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**THIS ACTION IS FUNDED BY THE EUROPEAN UNION**

**ANNEX**

to the Commission Implementing Decision amending Commission Implementing Decision C(2021) 9278 of 16.12.2021 on the financing of the multiannual action plan in favour of Malaysia for 2021-2023

**Action Document for EU-Malaysia Cooperation Facility**

**MULTIANNUAL PLAN**

This document constitutes the multiannual work programme in the sense of Article 110(2) of the Financial Regulation, and action plans of Article 23 of NDICI-Global Europe Regulation.

**1. SYNOPSIS**

**1.1. Action Summary Table**

<b>1. Title</b> <b>CRIS/OPSYS</b> <b>business reference</b> <b>Basic Act</b>	EU-Malaysia Cooperation Facility CRIS number: NDICI ASIA/2021/43324 Financed under the Neighbourhood, Development and International Cooperation Instrument (NDICI-Global Europe)
<b>2. Team Europe Initiative</b>	No but coordination will be ensured with the ASEAN Team Europe Initiatives
<b>3. Zone benefiting from the action</b>	The action shall be carried out in Malaysia
<b>4. Programming document</b>	Multiannual Indicative Programme for Malaysia 2021-2027
<b>5. Link with relevant MIP(s) objectives/expected results</b>	The proposed action intends to <b>enhance the EU-Malaysia partnership</b> . The Cooperation Facility will support this objective by providing a facility for continuing and reinforcing EU-Malaysia relations and policy dialogue. It will promote an increased alignment between EU-Malaysia interests, principles, policies and values, complemented by increased awareness, understanding, trust, and approval of the EU and its role in the country, the region and the world. More specifically, the Facility will promote universal and shared values on human rights, gender equality, democracy, security, the environment, business and trade relations. By doing so it will deepen bilateral trade and investment relations, based on shared principles on sustainable production and consumption, strengthen environmental protection and conservation in Malaysia, while supporting climate change mitigation and adaptation and, more broadly, the implementation of the 2030 agenda and the Sustainable Development Goals (SDGs). Furthermore, it will allow the EU to uphold universal Human Rights values, to better respond to global challenges and to build resilience in a flexible, forward-looking and strategic manner in its relationship with Malaysia and other partners.
<b>PRIORITY AREAS AND SECTOR INFORMATION</b>	

<b>6. Priority Area(s), sectors</b>	43010- Multi-sector			
<b>7. Sustainable Development Goals (SDGs)</b>	Main SDG : 17 (partnerships for the goals) Other significant SDGs (up to 9) and where appropriate, targets: 5- gender equality, 8- decent work and economic growth, 9- industry, innovation and infrastructure, 11- sustainable cities and communities, 12- sustainable consumption and production, 13- climate action, 15- life on land and 16- peace justice and strong institutions.			
<b>8 a) DAC code(s)</b>	DAC 410 - General Environment Protection – app. 30% DAC 330 – Trade policies and regulations - app. 30% DAC 150 – Government and CSOs - app. 40%			
<b>8 b) Main Delivery Channel @</b>	Private Sector - 60000			
<b>9. Targets</b>	<input type="checkbox"/> Migration <input checked="" type="checkbox"/> Climate <input checked="" type="checkbox"/> Social inclusion and Human Development <input checked="" type="checkbox"/> Gender <input checked="" type="checkbox"/> Biodiversity <input type="checkbox"/> Education <input checked="" type="checkbox"/> Human Rights, Democracy and Governance			
<b>10. Markers (from DAC form)</b>	<b>General policy objective @</b>	<b>Not targeted</b>	<b>Significant objective</b>	<b>Principal objective</b>
	Participation development/good governance	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
	Aid to environment @	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
	Gender equality and women's and girl's empowerment	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
	Trade development	<input 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"/>
	Disaster Risk Reduction @	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	Inclusion of persons with Disabilities @	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	Nutrition @	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	<b>RIO Convention markers</b>	<b>Not targeted</b>	<b>Significant objective</b>	<b>Principal 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>11. Internal markers and Tags:</b>	<b>Policy objectives</b>	<b>Not targeted</b>	<b>Significant objective</b>	<b>Principal objective</b>
	Digitalisation @ Tags: digital connectivity digital governance digital entrepreneurship	<input type="checkbox"/>	<input checked="" type="checkbox"/> <input type="checkbox"/> <input checked="" type="checkbox"/>	<input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/>

	job creation		<input checked="" type="checkbox"/>	<input type="checkbox"/>
	digital skills/literacy		<input type="checkbox"/>	<input type="checkbox"/>
	digital services		<input type="checkbox"/>	<input type="checkbox"/>
			<input type="checkbox"/>	<input type="checkbox"/>
	Connectivity @	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Tags: transport		<input type="checkbox"/>	<input type="checkbox"/>	
people2people		<input type="checkbox"/>	<input type="checkbox"/>	
energy		<input type="checkbox"/>	<input type="checkbox"/>	
digital connectivity		<input type="checkbox"/>	<input type="checkbox"/>	
Migration @	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
(methodology for tagging under development)				
Reduction of Inequalities	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
(methodology for marker and tagging under development)				
Covid-19	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
<b>BUDGET INFORMATION</b>				
<b>12. Amounts concerned</b>	<p>Budget line(s) (article, item): 14.020131 South and East Asia</p> <p>Total estimated cost: 12 000 000 EUR</p> <p>Total amount of EU budget contribution: 12 000 000 EUR</p> <p>The contribution is for an amount of 6 000 000 EUR from the general budget of the European Union for financial year 2021, for an amount of 4 000 000 EUR from the general budget of the European Union for financial year 2022 and for an amount of 2 000 000 EUR from the general budget of the European Union for financial year 2023, subject to the availability of appropriations for the respective financial years following the adoption of the relevant annual budget, or as provided for in the system of provisional twelfths.</p>			
<b>MANAGEMENT AND IMPLEMENTATION</b>				
<b>13. Type of financing</b>	<p><b>Direct management</b> through:</p> <ul style="list-style-type: none"> <li>- Grants</li> <li>- Procurement</li> </ul> <p><b>Indirect management</b> with: the entity(ies) to be selected in accordance with the criteria set out in section 4.3.3.</p>			

