



Brussels, 20.7.2016  
C(2016) 4857 final

**COMMISSION IMPLEMENTING DECISION**

**of 20.7.2016**

**on the ENI East Regional Action Programme 2016 and 2017, Part I, to be financed from  
the general budget of the European Union**

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**on the ENI East Regional Action Programme 2016 and 2017, Part I, to be financed from the general budget of the European Union**

THE EUROPEAN COMMISSION,

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

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 action<sup>1</sup>, and in particular Article 2(1) and 3(3) thereof,

Having regard to Regulation (EU, Euratom) No 966/2012 of the European Parliament and of the Council of 25 October 2012 on the financial rules applicable to the general budget of the Union and repealing Council Regulation (EC, Euratom) No 1605/2002<sup>2</sup>, and in particular Article 84(2) thereof,

Whereas:

- (1) The Commission has adopted the ENI East Regional Strategy Paper and Multiannual Indicative Programme<sup>3</sup> for the period 2014-2020, which provides for the following priorities: Eastern Partnership including Flagship Initiatives; regional cooperation frameworks; energy and transport initiatives involving the wider region and horizontal and sectoral support.
- (2) The objectives pursued by the Annual Regional Action Programme, including a Support Measure, to be financed under the European Neighbourhood Instrument<sup>4</sup> are: (1) to further improve maritime safety and security and to increase the levels of marine pollution prevention, preparedness and response in the Black and Caspian Sea Regions; (2) to support the Belarusian and Ukrainian customs and border guard services in implementing further integrated border management measures; (3) to support project cycle management and activities in the field of information and communication; (4) to help small and medium sized enterprises (SMEs) from EaP countries integrate into domestic and global value chains and access new markets with a focus on the European Union; (5) foster the active participation of young people in society and their employability in the economy by developing those skills that can support them in becoming leaders and entrepreneurs.
- (3) The first action entitled "Maritime safety, security and marine environmental protection in the Black and Caspian Sea Regions" will support the ongoing efforts of the beneficiary countries in acceding to and implementing the relevant international

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<sup>1</sup> OJ L77, 15.3.2014, p. 95.

<sup>2</sup> OJ L 298, 26.10.2012, p. 1.

<sup>3</sup> Decision C(2014)5200 of 28.7.2014.

<sup>4</sup> OJ L77, 15.3.2014, p. 27.

legislation, approximation of their regulatory frameworks with the EU legislation and improving the performance of their maritime activities. The project shall cover all three typical areas of responsibility - Flag State, Port State and Coastal State. The action will be implemented under direct management through a grant to the European Maritime Safety Agency.

- (4) The second action entitled "Eastern Partnership Integrated Border Management Flagship Initiative: introduction of an automated intelligent video-control system at road border crossing point Novaya Huta – Novi Yarylovychi at the Belarus-Ukraine frontier" entails the procurement of an automated video control system, accompanying training on its use as well as the provision of expertise before, during and after installation/launch of the video-control system. The action will be implemented under indirect management with the International Organization for Migration (IOM).
- (5) The third action entitled "ENI-East Global Allocation 2016" is a Support Measure and will support the project cycle management in the Eastern Neighbourhood such as preparation of programmes, and information and communication activities. The Russian Federation will also benefit from the action, whenever relevant and in line with Council conclusions. The action will be implemented under direct management through grant and procurement contracts.
- (6) The fourth action entitled "Integrating SMEs from the EaP countries into domestic and global value chains" aims at supporting small and medium sized enterprises (SMEs) from Eastern Partnership (EaP) countries integrate into domestic and global value chains and access new markets with a focus on the European Union. This will be done by (1) assisting SMEs to produce value added goods in accordance with international and EU market requirements; (2) improving sector specific services for SMEs along the selected value chains; and (3) linking SMEs to domestic and global value chains and markets in particular within the EU. The action will be implemented under indirect management with the International Trade Centre (ITC) in cooperation with the Dutch Centre for Promotion of Imports from developing countries (CBI).
- (7) The fifth action "EU4Youth programme" will be made up of three components. (1) will empower young people with key competences and skills supporting their active participation in democratic life. Citizenship, entrepreneurship and leadership will be the main topics of capacity building actions targeting youth organisations, youth workers and leaders. The latter will be able to apply for Civil Society Fellowships to enhance their skills on policy development; (2) will aim to increase the educational and training opportunities and improve the employment perspectives for all youth. Particularly, this component will address challenges to youth entrepreneurship and disadvantaged youth by giving grants to those organisations that propose initiatives in this field and by identifying actions with significant potential for systemic impact; (3) will ensure the effective functioning of the programme by (i) exploring synergies among all components, (ii) supporting the steering committee in its coordination and monitoring functions and (iii) through communication and visibility activities. In addition, this component will support the alignment of the EU4Y programme with relevant policy dialogues and actions, thus ensuring the streamlining of youth issues at national and international level, and the sustainability of the EU4Y actions. The action will be implemented under direct management through grants for component 1

(through the Education, Audiovisual and Culture Executive Agency – EACEA) and for component 2; and through a service contract for component 3.

- (8) It is necessary to adopt a financing decision the detailed rules of which are set out in Article 94 of Commission Delegated Regulation (EU) No 1268/2012<sup>5</sup>.
- (9) It is necessary to adopt a work programme for grants the detailed rules on which are set out in Article 128(1) of Regulation (EU, Euratom) No 966/2012 and in Article 188(1) of Delegated Regulation (EU) No 1268/2012. The work programme is constituted by the Annexes 1, 3 and 6.
- (10) Component 1 of the Action "EU4Youth programme" should be implemented by the Education, Audiovisual and Culture Executive Agency (EACEA) in accordance with Decision C(2013)9189<sup>6</sup>, as amended by Decision C(2014)4084<sup>7</sup>.
- (11) The Commission should entrust budget-implementation tasks under indirect management to the entities specified in Annexes 2, 4 and 5 to this Decision, subject to the conclusion of a delegation agreement. In accordance with Article 60(1) and (2) of Regulation (EU, Euratom) No 966/2012, the authorising officer responsible needs to ensure that this entity guarantees a level of protection of the financial interests of the Union equivalent to that required when the Commission manages Union funds. The International Organization for Migration (IOM) complies with the conditions of points (a) to (d) of the first subparagraph of Article 60(2) of Regulation (EU, Euratom) No 966/2012 and the supervisory and support measures are in place as necessary. The International Trade Centre (ITC), which falls under the umbrella of the United Nations Secretariat, is currently undergoing the assessment under Regulation (EU, Euratom) No 966/2012. In anticipation of the results of this review, the authorising officer responsible deems that, based on ITC positive assessment under Council Regulation (EC, Euratom) No 1605/2002<sup>8</sup> and on the long-standing and problem-free cooperation with it, budget-implementation tasks can be entrusted to this entity.
- (12) The authorising officer responsible should be able to award grants without a call for proposals provided that the conditions for an exception to a call for proposals in accordance with Article 190 of Delegated Regulation (EU) No 1268/2012 are fulfilled.
- (13) It is necessary to allow the payment of interest due for late payment on the basis of Article 92 of Regulation (EU, Euratom) No 966/2012 and Article 111(4) of Delegated Regulation (EU) No 1268/2012.

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<sup>5</sup> Commission Delegated Regulation (EU) No 1268/2012 of 29 October 2012 on the rules of application of Regulation (EU, Euratom) No 966/2012 of the European Parliament and of the Council on the financial rules applicable to the general budget of the Union (OJ L 362, 31.12.2012, p. 1).

<sup>6</sup> Commission Decision delegating powers to the Education, Audiovisual and Culture Executive Agency with a view to performance of tasks linked to the implementation of Union programmes in the field of education, audiovisual and culture comprising, in particular, implementation of appropriations entered in the general budget of the Union and of the EDF allocations, C(2013)9189, 18.12.2013.

<sup>7</sup> Commission Decision amending Commission Decision C (2013) 9189 delegating powers to the Education, Audiovisual and Culture Executive Agency with a view to performance of tasks linked to the implementation of Union programmes in the field of education, audiovisual and culture comprising, in particular, implementation of appropriations entered in the general budget of the Union and of the European Development Fund (EDF) allocations, C(2014)4084, 25.06.2014.

<sup>8</sup> Council Regulation (EC, Euratom) No 1605/2002 of 25 June 2002 on the Financial Regulation applicable to the general budget of the European Communities (OJ L 248, 16.9.2002, p.1).

- (14) Pursuant to Article 94(4) of Delegated Regulation (EU) No 1268/2012, the Commission should define changes to this Decision which are not substantial in order to ensure that any such changes can be adopted by the authorising officer responsible.
- (15) The measures provided for in this Decision are in accordance with the opinion of the European Neighbourhood Instrument Committee set up by Article 15 of the ENI Regulation,

HAS DECIDED AS FOLLOWS:

*Article 1*  
*Adoption of the programme*

The ENI East Regional Action Programme 2016, as set out in the Annexes, is approved.

The programme shall include the following actions:

- Annex 1: Maritime safety, security and marine environmental protection in the Black and Caspian Sea Regions;
- Annex 2: Eastern Partnership Integrated Border Management Flagship Initiative: introduction of an automated intelligent video-control system at road border crossing point Novaya Huta – Novi Yarylovychi at the Belarus-Ukraine frontier;
- Annex 3 : ENI-East Global Allocation 2016;
- Annex 4: Integrating SMEs from the EaP countries into domestic and global value chains;
- Annex 5: EU4Youth programme.

*Article 2*  
*Financial Contribution*

The maximum contribution of the European Union for the implementation of the programme referred to in Article 1 is set at EUR 37 300 000 and shall be financed for an amount of EUR 27 750 000 from the general budget of the European Union for 2016:

- budget line 22.04.02.01 for an amount of EUR 800 000;
- budget line 22.04.02.02 for an amount of EUR 20 450 000;
- budget line 22.04.03.04 for an amount of EUR 6 500 000;

and for an amount of EUR 9 550 000 from budget line 22.04.02.02 of the general budget of the European Union for 2017 provided the adoption of the budget 2017.

The financial contribution 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 draft general budget of the Union for 2017, following the adoption of that budget by the budgetary authority or as provided for in the system of provisional twelfths.

*Article 3*  
*Implementation Modalities*

Budget-implementation tasks under indirect management may be entrusted to the entities identified in the attached Annexes 2, 4 and 5, subject to the conclusion of the relevant agreements.

The section “Implementation” of the Annexes to this Decision sets out the elements required by Article 94(2) of Delegated Regulation (EU) No 1268/2012.

Grants may be awarded without a call for proposals by the authorising officer responsible in accordance with Article 190 of Delegated Regulation (EU) No 1268/2012.

*Article 4*  
*Non-substantial changes*

Increases or decreases of up to EUR 10 million not exceeding 20% of the contribution set by the first paragraph of Article 2 (except contribution for a Support Measure), or cumulated changes to the allocations of specific actions (except allocation of a Support Measure), not exceeding 20% of that contribution as well as extensions of the implementation period shall not be considered substantial within the meaning of Article 94(4) of Delegated Regulation (EU) No 1268/2012, provided that they do not significantly affect the nature and objectives of the actions.

Increases or decreases not exceeding 20% of the contribution for a Support Measure set by first paragraph of Article 2 while not bringing that contribution above EUR 10 million, as well as extensions of the implementation period shall not be considered substantial within the meaning of Article 94(4) of Delegated Regulation (EU) No 1268/2012, provided that they do not significantly affect the nature and objectives of the actions.

The authorising officer responsible may adopt such non-substantial changes in accordance with the principles of sound financial management and proportionality.

Done at Brussels, 20.7.2016

*For the Commission*  
*Johannes HAHN*  
*Member of the Commission*



This action is funded by the European Union

**ANNEX 1**

of the Commission Implementing Decision on the ENI East Regional Action Programme  
2016

**Action Document for 'Maritime safety, security and marine environmental protection  
in the Black and Caspian Sea Regions'**

**INFORMATION FOR POTENTIAL GRANT APPLICANTS**

**WORK PROGRAMME FOR GRANTS**

This document constitutes the work programme for grants in the sense of Article 128(1) of the Financial Regulation (Regulation (EU, Euratom) No 966/2012 in section 5.3.1 for grants awarded directly without a call for proposals

|  |  |
|--|--|
| <b>1. Title/basic act/<br/>CRIS number</b>                 | 'Maritime safety, security and marine environmental protection in the Black and Caspian Sea Regions'<br>CRIS number: ENI/2016/ 039-351<br>financed under the European Neighbourhood Instrument (ENI) |
| <b>2. Zone benefiting<br/>from the<br/>action/location</b> | Black and Caspian Sea Regions.<br>Beneficiary countries are: Azerbaijan, Georgia, Iran, Kazakhstan, Republic of Moldova <sup>9</sup> , Ukraine, Turkey and Turkmenistan.                             |
| <b>3. Programming<br/>document</b>                         | ENI - 2014-2020 Regional East Strategy Paper (2014-2020) and Multiannual Indicative Programme (2014-2017)  |
| <b>4. Sectors</b>  | Maritime transport and marine environment  |
| <b>5. Amounts<br/>concerned</b>                            | Total estimated cost: EUR 4 000 000<br>Total amount of EU budget contribution: EUR 4 000 000   |
| <b>6. Aid and<br/>implementation<br/>modality</b>          | Project Modality<br>Direct management  |

<sup>9</sup> Hereinafter referred to as Moldova.

|  |  |                                     |                                     |                                     |
|--|--|-------------------------------------|-------------------------------------|-------------------------------------|
|  | Grant – direct award   |                                     |                                     |                                     |
| <b>7. DAC code(s)</b>                  | 21010 – Transport policy and administrative management<br>41020 – Biosphere protection |                                     |                                     |                                     |
| <b>8. Markers (from CRIS DAC form)</b> | <b>General policy objective</b>  | <b>Not targeted</b>                 | <b>Significant objective</b>        | <b>Main objective</b>               |
|  | Participation development/good governance  | <input type="checkbox"/>            | <input type="checkbox"/>            | <input checked="" type="checkbox"/> |
|  | Aid to environment   | <input type="checkbox"/>            | <input type="checkbox"/>            | <input checked="" type="checkbox"/> |
|  | Gender equality (including Women In Development)                                       | <input type="checkbox"/>            | <input type="checkbox"/>            | <input type="checkbox"/>            |
|  | Trade Development  | <input type="checkbox"/>            | <input checked="" type="checkbox"/> | <input type="checkbox"/>            |
|  | Reproductive, Maternal, New born and child health                                      | <input checked="" type="checkbox"/> | <input type="checkbox"/>            | <input type="checkbox"/>            |
|  | <b>RIO Convention markers</b>  | <b>Not targeted</b>                 | <b>Significant objective</b>        | <b>Main objective</b>               |
|  | Biological diversity   | <input type="checkbox"/>            | <input checked="" type="checkbox"/> | <input type="checkbox"/>            |
|  | Combat desertification   | <input checked="" type="checkbox"/> | <input type="checkbox"/>            | <input type="checkbox"/>            |
|  | Climate change mitigation  | <input type="checkbox"/>            | <input checked="" type="checkbox"/> | <input type="checkbox"/>            |
|  | Climate change adaptation  | <input checked="" type="checkbox"/> | <input type="checkbox"/>            | <input type="checkbox"/>            |

#### **SUMMARY**

*The objective of the project is to further **improve maritime safety and security and to increase the levels of marine pollution prevention, preparedness and response** in the region. This will be primarily achieved by supporting the ongoing efforts of the beneficiary countries in acceding to and implementing the relevant **international legislation**, approximation of their regulatory frameworks with the EU legislation and improving the performance of their maritime activities. The project shall cover all three typical areas of responsibility - **Flag State, Port State and Coastal State**.*

***The focus is on the Black Sea.** Turkey, not being an ENI-country, has been added as a beneficiary country to ensure that all Black Sea littoral States that have concluded association agreements with the EU are jointly and equally supported in the area of maritime safety, security and environmental protection. Azerbaijan, as a member of the Eastern Partnership, is taken on board as a beneficiary and will benefit from the capacity building component of the project, on a needs basis, and when requested. Iran, Kazakhstan and Turkmenistan are also eligible to some activities on a needs basis, and when requested.*

*This project is nested under the **Black Sea Synergy** as the main focus is on the Black Sea maritime transport and maritime environment and will contribute to the objective defined in its January 2015 implementation report.*

*Beneficiary countries will be provided with **technical knowledge of the relevant international instruments**. This shall help to gradually mitigate the existing imbalance between the EU countries and the beneficiaries in the application of the maritime legislation. They will also be provided with operational support through the **provision of EMSA services: CleanSeaNet** as part of the European Maritime Safety Agency (EMSA) Integrated Maritime*

*Data Environment (IMDatE), RuleCheck, MaCKs and THETIS EU. The availability of these services will on one side increase the capacity of the beneficiary countries to implement the newly adopted/amended harmonised legislation and on the other will maintain their interest and motivation to continue the reforms high.*

*In the context of the activities on vessel traffic monitoring, provision will be made for providing, if the need appears, the beneficiaries with **additional infrastructure** (Automatic Identification Systems (AIS) stations).*

The project contributes to achieving the objectives, as concerns the transport sector, of the Eastern Partnership (EaP) as defined at the last **EaP-Summit in Riga** (May 2015), and more in particular of making transport links between the EU and Eastern European partners safer and more efficient.

## **1.1 Sector context**

### *1.1.1 Maritime safety*

Safety of ships and their safe operation are primarily regulated in a number of **international conventions**, mainly but not only under the International Maritime Organisation (IMO). When acceding to such instruments States assume the primary responsibility to have in place an adequate and effective system to exercise control over ships entitled to fly their flag, and to ensure that they comply with relevant international rules and regulations in respect of maritime safety, security and protection of the marine environment, (**flag State implementation**, a function which is normally under the jurisdiction of national maritime authorities).

In recent years, the EU and its Member States have been at the forefront of improving **maritime safety** legislation and promoting high-quality standards in their capacity as Flag States. To this end the EU and its Member States were actively involved in the international domain in the development of the Code for the Implementation of Mandatory IMO Instruments and the relevant audit scheme, while within the context of the European Union the EU Member States have ensured that they effectively and consistently discharge their obligations as flag States; and enhanced safety and prevention of pollution from ships flying their flag (with a series of Directives and Regulations, known as the **Third Maritime Safety Package** and in particular Directive 2009/21/EC). The aim is to eliminate substandard shipping, increase the protection of passengers and crews, improve living and working conditions, reduce the risk of environmental pollution, and ensure that operators who follow good practices are not put at a commercial disadvantage compared to those who are prepared to take short cuts with vessel safety.

Equally important and with great influence to maritime safety is the implementation of the Maritime Labour Convention (MLC), adopted by the International Labour Organisation (ILO) in 2006, which also addresses flag State-related obligations.

**In the area of flag State the beneficiary's performance varies from white to black list. Furthermore and even if the beneficiaries are parties to the vast majority of the international instruments, it is not confirmed if they have transposed in their national legislation the international instruments in their up-to-date version.**

The **EU approach** is that international standards must be rigorously upheld, but a number of flag States are failing to implement their obligations as foreseen by the international instruments. The obstacles met by some flag States to effectively implement these obligations foreseen by the international instruments, led the EU to reinforce its Port state control (PSC) regime (Directive 2009/16/EC as amended). Port State control is a second line of defence against those flag States that are unable to fulfil their obligations under the international maritime conventions. Port States have the right (for the EU Member States is an obligation deriving from Directive 2009/16/EC) to inspect foreign vessels calling at their ports in order to verify compliance with such conventions. Regional agreements based on voluntary agreements (Memoranda of Understanding on PSC) have been established in order to perform the Port State Control on the basis of harmonised procedures aiming at enhancing the activity's effectiveness and prevent any distortion to the market that could arise as a consequence of the application of disharmonised rules. The Paris Memorandum of Understanding (Paris MoU) and the Tokyo MoU are the most advanced MoUs in relation to well established harmonised rules and procedures.

EU efforts have proven that PSC can be an effective tool to fight sub-standard shipping as well as to measure the performance of flag States. In the EU domain, EMSA has developed and is hosting the relevant inspection database (THETIS) through which and on the basis of predefined legal requirements ships are selected for inspection and the results of PSC inspections are appropriately recorded.

In the area of PSC the beneficiaries can be divided in two groups – those who are members of a regional agreement, in this case the **Black Sea Memorandum on PSC** (BSMoU) - and those who are not members to any harmonised regime (Moldova and the Caspian Sea littoral States).

In the domain of coastal obligations and of safety of navigation, **Vessel Traffic Services (VTS)** or **Vessel Traffic Monitoring and Information Systems (VTMIS)** allow identification and monitoring of vessels and create an overall picture of the movement of vessels in certain maritime areas, and thus enable the authorities of the coastal states to monitor and manage the traffic, as well as to forecast and prevent potential incidents, and as a last resort to better respond in case of accidents and incidents at sea in view of minimising the loss of life and property and damage to the marine environment.

The monitoring systems can be based on short range identification transponders (i.e. Automatic Identification Systems (AIS)), but may also incorporate, at a later stage, a Long Range Identification and Tracking (LRIT) component for the entire regions.

The EU has established a Community VTMIS that introduces obligations, procedures and other requirements for ships sailing in the EU waters. The basis of the EU VTMIS is the SafeSeaNet (SSN). The main objective of SSN is to provide a European Platform for Maritime Data Exchange between maritime administrations of the Member States, by setting-up a telematic network between all the maritime EU Member States for their co-operation in preventing maritime pollution and accidents at sea. EMSA is responsible for the development, operation and maintenance of the SSN and interacts with users on an operational basis.

A pre-requisite of the deployment of any regional system, is the availability of adequate infrastructure (i.e. alerting posts and coastal stations, traffic and search and rescue coordination centres) as well as the implementation of coastal and port VTSs supported by sufficient AIS shore based infrastructure and manned by competent and trained personnel.

### *1.1.2 Maritime Security*

The International Ship and Port facility Security (ISPS) Code was adopted in 2002 and became mandatory on the 1st July 2004 through the inclusion in the International Convention for Safety of the Life at Sea (SOLAS). The Code aims to provide a standardised and consistent framework for evaluating risk, enabling Governments to offset changes in threat with changes in vulnerability for ships and port facilities through the determination of appropriate security levels and corresponding security measures.

The project's beneficiaries are all parties to the SOLAS Convention and therefore are said to implement in full the International Ship and Port Facility Security Code (ISPS) for what concerns the mandatory standards of Part A both for ships and port facilities with the help of the guidance provided in the Part B of the said Code.

There is a tight relation between the level of knowledge, the capability of the management, the resources available and the performance of a maritime administration (for ships) and of a Designated Authority (for port facilities). Taking that into account this activity aims to get the full implementation of the mandatory SOLAS maritime security requirements together with a progressive alignment with the European Union standards as laid down in the Regulation (EC) no 725/2004 of the European Parliament and of the Council of 31 March 2004 on enhancing ship and port facility security, in the Directive 2005/65/EC of the European Parliament and of the Council of 26 October 2005 on enhancing port security as well as with the Commission Recommendation of 11 March 2010 on measures for self-protection and the prevention of piracy and armed robbery against ships.

### *1.1.3 Prevention of pollution caused by ships*

The Black Sea has a very sensitive and fragile environment that requires special measures and rigid environmental control. This is further exacerbated by the heavy traffic of ships carrying oil and the oil off-shore industry. A potential incident will have long-term and irreversible negative effects on the environment as well as on the coastal economies of the littoral states. Acknowledging this, the Black Sea has been designated as "special area" under Annex I (Prevention of pollution by oil) and Annex V (Prevention of pollution by garbage from ships) of the International Convention for the Prevention of Pollution from Ships (MARPOL). In special areas more stringent anti-pollution requirements apply in order to ensure higher level of protection than other areas of the sea. The lack of notifications from the coastal states on the existence of adequate reception facilities has been an obstacle for the entry into force of the requirements for the Black Sea special area under Annex V. As far as the air emissions are concerned and Annex VI (Regulations for the Prevention of Air Pollution from Ships and the NO<sub>x</sub> Technical Code), it should be noted that still two coastal states have not yet ratified it. In addition, and with respect to the content of Sulphur in fuel oils, two littoral states are EU Member States thus bound by Directive 1999/32/EC as amended. In this respect actions should be envisaged to align the legislation of the beneficiaries to the stricter Sulphur Limits foreseen in the EU as well as their incorporation to the harmonised system for inspections and fuel sampling, facilitating the use of the inspection database THETIS EU developed and hosted by EMSA, thus ensuring the same level of control throughout the area. The Black Sea is also very vulnerable to alien species introduced with ballast water. Despite this, only 3 of the 6 littoral States have ratified the Ballast Water Management Convention.

Besides the universally applicable international instruments, there is a regional convention, namely the Convention on the Protection of the Black Sea against Pollution (Bucharest

Convention), aimed at the prevention of marine pollution by ships in the Black Sea. The Convention has the basic objective to substantiate the general obligation of the Contracting Parties to prevent, reduce and control the pollution in the Black Sea in order to protect and preserve the marine environment and to provide the legal framework for cooperation and concerted actions to fulfil this obligation. Georgia, Turkey and Ukraine are parties to the Convention.

## **1.2 Public Policy Assessment and EU Policy Framework**

### *1.2.1 Eastern Partnership*

Representing the Eastern dimension of the **European Neighbourhood Policy (ENP)**, this initiative was launched in 2009. It aims to deepen and strengthen relations between the EU and its six Eastern neighbours, Armenia, Azerbaijan, Belarus, Georgia, Moldova and Ukraine. The main objective is to support political and socio-economic reforms in partner countries to:

- Foster political association and further economic integration
- Support mobility of citizens and visa liberalisation as a long term goal
- Enhance sector cooperation
- Support civil society

The ENP is currently under review. Four important dimensions constitute the backbone of this review: differentiation, focus, flexibility, ownership & visibility.

Interconnectivity is high on the agenda of the Eastern Partnership process, as confirmed at the latest Summit (Riga, May 2015). In the area of transport, the Summit participants stressed the importance of making transport links between the EU and Eastern European partners safer and more efficient, and of supporting the improvement of logistics systems, including motorways of the sea.

### *1.2.2 EU Association Agreements*

Georgia, Moldova and Ukraine have signed Association Agreements with the EU. Turkey has signed in 2008 an Accession Partnership based on the pre-accession strategy which is the main instrument providing guidance in the preparation for its accession. On the basis of such agreements the four beneficiaries, differently from others, are bound to implement the EU maritime acquis and meet the EU standards in the field of maritime safety, maritime security and prevention of, preparedness and response to marine pollution. In the framework of the project it will be of utmost importance to support the countries in achieving their objective in close coordination with the relevant services of the European Commission and in cooperation with other EU funded projects aiming to provide specific support for the transposition of the EU standards into national legislations. Main priorities with regard to the implementation of the Association Agreements will be supporting relevant beneficiaries with the implementation of the EU Marine Strategy Framework Directive (2008/56/EC) and providing support to Moldova to bring in necessary reforms to be removed from the Black List of the Paris MoU.

### *1.2.3 Black Sea Synergy*

This initiative, initiated in 2008, is designed as a flexible framework to ensure greater coherence and policy guidance, while also inviting a more integrated approach and closer regional ties in order to:

- Stimulate democratic and economic reforms;

- Support stability and promote development;
- Facilitate practical projects in areas of common concern;
- Open up opportunities and challenges through coordinated action in a regional framework;
- Encourage the peaceful resolution of conflicts in the region.

Under the Synergy, three sectoral partnerships were established: environment, transport and energy.

#### *1.2.4 A strategy for the Black Sea*

The EU Parliament adopted a resolution in 2011 for an EU Strategy for the Black Sea Region to be launched. The main objective is to establish an area of peace, democracy, prosperity and stability founded on respect for human rights and fundamental freedoms and providing for EU energy security. It considered that good governance, the rule of law, promotion of respect for human rights, migration management, energy, transport, the environment and economic and social development should constitute priority actions.

#### *1.2.5 Blue Growth Strategy*

The Blue Growth communication adopted in 2012 is the maritime strand of the **Europe 2020** strategy and an update of the **Integrated Maritime Policy**.

This strategy consists of three components:

- Targeted effort towards specific activities (focus areas) identified as being the most promising sectors for growth development: coastal tourism, blue energy, aquaculture, blue biotechnology and marine minerals mining.
- Cross-cutting tools which are specific, policy integrated measures across sectors including Maritime Spatial Planning, Integrated Coastal Management, Marine Knowledge 2020 initiative and maritime surveillance.
- Sea-basin strategies.

Other aspects that are crucial for a sustainable growth in the blue economy are the development of the appropriate skills, marine and maritime research and access to finance.

The Commission extended the dialogue on sustainable development of the blue economy of the Black Sea to all Black Sea countries through the annual stakeholder conferences held in Bucharest, Romania (2014) and Sofia, Bulgaria (2015).

The proposed action supports attaining the objectives of the ENP and the other strategy papers above as regards maritime safety, security and marine environmental protection and is in line with the priorities set thereby.

### **1.3 Stakeholder analysis**

Several regional organisations are involved in policy formulation or implementation in the fields of maritime safety, security and marine environment.

On country level, the project's main stakeholders are the ministries of transport, maritime administrations and authorities, port authorities and maritime academies.

Indirectly, the shipping companies in the region could also benefit from the project.

### 1.3.1 *International and regional organisations*

The **International Maritime Organisation** (IMO) is the specialised agency of the United Nations setting the global standards for the safety, security and environmental performance of international shipping. Its main role is to create a regulatory framework for the shipping industry that is fair and effective, universally adopted and universally implemented. At the occasion of their regular meetings the different bodies of the Organization – Assembly, Committees, Sub-Committees, Working and Correspondence Groups – ensure the coordination on maritime safety, security and environmental protection is generally ensured by IMO. All project's beneficiaries are parties to the IMO Convention and they have ratified most of the international conventions in the field of maritime safety and marine pollution prevention. The **International Labour Organisation** (ILO) is devoted to promoting social justice and internationally recognized human and labour rights, pursuing its founding mission that social justice is essential to universal and lasting peace. The ILO has four strategic objectives:

- Promote and realize standards and fundamental principles and rights at work.
- Create greater opportunities for women and men to decent employment and income.
- Enhance the coverage and effectiveness of social protection for all.
- Strengthen tripartism and social dialogue.

In support of its goals, the ILO offers unmatched expertise and knowledge about the world of work, acquired over more than 90 years of responding to the needs of people everywhere for decent work, livelihoods and dignity. It serves its tripartite constituents - and society as a whole - in a variety of ways, including formulation of international policies and programmes to promote basic human rights, improve working and living conditions, and enhance employment opportunities as well as creation of international labour standards backed by a unique system to supervise their application.

ILO is active in the field of maritime labour since 1920 with a significant number of international conventions, the standards of which have been transposed into the Maritime Labour Convention, 2006. The Convention entered into force on 20 August 2013 and together with the IMO SOLAS, MARPOL and STCW conventions is considered the fourth pillar of maritime safety.

The **Black Sea Memorandum of Understanding on Port State Control** (BSMoU) is the regional agreement which is active in the region and has a Secretariat based in Turkey. Three of the project's beneficiaries (Georgia, Ukraine and Turkey) are members of the agreement and Azerbaijan has an observer status. Good working relationship has been established between EMSA and the BS MoU Secretariat in the course of the TRACECA Maritime Safety and Security II complementary project implemented by EMSA. It was the main channel for provision of assistance to the beneficiary countries in the area of PSC (provision of RuleCheck and Distance Learning Package, development of a mandatory training scheme for PSC Officers and highly specialized training courses for PSC Officers). The Secretariat also provided EMSA with information and documents (PSC procedures) which were needed to deliver the outputs of the PSC component of the project.

In the framework of the proposed action the BS MoU Secretariat will continue to play this role.

The **Commission on the Protection of the Black Sea Against Pollution** (or the Black Sea Commission (BSC)) via its **Permanent Secretariat** is the intergovernmental body established for implementation of the Convention on the Protection of the Black Sea Against Pollution (Bucharest Convention), its Protocols and the Strategic Action Plan for the Environmental Protection and Rehabilitation of the Black Sea (latest version adopted in 2009). BSC possesses cooperation links and options for consultative conversation with other intergovernmental organisations involved in marine pollution affairs at the global and regional level, including the United Nations Environment Programme (UNEP), IMO, Global Environmental Facility (GEF), International Commission for the Protection of the Danube River (ICPDR), Agreement on the Conservation of Cetaceans of the Black Sea, Mediterranean Sea and Contiguous Atlantic Area (ACCOBAMS), Organisation of the Black Sea Economic Cooperation (BSEC), European Environment Agency (EEA), and different other institutions of the EU.

The resources allocated to BSC as an organisation are very limited, and the organisation is not allowed to exceed the scope of the Bucharest Convention. Hence the record of BSC's direct actions is limited. The structure is dependent on projects externally funded by e.g. UNDP and EU. At the same time, BSC remains a key regional partner for the protection of the marine and coastal environment in the Black Sea and will be involved, as appropriate, in the activities of this project which are related to marine pollution (including marine litter), also contributing to more efficient coordination and use of EU funding for marine environment protection in the region.

The only Black Sea regional maritime stakeholders' forum is the **Black Sea Stakeholders Conference** chaired by the European Commission. It convened in Romania in 2014 and in Bulgaria in 2015.

The **Conference of Peripheral Maritime Regions** (CPMR) also has a Commission on the Black Sea, yet not very active.

### *1.3.2 Beneficiary countries*

The project's beneficiary countries differ greatly in several domains.

- **Development of their maritime sectors** (fleet size and composition, maritime traffic, ports).  
75% of the beneficiary countries' tonnage flies Turkish flag. The fleets are generally small, jointly accounting to 0.8 % of the world tonnage.
- **Maturity of their maritime administrations** (availability and quality of structures, staff, operational procedures).
- **Comprehensiveness of the maritime legislation** (status of ratification of international instruments and availability on implementing national legislation).

