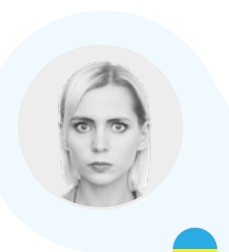
Taisia Charnukha



Nino Abdaladze



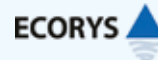
Mihaela Babara



Yuliia Tarkanovska



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



BEYOND 2020: NEW PRIORITIES AND APPROACHES FOR THE EAP

Taken from:
Q&A: Eastern Partnership
Post-2020 priorities,
Brussels, 2 July 2021

With its purpose to strengthen and deepen political and economic relations between the European Union, its Member States and the Eastern Partner countries, the Eastern Partnership remains a cornerstone of EU foreign policy.

Work on a future agenda started with a broad, inclusive consultation in 2019 that concluded with a [Joint Communication](#) in March 2020 called "Eastern Partnership Policy beyond 2020: Reinforcing resilience—an Eastern Partnership that delivers for all," followed by [Council Conclusions on Eastern Partnership policy beyond 2020 in May](#).

The Joint Communication identified strengthening resilience as the overarching policy framework, with five long-term policy objectives:

- together for resilient, sustainable and integrated economies;
- together for accountable institutions, rule of law and security;
- together towards environmental and climate resilience;
- together for a resilient digital transformation; and
- together for resilient, fair and inclusive societies.

Since its launch in 2009, the Eastern Partnership has delivered concrete, positive results to both the partner countries and the EU. Based on these achievements and the results of the consultation conducted in 2019 and 2020, future cooperation priorities focus on bringing even more tangible benefits for people by increasing trade, growth and jobs, investing in connectivity, strengthening democratic institutions and the rule of law, supporting green and digital transitions, and promoting fair, gender-equal and inclusive societies.

A regional economic and investment plan will support post-COVID socio-economic recovery and long-term resilience, reflecting the 'build back better' agenda.

In order to maximise impact and visibility on the ground, and reflect the conclusions of the consultation, a selection of Top 10 targets has offered concrete examples of actions within the wider framework of cooperation.

For SMEs, the target set is:



In addition,
the EU will provide:

€1 billion
in local currency
financing

€500 million
in equity to
help SMEs



ANNEX 1: ECONOMIC & INVESTMENT PLAN FOR EAP, INVESTING IN ACCESS TO FINANCE FOR SMES ALSO SETS ADDITIONAL TARGETS:



developing female entrepreneurship (women in business will benefit from a further €720 million of loans),



mobilise potential investments of up to €1.4 billion in the green economy by issuing green bonds

The implementation of future priorities will be supported through the various EU tools and modalities, including the new "Global Europe / NDICI" instrument and Team Europe initiatives bringing together resources and expertise from the EU and its Member States, through cross-border cooperation programmes and through the partners' own investments. Ongoing programming under the new Global Europe instrument is in full alignment with the post 2020 EaP policy framework.

The key new element of the Joint Staff Working Document is the economic and investment plan for the Eastern Partnership. By using all available NDICI tools, including the European Fund for Sustainable Development Plus, backed by its External Action Guarantee, this plan is expected to foster sustainable development, and leverage public and private investment. The Economic and Investment Plan will mobilise up to €2.3 billion from the EU budget in grants, blending and guarantees to stimulate jobs and growth, and support connectivity and the green and digital transition. This is expected to leverage potential investments of up to €17 billion to support post-pandemic recovery and to help the economies of the Eastern Partnership become more sustainable, resilient and integrated.

This economic and investment plan supports the investment pillar presented in the joint staff working document. Transforming the EaP economies to make

them more resilient and integrated has become even more urgent in the face of the post-COVID socio-economic recovery. EU support under the plan should facilitate and leverage public and private investments by combining the forces of the EU, the European Investment Bank, the European Bank for Reconstruction and Development (EBRD), other IFIs; Member States' development finance institutions, continuing the Team Europe approach; partner countries' national, regional and local governments and municipalities where relevant; and private investors.

The European Fund for Sustainable Development will play a critical role in scaling up and leveraging significant volumes of investments. Synergies can also be sought with other financial tools offered by Member States, such as export credits, investment guarantees, and so on. The economic and investment plan will combine actions to at local, national and regional levels, and will be adapted to each partner country. For instance, the economic recovery plan for Moldova identifies priority areas for investment. To ensure sustainable impact, the plan also includes investments in innovation and human capital.

Improving the policy and regulatory environment is essential if investments in the infrastructure are to be effective and foster sustainable economic and social development.

The Economic Investment Plan proposes concrete country flagship initiatives for each of the partner countries. These will help maximise impact and visibility on the ground and concentrate efforts on concrete priority projects that can make a difference to people and businesses in the Eastern Partnership.

The proposed agenda was discussed with Member States, partner countries and other stakeholders in preparation for its endorsement at the 6th Eastern Partnership summit in December 2021. Preparations to implement this agenda are already underway and will continue in the coming year, including efforts to secure the funds to implement such an ambitious agenda.

EAP: FLAGSHIP INITIATIVES

(Proposals are indicative and subject to a democratic transition)

ARMENIA

Flagship 1:

Supporting an innovative and competitive economy: direct support to 30,000 SMEs

Flagship 2:

Boosting connectivity & socio-economic development: the North-South Corridor

Flagship 3:

Investing in digital transformation, innovation, science and technology

Flagship 4:

Building resilience of the southern regions

Flagship 5:

Investing in education notably in the Syunik region through two new Smart Centres combining both formal and non-formal education.

Flagship 6:

Investing in a green Yerevan: energy efficiency and green buses

AZERBAIJAN

Flagship 1:

Green connectivity: supporting the green port of Baku

Flagship 2:

Digital connectivity: supporting the digital transport corridor

Flagship 3:

Supporting an innovative and competitive economy: direct support to 25,000 SMEs

Flagship 4:

Innovative Rural Development

Flagship 5:

Smarter and greener cities

BELARUS

Flagship 1:

Supporting a sustainable, innovative, green and competitive economy – direct support for 100,000 SMEs

Flagship 2:

Improving transport connectivity and facilitating EU-Belarus trade

Flagship 3:

Boosting innovation and the digital transformation

Flagship 4:

Supporting a green Belarus – energy efficiency, waste management and infrastructure

Flagship 5:

Investing in a democratic, transparent and accountable Belarus

GEORGIA

Flagship 1a:

Black Sea Connectivity – Deploying a submarine fibre optic cable

Flagship 1b:

Black Sea Connectivity – Deploying a submarine electricity cable

Flagship 2:

Transport across the Black Sea – Improving physical connections between Georgia and the EU

Flagship 3:

Economic Recovery – Supporting 80,000 SMEs to reap the full benefits of the DCFTA

Flagship 4:

Digital Connectivity for Citizens – high-speed broadband infrastructure for 1,000 rural settlements

Flagship 5:

Improved Air Quality – Helping over 1 million people in Tbilisi breathe cleaner air

Flagship 6:

Energy Efficiency in Residential Apartment Buildings

THE REPUBLIC OF MOLDOVA

Flagship 1:

Supporting an innovative and competitive economy: direct support to 50,000 Moldovan SMEs

Flagship 2:

Boosting EU-Moldova trade – construction of an Inland Freight Terminal in Chisinau

Flagship 3:

Increasing energy efficiency – expanded refurbishment of district heating systems in residential buildings (condominiums) in Chisinau and Balti

Flagship 4:

Improving connectivity – anchoring Moldova in the Trans-European Network for Transport

Flagship 5:

Investing in Moldova's human capital and preventing "brain drain" – by modernising school infrastructure and implementing the National Education Strategy

UKRAINE

Flagship 1:

Flagship 1: Supporting a sustainable, innovative, green and competitive economy – direct support for 100,000 SMEs

Flagship 2:

Economic transition for rural areas – assistance to more than 10,000 small farms

Flagship 3:

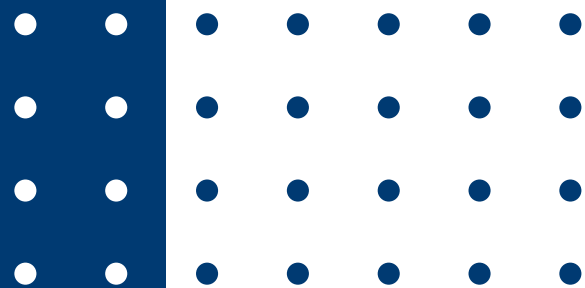
Improving connectivity by upgrading border crossing points

Flagship 4:

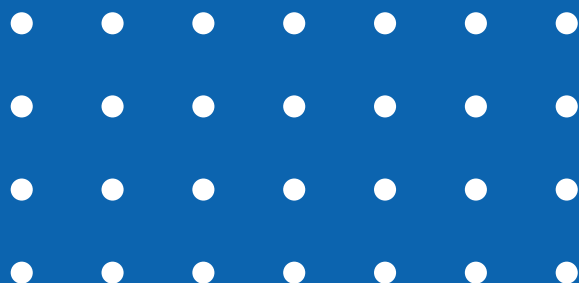
Boosting the digital transformation – modernising public IT infrastructure

Flagship 5:

Increasing energy efficiency – and support for renewable hydrogen



EU SUPPORT TO SMES IN THE EASTERN PARTNERSHIP LIN 2021

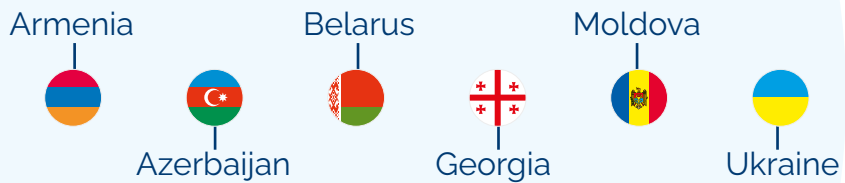


The European Union's support for SMEs in the Eastern Partnership grew in 2021 by

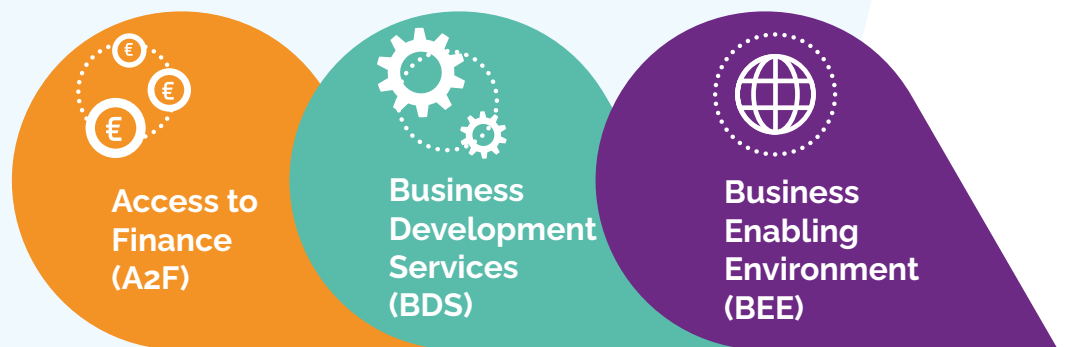
+1.8%



Across the six Eastern Partnership countries



EU support is focusing on three types of interventions:



108

projects provided support to SMEs in 2021

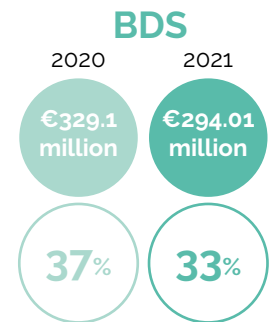
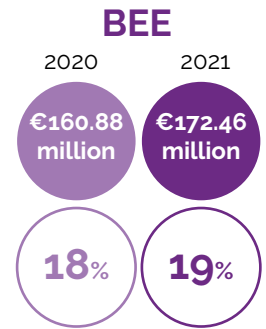
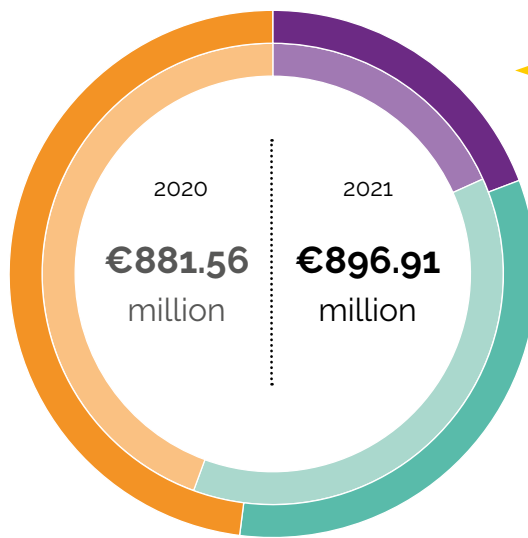
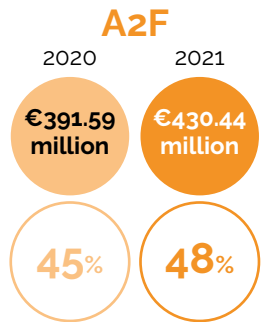
with a total budget of almost

€897
million

This is the total value of contracts being implemented, not disbursements in 2021.

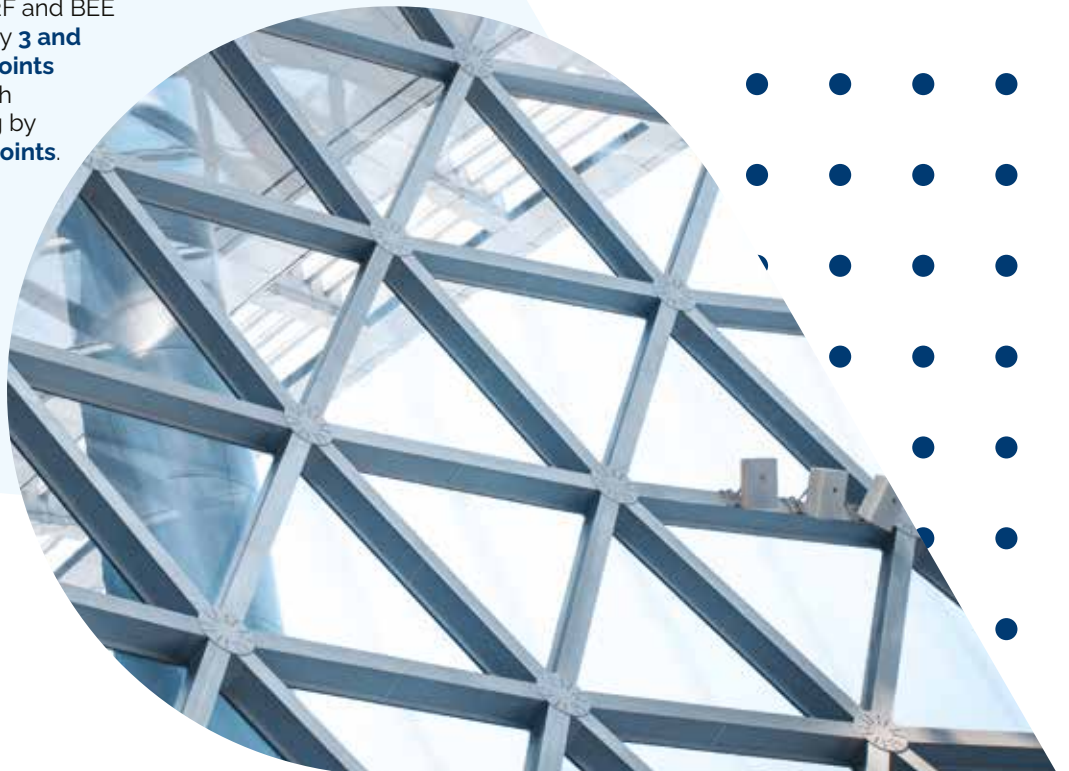
[BREAKDOWN]

BY INTERVENTION



Almost half (**48%**) of the funds allocated to projects in 2021 went to improving access to finance, with a further **33%** for improving business development services and the remaining **19%** for improving the business environment.

This shows that the proportion of support to A2F and BEE has increased by **3 and 1 percentage points** respectively with BDS decreasing by **4 percentage points**.



INNOVATION AS A STATE OF MIND: GEORGIAN STARTUP ELVEN TECH AND ITS SPACE RELATED FUTURE

Elven Tech is pioneering an innovative, fire-resistant, hi-tech protective suit for fire fighters which not only would keep them cool but would also save lives. The company is a member of the Georgian Apparel and Fashion Association (GAFA), established with support from the EU under its EU4Business Initiative and the German Government implemented by GIZ.

Clusters4Development project helped Elven Tech put their models to the real-life test, subjecting them to a massive 1100-degree Celsius blaze with flames of 2.5 metres in height which filled the entirety of an abandoned warehouse. In the most recent test, Elven Tech's suit outlasted the closest competitor five times longer. The project also paired Elven Tech with international experts with substantial experience in the start-up field and in the domain of Personal Protection Equipment (PPE).



Testing our products on such a large scale helped us to promote our innovation to new partners and international investors, which has transformed our business from a local enterprise to something that can potentially have a global reach in helping save lives."

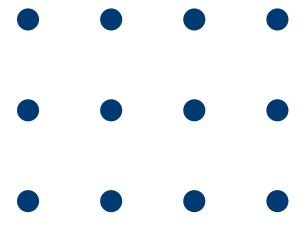
Vamekh Kherkheulidze
CEO of Elven Tech

[Read full story](#)



BREAKDOWN

BY BILATERAL/ REGIONAL PROJECTS



The majority of support to SMEs was provided through bilateral projects and programmes, with **52%** of the total budget being country-specific. Although, this is less than in 2020 where **55%** was bilateral.

Whilst the proportion of bilateral projects in total budgets have fallen, the allocation of budgets by intervention remains broadly similar to 2020. This reflects the fact that in 2021, the budgets for regional projects grew by almost **7%**. There are also big differences in the type of intervention at a regional versus bilateral level. The majority of bilateral budgets (**47%**) focuses on BDS, amounting to **€220 million**. Around **29%** of bilateral funds are allocated to improving the business environment and only **24%** to access to finance. Whereas the majority of regional budgets (**75%**) focuses on A2F, amounting to over **€318 million**, with only **17%** to BDS and **8%** for BEE.

Breakdown of Active Bilateral Projects by Intervention in 2021

Bilateral projects are those managed by EUDs that come from EU country programmes, whereas regional projects are managed from the EU HQs in Brussels and come from EU regional funds.



Breakdown of Regional Projects by Intervention in 2021



EU4BUSINESS REGIONAL PROJECT UNVEILS NEW OPPORTUNITIES AND MARKETS FOR SMES IN THE EAP

Since 2017, the “Ready to Trade – an EU4Business Initiative” project implemented by ITC has been helping SMEs in the Eastern Partnership countries integrate into global value chains and access new markets. The project also assists SMEs in producing value-added goods according to international and EU market requirements. Dozens of companies have already benefitted from the project. We encourage you to read some of their stories.



From hobby to business: Ritea herbal recipes unlock new markets

In 2017, the Ritea brand began receiving support from the project – from branding to adopting the HACCP food safety system. Recently, the company participated in the biggest food trade fair in Europe, Anuga 2021. The company also went to a trip to South Africa, where it gained key skills to improve production. In early in 2022, the brand introduced new packaging for its old and new products, in line with international standards. The new branding and packaging were also developed under the EU4Business project.

[Read full story](#)



Anuga gave us a plethora of ideas on packaging and products. Also, our study tour to South Africa and consultations both on site and here in Armenia have been extremely useful.”

Rita Martirosyan,
Founder of Ritea herbal teas brand



Companies from Georgia secured more than €600,000 worth of orders from international buyers at Anuga 2021,

the world's leading trade fair for food, in Cologne, Germany. Participation in the exhibition was made possible by the “Ready to Trade” project. During the B2B meetings, Georgian companies established more than 107 new business contacts with leading companies from all over the world, including Germany, Netherlands, Lebanon, Saudi Arabia, Turkey, Poland, Canada, Ukraine, Bulgaria and received orders for their products from 20 buyers.

[Read full story](#)



Ukrainian blueberry growers went co-op with the support of the “Ready to Trade”

In 10 years, the area under blueberry plantations in Ukraine has grown tenfold, from 200 to 2,000 hectares. Today, world markets are attracting Ukrainian berry growers, but the problem remains that the batches are too small for international orders.

Three farms found a smart solution that was unique for Ukraine. In February 2020, they announced the start-up of the first Ukrainian cooperative of blueberry producers, PAT Big Berry Coop, with the support of the “Ready to Trade” project, together with the Ukrainian Berry Association. Currently, the co-op involves a total of 250 hectares, and this year its member companies have exported 38.4 t of berries to the United Arab Emirates.

[Read full story](#)



French fashion fairs see 11 Moldova and Belarus labels for the first time

Apparel brands from Moldova and Belarus exhibited their wares at the Who's Next and Première Vision trade fairs in Paris with the support of the “Ready to Trade” project. The apparel sector in both countries was identified as one of the most promising sectors in this respect. Participating SME labels make a range of clothing for women, bridal wear and kids' clothes, including knitwear.

Selected SMEs received coaching, advice and training that made it possible for them to introduce their clothing to the European market. While working on their collections, they were updated on EU market requirements, the latest fashion trends, and sustainability standards.

[Read full story](#)



Premium brands sew clothes in Belarus

Bonadi – a knitwear factory in Belarus set up in 2014 – has partnered with luxury clothing brands through the “Ready to Trade” project, allowing this small country to boast knitwear that meets all European quality standards.

Bonadi worked with a consultant from the Netherlands who audited everything, from documents in the accounting department to the production shop, what might be improved, and much more. In 2021, Bonadi became an exhibitor at Première Vision with the support of ITC, CBI and EU4Business, and received a lot of attention from European clothing manufacturers. The project also helped the factory with offline and online consultations in various areas, from marketing to making a website.

Since the project, we have increased production 10-15%, and thanks to the seminars, our online sales in 2021 alone increased by 45%. For us, it's been a huge push in development.”

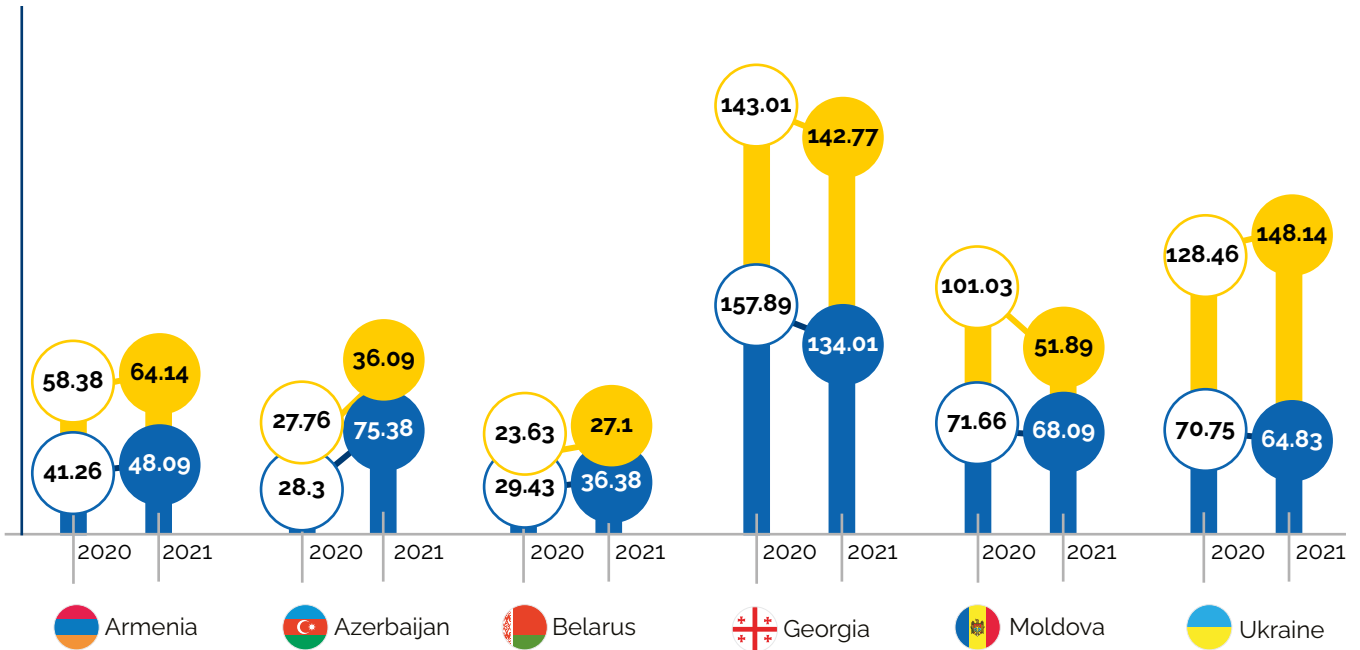
Anastasia Pestis
CEO at Bonadi factory

[Read full story](#)

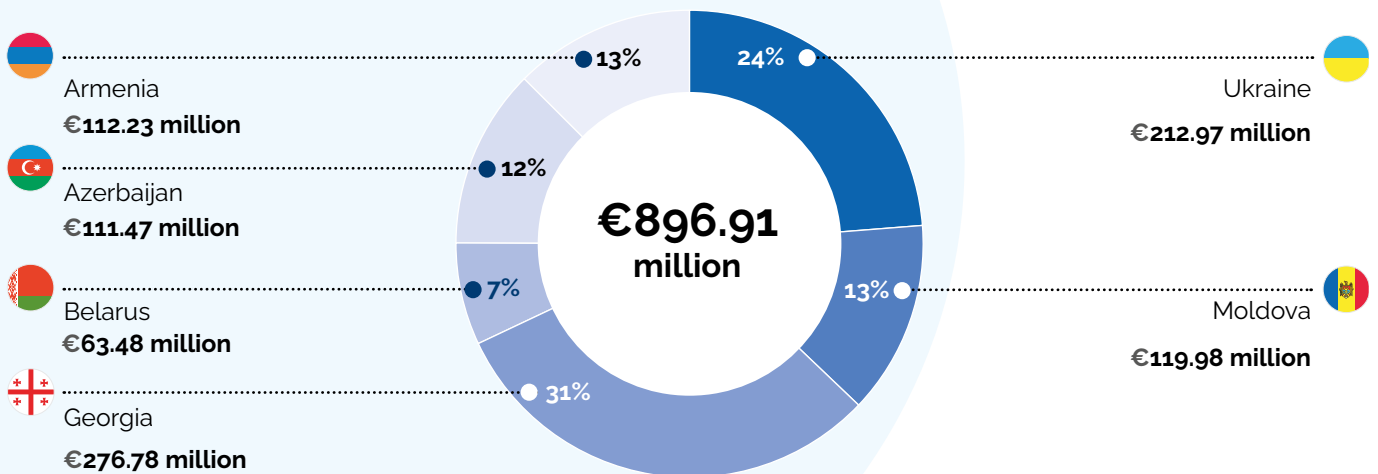
COUNTRY PORTFOLIOS

Value of Projects Breakdown by Country, mln €

● Bilateral ● Regional

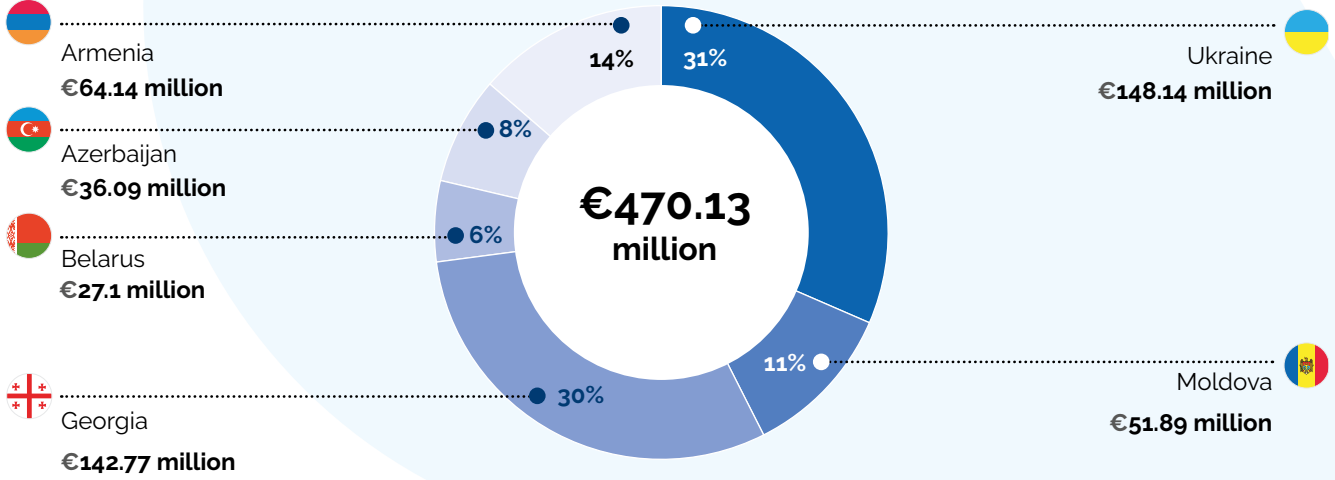
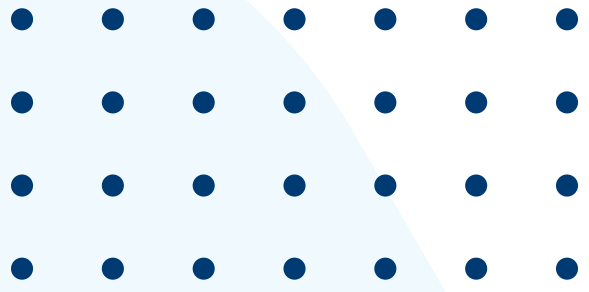


BREAKDOWN OF ACTIVE PROJECTS BY COUNTRY (TOTAL REGIONAL AND BILATERAL)



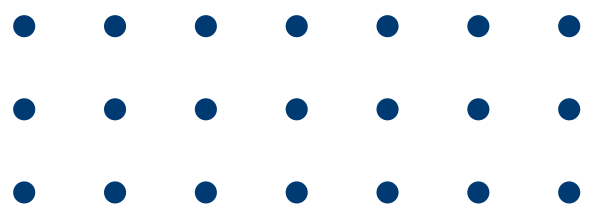
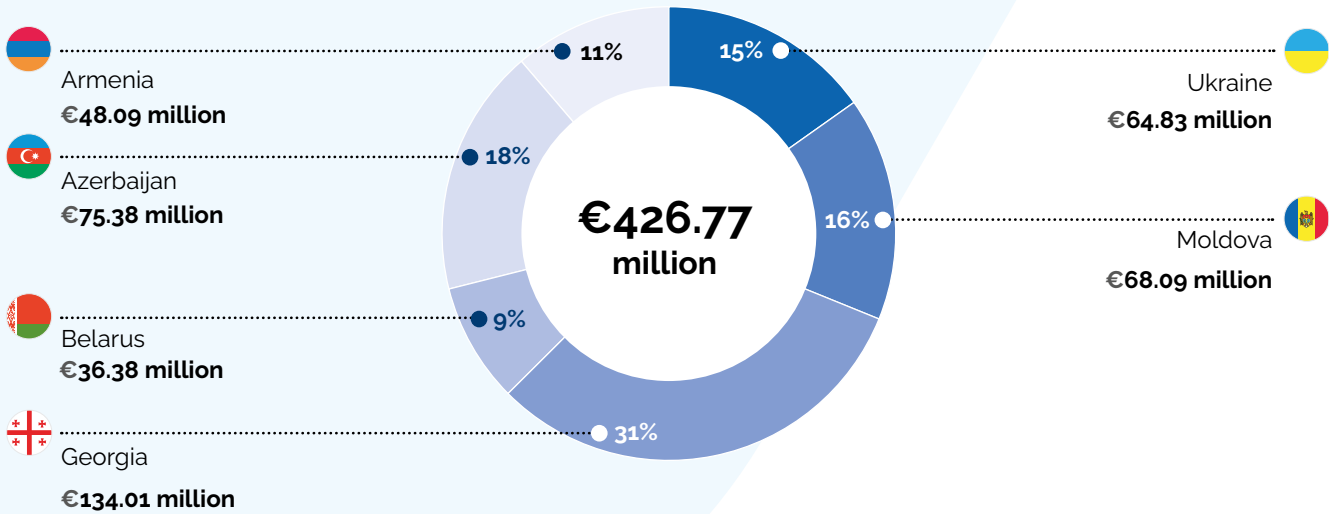
BREAKDOWN

OF ACTIVE PROJECTS BY COUNTRY (BILATERAL)



BREAKDOWN

BREAKDOWN OF ACTIVE PROJECTS BY COUNTRY (REGIONAL)

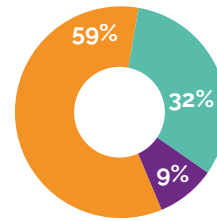




ARMENIA

23 projects provided support to SMEs in Armenia in 2021

with a total budget* **€112.23** million **➔ +12.6%** compared with 2020



A2F
€66.57 million

BDS
€35.51 million

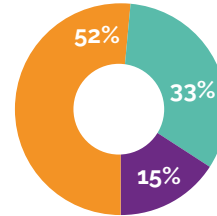
BEE
€10.15 million



AZERBAIJAN

47 projects provided support to SMEs in Azerbaijan in 2021

with a total budget* **€111.47** million **➔ +98.8%** compared with 2020



A2F
€57.61 million

BDS
€36.43 million

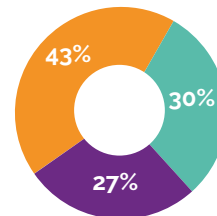
BEE
€17.42 million



BELARUS

19 projects provided support to SMEs in Belarus in 2021

with a total budget* **€63.48** million **➔ +19.6%** compared with 2020



A2F
€27.12 million

BDS
€19.04 million

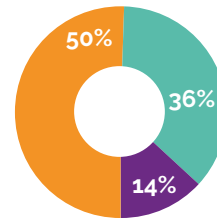
BEE
€17.32 million



GEORGIA

36 projects provided support to SMEs in Georgia in 2021

with a total budget* **€276.78** million **➔ -8%** compared with 2020



A2F
€139.37 million

BDS
€100.41 million

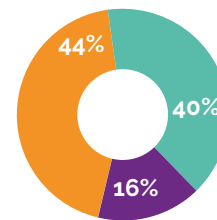
BEE
€37.01 million



MOLDOVA

28 projects provided support to SMEs in Moldova in 2021

with a total budget* **€119.98** million **➔ -30.5%** compared with 2020



A2F
€52.29 million

BDS
€48.49 million

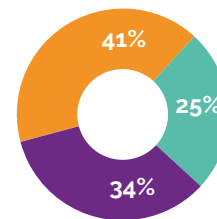
BEE
€19.20 million



UKRAINE

37 projects provided support to SMEs in Ukraine in 2021

with a total budget* **€212.97** million **➔ +6.9%** compared with 2020

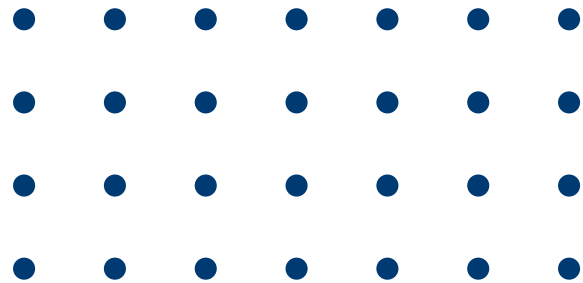


A2F
€87.47 million

BDS
€54.13 million

BEE
€71.36 million

* This is total value of contracts being implemented rather than disbursements in 2021.



