

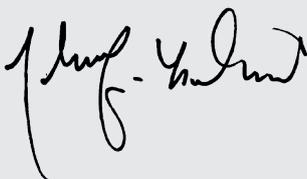
## Editorial

The countries in the Eastern Neighbourhood of the EU are undergoing a complex and complicated transition process. While still struggling with the heritage from Soviet times and the consequences of political and economic destructions in recent decades, Ukraine, Moldova and Georgia are moving forward to a fundamental re-orientation of their political, social and economic values and systems.

All three countries have signed and are implementing Association Agreements with the EU. This provides a strong impetus to modernizing the economy, good governance and approximation to the EU. Deep and Comprehensive Free Trade Agreements (DCFTA) are a coherent part of the Association Agreements that open mid-term opportunities for local and European businesses and improve people's livelihoods.

GFA has a long standing history of working in Ukraine, Moldova and Georgia. The EU association process opens a new phase in our efforts aiming at effective and high-level co-operation with reform-oriented governments, private sector and civil society players. Our experience in transition processes in Central Europe is highly relevant and much appreciated by our partners.

The Eastern European countries will continue to be a crucially important region where the work of our experts and support staff is characterized by outstanding commitment and professionalism in facilitating good governance, prosperity and peace.



Christoph Schaefer-Kehnert  
Managing Director  
GFA Consulting Group

## Assisting Eastern European Neighbourhood countries

The Eastern European Neighbourhood comprises six post-soviet countries – Ukraine, Moldova, Belarus, Georgia, Armenia, and Azerbaijan supported by the European Union. Ukraine, Moldova and Georgia have signed Association Agreements with the EU in 2014. These agreements are under implementation and will unfold their impact in the years to come.

Based on experiences from projects GFA currently carries out in Ukraine, Moldova and Georgia, this newsletter showcases how three key elements of the EU association process are put into practice. Initial results and impacts have been achieved in political and economic fields that results in stability, prosperity and improved livelihoods in the region.

Association Agreements provide a comprehensive policy framework between the EU and the partner country. The main objective is to harmonize policies in nearly all fields between EU and the partner country while avoiding the controversial subject of EU accession. A major element in this is a public sector reform on the

basis of good governance principles. Moreover, economic policies compliant with EU rules are assessed in order to better regulate key economic sectors.

Deep and Comprehensive Free Trade Agreements (DCFTA) are inherent parts of Association Agreements. They regulate trade relations in detail, including standards, tariffs, intellectual property rights, foreign investment conditions, etc. Thus, dynamic economic development that creates employment, competitiveness and sustainable economies is one of the main aspects of the association process. The EU Commission promotes its programs and projects under the Business4Europe initiative in order to make EU large scale interventions visible to the public in both the EU and partner countries.

In this context, GFA is currently implementing projects related to public sector reform, creating better economic regulations, rearranging small and medium enterprises (SME) and innovation policies, improving aspects of trade policies and export and investment promotion, and providing finance to SME.



Kids celebrating the EU in Moldova

## GFA at work



Workshop in Moldova

### Supporting the EU-Ukraine Association Agreement

Since January 2016, GFA is implementing the Association4U project supporting the implementation of the EU-Ukraine Association Agreement. As a flagship initiative in the country's reform process, it contributes to reinforcing the capacity and improving the performance of the Ukraine government. Relevant economic and sector policies are based on national reform processes and

commitments set out in the EU – Ukraine Association Agreement and Deep and Comprehensive Free Trade Agreement (AA/DCFTA). The project works in four interrelated areas that contribute to the ultimate goal of achieving the Ukraine's full and swift political and economic association with the EU.

The first component, Legal Approximation and Policy Implementation, sets procedures and methods to develop a coherent system for approximation of Ukrainian legislation to the EU acquis. Activities range from policy advice, legal and procedural gap assessment and legal drafting to EU compliance checks of draft Ukrainian legislation. Expected outcomes include the establishment of a system for certified translation of EU acquis and Ukrainian legal acts and a knowledge management system providing access to legal and policy documents pertaining to the implementation of the AA/DCFTA. The second component, Development of Human Resources, encompasses the review of public service posts, the design and introduction of a human resources system as well as the development of a comprehensive package of training modules on EU integration and AA/DCFTA implementation for policy makers. Moreover, it includes the design of a fellowship program that boosts the capacities of main beneficiaries and line ministries by seconding a total of 290 fellows of different seniority levels. Under the third component, Development, Coherence and Coordination, the project supports the beneficiaries with institu-

tional and analytical capacity building to improve policymaking competences of key ministries' staff so they can better implement the provisions of the AA/DCFTA. The fourth component, Public Communication and Outreach, establishes an effective communication and outreach to the Ukrainian public on government reforms and the EU integration process through different kinds of events, a thematic website and social media promotion.