All project beneficiaries are parties to the main instruments although in some cases not to their most up-to-date versions. There is great difference in the rate of accessions from country to country (Moldova and Azerbaijan being party to a considerable less number in comparison with Ukraine and Georgia). This requires further effort in incentivising the beneficiary countries to ratify the international conventions.

A table with an overview per beneficiary country of the conventions ratified is attached in annex II.

- **Flag State performance under the Paris MoU.**

Not all countries are listed in the Paris MoU due to lack of data (minimum number of inspections per year, e.g. Azerbaijan whose fleet operates only in the land-locked Caspian Sea). Ukraine is on the Grey list, Moldova is on the Black list (under-performing) while Turkey and Kazakhstan are on the Paris MoU White list.

- **General institutional setting** (mandate of maritime administrations, operational independence, budget allocations and support from central government for reform, legislation, etc.).

- **Safety of navigation.**

Some countries have fully implemented AIS (Turkey, Ukraine and Azerbaijan). Others have only limited AIS infrastructure in some areas (Georgia, Kazakhstan and Turkmenistan).

This situation requires a differentiated approach to each beneficiary as well as a significantly different scope of assistance (in terms of volume, time and type) if the aim to attain a comprehensive level of maritime safety, security and environmental protection in the whole region is to be achieved.

**Azerbaijan** is party to and it is implementing the main IMO conventions, in some cases not to their most up-to-date versions. The significant traffic of oil in its territorial waters and the sensitive environment of the Caspian Sea suggest the accession to the specific IMO instruments in that area (Convention Relating to Intervention on the High Seas in Cases of Oil Pollution Casualties (INTERVENTION), Convention on the Establishment of an International Fund for Compensation for Oil Pollution Damage (FUND), Convention on Limitation of Liability for Maritime Claims (LLMC), Protocol on Preparedness, Response and Co-operation to Pollution Incidents by Hazardous and Noxious Substances (OPRC-HNS), Convention on the Control of Harmful Anti-fouling Systems in Ships (AFS) and Ballast Water Management Convention (BWM)). The country performs flag State, port State and coastal State functions. The country is not listed in the Paris MoU flag State performance lists due to lack of data/inspection missions. Azerbaijan has an observer status in the BS MoU. The country has established a well-functioning maritime administration. Azerbaijan has been and currently is a beneficiary of twinning projects with Spain (Spanish General Directorate of Maritime Affairs).

**Georgia** is party to the majority of IMO conventions, in some cases not to their most up-to-date versions. The country performs flag State, port State and coastal State functions. Currently Georgia appears on the Paris MoU Grey list where it moved from the Black list following a large-scale quality initiative (which also resulted in a drastic decrease of its fleet). PSC is performed within the framework of the BS MoU. The system set up by Georgia for education of seafarers according the STCW convention has been recognised by the European Commission within the meaning of Directive 2008/106/EC, as amended and this allows seafarers of all nationalities trained and certified by Georgia to serve on board ships flying the flag of an EU Member State. The country has established a well-functioning maritime administration.

**Iran** is party to the majority of IMO conventions, in some cases not to their most up-to-date versions. The country performs flag State, port State and coastal State functions. Currently Iran appears on the Paris MoU White list with an excess factor of -0,90. The country is also in the IMO White list for the STCW convention. The system set up by Iran for education of seafarers according the STCW convention has also been recognised by the European Commission within the meaning of Directive 2008/106/EC, as amended and this allows seafarers of all nationalities trained and certified by Iran to serve on board ships flying the flag of an EU Member State.

**Kazakhstan** is a Caspian Sea littoral State. The country is party to the main IMO conventions since 1994 but not to UNCLOS. The fleet of Kazakhstan is closely related to the oil industry. Currently it comprises of 104 ships, 65% of which are oil tankers. Kazakhstan appears on the 2015 and 2014 White lists of the Paris MoU. In 2012 and 2013 it was on the Grey list of the Memorandum. In 2014 Kazakhstan embarked on a large-scale governmental reform including in the maritime field. The country will need a lot of support in order to establish efficient flag State, port State and coastal State institutions.

**Moldova**, as a land-locked country, has access to the Black Sea via the Danube. It has only one port which is open to both maritime and inland navigation vessels. The country is party to the main IMO conventions since 2005 and maintains a ship register since 2007. The main maritime function of Moldova is as flag State and as such it is underperforming (appears in the Paris MoU Black list). The port waste collection as well as the inspection of ships is falling behind the standards. A new law on Inland Naval Transport is drafted.

**Turkey** is a contracting party to all major international maritime and environmental conventions. The only exception is the UN Convention on the Law of the Seas (UNCLOS). Turkey is a party of both the Barcelona and Bucharest Conventions. This could provide opportunities to Turkey for carrying experiences from the Barcelona system to the Black Sea. Priorities in the area of maritime transport indicated in the revised Turkey Accession Partnership of 2007 relate to the need to continue the alignment and the implementation in the sector (especially as regards pollution prevention) and to further strengthen the maritime administration. Since then Turkey moved to the White list of the Paris MoU (in 2008), became party to the most important IMO conventions in the area of maritime safety, security and environmental protection and successfully completed an audit under the Voluntary IMO Member State Audit Scheme (VIMSAS) resulting in minor findings. Further efforts are needed to align with the *acquis* and to strengthen institutional capacity. Work is still needed in the area of reporting formalities for ships. The system set up by Turkey for education of seafarers according the STCW convention has been recognised by the European Commission within the meaning of Directive 2008/106/EC, as amended and this allows seafarers of all nationalities trained and certified by Turkey to serve on board ships flying the flag of an EU Member State.

**Turkmenistan** is a Caspian Sea littoral State. The country is party to some of the most important IMO conventions (not to their most up-to date versions, except for the Convention for the Prevention of Pollution from Ships (MARPOL)) since 2009. There are currently 63 ships under its flag. The fleet is closely related to the oil industry, 45% of the ships are oil tankers and another 45% are engaged in the offshore industry. The fleet operates only in the Caspian Sea.

**Ukraine** has long traditions in maritime transport, a well-developed maritime sector, many international ports and is a maritime labour-supplying country. It is party to the major IMO

instruments. The country is also a member of the BS MoU. The system set up by Ukraine for education of seafarers according the STCW convention has been recognised by the European Commission within the meaning of Directive 2008/106/EC, as amended and this allows seafarers of all nationalities trained and certified by Ukraine to serve on board ships flying the flag of an EU Member State.

#### **1.4 Results of existing projects**

Since 2009 the EU has been continuously supporting the countries of the Neighbourhood East and Central Asian regions in their efforts to improve maritime safety, security and environmental protection through various projects. The adoption of the TRACECA Regional Action Strategy (TRAS) in 2011 was a major achievement of the first EU funded project in the area ('Development of common security management, maritime safety and ship pollution prevention for the Black Sea and Caspian Sea' (SASEPOL). To support the countries in implementing the TRAS, the project 'TRACECA – Maritime Safety and Security II' was initiated in 2013, complemented with activities directly implemented by EMSA since mid-2014.

The objective of both projects is to ensure that beneficiary countries continue to implement the measures of the TRAS and to improve their performance as Flag, Port and Coastal States. The maritime authorities of the beneficiary countries were also provided with access to some operational tools developed at EU level in order to enhance their capacity to fulfil the obligations stemming from international conventions and to monitor and respond to accidental and deliberate pollution.

Since the beginning of the projects, contacts have been established with all beneficiaries and the relationship has constantly improved. The positive effects of the technical actions on the beneficiaries can be reflected in the Flag State performance of those appearing on the Paris MoU list.

Concrete results up until now of the 'TRACECA – Maritime Safety and Security II'-project (01/2013-01/2016), implemented by a private consortium led by NTU, are:

- Flag State implementation: Preparation of the beneficiaries to the IMO Member State Audit Scheme (IMSAS). Georgia successfully passed the audit, Azerbaijan and Kazakhstan have been extensively prepared, and work with Ukraine has begun. Advice to Kazakhstan on a reform of the structure of their maritime administration. Support to reform in Ukraine is on-going. Advice has already been provided on the basic structure and duties of a maritime administration.
- Protection of the marine environment: Awareness rising on the complex rules of the current IMO Conventions and EU regulations, and provision of information on State's duties. A specific effort has been carried out in Ukraine for the reform of the Port Waste Management Plan, in order to ensure compliance with EU Directive 2000/59. Joint work with the Black Sea Commission on Mobile Offshore platforms legislation. Field missions, e.g. on the International Maritime Dangerous Goods Code (IMDG), have allowed to provide tailored advice and recommendations.
- Human element: Promotion of and preparing for the ratification of the ILO MLC.
- Security of ships and ports: Training provided for administrative and port officers, to
  - improve knowledge of the ISPS implementation in ports (facilities and ports)

- improve skills to work out assessments and plans as well as their “approval “
- improve skills to be able to teach the port executives in order to manage the security training of port personnel at different levels (train the trainer).

Concrete results up until now of the complementary project (06/2014 – 06/2016), implemented by EMSA, are:

- Provision of access to RuleCheck and to the Distant Learning Package (DLP) for PSC Officers of the BSMoU members and project beneficiaries. RuleCheck and the DLP are tools originally developed by EMSA on behalf of the European Commission and the EU Member States to assist PSC Officers during PSC inspections and to improve their qualification. Lately the two tools have been further enhanced to cater the needs of several end users’ communities.
- Provision of CleanSeaNet (CSN) service through EMSA’s IMDatE to coastal beneficiary States. CSN is the European oil spill monitoring and vessel detection service (based on SAT-AIS information), which was set up to support EU Member States’ actions to combat deliberate or accidental pollution in the marine environment.

Other regional and bilateral, including twinning, EU-funded projects that have been implemented in the field of maritime transport and marine environmental protection are:

- The **MONINFO** regional projects<sup>10</sup> (Environmental Monitoring of the Black Sea Basin: Monitoring and Information Systems for Reducing Oil Pollution) (EU-funded projects implemented by the Black Sea Commission) stimulated regional cooperation of maritime authorities of the six Black Sea countries, in particular concerning oil pollution from ships. At the same time they revealed the need for more efficient regional mechanisms (including AIS) for information exchange and monitoring of ship traffic to support marine and coastal environment protection. The project contributed to the development of a regional system against oil pollution from ships in the Black sea which will support the implementation of the Marine Strategy Framework Directive.
- Azerbaijan finished in 2014 a bi-lateral twinning project aimed at aligning Azerbaijan’s national legislation on maritime safety, security and marine environmental protection with the short-term priorities of the EU-National Indicative Programme (NIP) for Azerbaijan and at strengthening the capacity of the State Maritime Administration (SMA) of Azerbaijan to transpose and implement the provisions of the relevant EU acquis and IMO Conventions. The project resulted in improved legislative framework in line with ratified IMO conventions and relevant EU-Directives. A new maritime transport strategy and national action plan on maritime safety, security and protection of marine environment for the period 2012-2022 were prepared. As a result of the twinning project, the Azerbaijani Merchant Shipping Code and Administration Offences Code were amended and the new “Law on Seaports” was adopted.

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<sup>10</sup>[http://ec.europa.eu/environment/marine/international-cooperation/regional-sea-conventions/bucharest/index\\_en.htm](http://ec.europa.eu/environment/marine/international-cooperation/regional-sea-conventions/bucharest/index_en.htm)

The TRACECA Regional Action Strategy contains a bulk quantity of measures designed to achieve the key priorities identified in the Neighbourhood Transport Action Plan in the area of maritime and inland waterway transport until 2021. Although a lot of work has been done in the framework of the above described projects they could not cover all measures of the Strategy and therefore there is a need for follow-up technical actions leading to further improvements. These are described in detail in the section 1.5 below as well as in part 4 Description of the Action.

### **1.5 Priority areas for support/problem analysis**

The priority areas for EU support to the Eastern Partner countries in the period 2012-2020 have been defined in the Regional East Strategy Paper following a comprehensive analysis of the problems in the region and based on the priorities of the Eastern Partnership. The proposed action has bearing to a number of the challenges to be addressed according to the Regional East Strategy Paper, namely:

- overcome governance shortcomings – through the capacity building actions in all components (training, introduction of quality management systems, adoption of international and EU technical standards, implementation of operational procedures)
- ensure environmental sustainability – through the actions of component 4 Protection of the marine environment of the Black Sea
- reform the transport sector – through the actions of all components (ratification of international instruments, promulgating national laws and regulations, approximation with the *acquis*, operational procedures)
- promote regional cooperation among partner countries and with the EU – through the actions of component 2 Port State Control in the Black Sea region and component 3 VTS and VTMS in the Black Sea region
- ensure the correct implementation of the concluded and signed Association Agreements – through the actions of component 7 Bilateral activities

A Regional Action Strategy on Maritime Safety, Security and Environmental Protection for the period up to 2021 has been developed in the framework of the SASEPOL project in order to identify concrete actions that would lead to attaining the general objectives – improved maritime safety, security and environmental protection. The implementation of some of the identified measures has been supported in the framework of the EU funded projects mentioned in 1.4.

Although substantial progress has been achieved in the partner countries, still a lot needs to be done. Large-scale and fundamental reforms are time and resource consuming and therefore progress takes time. Therefore further support will be needed to ensure the implementation of the measures identified. This approach is in line with the continuity principle in programming EU financial support according to which bringing EU investments to orderly completion or continuing them when necessary shall be considered in the programming (instructions for programming the ENI). This is essential to ensure the sustainability of the reforms.

In order to address the identified problems in the area, the new project 'Maritime safety, security and marine environmental protection in the Black and Caspian Sea Regions' foresees actions in the following priority areas:

- **Flag State Implementation:** beneficiaries that have not yet undergone the voluntary IMO audit scheme have to be supported in order to successfully prepare for the mandatory one and, eventually, supported to prepare and then implement the rectification plan agreed with the IMO. Georgia, that has already undergone to the IMO audit will be supported to implement the rectification plan agreed with IMO and to implement additional measures recommended at international level but made mandatory by the EU maritime legislation such as the establishment of a certified quality management system for the Flag State activities.
- **Protection of the marine environment:** the actions under this project will support beneficiaries to correctly implement the relevant international legislation; however the focus will be on the technical support needed to incentivise the ratification of MARPOL Annex VI by Georgia, Moldova and Kazakhstan. In addition those beneficiaries in the in the Black Sea Region that will enact legislation on the Sulphur content of marine fuels used by ships with approximation with the acquis could use THETIS EU. Continue providing EMSA's services such as CleanSeaNet, jointly to an improved monitoring of the ships movements (also granted through the project), will allow the real-time detection of oil-spills along the beneficiaries' coastline and will enhance the capability to respond to marine pollution. Awareness on the EU legislation on air emission will be raised in the countries with aim of bringing those beneficiaries willing so closer to the EU standards.
- **Human Element:** technical support will be needed to complete the process of ratification of the Maritime Labour Convention (MLC), 2006. Following the ratification efforts will focus on providing support to draft and adopt the national legislation and determinations to translate the flexibility of MLC in concrete requirements.
- **Security of ships and ports:** to complement the actions completed during the previous project, the focus will be on the national organisation and procedures put in place by the beneficiaries to ensure full and correct implementation of the ISPS Code. Particular emphasis will be put on the Port security that is an important issue covered by the EU legislation (Directive 2005/65/EC on enhancing port security) which is in line with the 2005 ILO/IMO Code of Conduct for port security and that allows the competent authorities to have a coordinated and harmonised approach to the security measures in place in each port rather than on the security measures in place in each individual facility established in the port area. Information on the provisions of the Commission Recommendation of 11 March 2010 on measures for self-protection and the prevention of piracy and armed robbery against ships and its enforcement would also be beneficial. The programme should therefore deliver trainings both at regional and at national levels for the beneficiary countries. At national level it should address the central level of the administrations of the beneficiary countries and the local port level. Common trainings and exercises for the two last mentioned levels would create synergies.
- **Port State Control:** Cooperation and exchange of information between port States of the same region is of a paramount importance for an effective PSC activity. In the Black Sea port State work together in the Black Sea Memorandum on PSC while beneficiaries, coastal states of the Caspian Sea are performing PSC inspections without any cooperation of coordination between themselves. Therefore, the

possibility of starting a possible cooperation in this area between Azerbaijan, Kazakhstan and Turkmenistan will be explored and incentivised.

## 2 RISKS AND ASSUMPTIONS

Political support from the partner countries' relevant ministries and governmental bodies not only at national, but also at regional level is needed to reach the project's objective. It is also assumed that governments will allocate the necessary resources to sustain the improved capacity for managing maritime safety and marine pollution by prevention, preparedness and response.

On a more concrete level, the following risks have been identified:

| <b>Risks</b>   | <b>Risk level (H/M/L)</b> | <b>Mitigating measures</b>  |
|--|---------------------------|---|
| Political instability and security constraints   | M                         |   |
| Maritime safety and marine pollution caused by ships is not among the priorities of some of the partner countries' policies and cannot rely on abundant financial resources. | H                         | The risk could be mitigated by supporting beneficiaries to establish an organisational structure enabling them to make the best use of the limited resources available.                       |
| Lack of commitment to the reform process   | M                         | Although some countries may show reluctance to implement some of the proposed reforms, this project is regional and some countries have shown already their willingness to implement reforms. |
| Insufficient human resources and technical expertise required from the attendants to activities of this programme  | M                         | Partner countries will be asked at the inception phase of the project to commit enough resources for the implementation of the programme.   |
| Various interpretations of rules and requirements  | M                         | This will be mitigated by providing appropriate training and information on the experience of EU-Member States implementing these rules and requirements.                                     |
| Complexity of the programme, involving the participation of a larger number of countries, beneficiary institutions and administrations                                       | M                         | The implementing bodies will mitigate this risk by having a strong project monitoring system established.   |
| Lack of coordination between similar simultaneous projects and initiatives of relevant regional organisations  | M                         | To mitigate this risk a technical coordination mechanism will be integrated in the organisational set-up of the project (see below).  |
| Insufficient cooperation between the beneficiary countries on the  | M                         | To mitigate the risks the project will incentivise regional cooperation and initiatives aiming at sharing information and   |

|   |   |   |
|---|---|---|
| cross-regional level, and limited engagement of partner countries |   | best practices in the region. The project provides a formula for flexible participation, which may be applied where there is a consensus to do so. This formula will allow the speed up of cooperation among the readied countries, rather than having to wait for all members to join all aspects of cooperation from the start. |
| Lack of sustainability of the action                              | M | The project will propose an exit strategy.  |

### 3 LESSONS LEARNT, COMPLEMENTARITY AND CROSS-CUTTING ISSUES

#### 3.1 Lessons learnt

Experience during previous projects showed that most of the beneficiaries are committed for making the necessary improvements. This is demonstrated by the gradual progress in the implementation of the priority actions of the 2011 Regional Action Strategy on Maritime Safety and Security and Environmental Protection developed within the framework of the EU financed project SASEPOL. Turkmenistan ratified MARPOL Annex VI in 2014 and Georgia – the Ballast water management convention in 2015. Further ratifications are under way. Georgia completed an audit under the Voluntary IMO Member States Audit Scheme. Kazakhstan also intends to volunteer and currently prepares for audit.

However there are a number of factors that limit the achievements of assistance projects or cause delays in expected outputs. Whilst the ratification and proper implementation of international instruments related to maritime safety, security and environmental protection have been among the objectives of previous EU funded projects, the ratification process in the beneficiary countries takes a long time due to complex national procedures. The proper implementation requires the adoption and utilisation of operational procedures. In some cases it further requires additional resources – staff, equipment, etc. The complex institutional setting, the character of the decision making process (power to take decisions restricted to the very high level management) and the restricted resources have proven to be limitations to the achievements of even better results.

The complex structure of the maritime administrations and the associated decision making process also make more difficult the full and active participation of beneficiaries’ experts to the technical actions organised in the framework of past and on-going projects.

Another obstacle to a more effective implementation of projects is the language used. The first months of implementation of the TRACECA II project have taught that translation from English to Russian and vice versa, both for meetings and very often for papers, help the project implementation.

Another important lesson is that the different state of development (legislative, institutional and administrative) of the beneficiary countries requires a differentiated approach to the assistance which is in line with the principles of the proposed renewed Neighbourhood Policy.

#### 3.2 Complementary actions

Coordination is necessary with the following EU-funded programmes or projects in order to avoid overlapping and to create maximum synergies:

- ENI Cross-Border Cooperation programme Black Sea Basin 2014-2020, more specifically in relation to two of its programme priorities: 'improve joint environmental monitoring' (priority 2.1) and 'promote common awareness-raising and joint actions to reduce river and marine litter' (priority 2.2).
- For Azerbaijan, a twinning project “Support to the State Maritime Administration to improve liability in maritime transport in the Republic of Azerbaijan” started, aiming at ensuring a proper implementation and enforcement of maritime liability procedures foreseen in the international conventions on maritime safety, security and the prevention of the marine pollution in the related EU Acquis.
- For Ukraine,
  - ✓ national TA project is planned to cover Port state control harmonisation with the Dir 2009/16/EC and also Dir 2009/45/EC on safety rules and standards for passengers, assisting all the stages – transposition, implementation and enforcement. The project would also provide the design of the system for the establishment of SafeSeaNet;
  - ✓ project to support the implementation of the Association Agreement and the national strategy in the transport sector in Ukraine.

EMSA will be informed of further EU-funded actions in the beneficiary countries that might be launched after the start of the project in order to ensure proper coordination.

### **3.3 Donor coordination**

The Integrated Technical Cooperation Programme of IMO is designed to assist Governments which lack the technical knowledge and resources that are needed to operate a shipping industry safely and efficiently. Priority is given to technical assistance programmes that focus on human resources development and institutional capacity-building. Due to limited funds the ITCP focuses on developing countries mainly in Africa. There are few events organised in the framework of the ITCP in the Black and Caspian Sea region. Nevertheless the IMO Secretariat will be requested to provide information of any planned actions in the region throughout the duration of the project to avoid overlapping and to ensure synergy.

Donor coordination at country level is ensured by the respective EU Delegations.

Although at the international (IMO) and supranational level (EMSA, European Commission, EU Delegations) several platforms on maritime transport exist, the experience of previous projects has identified the need for strengthening project coordination processes in order to avoid the risk of duplication in activities. To this end, a technical board will be established in addition to the steering committee of this project.

The “Technical Board” will be grouping representatives of the different EU-funded projects (including bilateral) involved in the domain, to maximise efficiency and planning and to ensure that there is no overlap and that project activities are known.

The Technical Board shall consist of EMSA’s appointed project management as well as the appointed project management of the aforementioned projects of the EU (such as Twinning/TAIEX etc.). The European Commission Programme Manager (DG NEAR C.2) will be invited.

### 3.4 Cross-cutting issues

The proposed action has direct bearing to cross-cutting issues like **illegal migration, transboundary pollution and safety**. Shipping is by nature international. Therefore a shortcoming in safety, security or environmental control in one region tends to spread globally, affecting foremost adjacent regions. The EU shares a common basin (the Black Sea) with the beneficiary countries and therefore has a high interest to ensure that their maritime administrations are capable to perform efficiently their functions as Flag State, Port State and Coastal State authorities, thus minimising the risks that sub-standard shipping, resulting from poorly functioning maritime administrations, may pose in its areas of interest (territorial waters).

Technically and operationally unsafe ships may cause accidents and incidents in EU waters and ports threatening human life and inflicting damage to property and to the environment.

A major pollution incident in the waters of beneficiary countries may lead to transboundary pollution with severe and costly consequences to the environment and the coastal economies of EU Member States.

Shortcomings in the area of maritime security increases the threat of illegal migration as well as of security incidents on board ships flying the flags of the beneficiary countries while in territorial waters and ports of the EU.

The activities of the proposed action aim to introduce **good governance** and thereby enhance the **capacity of the institutions** in the beneficiary countries to ensure improved levels of maritime safety, security and environmental control thus minimising the risks described above.

**Climate change mitigation** is another cross-cutting issue that the proposed action addresses. The environmental protection component foresees support for the ratification and implementation of MARPOL, Annex VI which introduced inter alia mandatory measures to reduce emissions of greenhouse gases (GHGs) from international shipping.

## 4 DESCRIPTION OF THE ACTION

### 4.1 Objectives and results

The overall objectives of the project are:

- 1) Improved maritime safety
- 2) Improved security of ships and port facilities
- 3) Reduced pollution to the marine environment
- 4) Improved level of maritime training and qualification of seafarers
- 5) Improved living and working conditions on board ships

This will be achieved by addressing shortcomings, gaps and grey areas which may hamper the fulfilment of the related international obligations.

The project expects to achieve the following outcomes:

1. Improved capacity of the national maritime administrations to ensure that they effectively and consistently discharge their obligations as flag States.

2. Beneficiary countries have in place national laws transposing the mandatory instruments with approximation with the *acquis* in those areas where EU legislation exists.
3. Enhanced national capacity for implementation of international legislation.
4. Increased approximation to EU practices in these fields.
5. Improved cooperation among beneficiary countries competent authorities and with the EU Member States and EU institutions.
6. Enhanced harmonisation between MoUs as well as the harmonisation of PSC inspections in the Black Sea region.
7. Enhanced cooperation on PSC issues between Caspian Sea beneficiary countries.
8. Improved capacity of competent authorities of the beneficiary countries to monitor and control maritime traffic in the region.
9. Improved traffic-monitoring image of the waters of the beneficiaries, i.a. through the enhancement of their T-AIS national networks and that of the region.
10. Improved sharing of traffic information.
11. Improved capacity to prevent, detect and respond to marine pollution.
12. Improved control and response to marine environmental pollution.
13. Beneficiaries are incentivised to ratify and are able to give full implementation to the MLC 2006 requirements.
14. Enhanced implementation of the STCW convention requirements as well as the ISM Code.
15. Improved institutional capacity to give full implementation to the ISPS Code requirements.

#### **4.2 Main activities**

The project foresees a multitude of activities designed to help achieve the project's objectives, namely:

- Workshops, seminars and studies
- Operational support (on-site actions, provision of services including drafting of legislation, pilot projects)
- High-level seminars at national level with Parliament committees, to facilitate adoption/ratification of updated legal framework
- Targeted bilateral assistance

Some of these actions will be addressed to all beneficiary countries while others will be fine-tuned to their specific needs taking into consideration: i) the geopolitical situation of each beneficiary; ii) the commitment of each country to the achievement of the goals of the ENP in general; and iii) the TRAS in particular and their progress which is in line with the more-for-more principle introduced at the review of the European Neighbourhood Policy in 2010-2011.

The project foresees the following 7 components under which main activities are described.

#### **Component 1: Flag State implementation**

Comprehensive technical regulations and standards regarding the construction, equipment, manning and operation of ships have been developed and adopted by IMO in order to improve safety at sea and to minimize the adverse effect of shipping on the environment. The primary responsibility to ensure that ships comply with these standards rests with the Flag States. This can only be achieved through adequate implementation and effective enforcement of the standards laid down in the relevant conventions. Similarly working and living conditions of seafarers are ensured through the appropriate implementation of MLC 2006.

The activities under this component aim at supporting the beneficiaries' maritime administrations to promulgate legislation, establish and implement national procedures enabling them to effectively perform their obligations, and to exercise an effective Flag State jurisdiction in accordance with relevant instruments, thus contributing to the overall objective of the project to improve maritime safety, security and marine pollution prevention.

The activities will concentrate on the following major aspects of flag State implementation:

- Promulgation of laws and regulations to give to the instruments full and complete effect;
- flag State surveys and managing fleet performance;
- delegation of tasks to Recognized Organizations (RO) and monitoring of ROs' activities carried out on behalf of the Flag State;
- accident investigation.

Through fact finding missions and a consequent legal conformity check the level of compliance of national legislation for the beneficiary countries with the IMO Mandatory Instruments in their latest consolidated edition and other international instruments (such as MLC 2006) is to be identified. On the basis of the outcome of these check the necessary legislation transposing the mandatory instruments into national law of the beneficiaries to be drafted. Approximation with the *acquis* in those areas where EU legislation exists should be sought. The task could be complemented by appropriate training on the instruments as well as training of personnel to continuously monitor developments within IMO, identify when a new or an amended instrument has been accepted by the Organisation and timely transpose it into national legislation.

Through an ad-hoc questionnaire submitted to all beneficiaries EMSA will seek for additional detailed information complementing the general one collected through the "Overview of the maritime administrations". The detailed information will be used to identify gaps and possible improvements of the national structure and procedures in place as well as those introduced when enacting new legislation in the beneficiaries to monitor the performance of fleets and Recognised Organisations (ROs). Beneficiaries with no procedures in place but willing to properly discharge their obligations as flag States will be supported to establish tailor-made measures for monitoring the fleets' performance and the ROs. Beneficiaries could also be supported if they wish to develop, implement and maintain a quality management system for the operational parts of the flag State-related activities of their administrations.

Beneficiaries will continue to be supported, on regional and bilateral basis, to establish independent marine accidents investigative bodies and to carry out effective investigations on accidents occurred to vessels flying their Flags or occurred in the waters under their jurisdiction.

On request and in coordination with other existing projects for technical assistance, support can be provided to beneficiary countries willing to implement specific pieces of EU

legislation such as the Directive 2009/45/EC on safety rules and standards for passenger ships.

These structural actions will be complemented by the provision of theoretical and practical trainings for beneficiaries' maritime administration staffs working at the central administration and in-the-field with ships' surveys.

The involvement of experts from the EU Member States will ensure the necessary exchange of experience and best practices in view of reducing the existing gaps between EU and neighbouring countries standards.

The actions in this component will support the beneficiary countries in their preparation for the mandatory audits under IMSAS.

#### Expected Outputs:

- Analyses/studies of current practices and institutional arrangements and identification of measures for eliminating gaps.
- Where statutory tasks have been delegated to Recognised Organisations (ROs) and appropriate relevant legislation exists, text for tailor-made written agreements with ROs in line with the international Code for Recognised Organisations will be proposed for implementation by the beneficiaries that have provided all needed information to finalise the action.
- Tailor-made national procedures for monitoring fleet and ROs performance will be proposed to those beneficiaries that accepted to implement them.
- Tailor-made national procedures for the ratification of newly adopted international legislation proposed for adoption.
- Provision of technical support to establish national marine accident investigative bodies in line with the relevant IMO Code.
- Provision of training for flag State inspectors on some selected topics (i.e. checking the compliance of vessels to MARPOL Annex VI or to the MLC).
- Provision of technical support to define minimum criteria for flag State inspectors.
- Provision of technical support to establish a quality system for maritime administrations according to the relevant ISO standards.
- Upon request beneficiaries will be supported with the preparation, execution and assessment of external emergency response plans to verify their compliance with the Directive 2013/30/EC as well as with the development of a catalogue of emergency equipment and services available.

#### **Component 2: Port State Control in the Black Sea region**

Port State Control activities are much more effective when organised on a regional basis. Therefore harmonised approach to PSC activities in the beneficiary countries will enhance the maritime safety standards in the region and will prevent distortion of the competition between operators and ports. The Black Sea littoral beneficiaries perform PSC within the framework of the BS MoU.

The activities under this component will be directed towards further improvement of the technical requirements, criteria and standards applicable in the BSMoU through practical training for the PSC officers and further enhancing the coordination and harmonisation between the BSMoU members. The harmonisation between BSMoU members will also be

pursued through the proposal for the adoption of a mandatory training scheme for PSC Officers (PSCOs). Continuous support in the area of PSC is also necessitated by the ever-changing requirements set out in the relevant international instruments and the need to approximate practices with the other PSC memoranda (Paris MoU and MED MoU). Seminars and trainings in the field of Port State Control will be organised in the BS region with the participation of experts of the neighbouring MoUs. Tools developed and managed by EMSA, such as RuleCheck and MaCKs, on behalf of the European Commission will continue to be updated and provided to the BSMoU through its Secretariat. The exchange of information and the harmonisation of inspections within the region are of a paramount importance for the effectiveness of PSC activity. Therefore, under this component any possibility of enhancing the cooperation on PSC issues between beneficiaries that are Caspian Sea coastal States will be explored and beneficiaries will be supported to develop the necessary organisational and procedural framework to facilitate the cooperation. This can include the development of a dedicated information system to serve as platform for the exchange of PSC information between the cooperating Caspian Sea countries.

For those beneficiaries that will enact legislation with approximation with the acquis, technical and operational support would be provided for relevant PSC requirements deriving from this legislation. Particular emphasis could be given to **Directive 2012/33/EU amending Council Directive 1999/32/EC as regards the sulphur content of marine fuels and Directive 2002/59/EC on Port Reception Facilities.**

#### Expected Outputs:

- Proposal to BSMoU Committee for the establishment for a mandatory training scheme for PSCOs.
- Following the adoption by the BSMoU Committee, implementation of the mandatory training scheme for BSMoU PSCOs through the project.
- Provision of EMSA tools (Rulecheck and MaCKs).
- Technical and operational support for the approximation to the acquis of related PSC legislation.

### **Component 3: Vessel Traffic Monitoring (VTS) and Information Systems (VTMIS) in the Black Sea region**

Currently the Black and Caspian Sea coastal States operate VTS on a local level (port VTS) or on a national level (coastal VTS). Furthermore the state of development and deployment of such systems varies greatly from country to country.

The establishment of a per definition regional VTMIS in the Black and Caspian Sea regions will greatly supplement and enhance the national capacity for vessel traffic monitoring, PSC, and maritime pollution preparedness and response by allowing data exchange and thus creating better overall picture of the maritime traffic (improving maritime domain awareness). It will enable the individual States to forecast the dangers and the risks, to be in a position to know the situation outside the areas of responsibility of specific VTSs and to carry out risk analysis. It will create positive benefits for all coastal countries in terms of, for instance, search and rescue services and quality of the marine environment as a result of an enhanced capability of detecting potential polluters.