## 1.2. Summary of the Action

**The proposed action intends to enhance the EU-Malaysia partnership.** The Cooperation Facility will support this objective by providing a facility to continue and reinforce EU-Malaysia relations and policy dialogue. It will promote an increased alignment between EU-Malaysia interests, principles, policies and values, complemented by increased public awareness understanding, trust, and approval of the EU and its role in the country, the region and the world. More specifically, the Facility will promote universal and shared values on human rights, gender equality, democracy, security, the environment, business and trade relations. By doing so it will deepen bilateral trade and investment relations, based on shared principles on sustainable production and consumption, strengthen environmental protection and conservation in Malaysia, while supporting climate change mitigation and adaptation and, more broadly, the implementation of the 2030 agenda and the Sustainable Development Goals (SDGs). It will also allow the EU to uphold universal Human Rights values, and to better respond to global challenges and build resilience in a flexible, forward-looking and strategic manner in its relationship with Malaysia and other partners.

The Cooperation Facility will be instrumental to the implementation of the Global Gateway strategy and the **EU Strategy for Cooperation in the Indo-Pacific**, and its focus on responding to emerging dynamics that are affecting regional stability. The Cooperation Facility will consist of a wide range of tools, initiatives and activities to achieve the objective of advancing EU strategic interests and priorities in Malaysia, of enhancing the EU-Malaysia partnership, and of strengthening Strategic Communication (via public campaigns) and Public Diplomacy (where relevant).

**The Overall Objective (Impact)** of this action is to enhance the EU-Malaysia partnership.

**The Specific Objectives (Outcomes)** of this action are to:

1. Continue and reinforce EU-Malaysia relations and policy dialogues;
2. Promote an increased alignment between EU-Malaysia interests, principles, policies and values, including human rights and gender equality, with a particular focus on the 2030 Agenda and the Sustainable Development Goals (SDGs);
3. Build increased awareness, understanding and approval of the EU and its role in the country, the region and the world through data-driven campaigns targeting new audiences.

## 2. RATIONALE

### 2.1. Context

Since its independence in 1957, Malaysia has remained politically stable, and has experienced rapid economic growth that has put it on a trajectory to reach high-income status. Malaysia's promising economic prospects are supported by well-developed infrastructures, substantial natural resources, notably in oil, gas, forestry and agriculture, as well as globally competitive manufacturing and services sectors. The development has benefitted all ethnic groups, though not evenly and Malaysia continues to struggle with significant structural inequalities. Deep cleavages between ethnic, religious and economic groups as well as between east and peninsular Malaysia are increasingly characterising the country.

With the upgrade of EU-ASEAN relations to the level of strategic partners, the EU's relevance as an interlocutor for Malaysia is key for the EU's broader influence in the region. In line with the EU strategy for cooperation in the Indo-Pacific, the EU is pursuing a balanced and broad engagement with Malaysia to improve overall relations and to promote universal and shared values on human rights, including gender equality and women's empowerment, labour, democracy, the environment and multilateralism.

The EU and Malaysia signed a Partnership and Cooperation Agreement (PCA) in December 2022. If the conditions are right, steps could be taken towards a possible resumption of negotiations for an ambitious and comprehensive Free Trade Agreement (FTA).

The EU has a strategic interest in strengthening its relationship with Malaysia, because:

- Malaysia is an important and committed ally in defence of multilateralism and a rules-based international order; Malaysia can become a partner in security cooperation.
- Malaysia remains an influential player within ASEAN and can therefore play a significant role in implementing the EU-ASEAN strategic partnership;
- The EU has considerable economic interests in Malaysia, a country strategically located between the Melaka Straits and the China Sea where 50% of the world trade circulates.
- This strategic location gives Malaysia a key role in the successful implementation of the EU Strategy for Cooperation in the Indo-Pacific.
- Malaysia is a functioning democracy and a predominantly moderate Muslim country, the EU has a strong interest in Malaysia staying on the path of democracy.
- Malaysia is host to some of the world's last remaining mega diverse tropical forests – the Malaysian Forest Spine in Peninsular Malaysia and the Heart of Borneo are important global ecosystems, populated by several indigenous peoples' groups.

The Cooperation Facility will be instrumental to the implementation of the Global Gateway strategy and the **EU Strategy for Cooperation in the Indo-Pacific**, and its focus on responding to emerging dynamics that are affecting

regional stability. The Cooperation Facility will consist of a wide range of tools, initiatives and activities to reinforce the EU strategic interests and priorities in Malaysia.

