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COMMISSION IMPLEMENTING DECISION

of 17.10.2019

on the ENI East Regional Action Programme 2019, part 3, including some actions to be carried out in 2020, to be financed from the general budget of the European Union

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THE EUROPEAN COMMISSION,

Having regard to the Treaty on the Functioning of the European Union,

Having regard to Regulation (EU, Euratom) 2018/1046 of the European Parliament and of the Council of 18 July 2018] on the financial rules applicable to the general budget of the Union, amending Regulations (EU) No 1296/2013, (EU) No 1301/2013, (EU) No 1303/2013, (EU) No 1304/2013, (EU) No 1309/2013, (EU) No 1316/2013, (EU) No 223/2014, (EU) No 283/2014, and Decision No 541/2014/EU and repealing Regulation (EU, Euratom) No 966/2012¹, and in particular Article 110 thereof,

Having regard to Regulation (EU) No 236/2014 of the European Parliament and of the Council of 11 March 2014 laying down common rules and procedures for the implementation of the Union's instruments for financing external action², and in particular Article 2(1) thereof,

Whereas:

- (1) In order to ensure the implementation of the European Neighbourhood Instrument (ENI) East Regional Action Programme 2019, part 3, including some actions to be carried out in 2020, it is necessary to adopt a multiannual financing Decision, which constitutes of a multiannual work programme, for the years 2019 and 2020. Article 110 of Regulation (EU, Euratom) 2018/1046 establishes detailed rules on financing decisions.
- (2) The envisaged assistance is deemed to follow the conditions and procedures set out by the restrictive measures adopted pursuant to Article 215 TFEU³.
- (3) The Commission has adopted the ENI East Regional Strategy Paper⁴ for the period 2014-2020 and the Multiannual Indicative Programme⁵ for the period 2017-2020, which sets out the following priorities (1) economic development and market opportunities; (2) strengthening institutions and good governance; (3) connectivity, energy efficiency, environment and climate change; (4) mobility and people-to-people contacts.

¹ OJ L 193, 30.7.2018, p.1

² OJ L 77, 15.3.2014, p. 95

³ www.sanctionsmap.eu Please note that the sanctions map is an IT tool for identifying the sanctions regimes. The source of the sanctions stems from legal acts published in the Official Journal (OJ). In case of discrepancy between the published legal acts and the updates on the website it is the OJ version that prevails

⁴ Decision C(2014)5200 of 28.7.2014

⁵ Decision C(2017)5408 of 4.8.2017

- (4) The objectives pursued by the multiannual action programme to be financed under the ENI⁶ are to reduce organised and serious international crime in the EaP region, strengthen participatory and inclusive democracy in the Eastern Neighbourhood, improve the business and investment climate and infrastructure and strengthen economic governance and public finance sustainability.
- (5) The action entitled ‘Fight against organised crime’ (Annex 1) aims to reduce organised and serious international crime in the Eastern Partnership (EaP) region. To this end, the proposed action will focus on strengthening the strategic and operational cooperation between law enforcement authorities in the EaP region, EU Member States and EU agencies. Additionally, the action will work on an increased capacity to recover assets linked to organised criminal activity.
- (6) The action entitled ‘Structural Reform Facility (2)’ (Annex 2) will build on the result of the Structural Reform Facility (1) and contribute towards the development of sustainable and equitable economic growth models in the EaP countries, which can generate more investments and improve socio-economic conditions and employment opportunities for citizens.
- (7) The action entitled ‘Mayors for Economic Growth 2’ (Annex 3) follows up on the Mayors for Economic Growth (M4EG) initiative, launched by the EU in 2017 to support mayors and municipalities of the EaP countries to become active facilitators for sustainable economic growth and job creation.
- (8) The action entitled ‘EU4Digital: Connecting research and education communities’ (EaPConnect)” (Annex 4) will continue and step up the work done under the first EaPConnect project, launched by the EU in 2015 to improve EaP intra-regional connectivity and facilitate participation of local scientists, students and academics in EU and global Research and Education (R&E) collaborations.
- (9) The action entitled ‘Civil Society Facility’ (Annex 5) aims to increase civil society organisations’ capacity to engage in the policy-making processes and policy dialogue, promote reforms, including electoral reforms, and public accountability, foster local democracy, local development and engage citizens in public debate, and to promote social innovation and social entrepreneurship in the Eastern Neighbourhood.
- (10) It is appropriate to authorise the award of grants without a call for proposals, pursuant to Article 195 of Regulation (EU, Euratom) 2018/1046.
- (11) The Commission should authorise the eligibility of costs as of a date preceding that of submission of a grant application, which is prior to the date of adoption of this Decision, for reasons of extreme urgency in crisis management aid or in other exceptional and duly substantiated emergencies, whereby an early engagement by the Union would be of major importance.
- (12) Pursuant to Article 4(7) of Regulation (EU) No 236/2014, indirect management is to be used for the implementation of the programme.
- (13) The Commission is to ensure a level of protection of the financial interests of the Union with regards to entities and persons entrusted with the implementation of Union funds by indirect management as provided for in Article 154(3) of Regulation (EU, Euratom)2018/1046.
To this end, such entities and persons are to be subject to an assessment of their

⁶ Regulation (EU) No 232/2014 of the European Parliament and of the Council of 11 March 2014 establishing a European Neighbourhood Instrument (OJ L 77, 15.3.2014, p. 27).

systems and procedures in accordance with Article 154(4) of Regulation (EU, Euratom) 2018/1046 and, if necessary, to appropriate supervisory measures in accordance with Article 154(5) of Regulation (EU, Euratom) 2018/1046, before a contribution agreement can be signed. To this end, the Commission, in accordance with Article 154(6) of Regulation (EU, Euratom) 2018/1046, retains the financial management responsibilities laid down in Annex 1.

- (14) It is necessary to allow for the payment of interest due for late payment on the basis of Article 116(5) of Regulation (EU, Euratom) 2018/1046.
- (15) In order to allow for flexibility in the implementation of the programme, it is appropriate to allow changes which should not be considered substantial for the purposes of Article 110(5) of Regulation (EU, Euratom) 2018/1046.
- (16) The actions provided for in this Decision are in accordance with the opinion of the ENI Committee established under Article 15 of the financing instrument referred to in recital 4,

HAS DECIDED AS FOLLOWS:

Article 1
The Programme

The ENI East Regional Action Programme 2019, part 3, including some actions to be carried out in 2020, as set out in the Annexes, is adopted.

The programme shall include the following actions:

- Annex 1: Fighting organised crime in the EaP region;
- Annex 2 : Structural Reform Facility 2;
- Annex 3 : Mayors for Economic Growth 2;
- Annex 4 : EU4Digital: Connecting research and education communities (EaP Connect);
- Annex 5 : Civil Society Facility.

Article 2
Union contribution

The maximum Union contribution for the implementation of the programme is set at EUR 90 000 000 and shall be financed from the appropriations entered in the following lines of the general budget of the Union:

(a) for 2019:

- budget line 22 04 02 01 : EUR 29 000 000;
- budget line 22 04 02 02 : EUR 27 000 000;

(b) for 2020:

- budget line 22 04 02 01 : EUR 24 000 000;
- budget line 22 04 02 02 : EUR 10 000 000.

The appropriations provided for in the first paragraph may also cover interest due for late payment.

The implementation of this Decision is subject to the availability of the appropriations provided for in the general budget of the Union for 2020 as adopted by the budgetary authority.

Article 3

Methods of implementation and entrusted entities or persons

The implementation of the actions carried out by way of indirect management, as set out in the Annexes, may be entrusted to the entities or persons referred to or selected in accordance with the criteria laid down in Annexes 1, 2, 3 and 5.

Article 4

Flexibility clause

Increases or decreases of up to EUR 10 million not exceeding 20% of the contribution set in the first paragraph of Article 2 considering each financial year separately, or cumulated changes to the allocations of specific actions not exceeding 20% of that contribution, as well as extensions of the implementation period shall not be considered substantial within the meaning of Article 110(5) of Regulation (EU, Euratom) 2018/1046, where these changes do not significantly affect the nature and objectives of the actions.

The authorising officer responsible may apply the changes referred to in the first paragraph. Those changes shall be applied in accordance with the principles of sound financial management and proportionality.

Article 5

Grants

Grants may be awarded without a call for proposals pursuant to Article 195 of Regulation (EU, Euratom) 2018/1046 to the bodies referred to in Annexes 4 and 5.

The eligibility of costs prior to the submission of grant applications and which is prior to the date of adoption of this Decision shall be authorised as of the date set out in Annex 5.

Done at Brussels, 17.10.2019

For the Commission

Johannes HAHN

Member of the Commission



ANNEX 1

of the Commission Implementing Decision on the ENI East Regional Action Programme 2019 Part 3 (including one action on budget 2019 & 2020), to be financed from the general budget of the European Union

Action Document for “Fighting organised crime in the EaP region”

MULTIANNUAL PROGRAMME

This document constitutes the multiannual work programme in the sense of Article 110(2) of the Financial Regulation and action programme/measure in the sense of Articles 2 and 3 of Regulation N° 236/2014.

1. Title/basic act/ CRIS number	Fighting organised crime in the EaP region CRIS numbers: ENI/2019/041-970 and ENI/2020/041-971 financed under the European Neighbourhood Instrument	
2. Zone benefiting from the action/location	Eastern Partnership (EaP) countries: Armenia, Azerbaijan, Belarus Georgia, the Republic of Moldova ¹ and Ukraine	
3. Programming document	Programming of the European Neighbourhood East Instrument (ENI) – 2014-2020 – Regional East Strategy Paper (2014-2020) and Multiannual Indicative Programme (2017-2020)	
4. Sustainable Development Goals (SDGs)	SDG 16 – peace, justice and strong institutions SDG 5.2 and 8.7 on human trafficking	
5. Sector of intervention/ thematic area	Security Strengthening Institutions and Good Governance	DEV. Assistance: YES
6. Amounts concerned	Total estimated cost: EUR 10 000 000 Total amount of the European Union (EU) contribution EUR 10 000 000 The contribution is for an amount of:	

¹ Hereafter Moldova

	<p>- EUR 5 000 000 from the general budget of the EU for 2019 and for an amount of</p> <p>- EUR 5 000 000 from the general budget of the EU for 2020, subject to the availability of appropriations for the respective financial years following the adoption of the relevant annual budget or as provided for in the system of provisional twelfths.</p>			
7. Aid modality(ies) and implementation modality(ies)	<p>Project Modality</p> <p>Indirect management with</p> <ul style="list-style-type: none"> - the European Union Agency for Law Enforcement Training (CEPOL) in cooperation with Europol for component 1; - Europol for component 2; <p>The implementation through the above-mentioned entities will take into account the conditions laid down in Article 7 of the Commission Delegated Regulation (EU) 2019/715.</p> <ul style="list-style-type: none"> - United Nations Interregional Crime and Justice Research Institute-UNICRI (international organisation) for component 3. 			
8 a) DAC code(s)	<p>15210 – security system management and reform</p> <p>15130 – legal and judicial development</p>			
b) Main Delivery Channel	<p>90000 - Other</p>			
9. Markers (from CRIS DAC form)	General policy objective	Not targeted	Significant objective	Principal objective
	Participation development/good governance	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
	Aid to environment	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	Gender equality and Women's and Girl's Empowerment	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
	Trade Development	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	Reproductive, Maternal, New born and child health	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	RIO Convention markers	Not targeted	Significant objective	Principal objective
	Biological diversity	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	Combat desertification	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	Climate change mitigation	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	Climate change adaptation	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
10. Global Public Goods and Challenges (GPGC) thematic flagships	<p>N/A</p>			

SUMMARY

Organised crime is a problem in all six Eastern Partnership (EaP) countries, partially because they are located along the Black Sea route (a sub-branch of the Balkan route) of the 'Heroin Route'. Organised Crime Groups (OCGs) from Eastern Neighbourhood countries are active in amongst others migrant smuggling, organised property crime, trafficking in human beings for forced labour and sexual exploitation (mainly women and children), firearms and drug trafficking, money laundering, and other related crimes such as document fraud.

Due to its cross-border nature, organised crime cannot be seen as a problem of one individual country and the perspective has to be holistic, with Eastern Partner countries organised crime groups being active within the EU.

Knowing that the presence of organised crime is a destabilising factor in the region, the proposed action aims to improve cooperation within the Eastern Neighbourhood region and with the EU Agencies on countering organised crime. The main emphasis is on the capacity of relevant actors in the state (including law enforcement, prosecutors, and border authorities) to cooperate internationally to fight cross-border crime, including with the EU. To do so, the action will cooperate with the European Justice and Home Affairs Agencies CEPOL and Europol. Under component 1 the Agencies will work at enhancing the capacities of the relevant authorities in the Partner countries to fight serious and organised crime. Under component 2 Europol will support the strengthening of strategic and operational cooperation between national law enforcement authorities in the EaP, and EU Member States/EU Agencies. These efforts will be complemented by the UNICRI implemented component 3 which aims at contributing to the effective recovery of assets linked to organised criminal activity. Through amongst others related analysis, exchange of experiences and capacity building, the aim is to increase the operational cooperation between the Partner countries and the EU Member States and Justice and Home Affairs Agencies. Subsequently, the use of the existing network, or where needed its extension, for information sharing and joint investigations will lead to an improved effectiveness in fighting transnational organised crime in priority crime areas that are based on an evidence analysis. Additionally, by achieving progress towards the establishment and work of asset recovery offices and their effectiveness, to emphasise the sentiment that in the end 'crime does not pay'.

1 CONTEXT ANALYSIS

1.1 Context Description

Transnational organised crime in the Eastern Neighbourhood region is a multi-faceted phenomenon. It covers various crime areas such as drug, firearms and trafficking in human beings, migrant smuggling, organised property crime and money laundering, amongst others. Over the years, serious and organised crime has evolved, covering more and more crime areas that are linked to each other or even enable each other. Organised crime has been facilitated by globalisation and it is difficult to measure the exact size of illicit markets. Evidence drawn from law enforcement activity across the world suggests they are very large in both scale and impact. Europol's latest midterm review on new, changing or emerging threats² outlines the increasing involvement of OCGs from the Eastern Neighbourhood region in various crime areas, in particular organised property crimes. Serious and organised crime is highly

² 9037/19 + ADD 1 (RESTREINT UE/EU RESTRICTED)

profitable and has a significant impact on the growth of the legal economy and society as a whole. The investment of criminal proceeds and trade in illicit commodities is interlinked with tax avoidance and money laundering, which leads to financial flows that strengthens criminal enterprises that are run by or associated with OCGs. Particularly in developing countries and in post-conflict situations, organised crime patronage networks serve as a source of instability that undermines positive changes, governance and socio-economic development or even endanger post-conflict transitions. Most of the Eastern Partner countries suffer from conflict and hence provide a breeding ground for organised crime.

The European Neighbourhood Policy (ENP) Review³ places a stronger emphasis on security in order to make Partner countries more resilient against threats they currently experience. The focus on security opens up a wide range of new areas of cooperation under the ENP: security sector reform, fighting organised crime, including smuggling of migrants, cybercrime, cybersecurity, border protection and protection of critical infrastructure, tackling terrorism and radicalisation, and disaster and crisis management. The 20 Deliverables for 2020 are in line with this development and, this development is reflected in the Regional East Multi Indicative Programme 2017-2020⁴. Particularly deliverables 9 on rule of law and anti-corruption and 12 on security play an important role in this context.

The Regional East Multiannual Indicative Programme 2017-2020 has identified a number of security threats the Eastern Neighbourhood region is facing where further engagement is needed. The programming document identifies four priority sectors: economic development and market opportunities; strengthening institutions and good governance; connectivity, energy efficiency, environment and climate change; and mobility and people-to-people contacts. Issues identified under the priority to strengthen institutions and good governance will be pursued in close cooperation with activities carried out in the framework of the relevant Eastern Partnership multilateral thematic Platform 1. The latter brings together the EU Member States and the Partner countries at least once per year. Throughout the year, preparatory work for the Platform is conducted in the different dedicated Expert Panels, on CSDP, security and civil protection; public administration reform and rule of law.

Organised crime has a cross-border dimension and affects neighbouring countries. This warrants emphasising regional dialogue and collaborative action across borders on these issues both among the Eastern Neighbourhood countries and between these countries and the EU.

A regional approach to security in the Eastern Neighbourhood countries must focus on areas of collective action within the region and between the region and the EU in order to complement the national level action. An effective regional approach should take into account border security and fight against serious and organised crime in all of its different facets. The involvement of relevant EU Agencies, EU Member States and international organisations will be crucial to implement a regional cooperation that aligns with the EU policy approach on security and brings the region closer to the EU frameworks of cooperation.

Organised crime is profit-driven, based on the assumption that ‘crime does pay’. As a consequence, Asset Recovery Offices (AROs) were set up in the EU to identify illegally acquired assets and facilitate their confiscation. Depriving criminals from their criminal profits not only has a deterrent effect (‘crime does not pay’), but confiscated assets can also be

³ SWD(2015) 500, 18 November 2015.

⁴ C(2017) 5408 final, 4 August 2017.

reused for social purposes. The action will hence support the Partner countries in their efforts regarding asset recovery.

The EU continues to place rule of law, democracy and human rights at the heart of its engagement to strengthen regional cooperation against security threats such as different aspects of serious organised crime.

1.2 Policy Framework (Global, EU)

Globally, the United Nations Transnational Organized Crime Convention (UNTOC), ratified by 182 States, is the main international instrument addressing organised crime. It is supplemented by three Protocols which target specific areas and manifestations of organised crime: the Protocol to Prevent, Suppress and Punish Trafficking in Persons, Especially Women and Children (the Palermo Protocol); the Protocol against the Smuggling of Migrants by Land, Sea and Air; and the Protocol against the Illicit Manufacturing of and Trafficking in Firearms, their Parts and Components and Ammunition.

Corruption will not be covered under this action. However, due to the inter-linkages with organised crime, it should be mentioned that the Eastern Neighbourhood countries are parties to the main international conventions and bodies in the area of anti-corruption: the United Nations Convention against Corruption (2006), the Council of Europe Civil Law Convention on Corruption (2005) and the Council of Europe Criminal Law Convention on Corruption (2009). All Eastern Neighbourhood countries are members of the Council of Europe bodies GRECO (Group of States against Corruption) and, with the exception of Belarus, form part of MONEYVAL (Committee of Experts on the Evaluation of Anti-Money Laundering Measures and the Financing of Terrorism) as well as of the Organisation for Economic Co-operation and Development's (OECD) Anti-corruption Network for Eastern Europe and Central Asia (ACN). The Council of Europe Convention on Action against Trafficking in Human Beings, ratified by all six Partner countries, is also a critical convention in the context of organised crime.

As part of the relevant EU policy framework in the broader area of security, the EU's dialogue and cooperation with non-EU countries is shaped by different documents, most importantly the [European Agenda on Security](#), the [Global Strategy](#) and the [Concept for European Community Support for Security Sector Reform](#). These documents highlight the need for 'nationally/regionally-owned reform processes designed to strengthen good governance, democratic norms, the rule of law and the respect for human rights' but also the need to better link internal and external dimensions of security. The aspects concerning external relations of the related internal policies complement this framework; most notably these involve the EU Internal Security Strategy which is implemented in line with the Commission's Communication that identifies five strategic objectives, and the EU policy cycle for organised and serious international crime. The latter covers the EaP countries and currently involves Belarus (1), Georgia (5), Moldova (6) and Ukraine (7) in a number of actions

Modern slavery, forced labour and sexual exploitation (the majority women and children) fall under Article 5 of the EU's Charter of Fundamental Rights providing that no one shall be held in slavery and human trafficking is prohibited. The EU Strategy towards the Eradication of Trafficking of Human Beings 2012-2016 was a cornerstone to address these crimes. Trafficking in human beings is also addressed in numerous external relations instruments, such as roadmaps and action plans regarding visa liberalisation dialogues with third countries.

On the EU side, it was concluded that the phenomenon of serious and organised crime, which is increasingly dynamic and complex, requires a robust, intelligence-led response by law enforcement. Europol consequently started in 2006 to conduct Organised Crime Threat Assessments, which were followed by Serious and Organised Crime Threat Assessments (SOCTA) as of 2013. These assessments update Europe's law enforcement community and decision-makers on developments in serious and organised crime and the threats it poses to the EU. On the basis of the analysis of the prevailing threats, the SOCTA identifies a number of high priority crime areas that the operational response in the EU should focus on. Based on these recommendations, Justice and Home Affairs Ministers define EU crime priorities, which then serve to draft strategic goals and yearly operational action plans. In this capacity, the SOCTA serves as a cornerstone of the EU Policy Cycle for organised and serious international crime, which was established by the EU in 2010. The EU Policy Cycle is a multi-annual intelligence-led process aimed at tackling jointly the most important criminal threats affecting the EU through the [European Multidisciplinary Platform against Criminal Threats \(EMPACT\)](#). The EU Policy Cycle focuses on enhancing effective operational cooperation between Member States' law enforcement authorities (police, customs, judiciary), EU Institutions, EU Agencies such as Europol and relevant third parties.

On 18 May 2017, the [Council decided on the new priorities of the EU Policy Cycle](#) for organised and serious international crime for the period 2018-2021. This timeline allows an alignment between the upcoming Policy Cycle and the proposed action. The current multi-annual Policy Cycle tackles the ten most important threats posed by organised and serious international crime: cybercrime; drug production, trafficking and distribution; migrant smuggling; organised property crime; trafficking in human beings; excise and Missing Trader Intra-Community (MTIC) fraud; illicit trafficking, distribution and use of firearms; environmental crime; criminal finances and money laundering; and document fraud. This approach aims at improving and strengthening, in a coherent and methodological manner, cooperation between the relevant services of the Member States, EU institutions and EU agencies as well as third countries and organisations, including the private sector where relevant. An important element to take into account for the involvement of the partner countries is the existence of agreements on operational cooperation with Europol. The involvement of partner countries should comply with the applicable rules on exchanges of data, as set out notably in the Europol Regulation. In case an investigation is conducted with a country where no operational agreement is in place, alternative solutions for the exchange of data, for example through Member States or Interpol, will be sought on a case by case basis.

Both Europol and CEPOL play a central role among the Justice and Home Affairs agencies (JHAs) in fighting organised crime within and beyond the EU. CEPOL has agreements with Moldova, Georgia and Armenia as well as one pending adoption with Ukraine, while Europol has operational agreements in place with Georgia, Moldova and Ukraine. Recently Armenia has expressed interest in increased cooperation. The operational cooperation agreements concluded with Europol allow for the exchange of personal data between Europol and competent law enforcement authorities in these countries. The ones concluded with CEPOL provide increased access to the training possibilities. Azerbaijan and Belarus have so far only been associated in concrete investigations and have not signed any agreements with either of the two agencies. However, while the lack of signed agreements might have an impact on the cooperation between these countries and the EU, it should not hinder the programme implementation. The action can cover the participation costs for these countries in CEPOL trainings and the participation in the operational cooperation of Europol.

The main motive for cross-border organised crime is a financial gain. This financial gain is a stimulus for committing further crime to achieve even more profit. Accordingly, law enforcement services should have the necessary skills to investigate and analyse financial trails of criminal activity. To combat organised crime effectively, information that can lead to the tracing and seizure of proceeds from crime and other property belonging to criminals has to be exchanged rapidly. For this purpose, the EU has adopted a legal framework (i.e. Directive 2014/42/EU, CD 2007/845/JHA, CFD 2006/960/JHA) with the main features of the Directive being freezing and confiscation of instrumentalities and proceeds of crime. This aims at the setup of national asset recovery offices in the Member States that communicate amongst each other, exchange their experiences and have access to the necessary data banks and financial data. Their work includes direct, extended and third party confiscation; freezing of assets, including precautionary freezing; safeguards to ensure the full respect of fundamental rights; effective execution of confiscation orders; asset management, including power to sell assets, and statistics.

1.3 Public Policy Analysis of the partner country/region

Poly-criminal mafia-type organised crime structures continue to evolve in the region. They use their own networks structures and clear hierarchy to operate worldwide. They are most frequently involved in organised property crimes, large-scale drug trafficking, money laundering and often engage in corruption. In terms of the trafficking of human beings, the region is an important source, transit and destination of victims of trafficking, mainly for the purpose of sexual (a majority of which are women and children) and labour exploitation but also for forced begging and forced criminality.

Armenia

In Armenia, the Country Development Strategy and sectoral strategies are currently under formulation, following the political change in the government in 2018, after a series of public protests. Currently, there is demonstrated interest of the government and the police to conclude a working arrangement with Europol and engage with the EU on police reform. Armenia is collaborating with several EU Member States, namely Germany, France, Italy, Denmark and Estonia.

According to the Police Reform Programme from 2015, the focus areas for the fight against crimes are human trafficking, illegal turnover of drugs, corruption, money laundering and cybercrime. Previously, with the EU and Member States' support, a national programme on increasing the efficiency of the fight against organised crime was elaborated.

The challenges presented by Russian-speaking organised crime groups are investigated with the help of Interpol's tools. In cooperation with Interpol, the Armenian police is implementing the Fixed Interpol Network Database (FIND), including facial recognition. Cooperation of police, army and intelligence services is well functioning.

Following a TAIEX study visit in October 2018, a new department on cybercrime investigation, based on the Portuguese police model, was created within the General Directorate for Organised Crime. However, the Police Academy does not offer specialised training on the 'new' types of crime, e.g. cybercrime, bank insurance frauds.

The number of seizures of drugs at the border increases every year, due to more awareness of the issue, and penalties remain rather serious. Armenia also committed to the implementation of the conclusions of the Special Session of the United Nations General Assembly on the World Drug Problem during 10th EU-Armenia Sub-committee meeting on Justice, Freedom

and Security in April 2019. Furthermore, Armenia committed to continue with the implementation of the Financial Action Task Force (FATF) recommendations and the recommendations stemming from the report from the Council of Europe MONEYVAL Committee and the OECD⁵ report.

Azerbaijan

According to the report of the Ministry of Interior, as a result of the fight against organised crime 869 criminal groups that committed in total 2,277 crimes were identified. In the field of drug trafficking, 1 ton 135 kg of illegally transported drugs were detected and 45 criminal groups were neutralised. Overall, the crime detection rate has improved and reached 84.7%.

In 2018, the government identified 144 trafficking cases and 4 forced labour cases. 13 criminal groups were neutralised and 98 victims of trafficking were provided with reintegration support. In June 2018, the government approved Standard Activity Procedures (SAP) on the National Referral Mechanism. SAP were developed within the framework of the EU-funded project Consolidation of Migration and Border Management Capacities in Azerbaijan, implemented by International Organisation for Migration.

Law enforcement institutions do not have the necessary resources and still do not use financial investigative tools. The Anti-corruption Directorate has limited access to financial and bank information as well as other databases including asset declarations, and it applies confiscation in limited cases, especially with regard to proceeds of corruption crimes. More complex crimes, such as corruption perpetrated by legal persons, trading in influence, illicit enrichment, foreign bribery and money laundering, in which corruption is a predicate offence, are not frequently considered.

In November 2016, Azerbaijan adopted the ‘National Action Plan on Fight against Legalization of Criminally Obtained Funds and Other Properties and Financing of Terrorism 2017-2019’. The Action Plan envisages improving coordination of activities of the state bodies in the area of anti-money laundering/countering of financing of terrorism (AML/CFT). Furthermore, it provides for the implementation of measures to improve national legislation in relation to confiscation of proceeds of crimes and asset recovery, and establish mechanisms in line with international standards.

There is a strong need for developing a legislative and institutional framework for a fully-operational Asset Recovery/Management Office. On 25 May 2018, the President signed a decree on establishment of Financial Monitoring Service as an independent entity to ensure financial oversight and prevent AML/CFT crimes.

Belarus

Belarus participated in the multilateral component of the regional programme on Police Cooperation that precedes this action. There is no framework agreement between the EU and Belarus and hence Belarus has no obligation to officially share information on organised crime. However, under the draft EU-Belarus Partnership Priorities, currently under negotiation, the EU and Belarus will seek to address common concerns in the fight against organised crime, including transnational crime and money laundering, and will seek to develop relevant cooperation in these areas. Belarus does not have an agreement with Europol yet and the country does not participate in Europol’s activities. A noticeable area of concern

⁵ Organisation for Economic Co-operation and Development

in the field of organised crime is the illicit trade in tobacco. Despite the difficulty to measure the size of illicit trade in tobacco products, the information available indicates that the situation has stabilised over the past three years, albeit at a high and preoccupying level. The main drivers of smuggling of cigarettes from Belarus to the EU are big differences in fiscal charges on tobacco products, together with the excessive cigarette production in Belarus. The EU continues to encourage Belarus to join the Protocol to Eliminate Illicit Trade in Tobacco Products to the World Health Organization's Framework Convention on Tobacco Control ('FCTC Protocol'). As a positive development, Belarus has recently proposed the EU a draft text for an Agreement on Customs Cooperation and Mutual Administrative Assistance. The Commission is now exploring the possibility to commence negotiations on such an agreement. On asset recovery, Belarus participates as observer in the EU ARO platform meetings and Eastern Partnership Rule of Law Panels. This regional programme is an entry point for further cooperation and exchange with the country on organised crime.

Georgia

Organised crime groups from Georgia are still reported as one of the most frequently represented non-EU nationalities involved in serious and organised crime in the EU, notably in France, Greece, Germany, Italy, Spain and Sweden. Property crime remains the main crime in which Georgian organised crime groups are involved. Additionally, they continue to be active in laundering criminal proceeds and drug trafficking remains an issue to be monitored. In recent years, Georgian authorities were successful in dismantling organised crime groups based in Georgia.

Georgia has stepped up cooperation at international level to prevent and fight organised crime. The National Strategy 2017-2020 for Combating Organised Crime and the corresponding Action Plans focus on (a) combating the 'thieves-in-law'; (b) fighting transit of narcotic drugs; (c) fighting cybercrime and organised crime employing cyber methods; (d) using modern police methods to combat organised crime; and (e) international bilateral and/or multilateral operational and wider law enforcement cooperation in combating organised crime.

Police reforms on intelligence-led and community policing are progressing, as well as the establishment of the unified crime analysis system. Police attachés are posted in key Member States and new law enforcement agreements are being concluded. Further enhanced police cooperation with the most-affected Member States is needed to continue reducing the impact of Georgian organised crime groups on the EU. In March 2018, the Memorandum of Understanding on Secure Communication Line and Liaison Agreement was signed with Europol and a liaison officer was placed at Europol in September 2018. The Cooperation Agreement with Eurojust has been signed in March 2019.

Overall, Georgia has a good track record in implementing anti-corruption reforms, although prevention of high level corruption and further involvement of civil society still remain areas for improvement. The mechanism for verification of asset declarations, introduced in January 2017, has been implemented effectively and will be further supported by the EU. While Georgia designated the Unit of European Integration and Cooperation with International Organisations of the Chief Prosecutor's Office as its national Asset Recovery Office in July 2018, an independent asset recovery office should be set up.

Moldova

Moldovan organised crime groups are particularly active in Austria, France, Germany, Latvia and Poland, and are primarily involved in drugs trafficking (with the trafficking of heroin being a significant concern), organised property crime (burglaries and thefts, organised robberies and motor vehicle crime), excise fraud, payment card fraud and money laundering. These crime groups tend to link up with other groups from primarily Romania, Ukraine and Bulgaria, while Russian-speaking organised crime groups exploit Moldova as a transit country to launder money and transfer it into the EU. There is an increasing number of cybercrime services run from Moldova, such as money mule networks, inject writers, coders, crypters and phone flooding services, as well as a continued focus on attacks against ATMs, such as blackbox attacks. Illicit tobacco trade remains a primary driver of crime and corruption. Moldova is a source for trafficking in human beings for sexual and labour exploitation. In this regard, the National Strategy for Preventing and Combating Trafficking in Human Beings for the period 2018-2023 was adopted, together with the action plan 2018-2020. As part of the creation of a specialised structure to fight organised crime, Moldova approved in 2017 the Regulation of the Prosecutor's Office for Combating Organised Crime and Special Causes (POCOCSC) and specialised offices were created within the Sections of the POCOCSC along with the staff assignment. Since 2012, the country has in place a working arrangement with CEPOL, the European Agency for Law Enforcement Training. In addition, Moldova has ongoing operational cooperation agreements with both Europol (2015) and Eurojust (2016). The General Police Inspectorate has a permanent Liaison Officer posted to Europol. Eurojust does not host a permanent Moldovan Liaison Prosecutor, but Moldova has designated a formal National Contact Point for working with Eurojust.

The Criminal Assets Recovery Agency (CARA) was set up in 2017 under the umbrella of the National Anti-Corruption Centre (NAC). Initially only dealing with corruption and money laundering offences, its scope of competence has been broadened in 2018 to include 25 additional types of crime (including organised crime, trafficking in human beings or drug trafficking). Budget and staff were also increased (from 8 to 18 persons, based on the conclusions of the EU-Council of Europe Project CLEP – Controlling Corruption through Law Enforcement and Prevention). Work in the field of fighting money laundering in Moldova is also supported by the deployment of a permanent EU High-Level Adviser in the field of Anti-Money Laundering, who is physically posted to the Office for Prevention and Fight against Money Laundering (FIU). Moldova is currently also preparing its connection to the FIU.net platform that is hosted by Europol and that offers the possibility to exchange information with Financial Investigation Units (FIUs) from EU Member States.

Currently, the EU has a Support to Police Reform programme (Sector Reform Contract) ongoing, which is supported by a Technical Assistance Project, a Twinning Project on police training and two grants to civil society organisations working with the country's law enforcement community (mainly the General Police Inspectorate). This assistance will cover the period until the end of 2021.

It is equally important to keep in mind that the ongoing instalment (phase 12) of the EU Border Assistance Mission to the Republic of Moldova and Ukraine (EUBAM) has a component on making more effective efforts to combat cross-border crime at the Moldova-Ukraine border, especially at the Transnistrian segment.

Ukraine

Organised crime is present in almost every facet of the Ukrainian society. It has had a detrimental impact on the wellbeing of Ukrainian citizens and hampers economic growth.

With regard to the costs of organised crime to the economy, Ukraine scores poorly (113 out of 137 countries) in the World Economic Forum Competitiveness Report 2017 in the subcategory that defines the impact of organised crime on business.⁶

Continuing conflict in the eastern parts of Ukraine is likely to exacerbate the scale and impact of organised crime activities in the country and across its borders. For example, the Europol SOCTA⁷ 2017 identifies illegal firearms trafficking as one of the most prominent threats originating from Ukraine and as having an adverse impact on the EU through, for example, illegal weapons smuggling for terrorism and other forms of criminal activities.⁸

There are several reasons which lead to such low ratings for Ukraine in the area of organised crime, as follows: a lack of a clear picture on the situation, activities of OCGs and criminal organisations in Ukraine; a lack of strategy and proper analytical instruments to fight organised crime in Ukraine; insufficient structural capacity of the National Police to fight organised crime; a lack of sufficient witness protection; a lack of inter-agency and cross-border cooperation.

The Asset Recovery Management Agency (ARMA) became operational in September 2017. As of December 2018, it has 103 employees. Its budget for 2018 was substantially increased to more than 253 million UAH (EUR 8.1 million).

ARMA does not have criminal investigative powers of its own but is tasked with facilitating criminal proceedings by finding, tracing, and managing assets derived from corruption and other crimes. This notably includes international cooperation with the relevant authorities of foreign states (at the level preceding international legal assistance) and relevant international organisations. It already has access to several state registers and databases and continues to further expand such access.

ARMA has developed the necessary regulatory framework for management of seized assets and started executing its management of assets function. It already manages a diverse set of seized assets, including apartments, commercial property, residential buildings, parking spaces, vehicles, land plots. All law enforcement agencies are partners of the ARMA in conducting asset finding and tracing activities, including the National Police of Ukraine, Prosecutor General's Office, the State Fiscal Service, the State Security Service and the National Anti-Corruption Bureau.

ARMA is a contact point of Ukraine in relevant international networks, notably the Camden Assets Recovery Inter-Agency Network (CARIN), the Interpol Global Focal Point Network with access to the Interpol Secure Communications for Assets Recovery (I-SECOM) and the Stolen Asset Recovery Initiative (StAR).

⁶ See http://reports.weforum.org/global-competitiveness-index-2017-2018/competitiveness-rankings/?doing_wp_cron=1531902537.6618199348449707031250#series=EOSQ035.

⁷ The SOCTA updates Europe's law enforcement agencies on developments in organised crime and delivers analytical findings on organised crime that inform political priorities, strategic goals and operational action plans.

⁸ See <https://www.europol.europa.eu/activities-services/main-reports/european-union-serious-and-organised-crime-threat-assessment-2017>.

1.4 Stakeholder analysis

The proposed action aims to improve cooperation within the EaP region and with the EU Agencies on countering organised crime. The main emphasis is on the capacity of relevant actors in the state (including law enforcement, prosecutors, and border authorities) to engage in international cooperation, including with the EU, to fight cross-border crime. Across the six Eastern Neighbourhood countries, the actors involved in the fight against organised crime are manifold and divers in each of the countries as the responsibilities are often split between different entities. The programme will therefore apply an inter-agency approach to ensure that all relevant actors are included.

Key stakeholders will be the competent ministries, law enforcement services and judicial authorities involved in the fight against organised crime. Within these organisations, key duty bearers, policy makers and implementers will be identified and engaged by the action. In case of component 2, involvement will also depend on the development of the different investigations. Participation will be based on relevance and potential impact. An important consideration will be those institutions that collect data and have a mandate to work on organised crime including trafficking of human beings for forced labour and sexual exploitation. Other important stakeholders include relevant non-governmental organisations as well as other donors and international/regional organisations and EU JHA agencies.

The European Union Agency for Law Enforcement Training (CEPOL) addresses training needs of the law enforcement sector (including police, gendarmerie, immigration services, customs, border guards and other services with tasks relating to the prevention and fight against serious organised crime and other crimes) in the EU and follows this same pattern when providing assistance to third countries. The multidisciplinary approach of CEPOL training, is a key value added in the international training environment, thus the project will extend the target to the wider law enforcement community of the Partner countries instead of putting only police in the focus. Depending on the results of the needs assessment, trainings will be conducted at regional and/or multi-country level.