Although these benefits of establishing VTMIS seem to be widely known and acknowledged in the beneficiary countries, such infrastructure is still not commonly in place. The lack of exchange of AIS data between countries further reduces the worth of the available infrastructure.

In this respect it is important that beneficiaries:

- continue developing AIS shore based infrastructure in those coastal areas that are not already covered by AIS, and
- continue developing VTS and mandatory ship reporting systems in those areas where traffic volumes and risks justify it.

To enable all beneficiaries to share their AIS information, identified lack of infrastructure will be addressed by facilitating the donation of AIS infrastructures in good working order and dismissed by the EU Member States in the frame of a process of renewal of the existing stations. Should none of such AIS infrastructure be made available by the EU Member States, the possibility to support beneficiaries to establish or enhance their national network will be explored by buying on the market and providing them with the necessary AIS stations to cover the national coastline.

Through this task training for VTS operators will be also provided upon request by the beneficiaries.

Furthermore workshops will be organised to explore beneficiaries' willingness to share AIS information and to implement a pilot project bringing them to share AIS information through the Mediterranean Server (MAREΣ), firstly between themselves and, as a second step, with the Black Sea EU Member States. The T-AIS information shared shall be enriched with the provision of SAT-AIS information to provide a better picture of the maritime traffic in the Black and Caspian Sea.

Expected Outputs:

- Pilot projects on AIS sharing through IMDatE.
- Provision of SAT-AIS information through IMdatE
- Training of IMDatE operators
- Donation of lacking AIS infrastructure.
- Training for VTS operators.

#### **Component 4: Protection of the marine environment of the Black Sea**

The activities under this component will focus in two directions, namely: first to raise awareness of the need of the beneficiaries to accede to and implement those international conventions to which they are still not parties, to fully implement those to which they are already Parties and to enact legislation with approximation to the EU acquis and to provide them with the necessary technical assistance and support in the process; and second, to provide the beneficiaries with operational support in the area of marine environmental protection.

To that end the provision of the CleanSeaNet service (the European oil spill monitoring and vessel detection service, which was set up to support EU Member States actions to combat deliberate or accidental pollution in the marine environment) through the IMDatE services launched within TRACECA II will be continued to facilitate better environmental law

enforcement. The beneficiaries bordering the Black Sea will also be provided with additional support to “top-up” their capacities to combat ship-sourced (Oil, Hazardous and Noxious Substances (HNS), generation of marine litter in connection to implementation of MARPOL Annex V), marine pollution through the EU Network of Stand-by Oil Spill Response Vessels, in line with the revised mandate of the EMSA funding Regulation. In addition, through workshops, seminars and provision of technical assistance (including external consultants) awareness will be raised and support provided to enhance the enforcement and implementation of environment related international and European legislation in order to approximate the beneficiaries’ standards to the European ones. Some of the areas covered will be air emissions from ships; ships recycling and green-house-gases.

The technical assistance provided in the field of air emissions from ships will focus on sulphur emissions and will support the beneficiaries to be ready to implement the current international regulations, future stricter requirements that may come into force on 2020 as well as compliance of ships flying the flag of the beneficiaries calling EU ports. In this respect beneficiaries can benefit:

1. of the EU Member States experience with the implementation of the Directive 99/32/EC as amended and the related provision for inspections and sampling that are not included the relevant international legislation (Guidance for Sulphur Inspectors and relevant training);
2. of the development of national legislation on the Sulphur content of marine fuels used by ships with approximation to Directive 99/32/EC as amended and the use of THETIS EU, with the possibility of assistance to the beneficiaries if they opt to use remote sensing technology for reporting potential violations of Sulphur emission limits;
3. of improved Port Reception facilities and better enforcement of MARPOL V, leading to reduced illegal waste discharges at seas.

In field of ships recycling the beneficiaries will be supported to give proper and complete implementation to the Hong Kong Convention. In addition support could be given for implementation of Regulation (EU) 1257/2013 by:

1. the criteria set up by the Ship Recycling Regulation to have their recycling facilities included in the EU list in order to be able to recycle EU flagged ships;
2. assisting them in relation to the provisions of the Ship Recycling Regulation on ships flying a non-EU when calling in a port of the EU;
3. Developing a module in MackS for Flag State Surveyors.

In the field of ballast water management the beneficiaries will be supported to implement the relevant IMO Convention, as appropriate.

In the field of marine litter, the beneficiaries will be supported to implement Port Reception Facilities Directive, or at least its principles/methods. Marine litter is a major environmental challenge in the Black Sea and a topic which is receiving increasing international attention<sup>11</sup>. A system of notification to a vessel’s next port of call of the status of its on board retention of

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<sup>11</sup> The beneficiaries (together with the other UN countries) to the Rio+20 Conference committed to take action to, by 2025, achieve significant reductions in marine litter to prevent harm to the coastal and marine environment.

bilge waters, oily wastes, HNS residues, sewage, garbage, ozone-depleting substances and exhaust gas cleaning residues could be developed or facilitation of the dedicated module of THETIS-EU which caters requirements stemming out the Port Reception Facilities Directive (2000/59/EC) could be investigated.

Technical support will also be provided to enable owners and managers of ships flying the flag of beneficiaries' to comply with the Regulation (EU) 2015/757 on monitoring, reporting and verification of carbon dioxide emissions from maritime transports.

Expected Outputs:

- Technical support to beneficiaries in order to boost and the appropriate implementation of the most updated international instruments on marine environmental protection.
- Reduction of marine litter from shipping in the Black Sea
- Operational support to beneficiaries by continuing the provision of an access to EMSA's network of Oil Spills Recovery Vessels.
- Provision of CleanSeaNet service through IMDatE,
- Operational support to beneficiaries by providing access to THETIS EU and appropriate training to Inspectors for implementation of EU requirements in the area of Port Reception Facilities and Content of Sulphur in Marine Fuel, provided that they enact relevant legislation with approximation with the acquis in those areas
- Technical support to comply with the regulation (EU) 2015/757, provided that they enact relevant legislation with approximation with such Regulation

**Component 5: Human Element**

The human element is an important factor in maritime safety. It is a complex multi-dimensional issue that affects maritime safety, security and marine environmental protection involving the entire spectrum of human activities performed by ships' crews, shore based management, regulatory bodies and others. 80% of maritime accidents can be attributed in some way to human element failures. The project will address the human element with the aim of achieving an effective enhancement of the maritime safety standards. This will be done by providing beneficiaries with the opportunity of sharing best practices with some selected EU Member States on the implementation of the MLC 2006 and providing them also with training activities for Flag and Port State inspectors to support the effective implementation of the relevant IMO and ILO legislation such as the Convention on Minimum Standards of Training and Certification and Watch-keeping (STCW), the MLC and the International Safety Management (ISM) Code made mandatory through the SOLAS convention.

Expected Outputs:

- Training and sharing best practices on the implementation of the MLC 2006 and related human element - IMO and ILO legislation.

**Component 6: Security of ships and port facilities**

Security, and more so measures to improve it, is becoming an issue of increasing importance especially taking into account the growing political instability in the area and the vulnerable strategic infrastructure in the ports of the beneficiary countries. This activity aims to improve the implementation of the mandatory SOLAS maritime security requirements together with a

progressive alignment of the beneficiaries' national performances to the EU standards by focussing on two main pillars: awareness and knowledge.

The Guidance for the development of national maritime security legislation to be adopted by the IMO in May 2016 should also be used in the programme to increase the adequacy of the national legislation of the beneficiary countries with the international requirements.

The objective will be achieved by addressing the institutional capacity of the relevant administrations and through training sessions both about ship, port facility and port security. The programme should therefore deliver trainings both at regional and at national levels for the beneficiary countries. At national level it should address the central level of the administrations of the beneficiary countries and the local port level. Common trainings and exercises for the two last mentioned levels would create synergies. Through practical training events and sharing best practices with the EU Members States beneficiaries will be actively supported to implement their obligations both as port State and as Flag State and to monitor the activity performed by Recognised Security Organisations on their behalf (if any).

#### Expected Outputs:

- Improved security of ships and port facilities
- Improved institutional capacity to give way for full implementation to the ISPS Code requirements
- Increased approximation to EU practises in the field of maritime security.

### **Component 7: Bilateral activities**

Beneficiary countries have different characteristics. The length of their coast line, the size and composition of their fleets, their maritime industry and their administrations, the number of seafarers, and the number of international conventions on maritime safety ratified and implemented vary considerably from country to country. For this reason they can have different and specific priorities which will be identified during an inception phase which will include an interactive dialogue with each beneficiary country. As an outcome bilateral actions will be designed to best address the needs identified taking also into account their relevance to the achievement of the goals of the TRAS and the commitment of each beneficiary to implement the reforms supported by the project.

The bilateral actions will be identified by analysing the outcome of the regional actions implemented as well as on the basis of specific requests coming from the beneficiaries. All identified bilateral needs will be evaluated from the technical point of view by EMSA before being submitted for approval to the Contracting Authority together with an indication of the budget to be allocated.

#### Expected Outputs:

- as a complement to the regional activities planned, specific needs of each beneficiary will be addressed to enhance their capacity to give full implementation to international legislation and to further enhance maritime safety, maritime security and marine pollution prevention standards in the countries.

### **Component 8: Communication and visibility**

This component will ensure the required publicity and visibility to the project and its results. The objective will be pursued inter alia through newsletters and the publication of all material and news about the project on the EMSA website and other relevant websites as indicated by the Contracting Authority, through regular updates.

Expected Outputs (minimum):

- two newsletters per year will be prepared, published on the web and made available to all interested parties in the project; activities undertaken and related outcome will be publicised on the implementing body's website.

## **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, referred to in Article 184(2)(b) of Regulation (EU, Euratom) No 966/2012.

### **5.2 Indicative implementation period**

The indicative operational implementation period of this action, during which the activities described in section 4.1 will be carried out and the corresponding contracts and agreements implemented, is 60 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 authorising officer responsible by amending this decision and the relevant contracts and agreements; such amendments to this decision constitute technical amendments in the sense of point (i) of Article 2(3)(c) of Regulation (EU) No 236/2014.

### **5.3 Implementation modalities**

#### **5.3.1 Grant: direct award to the European Maritime Safety Agency (EMSA)**

(a) Objectives of the grant, fields of intervention, priorities of the year and expected results.

See section 4.

(b) Justification of direct grant.

Article 190(1) (f) of Commission Delegated Regulation (EU) No 1268/2012 authorises that grants be awarded without a call for proposals for actions with specific characteristics that require a particular type of body on account of its technical competence, its high degree of specialisation, on condition that the actions concerned do not fall within the scope of a call for proposals. On this basis and under the responsibility of the Commission's authorising officer responsible, the grant may be awarded without a call for proposals to a specialised entity having relevant specific experience and capacities in the fields of intervention. For the reasons detailed below, EMSA has been identified as the most suitable entity.

EMSA, as Agency of the European Union, was given specific regulatory and executive tasks in the field of maritime safety, security and marine environmental protection.

Regulation 1406/2002 establishing EMSA was adopted by the European Parliament and the Council on 27 June 2002 and entered into force in August of the same year. EMSA provides

technical and scientific assistance to the Commission in the fields of maritime safety, maritime security, prevention of pollution, and response to pollution caused by ships. Following an initiative of the IMO regarding LRIT, the EU Member States decided in 2007 to set up an EU LRIT data centre managed by the Commission, in cooperation with EU Member States.

In addition, a major component under this project is related to PSC, i.e. the upgrade and harmonization of the relevant procedures, and the need to approximate practices with the other PSC memoranda, i.e. the Paris and MED MoU. As foreseen by Directive 2009/16/EC as amended, the European Maritime Safety Agency (EMSA) provides the necessary support to ensure the convergent and effective implementation of the port State control system. EMSA in particular contributes to the development and implementation of the inspection database set up in accordance with this Directive and of a harmonised scheme for the training and assessment of competences of port State control inspectors by Member States. In addition the Agency provides technical assistance to the European Commission thus participating and often representing the latter in various meetings of the Paris MoU. Therefore, it is the most suited to achieve the necessary results.

Further related to PSC, tools developed and managed by EMSA, such as RuleCheck and MaCKs, on behalf of the EC will continue to be updated and provided to the beneficiary countries through the Secretariat of the BSMoU. These tools contribute to achieve the necessary quality of the related control tasks to be performed by the beneficiary countries.

Above elements give evidence to the specific experience, capacities and mandate in the fields of intervention justifying the direct award.

To be noted also that, based on the budget of a current project EMSA is implementing on behalf of the EC, the cost of the activities is demonstrable lower than compared to average private consortium prices, e.g. salaries of staff engaged by EMSA under the project are in total significantly lower than the total amount of average consultancy fees that would be expected for implementing same kind of activities, whilst EMSA as an EU-Agency is also not claiming any indirect costs on the project budget.

On 28 October 2010, the Commission proposed to update the EMSA Regulation to adapt its tasks following the entry into force of the third maritime safety package and to reinforce cooperation with neighbouring countries. On its plenary session on 11 December 2012, the European Parliament voted in favour of the new regulation. EMSA's competence is extended, in particular to enable the Agency also to intervene, at the request of the Member States concerned, in the event of pollution from oil and gas installations. EMSA is also asked to contribute to other EU policies and projects related to its field of expertise. In addition, the Agency provides assistance for technical work in international and regional organisations, and cooperation with neighbouring countries is enhanced.

Under the responsibility of the authorising officer by delegation, the recourse to an award of a grant without a call for proposals is justified because of EMSA unique mandate and specific technical expertise to execute the tasks of the project.

(c) Eligibility conditions

Not applicable.

(d) Essential selection and award criteria

The essential selection criteria are financial and operational capacity of the applicant.

The essential award criteria are relevance of the proposed action to the objectives of the action as described in this action document: design, effectiveness, feasibility, sustainability and cost-effectiveness of the action.

(e) Maximum rate of co-financing

The maximum possible rate of co-financing for this grant is 100 % in accordance with Articles 192 of Regulation (EU, Euratom) No 966/2012 if full funding is essential for the action to be carried out. The essentiality of full funding will be justified by the responsible authorising officer in the award decision, in respect of the principles of equal treatment and sound financial management.

(f) Indicative trimester to contract the potential direct grant beneficiary

2nd trimester of 2016.

#### 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.

In accordance with Article 16 of Regulation (EU) No 232/2014 and with regard to the aim of ensuring coherence and effectiveness of EU financing, and fostering regional and trans-regional cooperation, the Commission decides that natural and legal persons from the following countries, territories or regions shall be eligible for participating in procurement and grant awarded procedures: Iran, Kazakhstan, Turkey and Turkmenistan. The supplies originating there shall also be eligible.

The Commission's authorising officer responsible may extend the geographical eligibility in accordance with Article 9(2)(b) of Regulation (EU) No 236/2014 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<br>(amount in EUR) | Indicative third<br>party contribution |
|---|------------------------------------|--|
| Direct award of a grant to EMSA (direct management) | 4 000 000                          | N.A.                                   |
| <b>TOTAL</b>  | <b>4 000 000</b>                   | <b>N.A.</b>                            |

## **5.6 Organisational set-up and responsibilities**

The project will be managed by the European Commission, Directorate General for Neighbourhood and Enlargement Negotiations (DG NEAR) Unit C.2 – Regional Programmes Neighbourhood East.

EMSA will implement the project. The daily management of the project will be done in close cooperation with counterpart institutions, national regulatory institutions and administrations and with other relevant national authorities. EMSA shall closely coordinate with the relevant EU Delegations, in consultation with DG NEAR C.2.

## **5.7 Performance 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 (in annex). 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.

*It is also foreseen that the progress and work plan of the project will be monitored and discussed by a steering committee composed of EMSA, the maritime administrations/agencies of the beneficiary countries and the European Commission (the Directorate-General Mobility and Transport (DG MOVE), the Directorate-General Maritime Affairs and Fisheries (DG MARE) and the Directorate-General for Neighbourhood and Enlargement Negotiations (DG NEAR)). It shall convene minimally once a year, in a place to be agreed with the contracting authority.*

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 final evaluation will be carried out for this action or its components via independent consultants contracted by the Commission.

It will be carried out for accountability and learning purposes at various levels (including for policy revision).

The Commission shall inform the implementing partner at least two 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 countries 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, and 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. The implementation of the communication activities shall be mainly the responsibility of the grant beneficiary.

In terms of legal obligations on communication and visibility, the measures shall be implemented by the Commission, the partner countries, and/or the grant beneficiary. Appropriate contractual obligations shall be included in the grant contracts.

The Communication and Visibility Manual for European Union External Action shall be used to establish the Communication and Visibility Plan of the Action and the appropriate contractual obligations. Additional visibility guidelines developed by DG NEAR will be followed where appropriate. Visibility and communication actions shall demonstrate how the intervention contributes to the agreed programme objectives and the accession process. 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 is the responsibility of the beneficiary to keep the EU Delegation fully informed of the planning and implementation of the specific visibility and communication activities.

The beneficiary shall report on its visibility and communication actions in the report submitted to the ENI monitoring committee and the sectoral monitoring committees.

## ANNEX I - INDICATIVE LOGFRAME MATRIX

The activities, the expected outputs and all the indicators, targets and baselines included in the logframe matrix are indicative and may be updated during the implementation of the action, no amendment being required to the financing decision. When it is not possible to determine the outputs of an action at formulation stage, intermediary outcomes should be presented and the outputs defined during inception of the overall programme and its components. The indicative logframe matrix will evolve during the lifetime of the action: new lines will be added for including the activities as well as new columns for intermediary targets (milestones) for the output and outcome indicators whenever it is relevant for monitoring and reporting purposes. Note also that indicators should be disaggregated by sex whenever relevant.

|                                   | Results chain  | Indicators   | Baselines<br>(incl. reference year)  | Targets<br>(incl. reference year)   | Sources and means of verification   | Assumptions   |
|-----------------------------------|--|--|--|---|---|---|
| Overall objective: Impact         | <ul style="list-style-type: none"> <li>Improvement of maritime safety</li> <li>Improved security of ships and port facilities</li> <li>Reduced pollution to the marine environment</li> <li>Improved level of maritime training and qualification of seafarers</li> <li>Improved living and working conditions on board ships</li> </ul> | <ul style="list-style-type: none"> <li># of marine accidents to beneficiaries' vessels</li> <li># and volume of accidental and deliberate discharges</li> <li># of notifications to ILO on MLC deficiencies identified during PSC inspections</li> </ul> | <ul style="list-style-type: none"> <li>2015:</li> </ul>  | 2020  | <ul style="list-style-type: none"> <li>Statistics on maritime accidents and incidents</li> <li>National statistical information</li> <li>ILO secretariat</li> </ul> |   |
| Specific objective(s): Outcome(s) | <ul style="list-style-type: none"> <li>Improved capacity of the national maritime administrations to ensure that they effectively discharge their obligations as flag States.</li> <li>Increased approximation to EU practises in these fields.</li> <li>Enhanced harmonisation of inspections between MoUs on PSC;</li> </ul>           | <ul style="list-style-type: none"> <li>Performance of Flag States under PMoU on PSC</li> <li>Ratification of international conventions and adoption of national procedures</li> <li>National legislation and procedures in place</li> </ul>              | <ul style="list-style-type: none"> <li>Flag State Performance in 2015:<br/>AZ (N/A fleet operating only in the Caspian Sea)</li> </ul> | <ul style="list-style-type: none"> <li>Flag State Performance in 2020:<br/>- improved flag performance for all</li> </ul> | <ul style="list-style-type: none"> <li>PMoU database and statistics</li> <li>BS MoU statistics</li> <li>IMO audit</li> </ul>  | <ul style="list-style-type: none"> <li>The Beneficiary Countries governments maintain their commitment to implement changes at</li> </ul> |

|  |  |   |  |   |  |   |
|--|--|---|--|---|--|---|
|  | <ul style="list-style-type: none"> <li>• Improved cooperation among beneficiary countries competent authorities, EU Member States and EU institutions.</li> <li>• Enhanced cooperation on PSC issues between Caspian Sea coastal states.</li> <li>• Improved traffic monitoring of the beneficiaries' waters through the enhancement of the national T-AIS networks</li> <li>• Improved traffic monitoring in the Black and Caspian sea through the provision of SAT-AIS information</li> <li>• Improved capacity to prevent, detect and respond to marine pollution;</li> <li>• Beneficiaries incentivised to ratify and are able to give full implementation to the MLC 2006 requirements.</li> <li>• Enhanced implementation of the maritime labour standards, the STCW convention requirements as well as the ISM Code.</li> <li>• Improved institutional capacity to give full implementation to the ISPS Code requirements.</li> <li>• Increased approximation to EU practises in the field of maritime security.</li> </ul> | <ul style="list-style-type: none"> <li>• Reduced number of sub-standard ships operating in the region</li> <li>• Independent accident investigation bodies established</li> <li>• Concluded written agreements with Recognised organisations and monitoring reports</li> <li>• # of beneficiary countries undergoing audits under the IMSAS</li> <li>• Strategies and/or plans devised for the development and deployment of VTMS in the beneficiary countries</li> <li>• Introduction of VTMS systems</li> <li>• # of beneficiaries sharing AIS information</li> <li>• Countries enabled to cover the entire coastline with an AIS network</li> <li>• Cooperation agreements on AIS sharing</li> <li>• Mandatory reports under MARPOL</li> <li>• response rate (%) of the Coastal States to pollution</li> </ul> | <p>GE: currently not on Paris MoU flag performance list</p> <p>IR: on Paris MoU White list (excess factor -0.90)</p> <p>KZ: on Paris MoU White list (excess factor -0.79)</p> <p>MD: on Paris MoU Black list (excess factor +2.43)</p> <p>UA: on Paris MoU Grey list (excess factor +0.10)</p> <p>TU: on Paris MoU White list (excess factor - 0.65)</p> <p>TM: (N/A fleet operating only in the Caspian Sea)</p> <ul style="list-style-type: none"> <li>• Conventions ratified and procedures adopted on 2015:</li> </ul> <p>AZ: 15</p> <p>GE: 21</p> <p>IR: 22</p> | <p>countries on the Grey and Black Lists of the Paris MoU</p> <p>- upholding of the position on the White list</p> <ul style="list-style-type: none"> <li>• Conventions ratified and procedures adopted on 2020<sup>13</sup>:</li> </ul> <p>AZ</p> <p>GE:</p> <p>IR:</p> <p>KZ:</p> <p>MD</p> <p>UA:</p> <p>TU:</p> <p>TM:</p> <ul style="list-style-type: none"> <li>• National legislation</li> </ul> | <p>reports</p> <ul style="list-style-type: none"> <li>• IMO GISIS</li> <li>• ILO database</li> </ul> | <p>legislative, institutional and operational levels.</p> <ul style="list-style-type: none"> <li>• Beneficiary Countries and EU allocate the resources necessary to implement and sustain the reforms.</li> <li>• Some of the tasks imply a request from the beneficiaries and their close cooperation for fulfilling them. It is assumed that the budget available and the duration of the Grant (4 years) shall be sufficient to fulfil all requests however the latter will be re</li> </ul> |
|--|--|---|--|---|--|---|

<sup>13</sup> to be defined after the start of the project together with the beneficiary countries, depending on the national legislative procedures and priorities

|  |  |   |  |   |  |   |
|--|--|---|--|---|--|---|
|  |  | <p>incidents</p> <ul style="list-style-type: none"> <li>• # of beneficiary countries on the STCW White list of IMO</li> <li>• % of fleet (to which the MLC requirements apply) certified under MLC Convention</li> <li>• recognition of the BC maritime training and certification systems by the EU</li> <li>• # of ports covered by port facility security plan (PFSP)</li> <li>• % of fleet (to which the ISPS requirements apply) certified under ISPS Code -</li> <li>•</li> </ul> | <p>KZ: 10<br/>MD: 10<br/>UA: 17<br/>TU: 18<br/>TM: 10</p> <ul style="list-style-type: none"> <li>• National legislation and procedures in place on 2015<sup>12</sup>:<br/>AZ<br/>GE:<br/>IR:<br/>KZ:<br/>MD<br/>UA:<br/>TU:<br/>TM:</li> <li>• Number of beneficiaries undergone to (V)IMSAS on 2015:<br/>- 1 (GE)</li> <li>• # of countries sharing T-AIS data in 2015: none</li> </ul> | <p>and procedures in place on 2020<sup>3</sup>:<br/>AZ<br/>GE:<br/>IR:<br/>KZ:<br/>MD<br/>UA:<br/>TU:<br/>TM:</p> <p>Number of beneficiaries undergone to (V)IMSAS on 2020:- 4 (AZ, KZ, UA and TM)</p> <ul style="list-style-type: none"> <li>• # of countries sharing T-AIS data in 2020: 3</li> </ul> |  | <p>assessed during the lifetime of the action</p> |
|--|--|---|--|---|--|---|

<sup>12</sup> to be defined after the start of the project through Fact-finding missions

|                |   |  |  |  |  |  |
|----------------|---|--|--|--|--|--|
|                |   |  |  |  |  |  |
| <b>Outputs</b> | <ul style="list-style-type: none"> <li>Analyses/studies of current practices and institutional arrangements and identification of measures for eliminating gaps.</li> <li>Written agreements with ROs signed where not existing or aligned to ROs Code where existing</li> <li>Tailor-made procedures for monitoring fleet and ROs performance proposed to beneficiaries that accepted to implement them</li> <li>Tailor-made national procedures for the ratification of newly adopted international legislation proposed for adoption.</li> <li>Provision of technical support to establish national marine accident investigative bodies in line with the relevant IMO Code;</li> <li>Provision of training for flag State inspectors on some selected topics (i.e. checking the compliance of vessels to MARPOL Annex VI or to the MLC);</li> <li>Provision of technical support to define minimum criteria for flag State inspectors;</li> <li>Provision of technical support to establish a quality system for maritime administrations according to the</li> </ul> | <ul style="list-style-type: none"> <li># analyses/studies</li> <li># of trainings delivered</li> <li># of experts trained</li> <li># written agreements aligned to ROs Code</li> <li># procedures for monitoring fleet and ROs performance drafted</li> <li># national procedures for the ratification of newly adopted international legislation</li> <li># countries supported to establish a marine accidents investigation body</li> <li># procedures for the continuous and systematic training of Port State Control officers</li> <li># countries supported to establish a quality management system for</li> </ul> |  |  |  |  |

|  |   |   |  |  |  |  |
|--|---|---|--|--|--|--|
|  | <p>relevant ISO standards</p> <ul style="list-style-type: none"> <li>• Support with the preparation, execution and assessment of external emergency response plans to verify their compliance with the Directive 2013/30/EC as well as with the development of a catalogue of emergency equipment and services available.</li> <li>• Proposal for a mandatory training scheme for PSC Officers to the BSMoU Committee;</li> <li>• Implementation of the mandatory training scheme for BSMoU PSCOs as adopted by the BSMoU committee</li> <li>• Provision of tools for PSCOs (Rulecheck and Distant Learning Package-MaCKs)</li> <li>• Technical and operational support for the approximation to the acquis of related PSC legislation</li> <li>• Pilot project on T-AIS data sharing through IMDatE</li> <li>• Donation of lacking AIS infrastructure (AIS stations)</li> <li>• Training for VTS operators</li> <li>• Technical support for the implementation of the most updated international instruments on marine environmental protection.</li> <li>• Training of Integrated Maritime Data Environment (IMDatE) operators</li> <li>• Operational support by continuing the provision of access to EMSA's network of Oil Spills Recovery Vessels.</li> <li>• Pilot project on provision of CSN services through IMDatE</li> <li>• Access to THETIS EU and training to Inspectors for implementation of EU requirements in the area of Port Reception Facilities and Content of Sulphur in Marine Fuel, provided that they enact relevant</li> </ul> | <p>maritime administration</p> <ul style="list-style-type: none"> <li>• # of countries supported to prepare, execute and assess external emergency plans according to Dir 2013/30/EC</li> <li>• # of seminars for PSCOs organised</li> <li>• # signed CSN Conditions of Use</li> <li>• # CleanSeaNet images</li> <li>• # of users for RuleCheck and MaCKs</li> <li>• # of AIS stations donated</li> <li>• # of trained IMDatE operators</li> <li>• # of VTS operators trained</li> <li>• # of images provided to beneficiaries which have signed the CSN CoU</li> <li>• # of access to THETIS EU</li> <li>• # of countries supported to comply with EU Regulation 2015/757</li> <li>• # external emergency response plans</li> <li>• # catalogue of emergency equipment and services</li> </ul> |  |  |  |  |
|--|---|---|--|--|--|--|

|  |   |  |  |  |  |  |
|--|---|--|--|--|--|--|
|  | <p>legislation.</p> <ul style="list-style-type: none"> <li>• Technical support to comply with the EU regulation 2015/757</li> <li>• Training and sharing best practices on the implementation of the MLC 2006 and related human element - IMO and ILO legislation.</li> <li>• Training on periodical reviews of security assessments and of security plans (ship, port facility and port)</li> <li>• Training of internal and external auditors with practical demonstration of security audit (port facilities, ports and maritime companies)</li> <li>• Table top exercises on conducting security assessments and drafting security plans (mainly but not restricted to port facilities and ports)</li> <li>• Training on guidance and supervision of Recognised Security Organisations</li> </ul> |  |  |  |  |  |
|--|---|--|--|--|--|--|

**ANNEX II: Ratification of conventions by the beneficiary countries<sup>14</sup>**

|  | AZ | GE | IR | MD | TM | TR | UA | KZ |
|--|----|----|----|----|----|----|----|----|
| International Maritime Organisation Convention   | X  | X  | X  | X  | X  | X  | X  | X  |
| Convention for Safety of the Life at Sea (SOLAS) 1974                                    | X  | X  | X  | X  | X  | X  | X  | X  |
| SOLAS - Protocol 1978  |    |    | X  |    |    | X  | X  | X  |
| SOLAS - Protocol 1988  | X  | X  | X  | X  |    |    | X  | X  |
| SOLAS - Agreement 1996   |    |    |    |    |    |    |    |    |
| Convention on Load Lines 1966  | X  | X  | X  | X  | X  | X  | X  | X  |
| Convention on Load Lines - Protocol 1988   | X  |    | X  | X  |    | X  |    | X  |
| Convention on Tonnage Measurement of Ships   | X  | X  | X  | X  | X  | X  | X  | X  |
| Convention on the International Regulations for Preventing Collisions at Sea (COLREG)    | X  | X  | X  | X  | X  | X  | X  | X  |
| Convention for Safe Containers (CSC)   |    | X  | X  |    |    | X  | X  | X  |
| Convention on Standards of Training, Certification and Watchkeeping for Seafarers (STCW) | X  | X  | X  | X  | X  | X  | X  | X  |

<sup>14</sup> The fact that countries have ratified a convention does not necessarily mean that they have updated their legislation to align it with the up to date version of the instrument. Hence fact finding missions to establish the level of alignment remains necessary.

|   | AZ | GE | IR | MD | TM | TR | UA | KZ |
|---|----|----|----|----|----|----|----|----|
| Convention on Standards of Training, Certification and Watchkeeping for Fishing Vessels (STCW-F)                                |    |    |    |    |    |    | X  |    |
| International Mobile Satellite Organization (IMSO)  |    | X  | X  |    |    | X  | X  |    |
| International Convention on Maritime Search and Rescue  |    | X  | X  |    |    | X  | X  |    |
| Operating Agreement on the International Maritime Satellite Organisation (INMARSAT)   |    |    | X  |    |    | X  | X  |    |
| Convention on Facilitation of International Maritime Traffic  | X  | X  | X  |    |    |    | X  |    |
| Convention for the Prevention of Pollution from Ships (MARPOL) - Annex I through Annex V  | X  | X  | X  | X  | X  | X  | X  | X  |
| MARPOL - Annex VI   | X  |    | X  |    | X  | X  | X  |    |
| Convention on the Prevention of Marine Pollution by Dumping of Wastes and Other Matter (London Convention) 1972                 | X  |    | X  |    |    |    | X  |    |
| Protocol to the Convention on the Prevention of Marine Pollution by Dumping of Wastes and Other Matter (London Protocol) - 1996 |    | X  |    |    |    |    |    |    |
| Convention Relating to Intervention on the High Seas in Cases of Oil Pollution Casualties (INTERVENTION) - 1969                 |    | X  | X  |    |    |    | X  |    |
| INTERVENTION – Protocol 1973  |    | X  | X  |    |    |    |    |    |
| International Convention on Civil Liability for Oil Pollution Damage (CLC) 1969   | X  | X  |    |    | X  |    |    | X  |

|  | AZ | GE | IR | MD | TM | TR | UA | KZ |
|--|----|----|----|----|----|----|----|----|
| CLC - Protocol 1976  | X  | X  |    |    |    |    |    |    |
| CLC - Protocol 1992  | X  | X  | X  | X  | X  | X  | X  |    |
| Protocol to amend the Convention on the Establishment of an International Fund for Compensation for Oil Pollution Damage (FUND PROT) - Protocol 1992 |    | X  | X  |    |    | X  |    |    |
| Supplementary Fund to FUND PROT ( Protocol 1992) - 2003  |    |    |    |    |    | X  |    |    |
| Athens Convention relating to the Carriage of Passengers and their Luggage by Sea (PAL) 1974 and Protocol 1996                                       |    | X  | X  |    |    |    | X  |    |
| Convention on Limitation of Liability for Maritime Claims (LLMC) 1976  | X  | X  | X  |    |    | X  |    |    |
| LLMC – Protocol 1996   |    |    | X  |    |    | X  |    |    |
| Convention for the Suppression of Unlawful Acts against the Safety of Maritime Navigation including Protocol (SUA) 1988                              | X  | X  | X  | X  | X  | X  | X  | X  |
| SUA - Protocol 2005  |    |    |    |    |    | X  |    |    |
| International Convention on Salvage (SALVAGE)  | X  | X  | X  |    |    | X  |    |    |
| Convention on Oil Pollution Preparedness, Response and Co-operation (OPRC) 1990  | X  | X  | X  |    |    | X  |    |    |
| Protocol on Preparedness, Response and Co-operation to pollution Incidents by Hazardous and Noxious Substances (OPRC-HNS Protocol) 2000              |    |    | X  |    |    | X  |    |    |

|  | AZ | GE | IR | MD | TM | TR | UA | KZ |
|--|----|----|----|----|----|----|----|----|
| International Convention on Civil Liability for Bunker Oil Pollution Damage (BUNKER) | X  |    | X  |    |    | X  |    |    |
| Ballast Water Management Convention (BWM)  |    | X  | X  |    |    | X  |    |    |
| United Nations Convention on the Law of the Seas (UNCLOS)                            |    | X  |    | X  |    |    | X  |    |
| ILO Maritime Labour Convention (MLC)   |    |    | ✕  |    |    |    |    |    |



