

Working Group 2 “Economic integration and convergence with EU policies”

Annual Meeting

12-14 September 2016, Brussels

Thon Hotel EU, Rue de la Loi 75, Brussels

The Eastern Partnership Civil Society Forum Working Group 2 (WG2) "Economic integration and convergence with EU policies" held its Annual Meeting on 12-14 September in Brussels. The event covered topics pertaining to SME policies, regional development and agriculture, ICT infrastructure integration, cross-border cooperation and implementation of DCFTAs.

The discussion with EU stakeholders from **DG NEAR (Neighbourhood and Enlargement Negotiations)** focused on **EU4Business**, new umbrella project for EU-funded activities in the field of economic integration channelled via various actors across the EaP region.

The members of the Working Group 2 also debated presented **EaP CSF 2016 re-granting project**, further development of the WG2 with a **reform outline** prepared by the WG2 **Coordinator Yurii Vdovenko**, as well as possible contributions of the Working Group 2 to the EaP CSF **Annual Assembly** in November.

The Annual Meeting of WG2 was followed by **joint training** with WG3. The capacity-building part oriented on policy was dedicated to **Green Economy** (with **Angela Bularga**, DG NEAR, **Andreja Skerl**, DG ENVI and **Florian Peter Iwinjak**, UNIDO as speakers). The skills-building part was tackling the issue of **monitoring of development funding** (with **Petr Hlobil**, Bankwatch, as a trainer).

[Presentation on Circular Economy, by Andreja Skerl](#)

[Presentation on Mobilizing Stakeholders for Green Economy and Sustainable Industrialization, by Florian Peter Iwinjak](#)

Priorities and activities of National Platforms’ WG2

WG2 National Coordinators shared the priorities and activities of their respective WGs and identified areas of common interest.

Karen Chilinganyan (Armenia) suggested that due to some recent changes in the Armenian legal framework, the SMEs have encountered additional administrative issues and cannot function properly. This issue is tackled by the local NGOs. Another issues that hinder emergence of SMEs is the monopoly on the market and the political situation in Armenia, thus the economic issue has been moved into the background. The new Prime Minister of Armenia, Mr. Karapetyan is a former top manager of Gazprom and thus the enhanced influence of Moscow in the domestic affairs is likely. Alternative energy (solar, wind other types of renewable energy) was identified as priority for the WG2 of the Armenian National Platform (AM NP). The membership of AM NP WG2 amounts to 24 CSOs.

Ilqar Huseynli (Azerbaijan) stated SMEs are poorly development in Azerbaijan. It is a serious issue since SMEs favor economic development and deliver other beneficial outputs for the social welfare. There is only 10% of GDP delivered by SMEs. In this context, the government has to get involved more actively and should back small and medium business. It also has to ensure equal opportunities for the SMEs

and better access to credits. Azerbaijan's economy is held by big companies; in these circumstances, initiatives coming from the government or Central bank such as institutional reforms and access to funding are substantial.

The CSOs are working with East Invest 2 – economic development of SME's. They have organized trainings, and more are upcoming the next year. Concerning the activity of the CSOs in Azerbaijan, those has been thwarted after some changes in legislation, in particular, the CSOs face difficulties in receiving grants. Azerbaijan National Platform (AZ NP) is also getting ready for a referendum (26 September). The membership of AZ NP WG2 amounts to 13 CSOs.

Ihar Lednik (Belarus) expressed a doubtful opinion about the fairness and transparency of elections in Belarus, as there are still no improvements in the electoral system. It was mentioned that sometimes, big companies make governmental changes more difficult, thus to achieve certain results becomes more difficult. In this context, he reiterated the need of reforms. The government has promptly reacted only as a result of the crisis. For instance, he observed that the government started to make some legislative modifications and reforms only after 2011 currency collapse. However, as usual no major result has occurred, partly because of the Russian influence. Thereafter, he emphasizes the Eastern Partnership as being essential for Belarus. He also touches upon the activity of European institutions that have reactivated its interest toward Belarus since Minsk is the site of Minsk negotiations 2015. In this context, the European dialog for modernization is extremely important. The membership of WG2 of the Belarusian National Platform (BY NP WG2) amounts to 7 CSOs.