OVERVIEW

BY TYPE OF INTERVENTION

ACCESS TO FINANCE (A2F)

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

A total of
€430.44
million

in EU support was allocated to unlock access to finance in 2021 through

+9.9%
compared with 2020



9

support instruments that the EU4Business initiative uses for enabling access to finance, as defined:



A1 Capped Loss Recovery

This 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 the EaP. The grant provides interest subsidies of up to 10%, which is applied to the regular interest rate, with which the IFI lends 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 Targeted Assistance (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, the characteristics of their credit lines, their reporting requirements, as well as 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 is 25%/70%, for EIF COSME support the guarantee is 50%/70%, for DCFTA facility phase 2 the guarantee is 25%/80%.

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 euros or dollars. In order to sign credit contracts in national currency, the IFIs need to protect their investment through "currency hedging". This is 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 "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 a 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 is the case for the EBRD DCFTA facility 1 and 2.

A7 Grants to SMEs

These grants are non-reimbursable and generally modest in value in order to 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 crises. These grants are usually disbursed through Non-governmental Agencies (NGOs) with links into targeted communities.

A8 Structured Funds

This instrument is implemented directly by EU participation as opposed to risk-sharing with IFIs. Typically, this involves direct loans or equity investment in a financial instrument or fund. As the 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 Southeastern Europe (EFSE).

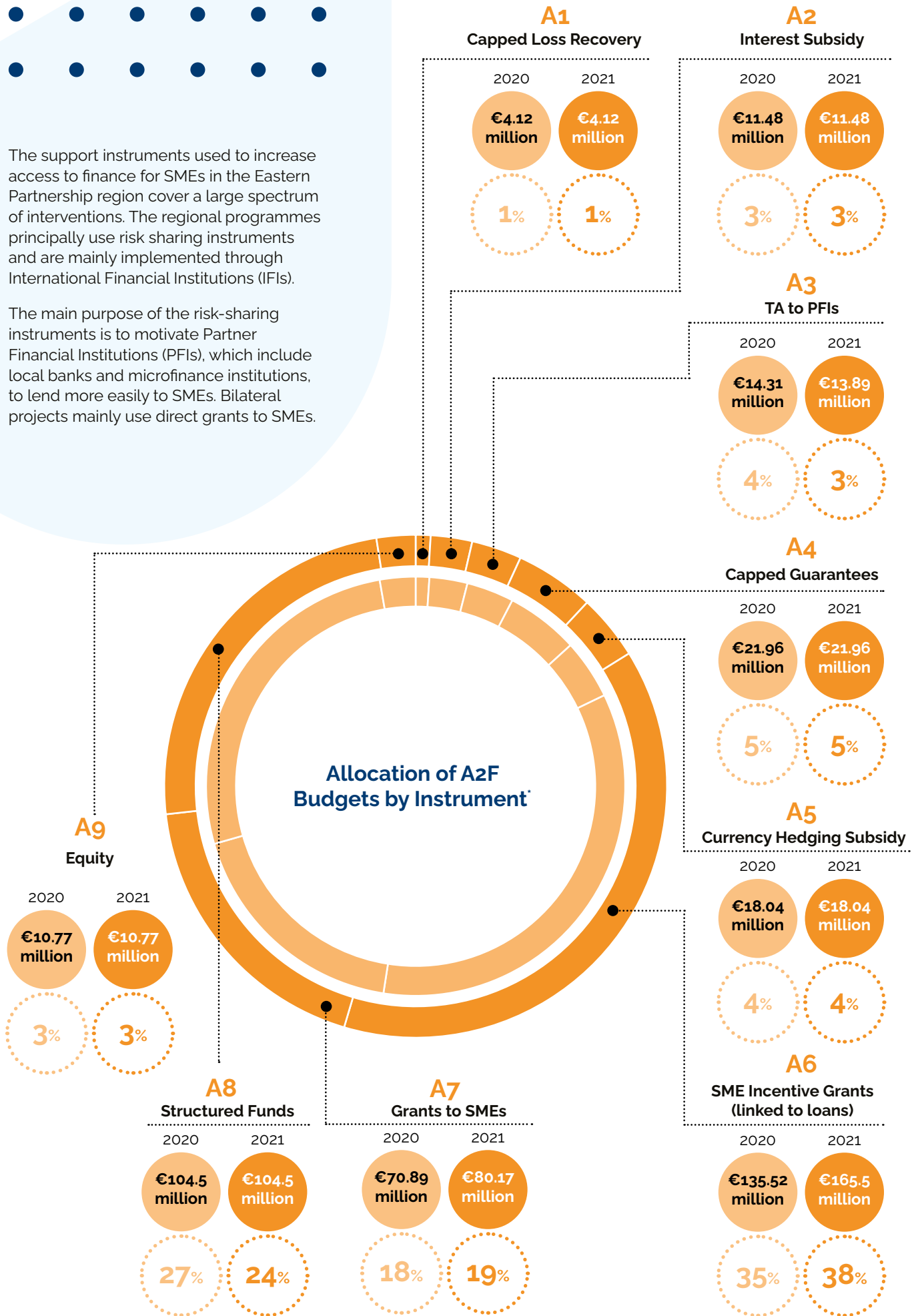
A9 Equity

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 is for now it is only active in Armenia, where the EU provides a first loss guarantee for the Amber Equity Fund that invests equity in SMEs of Armenia.

The support instruments used to increase access to finance for SMEs in the 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.

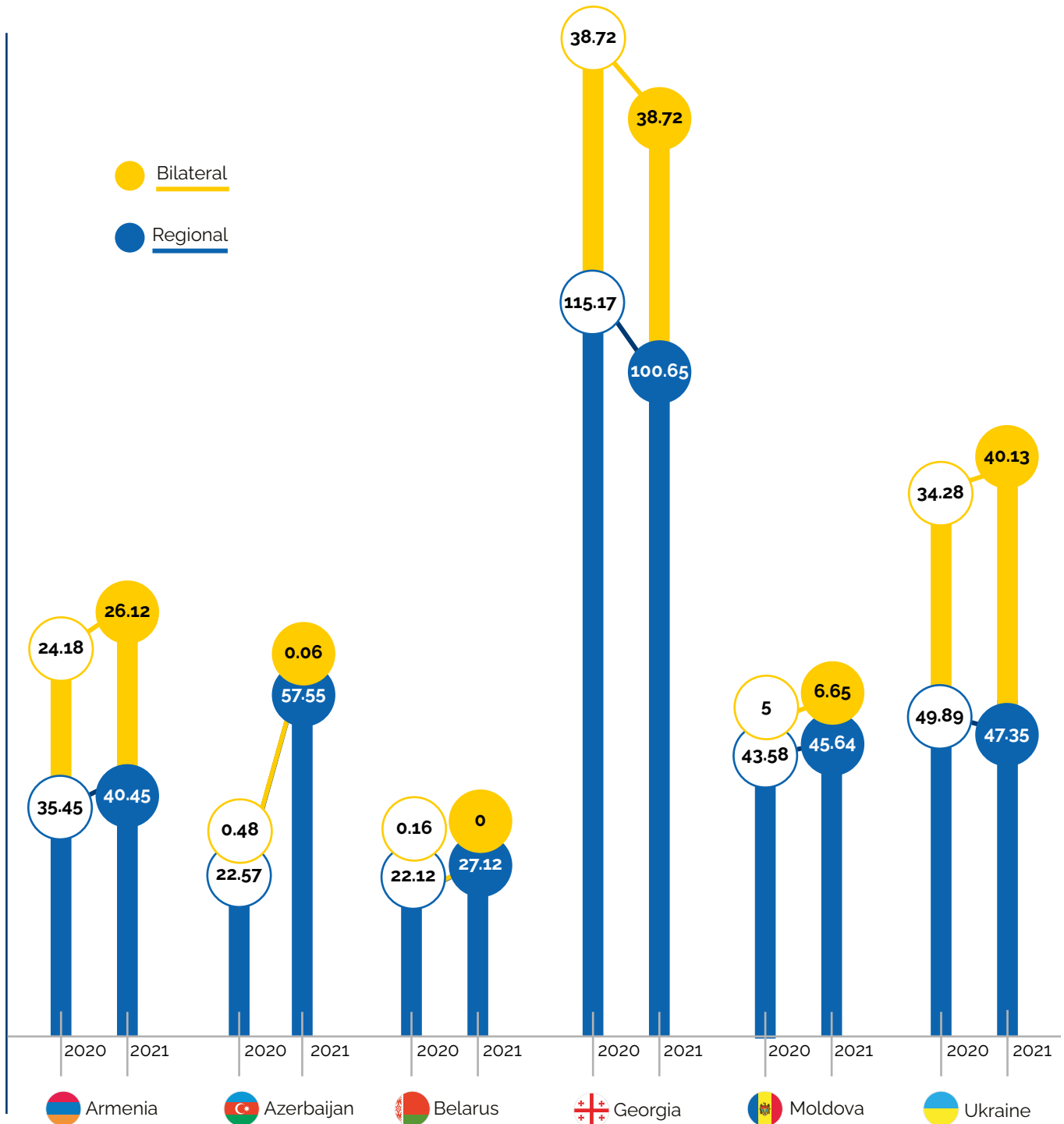
Allocation of A2F Budgets by Instrument*



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

Value of A2F Projects by Country, mln €

EU budgets for Access to Finance in the EaP are highest in Georgia, accounting for **32%** of all A2F interventions (but slightly lower than the **39%** share in 2020), followed by Ukraine with **20%** (slightly lower than the **21%** share in 2020), and Armenia with **15%** (same as in 2020). The major shift in A2F projects was to Azerbaijan, which increased its share in A2F budgets from **5.9%** in 2020 to **13%** in 2021. In contrast to other interventions, A2F is mainly delivered through regional projects.



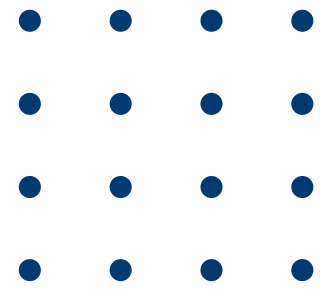
BUSINESS DEVELOPMENT SERVICES (BDS)

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

This is the total value of contracts being implemented, not disbursements in 2021.

A total of
€294.01
 million

in EU support is allocated to improving business development services in 2021 through



Over
62%

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

with
22%

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



7 

support instruments that the EU4Business initiative uses for improving business development services and knowledge to SMEs, as 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 partly 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, the 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 organisation 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.

The EU4Business Incubators Instrument generally shares the cost with the local authorities where the EU bears the cost of refurbishment and cost-sharing arrangements for the running costs and/or service provision. One of the most important aspects related to this instrument is sustainability. As 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

This 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 the necessary information (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 (company decision makers in target export markets who 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

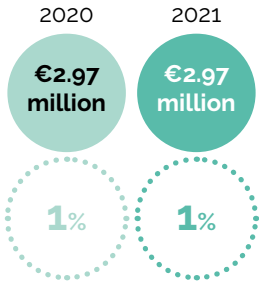
This instrument is used at a national or sector level to develop a policy to increase a country's exports. This instrument is typically based on studies, analysis, and stakeholder consultation that assesses national production, market requirements, and export constraints and then, working with government and stakeholders, builds a common sector or national approach (and action plan) to develop the exports of competitive products in target markets. In addition, this instrument can also include support in coordination with implementation of the strategy itself as well as national visibility and branding, support programmes, and stakeholder dialogue.





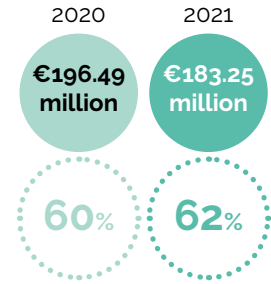
B7

Export Strategies



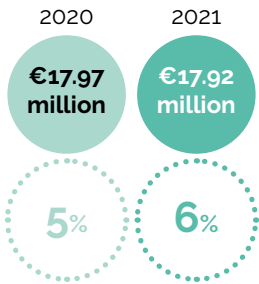
B1

Consultancy Services for SMEs



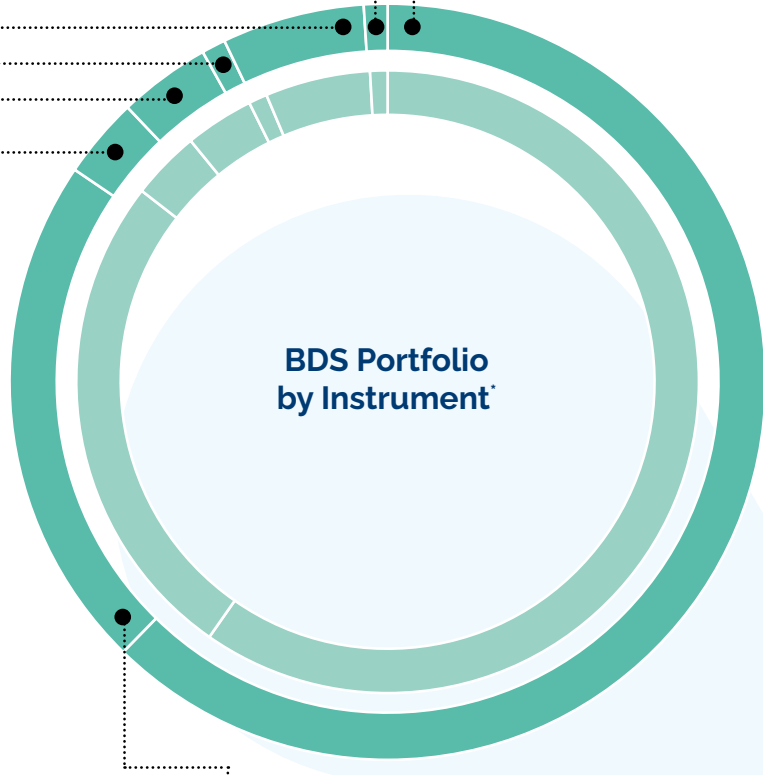
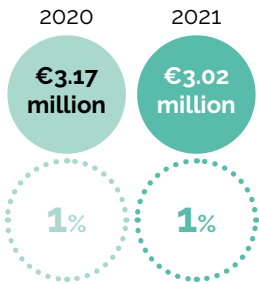
B6

B2B Activities



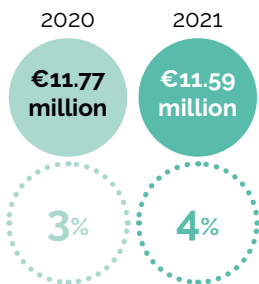
B5

Trade Information



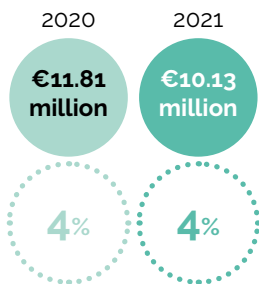
B4

Clusters



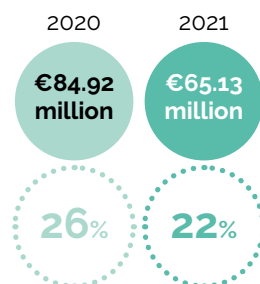
B3

Incubators



B2

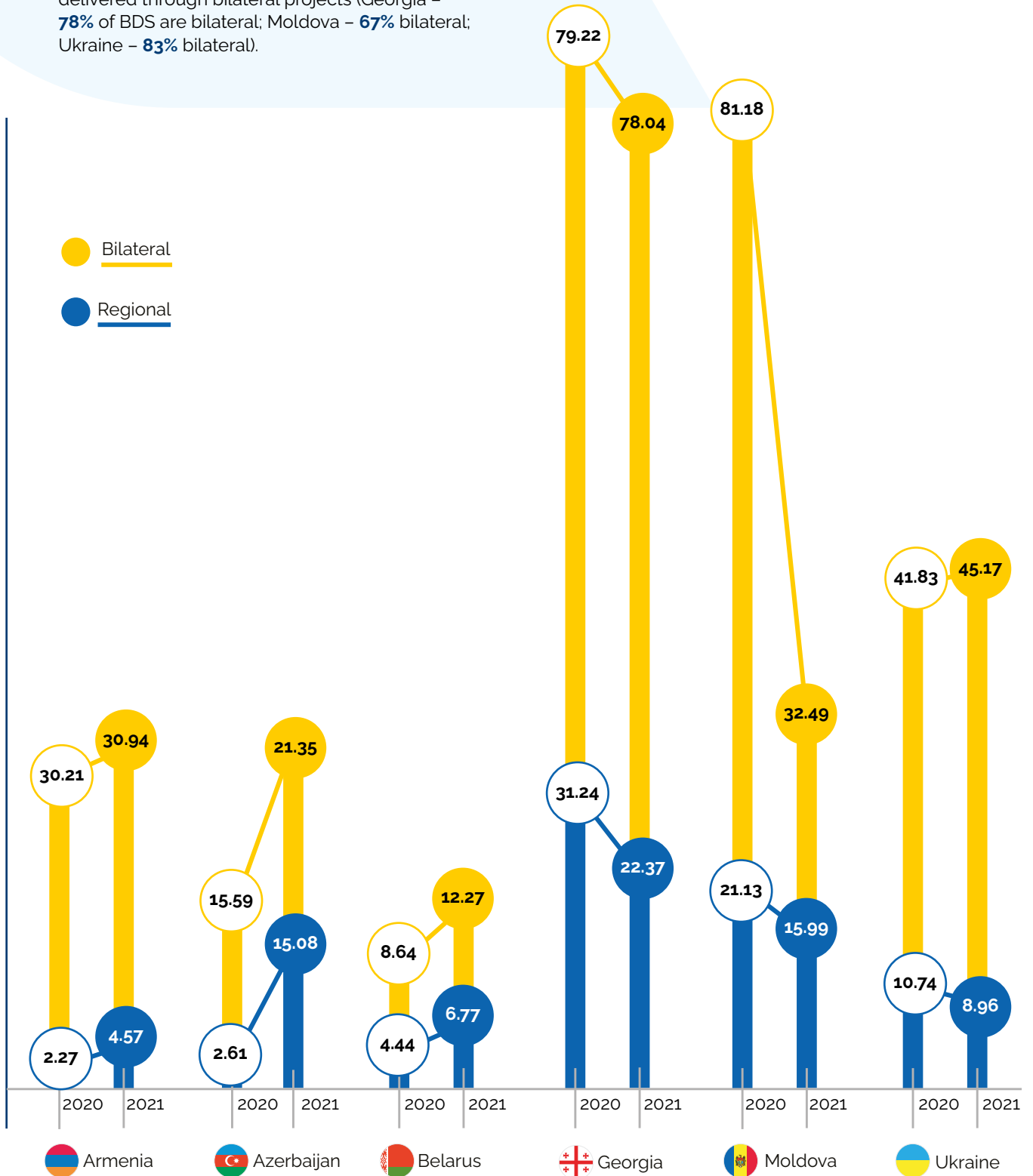
Capacity Building of BSOs



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

Value of BDS Projects by Country, mln €

By country, EU support to improving BDS was highest in Georgia, representing **34%** of all BDS budgets (as in 2020). Moldova received **16%** of BDS budgets (significantly lower than **31%** in 2020), and Ukraine **18%** (up from **16%** in 2020). BDS is mainly delivered through bilateral projects (Georgia – **78%** of BDS are bilateral; Moldova – **67%** bilateral; Ukraine – **83%** bilateral).



BUSINESS ENABLING ENVIRONMENT (BEE)

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

This is the total value of contracts being implemented, not disbursements in 2021.

A total of
€172.46
 million

in EU support is allocated to improving the business enabling environment in 2021, through

4

support instruments that the EU4Business initiative uses for contributing to a business enabling environment, as defined below:

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.

C1 Capacity Building among Policymakers and Regulators

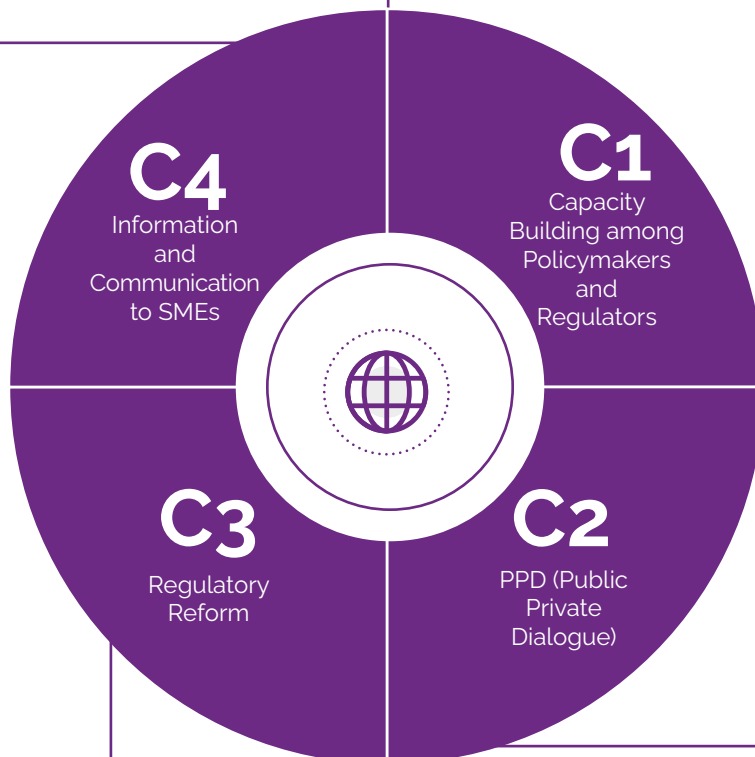
Through this instrument, EU4Business interventions aim at strengthening the capacity of staff of various government agencies to ensure better, more transparent, and open policies and regulations that affect business, whilst ensuring appropriate controls in the six Eastern Partnership countries. This can include making and amending policies, laws, and administrative procedures based on need and risk assessment. Through this instrument, EU4Business interventions deliver direct advisory, mentoring services, and study tours to the relevant staff involved in policymaking.

C3 Regulatory Reform

Through this instrument, EU4Business interventions support the EaP countries to improve the regulatory environment based on best practices 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 are committed to widespread adoption of EU business acquis under the Association Agreement (AA).

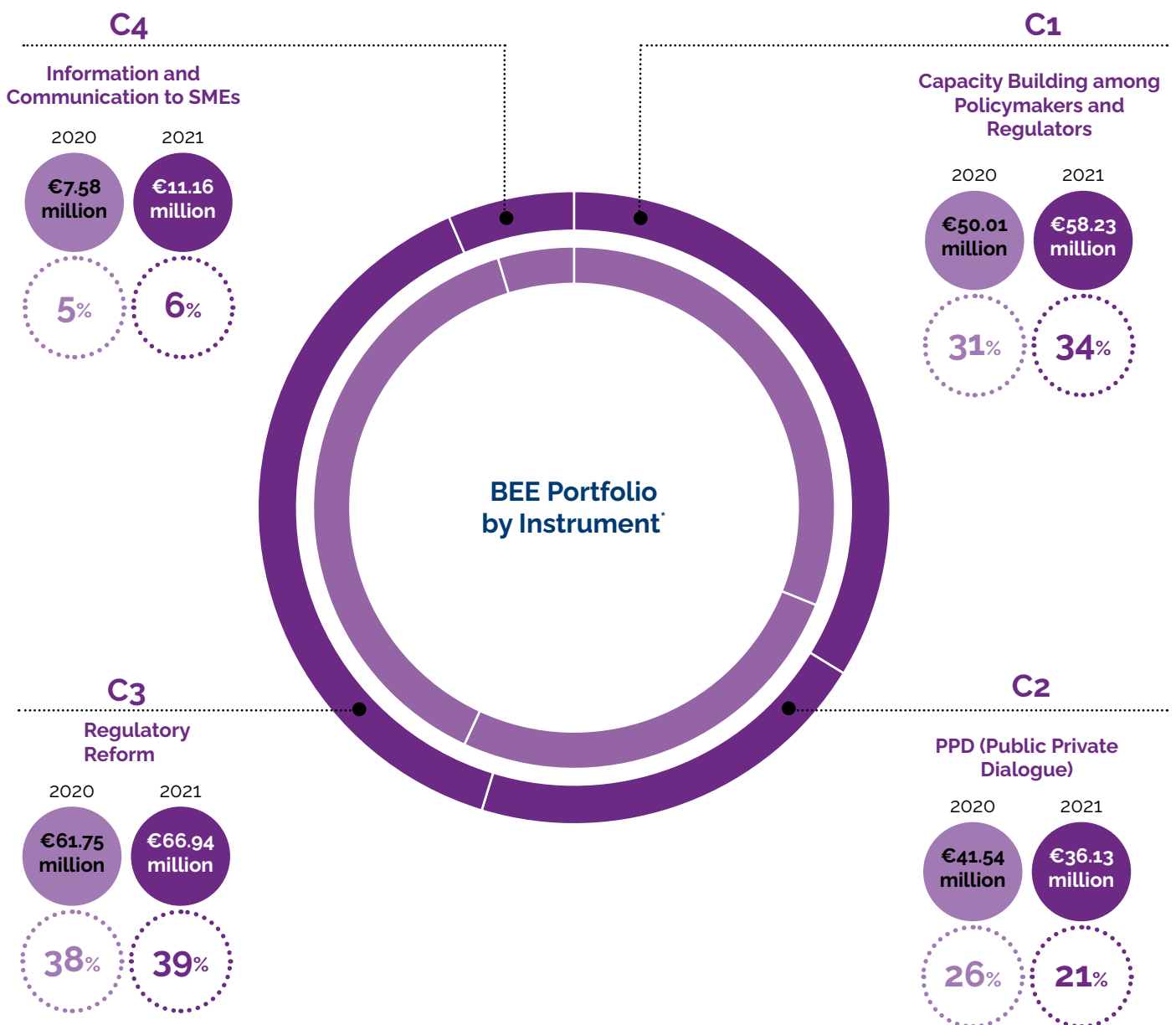
C2 PPD (Public Private Dialogue)

Public Private Dialogue is an instrument for more inclusive and targeted policymaking. Specifically, it involves effective consultation and collaboration between government and the private sector and/or its representatives, in order to achieve effective reform and administration of regulations that affect SMEs.





The instruments for improving the business enabling environment were more evenly distributed, with regulatory reform comprising **39%** of BEE, and capacity-building among regulators **34%** and public private dialogue representing **21%**.