This action is funded by the European Union

**ANNEX 2**

of the Commission Implementing Decision on the ENI East Regional Action Programme  
2016 and 2017, Part I

**Action Document for Eastern Partnership Integrated Border Management Flagship Initiative: introduction of an automated intelligent video-control system at road border crossing point Novaya Huta – Novi Yarylovychi at the Belarus-Ukraine frontier**

|   |   |
|---|---|
| <p><b>1. Title/basic act/<br/>CRIS number</b></p>                   | <p>Eastern Partnership Integrated Border Management Flagship Initiative: introduction of an automated intelligent video-control system at road border crossing point Novaya Huta – Novi Yarylovychi <i>at the</i> Belarus-Ukraine frontier<br/>CRIS number: ENI/2016/038-708<br/>financed under European Neighbourhood Instrument</p> |
| <p><b>2. Zone benefiting from the action/location</b></p>           | <p>Eastern Europe Region<br/>Beneficiary counties are Belarus and Ukraine<br/>The action shall be carried out at the road border crossing point Novaya Huta (in Russian: Novaya Guta) – Novi Yarylovychi (Belarusian-Ukrainian border)</p>  |
| <p><b>3. Programming document</b></p>                               | <p>Regional East Strategy Paper (2014-2020) and Multiannual Indicative Programme (2014-2017)</p>  |
| <p><b>4. Sector of concentration/<br/>thematic area</b></p>         | <p>Integrated Border Management</p>   |
| <p><b>5. Amounts concerned</b></p>                                  | <p>Total estimated cost: EUR 947 600<br/>Total amount of EU budget contribution: EUR 800 000<br/>Parallel co-financing by Belarus (EUR 72 600) and by Ukraine (EUR 75 000)</p>  |
| <p><b>6. Aid modality(ies) and implementation modality(ies)</b></p> | <p>Project Modality<br/>Indirect management with the International Organization for Migration (IOM)</p>   |

|  |   |                          |                              |                          |
|--|---|--------------------------|------------------------------|--------------------------|
| <b>7 a) DAC code(s)</b>  | 15210 - Security system management and reform<br>33120 - Trade facilitation |                          |                              |                          |
| <b>b) Main Delivery Channel</b>  | 47066 - International Organization for Migration                            |                          |                              |                          |
| <b>8. Markers (from CRIS DAC form)</b>                                 | <b>General policy objective</b>   | <b>Not targeted</b>      | <b>Significant objective</b> | <b>Main objective</b>    |
|  | Participation development/good governance                                   | <input type="checkbox"/> | <input type="checkbox"/>     | X                        |
|  | Aid to environment  | X                        | <input type="checkbox"/>     | <input type="checkbox"/> |
|  | Gender equality (including Women In Development)                            | X                        | <input type="checkbox"/>     | <input type="checkbox"/> |
|  | Trade Development   | <input type="checkbox"/> | <input type="checkbox"/>     | X                        |
|  | Reproductive, Maternal, New born and child health                           | X                        | <input type="checkbox"/>     | <input type="checkbox"/> |
|  | <b>RIO Convention markers</b>   | <b>Not targeted</b>      | <b>Significant objective</b> | <b>Main objective</b>    |
|  | 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"/> |
| <b>9. Global Public Goods and Challenges (GPGC) thematic flagships</b> | Integrated Border Management Flagship Initiative                            |                          |                              |                          |

### **SUMMARY**

*This project will support Belarus' and Ukraine's customs and border guard services working at one road border crossing point (BCP) on the countries' common frontier (Novaya Huta – Novi Yarylovychi).*

The proposed automated intelligent video-control system will have pilot character, to be rolled out at the entire Belarusian-Ukrainian border in the coming years. Currently, neither Ukraine nor Belarus has a similar structure in place. The system will be hooked up to the EU-funded PRINEX project – an electronic information exchange network, launched in 2015, which sends details such as weight and type of goods transported to the customs of the neighbouring country prior to the arrival of a vehicle on the other side of the border. The new system will provide the number plate, the country of registration, the vehicle make, the number of persons in the vehicle and an image of the vehicle to the customs and border guard services on both sides of the frontier by automatically scanning the number plate and photographing the vehicle when it approaches the video-control system before the first boom barrier of the BCP.

In order to guarantee system coherence with PRINEX, soft- and hardware compatibility and a simultaneous execution pace in both beneficiary countries, the project team will organise a series of expert-level coordination meetings for Belarus and Ukraine *customs and border guard services* through the whole project implementation period. It is expected that about 60% of the project funds will be spent *on items such as IP (internet protocol) cameras,*

equipment for recognising vehicle number plates and software. Activities will also include testing / fine-tuning of relevant national software modules to ensure operational stability and the organisation of system administrator training sessions for customs' and border guards' staff working at that BCP.

*Ukraine's and Belarus' financial contributions (outside the delegation agreement) will fund the construction documentation development, its certification, construction works, scales and the lightning conductor systems.*

This project is expected to achieve the following results: (1) the time needed to carry out customs and border guard formalities for travellers and trucks will be reduced, (2) the countries' capacities to prevent and fight cross-border crimes will be improved, (3) levels of smuggling of illicit goods will be reduced, (4) the conditions for the free movement of persons, goods and means of transport will improve and (5), due to shorter vehicle queues, the environmental situation in the areas adjacent to the border crossing point will be enhanced.

## 6 CONTEXT

### 6.1 Sector/Country/Regional context/Thematic

In 2014, Belarus had a population of 9.5 million living on a territory of 207,600 square km. In the same year, Ukraine had 44.3 million inhabitants. It has an area of 603,500 square km.

According to World Bank figures for 2013, Belarus' Gross Domestic Product (GDP) at Purchasing Power Parity (PPP) per capita was USD 17,620 (64<sup>th</sup> out of 185 countries) and its GDP (at PPP) USD 167 billion. The corresponding figures for Ukraine are USD 8,790 (105<sup>th</sup> country in the world; figure of 2013) and USD 371 billion (2014), respectively.

In 2013, Belarus' HDI (Human Development Index) value, which is a UN composite statistic of life expectancy, education, and per capita income indicators, was 0.786, which gave the country a rank of 53 out of 187 states with comparable data. Ukraine's HDI was 0.734 (ranked 83<sup>th</sup>). The HDI of the region "Europe and Central Asia" stood at 0.738 in that year, placing Belarus above and Ukraine slightly below the regional average.

#### 6.1.1 Public Policy Assessment and EU Policy Framework

##### Ukraine

In 2010 and 2011, the cabinet of Ministers of Ukraine approved the Integrated Border Management (IBM) Concept on 27 October 2010 and its Action Plan on 5 January 2011. By listing its five main dimensions, the IBM Concept contains a clear reference to the EU IBM Strategy approved by an EU Council Conclusion in December 2006. According to the Concept, the State Border Guard Service of Ukraine has the overall responsibility for implementation of the tasks contained therein. Other stakeholders are the State Fiscal Service (formerly State Customs Service), State Migration Service, Ministry of Foreign Affairs and the State Security Service. Ukraine's Action Plan on the implementation of the IBM Concept consists of a list of specific tasks in the field of enhancement of the legal framework (national and international), creating a four-tier control system for entry and stay in Ukraine of foreigners and stateless persons, enhancing cooperation with national and international stakeholders, creating a single information system of subjects of integrated border management, bringing the procedure of border crossing of persons, vehicles and goods in line with EU standards, improving the system of border protection, improving the professionalism of personnel and ensuring cooperation and coordination of activities of subjects of IBM. Moreover, the project addresses directly Priority "Investment in Customs Modernisation" of the EU-Ukraine Association Agreement.

##### Belarus

Belarus has not adopted an IBM Strategy yet but work on it is progressing: a second draft of the document, prepared by the State Border Committee, is currently being discussed with the State Customs Committee (SCC BY). Its adoption by both services in the format of a "joint decision" (*sovместnoe postanovlenie*) is expected to take place in the near future. Currently, the following strategic documents relate directly to the project: "Decision of the Customs Union Commission No. 688 of June 2011"<sup>15</sup>, "Order of the SCC BY On the Ratification of the

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<sup>15</sup> Its exact name is: "On Common Requirements for Equipment and Hardware to be Installed in Buildings, Premises and Facilities Used For Border, Customs, Sanitary, Veterinary, Quarantine, Phyto-Sanitary and Transport Control At the Border Crossing Points Located At the External Border of the Customs Union Member

Main Development Directions of the SCC BY in the Period 2016-2020 and Forecast until 2025" (not adopted yet), "Development Programme on the Transit Capacity of the SCC BY at Road and Railway Border Crossing Points in 2016-2020" (not adopted yet) and the "Order of the SCC BY № 460 "On the Ratification of the Concept for the Development of Information and Communication Technologies during the Years 2014-2020" of 16 September 2014.

#### Cooperation between Belarus and Ukraine

Cooperation between Belarus and Ukraine in the sphere of customs information exchange is based on the "Protocol on Information Exchange between the State Customs Committee of the Republic of Belarus and the State Fiscal Service of Ukraine Concerning Goods and Vehicles Crossing the Customs Border of Belarus and Ukraine", which entered into force on 12 September 2004. While this Protocol does not detail the exact type of data to be transferred to the neighbouring country and, therefore, prevented them from exchanging any data, the "Regulation on the Interaction of Information Systems during Pre-Arrival Information Exchange between the State Customs Committee of the Republic of Belarus and the Ministry of Revenue and Taxes of Ukraine" (now State Fiscal Service), which was negotiated in the framework of the EU-funded PRINEX project and signed on 20 June 2014, provides nowadays for a solid legal basis for the data exchange between the customs services of the two countries.

#### EU Policy Framework: Ukraine

The last meeting of the EU-Ukraine Sub-Committee on Customs and Cross-Border Cooperation took place in Kyiv in October 2015. Along with the alignment of Ukraine's customs legislation to the EU customs acquis, the EU's cooperation with Ukraine is focused on the following issues:

- Development of risk management systems, including a programme for authorised economic operators, and promoting exchanges of customs information;
- Assistance in the accession to the Common Transit Convention;
- Assistance in working towards accession to the Regional Convention on Pan-Euro-Mediterranean Preferential Rules of Origin, thereby fostering regional economic integration for trade in goods.

Developing an authorised economic operator (AEO) concept in line with the EU legislation is one of the commitments taken by Ukraine in the Association Agreement. The current focus is on a comparative analysis of the respective AEO legislations conducted by European Commission and EU Member States experts. Exchange of experience and best practices will be shared by enabling participation in AEO Network meetings and conducting study visits to EU Member States. In order to improve risk management and facilitate trade between the EU and its Eastern neighbours, the Project Group on Exchanges of Information decided to launch a pilot project with Ukraine and Moldova on the transmission of TIR Carnet data. The ultimate objective of the exchanges of information before vehicles arrive is to allow the authorities to carry out risk analysis at central level in advance, to facilitate and to accelerate the border-crossing of goods consignments. Future accession of Ukraine to the common transit procedure would imply an important step forward in the country's integration into the EU customs system. Moreover, Ukraine has the status of an informal observer in the EU-

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States, and On the Classification of the Border Crossing Points Across the External Border of the Customs Union Member States and On the Certificate Template for a Border Crossing Point On the External Border of the Customs Member States"

EFTA Working Group on "Common Transit and the Simplification of Formalities in Trade in Goods". The country has informed the European Commission about its internal discussions regarding the potential accession to the Pan-Euro-Mediterranean Convention on Preferential Rules of Origin (PEM).

#### EU Policy Framework: Belarus

Currently, EU customs cooperation with Belarus is rather limited. The Council has agreed to normalise EU-Belarus relations, and in January 2015, COREPER approved a list of possible concrete measures to deepen the EU's policy of critical engagement with Belarus, including in the area of customs. Also, TAXUD has offered to Belarus Customs to resume more regular customs cooperation. However the reaction of Belarus has been restrained for the time being.

##### **6.1.2 Stakeholder analysis**

The State Customs Committee of the Republic of Belarus (SCC BY) has about 5000 employees. Currently, this Belarusian service is administratively divided into nine "customs houses" (one in each territorial entity, Minsk international airport and HQ in Minsk). Customs officers are located at 25 road border crossing points (BCPs), 13 BCPs at railway stations, 7 international railway transfer stations, 7 BCPs at airports and 3 BCPs at river ports. Budgetary funding to this service by the government was stable over the past years. However, there is a tendency in the past 1-2 years that funding decreases due to the economic crisis the country is currently confronted with. The strategic focus of the SCC BY changed significantly when the Customs Union (CU) between Belarus, Kazakhstan and Russia was created in 2010. Apart from further harmonisation efforts linked to the formation of the CU, the creation of a pre-arrival info exchange system with EU countries appears to be the government's main priority as to Europe at the moment. The main objective is to reduce the processing time of goods shipped into, through and/or out of the country at Belarusian border crossing points. The border guard system is founded on a ten-year strategy covering the years 2008-2017, which, among others, foresees the transformation of the border guard into a service, which is based entirely on professionals in the coming four years (15 per cent of the staff are still conscripts). While the first five years of the strategy were dedicated to the establishment of the legal foundations for the reform, the years 2013-2017 will be focussed on the implementation of activities (such as strengthening and demarcation of the Belarus-Ukraine border, abolishment of the use of conscripts, etc.). On 9 August 2013, the Belarusian President endorsed by decree the new state programme "On the Development and Modernisation of Infrastructure on the State Border of the Republic of Belarus and Border Zones 2014-2022", which is supposed to complement the Strategy.

In Ukraine, the Cabinet of Ministers approved the Integrated Border Management (IBM) Concept on 27 October 2010 and its Action Plan on the 5 January 2011. By listing its five main dimensions, the IBM Concept contains a clear reference to the EU IBM Strategy approved by the Council Conclusions of 4-6 December 2006. According to the Concept, the State Border Guard Service of Ukraine has the overall responsibility for the implementation of the tasks arising from it. Currently, the customs department of the State Fiscal Service of Ukraine (SFS UA) has approximately 17,300 employees. Current reform plans of the Ukrainian government stipulate a reduction of staff by 30% in the foreseeable future. These decreases are mainly linked to budgetary constraints. However, the government has the intention to compensate these losses in human resources by concentrating its efforts on the introduction of electronic processing systems at border crossings and central levels. Customs officers work at 183 border crossing points. There are 27 customs houses and 255 customs

clearance offices located all over the country. The SFS UA, contrary to the SCC RB and many other customs services in Europe, does not have investigative powers, since these functions are with the state prosecutors' offices and the State Security Service (SBU). It is important to mention that the SFS UA is a major contributor to the country's state budget.

**6.1.3 Priority areas for support/problem analysis**

The Belarus-Ukraine border stretches for 1,084 km and runs mainly across a flat land terrain. However, around 250 km run along different rivers like Pripyat, Dnepr and Sozh. There are six railway, nine international road and three river border crossing points (BCPs) as well as 16 border crossing points for local traffic (open only for nationals of Belarus and Ukraine).

While trade flows at the Belarusian-Ukrainian border are not as significant as at other borders of the region, in particular from an Ukrainian perspective<sup>16</sup>, it is important to mention that the BCP Novaya Huta – Novi Yarylovychi is located at branches A and B of the Pan-European (Transport) Corridor IX (Helsinki – St. Petersburg – Moscow/Pskov/Kaliningrad/Klaipeda – Kiev – Chisinau – Bucharest – Dimitrovgrad – Alexandroupoli). In 2015, 4500 people in 1020 vehicles (cars, busses and trucks) crossed this BCP per day in average with 1.128 million tons of cargo (figure of 2014), making Novaya Huta – Novi Yarylovychi the busiest BCP on the entire Belarusian-Ukrainian frontier.

Currently, customs checking of vehicles at the Belarusian-Ukrainian border is being implemented manually. Automation and digitalization of data input in working processes of the customs services of the two countries will not only reduce the number of errors caused by the "human factor" but must also be seen as an effective preventive measure against corruption since the system reduces the number of opportunities for misconduct by state authorities. While there are six BCPs in Belarus equipped with video control installations at the border with Poland and Lithuania, which are not technically linked with the neighbouring countries, the project proposed would introduce an *integrated* system combining all customs and border guard checking procedures into one for the first time in the beneficiary countries' history. Moreover, the system is expected to reduce significantly processing time.

**7 RISKS AND ASSUMPTIONS**

| <b>Risks</b>   | <b>Risk level (H/M/L)</b> | <b>Mitigating measures</b>  |
|--|---------------------------|---|
| Corruption spreading among customs officials will undermine the expected results of this actions | <b>L to M</b>             | An EU-funded Twinning project supports the SFS UA to fight corruption in Ukraine. However, corruption levels in Belarus are lower. Moreover, the basic idea of this project (automation and digitalization of working processes) is an anti-corruption measure in itself.<br><br>The risk that counterparts may not fully |

<sup>16</sup> For Ukraine, the most important border as regards arriving and departing goods are the ports in Odessa and Illichivsk.



## 8.2 Complementarity, synergy and donor coordination

### Complementarity and synergies

***Eastern Partnership Integrated Border Management (EaP IBM) Flagship Initiative:*** Assistance by the European Union or other international donors directed to the border between Belarus and Ukraine, in contrast to the borders of the same countries with EU Member States, has been somewhat scarce. For the time being, there have been only three interventions in recent years which were dedicated explicitly to that border: Under the budget for 2011, the EU allocated EUR 2.6 million for the strengthening of the Belarus-Ukraine "green" border: The 27-month "SURCAP" (Strengthening Surveillance Capacity) project was split into two components - one on training (EUR 0.7 million) and one on equipment (EUR 1.9 million). Implementation took place during the period 2012 – 2014. SURCAP was followed up by a 30-month second phase, which started activities in spring 2014 (EU contribution: EUR 5.1 million). While SURCAP supports the border guards of the two countries, another EaP IBM Flagship Initiative, PRINEX (Pre-Arrival Information Exchange), provides assistance to the customs services. This 3.667-million euro intervention can be seen as the "sister" of the automated intelligent video-control system project: It will be hooked up to the system established under PRINEX and create therefore significant synergies. PRINEX started activities in spring 2013 and finished in February 2016. The present project will be closely coordinated with the regional 3-year Eastern Partnership – Integrated Border Management – Capacity Building Project, which started activities in July 2014 (budget: EUR 4.48 million). It is implemented by Frontex in partnership with WCO, IOM, UNHCR and ICMPD. Activities take place in the six Eastern Partnership countries and are focused on trainings and study visits which, *inter alia*, support the beneficiary countries' implementation of the concept of integrated border management in their national system, the strengthening of training capacities and fight against corruption. It does not provide for any investments in equipment or infrastructure.

The EU-funded ***EUBAM*** programme (European Border Assistance Mission) for Moldova and Ukraine has been supporting improvement in border management standards in Moldova and Ukraine by providing technical input, *inter alia*, for the settlement process of the Transnistrian conflict since late 2005. This project in the area of freedom, security and justice was commended in a Court of Auditors report as contributing greatly to building capacity in the Moldovan and Ukrainian border guard and customs services. EUBAM has made recommendations on legislative and structural reform of the customs and border guard services.

The EU financed several projects under the ***Cross-Border Cooperation Programmes*** "Poland-Belarus-Ukraine" and "Latvia-Lithuania-Belarus" (2007-2013), in the framework of which five major interventions (mainly reconstruction of border crossing points) worth approximately EUR 20.15 million in total have been financed in Belarus during the years 2013-2015. In Ukraine, three Cross Border Cooperation Programmes (2007-2013) are currently operational. For the first one – the Poland-Ukraine-Belarus programme – many large-scale projects concern border management. These projects are estimated to amount to approximately EUR 16.718 million in total. The implementation of other large-scale projects in the framework of the Romania-Moldova-Ukraine programme and the Hungary-Slovakia-Romania-Ukraine programmes are expected to finish activities before the end of 2015. It is noteworthy that the EC has started drafting the next round of 7-year strategies on the CBC programmes. It is likely that they will include support measures for agencies working on the state border. However, it is also likely that the focus will not be on activities at the Belarus-

Ukraine border, making the EaP IBM Flagship Initiative the only EU-funded programme which directs assistance to that frontier.

Under the ENPI 2010 Annual Action Programme for Ukraine, the European Commission signed a EUR 60 million *Sector Policy Support Programme* in the field of border management, in particular of the Integrated Border Management (IBM) strategy (implementation period: 2011-2015). As complementary measures, a Twinning project for the State Border Guards Service and one for the Customs were funded. Also, several supply contracts for both the customs and the border guards are being implemented at the moment.

*Frontex* has bilateral working arrangements on the establishment of operational cooperation with the relevant authorities of Belarus and Ukraine. According to these arrangements, cooperation focuses geographically on external EU borders and thematically on the exchange of information & experience, risk analysis, joint operations, training, joint activities and secondment of border guards to EU Member States units responsible for border control. Frontex does not provide equipment to the two beneficiary countries.

It is expected that the two *beneficiary countries* will contribute EUR 72,600 (Belarus) and EUR 75,000 (Ukraine) to the strengthening of the Belarus-Ukraine border outside the agreement to be signed with IOM.

#### Donor coordination

The specific political circumstances in Belarus have resulted in a quasi-monopoly position of the European Commission with regard to the State Customs Committee. Assistance activities by other donors in this particular area are very limited and scarce. The only international organisations, which are active in this field and permanently present in Belarus, are the International Organisation for Migration (IOM) and the UNDP, which both mostly implement EC-funded projects. It should be noted, though, that also Russia provides significant aid to both services but its extent is very difficult to assess.

As regards border management, the U.S. is the only major active donor, apart from the EU, in Ukraine. Close cooperation and coordination of activities are taking place on a permanent basis to ensure synergy effects. Coordination with beneficiaries and donors is also achieved through the EUBAM Advisory Board and bi-annual EUBAM Coordination meetings on Border Management Training. Moreover, the EU Delegation in Kiev has regular consulting meetings with other main actors, such as IOM, UNHCR and the customs liaison officers in EU embassies. A new mechanism for coordination in the field of civilian security sector reform under the lead of the EU Assistance Mission to Ukraine has been recently initiated (bi-annual Border Management Assistance Group meetings).

### **8.3 Cross-cutting issues**

**Good governance:** The project is expected to be based on good governance principles ("ownership" and "fighting corruption" in particular). Through the organisation of numerous coordination meetings between beneficiaries, it will promote the dialogue between different levels of the two state administrations involved. Moreover, it will help strengthen the partner countries' capacities to better deal with the management of international borders in line with European best practice.

**Environment:** The project is expected to reduce waiting time of trucks, busses and private cars, which will have a positive impact on the nature adjacent to BCP Novaya Huta – Novi Yarylovychi (reduced levels of car exhaust fumes and litter).

**Gender:** The system to be installed and hooked up to PRINEX might help officers working at the border fight the problem of human trafficking.

The expected *long-term impact* is to contribute to the strengthening of good neighbourly relations as well as the facilitation of trade and migration flows.

## **9 DESCRIPTION OF THE ACTION**

### **9.1 Objectives/results**

#### Overall Objectives

- To help improve international cooperation between the customs and border guard services of the two beneficiary countries
- To help beneficiary countries increase levels of legal trade, tourism and, as a consequence, tax revenue
- To contribute to the enhancement of security levels at the Belarusian-Ukrainian border

#### Project Purpose

- To help increase efficiency and effectiveness of the work of the Belarusian and Ukrainian customs and border guard services working at road border crossing point Novaya Huta – Novi Yarylovychi

#### Results

- Time needed to carry out customs and border guard formalities for travellers and trucks at the three border crossing points reduced
- Capacities of the countries to prevent and fight cross-border crimes at the border crossing point enhanced
- Number of attempts to smuggle illicit goods at the border crossing point reduced
- Conditions for free movement of persons, goods and means of transport at the border crossing point improved
- Due to shorter vehicle queues and waiting time, environmental situation in the areas adjacent to the border crossing point improved

### **9.2 Main activities**

- Organisation of expert-level coordination meetings by IOM for Belarus and Ukraine customs and border guard agencies through the whole project implementation period (i) to guarantee coherence in system development as well as soft- and hardware compatibility on both sides of the border and (ii) to ensure a simultaneous execution pace in both countries; this process will be accompanied also by an external expert under IOM contract
- Identification and recruitment of procurement (technical specifications) and IT experts by IOM
- Assessment of Belarusian and Ukrainian equipment and infrastructure needs, to be coordinated with both beneficiary countries and carried out in Minsk and Kyiv (agencies' headquarters) as well as at the Novaya Huta – Novi Yarylovychi BCP by external expert under IOM contract

- Elaboration of technical specifications on IP (internet protocol) cameras and equipment for recognising vehicle number plates by external expert under IOM contract
- Organisation of the tender, procurement of the equipment, supervision of its installation by IOM
- Development of the terms of reference for the procurement of software in close coordination with the beneficiaries to ensure compatibility with the system established under the PRINEX project and with other IT systems already in place by external expert under IOM contract
- Procurement of the software by IOM
- After installation of equipment, provision of expertise before system launch, including testing and fine-tuning of relevant national software modules as well as testing of the updated PRINEX system in both beneficiary countries to ensure operational stability by equipment supplier and an external expert under IOM contract
- Organisation of end-user and system administrator trainings for customs' and border guards' staff working at the BCP by IOM with the involvement of an external expert under IOM contract
- Organisation of visibility event by IOM

### **9.3 Intervention logic**

This project is about the procurement of equipment, accompanying training on its use as well as the provision of expertise before, during and after installation/launch of the video-control system.

The equipment will be installed at the road border crossing point (BCP) Novaya Huta – Novi Yarylovychi which is the busiest BCP along the entire Belarusian-Ukrainian frontier. Further, this BCP is located at the Pan-European Corridor IX. Due to the significant distance between the vehicle checking installations of the two beneficiary countries (they are separated by about two kilometres), it is considered being a high risk BCP susceptible to illegal actions when goods and vehicles are moved from one checking point to the other.

The proposed automated intelligent video-control system would have pilot character to be rolled out at the entire Belarusian-Ukrainian border. Currently, neither Ukraine nor Belarus have a similar system in place. It is noteworthy that Belarus has the intention to establish a similar system also at its border with EU Member States.

The automated video-control system will be based on the PRINEX project – an electronic information exchange network established to send details such as weight and type of goods transported to the customs of the neighbouring country prior to the arrival of a vehicle on the other side of the border. The proposed video system will be hooked up to PRINEX and provide the number plate, the country of registration, the vehicle make, the number of persons in the vehicle<sup>17</sup> and an image of the vehicle to the customs and border guard services on both sides of the frontier by automatically scanning the plates and photographing vehicles when they approach the video-control system, which will be installed at the entrance of the border crossing point immediately before the first boom barrier operated by a border guard.

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<sup>17</sup> The date on the vehicle make and the number of persons will be manually fed into the system by the border guard at the first boom barrier.

All data collected electronically will be released and made accessible for the neighbouring country's services by the responsible border guard as soon as a vehicle has passed the last boom barrier on one side of the border. An earlier release would not make sense since the electronic PRINEX system is fed with data throughout the whole checking process starting with the data produced by the video-control system, continuing with the border guard (at the boom barrier and later at the BCP itself) and customs (including the weighing of trucks) checks. Any electronic data on vehicles is being transferred to the neighbouring country's checkpoints via Minsk and Kyiv in real-time mode.

In Belarus, the SCC has plans to store all data in its central server in Minsk for one year, which is the typical period for keeping the hard copy customs declarations.<sup>18</sup> As soon as the new electronic system is in place, the hard copy declarations on the vehicles and travellers, which the responsible border guard fills in at the first boom barrier currently by hand, will be abolished.

## **10 IMPLEMENTATION**

### **10.1 Financing agreement**

In order to implement this action, it is not foreseen to conclude a financing agreement with the partner countries, referred to in Article 184(2)(b) of Regulation (EU, Euratom) No 966/2012.

### **10.2 Indicative implementation period**

The indicative operational implementation period of this action, during which the activities described in section 4.2 will be carried out and the corresponding contracts and agreements implemented, is 48 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 authorising officer responsible by amending this decision and the relevant contracts and agreements; such amendments to this decision constitute technical amendments in the sense of point (i) of Article 2(3)(c) of Regulation (EU) No 236/2014.

### **10.3 Implementation modalities**

#### ***10.3.1 Indirect management with an international organisation***

This action may be implemented in indirect management with the International Organization for Migration (IOM) in accordance with Article 58(1)(c) of Regulation (EU, Euratom) No 966/2012. This implementation encompasses the introduction of an automated intelligent video-control system as described in section 4 above. The implementation through IOM is justified for the following reasons:

- There are very few other international organisations which are physically present in both beneficiary countries (none of them have specific expertise in customs projects);
- IOM can build on its long-term relationship with project beneficiaries, something that is particularly important when working with law enforcement agencies in Belarus;

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<sup>18</sup> It is important to mention that a study on Belarus' and Ukraine's data protection regimes in 2015 concluded that while "there are several elements of data protection existent in the legal system of the Republic of Belarus, ... they do not afford a level of protection which is in any way comparable to EU standards" («Comparison of the Data Protection Provisions in the Legislation of the Republic of Belarus and Ukraine vis-à-vis the Regulations in the Schengen/Visa Information System», ENI/2015/361-672).

- Procurement of equipment will not take place at the beginning of the project but will start in the second half of its implementation period, since the project needs a lot of coordination and harmonisation between the two beneficiary countries at technical and regulative levels before procurement can be launched – a rather complicated process which will need to be accompanied and closely supervised by IOM's consultants in a flexible manner;
- IOM has significant experience in supporting governments in related areas such as data management;
- Prior experience and very good performance of IOM in a similar project under the EaP IBM Flagship Initiative implemented in 2013-2016 (PRINEX): this Action will have to be hooked up to PRINEX and feed data into the electronic data processing system already established;
- Very good performance of IOM in other projects under the EaP IBM Flagship Initiative implemented in 2012-2016 (SURCAP and SURCAP Phase 2);
- It is planned that project activities will start soon after the adoption of the Financing Decision; due to IOM's extensive experience in implementing projects in Belarus, project registration procedures with the Ministry of Economy, which are rather complicated and time-consuming, will not significantly delay the project start.

The entrusted entity would carry out the following budget-implementation tasks: recruitment of external experts, running the public procurement, concluding and managing the resulting contracts, including making of the related payments.

The entrusted international organisation has successfully passed the ex-ante assessment in Accordance with Article 61(1) of Regulation (EU, Euratom) No 966/2012.

#### **10.4 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 in accordance with Article 9(2)(b) of Regulation (EU) No 236/2014 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 realization of this action impossible or exceedingly difficult.

#### **10.5 Indicative budget**

|  | <b>EU contribution<br/>(amount in EUR)</b> | <b>Indicative third<br/>party contribution<br/>(amount in EUR)</b> |
|--|--|--|
| 5.3.1. – Indirect management with the International Organisation for Migration (IOM) | 800 000                                    | -  |
| Parallel co-financing by Belarus   | -  | 72 600   |
| Parallel co-financing by Ukraine   | -  | 75 000   |
| <b>Totals</b>  | <b>800 000</b>                             | <b>147 600</b>   |

The financial commitments made by the beneficiary countries (parallel cofinancing) will finance the construction documentation development, its certification, construction works, scales and the lightning conductor systems.

## **10.6 Organisational set-up and responsibilities**

A Steering Committee will be set up to oversee and validate the overall direction and policy of the project (or other responsibilities to be specified) and will be convened twice a year. The project steering committee shall be made up of representatives of the Beneficiary countries, of the entrusted entity (IOM), of the Delegations of the European Union to the Republic of Belarus and Ukraine.

## **10.7 Performance 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 log frame matrix. 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).

## **10.8 Evaluation**

Having regard to the importance of the action, an ex-post evaluation will be carried out for this action via independent consultants contracted by the Commission.

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 significant numbers of equipment has been delivered to beneficiary countries in the past.

The Commission shall inform the implementing partner at least one month 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 report 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 provisions of the Framework Administrative Agreement concluded between the European Commission and IOM shall apply where relevant.

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

### **10.9 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 provisions of the Framework Administrative Agreement concluded between the European Commission and IOM shall apply where relevant.

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

### **10.10 Communication and visibility**

Communication and visibility of the EU is a legal obligation for all external actions funded by the EU. The 100% funding of the Action will ensure full EU visibility. 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, contractors, grant beneficiaries and/or entrusted entities. Appropriate contractual obligations shall be included in, respectively, the procurement contracts and delegation agreements.

The Communication and Visibility Manual for European Union External Action shall be used to establish the Communication and Visibility Plan of the Action and the appropriate contractual obligations.