The action will support the following strands of work of the EU in Malaysia in key areas of interests:

- Policy Dialogues with public authorities, economic actors and civil society on the SDGs and in the context of the processes related to the Partnership and Cooperation agreement (PCA) and, in case of a possible resumption, to the Free Trade Agreement (FTA) processes;
- Strategic Communication and where relevant Public Diplomacy, to raise public awareness, understanding and approval of the EU's partnership with Malaysia.

These political objectives are also strongly linked to our ASEAN interests and cooperation. This Facility and the funding from the regional instruments, under the framework regional TEIs, will be mutually reinforcing.

The Multi-Annual Indicative Programme for Malaysia is limited to dialogues facility, technical assistance, strategic communication and public diplomacy under the form of a Cooperation Facility to support EU strategic interests and priorities in Malaysia.

The Cooperation Facility will support and facilitate political dialogue between Malaysia and the European Union, including support to key policy dialogues linked to the **PCA agreement** and, should the conditions be right for their resumption, the **FTA negotiations**, business cooperation, regulatory framework convergence, economic diplomacy and security issues as well as a continued **dialogue on the SDG agenda**, including sustainable development, human rights, gender equality, environmental issues and the fight against climate change. Strengthening the economic partnership between the European Union and Malaysia, especially enhancing open, sustainable and assertive trade and investment will be essential. Good Governance, including anti-corruption and rule of law, and ensuring an inclusive and sustainable recovery are cross cutting issues, which will be emphasised in all aspects of the cooperation with a view to strengthen the role of Malaysia in ASEAN and as a partner in Multi-lateral fora, as well as in security sectors such as cyber-security and maritime security. Furthermore, the Facility will support ongoing dialogues with civil society and the implementation of the EU Gender Action Plan III (GAP III). Finally, the Facility will cater for enhanced strategic communication and public diplomacy efforts of the EU in Malaysia.

The Cooperation Facility consists of a wide range of flexible tools, which should allow for fast assistance and implementation of technical assistance, studies and peer to peer exchanges of experiences where needed. It will also deliver results and enable advocacy on some of the fundamental values of the EU, namely human rights, a strong civil society and gender equality. The facility will allow for an even more coordinated approach, reacting better and faster to emerging crises and challenges.

Through strategic communications activities targeting general citizens, in particular those in the 18-35 years old cohort, it will enhance the public awareness, understanding and approval of the special relationship between the EU and Malaysia, as set out in the Global Gateway strategy.

Initiatives envisaged under the ASEAN Green Team Europe Initiatives would potentially complement activities undertaken under the Cooperation Facility. The commitment of the EU's contribution to the Team Europe Initiatives foreseen under this annual action plan will be complemented by other contributions from Team Europe partners. It is subject to the formal confirmation of each respective partners' meaningful contribution as early as possible. In the event that the TEIs and/or these contributions do not materialise the EU action may continue outside a TEI framework.

The action supports the EU strategic interests and priorities in Malaysia. The action is aligned with the 2030 Agenda and the SDGs, the Paris Agreement, the Addis Ababa Action Agenda, the Global Strategy for the European Union's Foreign and Security Policy, including the Indo-Pacific Strategy and the EU-ASEAN Plan of Action 2018-2022, the new European Consensus on development, the external dimension of the European Green Deal including its sustainable finance and green bond chapters, as well as the other main priorities of the European Commission, including Green Partnerships, Digitalisation, Sustainable Growth and Jobs, Migration and Mobility, Gender Equality (GAPIII), as well as Partnerships for Human Development, Peace and Governance.

## 2.2. Problem Analysis

Short problem analysis:

Malaysia has successfully diversified its **economy** from one that was initially agriculture and commodity-based, to one that now plays host to robust manufacturing and service sectors, which have propelled the country to become a leading exporter of electrical appliances, parts, and components. Malaysia is one of the most open economies in the world with trade and investment being instrumental in employment creation and income growth, with about 40% of jobs in Malaysia linked to export activities. While GDP has surpassed its pre-pandemic level, it remains below the pre-pandemic projected level. A sustainable economic growth trajectory will be needed in order for Malaysia to reach high-income status.

The European Union has a key interest in deepening economic and trade relations with Malaysia as a gateway to ASEAN, especially enhancing open, sustainable and assertive trade and investment.

**Income inequality** in Malaysia remains high relatively to other East Asian countries but is gradually declining. While income growth for the bottom 40% has outpaced the top 60% over much of the last decade, the absolute gap across income groups has increased, contributing to widespread perceptions of the poor being left behind. Following the removal of broad-based subsidies, the Government has gradually moved toward more targeted measures to support the poor and vulnerable, mainly in the form of cash transfers to low-income households.

The European Union has a strategic interest in the continued development of Malaysia, as one of the only remaining stable democracies in ASEAN. The cooperation with the Government of Malaysia on common global challenges including the SDG agenda, will support this aim.

Malaysia has mapped, integrated and aligned the SDG targets and indicators within its 11<sup>th</sup> Malaysia Plan 2016-2020 (through an SDG Roadmap) and reinforced those in the 12th Malaysia Plan 2021-2025 to ensure mutual reinforcement and completion. However, at sub-national levels, awareness of the SDGs is low and as a consequence monitoring, measurement and data collection is also lacking. Support to promote national ownership remains needed. Malaysia needs to advance further in education, health and nutrition, and social protection outcomes. A key priority is improved participation of women in Malaysia society.

