

## ANNUAL ACTIVITIES REPORT 2015

### WORKING GROUP 2

#### Economic Integration and Convergence with the EU Policies

EaP CSF Working Group “Economic Integration & Convergence with EU Policies” deals with the main issues on the agenda of the EaP Thematic Platform 2 of the same name. It tackles one of the biggest ambitions agreed at the Prague Summit which aimed at regional economic integration between Eastern Partnership countries and opening negotiations on the deep and comprehensive free trade areas (DCFTAs) between the EU and EaP countries.



In the reporting period, WG2 provided inputs to the strategy of the EaP CSF. Priorities for WG2 actions were identified based on consultations. Priorities, as well as results, were further discussed with working group members at the WG2 annual meeting “Economic Integration and Convergence with EU Policies” (14 May 2014, Brussels), Eastern Partnership Civil Society Forum (19-21 May, Riga), Conference “Impact of reforms on SME development in Eastern Partnership Countries” (9-10 July 2015, Brussels), “Drawing Lessons and Strengthening the EaP CSF Platforms’ Participation in AA/DCFTA Implementation: Capacity Building on CSO Monitoring and Contribution to Policy Making” (23-25 September, Tbilisi), and at a number of smaller, thematically narrower meetings.

#### The Coordinators for the Working Group are:

- Catherall Richard, Radical Capital, EU Coordinator, [wg2@eap-csf.eu](mailto:wg2@eap-csf.eu)
- Shatberashvili Oleg, Association European Studies for Innovative Development of Georgia (ESIDG), EaP Coordinator, [wg2@eap-csf.eu](mailto:wg2@eap-csf.eu)

The WG coordinators together with the CSF Secretariat managed the process of preparing agendas, selecting participants, etc. Further details are presented below.

WG2 dealt with the economic and social issues of the EaP agenda, as well as tried to add some new issues as detailed below:

## Key topics/issues of the Working Group in 2015

1. Environment & Alternative energy
2. SME Policy
3. Agriculture & Rural Development
4. Transport
5. Trade and Trade Regulated Cooperation linked to Deep and Comprehensive Free Trade Agreements (DCFTAs)
6. Territorial, regional and cross border cooperation
7. Integration of the EU ICT infrastructure
8. Innovation policy
9. Media and advocacy

## MAIN RESULTS OF WORKING GROUP 2 in 2015



### 1. ENVIRONMENT AND ALTERNATIVE ENERGY

The discussion of environment problem solving through more active use of alternative energy are especially in focus of WG2s in Armenia and Georgia. Working Group 2 of the Armenian NP works on energy security, focusing on alternative energy sources. Armenia shares common problems with Georgia and should focus more on development of solar energy. A

number of WG2 members in the Georgian NP conduct and plan activities in these directions, including participation in EU Horizon2020 research programme.

### 2. SME POLICY

All NPs were actively working in SME Policy area. It is logical, as the share of GDP by SMEs in EU countries is almost 60%, while in EaP countries it is usually 10-15%. The progress in economic development and cooperation with the EU may be negatively affected with such differences. In 2015 a Georgian CSO (*Nino Elizbarashvili, The Georgian Association Women in Business*) headed a corresponding EaP CSF sub-group. Moldavian NP reports that 90% of their platform activities are related to SMEs. Work within Ukrainian NP is improving, although it is reported that the expert potential in Ukraine is insufficient. The Azerbaijan NP has mobilized experts who work on analysis, produce articles, and conduct research on oil and energy sectors and the situation on SMEs. Azerbaijan NP also studies the role of agribusiness SMEs and small farms in Azerbaijan. As the EU research on SMEs also shows that the benefits of DCFTA have a positive effect on the agricultural sector, this seems to be the right approach. The Belarus National Business Platform produced a study

“Structural Modernization of Business and Government” where importance of access to information on EU standards and the development of SMEs is explained. A special Conference of Eastern Partnership Civil Society Forum: Working Group 2 “Impact of reforms on SME development in Eastern Partnership Countries” (9-10 July 2015, Brussels) was organized. Two European Commission High Representatives presented at the Conference, underlining the importance of the event and of the issue as a whole. *Michaela Hauf (DG GROW, EaP Platform 2 Coordinator)* explained why and how Platform 2 is launching the SME competitiveness project, to be implemented jointly with the OECD. *Birgit Hans (Eurochambers, EU)* presented the “East Invest” project.