Communication and visibility expenditure will be financed under the budget of the Delegation Agreement.

## APPENDIX - INDICATIVE LOGFRAME MATRIX (FOR PROJECT MODALITY)

The activities, the expected outputs and all the indicators, targets and baselines included in the logframe matrix are indicative and may be updated during the implementation of the action, no amendment being required to the financing decision. When it is not possible to determine the outputs of an action at formulation stage, intermediary outcomes should be presented and the outputs defined during inception of the overall programme and its components. The indicative logframe matrix will evolve during the lifetime of the action: new lines will be added for including the activities as well as new columns for intermediary targets (milestones) for the output and outcome indicators whenever it is relevant for monitoring and reporting purposes. Note also that indicators should be disaggregated by sex whenever relevant.

|                                  | <b>Intervention logic</b>   | <b>Indicators</b>   | <b>Baselines</b><br>(incl. reference year)  | <b>Targets</b><br>(incl. reference year)   | <b>Sources and means of verification</b>   | <b>Assumptions</b> |
|----------------------------------|---|---|---|--|--|--------------------|
| <b>Overall objective: Impact</b> | <p>To help improve international cooperation between the customs and border guard services of the two beneficiary countries</p> <p>To help beneficiary countries increase levels of legal trade, tourism and, as a consequence, tax revenue</p> <p>To contribute to the enhancement of security levels at the Belarusian-Ukrainian border</p> | <p>Number of cases of legitimate border crossings (traders, tourists) at the border crossing point increased</p> <p>Customs fee collection at the border crossing point increased</p> <p>Number of contacts between the customs services of the two countries increased</p> <p>Number of agreements achieved between the customs services of the two countries increased</p> <p>Number of violations of the border legislation of the two countries dropped</p> | <p>For all indicators: reference year 2016 (exact figure to be established by baseline study at the beginning of the project)</p> | <p>For all indicators: reference year 2018</p> <p>For the first, second and fifth indicators: Increase of 5%</p> <p>For the third and fourth indicator: any increase of contacts and agreements facilitated by the project</p> | <p>Operative customs services reports, official statistics, periodic customs services reports, internet media websites, baseline study</p> | N/A                |

|                                   |  |  |  |   |   |   |
|-----------------------------------|--|--|--|---|---|---|
| Specific objective(s): Outcome(s) | To help increase efficiency and effectiveness of the work of the Belarusian and Ukrainian customs and border guard services working at road border crossing point Novaya Huta – Novi Yarylovychi | Equipment procured, technically linked to existing systems of the two beneficiary countries and in use | Baseline study at the beginning of the project describing situation in reference year 2016 | Delivery of equipment as described in section 4 in 2018 | Baseline study, tender documentation, media reports reporting on the public handover of the equipment, operative customs services reports | There is commitment and interest on the part of the two beneficiary countries' administrations to share information, harmonise procedures / systems / practices amongst each other in accordance with EU standards and/or project recommendations |
|-----------------------------------|--|--|--|---|---|---|

|         |   |  |   |   |  |  |
|---------|---|--|---|---|--|--|
| Outputs | <p>Time needed to carry out customs and border guard formalities for travellers and trucks at the border crossing point reduced</p> <p>Capacities of the countries to prevent and fight cross-border crimes at the border crossing point enhanced</p> <p>Number of attempts to smuggle illicit goods at the border crossing point reduced</p> <p>Conditions for free movement of persons, goods and means of transport at the border crossing point improved</p> <p>Due to shorter vehicle queues and waiting time, environmental situation in the areas adjacent to the border crossing point improved</p> | <p>Time recorded for crossing the border crossing point by travellers and trucks</p> <p>Delivery of the equipment</p> <p>Number of cases, and amounts, of smuggled goods</p> <p>Weight of rubbish dumped along the road leading to the border crossing point reduced</p> | <p>Baseline study at the beginning of the project describing situation in reference year 2016</p> | <p>Full delivery of equipment as described in section 4 in 2018</p> | <p>Baseline study, tender documentation, media reports reporting on the public handover of the equipment, operative customs and services reports</p> | <p>The two beneficiary countries will make sufficient numbers of appropriate qualified personnel available for project activities.</p> <p>Project participants of the two beneficiary countries will keep working in their institutions for sufficient time so that the skills and knowledge obtained can be properly applied and transferred to colleagues.</p> |
|---------|---|--|---|---|--|--|



This action is funded by the European Union

**ANNEX 3**

of the Commission Implementing Decision on the ENI East Regional Action Programme 2016 and 2017, Part I

**Action Document for ENI East Global Allocation 2016**

**INFORMATION FOR POTENTIAL GRANT APPLICANTS**

**WORK PROGRAMME FOR GRANTS**

This document constitutes the work programme for grants in the sense of Article 128(1) of the Financial Regulation (Regulation (EU, Euratom) No 966/2012) in section 5.3.1 concerning calls for proposals.

|  |   |
|--|---|
| <b>1. Title/basic act/<br/>CRIS number</b>                                   | ENI East Global Allocation 2016<br>CRIS number: ENI/2016/038-775<br>financed under European Neighbourhood Instrument  |
| <b>2. Zone benefiting<br/>from the<br/>action/location</b>                   | ENI East countries, including the Russian Federation.<br><br>The action shall be carried out at the following location: ENI East countries, including Russia, and in Commission Headquarters in Brussels. |
| <b>3. Programming<br/>document</b>   | Programming of the European Neighbourhood Instrument (ENI) - 2014-2020 - Regional East Strategy Paper (2014-2020) and Multiannual Indicative Programme (2014-2017).                                       |
| <b>4. Sector of<br/>concentration/<br/>thematic area</b>                     | Multisector aid   |
| <b>5. Amounts<br/>concerned</b>  | Total estimated cost: EUR 6 550 000<br><br>Total amount of EU budget contribution EUR 6 500 000<br><br>This action is co-financed by potential grant beneficiaries for an indicative amount of EUR 50 000 |
| <b>6. Aid<br/>modality(ies)<br/>and<br/>implementation<br/>modality(ies)</b> | Project Modality<br><br>Direct management: grants – call for proposal; procurement of services and supplies   |

|  |  |                                     |                              |                                     |
|--|--|-------------------------------------|------------------------------|-------------------------------------|
| <b>7. DAC code(s)</b>                  | 43010 – multisector aid  |                                     |                              |                                     |
| <b>8. Markers (from CRIS DAC form)</b> | <b>General policy objective</b>  | <b>Not targeted</b>                 | <b>Significant objective</b> | <b>Main objective</b>               |
|  | 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 (including Women In Development)                       | <input checked="" type="checkbox"/> | <input 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"/>            |
|  | <b>RIO Convention markers</b>  | <b>Not targeted</b>                 | <b>Significant objective</b> | <b>Main objective</b>               |
|  | 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"/>            |
|  | <b>9. Global Public Goods and Challenges (GPGC) thematic flagships</b> | N/A.                                |                              |                                     |

## SUMMARY

The ENI East Global Allocation is a **Support Measure** giving the European Commission a possibility to fund activities, including small-scale activities, in line with the objectives of the Eastern dimension of the European Neighbourhood Instrument (ENI) as well as its operational and policy priorities.

## 1. CONTEXT

### 1.1. Thematic area

Multisector aid: Support to the project cycle management and information and communication activities.

#### *1.1.1. Public Policy Assessment and EU Policy Framework*

The Global Allocation programme is in line with the **ENI Regional East Strategy** (2014-2020) and **Multiannual Indicative Programme** (2014-2017)<sup>19</sup>, which states in paragraph 7.4. Horizontal and sectoral support:

<sup>19</sup> C(2014) 5200 28.7.2014.

*"Support for identification and formulation of programmes as well as information and communication activities as defined in Article 3 of Regulation 236/2014 (Common Implementing Rules) which refers to support measures, may be provided."*

The Regulation 236/2014 laying down common rules and procedures for the Union's instruments for financing external action (CIR)<sup>20</sup> states under Article 3, Support measures:

1. *"Union financing may cover expenditure for the implementation of the Instruments and for the achievement of their objectives, including administrative support associated with the preparation, follow-up, monitoring, audit and evaluation activities directly necessary for such implementation, as well as expenditure at Union delegations on the administrative support needed to manage operations financed under the Instruments."*

### **1.1.2. Stakeholder analysis**

The action is designed to support preparation, monitoring and follow-up of the EU cooperation programmes and activities in the field of information and communication by the EU Delegations in the Neighbourhood East countries and Russian Federation, and by the Commission headquarters. The end beneficiaries are citizens in the partner countries, as projects will be better prepared, monitored, followed up, and citizens will be informed about EU-funded initiatives and projects.

### **1.1.3. Priority areas for support/problem analysis**

Support for the project cycle management such as preparation, monitoring and follow-up of programmes, and activities in the field of information and communication.

The EU Delegations and the Commission services benefitting from the Global Allocation can utilise the funds for support activities for the project cycle management and information and communication purposes related to ENI and other EU funded/supported programmes and activities.

## **2. RISKS AND ASSUMPTIONS**

| <b>Risks</b>   | <b>Risk level (H/M/L)</b> | <b>Mitigating measures</b> |
|--|---------------------------|----------------------------|
| N/A  | N/A                       | N/A                        |
| <b>Assumptions</b>   |                           |                            |
| Given the experience from the ENPI and ENI Global Allocation funding of the previous years, it is confirmed that there is a genuine need for this flexible instrument supporting the |                           |                            |

<sup>20</sup> 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 action. OJ L 77, 15.03.2014, p. 95.

|  |
|--|
| project cycle management and information and communication activities. |
|--|

### **3. LESSONS LEARNT, COMPLEMENTARITY AND CROSS-CUTTING ISSUES**

Given the support nature of previous and current Global Allocations, past actions are assessed against the consumption level of committed funds in the previous years. This is one of the criteria, along with priorities and needs, taken into account in the initial programming, as well as in the planning exercise once the Decision is adopted. The yearly recurrent need for the Global Allocation has proven that there is genuine need for this instrument as a flexible supporting tool.

The Global Allocation can be considered as a complementary action to the technical assistance allocations existing in the frame of the Single Support Frameworks. Global Allocation for EU Delegation information activities in the region will be complementary to the activities financed from the budget line 19 06 01 - “Information outreach on the Union's external relations”.

Cross-cutting issues as such are not directly built into the Global Allocation. They are nevertheless built into the EU funded projects and other activities that the Global Allocation supports.

#### **3.1. Lessons learnt**

See above.

#### **3.2. Complementarity, synergy and donor coordination**

As regards complementarity and synergy, see above. Donor coordination is not relevant to an internal supporting tool for the Commission Services in EU Delegations and the Headquarters.

#### **3.3. Cross-cutting issues**

See above.

### **4. DESCRIPTION OF THE ACTION**

#### **4.1. Objectives/results**

The objective of the ENI East Global Allocation is to support the project management cycle in the Eastern Neighbourhood such as preparation, follow-up and monitoring of programmes, Eastern Partnership flagships, and activities in the field of information and communication. The Russian Federation may also benefit from the action.

#### **4.2. Main activities**

The ENI East Global Allocation will be used to finance activities in the following two fields:

Component 1 - Support to project cycle management and monitoring:

- Identification and formulation of projects that may result in funding from ENI East (e.g. sector studies, country or region studies, studies on horizontal and cross-cutting issues or in specialised areas, preparatory activities etc.) as well as their follow-up and monitoring;
- Other small-scale activities to back up or complement major projects during their implementation;
- Audits, evaluations and impact assessment of projects for which financing of such activities could not be foreseen due to the N+1 rule, or is no longer available.

Component 2 - Information and communication activities:

- Information and communication activities to (i) raise awareness and visibility of the EU, the European Neighbourhood Policy and the Eastern Partnership; (ii) to enhance the visibility of EU-funded activities; and (iii) to improve the understanding of EU cooperation policies in the ENI East region.

#### **4.3. Intervention logic**

The utilisation of the Global Allocation funds by the EU Delegations in the ENI countries and the Russian Federation as well as the relevant Commission services depends on needs arising in the project cycle management, follow-up and monitoring needs, and information and communication activities arising throughout the year. Each beneficiary EU Delegation and unit makes its initial annual plan for using the Global Allocation funds in the beginning of the year, and the plan is updated throughout the year when need occurs.

### **5. IMPLEMENTATION**

#### **5.1. Financing agreement**

In order to implement this action, it is not foreseen to conclude a financing agreement with the partner countries referred to in Article 184(2)(b) of Regulation (EU, Euratom) No 966/2012.

#### **5.2. Indicative implementation period**

The indicative operational implementation period of this action, during which the activities described in section 4.2 will be carried out and the corresponding contracts and agreements implemented, is 60 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 authorising officer responsible by amending this decision and the relevant contracts and agreements; such amendments to this decision constitute technical amendments in the sense of point (i) of Article 2(3)(c) of Regulation (EU) No 236/2014.

#### **5.3. Implementation modalities**

The programme will be implemented through direct management using both grants and procurement contracts.

The ENI East Global Allocation is a Support Measure in the meaning of Article 3 of Regulation (EU) No 236/2014. It is meant to react with flexibility to evolving circumstances and unforeseen situations. Therefore, the separation of amounts and number of contracts is provisional and indicative. Numbers are based on previous years' experience.

*5.3.1. Grants: call for proposals (direct management)*

(a) Objectives of the grants, fields of intervention, priorities of the year and expected results

The objective of the grants is to ensure preparation and follow-up of actions and projects by giving support to project cycle management, studies and information activities and organisation of meetings and training activities.

(b) Eligibility conditions

As foreseen in Regulation (EU) No 236/2014.

(c) Essential selection and award criteria

The essential selection criteria are financial and operational capacity of the applicant.

The essential award criteria are relevance of the proposed action to the objectives of the call; design, effectiveness, feasibility, sustainability and cost-effectiveness of the action.

(d) Maximum rate of co-financing

The maximum possible rate of co-financing for grants under this call is up to 95%.

In accordance with Article 192 of Regulation (EU, Euratom) No 966/2012, if full funding is essential for the action to be carried out, the maximum possible rate of co-financing may be increased up to 100 %. The essentiality of full funding will be justified by the Commission's authorising officer responsible in the award decision, in respect of the principles of equal treatment and sound financial management.

(e) Indicative timing to launch the call

4<sup>th</sup> quarter of 2016 / 1<sup>st</sup> quarter of 2017.

*5.3.2. Procurement (direct management)*

| Subject   | Type                 | Indicative number of contracts | Indicative trimester of launch of the procedure |
|---|----------------------|--------------------------------|---|
| Ensure preparation, implementation, monitoring and follow-up operations of actions and projects<br>Information and communication activities | services<br>supplies | Up to 50                       | Throughout 2016 and 2017                        |

**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 in accordance with Article 9(2)(b) of Regulation (EU) No 236/2014 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

| Component  | Amount in EUR    |
|--|------------------|
| Support for project cycle management, monitoring and follow-up of projects | 3 800 000        |
| Information and communication activities                                   | 2 700 000        |
| <b>TOTAL</b>   | <b>6 500 000</b> |

| Module                                   | Amount in EUR    | Indicative third party contribution |
|--|------------------|-------------------------------------|
| 5.3.1. – Grants (direct management)      | 200 000          | 50 000                              |
| 5.3.2. – Procurement (direct management) | 6 300 000        |                                     |
| <b>Totals</b>                            | <b>6 500 000</b> | <b>50 000</b>                       |

#### 5.6. Organisational set-up and responsibilities

The EU Delegations and Commission services benefiting from the Global Allocation will prepare after the approval of this Commission Decision an initial plan for the utilisation of the Global Allocation funds for 2016-2017. They are responsible for the contracting of the funds.

#### 5.7. Performance 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 partners' responsibilities. To this aim, the implementing partners 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. 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).

A mid-year and other periodical updates will be carried out to assess the level of contracting of funds as well as to update the planned needs, if necessary. In addition, regular exchange of information between headquarters and EU Delegations will be assured.

### **5.8. Evaluation**

The Commission may, during implementation, decide to undertake an evaluation of this action or its components for duly justified reasons either on its own decision or on the initiative of the partner(s).

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

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 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 5.55 above.

In terms of legal obligations on communication and visibility, the measures shall be implemented by the Commission, the partner countries, contractors and/or grant beneficiaries. Appropriate contractual obligations shall be included in the procurement and grant contracts.

The Communication and Visibility Manual for European Union External Action<sup>21</sup> shall be used to establish the Communication and Visibility Plan of the Action and the appropriate contractual obligations.

Moreover, communication and information activities are an integral part of the present action, aiming at an enhanced visibility and better understanding of EU-funded activities in the Eastern neighbourhood.

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<sup>21</sup> [https://ec.europa.eu/europeaid/funding/communication-and-visibility-manual-eu-external-actions\\_en](https://ec.europa.eu/europeaid/funding/communication-and-visibility-manual-eu-external-actions_en)

## APPENDIX - INDICATIVE LOGFRAME MATRIX

The activities, the expected outputs and all the indicators, targets and baselines included in the logframe matrix are indicative and may be updated during the implementation of the action without an amendment to the Financing Decision. The indicative logframe matrix will evolve during the lifetime of the action: new lines will be added for listing the activities as well as new columns for intermediary targets (milestones) when it is relevant and for reporting purpose on the achievement of results as measured by indicators.

|                           | Intervention logic   | Indicators  | Baselines | Targets | Sources and means of verification                          | Assumptions |
|---------------------------|--|---|-----------|---------|--|-------------|
| Overall objective: Impact | Project management cycle in the Eastern Neighbourhood such as preparation, monitoring and follow-up of programmes, and activities in the field of information and communication supported. | <p>EU Delegations and Commission services report on positive support their activities have received from the Global Allocation funding.</p> <p>Better quality of newly prepared programme documents, higher quality of evaluation and appraisal of projects and programmes.</p> <p>Better monitoring and follow-up of programmes.</p> <p>Better visibility of EU funded</p> | N/A       | N/A     | Reporting from the EU Delegations and Commission services. | N/A         |

|                                      |  |   |     |     |   |     |
|--------------------------------------|--|---|-----|-----|---|-----|
|                                      |  | programmes and EU policies in partner countries.  |     |     |   |     |
| <b>Specific objectives: outcomes</b> | <p>Projects funded from ENI East (e.g. sector studies, country or region studies, studies on horizontal and cross-cutting issues or in specialised areas, preparatory activities, etc.) identified and formulated. Monitoring and follow-up of the projects undertaken.</p> <p>Other small-scale activities to back up or complement major projects during their implementation undertaken.</p> <p>Audits, evaluations and impact assessment of projects for which financing of such activities could not be foreseen due to the N+1 rule, or is no longer available funded.</p> <p>Information and communication activities to (i) raise awareness and visibility of the EU, the European Neighbourhood Policy and the Eastern Partnership; (ii) to enhance the visibility of EU-funded activities; and (iii) to improve the understanding of EU cooperation policies in the ENI East region implemented.</p> | <p>Number of ENI projects whose project cycle management is supported by the Global Allocation funds.</p> <p>Number of projects monitored and followed-up.</p> <p>Number of information and communication activities organised.</p> | N/A | N/A | CRIS, EAMR reports of EU Delegations, mid-year budget reporting from Global Allocation beneficiaries. | N/A |

|                |   |  |      |   |   |      |
|----------------|---|--|------|---|---|------|
|                |   |  |      |   |   |      |
| <b>Outputs</b> | <p>Project cycle management of ENI projects supported</p> <p>Information and communication activities undertaken.</p> |  | N/A. | Up to 50 contracts committed and implemented. | Number of contracts committed and finalised until the end of the implementation period of the decision. | N/A. |



This action is funded by the European Union

**ANNEX 4**

of the Commission Implementing Decision on the ENI East Regional Action Programme  
2016 and 2017, Part I

**Action Document for Integrating SMEs from the EaP countries into domestic and global value chains**

|  |   |                          |                                  |                           |
|--|---|--------------------------|----------------------------------|---------------------------|
| <b>1. Title/basic act/<br/>CRIS number</b>                                   | Integrating SMEs from the EaP countries into domestic and global value chains<br>CRIS number: ENI/2016/039-369<br>financed under European Neighbourhood Instrument              |                          |                                  |                           |
| <b>2. Zone benefiting<br/>from the<br/>action/location</b>                   | The action shall be carried out at the following location: Eastern Partnership countries (Armenia, Azerbaijan, Belarus, Georgia, Republic of Moldova <sup>22</sup> and Ukraine) |                          |                                  |                           |
| <b>3. Programming<br/>document</b>   | Programming of the European Neighbourhood Instrument (ENI) 2014-2020- Regional East Strategy Paper (2014-2020) and Multiannual Indicative Programme (2014-2017)                 |                          |                                  |                           |
| <b>4. Sector of<br/>concentration</b>  | Trade Related Technical Assistance - Aid for Trade  |                          |                                  |                           |
| <b>5. Amounts<br/>concerned</b>  | Total estimated cost: EUR 6 000 000<br>Total amount of EU budget contribution EUR 6 000 000   |                          |                                  |                           |
| <b>6. Aid<br/>modality(ies)<br/>and<br/>implementation<br/>modality(ies)</b> | Project Modality<br>Indirect management with the International Trade Centre (ITC)   |                          |                                  |                           |
| <b>7. DAC code(s)</b>  | 250 business and other services<br>25010 Business support services and institutions<br>331 Trade policy regulations and trade-related adjustments                               |                          |                                  |                           |
| <b>8. Markers (from<br/>CRIS DAC form)</b>                                   | <b>General policy objective</b>   | <b>Not<br/>targeted</b>  | <b>Significant<br/>objective</b> | <b>Main<br/>objective</b> |
|  | Participation development/good governance   | <input type="checkbox"/> | x                                | <input type="checkbox"/>  |

<sup>22</sup> Hereinafter referred to as Moldova.

|  |   |                          |                              |                          |
|--|---|--------------------------|------------------------------|--------------------------|
|  | Aid to environment                                | x                        | <input type="checkbox"/>     | <input type="checkbox"/> |
|  | Gender equality (including Women In Development)  | x                        | <input type="checkbox"/>     | <input type="checkbox"/> |
|  | Trade Development                                 | <input type="checkbox"/> | <input type="checkbox"/>     | x                        |
|  | Reproductive, Maternal, New born and child health | x                        | <input type="checkbox"/>     | <input type="checkbox"/> |
|  | <b>RIO Convention markers</b>                     | <b>Not targeted</b>      | <b>Significant objective</b> | <b>Main objective</b>    |
|  | 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"/> |
| <b>9. Global Public Goods and Challenges (GPGC) thematic flagships</b> | 4. Human development                              |                          |                              |                          |

## SUMMARY

The project will help small and medium sized enterprises (SMEs) from Eastern Partnership (EaP) countries integrate into domestic and global value chains and access new markets with a focus on the European Union. This will be done by (a) assisting SMEs to produce value added goods in accordance with international and EU market requirements; (b) improving sector specific services for SMEs along the selected value chains; and (c) linking SMEs to domestic and global value chains and markets in particular within the EU. Although the agribusiness sector has been preliminary identified as a sector of priority for the region, the specific sectors of intervention for each country will be identified and validated during the inception phases of the project.

As a first step, a detailed roadmap (strategy) will be developed for each country based on thorough value chain analyses of the target product groups to identify major competitiveness constraints and market opportunities. Specific technical assistance solutions will then be developed based on the sector's needs in each country as well as the requirements of target markets to boost SME competitiveness and increase value added in selected value chains. This will involve comprehensive consultations with sectoral stakeholders from the private and public sectors.

Based on the value chains roadmaps, the project will enhance SME capacities and competencies in areas affecting SME competitiveness, including supply chain management, quality management and packaging, marketing and sales, financing options, trade promotion and trade fair participation. Once improvements are made, the pilot SMEs will be linked to target markets and value chains, domestically and abroad, with particular focus on the EU, in order to ensure that enhanced competitiveness results in increased sales, value chain integration, and diversification. The experience of the pilot group will be shared with a wider group of beneficiaries and best practices will be replicated.

The project will also help SMEs access finance by connecting them to existing financing mechanisms, for example the facilities of the European Investment Bank (EIB) and the

European Bank for Reconstruction and Development (EBRD). Steps may be also taken to stimulate productivity enhancements by facilitating European technology transfer to EaP countries.

Furthermore, the project will support existing sectoral business support organisations (BSOs)<sup>23</sup> or assist in establishing new ones, if needed, which will act as vehicles to improving SME capacities through the provision of quality and relevant business services. They will receive advisory services, training and coaching in sector-specific market intelligence and provision of various sectoral business development services to SMEs, in particular quality management and certification services according to European requirements.

## 1. Context

### 10.11 Sector/Country/Regional context/Thematic area

In the past years the Eastern Partnership countries have achieved significant progress in reforming their economies and integrating into global market place. Closer cooperation with the EU has led to the signing of Association Agreements (AA) including Deep and Comprehensive Free Trade Areas (DCFTAs) with three EaP countries: Georgia, Moldova and Ukraine. The European Union is a key trading partner for most of the EaP countries, accounting for around half of Moldova's imports, more than 30% of goods imported into Azerbaijan and Ukraine, and around 25% of the goods imported into the Georgia, Belarus and Armenia. Similarly, the EU accounted for roughly 50% of all exports from Azerbaijan and Moldova, more than 30% of Armenia's exports, over 25% of exports from Belarus and Ukraine, and 20% of exports from Georgia.

To fully benefit from the opportunities offered by closer economic cooperation with the EU, the EaP countries need to further modernise their regulatory and business environment and ensure that it is harmonised with that of the EU. Businesses simultaneously need to learn to produce goods according to EU standards and requirements. As such, efforts need to be made to enhance SME capacities to design, produce, and promote products that conform to the expectations of the new markets. The three countries that signed an Association Agreement (Georgia, Moldova and Ukraine) face a particular challenge: as their legislatures harmonise their respective food safety laws and technical regulations to those of the EU, SMEs will be required to adapt to the new regulations in order to remain competitive at both domestic and international markets. Should they fail to do this, the lack of compliance could be damaging for local producers as they may lose traditional market share to importers.

Enhancing SME capacities to connect to new value chains is especially pertinent today given recent geopolitical events in the region. SMEs face challenges resulting from the deteriorated business environment and disruption of market linkages, as many SMEs have been cut off from traditional markets and value chains. Although the agribusiness sector has been preliminary identified as a sector of priority for the region, the specific sectors of intervention for each country will need to be identified and validated during the inception phases of the project.

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<sup>23</sup> BSOs include: sector business and trade associations, sector departments within the Chambers of Commerce and Industry and other trade support institutions, quality management institutions (including laboratories), sector-specific consulting companies as well as other formal and informal establishments supporting the sector.

The proposed project will therefore address SME competitiveness constraints providing support to SMEs and BSOs. The project will also help SMEs access global and domestic value chains and markets. Although fostering trade cooperation and value-chain integration between EaP countries and the EU will be the project's ultimate objective, opportunities for increasing intra-regional trade between the six beneficiary countries will be investigated as well. To this end, the project may look for ways to increase value addition through intra-regional value chain integration.

If needed, potential support can also be provided on ad hoc basis in the context of countries World Trade Organisation (WTO) accession process and in terms of compliance with specific WTO requirements (for Belarus and Azerbaijan).

#### **10.11.1 Public Policy Assessment and EU Policy Framework**

The project seeks to directly address the EU priority of greater economic integration with its eastern neighbours. Launched in 2004, the European Neighbourhood Policy (ENP) was designed to help the EU support and foster stability, security and prosperity in the countries closest to its borders. At the last review of its ENP in 2015, the EU introduced its renewed approach to its neighbouring countries, with differentiation and greater mutual ownership being the key elements of the new ENP. The ENP will take stabilisation as its main political priority in this mandate. Economic and social development will be at the heart of the EU's contribution to stabilising the neighbourhood and building partnerships.

In 2009, the EU and its six Eastern partners (Armenia, Azerbaijan, Belarus, Georgia, Moldova, and Ukraine) launched the Eastern Partnership, based on a commitment to fundamental values a market economy, sustainable development and good governance. Since then, the EaP has developed into a vibrant forum for exchange and cooperation on issues ranging from trade to energy, transport and education or environment. The 2015 EaP Summit in Riga listed the strengthening of institutions and good governance, mobility and people-to-people contacts, market opportunities and interconnections as shared priorities which will be taken forward with partners.

The signing of agreements on a Deep and Comprehensive Free Trade Area, as part of Association Agreements with three EaP countries, Ukraine, Georgia, and Moldova, will allow close economic integration with the EU. As set out at the Eastern Partnership summits in Vilnius in 2013 and Riga in 2015, the implementation of AA/DCFTAs, accompanied by reforms, will result in the partners' comprehensive approximation with international standards and EU legislation and standards. This will lead to the gradual economic integration of partners in the EU internal market and therefore to the creation of an economic area. However, for other partners who do not currently wish to pursue such a model, other alternatives will be sought to promote integration and strengthening trade and investment relations.

Having recognised the role that SMEs can play in furthering growth in the EaP countries, the EU launched the SME Flagship Initiative in 2009. This wide-ranging initiative supports SMEs in EaP countries to address common challenges, access finance, and enter new markets. Today, the initiative sponsors over EUR 100 million of active projects. Those countries that signed AAs have access to an extended program through the DCFTA Facility for SMEs.

The project will also support the goal of economic integration and trade between the EaP and EU by helping SMEs meet EU market requirements, connecting EaP SMEs to EU buyers and investors, facilitating technology transfer, building networks between EaP and EU trade and investment support institutions, and promoting investment between the two regions. The project will therefore also respond to the EURONEST Parliamentary Assembly key recommendations to enhance intra-regional cooperation and integration<sup>24</sup>. This project would also be in line with the EC Communication "Trade for All"<sup>25</sup> which calls for more responsible, effective, more transparent to continue delivering economic opportunities.

The project shall support partner countries' economic priorities (as evidenced in the roll out of the ENP review- economic development) and existing strategies (i.e. SME development, regional development, agriculture, rural development or other relevant sectoral strategies depending on the results of the inception period and value chains selected).

### ***1.1.2 Stakeholder analysis***

The project will work with a wide array of stakeholders from both the public and private sectors in order to ensure a holistic approach to value chain and trade development. Direct beneficiaries will include SMEs and sectoral BSOs and other sector representative bodies.

The sector as well as the beneficiary SMEs will be chosen during the initial phases of the project according to a variety of criteria such as market and export readiness, level of cost-sharing, and commitment to investing time and resources in implementing project recommendations. The project may also apply other criteria, such as women ownership and the number of women employed to ensure that women are benefiting from the project.

In addition to providing direct assistance and coaching to the pilot group of SMEs, the project will also include a broader group of enterprises in its seminars and workshops. This will ensure a wider dissemination of information and knowledge, thereby contributing to the project's sustainability. The selection of enterprises will be done in cooperation with the projects partner BSOs.

The ultimate beneficiaries of the project's interventions will be the general populations in EaP countries. By improving competitiveness and connecting SMEs to target markets and value-chains, the project will lead to increased trade and improved investment opportunities in EaP countries. In addition, the project will result in numerous spill-over effects such as increased job creation and earning opportunities, improved health and safety for local consumers (as local quality management processes and infrastructure are harmonized with those of the EU), improved public-private dialogue, greater coordination between governmental institutions, institutional networking and knowledge transfer.

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<sup>24</sup> Euronest [Draft report on EU multiannual financial perspectives and their impact on economic cooperation among Eastern Partnership countries](http://www.euronest.europarl.europa.eu/euronest/webdav/site/mySite/shared/general_documents/fifth_ordinary_session_2016/draft%20reports/econ_draft_report_2016_en.pdf), 17.12.2015,  
[http://www.euronest.europarl.europa.eu/euronest/webdav/site/mySite/shared/general\\_documents/fifth\\_ordinary\\_session\\_2016/draft%20reports/econ\\_draft\\_report\\_2016\\_en.pdf](http://www.euronest.europarl.europa.eu/euronest/webdav/site/mySite/shared/general_documents/fifth_ordinary_session_2016/draft%20reports/econ_draft_report_2016_en.pdf).

<sup>25</sup> [http://trade.ec.europa.eu/doclib/docs/2015/october/tradoc\\_153846.pdf](http://trade.ec.europa.eu/doclib/docs/2015/october/tradoc_153846.pdf)

### ***1.1.3 Priority areas for support/problem analysis***

While SMEs challenges in specific sectors may differ from country to country, SMEs in all six countries also share the following common constraints that hinder their competitiveness and prevent them from accessing global and EU markets and value chains.

#### **Limited awareness of SMEs and BSOs on the global market requirements, in particular EU**

In order to successfully produce and sell goods in accordance with market demand, SMEs must rely on accurate and up-to-date trade information which allows them to design products according to consumer preferences, ensure that standards and requirements are met and devise effective sales and marketing strategies. Most SMEs in the beneficiary countries have limited access to such information as well as a limited understanding of international and European market requirements.

In addition, SMEs in DCFTAs countries often fail to understand the scale and scope of changes resulting from AA/DCFTA compliance and new market access conditions, and how they will be practically affected by the agreements<sup>26</sup>. On the other hand, there are only few BSOs with knowledge of AA/DCFTA in any of the three countries and therefore BSOs themselves need support in this area, in particular, in provision of targeted and sector specific data.

#### **Limited capacity of SMEs to meet market requirements, in particular those of the EU (including DCFTA requirements for Ukraine, Georgia, and Moldova)**

Although some larger enterprises have succeeded in interpreting and conforming to international and European quality requirements, SMEs have thus far found it difficult to meet the voluntary and mandatory conditions for selling their goods in the EU and/or to become providers of international investors active in their respective countries (in particular sanitary and phyto-sanitary - SPS - and technical barrier to trade - TBT - measures). For many SMEs the challenge is to shift from meeting CIS requirements to meeting those of Europe. Particularly, SMEs in the DCFTA countries lack technical capacity and resources to comply with AA/DCFTA requirements and find it difficult to justify the relatively high compliance cost. To address this challenge, SMEs do not only need reliable information and knowledge of the change required, but also strategy for implementation and compliance, internal management and process changes, investment in equipment and external certification<sup>27</sup>. As a consequence, many smaller companies have difficulties to conclude agreements with international players, refrain from exporting to the EU, or choose to enter the market with lower-value-added products.