Malaysia has made remarkable progress within some areas of the **gender equality** agenda, most notably within the spheres of maternal health and women's and girls' access to education. Maternal deaths are well below global average, and almost all births are undertaken with the assistance of skilled medical staff. In education, Malaysia has reversed gender gaps in enrolment at all educational levels. The government has also introduced a flurry of initiatives to strengthen women's economic empowerment through tax incentives and legal reforms.

However, despite this progress, women and girls still face many challenges in Malaysian society. Many of the initiated reforms are unfinished or have not led to the intended result, with a lower prioritisation of gender equality in national politics, leaving women and girls left out of the core agenda of the country's development. In addition, some groups such as members of the LGBTQI+, still face immense discrimination, as a consequence of a traditional, gender stereotyped view on Sexual Orientation and Gender Identity (SOGI). Moreover, the mind-set is very traditional as well as views on gender roles and society's expectations on women. It is difficult for women and girls to participate on equal terms as men and boys in society. As such, the full potential of these groups cannot be used, resulting in an untapped resource which could, through gender inclusive attitudes, contribute positively to the country's social, economic and political development. These challenges impact as well the full enjoyment of fundamental human rights by women and girls, such as access to justice, physical integrity etc. These obstacles negatively affect women who are already in precarious situations, such as migrant women, in particular undocumented migrant women, women held in immigration detention centres and asylum-seeking and refugee women.<sup>1</sup> Malaysia remains a destination country for trafficking of women and girls, including asylum-seeking and refugee women and girls, for purposes of sexual exploitation, begging, forced labour or forced marriage.

Tackling these challenges will be the focus on the Malaysian Country Level Implementation Plan, which will be implemented with the support of the cooperation facility.

Regarding the protection of human rights, Malaysia has ratified the Convention on the Elimination of All Forms of Discrimination against Women (CEDAW), the Convention on the Rights of the Child (CRC) and the Convention on the Rights of Persons with Disabilities (CRPD) but has not yet ratified the International Covenant on Civil and Political Rights (ICCPR) and the Covenant on Economic, Social and Cultural Rights (CESCR), nor other main human

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<sup>1</sup> Concluding observations on the combined third to fifth periodic reports of Malaysia, CEDAW Committee, 2018.

rights treaties. Several human rights issues and challenges persist and human rights reforms should be promoted to be up to standards with international human rights treaties and commitments.

**Protecting the environment and supporting the fight against climate change** is also a vital and shared objective between the European Union and Malaysia. Malaysia is one of the mega-diverse countries in the world, ranking 12<sup>th</sup> globally. While 52% of Malaysia's total land area is still forested, and 19% of the land are forest reserves, the remaining forests are facing threats from unsustainable logging, illegal removal of forest products and encroachment. Forest Governance in Malaysia is characterised by influential interests groups, a general lack of transparency and numerous large-scale corruption scandals. Problems in forestry are compounded by Malaysia's increasing water shortage; wildlife trafficking; the inadequate land-use planning and issues related to drained peatlands (the burning of which causes high levels of pollution across Malaysia and its neighbours). Malaysia has pledged to maintain 50% of its land area under forest and tree cover, to protect forest ecosystems, to build resilience of the forest to climate change and to increase connectivity between forest reserves. Malaysia contributes to around 17% of emissions in ASEAN (2020) and is particularly vulnerable to flooding. Climate change action becomes increasingly an area of interest of the government.

Malaysia is party to the Convention on Biological diversity, the United Nations Framework Convention on Climate Change (UNFCCC), the Convention on wetlands of international importance and the Convention on International Trade in Endangered Species (CITES). Malaysia's key strategy to mitigate greenhouse gas emissions is in the energy, waste, and forestry sector.

**Identification of main stakeholders** and corresponding institutional and/or organisational issues (*mandates, potential roles, and capacities*) to be covered by the action:

The facility will be able to respond to requests for support from a variety of stakeholders including the Government of Malaysia at federal and state levels such as the Ministry of International Trade and Industry, the Ministry of Agriculture, the Competition Authority etc.

International Financing Institutions, in particular European development financial institutions (DFIs) are not active in Malaysia but will be more closely involved in the coming years.

Other key stakeholders include civil society organisations in Malaysia especially those involved in work on policies of EU interests, global challenges or fundamental values of the EU, as well as the Malaysian and European private sector, which will play a key role across all priority areas. The Cooperation Facility will maintain an open approach to engage and benefit a wide range of stakeholders as appropriate.

The action will support an enabling environment for civil society in line with the civil society roadmap and the country level implementation plan (CLIP) for gender equality. Strengthening the capacity of civil society and ensuring meaning full dialogue and engagement will be sought through different components of the action. Malaysian civil society views the relation with the EU favourably and positively. Support will focus on capacity building, outreach and inclusion of the most marginalised in society. A specific focus will be placed on Youth and Women.

### 3. DESCRIPTION OF THE ACTION

#### 3.1. Objectives and Expected Outputs

The Overall Objective (Impact) of this action is to **enhance the EU-Malaysia partnership**.

The Specific Objectives (Outcomes) of this action are to:

1. Continue and reinforce EU-Malaysia relations and policy dialogues;
2. Promote an increased alignment between EU-Malaysia interests, principles, policies and values, including human rights and gender equality, with a particular focus on the 2030 Agenda and the Sustainable Development Goals (SDGs);
3. Build increased awareness, understanding and approval of the EU and its role in the country, the region and the world.