Manana Tsulaia (Georgia) suggested the main issues in Georgia are the development of SMEs, transport regulation, agriculture, and Women rights. The food security is also extremely important because Georgian agricultural potential can grow by five times. Tackling the food security problem can solve not only the agriculture sector issue, but also may bring an improvement to the economy as a whole.

At the moment there are 59 organizations united in the WG2 of the Georgian National Platform (GE NP WG2) with good links to the government. April 2016 of the Government and the GE NP met on the issue of agriculture and regional development. During the meeting, the involvement of the civil society in the implementation the DCFTA was discussed. An information document was created which presents the further EU-Georgia support in order to enhance the cooperation with civil society sector on environment, climate change, gender equality etc. At the moment the GE NP WG2 works on roughly 40 documents that have emerged as a product of the AA/DCFTA.

Eugen Roscovanu (Moldova) addressed the difficult political situation in Moldova that has touched the SMES. Last year Moldova has changed several prime ministers, however this year a new prime minister was elected (Mr. Pavel Filip) that is accepted by all parties (private sector, government institutions etc.). There still is a lot of work to be done in terms of economical results; however, many projects for improving the development of SMEs have been implemented. Currently there are 74 AA/DCFTA documents, which the WG2 is working and it seems "the EU is giving more robust and serious directions lately", which is a positive observation. However, the shadow economy is developing. There are more than 80000 registered SMEs in Moldova at the moment, whereas 30% of those are not functional and only 10% conduct accountability. In the past, there was a total monopoly on the market, so this background still leaves a mark on the present. As a result, disloyal competition and monopoly activities have to be tackled as crucial issues. Thus, accountability issue nourishes the development of shadow economy. The membership of WG2 of the Moldovan National Platform (MD NP WG2) amounts to 10 CSOs.

Yurii Vdovenko (Ukraine) reiterated the war in Ukraine remains an important factor that impedes political-economic development. He suggested that SMEs have to be developed and that the EU offers considerable support. In this context, the new bilateral cross-border programs of this year of Ukraine-Moldova and Ukraine-Belarus were mentioned. Further details about the implementation are to be announced, both programs, however, seem to have a lot of potential.

The project “**Association4U**” was created this year for supporting the proper implementation of the Association Agreement/DCFTA. The key experts are working on the legal development of directives. There is also a **project on synergies** between EaP CSF Ukrainian National Platform (UA NP) and the bilateral platform of CSOs focusing on implementation of AA/DCFTA. A conference on project implementation will be held in November. On anticorruption measures, the resuscitation package reform is pointed out as an optimistic example. Concerning the digital economy, the civil society has yet to be involved and familiarized with the latest way of using and accessing information. The membership of UA NP WG2 amounts to 21 CSOs out of which 7-8 are very active. There are good contacts established with line ministries; the platform members are working on mitigating challenges to SMEs.

Update from EaP Platforms and Panels

EaP Platform 2 Meeting (May 12 2016): Ihar Lednik and Yurii Vdovenko

The economic governance should be a priority for the EaP governments, however, Ihar Lednik suggested there is a difference of what was declared and what happened in terms of economic development and no consistent results have been seen. EU 2020 strategy that is based on sustainable development should be followed, using all the mechanisms and tools to develop SMEs. A reference about Euronest Parliamentary Assembly presentation was made; there was no real discussion, just a presentation of what Euronest is. Yurii Vdovenko pinpointed that e-governance should receive more attention as a tool of development and progress.

Workshop “Approaches to skills anticipation and matching – experiences in the EU and Eastern Partnership region: linking research on labour market and skills dynamics with policy making”: Sergiu Tutunaru

European Training Foundation is quite active in the ex-soviet countries. Maastricht Business School offers courses of re-education of professionals, which tackles directly unemployment. Sergiu Tutunaru notices the fact that many universities in the country have emerged as businesses rather than educational institutions; as a result, the graduates have difficulties in finding a job. Thus, the question was how the civil society can solve this problem. One of the goals was the tracing of those people that have graduated (what is their job at the moment). An interesting example is Belarus, where the tracking is easy if to compare to Moldova. In this context, the proposal of the Romanian Ministry of Labour to create a big data analysis, represents an interesting idea.