#### **Small contribution of SMEs to domestic value chains**

Many SMEs from EaP countries are absent from domestic value chains. This is to a large extent due to the inability of smaller producers to consolidate production, which is further complicated by limited BSO support (also see below). The existing sectoral BSOs lack

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<sup>26</sup> “EU Support to the Private Sector in the context of Association Agreements including DCFTAs (Georgia, Moldova and Ukraine)”, final report of EU-funded project " EU Support to the private sector in the context of Association Agreements/DCFTAs", DAI Europe, 2014,

<http://www.east-invest.eu/uploads/Modules/Documents/final-report-dcfta.pdf>.

<sup>27</sup> *Ibidem*.

capacity to help local producers meet the many requirements of established domestic buyers (with regards to consistency of supply, quality, delivery credit, consolidation, packaging, etc.). This is further complicated by weak distribution networks and poor support infrastructure (including lack of cooling and processing facilities, and poor transport infrastructure). Integration with domestic value chains would offer numerous advantages, as it would allow local SMEs to capture the opportunities of the domestic market, and serve as a stepping stone to international markets.

### **Limited availability of quality sector-specific services to SMEs**

There are only a very few sectoral BSOs in EaP countries that are capable to provide adequate services to SMEs. Most of the existing sectoral BSOs lack capacities to assist SMEs in trade and business development activities, whether in performing market research and designing marketing strategies, providing quality management and certification services, identifying buyers and/or investors (both domestic and international), or organising participation in trade fairs and follow up. This is further complicated by a lack of networks between BSOs and their foreign counterparts, weak sustainability of many BSOs and absence of experience to deal with the more complex demands of companies looking to export to more developed markets. In Georgia, Moldova and Ukraine, there are few BSOs with knowledge of AA/DCFTA; they offer only limited services to SMEs to improve their understanding of the new market access conditions and to help them comply with DCFTA requirements.

### **Poor quality control and certification system**

Most EaP countries have quality control systems that are suited for exporting to neighbouring countries from the CIS region. These systems are not in full compliance with international requirements, and only a small number of laboratories can meet the surveillance, certification, and inspection requirements of the EU, with only a few of them being internationally accredited. Although different inspection agencies are responsible for various parts of production processes, overlaps and excessive requirements often lead to unnecessary repetitiveness with regards to inspections and laboratory analyses. Even though the beneficiary countries have updated their general food safety and agricultural health laws to comply with WTO requirements, the proper implementation and enforcement of these laws is still lacking.

### **Lack of skills to connect to new buyers in target markets and investors**

SMEs in the EaP countries often lack the ability to locate, analyse, and pursue commercial opportunities in the local and foreign markets. While limited analysis, strategy, marketing and sales capacities within SMEs are key constraints to access value chains and markets, the inadequate sector-specific business support services represent an additional hindrance (see above about limited availability of quality sector-specific services).

### **Access to finance and capital constraints**

SMEs in the EaP countries are facing challenges accessing finance, which has become even more difficult in light of depreciating currencies and increasing interest rates associated with the recent economic crisis. These challenges are further complicated by limited financial literacy among small business owners in the EaP region, a factor which makes it difficult for

them to apply for and manage traditional loans and credit lines. In addition, the region’s small business owners tend to have little knowledge of potential sources of finance, whether through traditional private sector channels or development facilities, and they do not know how to identify and approach appropriate lenders.

**11 RISKS AND ASSUMPTIONS**

The conditions in the field pose a number of risks that could affect the full realization of project objectives. For this reason, the project will be flexible in its implementation, adjusting activities according to the changing realities on the ground. It will also try to ensure that risks are managed to the maximum extent possible.

| <b>Risks</b>  | <b>Risk level (H/M/L)</b> | <b>Mitigating measures</b>   |
|---|---------------------------|--|
| Wavering government commitment / changes in beneficiary government priorities | L                         | The project will anchor as much responsibility with the private sector as possible, including private-sector business support organisations. This will serve to mute any negative changes in the policy environment. Even so, project management will follow up on any potentially relevant changes in the political environment, evaluate the consequences of likely scenarios, and make the necessary adjustments to the project activities.   |
| Expanding conflict zone in Ukraine  | M                         | Should conflict spread and impact one of the beneficiary regions in Ukraine, project management will look for ways to leverage e-learning and/or include affected beneficiaries in the activities of the non-affected regions.   |
| Global economic / financial crisis  | M                         | The focus on consumer staples will reduce risk in the face of a downturn. Regardless, project interventions are geared at assisting countries to develop sustainable capacities for the long-term, and project interventions would likely help lessen the negative impact of any such crisis.  |
| Limited interest, trust, and/or stakeholder buy-in                            | L                         | The project has been developed in direct response to demand from beneficiary governmental and private sector stakeholders. As such, it is extremely unlikely that partners will not remain committed. Even so, any lack of interest, trust and/or buy-in will be overcome through the demonstration of concrete results that can be derived from cooperation. In addition, all areas of interventions will be demand driven. Project activities will be adjusted accordingly should there be limited interest. |
| BSOs are not open to collaborating with the project,                          | L                         | The project will provide a framework in which BSOs can monetise any improvements they make: by helping BSOs improve their ability to provide relevant services, and by   |

|   |   |  |
|---|---|--|
| and are not willing to implement project recommendations  |   | helping them connect with new clients (project SME beneficiaries), the project provides BSOs with a direct incentive to implement project recommendations.   |
| SMEs are not open to changing existing practices; are not committed to implementing project recommendations; or are not ready to cost share   | L | By connecting SMEs to markets, the project will help transform improved business practices into concrete results (i.e. higher sales). In this way SMEs will be provided a direct incentive to change current practices. In addition, the selection of committed and dynamic participating SMEs will ensure a sufficient degree of collaboration and cost-sharing.                                      |
| Regional programmes have sometimes difficulties to be implemented in Belarus due to absence of financing agreement with the government and the need to register all actions   | L | Smooth implementation in Belarus will be ensured through early notification of the government (Ministry of Foreign Affairs, Ministry of economy) about the programme, as well as possibly identifying a local partner (a BSO, for instance) to facilitate registration of the programme activities in Belarus – especially when it comes to direct advisory services, grants, coaching, trainings etc. |
| Sustainability of capacity building actions: trainings and workshops could have limited effect, if organised on an ad-hoc basis.  | L | The project will establish two regional liaison offices: one for the three Caucasus countries and one for the three Eastern European countries to ensure close contact with partner countries stakeholders and beneficiaries, including with the private sector.   |
| <b>Assumptions</b>  |   |  |
| The political and security situation allows for the implementation of project activities and does not deteriorate to an unacceptable level. Local partners identified for capacity building have the internal capacity to absorb the intervention. National government partners remain committed and support project implementation. Trust is built among stakeholders. |   |  |

## 12 LESSONS LEARNT, COMPLEMENTARITY AND CROSS-CUTTING ISSUES

### 12.1 Lessons learnt

From the previous and ongoing programmes implementation under the SME flagship, such as East Invest, it can be concluded that there is a need to have a tailor made approach that is sector specific via concrete assistance and advice to a given sector and group of companies, to complement the more general support such as is implemented under East Invest to strengthen BSOs.

In a recent European Commission commissioned study aimed at advising on the design of EU support to the private sector in the process of implementation of the AAs/DCFTAs, it was found that SMEs and BSOs had limited understanding of the implications of the DCFTA for SME companies and on how to benefit from it (management, technical and marketing capacities). However, among the majority of SMEs surveyed that wanted to export to the EU (predominance is amongst agricultural producers) 75% did not even know where to obtain information on exporting to the EU. The study therefore recommended to provide very specific know how and support to SMEs and BSOs and the best way to do this would actually be to take a more sectorial and value chain and supply chain approach to accompany EaP SMEs to increase their export competitiveness. Models and guidance manuals and best practise should be developed and encouraged on a sector by sector basis. The sectors to be targeted in each country have to be large enough to make the formation of associations sustainable; there need to be enough large successful firms to identify angels (usually a small percentage) with enough smaller entities and to justify any costs by EU associations. Therefore, the focus of such activities should be in sectors with a large number of SMEs in each country.

### 12.2 Complementarity, synergy and donor coordination

The project will work closely with all relevant development projects and programmes in six beneficiary countries in order to avoid duplications, harness synergies, and ensure that the project builds upon the results achieved under other interventions. The project will thoroughly investigate opportunities for collaboration in each country during the development of the value chain roadmaps and the inception phase.

At this stage, the most complementary EU-funded projects are as follows:

- **East Invest project:** The East Invest project is a regional investment and trade facilitation project for the economic development of the Eastern Neighbourhood region, launched in the framework of the European Eastern Partnership initiative. It targets BSOs and SMEs from the 6 Eastern Partnership countries, with potential for developing mutual cooperation and investment relations with the European Union. East Invest contributes to the general business climate and to improved performance of SMEs. The proposed project can further build on these achievements by offering a

range of technical assistance services, tailored to the specific needs of the selected value chains. In particular, the project will involve East Invest in consultations during the value chain road map development in order to identify areas for collaboration to increase impact of both projects. The project will also make use of all the studies and analysis conducted by the East Invest project, in particular, BSOs audits and gaps analysis. When possible, the trainings for BSOs will build upon the knowledge which BSOs have gained from East Invest Academy management trainings.

- **ENPARD** (Armenia, Georgia and Moldova), the European Neighbourhood Programme for Agriculture and Rural Development, aims at supporting these three EaP countries in their rural and agricultural development. The main focus of the ENPARD technical assistance is at strengthening and formation of producer groups and providing support to them by building physical infrastructure as well as enhancing human capacities to increase value addition in the agribusiness sector. The proposed project will closely study the experience and lessons learnt of the ENPARD projects in all three countries to build upon the results achieved, and will closely cooperate and engage the already established producers groups in the target subsectors as beneficiaries of the project.
  
- **Small Business Support (SBS)** implemented by EBRD. SBS programme is providing a wide range of capacity-building assistance to BSOs and SMEs in the EaP countries. The proposed project will leverage the results achieved by the SBS programme and utilize its consultants, when possible, for the provision of technical assistance to the agribusiness SMEs. This will help SBS beneficiaries reinforce their skills through on-the-job training and network with potential clients.
  
- In **Moldova**, the International Trade Centre ITC will also need to coordinate with a number of projects involved in SME support, including:
  - o **DCFTA Technical Assistance Service Contract** (EUR 2.5 million) covering quality infrastructure, market surveillance and Internal and external markets and Competitiveness awareness in a AA/DCFTA context;
  - o **Twinning light for MOLDAC** (EUR 0.2 million) to "Support for the National Accreditation Centre MOLDAC";
  - o The **EU High-Level adviser on economic development policy** issues to the Ministry of Economy;
  - o Support to Agriculture and Rural Development through Confidence Building Measures (EUR 6.5 million) which includes a component on local entrepreneurship and SMEs development;
  - o the **Comprehensive Institution Building Programme (CIB)**: twinning and technical assistance projects supporting the DCFTA implementation including support to Intellectual Property Rights, Customs Service, food safety agency (to enhance the commercial and export potential of the agro-business food chain in Moldova in line with EU standards and DCFTA technical requirements)

- **Several planned projects (Annual Action Programme 2016)** including "Support to SMEs in rural areas"; "Technical assistance support to BSOs"; "Increase of competitiveness in agricultural sector" which includes facilitating access to markets and establishing market linkages through domestic and international value chain.
- **The on-going sector budget support to DCFTA-SME in Georgia**, which purpose is to support the implementation of the DCFTA related institutional and regulatory reforms in Georgia, with a strong focus on strengthening the capacities of Georgian SMEs, both to increase their competitiveness and to ensure their adaptation to the new regulatory environment. The project will be implemented in four components (improvement of the enterprise development framework and SME participation in the political dialogue; capacity development for SME support institutions; Promotion of enterprise development via clustering and support to business networks on national, sector and local levels; Integration of business clusters and networks in relevant existing EU networks for enterprise development, investment and trade promotion. Additionally, supporting the development of SMEs and the creation of new jobs is one of the priorities of the Regional Development Programme 2015-2017.
- **EU Support to Ukraine to Re-launch the Economy (EU SURE 2016-2020):** The EUR 95 million project provides advice on legal approximation with the EU, capacity building and infrastructural support in priority areas covered by the EU-Ukraine Association Agreement. EU SURE will support the development of the SMEs via technical assistance including business advice, using a network of business support centres (BSC) in cooperation with the EBRD. The BSCs will connect local small businesses to a network of local consultants and international industry experts. Business advice will be tailored according to the size of the company and the complexity of the challenges. BSC will also advise SMEs on how to access to financing and how to adapt to and benefit from the establishment of the DCFTA between the EU and Ukraine. The project will also provide policy advice to complete the ongoing SMEs deregulation and the national and regional economic development strategies. A complementary Loan Guarantee Facility worth EUR 40 million will be run in cooperation with EIB. This loan facility will provide local commercial banks with an effective risk management tool to increase their capacity to absorb increased funding demand from SMEs. Support for small businesses is one of the measures identified with a view to increased competitiveness of regions in Ukraine's State Strategy of Regional Development for the period until 2020.
- **Strengthening Private Initiative Growth in Belarus (SPRING).** This programme is planned as part of the EU Annual Action Programme 2016 for Belarus. Component 1 focuses on promotion of small and medium enterprises as core engine of local and regional growth. It will be done through direct bilateral contribution to the EBRD Small Business Support programme with distinct regional and local focus: qualified business advice will target specifically local (rayon) level beneficiaries.  
Component 2 strives to support to economic initiative, competitiveness and innovation for local inclusive development. Indicative activities, planned to be implemented by

UNDP, include supporting drafting and implementation of the local employment-generating strategies and action plans, as well as provide improved access to finance and related technical assistance through a funding facility (microfinance, grants) for micro, small and medium sized enterprises (MSMEs) and social enterprises to support the implementation of these strategies and plans. Considering the direct SME emphasis of this bilateral programme, necessary coordination should be ensured with the implementing organisations in Belarus: EBRD and UNDP.

- **Supporting SME Competitiveness Reforms in the EaP Countries-** Implementing the recommendations of the SME Policy Index 2012 (2013-2016, EUR 2.5 million). This includes special support to Belarus on the Upgrading SME skills through Business Support Services. This project implemented by the OECD as a follow-up to the 2016 Small Business Act Assessment advises the government of Belarus on the implementation of concrete measures to support policy reform roadmap for SME support and enhance convergence with the SBA.
- **The EBRD Women in Business (WiB) Programme** promotes and supports women entrepreneurship and more broadly women's participation in business by facilitating access to finance and advice for women-led SME.
- The possible **opening of the EIB operations to Belarus** should be considered, as the project will also help SMEs access finance by connecting them to existing financing mechanisms.
- **The future twinning project on Supporting Accreditation System of Azerbaijan** should be taken into account to avoid overlaps; in particular as one of the activities will be to "*assist selected laboratories to prepare for international accreditation/certification*" Accreditation plays indeed a very important role for increasing competitiveness of national economy and promoting its export potential. Accreditation according to international standards provides confidence to consumers, regulators, industry and other interested parties. It can facilitate trade, market access, fair competition and consumer acceptance of products on a national, regional and international level. Currently, Azerbaijani goods are often denied access to EU markets because they lack safety and compliance certificates from accredited certification bodies. Azerbaijani producers are not always aware of the necessity to get these certificates and if they know, they cannot test and certify their goods in Azerbaijan: they have to use foreign services of accreditations to get internationally recognised certificates. This increases the price of the goods to be exported and contributes to poor competitiveness of many Azerbaijani non-oil goods. Supporting the testing laboratories towards international accreditation will be beneficial to both laboratories and the private sector.
- Regarding the development by ITC of roadmap or strategy for selected value chains in the agribusiness sector, coordination will need to be ensured in Azerbaijan as EU experts already developed selected value chain analysis in agribusiness (upon request from the government). These results should be analysed to avoid duplication. In some countries, like Azerbaijan, the government has or is developing export promotion

strategy. The ITC project should be aware of these strategies and ensure coordination with the European Commission support towards these strategies' implementation.

- **Support to Rural and Regional Development** project in Azerbaijan (2017-2019; EUR 3.25 million) This project will a) strengthen national and local authorities' capacities to plan, implement and administer programmes directed to enhance socio-economic development of regions; and b) support local and national authorities in the prioritization, identification and appraisal of sustainable regional investment projects that have a clear strategic impact in the development of regions and that can be further financed through blending mechanisms and/or state budget.
- Overall coordination will also need to be ensured with the **Enterprise Europe Network** (EEN). EEN consortia are already in place in all EaP countries except Azerbaijan. They provide a number of services to SMEs including match-making, brokerage events, participation in trade fairs, information provision on EU laws and laws in partner countries. ITC should work with the EEN consortia on the ground and include them in their activities (also in order to enhance their capacity).

The proposed project will also explore ways for cooperation with other donors that currently provide trade related support in the six countries, including: World Bank<sup>28</sup>, International Finance Corporation (IFC), American development agency USAID, Canadian development agency CIDA (for Ukraine) and Swedish development agency SIDA.

### 12.3 Cross-cutting issues

The project will place particular focus on enhancing women's economic empowerment, enabling job creation for youth, minimizing negative environmental impacts, and introducing corporate social responsibility principles to the regions' SMEs. This will be done by including gender related indicators (i.e.: % of women owned SMEs). Youth employment will be enabled by creating greater job opportunities for young people by stimulating economic activities in the rural areas. The project will be mainstreamed such that it: ensures equal opportunities for women; avoids negative environmental impacts; and promotes youth employment and/or entrepreneurship.

As a labour intensive value chain, the agribusiness sector (which has been preliminarily identified as a priority) provides significant potential for social inclusion of marginalized people, increasing their share of the total value of production. In addition, there are low barriers to entry for poorer producers (capital, knowledge, regulations etc.). As such, the sector serves as a driver of employment, entrepreneurial activity, and income generation for under-served people, including women and youth with few other earning opportunities.

With regards to the environment, the project will ensure the propagation of environmentally friendly production methods during its trainings and technical assistance to both enterprises and BSOs. Consumers, particularly in the EU, are becoming more demanding, requiring vegetables of a higher quality that are produced in sustainable manner. Although current

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<sup>28</sup> In Azerbaijan for example, the World Bank agriculture competitiveness improvement project is intending to produce about 10 value chain analyses.

production methods in the target countries are not always environmentally sound, the sector's long-term survival will require environmentally appropriate production to be marketable. In addition, the need for companies to apply the EU standards will also lead to a more environmental sustainable production. Furthermore, the project may include awareness building workshops on environmental issues and organic agriculture.

## **13 DESCRIPTION OF THE ACTION**

### **13.1 Objectives/results**

The project will help SMEs from the six Eastern Partnership countries improve their competitiveness aiming towards an increased integration into domestic, regional and global value chains and markets, with a focus on the European Union.

The project's objective will be achieved through the following outputs:

**Output 1:** Roadmap (strategy) developed for selected value chains in each country

**Output 2:** Capacities of SMEs strengthened to increase value added production and improve competitiveness

**Output 3:** Capacities of sectoral BSOs enhanced to provide SMEs with quality and relevant services along selected value chains

**Output 4:** Business linkages created for SMEs to expand sales in domestic and international markets and value chains, in particular the EU

### **13.2 Main activities**

In particular, the following activities will be implemented:

**Output 1:** Roadmap (strategy) developed for selected value chains in each country

*Activity 1.1: Conduct analysis of the selected value chains and identify constraints and opportunities for SME competitiveness, based on public-private consultations*

*Activity 1.2: Validate findings and strategic orientations of roadmaps through organising public-private forums in beneficiary countries*

*Activity 1.3: Draft and finalize value chain development roadmap documents, including country specific technical assistance solutions, to enhance international competitiveness*

*Activity 1.4: Select group of beneficiaries (enterprises and their supplier/producer clusters) based on supply potential, enterprise characterisation studies, and commitment to cost-sharing, in each beneficiary country. The level of cost-sharing will be determined during the inception phase and customised for each beneficiary country*

*Activity 1.5: Identify potential buyers in the domestic, EU and other target markets, including EaP countries, interested to source in the region and engage them from the start of the project.*

**Output 2:** Capacities of SMEs strengthened to increase value added production and improve competitiveness

*Activity 2.1: Conduct awareness-raising and information events on key issues critical for trade success in domestic and global markets with focus on the European market (including CSR and core labour standards)*

*Activity 2.2: Develop doing-business guides for targeted sectors with focus on DCFTA requirements together with other tools, such as business, market (access) and import/export intelligence studies, in order to provide tailor-made information to SMEs*

*Activity 2.3: Provide coaching, training and business advisory services to pilot group of SMEs in areas identified and outlined in the value chain development roadmaps*

*Activity 2.4: Conduct cost/benefit analysis on the establishment of producers groups and/or other forms of SMEs clusters with the aim to improve sector competitiveness*

*Activity 2.5: Raise awareness of equipment supplied by European manufacturers and link with EU suppliers*

*Activity 2.6: Connect SMEs to financing facilities and investors, where possible.*

**Output 3:** Capacities of sectoral BSOs enhanced to provide SMEs with quality and relevant services along the value chains<sup>29</sup>

*Activity 3.1: Assess capacities of sectoral BSOs to meet the needs of SMEs in the selected domestic and global value chains (both service provision and management)*

*Activity 3.2: Develop specialised service portfolio for selected sectoral BSOs, and/or establish new entities (such as sector trade associations or sector task force), when needed, to fill in the gaps in sector support infrastructure*

*Activity 3.3: Conduct training for sectoral BSOs (existing or new) on key areas for improvement in areas identified and outlined in the value chain development roadmaps.*

*Activity 3.4: Establish an information-knowledge sharing platform and facilitate technical and commercial collaboration linkages with professional institutions and sector organisations from the target markets.*

**Output 4:** Business linkages created for SMEs to expand sales in domestic and international markets and value chains, in particular the EU

*Activity 4.1: Prepare SMEs for participation in trade fairs and enhance their skills on marketing and sales strategies through training and advisory services*

*Activity 4.2: Develop networks of potential buyers, both domestic and international, for the target product groups in each country*

*Activity 4.3: Outline profiles and prepare SME marketing material to be promoted towards potentially interested international and European buyers and investors*

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<sup>29</sup> Grants may be provided to partner BSOs for capacity-building activities, where appropriate (see paragraph on grants, page 19).

*Activity 4.4: Facilitate partnerships with buyers, finance providers and investors (both domestic and international) by helping SMEs participate in technical study tours, technical collaboration meetings, trade fair participation and buyer/seller meetings*

*Activity 4.5: Develop e-trade platforms to facilitate access to domestic and global markets (the need to be confirmed by the value chain analysis)*

*Activity 4.6: Plan and organise buyers/investors country visits, providing support to beneficiary SMEs in the match making*

### **13.3 Intervention logic**

The project will start with an inception phase, which will last around 6 months. During this period, the sectoral focus for the project will be validated, and priority product groups will be identified through expert analysis and stakeholder consultations in the six EaP countries according to their development priorities and export potential (minimum one product group per country).

Existing countries' value chains sectoral studies will be assessed during the inception phase. For example, in the case of Georgia, under the sector budget support programme DCFTA-SME, the Enterprise Development Agency Analytical Unit is already requested to conduct every year at least 2 SME sectorial value chain studies. A recent one has been focused on the export potential of Georgian herbal market.

During the inception phase, the project will also perform the tasks required to set up an appropriate project management and implementation infrastructure.

OUTPUT 1: The project will conduct a thorough value chain analysis for the selected product groups in each country to identify bottlenecks, market inefficiencies and opportunities for value chain and trade development. This will involve inclusive consultations with sectoral stakeholders (both public and private). The work will also include mapping and assessment of capacities of sectoral BSOs and networks along the value chains. The results of the value chain analyses will be used to **formulate country-specific value chain development roadmaps for the selected subsectors/product groups**. These will include labour-oriented regulatory framework. These roadmaps will detail specific technical assistance solutions and activities for each country that will allow the target subsectors to increase value addition and integration into domestic, global and EU value chains and markets. Following the development of these roadmaps, the project will select an initial group of pilot SMEs based on the capabilities of entrepreneurs, motivations for growth, access to additional factors of production, initial levels of product/service quality compliance, and commitment to cost sharing.

OUTPUT 2: The capacities of SMEs to produce goods in accordance with global and EU market demands will be enhanced by **implementing the activities detailed in the country specific value chain development roadmaps. SME-level assistance will be delivered through direct advisory services, coaching and trainings**. Support areas may comprise: supply chain management, quality management and packaging, marketing strategies and sales, financing options, trade promotion and trade fair participation. The project may also include awareness building workshops on organic agriculture and its environmental benefits.

The project will involve local BSOs in all project and training activities, strengthening them as appropriate, and using international technical expertise only to the extent that qualified local expertise is unavailable.

**Awareness raising and information workshops and seminars will also be conducted on the requirements for access to international and EU markets.** For Georgia, Moldova, and Ukraine, particular focus will be placed on technical sector-specific aspects of the DCFTA, including the administrative and production process, standards and investment needs, as well as the changes to market regimes in both their own countries and the EU. Practical support to SMEs will be provided to help them understand the changes resulting from AA/DCFTA and assist them to comply with the new requirements.

Furthermore, the project will facilitate investment opportunities for SMEs. To this end, the project will help SMEs access finance by connecting them to existing financing mechanisms, for example, the facilities of the EIB and EBRD. This will be done by raising awareness of opportunities and building capacities so as to make SMEs better equipped for such financing.

**OUTPUT 3: The project will also improve sector-specific business development services** in each country as well as existing regional sector-specific BSOs. Interventions and capacity-building activities for sectoral BSOs or other private business services providers will be designed based on the value chain development roadmaps<sup>30</sup>. Preliminary areas for support include: sectoral trade intelligence, quality management and certification procedures, marketing strategies, trade fair participation and financing options. For Georgia, Moldova and Ukraine, special attention will be given to the thematic topics related to AA/DCFTA requirements, such as technical regulations, standards, conformity assessment and labelling, SPS measures, genetically modified organisms (GMO) provisions, etc.

In addition to benefiting from direct training, BSOs will have the opportunity to expand their skills and network with potential clients by participating in training and consulting events for sector SMEs. Moreover, mechanisms for cooperation between European and other international counterparts will be created or strengthened. This will serve to facilitate knowledge transfer and open up new business opportunities for export-oriented SMEs. When necessary and if resources permit the project will assist selected laboratories to prepare for international accreditation/certification.

**OUTPUT 4:** Special focus will be placed on **developing linkages** for pilot SMEs with value-chains and markets so that improvements in SMEs competitiveness result in business generation and the establishment of potential joint ventures. In particular, the Project will help SMEs to **identify potential buyers, both domestic and international**, in pursuit of their trade objectives. SMEs that are currently able to export will be linked to the global and EU target markets. The project will also help SMEs **to prepare for and organize trade fair participation in target markets, study tours, buyer/seller meetings, etc.** Moreover, SMEs will be shown how to **evaluate and choose between various sales strategies** by performing market and value chain risk analyses, calculating landed costs, and evaluating financing requirements.

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<sup>30</sup> Vocational education and training (VET) centres/councils - as a form of BSOs - could also be supported along each value-chain process.

The project will ensure continuous monitoring of the implementation of outputs. This will allow project activities to be adapted to changing circumstances, EaP countries beneficiaries' evolving needs, and developments in international markets. Particular attention will be paid to the achievement of sustainable results that are beneficial to a significant number of SMEs and BSOs beyond the duration of the project.

### Country management and implementation

It is envisaged that two regional project liaison offices will be established in two countries for managing project activities: one for Caucasus countries (Armenia, Azerbaijan and Georgia) and one for East European countries (Belarus, Moldova and Ukraine). The exact locations will be selected during the project inception phase in close consultation with the EU and the partner countries. Regional Programme Managers (RPMs) will be appointed to administer and coordinate the project activities for the two respective groups of countries. RPMs will also liaise with the public and private sector BSOs and the business community, and co-operate locally with other donor projects. Furthermore, the country level implementation will be supported by national consultants in each country who will work closely with the RPMs and ITC headquarters. The national consultants will also provide technical inputs for different project activities.

## **14 IMPLEMENTATION**

### **14.1 Financing agreement**

In order to implement this action, it is not foreseen to conclude a financing agreement with the partner country, referred to in Article 184(2)(b) of Regulation (EU, Euratom) No 966/2012.

### **14.2 Indicative implementation period**

The indicative operational implementation period of this action, during which the activities described in section 4.1 will be carried out and the corresponding contracts and agreements implemented, is 54 months (indicative duration of the contract is 36 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 authorising officer responsible by amending this decision and the relevant contracts and agreements; such amendments to this decision constitute technical amendments in the sense of point (i) of Article 2(3)(c) of Regulation (EU) No 236/2014.

### **14.3 Implementation modalities**

#### **14.3.1.1 Indirect management with international organisation**

This action may be implemented in indirect management with the International Trade Centre (ITC) in accordance with Article 58(1)(c) of Regulation (EU, Euratom) No 966/2012.

ITC is a joint agency of the World Trade Organization and the United Nations, and is dedicated to the internalisation of SMEs. As regards its compliance with the Financial

Regulation requirements for indirect management, ITC falls under the umbrella of the United Nations General Secretariat.

This implementation entails assistance to SMEs from EaP countries to integrate them into the global and European value chains and markets. This implementation is justified because ITC's core activity is holistic sector value chain development conducted through wide participation of beneficiaries and aligned with specific market and social development objectives. ITC has a unique track record of connecting SMEs to value chains, building sustainable market linkages and delivering positive development outcomes, in wide range of sectors of economy. Furthermore, ITC has a long-lasting cooperation in Eastern Europe and Central Asia. For over 25 years it has worked in the region, providing technical assistance in priority areas such as WTO accession, trade and sectoral value chain based strategies, sector BSO strengthening, trade facilitation, SMEs competitiveness and quality management. ITC is also directly linked to the WTO.

ITC will implement the action in cooperation with the Dutch Centre for Promotion of Imports from developing countries (CBI), which is part of the Netherlands Enterprise Agency and is commissioned by the Ministry of Foreign Affairs of the Netherlands. It was established to support producers/exporters to get a foothold on the market in the Netherlands, support to Business Support Organisations in improving their capabilities and to act as a Matchmaker between suppliers and buyers. Its activities cover the whole EU.

ITC's strong expertise in offering practical solutions to increase SME competitiveness along value chains combined with CBI's strong knowledge of European markets and importer networks represent a unique partnership which will allow efficiently and effectively delivering results of the project and maximising its impact on the beneficiary countries. One of the services that CBI offers to SMEs is market intelligence, providing up-to-date insights on the EU market and a valuable source of intelligence for exporters to prepare and maintain their export marketing activities. CBI market intelligence is produced by experienced CBI market researchers, in collaboration with CBI sector experts.

Both organisations together have strong track record and success in supporting business development organisations worldwide, which will further reinforce the sustainability of the project.

The entrusted entity would carry out the following budget-implementation tasks:

- Grants with local implementing partners, mainly institutions. This mechanism will add to local ownership and sustainability and should entail an inherent capacity building element for the grantee;
- Procurement of commercial contracts.

The entrusted international organisation is currently undergoing the ex-ante assessment in accordance with Article 61(1) of Regulation (EU, Euratom) No 966/2012. The Commission's authorising officer responsible deems that, based on the compliance with the ex-ante assessment based on Regulation (EU, Euratom) No 1605/2002 and long-lasting problem-free cooperation, the international organisation can be entrusted with budget-implementation tasks under indirect management

#### 14.4 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 in accordance with Article 9(2)(b) of Regulation (EU) No 236/2014 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 realization of this action impossible or exceedingly difficult.

#### 14.5 Indicative budget

|                              | <b>EU<br/>contribution<br/>in EUR</b> |
|------------------------------|---------------------------------------|
| Indirect management with ITC | 6 000 000                             |
| <b>Total</b>                 | <b>6 000 000</b>                      |

#### 14.6 Organisational set-up and responsibilities

Implementation of the projects shall be monitored by a steering committee chaired by the Commission (Directorate-General for Neighbourhood and Enlargement Negotiations) and shall include representatives of any other concerned services of Commission, ITC as well as CBI. The steering committee will be responsible for monitoring the implementation of the project on the basis of the progress reports presented by the ITC. The steering committee shall meet at least once a year. Annual activity reports shall be drafted and structured on the basis of the results/outcomes that have been achieved.

This project will be part of the Eastern Partnership SME Flagship and will therefore also be included in the annual steering committee meeting of the SME Flagship to ensure complementarity with other EU funded initiatives. The SME Flagship Secretariat is preparing a consolidated report on the SME Flagship impact and results. This will also include results achieved under this project.

Annual steering committee meeting in each of the six EaP countries could also take place to further ensure coordination with other related programmes funded by the EU or by other donors, as well as to enhance the ownership of the project by the partner countries (government representatives, BSOs, SMEs). The project's team leader/regional programme managers will attend donor coordination group/workshop on private sector development in all EaP countries. The ITC will also conduct a quarterly Technical meetings at national level with EU Delegations and relevant stakeholders to monitor project activities, ensure synergy and complementary with other EU funded and donor actions.

## **14.7 Performance 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. 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).

## **14.8 Evaluation**

Having regard to the nature of the action, a mid-term evaluation will be carried out for problem solving and learning purposes. This evaluation may be carried out by independent consultants contracted by the Commission or through a joint mission via an implementing partner.

