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ANNEX

to the Commission Implementing Decision on the financing of the multiannual action plan in favour of Malaysia for 2025-2027

Action Document for EU-Malaysia Cooperation Facility II

MULTIANNUAL PLAN

This document constitutes the multiannual work programme within the meaning of Article 110(2) of the Financial Regulation, within the meaning of Article 23 of the NDICI-Global Europe Regulation.

1 SYNOPSIS

1.1 Action Summary Table

1. Title CRIS/OPSYS business reference Basic Act	EU-Malaysia Cooperation Facility II OPSYS number: ACT-62743 Financed under the Neighbourhood, Development and International Cooperation Instrument (NDICI-Global Europe)
2. Team Europe Initiative	No but coordination will be ensured with the ASEAN Team Europe Initiatives
3. Zone benefiting from the action	The action shall be carried out in Malaysia
4. Programming document	Multiannual Indicative Programme (MIP) for Malaysia 2021-2027
5. Link with relevant MIP(s) objectives / expected results	The proposed action intends to enhance the EU-Malaysia partnership through the Cooperation 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 understanding and visibility of the EU and its role in the country, region and the world. More specifically, the facility will promote universal and shared values on human rights, gender equality, disability-inclusion, democracy, security, the environment, business and trade relations. By doing so it will deepen bilateral trade and investment relations, based on shared principles on inclusive, sustainable production and consumption, strengthen environmental protection and conservation, while supporting climate change mitigation and adaptation and, more broadly, the implementation of the 2030 agenda and the Sustainable Development Goals (SDGs) and Global Gateway. 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.
PRIORITY AREAS AND SECTOR INFORMATION	
6. Priority Area(s), sectors	430 – Other multisector

7. Sustainable Development Goals (SDGs)	Main SDG: 17 (partnerships for the goals) Other significant SDGs and where appropriate, targets: 5 (gender equality), 8 (decent work and economic growth), 9 (industry, innovation and infrastructure), 10 (reduced inequalities), 11 (sustainable cities and communities), 12 (sustainable consumption and production), 13 (climate action), 15 (life on land) and 16 (peace, justice and strong institutions).			
8 a) DAC code(s)	43010 – Multisector aid			
8 b) Main Delivery Channel	60000 – Private sector institution			
9. Targets	<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			
10. Markers (from DAC form)	General policy objective	Not targeted	Significant objective	Principal objective
	Participation development/good governance	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input 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"/>
	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 type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
	Nutrition	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	RIO Convention markers	Not targeted	Significant objective	Principal objective
	Biological diversity	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	Combat desertification	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	Climate change mitigation	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	Climate change adaptation	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
11. Internal markers and Tags:	Policy objectives	Not targeted	Significant objective	Principal objective
	Digitalisation	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
	digital connectivity	<input checked="" type="checkbox"/>	<input type="checkbox"/>	
	digital governance	<input checked="" type="checkbox"/>	<input type="checkbox"/>	
	digital entrepreneurship	<input checked="" type="checkbox"/>	<input type="checkbox"/>	
	digital skills/literacy	<input checked="" type="checkbox"/>	<input type="checkbox"/>	
	digital services	<input checked="" type="checkbox"/>	<input type="checkbox"/>	

	Connectivity	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
	digital connectivity energy transport health education and research	YES <input checked="" type="checkbox"/> <input checked="" type="checkbox"/> <input checked="" type="checkbox"/> <input checked="" type="checkbox"/> <input checked="" type="checkbox"/>	NO <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/>	
	Migration	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	Reduction of Inequalities	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
	Covid-19	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
BUDGET INFORMATION				
12. Amounts concerned	Budget line(s) (article, item): 14.020131 South and East Asia Total estimated cost: EUR 8 000 000 Total amount of EU budget contribution: EUR 8 000 000 The contribution is for an amount of EUR 3 000 000 from the general budget of the European Union for financial year 2025 and for an amount of EUR 3 000 000 EUR from the general budget of the European Union for financial year 2026, and for an amount of EUR 2 000 000 from the general budget of the European Union for financial year 2027, 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.			
MANAGEMENT AND IMPLEMENTATION				
13. Type of financing	Direct management through: - Grants - Twinning grants - Procurement Indirect management with the entity(ies) to be selected in accordance with the criteria set out in section 4.3.3			

1.2 Summary of the Action

The proposed action intends to enhance the EU-Malaysia partnership, through the Cooperation 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 understanding and visibility of the EU, its role and values in the country, region and the world. More specifically, the facility will promote universal and shared values on human rights, gender equality, inclusivity, 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) and of the Global Gateway. 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 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 strengthen the EU-Malaysia partnership and cooperation for sustainable and inclusive development for all.