Regarding the contribution to the EU Policy Cycle, the main stakeholders are law enforcement agencies from the Partner countries who are/will be working jointly with EU Member States law enforcement authorities, including these working on concrete operational cases in the framework of EMPACT⁹ Operational Action Plans. These agencies have been identified as counterparts in the ongoing investigations in the different EMPACT priority areas. Out of the 10 identified areas, the working groups on drug trafficking, facilitation of illegal immigration, organised property crime, trafficking in human beings, illicit firearms trafficking, criminal finances and money laundering will be the primary fields of work under component 2. The project will target environmental crime and document fraud to a lesser extent. Cybercrime will be dealt with in the regional programme for cyber resilience, which has a dedicated component on cybercrime.

Concerning AROs, key stakeholders will be, in addition to the above mentioned actors in law enforcement, agencies, if already available, targeting asset recovery and management, financial monitoring services, the ministries of justice, anti-corruption courts, the parliament and, if created a specialised committee, civil society organisations, media and journalists, but also business networks and networks engaged in integrity and compliance. Regional and

⁹ [European Multidisciplinary Platform against Criminal Threats.](#)

international organisations associated to the work include: the Council of Europe, UNODC¹⁰ and UNICRI¹¹.

The ultimate stakeholders are the citizens in targeted countries who will benefit from improved referral mechanisms as well as better protection. The projects will enhance the EU's internal security. EU citizens will at least indirectly benefit from these Actions.

1.5 Problem analysis/priority areas for support

Fighting serious and organised crime often has trans-boundary features and is a shared challenge. Nevertheless, strengthening strategic and operational police cooperation within the EaP region, and with the EU and its Member States, remains highly complex and sensitive. With or without a signed agreement, trust between the parties needs to be established, not only between Partner countries and EU Member States/EU JHA agencies but also among Partner countries. Often it is also the lack of concrete operational funding that implicates additional investigative success. For example, if in the case of Europol coordinated investigations, the involved third country from the Eastern Neighbourhood region lacks financial means for needed equipment, this can hamper the investigative process.

Law enforcement systems and forces differ from country to country. While some have already been reorganised and modernised, others remain out-dated in terms of knowledge and reaction capacity. Some countries are well equipped with training academies, while others do not have the required structures to cover their needs and significantly rely on bilateral aid and capacity building support. This aid is often provided by different donors and might not be aligned overall. When it comes to trafficking in human beings, a holistic view is needed, which includes the close coordination with NGOs that work with law enforcement agencies in identifying and supporting victims of various forms of trafficking.

Tackling serious and organised crime requires the strengthening of regional cooperation mechanisms, starting ideally from having a shared threat assessment based on strategic cooperation.

Eastern Neighbourhood countries are points of origin, transit and destination for trafficking (drugs, human beings, firearms and explosives). Serious organised crime groups in those countries pose a significant threat to domestic security, regional stability, safety and dignity of victims of trafficking in human beings (THB) and they have even expanded their reach into the EU.

On any given day in 2016, an estimated 3.6 million men, women, and children were living in modern slavery in Europe and Central Asia. According to the UN poverty is one of the root causes for slavery and human trafficking. Many cases of human trafficking begin with an individual looking for decent work. A study by the NGO La Strada Moldova also showed that many teenage and adult women caught in THB for sexual purposes are running away from domestic violence. Within the region, Belarus is one of the countries with the highest prevalence of modern slavery, while Ukraine has the highest absolute number and account for over one-third (39 percent) of the victims in the region.¹²

The Eastern Neighbourhood region also constitutes an origin and transit route for OCGs behind the smuggling of migrants by land, sea and air. Certain visa-free Partner countries are

¹⁰ United Nations Office on Drugs and Crime

¹¹ United Nations Interregional Crime and Justice Research Institute

¹² The Global Slavery Index 2016

particularly attractive for criminal groups and enable other criminal activities facilitating irregular flows towards the EU, such as document fraud. In this sense, building trusted capacity and capability as well as improving operational cooperation on investigations of criminal groups active in migrant smuggling in the region should remain an objective to pursue.

Although progress has been made in addressing organised crime in the Eastern Neighbourhood region, e.g. through the Police Cooperation Programme (PCP) or national legislation e.g. on thieves-in-law or organised crime action plans, continuous support from the EU to align, in particular regionally, assessments, approaches and tools is still needed. Along with technical expertise, mutual trust and a common understanding between the EU and the Eastern Neighbourhood countries as well as between institutions within the region has to be established. A clear need in this regard is the continuous support to enhanced strategic coordination and sharing of best practices to align approaches and build networks. On the operational level, many investigations in the region are still treated nationally, without exhausting all international means available such as cross-border investigations, Mutual Legal Assistance or reaching out to the EU Member States to set up Joint Investigation Teams (JITs). For international cooperation in criminal matters to become a regularly utilised tool of criminal justice actors, it requires the scaling up of awareness, specific technical knowledge and changes in existing structures and processes to embed the new practices and keep up with developments. As a starting point, and until the Partner countries have their own threat assessment, there is a need to connect the work undertaken under the EU Policy Cycle on Serious and Organised Crime to the extent that it relates to common security challenges between the EU and the Eastern Neighbourhood region. Support to the international cooperation in criminal matters in the Eastern Neighbourhood region will be more effective when it works in alignment with the work taken forward under the Policy Cycle in all relevant crime areas, both in terms of provision of training and exchange but also for the conduct of operational cooperation including through Joint Investigation Teams. Three out of six Partner countries in the region have concluded operational cooperation agreements with Europol; yet operational cooperation in particular with Europol also needs to be boosted through both quantitatively and qualitatively improved information sharing (through SIENA¹³), and through active engagement in operational activities targeting High Value Targets, top level organised crime groups, posing high security risks to the EU and Partner countries alike.

In the field of asset recovery, one can observe that interinstitutional cooperation between the different actors involved is limited and that working relations between financial investigation units or financing entities and law enforcement need further improvement. Additionally, investigators in law enforcement and prosecution are lacking financial analysis capacity to follow-up on the leads. This is paired with limited regulation of access to the necessary law enforcement or other government agency databases. Shortcomings can also be observed regarding the management of assets. Structures that allow for a transparent management of assets, allowing giving the stolen assets back to community are either underdeveloped or missing. Additionally, the question on how to involve civil society in the process needs to be addressed.

¹³ Secure Information Exchange Network Application

2 RISKS AND ASSUMPTIONS

Successful implementation and sustainability of the projects can only be achieved if Partner countries provide full governmental, technical and administrative support. Their commitment is crucial to both the implementation of project activities and the achievement of the objectives.

Risks	Risk level (H/M/L)	Mitigating measures
Weak institutional capacity and/or low political will to cooperate among neighbours remain a constant challenge to the official ability to effectively investigate and prosecute crime.	H	The cooperation between the participating countries will be promoted in a gradual manner and around consensual matters through a phased approach with clear deliverables and milestones to ensure results and sustainability. Additionally, through increased awareness, peer pressure for action and other means, this risk will be mitigated.
Inability to develop good and budgeted strategies on police development and on the fight against organised crime.	M	The Project will try, to the extent possible, to provide the countries with the capacity building to improve these capabilities.
The political and security context could interfere with the implementation of activities and have an impact on the general willingness to enhance cooperation on security threats.	M	Close dialogue and coordination with EU Delegations in the region and the European External Action Service regarding i.e. the use of political dialogue and intervention with the concerned counterpart as means to unblock the situation is foreseen. In case of countries with an Association Agreement, a political commitment in the field of law enforcement clearly reflected in the Association Agendas will support the risk mitigation.
High turnover of staff in the Partner countries.	M	Inclusion of the training in the national training structures and the use of the trainers in the future. Additionally, securing strong political and institutional commitment that the trained staff would not be victims of turnover.
Lack of economic means.	H	In part component 2 aims at addressing the needs for funding for operational activities between EU Member States and Partner countries, where relevant in cooperation with EMPACT Drivers. Additionally, the programme aims at

		securing political and institutional commitment to earmark enough local funds for the action to have effective and meaningful engagement.
Frequent government restructuring, lack of clear delineation of duties and responsibilities between relevant agencies.	M	The programme will work with an inter-agency cooperation approach to mediate between the different competent authorities.
Lack of cooperation from the side of the beneficiaries.	M	Continued policy dialogue, involvement of the beneficiaries in the preparation of the support to be provided by the programme.
Assumptions		
<ul style="list-style-type: none"> ✓ The governments of the beneficiary countries are committed to cooperate both at a national and regional level. ✓ All institutions involved in the project are committed to the overall objective and purpose of the action throughout the duration of the project. ✓ Sufficient capacities at national and regional levels can be mobilised for participation in the activities. ✓ The security situation in the beneficiary countries will not deteriorate. 		

3 LESSONS LEARNT AND COMPLEMENTARITY

3.1 Lessons learnt

Law enforcement cooperation

The action will build on the achievements of the Eastern Partnership Police Cooperation Programme. This EU funded programme was carried out from 2014-2018 in the Eastern Neighbourhood region and was the first of its kind. During the implementation through EU Member States, the EU JHA agencies were not involved. This was perceived as a shortcoming and revealed in parts that, where possible working, with and through EU Agencies is probably the best solution. Doing so, guarantees the use of the best expertise and provides outreach to a maximum of EU Member States, enabling real opportunities for a partnership between the EU and Partner countries.

The networking aspect was much appreciated by the Partner countries and the involved EU Member States alike during the final steering committee of the programme. From the partners' side a clear desire to work with EU JHA Agencies was expressed. This is a request that will be addressed through this programme.

A weakness in reaching the overall objective of the PCP was the lack of a coordinated approach towards capacity building and the fragmentation of topics that were addressed. A more unified and structured approach to training and capacity building, focussing on the identified key areas to reach the overall objective, will hence be targeted through this programme.

Based on the experiences of the Euromed Police IV programme in the Southern Neighbourhood, working with and through the EU JHA agencies has enhanced the credibility

of the project among Partner countries. The project has started to promote the principles of the EU Policy Cycle, particularly the threat assessment methodology.

Asset Recovery

In November 2017, a TAIEX seminar on asset recovery in the Eastern Neighbourhood countries was carried out. The programme will in parts build on the conclusions received in this context while also taking into account that international support and expertise on asset recovery has evolved significantly over the past decade.

The clear trend in asset recovery over the past several years has been to assist countries in developing stronger non-penal measures to capture assets linked to acts of corruption and other forms of organised criminal activity. Once legal and operational mechanisms are in place, and adequate capacity building is provided, non-penal confiscation of assets speeds up the judicial process (months rather than years) of capturing illicitly obtained assets – this benefits public perception that the justice system is more agile and responsive to criminality and also deprives criminals of the fruits of their crimes. In many cases, a more rapid capture of illicitly obtained assets also deprives criminals of the means to continue funding their illicit activity (including the smuggling of migrants, human trafficking, high-level corruption and the financing of terrorism).

Additionally, an essential part of asset recovery is effective dialogue between officials of requesting and requested states. Experience has shown that the stronger the working relationship among officials in a requesting state with those in a requested state, the greater the likelihood of recovery of assets. In light of the above, strong emphasis must be placed on encouraging peer-to-peer missions and greater participation in existing networks of police, prosecutors and other officials, to foster bridges and build relationships.

Civil society also plays a valuable role with regard to asset recovery. In states where there have been important levels of corruption, many entities from civil society lend a hand in tracking down where stolen assets have gone, and linking these entities with public institutions charged with investigating acts of corruption can be vital to the success of such investigations. Additionally, and increasingly, civil society can, and should, play a role in helping public institutions to identify high-priority development needs, to which recovered assets should be directed. This strengthens public perceptions that the government is responsive to such needs and also demonstrates greater transparency in the distribution of recovered assets.

3.2 Complementarity, synergy and donor co-ordination

At the regional level, the programme shall work closely together with the regional programme on cyber resilience, encompassing components on cybersecurity and cybercrime and running from 2019-2021. Synergies should also be sought with the EU-funded EU Action against Drugs and Organised Crime (EU-ACT, 2017-2020) which has activities in Ukraine and Georgia. Complementarities will be sought with the European Monitoring Centre for Drugs and Drug Addiction (EMCDDA) implemented EU4Monitoring drugs¹⁴ running in the Neighbourhood region (South and East) from 2019-2021. Bilateral programmes such as the Support for Rule of Law Reforms in Ukraine – in the areas of police, public prosecution and good governance (PRAVO-Police), the EU Anti-Corruption Initiative in Ukraine (EUACI) – in the area of assets recovery, the Police Budget Support Programme in Moldova or the

¹⁴ ENI/2018/401-149.

recently adopted ‘EU4Security, Accountability and Fight against Crime in Georgia (SAFE)’ in Georgia shall also be taken into consideration. Close cooperation with EU Justice and Home Affairs agencies is embedded in the design of the programme.

Regarding asset recovery, synergies will be sought with the EU-funded programme ‘Partnership for Good Governance’ (2019-2021) and its regional and bilateral activities in the Partner countries, especially in the fields related to organised crime. Additionally, the programme will take into account the upcoming regional action on integrity. Coordination with bilateral projects, EU advisory missions, projects related to public administration reform, public finance reform, dealing with anti-corruption and security sector reform is key. Efforts undertaken by different countries within the framework of the European Commission’s Visa Liberalisation Action Plans (VLAP), where applicable, will also be supported. Close cooperation will be established with all national stakeholders and relevant regional and international actors involved in this sector.

EU Delegations are closely involved at all levels in preparing activities and participating in events. Coordination on the ground will include other international organisations and implementing agencies, most notably the World Customs Organisation (WCO), the Organisation for Security and Co-operation in Europe (OSCE), the International Centre for Migration Policy Development (ICMPD), the International Organisation for Migration (IOM), the United Nations Development Programme (UNDP), the United Nations Office on Drugs and Crime (UNODC), Interpol with its Millennium project, and the United States Agency for International Development (USAID).

A significant number of ongoing and planned EU programmes are directly or indirectly relevant to capacity building and law enforcement activities for fighting organised crime. The action will be complementary to other EU initiatives at national, regional or trans-regional level as well as EU Member States activities, and actions from international organisations or donors.

4 DESCRIPTION OF THE ACTION

4.1 Overall objective, specific objective(s), expected outputs and indicative activities

Overall objective:

Reduction of organised and serious international crime in the Eastern Neighbourhood region.

Specific objective component 1 and 2:

Strengthened strategic and operational cooperation between law enforcement authorities in the Partner countries, EU Member States and EU Agencies.

Component 1: On law enforcement capacity building and threat analysis

Expected output:

- Enhanced capacities of law enforcement authorities in the Partner countries to fight against organised and serious international crime on the basis of the needs analysis conducted;

Indicative activities¹⁵:

¹⁵ The logframe might need to be updated to reflect the outcome of both, OTNA and SOCTA.

- Design and deliver a robust training programme based on the evidence provided by the Operational Training Needs Assessment (OTNA) and the SOCTA in fields such as (but not exclusively) trafficking in human beings (forced labour and sexual exploitation), migrant smuggling, drugs, firearms, money laundering, property crime, etc. The training may include elements such as e-learning, residential training together with EU Member States, participation in the CEPOL exchange programme, mentoring, real case training, etc.
 - Operational Training Needs Assessment (OTNA) concerning EU crime priorities should lead to a permanent regional training platform creating a mechanism for tackling a set of agreed law enforcement training priorities;
 - Sharing and building analytical capacities of the beneficiaries should enable them to self-diagnose their training gaps and needs;
 - Together with Europol create a regional analytical network for law enforcement to conduct a SOCTA in the EaP countries (the analysis at the beginning of the project will determine if regional, multi-country or national);
 - Together with Europol, elaboration of specific training sessions to allow Eastern Partner countries on the basis of the EU SOCTA to learn about the policies and processes of conducting a SOCTA to support them in developing their own and contributing to EU strategic reports.

Component 2: On operational cooperation between EU and EaP law enforcement

Expected outputs:

- Enhanced operational and strategic cooperation with the EU Member States and Agencies including through EMPACT;
- Enhanced intelligence-based operational planning in the countries of the Eastern Neighbourhood region;
- Partner countries' institutional knowledge and capacity on EU Policy Cycle priority crime areas strengthened and cooperation within EMPACT increased.

Indicative activities:

- Organise one regional seminar on the EU Policy Cycle for organised and serious international crime (threat assessments, strategic planning, implementation through Operational Actions and evaluation) to prepare the ground for the future cooperation;
- Set up a mechanism to establish a dedicated fund that will be used to financially support the participation of the Partner countries in the relevant EU Policy Cycle/EMPACT Operational Action Plans (based on the agreement of the relevant Driver and participating Member States) and other operational activities. Through the coordination between the Driver and Europol, the duplication with Europol's EMPACT funding (high and low-value grants) will be avoided. The financial support provided should include i.a.:
 - Support to Operational Actions under EMPACT involving EaP countries;
 - Support to Operational Task Forces to tackle High Value Targets involving EaP countries;

- Support to the involvement of EU Member States' competent authorities in cross-border operational activities in Eastern Partner countries (i.e. on-going investigations, financial investigations);
- Support to strengthened information exchange between EaP countries, EU Member States and Europol.
- Encourage the active use of and support the involvement/membership of the EaP countries in ongoing initiatives related to financial intelligence such as AMON (Anti-Money Laundering Operational Network) and CARIN (Camden Asset Recovery Inter-Agency Network).

Specific objectives component 3: On asset recovery of proceeds from organised criminal activity

Increased capacity to recover assets linked to organised criminal activity.

Expected outputs:

- Improved coordination with multiple stakeholders within the legal system with respect to financial investigations;
- Improved and sustainable capacity in the tracing, freezing, seizing, confiscation, recovery and management of assets.

Indicative activities:

- Carrying out a regional needs assessment in the field of asset recovery and asset management;
- Mentoring EaP asset recovery officers on specific cases (ongoing or planned);
- Working closely with officials on the drafting or redrafting of mutual legal assistance requests, decisions and/or orders to ensure compatibility with foreign jurisdiction standards;
- Awareness raising activities among officials in Eastern Neighbourhood jurisdictions about the usefulness (producing political 'buy-in') of civil confiscation measures, as well as how to more effectively deploy other non-penal measures – e.g., through use of tax laws;
- Working closely with officials on strengthening legal and operation frameworks to allow AROs – or similar national entities – to access, under one roof, multiple databases to allow for cross-referencing of data and authorities to more quickly identify property and other assets that are in the names of third parties, but for which a suspect may be the actual beneficial owner.

4.2 Intervention Logic

Components 1 and 2 are interlinked and meant to be complementary.

Under component 1, two types of assessments will be conducted. The first one is an operational training needs assessment to identify training gaps and needs in the Eastern Partner countries. The second one, in cooperation with Europol, is a serious organised crime threat assessment that will be carried out to identify the biggest issues in this field the countries in the Eastern Neighbourhood region are facing. Subsequently, a part of the training shall aim at enabling the Partner countries to conduct their own SOCTA and at contributing to

EU strategic reports. These results may also serve as basis for future technical assistance at bilateral level to support the countries in the development of a national security strategy.

These two analyses will be used for the design of the capacity building component, which will take into account a gender sensitive training approach, and to allow the Partner countries to self-diagnose their training gaps and needs. Around the identified needs a robust training programme will be built. Part of these trainings shall be included in the national training curricula, others shall enable exchange programmes, mentoring, residential training together with EU Member States law enforcement officers, simulation exercises or online training, amongst others. The trainings shall, to a large extent, be conducted for the six Partner countries together. In some cases, a multi-country approach might be more adequate depending on the topic. Bilateral training is possible but should be an exception. This is rooted in CEPOL's unique training approach, which includes networking and the exchange of experiences.

Under component 2, the focus will lie on operational cooperation. For this, Europol's support, along with close cooperation with the respective EMPACT OAP Drivers, is instrumental. The action aims at supporting concrete cross-border organised crime investigations, involving EU Member States, Partner countries and Europol. These can be investigations that have already started or are being initiated during the project's implementation period.

In the framework of the EU Policy Cycle and the EMPACT operational action plans, the proposed action will work with the Partner countries to identify relevant cases including one or more Partner countries.

Through this cooperation, the action aims at promoting operational cooperation in the fight against organised crime between the EU Member States and the Partner countries. This cooperation will be carried out in particular in the framework of the EU Policy Cycle, help to increase trust amongst law enforcement officers and to support broadening their respective networks, leading to joint investigation successes.

Should in the case of this cooperation, training needs/gaps on the partner side be identified, this information will be transferred to CEPOL to be dealt with under component 1.

Under component 3, the action aims at strengthening the mechanisms for the recovery of stolen assets linked to serious crimes and effective and transparent use of seized and confiscated assets as well as at establishing processes for their transparent management and distribution. The action also focusses on penal and non-penal confiscation of stolen assets. Considering the different stages of the development in the region, an approach of variable speeds will guide the implementation of this component. Successful actions in one country shall be shared as best practice with the others and if feasible reproduced. This component aims to ensure that the duty bearers are enabled to perform their mandate more effectively and with integrity.

4.3 Mainstreaming

All activities under this programme will be designed and implemented in accordance with the principles of good governance and human rights, gender equality, the inclusion of socially or economically deprived groups and environmental sustainability.

Good governance and human rights: Security and law enforcement actors play a key role for a well-functioning governance system. Respect for both good governance and human rights is hence at the core of the proposed action.

The concrete and operational work on asset recovery will strengthen rule of law by reinforcing mechanisms and institutions in their efficient tracing, freezing, seizing, recovery and management of assets linked to organised crime. This reinforces public perception that the justice system is working and that there is no impunity for such criminal activity.

To ensure compliance of the proposed action with the obligations stipulated in Article 10 ('Human rights') of Regulation (EU) No 230/2014, a clear human rights perspective should be incorporated throughout the different stages of the project cycle (project design/formulation; monitoring of implementation; evaluation) on the basis of the operational guidance developed to this end by the European Commission (https://ec.europa.eu/europeaid/operational-human-rights-guidance-eu-external-cooperation-actions-addressing-terrorism-organised_en). Any potential flow-on risk on the respect of human rights should be constantly monitored and mitigating measures need to be foreseen.

Gender equality: Certain aspects of organised crime, e.g. trafficking of human beings, particularly affect women and girls and this angle will be considered throughout the programme implementation of components 1 and 2, taking into account EU and EU Member States actions and policy frameworks on THB. Efforts will also be made to promote strong women's participation in the programme.

Environmental sustainability and climate change: While these fields are not directly targeted by the action, they can be of concern should environmental crimes, e.g. in the case of illegal waste disposal, be an issue under the organised crime branch (especially for investigations under the Policy Cycle). In this context, the programme might contribute to further improvements for the environment.

4.4 Contribution to SDGs

This intervention is relevant for the 2030 Agenda. It contributes primarily to the progressive achievement SDG 16 on peace, justice and strong institutions. Secondly, it also addresses SDGs 5.2 and 8.7 related to human trafficking.

5 IMPLEMENTATION

5.1 Financing agreement

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

5.2 Indicative implementation period

The indicative operational implementation period of this action, during which the activities described in section 4 will be carried out and the corresponding contracts and agreements implemented, is 72 months from the date of adoption by the Commission of this Financing Decision.

Extensions of the implementation period may be agreed by the Commission's responsible authorising officer by amending this Decision and the relevant contracts and agreements.

5.3 Implementation modalities for an action under project modality

The Commission will ensure that the EU appropriate rules and procedures for providing financing to third parties are respected, including review procedures, where appropriate, and compliance of the action with EU restrictive measures¹⁶.

5.3.1 *Indirect management with entrusted entities*

This action may be implemented in indirect management with:

CEPOL in cooperation with Europol for component 1;

Europol for component 2;

The implementation through the above-mentioned entities will take into account the conditions laid down in Article 7 of the Commission Delegated Regulation (EU) 2019/715.

UNICRI for component 3.

The envisaged entities have been selected because they can carry out activities with specific characteristics that require a particular type of body on account of their technical competence, and their high degree of specialisation.

Law enforcement cooperation and capacity building is a task that for reasons of security and accountability is entrusted to a limited number of entities at the EU level with a specific mandate.

For the support to investigations including analysis of cross-border serious and organised crime that affect more than one EU Member State and possibly third countries, Europol has been entrusted with such a mandate. Additionally, the operational cooperation between the Partner countries and Europol is beneficial not only for the Partner countries, but also for the Member States' and the EU's security in general. It is indeed in the EU's interest that Europol can support Member States in their investigations on organised crime when this involves Partner countries. This corresponds to Europol's mandate. The current increase in activities from OCGs originating from Partner countries requires measures to be taken with the objective to stimulate a joint operational response to this threat. The sensitive nature of these tasks and the special nature of the action require the unique expertise of Europol and its capacity to tap into the expertise of Member States' law enforcement authorities. In this case, the action aims to complement the work Europol does in support of Member States, covered by its functioning budget, and enables – through the provision of dedicated financial means – the Partner countries to actively contribute to the fight against serious and organised crime in cooperation with the EU.

CEPOL is tasked to support, develop, implement and coordinate training for EU Member States and third country law enforcement officials, in particular from the countries that are candidates for the accession to the Union and the countries under the European Neighbourhood Policy. Moreover, CEPOL may manage dedicated Union External Assistance funds to assist third countries in building their capacity in relevant law enforcement policy areas, in line with the established priorities of the Union¹⁷. Therefore, the planned action falls

¹⁶ www.sanctionsmap.eu Please note that the sanctions map is an IT tool for identifying the sanctions regimes. The source of the sanctions stems from legal acts published in the Official Journal (OJ). In case of discrepancy between the published legal acts and the updates on the website it is the OJ version that prevails.

¹⁷ Regulation (EU) 2015/2219, Article 4

fully within the legal mandate of CEPOL. In this context Partner countries need for the period of this project to benefit from CEPOL's expertise to allow them to improve their capacities, analyse their training gaps, set up their own training programmes and overall be enabled to operationally better fight organised crime.

The European Union Agency for Law Enforcement Training is in the privileged position in the EU internal security architecture to be able to reach out to the law enforcement staff of the EU Member States and third countries concerned. Hence, it can design and deliver joint activities for the EU and third country officials and foster law enforcement cooperation between the EU and its neighbours. The Agency is also unique in so far as its multidisciplinary training approach in covering all respective national security branches under the law enforcement umbrella being relevant to crime phenomena, law enforcement techniques, methodologies or other aspects. Furthermore, the Agency is tasked by its Regulation to prepare multi-annual strategic training needs assessments in the EU, allowing designing evidence-based multi-annual training programmes (Article 4). To plant such a model in the Eastern Neighbourhood region is paramount in order to navigate capacity building efforts of the EU and support third countries to better structure their own resources in training. In case of the EU JHA agencies, they also offer the possibility for an increased partnership between all EU Member States and the Partner countries. Moreover, the required expertise for the trainings heavily builds on CEPOL's capacity to draw on Member States' expertise in the field. Indirect management through Member States Agencies and consortia thereof mostly enhance partnerships only with the EU Member States that are part of the implementing consortium, while the EU JHA agencies broaden the scope. The resort to an EU Agency in this case also builds on the experience and the lessons learned from the previous regional programme on Police Cooperation.

UNICRI, the international organisation identified above, is currently undergoing an ex-ante assessment of its systems and procedures. Based on its compliance with the conditions in force at the time - previously other indirect management actions were awarded to the organisation and the long-lasting co-operation has been problem-free. The international organisation can also now implement this action under indirect management. This assessment is pending the finalisation of the ex-ante assessment, and, where necessary, subject to appropriate supervisory measures in accordance with Article 154(5) of the Financial Regulation.

UNICRI assists governments and the international community in tackling the threats that crime poses to peace, security and sustainable development by fostering just and efficient criminal justice systems, the formulation and implementation of improved policies and the promotion of national self-reliance through the development of institutional capacity. The tasks foreseen under this action hence fall under UNICRI's mandate. A limited amount of entities is available to work in this field so UNICRI's expertise is needed due to the special nature of the tasks foreseen in the action.

The entrusted entities would carry out budget-implementation tasks necessary to achieve the results outlined in section 4.1.

If negotiations with one of the above-mentioned entities fail, that part of this action may be implemented in indirect management with pillar-assessed EU Member States' Agencies and consortia thereof. The implementation by these alternative entities would be justified because of the action – dealing with the security sector of a country – requires a particular type of

body, namely law enforcement entities, on account of their technical competence, their high degree of specialisation or their administrative powers.

5.4 Scope of geographical eligibility for procurement and grants

The geographical eligibility in terms of place of establishment for participating in procurement and grant award procedures and in terms of origin of supplies purchased as established in the basic act and set out in the relevant contractual documents shall apply, subject to the following provisions.

The Commission's authorising officer responsible may extend the geographical eligibility on the basis of urgency or of unavailability of products and services in the markets of the countries concerned, or in other duly substantiated cases where the eligibility rules would make the realisation of this action impossible or exceedingly difficult.

5.5 Indicative budget

	EU contribution (amount in EUR) 2019	EU contribution (amount in EUR) 2020	Indicative third party contribution, in currency identified
Specific Objective 1 composed of:	1,000,000	5,000,000	
- Indirect management with CEPOL			
Specific Objective 2 composed of:	2,500,000		
- Indirect management with Europol			
Specific Objective 3 composed of:	1,500,000		
- Indirect management with UNICRI			
Total	5,000,000	5,000,000	

5.6 Organisational set-up and responsibilities

The responsibility of the programme lies with the Commission. The steering of the projects will be led by Directorate-General for Neighbourhood and Enlargement Negotiations.

Each contract will have a Steering Committee meeting which will be chaired by the Commission and will include representatives of other concerned Directorate-General of the Commission (e.g. HOME, JUST), the EU Delegations, the JHA agencies and representatives from Partner countries. For components 1 and 2, a back to back or partially joint steering committee can be envisaged. The steering committee shall meet at least once per year to provide an update on the annual activities and for the monitoring of the implementation.

Each implementing partner will provide the Secretariat of the Steering Committee for their respective components.

The Commission will ensure, with the support of the implementing partners, the coordination and communication with the interested stakeholders, including relevant Commission services and EU Delegations.

5.7 Performance and Results monitoring and reporting

Performance measurement will be based on the intervention logic and the logframe matrix, including its indicators.

- Performance measurement will aim at informing the list of indicators that are part of the logframe matrix.
- In certain cases, mainly depending on when the monitoring exercise is launched, contribution to the outcomes will also be part of monitoring and for this to happen indicators defined during planning/programming at the outcome level will be the ones for which a value of measurement will need to be provided.
- In evaluation, the intervention logic will be the basis for the definition of the evaluation questions. Evaluations will mainly focus on the spheres of direct (outcomes) and indirect (impacts) influence. As such, indicators defined for these levels of the intervention logic will be used in evaluation. Depending on the specific purpose and scope of the evaluation exercise, additional indicators will be defined.

Monitoring is a management tool at the disposal of the action. It is expected to give regular and systemic information on where the action is at any given time (and over time) relative to the different targets. Monitoring activities will aim to identify successes, problems and/or potential risks, so that corrective measures are adopted in a timely fashion. Even though it is expected to focus mainly on the actions' inputs, activities and outputs, it is also expected to look at how the outputs can effectively lead to the aimed outcomes.

The day-to-day technical and financial monitoring of the implementation of this action will be a continuous process, and part of the implementing partner's responsibilities. To this aim, the implementing partner shall establish a permanent internal, technical and financial monitoring system for the action and elaborate regular progress reports (not less than annual) and final reports. Every report shall provide an accurate account of implementation of the action, difficulties encountered, changes introduced, as well as the degree of achievement of results (outputs and direct outcomes), as measured by corresponding indicators, using as reference the logframe matrix (for project modality) or the partner's strategy, policy or reform action plan list (for budget support).

SDGs indicators and, if applicable, any jointly-agreed indicators as, for instance, per Joint Programming document should be taken into account.

The report shall be laid out in such a way as to allow monitoring of the means envisaged and employed and of the budget details for the action. The final report, narrative and financial, will cover the entire period of the action implementation.

The Commission may undertake additional project monitoring visits both through its own staff and through independent consultants recruited directly by the Commission for independent monitoring reviews (or recruited by the responsible agent contracted by the Commission for implementing such reviews).

5.8 Evaluation

Having regard to the nature of the action, a mid-term and a final evaluation will be carried out for this action or its components via independent consultants contracted by the Commission.

The mid-term evaluation will be carried out for learning purposes, in particular with respect to possible needs to re-adjust the programme in line with the implementation development.

The final evaluation will be carried out for accountability and learning purposes at various levels (including for policy revision), taking into account in particular the fact that a possible second phase can be programmed on the basis of the lessons learned.

The Commission shall inform the implementing partner at least 30 days in advance of the dates foreseen for the evaluation missions. The implementing partner shall collaborate efficiently and effectively with the evaluation experts, and inter alia provide them with all necessary information and documentation, as well as access to the project premises and activities.

The evaluation reports shall be shared with the Partner country and other key stakeholders. The implementing partner and the Commission shall analyse the conclusions and recommendations of the evaluations and, where appropriate, in agreement with the Partner country, jointly decide on the follow-up actions to be taken and any adjustments necessary, including, if indicated, the reorientation of the project.

The financing of the evaluation shall be covered by another measure constituting a financing Decision.

5.9 Audit

Without prejudice to the obligations applicable to contracts concluded for the implementation of this action, the Commission may, on the basis of a risk assessment, contract independent audits or expenditure verification assignments for one or several contracts or agreements.

The financing of the audit shall be covered by another measure constituting a financing Decision.

5.10 Communication and visibility

Communication and visibility of the EU is a legal obligation for all external actions funded by the EU.

This action shall contain communication and visibility measures that shall be based on a specific Communication and Visibility Plan of the Action, elaborated at the start of implementation. The different visibility plans of the three components need to ensure a coordinated communication approach.

In terms of legal obligations on communication and visibility, the measures shall be implemented by the Commission, the Partner country (for instance, concerning the reforms supported through budget support), contractors, grant beneficiaries and/or entrusted entities. Appropriate contractual obligations shall be included in, respectively, the financing agreement, procurement and grant contracts, and delegation agreements.

The Communication and Visibility Requirements for European Union External Action (or any succeeding document) shall be used to establish the Communication and Visibility Plan of the Action and the appropriate contractual obligations.

APPENDIX - INDICATIVE LOGFRAME MATRIX (FOR PROJECT MODALITY)

	Results chain: Main expected results (maximum 10)	Indicators (at least one indicator per expected result)	Sources of data	Assumptions
Impact (Overall Objective)	Reduction of organised and serious international crime in the Eastern Neighbourhood region; <i>As per section 4 of the Action Document</i>	Extent to which the threat situation in the Partner countries (e.g. their position on the threat scale) has improved;	Reports and assessments by EU and UN agencies, international organisations and international/local NGOs; media reports (UNODC threat assessment, Europol SOCTA or Interpol's Millennium project)	<i>Not applicable</i>
Outcome(s) (Specific Objective(s))	<u>Specific objective component 1 and 2:</u> Strengthened strategic and operational cooperation between law enforcement authorities in the Partner countries, EU Member States and EU Agencies; <u>Specific objective component 3:</u> Increased capacity to recover assets linked to organised criminal activity;	Extent to which Partner countries actively participate in investigations in Partner countries and EU Member States (e.g. High Value Target, trafficking in human beings); Number of cross-border operations against serious and organised crime including Operational Task Forces to tackle High Value Targets and Joint Investigation Teams; Extent to which progress has been made on ongoing cases for tracing, freezing, seizure and recovery of stolen assets and initiation of new cases;	Project progress and monitoring reports, Europol records, judicial records in Partner countries and EU Member States, media;	- The governments of the beneficiary countries are committed to cooperate both at a national and regional level. - All institutions involved in the project are committed to the overall objective and purpose of the action throughout the duration of the project.
Outputs	<u>Component 1</u> • Enhanced capacities of law enforcement authorities in Eastern Partner countries to fight against organised and serious international crime on the basis of the needs analysis conducted;	Number of law enforcement officers trained (women and men); <i>(note: specific indicators will be defined during the inception phase once the training programme has been established)</i>	Project progress and monitoring reports, CEPOL records; The completed Training Needs	- Sufficient capacities at national and regional levels can be mobilised for participation in the activities. - The security

	<p><u>Component 2</u></p> <ul style="list-style-type: none"> • Enhanced operational and strategic cooperation with the EU Member States and Agencies including through EMPACT; • Enhanced intelligence-based operational planning in the countries of the Eastern Neighbourhood region; • Partner countries' institutional knowledge and capacity on EU Policy Cycle priorities strengthened and cooperation within EMPACT increased; <p><u>Component 3</u></p> <ul style="list-style-type: none"> • Improved coordination with multiple stakeholder within the legal system with respect to financial investigations; • Improved and sustainable capacity in the tracing, freezing, seizing, confiscation, recovery and management of assets; 	<p>Extent to which the operational and strategic cooperation between Eastern Partner and EU law enforcement authorities in the framework of ongoing cases has increased;</p> <p>Number of best practices identified in the course of the joint investigations;</p> <p>Number of intelligence-based contacts between law enforcement officials for planning purposes in the framework of ongoing cases;</p> <p>Extent to which Partner countries are invited and participate in key meetings and conferences (women and men);</p> <p>Extent to which Partner countries' law enforcement officers are aware and cooperating with their Policy Cycle counterparts;</p> <p>Extent to which progress has been made on ongoing cases for tracing, freezing, seizure and recovery of stolen assets and initiation of new cases;</p> <p>Number of officials trained (women and men);</p> <p>Number of peer-to-peer missions carried out;</p> <p>Number of study visits conducted;</p> <p>Value of the assets confiscated;</p> <p>Number of asset management plans set up;</p>	<p>Assessment and SOCTA;</p> <p>Project progress and monitoring reports and meeting summaries, media, Europol records;</p> <p>Project progress and monitoring reports, judicial records, media;</p>	<p>situation in the beneficiary countries will not deteriorate.</p>
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ANNEX 2

of the Commission Implementing Decision on the ENI East Regional Action Programme 2019 Part 3 (including one action on budget 2019 & 2020), to be financed from the general budget of the European Union

Action Document for Structural Reform Facility (2) – ENI East

ANNUAL

This document constitutes the annual work programme in the sense of Article 110(2) of the Financial Regulation and action programme/measure in the sense of Articles 2 and 3 of Regulation N° 236/2014.