The Commission shall inform the implementing partner at least 3 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 countries 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 countries, 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.

## **14.9 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.

## **14.10 Communication and visibility**

Communication and visibility of the EU are 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 entrusted entities. Appropriate contractual obligations shall be included in the delegation agreement.

The Communication and Visibility Manual for European Union External Action 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 common branding regarding all EU support to SME in the Eastern Partnership, in particular, the name EU for Business (EU4Business) shall be used for all relevant SME activities both in English and in local official languages.

## APPENDIX - INDICATIVE LOGFRAME MATRIX (FOR PROJECT MODALITY) <sup>31</sup>

The activities, the expected outputs and all the indicators, targets and baselines included in the logframe matrix are indicative and may be updated during the implementation of the action without an amendment to the financing decision. The indicative logframe matrix will evolve during the lifetime of the action: new lines will be added for listing the activities as well as new columns for intermediary targets (milestones) when it is relevant and for reporting purpose on the achievement of results as measured by indicators.

|                                  | <b>Intervention logic</b>  | <b>Indicators</b>  | <b>Baselines</b><br>(incl. reference year)               | <b>Targets<sup>32</sup></b><br>(incl. reference year) | <b>Sources and means of verification</b>   | <b>Assumptions</b>                                    |
|----------------------------------|--|--|--|---|--|---|
| <b>Overall objective: Impact</b> | The project will contribute to the increased integration of EaP countries' SMEs into domestic and global value chains and markets with focus on the EU | <ul style="list-style-type: none"> <li>- Total sector trade between the EaP region and global markets</li> <li>- Total sector trade between the EaP region and EU countries</li> </ul> | To be collected during the inception phase <sup>33</sup> | To be defined during the                              | <ul style="list-style-type: none"> <li>- National statistics</li> <li>- SME surveys</li> </ul> | - All assumptions under Outcome / outputs (see below) |

<sup>31</sup> Mark indicators aligned with the relevant programming document mark with '\*' and indicators aligned to the EU Results Framework with '\*\*'.

<sup>32</sup> All targets are indicative. The targets will be validated, and revised during the inception phase. All targets are set for the entire project duration period.

<sup>33</sup> During the inception phase, individual requests will be made to each country statistical services to obtain the data on investment flows in the target sector.

|                                      |  |  |                            |  |  |   |
|--------------------------------------|--|--|----------------------------|--|--|---|
|                                      |  | - Inward Investment flows to the EaP region (within the target sector) per partner country   |                            | inception phase  |  |   |
| Specific objective(s):<br>Outcome(s) | Increased competitiveness and export growth of SMEs from Eastern Partnership countries | <ul style="list-style-type: none"> <li>- Number of SMEs reporting improved international competitiveness<sup>34</sup></li> <li>- Number of SMEs reporting improved international competitiveness that are women owned/operated/control led or with majority women employed<sup>35</sup></li> <li>- Exports of pilot SMEs compared to baseline</li> </ul> | To be collected during the | <ul style="list-style-type: none"> <li>- min 200 – max 280</li> <li>- min 60 – max 80</li> </ul><br>To be defined during the inception | <ul style="list-style-type: none"> <li>- Baseline study for participating enterprises</li> <li>- After event reports/feedback forms /training evaluations</li> <li>- Project progress reports</li> <li>- Final report</li> <li>- National statistics</li> <li>- SME surveys</li> </ul> | <ul style="list-style-type: none"> <li>- National government partners remain committed</li> <li>- Trust is built among stakeholders</li> <li>- SMEs are open to changing existing practices; are committed to implementing project recommendations; and are ready to cost share</li> <li>- BSOs have sufficient absorption capacities; are open to collaborating with the project; and are willing to implement project recommendations and introduce new/improved services to their clients</li> </ul> |

<sup>34</sup> Number of SMEs reporting changes in their business practices as the result of project trainings and advisory services.

<sup>35</sup> This indicator will be fine-tuned after inception phase, when the structure of the target sector is analysed.

|  |  |   |                 |   |  |  |
|--|--|---|-----------------|---|--|--|
|  |  | <ul style="list-style-type: none"> <li>- Number of new markets accessed by SMEs</li> <li>- Number of SMEs that have transacted business, both internationally and domestically<sup>36</sup></li> <li>- Number of SMEs that have transacted international business are women owned/operated/control led or with majority women employed</li> <li>- Number of sectoral BSOs reporting improved services and/or operational performance</li> </ul> | inception phase | phase   |  |  |
|  |  |   |                 | <ul style="list-style-type: none"> <li>- min 1 – max 3 per country</li> <li>- min 20 – max 30 per country</li> <li>- min 6 – max 10 per country</li> <li>- min 18 – max 30</li> </ul> |  |  |

<sup>36</sup> Number of SMEs transacting sales or purchases with a foreign or domestic firm as a result of project support.

|                 |  |  |  |  |  |  |
|-----------------|--|--|--|--|--|--|
| <b>Output 1</b> | Roadmap (strategy) developed for selected value chains in each country                                       | <ul style="list-style-type: none"> <li>- Value chain analysed for the selected sector / product groups in each country(at least one per country)</li> <li>- Number of roadmaps developed for each country (at least one per country)</li> </ul>  |  | <ul style="list-style-type: none"> <li>At least one value chain analysis per country</li> <li>At least one roadmap per country</li> </ul>  | <ul style="list-style-type: none"> <li>- Roadmaps / intervention strategies endorsed by regional stakeholders and published</li> <li>- Project reports and evaluation forms</li> </ul> | <ul style="list-style-type: none"> <li>- National government partners are committed</li> <li>- Trust is built among stakeholders</li> <li>- SMEs are willing to share sensitive information</li> <li>- There is sufficient interest in selected areas of intervention</li> </ul> |
| <b>Output 2</b> | Capacities of SMEs strengthened to increase value added production and improve competitiveness <sup>37</sup> | <ul style="list-style-type: none"> <li>- Number of training courses, seminars and workshops conducted</li> <li>- Number of advisory services provided</li> <li>- Number of SMEs trained</li> <li>- Number of SMEs trained that are women owned/operated/control led or with majority women employed</li> <li>- Number of participants at workshops</li> <li>- Number of women participants</li> <li>- Number of</li> </ul> |  | <ul style="list-style-type: none"> <li>- min 70- max 120</li> <li>- 6 advisory services per country</li> <li>- min 250- max 350</li> <li>- Min 75 – max 105</li> <li>- min 1200- max 2000</li> </ul> | <ul style="list-style-type: none"> <li>- Project monitoring reports</li> <li>- After event evaluation reports/Feedback forms</li> <li>- Company surveys/baseline analysis</li> </ul>   | <ul style="list-style-type: none"> <li>- Trust is built among stakeholders</li> <li>- SMEs are open to changing existing practices; are committed to implementing project recommendations; and are ready to cost share</li> </ul>  |

<sup>37</sup> Priority capacity building areas for SMEs will be defined in the roadmaps based on value chain analysis.

|                 |   |  |  |   |  |  |
|-----------------|---|--|--|---|--|--|
|                 |   | <p>participants of the workshops reporting increased knowledge of the specific subject area</p> <ul style="list-style-type: none"> <li>- Number of SMEs introduced quality management principles to align with EU requirements</li> <li>- increased volume of production/sales</li> <li>- increased number of employees</li> </ul> |  | <ul style="list-style-type: none"> <li>- min 500 – max 800</li> <li>- 90 % participants</li> <li>- min 30 – max 50</li> </ul> |  |  |
| <b>Output 3</b> | Capacities of sectoral BSOs enhanced to provide SMEs with quality and relevant along the value chains | <ul style="list-style-type: none"> <li>- Number of training courses, seminars and workshops conducted</li> <li>- Number of BSOs trained</li> <li>-Number of participants</li> <li>- Number of women</li> </ul>   |  | <ul style="list-style-type: none"> <li>- min 25 – max 35</li> <li>- min 30- max 50</li> <li>- min 450- max 750</li> </ul>     | <ul style="list-style-type: none"> <li>- Project reports</li> <li>- After event reports/feedback forms</li> <li>- Survey of selected BSOs</li> </ul> | <ul style="list-style-type: none"> <li>- Trust is built among stakeholders</li> <li>- BSOs have sufficient absorption capacities; are open to collaborating with the project; and are willing to implement project recommendations and introduce new/improved services to their clients</li> </ul> |

|          |   |  |  |  |   |  |
|----------|---|--|--|--|---|--|
|          |   | participants<br>- Number of new/improved services provided by sectoral BSOs  |  | - min 180 – max 300<br>- 5 per country   |   |  |
| Output 4 | Business linkages created for SMEs to expand sales in domestic and international markets and value chains, in particular the EU | - Number of trade fairs/buyer-seller meetings attended by beneficiaries<br>- Number of companies participating<br>- Number of women-owned companies participating<br>-Number of business contacts made as a result of participation in trade fairs/buyer-seller meetings |  | - 3 per country<br>- min 45 – max 60 per country<br>- min 14 – max 18 per country<br>- min 400 – max 800 per country | - Company surveys<br>- After event evaluation reports<br>- Company sales figures (reported by companies)<br>- Project reports | - SMEs are open to changing existing practices; are committed to implementing project recommendations; and are ready to cost share |



This action is funded by the European Union

**ANNEX 5**

of the Commission Implementing Decision on the ENI East Regional Action Programme 2016 and 2017, Part I

**Action Document for EU4Youth programme**

**INFORMATION FOR POTENTIAL GRANT APPLICANTS**

**WORK PROGRAMME FOR GRANTS**

This document constitutes the work programme for grants in the sense of Article 128(1) of the Financial Regulation (Regulation (EU, Euratom) No 966/2012 in sections 5.3.1 and 5.3.2 concerning calls for proposals.

|  |   |
|--|---|
| <b>1. Title/basic act/<br/>CRIS number</b>                 | <b>EU4Youth programme</b><br>CRIS numbers: ENI/2016/038-772 and ENI/2017/038-795<br>financed under the European Neighbourhood Instrument  |
| <b>2. Zone benefiting<br/>from the<br/>action/location</b> | Eastern Partnership countries:<br>Armenia, Azerbaijan, Belarus, Georgia, Republic of Moldova, Ukraine.<br>The action shall be carried out at the following locations: <ul style="list-style-type: none"> <li>• Eastern Partnership countries;</li> <li>• EU Member States;</li> <li>• Erasmus+ Programme countries: EU Member States, Former Yugoslav Republic of Macedonia, Iceland, Liechtenstein, Norway, Turkey.</li> </ul> |
| <b>3. Programming<br/>document</b>                         | Regional East Strategy Paper (2014-2020) and Multiannual Regional Indicative Programme 2014-2017 for the Neighbourhood East   |
| <b>4. Thematic area</b>                                    | Youth   |

|   |  |                     |                              |                       |
|---|--|---------------------|------------------------------|-----------------------|
| <b>5. Amounts concerned</b>   | <p>Total estimated cost: EUR 22 750 000</p> <p>Total amount of EU budget contribution: EUR 20 000 000, of which:</p> <ul style="list-style-type: none"> <li>- EUR 10 450 000 from the general budget of the European Union for 2016; and</li> <li>- EUR 9 550 000 from the general budget of the European Union for 2017, subject to the availability of the appropriations provided for in the draft general budget of the Union for 2017, following the adoption of that budget by the budgetary authority or as provided for in the system of provisional twelfths.</li> </ul> <p>This action is co-financed by potential grant beneficiaries for an indicative amount of EUR 2 750 000</p> |                     |                              |                       |
| <b>6. Aid modality and implementation modalities</b>                  | <p>Project Modality</p> <ul style="list-style-type: none"> <li>- Result 1: direct management – call for proposals (by the Education, Audio-visual and Culture Executive Agency – EACEA)</li> <li>- Result 2: direct management – call for proposals</li> <li>- Result 3: direct management - procurement of services</li> </ul>  |                     |                              |                       |
| <b>7. DAC code</b>  | 16010 - Social/ welfare services; 16020 - Employment   |                     |                              |                       |
| <b>8. Markers (from CRIS DAC form)</b>                                | <b>General policy objective</b>  | <b>Not targeted</b> | <b>Significant objective</b> | <b>Main objective</b> |
|   | Participation development/good governance  |                     |                              | x                     |
|   | Aid to environment   | x                   |                              |                       |
|   | Gender equality (including Women In Development)   |                     | x                            |                       |
|   | Trade Development  | x                   |                              |                       |
|   | Reproductive, Maternal, New born and child health  | x                   |                              |                       |
|   | <b>RIO Convention markers</b>  | <b>Not targeted</b> | <b>Significant objective</b> | <b>Main objective</b> |
|   | Biological diversity   | x                   |                              |                       |
|   | Combat desertification   | x                   |                              |                       |
|   | Climate change mitigation  | x                   |                              |                       |
|   | Climate change adaptation  | x                   |                              |                       |
| <b>9. Global Public Goods and Challenges (GPGC) thematic flagship</b> | Not relevant   |                     |                              |                       |

## SUMMARY

Youth is one of the main focuses of the **2015 European Neighbourhood Policy Review**: lack of opportunity, particularly for youth, is considered to be one of the roots of instability, vulnerability and radicalisation. Economic development and the prospects for youth, especially with regards to employment opportunities, **employability** and **civic engagement**, are highlighted as a key to stabilise societies in the Neighbourhood. Supporting this target group in the Eastern Partnership (EaP) seems particularly important as all countries are characterised by high unemployment rates of young people and low participation of women in the labour market. This is due *inter alia* to skills mismatch, insufficient key competences<sup>38</sup> and entrepreneurial spirit, not inclusive education and training, and lack of active labour market policies and activation strategies<sup>39</sup>.

In this context, the objective of the EU4Youth (EU4Y) programme is to foster the **active participation** of young people in society and their **employability** in the economy by developing those **skills** that can support them in becoming **leaders** and **entrepreneurs**<sup>40</sup>. The development of **coherent** and **cross-sectorial youth policies** is of key importance to tackle the challenges facing young generations. Through support to youth workers and youth organisations these entities will gain expertise and capacity to engage in constructive dialogue at national, regional or local level, and support policy development and implementation.

This is of pivotal importance, as the achievement of tangible results will require that the EU4Y programme is **aligned with relevant policy dialogues** supporting reforms and policy actions with impact on young people (e.g. discussions in relevant EaP Platforms and Panels, policy actions supported by ETF, capacity building projects).

*The EU4Y programme is made up of three components. Component 1 will empower young people with key competences and skills supporting their **active participation** in democratic life. **Citizenship, entrepreneurship and leadership will be the main topics** of capacity building actions targeting youth organisations, youth workers and leaders. The latter will be able to apply*

<sup>38</sup> Recommendation [2006/962/EC](#) of the European Parliament and of the Council of 18 December 2006 on key competences for lifelong learning [Official Journal L 394 of 30.12.2006].

<sup>39</sup> "Active labour market policies and activation strategies were designed to promote labour market integration by reducing job-finding obstacles, thereby increasing the probability of entering employment successfully by providing, for instance, job-related training that improves skills levels and productivity of jobseekers or through hiring subsidies designed to compensate for lack of work experience and other deficits". Source: ILO, Employment Working Paper No. 16 "*Promoting youth employment through activation strategies*", 2014.

<sup>40</sup> More broadly, in developing more autonomy to move their way through the world of work. The definition of entrepreneur is often related to business only, but here we would also include the more general meaning of it. Entrepreneurial spirit, in fact, "is characterized by innovation and risk-taking, and is an essential part of a nation's ability to succeed in an ever changing and increasingly competitive world". Source: <http://www.businessdictionary.com/definition/entrepreneurship.html>

for Civil Society Fellowships to enhance their skills on policy development. *Component 2* will aim to increase the educational and training opportunities and improve the employment perspectives for all youth. Particularly, this component will address challenges to youth **entrepreneurship** and **disadvantaged youth** by giving grants to those organisations that propose initiatives in this field and by identifying actions with significant potential for **systemic impact**<sup>41</sup>. *Component 3* will ensure the *effective functioning of the programme* by (i) *exploring synergies among all components*, (ii) *supporting the steering committee in its coordination and monitoring functions* and (iii) *through communication and visibility activities*. In addition, this component will support the alignment of the EU4Y programme with relevant **policy dialogues and actions**, thus ensuring the streamlining of youth issues at national and international level, and the sustainability of the EU4Y actions.

Through all actions particular attention will be devoted to **disadvantaged youth**<sup>42</sup> and to the involvement of **young women**.

## 15 CONTEXT

### 15.1 Regional context

The EU Summit held in Riga on 21-22 May 2015 identified economic growth and employability, particularly for youth, as one of the top priorities for action. This was also confirmed in the **Review of the European Neighbourhood Policy**<sup>43</sup> (ENP Review) which established *fostering youth employment and employability as one of its key objectives*. The Review considers this issue crucial to *stabilise neighbouring countries and to support their economic development*. Investing in youth allows not only to increase the pool of talented young people, but also to cooperate with young men and women from EaP and other countries on core aims of the EaP, such as **democracy and good governance**. It will foster young people's intercultural dialogue and strengthen the **links** between the youth field, the **civil society** and the **labour market**.

The situation in the region is alarming: according to the latest (August 2015) European Training Foundation (ETF) Report on **Young People Not in Employment, Education or Training** (NEETs), the NEET rate (15–24 years) represents a more serious problem in the region overall than in the EU. **Youth unemployment is twice or three times higher than overall**

<sup>41</sup> Such activities should aim at producing effects that go beyond supporting the single applicant and trigger a larger effect with a potential systemic impact and inspire reforms at national level.

<sup>42</sup> All those young people experiencing personal difficulties/obstacles, limiting/preventing them from taking part in transnational projects. The obstacles/difficulties may be: mental, physical, sensory or other disabilities; education difficulties (learning difficulties, early-school-leavers, etc.); economic obstacles (low standards of living, low income, etc.); cultural differences (immigrants/refugees/their descendants, national/ethnic minorities, etc.); chronic health problems; social obstacles (discrimination due to gender, age, etc.); limited social skills, anti-social or risky behaviours, precarious situations, (ex-)offenders, (ex-)drug or alcohol abusers, young and/or single parents, orphans; geographical obstacles (people from remote rural areas, small islands or peripheral regions). Reference: *Erasmus+ Programme Guide*.

<sup>43</sup> Review of the European Neighbourhood Policy - Joint Communication to the European Parliament, the Council, the European Economic and Social Committee and the Committee of the Regions, JOIN(2015)50, 18.11.2015.  
[http://ec.europa.eu/enlargement/neighbourhood/pdf/key-documents/151118\\_joint-communication\\_review-of-the-enp\\_en.pdf](http://ec.europa.eu/enlargement/neighbourhood/pdf/key-documents/151118_joint-communication_review-of-the-enp_en.pdf)

**unemployment and much higher than the EU average**<sup>44</sup> in Armenia (37.2%) and Georgia (30.8%)<sup>45</sup>. This is due *inter alia* to **skills mismatch, insufficient foundations skills and entrepreneurial skills and spirit, not inclusive education and training, and lack of active labour market policies** and activation strategies.

Such situation calls for action, since the NEET status can have a long-lasting negative impact, a ‘scarring effect’. In addition, if young people are at higher risks of future unemployment, they are also at higher risk of exclusion, of poverty and of facing health problems<sup>46</sup>.

**This is why the 2<sup>nd</sup> Eastern Partnership Youth Forum**, an event organised in Riga on 9-11 February 2015 within the framework of the EU Latvian Presidency and the Eastern Partnership Platform 4 “Contacts between people”, called to step up action on fostering young people's employability and employment, education, volunteering and cross-sectorial youth cooperation. The 230 participants from more than 30 different countries – including young people, youth workers and representatives of the labour market, formal education and research, ministries as well as international institutions – endorsed recommendations on these policy areas and **invited the European Commission to dedicate a programme to young people in Eastern Partnership countries.**

The ENP Review Communication suggested setting-up a specific panel on Youth employment and employability within the Eastern Partnership.

In response to this appeal, the new programme EU4Y should take into account and build on earlier measures implemented to support youth cooperation with the Eastern Partnership countries and explore all synergies with the on-going actions, in particular those under the **Erasmus + Programme (2014 – 2020)**. Erasmus+ provides support in line with the EU Youth Strategy (2010 – 2018), and through international non-formal learning activities between young people and youth workers from the Eastern Partnership Countries and the Erasmus+ Programme countries. In **2015** alone, the Erasmus+ Programme involved close to **22 000 young people and youth workers** from the Eastern Partnership countries and the Erasmus+ Programme countries into joint projects, namely: 'Youth exchanges', 'European voluntary service' projects, 'Mobility of youth workers', 'Meetings between young people and decision makers in the field of youth'.

Stakeholders express a high demand for a dedicated action focusing specifically on the challenges of young population at regional level. Such approach was implemented through the previous **Eastern Partnership Youth Window (EPYW, 2012-2013)** under the **Youth in Action Programme (2007-2013)** and the new action should build on the results achieved and the key

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<sup>44</sup> 22.2% in 2014

<sup>45</sup> According to the same ETF Report the data on youth unemployment for the other EaP countries are the following: Ukraine 23%, Azerbaijan 13.5%, Belarus 12% and Moldova 9.8%,

<sup>46</sup> Moving Youth into Employment - Communication from the Commission to the European Parliament, the Council, the European Economic and Social Committee and the Committee of the Regions, COM(2012)727, 5.12.2012.

lessons learned: the EPYW was most useful in supporting young people's needs in the areas of participation and **active citizenship, intercultural learning and mobility, employability and empowerment**. It had a significant impact on **strengthening civil society** in the EaP countries. The EPYW also contributed to **legitimising youth work and youth policy** as credible and important sectors of civil society. The key lessons and challenges related to the engagement of disadvantaged people, monitoring and communication as well as the regional dimension should be addressed by the new programme (see section 3 below for further details).

### *15.2 EU Policy Framework*

**Youth** is a **priority** for the EU, which has developed a youth policy at EU level since 2001<sup>47</sup>. Its legal basis is Article 165 of the Treaty on the Functioning of the European Union, which provides for encouraging the development of youth exchanges and exchanges of socio-educational instructors, and the participation of young people in the democratic life of Europe.

In November 2009, the European Council adopted the '**Resolution on a renewed framework for European cooperation in the Youth Field (2010-2018)**'<sup>48</sup>, the so-called '**EU Youth Strategy (2010-2018)**'. The latter has two overall objectives: to provide equal opportunities for young people (aged 13-30) in education and in the labour market and to encourage young people to be active citizens and participate in society. The Strategy is the basis for the cooperation between Member States – with an outreach also to regions outside the EU and in particular the European Neighbourhood countries.

A number of actions have been rolled-out over the last years, to promote investing in young people and their future, notably the **Youth Guarantee**<sup>49</sup> and the **European Alliance for Apprenticeship**<sup>50</sup>, both aiming to support young people's successful transition into work. Whilst these are not directly applicable to ENP countries, the objectives they pursue as well as the approaches they promote, can be an inspiration for the Neighbourhood countries.

**The ENP provides a framework for closer relations between the EU and its neighbouring countries**, which since 2009 has been further developed through the Eastern Partnership, a joint initiative between the EU and Armenia, Azerbaijan, Belarus, Georgia, the Republic of Moldova and Ukraine. Support to youth is identified within the **Regional East Strategy Paper** for the use of European Neighbourhood Instrument (ENI) funding for the period 2014-2020<sup>51</sup>. Youth support falls under support to the civil society and to people-to-people contacts, underlining the need to

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<sup>47</sup> European Commission White Paper "A New Impetus for European Youth", COM(2001)681, 21.11.2001.

<sup>48</sup> Council Resolution of 27 November 2009, Official Journal of the European Union, C311, 19.12.2009.

<sup>49</sup> Council Recommendation of 22 April 2013 on establishing a Youth Guarantee (2013/C 120/01)

<sup>50</sup> Launched in July 2013 with a [joint declaration](#) by the European Social Partners (ETUC, BusinessEurope, UEAPME and CEEP), the European Commission and the Presidency of the Council of the EU; see also Council Declaration, 18 Oct. 2013

<sup>51</sup> Commission Implementing Decision C(2014)5200 of 28.7.2014 adopting a Strategy Paper 2014-2020 and Multiannual Indicative Programme 2014-2017 for Regional East.

develop dialogue and exchanges between youth and to strengthen the capacity of youth organisations.

As stated above, youth is one of the main focuses of the **2015 ENP Review**. Lack of opportunity, particularly for youth, is considered to be one of the roots of instability, vulnerability and radicalisation. Social inclusion and participation in decision making, together with economic development and the **prospects** for youth, especially with regards to employment and **employability**, are highlighted as a key to stabilise societies in the Neighbourhood. Therefore, the ENP will mobilise a determined effort to support countries in improving prospects for the local population, in order to help the region becoming a place where young people want to build their future.

The 2015 ENP Review also recognises the importance of the link between advancing support for youth and increased civic engagement. Supporting **professionalization** and **leadership** in the EaP **youth activism** is seen as a stepping stone *per se* and is crucial for the sustainability of capacity building development targeting civil society. Therefore the EU committed to establishing **Civil Society Fellowships** engaging young men and women.

### *15.3 Stakeholder analysis*

Key stakeholders include *inter alia*:

- Public or private organisations and civil society organisations for which youth is a primary target group or which activities address key challenges of young people: youth workers, youth centres, advice centres for youth, youth councils on national and sub-national level, youth organisations or youth-led organisations, charity organisations, businesses, business associations, social partners, training providers, employment services, professional organisations and trade unions; other organisations focussing on sports and cultural activities.
- Schools and educational institutions, out-of-school educational establishments, Vocational education and training (VET) centres;
- Relevant national, regional and local authorities.

Key target groups include *inter alia*:

- Young men and particularly young women;
- Low achievers, early school leavers, young not in education, employment and training (NEETs);
- Disadvantaged youth;
- Young leaders and entrepreneurs;
- Youth organisation and youth workers.

The information available points out that those institutions dealing with youth issues often have insufficient capacity and know-how to develop appropriate responses or to engage with other actors. That predominantly applies to youth organisations but also to public authorities (e.g. employment services, local authorities) which often lack experience to put in place youth-specific measures. Moreover, actions developed to target youth are of very fragmented nature and it takes a cross-sectorial approach which is indispensable to achieve results in such complex area.

#### *15.4 Priority areas for support*

Building on the above information, the new EU4Y programme should aim to provide support in the following three key areas:

##### 1) Support to young people **employability** and **active participation** in society:

- Empower youth with skills supporting their active participation in economy, society and developing their entrepreneurial potential in its broader sense<sup>52</sup>;
- Increase youth organisations' expertise and capability to become important actors in policy developments on national, regional and local level in particular regarding youth issues;
- Create a generation of young leaders capable to develop constructive relations with public and private bodies; advance the interest of their local communities and act as responsible future leaders;
- Promote **entrepreneurship education** and **social entrepreneurship** among young people;
- Support skills development through non-formal training and practical experiences.
- Develop skills matching labour market needs.

##### 2) Strengthening youth **employment** opportunities:

- Support creative young people in maturing their **entrepreneurial ideas** and equipping them with skills to look for appropriate implementation schemes and funding;
- Encourage broader **policy dialogue and actions** to promote cross-sectorial approaches for youth and streamlining youth at national level. A particular focus will be devoted to youth employment issues;
- Include the private sector to foster the creation of jobs and potential investment strategies.
- Support to national policies for an improved regulatory framework, inclusive and favourable environment.

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<sup>52</sup> See footnote 23.

3) Reach-out to **disadvantaged youth**<sup>53</sup>:

- Address the main **challenges** for disadvantaged young people (e.g. increasing their educational, training and/or employment opportunities) by awarding funds to the development of ideas potentially having a systemic impact in this area;
- **Streamline** support to disadvantages youth in all the actions of the EU4Y;
- Promote the inclusion of **young women** in all the proposed activities, with the final objective of achieving gender balance.

4) Ensure **inter-relation** and **mutual support** among all the activities of the EU4Y programme and beyond:

- Ensure synergies with existing policies addressing youth<sup>54</sup>;
- Ensure **coordination** among the EU4Y components, and support **monitoring** and **visibility** for the entire programme;
- Explore links and additional opportunities with **other projects** and initiatives, in particular those financed by the EU.

## 16 RISKS AND ASSUMPTIONS

| Risks   | Risk level  | Mitigating measures  |
|---|-------------|--|
| <p><b>Regional instability.</b> Recent events have shown that there is a potential for instability in the EaP region, including in external relations involving partner countries. An escalation of such trends in one or more partner countries can have an impact on the delivery of the programme.</p> | Medium/High | Throughout the implementation of the programme, the political situation will be regularly <b>monitored</b> , in order to be able to <b>adapt</b> efforts to changing circumstances.                                |
| <p><b>The level of commitment is low</b> among the EaP national and local institutions. This may lead to low participation from the EaP institutions in the activities promoted by this action.</p>   | Low/Medium  | Youth employment and employability is high on the agenda of most EaP countries. Through the various capacity building activities, the implementing partners will <b>ensure</b> the <b>participation</b> of as many |

<sup>53</sup> See definition in footnote 5.

<sup>54</sup> See 1.2 - *EU Policy Framework*



|   |                    |  |
|---|--------------------|--|
| <p><b>Shrinking space for civil society</b> operation in some of the EaP countries, in particular Azerbaijan.</p>   | <p>Medium/High</p> | <p>A <b>tailor-made approach</b> will be sought together with the EACEA when it comes to the implementation of the Civil Society Fellowships, according to the situation on the ground in the various EaP countries.</p> |
| <p><b>Assumptions</b></p> <ul style="list-style-type: none"> <li>➤ There is some degree of political stability in the region;</li> <li>➤ Public authorities consider that investing in youth employment and employability is a strategic priority, that youth involvement in policy-making brings an added-value, especially in those policy areas in which young people are directly concerned;</li> <li>➤ Key stakeholders, notably private sector, can be mobilised if interested in partnerships;</li> <li>➤ Youth organisations are interested in engaging in policy dialogue and/or in youth projects and initiatives;</li> <li>➤ It is possible to reach out to disadvantaged youth and enable them to take part in the</li> </ul> |                    |  |

activities of the action;

- Public institutions are willing to engage in discussions to implement projects with potential systemic impact.

The action will be closely monitored in all its phases, not only through the steering committee supported by component 3 in its monitoring and coordination functions – but also by exploring linkages with discussions in relevant Eastern Partnership Platforms and Panels.

## 17 LESSONS LEARNT, COMPLEMENTARITY AND CROSS-CUTTING ISSUES

### 17.1 Lessons learnt

This programme builds on the **Eastern Partnership Youth Window (EPYW)** under the **Youth in Action Programme** (2007-2013) which offered non-formal learning opportunities to young people enhancing their skills, competences and active participation in society, through European Voluntary Service, Youth exchanges and training and networking.

Out of the EPYW's total budget – EUR 31.5 million over the period 2012-2013 – allocated from the European Neighbourhood and Partnership Instrument (ENPI), EUR 19 million were managed and implemented at national level by the Youth in Action National Agencies (NAs), while the remaining third (EUR 12.5 millions) were managed and implemented at central level by the Education, Audio-visual and Culture Executive Agency (EACEA).

In terms of **results achieved**, NAs funded 1 183 projects, while the EACEA granted 465 projects submitted by youth organisations from EaP countries. The **1 648** projects involved about **37 000 young people and youth workers**. An important number of young people were involved in several projects<sup>55</sup>:

- **56%** at national level, with **48.76%** participation of young women.
- **44%** at central level, with **47.87%** participation of young women.

The demand under the EPYW was high: all funds were used, demonstrating high interest and demand at all levels (NAs/EACEA).

The results and recommendations of the **evaluation of the EPYW** pointed out that the programme has addressed some of its planned objectives. The EPYW was most useful *inter alia* in: supporting young people's needs in the areas of participation and active citizenship,

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<sup>55</sup> According to the evaluation Final Report: "In total 37,247 young people and youth workers participated in all activities (...). According to the information gathered through the online survey, it can be assumed that around one third (35%) EPYW project participants have participated only in one project (EVS or Youth Exchange or Training & Networking) while the other two thirds (65%) have participated in two and more (some up to 11) projects during the life time of the programme. In average each individual contributing as a "participant" in the survey (713) has participated in 3-4 projects. This suggests that the actual number of young people and youth workers who participated in EPYW funded projects is between 9 000 and 12 000".

intercultural learning and mobility, employability and empowerment; strengthening civil society; and legitimising youth work and youth policy as credible and important sectors of civil society.

The **centralised** method of implementation has been clearly indicated by the beneficiaries as the preferred one (also for future co-operation).

Some **challenges** were also identified:

- 1) The number of **disadvantaged young people** directly reached was **lower** than expected.
- 2) **Regional co-operation** was **not perceived** by beneficiaries as an important priority.
- 3) **Monitoring, communication, visibility** and **coordination** with other EU or non EU programmes targeting youth have not been carried out in the best way.
- 4) The EPYW's short-term character affected the **sustainability** of result.

Apart from the evaluation of the EPYW, this Action builds also on key recommendations for the EU Member States resulting from the **2<sup>nd</sup> Eastern Partnership Youth Forum**. These call for the promotion of the local and regional dimensions of youth activities, by focusing the assistance on disadvantaged youth from the EaP region, and by setting up a mechanism for closer monitoring of the impact of these activities.

In addition, the final conference of the **Eastern Partnership Youth Regional Unit** technical assistance (2012-2015) took place in November 2015 and presented the main findings of the EaP Youth Policy Report, which provided the state of play regarding youth policy in each EaP country, also identifying recommendations for future progress in the design, implementation and monitoring of youth policy.