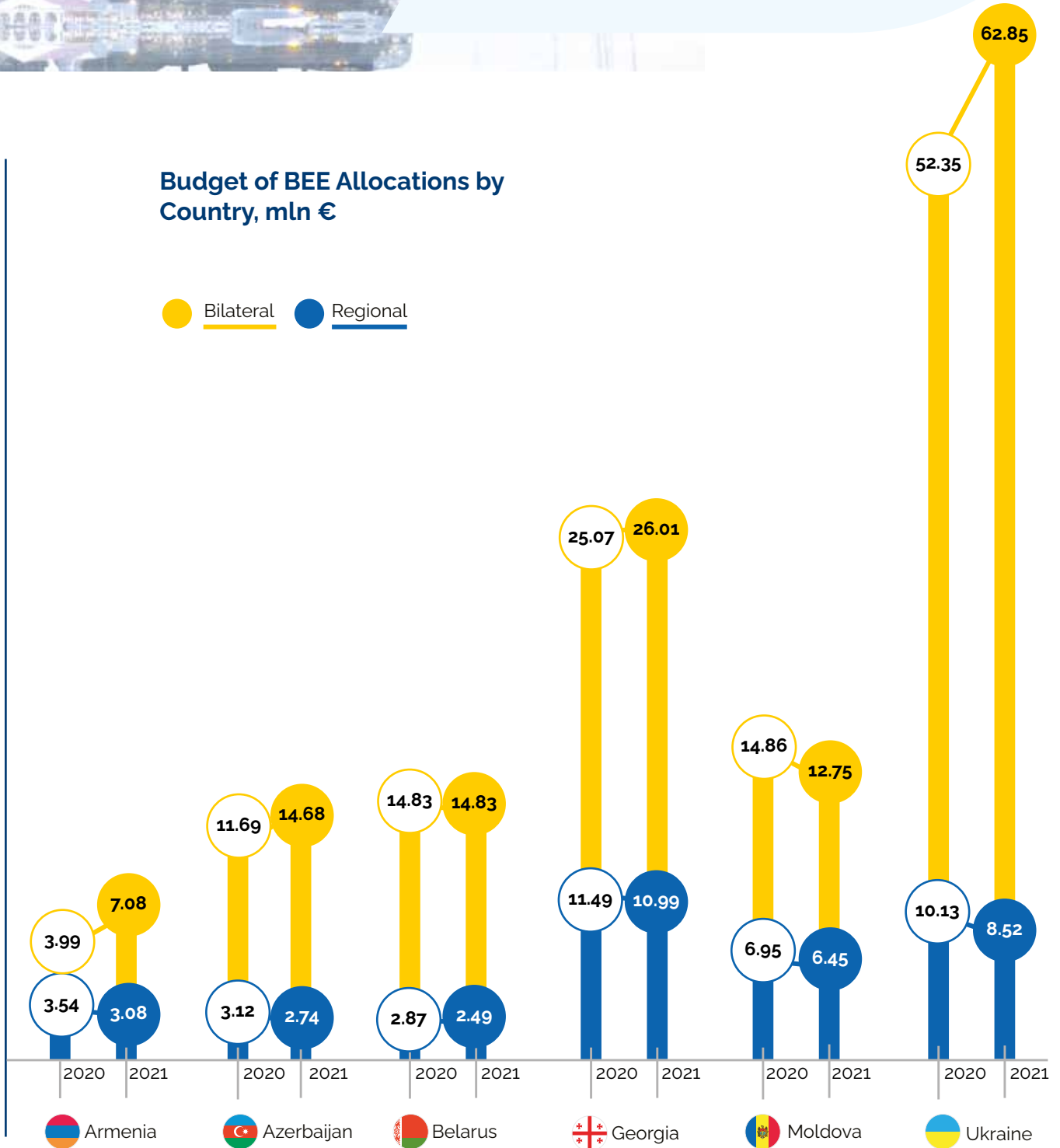
* There might be some round-off errors in some figures throughout the report



By country, EU support to improve BEE was highest in Ukraine, which represents **41%** of all BEE interventions (up from **39%** in 2020), **88%** from bilateral projects. Georgia represents a further **21%** of BEE interventions (down from **23%**), **70%** from bilateral projects, while Moldova had **11%** (down from **14%**). Belarus is 10% of total BEE interventions, out of which **86%** was funded through bilateral projects.

Budget of BEE Allocations by Country, mln €

● Bilateral ● Regional





A GOAT FARM IN THE EUROPEAN MANNER: EXPERIENCE OF AN ENTREPRENEUR FROM KYIV REGION

Vasyl Tsvyk is the owner of the farming enterprise **Tetiana 2011**, located approximately one hundred kilometers from Kyiv. His business's profile includes crop farming, horticulture and milk production. His dozens of varieties of cheese and fermented dairy products are made of goat milk, which is very unusual for Ukraine. There are 2,700 French heritage Alpine and Saanen goats, with a French dairy expert working among process specialists and consultants. The brand "**Zinka**" is widely marketed in well-known supermarket chains of the country.

The business enterprise got a loan of **UAH 10.7 million (EUR 336,710)** from Oschadbank under the EU4Business Initiative of the European Union. The EU and EIB Group support Ukrainian small- and medium-sized enterprises (SMEs) through these intermediated loans and/or guarantees provided to local banks.

The European experience of farming enterprise Tetiana 2011 is evident in one more approach – their product meets safety and quality standards. The enterprise **currently employs more than 80 people**. It is a family-run business – another way it follows European tradition. Vasyl's mother and father also work there, and his daughter comes to help during holidays.

In 2019, 1,200 tonnes of goat milk were produced in Ukraine, while **Tetiana 2011 produced 700 tonnes**. In 2020, they produced close to one thousand tonnes. Their plans for the future are very ambitious in all three directions – production, processing and sales. Within the next six to seven years, the business is planning to reach **40 tonnes of milk produced per day**. They also hope to begin exports to the Middle East.

[Read full story](#)



Ukrainian farmers have learned how to make cheeses that are just as good as European ones"

Vasyl Tsvyk
owner of the farming
enterprise Tetiana 2011

HOW EFFECTIVE IS EU4BUSINESS?



Jose Vila
EU4Business
Facility
International
Expert

OVERALL ASSESSMENT

Following on from last year's assessment of effectiveness and efficiency of EU support to SMEs in the Eastern Partnership, a further analysis has been undertaken using the results and impact in 2020. This provides an indication of the EU's contribution to SME development across the region and, comparing with 2019, allows us to build an overall picture of what instruments have what effects.

EU support to SMEs in EaP countries helped SMEs to grow, generate jobs,

and start exporting more than if they had not received this support. These SMEs also gained access to larger loans for longer terms, at a lower interest rate.

Results show that the impact of EU support during the COVID pandemic of 2020 was much more effective in terms of growth of turnover in supported SMEs than in 2019, whilst job creation was less impactful in 2020 than 2019, for obvious reasons, but the impact was still positive.

PROFILE DIFFERENCES ACROSS COUNTRIES

EU4Business supported 9.2% of all SMEsⁱⁱⁱ in EaP countries in 2020, which is lower than in 2019, where EU reached 10.6%. However, although 2020 saw lower disbursements of EU budgets due to the COVID pandemic and an increase in SMEs of around 40,000 across the region.

There are significant differences in the coverage of SMEs in each country, which reflects the number of SMEs actually supported (see [Figure 1](#)) as well as number of SMEs in each country and the size of supported SMEs. Note that EU4Business continues to support SMEs in Ukraine and Belarus that are larger by turnover (see [Figure 2](#)).

KEY FINDINGS FOR 2020

- ▶ The EU supported **9.2%** of the **780,000** SMEs in the EaP, slightly below the **10.6%** in 2019.ⁱ
- ▶ EU-supported SMEs grew **42.4pp** more than average SMEs across the region.
- ▶ EU-supported SMEs generated **8.1pp** more new jobs than average SMEs across the region (compared to a difference of **9.8pp** in 2019).
- ▶ Each euro disbursed across the portfolio generates **6.9 times** more income for supported SMEsⁱⁱ (compared to **3.6 times** in 2019).
- ▶ Every **€2,874** disbursed by EU4Business projects generated one new job at supported SMEs (much higher than the **€1,613** disbursed per job in 2019).

- ⁱ Assumption: Each SME supported by the EU receives only one service or loan.
- ⁱⁱ Excludes instruments for improving the business enabling environment.
- ⁱⁱⁱ Excludes 800,000 micro enterprises registered across the 6 EaP countries

Figure 1. Percentage and number of supported SMEs by country and region

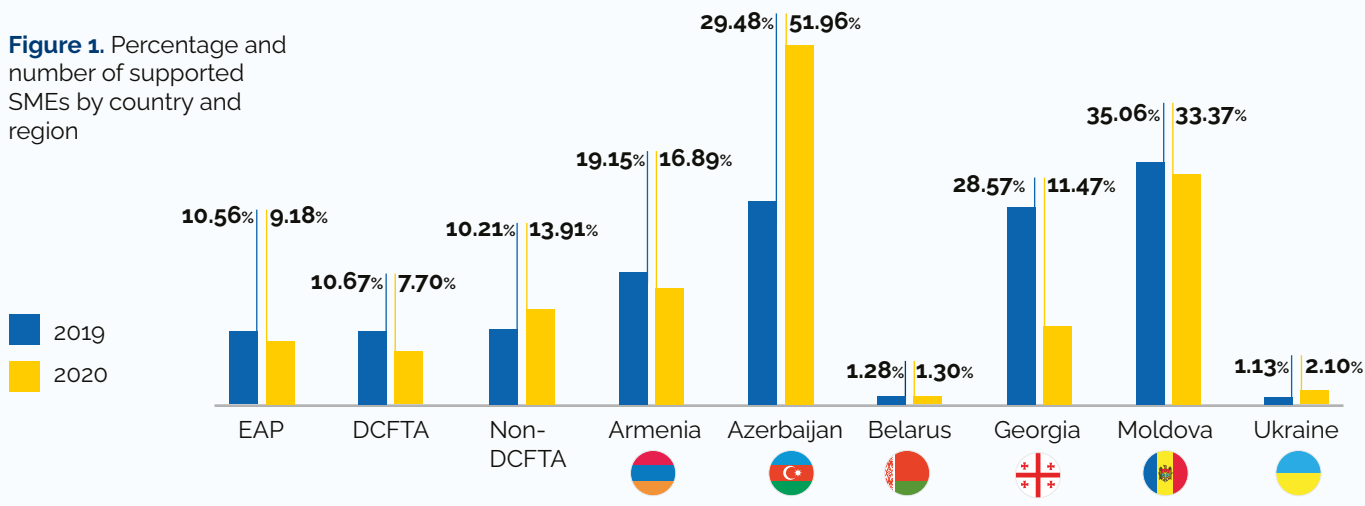
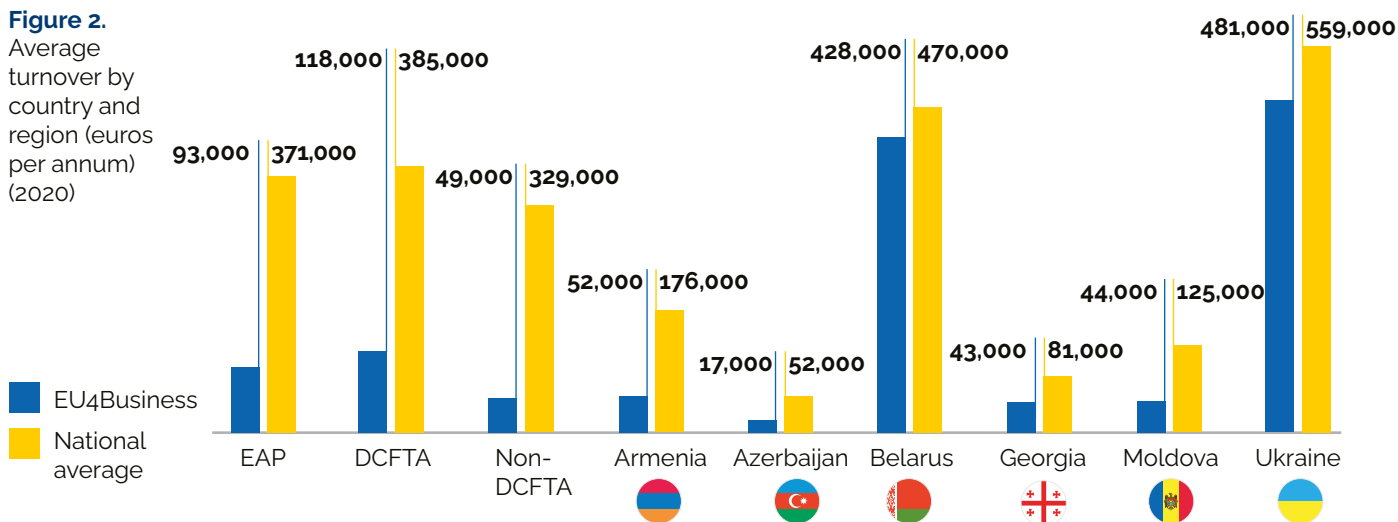


Figure 2.

Average turnover by country and region (euros per annum) (2020)



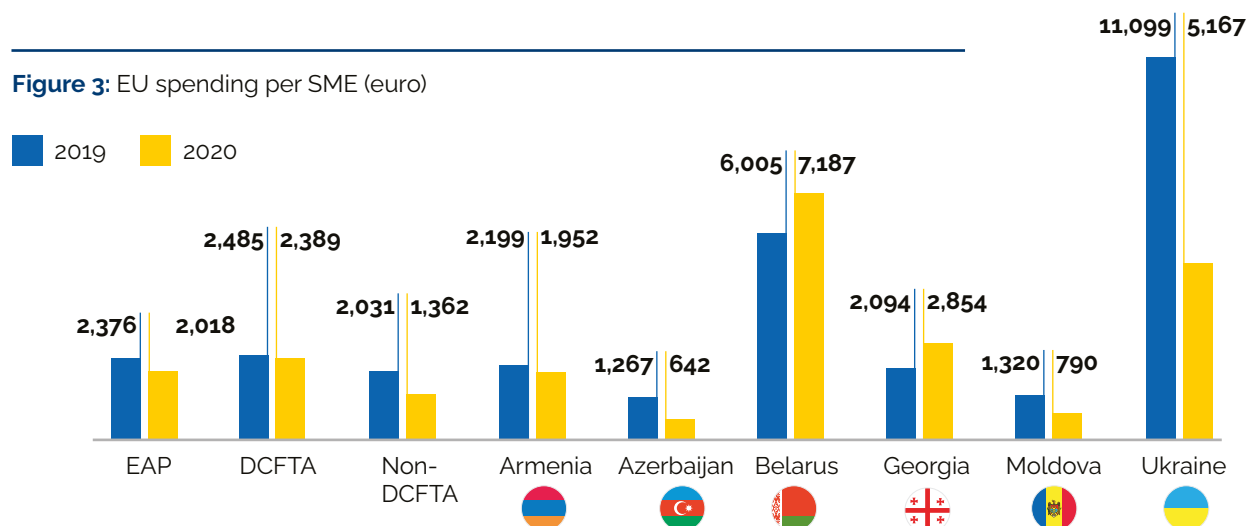
Whilst EU penetration of national SMEs has broadly been stable across the region, the most significant declines were in Georgia, where the number of national SMEs increased but the number of SMEs supported by EU decreased significantly.

Table 1: Number of SMEs supported by the EU

| | EAP | DCFTA | Non-DCFTA | AM | AZ | BY | GE | MD | UA |
|-------------|--------|--------|-----------|-------|--------|-------|--------|--------|-------|
| 2019 | 78,995 | 60,052 | 18,943 | 8,330 | 9,198 | 1,415 | 36,234 | 19,531 | 4,287 |
| 2020 | 71,851 | 45,888 | 25,963 | 7,029 | 17,486 | 1,448 | 18,947 | 19,105 | 7,836 |

The number and size of SMEs, as well as budgets allocated and disbursed in each country contribute to the intensity of support to each SME (euro disbursed per SME) across the region. Supporting fewer but larger SMEs in Ukraine and Belarus means a greater intensity of support than in the other countries.

Figure 3: EU spending per SME (euro)



Between 2019 and 2020, there was generally a decline in the intensity of support to SMEs under EU4Business, as the EU tried to target as many SMEs as it could to address the immediate impact of COVID. The exceptions are Georgia and Belarus, where spending per SME increased.

Based on a review of the types of SMEs supported in 2020, the EU took two broad approaches:

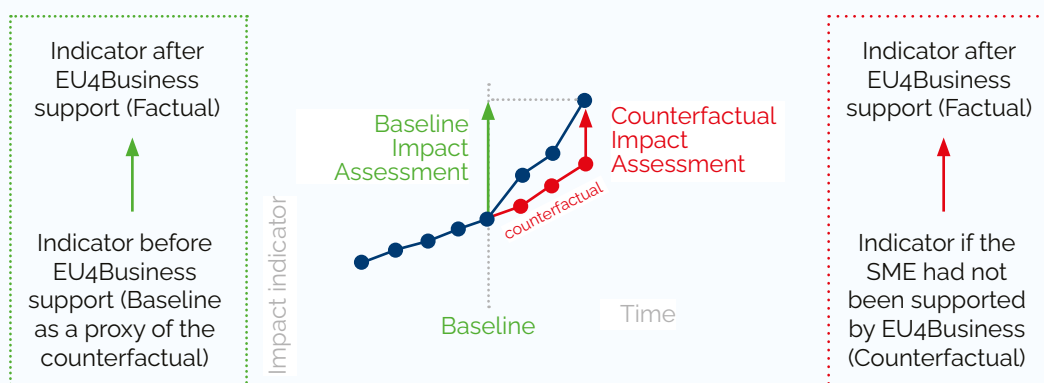
1. In Moldova, Azerbaijan, Georgia and Armenia, EU support had a larger reach in total SMEs in each country, with a low intensity of support: from €642 to €2,854 average support per SME. In these countries, the supported companies were smaller in terms of employees, with an average fewer than 5 employees, and turnover, with average below €52,000.
2. In Ukraine and Belarus, EU support was smaller, but with a higher intensity: the average was €7,187 in Belarus and €5,167 in Ukraine. Moreover, the supported companies were larger in terms of both employees, with an average of 55.1 employees in Belarus and 33.4 in Ukraine, and turnover, with average of over €470,000.

EFFECTIVENESS

Whilst the EU4Business Annual Reports detail the "results" of EU support in reporting on the performance of EU-supported SMEs, this does not tell us about the actual impact, meaning how effective this support has been. The impact is the contribution that EU support has made to SME performance, that is, comparing current performance of supported SMEs with the likely performance without EU support.

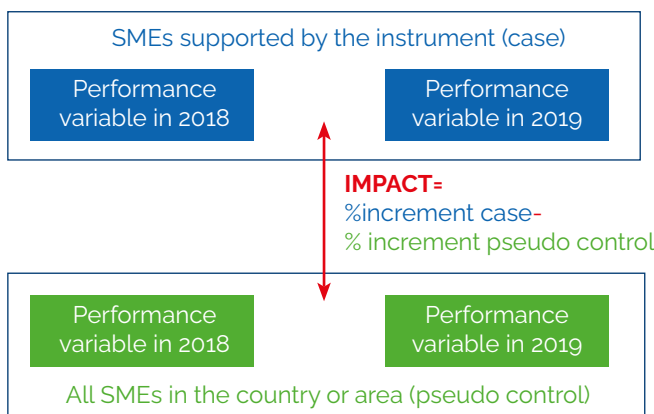
This means the effectiveness of EU support to SMEs in the EaP can be assessed by benchmarking the performance of supported SMEs to all national SMEs if we assume that the supported SMEs would have performed as average without EU support. The average SME profile in each country was obtained from official sources.

Figure 3. Approaches to impact assessment



Since the performance being measured regarding EU4Business results is growth rates—comparing 2020 with 2019 SME performance indicators, effectiveness is measured as a double difference and presented as a percentage point difference in performance between supported SMEs and average SMEs.

Figure 4. Double difference methodology for impact assessment



The difference measured using this methodology for the 3 key EU4Business impact indicators—growth in turnover, growth in jobs and growth in exports—is presented in Table 1. This shows that EU-supported SMEs grew turnover by more than 42pp more than average SMEs, increased jobs by more than 8pp and expanded exports by almost 14pp.

Table 1: Number of SMEs supported by the EU

| Country | Turnover | | Job growth | | Export growth | |
|------------------|----------|-------|------------|------|---------------|------|
| | 2019 | 2020 | 2019 | 2020 | 2019 | 2020 |
| EaP | 1.1 | 42.4 | 9.8 | 8.1 | -3.5 | 13.9 |
| DCFTA | 2.1 | 44.3 | 11.5 | 8.1 | -6.2 | 11.3 |
| Non DCFTA | 1.6 | 26.1 | -0.3 | 8.1 | 4.5 | 17.7 |
| AM | -4.6 | 22.2 | -3.6 | 13.0 | -12.4 | 9.7 |
| AZ | 3.8 | 33.5 | -7.6 | -7.8 | 17.3 | 14.7 |
| BY | 8.3 | 22.6 | 14.5 | 12.5 | -12.6 | 29.4 |
| GE | 1.5 | 23.6 | 16.4 | 3.9 | -5.1 | 21.5 |
| MD | -4.2 | -10.7 | 10.6 | 24.9 | -3.8 | 8.8 |
| UA | 4.9 | 44.9 | 10.0 | 6.1 | -14.6 | 8.0 |

Only EU-supported SMEs in Moldova performed worse in turnover than average SMEs although they still performed better in job generation and export growth, while EU-supported SMEs in Azerbaijan generated fewer jobs than average SMEs but grew turnover and exports more than average. In all other countries and indicators, EU-supported SMEs significantly outperformed average SMEs in 2020.

EU-supported SMEs performed better relative to average SMEs in 2020 than 2019 for export and turnover growth, except turnover growth in Moldova. The job-generating impact of EU support was worse in 2020 in Ukraine, Georgia and Belarus, perhaps reflecting focus on incomes during the pandemic rather than jobs.

EFFICIENCY

The efficiency of EU support to SMEs has been measured by assessing results per €100,000 disbursed. The analysis disaggregated by type of instrument and country is summarised in Table 3 below.

For every €100,000 disbursed under the EU4Business portfolio, turnover of supported SMEs increased 6.9 times, compared to 3.6 times in 2019. This multiplying effect is more intense for BDS instruments, at 14.3 times in Ukraine and Belarus where, despite the smaller reach and the larger size of SMEs supported, turnover increased 20.70 and 11.10 times.

Table 3. Impact per €100,000 Disbursed per country and region (2020)

| Country | Annual turnover increase, in €100,000 | | | | Jobs generated | | | | Annual export increase, in €100,000 | | | |
|------------------|---------------------------------------|-------|-------|------|----------------|--------|-------|--------|-------------------------------------|-------|-------|------|
| | A2F | A2F | 2020 | 2019 | A2F | BDS | 2020 | 2019 | A2F | BDS | 2020 | 2019 |
| EaP | 2.11 | 2.11 | 6.86 | 3.62 | 27.42 | 56.38 | 34.80 | 62.46 | 0.06 | 0.44 | 0.21 | 0.43 |
| DCFTA | 2.23 | 2.23 | 8.13 | 3.28 | 27.28 | 63.61 | 38.17 | 69.79 | 0.05 | 0.40 | 0.19 | 0.27 |
| Non-DCFTA | 1.72 | 1.72 | 2.94 | 4.57 | 27.86 | 33.00 | 24.36 | 34.01 | 0.02 | 0.19 | 0.09 | 0.89 |
| AM | 1.38 | 1.38 | 1.74 | 4.19 | 8.20 | 14.98 | 10.52 | 25.05 | -0.01 | -0.04 | -0.02 | 0.39 |
| AZ | 0.26 | 0.26 | 3.04 | 3.53 | 4.35 | 20.57 | 11.35 | 33.73 | 0.08 | 2.05 | 1.05 | 1.33 |
| BY | 3.16 | 3.16 | 4.41 | 6.83 | 73.94 | 93.41 | 56.65 | 53.70 | 0.03 | -2.93 | -0.81 | 1.36 |
| GE | 1.40 | 1.40 | 1.29 | 2.54 | 11.06 | 26.69 | 18.60 | 41.43 | 0.06 | 0.11 | 0.08 | 0.28 |
| MD | -1.06 | -1.06 | -1.11 | 3.22 | 33.63 | 118.29 | 75.67 | 85.05 | -0.06 | -0.26 | -0.16 | 0.46 |
| UA | 4.26 | 4.26 | 20.70 | 4.50 | 44.91 | 127.26 | 50.33 | 106.76 | 0.08 | 1.79 | 0.47 | 0.14 |

In some cases, the multiplier effect of the programme was low and even below one. This does not mean that EU4Business support had no effective impact, but that the impact of instruments is multidimensional, affecting employment growth, export support, access to finance, and so on, in each combination of instrument and country.

The effectiveness of EU support in 2020 was lower than in 2019, except in the case of turnover in Ukraine, Belarus job creation and Ukraine exports, reflecting the challenges of the COVID pandemic.

CONCLUSIONS AND RECOMMENDATIONS

Based on the available limited data, all aggregated at country level, this analysis suggests that the relative effectiveness and efficiency of EU support to SMEs in the EaP is significant, but is only the start of an ongoing process. Across the 3 results indicators (turnover, jobs and exports), the EU was more effective, that is, had a greater impact relative to average SMEs in 2020 than in 2019. However,

the efficiency of support was broadly less, that is, more funding was required to improve turnover, jobs and exports in 2020 than in 2019. Of course, 2020 was affected by the COVID pandemic and may be atypical. Clearly, it will be important to continue to undertake this kind of analysis on the effectiveness and efficiency of EU support in the future to guide EU interventions towards EU targets.



THE SUCCESS OF THE LOCAL ACTION GROUPS AND THE NATIONAL LEADER NETWORK IN THE REPUBLIC OF MOLDOVA

The LEADER approach has been implemented in the Republic of Moldova since 2016, and the LEADER National Network is the organization that represents the interests of the Local Action Groups (LAGs) at the national and international levels. The residents of the LAGs systematically implement projects in various fields that contribute to the improvement of the quality of life in rural areas, to the emergence of new local services that meet the needs of the inhabitants, as well as to the creation of new jobs. Several development partners are involved in this process, and the main one being the European Union under its EU4Business Initiative.

Today, **32 LAGs** are active in Moldova, and another **15** are now at the end of the creation process. The LAGs involve around **438 administrative-territorial units**, **732 localities** or 50% of the country's rural

localities, with a **population of 1.007 million**. Based on their Local Development Strategy (LDS), Moldova's LAGs have implemented some **700 local micro-projects** aimed at fostering SMEs, improving local infrastructure, developing missing products and services in villages, and much more. Micro-projects implemented using the LEADER approach have generated **402 new jobs** in rural Moldova.

For example, Valentina Gisca was able to set up a wood-fired oven to cook polenta and steak, a BBQ grill table, and tables and chairs so that guests of her Bed&Breakfast called **La Bunica** in her hometown Chiscareni could dine in the garden and enjoy meals al fresco. The gazebo construction cost EUR 2,974 with the Hora Ciulucului LAG contributing EUR 1,289, and the own contribution was 1,685 euros.

THE HASNAS CHILDREN'S MARCHING BAND

The Hasnas children's marching band has benefited through the Valea Cuboltei LAG in the village of Hasnasenii Mari, Drochia. The civic sector submitted a project idea to develop and promote traditions, support cultural activities as part of the Valea Cuboltei LAG's Local Development Strategy. It cost EUR 5,410 to equip the orchestra with musical instruments, with the band contributing EUR 2,436 and the Valea Cuboltei LAG contributing EUR 2,974.

[Read full story](#)

We need to promote the beauty of our country. That's the only way we can keep our families at home. By promoting our hometowns and our parents' home, we can also grow. When we develop the countryside, the entire country wins."

Valentina Gisca
Entrepreneur



PROSPECTS FOR POST-2020 TARGETS

EU4Business results have shown progress towards post-2020 EaP targets with X SMEs supported, representing y% of the 500,000 target set by the EU and partner countries in their December 2021 declaration, but this is only really a snapshot of the likelihood that desired results will be achieved across the EaP. The potential results over the next few years depend, not on past performance, but on the available budgets and the effectiveness of disbursements in each partner country. The EU4Business Facility collects this data and can use it to determine the likelihood that targets will be met, based on current performance and budgets.

BUDGETS FOR SMES IN EAP

Budgets for EU projects to support SMEs grew from 2019 from €787.33 million to €881.56 million in 2020, and then to €896.91 million in 2021. However, annualised budgets have been shrinking, that is, total available budgets divided by average weighted project duration are in decline.

This is because the average duration of projects as increased over the last 3 years:

| | 2019 | 2020 | 2021 |
|-------------------------------------|---------|----------|---------|
| # Projects under EU4Business | 116 | 111 | 108 |
| Weighted average duration (years) | 5.2 | 5.2 | 5.5 |
| Average size of projects (millions) | €6.79 | €7.94 | €8.30 |
| Annualised portfolio (millions) | €151.95 | €169.55 | €162.89 |
| Budgets disbursed (millions) | €188.00 | € 145.00 | Y |

In 2019, EU4Business had 116 projects, with a value-weighted average duration of 5.2 years. This meant that annual available budgets were €1.3 million per project and €152 million across the Portfolio, assuming equal disbursement over the implementation period. By 2021, the number of projects had fallen to 108, average weighted duration to 5.5 years, and average annualised budgets were down to €1.5 million but covered fewer projects.

Assuming no increase, that is, new projects replacing expired ones with equivalent annual available budgets, this means that annualised budgets available in upcoming years would average €163 million per year to support SMEs in the EaP and achieve overall targets.

TOP 10 TARGETS

The Top 10 target relating to SME development is to **support 500,000 SMEs** over 2021-25. The 2021 EU4Business Effectiveness and Efficiency Report details the current impact of EU support to SMEs (see article by Jose Vila). This shows that in 2020, the EU supported 49.55 SMEs for every €100,000 disbursed.

Given that, as of December 2021, current annual available budgets for SMEs in the EaP are €162.9 million, and that 49.55 SMEs are supported currently for every €100,000 of EU support disbursed, a total of 403,560 SMEs will have been supported over 2021-2025. This suggests that a relatively small increase in annual budgets or improved effectiveness over the next few years would make it possible to reach this goal.

As part of the Top 10 target, the EU staff working paper aims for **€1 billion in local currency financing**. Current annual available budgets for instruments leveraging local currency lending were €7.0 million as of December 2021, and, based on leverage rates, **€94.9 million of local currency lending** could be made between 2021-2025. This is far below target. However, relatively few of the EU4Business access to finance instruments provide loans in local currency—only 12% of loans in 2019-20. By increasing lending instruments in local currency, the target could be easily met.

Annex 1 of the EU Joint Staff working paper on post-2020 targets, **women in business will benefit from a further €720 million in loans**.

Current annual available budgets for lending are €32.23 million as of December 2021. With leveraging rates of 1:4.1 and 42.8% of loans to women, **€282.8 million in loans to women** could be provided over 2021-2025. It should be noted that, in 2020, loan leverage rates were far lower than in previous years, so it is entirely plausible that, with better leverage, this target could be achievable in the future.

CONCLUSIONS

Our analysis suggests that the majority of Top 10 targets for SMEs and national Flagships (see charts below) are close, although currently few targets are likely to be reached with current annualised budgets and effective support rates. This conclusion is based on a static view of budgets and effective rates of support based on a snapshot of "current budgets" and 2020 effectiveness. This means the situation is subject to changing prospects, potentially positively and negatively.

In short, targets need to be monitored annually based on actual results and projected for the remaining period based on the latest annualised budgets and effectiveness rates. Whilst not wholly accurate, such projections will be a useful tool in adjusting programming to ensure that targets are met.

Armenia Flagship



Direct Support to 30,000 SMEs between 2021-2025

Current annual available budgets for SMEs in Armenia is €19.1 million as of December 2021 and for every €100,000 disbursed, 51.55 SMEs are supported. At current budget levels, **a total of 49,204 SMEs** will have been supported over 2021-2025.

Overall support for SMEs is estimated up to €500 million over 2021-2025

Current annual available budgets for SMEs in Armenia as of December 2021 are €3.7 million to leverage lending of €18.6 million based on a leveraging rate of 1:5.0 and €15.4 million in direct support. At current budget levels, **a total of €169.7 million in loans and direct support** will have been provided over 2021-2025.