1. Title/basic act/ CRIS number	Structural Reform Facility (2) - ENI East CRIS number: ENI/2019/041-973 financed under the European Neighbourhood Instrument	
2. Zone benefiting from the action/location	Six Eastern Partnership countries (EaP countries): Armenia, Azerbaijan, Belarus, Georgia, Republic of Moldova, Ukraine The action shall be carried out at the following location: EaP countries	
3. Programming document	Regional East Strategy Paper (2014-2020) and Multiannual Indicative Programme (2017-2020)	
4. Sustainable Development Goals (SDGs)	Goal 1: No poverty, Goal 8: Decent Work and Economic Growth, Goal 10: Reduced inequalities	
5. Sector of intervention/ thematic area	Structural reforms, economic development, good governance	DEV. Assistance: YES
6. Amounts concerned	Total estimated cost: EUR 7 000 000 Total amount of European Union (EU) contribution EUR 7 000 000	
7. Aid modality(ies) and implementation modality(ies)	Project Modality: Indirect management with entrusted entities to be selected in accordance with the criteria set out in section 5.3.1	
8 a) DAC code(s)	15110 Public sector policy and administrative management	

	16010 Social/ welfare services 16020 Employment policy and administrative management 24010 Financial policy and administrative management 25010 Business support services and Institutions 25020 Privatisation			
b) Main Delivery Channel	Multilateral organisation – 40000			
9. Markers (from CRIS DAC form)¹	General policy objective	Not targeted	Significant objective	Principal objective
	Participation development/good governance	<input type="checkbox"/>	X	<input type="checkbox"/>
	Aid to environment	X	<input type="checkbox"/>	<input type="checkbox"/>
	Gender equality and Women's and Girl's Empowerment ²	<input type="checkbox"/>	X	<input type="checkbox"/>
	Trade Development	<input type="checkbox"/>	X	<input type="checkbox"/>
	Reproductive, Maternal, New born and child health	X	<input type="checkbox"/>	<input type="checkbox"/>
	RIO Convention markers	Not targeted	Significant objective	Principal objective
	Biological diversity	X	<input type="checkbox"/>	<input type="checkbox"/>
	Combat desertification	X	<input type="checkbox"/>	<input type="checkbox"/>
	Climate change mitigation	X	<input type="checkbox"/>	<input type="checkbox"/>
	Climate change adaptation	X	<input type="checkbox"/>	<input type="checkbox"/>
10. Global Public Goods and Challenges (GPGC) thematic flagships	N/A.			

SUMMARY

Building on the result of the Structural Reform Facility (1), the objective of the Structural Reform Facility (2) (the Facility) is to contribute towards the development of sustainable and equitable economic growth models in the Eastern Partnership (EaP) countries, which can generate more investments and improve socio-economic conditions and employment opportunities for citizens. To this end, the Facility will support the design and implementation of structural reforms in the following areas:

- Business and investment climate and financial infrastructure;
- Human capital, including labour market and social protection;
- Economic governance and sustainability of public finances;

¹ When a marker is flagged as significant/principal objective, the action description should reflect an explicit intent to address the particular theme in the definition of objectives, results, activities and/or indicators (or of the performance / disbursement criteria, in the case of budget support).

² Please check the Minimum Recommended Criteria for the Gender Marker and the Handbook on the OECD-DAC Gender Equality Policy Marker. If gender equality is not targeted, please provide explanation in section 4.5.Mainstreaming.

- Reinforcing the rule of law and good governance.

It will do so by leveraging the unique technical expertise of International Financial Institutions and international organisations, which will also allow achieving a stronger alignment of policy messages towards beneficiaries, to engage in a coherent and coordinated policy dialogue in view of supporting the implementation of structural reforms in the region.

The Facility will also seek to contribute to Pillar 3 of the External Investment Plan (EIP) in order to support the improvement of economic policy as well as business and institutional environment in EaP countries, which are critical factors to ensure that investment under the EIP can materialise.

In particular, the Structural Reform Facility (2) will build on the preliminary results of the Structural Reform Facility (1) that stress the needs to support the development of capital markets, non-banking sectors, fiscal governance, gender economic development policies, and improve state-owned enterprises corporate governance, while supporting the development of the Public Private Partnerships. In addition, the Structural Reform Facility (2) will also focus on the structural reforms needed to improve social services and education.

1. CONTEXT ANALYSIS

1.1 Context Description

Structural reforms refer to changes in the broad fabric of the economy, including the function of government. They are meant to address longer-term aspects in the structure of a country's economic framework and tackle obstacles to the fundamental drivers of growth by liberalising labour, product and service markets, thereby encouraging job creation and investment as well as improving productivity. They are designed to boost an economy's competitiveness, growth potential and adjustment capacity. The type of structural reforms can be wide-ranging, spanning from liberalisation of labour market laws, business regulations, implementation of social safety nets to modernisation of judicial sectors. These reforms have been a central element of the policy response to the 2008 economic and financial crisis, together with fiscal and monetary policies for the EU in particular, as well as for G20 countries, which have collectively made several structural policy commitments in their national growth strategies.

According to the April 2019 Regional Economic Outlook report from the International Monetary Fund (IMF)³, economic growth in the region stabilized after recovering from large external shocks during 2014–16, benefiting from efforts to strengthen macroeconomic policy frameworks.. Following a series of crises in recent years, countries of the region seem now to be on a path towards recovery, even if facing a slight moderation of economic growth in 2019 due to the worsening external environment. The recovery path is also helped by continued supportive domestic macroeconomic policies in most countries.

However, the IMF highlights that the main medium-term policy challenge remains boosting potential growth and income convergence with structural reforms. Gains from past reforms are largely exhausted and speeding up convergence is now more challenging. This would require strengthening institutions by improving public sector efficiency, including through restructuring state-owned enterprises and enhancing public sector investment management

³ <https://www.imf.org/en/Publications/REO/MECA/Issues/2019/04/17/reo-menap-cca-0419>.

frameworks; and improving labour supply by raising participation rates and reducing structural unemployment. As economic risks remain tilted to the downside, the importance of consolidating the foundations for sustainable and equitable economic growth should therefore be the priority.

In addition, the latest edition of European Bank for Reconstruction and Development (EBRD) transition report⁴ puts the spotlight on inequality and inclusion, explaining how a failure to deliver a fair distribution of the fruits of progress may lead to setbacks in political and economic development. It also explores the causes of inequality of opportunity and looks at how to strengthen financial inclusion.

Accompanying the EU Eastern Partners in implementing structural reforms that will lead to reducing inequalities, bringing equal opportunities to all and building more inclusive society will be key, not the least to ensure that the EU Neighbourhood policy bring tangible results to the people of the EU partner countries.

The prioritisation of structural reforms will depend on a number of factors affecting each country differently, including macroeconomic conditions, the interplay between demand and supply policies, the pay-offs between different types of reforms, the resource space to finance them, the social buy-in for difficult reforms, and the country's position in the economic cycle, among others. Typically, for transition economies, the largest productivity pay-offs are associated with reforms that improve market functioning (addressing in particular infrastructure, labour market and business regulation reforms, as well as development of capital markets). These economies, which are normally faced with limited policy space and output below potential, may prioritise the need for reforms that yield long-term pay-offs with those that have shorter-term benefits or can be implemented in a budget neutral fashion.

1.2 Policy Framework (Global, EU)

A sound regulatory and institutional environment is essential for improving competitiveness, encouraging investment, fostering employment creation, raising living standards and producing sustainable growth. Against this background, the European Union has identified the implementation of structural reforms as a priority to set economic recovery on a sustainable path, unlock growth potential, raise living standards and support the process of convergence in the EU. To help EU Member States effectively design and implement such reforms, the Commission set up the Structural Reform Support Service (SRSS) in July 2015⁵.

The overall framework of the EU cooperation with the EaP countries is provided by the **European Neighbourhood Policy** (ENP)⁶. The ENP, launched in 2004 and reviewed in 2015, aims to achieve the closest possible political association and the greatest possible degree of economic integration with the EU of its Southern and Eastern neighbour countries. Its focus is to foster stability, security and prosperity in the countries closest to its borders. The European Neighbourhood Instrument (ENI)⁷, established in 2014, is the key EU financial instrument dedicated to the neighbourhood countries for the period 2014-2020. The objective

⁴ <http://www.ebrd.com/documents/oce/transition-report-201819-work-in-transition.pdf>

⁵ https://ec.europa.eu/info/departments/structural-reform-support-service_en.

⁶ https://eeas.europa.eu/topics/european-neighbourhood-policy-enp_en.

⁷ <http://eur-lex.europa.eu/LexUriServ/LexUriServ.do?uri=OJ:L:2014:077:0027:0043:EN:PDF>.

of the ENI is to achieve progress towards ‘an area of shared prosperity and good neighbourliness’ between EU member states and their Eastern neighbours.

The ENP was further developed through the **EaP**⁸, which is a joint initiative of the EU and Armenia, Azerbaijan, Belarus, Georgia, Moldova and Ukraine. It was launched in 2009 and forms a specific dimension of the ENP. The EaP aims to create the conditions for accelerated political association, deeper economic integration between the EU and its partners and closer business-to-business and people-to-people contacts. A 2015 review of the ENP and the Riga Summit (May 2015) discussions confirmed the need for a more tailored and differentiated approach to the Eastern partners. Therefore, on the EaP bilateral level, the EU is committed to establishing strong and mutually beneficial cooperation with all six partners. The scope and depth of cooperation are determined by the ambitions and needs of the EU and the partners, as well as by the pace of reforms in the EaP countries.

The **bilateral relations** of the EU and Georgia, Moldova and Ukraine are based on the Association Agreements/Deep and Comprehensive Free Trade Areas (AA/DCFTAs) concluded in 2014. These agreements aim at strengthening the political association and economic integration. They constitute a plan of reforms that will bring the partner countries closer to the EU by aligning their legislation and standards with those of the EU, and improve peoples’ lives in a tangible way. A tailored approach was applied to the relations with Armenia, Azerbaijan and Belarus, thereby reflecting their aspirations.

The relations with Armenia are regulated by the new Comprehensive and Enhanced Partnership Agreement (CEPA) between Armenia and the EU provisionally entered into force in June 2018. The CEPA was signed on November 24, 2017 and ratified by the National Assembly of Armenia with a unanimous vote on April 11, 2018. The bilateral relations with Azerbaijan are set out in a specific PCA (1999). Azerbaijan is committed to enhance political cooperation and progressive but selective economic integration with the EU. The EU is negotiating with Azerbaijan a new bilateral agreement which would better reflect the EU’s and Azerbaijan’s respective interests and values. The strategic objectives of the EU and Armenia and Azerbaijan cooperation are set in the ENP Action Plans.

In this context, the EU and its partners confirmed at the Eastern Partnership Summit, which took place in November 2017 in Brussels, the areas of market opportunities and economic development, as well as strengthening institutions and good governance, as key priorities for future cooperation. These objectives were further developed into the Staff Working Document "20 deliverables for 2020"⁹, which includes clear reform objectives in these areas.

In addition, in the context of the implementation of the External Investment Plan (EIP)¹⁰, there is a need to intensify support for the improvement of the economic policy, business and institutional environment which is a critical factor to ensure that investment financed under the EIP can materialise.

1.3 Public Policy Analysis of the partner country/region

I. Improving the business and investment climate and infrastructure:

⁸ https://ec.europa.eu/neighbourhood-enlargement/neighbourhood/eastern-partnership_en.

⁹ Joint Staff Working Document "Eastern Partnership - Focusing on key priorities and deliverables": https://ec.europa.eu/neighbourhood-enlargement/sites/near/files/near-eeas_joint_swd_2016467_0.pdf.

¹⁰ https://ec.europa.eu/europeaid/eu-external-investment-plan-factsheet_en.

The EaP countries have, for the most part, engaged in a serious effort towards structural reforms to improve the business climate. Georgia is among the top 10 in the world for ease of doing business in 2018 according to the World Bank's Doing Business Report¹¹. As a group, they have shown a steady increase relative to their own benchmarks as well as to other countries, and have steadily increased their positions in the global ranking (Georgia: 6, Belarus: 37, Armenia: 41, Moldova: 47, Azerbaijan: 25, and Ukraine: 71) out of 190 countries.

However, they still face challenges which prevent firms from realising their full potential, and in particular SMEs, which represent, on average, 95% of the firms in EaP countries, as in the EU. SMEs in the EaP have the potential to make a significant contribution to job creation and to drive economic growth. Typical challenges are: limited access to finance, constraints in accessing new markets, constant changes in new, inconsistent and burdensome legislation, lack of relevant skills to grow their businesses and a difficult operational environment encompassing high tax rates, corruption, bureaucracy and political instability.

By supporting a comprehensive diagnostic of the short-falls and potential reforms in the investment climate, the action will allow EaP countries to identify short and long term reforms that can ultimately yield high economic and social pay-offs through increased foreign and domestic investment, a more dynamic productive sector, additional export potential, a balanced and sustainable economic growth model, and ultimately more job opportunities for its citizens.

II. Bridging the skills gap, investing in human capital and social protection:

Investing in human capital by addressing the mismatch between demand (labour market) and supply (primary, secondary, university and technical and vocational education and training - TVET educations) factors, should contribute to increase potential employment opportunities for youth, and to help firms find the type of skills they need to compete in a more open and digitalised international economy. For education and employment opportunities to be equitable, well targeted social safety nets need to be in place to accompany job-seekers with unemployment protection and re-training opportunities, among other active labour market policies. In addition, supporting shared and balanced growth, in particular ensuring the full participation of regions in the development of countries, and all the segment of the population (age, geography, sex, religion, disabilities...) are key to respond to the expectation of citizens.

III. Strengthening economic governance and public finance sustainability:

A stable and credible macro-economic framework is fundamental for a sustainable economic development model to prosper. Strong and independent regulators and institutions, including those focused on consumer protection and social representation, are key to the development of the private sector. In addition, prudent and transparent fiscal and monetary policies are key to anchor investors' expectations and increase investment opportunities.

¹¹ http://www.doingbusiness.org/content/dam/doingBusiness/media/Annual-Reports/English/DB2019-report_web-version.pdf.

IV. Reinforcing the rule of law and good governance:

Respect for fundamental rights, legal certainty and confidence in a legal system is crucial for individuals and businesses alike. The rule of law and good governance create the stable and predictable environment which allows businesses to plan and prosper and which attracts investments.

1.4 Stakeholder analysis

A comprehensive, centralised and coordinated approach to the design and implementation of structural reforms would have the added advantage of further leveraging EU funds to achieve results in key policy areas where the stronger technical expertise may lie with partner IFIs and international organisations. By tapping into this expertise, we could achieve a stronger alignment of policy messages between institutions and towards beneficiaries.

The following core stakeholders will be involved in programme activities and become the main partners in implementation of the action:

- International Finance Institutions and International Organisations as providers of policy advice and technical assistance to partner governments, including through macro-economic policy conditionality.
- Competent authorities within national governments in charge of coordinating horizontal policy priorities and implementing sectorial ministries.
- Other stakeholders such as regional and local governments, civil society organisations (e.g. NGOs, academia, professional associations, etc.) could be involved in and potentially benefit from certain specific activities.
- Member States, as possible providers of technical and policy advice through twinning programmes or bilateral initiatives.

1.5 Problem analysis/priority areas for support

The action addresses the following four priority areas:

I. Improving the business and investment climate and infrastructure:

Possible areas of structural reform addressing the business climate and infrastructure could include, but not be limited to:

- regulatory obstacles and institutional framework for economic activities;
- trade and trade related policies (including non-tariff issues such as sanitary and phytosanitary measures and technical barriers to trade, public procurement rules, etc.);
- investment policy, (minority) investor protection and property rights (including intellectual property)
- market surveillance / quality infrastructure (inspection, standards, etc.)
- competition and anti-monopoly policies
- SME policies;
- financial markets, including: access to finance/access to market; financial services, financial infrastructure and financial inclusion; insurance sector.
- central banking, financial and macro-prudential supervision.

II. Bridging the skills gap, investing in human capital and social protection:

Possible areas of structural reform of the skills gap and human capital could include, but not be limited to:

- education and labour market reforms;
- reform of social protection systems (including pension systems);
- reform of public health system (including health related pricing and reimbursement policies, and regulation of healthcare operators).

III. Strengthening economic governance and public finance sustainability:

Possible areas of structural reform addressing economic governance could include, but not be limited to:

- prioritisation, preparation and implementation of public investments;
- reform of the governance of state-owned enterprises (SOEs);
- Tax and fiscal policies (fight against tax evasion, tax efficiency, addressing both redistribution and “pre-distribution” aspects);
- land property and registration, energy and transport reforms;
- Public finance management (including public expenditure and financial accountability).

IV. Reinforcing the rule of law and good governance:

Possible areas of structural reform addressing the rule of law and good governance could include, but not be limited to:

- Commercial justice;
- Anti-corruption;
- Enforcement of the rule of law

The priority areas are not exclusive to specific grants under the action, and several of the areas can be targeted by one single contract.

2. RISKS AND ASSUMPTIONS

Risks	Risk level (H/M/L)	Mitigating measures
Lack of broad based social buy-in for identified structural reforms.	H	The financed actions will have specific outreach activities with key civil society representatives and other public and private relevant stakeholders.
Political instability or short-term focus derails long-term reforms efforts.	H	Structural reforms should be realistically sequenced, costed, and promoted to obtain sufficiently large political buy-in for their implementation.

EU visibility and policy dialogue is diluted in favour of implementing partners.	M	A steering committee for each component will be created to ensure a regular and coherent implementation of the relevant reforms throughout the region and in particular of the policy dialogue linked to the action.
Assumptions		
<p>Governments' resolve to carry out the recommended reforms, and efficient cooperation between stakeholders.</p> <p>Political and economic stability.</p> <p>Continued interest and commitment from implementing partners of the action.</p>		

3. LESSONS LEARNT AND COMPLEMENTARITY

3.1 Lessons learnt

The approach towards the implementation of complex structural reforms in many EaP countries has been in general piecemeal. Numerous reforms in different areas have been started, but not always with an appropriate prioritisation and/or sequencing of the steps needed to ensure their adequate implementation. Some reforms were subject to the shifts in the political environment and not sufficiently supported by a broad base of stakeholders, hampering their implementation. In addition, different international institutions and/or development partners are involved in the design and/or implementation of these reforms, while not always fully coordinated amongst each other.

Therefore, the EU foresees the necessity to ensure a more enhanced cooperation with the international organisations, including the IMF and the World Bank, on the design and implementation of structural reforms and ensure a more coordinated policy dialogue with the beneficiaries. Through a centralised structural reform facility in support of these reforms, the EU aims to progress towards this more coordinated approach.

As most structural reforms supported by the EU in the EaP countries have been channelled through the bilateral cooperation envelopes, at a regional level there has been a lack of a coherent approach to similar reforms. Through the Facility, both delegations and implementing partners, and beneficiaries, can benefit from the aggregated knowledge to prepare their own bilateral interventions while ensuring an overall coherence with similar initiatives.

The action also draws on lessons learned from the SIGMA programme, which has been under implementation for over 20 years in both the IPA and ENI contexts. In particular, the governance structure of the action and implementation arrangements are partly based on those of SIGMA. The EU delegations of ENI East have also been consulted in the preparation of the Structural Reform Facility.

The action also draws on lessons learned from the identification stage of the first phase of the Structural Reform Facility (1) created in 2017. In 2018, following the adoption of the decision, the following three contracts were signed with the World Bank, the International Monetary Fund and the European Bank for Reconstruction and Development:

- World Bank [1.5 MEUR - Signed in September 2018]

The WB supports the Eastern Partnership countries to carry out a stocktaking exercise on measures and reforms carried out in the financial sector. WB, together with the EU and the Partner countries, will develop Action Plans identifying key reforms and will assist the authorities in their implementation. WB will focus on reforms aiming at improving stability and diversification of the financial sector through the development of non-bank financial institutions and capital markets.

- EBRD [2 MEUR - Signed in August 2018]

The EBRD has undertaken an initial mapping to identify key constraints and priority reform areas in order to improve the business environment and investment climate and identify existing donor-supported technical assistance activities in these areas to avoid future duplication of efforts. EBRD developed country-specific Investment Climate Action Plans and will assist the authorities in their implementation.

- IMF [1.5 MEUR - Signed in December 2018]

The IMF is assisting the authorities in the implementation of pre-identified reforms related to public finance management, including public expenditure and financial accountability.

3.2 Complementarity, synergy and donor co-ordination

Numerous bilateral programmes, both from EU and IFIs, are currently ongoing in the EaP addressing structural reforms in the areas covered under this action (e.g: including SIGMA and SOCIEUX)¹². These can be policy-based interventions, such as budget support or development policy loans, in which disbursements are linked to policy reform in certain areas, or through direct technical assistance for the implementation of reforms, or financing studies, action plans, and/or reviews. Capacity building projects are also in place in most countries to support the administration in increasing their information-gathering and policy design.

Therefore, a strong emphasis will be put to ensure complementarity between regional and bilateral programmes.

For each of the components detailed in section 4.1, and corresponding to the priority areas identified in section 1.1.3, implementers will first map out what actions are taking place and closely liaise with ongoing interventions to maximise potential synergies, and will take stock of past interventions and lessons learned. In order to avoid any overlapping, implementing partners will also seek agreement from the EUD and inform EUD on the implementation of the action plan. EU Delegations will be consulted at every step of the action, which include the contracting of each component. IFIs will have to consult with EUD delegations for the analysis and the implementation phases. In addition, workshops and seminars under the components will be organised with the relevant stakeholders in each of the countries to ensure information exchange and knowledge build-up of best practices.

¹² https://ec.europa.eu/europeaid/social-protection-eu-expertise-development-cooperation-socieux_en
<http://www.sigmaweb.org/about/>.

4. DESCRIPTION OF THE ACTION

4.1 Overall objective, specific objective(s), expected outputs and indicative activities

The overall objective of this action is to contribute towards the development of sustainable and equitable economic growth models in the EaP countries, which can generate more investments and improve socio-economic conditions and employment opportunities for citizens.

The specific objectives are to:

- SO1: Improved macro-economic framework and better definition of public policies
- SO2: Improved governmental design and implementation of structural reforms

To realize these specific objectives, the action will be structured along the following intervention areas:

- Component 1: Business and investment climate and infrastructure
- Component 2: Human capital, including labour market and social protection
- Component 3: Economic governance and sustainability of public finances
- Component 4: Rule of law and good governance

The following outputs can be envisaged under the action, applicable to all components:

- Output 1: Improved policy evidence for governments to prioritise and design structural reforms
- Output 2: Strengthened capacities of partner governments, and the EU, to design and implement structural reforms.

4.2 Intervention Logic

The proposed intervention logic is based on the development of a wide Structural Reform Facility which will serve as a notional umbrella facility in order to, among other things, ensure coherence in the approach to structural reforms in a given sector throughout the region. The Facility would help partner governments and also EU Delegations identify, design and implement structural reforms in identified sectors and through selected partners, which would also allow for a more structured policy dialogue and planning process. The Structural Reform Facility operates through a two phases approach. The interventions under the facility start with a diagnosis/analysis of the situation to allow a prioritisation of actions. The Facility will be implemented through a series of assignments with IFIs and international organisations which will design the actions to be implemented in a flexible and demand-driven approach, in order to properly respond to the needs of the beneficiaries. Drawing in part from the SIGMA model, the implementing partners would work on the basis of periodic action plans prepared through consultations with the partner governments (including through the EaP platform and panels architecture), EU Delegations, geographic HQ services and relevant line DGs.

The Structural Reform Facility (2) will build on the preliminary results of the Structural Reform Facility (1) in particular regarding the needs of technical assistance to support business climate, to develop capital markets, and to enhance fiscal governance. In particular, the first existing components of the Facility notably stress the needs to expand non-banking

sectors, improve state-owned enterprises corporate governance while supporting the development of Public Private Partnerships. The Structural Reform Facility (2) will develop its actions to support these reforms.

A goal of the Structural Reform Facility since its creation is to bridge the skills gap, invest in human capital by addressing the mismatch between demand and supply while developing social safety nets. Therefore, the Structural Reform Facility (2) will also focus on the structural reforms needed to improve social services and education.

4.3 Mainstreaming

To achieve its results, the action could carry out, inter alia, the following main activities:

- Mapping of the state of play of the relevant structural reforms in the EaP countries
- Preparation of in-depth country-specific policy reviews and sectoral/thematic studies
- Support to elaboration of reform Action Plans addressing structural policy gaps
- Support, also to the EU delegations, in the identification, formulation and implementation of selected structural reforms
- Training, knowledge creation and information and experience exchange across the region
- Promotion, outreach and engagement with relevant stakeholders to understand the rationale and impact of reforms
- Assisting the EU during the monitoring and policy dialogue linked to selected sector budget operations focusing on structural reforms
- Consultations with civil society (including social partners) and citizens
- Communication to the wider audience/ citizens on the intent, pace and effects of support

4.4 Contribution to SDGs

This intervention is relevant for the 2030 Agenda. It contributes primarily to the progressive achievement of SDG(s) #1, #8, while also contributing to #10.

5. IMPLEMENTATION

5.1 Financing agreement

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

5.2 Indicative implementation period

The indicative operational implementation period of this action, during which the activities described in section 4 will be carried out and the corresponding contracts and agreements implemented, is 72 months from the date of adoption by the Commission of this Action Document.

Extensions of the implementation period may be agreed by the Commission's responsible authorising officer by amending this Decision and the relevant contracts and agreements.

5.3 Implementation modalities

The Commission will ensure that the EU appropriate rules and procedures for providing financing to third parties are respected, including review procedures, where appropriate, and compliance of the action with EU restrictive measures¹³.

5.3.1 Indirect management with entrusted entities

This action may be implemented in indirect management with several entities which will be selected by the Commission's services using the following criteria: adequate expertise, capacities and long and varied experience in the Eastern Partnership countries and in the domain to be covered. In addition, the entities should have specific expertise in the respective policy domain.

The implementation by these entities entails activities and reaching results as listed under the expected results related to Specific output 1 and 2. For this purpose, the entities need to have sufficient Financial and operational capacity to check through the relevance of the proposed actions related to the objectives, design, effectiveness, feasibility, the sustainability and the cost-effectiveness. The entities should be by preference pillar-assed International Organisations or International Financial Institutions.

5.4 Scope of geographical eligibility for procurement and grants

The geographical eligibility in terms of place of establishment for participating in procurement and grant award procedures and in terms of origin of supplies purchased as established in the basic act and set out in the relevant contractual documents shall apply

The Commission's authorising officer responsible may extend the geographical eligibility based on urgency or of unavailability of products and services in the markets of the countries concerned, or in other duly substantiated cases where the eligibility rules would make the realisation of this action impossible or exceedingly difficult.

5.5 Indicative budget

Action Outputs	EU contribution (amount in EUR)	Indicative third party contribution
Specific output 1 and 2		
Indirect management with entrusted entities cf. section 5.3.1	7 000 000	N.A
Communication and visibility (cf. section 5.11)	included under output 1 and 2	N.A.
Total	7 000 000	0

¹³ www.sanctionsmap.eu Please note that the sanctions map is an IT tool for identifying the sanctions regimes. The source of the sanctions stems from legal acts published in the Official Journal (OJ). In case of discrepancy between the published legal acts and the updates on the website it is the OJ version that prevails.

5.6 Organisational set-up and responsibilities

Each grant under the Facility will have its own steering committee to review the operational aspects of the implementation, including the review of the specific action plans.

Under each contract, EU delegations will be consulted on the preparation of the action plans, and will be informed and invited to participate in the different activities implemented by the partners.

5.7 Performance and Results monitoring and reporting

The day-to-day technical and financial monitoring of the implementation of this action will be a continuous process, and part of the implementing partner's responsibilities. To this aim, the implementing partner shall establish a permanent internal, technical and financial monitoring system for the action and elaborate regular progress reports (not less than annual) and final reports. Every report shall provide an accurate account of implementation of the action, difficulties encountered, changes introduced, as well as the degree of achievement of its results (outputs and direct outcomes) as measured by corresponding indicators, using as reference the Logframe matrix (for project modality) or the partner's strategy, policy or reform action plan list (for budget support).

SDGs indicators and, if applicable, any jointly agreed indicators as for instance per Joint Programming document should be taken into account.

The Commission may undertake additional project monitoring visits both through its own staff and through independent consultants recruited directly by the Commission for independent monitoring reviews (or recruited by the responsible agent contracted by the Commission for implementing such reviews).

5.8 Evaluation

Having regard to the importance and nature of the action, a final evaluation will be carried out for this action or its components through a joint mission contracted by the Commission via an implementing partner. It will be carried out for accountability and learning purposes at various levels (including for policy revision), taking into account in particular the fact that is a pilot initiative.

The Commission shall inform the implementing partner at least 2 months in advance of the dates foreseen for the evaluation missions. The implementing partner shall collaborate efficiently and effectively with the evaluation experts, and inter alia provide them with all necessary information and documentation, as well as access to the project premises and activities.

The evaluation reports shall be shared with the partner country and other key stakeholders. The implementing partner and the Commission shall analyse the conclusions and recommendations of the evaluations and, where appropriate, in agreement with the partner country, jointly decide on the follow-up actions to be taken and any adjustments necessary, including, if indicated, the reorientation of the project.

The financing of the evaluation shall be covered by another measure constituting a financing decision.

Where relevant and where appropriate the provisions included in the framework agreement(s) signed with the contracted entity(ies) will apply

5.9 Audit

Without prejudice to the obligations applicable to contracts concluded for the implementation of this action, the Commission may, on the basis of a risk assessment, contract independent audits or expenditure verification assignments for one or several contracts or agreements.

Where relevant and where appropriate the provisions included in the framework agreement(s) signed with the contracted entity(ies) will apply.

The financing of the audit shall be covered by another measure constituting a financing decision.

5.10 Communication and visibility

Communication and visibility of the EU is a legal obligation for all external actions funded by the EU.

This action shall contain communication and visibility measures which shall be based on a specific Communication and Visibility Plan of the Action, to be elaborated at the start of implementation.

In terms of legal obligations on communication and visibility, the measures shall be implemented by the Commission, the partner country (for instance, concerning the reforms supported through budget support), contractors, grant beneficiaries and/or entrusted entities. Appropriate contractual obligations shall be included in, respectively, the financing agreement, procurement and grant contracts, and delegation agreements.

The Communication and Visibility Requirements for European Union External Action (or any succeeding document) shall be used to establish the Communication and Visibility Plan of the Action and the appropriate contractual obligations.

With regards to the Neighbourhood East, all EU-supported actions shall be aimed at increasing the awareness level of the target audiences on the connections, the outcome, and the final practical benefits for citizens of EU assistance provided in the framework of this action. Visibility actions should also promote transparency and accountability on the use of funds.

Outreaching/awareness raising activities will play a crucial part in the implementation of the action, in the case of budget support the national government shall ensure that the visibility of the EU contribution is given appropriate media coverage. The implementation of the communication activities shall be the responsibility of the implementing organisations, and shall be funded from the amounts allocated to the action.

All necessary measures will be taken to publicise the fact that the action has received funding from the EU in line with the Communication and Visibility Manual for EU External Actions. Additional Visibility Guidelines developed by the Commission (European Neighbourhood Policy and Enlargement Negotiations) will be strictly adhered to.

Where relevant, the provisions of the Financial and Administrative Framework Agreement concluded between the European Union and the selected international organisations shall apply.

It is the responsibility of the implementing organisation to keep the EU Delegations and, where relevant, DG NEAR, fully informed of the planning and implementation of the appropriate milestones specific visibility and communication activities.

The implementing organisation shall report on its visibility and communication actions, as well as the results of the overall action to the relevant monitoring committees.

This action will be communicated externally as part of a wider context of EU support to the country, and where relevant to the Eastern Partnership region in order to enhance the effectiveness of communication activities and to reduce fragmentation in the area of EU communication.

The implementing organisation shall coordinate all communication activities with EU Delegations as well as regional communication initiatives funded by the European Commission to the extent possible. All communication strategies developed as part of this action shall ensure they are in line with the priorities and objectives of regional communication initiatives supported by the European Commission and in line with the relevant EU Delegation's communication strategy under the "EU4Country" umbrella initiative.

APPENDIX – INTERVENTION LOGIC

	Results chain	Indicators	Baselines	Targets by the end of the budget support contract	Sources of data
Expected impact of the policy (Overall objective)	a) Contribute towards the development of sustainable and equitable economic growth models in the EaP countries, which can generate more investments and improve socio-economic conditions and employment opportunities for citizens.	Annual growth rate of real GDP per capita Gini index (Female/male) employment rate dynamics Data on investments	Data for 2019 as defined in the IMF and WB databases as well as in databases of national authorities.	Positive trend by 2022.	IMF database World Bank database National authorities
Expected outcomes of the policy (Specific objective(s))	SO1) Improved macro-economic framework and better definition of public policies. SO2) Improved governmental design and implementation of structural reforms.	1a) Deficits as % of GDP 1b) Indicators used by the Debt Sustainability Analysis in IMF Article IV consultations 1c) WB Doing Business Indicators 1d) Global competitiveness index 2) Extent to which the implementation of structural reforms supported by the EU under this action are on track	Data for 2019 as defined in the IMF database (1a and 1b), WB database (1c) and WEF database (1d). 2) No reforms under this action are in place in 2019.	1a) Positive trend (2022) 1b) Gradual improvement of DSA (2020) 1c) and 1d) Gradual increase in relative position in ranking (2022) 2) Increased number of structural reforms supported and in implementation	1a and 1b) IMF Article IV + programme reports; If Article IV reports are not available on a timely basis national sources could be used (statistical office; central bank, ministry of finance) for the macroeconomic data. 1c) WB Doing Business annual report 2) Structural Reform Facility reports, National texts, statistics, systems (to be further detailed during implementation)
Induced outputs	Improved policy evidence for governments to prioritise and design structural reforms.	Number of structural policy gaps identified.	To be defined after the Steering Committee of the Structural Reform Facility (1) in September 2019	Targets will be defined during implementation phase.	Structural Reform Facility reports and concrete deliverables.
Direct outputs	Strengthened capacities of partner governments, and the EU, to design and implement structural reforms.	Number of structural demands identified for support.			



ANNEX 3

of the Commission Implementing Decision on the ENI East Regional Action Programme 2019 Part 3 (including one action on budget 2019 & 2020), to be financed from the general budget of the European Union

Action Document for Mayors for Economic Growth 2

MULTIANNUAL PROGRAMME

This document constitutes the multiannual work programme in the sense of Article 110(2) of the Financial Regulation and action programme/measure in the sense of Articles 2 and 3 of Regulation N° 236/2014.

1. Title/basic act/ CRIS number	Mayors for Economic Growth 2 CRIS number: ENI/2019/41966 and ENI/2020/42020 financed under the European Neighbourhood Instrument	
2. Zone benefiting from the action/location	Eastern Partnership countries (EaP): Armenia, Azerbaijan, Belarus, Georgia, Moldova, Ukraine. The action shall be carried out in the following location: EaP countries.	
3. Programming document	Programming of the European Neighbourhood Instrument (ENI) - 2014-2020- Regional East Strategy Paper (2014-2020) and Multiannual Indicative Programme (2017-2020).	
4. Sustainable Development Goals (SDGs)	Main SDG: 11 Make cities inclusive, safe, resilient and sustainable. Other significant SDGs: 9 Build resilient infrastructure, promote inclusive and sustainable industrialisation; SGD 5 Achieve gender equality and empower all women and girls.	
5. Sector of intervention/ thematic area	Urban development	DEV. Assistance: YES ¹

¹ Official Development Assistance is administered with the promotion of the economic development and welfare of developing countries as its main objective.

6. Amounts concerned	<p>Total estimated cost: EUR 20 526 316.</p> <p>The total amount of European Union (EU) contribution is EUR 20 000 000.</p> <p>The contribution is for an amount of EUR 10 000 000 from the general budget of the European Union for 2019 and for an amount of EUR 10 000 000 from the general budget of the European Union for 2020, subject to the availability of appropriations for the respective financial years following the adoption of the relevant annual budget or as provided for in the system of provisional twelfths.</p> <p>This action is co-financed in joint co-financing for the amount of 526 316 with a chosen entrusted entity.</p>			
7. Aid modality(ies) and implementation modality(ies)	<p>Project Modality</p> <p>Direct management through Grants</p> <p>Indirect management with the entrusted entity to be selected in accordance with the criteria set out in section 5.3.2</p>			
8 a) DAC code(s)	43030 Urban Development and Management			
b) Main Delivery Channel	50000 - OTHER			
9. Markers (from CRIS DAC form)²	General policy objective	Not targeted	Significant objective	Principal objective
	Participation development/good governance	<input type="checkbox"/>	X	<input type="checkbox"/>
	Aid to environment	<input type="checkbox"/>	X	<input type="checkbox"/>
	Gender equality and Women's and Girl's Empowerment ³	<input type="checkbox"/>	X	<input type="checkbox"/>
	Trade Development	<input type="checkbox"/>	X	<input type="checkbox"/>
	Reproductive, Maternal, New born and child health	X	<input type="checkbox"/>	<input type="checkbox"/>
	RIO Convention markers	Not targeted	Significant objective	Principal objective
	Biological diversity	X	<input type="checkbox"/>	<input type="checkbox"/>
	Combat desertification	X	<input type="checkbox"/>	<input type="checkbox"/>
	Climate change mitigation	X	<input type="checkbox"/>	<input type="checkbox"/>
	Climate change adaptation	<input type="checkbox"/>	X	<input type="checkbox"/>
10. Global Public Goods and Challenges (GPGC)	Human development			

² When a marker is flagged as significant/principal objective, the action description should reflect an explicit intent to address the particular theme in the definition of objectives, results, activities and/or indicators (or of the performance / disbursement criteria, in the case of budget support).

³ Please check the Minimum Recommended Criteria for the Gender Marker and the Handbook on the OECD-DAC Gender Equality Policy Marker. If gender equality is not targeted, please provide explanation in section 4.5.Mainstreaming.

SUMMARY

This action constitutes a follow up of the Mayors for Economic Growth (M4EG) initiative, launched by the European Union (EU) in 2017 to support Mayors and municipalities of the Eastern Partnership (EaP) countries to become active facilitators for sustainable economic growth and job creation.