The Outputs to be delivered by this action contributing to the corresponding Specific Objectives (Outcomes) are:

- 1.1 Contributing to Outcome 1: A Partnership and Cooperation Agreement Facility is established.
- 2.1 Contributing to Outcome 2: Strategic partnership on EU-Malaysia interests.

3.1. Contributing to Outcome 3: Strategic Communication and where relevant Public Diplomacy activities will be put in place.

### 3.2. Indicative Activities

Activities related to **Output 1.1.: The Partnership and Cooperation Agreement** is established to facilitate:

- A. Policy Dialogues (including under the PCA) on:
  - a. Political affairs, trade and investment, security, gender equality and women and youth empowerment, environment/climate change, development and SDGs, good governance, human rights, rule of Law, science and research.
  - b. The external dimension of the Green Deal (with a focus on palm oil and the EU renewable energy directive – RED II, as well as on forest management and biodiversity) to mainstream and strengthen climate, biodiversity and natural resources monitoring, protection and restoration, sustainable management and use.
  - c. Trade issues, including in support of FTA talks in case they are resumed, including economic governance, market liberalisation, trade and sustainable development, structural reforms and regulatory convergence.

Activities related to **Output 2.1.: Strategic partnership on EU-Malaysia interests**, linked to the PCA Facility

- A. Cooperation between European and Malaysian businesses to promote decent jobs for all, sustainable consumption and production, green economy and innovation, improve the business environment, facilitate market access and mobilise sustainable investments (in synergy and complementarity with regional, thematic, blending, EFSD+ and FPI interventions).
- B. Structured dialogues with civil society organisations, youth organisations and women's organisations, indigenous organisations and human rights defenders, which will also ensure the mainstreaming of cross-cutting issues and the implementation of the Gender Action Plan III.
- C. Promote regulatory cooperation, standards, market access and other relevant policies in the trade, digital and economic diplomacy area, including decent work and environmentally and socially sustainable supply chains\*, business and human rights, including labour rights, indigenous people and people living in remote areas.

Activities related to **Output 3.1.: Strategic communication and public diplomacy** activities linked to the Facility:

- A. Design and roll out at national level of (a) major public campaign(s) aimed at ordinary citizens, primarily in the 18-35 age cohort, with the objective of measurably increasing the profile, awareness, understanding and approval of the EU's partnership with the country. All such campaigns will be data-driven, rigorously tracking hard KPIs that will allow content to be constantly adjusted in line with evidence of the material and approaches that resonate most successfully with the audience.
- B. Where relevant, public diplomacy activities may be supported to strengthen networks and long-term relationships with key target audiences and partners (e.g. youth, students, academics, think tanks, CSOs, business, creative industries), as part of a broader campaign.

### 3.3. Mainstreaming

Crosscutting issues will be integrated in the different components of the Cooperation Facility. Climate change, environmental protection, human rights, democracy, gender, education are elements of the PCA agreement and some of these issues would also be addressed under provisions on trade and sustainable development in a potential future FTA. Support measures will necessarily tackle these aspects to support policy dialogue and political processes. The EU started a dialogue with the Government of Malaysia on the 2030 agenda and the SDGs in 2018, which primarily focused on the inclusions of civil society and the private sector in the dialogue, but also data collection and localisation of the agenda. This work is to be continued as part of the SDG dialogue. Implementation of the gender action plan in Malaysia is a key issue, flagged as a key objective of the Facility. Following the COVID-19 pandemic and in the perspective of building back better public health and crisis response in the case of global pandemic will be relevant crosscutting issues.

#### Environmental Protection & Climate Change

\* Funding for Aid for Trade, trade related technical assistance expected from regional programmes.



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**Outcomes of the EIA (Environmental Impact Assessment) screening**

The EIA (Environment Impact Assessment) screening classified the action as Category B (not requiring an EIA, but for which environment aspects will be addressed during design).

**Outcome of the CRA (Climate Risk Assessment) screening**

The Climate Risk Assessment (CRA) screening concluded that this action is no or low risk (no need for further assessment).

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**Gender equality and empowerment of women and girls**

As per OECD Gender DAC codes identified in section 1.1, this action is labelled as G1. This implies that gender considerations will be taken into account throughout implementation in all activities undertaken under the cooperation facility. At the same time the Facility will be the tool used to implement the GAP III in Malaysia. Key areas of priority have been identified in the Country-Level Implementation Plan for Malaysia.

Gender equality, human rights and human rights based approach will also be integrated in relevant (capacity building) activities, documents (i.e. ToRs etc.), as minimum requirements of expertise. Gender analysis and recollection of sex-disaggregated data will be a promoted practice for actions of the Delegation.

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**Human Rights**

Respect for human rights is a fundamental value of the European Union. Strengthening the human rights dialogue with Malaysia, and aligning the legal framework (ratification of international human rights treaties) is a key activity under the Partnership and Cooperation Agreement Facility. The design and implementation of the program will give attention to those who are most marginalised, excluded or discriminated against and living in vulnerable situations.

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**Disability**

As per OECD Disability DAC codes identified in section 1.1, this action is labelled as D0. This implies that disability is not considered the overall nor a specific objective of the facility. However, in all activities all possible measures will be taken to ensure an inclusive policy dialogue. Therefore attention will be paid to ensure and enable the participation of people with disabilities in the activities under the facility, and to ensure that the achieved results will be accessible for people with disabilities.