Azerbaijan Flagship



Direct Support to 25,000 SMEs over 2021-2025

Current annual available budgets for SMEs in Armenia is €22.5 million as of December 2021 and for every €100,000 disbursed, 155.7 SMEs are supported. At current budget levels, **a total of 175,496 SMEs** will have been supported over 2021-2025.

Overall support for SMEs is estimated up to €50 million over 2021-2025

Current annual available budgets for SMEs in Azerbaijan are €5.5 million as of December 2021 to leverage lending of €28.9 million based on a leveraging rate of 1:5.27 and €17.1 million in direct support. At current budget levels, **a total of €229.7 million in loans and direct support** will have been provided over 2021-2025.

Belarus Flagship



Direct Support to 20,000 SMEs over 2021-2025

Current annual available budgets for SMEs in Belarus are €11.9 million as of December 2021 and for every €100,000 disbursed, 13.92 SMEs are supported. At current budget levels, **a total of 8,249 SMEs** will have been supported over 2021-2025.

Overall support for SMEs is estimated up to €350 million over 2021-2025

Current annual available budgets for SMEs in Belarus are €3.2 million as of December 2021 to leverage lending of €9.6 million based on a leveraging rate of 1:3.06 and €8.7 million in direct support. At current budget levels, **a total of €91.7 million in loans and direct support** will have been provided over 2021-2025.

Georgia Flagship



Direct Support to 80,000 SMEs over 2021-2025

Current annual available budgets for SMEs in Georgia are €48.3 million as of December 2021 and for every €100,000 disbursed, 35.04 SMEs are supported. At current budget levels, **a total of 84,674 SMEs** will have been supported over 2021-2025.

Overall support for SMEs is estimated up to €600 million over 2021-2025

Current annual available budgets for SMEs in Georgia are €7.4 million as of December 2021, to leverage lending of €28.7 million based on a leveraging rate of 1:3.89 and €19.6 million in direct support. At current budget levels, **a total of €348.3 million in loans and direct support** will have been provided over 2021-2025.

Moldova Flagship



Direct Support to 50,000 SMEs over 2021-2025

Current annual available budgets for SMEs in Moldova are €19.3 million as of December 2021 and for every €100,000 disbursed, 126.62 SMEs are supported. At current budget levels, **a total of 122,378 SMEs** will have been supported over 2021-2025.

Overall support for SMEs is estimated up to €500 million over 2021-2025

Current annual available budgets for SMEs in Moldova are €4.3 million as of December 2021 to leverage lending of €25.9 million based on a leveraging rate of 1:6.02 and €15.0 million in direct support. At current budget levels, **a total of €204.8 million in loans and direct support** will have been provided over 2021-2025.

Ukraine Flagship



Direct Support to 100,000 SMEs over 2021-2025

Current annual available budgets for SMEs in Ukraine are €41.7 million as of December 2021 and for every €100,000 disbursed, 19.35 SMEs are supported. At current budget levels, **a total of 40,383 SMEs** will have been supported over 2021-2025.

Overall support for SMEs is estimated up to €1,500 million over 2021-2025

Current annual available budgets for SMEs in Ukraine are €8.3 million as of December 2021 to leverage lending of €34.3 million based on a leveraging rate of 1:4.13 and €33.4 million in direct support. At current budget levels, **a total of €338.6 million** in loans and direct support will have been provided over 2021-2025.



MOLDOVA'S UNGHENI AND CAHUL REGIONS SEE BUSINESS RESULTS

One of the beneficiaries of the EU4Moldova: Focal Regions Programme is **Serghei Bajenov**, founder of Interstepcom, a Cahul-based furniture maker. A €30,000 grant allowed Bajenov buy woodworking equipment, an investment that increased automation and digitization in the company's assembly process by over 60% and generated 10 new jobs.



With the help of this equipment, we can improve our quality to be able to enter the European market."



In Pascani, a village in Cahul, **Casa Bunicului** is a farm-based B&B founded in 2018 by **Dumitru and Lidia Lazar** in southern Moldova. With the grant they received, the Lazar family were able to quickly add all the necessary amenities. A lot of enthusiasm, dedication and hard work turned a cold, abandoned house into a colourful, modern guesthouse that can attract international guests.

Marina Cladicov founded a company called **Colmirand**, which specializes in handmade noodles, dumplings and pancakes that are sold frozen. With a grant of €14,547, Cladicov was able to top up her own savings to invest in modernizing the business. She bought a steam convection oven, a dough mixer, a noodle maker, and freezers.



Cristina Lupu makes toys – she **launched Bubulino** brand while she was on maternity leave. She added her own savings of €2,257 to a €18,367 grant and purchased some new equipment. This allowed her to diversify and partly automate her production process.



The EU4Moldova: Focal Regions Programme allowed us to purchase a zigzag sewing machine that makes decorations on clothes, as well as equipment for maintenance and equipment to stuff toys. So far, we have been doing this by hand and it is very meticulous."

Ten years ago, **Cristina Scutaru** launched a family business in Ungheni. **Unfloria** provides services in cleaning and washing textiles, including carpets. The Scutaru family was able to add a €30,000 grant to its own financial resources, to buy an automatic carpet-cleaning machine and other equipment. By increasing the quality and speed of the services Unfloria provides, the company was able to reduce water consumption by up to 30% in the process of cleaning carpets, and reduced energy consumption by up to 20%.



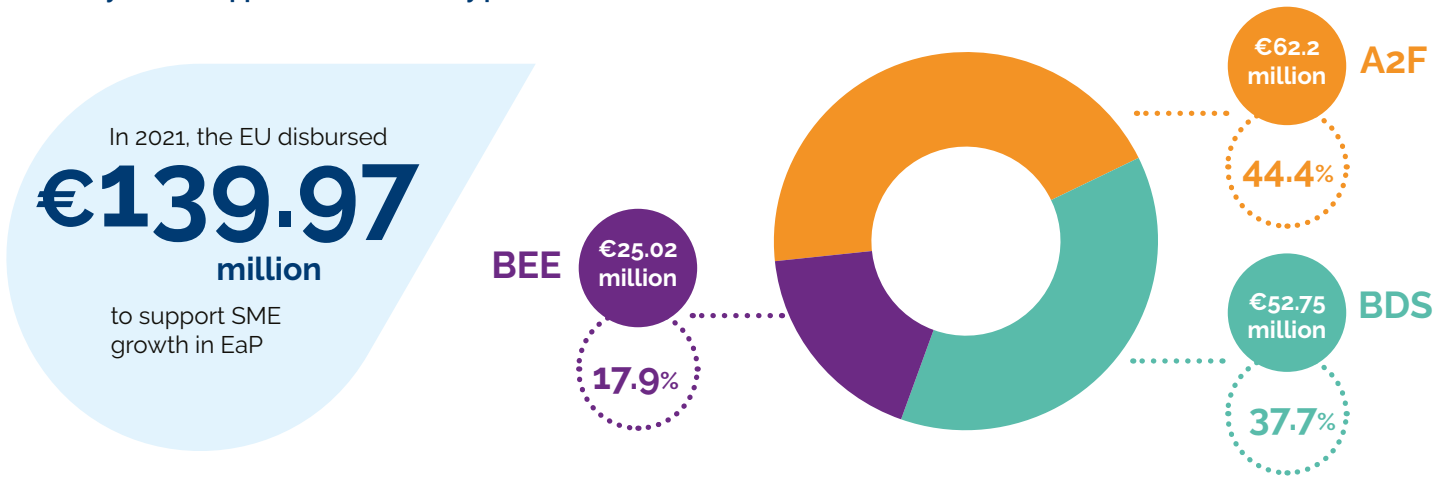
[Read full story](#)



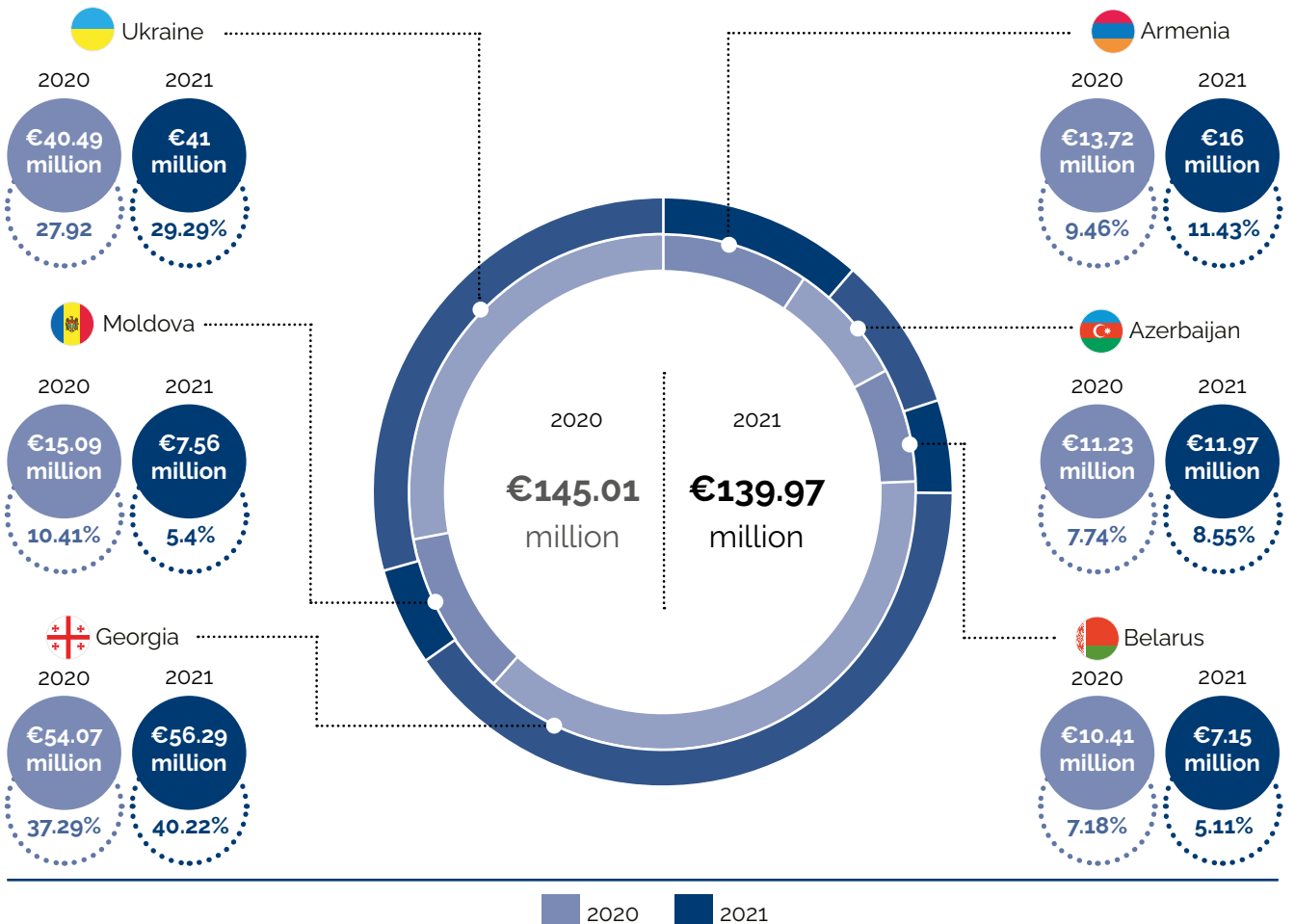
[ACHIEVEMENTS] LIN 2021

AGGREGATED RESULTS ACROSS THE EAP

Despite an increase in overall budgets of 1.8% allocated to SME development in 2021, the level of project disbursements of EU support again fell by 3.5%, following a similar trend to 2020 where budgets rose by 12% and disbursements fell by 23%. This shows the continuing challenges in 2021 of implementing projects on the ground due to ongoing COVID restrictions. However, these increased budgets remain in place and will be available in future years to support COVID recovery process.



The level of EU support was highest in Georgia, despite a slight fall in disbursements. Armenia saw a 16% increase in the share of budgets disbursed, while Moldova and Belarus significantly decreased shares. Ukraine's and Azerbaijan's shares stayed fairly constant.



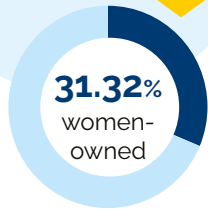
NUMBER OF SMES SUPPORTED

Overall, the EU supported

78,045

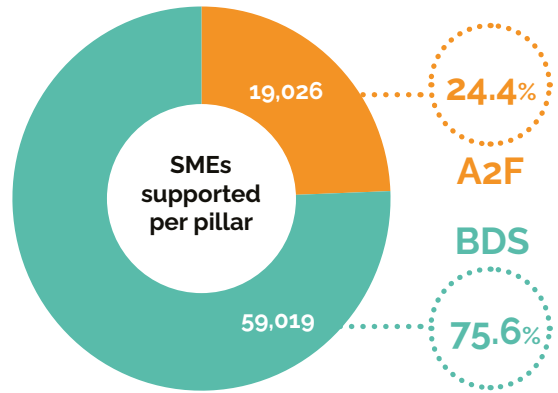
+8.62%

SMEs across the EaP in 2021



As partners adapt to new ways of delivering EU support, the number of SMEs supported grew by almost **9%** in 2021 from **71,851** in 2020. Moreover, the share of women-led business also increased by almost 1 percentage point.

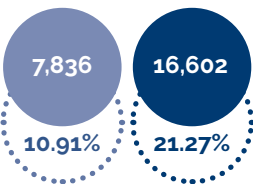
While improvements to the Business Enabling Environment (BEE) would support and benefit a whole range of SMEs, this has not been included in the analysis as it is difficult to exactly quantify the number of beneficiaries and specific impact of reforms.



Ukraine

2020

2021



women-owned

The majority of SMEs supported in the EaP were in Georgia (44.4%), followed by Ukraine (21.3%), and Azerbaijan (16.8%). Ukraine and Georgia experienced a substantial increase in the number of SMEs and share of total SMEs supported by the EU, while Moldova and Azerbaijan have seen some fall in the number of SMEs supported.

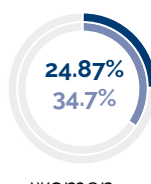
Ukraine supported the highest proportion of women-led or women-owned business at 50% (a significant increase from 28.2% in 2020).



Armenia

2020

2021



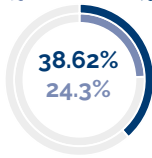
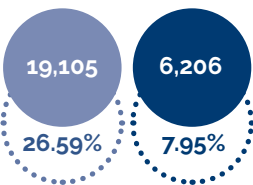
women-owned



Moldova

2020

2021



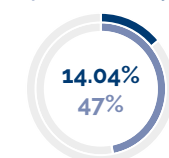
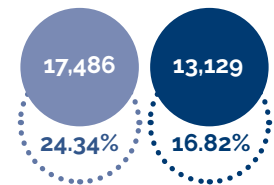
women-owned



Azerbaijan

2020

2021



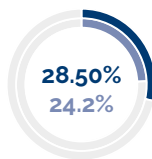
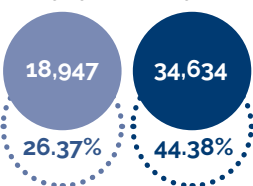
women-owned



Georgia

2020

2021



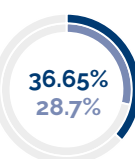
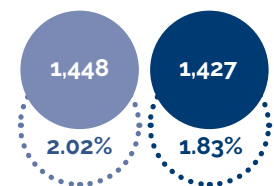
women-owned



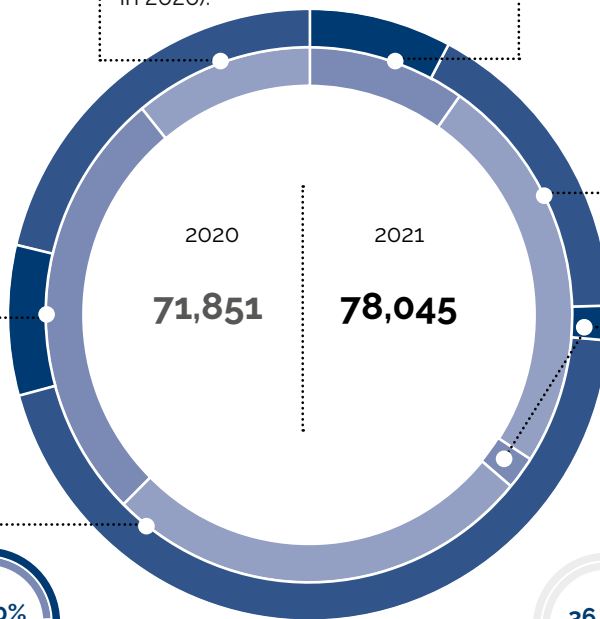
Belarus

2020

2021



women-owned



2020 2021

Total income of supported SMEs Eastern Partnership

€9.75
billion



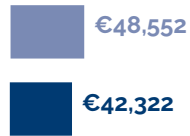
Although Ukraine accounted for only **21%** of supported SMEs in the EaP, the total turnover of these SMEs represents **62%** of all income in supported SMEs across the EaP reflecting the difference in size of enterprises.

On average, SMEs in Ukraine had a turnover of **€266,756**, which is more than double the **€124,927** average supported across the EaP.

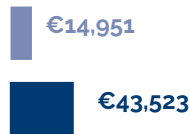
Average turnover of SMEs by country

In response to the COVID crisis, the EU supported much smaller SMEs in 2020, averaging a turnover of **€79,394**. In 2021, the size of SMEs supported returned to pre-COVID levels with average turnover of **€155,000**.


Armenia



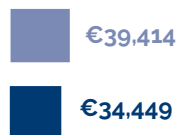

Azerbaijan




Belarus




Georgia




Moldova




Ukraine



 2020  2021



CO-OPERATION PROVES KEY TO SUCCESS FOR PERSIMMON FARMERS IN BALAKAN

A 46-year-old farmer with a knack for organisation and adaptation, Nizami Musayev has been growing and selling persimmon for the past fifteen years in Balakan. His family is one of many small households who have helped Azerbaijan become a leading producer of this fruit.

After attending a few trainings under the joint project being run by UNDP and ABAD under the EU4Business, Nizami suggested that several fellow persimmon families unite under one common brand and make a joint application together for the project. Throughout the course, the families kept improving on their initial business idea, applying their new understanding of the importance of

branding and securing regular supermarket clients. On the strength of their co-operative plan, the project provided each of the families with professional drying ovens and refrigerators and ABAD signed a contract for the first products.

With support from ABAD, four families have already managed to get their persimmon products displayed and sold in some of the major supermarket chains, including in Baku itself, and they are increasingly hopeful of attaining a steady income. Their joint success is good news for their wider community too, since each family already employs some ten or so seasonal workers and their expanding business will bring more local jobs.



What I've learnt from all the training and the whole experience is that you've got to keep moving with the times. But what one should always remember is that it works best when you take people along with you so everyone gets a better chance."

Nizami Musayev
entrepreneur



[Read full story](#)

INCREASE IN TURNOVER



Across the region, SMEs supported by EU grew on average in 2021 by

26.23%

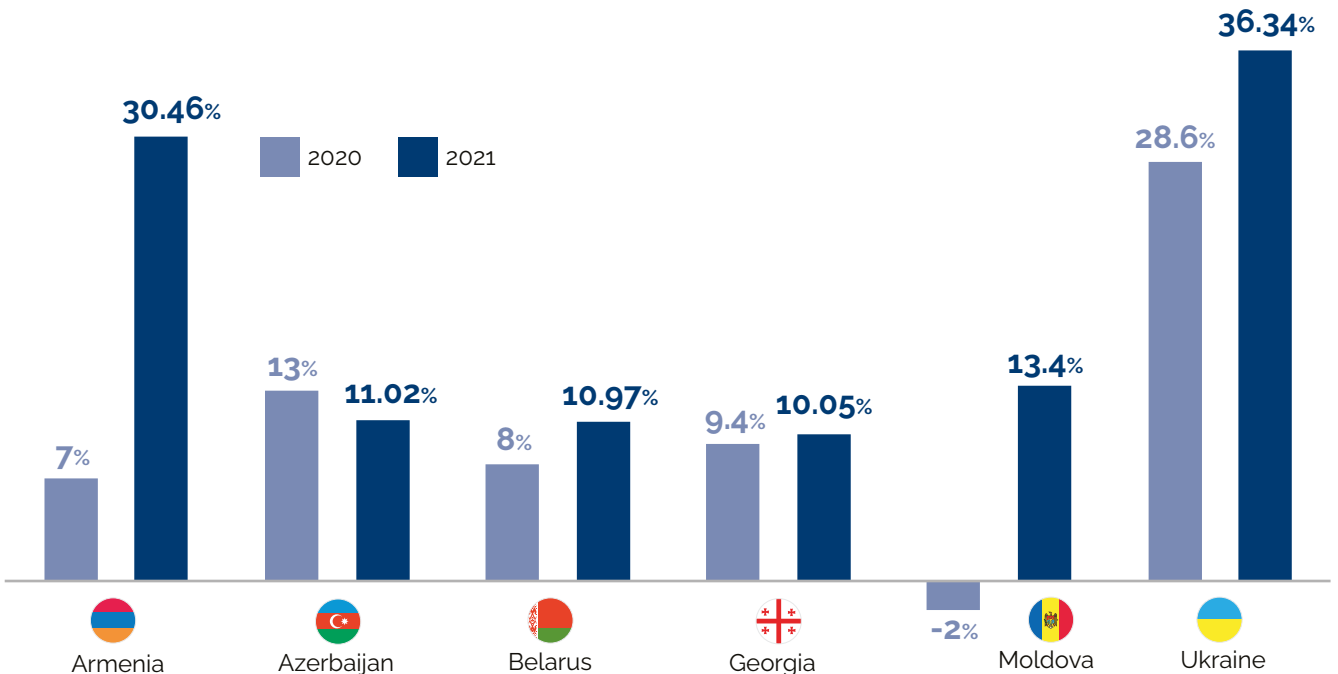
compared with
+17.4%
in 2020

Extra income generated by SMEs for their domestic economies

€2.03
billion

compared with
€1
in 2020

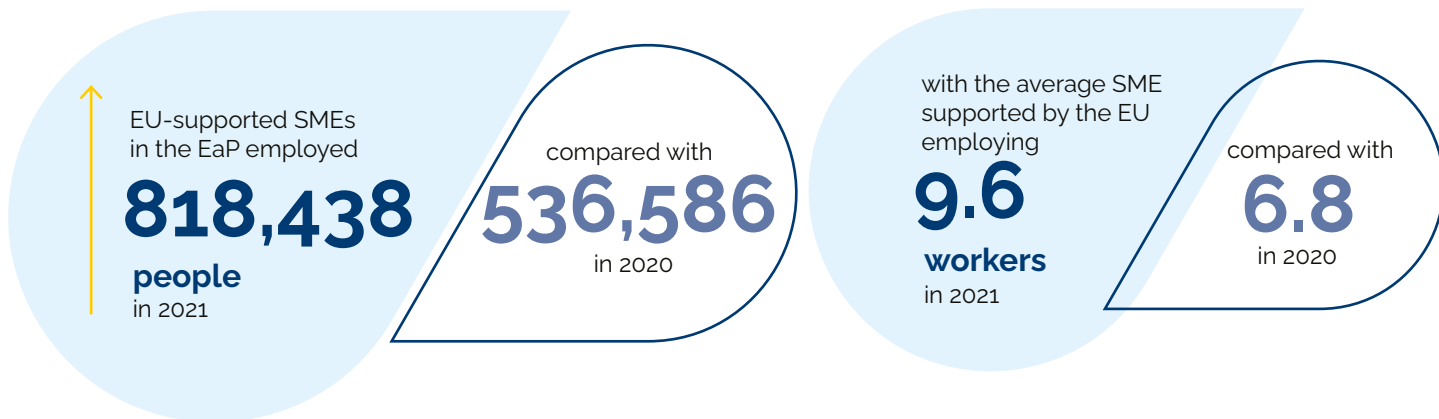
% of increase in turnover in supported SMEs



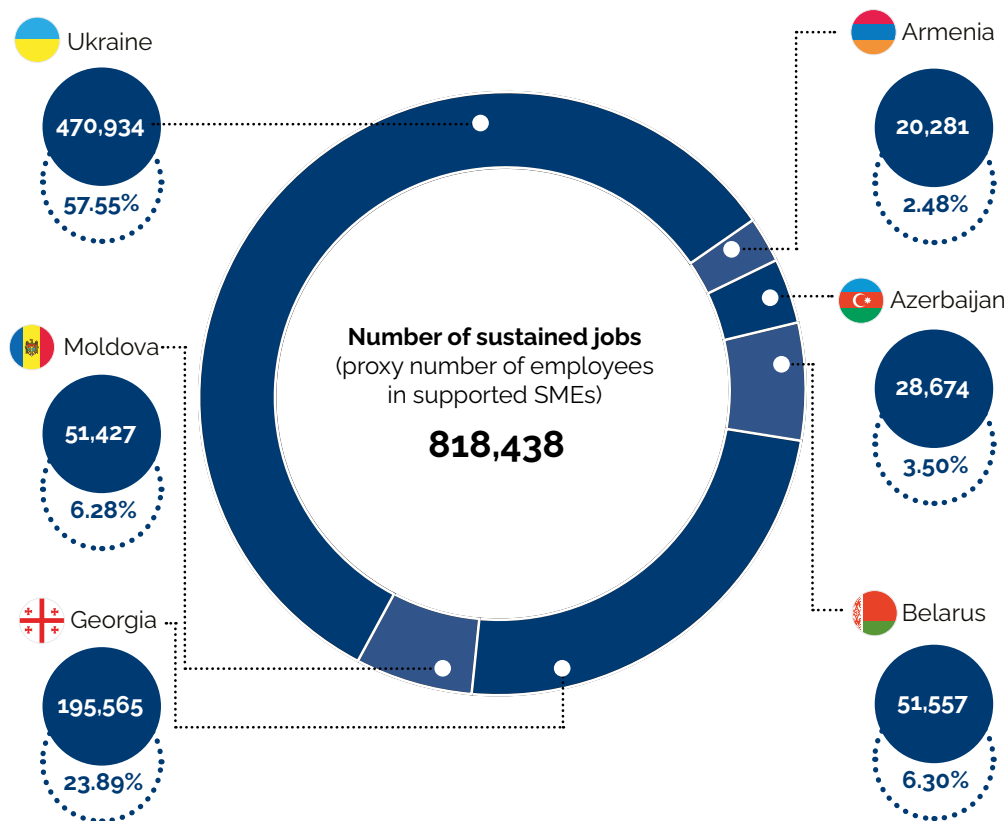
EU-supported SMEs in Ukraine grew turnover most, by over **36%**, followed closely by Armenia whose supported SMEs grew by over **30%**, and this represented the largest increase in growth rate compared with 2020. Moldovan supported SMEs also saw a significant increase in turnover growth from negative in 2020 to third largest in 2021. The performance of remaining SMEs was fairly similar with turnover growth in 2021.

NUMBER OF SUSTAINED JOBS

2021 witnessed significant increase in the number of sustained jobs in the EaP by **56.6%**.



The largest number of jobs sustained was in Ukraine, which accounts for more than half, and reflects the larger size of enterprises supported. Georgia represents the second largest share of jobs sustained due to the large number of SMEs supported.



Belarus supported the largest number of jobs per SME, and Georgia – the largest number of jobs per **€100,000** in SME income, suggesting these are labour-intensive jobs as is similarly the case in Armenia and Ukraine. Azerbaijan and Moldova support less labour-intensive SMEs.

| | Average jobs/ supported SME | Average income/ supported SME | Number of employees/ €100,000 income | Average annual income/ employee at supported SME |
|------------|-----------------------------|-------------------------------|--------------------------------------|--|
| Armenia | 3.01 | €42,322 | 7.1 | €14,041 |
| Azerbaijan | 2.03 | €43,523 | 4.7 | €21,482 |
| Belarus | 34.12 | €439,240 | 7.8 | €12,872 |
| Georgia | 5.19 | €34,449 | 15.1 | €6,631 |
| Moldova | 6.94 | €104,510 | 6.6 | €15,056 |
| Ukraine | 26.22 | €266,756 | 9.8 | €10,175 |



DIGITAL WASTE MANAGEMENT: A WIN-WIN SOLUTION

The ZeroWaste initiative under the EU4Business **“Support for local economic development in Belarus”** implemented by UNDP is bringing to life the idea of installing sensors on trash containers in Bykhov County. A “smart” sensor installed in containers can track the level of utilisation of each container while a special application optimizes the movement of garbage trucks, saving taxpayers a considerable amount.

Working on an IT solution is the next, equally important part of this initiative. This software will collect information about the state of containers and the movement of garbage trucks. When a container is 80% full, the system will begin to issue warnings, while at the same time putting together the optimal route for the collecting truck. The system will also be able to indicate where two containers need to be placed instead of one, to avoid extra trips. At the moment, 10 professionals are working on the development of sensors and related software. When the project moves to serial production, 100 more jobs will become available.



We will be able to apply our experience with the pilot project in Bykhov County to other areas of Belarus. In the next few years, we should see a digital transformation in both waste collection and recycling.”