The M4EG initiative is based on the principle that, by working in partnership with the private sector, public organisations and the civil society, local authorities can help improving the local business environment and create the conditions for private sector-led economic growth and employment generation. Municipalities are supported in the process of designing Local Economic Development Plans (LEDPs) aiming to stimulate economic activity and support local businesses, which also addresses shortcoming in local services which has an impact on employment creation and inclusion of women in the job market. LEDPs shall be based on the fundamental principles of good governance, public-private sector dialogue, transparency, and inclusive development for all, both women and men and marginalised communities.

The first phase of the initiative has recorded unprecedented popularity: over 250 municipalities in the region have committed to the initiative's objectives, 130 plans have been designed in line with the M4EG guidelines, and 16 pilot projects are being implemented in the region.

Participating cities are strongly committed to move towards the implementation of their LEDPs, however they face insufficient access to finance. This is due to multiple factors: scarcity of local government financed programmes, lack of capacity and expertise within the municipalities, difficulty for local authorities and SME to borrow in local currency (lack of collateral, lack of credible bankable projects, and lack of financial knowledge).

The second phase of M4EG will aim at tackling these issues. By stepping up the assistance provided under phase 1, phase 2 will focus mainly on the implementation of LEDPs developed under phase 2 in order to bring real benefits to the citizens. Moreover, phase 2 will have a new focus on the preparation of investment projects (both public and private) and support the implementation of additional pilot projects building on the existing LEDPs. It is aimed at supporting indicatively 15 additional large municipal projects and 50+ smaller-scale projects to tackle particular issues, which require targeted support such (such as sustainable urban planning, innovation, gender, etc.). Geographic balance among countries and within the countries (i.e. capital cities vs regions) will be ensured.

1. CONTEXT ANALYSIS

1.1 Context Description

In recent years, efforts for decentralisation and modernising public administration have pushed central governments in the Eastern Partnership countries to attributing increased responsibilities to local authorities⁴ involving for example management/maintenance of water supply, sanitation and wastewater management, roads, public light, waste (circular economy), schools and kindergartens, social housing, green and disaster proof infrastructure, social integration and shelter as well as other communal services. However, decentralisation initiatives have not always been accompanied by i) an adequate level of autonomy (governance, legislation, accountability), ii) capacity development of local authorities and iii) financial resources to cover their responsibilities, based on the needs of its population (both women and men), leaving their empowerment incomplete.

Indeed, the process of policy formulation on cohesion and territorial development is still highly centralised and vertically organised in all EaP countries while overall capacities of local authorities (LAs) to participate in policy dialogue, to define policies based on the economic, social and environmental considerations and needs of its population and their ability to deliver services are still often weak. Nevertheless, LAs are increasingly taking own initiatives when defining their future development and in influencing central governments on issues that are particularly important at local level.

Insufficient financial viability of local authorities and lack of fiscal decentralisation are a bottleneck in the implementation of local projects: municipalities are often lacking infrastructure projects as investments mainly depend on transfers from the state budget. Often these cannot be allocated or re-allocated without approval from the central government and as a result these transfers of funds are not always timely and predictable. All in all, the state budget for support to municipalities might be adequate to cover operational costs, but are insufficient to undertake investments (6-7% of overall budget). The lack of know-how in the LAs for preparing, tendering, monitoring infrastructural investments, represents a major obstacle for their development and maintenance. Therefore, it needs to be addressed as a priority in order to prevent and tackle regional imbalances and contribute to a successful decentralisation.

It is with the purpose of overcoming a number of obstacles in order to unlock the development potential of local authorities that the EU reaffirms the importance of local and regional authorities in partner countries in achieving their development objectives, based on the best interest of its population (both women and men). It therefore proposes a more strategic engagement for their empowerment⁵.

The first phase of the initiative has recorded unprecedented popularity: over 250 municipalities in the region have committed to the initiative's objectives, 130 plans have been

⁴ In this context the term «Local Authorities» refers to public institutions with legal personality, component of the State structure, below the level of central government and accountable to citizens. Local Authorities are usually composed of a deliberative or policy-making body (council or assembly) and an executive body (the Mayor or other executive officer), directly or indirectly elected or selected at local level. The term encompasses different tiers of government, e.g. villages, municipalities, districts, counties, provinces, regions, etc.

⁵ In continuity and complementarity with the Commission Communication “*Empowering Local Authorities in partner countries for enhanced governance and more effective development outcomes*” (2013).

http://ec.europa.eu/europeaid/what/civil-society/documents/com_2013_280_local_authorities_in_partner_countries_en.pdf

designed in line with the M4EG guidelines (largely based on the World Bank methodology). Participating cities are strongly committed to move towards the implementation of their LEDPs, despite their limited access to finance.

Furthermore 16 cities from 5 out of the 6 countries have received grant funding following a first M4EG regional call for proposals to implement pilot projects based on their LEDPs⁶: in Armenia Sevan; in Belarus Bragin, Glubokoye, Slavgorod; in Georgia Bolnisi, Gori, Tbilisi; in Moldova Cimislia, Edinet, Gagauzia; in Ukraine Baranivka, Nove Misto, Severynivka, Slavutych, Dolyna, Hlyboka. It is to be noted that all pilot projects expect one (Tbilisi) are targeting non-capital cities in the regions.

In addition, throughout the first phase of M4EG, regional networking among EaP mayors has been highly promoted allowing a constant exchange of information and best practices and considerably reinforcing regional cooperation. As such, the first phase of M4EG supported the primary objective of the Eastern Partnership to build a common area of shared democracy, prosperity, stability, and increased cooperation, and can be considered a success.

1.2 Policy Framework (Global, EU)

On the basis of the outcomes of the “*Structured Dialogue on the involvement of Civil Society Organisations (CSOs) and Local Authorities (LAs) in EU Development Cooperation*”, the European Commission Communication *Agenda for Change* recognises both actors as key players in its two pillars. It calls for strengthened “*links with civil society organisations, social partners and local authorities, through regular dialogue and use of best practices*”, in particular to “*support the emergence of a local civil society which can effectively contribute to dialogue with public authorities and to oversee public authorities' work*”, and to “*consider ways of mobilising local authorities' expertise, e.g. through networks of excellence or twinning exercises*”. It also highlights the value of multi-actor partnerships including public actors, civil society, the private sector and local communities.

The 2014 European Commission Communication “*The urban dimension of EU policies – key features of an EU Urban Agenda*”⁷ underlines the essential role that local authorities can play in delivering on policy objectives set at other levels of governance. This is reiterated in 2016 Urban Agenda for the EU⁸ and is at the core of the United Nations New Urban Agenda, which reaffirms the “*commitment to sustainable urban development as a critical step for realizing sustainable development in an integrated and coordinated manner at the global, regional, national, subnational and local levels, with the participation of all relevant actors.*”⁹ The implementation of the New Urban Agenda aims also to contribute to the implementation and localisation of the 2030 Agenda for Sustainable Development, and to the achievement of the Sustainable Development Goals and targets, including Goal 11 of making cities and human settlements inclusive, safe, resilient and sustainable.

Moreover, the importance of LAs has been reconfirmed in the conclusions of the Brussels Eastern Partnership Summit in 2017. The final declaration at the EaP Summit welcomes in

⁶ The full list of projects can be found in Appendix III. More information on the pilot projects is also available at the following link: <http://m4eg.eu/en/funding/awarded/call-for-proposals-mayors-for-economic-growth-pioneer-projects-2017-europeaid155272dhactmultglobal/>

⁷ [COM(2014) 490 final]

⁸ <https://ec.europa.eu/futurium/en/urban-agenda>

⁹ <http://habitat3.org/wp-content/uploads/New-Urban-Agenda-GA-Adopted-68th-Plenary-N1646655-E.pdf>

particular *“the role played by local and regional authorities through the Conference of Regional and Local Authorities for the EaP (CORLEAP) in advancing the objectives of the Partnership at the level of governance that is closest to the people.”*

The Eastern Partnership municipal flagship and the ENI Multiannual Indicative Programme 2017-2020 Regional East put forward the objective of "deepening sustainable economic development and fostering sector cooperation, including on environment and climate change". This is to be done both at national and sub-national level. The Multiannual Programme aims at strengthening local authorities, communities and civil society and business organisations as well as representative social partners to help develop joint solutions to common social, environmental and economic development challenges in the EaP municipalities and to improve good governance at local level.

This objective is also fully in line with deliverable no.6 "Creation of new job opportunities at the local and regional level" under priority I "Economic Development and Market Opportunities" of the [Joint Staff Working Document "Eastern partnership – Focusing on key priorities and deliverables"](#)¹⁰. It also addresses the cross-cutting issues of increasing the engagement with civil society organisations and gender equality and non-discrimination.

1.3 Public Policy Analysis of the partner country/region

The review of the European Neighbourhood Policy (ENP) by the European Commission in 2015 outlined that an accountable public administration, both at central and local level, is key to democratic governance, as well as inclusive economic development. Public administration reform (PAR) to achieve this includes strengthening of democratic and independent institutions, developing local and regional authorities, depoliticising the civil service, developing e-government and increasing institutional transparency and accountability.

Together with appropriate legislation and an independent, well-functioning judiciary, an effective public administration constitutes also the basis for the operation of the market. Investors assess risk by the chief criterion of predictability of administrative decisions, which depends on the stability of the political and institutional environment. Maladministration, in the form of administrative deficiencies and lengthy and unnecessarily complex administrative processes, obstructs economic initiatives of potential domestic and foreign investors, with a negative impact on employment and political stability.

Due to their respective historical legacies, the public administrations of the EaP countries remain largely inefficient. To differing degrees, they face the task of developing urgently needed financial, technical and personnel resources and skills. In addition, institutional and legal frameworks must also be developed which will enable these public administrations to operate effectively. This has resulted in a lack of services to citizens (for instance child care services, which has a direct impact on women's employment and child development).

¹⁰ https://ec.europa.eu/neighbourhood-enlargement/sites/near/files/near-eeas_joint_swd_2016467_0.pdf.

Overall the EaP region is today in the process of significant challenges, expectations and reforms. Important steps have been taken in most of the countries to develop national strategies and to strengthen the legal framework for decentralisation.

PAR and decentralisation processes and trends are closer in the three countries that have signed the Association Agreements with the EU (Georgia, Moldova and Ukraine) and are in the process of implementing its provisions. With EU budget support, regional development reforms have been widely promoted in Ukraine and in Georgia. Armenia, Azerbaijan and Belarus remain highly centralised countries. However, whereas in Armenia some progress towards decentralisation has been made since 2005, in Azerbaijan and Belarus autonomy and exclusivity of powers to the municipalities are not yet fully granted.

Fiscal decentralisation is the second necessary step that is required to bring about fully the transfer of competences. Progress here has been less obvious: the framework for fiscal decentralisation needs to be further specified (Armenia) and implemented (Moldova), while Azerbaijan needs to put fiscal decentralisation on the agenda in the first place.

Economic development is instead core to the policies of the six EaP Governments. With EU support, the three DCFTA countries have elaborated regional development strategies and smart specialisation strategies identifying key priorities for economic modernization are being developed. In addition, other EU programmes facilitating access to finance, in particular the DCFTA facility, support SMEs in the region having access to local currency financing.

Furthermore, the EU has recently agreed with EaP partners countries to select focal regions that will benefit of more targeted support. These are: Brest and Grodno in Belarus; Shirak, Lori and Tavush in Armenia; Lankaran in Azerbaijan; Kakheti, Imereti Racha-Lekhchumi and Kvemo Svaneti and Guria in Georgia; Ungheni and Cahul in Moldova.

1.4 Stakeholder analysis

The main beneficiaries of this Action are the local authorities of the Eastern Partnership countries. In continuity with phase 1, regional authorities will not directly be targeted by the programme, however they will be involved in the programme whenever relevant. The programme will also support civil society organisations and private sector players, as well as the citizens, both women and men, through their involvement in grant projects or as beneficiaries of the results.

National administrations in charge of municipalities will be indirect stakeholders, since their involvement in the programme in support of local authorities is crucial. Cities vary in their degree of administrative and financial independence vis-à-vis the national government. Hence, close cooperation with the national administrations involved in local matters will continue to be sought throughout the programme.

Chambers of commerce, business organisations and associations together with their members, in particular SMEs, will continue to be involved as active partners.

National associations of local authorities¹¹ will also continue to be involved. These play a key role in empowering local authorities to debate issues of common concern and formulate joint positions with the national government, European Union institutions and agencies, but also other relevant society stakeholders, such as civil society organisations, or international donors. They act as irreplaceable hubs for awareness-raising and for capacity-building of the entire local government sector, facilitate networking among local authorities, mediate horizontal know-how transfer, or are active in training of local elected representatives (mayors and councillors) as well as civil servants in local authorities. The associations to be involved under phase 2 may include but not be limited to the ones involved under phase 1:

- Union of Communities (Municipalities) of Armenia;
- National Association of Local Authorities of Georgia (NALAG);
- Congress of Local Authorities from Moldova (CALM);
- Association of Ukrainian Cities;
- Association of small cities of Ukraine.

1.5 Problem analysis/priority areas for support

The main issues in the EaP region and priority areas for support can be summarised as follows.

1. Local authorities:

- Budget / staff
 - Decentralisation process still under development
 - Difficulty to hire qualified staff and to retain them
- Capacities at local level
 - Lack of project management skills from planning to implementation and monitoring (including on infrastructure projects, urban planning, and environmental management)
 - Lack of strategic thinking/ smart specialisation approach (using the resource of the region/ city to attract investment)
 - Lack of skills to collaborate with civil society organisations to identify local needs of its population, both women and men.
 - Lack of knowledge about the role and function of a local authority to attract private investors and not to transform itself into a “private entity”
 - Lack of marketing capacities and access to market (tourism, agriculture, and others)
- Access to finance
 - Legal constraints (LAs cannot borrow) in many EaP countries
 - Lack of collateral
 - Lack of financial literacy
 - High costs of borrowing in local currency

¹¹ The term «Associations of Local Authorities» is to be understood as umbrella organisations based on membership and representativeness at sub-national, national, sub-continental, continental and international level. They may be organised as an autonomous entity in accordance with the legislation in force in the country of registration. Associations of Local Authorities may be composed of a representative body elected by its LA members and a permanent secretariat.

2. Business sector:

- Access finance
 - Lack of compliance (quality, social, environmental)
 - Lack of credible business plan
 - Lack of past track record
 - Lack of collateral accepted by the banks
- Lack of strategy
 - Lack of ideas: need of ideation to bench mark on best practices in other places, including taking into account specific gender needs for business development.
 - Lack of financial literacy that can attract investors or allow to take loans
 - Difficulty to connect to market –need to procuring advices consultancies.

2. RISKS AND ASSUMPTIONS

Risks	Risk level (H/M/L)	Mitigating measures
Recent political developments in the region have brought new opportunities, but also uncertainties regarding future regional cooperation. This could have an impact on the implementation of the project. However, as the project targets local authorities and is of a technical nature, it is envisaged that the cooperation could continue even in a difficult political context.	M/H	Continuous policy dialogue and close monitoring of the political/security situation in the East.
Local authorities in the region do not have similar powers to those in the EU Member States. They have limited experience in implementing sustainable policy or related action plans; and in project design and implementation. They tend to have difficulties in accessing sources of finance in their country or in the international community (IFIs). In particular in Azerbaijan LA have no autonomy, little capacities and practically no budget, while no process of decentralisation is envisaged. The authorities active at local level are the Presidentially appointed 'executive powers' and sections/offices of central Ministries.	M	Continuous dialogue with national level authorities on issues like decentralisation and fiscal autonomy for local authorities. National authorities are to be actively involved in the programme. Continuous dialogue with the Ministry of Justice of Azerbaijan (and other relevant Ministries) and ad hoc assistance to local authorities interested in the initiative.
High turnover of civil servants staff of local authorities, low absorption capacity	M	Support local authorities by targeted trainings and capacity

and inadequate professional competences of civil servants.		building (through TA).
Lack of consistency between local and national development policies may constitute a risk for the success of the programme	L	Continuous dialogue with national authorities on (economic) development policies and objectives, ensuring maximum consistency of the project with national development policies.
There is a risk that LAs do not manage to implement investment projects due to limited access to funding sources.	L	The pilot projects selected shall demonstrate how bankable projects should be designed and how investors can be convinced to invest in local authorities. They will also demonstrate which technical solutions can be envisaged for the investment projects.
Risks related to the purchasing of equipment or procurement of public works.	L/M	In the case of procurement, special care should be given to (i) realistic estimates of prices in applications; (ii) transparent public procurement procedures that are in line with the national procurement rules; (iii) realistic estimates of possible delays in delivery.
Assumptions		
<ul style="list-style-type: none"> • Enabling environment: the autonomy of local authorities in the region is sufficient to allow them to develop and implement urban development projects and to work with foreign cities and organisations; • National authorities continue taking part in the discussions regarding the role of local authorities and support their initiatives. They make funds available for implementing LEDPs and they allow for co-financing of local projects. • The relevant technical ministries (the Ministry of Economy for most of the countries) and related stakeholders continue to actively support the programme. National non-technical ministries (Ministry of Interior Affairs and Ministry of External Affairs) also continue to support the actions of the cities. • National policies continue to evolve and create more favourable conditions for local authorities. Actions under the above projects will be supportive in this regards, and the project itself must also be seen as an opportunity to contribute to this change, to increase national authorities' awareness of local authorities' potential role in implementing national policies. 		

3. LESSONS LEARNT AND COMPLEMENTARITY

3.1 Lessons learnt

A recent Result Oriented Monitoring report of the first phase of M4EG confirms the relevance of the initiative, which empowers LAs to address key issues linked with strengthening local economic conditions in line also with

EaP Governments' orientations about the role of LAs This will be part of a wider discussion involving HQ and the EUDs

for local development. The M4EG initiative has demonstrated to be highly respondent to LAs' needs, favouring a bottom-up approach that included also public-private dialogue; being capable of adapting well to the different contexts in which LAs operate across the EaP countries; and providing simple but effective tools that would also be useful for channelling external funding. However, continuing to expand the number of signatories/LEDPs could result in enhancing excessively LA/business sector's expectations.

Following the first regional Call for Proposal launched in 2017 for M4EG pioneer projects, EaP mayors complained about the insufficiency of financial support (only 16 pilot projects could be supported for the 250 municipalities) and the size of the grants (too large to respond to "quick fix" or allow the development of community based initiatives).

To address these issues, the second phase of the initiative will focus on consolidating the capacities developed, ensuring the implementation of existing LEDPs/pioneer projects, supporting the preparation of investment projects, and supporting both small scale project (through a re-granting scheme) and larger scale pilot programmes (through a second regional Call for Proposal).

In addition, the EU is exploring the opportunity to offer targeted support to SME in M4EG cities (those that have an approved LEDP) through the Neighbourhood Investment Platform. This could be developed with International Financial Institution, and channelled to SME through the banking sector, allowing easier access to local currency borrowing and building on lessons learnt from M4EG (phase 1) successful pilots.

3.2 Complementarity, synergy and donor co-ordination

At regional level, the main complementary initiatives in support to local authorities are:

Covenant of Mayors East

This is the **umbrella programme** aimed at introducing the EU Covenant of Mayors^[1] initiative to the **Eastern Partnership countries**. CoM East supports local authorities in implementing sustainable energy policies, reducing their dependency on fossil fuels, improving the security of energy supply, and facilitates their contribution to climate change mitigation and adaptation.

The EU has been supporting CoM in the EaP with various projects already **since 2011**:

- Support to the **Covenant of Mayors East Secretariat (CoMO East)** (2016/2020, TA for EUR 4.5 million).
- Implementation of **CoM Demonstration projects (CoM DeP)** through grant financing (2014/2017, EUR 12 million and 2017/2020, EUR 10 million).

^[1] Covenant of Mayors for Climate & Energy (CoM) is an urban climate and energy initiative of the European Union bringing together local, regional and national authorities voluntarily committed to implementing the EU climate and energy objectives. The CoM initiative was launched in 2008 by the European Commission after the adoption of the 2020 EU Climate and Energy Package (20% CO₂ emissions reduction by 2020). Since 2015 CoM has adopted the EU 2030 objectives (40% CO₂ emissions reduction by 2030) and an integrated approach to climate change mitigation and adaptation. With over 7000 signatories representing over 210 million citizens, it is one of the world's largest climate and energy initiatives.

- Financing of a **Sustainable Urban Development Projects' support mechanism** (SuDeP ST) (2014/2017, EUR 4 million in technical assistance and 2018/2021, EUR 2 million).
- Technical and scientific support for the development and assessment of **Sustainable Energy and Climate Action Plan (SECAP)** through the Joint Research Centre (2017-2020, EUR 0.5 million).
- Support to the **Municipal Project Support Facility (MPSF)** led by the European Investment Bank (2015/2022, EUR12.3 million in technical assistance).
- Support to the **E5P (Eastern Europe Energy Efficiency and Environment Partnership)** (2011/2020, EUR 89 million of EU support under the Multi-donor Trust Fund managed by the European Bank for Reconstruction and Development).

Territorial Cooperation Programmes

In addition, the European Commission has launched four **Territorial Cooperation Programmes** among the Eastern Partnership countries to be implemented from beginning 2014 until Mid-2019: (i) Armenia-Georgia; (ii) Azerbaijan-Georgia; (iii) Belarus-Ukraine and (iv) Moldova-Ukraine. The **objective** is to strengthen **cross-border relations between local authorities, communities and civil society organisations** to develop joint solutions to common social and economic development challenges in the participating border regions.

The overall financial envelope of the action amounts to EUR 12.5 million ENPI Regional East Programme funds, and includes EUR 3.2 million administrative costs for the implementing organisation, *Gesellschaft für Internationale Zusammenarbeit (GIZ)*. Germany's Federal Ministry for Economic Development and Cooperation (BMZ) currently co-finances the action with additional EUR 560,000 from its 'Local Governance Programme South Caucasus.'

The projects implemented focus on energy efficiency and renewable energy technologies; improvement of solid waste management; development of innovative cross-border tourist routes; natural resources conservation; civic education and youth employment, etc.

Participation of EaP countries in ENI Cross Border Cooperation Programmes

Cross-border cooperation on the Union's external borders is a key priority in the European Neighbourhood Policy (covering the countries of Eastern Europe, the Southern Caucasus and the Southern Mediterranean). CBC under the European Neighbourhood Instrument (ENI) builds on CBC under its predecessor, the European Neighbourhood and partnership Instrument (ENPI).

The 2014-2020 ENI CBC Programmes are designed around 3 overarching strategic objectives: (i) promote economic and social development; (ii) address common challenges in environment, public health, safety and security; and (iii) promote the mobility of persons, goods and capital. These programmes are implemented in shared management by Managing Authorities (MAs) located in the **EU Member States**. Projects are implemented in as diverse fields as environmental protection, tourism, education and culture. The main project beneficiaries for most of the projects are **local and regional authorities and civil society organisations**. The programmes include a number large infrastructure projects focusing mainly on border crossing point infrastructure, energy, transport and environmental protection. The total EU allocation for the 15 ENI CBC programmes amounts to around EUR 950 million.

EaP countries have benefited from their participation in Neighbourhood CBC programmes since 2007-2013 (ENPI). There are six 2014-2020 ENI CBC Programmes involving EaP countries: Latvia-Lithuania-Belarus, Poland-Belarus-Ukraine, Romania-Ukraine, Romania-Moldova, Hungary-Slovakia-Romania-Ukraine and Black Sea Basin (Armenia, Georgia, Moldova, Ukraine). The only EaP country that does not take part in any programme is Azerbaijan (it is an eligible country for the Black Sea Basin programme, but it decided not to participate). The total EU allocation for these 6 programmes amounts to around EUR 521 million.

Thematic Programme “Civil Society and Local Authorities”

Coordination with the **Thematic Programme “Civil Society and Local Authorities” 2014-2020** will be particularly important. This supports LAs contributions to governance and accountability through inclusive policy-making - hence empowering its populations, to benefit from qualitative social and childcare services and to profit from wealth and job creation for both women and men. The programme also supports actions aimed at a sustainable territorial development, including in urban contexts, to foster local inclusive development and social cohesion.

At **bilateral** level, a number of similar initiatives are also on-going (an overview of the **bilateral actions** is provided in Appendix II). The M4EG 2 programme will therefore build on the existing initiatives, differentiate by partner country where needed, and identify a much synergies as possible with complementary actions in order to avoid overlapping.

4. DESCRIPTION OF THE ACTION

4.1 Overall objective, specific objective(s), expected outputs and indicative activities

The **overall objective** of this action is to enhance economic inclusive growth and job creation in the region by supporting local authorities in the EaP countries to design and implement Local Economic Development Plans¹² (LEDPs) in line with the principles of good governance and sound financial management.

The **specific objectives** are:

1. Support municipalities in their participation to the M4EG initiative.
2. Support the preparation and implementation of municipal projects building on approved LEDPs.

The **expected outputs** and **main activities** are:

Output 1: EaP municipalities are supported in their participation to the M4EG initiative.

➤ **Activity 1: Technical Assistance via the M4EG Secretariat**

- 1.1. Provide direct **assistance and training to cities**, city associations and networks and other potential stakeholders for the preparation and implementation of LEDPs or other similar economic development actions at city level, taking into account a gender

¹² LEDPs shall be based on the [M4EG concept](#) developed under phase 1.

perspective, ensuring ownership and sustainability after the end of the project (i.e. train the trainers);

- 1.2. Support to intra EaP and EU/EaP **exchange of best practices and networking**;
- 1.3. Support municipalities in the implementation of the **grant projects** selected under the different M4EG Call for Proposals (Output 2), including monitoring and disseminating their results;
- 1.4. **Strategic communication** to ensure the transparency, visibility, and impact of the action (including facilitating the exchange of good practices as well as the reporting of impacts indicators and results, ensuring action presence on social networks, maintaining the [M4EG website](#), ensuring presence and visibility under Platforms and Panels functioning as part of the EaP architecture, communicating with relevant EU institutions and presence during relevant international fora, etc.).

Output 2: Municipal pilot projects building on existing LEDPs are successfully implemented.

2.1. Small-scale municipal pilot projects building on approved LEDPs and tackling specific issues (i.e. innovation, sustainable urban planning, or challenges that hinder women and men to fully take part in gainful employment, for instance support to child care services) requiring for targeted and intensive support are implemented.

➤ **Activity 2.1: Re-granting scheme via the M4EG Secretariat**

Run an EaP-wide **re-granting scheme** to support the implementation of small-scale municipal projects building on approved LEDPs and tackling specific issues and local needs (i.e. innovation or challenges that hinder women and men to fully take part in gainful employment, for instance support to child care services) requiring for targeted and intensive support.

2.2. Larger municipal pilot projects building on approved LEDPs are implemented.

➤ **Activity 2.2: Centralised Call for Proposal**

Roll out an EaP-wide **centralised Call for Proposal** to support the implementation of larger municipal projects building on approved LEDPs, including support to strengthen local service delivery. Gender equality will be mainstreamed within the CfP.

Under both activities it will be taken into consideration the geographic balance among countries and within the countries (i.e. capital cities vs regions). The guidelines for the Call for Proposals will be defined at a later stage in close cooperation with the 6 EU Delegations.

4.2 Intervention Logic

This action constitutes a follow up of the Mayors for Economic Growth (M4EG) initiative, launched by the European Union in 2017 to support Mayors and municipalities to identify and address local needs, of the Eastern Partnership countries to become active facilitators for sustainable economic growth and job creation.

The interest received from municipalities across the region during the first phase of the initiative has been outstanding and shows a clear demand for further support. In particular regarding access to financial means. This is due multiple factors: scarcity of government financed programmes, lack of capacity and expertise within the municipalities, the fact that local banks often do not lend to municipalities or that local authorities often struggle to design bankable projects.

The second phase of M4EG aims in particular at tackling these issues and will build on 3 pillars (1 and 2 to be financed under this Action and 3 to be financed under the NIP):

1. Technical Assistance to municipalities (M4EG Secretariat):

- a. To support their participation to the M4EG initiative;
- b. To ensure Local Economic Development Plans are designed, implemented and monitored, taking into account a gender and inclusive development approach to employment creation;
- c. To support intra EaP and EU/EaP exchange of best practices and networking;
- d. To support the implementation of municipal pilot projects building on existing LEDPs, while acknowledging that some LEDPs may need to strengthen their projects from a gender perspective.

2. Grant support to municipalities:

- a. For small-scale municipal projects building on approved LEDPs and tackling specific issues (i.e. innovation, gender equality) requiring for targeted and intensive support.
- b. For larger municipal pilot projects building on approved LEDPs as well as taking into account the particular needs in local services delivery.

3. Support to private sector in cities with approved LEDPs via a banking scheme (not financed through this action but potentially through the NIP) to support private sector projects from approved LEDPs based on the mechanism (cash back) developed through the DCFTA facility.

4.3 Mainstreaming

The activities under the action will benefit social and environmental sustainability, giving preference to projects that on one side promote social and economic growth and on the other side pay attention to air quality and municipal and other waste management, provide for universal access to safe, inclusive and accessible, green and public spaces, and support positive economic, social and environmental links between urban, per-urban and rural areas by strengthening national and regional development planning. In relation to an increase in the number of cities and human settlements in the urban area, the action will also focus on adopting and implementing integrated policies and plans towards inclusion, resource efficiency, mitigation and adaptation to climate change, resilience to disasters, and develop and implement, in line with the Sendai Framework for Disaster Risk Reduction 2015-2030, holistic disaster risk management at municipal levels.

The activities under the action will also be gender mainstreamed. Gender mainstreaming will be addressed in all municipal projects and through targeted actions that require specific attention from a gender perspective (i.e. provision of childcare services, urban mobility, etc.). An inclusive and comprehensive approach to gender equality and women's empowerment will be promoted by attaching a Rights Based Approach adviser to the secretariat for the MEG2 initiative and by mainstreaming gender equality throughout the activities and grants.

4.4 Contribution to SDGs

This intervention is relevant for the 2030 Agenda. It contributes primarily to the progressive achievement of SDG 11 - Make cities and human settlements, while also contributing to SDG 9 - Build resilient infrastructure, promote inclusive and sustainable industrialisation and SDG 5 - Achieve gender equality and empower all women and girls.

5. IMPLEMENTATION

5.1 Financing agreement

In order to implement this action, it is not foreseen to conclude a financing agreement with the partner country/regional organisation/territory.

5.2 Indicative implementation period

The indicative operational implementation period of this action, during which the activities described in section 4 will be carried out and the corresponding contracts and agreements implemented, is 72 months from the date of adoption by the Commission of this Financing Decision.

Extensions of the implementation period may be agreed by the Commission's responsible authorising officer by amending this Decision and the relevant contracts and agreements.

5.3 Implementation modalities

The Commission will ensure that the EU appropriate rules and procedures for providing financing to third parties are respected, including review procedures, where appropriate, and compliance of the action with EU restrictive measures¹³.

5.3.1 Grants: (direct management)

(a) Purpose of the grants

The aim of grants is to support the implementation of municipal pilot projects building on approved LEDPs (output 2.2).

(b) Type of applicants targeted

The Call for Proposals will be open to all local authorities from the six EaP countries having signed up to M4EG and having developed a LEDP.

5.3.2 Indirect management with an entrusted entity

This action may be implemented in indirect management with an entity, which will be selected by the Commission's services using the following criteria: proven knowledge and expertise in the given areas of intervention, as well as a track record and the capacity to develop good working relations with government partners and demonstrated capacity to deliver work in a conflict sensitive manner across the region identified in this action. In addition, demonstrated operational and technical capacities required to run the M4EG Secretariat thus to support EaP municipalities in their participation to the M4EG initiative

¹³ www.sanctionsmap.eu Please note that the sanctions map is an IT tool for identifying the sanctions regimes. The source of the sanctions stems from legal acts published in the Official Journal (OJ). In case of discrepancy between the published legal acts and the updates on the website it is the OJ version that prevails.

(output 1) and manage a re-granting scheme for the implementation of small-scale municipal projects building on approved LEDPs (output 2.1). The implementation by this entity entails implementing activities and reaching results as listed under the expected results related to Outputs 1 and 2.1 as indicated under 4.1. For this purpose, the entity needs to be able to sub-grant and to ensure that envelopes dealing with works and supplies can be flexibly and efficiently handled. In an ideal case, the entity should be pillar assessed.

If negotiations with the above-mentioned entity fail, that part of this action may be implemented in direct management in accordance with the implementation modalities identified in section 5.3.1.

5.4 Scope of geographical eligibility for procurement and grants

The geographical eligibility in terms of place of establishment for participating in procurement and grant award procedures and in terms of origin of supplies purchased as established in the basic act and set out in the relevant contractual documents shall apply, subject to the following provisions.

The Commission's authorising officer responsible may extend the geographical eligibility on the basis of urgency or of unavailability of products and services in the markets of the countries concerned, or in other duly substantiated cases where the eligibility rules would make the realisation of this action impossible or exceedingly difficult.

5.5 Indicative budget

The overall budget allocated for this action is EUR 20 million (EUR 10 million from budget 2019 and EUR 10 million from budget 2020 subject to its adoption), to be allocated as follows:

Action Outputs	EU contribution (amount in EUR) 2019	EU contribution (amount in EUR) 2020	Indicative third party contribution, in currency identified
Indirect management with an entrusted entity (2019 budget)	10 000 000		
Output 1 EaP municipalities supported in their participation to the M4EG initiative Output 2.1 Small-scale municipal projects building on approved LEDPs are implemented (re-granting component)	10 000 000		526 316
Grants (direct management) (2020 budget)		10 000 000	
Output 2.2 Larger municipal pilot projects building on approved LEDPs implemented		10 000 000	N.A.

Communication and visibility (cf. section 5.11)	NA - included under output 1		N.A.
Total	10 000 000	10 000 000	526 316

5.6 Organisational set-up and responsibilities

The responsibility of the project lies with the Commission. The steering of the project will be led by DG NEAR.

An annual steering committee will be led by the Commission services (DG NEAR) for reviewing the results of the project and guide the way forward with main stakeholders. These will include but may not be limited to: the national associations of local authorities (see list provided under paragraph 1.4), representatives of the relevant Ministries (for most of the countries the Ministry of Economy), the project management team, EU Delegations and other Commission services (such as DG GROW, DG REGIO).

Regular project management meetings (at least twice per year) will be hold with DG NEAR.

A permanent office is envisaged in each EaP partner country to directly support the implementation of the programme.

5.7 Performance and Results monitoring and reporting

The day-to-day technical and financial monitoring of the implementation of this action will be a continuous process, and part of the implementing partner's responsibilities. To this aim, the implementing partner shall establish a permanent internal, technical and financial monitoring system for the action and elaborate regular progress reports (not less than annual) and final reports. Every report shall provide an accurate account of implementation of the action, difficulties encountered, changes introduced, as well as the degree of achievement of its results (outputs and direct outcomes) as measured by corresponding indicators, using as reference the Logframe matrix.

SDGs indicators and, if applicable, any jointly agreed indicators as for instance per Joint Programming document should be taken into account.

The report shall be laid out in such a way as to allow monitoring of the means envisaged and employed and of the budget details for the action. The final report, narrative and financial, will cover the entire period of the action implementation.

The Commission may undertake additional project monitoring visits both through its own staff and through independent consultants recruited directly by the Commission for independent monitoring reviews (or recruited by the responsible agent contracted by the Commission for implementing such reviews).

5.8 Evaluation

Having regard to the importance of the action, a mid-term evaluation(s) will be carried out for this action or its components via independent consultants.

It will be carried out for problem solving and learning purposes, in particular with respect to the intention to launch a third phase of the action.

5.9 Audit

Without prejudice to the obligations applicable to contracts concluded for the implementation of this action, the Commission may, on the basis of a risk assessment, contract independent audits or expenditure verification assignments for one or several contracts or agreements.

The financing of the audit shall be covered by another measure constituting a financing Decision.

5.10 Communication and visibility

Communication and visibility of the EU is a legal obligation for all external actions funded by the EU. Communication and visibility will be given high importance during the implementation of the Action.

This action shall contain communication and visibility measures which shall be based on a specific Communication and Visibility Plan of the Action, to be elaborated at the start of implementation and supported with the budget indicated in section 5.5 above.

In terms of legal obligations on communication and visibility, the measures shall be implemented by the Commission, the partner country (for instance, concerning the reforms supported through budget support), contractors, grant beneficiaries and/or entrusted entities. Appropriate contractual obligations shall be included in, respectively, the financing agreement, procurement and grant contracts, and delegation agreements.

The Communication and Visibility Requirements for European Union External Action (or any succeeding document) shall be used to establish the Communication and Visibility Plan of the Action and the appropriate contractual obligations. Additional Visibility Guidelines developed by the Directorate-General for Neighbourhood and Enlargement Negotiations shall be followed where relevant.

Visibility and communication actions shall demonstrate how the intervention contributes to the agreed programme objectives. Actions shall be aimed at strengthening general public awareness and support of interventions financed and the objectives pursued. The actions shall aim at highlighting to the relevant target audiences the added value and impact of the EU's interventions. Visibility actions should also promote transparency and accountability on the use of funds.

It shall be the responsibility of the implementing partners to keep the EU Delegations fully informed of the planning and implementation of the specific visibility and communication activities. The action shall use the common branding regarding EU support, in particular the name "EU for [Country]" (i.e. "EU4Georgia") shall be used for all activities implemented in the Country both in English and in the local official language.

The implementing partners shall report on visibility and communication activities in the report submitted to the ENI monitoring committee and the sectoral monitoring committees.

APPENDIX - INDICATIVE LOGFRAME MATRIX

	Results chain	Indicators (max. 15)	Baseline (2019 ¹⁴)	Target (2024)	Sources of data	Assumptions
Impact (Overall Objective)	The project will contribute to enhancing economic growth and job creation in the EaP region.	GDP growth rate in the EaP countries	7.5 % (AM); 0.1% (AZ); 2.4 % (BY); 4.8 % (GE); 4.5 % (MD); 2.5 % (UA) in 2017	Increase in GDP growth	World Bank/ International Labour Organization/ countries' national statistics	<i>Not applicable</i>
		15+ employment rate in the EaP countries	48 % (AM); 63 % (AZ); 60 % (BY); 58 % (GE); 41 % (MD); 49 % (UA) in 2017	Increase in 15+ employment rate and women participation in the labour market		
		15+ women employment rate in the EaP countries	41 % (AM); 60 % (AZ); 45 % (BY); 50 % (GE); 38 % (MD); 43 % (UA) in 2017	Increase in 15+ women employment rate		
Outcome(s) (Specific Objective(s))	Local Authorities in the EaP countries become active facilitators for economic growth and job creation in the region.	Number of cities actively participating in the M4EG initiative	250	300 min.	Project reports, government reports, regional administration reports.	- Sufficient autonomy of local authorities from central governments (including

¹⁴ Where a full year is to be considered, 2018 is taken as baseline. Where 2018 data is not available, the most recent available baseline is indicated in the table.