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

1. Enhance the effectiveness of the dialogue between the EU and Malaysia.
2. More closely align the interests, principles, policies and values of the EU and Malaysia, including on human rights and gender equality, focussing on the 2030 Agenda, the Sustainable Development Goals and the Global Gateway;
3. Increase the approval of the EU and of its role in the country, the region and the world.

The key assumption is that the prospect of the implementation of the Partnership and Cooperation Agreement (PCA) and an eventual resumption of the negotiations for a Free Trade Agreement (FTA) will provide the main framework and impetus for engagement, as well as the external dimension of internal EU policies that may affect Malaysia in the years to come.

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, and environmental assets. It is one of the most open economies in the world with trade and investment being instrumental in employment creation and income growth. Malaysia has been an attractive country for investments for many decades. In addition to high levels of Foreign Direct Investments (FDI), Malaysia has also well-developed capital markets as well as a vibrant venture capital and private equity ecosystem. It has been witnessing increased sustainable and SDG-enabling financing, mainly via innovative debt instruments. In 2017, Malaysia issued the world's first green sukuk, the Shariah-compliant green bond as an innovative financing instrument raising capital of RM250 million for a 50-megawatt solar project.

Development has benefitted all ethnic groups, though not evenly. Malaysia continues to face significant structural inequalities between ethnic, religious and economic groups, as well as between East and Peninsular Malaysia. Development has also created pressures on the environment and important global ecosystems, such as the Central Forest Spine in Peninsular Malaysia and the Heart of Borneo, which are populated by several groups of indigenous peoples. Key metrics related for example to inequality, high-skilled jobs, gender equality, social protection, environmental management, good governance compare less favourably to those of high-income OECD countries. Concerning human rights, Malaysia has not ratified some core UN conventions. Despite progress, women and girls still face many challenges in Malaysian society and some groups continue to face considerable discrimination. While GDP has surpassed its pre-pandemic level, it remains below the pre-pandemic projected level. A sustainable and inclusive growth trajectory will be needed in order for Malaysia to reach high-income status.

The EU and Malaysia signed a Partnership and Cooperation Agreement (PCA) in December 2022. While Malaysia had initially agreed on provisional application, it later preferred not to apply the Agreement provisionally. 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 Multiannual Indicative Programme (MIP) for Malaysia 2021-2027 is limited to a Cooperation Facility designed to enhance the EU-Malaysia partnership. The intervention strategy is geared towards paving the way for the PCA implementation and possible resumption of the FTA negotiations, as well as supporting other policy areas relevant to the EU-Malaysia relation.

For the implementation of the action plan for 2021-2023, an amount of EUR 12 million has already been committed to a single action (the EU-Malaysia Cooperation Facility, ACT-60431). The proposed action is a continuation and replenishment of the facility to support the EU-Malaysia partnership until the end of the current MIP and during the start-up of the next programming cycle. The intervention logic and objectives will remain the same and include a focus on the implementation of the Global Gateway. The action is a flexible tool-box that can be rapidly mobilised through various implementation modalities in order to seize opportunities for cooperation on areas of mutual interest and the promotion of EU priorities, in particular in the context of the PCA and FTA or any emerging issues.

Implementing partners are chosen, among others, based on their capacity to bring added value to the EU-Malaysia partnership, especially experience of promoting alignment with EU interests, policies and values.

Malaysia has one Global Gateway flagship project, which is the development of the Port of Lumut Maritime Industrial City (LUMIC). This project will remain a priority towards 2027, with a related project on the development of hydrogen/ammonia being explored. The rapid growth and development of the Malaysian economy, linked to the country's location alongside the Strait of Malacca, the world's most important trade route, has made Malaysia a maritime nation and a gateway to Southeast Asia. Port of Antwerp-Bruges International (PoABI) and Perbadanan Kemajuan Negeri Perak (PKNP), a state development agency, have formed a strategic partnership to enable the establishment and operation of the Lumut Maritime Industrial Cluster (LUMIC) in Perak state (which includes an initial investment of EUR 12 million by PoABI in the landlord company, LUMIC Development Sdn Bhd). Under the Cooperation Facility, the EU awarded a grant for feasibility studies and master plan by the two partners, in order to develop the port's potential as a logistics and industrial hub and to attract further investments. The development of this Belgian-led EU Global Gateway initiative has the potential to strengthen EU-Malaysia trade and economic relations. It can also contribute to reducing dependencies on unreliable suppliers by allowing a presence in the Malacca Straits by an EU co-owned/operated port to maintain unhindered trade access to both Malaysian strategic commodities and products (gas, rubber gloves, semiconductors, rare earths) and to its market.