Conference on Trade and Gender in the EaP: Vahagn Ghazaryan and Olga Afanasyeva

A question has been raised about the output that gender equality would have brought to the unemployment issue, since unemployment represents a considerable problem in EaP countries. The presence of public policies is only one step. Equally important is the proper implementation of those. Vahagn Ghazaryan stated that there is no problem with the gender equality legislative framework in

Armenia. Women are the major part of the society that receives higher education. Also if to talk about ministerial site, there are more women than men. However, it is interesting to notice that in decision making institutions, there are very few women, in particular the Parliament with only 7% women.

Current and future EC-funded regional business and civil society projects

The session with external guests was moderated by **Dovile Sukyte**, coordinator of WG2, with **Isabelle Pellier** (DG NEAR) and **Peter Engberts** (EU4Business) as speakers.

Isabelle Pellier presented the SME Flagship Initiative. Launched in 2009, this initiative involves brainstorming activities at a multilateral level in order to improve WG cooperation. It focuses on consolidation and integration of SME project for the region in the framework of the EaP regime.

She continued talking about the EU4Business initiative, whose purpose is to consolidate a comprehensive approach. In her presentation she said that, so far, the European Commission had Joint EU4B events in EaP countries (Armenia, Moldova, Georgia were mentioned). These events included workshops and trainings on strengthening business in the region. She added that investment forums for Belarus and Azerbaijan are also targeting CSOs.

The presentation moved towards mentioning the upcoming Business week in Yerevan and the East Invest Annual Conference. The later will have a workshop where it will develop a business regional papers which can be transmit at next EaP Summit in 2017.

The launch of a new programme was announced, which will further promote economic cooperation by providing technical support, and the launch of the EU4Business website in October 2016. The goal of this website is to better inform for opportunities for SMEs in terms of technical assistance and helping SME getting finance. In order to achieve this goal, **Isabelle Pellier** argued that the website aims to be visible and transparent for SMEs and organisations.

She continued her presentation talking about high level information in terms of SMEs on how to reflect the work of CSF in the work of DG Near in terms of SMEs.

The presentation ended with the announcement with the launch in 2017 of a new programme with International Trade Centre in order to improve integration and to better ensure regional integration to tackle wider issues on SMEs issues and the launch a new youth programme on employment and youth issues.

Peter Engberts moved his [presentation](#) towards explaining EU4Business, adding that EU is involved in the development in private sector in the region. One of the issues is that it is not clear for the private sector or SMEs whether is the EU funding supporting them. There are 8-9 implementers and 30-32 projects. The beneficiaries of EU funding are the following: SMEs, Business Providers and National Authorities. The main task of the EU4Business is to systemise the procedures.

Peter Engberts stated that for the beneficiaries it is important to understand that EU funding is behind the projects. He added that the main concern is that EU funding should reach the beneficiaries. Through EU4Business the EU is monitoring other systems for the projects if there is alternatives and coherences and if there are gaps that need to be filed for a better decision making. He outlined that for the beneficiaries it is important to find where to implement the projects. The role of the secretariat is to monitor and increase visibility (EU4B Warning).

The presentation moved towards discussing on the PowerPoint presentation prepared by **Peter Engberts** which focused on the 4 areas of the projects: Finance, Legal & Regulatory Framework, Knowledge & skills, Access to markets. He emphasized that the purpose of the EU4Business is to offer clear coherence, monitor and coordinate and start filling the gaps. A brief description of the website: www.eu4business.eu (which will be released on 3rd of October) followed. On the website it can be found the addresses and contacts of the banks working on EU Funding. However, it does not provide information on loans, but only information regarding through which bank or institution funds can be accessed. The website is available in all the languages of the EaP countries and English.