Outputs	1. EaP municipalities are adequately supported in their participation to the M4EG initiative	Number of cities having signed up to the initiative	300	350 min.	Project reports/website	financial) - Continuous commitment by cities to sustainable local economic policies and planning - Continuous support from relevant ministries and stakeholders - Increased awareness from national authorities of the potential role of local authorities in implementing national policies
		Number of municipal staff trained on economic development and business related issues	521 participants (of which 50% women)	650 (of which at least 50% women)		
		Number of LEDPs designed following the M4EG guidelines ¹⁵	130	200 min.		
		Number of events organised per year aimed at exchanging best practices and networking (such as local business days, thematic workshops, regional conferences, etc.)	10 in 2018	15/year		
		Number of accesses to the M4EG website/social media per year	5136 visitors to the website/ 750 permanent FB groups audience in 2018	10000 visitors to the website/ 900 permanent FB groups audience		
	2. Pilot projects building on existing LEDPs are successfully implemented	Number of small scale municipal pilot municipal projects on specific issues (i.e. innovation, gender equality) selected	0	50 min.		
		Number of larger municipal pilot projects selected building on approved LEDPs (or similar plans)	16	30 min.		

¹⁵ Whereas a gender perspective was not systematically included in the M4EG guidelines under phase 1, it shall be included under phase 2.

Appendix II – EU bilateral support to local authorities in the EaP countries

Armenia

The Government of Armenia has been committed to **Regional Development policy** since early 2000's. The first national Concept on Regional Development (2011) included recognised and prioritised regional development, formulating approaches to sustainable economic development, requesting regional development plans from all Marzes (administrative regions) and action plans of activities. In 2014, the Armenian Social Investment Fund was transformed into the Armenian Territorial Development Fund, and expanded its portfolio to socio-economic development projects, beyond the basic public infrastructure.

In 2015-2017, the strategic and operational frameworks for RD were developed, with the following documents adopted by the Government, and coordinated by the Ministry of Territorial Administration and Development (MTAD):

- The **Armenian Regional Development Strategy 2016-2025** (adopted in 2016), with the following strategic objectives:
 - **Increasing competitiveness** of all regions on the basis of their endogenous potentials, allowing better integration with the national and international economies;
 - **Ensuring high level of regional cohesion**, with special attention given to the least developed territories and border areas as well as sustainable use of resources;
 - **Improving regional development policy and practices** by greater participation of regional and local actors in development planning and execution;
- **Ten marz-based Regional Development Strategies 2017-2025**, aligned with the ARDS and regional resources and opportunities (adopted in 2017);
- The **Regional Development Operational Programme 2018-2020** (adopted in 2017), with the objective to gradually introduce new instruments (such as competitive grants) and adjust existing relevant programmes to the strategic RD directions.

In 2018, further actions were taken, including:

- Publication of regional GDP per capita first time ever by the National Statistical Service (strategic RD indicator).
- Changes to the composition of the Supervisory Board of the Armenian Territorial Development Fund with the Minister of MTAD becoming the chairperson.
- Initiation of competitive grants distribution from the central budget for regional and local projects (153 small projects with the total value of approx. 3 million EUR).

Since 2015 the Government of Armenia continued **Territorial Administration Reform (TAR)**, and **consolidated** small and financially weak communities into larger units, from 915 self-government units down to 502 by 2018. Functional and fiscal decentralisation is expected to follow, as these larger Local Self-Governments are able to take on more responsibilities. From the RD policy perspective, activation of local actors as project proposers and implementers, and co-financers, is especially valuable and should be further promoted.

Following the ‘velvet revolution’ of April/May 2018, and the eventual change of parliamentary balances and of the Government by the end of 2018, there are increased expectations with relation to devolution of powers, more democratisation and more bottom-up development initiatives. Commitment to RD reforms and sustainable development of regions as well as decentralisation, was confirmed by the Armenia-EU Comprehensive and Enhanced Partnership Agreement (CEPA, 2018) and the 2019 5-year Government Programme.

The RD reforms and TAR, have been continuously supported by the EU through policy dialogue and dedicated programmes, encompassing technical assistance and grant scheme mechanisms:

- **CSO-LA in development programme:** the last CfP was launched in 2015 with the aim to facilitate the territorial-administrative reform in Armenia (consolidation of communities) through creating economic incentives for the pilot communities to cooperate for better public services and sustainable growth.
- **Support to Regional Development in Armenia** technical assistance was launched in 2013 with the aim to assist the RA Ministry of Territorial Administration and Development and build its capacity in responding to the challenges of regional development, in order to contribute to reducing the economic and social disparities amongst the regions of Armenia in relation to the capital city of Yerevan. Another TA project ‘**EU4Regions: Support to Regional Development Policy in Armenia**’ 2018-2019 is ongoing.
- EU assistance also covers institutional and individual capacities on strategic planning, programming and project initiation and management of the ministries, central agencies, regional administrations, LGUs and NGOs involved in Regional Development, with over 180 participants in trainings in 2013-2017 and over 70 participants in 2018.
- The RD policy and practises are also promoted by the **Pilot Regional Development Programme Grant Scheme (PRDP GS) 2016-2020**. The PRDP GS finances 8 projects to achieve a more balanced social and economic development among the regions of Armenia through creating jobs and increasing competitiveness. It is expected that the PRDP GS will result in the creation of 544 new jobs and the increase of competitiveness of 336 enterprises/SMEs by 2020. Until the end of March 2019, already 316 new jobs were created and 233 enterprises strengthened. The budget of the PRDP GS is 9.9 million euro, co-financed by European Union in the proportion of 67%, by the Government of Armenia - 17%, and by the beneficiaries – 16%.

Azerbaijan

- Under Single Support Framework (SSF) 2014-2017 for EU-Azerbaijan cooperation, in the framework of the **regional development agenda** one of the objectives is to "support participatory and democratic approach to local development enhanced by fostering partnership, participation and bottom-up initiatives at local (and regional) level". The EU Delegation plans to draft some activities to achieve this goal under Annual Action Plan (AAP) 2017.
- GiZ has an ongoing **Local Governance South Caucasus Programme**, which is funded 2016 onwards by the EU under AAP2013. The EU Delegation is planning to sign a direct award contract with GiZ in the area of participatory territorial planning, capacity development of

LAs and more in general, in the reform of the local-self-governance system. The budget of this grant project is EUR 2 M.

Belarus

- Support to **local and regional development** (AAP 2011 and AAP 2013, EUR 16.5 M – RELOAD I and II programmes)
- A continuation of the RELOAD programme is expected in 2016 under the Multi-Annual Indicative Programme (MIP) 2014-2017's third focal sector "Local/regional development": Strengthening Private Initiative Growth in Belarus (SPRING) with the indicative budget of EUR 14 M.
- "Promotion of small and medium enterprises as core engine of local and regional growth" (EUR 6 M)
- "Support of economic initiative, competitiveness and innovation for local inclusive development" (EUR 7.7 M)
- The 2015 AAP (EUR 14.5 M) under the MIP focal area "Environment" focusing on air quality monitoring, management and civil society/LAs component.

Georgia

- Under the multi-annual EU-Georgia cooperation framework SSF 2014–2017 within its focal sector on PAR, one objective is to **strengthen the structures and processes of local governance** through the decentralisation of powers to achieve increased decision-making powers and budgetary resources devolved to LAs.
- The Support to Public Administration Reform (PAR) (AAP 2015) targets, *inter alia*, strengthening the structures and processes of local governance. As part of the complementary support, technical assistance and grants to CSOs are foreseen in order to strengthen the strategic policy framework and institutional capacities of local/regional structures, civil servants and other stakeholders.
- The Single Support Framework 2017-2020 includes under its first sector of intervention (Stronger economy) the contribution to reducing the trade deficit, promoting investment and innovation and fostering smart, sustainable and inclusive growth and resilience in Georgia and its regions, including market opportunities, business development, agriculture and territorial development. Under sector 2 (Stronger governance) there is a specific objective to consolidate public administration reform and to strengthen the structures and processes of local governance.
- The programme "Skills Development and Matching for Labour Market Needs" 2017-2022 (AAP 2017) will target lifelong learning opportunities, vocational education and training and employment support services in selected regions of Georgia. This Action is expected to contribute to the improvement of educational infrastructure, bespoke curricula in specific/strategic sectors of the focal regions etc., in line with objectives of the Unified Strategy for Education and Science for 2017-2021.
- The activities planned under the programme "Economic and Business Development" (AAP 2017), to support SMEs and the development of value chains, will also contain elements of territorial development, i.e. build on the endogenous potential in regions in the areas of tourism, organic agriculture and selected sectors of manufacturing.

- Under the AAP 2019 the EU 4 Integrated Territorial Development Programme aims to promote a more balanced territorial development and improve living standards and conditions of the population through an inclusive, smart and sustainable socio-economic means, aiming creating the new centres of gravity apart from Tbilisi and Batumi. The action will be mainly implemented in 4 focal regions of Georgia (Kakheti, Imereti, Guria, Racha-Lechkhumi and Kvemo Svaneti).
- Local governance is also addressed by the European Neighbourhood Programme for Agriculture and Rural Development in Georgia, phase III (**ENPARD III**), and the future phase IV (ENPARD IV) under AAP 2019, which will continue to promote a bottom-up model of rural development, based on EU best-practices, and will expand support to additional municipalities under the four focal regions.
- Municipalities are also supported under the Call for Proposals for Local Authorities announced under the 2014-2020 CSOs/LAs thematic programme for Georgia.

Moldova

- The **Public Administration Reform (PAR)** is one of the focal sectors of the EU Single Support Framework for support to the Republic of Moldova for 2014-17. The overall objective is to enhance the institutional and human resource capacity of the central and local public administrations to elaborate and implement policy and to ensure the efficient and effective delivery of high-quality public services.
- Ongoing **budget support programmes** support LAs in the economic development sector, agriculture and rural development as well in the realisation of energy efficiency investments (e.g. biomass). Specific assistance actions are also fostered in the framework of confidence building measures.
- Grant projects with LAs and CSOs

Ukraine

Decentralisation is a top priority in the extensive reform programme that the Government of Ukraine has been undertaking since spring 2014. The EU supports **the decentralisation reforms** through several programmes at bilateral level:

- U-LEAD with Europe: Ukraine Local Empowerment, Accountability and Development Programme (97 million, 2016-2020)
- Support to Ukraine's Regional Development Policy (31 million, 2014 – 2017)
- Budget Support to Ukraine's Regional Policy (EUR 55 million, 2016-2018)
- EU Community Based Approach (CBA) Phase III (EUR 23.8 million, 2014-2017)
- Grant projects with LAs

Appendix III – List of ongoing Mayors for Growth Pilot Projects

In Armenia:

1. **Sevan Municipality**

Project “Sustainable Platform to Promote Innovation (SPPI)”

Budget 539,000 EUR (Grant amount 90%) - Implementation period 2018 - 2020

In Belarus:

2. **Bragin District Executive Committee, Gomel Region**

Project “Agrobusiness – incubator”

Budget 561,996 EUR (Grant amount – 90%) - Implementation period 2018 - 2021

3. **Glubokoye District Executive Committee, Vitebsk Region**

Project “Creation of Centre for Entrepreneurship and Innovations Promotion and Support in Glubokoye District, Vitebsk Region, Belarus”

Budget 414,869 EUR (Grant amount – 90%) - Implementation period 2018 - 2021

4. **Slavgorod District Executive Committee, Mogilev Region**

Project “BRIDGE as the Pilot Eco-Business Model for Local and Regional Economic Growth”

Budget 589,907 EUR (Grant amount – 90%) - Implementation period 2018 - 2021

In Georgia:

5. **Bolnisi Municipality**

Project “Establishing a platform for efficient flow of business activities in Bolnisi”

380,000 EUR (Grant amount - 84%) - Implementation period 2018 - 2021

6. **Gori Municipality**

Project “Empowering Local Economic Opportunities for Sustainable Growth”

Budget 695.997 EUR (Grant amount 86%) - Implementation period 2018 - 2020

7. **Tbilisi City Municipality**

Project “Creating Business Accelerator for sustainable SME development”

Budget 1,013,268 EUR (Grant amount 50%) - Implementation period 2018 - 2022

In Moldova:

8. **Cimişlia District Council**

Project "South Open Gate of Moldova for Businesses and Investments Promotion"

Budget 336,121 EUR (Grant amount – 90%) - Implementation period 2018 - 2019

9. **Edinet municipality**

Project “Edinet – Economic Growth Pole in North region of Moldova”

Budget 643,545 EUR (Grant amount – 90%) - Implementation period 2018 - 2020

10. **Gagauzia Executive Committee**

Project “Establishing Regional Business Information and Support Centre for the Gagauzia Region of the Republic of Moldova”

Budget 516,172 EURO (Grant amount – 83%) - Implementation period 2018 – 2020

In Ukraine:

11. **Baranivka City Council**

Project "Youth-driven Organic Business Cluster in Baranivka amalgamated community"

Budget 795,754 EUR (Grant amount 80%) - Implementation period 2018 - 2020

12. **Nove Misto Amalgamated Territorial Community Council**

Project "COWBOYky. Ukrainian Wild West" (ENI/2017/ 392-853)

- Budget 900,000 EUR (grant amount 80%) - Implementation period 2018 - 2020
13. **Severynivka** City Council
Project "Yablunevyi Shlyakh" ("Apple Way")
Budget 560,000 EUR (Grant amount 80%) - Implementation period 2018 - 2019
14. **Slavutych** City Council
Project "Slavutych is a growth driver of open and free economy of the region"
Budget 850,050 EUR (Grant amount 77%) - Implementation period 2018 - 2020
15. **Dolyna** City Council
Project "Cooperation for increasing the competitiveness in agriculture sector and diversification the structure of local economic in Dolyna sub-region"
Budget 628,855 EUR (Grant amount 78%) - Implementation period 2018 - 2021
16. **Hlyboka** settlement council
Project "Different Communities – Joint Decisions for Economic Growth"
Budget 788,843 EUR (Grant amount 75%) - Implementation period 2018 – 2019



ANNEX 4

of the Commission Implementing Decision on the ENI East Regional Action Programme 2019 Part 3 (including one action on budget 2019 & 2020), to be financed from the general budget of the European Union

Action Document for EU4Digital: Connecting research and education communities (EaPConnect)

ANNUAL PROGRAMME

This document constitutes the annual work programme in the sense of Article 110(2) of the Financial Regulation and action programme/measure in the sense of Articles 2 and 3 of Regulation N° 236/2014.

1. Title/basic act/ CRIS number	EU4Digital “Connecting research and education communities” (Eastern Partnership Connect) CRIS number: ENI/2019/41967 financed under the European Neighbourhood Instrument	
2. Zone benefiting from the action/location	Eastern Partnership countries: Armenia, Azerbaijan, Belarus, Georgia, Moldova, Ukraine.	
3. Programming document	ENI Regional East Strategy Paper (2014-2020) and Regional East Multiannual Regional Indicative Programme 20147-2017.	
4. Sustainable Development Goals (SDGs)	Main SDG 9: Build resilient infrastructure, promote inclusive and sustainable industrialisation and foster innovation Other significant SDGs: SDG 4 Ensure inclusive and equitable quality education and promote lifelong learning opportunities for all; SDG 5: SDG 5: Achieve gender equality and empower all women and girls	
5. Sector of intervention/ thematic area	Information and communication technology	DEV. Assistance: NO ¹
6. Amounts	Total estimated cost: EUR 10 526 316	

¹ Official Development Assistance is administered with the promotion of the economic development and welfare of developing countries as its main objective.

concerned	The contribution is for an amount of EUR 10 000 000 from the general budget of the European Union for 2019.			
7. Aid modality(ies) and implementation modality(ies)	Project Modality Direct management through: Grants			
8 a) DAC code(s)	22040 - Information and communication technology (ICT) 100%			
b) Main Delivery Channel	51000 - University, college or other teaching institution, research institute or think-tank			
9. Markers (from CRIS DAC form)	General policy objective	Not targeted	Significant objective	Principal objective
	Participation development/good governance	X	<input type="checkbox"/>	<input type="checkbox"/>
	Aid to environment	X	<input type="checkbox"/>	<input type="checkbox"/>
	Gender equality and Women's and Girl's Empowerment	<input type="checkbox"/>	X	<input type="checkbox"/>
	Trade Development	X	<input type="checkbox"/>	<input type="checkbox"/>
	Reproductive, Maternal, New born and child health	X	<input type="checkbox"/>	<input type="checkbox"/>
	RIO Convention markers	Not targeted	Significant objective	Principal objective
	Biological diversity	X	<input type="checkbox"/>	<input type="checkbox"/>
	Combat desertification	X	<input type="checkbox"/>	<input type="checkbox"/>
	Climate change mitigation	X	<input type="checkbox"/>	<input type="checkbox"/>
	Climate change adaptation	X	<input type="checkbox"/>	<input type="checkbox"/>
10. Global Public Goods and Challenges (GPGC) thematic flagship	Human development			

SUMMARY

The “Eastern Partnership Connect” (“EaPConnect”) project was first launched by the European Union (EU) in 2015 to improve EaP intra-regional connectivity and facilitate participation of local scientists, students and academics in EU and global Research and Education (R&E) collaborations.

Thanks to EaPConnect, the national R&E networks (NRENs) in the six EaP countries are now interconnected and largely integrated into the pan-European GÉANT network. Concretely this means that students and researchers in the EaP countries can now access a high-speed regional network of optical fibres and global scientific databases. Wifi coverage for students and researchers in the region has increased by 640 % (from 38 to 244 service locations). Today around one million scientists, academics and students at over 420 institutions across the region benefit from this connectivity boost. EaPConnect project has proved successful and strategic to help bring EaP and EU countries together.

The present action will build on the work done by EaPConnect and enhance the use of the newly established connectivity, broadening the user base and fostering the NREN's sustainability through enhanced public affairs activities. In addition, it will support EaP NRENs to move towards the full integration into GÉANT organisation as full rights members, following GÉANT cost sharing model. This will empower R&E institutions in the EaP countries to participate as beneficiaries in a wider range of H2020 or Horizon Europe projects.

More concretely, this will allow an increase in network coverage for students, lecturers and researchers in the EaP countries up to 70-80 % from the current values. The use of existing NREN services (eduroam, eduGAIN, cloud, cyber-security, LoLa, etc.) will be increased by 100% and new services will be implemented based on a pipeline of priorities (digitisation of cultural heritage, e-health, artificial intelligence, big data processing, IT education). This will boost the exchange of information and cooperation between the Research and Education communities in the EaP region and Europe.

1 CONTEXT ANALYSIS

1.1 Context Description

The demand for digital services to support collaboration in research and education in the region is no less than that of EU countries. All countries in the Eastern Partnership region have a large number of young and talented women and men whose future depends heavily on the speedy development of the information society, and without which their societies are likely to continue experiencing a significant brain drain. The education, cultural and scientific sectors are promising, with several centres of excellence, but these face severe limitations in the level of international collaboration with respect to their counterparts in the European Union and other world regions. Moreover it has to be noted the persistent gender inequality and lack of women in higher position in academia in the EaP region. This is a human rights concern, but also as a premise for quality higher education and innovative science.

National Research and Education Networks (NRENs), the communication layer of e-Infrastructures, are still far from being fully developed in the Eastern Partnership region.

In this context, the provision of quality education and training as well as measures to ensure that research and innovation environments are conducive should be prioritised to support the development of compatible infrastructure and of human capacities and skills and to foster the integration into the European Research Area (ERA). Given their strong potential as enablers of "knowledge-based" societies, digital technologies should be part of the integrated response to accelerate progress in the education and research sectors. This will also contribute to social and economic development, as well as to the creation of growth and jobs.

Since 2015 the EU has been helping EaP NRENs to support the needs of the research and education communities within and across EaP countries. EaPConnect project has provided the physical connection to the pan-European GÉANT network and with the services supporting the NRENs in delivering world-class network services to the research and education community. Concretely, this has enabled researchers and students in the EaP countries to work together and exchange data with their counterparts in Europe and beyond.

1.2 Policy Framework (Global, EU)

As stated in the "Digital4Development" Staff Working Document² outlining the European Commission's approach to mainstreaming digital technologies into EU development policy:

"Digital technologies (alias information and communication technologies - ICT) and services are proven enablers of sustainable development and inclusive growth. They can be key to improving lives even in the poorest countries, in particular by empowering women and girls, enhancing democratic governance and transparency, and boosting productivity and job creation. Nevertheless, connectivity and affordability remain a problem both across and within regions, since there are large variations between high and lower income countries and between cities and rural areas."

In 2015, the United Nations General Assembly approved the 2030 Agenda for Sustainable Development, which highlights the importance of information and communication technologies. Reference to ICT can be found explicitly as a target under Sustainable Development Goal 9 "Build resilient infrastructure, promote inclusive and sustainable industrialization and foster innovation"³, while ICT is also referenced in the targets related to climate change, gender equality and women empowerment, private sector development, education and health. Also Goal 4.3 "By 2030, ensure equal access for all women and men to affordable and quality technical, vocational and tertiary education, including university" and Goal 5.5 "Ensure women's full and effective participation and equal opportunities for leadership at all levels of decision-making in political, economic and public life" will be addressed in this programme. While the 2030 Agenda sets out a comprehensive vision of what needs to be achieved to eradicate poverty and promote sustainable development, EU development policy is a critical part of the overall EU response to that Agenda.

Sustainable economic and social development and support to transformation process are at the heart of the EU's contribution to stabilising the neighbourhood. In addition to underpinning macroeconomic stability through sound economic policies, EaP countries need to face the challenge of driving their economic transition process forward with a view to create an attractive environment, a level playing-field for investments and business, as well as to improve their capacity to take advantage of the trade opportunities with the EU and with each other.

The modernisation of economies is another important priority. In particular, the digital economy is an area with yet untapped potential for both the EU and the EaP partner countries for social and economic development, as well as for the creation of growth and jobs.

Seen as a means to drive economic growth and create jobs, Horizon 2020 (H2020) is the biggest EU Research and Innovation programme ever, with nearly EUR 80 billion of funding available over 7 years (2014 to 2020) – in addition to the private investment that this money will attract.

The pan-European data network for the research and education community GÉANT is part of the H2020 framework. It interconnects national research and education networks (NRENs) across Europe, enabling collaboration on projects ranging from biological science, to earth observation, to arts and culture. GÉANT combines a high-bandwidth, high-capacity network with a growing range of services. It provides the best digital infrastructure to ensure that Europe remains in the forefront of research and has a vital role to ensure H2020 project

² https://ec.europa.eu/europeaid/sites/devco/files/swd-digital4development_part1_v3.pdf.

participants are fully able to collaborate, share and access data, discuss and learn together, and test their innovations across the network unimpeded.

Thanks to EaPConnect project, GÉANT network and services have been extended to the EaP countries, ensuring direct links to the pan-European GÉANT network and allowing their participation in regional and international research programmes such as H2020. Thanks to EaPConnect users in the EaP countries are now able to collaborate with their counterparts at more than 10 000 research and education establishments in Europe.

1.3 Public Policy Analysis of the partner country/region

EU relations with the six eastern EU Neighbours are developing within the policy frameworks of the European Neighbourhood Policy (ENP), the Eastern Partnership (EaP) and the Digital Community, the latter aiming to deliver the benefits of the Digital Single Market (DSM) to key EU Neighbours. Various bilateral agreements between the EU and the EaP partner countries (Association Agreements, DCFTAs etc.) are also delineating these relations.

Digital economy is a top priority for EU cooperation with the EaP countries, as underlined in the review of the European Neighbourhood Policy³ (Nov. 2015): *"support for the digital economy should be stepped up, to harmonise the digital environments between the EU and its neighbours. This will create jobs, growth and innovation, particularly benefiting the young in terms of opportunities for education and employment, locally or at a distance, and for starting up low initial capital businesses"*.

This objective is also in line with deliverable no.7 "Harmonisation of Digital Markets" under priority I "Economic Development and Market Opportunities" of the adopted Joint Staff Working Document "Eastern partnership – Focusing on key priorities and deliverables"⁴. This establishes an ambitious set of deliverables by 2020 on digital harmonisation, ranging from the reduction of roaming charges to cyber security with the overall aim being *"to eliminate existing obstacles and barriers to the provision of pan-European online services for citizens, public administrations and businesses. This will result in better services, at better prices and more choice; it will attract investments and boost trade and employment. Existing companies will be able to grow faster and start-ups will be created more easily. The brain drain will be reversed."*

Various actions in the field of the digital economy and society, including actions contributing to the harmonisation of digital markets, appear also under the 2017-2020 Single Support Frameworks for Armenia, Belarus, Georgia, and Moldova and the 2018-2020 SSF for Ukraine.

1.4 Stakeholder analysis

The main stakeholders are NRENs and R&E institutions of the EaP countries. Universities and research centres being financed from public budgets, they often lack resources for arranging access to the high speed, reliable R&E network providing access to the R&E organisations in Europe and worldwide. The NRENs have been created to provide internet infrastructure and services to the research and educational communities within a country, in sufficient capacity and on affordable terms. NRENs of the EaP countries will be the primary

³ https://eeas.europa.eu/enp/documents/2015/151118_joint-communication_review-of-the-enp_en.pdf.

⁴ https://ec.europa.eu/neighbourhood-enlargement/sites/near/files/near-eeas_joint_swd_2016467_0.pdf.

beneficiaries of the project, as they are the representatives of the education and research institutions in the area of communication technologies.

The final beneficiaries will be the staff and students of these institutions that will be better placed to use NREN and GÉANT services and connectivity to collaborate with their peers in other world regions. This will on one hand improve education and research possibilities, and on the other hand support the emerging use of information technologies in other sectors like medicine, meteorology, earth science. Ultimately all citizens of the EaP region will benefit from a broadened use of information technologies, which has the potential to improve the quality of public services, increase the openness of the region towards global developments, prevent the brain drain and contribute to the economic growth in the region.

The NRENs participating under phase 1 of the project will continue to be involved:

1. Armenia: IIAP NAS RA – Institute for Informatics and Automation Problems of the National Academy of Sciences of the Republic of Armenia
2. Azerbaijan: IIT of ANAS – Institute of Information Technology of Azerbaijan National Academy of Sciences
3. Belarus: UIIP NASB – United Institute of Informatics Problems National Academy of Sciences of Belarus
4. Georgia: GRENA – Georgian Research and Educational Networking Association
5. Moldova: RENAM – Research and Educational Networking Association of Moldova
6. Ukraine: URAN Association – Association of Users of Ukrainian Research and Academic Network

For Ukraine, in light of phase 1 monitoring analysis, it is recommended the formal involvement of UARNet, the Ukrainian Academic and Research Network (another Ukrainian NREN related to the National Academy of Science of Ukraine and equipped to provide connectivity to the Ukrainian institutions) from the beginning of the project. Additional partnerships with other EaP NRENs may also be considered.

In order to secure complementarity with national research policies and agendas and to ensure co-funding and sustainability of the project, the involvement of Ministries of Education and Science and Academy of Sciences will also be ensured.

In addition, since its start in June 2015, the project has benefited enormously from the support provided by the associated European and Western Balkans partners, and this is one of the key factors of the success of this project. It is therefore suggested that EU and Western Balkans partners continue to be involved in the project as co-beneficiaries, including but not be limited to the ones operating under EaPConnect project.⁵

1.5 Problem analysis/priority areas for support

The main issue addressed by this action is the digital divide causing the lagging behind of the education and research sector in the EaP countries. Access to information and exchanges with

⁵ The co-beneficiaries of EaPConnect project are: the Cypriot Kypriako Erevnitiko Kai Akadimaiko Diktyo/Cyprus Research and Academic Network (CYNET); the German Verein Zur Förderung Eines Deutschen Forschungsnetzes DFN Verein E.V. (DFN); the Dutch SURFnet BV; the Estonian Hariduse Infotehnologia Suhtasutus/ Information Technology Foundation for Education; the Italian Consortium GARR; the Polish Instytut Chemii bioorganicznej Polskiej Akademii Nauk (PSNC), the Lithuanian Kaunas University of Technology (KTU); the Romanian Agentia de Administrare a Retelei Nationale de Informatica pentru Educatie si Cercetare (AARNIEC /RoEduNet); the Serbian Informaciono-komunikaciona ustanova “Akademska mreža Republike Srbije-AMRES” (AMRES).

the outside world is one of most important attributes of a successful education system. With the fast development of ICT technologies, the access to global information sources has become a crucial element for the competitiveness of a country and its underdevelopment a major cause for some economies to lag behind.

The lagging behind of education and research, as well as lack of access to modern information technologies is directly affecting other sectors like healthcare and government. Limited access to modern technologies is often a cause of a brain drain of highly skilled experts into countries with better facilities and possibilities for their development.

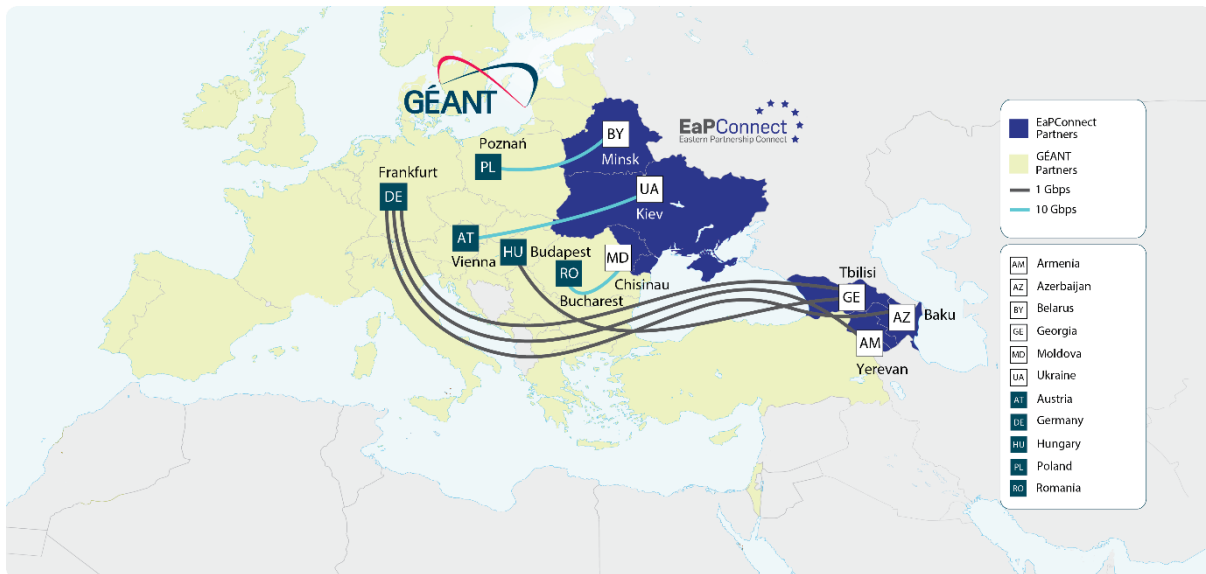
In the countries of the EaP region, the access to R&E networks, the exchange of information between scientific groups and knowledge exchange are still limited. As a result, a major part of the population is being excluded from the realising their full potential that the access to high speed, reliable R&E networks would provide. The most affected sectors are education and research where the access to up-to-date information is a pre-condition for their quality.

However since 2015 EaPConnect project has strongly promoted the use of information technologies in the region. It has contributed to the modernisation of education systems and progress in research by facilitating the access of highly skilled scientists, researchers and students to information and increasing the exchanges with the rest of the world.

One of the main achievements of EaPConnect is the establishment of a data link to the GÉANT network in the 6 EaP countries. By the end of 2018, all six beneficiary countries were connected through the project-funded internet links.

Country/ Connectivity	2015 (prior to project start)	2016	2017	2018
Georgia	0.3Gbps	1Gbps	2.5Gbps	3Gbps
Armenia	0.3Gbps	1Gbps	1.5Gbps	1.5Gbps
Azerbaijan	0.3Gbps	1Gbps	1.5Gbps	1.5Gbps
Moldova	1Gbps	1Gbps	1Gbps	10Gbps
Belarus	1Gbps	5Gbps	10Gbps	10Gbps
Ukraine	1Gbps	1Gbps	15Gbps	15Gbps

Map 1. Overview of EaP region links to the pan-European GÉANT network, end of 2018.



Having established the physical network connections, new services for the research and education community were developed and the usage of the existing services was increased. These services include among others Wi-Fi education roaming (eduroam), network monitoring services, and Infrastructure-as-a-Service (Clouds). To facilitate and encourage the participation of scientists, students and academics in global R&E activities, the project has set up various activities to engage EaP users (students, researchers, librarians) with their European counterparts through programmes such as Enlighten Your Research or the LOLA technology (LOW LATency audiovisual streaming system).

The following section gives a detailed overview of the core services available to the EaPConnect partners:

1. *eduroam* – Wi-Fi education roaming, is a secure, world-wide roaming access service developed for the research and education community. The service was deployed successfully in all six beneficiary partner countries. The number of service locations increased as well as the number of national and international users of the service. In 2018 eduroam coverage increased by 136 % overall in the region (from 179 to 244 service locations).
2. *eduGAIN* – interconnects identity federations around the world, simplifying access to content, services and resources for the global research and education community. eduGAIN encompasses Identity Providers, Service Providers and Identity Federations:
 - Identity providers – universities, research institutes – that keep information about identities of their staff, members and students.
 - Service providers – organisations (universities, libraries) that own data resources that are made available to students and/or researchers.
 - Identity federation - in each country, there is one organisation (identity federation) that is responsible for keeping information about the identity providers and service providers. The eduGAIN service allows the students, researchers, staff and other members of the identity federations to have unified access to the data provided by the service providers.

Five of the six EaP countries (except Azerbaijan) have deployed this service. There are 27 federated entities (IdPs and SPs) deployed in the EaP region. The main goal for 2018 was to move from a testbed to a real infrastructure.

3. *perfSONAR* – a network monitoring service across multiple domains that provides information about the network’s connectivity and any problems on the links that could impact the successful delivery of the data being exchanged. Equipment was deployed in five of the six EaP countries (except Azerbaijan). The number of deployed nodes in the region increased by 60% from 16 to 27 during 2018.
4. *IaaS* – Infrastructure as a Service (a form of cloud computing that provides virtualised computing resources over the internet) deployed independently using local computational resources by NREN organisations in Armenia, Azerbaijan, Georgia, Ukraine and Moldova enabling the service for the scientific and education community.
5. *Clouds* –all six EaP countries are designing and implementing national cloud infrastructures as well as investigating opportunities to use the GÉANT Clouds Framework Agreement.
6. *Filesender* – allows R&E users to securely and easily send arbitrarily large files to other users. In 2018 this service was used by three EaP NRENs (Ukraine, Moldova, Armenia).
7. *LOLA* – LOw LATency audiovisual streaming technology. High quality video/audio connection between two different geographical locations. LOLA is adopted by two project partners – Belarus and Armenia. Azerbaijan and Moldova are also making effort to join it. Several LOLA kits are ordered for them.
8. *Digitisation of Cultural Heritage* – this service for national scientific libraries is being established in the scope of EaPConnect. Three pilot projects were selected from the Enlighten Your Research @ EaP 2017 programme to be deployed in Armenia, Belarus and Ukraine. Work on the projects continued in 2018.
9. *Cyber-security* – all countries are working on the development of cyber-security services. Georgia and Moldova have security and incident response teams CERTs that are members of the European cyber-security community Trusted Introducer TI. They are providing the following services:
 - Security incidents helpdesk,
 - Notifications and security alerts,
 - Security analysis and consulting,
 - Cyber-security education and training.Armenia, Azerbaijan and Belarus are providing consultation and support on cyber-security issues via network operation center staff.

Thanks to EaPConnect, today around one million scientists, academics and students at over 420 institutions cross the region benefit from this connectivity boost. EaPConnect project has proved successful and strategic to help bring EaP and EU countries together.

Moreover, there is strong evidence that research and higher education institutions reproduce social values leading to gender bias/discrimination. Women and men tend to concentrate in certain scientific fields (horizontal segregation). The stereotypical subject choices of students are a real concern and in addition top positions are more frequently occupied by men.

The comparison of the gender ratio of academic staff by position in the EaP region shows that women may be well represented in lower faculty positions, whereas there is a sharp downturn of women’s number in higher positions such as full professors in department staff, chairs of

departments, deans, vice-rectors and rectors. Women are also underrepresented in the governing boards and scientific councils. For instance, the share of women at high-level positions in Georgia and Belarus are at 20% while Azerbaijan, Armenia and Moldova has 10% women at the helm of universities.⁶ Moreover, research and teaching often seem to disregard the importance of having a gender dimension in their approach, content and analysis. The result is that the viewpoints, experiences and needs of half the population risk being overlooked or dismissed. This in turn leads to products, services and policies that are less than optimal because they are targeted at and serve only a proportion of society.⁷

Therefore this action will particularly emphasise the need to ensure an equal balance of women and men in all its activities and give particular attention to supporting research, which can have a positive impact on gender equality. This will contribute to further development of the region, modernisation and support democracy building. Sectors important for increasing the development of the EaP countries would be modernised, which would help to raise the economic growth and leverage the economic development in the region.

It has to be noted that the nature of NREN core user communities is highly data-intensive and technical and traditionally male-dominant. While the action will continue promoting gender balance, the baseline of NREN users is not gender equal. Out of the 37 proposals submitted under the Call for Proposals “Enlighten Your Research” in 2018, only nine came from women (24%) and out of the seven winners only one was a woman (14%). Additionally, the project supported EaP NREN participating in the GÉANT coordinated Emerging NREN activity that ran in parallel to the largest European networking conference TNC: one out of three participants from the region was a woman. The project will further promote gender equality by mainstreaming it in the work plan.