In addition to the above-mentioned intervention, several other actions and activities under the Cooperation Facility are promoting policy dialogue on shared values and interests, supporting the external dimension of the Green Deal, and helping to protect the environment and biodiversity. An innovative and highly politically visible biodiversity project to save the Malayan tiger is supporting the establishment, in the State of Pahang, of the first tiger conservation reserve in South-East Asia. Through this project with Enggang Management Services Sdn Bhd (EMS), the Malaysian organisation appointed to manage the operations of the reserve, the EU will be associated to the emission of the first ever tiger bonds (to finance the reserve), as well as the development of biodiversity credits. The facility is supporting the forestry sector in the states of Sabah and Sarawak on sustainable practices, including compliance with the EU Regulation on Deforestation-free Products (EUDR) and Corporate Sustainability Due Diligence Directive (CS3D). To empower Malaysian youth to effectively participate in climate action, a youth-led intervention provides an entry point to establish a youth sounding board on environmental issues and climate-related agendas. Several interventions with civil society organisations (CSOs) and with UN agencies support the promotion and protection of human rights and institutional reform. The facility is addressing people living in vulnerable and marginalised situations, such as children on plantations, or people in prison.

2.2 Problem Analysis

Short problem analysis:

Through the Global Gateway the EU aims to provide a positive offer for its partners, to forge links and not create dependencies, to deliver on today's global challenges. This positive offer is built on the principles of: democratic values and high standards, good governance and transparency, equal partnerships, green and clean, security-focused, catalysing private sector investment. As highlighted in the EU Strategy for the Indo-Pacific, given the interdependence of the economies, the geopolitical dynamics and the common global challenges, the EU's rationale for cooperation in the region is a strong basis for a mutually beneficial relationship, all the while recognising the centrality of the Association of Southeast Asian Nations (ASEAN).

Within this regional and global framework, the EU's cooperation with Malaysia takes place in the context of the country's transition to a high-income economy. To compete with other high-income countries, factor accumulation is no longer sufficient to maintain growth. Instead, broader economic development, focusing on the quality, rather than quantity, of economic growth is needed. This transition requires a complex reform agenda in order to: make growth more inclusive, sustainable and resilient; address structural inequalities and vulnerabilities; encourage investments in human and natural capital, social and physical infrastructure, innovation. At the same time, the interplay between coalition politics, elite-based networks and aspirations for reform of various segments of the population, as well as Malaysia's foreign policy stance, create a complex geopolitical, policy and communication environment.

This perspective opens up various entry-points and areas for dialogue to foster mutual understanding and policy alignment. Flexibility will be key to responding and adapting to changes and to new or expanding areas of potential

cooperation, and the action will target mutual interests, highlight benefits and support peer-to-peer exchanges. Fostering collaboration between Malaysia and European stakeholders will also be key, notably by leveraging existing ties between business communities, academia, and CSOs. A more strategic approach to communication, tailored to the local context, will also be implemented.

Through the policy dialogues and partnerships with government and non-government actors, underpinned by strategic communication, the facility will aim to tackle the following (non-exhaustive) challenges and priority areas:

- **Delivering on the Global Gateway offer and mobilising investments from the European Fund for Sustainable Development Plus (EFSD+) will require cooperation on three fronts.** Firstly, capitalising on the LUMIC Global Gateway project in Perak to support the potential creation of a green energy hub, as well as potential synergies in the framework of the Global Gateway Green Shipping Corridors Initiative. Secondly, European development financial institutions (DFIs) should be encouraged to actively explore partnerships with local actors through a Team Europe approach and an agreement must be concluded between Malaysia and the European Investment Bank (EIB) in order for it to operate in the country. Thirdly, an enabling environment for sustainable and inclusive trade and investments will be supported as part of the dialogue on an EU-Malaysia economic partnership and in the context of the possible resumption of FTA negotiations. This may include cooperation with respect to: good governance, anti-corruption, ASEAN integration, regulatory cooperation/convergence, standards, market access and liberalisation, digital, economic governance, economic diplomacy, green economy, green finance, sustainable consumption and production, trade and sustainable development, carbon pricing, decent inclusive work, environmentally and socially responsible supply chains, business and human rights, innovation and skills, science and research, cooperation between European and Malaysian businesses.
- **Protecting the environment and supporting the fight against climate change and resilience to its impacts are a vital and shared objective** between the European Union and Malaysia. Malaysia is one of the mega-diverse countries in the world. 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 is characterised by influential interests groups, a general lack of transparency and numerous large-scale corruption scandals, compounded by increasing water shortage, wildlife trafficking, 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 (MY) contributes to 0.61 % of global emissions (31st place globally). MY is an important natural gas and oil producer with a potential for renewables energy, still untapped. A climate change act is also in preparation, and the government seems to be committed to increase its climate ambition. Malaysia's key strategy to mitigate greenhouse gas emissions is in the energy, waste, and forestry sector. 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 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).
- **Strengthening the human rights dialogue will seek to promote an effective Human Rights Based Approach (HRBA)** in policy-making and implementation. 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 (CRDP) but has not yet ratified the International Covenant on Civil and Political Rights (CCPR) and the Covenant on Economic, Social and Cultural Rights (CESCR), nor other main human rights treaties. Malaysia has a Gender Inequality Index (GII) value of 0.202 with a ranking of 52nd out of 166 countries in the 2022 Index. Gender-based violence or women's political and economic empowerment are some of the remaining challenges. During its consideration of Malaysia's sixth periodic report, the Committee on the Elimination of Discrimination against Women commended Malaysia on legislation to address gender-based violence, but asked about female genital mutilation, which is not prohibited and is estimated to be practiced on most women among the Muslim population. Persons with disabilities in the country face widespread societal discrimination and obstacles that prevent them from participating in society on an equal basis with others. More than 10 percent of Malaysians aged 18 years and above have disabilities, and one in four Malaysian adults experience functional difficulties