Aleksandr Balodis

Director of the Centre for the Support of Business Initiatives to Improve Waste Management



[Read full story](#)

NUMBER OF JOBS CREATED

In 2021, EU supported SMEs in EaP countries generated

66,678

new jobs in 2021

compared with

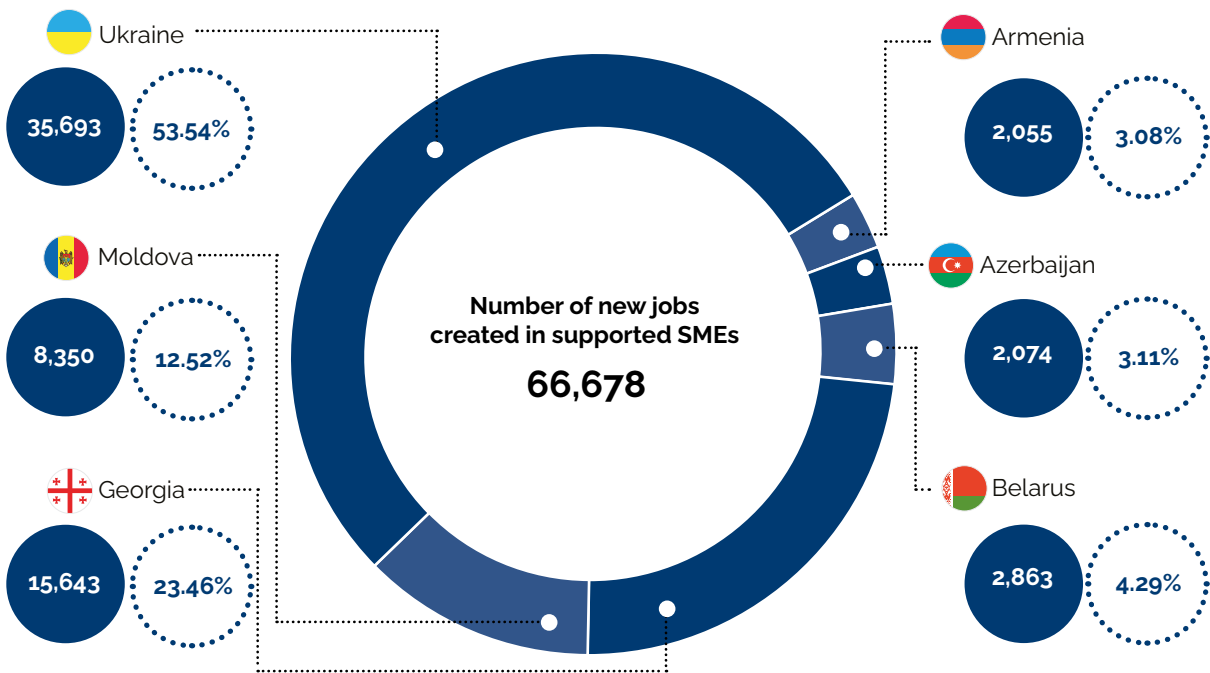
50,466

in 2020



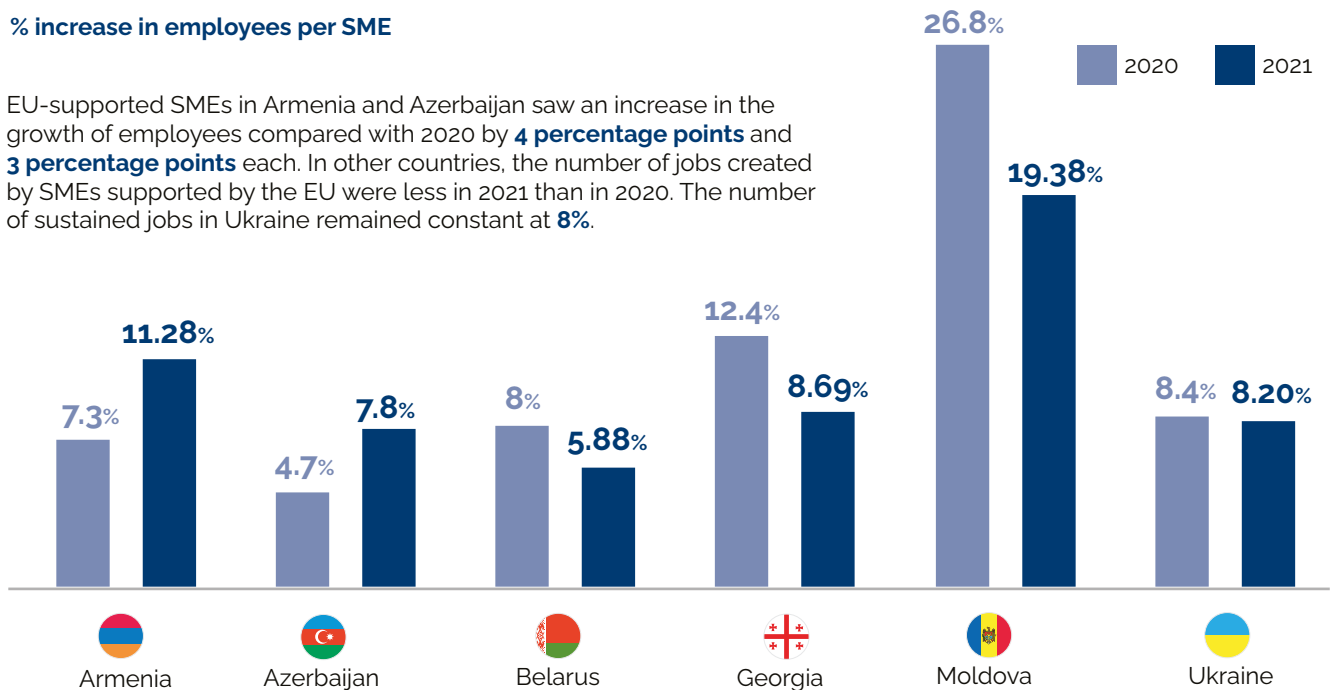
The number of new jobs created by SMEs supported by the EU in 2021 was **32%** more than in 2020.

Ukraine has the highest share in number of new jobs created, accounting for **53.5%** of all new jobs in EU-supported SMEs, followed by Georgia and Moldova.



% increase in employees per SME

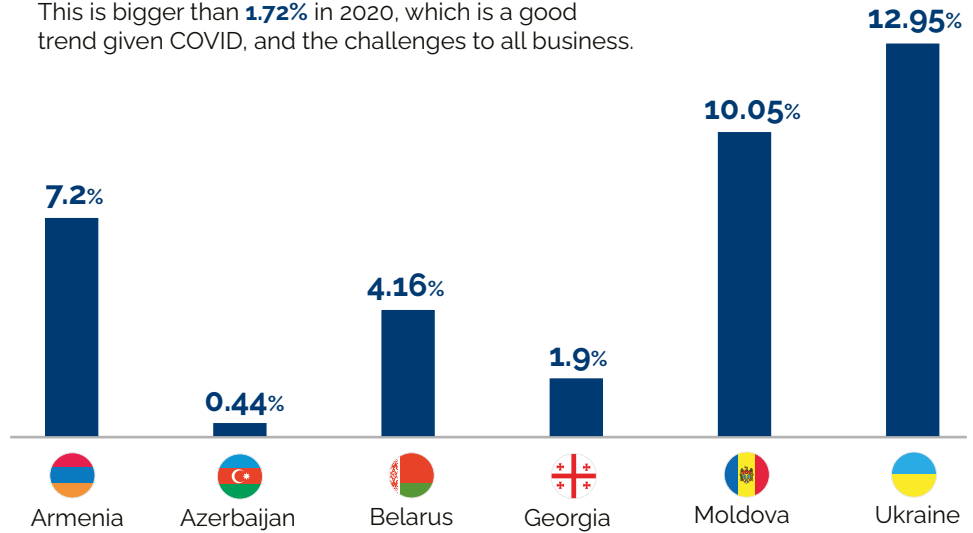
EU-supported SMEs in Armenia and Azerbaijan saw an increase in the growth of employees compared with 2020 by **4 percentage points** and **3 percentage points** each. In other countries, the number of jobs created by SMEs supported by the EU were less in 2021 than in 2020. The number of sustained jobs in Ukraine remained constant at **8%**.



INCREASE IN EXPORTING SMEs

In 2021, **4.89%** of SMEs supported were new exporters. This is bigger than **1.72%** in 2020, which is a good trend given COVID, and the challenges to all business.

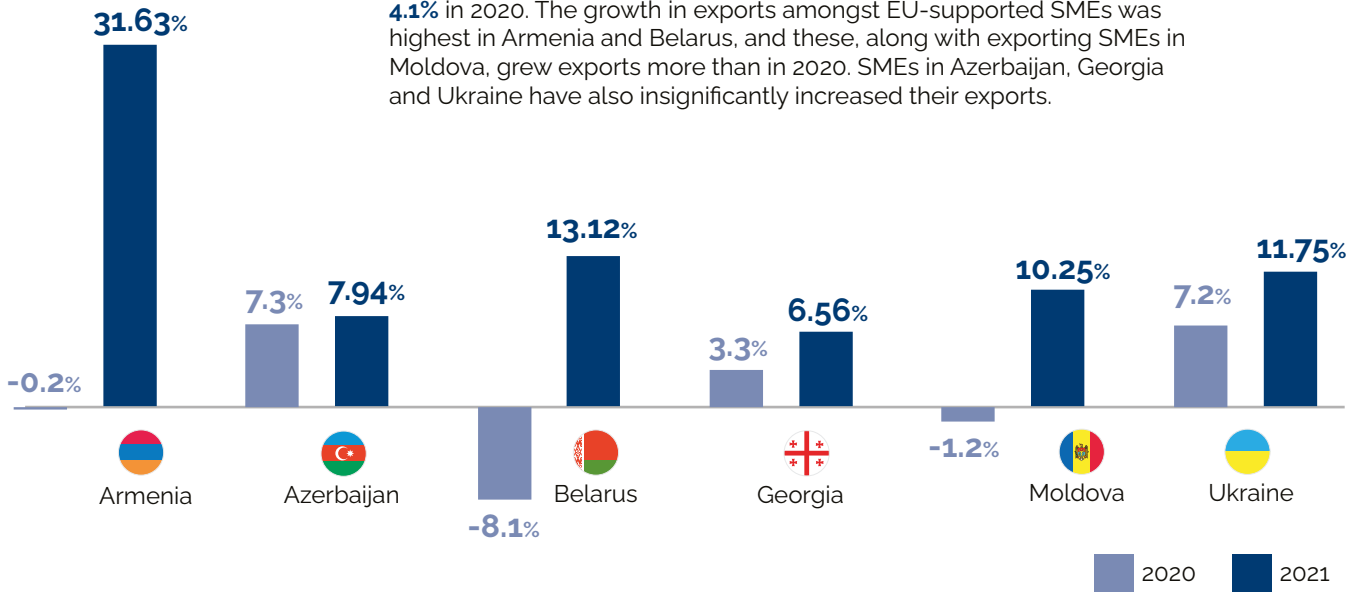
+4.89%



INCREASE IN EXPORTS

+11.2%

In 2021, supported SMEs' exports grew by **11.2%** compared with only **4.1%** in 2020. The growth in exports amongst EU-supported SMEs was highest in Armenia and Belarus, and these, along with exporting SMEs in Moldova, grew exports more than in 2020. SMEs in Azerbaijan, Georgia and Ukraine have also insignificantly increased their exports.



■ 2020 ■ 2021



SUPPORTING HAZELNUT PRODUCTION IN GEORGIA

Nuts.ge is one of the largest hazelnut producing companies in Georgia, which exports locally produced hazelnuts in various forms worldwide. The company delivers 2,000 tonnes of finished hazelnut products to world-famous brands, chocolate and ice cream industries, bakers, and distributors annually. Nuts.ge has become one of the companies to receive support from EU4Business implemented by the European Bank for Reconstruction and Development (EBRD) programme – **Advice for Small Businesses**. With EU4Business support implemented by EBRD, the company was able to bring its production in line with EU directives.



With the assistance of EU4Business and the EBRD, with the involvement of local and international consultants, we

were able to improve the production package: adapting the financial and accounting records to international standards, introducing an automated management system, conducting consulting work that evaluates the current situation, and providing a future development plan. Without meeting the relevant standards, the product will not have access to international markets."

Mamuka Beriashvili
Director of Nuts.ge



[Read full story](#)



ACCESS TO FINANCE (A2F)

RESULTS BY INSTRUMENT

The amount of EU funds disbursed for improvement access to finance for SMEs in the EaP in 2021 is

€62.2
million



44.44%

of the total
disbursed budget
in 2021

The total value disbursed by the EU in A2F increased by **€3.68 million** to **€62.2 million** in 2021 from **€58.52** in 2020. As a result, the share of EU disbursements for A2F increased from **40%** in 2020 to **44.44%** in 2021.

Ukraine

2020

€17.7
million

30.3%

2021

€25.42
million

40.88%

The majority of A2F support went to Ukraine (**40.88%**) and Georgia (**36.36%**). Moldova, Azerbaijan and Belarus saw a fall in share of A2F disbursements.

Armenia

2020

€6.85
million

11.7%

2021

€8.77
million

14.1%

Moldova

2020

€5.57
million

9.5%

2021

€3.17
million

5.1%

Azerbaijan

2020

€2.69
million

4.6%

2021

€1.13
million

1.81%

Georgia

2020

€21.41
million

36.6%

2021

€22.62
million

36.36%

Belarus

2020

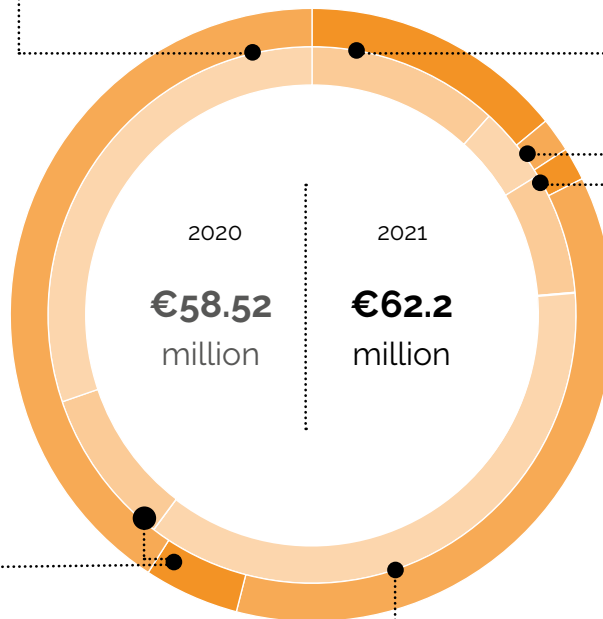
€4.3
million

7.3%

2021

€1.09
million

1.75%



In 2021, **€46.57 million**

was disbursed through International Financial Institutions (IFIs) to leverage around **€259.34 million** in loans to SMEs through national Partner Financial Institutions (PFIs) across the EaP, compared with almost **€42.59 million** used to leverage **€175 million** in 2020

19,026

SMEs benefited from access to finance supported by EU



36.15%

women-owned

17,979

SMEs received loans



36.3%

women-owned

€14,425

average size of loans

1,045

SMEs received grants



33.49%

women-owned

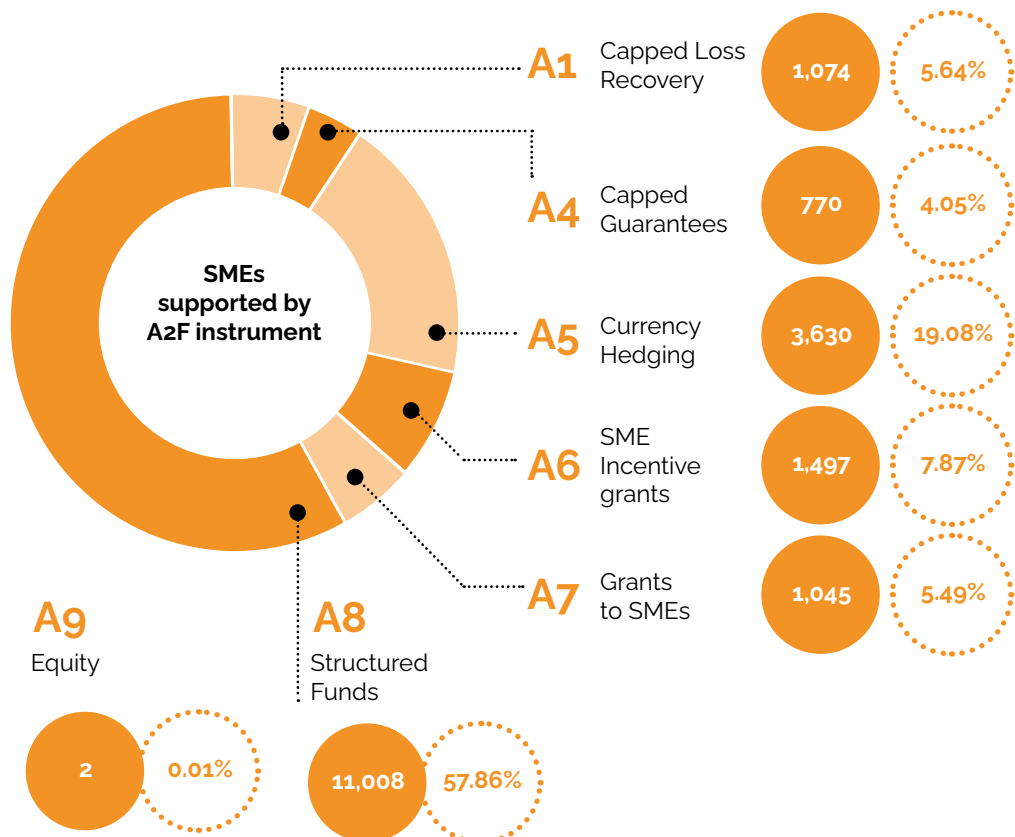
€10,420

average per grant

39 local financial institutions supported

There was a large increase in the number of loans distributed with EU support, rising from **5,439** in 2020 to **17,979** in 2021. Despite an increase in value of loans disbursed from **€175 million** to **€259 million**, average size of loans fell from **€31,250** in 2020 to **€13,657** in 2021. By contrast, the number of direct grants to SMEs remained constant (**1,045** in 2021 compared with **1,043** in 2020) but the average size of grant rose from **€9,412** in 2020 to **€10,420** in 2021.

Almost **58%** of SMEs were supported by Structured Funds where the EU participated in a fund that lent directly to SMEs, generating **11,008** loans. The second biggest contributor to SMEs supported by A2F was Currency Hedging, which accounted for **19%** of loans and was significantly higher than the **7%** in 2020. The share of SMEs supported through Capped Loss Recovery fell by 15 percentage points from **20.32%** in 2020 to **5.64%** in 2021. Grants to SMEs reduced from **16%** to **5.49%**.



VOLUME OF LOANS TRIGGERED IN THE EASTERN PARTNERSHIP

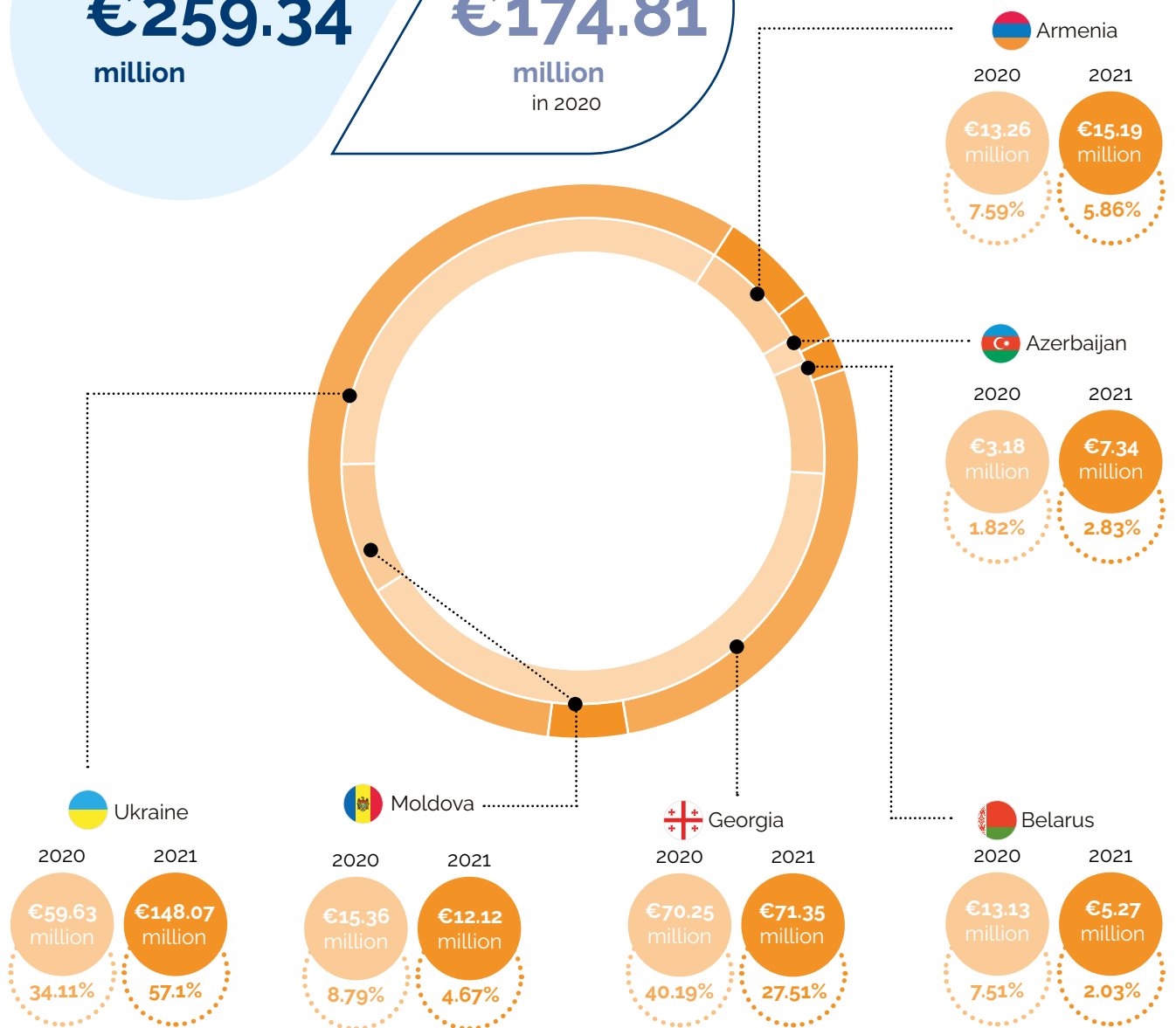


Total volume of loans triggered across the EaP is

€259.34
million

compared with

€174.81
million
in 2020



In terms of loans triggered, the share of loans declined significantly in Georgia at **27.51%** (down from **40.19%** in 2020) despite total value of loans remaining constant. Ukraine now has the highest share of total value of loans at **57.1%** (up from **34.11%**).

ARMENIA



FROM ECO-FRIENDLY TO “SMART” SUNGLASSES WITH PANDEMIC FUNDING IN ARMENIA

Twinz is an Armenian maker of handcrafted wooden sunglasses. Founded in 2014, the eco-friendly studio encourages tree-planting and greening the Earth but last year, it saw sales suddenly drop significantly when the COVID-19 pandemic hit. With the EU4Business support through the “Innovative Tourism and Technology Development for Armenia” project implemented by GIZ, Twinz was not only able to set up a website and start online sales, but also developed an augmented reality or AR solution. This has made online testing possible and resulted in “smart” sunglasses equipped with a hearing system!

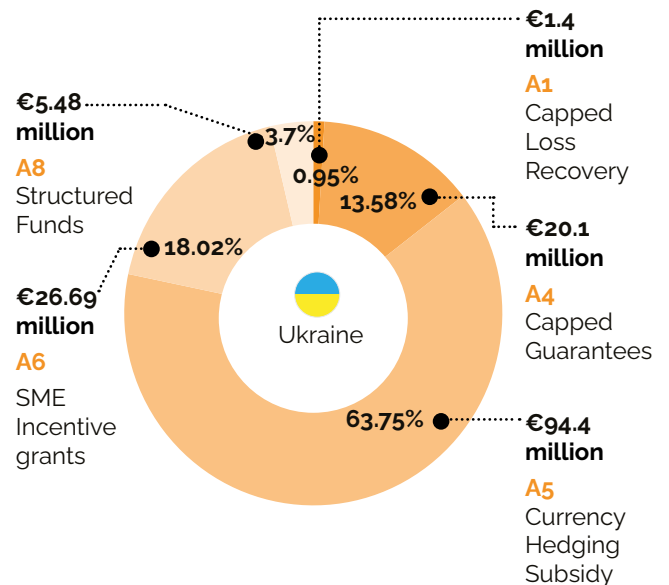
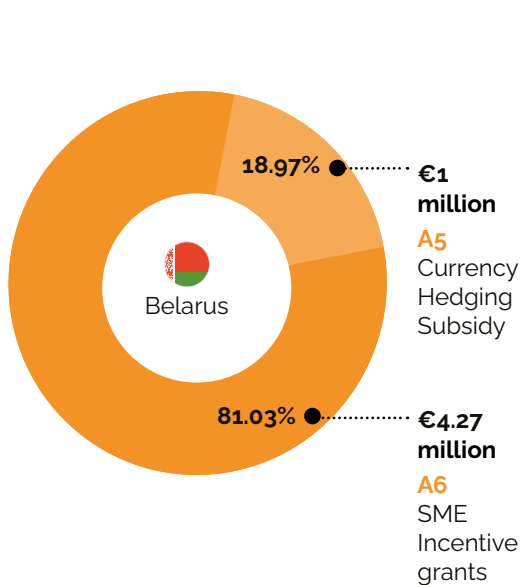
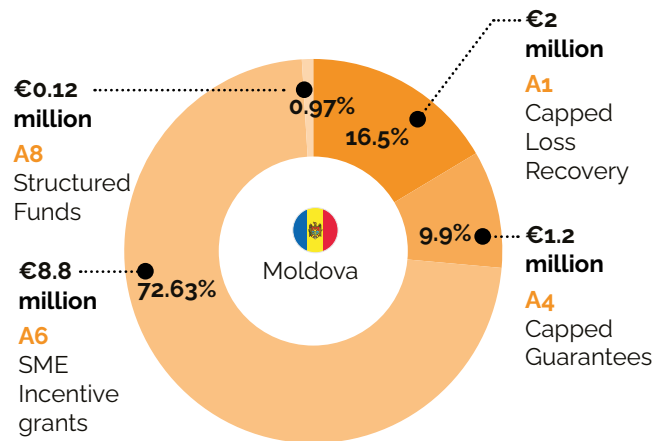
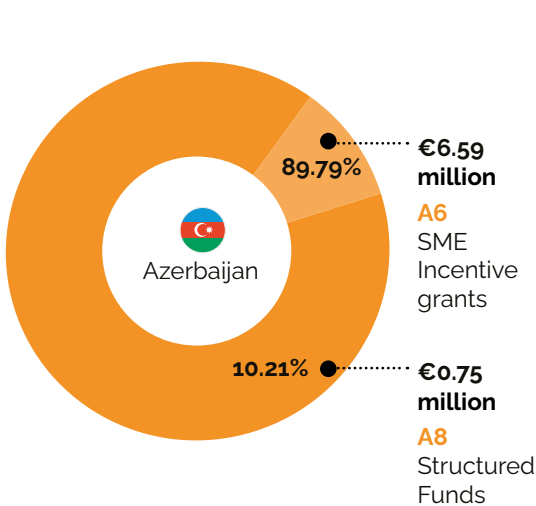
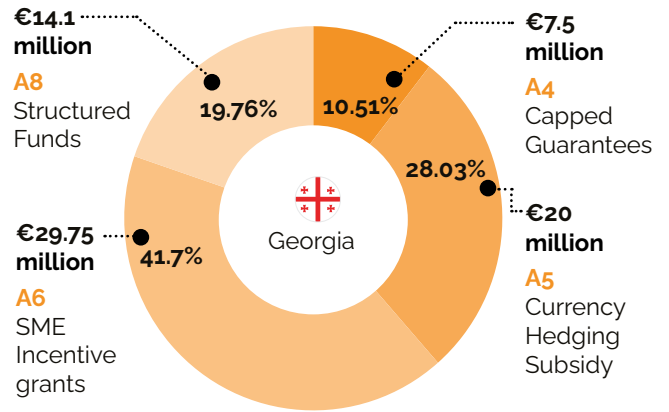
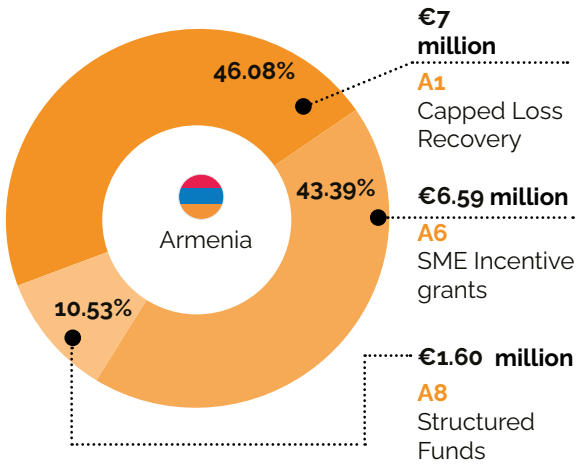
The €10,000 EU4Business grant helped to take some very important steps into the world of innovation and meet the needs of the 21st century.”

[Read full story](#)



NUMBER OF SMES SUPPORTED BY A2F INSTRUMENTS BY COUNTRY

The number of different instruments to leverage loans is highest in Ukraine with the use of Currency Hedging generating most loans, followed by Structured Funds and Capped Loss guarantees. Four A2F instruments are used in Georgia and Moldova, most with incentive grants paid to SMEs. Three instruments are used in Armenia, mostly Capped loss Guarantees and Incentive Grants whilst only two instruments are used in Azerbaijan and Belarus.



ENABLING SUSTAINABLE TRANSFORMATION THROUGH LOCAL CURRENCY LENDING

TAILORING FINANCING FOR A VIBRANT ENTREPRENEURSHIP ECOSYSTEM

As a partner in sustainable transformation, the EFSE's primary mission is to foster sustainable economic development and prosperity in Southeast Europe and the European Eastern Neighbourhood region. It does this in a number of ways: by channelling responsible, tailored financing to micro and small enterprises and households, and by strengthening the financial systems that serve and empower local entrepreneurs and families.

Complementing the financial activities of the fund, the Development Facility offers tailored consultancy to equip the micro, small and medium enterprises (MSMEs) with the knowledge and resources to operate their businesses successfully. The fund also works to have a systemic impact on the target regions' financial markets and economies by providing local currency financing.



Local currency lending is a key component of responsible finance. As an impact investment fund focussed on positive, long-term social benefits, EFSE is keen to advance local currency financing in the European Eastern Neighbourhood Region."

Dr. Klaus Müller
Chairperson of the EFSE
Board of Directors

MAKING A DIFFERENCE BY LENDING IN LOCAL CURRENCY

It is common for financial institutions that borrow in foreign currencies to offer loans in that same currency and to pass on the exchange rate risks to customers. However, for MSMEs that rely on income generated in their home currency, the associated foreign exchange risk of servicing foreign currency debt is a major concern. So, it's unsurprising to see a growing need for financial products in local currency in the European Eastern Neighbourhood Region, especially given the widespread currency depreciation against the euro in the wake of the pandemic, and the current war taking place in Ukraine.

When EFSE lends in local currency, it shields both parties to the loan—lenders and MSMEs—from exchange rate fluctuations, allowing them to plan ahead without the extra worry of unforeseen shifts in value. This added layer of protection also helps encourage a vibrant, sustainable entrepreneurship ecosystem, especially in times of crisis or in challenging operating environments.

The funding mechanism set up by EFSE has been structured in such a way that a special share class, L-shares, provides an innovative and sustainable internal hedging

mechanism that generates tangible impact in its target regions.

Financed by the European Union and the German Federal Ministry for Cooperation and Development (BMZ), this financing structure offers the best possible sustainable solution that leverages impact to both investors in the fund and partner institutions.

The fund is pleased reported that, to date, it has provided the equivalent of over €509 million in local currency loans to partner institutions.



KEY ACHIEVEMENTS IN 2021

Despite the challenging environment in 2021, EFSE's commitment to increasing its focus on local currency lending saw the fund expand its outreach recording exceptionally strong results in the implementation of its local currency strategy, therefore demonstrating its catalytic role in impact additionality.

The fund was able to accomplish:



1. Rising loan numbers: Record high disbursements in local currency in 2021, with over 75% sub-loans (€465 million) provided in 6 different local currencies.



2. Expanded outreach: By teaming up with 12 new partner lending institutions in 2021, EFSE extended its local currency funding and support to new regions, sectors and end-borrowers.



3. Added currencies: To enable greater inclusion in its financial reach, three new currencies were added to the Fund's financing capabilities: the Serbian dinar, Moldovan leu and Azeri manat.



4. First local currency subordinated loan: EFSE provided a unique seven-year Basel III-compliant Tier 2 capital subordinated loan facility to Moldova's largest financial institution, Maib.

This was in part thanks to the direct support of the European Union with their additional contribution of EUR 40.6 million in 2021, under its EU4Business initiative.

Maib investment is expected to facilitate more than 1,500 loans to MSMEs and support around 6,500 jobs. That means micro, small and medium-sized entrepreneurs can focus on growing their businesses, enjoying lower instalments in the currency they earn income in, over longer repayment periods."

BOOSTING THE VISIBILITY OF LOCAL CURRENCY LENDING OPPORTUNITIES

As well as deploying capital and financial instruments through its Development Facility, EFSE established a series of local currency events to promote awareness and the practice of local currency lending across the European Eastern Neighbourhood Region and assist MSMEs in making better financial decisions.