2 RISKS AND ASSUMPTIONS

Risks	Risk level (H/M/L)	Mitigating measures
High prices of broadband connectivity.	High	Allow the purchase of Indefensible Rights of Use (long-term lease). Encourage competition between internet service providers. Raise awareness of regulators and policy makers at national and regional level on the impact of monopolies.
Weak financial sustainability of EaP NRENs.	High	EaP NRENs to develop sustainable business models and to establish plans for mobilisation of resources.

⁶ Women in Power and Decision-Making in the Eastern Partnership Countries, 2015– HiQSTEP

⁷ A publication by the European Institute for Gender Equality: Gender equality in academia and research, (2016)

Inadequate institutional and governance frameworks as well as human resources hampering NRENs' role as coordinating organisations.	Medium	EaP NRENs to reinforce governance rules and human resources policy (including project management). Further promote NREN capacity building as part of the activities of the project building on the work done under phase 1. Further encourage external support for NREN development, development and implementation of business plans building on the work done under phase 1.
Inability of NRENs to pay their co-funding share to the project.	Medium	Additional sensitisation of national decision makers (ministries of higher education) to secure financial means to cover NRENs' contributions to the project.
Little awareness amongst governments, ministries and other national decision makers on the benefits of the NRENs.	Medium	Continue building on awareness raising activities started in the first phase and look for new champions.
Low understanding from potential users (university, research centres) about the opportunities provided by NRENs in terms of connectivity and services.	Low	Risk addressed already under phase 1 through awareness raising activities (rectors, chancellors, etc.), use of champions, such as well-known researchers, to advocate for NRENs. Additional targeted training of NREN CEOs on business development and marketing following capacity building activities conducted under EaPConnect. Deployment of new applications and services which demonstrate the benefits of NRENs.
Low capacities (staff) in higher education/research institutions hampering the connection and use of the connection to the NREN.	Low	Further capacity building initiatives (technical trainings, marketing and communication, etc.) and train-the-trainer programmes building on the work done under phase 1.
Assumptions		
<ul style="list-style-type: none"> • Political stability in the EaP countries allow for NRENs' activities • EaP partners remain committed to supporting digital skills development 		

3 LESSONS LEARNT AND COMPLEMENTARITY

3.1 Lessons learnt

This action is the second phase of a project (EaPConnect) which started in 2015 with the objective of connecting scientists and researchers from EaP countries with their peers in Europe by enabling their countries' NREN to deliver world-class services and by providing access to the GÉANT high-speed network.

For more than 400 higher education and research institutions, which are connected to those 6 NRENs, it represents increased opportunities to collaborate with peers across the world and helps them in retaining local talent.

As pointed out also by a Result Oriented Monitoring (ROM) exercise conducted in 2017, the first phase of the project has proved to be highly relevant to the needs of the beneficiaries. The efficiency of the project has proved to be good and implementation mechanisms are conducive for achieving the expected results. Cost-efficiency of the connectivity costs is the best possible given the existing constraints in the region and improved in 2017 as a result of re-procurement exercise. The effectiveness of the project is also good. The expected results have partially been achieved and are likely to be fully achieved at the end of the project. There is however an increasing demand for access to online content among the EaP Research & Education community which calls for a stronger strategic approach for connectivity deployment.

Experience gained in the field of regional research and education networks through EU funded projects (Latin America – ALICE/RedClara; South East Asia – TEIN/Asi@Connect; Pan-Africa – AfricaConnect; Central Asia – CAREN; Mediterranean – EUMEDCONNECT; Europe – GÉANT project) demonstrated the high value of the investment in stimulating regional cooperation, enabling cooperation with Europe as well as aligning to European technical standards. One of the recent success factors in the regional R&E development has been the ability to procure long-term connectivity leases (IRU) as it was done in AfricaConnect 1& 2 and Asi@Connect. Such strategic long-term investment has contributed to sustainability of local NRENs and given them a solid basis for further development. This model has also been adopted in Europe through the 100% EU-funded GN4-3N project.

Following the ROM analysis, discussions with the project team, the beneficiaries, and the relevant EC stakeholders, and in line with the approach followed in other regions the following recommendations for a second phase of the project should be taken into account:

- **Need for a stronger strategic approach for connectivity deployment:** A need to deploy connectivity based on a long-term access to high capacity that can accommodate needs of the growing communities in the region as well as any strategic decisions to aggregate traffic in the region.
- **Need to highlight the added value of NRENs:** the mission of EaP NRENs is significantly hampered by the general lack of understanding of their role and of their difference compared to commercial internet providers. In this respect, the provision of dedicated services to the education and research communities is critical to underline NRENs' added value. In order to build and consolidate their reputation, NRENs should promote a well-selected range of services visible for the end users.
- **Capacity building activities should cover both technical and governance aspects:** capacity building activities delivered by NRENs fill a critical gap for highly specialised training that is not delivered by any other stakeholder in the region. At technical level, training is critical to ensure a smooth implementation and delivery of the services to the users. At institutional level, capacity building is needed to strengthen NRENs' capacities in leading complex procurement processes or in developing business plans and advocacy strategies in view of achieving sustainability, including financial sustainability.
- **Importance of a multi-stakeholder dialogue platform:** raising awareness on the importance of digital tools for education and research is key to secure political and

financial support but it requires NRENs to be able to transcend technical arguments to promote a clear "Digital4Development"⁸ vision.

- **Need to include stronger impact indicators:** while EaPConnect mainly focused on indicators relating to infrastructure deployment, impact indicators should be included in the future programme in order to measure the impact of provision of connectivity, services and capacity building on skills retention, job employment rates, productivity levels, reduction in job inequality, innovation, etc.
- **Need to have a flexible approach to reflect local realities:** while this action pursues an approach valid for the complete region of the Eastern European Partnership, EaPConnect experienced varied basic conditions depending on the level of maturity of the NRENs, the political environment, the regulatory frameworks or the costs of internet access. The conclusion that can be drawn from such observations is the need to allow for some flexibility to adopt solutions adapted to local realities.

3.2 Complementarity, synergy and donor co-ordination

At political level, the Eastern Partnership has adopted ministerial declarations creating the framework for the **Harmonisation of Digital Markets**, the last one in February 2019 in Bucharest.

The **EU4Digital** initiative was launched to channel support to the development of the digital economy and society in the Eastern Partnership. Furthermore, the EU has provided support to develop e-government services in the context of public administration reforms and to finance business incubators.

The latest EaP digital ministerial declarations⁹ and November 2017 EaP Summit declaration both set the political commitment from EaP countries and EU MS to work on six digital priorities: Telecom rules, e-Trade, Digital Trust and Cybersecurity, Digital Skills, Digital Innovation and Digital Health. Both political dialogue and EU support will focus in particular on **achieving by 2020:**

- **An easier and cheaper access to the internet**, through the roll out of national broadband strategies and the launch of the first broadband infrastructure programmes. In particular, the EU will support access for citizens in rural areas, which can lead to an increase in the access to economic opportunities. Via the EU4Digital Broadband project the EU encourages the deployment of the basic infrastructure for e-government services, increasing transparency and accountability in the process. Through EaPConnect, the EU provides this infrastructure and makes it available for the research and education communities in the EaP countries.
- **Concrete steps towards harmonised roaming pricing** and reduced roaming tariffs among the Partner countries. In addition, discussions should be well underway on harmonising the tariffs with the EU. Partner Countries' Ministers endorsed a **Roadmap towards the signature of a Regional Roaming Agreement among Eastern Partners by end 2020** at the 3rd Ministerial Meeting on digital economy (Bucharest, 28 February 2019).

⁸ https://ec.europa.eu/europeaid/sites/devco/files/swd-digital4development_part1_v3.pdf

⁹ [Bucharest, 2019](#); [Tallinn, 2017](#); [Luxembourg, 2015](#).

- **A stronger resilience to cyberattacks.** In line with the recently tabled EU Cybersecurity Package and due to severe cyber incidents targeting EaP countries, the EU will further increase its efforts to enhance their resilience to cyberattacks.

To deliver on all these ambitious targets, the EU has planned to commit at least **EUR 50 million** from ENI funding between 2017 and 2020. Concrete support is provided to the implementation of the **EU4Digital** initiative (**EUR 12 million**) focusing on Telecom rules (including independence of the regulator, spectrum coordination, reducing roaming tariffs and broadband development), eTrade, Digital Trust and Cybersecurity, Digital Skills, Digital Innovation and Digital Health.

Additional incentives to promote ICT research, **start-up & innovation ecosystems** and **eSkills** development in the EaP partner countries could be channelled through bilateral support, as reflected in the **Single Support Framework** programming documents for 2017-2020.

In addition, the EU wants to encourage infrastructure investments in broadband, accompany regulatory reforms and increase penetration and usage rates in Partner countries, particularly in rural areas where the conditions for private sector investment might not be fully present (e.g.: last-mile broadband access).

For this, in the context of the **External Investment Plan (EIP)**, the EU has have approved one proposal under the Digital Window of the **European Fund for Sustainable Development (EFSD)** guarantee.

The extension of **EaPConnect** project beyond 2020 would complement the efforts in terms of broadband development and help bridge the digital divide also in the research and education sectors.

Another relevant EU initiative at EaP regional level is **EU4Innovation**. This umbrella programme combines all EU activities that support the development of EaP countries innovation capacities, notably those funded under the Horizon 2020 programme and the European Neighbourhood Instrument.

A second phase of EaPConnect will complement research projects, which fosters ICT research cooperation between the EU and the EaP region. In particular it will foster collaboration among Eastern Partnership and European researchers as part of Horizon 2020 and its successor (Horizon Europe).

4 DESCRIPTION OF THE ACTION

4.1 Overall objective, specific objective(s), expected outputs and indicative activities

The **overall objective** of the action is to bring together the research and education communities in Europe and the EaP region and bridge the digital divide.

The **specific objectives (SO), expected outputs and indicative activities** are the following:

1. SO1: Extend network infrastructure (digital highways) to scale-up scientific exchange across borders

- **Output 1:** Network infrastructure is further developed and better fulfils the needs of the research and education communities.

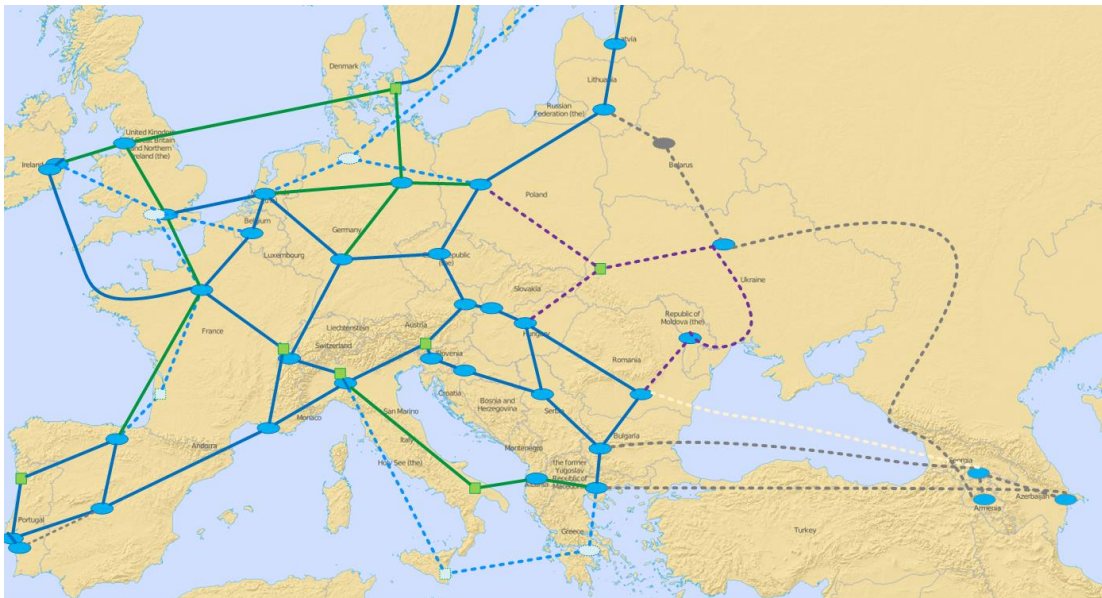
Activities:

- 1.1. Develop additional network infrastructure and connect new universities and research institutes, in particular outside the capital cities.
- 1.2. Procuring long-term (10-15 years) lease for needed communication channels (Indefeasible Right of Use IRU) for the region or any other comparable cost-effective solutions i.e. purchase of spectrum.

Currently the EaP NREN's that serve more than 400 higher education and research institutions, are connected to GÉANT network via a single link (as shown in map 1 under section 1.5). However the analysis of EaP region network development needs showed a clear requirement to eliminate part of digital divide and provide a more powerful and reliable infrastructure for R&E collaboration, capable of mitigating any network failures. Therefore, capacity upgrades for all EaP countries should be planned taking into account the projections of traffic growth and evaluating the total connectivity capacity covering routes used by this region. To ensure stable and reliable connectivity **redundant connections via different routings** will be established.

To explain the benefit of meshed redundant topology in the EaP region and its integration into the GÉANT topology, data generated in Moldova will be able to travel directly to Ukraine without needing to go first to Romania, Hungary and Austria before reaching Ukraine as it is seen in Map 1. The same would apply for data sharing between South Caucasian countries and the Eastern European countries whereby traffic would stay in Eastern Europe without needing to go all the way to Frankfurt. The integration will serve as a logical development of infrastructure in Central and Eastern Europe.

Map 2. Preliminary plans for the network development



In addition, by allowing the **purchase of IRUs** (long-term lease) we would enable NRENs to have a cost-effective and long term networking solution in the region, sustainability of international connectivity and a smoother integration into the Pan-European network infrastructure.

This will be crucial for **decreasing the digital divide** within the countries between the capital and the regions and, by including stakeholders such as High Schools and Hospitals, at the same time widen the customer base of the NRENs. Diminishing the Digital Divide inside the countries will provide another way of preventing rural depopulation and migrating into cities. Furthermore, an improved infrastructure will allow to better connect remote research institutes, such as telescope facilities dispersed on the countryside, to the main network.

2. SO2: Increase the use of services implemented under EaPConnect and offer new services to enhance international cooperation in R&E.

- **Output 2:** Additional services are provided and existing services are further promoted.

Activities:

- 2.1. Promotional activities for the use of services implemented under EaPConnect (see section 1.5), in particular flagship services to be identified.
- 2.2. Identify and enable new cutting-edge services (such as digitisation of cultural heritage, audio visual streaming systems, e-health, artificial intelligence, big data processing, IT education, etc.), based on a pipeline of priorities to be jointly agreed. These will integrate the gender dimension in line with Horizon 2020 gender mainstreaming.
- 2.3. Enable the integration of the national facilities (telescopes, synchrotrons, etc.) and datasets (climate, life science, earth science, agriculture, cultural heritage, etc.) into Pan-European networks to support the cooperation with the European research community.
- 2.4. Establish cooperation within the European e-infrastructure initiatives European Open Science Cloud (EOSC), European Data Infrastructure (EDI) and other EC led flagships to further enhance cooperation with EU R&E counterparts.

EaPConnect has already added value to each **NREN's service portfolio** which has attracted further user engagement. The second phase will build on these achievements and thus allow EaP NRENs to fully benefit from the global R&E networking opportunities.

Integrating the national facilities (telescopes, synchrotrons, etc.) and datasets (climate, water, life science, agriculture, cultural heritage, etc.) into pan-European networks will enable EaP researchers to become part of the World-wide research community. They will be able to use technology and services that are standard to researchers in the European countries. By becoming part of the European Open Science Cloud (EOSC), they will be able to use European Infrastructures such as PRACE (Partnership for Advanced Computing in Europe) and HPC (High Performance Computing) facilities without having to leave the country. This will contribute to **diminishing the brain drain** from EaP Countries to Europe.

The objective is to strengthen the ties of EaP researchers and scientists to Europe, to enhance EaP researchers' scientific excellence and offer support and funding for their innovative ideas leading to the creation of companies and start-ups and thus **strengthening the national economies**.

3. SO3: Strengthen EaP NRENs' position in the national R&E ecosystems.

- **Output 3:** Adequate technical capacity is built within education and research communities.

Activities:

- 3.1. Provide trainings for users on R&E technologies and services, ensuring gender balance.
- 3.2. Provide highly specialised trainings for EaP NRENs (i.e. on network architecture, new services, new users communities - i.e. e-health, artificial intelligence, cyber-security - business development, marketing and communication, public affairs, etc.), ensuring gender balance.
- 3.3. Organise conferences (including on e-infrastructure), workshops, networking events in region with the participation of European experts, always ensuring gender balance.

- **Output 4:** EaP NRENs' financial sustainability conditions are improved.

Activities:

- 4.1. Develop financial sustainability strategies for EaP NRENs (including by exploring opportunities to sell some of the services).
- 4.2. Raise awareness on NRENs' role in the education and research ecosystems to leverage their impact towards gathering appropriate financial resources. This means EaP NRENs are recognised as a core of the research and education community, trusted partners for users, government and international partners and accelerators for innovation in R&E.
- 4.3. Support EaP NRENs connection to GÉANT network by covering annual GÉANT membership and cost-sharing fees.

While EaPConnect in the first place focused on establishing good connectivity to GEANT and other European R&E Networks, the second phase will concentrate on **increasing the sustainability of EaP NRENs** and if possible, a decreased dependency of the NRENs from their government.

To reach this objective NRENs will need to acquire capacities related to budget planning, marketing and communication, as well as Public Affairs.

In addition, as new services will be deployed and the users community will grow, specific trainings for users and NRENs will be organised.

4.2 Intervention Logic

The present action constitutes a second phase of the Eastern Partnership Connect project to continue bringing together the research and education communities in Europe and the EaP region by allowing for unrestricted scientific exchange across borders and enhancing international cooperation in education.

In addition, in order to provide a long-term sustainable cost-effective solution for communication infrastructure, it is proposed to procure long-term (10-15 years) lease for the communication channels (Indefeasible Right of Use IRU), provided IRUs are effectively proved to be the most cost-effective solution. The purchased infrastructure will be transferred to the partner countries ideally within the first year of project implementation. The IRU

approach is considered more cost-effective compare to standard scheme of leasing channels for one or few years and ensures sustainability and reliability of the established infrastructure. This is also in line with the DG CNECT 100% funded IRU project for EU countries and DG DEVCO approach for Africa and Latin America.

The project will be built along 3 main components:

- 1) Purchase of hard infrastructure to ensure access to digital highways (output 1);
- 2) Develop soft services to enhance international cooperation in education and research (output 2);
- 3) Human capacity building and knowledge transfer to ensure sustainability (output 3 and 4).

Communication will be mainstreamed throughout the 3 components.

4.3 Mainstreaming

Gender will be mainstreamed in this action. A specific strategy (conferences, services, mentoring, marketing campaigns, etc.) will be developed by the project to increase the share of women involved in science, technology, engineering and mathematics.

4.4 Contribution to SDGs

This intervention is relevant for the 2030 Agenda. It contributes primarily to the progressive achievement of SDG 9: Industry, Innovation, and Infrastructure while also contributing to SDGs 4: Quality education and SGD 5: Gender equality and women's empowerment.

5 IMPLEMENTATION

5.1 Financing agreement

In order to implement this action, it is not foreseen to conclude a financing agreement with the partner country/regional organisation/territory.

5.2 Indicative implementation period

The indicative operational implementation period of this action, during which the activities described in section 4 will be carried out and the corresponding contracts and agreements implemented, is 72 months from the date of adoption by the Commission of this Financing Decision.

Extensions of the implementation period may be agreed by the Commission's responsible authorising officer by amending this Decision and the relevant contracts and agreements.

5.3 Implementation modalities

The Commission will ensure that the EU appropriate rules and procedures for providing financing to third parties are respected, including review procedures, where appropriate, and compliance of the action with EU restrictive measures¹⁰.

¹⁰www.sanctionsmap.eu Please note that the sanctions map is an IT tool for identifying the sanctions regimes. The source of the sanctions stems from legal acts published in the Official Journal (OJ). In case of discrepancy between the published legal acts and the updates on the website it is the OJ version that prevails.

5.4 Grants: (direct management)

(a) Purpose of the grant(s)

The purpose of the grant is to support scientific exchange across borders and enhancing international cooperation in education among the EaP countries and with the EU, as well as provide long-term sustainable cost-effective solution for communication infrastructure (outputs 1, 2, 3, 4).

(b) Type of applicants targeted

The type of applicants targeted non-governmental organisations leading on e-infrastructure and services for research and education in Europe and worldwide.

(c) Justification of a direct grant

Under the responsibility of the Commission's authorising officer responsible, the grant may be awarded without a call for proposals to GÉANT Verenigin (GÉANT Association Netherlands).

Under the responsibility of the Commission's authorising officer responsible, the recourse to an award of a grant without a call for proposals is justified because GÉANT has exclusive competence in planning, building and operating dedicated pan-European Internet research network GÉANT for the R&E community.

GÉANT has much experience and expertise in planning, building and managing networks in many similarly challenging territories. Over the past years, GÉANT has taken on the responsibility of the regional projects in Latin America, Asia Pacific, South Asia, Central Asia, the Mediterranean, and for South-East Africa in Africa Connect. This involves bearing the financial risk for the collection of the beneficiary contribution for all these projects.

5.5 Scope of geographical eligibility for procurement and grants

The geographical eligibility in terms of place of establishment for participating in procurement and grant award procedures and in terms of origin of supplies purchased as established in the basic act and set out in the relevant contractual documents shall apply

The Commission's authorising officer responsible may extend the geographical eligibility on the basis of urgency or of unavailability of products and services in the markets of the countries concerned, or in other duly substantiated cases where the eligibility rules would make the realisation of this action impossible or exceedingly difficult.

5.6 Indicative budget

	EU contribution (amount in EUR)	Indicative third party contribution (amount in EUR)
Grant (direct management) for Outputs 1 to 4	10 000 000	526 315
Grants – total envelope		10 526 315

5.7 Organisational set-up and responsibilities

The project will be implemented under the responsibility of GÉANT Vereniging that will allocate one project manager to coordinate the actions, ensure progresses is made and report to the European Commission both through regular contacts and when milestones are reached or exceptions identified. The project manager will mobilise human resources as appropriate from both GÉANT (notably for the procurement and operation of the network) and experts from European NRENs and local NRENs. The European Commission will review and approves reports.

An annual steering committee will be led by the EC services for reviewing the results of the project and guide the way forward with the main stakeholders (including GÉANT, EaP and EU project partners, relevant Ministries, EU4Digital project team members, etc.). Other EC services (such as DG CNECT, RTD), the European External Action Service, and the relevant EU Delegations) will be closely associated. Furthermore, technical meetings with the EC and regular updates with the EU Delegations will be held throughout the year in between the annual steering committees (and at the inception phase, with a view to find in particular synergies and possible overlaps with bilateral projects).

5.8 Performance and Results monitoring and reporting

The day-to-day technical and financial monitoring of the implementation of this action will be a continuous process, and part of the implementing partner's responsibilities. To this aim, the implementing partner shall establish a permanent internal, technical and financial monitoring system for the action and elaborate regular progress reports (not less than annual) and final reports. Every report shall provide an accurate account of implementation of the action, difficulties encountered, changes introduced, as well as the degree of achievement of its results (outputs and direct outcomes) as measured by corresponding indicators, using as reference the Logframe matrix (for project modality) or the partner's strategy, policy or reform action plan list (for budget support).

SDGs indicators and, if applicable, any jointly agreed indicators as for instance per Joint Programming document should be taken into account.

The report shall be laid out in such a way as to allow monitoring of the means envisaged and employed and of the budget details for the action. The final report, narrative and financial, will cover the entire period of the action implementation.

The Commission may undertake additional project monitoring visits both through its own staff and through independent consultants recruited directly by the Commission for independent monitoring reviews (or recruited by the responsible agent contracted by the Commission for implementing such reviews).

5.9 Evaluation

Having regard to the importance of the action, a mid-term evaluation(s) will be carried out for this action or its components via independent consultants.

It will be carried out for problem solving and learning purposes, in particular with respect to the intention to launch a third phase of the action.

5.10 Audit

Without prejudice to the obligations applicable to contracts concluded for the implementation of this action, the Commission may, on the basis of a risk assessment, contract independent audits or expenditure verification assignments for one or several contracts or agreements.

The financing of the audit shall be covered by another measure constituting a financing Decision.

5.11 Communication and visibility

Strategic communication is an essential element supporting reforms. Activities will be carried out to ensure the transparency, visibility, and impact of the action. This will also facilitate the exchange of good practices as well as the reporting of impacts indicators and results. Monitoring of progress of data as well as aggregating and standardising data and indicators at regional level will also be carried out. Based on progress achieved under the first phase of EaPConnect, the development of these statistics and indicators will be facilitated. This also includes ensuring action presence on social networks, maintaining its web page, etc. Presence and visibility at meetings under various Platforms and Panels functioning as part of the Eastern Partnership architecture will be ensured, as well as communication with relevant EU institutions and presence during relevant international fora.

Communication and visibility of the EU is a legal obligation for all external actions funded by the EU. This action shall contain communication and visibility measures which shall be based on a specific Communication and Visibility Plan of the Action, to be elaborated at the start of implementation.

This action shall contain communication and visibility measures which shall be based on a specific Communication and Visibility Plan of the Action, to be elaborated at the start of implementation and supported with the budget indicated in section 5.5 above.

In terms of legal obligations on communication and visibility, the measures shall be implemented by the Commission, the partner country (for instance, concerning the reforms supported through budget support), contractors, grant beneficiaries and/or entrusted entities. Appropriate contractual obligations shall be included in, respectively, the financing agreement, procurement and grant contracts, and delegation agreements.

The Communication and Visibility Requirements for European Union External Action (or any succeeding document) shall be used to establish the Communication and Visibility Plan of the Action and the appropriate contractual obligations. Additional Visibility Guidelines developed by the Directorate-General for Neighbourhood and Enlargement Negotiations shall be followed where relevant.

Visibility and communication actions shall demonstrate how the intervention contributes to the agreed programme objectives. Actions shall be aimed at strengthening general public awareness and support of interventions financed and the objectives pursued. The actions shall aim at highlighting to the relevant target audiences the added value and impact of the EU's interventions. Visibility actions should also promote transparency and accountability on the use of funds.

It shall be the responsibility of the implementing partners to keep the EU Delegations fully informed of the planning and implementation of the specific visibility and communication activities.

The implementing partners shall report on visibility and communication activities in the report submitted to the ENI monitoring committee and the sectoral monitoring committees.

The action shall use the common branding regarding EU support, in particular the name “EU for [Country]” (i.e. “EU4Georgia”) shall be used for all activities implemented in the Country both in English and in the local official language. The action shall also use common branding regarding all EU support to Digital in the Eastern Partnership, in particular, the name EU for Digital (EU4Digital) shall be used for all relevant activities both in English and in local official languages.

APPENDIX - INDICATIVE LOGFRAME MATRIX ¹¹

	Results chain: Main expected results (maximum 10)	Indicators (at least one indicator per expected result)	Baseline (2018)	Target (end of project)	Sources of data	Assumptions
Impact (Overall Objective)	To bring together the research and education communities in Europe and EaP region and bridge the digital divide	<ul style="list-style-type: none"> • Participations of EaP countries in Horizon 2020¹² projects (number of participations) • ICT development index (IDI) in the EaP region (average IDI value) 	<ul style="list-style-type: none"> • 355 • 6.3 (2017 latest data available) 	<ul style="list-style-type: none"> • 500 • 8.3 	EC H2020 statistics, GÉANT and NRENs statistics, United Nations Agency for Information and Communication Technologies	<i>Not applicable</i>
Outcome(s) (Specific Objective(s))	<p>SO1: Extend network infrastructure (digital highways) to scale-up scientific exchange across borders</p> <p>SO2: Increase the use of services implemented under EaPConnect and offer new services to enhance international cooperation in R&E</p> <p>SO3: Strengthen EaP NRENs' position in the national R&E ecosystems.</p>	<ul style="list-style-type: none"> • Fraction of students, lecturers and researchers using network infrastructure • Amount of data exchanged between the R&E communities in the EaP region and Europe (in Peta Bite per year) • Number of H2020¹³ projects with an EaP NREN partner enabled thanks to the connection to GÉANT network • Number of NREN events organised and attended by policy makers, politicians and other decision-making bodies (per year) • Number of EaP NRENs paying fully GÉANT Cost-sharing fee 	<ul style="list-style-type: none"> • 55% (1.1 million) • 17 PB/y • 22 • 20 • 0 	<ul style="list-style-type: none"> • 75% (1.5 million) • 25 PB/y • 35 • 25 • At least 4 	GÉANT statistics, NRENs statistics, project reports	<ul style="list-style-type: none"> • Political stability in the EaP countries allow for NRENs' activities • EaP partners remain committed to supporting digital skills development
Outputs	Output 1: Network infrastructure is further developed and fulfils the	<ul style="list-style-type: none"> • Number of R&E institutions integrated in GÉANT network and using the established infrastructure 	<ul style="list-style-type: none"> • 420 • 0 	<ul style="list-style-type: none"> • 640 • At least 4 	GÉANT statistics,	

¹¹ Mark indicators aligned with the relevant programming document mark with '*' and indicators aligned to the EU Results Framework with '**'.

¹² And its successor [Horizon Europe](#).

¹³ Same as above.

	needs of the research and education communities	<ul style="list-style-type: none"> • Number of countries using IRUs • Number of network users (sex disaggregated) 	<ul style="list-style-type: none"> • 1.1 million (sex-disaggregation to be decided at the start of the project) 	<ul style="list-style-type: none"> • 2 million of which at least 40% women 	NRENs statistics, project reports
	Output 2: Additional services are provided and existing services are further promoted	<ul style="list-style-type: none"> • Number of (new) services provided • Services penetration rate (usage) broken down by: <ul style="list-style-type: none"> - Number of authorisation of EaP eduroam users abroad - Number of eduGAIN federated entities (IdPs and SPs) in EaP countries - Number of EaP NRENs Cloud user organisations 	<ul style="list-style-type: none"> • 9 - Indicatively 360.000/year - 27 - 108 	<ul style="list-style-type: none"> • 15 - 430.000/year - 89 - 290 	
	Output 3: Adequate technical capacity is built within education and research communities	<ul style="list-style-type: none"> • Number of users trained per year on services offered by EaP NRENs (sex disaggregated) • Number of trainings organised for EaP NREN staff • Number of conferences, workshops, trainings and events offered per year (including sex disaggregated data on the participants) 	<ul style="list-style-type: none"> • 270 (of which 25% women) • 6 • 14 (for 450 participants of which 30% women) 	<ul style="list-style-type: none"> • 270 (of which at least 40% women) • Up to 10 • 14 (for 500 participants of which at least 40% women) 	
	Output 4: EaP NRENs' financial sustainability conditions are improved	<ul style="list-style-type: none"> • Number of NRENs financial sustainability strategies in line with similar EU strategies • Number of participants to the EaPEC annual Conference 	<ul style="list-style-type: none"> • 0 • 180 	<ul style="list-style-type: none"> • 6 • 200 min./year 	



ANNEX 5

of the Commission Implementing Decision on the ENI East Regional Action Programme 2019 Part 3 (including one action on budget 2019 & 2020), to be financed from the general budget of the European Union

Action Document for the Eastern Partnership Civil Society Facility 2019 – 2020

MULTIANNUAL¹ PROGRAMME

This document constitutes the multiannual work programme in the sense of Article 110(2) of the Financial Regulation and action programme/measure in the sense of Articles 2 and 3 of Regulation N° 236/2014.

1. Title/basic act/ CRIS number	Eastern Partnership Civil Society Facility 2019 – 2020 CRIS numbers: 2019/041-741; 2020/041-742 financed under the European Neighbourhood Instrument
2. Zone benefiting from the action/location	Eastern Partnership, Armenia, Azerbaijan, Belarus, Georgia, Republic of Moldova, Ukraine and the Russian Federation The action shall be carried out at the following location: Eastern Partnership countries (Armenia, Azerbaijan, Belarus, Georgia, Republic of Moldova, Ukraine), the Russian Federation, European Union.
3. Programming document	ENI Regional East Strategy Paper (2014-2020) Regional East Multi-annual Indicative programme 2017-2020 Regional East Annual Action Programmes 2019/20 Single Support Framework 2017 – 2020 in favour of Armenia/Annual Action Programmes for Armenia 2019/20 Single Support Framework 2018 – 2020 in favour of Azerbaijan/Annual Action Programmes for Azerbaijan 2019 Special Measures for Belarus 2020/Annual Action Programme for Belarus 2020 Single Support Framework 2017 – 2020 in favour of Georgia/Annual Action Programmes for Georgia 2019/20 Single Support Framework 2017 – 2020 in favour of Moldova/Annual Action Programmes for Moldova 2019/20 Single Support Framework 2018 – 2020 in favour of Ukraine/Annual

¹ Within the maximum contribution of the European Union, the authorising officer responsible may adjust the allocation to the respective budget years subject to the availability of the commitment appropriations.

	Action Programmes for Ukraine 2019			
4. Sustainable Development Goals (SDGs)	<p>SDG 5. Achieve gender equality and empower all women and girls.</p> <p>SDG 16. Promote peaceful & inclusive societies for sustainable development, provide access to justice for all and build effective, accountable and inclusive institutions at all levels.</p> <p>SDG 10.2 By 2030, empower and promote the social, economic and political inclusion of all, irrespective of age, sex, disability, race, ethnicity, origin, religion or economic or other status.</p>			
5. Sector of intervention/ thematic area	Civil society	DEV. Assistance: YES		
6. Amounts concerned	<p>Total estimated cost 2019-2020: EUR 47 195 556</p> <p>Total amount of European Union (EU) contribution EUR 43 000 000</p> <p>The contribution is for an amount of EUR 24 000 000 from the general budget of the European Union for 2019 and for an amount of EUR 19 000 000 from the general budget of the European Union for 2020, subject to the availability of appropriations for the respective financial years following the adoption of the relevant annual budget or as provided for in the system of provisional twelfths</p> <p>This action is co-financed in joint co-financing by potential grant beneficiaries for an amount of EUR 4 195 556.</p>			
7. Aid modality(ies) and implementation modality(ies)	<p>Project Modality</p> <p>Direct management through:</p> <ul style="list-style-type: none"> - Grants - Procurement <p>Indirect management with the entrusted entity(ies) to be selected in accordance with the criteria set out in section 5.4.4.</p>			
8 a) DAC code(s)	15150 – Democratic participation and civil society			
b) Main Delivery Channel	<p>21000 – International NGO</p> <p>23000 – Developing country-based NGO</p> <p>41000 – United Nations agency</p>			
9. Markers (from CRIS DAC form)	General policy objective	Not targeted	Significant objective	Principal objective
	Participation development/good governance	<input type="checkbox"/>	<input type="checkbox"/>	■
	Aid to environment	■	<input type="checkbox"/>	<input type="checkbox"/>
	Gender equality and Women's and Girl's Empowerment	<input type="checkbox"/>	■	<input type="checkbox"/>
	Trade Development	■	<input type="checkbox"/>	<input type="checkbox"/>
	Reproductive, Maternal, New born and child health	■	<input type="checkbox"/>	<input type="checkbox"/>

	RIO Convention markers	Not targeted	Significant objective	Principal objective
	Biological diversity	■	<input type="checkbox"/>	<input type="checkbox"/>
	Combat desertification	■	<input type="checkbox"/>	<input type="checkbox"/>
	Climate change mitigation	■	<input type="checkbox"/>	<input type="checkbox"/>
	Climate change adaptation	■	<input type="checkbox"/>	<input type="checkbox"/>
10. Global Public Goods and Challenges (GPGC) thematic flagships	N/A			

SUMMARY

The Eastern Partnership (EaP) Civil Society Facility is EU’s landmark programme on support to civil society in the region. It comes to underpin commitments by the EU and Eastern Partnership countries in relation to creating an enabling environment for civil society organisations (CSOs) to play a role in developing an equitable and sustainable development. They therefore play a key role in the policy dialogue with government representatives in decision-making. With this in mind, this programme will strengthen the capacity of civil society organisations, (including on the local level) as well as further advance the fifth principle (foster people-to-people contacts, support human rights defenders and civil society organisations) guiding EU-Russia relations since 2016. This action brings together regional and country-based actions that jointly reflect the EU’s ambitions to support an empowered and sustainable civil society, which has the capacity to contribute effectively to public policies and articulates a wide variety of citizens’ concerns, and partners effectively with relevant stakeholders at local, national and international level, including the EU. Against the backdrop of an overall difficult and sustainable environment for civil society organisations in many partner countries, actions proposed pursue to advance the role of civil society organisations as governance actors and drivers of socio-economic reforms. The action focuses also on social innovation and active citizenship as core principles for civic engagement and the premise for healthy democratic societies. In view of this, the action has two interrelated objectives. The first objective is to increase CSOs’ technical, managerial and advocacy capacity to engage in policy-making processes and policy dialogue, promote reforms and public accountability, foster local democracy and engage women and men in public debate. The second objective is to promote social innovation and social entrepreneurship in the Eastern Neighbourhood

1 CONTEXT ANALYSIS

1.1 Context Description

An empowered civil society is a crucial component of any democratic system. By articulating citizens' concerns, civil society organisations (CSOs) – including local, transnational, gender and women focused, research oriented – are active in the public arena, engaging in initiatives to further a participatory democracy. CSOs contribute to building more accountable and legitimate states, leading to enhanced social cohesion and more open and deeper democracies.

The Joint Declaration adopted by the EU Member States and all six EaP countries at the 5th Eastern Partnership Summit in 2017 acknowledged the role of civil society in achieving the 20 Deliverables for 2020 and recognised that 'broadened outreach and targeted support to grassroots CSOs and social partners, remains an integral part of this [*the Eastern*] Partnership'. Based on this Declaration, 'Civil society support for better governance' was one of the eight priority sectors put forward by the EU until 2020. This came with ambitious goals to support CSOs that want to strengthen their representation of the voice of citizens and to reaffirm their role in democratic processes in partner countries. The 20 Deliverables for 2020 pursue an intensified policy dialogue with CSOs and a new tailor-made approach to capacity development².

The last decade has witnessed contrasting developments across the wider Eastern Neighbourhood. CSOs are now widely recognised as development actors in their own right. Yet the relationship between states and CSOs is at times delicate in a number of EaP countries. A limited tradition of dialogue between CSOs and government representatives still prevails in several countries of the region. Space for civil society is overall deteriorating in the region, albeit with positive exceptions.