### 3. AGRICULTURE AND RURAL DEVELOPMENT

Agriculture & Rural Development issues strongly overlap with the SME issues. This was emphasized many times in this year’s events devoted to SMEs, agriculture and DCFTA. Correspondingly, all NPs were actively working in the area of Agriculture Policy. The sub-group on Agriculture & Rural Development was chaired by Armenian CSO (*Sargis Sedrakyan, Movement of Farmers*), which made positive efforts to widen the sub-group. In Georgia and Moldova CSOs take part in the European agricultural programs (European Neighborhood Program for Agriculture and Rural Development – ENPARD, Georgia and Economic Stimulation in Rural Area – ESRA, Moldova). EC attaches such high importance to EaP CSO involvement into agriculture processes that extensive presentations on these issues were made by high-ranking EC officials at the 2015 CSO meetings (*Vincent Rey (DG NEAR) - “Eastern Partnership Support to Agriculture and Rural Development”, Dominik Olewinski (DG AGRI) - “The Eastern Partnership Panel on Agriculture and Rural Development” and Filip Razvan - Ghitescu (DG NEAR)*). It was stressed that greater association of EaP farmers and SMEs is needed to fully benefit from EU integration even in countries which have signed AAs. Interest from EaP CSOs in agriculture problems is growing in Belarus and other countries. Though more should be done by CSOs to make cattle-breeders informed of animal health standards as, for example, only bee keepers really benefit from export quotas.

### 4. TRADE AND TRADE REGULATED COOPERATION LINKED TO DCFTAs

In 2015 DCFTA is a topic of high interest for CSOs not only in countries which have signed AA/DCFTA, but in all other countries as well. Ukrainian CSOs had announced that DCFTA is the priority of the NP WG2 though Russian intervention had delayed its implementation. Ukrainian NP benefits from strong support from Support Group for Ukraine in the European Commission. The Support Group meets with civil society every time they come to Ukraine and meet government representatives. Moldovan NP organizes workshops and other events and provides information on DCFTA through seminars. The importance of this is proved by the fact that although in Moldova DCFTA has doubled the fruit export quota, only 40% of it was used, for example. Export to the EU from Moldova grows, but there is potential for it to grow even faster. The exporters came across standardization issues – CSO NP helps in this.

In Georgia NP has held meetings on issues relating to trade with the EU and DCFTA and has offered consultation to businesses interested in understanding the relation. The problem is that even though SMEs understand the importance of DCFTA, they do not see the practical use of this agreement.

CSOs of WG2 in Georgian NP also see the main focus in engaging into dialogue with government on implementation of DCFTA. To fulfill these tasks efforts were given to deeply understand DCFTA by CSOs.

At the 2015 EaP CSO meetings the Commission was represented by *Joanna Miksa (DG TRADE)* and *Gabriel Blanc (DG NEAR)*, which demonstrates the importance of communication with EaP CSOs. The main messages were: 1. The EC is monitoring and examining the situation in the three countries that signed DCFTA; 2. DCFTA is not only about increasing export to the EU, but also about the overall improvement of economic situation in the countries. These messages are well understood by CSOs and will be communicated to businesses and governments in EaP countries.

## **5. TRANSPORT AND TERRITORIAL, REGIONAL AND CROSS BORDER COOPERATION**

“Transport” and “Territorial, regional and cross border cooperation” are joined though separate sub-groups were established in the CSF WG2 for these issues. The reason is that although these issues were of interest, nothing new or important was undertaken by CSOs in these areas. The fact to be mentioned is information given to CSOs by *Nathalie Thiberge (DG NEAR)* about new European Neighborhood Instrument “Cross Border Cooperation 2014-2020 & Eastern Partnership Territorial Cooperation”. It is aimed at strengthening cross border cooperation which is interesting to many EaP countries and CSOs may play an important role in this process. First calls for proposals will be announced in 2016.

## **6. INTEGRATION OF ICT INFRASTRUCTURE OF THE EU**

An important result was achieved by the EaP CSF WG2 member organizations (*Ihar Lednik, Republican Confederation of Entrepreneurship, Belarus and Sergiu Tutunaru, Center for Economic Development and Public Affairs, Moldova*), invited to take part in the newly established (autumn 2015) Panel on Harmonization of Digital Markets – HDM Panel (*chaired by the Directorate General for Communications, Networks, Content and Technology – DG CONNECT*). The Commission Communication "A Digital Single Market Strategy for Europe" (COM (2015) 192), as well as the Ministerial Declaration of the First Eastern Partnership Ministerial Meeting on Digital Economy, held in June 2015, provide the policy framework for the Panel and set out its objectives.

The key objective of HDM policy is to promote the harmonization of digital markets within the Eastern European partner region, and between partner countries and the EU. Individuals and businesses, irrespective of their nationality or place of residence, will be able to seamlessly carry out all types of online activities, under fair competition and with a high level of consumer and personal data protection. Harmonized digital markets will foster better online services at better prices, offer more choice and boost employment. Existing companies will be able to grow faster and start-ups will be created more easily within a pan-European digital market.