These included a **"Two Sides of the Coin: The Currency Debate"** event in Georgia and a **"Local Currency for Local Success: The Ukraine Edition"** online event in Ukraine. These events brought together local and regional leaders and officials from the financial sector to share insights on the role of local currency lending in fostering sustainable economic growth.

THE LOCAL CURRENCY ADVANTAGE OPPORTUNITIES

By improving access to finance, local currency lending contributes to job generation, facilitates self-employment, increases business resilience, and reduces poverty.

When entrepreneurs can finance their businesses using the same currency in which they make their income, they can invest responsibly in their future. Not only can they protect their cash flows from exchange rate fluctuations, but they can also plan more reliably, and continue to grow and develop their business operations, contributing to overall economic health, employment and prosperity.

That is the power of local currency.



UKRAINE



GROWING AN AGRIBUSINESS IN UKRAINE WITH LOCALS IN MIND

Liubaretske is an agribusiness located in the small village of Liubartsi – an hour’s drive from Kyiv, the capital of Ukraine. The company produces cereals – soy, corn and wheat – and is among 550 companies which have benefited from the financing of the **EU4Business-EBRD Credit Line**. With support from the EU under its EU4Business Initiative implemented by the EBRD, the company has created a safe and healthy

working environment for its 160 employees, increasing access to modern machinery and relevant skills.

The company purchased a wheel tractor and a combine harvester thanks to a loan of **€516,000** paid in local currency through Credit Agricole Ukraine. The internationally recognised John Deere harvester has been sent straight into the field to harvest corn.



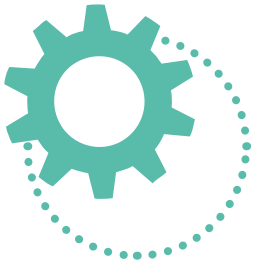
Our partnership with Credit Agricole has lasted more than a decade. Under the financing programme, the bank continues to help us purchase and lease additional machinery in this record-breaking harvest year for Ukraine.”

Oleksandr Safonov
Liubaretske’s CEO



[Read full story](#)





BUSINESS DEVELOPMENT

SERVICES (BDS)

RESULTS BY INSTRUMENT

The amount of EU support disbursed to support improve the skills SMEs in EaP in 2021 is

€52.8
million

compared with

€61.1
million
in 2020

BDS support in 2021 declined by **15%**, which is more than the overall reduction in disbursements and, as a result, the share of BDS in overall support fell from **42%** in 2020 to almost **38%** in 2021.



37.69%

of the total
disbursed budget
in 2021

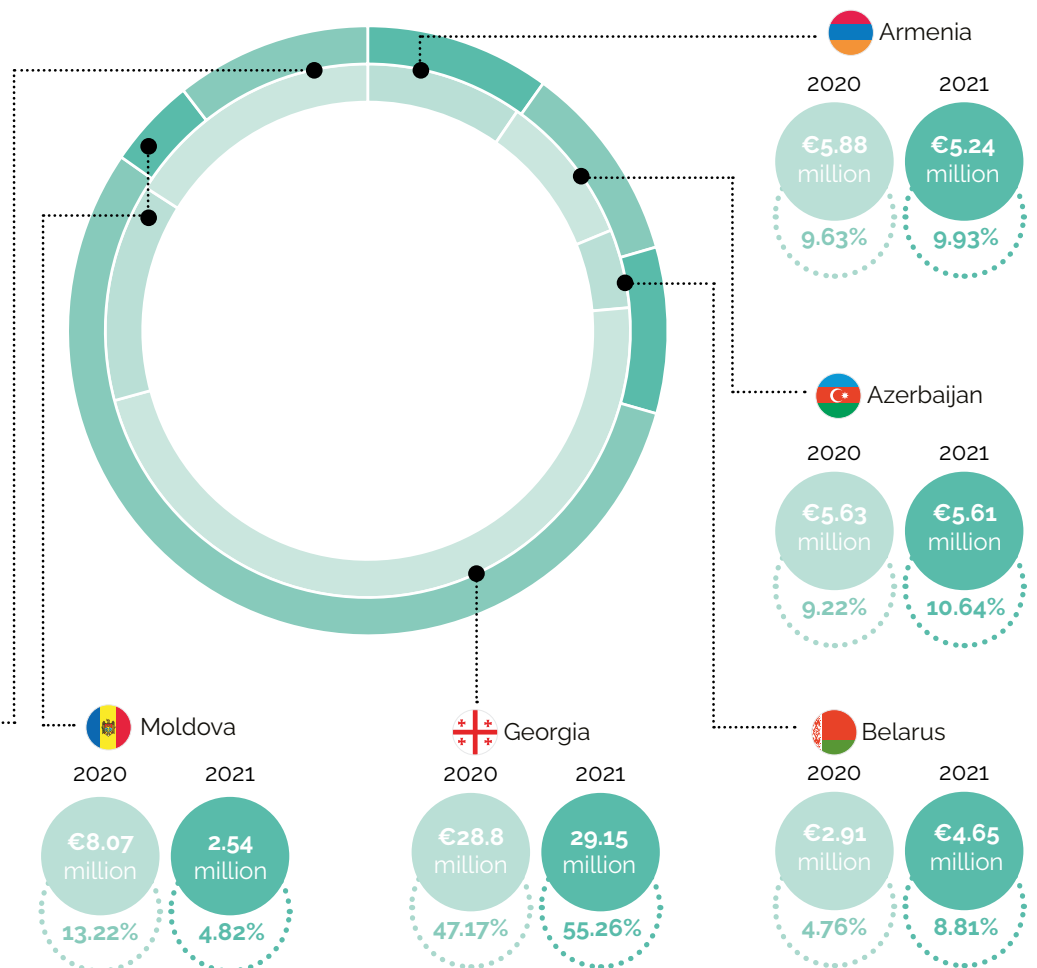


compared with

42%

in 2020

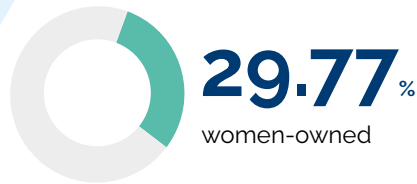
All countries of the region experienced a decline in BDS support in 2021 except Georgia, which saw a slight increase. However, Moldova and Ukraine had significant falls in BDS support which resulted in a shift in share of support from Moldova and Ukraine to Georgia, with the other three countries having experienced a slight increase in share. As a result, Georgia still represented **55.26%** of all BDS support given in the EaP, followed by Ukraine and Azerbaijan (around **10%** each).



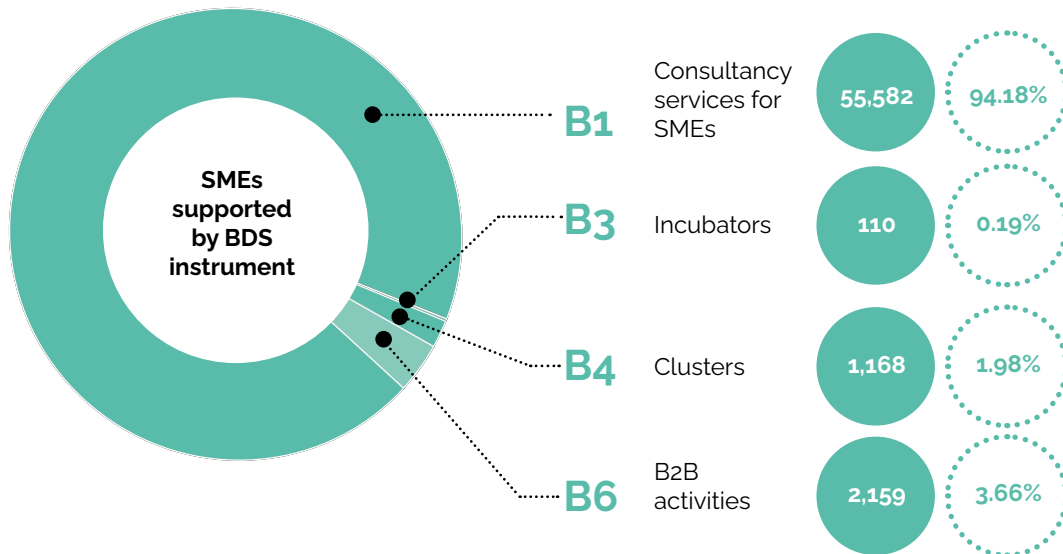
NUMBER OF SMES SUPPORTED THROUGH BUSINESS DEVELOPMENT SERVICES

59,019

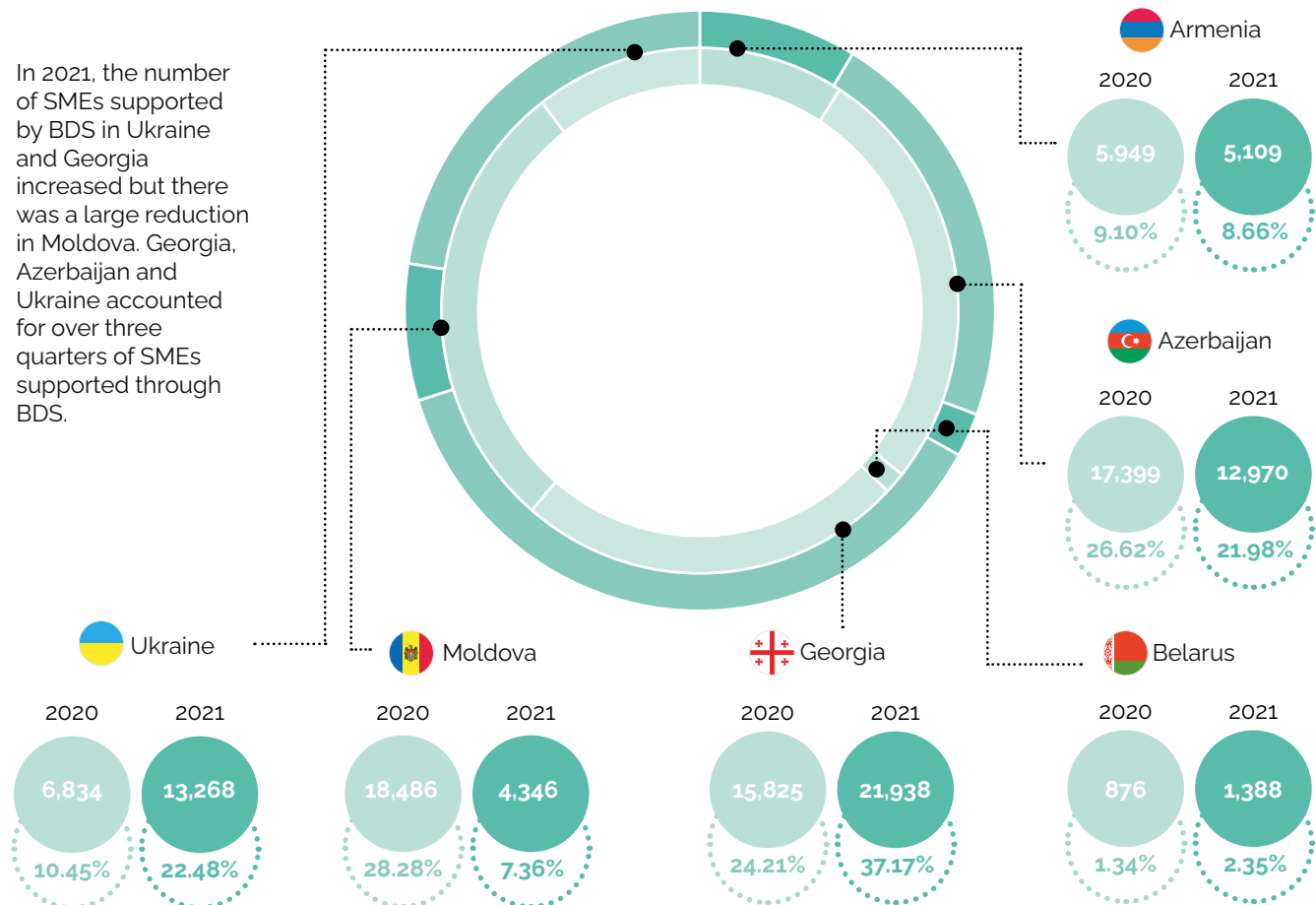
SMEs were supported with Business Development Services



SMEs benefiting from BDS fell from **65,369** in 2020 to **59,019** in 2021 partly due to a 15% fall in disbursements. The share of SMEs supported by different BDS instruments did not change.



In 2021, the number of SMEs supported by BDS in Ukraine and Georgia increased but there was a large reduction in Moldova. Georgia, Azerbaijan and Ukraine accounted for over three quarters of SMEs supported through BDS.



GEORGIA



EU, SWEDEN AND EBRD HELP GEORGIAN FIRMS UNLOCK THE POWER OF DIGITAL SALES

When developer **Keti Vachiberidze** started her online e-commerce platform, B2C.GE, in early 2019, Georgian businesses had little confidence in the power of online sales. In 2019, close to 150 shops were registered on the platform. That nearly tripled during Georgia's first Covid-19 lockdown of March 2020. B2C.GE gave stores and brands without a proprietary website the opportunity to sell online.

Through the EU4Business "**Women in Business**" programme, the EBRD helped B2C.GE to engage local consultants to bring its functionality in line with that of global e-commerce platforms, to integrate its accounting systems, local payment options, delivery services and warehouse management systems, and to introduce mobile applications. Today B2C.GE serves more businesses in Georgia than all other international platforms combined. The number of shops on the platform has **increased by 135 per cent** since project completion while the company's sales were **up more than 1,000 per cent** in the busiest shopping months of 2020 (November and December).



E-commerce is here to stay. Already, around 60 per cent of people check products online prior to purchasing: the product does not exist if there is no information on the net. The pandemic has just accelerated this process."

Keti Vachiberidze
Founder of B2C.GE e-commerce platform

[Read full story](#)

NUMBER OF BUSINESS SUPPORT ORGANISATIONS SUPPORTED

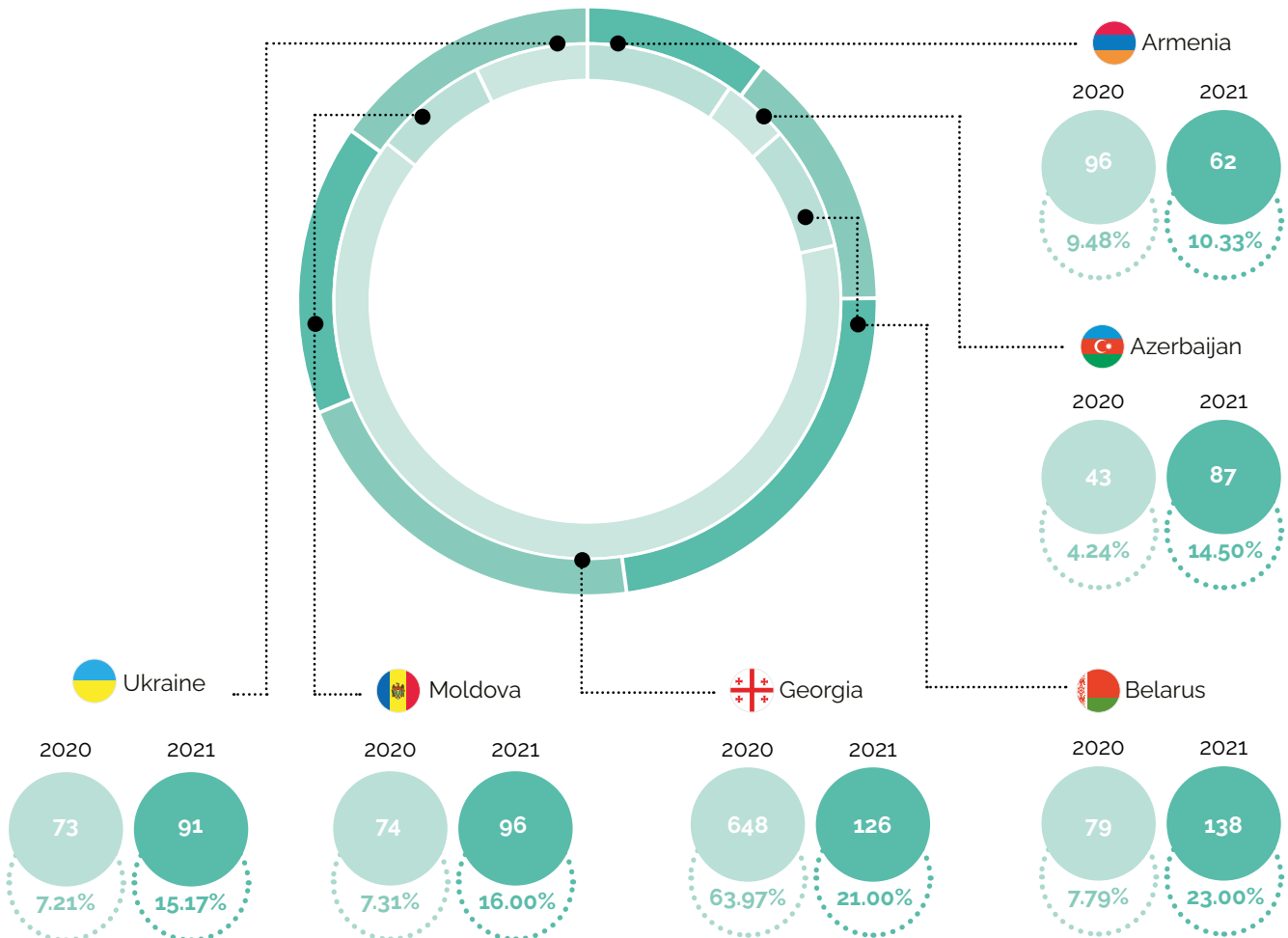
To deliver these services,

600

BSOs were supported through capacity-building activities, which represents a **68.8%** fall from the **1,013** BSOs supported in 2020.

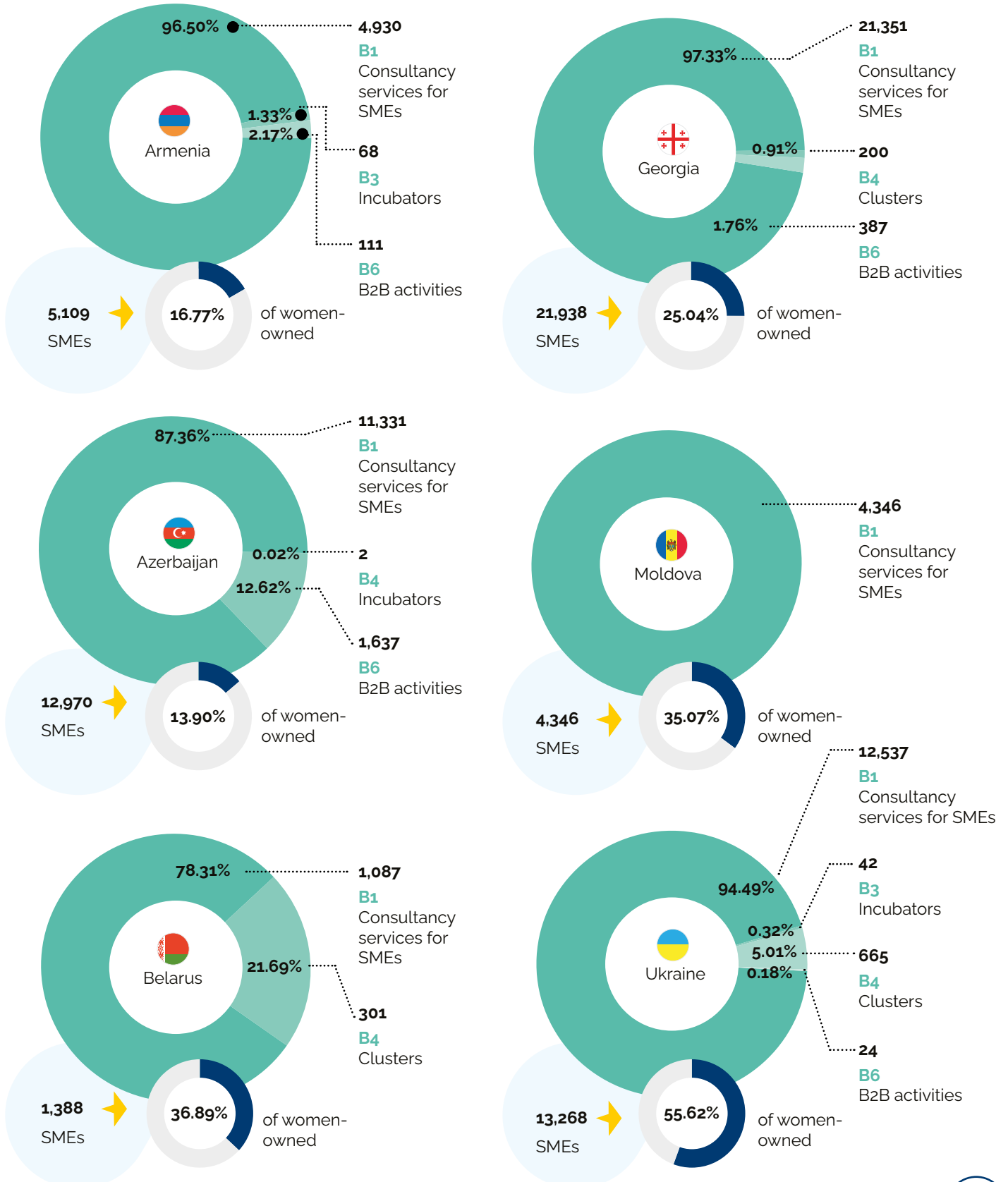


In 2021, there were increases in BSOs supported in Moldova, Ukraine, Belarus and Azerbaijan but reductions in Georgia. This has led to a more even spread of supported BSOs across the region.



NUMBER OF SMES SUPPORTED BY BDS INSTRUMENTS BY COUNTRY

Whilst direct consultancy services to SMEs is the predominant instrument used in all countries, accounting for **78%-99%** of all SMEs supported by country, incubators, clusters and B2B instruments were also used in all countries. Ukraine has the biggest number of BDS instruments with **94%** direct consultancy, **5%** clusters, **0.32%** incubators, and **0.18%** B2B activities. Moldova is most concentrated with **99%** of supported SMEs deriving from direct consultancy.



EU4BUSINESS: CONNECTING COMPANIES – HELPING SMES IN THE EAP REGION GROW

EUROCHAMBRES & THE EU4BCC PROJECT

Eurochambres, the association of European Chambers of Commerce and Industry, represents over 20 million businesses in Europe through 45 members and a European network of 1,700 regional and local chambers. Its aim is to identify appropriate joint activities and capacity-building across the network. Eurochambres manages and coordinates a number of projects that reflect its policy priorities to the benefit of both the chambers and the wider business community.

Dynamic cooperation with Eastern Partnership (EaP) countries (Armenia, Azerbaijan, Belarus, Georgia, Moldova, and Ukraine) is essential to Eurochambres, as these six countries offer a largely untapped potential for the broader European economy. EU4Business: Connecting Companies (EU4BCC) is one of the projects through which Eurochambres reinforces its engagement by implementing practical support measures to local chambers and business communities. The project is managed with the help of five sector-based consortia composed of 17 national, regional and local chambers from the EU (9) and EaP (8), selected within the Eurochambres network.

The EU4BCC project is built on positive results attained through two stages of the East Invest projects, managed by Eurochambres between 2010 and 2017 and aimed at increasing capacity among EaP Business Support Organisations (BSOs) to offer quality services to their member SMEs, while also enabling SMEs from EaP countries engage with their European peers.

Funded under the EU4Business initiative of the European Union, the EU4BCC officially kicked off in December 2019. Its global objective is to support sustainable economic development and job creation in EaP countries by helping SMEs grow.

Sector focus and actions

The EU4BCC's sector orientation allows for a more strategic approach, addressing specific needs and opportunities. The five targeted economic sectors are bio-food, creative industries, textiles, tourism, and wine, industries that bolster value-added production and employment rates, and increase trade between EaP countries and the EU.

The primary target of this project is helping the BSOs and SMEs operating in these five sectors through three types of action:

Twinnings – contributes to establishing direct links between the EU BSOs and EaP BSOs (Capacity Building/Peer-to-peer learning for BSOs)

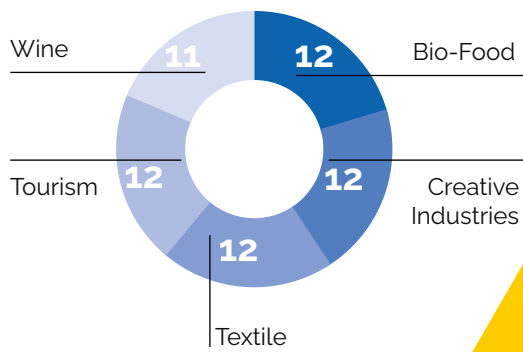
B2B Matchings – contributes to stronger people-to-people/SME-to-SME contacts and trade opportunities (i.e. supplier-producer, producer-re-seller, and so on)

Study Visits – allow BSOs and SMEs to learn "on-site" and offer an opportunity for networking.

These actions are implemented by BSOs from the EU and EaP countries, working within BSO partnerships. So far, 59 BSO partnerships have been funded.

Overall, 95 BSOs—47 from the EU and 48 from the EaP—are involved in the actions as implementing actors (e.g. chambers of commerce, business associations, employer federations, clusters, and so on). Several BSOs are involved in more than one action. These partnerships further involve over 1,000 SMEs and BSOs as the final beneficiaries of the project.

Priority was given to organisations run by women and young people, and to entities based in rural areas:



Some **380**
SMEs are involved in

Some **530**
SMEs and BSOs have been involved in

Some **100**
BSOs are involved in

19
B2B matchings as final beneficiaries

33
Study Visits as final beneficiaries

7
Twinings as final beneficiaries

Due to travel restrictions related to the Covid pandemic, most actions were implemented online. By February 2022, only 11 projects had been finalised and 48 were being implemented.

16th of May 2022, on a flexible basis, allowing actions to resume as soon as the context allows the restarting of the activities.

The war in Ukraine has had an impact on all EaP countries, leading to a temporary suspension of the EU4BCC project starting March 15, 2022. Projects involving Belarusian BSOs, owned or funded by the government, were immediately suspended. The EU4BCC project resumed its implementation on the

16th of May 2022, on a flexible basis, allowing actions to resume as soon as the context allows the restarting of the activities.

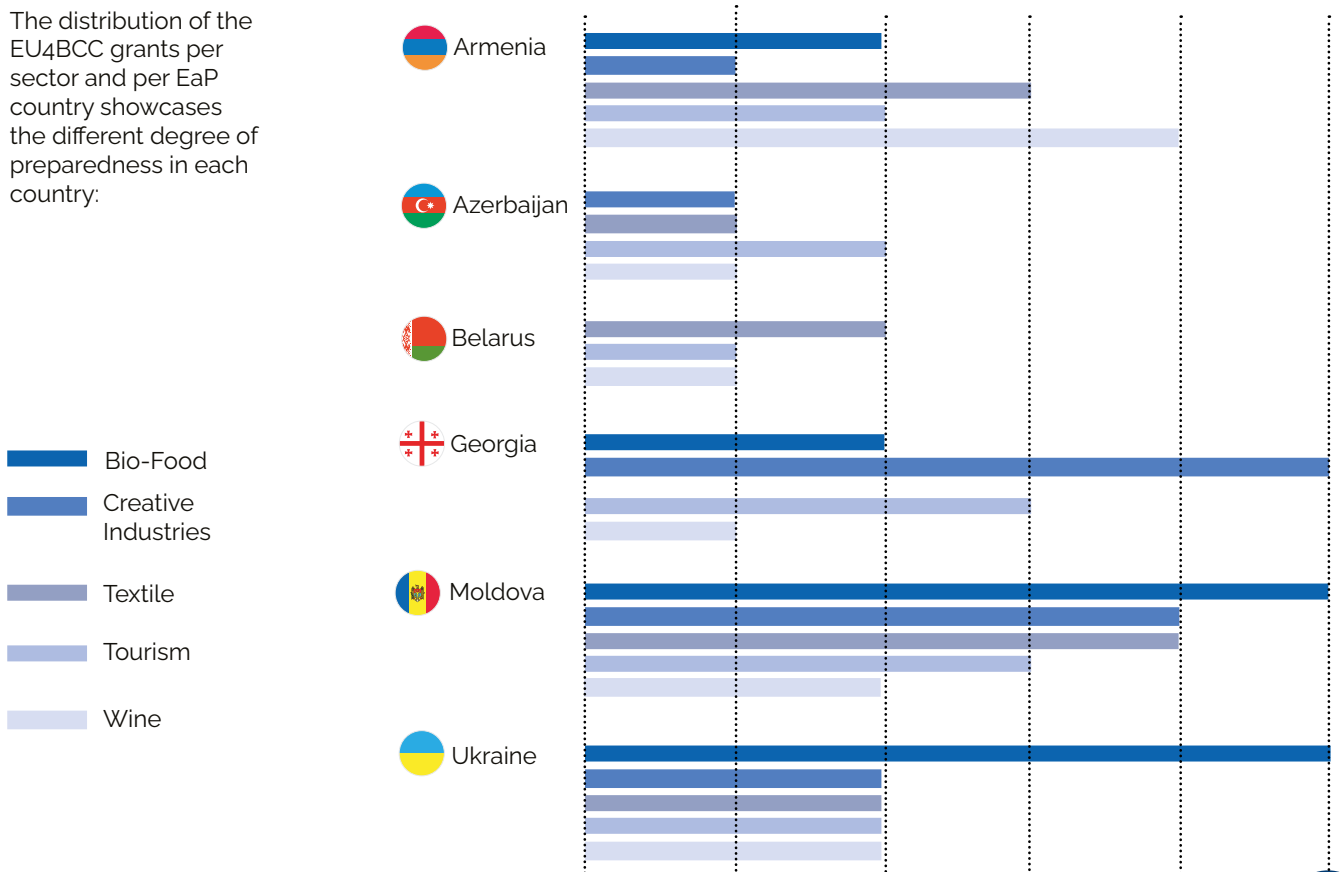
The second pillar of the EU4BCC project is to observe overall trends in the targeted sectors in each EaP country in order to tailor strategies and guidelines for the use of stakeholders in the EU and the EaP region. For this purpose, the project is working with a team of sector experts to contribute to overall policy development for the region and design potential further supports.

COMMON CHALLENGES IN TARGET SECTORS AND EAP COUNTRIES

Trends & examples of projects/actions

In the past decade, EaP countries have achieved significant progress in reforming their economies and integrating into the global marketplace. While the overall business climate has tangibly improved, SMEs in the region remain tied to low value-added sectors, which means low contribution towards job creation and exports.

The distribution of the EU4BCC grants per sector and per EaP country showcases the different degree of preparedness in each country:



Some challenges are common across all sectors in the EaP region and the EU4BCC project intends to target these. The number of challenges has considerably intensified due to two consecutive disastrous asymmetric economic shocks that affected the EaP, the EU and the entire world in the past two years: the pandemic and the war in Ukraine.