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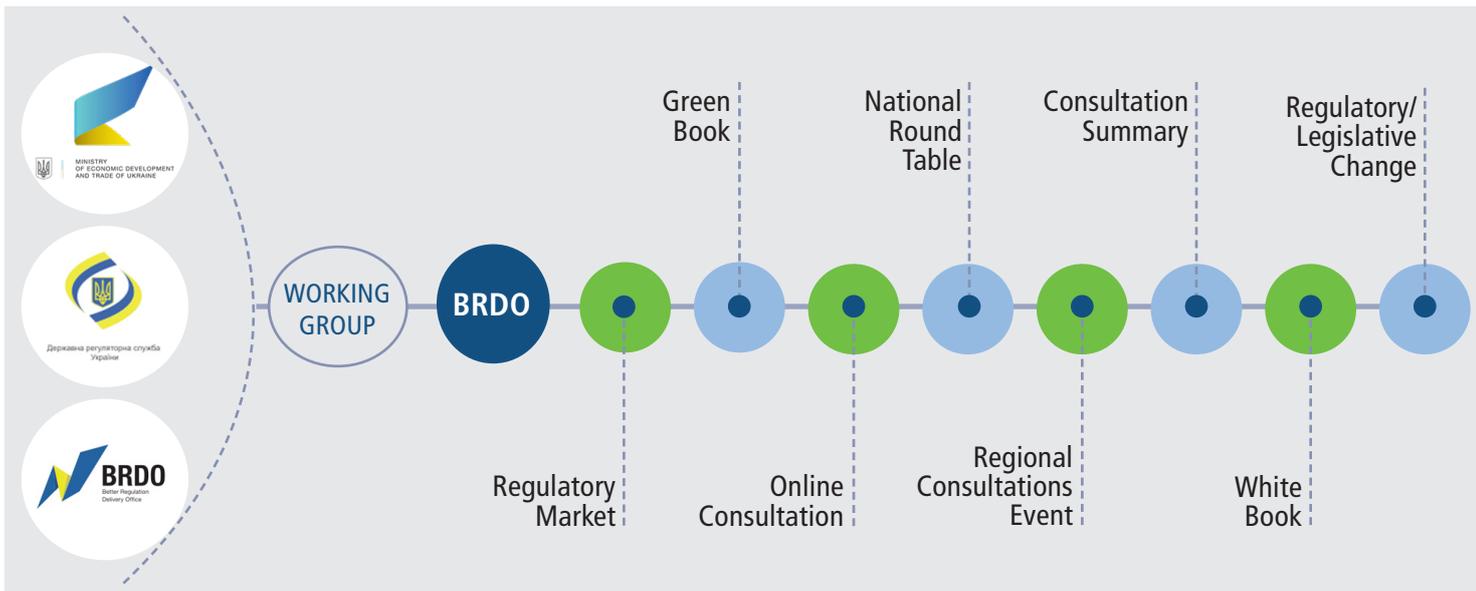
### Implementation of the free trade areas in Moldova

DCFTAs are free trade areas established between the European Union, and Georgia, Moldova and Ukraine respectively. The DCFTAs are part of each country's EU Association Agreement. They allow Georgia, Moldova and Ukraine access to the EU's internal market in selected sectors and grant EU investors in those sectors the same regulatory environment in the associated country as in the EU.

GFA has been providing technical assistance for DCFTA implementation in Moldova as an important step towards the association of Moldova with the EU from August 2015 to August 2017. In one field of intervention, GFA supported institutional strengthening of public agencies in quality infrastructure, market surveillance, export and investment promotion. The experts developed a number of regulations such as the modification of the Law on Accreditation and Certification, the regulation of operations of the National Institute of Metrology, multi-annual institutional plans and the adoption of laws on market surveillance and general product safety. National standards were harmonized with EU standards, and a detailed plan for full implementation of the DCFTA chapter dealing with the adoption and enforcement of technical regulations for different industrial products was drafted. In order to support Moldovan exports and foreign investments, GFA experts implemented sector analyses, supported export missions and events of Moldovan companies, and facilitated the adoption of a national export promotion strategy. The project supported the creation of new women-owned businesses as well. GFA consultants advised the State SME Agency on the implementation of the Women in Business National State Programme, and a Women Access to Finance Programme.

Celebrating better regulation in Ukraine with Deputy Minister of Economy (left) and expert team





Regulatory reform process for business environment in Ukraine

The other field of the project executed a Competitiveness Awareness Programme, demonstrating mid-term advantages of the DCFTA for Moldovan companies. The GFA team assisted the Moldavian beneficiaries in the formulation and adoption of a DCFTA Communication and Visibility Action Plan. Gender-based focus groups were established and events related to raising awareness of the DCFTA implementation in Moldova were held. The project's impacts improved the DCFTA implementation and trade environment in Moldova and supported sustainable growth in the country.