The level of trust in CSOs is relatively low³. Despite substantial investments in developing capacities of civil society actors since the mid-90's, to maintain and continue to build a professional and sustainable civil society in the wider Eastern Partnership continued capacity building support is required. In the absence of state funding made available to CSOs, they are often largely dependent on donor funds. This may contribute to a perceived lack of legitimacy and link to their constituencies.

Visibility of efforts to enhance and maintain accountability and transparency of CSO work could lead to enhanced links with constituencies and an increase trust in CSOs.

The EaP regional picture is equally mixed when it comes to levels of participation of CSOs and citizens in the policy dialogue with government representatives. In Armenia, following recent political developments, civil society organisations report more positive attitudes as regards the empowerment and inclusion of local civil society actors in the policy dialogue. In Ukraine, CSOs are perceived as playing an important role in promoting the post-Maidan reform agenda as well as in the development of a new political and administrative culture, in particular with regards to promoting transparency and accountability in public life. A number of CSO-government reform dialogue mechanisms have been operating post-2014. While larger CSOs in the capital and other urban centres, notably those working on the fight against corruption, have managed to establish themselves, many grassroots CSOs, notably in the regions and working on less visible policy areas, are in need of capacity development. Despite a number of weaknesses in terms of capacity, Georgian civil society plays an important role in policy formulation and government oversight. Through the EU-backed National Platform of the Civil Society Forum and other strong coalitions, it has a channel to voice its concerns on the international level.⁴ A number of dialogue platforms between civil society and government exist in Moldova, including the EaP National Platform, though limited in scope. In Belarus the interaction between CSOs and the state remains limited;

² 'Eastern Partnership - Focusing on key priorities and deliverables', Joint Staff Working Document, 2016, https://ec.europa.eu/neighbourhood-enlargement/sites/near/files/near-eeas_joint_swd_2016467_0.pdf.

³ The Caucasus Barometer, an annual survey conducted by the Caucasus, Research Resource Centers (CRRC), The 2017 CSO Sustainability Index

https://www.usaid.gov/sites/default/files/documents/1866/CSOSI_EE_2017_Regional_Report_FINAL_2.pdf

⁴ <https://www.bti-project.org/en/reports/country-reports/detail/itc/geo/>

although since 2016, high-level officials did participate in several CSO organised events while CSOs, in turn, have been invited to consultations organised by the Government. In Azerbaijan, the extent to which the public councils established through the 2014 Public Participation Law are channelling genuine engagement, is yet to be established. A Dialogue Platform of State and Civil Society for Promotion of OGP set up in 2016 with civil society and government representation meets regularly to discuss issues related to CSO operating space, but so far with little impact.

In Russia, despite the increasingly difficult environment, especially concerning the freedom of association, freedom of assembly and freedom of expression, media freedoms and the rights of persons belonging to minorities, Russian civil society is still able to operate and to achieve positive results.

To conclude, CSOs in all six EaP countries share relatively weak capacities with discrepancies between expertise and involvement in specific sectors of governance.

1.2 Policy Framework (Global, EU)

Civil society engagement is key to the achievement of the objectives of the Neighbourhood Policy. The revised **European Neighbourhood Policy**⁵ of 2015 commits to a higher diversification of the range of civil society actors, which the EU engages with. As a reflection of these commitments, the '**Eastern Partnership – Focusing on key priorities and deliverables**' **Staff Working Document**⁶ aims not only at civil society engagement in all priority sectors of cooperation between the EU and partner countries, but also sets targets for the outreach of the capacity development programmes in partner countries. As expressed in these documents, the EU seeks meaningful engagement with relevant civil society equally on all the 20 Deliverables in the EaP countries.

EU's commitment to support civil society applies to all partner countries. Support to the **development of capacities of CSOs**, engagement in **policy dialogue** and protection of **participation space** are the three areas towards which the European Commission has committed its work through the **2012 Communication 'Roots of Democracy and Sustainable Development: Europe's engagement with Civil Society in external relations'**⁷. The 2012 Communication highlighted that CSOs are governance actors in their own right. They should therefore receive an opportunity to become equal partners in EU assistance to partner governments. The Council of the European Union in its **October 2012 Council Conclusions**⁸ stated that the EU recognised the significance of constructive relations between States and CSOs and would further promote them. Since 2012, the EU has repeatedly stated its commitment through a series of policies that have externalities on civil society policy. The **Global Strategy for the European Union's Foreign and Security Policy**⁹ and

⁵ 'Review of the European Neighbourhood Policy', Joint Communication, JOIN(2015) 50 final, http://eeas.europa.eu/archives/docs/enp/documents/2015/151118_joint-communication_review-of-the-enp_en.pdf.

⁶ SWD(2016)467 of 15.12.2016.

⁷ COM(2012)492, 12.09.2012

<https://eeas.europa.eu/sites/eeas/files/2012-communication-roots-of-democracy-and-sustainable-development.pdf>.

⁸ Council conclusions on The roots of Democracy and sustainable development: Europe's engagement with Civil Society in external relations,

https://www.consilium.europa.eu/uedocs/cms_data/docs/pressdata/en/foraff/132870.pdf

⁹ 'Shared Vision, Common Action: A Stronger Europe. A Global Strategy for the European Union's Foreign And Security Policy', http://eeas.europa.eu/archives/docs/top_stories/pdf/eugs_review_web.pdf

the **Gender Action Plan II (GAP II)**¹⁰ in particular have confirmed the EU policy to engage with civil society. The 2018 Council Conclusions on the implementation of the GAP II the Council calls on the Commission services and the EEAS to continue and strengthen their cooperation and consultation with civil society organisations working towards gender equality and the empowerment of women and girls, in the implementation of the GAP II throughout the programming and policy cycles. In addition, they stress a need for enhanced safety and security for women's organisations and women human rights defenders.

The fast pace of change in the political environment in the EU's wider Eastern Neighbourhood¹¹ has brought a need to re-define the narrative surrounding civil society engagement. The renewed EU Roadmaps for Engagement with Civil Society (2018-2020) express a number of concrete steps that the EU plans to make in order to meet civil society's needs and advance its role in partner countries. Across the region, the EU together with its Member States committed to continue building capacities of civil society, protect civic space and support civil society to engage in policy dialogue. Several Roadmaps identify social entrepreneurship as a way to complement financial sustainability of CSOs and highlight the need to diversify funding in general. Similarly, sectors such as youth participation and civic education, innovative approaches to traditional CSOs related sectors and supporting CSOs in their internal governance reforms are seen as key element in building the next generation of civil society.

1.3 Public Policy Analysis of the partner countries and of the region

Eastern Partnership governments continue to declare their commitment to engage with civil society in policymaking. The 2017 EaP Summit Declaration – endorsed by all EU and EaP governments – brings a consensus on the role of civil society as promoting better governance.

The **Armenian** Government proposed a new Law on NGOs in October 2018. Up until 2018, USAID has been working with local partners towards building a friendlier ecosystem for social entrepreneurship development, although no legislative framework for social enterprises is yet in place. The EU – Armenia CEPA agreement includes provisions for the establishment of a civil society platform for Armenian and European civil society organisations to monitor implementation of the overall agreement. This is being actively supported by both the EU and the Government of the Republic of Armenia.

The "**Azerbaijan 2020: A Look into the Future**" development concept adopted in 2012 continues to be the national policy framework for engagement with civil society. The objectives set include enhanced cooperation between government agencies and civil society organisations (CSO), via the development of a "National Action Plan on the development of civil society", the adoption of legislation stimulating conducive CSO environment, the increase of financial support to CSO, the establishment of "Non-governmental organization (NGO) houses" and education centres and other issues. The Concept also foresees CSO participation in the development of state programs and work of public commissions. The State Council on NGOs makes funding available of approx. EUR 2.3 million every year, to State registered NGOs. In addition, several state funds (Youth Fund, Science Fund) also make funding available for CSOs. Legislation for CSOs in Azerbaijan is considered restrictive and

¹⁰ 'Gender Equality and Women's Empowerment: Transforming the Lives of Girls and Women through EU External Relations 2016-2020', SWD(2015) 182 final, 21 January 2015

¹¹ The term 'Wider Eastern Neighbourhood' refers in the context of this Action Document for the Regional East Civil Society Facility 2018 to the following countries: the six Eastern Partnership countries (Armenia, Azerbaijan, Belarus, Georgia, Republic of Moldova, Ukraine), Turkey and the Russian Federation.

burdensome both with regards to registration and access to funding, despite the amendments brought in January 2017, meant to "simplify" such procedures. Social entrepreneurship in Azerbaijan is a relatively new concept, and there is no specific legal framework regulating the concept. However, there are opportunities of developing the concept in Azerbaijan due to the favourable business environment and the socially oriented public policy.

In **Belarus**, CSOs continue to operate in a restrictive legal environment in which the activities of unregistered CSOs are criminalised; the registration procedure is complex; and CSOs have limited access to both local and foreign funds. Belarus has a "National Strategy for Sustainable Social and Economic Development" which is re-elaborated once in five years for the 15-year period. The strategy sets forth instruments for efficient use of demographic, social, natural, manufacturing and innovative potential of the country. The national sustainable development strategy until 2030 is in place now, and Government is preparing a new strategy until 2035. The need for mature CSOs is mentioned as one of the key elements for a successful society, however no means or funds are provided to support further this dimension. The enabling environment for civil society is shrinking in Belarus. In June 2018 Belarusian lawmakers passed controversial amendments to the country's media laws despite claims by domestic and international groups that the move risks leading to further censorship of the press. The amendments require that authors of all posts and comments in online forums be identified and that comments be moderated by website owners. In case of violation of this law, the social network and other sites can be blocked by simple administrative decision.

The government of **Georgia** does not yet have one country strategy for engagement with civil society, although a state concept for civil society has been under development for many years. However, there is a growing number of civil society platforms. Relations between public authorities and civil society deteriorated considerably in 2018 in the framework of elections and need yet to be re-built. An EU-funded study conducted in 2017 on state funding for CSOs in Georgia identified numerous state grant mechanisms to CSOs underpinned by several laws.¹² State funding continues to grow as a source of income for CSOs, a positive trend that began a few years ago when selected state agencies were authorised to award grants to CSOs. Yet the scale and scope of funding is still insufficient to significantly improve the sustainability of the sector. During the last 10 years, considerable progress towards the social entrepreneurship sector development has been observed, with increased interest towards the concept. With official statistics missing an estimated 70-75 social enterprises are actively operating in the country. However, legislation needs to be more favorable to promote the area further.

In **Moldova**, a new Civil Society Development Strategy for 2018-2020 and its Action Plan entered into force in May 2018. CSOs worked jointly with the Moldovan Parliament on the draft, with limited involvement from the Central Government. Public funding is channelled via direct action grants from certain ministries (e.g. culture, youth, economy or environment) or via contracting of social service delivery. Structured dialogue between CSOs and the Government suffers from low mutual trust between the CSOs and the government, and the participation of CSOs in drafting laws is below 30%. The 2% law has been adopted by the Parliament in 2016, allowing women and men to direct 2% of their income tax to CSOs. Law Amendments on Social Entrepreneurship (SE) were adopted and establish the definition of a social enterprise, as well as list available benefits to SEs. Following the democratic backsliding in the country and subsequent recalibration of the EU assistance, the main focus

¹² State Funding for Civil Society OrganizationsOrganisations – http://civilin.org/pdf/State_Funding_for_Civil_Society_Organizations.pdf (CSI, 2017)

of the EU support is on working with the civil society, local administration and SMEs in order to bring tangible results to the citizens.

The Government of **Ukraine** has put in place a ‘Strategy for civil society development’ covering the period 2016-2020. A Coordination Council for civil society development is also established, however, these have not achieved any tangible results up to date. State funding increased in the last four years reaching approx. EUR 12 million in 2018. The e-declaration obligation for civil society activists is still in place, risking a chilling effect on the civic space. Ukrainian legislation does not formally recognise the legal form of a social enterprise. Even with existing legal provisions, there are still a number of unresolved issues, including lack of preferential taxation and the risk of losing non-for-profit status.

Russian authorities have followed a path of **growing restrictions on independent civil society** as part of a broader crackdown on critical voices that has had repercussions on freedom of expression, association, assembly as well as on media freedom. Meanwhile, the practice of allocating **presidential grants** (reported 22 billion rubles in the period 2013-2017) to CSOs continues. On the receiving side are mostly Government-associated or government-organised CSOs, but on some occasions independent actors can also receive such funding. Socially-oriented CSOs, who focus their activities on service provision in politically neutral areas can also access state funds. The **Foreign Agents Law** on NGOs (2012) is a longstanding concern for independent civil society organisations. Additional legislative bills were subsequently introduced to further expand the scope of the law to include individuals. Concerning social entrepreneurship, governmental policy is reflected in the **National Strategy of SME development** until 2030 (approved in 2016). The Federal Law on SMEs in Russia (FZ 209) will be amended shortly to formalise concepts of social entrepreneurship and social enterprise.

1.4 Stakeholder analysis

At regional level, the Eastern Partnership Civil Society Forum is the entity that provides CSOs across the region a vehicle to push their agenda onto the regional debates in the framework of the Eastern Partnership. An action covered by the 2017 Regional Civil Society Facility is dedicated to supporting the Forum reaffirm itself as a relevant actor for regional policy dialogue with civil society, help it overcome the issues that undermine its credibility and increase the appeal for new (and more technical) organisations to see it as a vehicle of promoting their agendas. EU Delegations work closely on the ground with the Forum's National Platforms.

Almost all countries have domestic dialogue platforms between CSOs and government. In Azerbaijan a platform of dialogue CSO-government was set up in 2016, under the National OGP Action Plan. This coalition meets regularly, but it is criticised by independent CSOs as dominated by pro-government NGOs and not very effective. The Government of Ukraine established a Coordination Council for civil society development, which has not yet achieved any tangible results. The EU currently supports the Civic Synergy Project, which is a common secretariat of both the EaP National Platform in Ukraine and EU-Ukraine Association Agreement Civil Society Platform. In the Republic of Moldova the NGO Council is a dialogue partner for Parliament, whilst the National Participation Council is an advisory body to the Prime Minister. The Armenian government's structural dialogue with civil society at national levels has so far been limited to the long-standing and disguised Public Councils attached to each executive agency. New dialogue structures are expected to be discussed and initiated at both national and local levels after the 2018 elections. In Georgia, numerous coordination mechanisms exist for government-civil society consultations. Their functioning

has improved but sizable space for improvement remains, for example in the human rights area or the more specialised topics such as public finance management.

Whereas general coordination platforms are the Georgian National Platform of the Eastern Partnership Civil Society Forum and the Open Government Georgia Forum, a range of sectoral dialogue mechanisms and platforms function to varying degrees (the National Vocational Education and Training Council, the Human Rights Council, the Inter-Agency Coordination on Criminal Justice, the Inter-Agency on Gender Equality, Violence against Women and Domestic Violence to name but a few). NGOs with presence/actions in the breakaway regions of Abkhazia and South Ossetia may also benefit from this action. Partnerships between CSOs on Tbilisi administered Territory and Abkhaz and South Ossetian CSOs will be encouraged.

The EU (through a grant of the Partnership Instrument) also supports the EU-Russia Civil Society Forum (CSF), which brings together more than 150 EU and Russian NGOs.

All major civil society donors are present in the region, including implementing agencies of EU Member States. The past years have seen some fluctuations in the level and type of their involvement, that have had an impact also on the demand for civil society support from the European Union. Civil society organisations have stressed the need for EU support to be better adjusted to the needs of newer civil society actors, such as social movements and informal groups, that it should be mobilised faster and be more aligned to local agendas rather than EU priorities. CSOs have also been reiterating the need for long-term core funding rather than short-term project-based funds.

1.5 Problem analysis/priority areas for support

As described in the context analysis, despite positive developments in selected countries, many CSOs in the Eastern Partnership continue to share challenges of representativeness, transparency, internal governance and dependency on international donors. Their technical, managerial and advocacy capacities are uneven, often with fewer, well established and active organisations in the capitals, but much weaker capacities at municipal and grass-roots level. This is preventing CSOs from achieving higher credibility across the region. The EU and other donors have been already investing in **capacity development programmes** that drove changes on the ground, but continuing these efforts – including outreach to grassroots – is critical.

CSOs in almost all countries in the Eastern Partnership still require targeted and action-oriented support to build technical skills, reach out and engage constituents, become more effective advocates and build stronger coalitions. As outlined in all EU Roadmaps for Engagement with Civil Society, sustainability and impact of CSO-led work remain challenging if support to capacity developments renders no or little visible effects for women and men. For this reason, the capacity building component of this programme will factor in ideas put forward by communities, while strengthening civil society leadership, management and transformational leadership skills of women and men. Seeking greater impact, the capacity development actions under this programme will aim to capitalise on emergent community mobilisation to strengthen participatory and inclusive democracy in certain areas – for example, focused policy analysis (Azerbaijan), IT-enabled participation (Belarus), participation in policy development (Armenia and Ukraine), increased CSO engagement (Georgia), participatory local democracy (Moldova) and new business models for CSOs (Russia and Ukraine). Special attention will be paid to the role of women in decision-making. Research shows that women's organisations and NGOs with an inclusive agenda have an important role in representing and giving information on the needs of women. They also play

a key role in holding the government accountable for the conditions of women and marginalised groups. In addition, their involvement in decision-making leads to more accountable and inclusive results.

Recently, a number of CSOs are showing an interest in developing social enterprises, engaging with purpose driven businesses, engaging in social contracting or using zero interest lending. **Social entrepreneurship** development is gaining momentum across the region. Social entrepreneurship is driven by either business sustainability actions or CSOs that are developing revenue generating activity. In the case of the latter the CSOs are sometimes engaging in social entrepreneurship as a means of solving a problem that is not sufficiently addressed by local authorities such as access to child care services. At the same time, development of social entrepreneurship is hampered in all countries in the region by legal environments that are not recognising social enterprises as a special category of businesses, and thus do not enjoy specific policies or legal frameworks. Only now, ecosystems fostering growth of social enterprises are beginning to develop. Some countries have at least some form of support infrastructure in place for SME development (that can prove useful to social entrepreneurs as well) – including consultancy services, or grant funding providing initial capital.

A recent EU study looking at the social entrepreneurship landscape¹³ in the region found that there is great potential for development of social enterprises across the region. Countries with a favourable business environment and socially oriented public policies, such as Azerbaijan, Armenia, Georgia and Ukraine – were found to be particularly relevant from this point of view. At the same time, awareness of how social entrepreneurship works and what makes it different from other types of business, specific regulatory frameworks and access to more diversified types of funding remain the main challenges.

To answer these problems, this action proposes:

- **To further advance the capacities of CSOs** by:
 - engaging with country-level or regionally relevant Framework Partners to continue or set-up large scale financial support to third parties schemes and adequate mentorship and training; encouraging financial sustainability of civil society, by supporting mixed funding modalities, including through social entrepreneurship and other alternatives of financing;
 - making available ad-hoc support for capacity development of CSOs (including for organisation of regional events, participation in and organisation of face-to-face trainings, developing e-learning tools, running studies on the civil society sector, other types of technical support to EU Delegations for info sessions and consultations, and setting up a network of civil society specific IT centres); building leadership within civil society through the Civil Society Fellowships;
 - developing/ extending a support platform for the voluntary reflection of transparency and accountability standards for CSOs (including an impact monitoring tool for CSOs);
 - supporting regional exchanges and learning that would drive social innovation, by supporting civic tech projects and ideas, and by diversifying non for profit business models (to tap into the potential of initiatives such as the OpenData movement or Code-for-All, promoting freely available data and technology).

¹³ <https://ec.europa.eu/docsroom/documents/29642>

- To further foster an **enabling environment** for civil society by supporting the implementation of the Monitoring Matrix for Enabling Environment of CSOs, early warning for sudden closures of civic space and contributions to the development of global standards on freedom of association and expression; support will be made available for low value grants and support measures under the Rapid Response Mechanism; ensuring a lifeline to CSOs in shrinking spaces.
- Advance the role of civil society in **policy dialogue**, by supporting the Eastern Partnership Civil Society Forum and its platforms – at regional level; support civil society organisations through further institutionalising dialogue mechanism at municipal level.
- Contribute to developing a more favourable ecosystem for **social entrepreneurship**, building a social enterprise pipeline for investment in the Eastern Neighbourhood and support the setup/ extension of a social impact investment fund for the region.

2 RISKS AND ASSUMPTIONS

Risks	Risk level (H/M/L)	Mitigating measures
Climate for dialogue and environment for public participation deteriorates in the wider Eastern neighbourhood	M	Engage with state actors, local authorities and CSOs to re-build trust.
Insufficient amount of qualitative proposals for financial support to third parties.	M	Guidelines for financial support to third parties must be formulated in an accommodating manner; Local languages (as far as possible and economically justifiable) to be used in the application process.
Insufficient number of interested entities willing and able to implement the programme in Belarus.	M	Possibility to include local organisations as co-applicant.
Assumptions		
EaP partner countries remain committed to implement the 20 deliverables agenda		

3 LESSONS LEARNT AND COMPLEMENTARITY

3.1 Lessons learnt

The implementation of higher amounts of targeted civil society support in the wider Eastern Neighbourhood, combined with the new policy to diversify the range of actors the EU engages with (and appropriate methods to do so), have rendered a number of lessons learnt. Here are those that laid the ground for the design of the Neighbourhood East Civil Society Facility 2019 – 2020.

Stakeholder consultations conducted in the preparation of this action led to the conclusion that there is a need for the EU to focus its capacity development activities more strategically, i.e. to address research and data collection/evidence gaps as well as the challenges to CSO leadership and management. The areas in which CSOs work are largely donor-driven and financial sustainability in between projects remains a problem; smaller, regional organisations tend to be competitive, rather than cooperative. More coordination would be beneficial

between CSOs in their policy work in particular when they are tackling the same or closely related issues and ways of strengthening the impact of these initiatives must be found by using diverse working modalities such as fora, and partnerships most appropriate in the given national context. Participation in policy dialogues should be broadened to include the whole range of CSOs as far as possible – e.g. trade unions, farmers' organisations, cooperatives, women's organisations etc. – and, wherever possible, have a multi-actor approach, coordinated with national authorities, emphasising their multi-stakeholder dimension. Seed funding can lead to CSOs to becoming community development actors and service providers to citizens. If CSOs serve the needs of local communities, their credibility improves and opportunities for their financial sustainability may increase. At the same time, CSOs working in the social sector and enjoying a high level of visibility and legitimacy among communities should be supported to contribute more actively to the definition of public policies by developing their advocacy and policy dialogue skills.

Looking at EU's more recent support policies, a number of lessons can be drawn from the use of financial support to third parties thus far. In a recent consultation with the recipients of such financial support, it became clear that financial support to third parties allows quicker and more flexible outreach to CSOs that are not able to directly apply for EU grants and that third party support made available by CSOs for CSOs tends to be more tailored to their needs. Through the 2018 Eastern Partnership Civil Society Facility, the EU has launched the process of selecting civil society organisations with which strategic partnerships (in form of Financial Framework Partnership Agreements) will be concluded. Through this long-term cooperation framework, the EU intends to step up its support to CSOs in the wider Eastern Neighbourhood by making available funding for capacity building and financial support to third parties.

The pilot Rapid Response Mechanism in the 2017/8 Civil Society Facility is seeing demand, which is why this Action earmarks funds to continue this support. The implementation of the 2017 and 2018 RRM was closely monitored and a formal review exercise is foreseen to take place in autumn 2019 in order to take stock of the projects implemented and assess the results and appropriateness of the mechanism. First feedback from Delegations on the use of the pilot RRM during 2018/19 indicates that the instrument responds to the need to react quickly and flexibly to unexpected changes and threats to civil society, but that some adjustments needed to be made, including the possibility to award service contracts.

The current Technical Assistance component of the Civil Society Facility has seen a lot of demand from civil society and EU Delegations. Since 2012 the programme has grown to be more and more flexible, made to respond to various growth needs of civil society organisations, including specific training, mentorship, e-learning, organisation and participation in events. A continuation of this programme will be foreseen.

In the countries of the wider eastern neighbourhood region, the restrictive domestic legislative frameworks are driving CSOs to seek different models to support their work. CSOs and those that support them need to push the EaP government to provide funding for CSOs and in addition adopt a creative approach to making funds available, while at the same time ensuring the independence of CSOs. On one hand, this is a stimulant for some CSOs involved in service delivery to consider more closely social entrepreneurship opportunities for generating alternative funding. On the other, more support to a broader range of CSOs is needed in developing possible business models and professional management tools that can help them increase their sustainability as well as legitimacy with their constituencies.

Core funding (i.e. operating support) was identified as a critical element for increased sustainability of CSOs. Hence, a pilot was launched in 2016 in Georgia and three operating grants were awarded. While the formal evaluation is still pending, it can be concluded already

that the limited funding of 30% of the annual programme of organisations and the one-off character (implementation period of maximum one year) has not proven to be sufficient core funding for the organisations to only focus on their development.

3.2 Complementarity, synergy and donor co-ordination

Countries in the Eastern Neighbourhood have seen a 15% increase in their allocation for targeted support from the CSO programme of the Development and Co-operation Instrument. Therefore, substantial funds are already being made available in each of the Neighbourhood East countries for call for proposals to be launched from 2019 to 2021, with priorities meant to reflect the EU Roadmaps for Engagement with Civil Society. Each of the countries has also a yearly allocation from the European Instrument for Democracy and Human Rights (EIDHR). The Neighbourhood East Civil Society Facility is meant to underpin and complement the implementation of these programmes in each of the countries, while contributing to the achievement of the commitments made by the EU in the country Roadmaps for Engagement with Civil Society (2018 – 2020).

In **Armenia**, financial support to third parties is envisioned to be continued as follow-up to the various civil society organisations and initiatives the EU has recently funded. Emphasis will be more on core/fundamental technical capacity support and strengthening collaborative efforts.

In **Azerbaijan**, UNDP has proven a useful and competent partner for the EU in continuing support to civil society especially under programmes not governed by Financing Agreements. One large scale EU funded financial support to third parties scheme, implemented by UNDP, which targeted 12 local CSOs was considered as an important lifeline of support for Azerbaijani CSOs in a period where non-state funding opportunities are extremely limited. In the context of the capacity building component of the project, targeted CSOs expressed an interest in exploring alternative funding sources such as social entrepreneurship. The EU continues to be the largest foreign donor to CSOs in Azerbaijan, followed closely by USAID. The procedure for registration of grants from foreign sources still discourages many potential donors from working in Azerbaijan. The issue of CSO support is discussed in the donor coordination sub-group on democracy and rule of law.

Belarus International Implementers Meeting (BIIM) gathers together key international implementers as well as donors working mainly with Belarusian Civil Society in exile and/or with CSOs implementing non-registered projects. According to BIIM structure there is a general co-ordination meeting once a year (usually in autumn), and sub-group for financial controllers once a year (usually in spring). The meetings are usually organised and financed by USAID and SIDA through Pact and Forum Syd.

In **Georgia**, the EU has been successful in streamlining support to and engagement with civil society in all its areas of engagements. This is expressed in financial support of EUR 32 million to more than 80 civil society organisations through more than 20 open calls for proposals in the period of 2014-2017. While there are numerous sectoral initiatives for civil society, general support to further develop the capacities and sustainability of civil society is ongoing: the Georgian Civil Society Sustainability Initiative is being funded with EUR 4 million over four years to increase the role and impact of the civil society in the political, economic, social and cultural development of a modern Georgia. The action aims at achieving more transparent state funding mechanisms, stimulating philanthropy and corporate social responsibility; a more positive perception of civil society, applying international standards of transparency and accountability towards all stakeholders; improved civic participation and

active CSO role in local and national policy-making. The Georgian National Platform has been supported over the last years.

In the face of a challenging political environment and gradually shrinking space for engagement with civil society organisations in Abkhazia, a Civil Society Support Programme (CSSP) was designed and is proving to be a useful and successful tool to provide some stability for existing CSOs and build a new generation of CSOs. It facilitates cooperation and networking among the CSOs representing interests of a wide range of communities and segments of the society in Abkhazia. A Civic Resource Center was created which is actively used by civil society. The active participation in this programme is evidence for the acute need to continue this initiative in order to further extend and consolidate the already achieved results, to ensure the building of a vibrant and responsive civil society in Abkhazia, including further enhancement of the space for civil society support activities and its acceptance by *de facto* authorities, and to support the active communities in South Ossetia. EUMS also provide funding to CSOs in the break-away regions.

The Confidence-building and Early Response Mechanism (COBERM) funded through the Instrument contributing to Peace and Stability (IcSP) aims at cross-ABL meetings and people to people contacts. The level of financial resources to which Abkhaz CSOs have access decreased sharply as a result of the 2008 conflict¹⁴.

In the Republic of **Moldova**, the EU jointly with the Member States and Switzerland adopted the European Joint Development Cooperation Strategy (Joint Programming Document) covering the period 2018-2020. Civil Society is a cross-cutting priority of the Joint Document with the objective to strengthen CSOs capacities to play an effective role in policy dialogue, implementation and monitoring at national and local levels and to contribute to private sector development, sustainable economic growth and social innovation. The impact of assistance deployed to CSOs could be strengthened by, among other things, better/stronger coordination among the donor and beneficiary community. The EU Delegation to the Republic of Moldova is managing large financial support to third parties schemes under a CSO facility with one technical assistance project and three grants with financial support to third parties scheme. The total envelope is EUR 8 million. These financial support to third parties schemes are thematically focused on the priorities of the SSF 2014-2017. This new action will not have a thematic focus and rather develop a new approach to financial support to third parties and civic engagement that fosters local democracy and community development.

The **Ukraine** component of the programme will mainly build upon the experience of the ongoing Support to Civil Society and EIDHR bilateral programmes with relevant adjustment of the priorities and specific objectives of the planned call to cover the most recent developments in the policy and political environment of Ukraine. The programme will complement the bilateral support planned with 2019 financing. The grant programme in question will increase the viability and capacities of CSOs to contribute to the development of accountable, transparent and democratic institutions, social and economic development and the prevention of violent conflicts.

The EU is currently the only major donor of Russian civil society projects. The five guiding principles of the European Union's policy towards **Russia** agreed by the Foreign Affairs Council of March 2016, include a fifth principle underlining the "need to engage in people-to-people contacts and support Russian civil society".. EU support is crucial for enabling Russian civil society organisations (CSOs) to continue their work. As from 2014, the

¹⁴ South Ossetian CSOs would appear to face even greater resource-linked challenges as only the ICRC has access to the territory.

"European Instrument for Democracy and Human Rights" (EIDHR) and the "Civil Society Organisations" (CSO) programme are the main actions in support to strengthening human rights and civil society. Cross Border Cooperation (CBC) and Northern Dimension (ND) programmes have also a strong people to people component. ~~It is in the EU interest to continue to support and to empower independent civil society organisations.~~ The Partnership Instrument makes available support in Russia in order to advance EU's public diplomacy efforts. It makes available funding for selected projects with civil society organisations in Russia, including support to the EU – Russia Civil Society Forum.

4 DESCRIPTION OF THE ACTION

4.1 Overall objective, specific objective(s), expected outputs and indicative activities

The **overall objective** of the Eastern Partnership Civil Society Facility 2019-2020 is to **strengthen participatory and inclusive democracy** in the Eastern Neighbourhood.

With the aim of fostering regional and trans-regional co-operation, in particular in the area of People to People contacts, the Commission decides to extend the eligibility of this action to the Russian Federation.

The Civil Society Facility will pursue the following **specific objectives**:

Specific Objective 1: To increase **CSOs' capacity** to engage in the policy making processes and policy dialogue, promote reforms and public accountability, foster local democracy, local development and engage citizens in public debate.

Specific objective 2: To **promote social innovation and social entrepreneurship** in the Eastern Neighbourhood.

Outputs linked to Specific Objectives

Specific Objective 1. To increase **CSOs' capacity** to engage in policy making processes and policy dialogue, promote reforms and public accountability, foster local democracy and engage citizens in public debate.

Output 01 (O1). Increased capacities of CSOs to engage in advocacy, policy development and promote accountability.

Main activities

Activity 1. Develop country specific capacity development programme in selected Eastern Partnership countries. In line with the respective country's Roadmap for EU Engagement with Civil Society, country specific capacity building activities in this area may include:

1.1 Armenia: strengthen CSO management skills and transformational leadership;

1.2 Georgia: advance CSOs' role in Association Agenda related policy dialogue, civic engagement in the regions, including minority regions, local advocacy, including in breakaway regions, and service delivery;

1.3 Moldova: Enable civil society (including local action groups) and young leaders to be active pillars in democracy, community building and policy dialogue related to the Association Agreement (including at local level);

1.4 Ukraine: support the use of innovative approaches in advocacy and policy development).

1.5 Azerbaijan: reinforce CSOs' role in advocacy, policy development and promote accountability

Through the Civil Society Facility 2018/19, Financial Framework Partnership Agreements (FFPAs) will be concluded with selected CSOs, which have significant experience in providing technical and financial support to grass-root organisations in the wider Eastern Neighbourhood. Where appropriate, Delegations may use these Strategic Partners/FFPAs for their bilateral capacity-development programmes.

Activity 2. Mobilise EU strategic partners to develop regional capacity development programme in Eastern Partnership countries

One or more Strategic Partners (amongst the aforementioned organisations with which the EU will have concluded FFPAs) are mobilised to:

- design and test new ways (financing tools) to fund CSOs and work towards improving CSOs' financial sustainability;
- adjust capacity development programmes to the needs of local CSOs' and communities,;
- support CSOs in their agenda to do outreach and to engage with citizens and communities in an inclusive manner;
- support the development of professional not-for-profit management and strengthen internal control and governance; Promote self-governance standards, possibly through the establishment of a self-voluntary transparency framework for CSOs;
- provide financial support to third parties (other CSOs);
- advance regional and thematic policy dialogue between civil society and relevant stakeholders, ensuring the involvement of a wide variety of CSOs, including women's organisations.

Activity 3. Regional technical assistance to build capacities of CSOs in the Eastern Partnership

- 3.1. Elaboration of studies, civil society mappings (and updates), surveys and other types of exploratory research on civil society issues across the region
- 3.2. Developing and running specific regional trainings for civil society organisations and/or their representatives; maintain and update existing e-learning courses that may have been developed from 2014 to 2020.
- 3.3. Supporting civic tech initiatives across the region, including by setting up a specific collaborative tech space in Minsk to serve development of local initiatives, and by organising yearly regional hackathons on new tools for e-participation and engagement.
- 3.4. Supporting the next generation of civil society leaders; selecting and building capacities of young leaders who have shown leadership potential in civil society through the Civil Society Fellowships
- 3.5. Providing ad-hoc support in response to requests for tailored capacity building from specific civic organisations and actors, including through organisation of events and support for participation of civil society representatives to selected events.

Activity 4. Contributing to an open civic space in the wider Eastern Neighbourhood

Activity 4.1 Monitoring civic space based on the CSO Meter/Monitoring Matrix for Enabling Environment developed in 2018 – 2019.

- 4.1.1. Update/ adjust the indicators listed in the 2019 and 2020 CSO Monitor.

- 4.1.2. Prepare and present yearly public reports on the state of indicators in the CSO Monitor in each of the Eastern Partnership countries.
- 4.1.3. Issue early warning reports on possible closures of civic space and provide feedback for EU political reporting and assessments.
- 4.1.4. Run at least three local media campaigns on civic space related issues.

This activity constitutes the continuation of support to the Monitoring Matrix for Enabling Environment initiated with funding from RAP 2016, covering 2017-20. The Matrix assesses the progress in creating an enabling environment for civil society development by providing consensus-building standards, which need to be in place for CSOs. Furthermore, it is designed to respond to the needs of the countries monitored, taking into account the complexities and dynamics of the sector.

Activity 4.2. Monitoring results (and impact) of civil society work in the Eastern Neighbourhood and Russia (based on tool elaborated in 2019).

- 4.2.1 Improve the quality and impact of EU support to civil society through the continuation of a monitoring system of EU-funded civil society projects that will feed into the existing EU systems of project monitoring and rely to the existing reporting systems;
- 4.2.2 Generate evidence on the impact of EU-supported civil society work on the ground and its benefits for citizens;
- 4.2.3 Recommend concrete corrective measures.

This activity proposes a continuation of ongoing work on a monitoring system that supports EU Delegations in the Eastern Neighbourhood in the monitoring of EU support to CSO.

Activity 5. Supporting the functioning of the Eastern Partnership Civil Society Forum and its National Platforms as an independent actor.

This activity envisages the continuation of support for the Eastern Partnership Civil Society Forum, the main objective of which is to engage in structured dialogue with the EU on policies carried out at regional level. With a regional setup and corresponding National Platforms, it is a self-organised body of civil society from the six EaP countries and the EU that needs further support to reflect changes in the EaP into its own structure.

Activity 6. The Rapid Response Mechanism - providing support in the form of low value grants (up to 60,000 EUR) and contracting of services (up to 20,000 EUR) in order to enable CSOs to react to fast changing political situations across the wider Eastern Neighbourhood.

Pending a positive outcome of a joint review exercise of the implementation of the Rapid Response Mechanism under the Civil Society Facilities 2017/18, this activity earmarks funds for a possible continuation of the ad-hoc support provided through this mechanism, which allows for a rapid reaction to unexpected changes and threats to civil society. The support is offered in the form of grants for policy-oriented CSOs in order to enable them to better respond to sudden policy shifts, including restrictions on civil society space.

Specific Objective 2: To promote social innovation and social entrepreneurship in the Eastern Neighbourhood.

Output 2 (O2). Advancement of social entrepreneurship in the Eastern Neighbourhood.

Main activities

This component foresees activities in all Eastern Partnership countries, with dedicated country-specific activities in Armenia, Azerbaijan, Belarus, Georgia and Moldova.

Activity 7. Contribute to a more favourable ecosystem for social entrepreneurship

Overall, both regional and bilateral activities shall contribute to a more favourable ecosystem for social entrepreneurship and can include:

- Carry-out specific in-country awareness raising targeting authorities, business and entrepreneurs on what is social entrepreneurship (as well as concepts like venture philanthropy and purpose-driven business)
- Promote policy dialogue (including at regional and local level within countries) on the role of government in promoting social entrepreneurship
- Promote engagement of a variety of actors, including through existing networks of business and/or professional associations.