It is also worth mentioning that the **Small Business Act 2016** assessment in the EaP concluded that more developed support for youth entrepreneurship through education and training, as well as non-formal mentoring by the business community will be essential in building a more entrepreneurial economy. Entrepreneurship training for young entrepreneurs (men and women) must be dove-tailed with access to finance requiring a more joined-up policy conversation between education, business and the banking communities.

### *17.2 Complementarity, synergy and donor coordination*

The actions in the field of youth in the EaP are many and a mapping of all current initiatives in this sector would be necessary. According to current information, co-ordination and co-operation with the below programmes and institutions will be particularly important with parallel insurance of proper information and follow-up on policy level.

#### Erasmus + Programme (2014-2020)

Complementarity with the current **Erasmus+ Programme**<sup>56</sup> will be sought. The Erasmus+ Programme is the EU programme to support education, training, youth and sport in Europe. Its

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<sup>56</sup> E+ is the result of the integration of the Erasmus+ Programme (2014 – 2020) with the following European programmes during the period 2007-2013: the Lifelong Learning Programme, the Youth in Action Programme, the Erasmus Mundus Programme, Tempus, Alfa, Edulink, and programmes of cooperation with industrialised countries in the field of higher education.

budget of EUR 14.7 billion provide opportunities for more than 4 million European to study, train, volunteer and gain experience abroad. 10% of the budget is allocated to youth non-formal learning activities. This includes also youth cooperation with partner countries neighbouring the EU, including EaP countries. Erasmus+ National Agencies are entitled to use up to 25% of funds allocated to Erasmus+ Key Action 1 “Mobility projects for young people and youth workers” for projects involving cooperation with partner countries neighbouring the EU, including EaP countries.

Directorate-General Education and Culture of the European Commission (DG Education and Culture) ensures good tracking of resources used under the European Neighbourhood Instrument (Heading IV) in order to facilitate the monitoring and evaluation of results.

Co-operation with Erasmus + bodies focusing on monitoring, such as EACEA and the SALTO Youth Eastern Europe and Caucasus Resource Centre (SALTO EECA)<sup>57</sup>, will be of particular importance. The SALTO EECA's information, support and training activities in the EaP region have played an important role in ensuring the quality of youth projects implemented in the region. These activities came in addition to the information sessions organised and run in each EaP country by the EACEA as a means of promoting the previous Eastern Partnership Youth Window.

### European Training Foundation

The **European Training Foundation** (ETF) is an EU agency that helps transition and developing countries to harness the potential of their human capital through the reform of education, training and labour market systems, and in the context of the EU's external relations policy.

The expertise of ETF in facilitating the reform of vocational education and training and employment systems in partner countries could be extremely useful within the scope of the EU4Y. This is why the Commission will propose in its Opinion on the ETF Programming Document (2017-2020) to include activities to support development of cross-sectoral youth policies focusing on youth employment. To ensure alignment between the programme and ETF actions ETF will be invited to take part to the EU4Y steering committee.

### Council of Europe

Coordination will also be ensured with the **Council of Europe** (CoE). As a partner of the Commission in the field of youth in the **EU-CoE youth partnership**, the CoE has organised several seminars on youth participation and well-being and on youth policy in Eastern Europe and Caucasus (2008-2014). The EU-CoE Youth Partnership also offers youth policy training courses on the basis of a youth policy manual. Whilst the CoE will not organise activities in the

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<sup>57</sup> SALTO EECA currently located within the Polish National Agency Foundation for Development of Education System (FDES) which also deals with the eTwinning National Support Service (NSS), within the eTwinning Plus Programme.

EaP countries in 2016, participants from the region will be invited to take part in the CoE activities<sup>58</sup>. Beyond the EU-CoE youth partnership, the CoE Youth Department will also organise a broad number of activities with participants from the EaP countries, with the support of the CoE European Youth Foundation<sup>59</sup>, amongst others.

Moreover, the CoE signed a new **framework agreement** with the Ministry of Youth and Sport of **Ukraine** for the period 2014-2015. The agreement focuses on trainings in the fields of youth policy development and capacity-building, human rights, education and youth participation. It also calls for support to confidence-building and conflict-transformation measures. The programme has run since 2012 and has been funded mostly through voluntary contributions. As a follow-up to the agreed 2014-2015 action plan, the European Youth Foundation also opened a special call for pilot projects in Ukraine. The Framework Programme on Co-operation in the field of Youth Policy is part of the CoE Action Plan on Ukraine.

### International organisations

Coordination with other international organisations - in particular the **United Nations** (UN) (i.e. the UN Youth Envoy), the **International Labour Organisation** (ILO), the **United Nations Development Programme** (UNDP) and the **World Bank** (WB) – shall be sought. This will include inviting relevant representatives to events, and sharing relevant information with them to promote greater synergies.

At project level, inspiration will be sought from similar initiatives. Of particular interest is the UNDP-EU project in Armenia implemented by Kolba Innovation Lab and called “**Inno4Dev** – Innovation for Development”. The project entails a “social venture incubator”, aiming at reducing the distance between citizens and authorities, and to increase citizens’ engagement on common social challenges. The overall purpose of this project is to turn citizens into solvers of development problems and its modalities are easily adaptable to other contexts.

Another example of initiative in the field of youth where possible synergies can be sought is the ongoing project "EU-OECD Youth Inclusion"<sup>60</sup> funded by DEVCO and implemented in Moldova. It aims at better responding to the needs and aspirations of young people through evidence-based policies and strengthening their involvement in national development processes. This project will analyse the indicators to measure youth well-being deficits. A global

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<sup>58</sup> Symposium “Unequal Europe” to discuss inequalities in education and training systems, in the labour market, in access to rights and social benefits; 6th workshop on the history of youth work on the history of political participation and youth work.

<sup>59</sup> "The European Youth Foundation [...] is an establishment of the Council of Europe [aiming] to promote youth co-operation in Europe by providing financial support to such European youth activities as serve the promotion of peace, understanding and co-operation between the people of Europe and of the world, in a spirit of respect for human rights and fundamental freedoms" (Article 1 of the Statutes of the European Youth Foundation).

<sup>60</sup> DCI-HUM/2013/317-506, website: <http://www.oecd.org/dev/inclusivesocietiesanddevelopment/youth-inclusion-project-2014-2017.htm>

methodology and toolkit will be developed to assist countries in implementing and strengthening youth inclusion strategies

### Linkages with political dialogue

Last but not least, the implementation of this programme and all its actions at project level shall be complemented by **policy dialogue** at Platforms and Panels level. The EaP **Platform 4** "People-to-people contacts" and **Platform 2** "Economic integration & convergence with EU policies" are particularly relevant for monitoring the results of this programme and its actions. The Directorate General for Education and Culture chairs Platform 4, which regularly brings together senior officials in charge of education, training, research, youth and culture policies, as well as other actors from civil society. On 15 June 2015, youth was the main topic of Platform 4.

Platform 2 is chaired by the Directorate-General for Internal Market, Industry, Entrepreneurship and SMEs, and discusses topics important from the employment related aspects of this programme. The foreseen Panel on Youth Employment and Employability, currently under discussion, would further support this action and complementarity would have to be sought.

Furthermore, the action should feed into the **EaP Youth Forum** and other relevant events.

### *17.3 Cross-cutting issues*

The EU4Y will contribute to the goal of **good governance**, through the inclusion of a broad range of societal stakeholders in the activities of the projects and the promotion of active participation among young people in community-based projects. This action will bring also a significant number of young people closer to youth-related policy making processes at local, regional and national level.

This programme will also foster respect for **cultural diversity** and **intercultural learning**. Facilitating joint activities of young people from different cultural, ethnic and religious backgrounds will also be addressed.

**Gender** is identified as a priority and **key cross-cutting theme**. Young women in the region face negative gender stereotypes on how they should be and which roles they should play in society. At the same time, young men face masculine stereotypes that have a negative impact on, for example, their level of education. The EU4Y will address such priorities through i) actions targeting young women directly and by identifying young women as one of the target groups; ii) aiming at gender balance at the level of participants to the various EU4Y actions.

**Disadvantaged youth**<sup>61</sup>, will be addressed in all the actions of the programme, as well as specifically under component 2.

**Environmental sustainability**, including **climate change mitigation**, may be included as a theme in community-based activities under the Grant component.

## 18 DESCRIPTION OF THE ACTION

### 18.1 Objectives/results

The objective of the EU4Youth programme is to foster the **employability** and the **active participation** of young people in society and economy, by developing **skills** needed in the labour market and by supporting them in becoming **leaders** and **entrepreneurs**, by facilitating transition and the search for new professional opportunities. Advancing **cross-sectorial youth policies** will be supported through better capacity of youth organisations to engage in policy development and to build constructive relations with public and private bodies. Furthermore, the action will aim to support efforts for the development of broad partnerships bringing together relevant authorities, with other key stakeholders, like businesses, social partners, vocational education and training (VET) providers, employment services, youth representatives. Particular attention will be devoted to **disadvantaged youth** – and to the inclusion of **women**. More specifically:

Component 1 – This component *will empower young people with key **competences and skills** supporting their **active participation** in democratic life and the labour market. Capacity building activities will focus on skills and competencies crucial for developing entrepreneurial potential, leadership and active participation in social and economic life.*

Component 2 – This component will aim to increase educational opportunities and employment perspectives for all youth. Particularly, challenges faced by **disadvantaged youth** and in the field of **entrepreneurship** will be addressed by a grant scheme for those organisations active in these areas, aiming to identify actions with significant potential for **systemic impact**<sup>62</sup>.

Component 3 – This component will ensure the *effective overall functioning, coordination and visibility of the programme. In addition, it will support the alignment of the EU4Y with relevant **policy dialogues and actions**.*

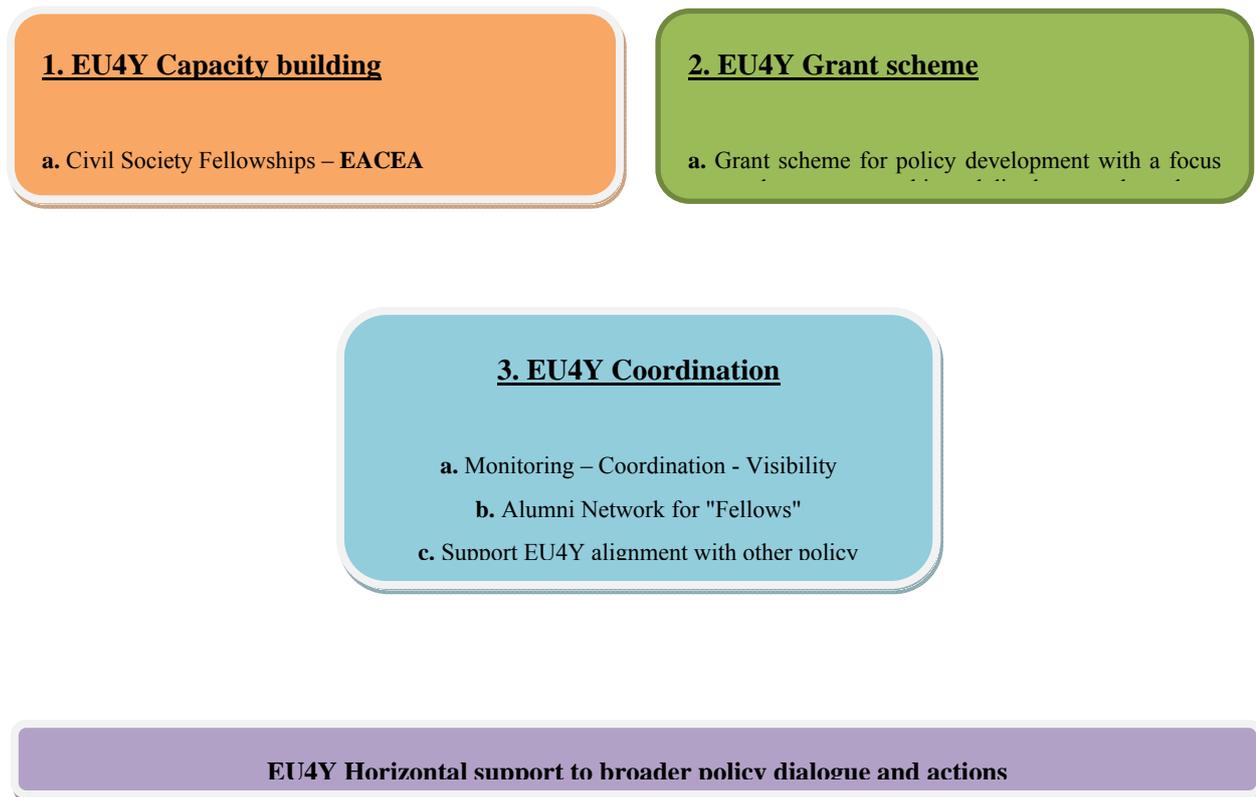
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<sup>61</sup> See definition in footnote 4.

<sup>62</sup> Such activities should aim at producing effects that go beyond supporting the single applicant and trigger a larger effect with a potential systemic impact and inspire reforms at national level.

## 18.2 Main Activities

The activities will be structured into **3 components**:



### **Component 1: EU4Y Capacity building**

**Result 1:** Youth organisations are more capable to build the capacity of youth in *key competences*<sup>63</sup> and *skills* – such as those related to *citizenship, entrepreneurship and leadership* – needed to support their *active participation* in democratic life and to increase their *employability*.

<sup>63</sup> Source: Recommendation 2006/962/EC of the European Parliament and of the Council of 18 December 2006 on key competences for lifelong learning [Official Journal L 394 of 30.12.2006] The recommendation states that: "Key competences in the shape of knowledge, skills and attitudes appropriate to each context are fundamental for each individual in a knowledge-based society. They provide added value for the labour market, social cohesion and active citizenship by offering flexibility and adaptability, satisfaction and motivation".

To achieve Result 1 *capacity building actions targeting youth organisations, youth workers and leaders will be organised by EACEA. Eligible applicants, among others, will be youth organisations, civil society organisations and/or private companies, including social enterprises and consortia of such organisations. These Capacity building activities will entail:*

- The *Civil Society Fellowships for youth* – Through inclusive and participatory capacity building projects (calls for proposals), youth organisations and youth workers will be enabled to deploy their potential in becoming active participants in **policy-development** and **policy making**, in particular regarding youth issues. Their skills will be enhanced to build constructive relations with a variety of partners, including public bodies and civil society organisations. Promising **young leaders** (the Fellows) will be selected from those organisations that took part in the capacity building, and will have the chance to enhance their skills and competences in the field of **policy development**, through mobility activities and working in hosting organisations in the EU, taking part in, inter alia, **mentorship schemes** and **job shadowing**, and carrying out **small policy engagement projects** upon return to their sending organisation.
- The *Partnerships for Entrepreneurship* – This activity (calls for proposals) will support actions that aim at promoting **entrepreneurship education**<sup>64</sup> and **social entrepreneurship** among young people through transnational cooperation projects based on multilateral partnerships between organisations working in the mentioned areas, including business. Priority will be given to proposals that give practical solutions to social challenges present in the communities of origin and exploit the economic potential of the region. The involvement of the private sector will be considered also important.

A link to the activities in the areas of entrepreneurship and disadvantaged youth within Component 2 of this action will be envisaged.

## **Component 2: EU4Y Grant scheme**

**Result 2:** Challenges faced by **disadvantaged youth** and by all youth in the field of **entrepreneurship** are addressed.

Calls for proposals will be set up to:

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<sup>64</sup> Entrepreneurship does not only entail the business dimension, but is also being developed as a way of developing skills such as risk-taking and problem solving that facilitate achievement of life goals and in education.

- Increase the educational and training opportunities and improve the employment perspectives of **vulnerable and disadvantaged<sup>65</sup> young people**. Particular attention should be paid to young people living in rural or deprived urban areas, as well as to those coming from families with disadvantaged socio-economic background. As quality education is a foundation for better social and employment prospects, this action will also support leaders in the education field who are dedicated to offer quality education to all young people including those from most disadvantaged families and areas.
- **Support creative young people in maturing their entrepreneurial ideas** and equipping them with skills to look for appropriate implementation schemes and funding<sup>66</sup>. Entrepreneurship education is essential not only to provide the skills and knowledge that are central to developing an entrepreneurial culture, but also to shape the mind-sets of young people. According to the Key Competence Framework<sup>67</sup>, the entrepreneurship key competence refers to an individual's ability to turn ideas into action. It includes creativity, innovation and risk taking, as well as the ability to plan and manage projects in order to achieve objectives<sup>68</sup>. Particular attention should be paid to those economic sectors with higher appeal on youth – i.e. innovation and IT, creative industries, green economy, etc. – and to social entrepreneurship. The involvement of the Private sector is key for the success of this initiative.

Such activities should aim at producing effects that go beyond supporting the single applicant and trigger a larger effect with a potential systemic impact and inspire reforms at national level. When relevant, creating the necessary links between the education and training system, the labour market and society at large in the partner countries will be supported.

### **Component 3: EU4Y Coordination**

**Result 3:** *effective functioning of the programme is ensured by (i) exploring **synergies** among all components, (ii) supporting the steering committee in its **coordination** and **monitoring** functions and (iii) through **communication** and **visibility** activities. In addition, the alignment of the EU4Y programme with relevant **policy dialogues** and **actions** (e.g. with the discussions in the relevant EaP Platforms and Panels, with the activities supported by ETF etc.) is supported, thus ensuring the streamlining of youth issues at national level, and the sustainability of the EU4Y actions.*

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<sup>65</sup> See definition in footnote 6.

<sup>66</sup> With the roll-out of the DCFTA Facility in some partner countries and economically-driven actions in others, this action will be also important to support potential young entrepreneurs to develop their ideas into concrete projects and business endeavours which in turn should help them to apply for resources on commercial markets and through other EU-financed initiatives, with partial focus on those supporting municipal economic development.

<sup>67</sup> Recommendation 2006/962/EC of the European Parliament and of the Council of 18 December 2006 on key competences for lifelong learning [Official Journal L 394 of 30.12.2006].

<sup>68</sup> Entrepreneurship Education at School in Europe. National Strategies, Curricula and Learning Outcomes. Eurydice, March 2012.

To achieve Result 3 the following activities are envisaged:

- Explore **synergies** among all the components of the action, as well as with **other key programmes**, donors and organisations, with joint information when relevant;
- Support the steering committee in its **coordination** and **monitoring** activities for all the components (where possible and in respect of the legal status of EU Agencies);
- Carrying out **communication** and **visibility** activities<sup>69</sup>;
- Provide **structured information** for all relevant meetings within the EaP, including Platforms and Panels.
- Ensure the alignment of the EU4Y programme with relevant policy dialogues and actions through, *inter alia*, preparation of appropriate **information** for different target groups and audiences, organisation of capacity building events or other suitable activities (when relevant).

### **Horizontal support to encourage broader policy dialogue on youth issues**

The aim of this horizontal support is to link all the actions under components 1 and 2 to broader **policy dialogue towards cross-sectorial policies** with focus on **youth employment** issues. This would not only ensure that youth related issues are **mainstreamed** into the relevant policies, but also consistently contribute to the **sustainability** of the actions performed under the EU4Y programme.

Beside the activities within this action, the European Commission will propose in its *Opinion on the ETF Programming Document* (2017-2020) to include activities for the promotion and development of youth partnerships for employment in the new work programme.

#### *18.3 Intervention logic*

##### *Intervention logic for component 1*

Component 1 serves the general objective of the action by *empowering young people with key competences and skills supporting their **active participation in democratic life, citizenship, entrepreneurship and leadership**, through capacity building actions targeting youth organisations, youth workers and leaders with embedded Civil Society Fellowships.*

##### *Intervention logic for Component 2:*

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<sup>69</sup> In line with the provisions of 5.10 - *Communication and visibility*.

Component 2 serves the general objective of the action by increasing educational and employment opportunities for all youth, particularly addressing challenges facing youth **entrepreneurship** and **disadvantaged youth** via assisting policy development in these areas through the identification of actions with significant potential for **systemic impact**.

#### Intervention logic for Component 3:

Component 3 serves the general objective of the action by ensuring the *effective functioning of the programme as well as* the alignment of the EU4Y programme with relevant **policy dialogues, actions** and **programmes**. Furthermore it will create **synergies** with other relevant programmes for mutual reinforcement and to avoid duplications.

## **19 IMPLEMENTATION**

### *19.1 Financing agreement*

In order to implement this action, it is not foreseen to conclude a financing agreement with the partner country, referred to in Article 184(2)(b) of Regulation (EU, Euratom) No 966/2012.

### *19.2 Indicative implementation period*

The indicative **operational** implementation period of this action, during which the activities described in section 4.2 will be carried out and the corresponding contracts and agreements will be implemented, is **48 months** from the date of adoption by the Commission of this Action Document.

Extensions to the implementation period may be agreed by the Commission's authorising officer responsible, by amending this decision and the relevant contracts and agreements; such amendments to this decision constitute technical amendments in the sense of point (i) of Article 2(3)(c) of Regulation (EU) No 236/2014.

### *19.3 Implementation modalities*

#### 5.3.1 – Component 1 – calls for proposals (direct management)

Component 1 will be implemented under direct management mode and the implementing body will be the Education, Audiovisual and Culture Executive Agency (EACEA). This direct management is in accordance with Article 58(1)(a) of Regulation (EU, Euratom) No 966/2012.

This implementation method is justified because EACEA is responsible for the implementation of the Erasmus+ Key Action 2 – Capacity Building in the field of youth and this Component will be implemented as a Window of the Erasmus+ Programme. This will provide for the fastest and most effective response, given that it combines already tested mobility and non-formal learning activities by being integrated into an already existing programme, with established sustainable structures. This includes notably EACEA's experience in this field.

The EACEA will be responsible for the management of this Component under the same implementation methods as the foreseen under the Erasmus+ Key Action 2 (Erasmus+ Programme Guide), under the supervision of relevant Directorate-Generals of the Commission. As contracting authority, the EACEA will be responsible for the selection/evaluation/award procedure.

(a) Objectives of the grants, fields of intervention, priorities of the year and expected results

As defined in section 4 above.

(b) Eligibility conditions

As defined in section 4 above.

(c) Essential selection and award criteria

As defined in section 4 above.

(d) Maximum rate of co-financing

The maximum possible rate of co-financing for grants under this call is up to 95%.

In accordance with Articles 192 of Regulation (EU, Euratom) No 966/2012, if full funding is essential for the action to be carried out, the maximum possible rate of co-financing may be increased up to 100 %. The essentiality of full funding will be justified by the Commission's authorising officer responsible in the award decision, in respect of the principles of equal treatment and sound financial management.

(e) Indicative timing to launch the call

1<sup>st</sup> half of 2017.

### 5.3.2 – Component 2 – call for proposals (direct management)

(a) Objectives of the grants, fields of intervention, priorities of the year and expected results

As defined in section 4 above.

(b) Eligibility conditions

As defined in section 4 above.

(c) Essential selection and award criteria

The essential selection criteria are financial and operational capacity of the applicant.

The essential award criteria are relevance of the proposed action to the objectives of the call; design, effectiveness, feasibility, sustainability and cost-effectiveness of the action.

(d) Maximum rate of co-financing

The maximum possible rate of co-financing for grants under this call is up to 95%.

In accordance with Articles 192 of Regulation (EU, Euratom) No 966/2012, if full funding is essential for the action to be carried out, the maximum possible rate of co-financing may be increased up to 100 %. The essentiality of full funding will be justified by the Commission's

authorising officer responsible in the award decision, in respect of the principles of equal treatment and sound financial management.

(e) Indicative timing to launch the call

1<sup>st</sup> half of 2017.

### 5.3.3 – Component 3 - procurement (direct management)

| Subject     | Type     | Indicative number of contracts | Indicative trimester of launch of the procedure |
|-------------|----------|--------------------------------|---|
| Component 3 | Services | 1                              | 4 <sup>th</sup> quarter of 2016                 |

#### 19.4 Scope of geographical eligibility for 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 in accordance with Article 9(2)(b) of Regulation (EU) No 236/2014 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.

#### 19.5 Indicative budget

|   | <b>EU contribution<br/>(amount in EUR)</b> |
|---|--|
| 5.3.1 – Component 1 – Call for proposals by EACEA (direct management) | 9 million <sup>70</sup>                    |
| 5.3.2 – Component 2 – Call for proposals (direct management)          | 8.5 million                                |
| 5.3.3 – Component 3 – procurement of services (direct management)     | 2.5 million <sup>71</sup>                  |
| <b>Totals</b>   | <b>20 million</b>                          |

<sup>70</sup> The repartition of funds within this Component will indicatively be: 60% for the "Civil Society Fellowships for youth"; 40% for the "Partnerships for entrepreneurship". Additionally, a limited amount will be used by EACEA for the visibility of the calls for proposals, the production and distribution info material on the initiatives.

<sup>71</sup> Funds unspent for the Service Contract will be allocated to the Calls for Proposals in point 5.3.2.

### *19.6 Organisational set-up and responsibilities*

A project steering committee will be created, bringing together the representatives from the **implementing authorities**, representatives of relevant **European Commission** services (DG Neighbourhood and Enlargement Negotiations and DG Education and Culture) and representatives of EACEA and of ETF. The projects will be implemented in close cooperation with the **EU Delegations** in the Eastern Partnership countries. Results achieved will be presented at the EaP Platforms meetings.

Among the European Commission Services involved in this action, the role of DG Neighbourhood and Enlargement Negotiations is crucial, as initiator and final monitoring body. DG Neighbourhood and Enlargement Negotiations will chair the steering committee and address directly to the implementing partners all issues and concerns pertaining to the activities within this action, in line with the Commission priorities and policies. In close coordination with other concerned Commission services ("line DGs"), it will make sure that the outcomes of all activities within this action will be presented at the relevant EaP Platforms and Panels to enhance the multilateral policy dialogue on youth.

The steering committee shall:

- Provide an opinion on the annual work programme of the action;
- Discuss action objectives, related activities and expected results and the most beneficial ways for implementing the action;
- Discuss progress with the delivery of the action's substantive products and its impact;
- Discuss issues that impede action implementation and suggest how they might be alleviated;
- Share information on the other cross-cutting Commission-funded programmes in the region as well as information on participating countries' efforts to reform their policies in line with policy recommendation provided within the action;
- Discuss how donor and stakeholder coordination more generally be best achieved.

The annual work programmes will be formally presented by the implementing entities and formally approved by the European Commission, taking into account the discussions taking place at the annual meeting.

### *19.7 Performance 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 partners' responsibilities. To this aim, the implementing partners shall establish a permanent internal, technical and financial monitoring system for the action. This system will be coordinated and supervised by the contractor that will

be awarded with component 3, except for those activities implemented by EACEA. The Executive Agency will be responsible to monitor on the activities under its own responsibility in component 1 of this action.

Regular progress reports (not less than annual) and final reports will be produced. 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 log frame matrix (for project modality) where appropriate. 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 reports, narrative and financial, will cover the entire period of the action implementation.

For this action, an **annual report** and a **bi-monthly newsletter** are foreseen.

The EACEA, in cooperation with DG Education and Culture may undertake additional project monitoring visits both through its own staff and through external consultants recruited directly for independent monitoring reviews (or recruited by the responsible agent contracted by the European Commission for implementing such reviews).

For **component 1** performance monitoring will be supervised by DG Education and Culture and by EACEA.

For **component 2** performance monitoring will be supervised by the contractor that will be awarded with the service contract under component 3.

Globally, this will enable EACEA and the contractor to monitor activities and performance, as well as to offer guidance to beneficiary organisations.

Performance indicators will relate to, inter alia:

- The **impact** of the programme on young people and youth workers' personal and skills development through personal interviews or questionnaires on a sample of participants;
- The **number of projects and project participants supported by the programme**, with a focus on matching the following priorities: projects demonstrating a clear commitment to provide support to **disadvantaged youth** (indicatively minimum **30%**) and projects committed to **gender equality** (the overall participation of young men and women should indicatively be **50% and 50%**);

Monitoring measures of the flow of participants from the 33 Erasmus+ Programme countries and from EaP countries will be conducted on a regular basis and, if necessary, measures will be taken by the European Commission in order to ensure sufficient opportunities for participants from the EaP countries.

### *19.8 Evaluation*

Having regard to the importance of the action an **evaluation will be carried out** for this action or its components via independent consultants contracted by the European Commission.

The evaluation will be carried out to ensure that the proposed set up responds to the needs of the youth in EaP countries. A gender analysis should also be included.

The European Commission shall inform the implementing partners at least 2 months in advance of the dates foreseen for the evaluation missions. The implementing partners 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 EaP countries and other key stakeholders where relevant. The implementing partners and the European Commission shall analyse the conclusions and recommendations of the evaluations and, where appropriate, in agreement with the partner countries, 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.

### *19.9 Audit*

Without prejudice to the obligations applicable to contracts concluded for the implementation of this action, the European 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(s) shall be covered by another measure constituting a financing decision.

### *19.10 Communication and visibility*

Communication and visibility of the EU are 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 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 contractors and grant beneficiaries. Appropriate contractual obligations shall be included in procurement and grant contracts.

The Communication and Visibility Manual for European Union External Action shall be used to establish the Communication and Visibility Plan of the Action and the appropriate contractual obligations.

All necessary measures will be taken to publicise the fact that the Action has received funding from the EU. Additional Visibility Guidelines developed by DG Neighbourhood and Enlargement Negotiations will have to be followed.

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 interventions. Visibility actions should also promote transparency and accountability on the use of the funds.

It is the responsibility of the contractor and grant beneficiaries to keep the EU Delegations fully informed of the planning and implementation of the specific visibility and communication activities.

Visibility and communication actions will be reported to the monitoring committee and the sectorial monitoring committees.

## 20 APPENDIX - INDICATIVE LOGFRAME MATRIX (FOR PROJECT MODALITY)

The activities, the expected outputs and all the indicators, targets and baselines included in the logframe matrix are indicative and may be updated during the implementation of the action, no amendment being required to the financing decision. When it is not possible to determine the outputs of an action at formulation stage, intermediary outcomes should be presented and the outputs defined during inception of the overall programme and its components. The indicative logframe matrix will evolve during the lifetime of the action: new lines will be added for including the activities as well as new columns for intermediary targets (milestones) for the output and outcome indicators whenever it is relevant for monitoring and reporting purposes. Note also that indicators should be disaggregated by sex whenever relevant.

|                                      | Results chain  | Indicators  | Baselines<br>(incl. reference year)  | Targets<br>(incl. reference year)  | Sources and means of verification   | Assumptions  |
|--------------------------------------|--|---|--|--|---|--|
| Overall objective:                   | Foster young people active participation in democratic life and in the labour market   |   |  |  |   |  |
| Specific objective(s):<br>Outcome(s) | <ul style="list-style-type: none"> <li>- Support participation of youth in society</li> <li>- Support employability of youth</li> <li>- Support entrepreneurial skills of youth</li> <li>- Support young leaders</li> <li>- Support disadvantaged youth</li> </ul> | <ul style="list-style-type: none"> <li>- Improved knowledge of participating organisations on active citizenship.</li> <li>- Improved knowledge of participating organisations on active entrepreneurship.</li> <li>- Increased youth organisations' capability to promote young leaders</li> <li>- Improved leadership skills acquired through the "Fellowships"</li> <li>- Youth participating in the activities are more aware of employment perspectives</li> </ul> | Activities will have to be defined at project level and the relevant indicators' baseline will follow accordingly. | Activities will have to be defined at project level and the relevant indicators' baseline will follow accordingly. | <ul style="list-style-type: none"> <li>- Fact-sheets for every component's activity.</li> <li>- Interim reports from implementing partners.</li> <li>- Visit to EaP implementation sites.</li> <li>- Reports from the EU Delegations.</li> <li>- Attendance lists for each component's activity.</li> </ul> | <ul style="list-style-type: none"> <li>- Stability of the region.</li> <li>- Beneficiaries' and stakeholders' Active participation in all project activities.</li> </ul> |

|                |   |   |  |  |   |  |
|----------------|---|---|--|--|---|--|
|                |   | - Disadvantaged youth are more involved in society  |  |  |   |  |
| <b>Outputs</b> | <ul style="list-style-type: none"> <li>- Young leaders' skills on policy advocacy are enhanced.</li> <li>- Entrepreneurship education and social entrepreneurship education is conveyed to participating organisations.</li> <li>- Disadvantaged youth's educational opportunities are enhanced</li> <li>- Employment perspectives for youth are clearer</li> <li>- Employability skills for young people are enhanced</li> </ul> | <ul style="list-style-type: none"> <li>- Nr. of young leaders trained.</li> <li>- Nr. of fellowships established per country.</li> <li>- Nr of mentorship schemes per country</li> <li>- Nr of job shadowing per country</li> <li>- Nr of small policy engagement projects per country</li> <li>- Nr of new entrepreneurial projects designed</li> <li>- Nr of multilateral partnerships between organisations in the field of social entrepreneurship</li> <li>- Nr of multilateral partnerships between organisations in the field of entrepreneurship<sup>72</sup>.</li> </ul> | Activities will have to be defined at project level and the relevant indicators' baseline will follow accordingly. | Activities will have to be defined at project level and the relevant indicators' baseline will follow accordingly. | <ul style="list-style-type: none"> <li>- Fact-sheets for every component's activity.</li> <li>- Interim reports from implementing partners.</li> <li>- Visit to EaP implementation sites.</li> <li>- Reports from the EU Delegations.</li> <li>- Attendance lists for each component's activity.</li> </ul> | <ul style="list-style-type: none"> <li>- Youth organisations are interested in engaging in policy dialogue.</li> <li>- Disadvantaged youth are interested in taking part in the action.</li> <li>- Private sector is interested in participating in the action.</li> </ul> |

<sup>72</sup> Specific gender and vulnerable groups indicators with minimum participatory threshold will be established when designing the single activities.