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### Creating a better business environment in Ukraine

The EU-supported Creating Better Business Environment project in Ukraine from 2016 to 2019 is part of the Europe4Business initiative. The project aims at contributing to sustainable and inclusive economic growth in Ukraine that will lead to enhanced employment opportunities, regional prosperity and national cohesion. It strives to improve the business environment of SMEs in three intervention areas. A Better Regulation Delivery Office (BRDO) that coordinates its activities with the Ministry of Economic Development and Trade focuses on SMEs in priority sectors. The GFA-assisted BRDO works on the review of legal norms as well as on recommendations for simplified legal drafts to render the legislation more business friendly. Seven economic sectors are targeted for creating bet-

ter regulation: agriculture, transport, IT/telecommunications, power and utilities, construction, trade and market surveillance. BRDO applies the rolling review methodology that takes an inventory of legal acts and focuses on pilot markets, green books and public dialogue. As a result so far, the project succeeded in having 400 outdated legal acts abolished and a number of new laws and regulations adopted. The GFA expert team also strives to improve legislative procedures between government, parliament and president to accelerate Association Agreement implementation (see chart above).

Another project component is to revisit the government's economic development policies on SME development. As a result, a national SME strategy was adopted by the government. Major building blocks for improving SME support in Ukraine are the development of SME support programs and action plans, the setting-up of an SME Development Office as well as promoting self-regulated organizations as well as the EU-supported COSME and HORIZON 2020 programs. The third component deals with the provision of information to SME through online portals as well as the inclusion of SMEs in the project's dialogue fora.

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### Support to Regional Policy Implementation in Georgia

Since September 2016, the EU-funded project assisted by GFA has been supporting the Georgian Ministry of Regional Development and In-

frastructure (MRDI) to enhance the policy effectiveness of regional development. MRDI and the EU have identified four priority goals. The improvement of physical infrastructure networks is to support economic and social activities. The competitiveness of local SMEs should be developed. The quality of life of the rural population is to improve. Resources between Tbilisi and other Georgian regions should be distributed more equally. GFA experts support MRDI in the implementation of regional development strategies and in increasing stakeholder capacities to implement an integrated regional development policy framework throughout the country. They assist MRDI and stakeholders to improve their capacities in monitoring and evaluation, establish improved data collection mechanisms to analyse regional development, and share EU's best practice in regional development.

In June 2017, the expert team assisted the Inter-Ministerial Working Group on Regional Development preparing the Regional Development Programme 2018-2020 (RDP). This is considered a major step towards establishing a regional policy system in Georgia based on EU experience and using EU cohesion policy standards. Currently, the experts help MRDI set tasks for each stakeholder group and conduct interviews for a better understanding of sector priorities to be included and reflected in the RDP. Individual ministries set up work plans for a successful preparation of the RDP by the end of this year.

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Vine pressing plant in Georgia

### Development of a Geographical Indications System in Ukraine

In the DCFTA, Ukraine has made a commitment to respect the full list of protected agricultural product names in the EU, so-called Geographical Indications (GIs). A geographical indication is a sign used on products that have a specific geographical origin and possess qualities or a reputation that are due to that origin. Currently utilized product names in Ukraine, which are protected as GIs in the EU, need to be out-phased and rebranded during a transitional period of ten years for wines and spirits, and seven years for cheese products.

In this context, GFA in a consortium with DMI Associates and ADECIA has been implementing

the EU-funded support to the Development of a Geographical Indications System in Ukraine since September 2017. It supports the realization of Ukraine's commitment to respect agricultural product names protected in the EU. Additionally, it assists the development of Ukrainian GIs to protect Ukrainian brands, thus creating opportunities for regional and rural development. The project has four components. Consistency between the Ukrainian legislation and the EU acquis related to GIs is developed. Sensitive products, mainly wines and cheese, are marketed and rebranded. Ukrainian GI's are identified, registered and promoted. Using the assets of GI's, rural economic development is supported.

The key project partners are the Ministry of Economic Development and Trade (MEDT), which is responsible for the protection of intellectual property, and the Ministry of Agrarian Policy and Food (MAPF), accountable for rural development and quality schemes for agricultural products.

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high value-added export products and potential markets is elaborated. These activities will focus on identifying products with comparative advantages, key target markets and potential technical barriers to trade for the respective products or services. Secondly, solution-oriented action plans for developing the capacity of selected value chains are elaborated. Related project activities will include tools for developing action plans and a strategy that consists of a comprehensive set of value chain specific marketing actions and capacity building. Thirdly, methodologies are developed to analyze the competitive placement of four identified Georgian products or services within the respective global markets. These activities will concentrate on a competitive analysis of target markets for the identified products, e.g. research on demand trends, main target actors, barriers to trade, market requirements, tastes and preferences in target markets, etc. The project is funded by GIZ and implemented under the EU Europe4Business initiative.

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### Export promotion in Georgia

GFA has been supporting Georgia in its efforts to advance the country's export potential by developing a sustainable, systematic and comprehensive roadmap since July 2017. The project focus is on products and services with high potential and value-added. This approach will contribute to the needed diversification of Georgia's exports. GFA experts work with the Ministry of Economy and Sustainable Development and the Produce in Georgia Agency on three tasks. First of all, a methodology aiming at identifying, screening and analyzing value chains with a potential for



Workshop in Georgia

## IMPRINT

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GFA vision – to be the partner of choice for clients in our core service areas.

GFA mission – to improve the livelihood of beneficiaries through our professional services.

GFA core values – to offer high performance in service delivery, technical excellence in our main sectors, innovative approaches and products, and credibility with our clients when putting projects into practice.