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**Democracy**

Malaysia is a functional democracy. All activities, including policy dialogues with the Government of Malaysia will aim at strengthening the democratic system of Malaysia to ensure that Malaysia stays on the path of democracy. This is also supported by a strengthening of the inclusiveness of the dialogue as well as a focus on good governance, transparency, anti-corruption and the importance of the rule of law.

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**Conflict sensitivity, peace and resilience**

Building resilience and preventing conflicts are primarily relevant in Malaysia for conflicts linked to environmental resources. Protecting the environment, adapting to climate change and building resilience of communities living within or in close proximity to the forest are key issues of thematic funding in Malaysia as well in the foreseen increased policy dialogue. A conflict-sensitive approach will be ensured in relevant actions under the Facility.

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**Disaster Risk Reduction**

Building resilience and preventing disaster are primarily relevant in Malaysia for conflicts linked to environmental resources. Protecting the environment, mitigating and adapting to climate change and building resilience of communities living within or in close proximity to the forest are key issues of thematic funding in Malaysia as well as in the ongoing policy dialogue. Following the COVID-19 pandemic and in the perspective of building back better public health and crisis response in the case of global pandemic will be relevant crosscutting issues.

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**Other considerations if relevant: Digitalisation and minorities**

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The promotion of digital solutions and technologies will be ensured throughout the Action, e.g. to support the green transition and other aspects of sustainable development.

Inclusivity of marginalised communities, minorities, the poorest, indigenous peoples, peoples with disabilities and people living in severe poverty, vulnerable women, children and youth will be taken into account when designing specific activities.

### 3.4. Risks and Lessons Learnt

Category	Risks	Likelihood (High/ Medium/ Low)	Impact (High/ Medium/ Low)	Mitigating measures
External environment	The political environment in Malaysia is unstable and cooperation can be volatile.	<b>medium</b>	<b>high</b>	Flexibility under the Cooperation Facility will allow us to respond and adapt to these changes and to include new or rapidly expanding areas of potential cooperation.
Planning, processes and systems	Challenge to build stable political relations which can enable a functional policy dialogue.	<b>medium</b>	<b>high</b>	Base interventions on existing structures and entry points; and by presenting potential activities as an opportunity for peer-to-peer exchanges and mutual learning.
People and the organisation	Stakeholders disengage in the dialogue	<b>low</b>	<b>medium</b>	A pipeline of mutual priorities and strategic initiatives will be developed to ensure the authorities' involvement and engagement.
Communication and information	Public diplomacy efforts lack credibility	<b>low</b>	<b>medium</b>	Public diplomacy and policy outreach are more effective and credible if designed and implemented in partnership with Malaysian stakeholders and platforms that share EU values and interests. Engaging with youth and establishing a youth sounding board will therefore facilitate the cooperation and increase the EU's recognition.

#### Lessons Learnt:

The Facility has to be presented as an adaptable tool reflecting a new level of partnership between the EU and Malaysia, able to offer enhanced opportunities for peer-to-peer exchanges and closer engagement with the Government of Malaysia, the private sector and CSOs in jointly identified areas of mutual interests. Policy outreach must be approached via a mix of activities that confirm EU's partnership with national authorities whilst allowing for debate on sensitive issues in a non-controversial way.

In Malaysia, focus on building alliances and engaging key officials in defining and implementing actions as contact points within institutions could increase mutual understanding and open doors for further cooperation.

### 3.5. The Intervention Logic

This Cooperation Facility intends to enhance the EU-Malaysia partnership.

It will do so by promoting dialogues, increased convergence and approximation of standards and by improving the understanding and visibility of the EU.

The Cooperation Facility, through its wide range of tools, will enable the EU to pursue strategic interests and coherent policy outreach and dialogue with the Government of Malaysia and other key stakeholders.

It will provide funding to foster meaningful engagement in a flexible manner, when possible in strong cooperation with the EU member states active in Malaysia. This action is meant to react with flexibility to evolving circumstances and unforeseen situations.

A variety of stakeholders and actors will be associated to the activities, dialogues and relationships: National Authorities, civil society organisations, private sector representatives, academia etc.

The underlying intervention logic for this action is:

IF policy dialogues on the topics of the PCA and the potential FTA are organised and supported THEN increased alignment with EU-Malaysia interests, principles, policies and values will be promoted and ensured.

IF the cooperation facility promotes the implementation and localisation of the 2030 agenda and the Sustainable Development Goals (SDGs) THEN it will be easier for the EU to build a strong relationship with Malaysia that can respond to global challenges and uphold to international commitments.

IF strategic communication and public diplomacy is promoted as a tool for foreign policy activities THEN understanding, trust and visibility of the EU will be strengthened and there will be greater awareness of Malaysian stakeholders of the EU's role in the region and the world scene.

IF civil society organisations, youth organisations and women's organisations as well as indigenous organisations and human rights defenders are involved THEN the EU-Malaysia partnership will be more inclusive and diverse.

### 3.6. Logical Framework Matrix

At action level, the indicative logframe should have a maximum of 10 expected results (Impact/Outcome(s)/Output(s)).

It constitutes the basis for the monitoring, reporting and evaluation of the intervention.

On the basis of this logframe matrix, a more detailed logframe (or several) may be developed at contracting stage. In case baselines and targets are not available for the action, they should be informed for each indicator at signature of the contract(s) linked to this AD, or in the first progress report at the latest. New columns may be added to set intermediary targets (milestones) for the Output and Outcome indicators whenever it is relevant.