Discussion about the WG2 development

Yurii Vdovenko, Coordinator of WG2, outlined in his [presentation](#) his ideas about how to improve the work of the WG2, including how to better streamline membership of the WG2 so that all working priorities are covered.

The role of WG2 will grow; the second wave of democratization is about economic development. The issues WG2 is focusing on should be rather cross-sectoral like innovation and development. The Sub-working groups should be developed further and streamlined. A proposal was, in this sense, made on EaP CSF re-granting priorities for 2017 for WG2 with one of them being 'assessment of WG2 priorities and how to streamline them'.

Another suggestion concerned the membership of the Forum; institute of candidacy was proposed with a new CSO going through 2-year trial period within a National Platform before being allowed for participation in the EaP CSF Annual Assembly. In this context, the 40% of new organisation rule for every Annual Assembly was criticized.

Also DCFTA implementation was suggested to be taken out as a priority, as the topic does not cover all six EaP countries. New strategy and working plan should be developed for WG2.

The session dedicated to the work in SWGs provided updates on priorities and latest activities within SWG SMEs, SWG Digital Market and SWG Agriculture and rural development.

Input of the WG2 into the EaP CSF Annual Assembly and Annual Report

The aim of the session was to identify the topics for the WG2 stakeholders' meeting at the EaP CSF Annual Assembly in Brussels and to discuss input to the Annual Report.

Promotion of LEADER programme and related local initiatives in EaP countries was suggested as one of the topics for the stakeholders' meeting; this topic would cover all 6 countries as there are strategies for agriculture and rural development adopted. The session should focus on the local action groups composed of civil society, local authorities and SMEs that promote the LEADER programme and on their interaction with the respective line ministries so that the implementation of the programme is meaningful and reflects the needs of the local communities. As potential external stakeholders for the session, the EaP ministries representatives, Bulgarian Focal point for LEADER programme in Brussels, DG AGRI and Rural development network representatives were identified.

Proposal on **one umbrella project to be lobbied for** that would bring together efforts in the area of agriculture, rural development, SMEs and job creation, bringing synergies of funding.

Proposal to build the stakeholders session at the Annual Assembly around the **EU4Business** project with a special focus on developing innovative ways how the SMEs can be financed. There is a need to develop new policies tailored to every country specifically, with the EU helping to establish the new schemes (mutual funds, cooperatives, angel financing etc.). The topic also includes social entrepreneurship as an inherent element as well as development of women entrepreneurship.

Dependency of agricultural markets on Russia was also raised as a possible topic of the discussion at the Annual Assembly. Russia creates obstructions for accessing its markets and limits the solidarity of among the EaP countries. There should be a project on diversification of agriculture markets, with centres for consultations on how to export and support to development of new export strategies as project elements.

The deadline was established for an input to the WG2 report.

EaP CSF 2016 Re-granting projects presentation

EaP CSF 2016 Re-granting projects implemented within the WG2 were presented. The project *Eastern Partnership: Information Society instead of War*, was presented by **Eugeniu Hristev, Ihar Lednik** and **Sergiu Tutunaru**. The project *Small Business Act for Europe and DCFTA of Moldova, Georgia and Ukraine using experience of Latvia overcoming economic crisis* was presented by **Eugen Roscovanu**. **Lilia Rusu** from Ecological Movement of Moldova presented the project *DCFTAs' enshrined Geographic Indications/GIs for non-wine food products: A boost for partnerships' based rural development in EaP*. The fourth project implemented this year, *Empowered women for social integration* was presented by EaP CSF Secretariat.

During the Q&A session it was suggested the ideas for re-granting priorities for 2017 will be shared via email with the WG2 coordinators. Secondly, a suggestion as made a re-granting project lead organisation should not come from outside of the WG2. It was also noted a single strategy for WG2 should be elaborated with an advocacy component so that the same goals and messages are delivered by WG2 representatives at the international level when representing EaP CSF. The re-granting projects should be, in fact, the projects of the WGs so that the advocacy is effective. The projects should aim at concrete results, address topical questions and issues of common interest to all 6 EaP countries.

[Photos from the WG2 Annual Meeting](#)