From the administrative point of view, several challenges were particularly apparent during the project implementation by BSOs:

- **Lack of technical know-how** among EaP BSOs to deal with administrative matters related to the EU project management
- **Low financial capacity**, making EaP BSOs more vulnerable to economic, social or political crisis in the region and the world (Covid-19, war)
- **Lack of sustainable business models for BSOs**, which forces them to combine different scopes of activities in addition to the business support to cover operational costs
- **Poor knowledge of external markets**
- **Poor access to modern technologies and infrastructure**, especially in the regions and rural areas
- **Lack of research/investment in innovation**

Thanks to monitoring visits, both online and on-site, the EU4BCC team has managed to talk with the BSOs from the EU as well as from EaP countries and to collect first-hand feedback from final beneficiaries. This has revealed growing interest among EU companies in exploring potential cooperation in the EaP region. Even though it is still early to talk about the results of the EU4BCC project, it has clearly created a strong basis for BSOs and SMEs from the EU to connect with BSOs and SMEs in EaP countries. The EU4BCC project has provided myriad opportunities to participate in networking events, in B2B meetings, sector fairs, and study visits.

A snapshot of a few actions

1) Armenian textile companies participate in Athens Fashion Trade Show

For the first time, 12 Armenian brands (designers and textile makers) participated in the Athens Fashion Trade Show January 27-30 under a unified Armenian pavilion and presented their summer collections to international buyers. The project was initiated by the Fashion Design Chamber (FDC) and Hellenic Clothing Industry Association (HCIA). As part of a study visit, educational cooperation exchange and business networking were facilitated by the project. Sustainable textiles, circular economy and marketing plans were among the main topics.

2) Georgian Business Association members visit Iberseries Platino Industria Forum in Madrid organized by EGEDA



This visit offered an opportunity to project beneficiaries to present Georgia as an interesting place for filmmaking and to promote their own companies as potential local partners in this sector. Georgian companies met foreign colleagues in the Spanish and Ibero-American film industry who attended the Iberseries Platino Industria Forum. Audiovisual tourism was one major focus at the conference, with Netflix and UNWTO presenting a joint report. Cooperation between EGEDA and GNFC has led to efforts to raise the profile of Spanish cinema in Georgia and Georgian cinema in Spain and to allow industry professionals from both countries to extend their network of professional contacts and participate in industry activities:

- Include a section dedicated to Spanish cinema in the next edition of the Tbilisi International Film Festival.
- Bring Georgian cinema to the San Sebastian Film Festival. Support will be sought both from the San Sebastian Festival itself and from the Spanish Government.

These actions offer the opportunity to find partners for projects in San Sebastian and Tbilisi, and co-production opportunities, not only between Spain and Georgia, but also between Georgia and other European countries and Latin America.

A NEW SOCIAL, POLITICAL, AND ECONOMIC SHOCK: WAR IN UKRAINE

The devastating impact of Russia's war on Ukraine's economy has not ended. Moreover, the negative economic impact on the EaP countries is already evident. The food sector will likely be one of the most heavily hit sectors, not only in Ukraine, but neighbouring countries and the EU as well. More than 25% of global wheat exports come from Russia and Ukraine. Meanwhile, tourism will also see a major decline, as travel to EaP countries declines due to security concerns, airspace disruptions, and growing prices as inflation balloons.

Lessons learnt and recommendations

Many lessons must be learned, both in the EU and in the EaP.

Bearing recent events in mind, the European Union would benefit from **a more specific and differentiated approach**. While it is still early to determine the concrete results of the EU4BCC project, each region's uniqueness needs to be considered in order to exploit the partnership's full potential and embrace differences as opportunities for growth.

As reflected through the health crisis, the EU **needs to be better prepared to face uncertainties**. The last three years have shown rapid and dramatic changes in the business environment. In the EaP region, changes have been even more drastic and could leave the region in a long-term socio-economic recession. New and more innovative ways need to be found to navigate such crises and avoid the biggest shocks to economic structures.

Linked to this would be the **lack of investment in digitalisation**. Covid-19 has revealed intensified

inequality in terms of access to digital infrastructure. Clearly, the technical capacities of BSOs and SMEs need to be prioritized and improved to ensure better synergies between the EU's international initiatives and actors in the EaP region. **Supporting the EaP in prioritising the green transition** would bolster environmental safety and should be considered one of the core aspects of all policy priorities.

With the EaP countries, the lessons should follow a more systematic approach.

One way is through **administrative and legislative improvements** to establish a more favourable, competitive environment for SMEs to operate inside their countries of origin while preparing them for potential export. The development of strategies that would promote key economic sectors needs to be undertaken while looking into the cross-sector cooperation. All the EU4BCC target sectors—bio-food, creative industries, textiles, tourism, and wine—have enormous potential, including for cross-sector collaboration to make businesses

more attractive to international investors and increase their economic output. This requires the **design of effective support packages for businesses**, which would mitigate the negative effects of both the pandemic and the war and prevent additional potential risks.

The **lack of qualified staff is problematic** for all aspects of government functioning, making investment in education key. More and better efforts should be made to modernise educational systems.

Special attention should be placed on **improving development programmes for the region**. Bad infrastructure makes any kind of profitable business activity in regional and rural areas difficult if not impossible. Better infrastructure would make possible **platforms for public-private dialogues** to engage in regular communication with BSOs. The role of BSOs in this matter is essential to support businesses and help them communicate their interests, and to offer assistance to the government for implementing its policies.

OPPORTUNITIES FOR GROWTH / CONCLUSIONS

Recent events have underscored the importance of moving away from the dependency on a few sectors. This is an opportunity for the EaP to investigate sectors that have not been among government priorities in individual countries.

The danger of being dependent on the Russian market, for instance, and the need to find alternative trade opportunities with the EU is clearly a priority. The pandemic has shown the benefits of digitalisation. SMEs and BSOs from EaP countries have opportunities to be more connected to counterparts across the world without the costs of actual travel. This is a good time to investigate regional cooperation among EaP countries by setting up intra-regional trade associations, and developing potential synergies by working together to design common export products.

The role of BSOs is crucial in the EU integration process. An important development has been recent requests for EU accession from Georgia, Moldova, and Ukraine. While the next steps are being worked out, BSOs can already start looking into adapting their role towards preparing for accession.



NEW TYPES OF BREAD FOR SMALL VILLAGES IN DONETSK OBLAST

Olha Nikoara is the owner of the **Blahodatnyi Khib** (blessed bread) bakery, in the village of Volodymyrivka, Donetsk Oblast. The bakery provides the surrounding villages with bread, employs locals, and competes with large bread producers in the area.

The owner of the bakery has been thinking about expanding the business for a long time. A **€5,000** grant from the European Union under its EU4Business Initiative implemented by United Nations Recovery and Peacebuilding Programme

came in useful, helping Olga to purchase new equipment for baking, slicing and wrapping bread in film. Over a year, **the productivity of the bakers increased by as much as 25%, and sales of products rose by 15%**. The staff increased from 9 to 12 employees, and thus there were new jobs for the villagers. In addition, the residents of Volodymyrivka and Blahodatne can now always get freshly baked bread – the bakery has its own branded store in the village.



I wanted self-realisation, independence, and to bring my ideas to life."

Olha Nikoara
Founder of Blahodatnyi Khib bakery



[Read full story](#)

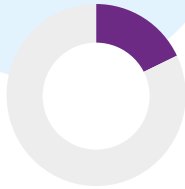


BUSINESS ENABLING ENVIRONMENT

RESULTS BY INSTRUMENT

Total disbursements to support business enabling environment

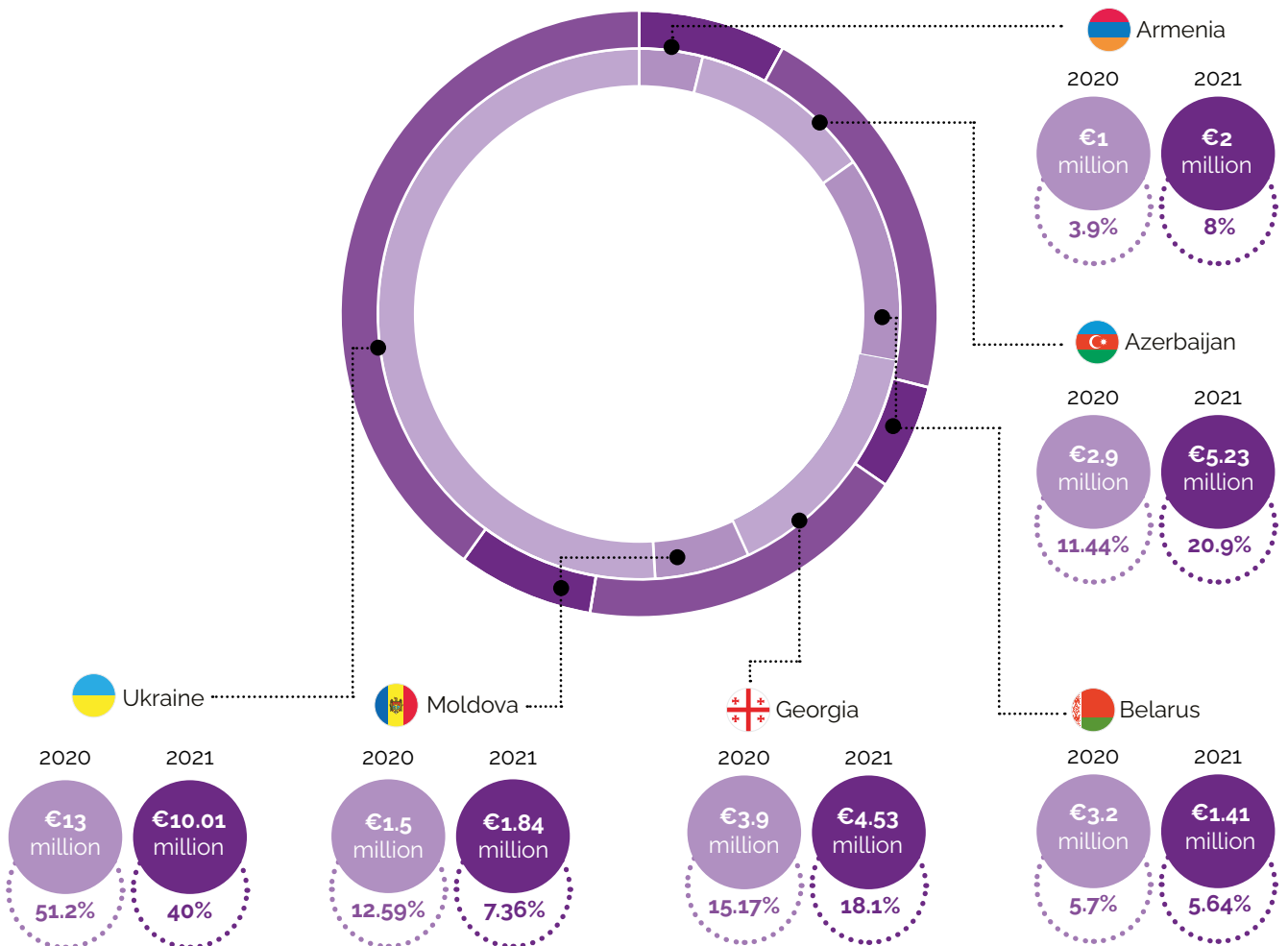
€25 million



17.88%

of the total disbursed budget in 2021

Although improvements in the Business Enabling Environment will inevitably improve competitiveness, lower costs, and make SMEs more efficient, it is difficult to isolate the SMEs that actually benefit. Therefore, the EU4Business Facility does not present the impact of these reforms on the number of SMEs, their growth in turnover, job creation, or exports. It should, however, be recognised that potentially all SMEs will benefit from certain law changes, such as making it easier to pay taxes, which lowers SME costs. Though this underestimates the impact of EU support, we are able to focus instead on the more direct and attributable effects such as capacity-building, reforms, and the engagement process.





ARMENIA'S EBA WORKS TOWARDS A BETTER BUSINESS ENVIRONMENT FOR SMES

Within the "Support to European Businesses in Armenia" project under the EU4Business umbrella, the European Business Association (EBA) started by strengthening the internal capacity of its staff, established new working groups and committees, and established fruitful cooperation with Armenia government since 2018.

About

800

private sector representatives engaged in a total

34

public-private dialogues at EBA-initiated meetings

These proved an important platform for identifying business concerns and constraints in the reform process, and for ensuring that reforms actually target and benefit business.

As a result,

13

laws and regulations were changed in Armenia.



A **lobbying and advocacy council** involving the BIG4, Schneider Group and other consultancies raised issues related to the tax, customs, public procurement, competition, and judicial systems. The EBA not only submitted proposals related to Public Procurement, the Labour Code, foreign investment legislation, the Tax Code and customs legislation, and offering inputs into the draft legislation for competition. It also continued advocacy and ongoing work with the Armenia authorities to achieve changes. Similarly, through its presence on the Tourism Council, the EBA presented proposals related to improving the tourism sector.



Raising awareness about **tax administration and legislation**, and advocating for improvements have been a major focus of EBA activities. The shift from a five-tier tax system to a three-tiered one was introduced, interest rates on certain types of taxes were reduced, income taxes were levelled, equal conditions for non-residents were promoted, and the dividend tax on non-residents was **reduced to 5% from 10%**.

Thanks to the project efforts, Armenia has improved its position in international ratings. The **World Bank's Doing Business index** has seen Armenia **improve by 30 points**, moving from 82nd to 52nd place by the end of 2019.



Business sectors like **waste management and insurance** were also considered in the EBA project's various activities. Through the Waste Management initiative with the American University of Armenia and the American Chamber of Commerce (AmCham), a working group was established to bring in international expertise from other markets around the world to learn and adapt to Armenia. An initial study and business model for Armenia was developed and presented to the government.



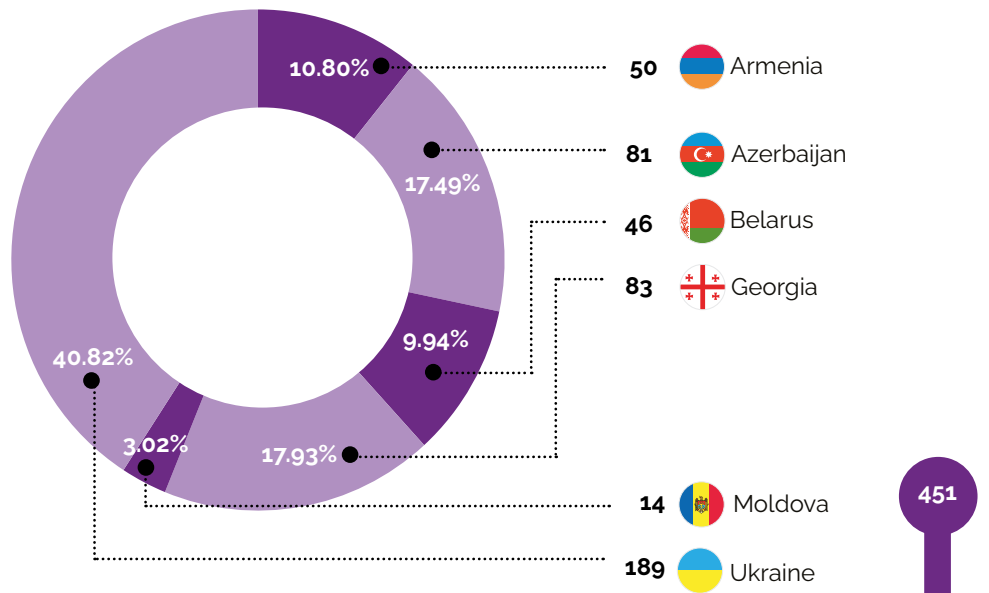
The EBA was also involved in developing a comprehensive **health insurance strategy** and a further regulatory package was submitted to the Government of Armenia for consideration as part of its health insurance reforms.

[Read full story](#)

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

Across the EaP, a total of **463** government institutions, including policy-makers, regulators and enforcement agencies have had their capacities improved, with the highest number of organizations in Ukraine.

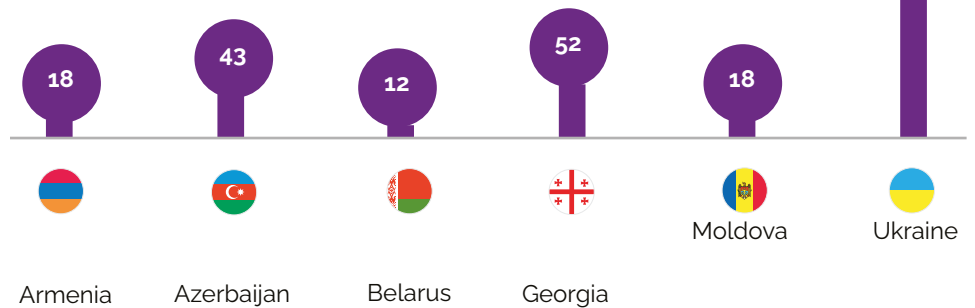
This represents an almost threefold increase in the number of institutions capacitated in 2021 from **158** in 2020 (note a single organisation can receive more than one instrument of EU support).



NUMBER OF LAWS / REGULATIONS CHANGED IN EASTERN PARTNERSHIP

Across the EaP, a total of **594** number of laws, regulations and procedures reformed.

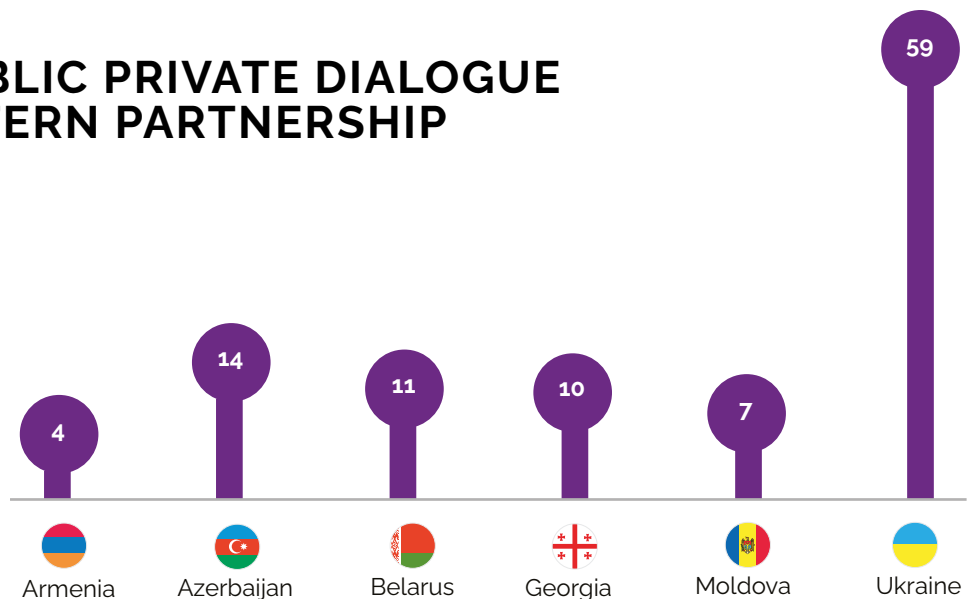
There was, however, a twofold drop in the number of laws, regulations, and procedures reformed, falling from **1,138** in 2020. The majority of reforms (**76%**) occurred in Ukraine.



NUMBER OF PUBLIC PRIVATE DIALOGUE EVENTS IN EASTERN PARTNERSHIP

Over **105** 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. In most countries, COVID restrictions have understandably led to a substantial reduction in the number of PPD events in 2021, from **808** in 2020 to **105** in 2021.





AZERBAIJAN AND THE OECD WORKING TOGETHER TO BOOST SME DEVELOPMENT AND DIGITALISATION

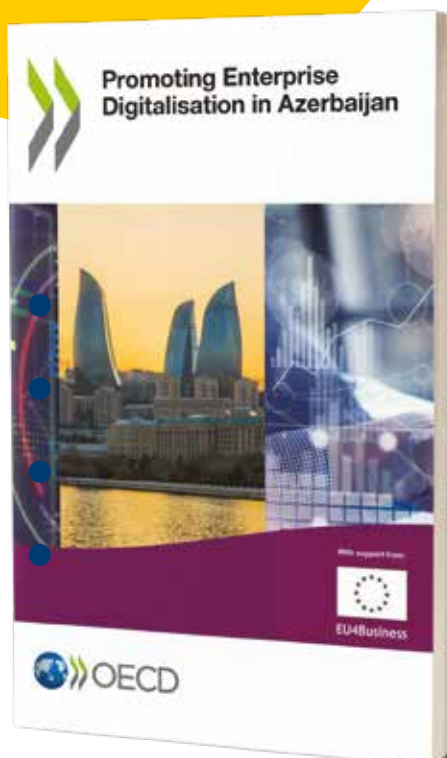
SMEs in Azerbaijan are an important source of employment, but their full potential remains untapped. In 2020, Azerbaijan's SMEs generated 42% of total employment but contributed to only 17% of value added (24% in the non-oil sector), according to the State Statistical Committee of the Republic of Azerbaijan. Their overall contribution to economic development is significantly lower than in OECD countries where SMEs account for about 53% of value added and 65% of employment.

SME DIGITALISATION IS AMONG THE STRATEGIC PRIORITIES IN AZERBAIJAN.

The EU4Business Initiative and the OECD help the country navigate the policy reform process and expand the provision of digitalisation support services for SMEs.

In close co-operation with the Ministry of Economy, the Small and Medium Business Development Agency of Azerbaijan, the Ministry of Digital Development and Transport and other stakeholders, the OECD identified a number of policy actions for Azerbaijan covering five broad areas:

- increasing the digital awareness among entrepreneurs;
- better understanding of SME digitalisation needs;
- reinforcing the provision of financial and non-financial support services;
- ensuring the high quality of provided services;
- creating an eco-system conducive to digitalisation with the support of the private sector.



The full analysis and recommendations are published in the report "[Promoting Enterprise Digitalisation in Azerbaijan](#)" (OECD, 2022).



[Read full story](#)

RUSSIA'S WAR ON UKRAINE

AND THE IMPLICATIONS FOR THE EASTERN PARTNERSHIP: ECONOMIC SHOCKS, SME IMPACT, POLICY OPTIONS

Russia's war against Ukraine is first and foremost a human tragedy. Estimates of the death toll in the first two months of the war were at over 15,000, including more than 3,000 civilians.¹ By early May, over 30% of the population was displaced, either within the country or abroad, including a majority of the country's children. Meanwhile, Russian forces bombarded hospitals, which also ran short of critical supplies, and schools have been closed for months. The loss of human capital will be felt for many years.

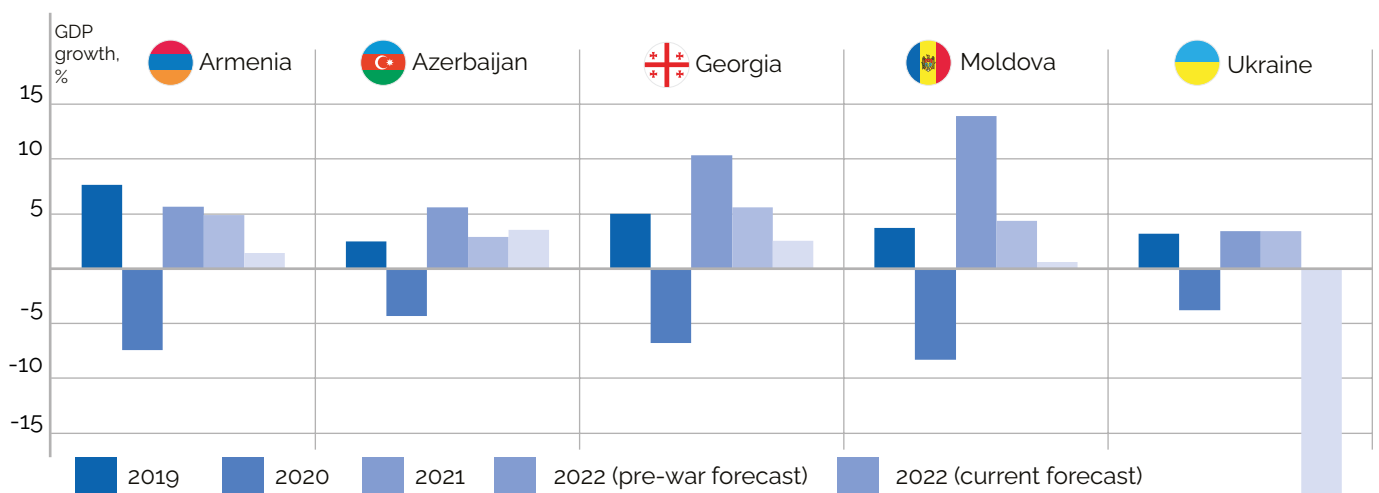
The war is causing an economic disaster as well. Ukraine's economy has effectively been frozen for weeks, infrastructure damage is already in the range of US \$60-70 billion,² farm production has been compromised, and more than 40% of the country's SMEs have ceased activity³. With the ports on the Black Sea having halted operations under Russian blockade, traders need to find alternative routes via road and rail into Eastern Europe, which offer much lower capacity. Ukraine's economy is expected to shrink by over 30% in 2022—and to take a decade to return to pre-war levels.⁴

The economic consequences of the war are reverberating across the world as energy and commodity prices skyrocket, trade relations are impaired, and capital flows disrupted. The duration of the conflict, and the resulting instability in the region will be critical factors that determine the magnitude of the shock. The impact on individual countries will largely depend on

the depth of economic relations with Russia, Ukraine and, to a lesser extent, Belarus—all of which are going to experience severe economic contractions, aggravated in Russia and Belarus by growing international sanctions. The shock will also be greater for those countries that rely heavily on imports of energy and commodities, prices for which have soared in the wake of the invasion.

Countries in the Eastern Partnership (EaP) are among the most tightly linked to Russia and Ukraine. As such, they are especially exposed to shock. While differences among them exist, the war will take a toll on the EaP region as a whole, slowing the pace of recovery from the Covid-19 pandemic. With the exception of Ukraine, ravaged by the war, and Azerbaijan, which may benefit from higher energy prices, all economies in the EaP region are expected to slow down this year, losing 3-4pp of GDP growth compared to pre-war forecasts.

Fig 1. GDP growth in EaP countries, 2019-2022



Note: Actual values until 2021 (IMF), forecast values for 2022 (average of EBRD, IMF, and WB forecast)

Source: IMF World Economic Outlook (April 2022), EBRD Regional Economic Prospects (March 2022), World Bank ECA Economic Update (Spring 2022)

¹ UN Human Rights Office, Ukraine: Civilians, May 3 2022

² <https://kse.ua/about-the-school/news/zbitki-naneseni-infrastrukturi-ukrayini-v-hodi-viyni-skladayut-mayzhe-63-mldr/>

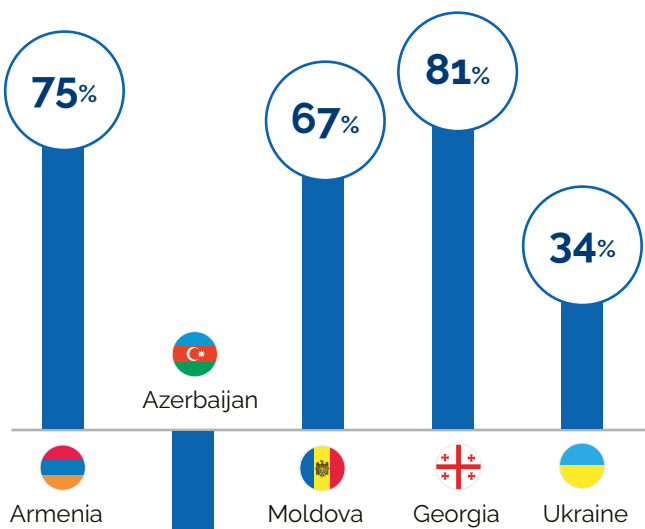
SURGING COMMODITY PRICES AFFECT FOOD AND ENERGY SECURITY, INFLATION ACROSS THE REGION

With the exception of Ukraine, the “breadbasket” of Europe, and Moldova, which is able to produce agricultural goods in excess of domestic needs, EaP countries rely heavily on imports from Russia to satisfy demand for wheat, the most common cereal in the region, and wheat products. In particular, Georgia and Armenia import up to 60-70% of their wheat from Russia.

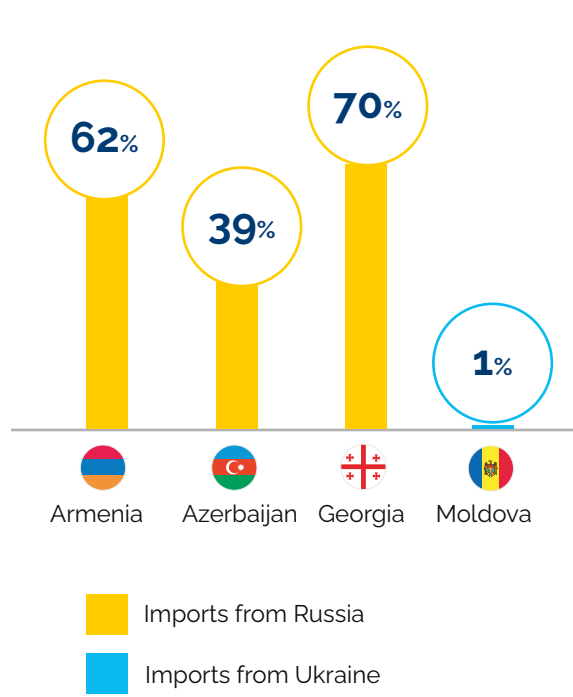
With the exception of Azerbaijan, EaP countries also depend to a great extent on external sources to meet domestic energy demand. The share of imports in total energy supply ranges from 34% in Ukraine to 81% in energy supply for all countries. Armenia and Moldova primarily import gas from Russia.

Fig 2. EaP external needs for wheat and energy supplies

Share of wheat imports in total domestic utilisation (2020)



Share of energy imports in total energy supply (2020)



Source: National Statistical Offices of EaP countries and FAO (food and energy balance sheets); IEA; UN Comtrade; Georgian National Energy and Water Supply Regulatory Commission

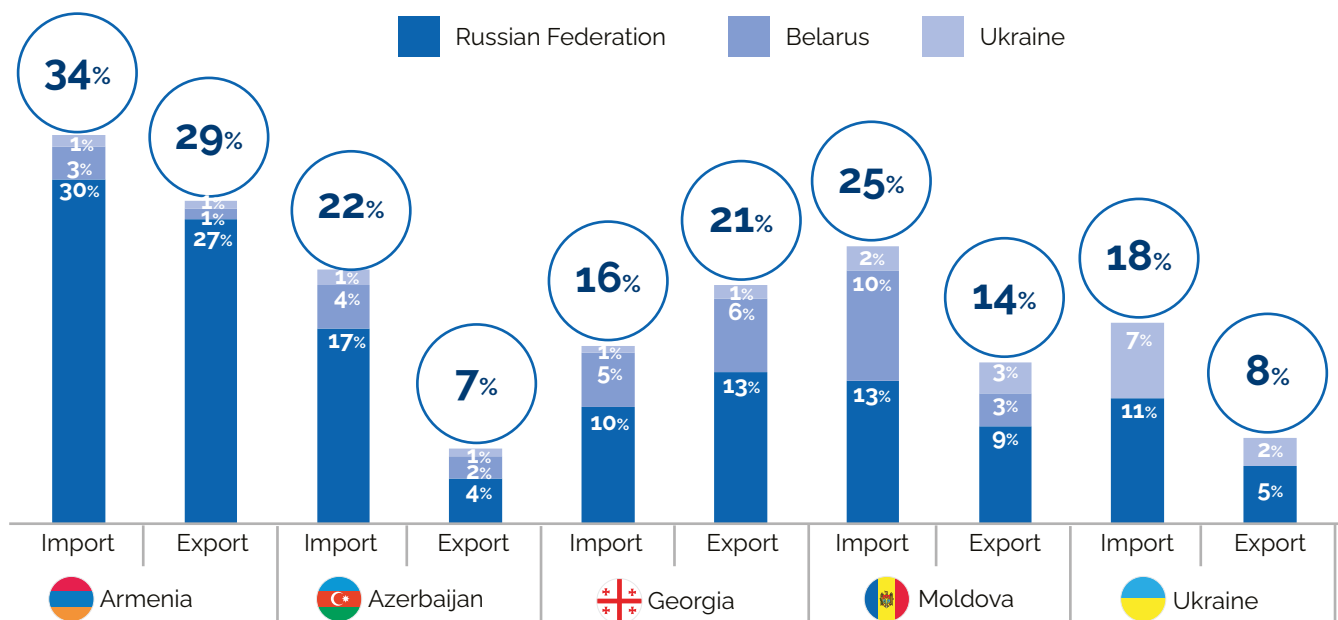
In short, the extent of food and energy dependency on Russia varies across the EaP region, with Armenia and Moldova appearing to be the most exposed. In addition to food and energy security concerns, the sharp increase in commodity prices is also driving inflation across the region, which especially affects low income and vulnerable groups. In March 2022, annual inflation ranged from 7.4% in Armenia to over 22% in Moldova.⁵

⁵ Central Banks of Armenia and Moldova

TRADE SLOWDOWN AND FALL IN REMITTANCES WILL HIT EAP COUNTRIES

All EaP countries have significant trade relations with Russia and Ukraine, making them particularly exposed to a crisis in either of these countries. Belarus is a much smaller trading partner for all but Ukraine. In 2018-2021, exports to the three countries directly involved in the conflict ranged from 7% (Azerbaijan) to 29% (Armenia) of total exports, while the share of imports ranged from 16% (Georgia) to 34% (Armenia).