- At inception, the first progress report should include the complete logframe (e.g. including baselines/targets).
- Progress reports should provide an updated logframe with current values for each indicator.
- The final report should enclose the logframe with baseline and final values for each indicator.

The indicative logical framework matrix may evolve during the lifetime of the action depending on the different implementation modalities of this action.

The activities, the expected Outputs and related indicators, targets and baselines included in the logframe matrix may be updated during the implementation of the action, no amendment being required to the Financing Decision.

PROJECT MODALITY (3 levels of results / indicators / Source of Data / Assumptions - no activities)

Results	Results chain (@): Main expected results (maximum 10)	Indicators (@): (at least one indicator per expected result)	Baselines (values and years)	Targets (values and years)	Sources of data	Assumptions
<b>Impact</b>	To enhance the EU-Malaysia partnership	1) signed and implemented PCA agreement	1) PCA not signed 2021	1) PCA signed and successfully started implementation by 2027	1 2	<i>Not applicable</i>
<b>Outcome 1</b>	Continue and reinforce EU-Malaysia relations and policy dialogues	1.1 Number of annual policy dialogues with the government of Malaysia including high-level dialogues on Gender Equality and Women's Empowerment per year Number of annual policy dialogues with non-state actors including with CSOs ensuring the inclusion of women's and girls' organisations 1.3 Number of joint statements with the Government of Malaysia.	1.1 xx in 2021 1.2 xx in 2021	1.1 + 10 in 2027 1.2 + 5 in 2027	1.1 1.2	
<b>Outcome 2</b>	Promote an increased alignment between EU-Malaysia interests, principles, policies and values, including human rights and gender equality, with a particular focus on the 2030 Agenda and the Sustainable Development Goals (SDGs)	2.1 Malaysia signs relevant international treaties/conventions also signed by EU MS. 2.2 Malaysia adopts or approximate relevant EU standards, including on the Green Agenda 2.3. Malaysia aligns with EU's commitments in multilateral fora	2.1 0 2.2 0 2.3 0	2.1 + 10 in 2027 2.2 + 15 in 2027 2.3 + 15 in 2027	2.1 2.2 2.3	
<b>Outcome 3</b>	Increased public awareness, understanding and approval of the EU and its role in the country, the region and the world	3.1 EU awareness, brand recognition and approval rates among target public	3.1. Baseline survey 2022	3.1. + 20%	3.1 Opinion survey 2027	
<b>Output related to Outcome 1, 2 and 3</b>	1.1 A Partnership and Cooperation Agreement Facility is established	1.1.1 Contract (s) signed for the facility	1.1.1 not signed	1.1.1 signed by 2024 and implemented by 2027	1.1.1 1.1.2	
<b>Output related to Outcome 2</b>	2.1 Building a strategic partnership on EU-Malaysia interests	2.1.1 Nr of participants to dialogues and consultations (disaggregated by sex, age and other categories) 2.1.2 nr of policy documents, studies and assessments finalised and published	2.1.1 2 per year 2.1.2 0	2.1.1 5 dialogues and consultations 2.1.2 at least 10 by 2027	2.1.1 2.1.2	
<b>Output related to Outcome 3</b>	3.1 A Strategic Communication and Public Diplomacy plan is developed and implemented	3.1.1 Detailed indicators, baselines and targets will be defined in the Strategic Communication and Public Diplomacy strategic plan, to be developed.	2.1.1 not signed	2.1.1 signed by 2024 and implemented by 2027		

## 4. IMPLEMENTATION ARRANGEMENTS

### 4.1. Financing Agreement

In order to implement this action, it is not envisaged to conclude a financing agreement with the partner country.

### 4.2. Indicative Implementation Period

The indicative operational implementation period of this action, during which the activities described in section 3 will be carried out and the corresponding contracts and agreements implemented, is 84 months from the date of adoption by the Commission of this Financing Decision.

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

### 4.3. Implementation Modalities

The Commission will ensure that the EU appropriate rules and procedures for providing financing to third parties are respected, including review procedures, where appropriate, and compliance of the action with EU restrictive measures<sup>2</sup>.

#### 4.3.1. Direct Management (Grants)

##### **Grants: (direct management)**

##### (a) Purpose of the grant(s)

It is possible that grants will be signed to support the achievement of Outcomes 1 and 2

##### (b) Type of applicants targeted

In order to be eligible for a grant, applicant must:

- be legal entities,; public and private sector operators, international organisations and economic operators such as SMEs - be an organisation based in Malaysia or in the EU, well established and active in the field of the intervention, so that it will be in a position to bring added value to the EU-Malaysia partnership and dialogues

#### 4.3.2. Direct Management (Procurement)

- In order to achieve the objectives under section 3.1, procurement contracts will be signed to implement outcomes 1, 2 and 3

#### 4.3.3. Indirect Management with a pillar-assessed organisation

A part of this action may be implemented in indirect management with an entity/ies, which will be selected by the Commission's services using the following criteria:

- experience in working with public authorities;
- experience in promoting alignment of EU interests, policies and values in partner countries;
- expertise in providing advisory services, capacity building and/or technical assistance to public and private sector;
- knowledge of the Malaysian context;
- capacity to work in partnership with key bodies of the Malaysian Government enabling smooth facilitation of one or more policy dialogues related to the SDGs.