Activity 7.1 Regional actions covering the whole of the Eastern Partnership

The regional activities will drive the development of social enterprises and purpose-driven business as a specific group of civil society actors (recognising their role in governance issues) in the Eastern Partnership, adopting a gender-sensitive approach and aiming to maximise their contribution to women's participation and economic empowerment. In addition to the initiatives mentioned under Activity 7, they will further contribute to an existing fund or setup a new regional social impact fund, making funding available to scale (or establish) social enterprises and purpose driven businesses. These funds will primarily be dedicated to Armenia, Azerbaijan, Georgia and Moldova.

Activity 7.2. Country-specific activities: In addition to general support for building a favourable ecosystem for social entrepreneurship, country-specific activities may include that services for social entrepreneurs, business and community leaders are made available offering coaching, mentorship and legal guidance through setup and running a social enterprise for the following countries:

- 7.2.1 Armenia
- 7.2.2 Georgia
- 7.2.3 Moldova
- 7.2.4 Azerbaijan

Activity 8. Promote social innovation and the development of new business models for financing CSOs and purpose-driven businesses.

Activity 8.1. Regional actions covering the whole of the Eastern Partnership

- Organise a competition of ideas for CSOs (including a plan for financial sustainability) and purpose-driven businesses.
- Offer tailor made technical support and physical space (at a subsidised price) for business development and day-to-day management
- Directly support transaction costs linked to changes in business models.

Activity 8.2. Country-specific activities on social innovation in Belarus

This activity aims to promote community engagement and social innovation in Belarus, support new civic actors, social entrepreneurs and aspiring civic leaders in elaborating new business models for their future organisations, and develop practical tools for their organisational development.

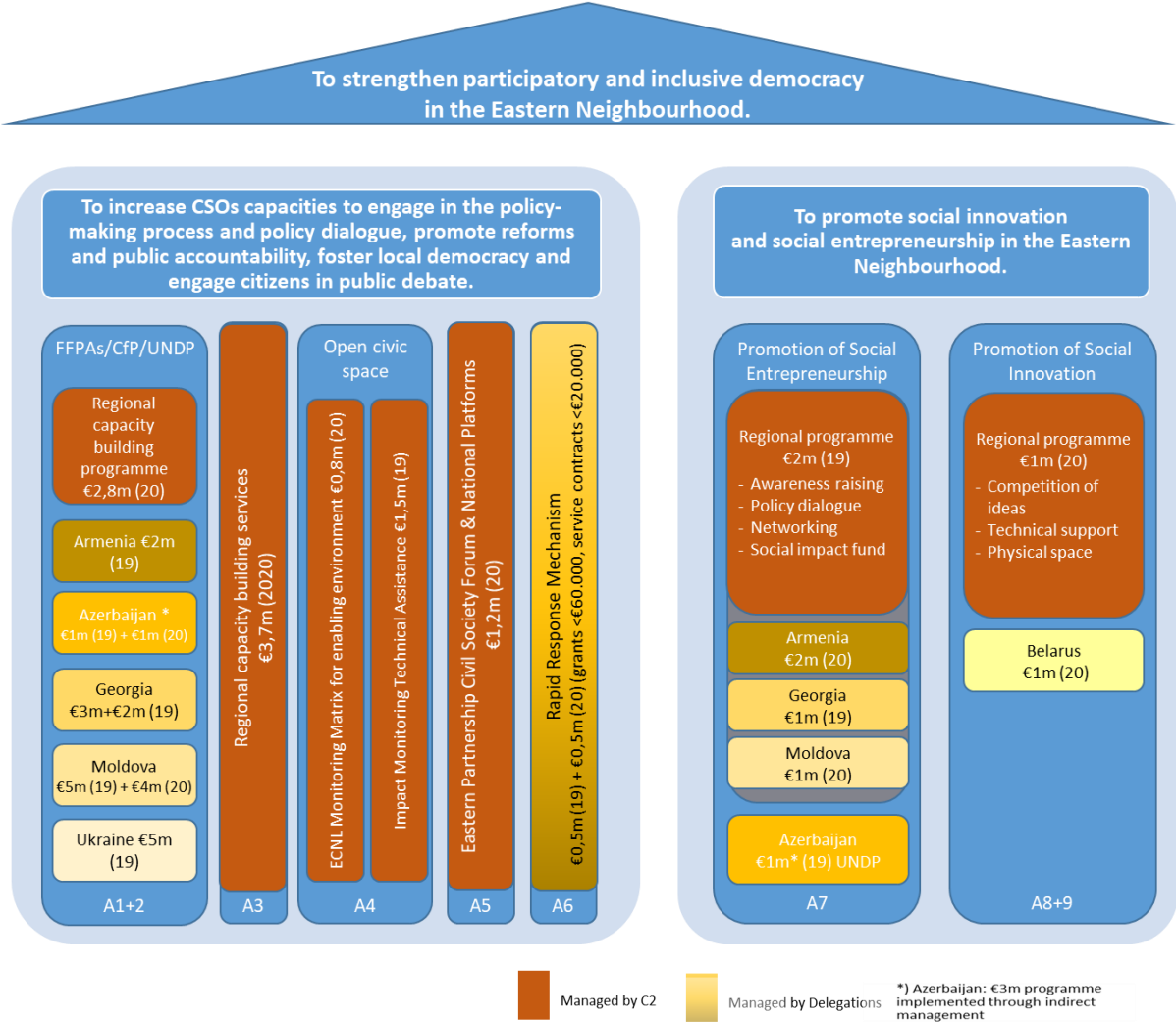
4.2 Intervention Logic

The proposed action aims to bring higher coherence and predictability of support to civil society, by pooling regional and bilateral activities under the Eastern Neighbourhood Civil Society Facility into a single action. This reflects the results oriented logics of the Eastern Partnership Summit Commitments – that linked civil society support with better governance, with a specific focus on advancing active citizenship and socio-economic reforms.

The two objectives that the action pursues capitalise and sustain the efforts and investment that the EU has been making in advancing the role of civil society since the Facility was established (2011). Therefore, on the one hand it aims to maintain successful interventions that are critical to EU's infrastructure of support to civil society across the region, on its three priority lines: enabling environment, capacity development and policy dialogue. On the other, it seeks to capture current trends in civic engagement and attempt to foster and adapt to innovation in civic participation and state-of-the-art development in financing of CSOs.

Overall, the action is giving a comprehensive response to country-specific needs and general expectations to support civil society in the EU's Eastern Neighbourhood.

The visualisation of the intervention logic below indicates how the proposed implementation modalities relate to the different activities.



4.3 Mainstreaming

Mapping studies and analyses of sectors in which civil society organisations are active indicate that on average about 70% of CSOs in the Eastern Neighbourhood work on issues related to human rights, gender equality and environment. The intervention logic of this action will support civil society organisations develop according to their own vision, mission and mandates, as long as respect for fundamental EU values is ensured. For this reason, country-specific objectives have been identified, however no particular themes have been identified as priorities for this intervention. In general, actions will pursue to support commitments made by the EU in its Gender Action Plan II, as well as its climate change commitments. Actions under the programme shall ensure the involvement of CSOs working on gender equality, and be implemented in a way that maximises their contribution to women and girls' human rights, participation and economic empowerment. Actions will further be responsive to factors such as age, vulnerability and conflict-affectedness, and shall contribute to a balanced representation of women and men in all activities, including from minority communities.

Contribution to SDGs

This intervention is relevant for the 2030 Agenda. It contributes primarily to the progressive achievement of SDG(s) 16. Promote peaceful & inclusive societies for sustainable development, provide access to justice for all and build effective, accountable and inclusive institutions at all levels.

5 IMPLEMENTATION

5.1 Financing agreement

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

5.2 Indicative implementation period

The indicative operational implementation period of this action, during which the activities described in section 4 will be carried out and the corresponding contracts and agreements implemented, is 60 months from the date of adoption by the Commission of this Financing Decision.

Extensions of the implementation period may be agreed by the Commission's responsible authorising officer by amending this Decision and the relevant contracts and agreements.

5.3 Implementation modalities

The Commission will ensure that the EU appropriate rules and procedures for providing financing to third parties are respected, including review procedures, where appropriate, and compliance of the action with EU restrictive measures¹⁵.

¹⁵ www.sanctionsmap.eu. Please note that the sanctions map is an IT tool for identifying the sanctions regimes. The source of the sanctions stems from legal acts published in the Official Journal (OJ). In case of discrepancy between the published legal acts and the updates on the website it is the OJ version that prevails.

5.3.1 Grants: Build capacities of CSOs to engage in advocacy, policy development and promote accountability

(a) Purpose of the grant(s)

To reach Objective 1, Output 1 and implement Activities 1 and 2, grants will be concluded in order to develop country specific capacity development programmes in selected Eastern Partnership countries and in the wider Eastern Neighbourhood region. These programmes will be designed in line with the respective country's Roadmap for EU Engagement with Civil Society, and will focus on one or more of the following priorities:

- design and test new ways (financing tools) to fund CSOs and work towards improving CSOs' financial sustainability.
- adjust capacity development programmes to the needs of local CSOs' and communities,;
- support CSOs in their agenda to do outreach and to engage with citizens and communities in an inclusive manner:
- support the development of professional not-for-profit management and strengthen internal control and governance; Promote self-governance standards, possibly through the establishment of a self-voluntary transparency framework for CSOs;
- advance regional and thematic policy dialogue between civil society and relevant stakeholders, ensuring the involvement of a wide variety of CSOs, including women's organisations.
- support to the elaboration of country-specific studies and events (mobilisation of country-specific expertise mandatory), on-going support, monitoring and evaluation.

Grants will be awarded in order to:

- Conduct activities to strengthen the capacities of CSOs to participate in the democratisation process in Eastern Partnership countries and the Russian Federation and become better communicators of their work.
- Provide Financial Support to Third Parties in Eastern Partnership countries and the Russian Federation, and provide step-by-step support in the implementation of project funding received through, coupled with oversight of the organisations' own development strategies and ambitions.
- Coordinate appropriately with EU Delegations and relevant donors on the implementation and monitoring of supported initiatives.

In 2019, Financial Framework Partnership Agreements will be concluded with selected CSOs, which have significant experience in providing technical and financial support to grass-root organisations in the wider Eastern Neighbourhood. For the regional capacity development programme (Activity 2), a restricted Call for Proposals will be launched to those framework partners only. For the country-specific capacity development programmes (Activity 1), the respective Authorising Officer may also launch restricted Calls for Proposals to those framework partners only, or they may choose to launch Calls for Proposals for which they define their own eligibility criteria.

(b) Type of applicants targeted

Potential applicants for the grants will be:

- organisations that have signed a financial framework partnership agreement with the EU following the call for proposals “Strategic Partnerships for Capacity Development of Civil Society Organisations in the Eastern Partnership” launched in 2019, or
- civil society organisations who have a solid experience in implementing CSO capacity building activities and in awarding and managing financial support to local CSOs in the Eastern Neighbourhood.

5.3.2 Grant: “Monitoring tool for enabling environment for civil society development in the Eastern Partnership countries” (direct management)

(a) Purpose of the grant(s)

To reach Objective 1, Output 1 and implement Activity 4.1, a grant will be awarded with the objective of contributing to an improvement of the environment in which civil society organisations operate in the Eastern Partnership countries, with the following planned results:

- The environment in which CSOs operate is regularly monitored, recommendations produced and changes introduced in order to ensure a more enabling environment for CSOs.
- Local stakeholders have a better understanding of issues on enabling environment for CSOs and solid basis for advocacy for improved legal framework for CSOs.

(b) Type of applicants targeted

The grant will be awarded without a call for proposals to the European Center for Not-for-Profit Law (ECNL).

(c) Justification of a direct grant

Under the responsibility of the Commission’s authorising officer responsible, the grant may be awarded without a call for proposals to the European Center for Not-for-Profit Law (ECNL).

Under the responsibility of the Commission’s authorising officer responsible, the recourse to an award of a grant without a call for proposals is justified because of ECNL’s competence, high degree of specialisation, strong proven experience in the field, and its unique methodology used to assess the environment in which civil society organisations operate.

In particular, ECNL gained unique expertise and experience in preparing similar monitoring tools for the Western Balkans and Eastern Partnership regions. The Monitoring Matrix on Enabling Environment for Civil Society Development in the Balkans was developed with leadership and expertise of ECNL, together with members of the Balkan Civil Society Development Network. ECNL also supported Commission services (ex-Directorate-General for Enlargement) in the development of the Guidelines for EU Support to Civil Society in Enlargement Countries, 2014-2020. In addition, ECNL recently developed a monitoring tool specific for the processes of consultation in policy and law making in Turkey.

ECNL, with its affiliate the International Centre for Not-for-Profit Law (ICNL), currently has ongoing programmes in support of enabling CSO law reform in each country of the EaP region and has been engaged in the region directly since 2007.

5.3.3 Grant: 'Support to the Secretariat of the Eastern Partnership Civil Society Forum III' (direct management)

(a) Purpose of the grant(s)

To reach Objective 1, Output 1 and implement Activity 5, a grant will be awarded to the Secretariat of the Civil Society Forum, aiming at increasing impact on policy change of civil society-led advocacy in sectors covered by the Eastern Partnership deliverables, by supporting the ambitions of the Civil Society Forum to become a fully independent actor within the Eastern Partnership architecture.

(b) Type of applicants targeted

The target organisation for this grant is the secretariat of the Eastern Partnership Civil Society Forum, which is a self-organised body of civil society from the six EaP countries and the EU. Its main objective is to engage in structured dialogue with the EU on issues related to policies carried out at regional level. It has been operational since 2009, and received EU funding since 2011 to carry out regional dialogue. Eastern Partnership National Platforms engage in national level policy dialogue in each of the EaP countries, however their level of funding – from the EU and other donors – has been inconsistent.

(c) Justification of a direct grant

Under the responsibility of the Commission's authorising officer responsible, the grant may be awarded without a call for proposals to the Secretariat of the Eastern Partnership Civil Society Forum.

This recourse to an award of a grant without a call for proposals is justified because the Civil Society Forum (with its regional setup and National Platforms) has a unique role in the region: it represents civil society as a policy dialogue partner in the political framework of the EaP. Its organisation mirrors to a large extent the areas of engagement of the EaP. It presents a self-styled governance model, and under the leadership of its elected Steering Committee, it needs continuous support to develop its strategic vision, streamline its organisational processes to reflect the changes in the EaP into its own structure, and to develop its own theory of change strategy. This grant will build on these efforts and support the Forum in its ambitions to become a truly independent actor. The Secretariat of the Eastern Partnership Civil Society Forum is the organisation set up to ensure technical and administrative support for the functioning of the Forum and will receive and administer this grant.

5.3.4 Grants: direct awards under the 'Eastern Neighbourhood Rapid Response Mechanism' (direct management)

(a) Purpose of the grant(s)

To reach Objective 1, Output 1 and implement Activity 6, low-value grants will be awarded to increase the reaction capacity of CSOs to participate in partner countries' policy debates on critical governance issues.

The political developments in the last years in the wider Eastern Neighbourhood showed that, when an unexpected political or policy change occurs, CSOs need to be enabled to react rapidly to such changes, including sudden restrictions on civil society space. In order to respond to these threats to civil society, under the Civil Society Facilities 2017 and 2018, the EU set-up a pilot for a reactive mechanism. This Rapid Response Mechanism allows to make rapidly available reasonable support in the form of grants for policy-oriented CSOs, to react to sudden shifts in the policy agenda and enable them to contribute effectively to public debates, increase public awareness, and/or scale up targeted advocacy.

Pending a positive outcome of a joint review exercise of the implementation of the Rapid Response Mechanism under the Civil Society Facilities 2017/18, this activity earmarks funds for a possible continuation of this ad-hoc support. It will continue to allow for a rapid reaction to unexpected changes and threats to civil society by providing ad hoc support to CSOs through the direct award of up to 20 grants of up to EUR 60.000 each. It is expected that a maximum of 20 grants will be awarded. The grant contracts will be managed by the respective Delegations (or exceptionally by HQ where this would be justified by the politically sensitive context).

Should the joint review exercise of the implementation of the Rapid Response Mechanism under the Civil Society Facilities 2017/18 planned to take place in autumn 2019 conclude that a continuation of this mechanism is not considered appropriate/justified, the earmarked funds will be reallocated to Activity 7.1 Regional Social Entrepreneurship actions (EUR 500.000 from 2019), and Activity 3. Regional technical assistance for capacity development of CSOs to support work on civil society at local level (EUR 500.000 from 2020).

(b) Type of applicants targeted

Potential applicants are CSOs with a proven track record of action on a particular governance issue, ad-hoc coalitions of CSOs (or particular extensions of advocacy work conducted by established coalitions, networks and platforms), CSOs having proven citizen support for a particular advocacy idea and public policy think tanks based either in the European Union or in one of the Eastern Partnership countries, with a track record on policy work aimed at EU policy in the Eastern Partnership.

Grants will be awarded without a call for proposals to CSOs in order to respond to immediate and isolated needs arising from sudden changes in their environment. The recourse to such a direct award will be subject to fulfilling the conditions defined in Article 195 of the 2018 Financial Regulation and will be considered on a case-by-case basis in the light of these requirements.

(c) Exception to the non-retroactivity of costs

The Commission authorises that the costs incurred may be recognised as eligible as of 1 June 2019 in case funds allocated to the 2018 Rapid Response Mechanism finish.

5.3.5 Grant(s): “Promote social entrepreneurship in the Eastern Neighbourhood’ (direct management)”

(a) Purpose of the grant(s)

To reach Objective 2, Output 2 and implement Activities 7.1 and 7.2, grant(s) will be awarded aiming at creating a favourable environment for social impact investing, social entrepreneurship development and growth of purpose-driven business in the Eastern Neighbourhood, and notably in Armenia and Georgia.

(b) Type of applicants targeted

Potential applicants are civil society organisations with competencies in promoting venture philanthropy and administering social impact investment funds, and with experience in working in the Eastern Neighbourhood countries, and/or notably in Armenia, Azerbaijan and Georgia.

5.3.6 Grant(s): “Promote social innovation and the development of new business models for financing CSOs and purpose-driven businesses” (direct management)

(a) Purpose of the grant(s)

To reach Objective 2, Output 2 and implement Activities 8.1 and 8.2, grant(s) will be awarded to foster social innovation across the Eastern Neighbourhood region, and notably in Belarus. The grant(s) will set up a regional space for ‘trial and error’, offer tailor-made technical support and physical space for new civic actors, social entrepreneurs and aspiring civic leaders to develop new business models for their future organisations, and develop practical tools for their organisational development. Country-specific actions are foreseen to promote social innovation in Belarus.

(b) Type of applicants targeted

Potential applicants are civil society organisations with competencies in promoting social innovation, building ecosystems to drive collaboration and entrepreneurial innovation, and developing new business models for CSOs and purpose driven businesses.

5.3.7 Procurement (direct management)

- Objective 1, Output 1, **Activity 3. Regional technical assistance** for capacity development of CSOs to support work on civil society at local level

- Objective 1, Output 1, **Activity 4.2. Monitoring results (and impact) of civil society work** in the Eastern Partnership and Russia (based on tool elaborated in 2019)

- Objective 1, Output 1 **Activity 6. Rapid Response Mechanism** (single tender under 20k)

5.3.8 Indirect management with an entrusted entity

To reach Objective 1, Output 1 and implement Activities 1.2 and 1.5, and to reach Objective 2, Output 2 and implement Activity 7.2.4, in Azerbaijan and Georgia, a part of this action may be implemented in indirect management with an entity which will be selected by the Commission’s services using the following criteria:

In Azerbaijan:

- significant experience of implementing support to civil society in Azerbaijan, including through capacity development and financial support to third parties;
- expertise in social innovation and social entrepreneurship.

In Georgia:

- significant experience of implementing support to civil society in the breakaway regions of Abkhazia and South Ossetia in Georgia, including through capacity development and financial support to third parties.

The implementation by this entity entails the following:

- the implementation of CSO capacity development and management of a scheme of financial support to third parties, as well as the development of social entrepreneurship in Azerbaijan;
- the implementation of CSO capacity development and management of a scheme of financial support to third parties in the breakaway regions of Abkhazia and South Ossetia.

5.3.9 *Changes from indirect to direct management mode due to exceptional circumstances (one alternative second option)*

If negotiations with an entrusted entity fail, or if the above-mentioned preferred modality cannot be implemented due to circumstances outside of the Commission's control, to reach Objective 1, Output 1 and implement Activities 1.2 and 1.5, and to reach Objective 2, Output 2 and implement Activity 7.2.4, that part of this action may be implemented in direct management in accordance with the implementation modalities identified in sections 5.3.1. In such a case, instead of concluding a contract with an entrusted entity, the Delegations Azerbaijan and Georgia may also launch restricted Calls for Proposals to the existing Financial Framework Partners only, or they may choose to launch bilateral Calls for Proposals for which they define their own eligibility criteria.

5.4 Scope of geographical eligibility for procurement and grants

The geographical eligibility in terms of place of establishment for participating in procurement and grant award procedures and in terms of origin of supplies purchased as established in the basic act and set out in the relevant contractual documents shall apply subject to the following provisions.

The Commission's authorising officer responsible may extend the geographical eligibility on the basis of urgency or of unavailability of products and services in the markets of the countries concerned, or in other duly substantiated cases where the eligibility rules would make the realisation of this action impossible or exceedingly difficult.

5.5 Indicative budget

	EU contribution (amount in EUR) 2019	EU contribution (amount in EUR) 2020	Indicative third party contribution (amount in EUR)
Specific Objective 1: To increase CSOs' capacity			
Activity 1: Build capacities of CSOs to engage in advocacy, policy development and promote accountability			
1.1 Armenia Grants (direct management) – cf section 5.3.1	2m (ARM)		0.22m
1.2.a Georgia Grants (direct management) – cf section 5.3.1	3m (GE)		0.33m
1.2.b Georgia (breakaway regions) Indirect management– cf section 5.3.8	2m (GE)		0.22m
1.3 in Moldova Grants (direct management) – cf section 5.3.1	5m (MD)	4m (MD)	0.99m
1.4. in Ukraine Grants (direct management) – cf section 5.3.1	5m (UA)		0.56m
1.5 (and 7.2.4 in Azerbaijan) Indirect Management– cf section 5.3.8)	2m (AZ)	1m (AZ)	0.33m
Activity 2: Regional capacity building programme Grants (direct management) – cf 5.3.1		2.8m (REG)	0.31m
Activity 3: Regional capacity building services Procurement (direct management) – cf 5.3.7		3.7m (REG)	
Activity 4.1: Monitoring tool for Enabling Environment Grant (direct management) – cf 5.3.2		0.8m (REG)	0.09m
Activity 4.2: impact monitoring tool Procurement (direct management) – cf 5.3.7	1.5m (REG)		
Activity 5: Eastern Partnership Civil Society Forum Grant (direct management) – cf 5.3.3		1.2m (REG)	0.13m
Activity 6: Rapid Response Mechanism Grants (direct management) – cf 5.3.4	0.48m (REG)	0.48m (REG)	0.11m
Procurement (direct management) – cf 5.3.7	0.02m (REG)	0.02m (REG)	

	EU contribution (amount in EUR) 2019	EU contribution (amount in EUR) 2020	Indicative third party contribution (amount in EUR)
Specific objective 2: To promote social innovation and social entrepreneurship			
Activity 7.1: Regional Social Entrepreneurship Programme Grants (direct management) – cf 5.3.5	2m (REG)		0.22m
Activity 7.2: Country-specific activities Grants (direct management) – cf 5.3.5 7.2.1 in Armenia 7.2.2 in Georgia 7.2.3 in Moldova	1m (GE)	2m (AM) 1m (MD)	0.44m
Activity 7.2.4: Country-specific activities in Azerbaijan Indirect management– cf 5.3.8	(see Activity 1.5)		
Activity 8.1: Regional social innovation Programme Grants (direct management) –cf 5.3.6		1m REG)	0.11m
Activity 8.2: Social innovation in Belarus Grants (direct management) – cf 5.3.6		1m (BY)	0.11m
Grants – total envelope	18.48m	14.28m	2.64m
Procurement – total envelope	1.52m	3.72m	
Indirect management	4m	1m	0.56m
	24m	19m	4.20m
Total			47.20

5.6 Organisational set-up and responsibilities

Each of the components of this action will have their own governance structure.

All standalone projects except those stemming from the Rapid Response Mechanism will have their own Steering Committees.

In relation to the Rapid Response Mechanism, working arrangements within the EU have been developed in the pilot phase in order to guide the decision making process for the awards it would make available.

5.7 Performance and Results monitoring and reporting

The day-to-day technical and financial monitoring of the implementation of this action will be a continuous process, and part of the implementing partner's responsibilities. To this aim, the implementing partner shall establish a permanent internal, technical and financial monitoring system for the action and elaborate regular progress reports (not less than annual) and final reports. Every report shall provide an accurate account of implementation of the action, difficulties encountered, changes introduced, as well as the degree of achievement of its

results (outputs and direct outcomes) as measured by corresponding indicators, using as reference the Logframe matrix (for project modality).

SDGs indicators and, if applicable, any jointly agreed indicators as for instance per Joint Programming document should be taken into account.

The reports will be laid out in such a way as to allow monitoring of the means envisaged and employed and of the budget details for the action. The final reports, narrative and financial, will cover the entire period of the actions' implementation.

The Commission may undertake additional project monitoring visits both through its own staff and through independent consultants recruited directly by the Commission for independent monitoring reviews (or recruited by the responsible agent contracted by the Commission for implementing such reviews).

5.8 Evaluation

Having regard to the nature of the action, an ex-post evaluation(s) will not be carried out for this action or its components.

A strategic evaluation on EU civil society support, focused on the Neighbourhood East Civil Society Facility was just completed.

The Commission may, during implementation, decide to undertake such an evaluation for duly justified reasons either on its own decision or on the initiative of the partner.

The evaluation reports shall be shared with the other key stakeholders, as appropriate. The implementing partner and the Commission shall analyse the conclusions and recommendations of the evaluations and, where appropriate decide on the follow-up actions to be taken and any adjustments necessary, including, if indicated, the reorientation of the project.

The financing of the evaluation shall be covered by another measure constituting a financing Decision.

5.9 Audit

Without prejudice to the obligations applicable to contracts concluded for the implementation of this action, the Commission may, on the basis of a risk assessment, contract independent audits or expenditure verification assignments for one or several contracts or agreements.

The financing of the audit shall be covered by another measure constituting a financing Decision.

5.10 Communication and visibility

Communication and visibility of the EU is a legal obligation for all external actions funded by the EU.

Actions stemming from this programme shall contain communication and visibility measures which shall be based on specific Communication and Visibility Plans of each action, to be elaborated at the start of implementation and endorsed within each project's governance setup.

In terms of legal obligations on communication and visibility, the measures shall be implemented by the Commission, contractors, grant beneficiaries and/or entrusted entities. Appropriate contractual obligations shall be included in, respectively, procurement and grant contracts, and delegation agreements.

The Communication and Visibility Requirements for European Union External Action (or any succeeding document) shall be used to establish the Communication and Visibility Plan of the Action and the appropriate contractual obligations.

Communication and visibility requirements for the Regional Technical Assistance and the Impact Monitoring project will be specified in their respective Terms of Reference.

6 PRE-CONDITIONS

The results of previous evaluations of ongoing programmes, and as a result of testing a number of assumptions, here are the pre-conditions for this programme.

First, the operating environment for civil society will not worsen past the point where EU civil society policy in certain countries would need revision, or funds withdrawn. For that EaP governments need to maintain their commitments in relation to freedom of speech, association and peaceful assembly. Second, civil society will be receptive to the solutions proposed. For example, there will be support to develop and implement self-governance standards related to accountability and transparency of CSOs. Thirdly, relevant strategic partners will have been selected prior to the start of the implementation of this action.

APPENDIX - INDICATIVE LOGFRAME MATRIX (FOR PROJECT MODALITY)

	Logical chain	Indicators	Baselines (incl. reference year)	Targets (incl. reference year)	Sources and means of verification	Assumptions
Impact (Overall Objective)	Strengthen participatory and inclusive democracy in the Eastern Neighbourhood	The level of participation of the civil society sector in governance processes in the Eastern Neighbourhood, as measured by the Civicus Enabling Environment Index and the Worldwide Governance Indicators on the dimension of Voice and Accountability	<ul style="list-style-type: none"> ○ EEI mean score (2013) for the Eastern Neighbourhood : 0,48 ○ Percentile ranking of countries in the Eastern Neighbourhood on "Voice and Accountability" - WGI (2017) 	<ul style="list-style-type: none"> ○ EEI mean score for the Eastern Neighbourhood and/or country specific ranking improved ○ WGI country percentile ranks on 'Voice and Accountability' improved 	<ul style="list-style-type: none"> ○ Civicus Enabling Environment Index (EEI)ⁱ ○ 'Voice and Accountability' score of the World Bank's Worldwide Governance Indicators (WGI)ⁱⁱ 	<i>Not applicable</i>
Specific Objective 1: Outcome (Oc 1)	<i>Oc1:</i> To increase CSOs' capacity to engage in policy making processes and policy dialogue, promote reforms and public accountability, foster local democracy and engage citizens, women and men, in public debate	<ul style="list-style-type: none"> ○ Evidence of strengthened technical and advocacy capacities and public dialogue skills of CSOs; ○ Number and diversity of CSOs¹⁶ (including women's organisations)/invited/participating in/contributing to national/sectoral development plans/strategy discussions or consultations/debates on national/sectoral reforms. 	CSO Sustainability Index (2017) - Median score of Overall CSO Sustainability across countries in the Eastern Neighbourhood	CSO Sustainability Index - Median score of overall CSO Sustainability across countries in the Eastern Neighbourhood improved	<ul style="list-style-type: none"> ○ Civil Society Organisation (CSO) Sustainability Index for Central and Eastern Europe and Eurasiaⁱⁱⁱ ○ Eastern Partnership Index^{iv} ○ Mapping studies on CSOs ○ Baseline survey and progress reports conducted by the TA project on 'Impact Monitoring of EU Civil Society Support in EaP Countries' 	<ul style="list-style-type: none"> ○ Institutions across the wider Eastern Neighbourhood willing to address priorities for CSO participation in the policy and law making processes ○ EaP governments reaffirm their commitment to engage with civil society in policymaking ○ EaP governments remain committed to the implementation of 20 Deliverables ○ Strategic Partners are sufficiently engaged and involved in supporting small grassroots CSOs across the wider Eastern Neighbourhood

¹⁶ Including Grassroots CSOs, CSOs in remote/badly connected areas, CSOs working on policy areas lacking attention so far, Women organisations/organisations led by women, organisations led by conflict-affected people or otherwise vulnerable groups, etc.

	Logical chain	Indicators	Baselines (incl. reference year)	Targets (incl. reference year)	Sources and means of verification	Assumptions
Specific Objective 2: Outcome (Oc2)	<i>Oc2:</i> To promote social innovation and social entrepreneurship in the Eastern Neighbourhood	<ul style="list-style-type: none"> ○ Evidence on the formation of an enabling policy and legal framework on social entrepreneurship across the Eastern Neighbourhood ○ Evidence of improved visibility and recognition of social innovation and entrepreneurship in the Eastern Neighbourhood 	<ul style="list-style-type: none"> ○ CSO Sustainability Index (2017) individual country score on the dimensions of 'Legal environment' ○ Final Report: State of Play of EaP countries and Country Reports 'Social Economy in Eastern Neighbourhood and in the Western Balkans' (2018) 	Improved legal and regulatory environment governing the CSO sector as evidenced by the CSO Sustainability Index (country scores on the dimensions of 'Legal environment')	<ul style="list-style-type: none"> ○ CSO Sustainability Index for Central and Eastern Europe and Eurasia ○ Mapping studies on CSOs ○ Baseline survey and progress reports conducted by the TA project on 'Impact Monitoring of EU Civil Society Support in EaP Countries' ○ Country Reports and Final Report 'Social Economy in Eastern Neighbourhood and in the Western Balkans' (2018) – FWC BENEf 2013 - Lot 10 – Trade, Standards and Private Sector 	<ul style="list-style-type: none"> ○ CSOs embrace the concept of social entrepreneurship as a way to boost their financial sustainability ○ Government support to CSOs' involvement in social innovation, in exercising and in promoting social entrepreneurship is available ○ Legal framework regulating social entrepreneurship is introduced across the Eastern Neighbourhood
Outputs	<i>Output 01 (related to Oc 1):</i> Increased capacities of CSOs to engage in advocacy, policy development and promote accountability	<ul style="list-style-type: none"> ○ Number of CSOs receiving EU support through grants or Financial Support to Third Parties to strengthen their technical and advocacy capacities ○ Number of EU supported CSOs¹⁷ conducting evidence-based advocacy/ independent monitoring of public services at local and/or national level and performing social accountability roles 	<ul style="list-style-type: none"> ○ Current number of CSOs receiving EU support to strengthen their technical and advocacy capacities (<i>to be determined</i>) 	<ul style="list-style-type: none"> ○ Target number of CSOs receiving EU support to strengthen their technical and advocacy capacities (<i>to be determined</i>) 	<ul style="list-style-type: none"> ○ Monitoring TA ○ EU project/programme ROM and evaluation reports ○ Joint statements issued by EaP EUDs and/or other donors ○ Political reports by MS embassies ○ CSOs' reports on consultations, dialogues, access to national and regional stakeholders in the Eastern Neighbourhood 	idem

¹⁷ Including Grassroots CSOs, CSOs in remote/badly connected areas, CSOs working on policy areas lacking attention so far, Women organisations/organisations led by women, organisations led by conflict-affected people or otherwise vulnerable groups, etc.

	Logical chain	Indicators	Baselines (incl. reference year)	Targets (incl. reference year)	Sources and means of verification	Assumptions
	<i>Output 02: (related to Oc2):</i> Advancement of social entrepreneurship in the Eastern Neighbourhood	<ul style="list-style-type: none"> ○ Number of CSOs receiving EU support to strengthen social entrepreneurship skills for the establishment of income-earned ventures (social enterprises) ○ Number of EU-funded actions to improve CSOs' sustainability strategies (i.e. cultivation of local philanthropy, IT applications, commercialisation of services, impact measurement, etc.) 	Current number of EU-funded projects aimed at strengthening social entrepreneurship in the Eastern Neighbourhood <i>(to be determined)</i>	Target number of EU-funded projects aimed at strengthening social entrepreneurship in the Eastern Neighbourhood <i>(to be determined)</i>	<ul style="list-style-type: none"> ○ Monitoring TA ○ EU/CSO consultation agendas and meetings ' proceedings ○ Reports issued by EU-funded projects/programmes 	idem

ⁱ The Enabling Environment Index (EEI) is a composite index and ranks 109 countries on the conditions for civil society (<http://www.civicus.org/eei/>). The EEI examines the conditions within which civil society work. Using secondary statistical data, it ranks the governance, socio-cultural and socio-economic environments for civil society in 109 countries. New Zealand ranks highest on the EEI with a score of 0.87

Country	Rank	EEI score 2013
AR	73	0.47
AZ	83	0.43
BE	93	0.41
GE	66	0.5
MD	61	0.52
RU	75	0.45
UA	46	0.56
Mean score		0.48

ⁱⁱ The Worldwide Governance Indicators (WGI) report aggregate and individual governance indicators for over 200 countries and territories for six dimensions of governance: 1) Voice and Accountability, 2) Political Stability and Absence of Violence, 3) Government Effectiveness, 4) Regulatory Quality, 5) Rule of Law, and 6) Control of Corruption. We are examining the dimension of Voice and Accountability, which reflects perceptions of the extent to which a country's citizens are able to participate in selecting their government, as well as freedom of expression, freedom of association, and a free media. The percentile rank indicates the country's rank among all countries covered by the aggregate indicator, with 0 corresponding to lowest rank, and 100 to highest rank (<http://info.worldbank.org/governance/wgi/#home>).

Country	WGI 2017 Voice and Accountability Percentile Rank (0 to 100)
AR	32.02
AZ	6.9
BE	12.32
GE	54.68
MD	45.32
RU	18.72
UA	47.29

ⁱⁱⁱ The 2017 CSO Sustainability Index

(https://www.usaid.gov/sites/default/files/documents/1866/CSOSI_EE_2017_Regional_Report_FINAL_2.pdf) uses a seven-point scale, with 1 representing the highest and 7 the lowest level of sustainability. These levels are clustered into three general stages: Sustainability Enhanced (1 to 3), Sustainability Evolving (3.1 to 5), and Sustainability Impeded (5.1 to 7). Dimensions examined: Legal Environment: The legal and regulatory environment governing the CSO sector and its implementation; Organisational Capacity: The internal capacity of the CSO sector to pursue its goals; Financial Viability: The CSO sector's access to various sources of financial support; Advocacy: The CSO sector's ability to influence public opinion and public policy; Service Provision: The CSO sector's ability to provide goods and services; Sectoral Infrastructure: Support services available to the CSO sector; Public Image: Society's perception of the CSO sector.

Country	Overall CSO Sustainability Aggregate score	Legal environment	Organizational Capacity	Financial Viability	Advocacy	Service Provision	Sectoral Infrastructure	Public Image
AR	3.7	3.7	3.6	5	3	3.8	3.1	3.9
AZ	6.0	6.6	6.1	6.6	5.8	5.4	5.9	5.8
BE	5.5	6.8	4.7	6.4	5.2	5	5.1	5.5
GE	4.1	3.3	4.4	5	3.7	4.1	4.3	3.8
MD	3.8	4.1	3.6	4.5	3.1	4.2	3.3	3.9
RU	4.7	5.8	4.5	4.9	4.7	4.2	4	5.1
UA	3.2	3.5	3.2	4.2	2.1	3.2	3.2	3.3
Mean score	4.4	4.8	4.3	5.2	3.9	4.3	4.1	4.5
Median score	4.1	4.1	4.4	5.0	3.7	4.2	4.0	3.9

^{iv} The Eastern Partnership Index (<http://eap-csf.eu/eastern-partnership-index/>) charts the progress made by the six EaP countries towards sustainable democratic development and European integration. The Index measures steps taken on the path towards good governance, including the observance and protection of democracy and human rights, sustainable development, and integration with the EU.