Fig 3. Share of trade flows with Ukraine, Belarus and Russia (2018-2021)



Source: UN Comtrade (merchandise trade)

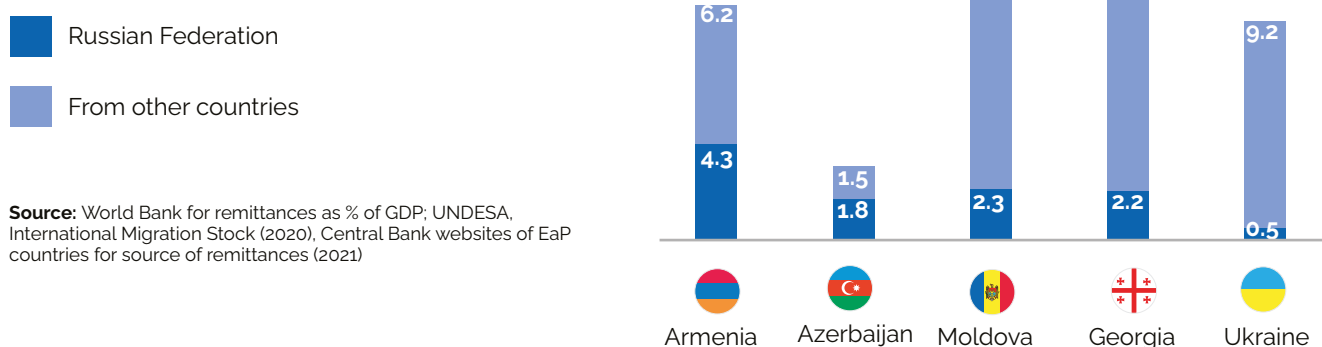
Continued geopolitical turmoil, a significant recession in Russia, and damage inflicted by the war on the Ukrainian economy will profoundly affect trade flows in the region. As consumption falls in sanctioned Russia and war-torn Ukraine, so will demand for products that form a significant share of other EaP country exports. In addition, international sanctions on financial institutions and restrictions on capital movement imposed by Russia are complicating international payments.

The impact across countries and sectors varies. Armenia and Georgia appear to be particularly exposed, with a large share of their export revenues coming from Russia. Certain sectors are especially vulnerable: over 50% of

Armenian and Georgian wine exports, for instance, go to Russia. A sharp reduction in this demand will not be easily re-oriented to other markets.

Remittances are another important transmission channel through which the economic shocks of the war will negatively impact in EaP countries. Money received from abroad constitutes a major source of capital inflows in the region, equivalent ranging from 3.3% of GDP in Azerbaijan to 15.7% in Moldova. For the latter, the magnitude of the shock will depend greatly on the resilience of EU economies, the main destination for Moldova's migrant workers. Remittances from Russia account for a particularly large share of GDP in Armenia—4.3%.

Fig 4. Total remittances inflows as % of GDP (2020)



Source: World Bank for remittances as % of GDP; UNDESA, International Migration Stock (2020). Central Bank websites of EaP countries for source of remittances (2021)

For many citizens of EaP countries, migrating to Russia for seasonal work has been a key part of their economic calendar, particularly in the construction sector. A severe contraction in the Russian economy will reduce opportunities for migrant workers to earn income. Coupled with capital restrictions, and currency depreciation risk, the flow of remittances from Russia to EaP countries will be severely reduced.

The drop in remittances will most likely affect poorer households, which rely heavily on them for consumption. Given the already heavy burden on lower income groups caused by the steep increase in the price of food and energy, which already represent a disproportionate share of their household spending, this is particularly concerning.

TRADE DISRUPTIONS ALSO THREATEN SMES, DEPENDING ON THE SECTOR

Many of the sectors that are most exposed to trade disruptions with Russia and Ukraine typically have mostly businesses with fewer than 100 employees. This means SMEs in the EaP region will very much be affected by the war, even if to varying extents. The export profiles of each country offer an indication of which SMEs are likely to be more vulnerable, so those operating in sectors that rely heavily on the Russian export market are of particular concern.

A major recession in Russia poses a significant threat to SMEs producing wine, spirits and mineral waters in Georgia, and a similar problem faces Armenia. Likewise, growers of fresh fruits and nuts in Moldova

and Azerbaijan look very exposed to a sharp decline in exports to Ukrainian and Russian markets.

These challenges are compounded by the fact that much of the debt held by SMEs across EaP countries is in foreign currency, mostly in US dollars. In Georgia, for example, over 60% SME loans are denominated in foreign currency. This poses a further risk as local currency depreciations lead to a sudden increase in the size of debt repayments. In the absence of sufficient export revenues, which normally act as a natural hedge for dollar-denominated debt, currency depreciation could force many SMEs into defaulting.

POLICY OPTIONS

The war in Ukraine broke out just as the EaP region was recovering from the Covid-19 pandemic, forcing national governments to reconsider their policy approaches and, with the help of the international community, respond to a new set of challenges:

- ✦ An immediate focus should be put on assisting new refugee populations. Beyond short-term humanitarian assistance, attention should be given to assisting refugees with more permanent housing, integrating them in education and healthcare systems, and facilitating their contribution to local labour markets.
- ✦ Targeted support is needed to soften the impact of price increases on lower-income households. Such support should be means-tested and temporary, to protect the most vulnerable from rising food and energy prices, while remaining compatible with fiscal constraints.
- ✦ Trade diversification should now be high on the agenda, both with regard to imports of critical resources and with regard to export markets. This requires a sustained effort to reduce import duties and increased marketing activities to reorient exports and technical support to meet international quality standards.
- ✦ Finally, EaP governments should seize the moment to prioritise strategic investments and reforms in a changing international context. For example, the potential of the South Caucasus as a trans-Caspian international transport route needs investment to expand multi-modal transport infrastructure and policy coordination to foster intraregional cooperation.



ARTICLE:

ERASMUS FOR YOUNG ENTREPRENEURS: OPPORTUNITIES FOR GROWTH

Erasmus for Young Entrepreneurs (EYE) is a cross-border exchange programme initiated by the European Commission in 2009. The programme gives new or aspiring entrepreneurs the chance to learn from experienced entrepreneurs running small businesses in Europe.

An exchange abroad with the seasoned entrepreneur helps the novice acquire the skills needed to run a small firm. The hosts benefit from fresh perspectives on their business and get the opportunities to cooperate with foreign partners or learn about new markets.

WHO CAN PARTICIPATE?



New entrepreneurs, firmly planning to set up their own business or have already started one within the last three years (see [full list of eligibility criteria](#))



Experienced entrepreneurs who own or manage a Small or Medium-Sized Enterprise more than three years (see [full list of eligibility criteria](#))

THE EYE PROGRAMME IN NUMBERS

13.5.2022



10,470

Business exchanges



19,432

Applications from new entrepreneurs



11,975

Applications from host entrepreneurs



45

Countries involved

The Participating Countries are 27 EU Member States, UK and the COSME countries – Albania, **Armenia**, Bosnia-Herzegovina, Iceland, Kosovo, **Moldova**, Montenegro, North Macedonia, Serbia, Turkey and **Ukraine** – as well as entrepreneurs from the outermost regions and overseas countries and territories of the EU.





Iryna Kulynych, a 30-year-old aspiring entrepreneur from Ukraine, had an idea for her new business when the Covid-19 lockdown began and everyone could only dream of travelling. She wanted to help travel agencies and travellers find each other.

To make her dreams come true, Iryna teamed up with Ugnė Gajauskaite from Lithuania for six months. Ugnė is the CEO of "Veri - meni," a company that specialises in identifying new business opportunities and adapting to market changes. Together, they worked on the business strategy, negotiating, and building business partnerships. Both benefited from exchanging information about their countries' markets and different business approaches.

Iryna's company currently operates in the Ukrainian, Lithuanian and Dutch markets. She has no plans to stop and would like to expand her activities further. Iryna and Ugnė keep in touch and might develop joint projects in the future.



There are opportunities that cannot be missed, and Erasmus for Young Entrepreneurs with Ugnė was one of them!"

Iryna Kulynych
Founder of "Your Imagination" (Start-up)



Coming from a small country like Armenia, where women entrepreneurs are not encouraged, Nelly Davtyan's wish to start up could not be driven further. She thus put together a team of experienced IT developers and founded 'IT Solutions' in 2016. The new business produces mobile and web-based applications in the tourism sector.

To learn more about the new technologies related to the tourism industry, and thanks to the EYE programme, Nelly spent three months with Angele Giuliano, the owner of Across Limits LTD, Malta. With 20 years of experience, Angele is a seasoned entrepreneur in the Education and Health Technology fields. Following the collaboration, Nelly managed to sign contracts with three important IT companies and concluded sales agreements with the biggest bus tour and cruise providers.

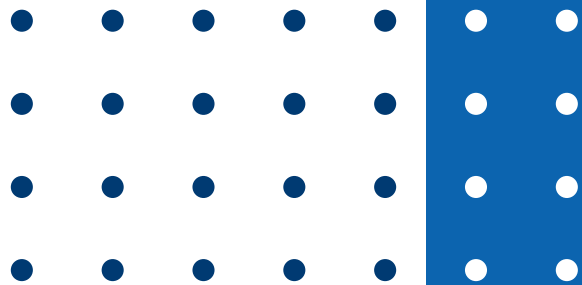
As a result of her entrepreneurial journey in Malta, it took only three months for Nelly's company to grow from a small start up to a sustainable business.



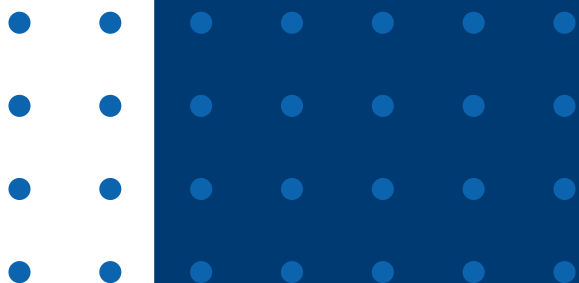
Thanks to Erasmus for Young Entrepreneurs, my company has grown from a small startup to a sustainable business."

Nelly Davtyan
Founder of Antik Art LLC/
www.busticks.com
(Start-up)





VISIBILITY



[TARGETED] [APPROACH]

Our targeted approach to communications takes into account the channels of communication 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 communication 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.

[KEY RESULTS]

▶ EU4BUSINESS WEBSITES

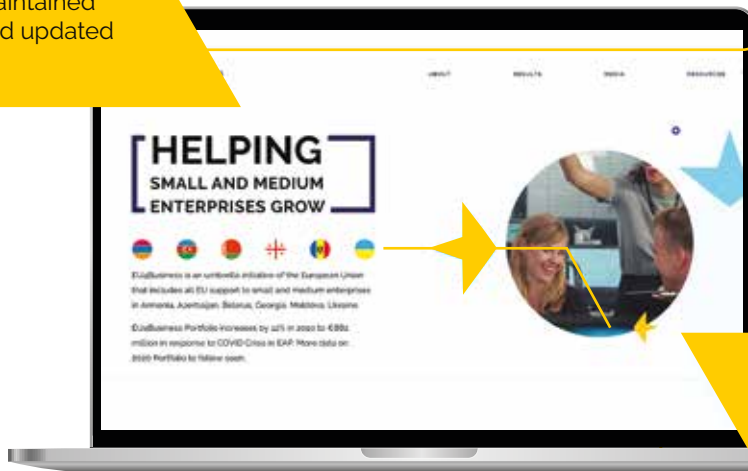
On 4 March 2021, the EU announced the launch of the updated EU4Business bunch of websites to better match the needs of our target audiences.

7 websites regularly maintained and updated

The central website www.eu4business.eu gives an overview of how the programme works.

Here you can also see

- ▶ the results of SME support in each country
- ▶ detailed statistics by areas, and tools
- ▶ project portfolios
- ▶ success stories presented according to country and type of support



www.eu4business.am

www.eu4business.az

www.eu4business.by

www.eu4business.ge

www.eu4business.md

www.eu4business.org.ua

6 SME-focused country pages

in local languages provide entrepreneurs with up-to-date information on exactly how they can benefit from the EU4Business Initiative and where they can apply for support

LOCAL WEBSITES PROMO CAMPAIGN LAUNCHED JOINTLY WITH EUNEIGHBOURS AND EU DELEGATIONS

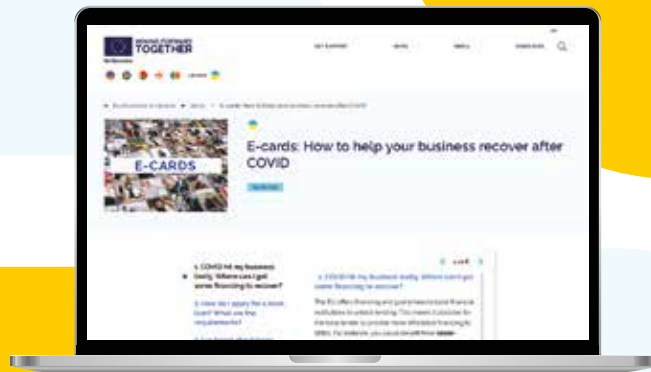
In September 2021, the EU4Business Facility carried out a **promotion campaign** jointly with EUNeighbours and EU Delegations in the 6 EaP countries aimed at attracting the visitors to the newly created EU4Business SME landing pages. The campaign boasts very good results.

Online explainers in local languages were created featuring EU4Business country pages. The explainers were promoted via media and non-media multipliers networks across all six countries including leading NGOs, CSOs and local municipalities.

The EU4Business media campaign reached out in total

185
multipliers

102
media outlets,
covering
business topics.



The social media campaign reached over

5 million
of the EU4Business target audience representatives

(small and medium business owners, company owners and directors)

This resulted in over
4 million
impressions

A series of special posts

appeared on the 6 EUD's social media pages.



Increase in average monthly website visits recorded following the promo campaign

+41% Armenia

+4.6% Georgia

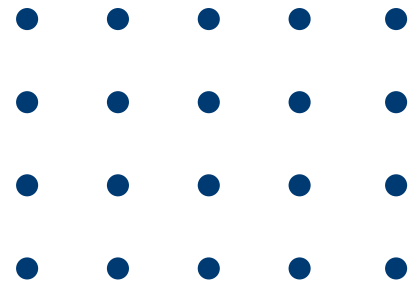
+20% Moldova

+18% Ukraine

March-August 2021 vs
October-December 2021

BRANDING AND VISIBILITY

In January 2021, the EU DG Near officially distributed the updated EU4Business Brand Guidelines to the EU, partners, and projects to ensure that all messaging is consistent and cohesive so that a strong brand voice is established.



Branding issues were also presented to EUDs and projects during the EU4Business General Assembly

Seminars/ follow-ups on branding were held on request of projects

The goals of our 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.

Branding Guidelines for Projects and Implementing Partners: the brief version:



Branding Guidelines: the extended version:



In these documents, the whole array of promotional materials and toolkits is provided for instant use.

EU4Business visibility is now streamlined

EUDs are consistently promoting the EU4Business brand at the local level, and the projects have clear guidelines, which results in substantial increase in visibility for EU4Business brand

STORYTELLING AND CONTENT

- We **have focused on cooperating** with partners and projects to produce high-quality content with the stories of EU4Business beneficiaries.
- This **content has been used by EU Delegations** that they, in turn, have multiplied through their platforms, reaching millions of readers.
- We also **provide stories to the DG NEAR Directorate team**, which uses our materials in its tweets and reports.
- We **have worked in synergy with the EU platforms**, such as EU Neighbours, to widely publicise EU4Business stories.
- **Our stories** have been covered in **the mainstream media**.

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.

+200

success stories and news items

have been generated, shared, and promoted in the reporting period.



NEWSLETTERS

Since December 2020, the number of subscribers increased by **11.3%** – from **2,062** to **2,333** by December 2021.

All newsletters demonstrated good delivery rate (over **99%**). The average open rate was **32.4%**, which is a **very good indicator**.

99%
delivery rate

32.4%
open rate

3%
click rate

2,333
subscribers

+11.3% growth since December 2020



ANNUAL REPORTING

As part of the updated annual reporting structure, we produce the main annual report, six country reports, and six citizens' summaries.

The EU4Business Annual Report is an in-depth comprehensive overview of the key developments and achievements from the preceding year.

Readers may find

- details of the EU4Business portfolio in the EaP
- results in each three pillars – Access to Finance, Business Development Services, and Business Enabling Environment
- an array of analytical articles
- success stories



EU4Business reporting presented – overall

14 reports

launched as part of the upgraded annual reporting structure:

1
Annual Report 2021

7
Citizens' Summaries (regional and for each EaP country) in English and local languages

6
Country Reports

Citizens' summaries are brief documents providing key figures of the EU4Business portfolio and results as well as particular case studies demonstrating EU support.



The country reports outline the key developments per each EaP country showing details of the country portfolio and projects as well as results and success stories.

ANNEX 1

LIST OF PROJECTS BY COUNTRY AS OF 2021

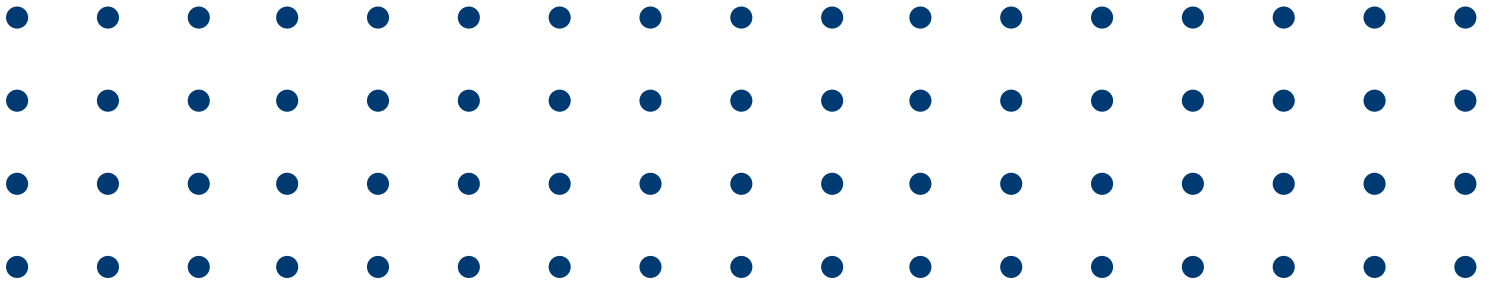
| Title | Total,Budget | Start date | End date |
|---|--------------|------------|----------|
| Armenia SME Finance and Advice Facility | €15,380,000 | 2015 | 2029 |
| EU4SEVAN | €5,000,664 | 2020 | 2026 |
| EU TUMO Convergence Centre | €12,500,000 | 2018 | 2025 |
| EU for Increasing Migrants' Potential to Act for Development of Armenia | €3,500,000 | 2020 | 2024 |
| Administration Agreement between the EC on behalf of the EU and the IBRD concerning part II Europe 2020 Promgrammatic SDTF No. TF073433: Support to Economic Governance, Business Environment and Justice Functional Review | €2,500,000 | 2021 | 2023 |
| 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 |
| EU- EBRD Support to the State Commission for the Protection of Economic Competition in Armenia | €500,000 | 2020 | 2022 |
| Setting conditions for recognition of the Armenian Accreditation System by the European Cooperation for Accreditation | €700,000 | 2021 | 2022 |
| EU4Tourism: Community-driven rural tourism and cultural activities in Gegharkunik and Vayots Dzor marzes | €431,274 | 2018 | 2021 |
| EU4Tourism: Outdoor adventures on historic trails in Syunik | €425,000 | 2018 | 2021 |
| Azerbaijan Rapid Technical Assistance Facility (AZTAF) | €5,250,000 | tbc | tbc |
| Promoting Competitiveness, Collaboration and Modernization in Fruit and Vegetable Sector in Lankaran Region | €5,000,000 | 2021 | 2024 |
| EU Support to Lankaran-Astara Economic Region of Azerbaijan | €5,097,000 | 2021 | 2024 |
| Support to Transformation and Achievement of Excellence in Pomegranate Value Chain (STEP) | €502,210 | 2019 | 2023 |
| Developing innovation-driven and sustainable civil society in Azerbaijan | €3,000,000 | 2020 | 2023 |
| "From Kitchen to Business" Food Promotion and Women Empowerment Action | €446,789 | 2019 | 2022 |
| EU AZE Business Forum 2020-2021 | €296,250 | 2020 | 2022 |
| Supporting women's entrepreneurship during COVID – 19 | €60,000 | 2020 | 2022 |
| Azerbaijan Hazelnut and Pomegranate Initiative (AHPI) | €551,223 | 2017 | 2022 |
| Support to Azerbaijan Standardization Institute for implementation of the National Plan for harmonizing national standardization system with international requirements | €997,081 | 2020 | 2022 |
| Improved Promotion and Marketing of Traditional Food Products | €1,900,000 | 2019 | 2022 |
| Support to the State Statistical Committee and the State Tax Service under the Ministry of Economy to strengthen collection, harmonization, analysis, publishing and dissemination of business statistics | €997,519 | 2020 | 2022 |
| Support the Government of Azerbaijan in development of export strategy and support in its implementation | €849,950 | 2020 | 2022 |
| Twinning "Support to State Customs Committee of Azerbaijan in accession to the Convention on Common Transit Procedure, Convention on Simplification of Formalities in Trade in Goods and implementation of the New Computerised Transit System" | €1,000,000 | 2020 | 2022 |

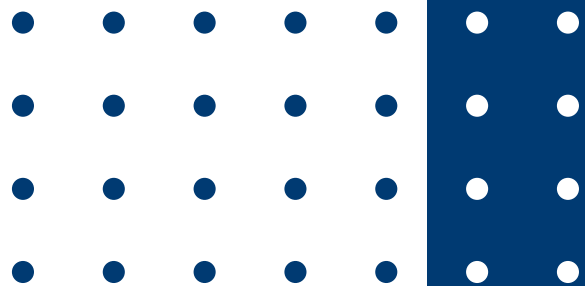
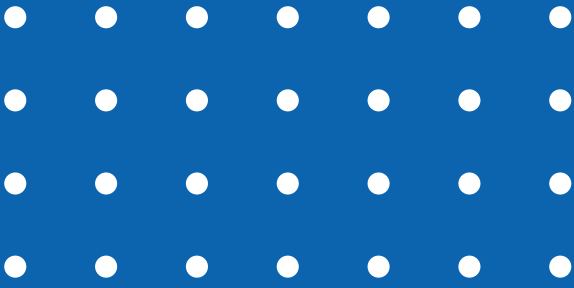
| Title | Total,Budget | Start date | End date |
|--|---------------------|-------------------|-----------------|
| Improved Support for Entrepreneurial Development in Rural Areas | €1,734,000 | 2019 | 2022 |
| Support to the government of Azerbaijan in creating more enabling SME's environment and to enhance their competitiveness | €914,210 | 2020 | 2022 |
| Support to Development of a Rural Business Information System | €1,757,500 | 2020 | 2021 |
| Strengthening of agricultural advisory services | €1,600,000 | 2019 | 2021 |
| COVCHEG: Community-based Value Chain Enhancement in the Greater Caucasus Mountains area in Azerbaijan | €813,106 | 2018 | 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 |
| 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 |
| Development of sustainable and inclusive local agri-food systems in north-west region of Azerbaijan | €1,200,000 | 2019 | 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 |
| Advice for Small Businesses Phase II | €4,000,000 | 2021 | 2025 |
| Belarus Investment Climate and Competition Advisory Program Single-Donor Trust Fund (No. TF073054) | €4,000,000 | 2018 | 2023 |
| EU-Belarus Private Sector Development Trust Fund | €4,800,000 | 2018 | 2023 |
| Local Economic Development in Belarus (LED) | €7,700,000 | 2019 | 2023 |
| Advice for Small Businesses in Belarus | €6,000,000 | 2017 | 2022 |
| Networking for Improvement Job Opportunities in the Rural Areas of the Mogilev Oblast | €604,612 | 2017 | 2021 |
| Strengthening of institutional as well as human capacities of Georgian National Agency for Standards and Metrology (GEOSTM) according to the international/EU best practices | €1,400,000 | TBD | TBD |
| Ensuring further progress of SPS and food safety system in Georgia | €1,450,000 | 2020 | 2024 |
| Economic and Business Development in Georgia -Budget Support contract | €21,250,000 | 2018 | 2023 |
| Clusters 4 Development – Better Business Sophistication in Georgia | €5,300,000 | 2019 | 2023 |
| Green Economy: Sustainable Mountain Tourism and Organic Agriculture (GRETA) | €3,000,000 | 2018 | 2023 |
| EU innovative action for private sector competitiveness in Georgia | €5,000,000 | 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 |
| Promoting European business and economic interests in Georgia | €119,701 | 2021 | 2022 |
| The DIGITAL RE4M Programme to foster COVID-19 recovery of SMEs | €1,850,000 | 2020 | 2022 |
| European Neighbourhood Programme for Agriculture and Rural Development in Georgia, phase III (ENPARD Georgia III) | €44,500,000 | 2018 | 2022 |

| Title | Total,Budget | Start date | End date |
|---|---------------------|-------------------|-----------------|
| 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 |
| Rural Development for Sustainable Growth of Tetrtskaro Municipality | €2,127,260 | 2016 | 2021 |
| European Neighbourhood Programme for Agriculture and Rural Development in Georgia, phase II (ENPARD Georgia II) | €24,875,000 | 2017 | 2021 |
| Inclusive economic empowerment of focal regions of the Republic of Moldova | €23,000,000 | 2019 | 2025 |
| Harnessing the CSOs' potential to promote and develop the social entrepreneurship in Moldova | €1,000,000 | 2022 | 2025 |
| EU4Moldova: Local Communities Development (LEADER) | €2,500,000 | 2021 | 2024 |
| Start up City Cahul | €6,800,000 | 2020 | 2024 |
| TWG Further support to agriculture, rural development and food safety in the Republic of Moldova (MD 16 ENI AG 01 19 (MD/37)) | €2,000,000 | 2020 | 2023 |
| LEADER approach for rural prosperity in Moldova | €1,000,000 | 2020 | 2023 |
| European Union confidence Building Measures Programme V (2019-2022) | €9,400,000 | 2019 | 2023 |
| Rural SME policy support window | €2,191,000 | 2020 | 2022 |
| Direct grant to ODIMM "Support to SMEs in rural areas" | €4,000,000 | 2018 | 2021 |
| Financing Technologies against Climate Change / FINTECC | €4,160,000 | 2015 | 2026 |
| Inclusive, competitive and sustainable value chain development in agriculture, fisheries and forestry | €13,000,000 | 2021 | 2025 |
| Institutional and Policy Reform for Smallholder Agriculture | €6,399,000 | 2021 | 2024 |
| EU4Business: SME Competitiveness and Internationalization | €15,500,000 | 2020 | 2024 |
| Improvement of legislation, control and awareness in food safety, animal health and welfare in Ukraine | €4,267,150 | 2019 | 2023 |
| Strengthening the institutional capacity of the Ministry for Development of Economy, Trade and Agriculture (META) of Ukraine in the field of National Quality Infrastructures (NQI) | €1,200,000 | 2021 | 2023 |
| EU Support to the East of Ukraine | €9,500,000 | 2018 | 2022 |
| EU4Business: Network of Business Support Centres in Ukraine | €40,000,000 | 2016 | 2022 |
| Better regulation reform and improved policymaking process through increased role of civil society | €499,555 | 2021 | 2022 |
| EU Support to the East of Ukraine: Recovery, Peacebuilding and Governance | €13,769,743 | 2018 | 2022 |
| PRAVO-JUSTICE: Support to Justice-related Reforms in Ukraine | €15,000,000 | 2016 | 2021 |
| Strengthening the regulation and supervision of the non-bank financial market | €2,828,000 | 2017 | 2021 |
| 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 | 2021 |

| Title | Total,Budget | Start date | End date |
|---|---------------------|-------------------|-----------------|
| 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 |
| EU4Business EBRD Credit line (EU Deep and Comprehensive Free Trade Area (DCFTA) Facility, EBRD DCFTA Programme) | €38,900,000 | 2017 | 2027 |
| EU4Business EBRD Credit line (SME Competitiveness Programme in Eastern Partnership) | €95,584,000 | 2019 | 2026 |
| EU4Business EBRD Credit line (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 |
| Green for Growth – Extension to Neighbourhood East II | €6,157,151 | 2018 | 2040 |
| 2018 NIP decision share – Green for Growth – Extension to Neighbourhood East II | €5,162,849 | 2018 | 2040 |
| Promoting Green Lending in the Eastern Partnership | €42,855,000 | 2020 | 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 |
| EIB-04 SME Finance Facility – EIB window | €5,100,000 | 2010 | 2030 |
| Finance and technology transfer centre for climate change (FINTECC) – Eu4Climate window | €15,400,000 | 2020 | 2027 |
| Eastern Partnership SME Finance Facility – Phase II EIB | €5,200,000 | 2017 | 2027 |
| EBRD Advice for Small Businesses, Team Europe EaP window | €14,976,000 | 2020 | 2026 |
| Mayors for Economic Growth 2 TA | €10,000,000 | 2020 | 2024 |
| Eastern Partnership Trade Helpdesk | €3,700,000 | 2020 | 2024 |
| 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 |
| EU4BUSINESS: Connecting Companies | €6,498,205 | 2020 | 2022 |
| Eastern Partnership: Ready to Trade – an EU4Business initiative | €6,000,000 | 2017 | 2021 |
| Supporting regulatory framework for improving the business environment | €289,999 | 2019 | 2021 |
| EU4Business: From Policies to Action | €4,000,000 | 2017 | 2021 |
| EU-EBRD Country-specific Investment Climate Reviews and Action Plans for Eastern partnership (EaP) countries. | €2,000,000 | 2018 | 2021 |

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





WWW.EU4BUSINESS.EU