<sup>2</sup> [www.sanctionsmap.eu](http://www.sanctionsmap.eu). Please note that the sanctions map is an IT tool for identifying the sanctions regimes. The source of the sanctions stems from legal acts published in the Official Journal (OJ). In case of discrepancy between the published legal acts and the updates on the website it is the OJ version that prevails.

The implementation by this/these entity/ies entails stronger results on specific objective 1, output 1.1 on the SDG dialogue.

#### 4.3.4. Changes from indirect to direct management mode (and vice versa) due to exceptional circumstances (one alternative second option)

In case procurement envisaged under section 4.3.2 cannot be implemented as planned due to circumstances outside of the Commission's control, the alternative implementation modality will be indirect management based on the criteria set out under section 4.3.3.

In case the part of the action envisaged to be implemented under section 4.3.3 cannot be implemented under the indirect management due to circumstances outside of the Commission's control, the alternative implementation modality will be direct management (procurement) based on the same criteria.

#### 4.4. Scope of geographical eligibility for procurement and grants

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

The Commission's authorising officer responsible may extend the geographical eligibility on the basis of urgency or of unavailability of services in the markets of the countries or territories concerned, or in other duly substantiated cases where application of the eligibility rules would make the realisation of this action impossible or exceedingly difficult (Article 28(10) NDICI-Global Europe Regulation).

#### 4.5. Indicative Budget

<b>Indicative Budget components (amounts in EUR)</b>	<b>EU contribution 2021</b>	<b>EU contribution 2022</b>	<b>EU contribution 2023</b>	<b>Total EU contribution</b>
<b>Grants (direct management)</b> – Total envelope under section 4.3.1	1 000 000	2 715 199.53	0	3 715 199.53
<b>Procurement (direct management)</b> – Total envelope under section 4.3.2  <i>Including on Strategic Communication and where relevant Public Diplomacy</i>	4 000 000	1 184 800.47	0	5 184 800.47
<b>Indirect management with a MS/international organisation</b> - Total envelope under section 4.3.3	1 000 000	100 000	2 000 000	3 100 000
<b>Evaluation</b> – cf. section 5.2 <b>Audit</b> – cf. section 5.3	will be covered by another Decision <sup>3</sup>	will be covered by another Decision	will be covered by another Decision	0
<b>Contingencies</b>	N.A.	N.A.	N.A.	N.A.
<b>Totals</b>	<b>6 000 000</b>	<b>4 000 000</b>	<b>2 000 000</b>	<b>12 000 000</b>

<sup>3</sup> Where the action is not covered by a financing agreement (see section 4.1), but 'will be covered by another Decision' as it is unlikely that evaluation and audit contracts on this action would be concluded within N+1. These contracts have to be authorised by another Financing Decision.

## 4.6. Organisational Set-up and Responsibilities

The Cooperation Facility will be subjected to an advisory mechanism. This group will discuss and provide on a bi-annual basis the strategic and policy guidance needed to ensure smooth project implementation. It will review and endorse annual work plans, monitor project outputs and achievements and not least provide advice on how to address obstacles and challenges identified during implementation. The group should have participation from the main sections of the Delegation.

Sub-groups of the advisory mechanism group may be set-up for specific areas of the Cooperation Facility, such as, but not necessarily limited to, strategic communication and public diplomacy.

The strategic communication and public diplomacy envelope will be managed by the Head of Cooperation, in agreement with the responsible communication unit in DG INTPA, fully respecting the cooperation facility guidelines.

As part of its prerogative of budget implementation and to safeguard the financial interests of the Union, the Commission may participate in the above governance structures set up for governing the implementation of the action.

## 5. PERFORMANCE MEASUREMENT

### 5.1. 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 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).

Roles and responsibilities for data collection, analysis and monitoring:

The implementing partner is responsible for day to day monitoring and reporting based on the agreed indicators in the logframe. Adjustments to the agreed indicators will be subject to a discussion and approval of the advisory committee. The contracting authority will be responsible for the approval of annual reports.

Monitoring and evaluation will assess gender equality results and the implementation of the human rights based approach working principles (applying all human rights for all; meaningful and inclusive participation and access to decision-making; non-discrimination and equality; accountability and rule of law for all; and transparency and access to information supported by disaggregated data). Monitoring and evaluation will be based on indicators that are disaggregated by sex, age and disability when applicable.

### 5.2. Evaluation

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

The mid-term evaluation would be carried out for learning purposes, in particular with respect to the intention to launch a second phase of the action.

The final evaluation may be carried out for accountability and learning purposes at various levels (including for policy revision), taking into account in particular the fact that the facility incorporated a number of different implementation modalities and covered a great variety of issues.

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



The evaluation reports shall be shared with the partner country and other key stakeholders following the best practice of evaluation dissemination<sup>4</sup>. 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.

### 5.3. Audit and Verifications

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 audit or verification assignments for one or several contracts or agreements. The financing of the audit shall be covered by another measure constituting a financing decision.

## 6. STRATEGIC COMMUNICATION AND PUBLIC DIPLOMACY

The objective is to engage in meaningful and effective communication with selected target audiences in order to enhance the widespread understanding and awareness of the European Union in Malaysia and its role in the region (ASEAN and wider Asian region) and the world. This will be achieved through the implementation of professionally designed, data-driven campaigns.

A Strategic Communication and Public Diplomacy plan will be set up, as a component of the Malaysia Cooperation facility via a service contract. (cf sections 4.3.2 and 4.5)

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<sup>4</sup> See best [practice of evaluation dissemination](#)