The HDM Panel will address all topics which are included in the First EaP Ministerial Declaration on the Digital Economy: eGovernment, including open data, eHealth and eCustoms; eCommerce for SMEs; eLogistics and digital transport corridors; electronic identification and trust services; network



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and information security, cybersecurity and cybercrime; ICT-based infrastructures for eTrade; ICT-based infrastructures for research and education; digital skills; telecom rules; and Internet governance. Additional issues may be addressed by the HDM Panel, if these have direct relevance to the Digital Economy and are identified by the HDM Panel as priorities for the Eastern Partnership.

HDM Panel participants include representatives of EU institutions and relevant stakeholders from the Eastern European partner countries and EU Member States including representatives of public administrations, professional and industrial associations, regulatory bodies and civil society. The EaP CSF is invited to participate in the activities of the Panel.

This important step deals with several issues that are of interest to the EaP CSF WG2: Integration of ICT infrastructure; Trade and Trade Regulated Cooperation Linked to DCFTAs; Research and Innovation Policy (new topic for WG2 in which many CSOs are interested and try to promote to the EaP CSF Platform agenda).

## **7. SUPPORT TO RESEARCH AND INNOVATION**

This is a new topic for EaP CSF which is becoming popular among CSOs. Some achievements in Georgia can be reported where many years of CSO's advocating on this issue produced results. Georgian Parliament established in 2015 the Innovation Council and invited several CSO NP members to take part in the Council. Representative of Association European Studies for Innovative Development of Georgia became the Deputy Chairman of the Council. Another Innovation Council, chaired by the Prime Minister of Georgia was established by the Georgian government. The Chairman of the Parliamentary Council is the Deputy Chairman of the Governmental Council. At the 2015 EaP CSF WG2 meetings other CSOs also stressed the importance of innovation issues. For example, Halina Ilyaschuk (*Belarus National Business Platform*) suggested organizing an event focusing on SME development and innovation. Another innovation-related event on Harmonization of Digital Markets – HDM Panel was already mentioned above. It can therefore be said that in 2015 innovation issues started to gain importance in the practical activities of EaP CSOs.

## **8. COOPERATION WITH MEDIA AND ADVOCACY USING MEDIA**

Great attention was paid in 2015 to issues of CSOs' work with the media and use of the media for advocacy of urgent issues (both with the governments and the general public). On 19-21 May the members of EaP CSF took part in the 2nd Eastern Partnership Civil Society Conference (EaP CSC) and the 1st Eastern Partnership Media Conference held in Riga. Participating CSOs acquired valuable knowledge related to these specific and delicate issues.

## **POSITIVE EXPERIENCE OF COOPERATION WITH GOVERNING BODIES**

Many members of EaP CSF WG2 mentioned positive cases and, on some issues, permanent cooperation with parliaments, ministries and EU delegations in 2015. Some of these cases are described above. Reports of positive experiences most often came from Moldavian and Georgian CSOs. Honorable mentions are given to EU Delegations in Georgia and Moldova in relation to



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agricultural programs ENPARD (Georgia) and ESRA (Moldova). Good cooperation is established by EaP CSF with EC DGs. DG AGRI, DG NEAR, DG GROW, DG TRADE and DG CONNECT regularly cooperate with CSOs. Ukrainian CSO NP reports great support from the Support Group for Ukraine of the European Commission. The Support Group meets with civil society every time they come to Ukraine.

## PROBLEMS

It is stated that CSOs are very difficult instrument for dialogue with the government, which leads to inertia. The problem of civil society is that even though it has great potential, it is very dependent on external funding and hence its productivity suffers. As a result, expert potential in some countries (Ukraine, for example) is not sufficient.

In Azerbaijan laws regulating NGOs have changed dramatically. NGOs cannot get any financial help from international donors; therefore, the Azerbaijan NP is unable to organize conferences or other events. The Azerbaijan NP members have to rely solely on their own resources because of a lack of access to international funding.

## PROSPECTS

To briefly sum up the recommendations of 2015 meetings it should be said that in 2016 EaP CSF WG2 should concentrate on (and support where necessary applications of CSOs for grants in these areas):

- Communicating DCFTAs to the business community (including business associations), especially to SMEs; advocating for the governments who signed AAs to create/improve mechanisms of communication. It needs to be kept in mind that DCFTA is not only about export, but also about wider changes (the adoption of EU standards first of all).
- Monitoring of DCFTA implementation processes;
- Projects related to SMEs and the green economy, having in mind capacity building for local CSOs and SMEs. These projects should involve CSO experts from 3-4 countries in order to enable knowledge-sharing and the sharing of expertise to be replicated in other countries;
- Improving of the EU re-granting process in WG2 (together with the Secretariat), having in mind alternation of roles of leading/partner organizations and developing specific measures for support of CSOs in Azerbaijan;
- Monitoring of the EU re-granting process in WG2 by paying attention to the adequacy of the re-granting level and approximate proportionality with country size (with special attention on Ukraine);
- Reasonable support to projects in new for WG2 areas like research and innovation policy (including digital economy), etc.