in one or more area. The penal code still criminalizes consensual same-sex relations. Indigenous peoples have the highest overall poverty rates and face issues of recognition of their land title rights. The rights of migrants and of forcibly displaced people are challenged. Malaysia hosts over 188,000 refugees and asylum-seekers; nine out of ten are from Myanmar. A substantial number of stateless persons also live in Malaysia, and statelessness among children is of particular concern.

- **Reduction of inequalities and SDG dialogue:** despite an ongoing post-pandemic recovery, Malaysia's poverty rate has not yet returned to pre-pandemic levels. Absolute poverty stood at 6.2 percent in 2022, with nearly 490,000 Malaysian households living below the national poverty line. Income inequality, measured by the Gini index based on per capita net income, declined to 40.7 percent in 2022, from 41.2 percent in 2019. This trend varied across states, with some like Kelantan, Pulau Pinang, and the Federal Territory of Kuala Lumpur experiencing a widening income gap. Meanwhile, progress in overall provision of basic amenities in Malaysia has been remarkable, but although access to basic amenities is impressive on average, there are still gaps across the country, both between rural and urban households and between states. For example, nearly 20 percent of households in Sabah and Sarawak did not have access to secondary schools within five kilometres, five times higher than the national average of 4.7 percent households that are lacking such access. The female labour force participation rate remains the third lowest in ASEAN, and under-performing when compared to countries of similar income level. Women are leaving the labour force and not returning when they reach the child-bearing age of 30 years and above. To achieve high-income status, it is imperative to ensure all of Malaysia's educated and experienced talent pool can remain productive as long as possible and contributing to the labour market.
- **Security sector dialogues** could include cyber-security, maritime security, trafficking of people, fighting disinformation, combating radicalisation.

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

The Cooperation Facility will continue to engage and benefit a wide range of stakeholders as appropriate and in line with HRBA principles. It will respond and seek to facilitate cooperation with all the stakeholders whose engagement may benefit the EU-Malaysia partnership, including for example: government at national and subnational levels as duty-bearers; civil society and non-governmental organisations; business and industry associations, small and medium sized enterprises (SMEs), financial institutions; education, scientific and cultural institutions; the media; youth, women and marginalised groups as rights holders (people with disabilities, LGBTI persons, indigenous people, etc.); EU Member States; other like-minded/development partners.

3 DESCRIPTION OF THE ACTION

3.1 Objectives and Expected Outputs

The Overall Objective of this action is to strengthen the EU-Malaysia partnership and cooperation for sustainable and inclusive development for all.

The Specific Objectives of this action are to:

1. Enhance the effectiveness of the dialogue between the EU and Malaysia;
2. More closely align the interests, principles, policies and values of the EU and Malaysia, including on human rights and gender equality, focussing on the 2030 Agenda, the Sustainable Development Goals and the Global Gateway;
3. Increase the approval of the EU and of its role in the country, the region and the world.

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

- 1.1 contributing to Outcome 1 (or Specific Objective 1): Broadened scope and inclusiveness of the policy dialogues on a wide range of issues relevant to EU-Malaysia relations.
- 2.1 contributing to Outcome 2 (or Specific Objective 2): Strengthened cooperation with a diversity of stakeholders, including civil society and the private sector.

3.1 contributing to Outcome 3 (or Specific Objective 3): Enhanced awareness of the benefits of the cooperation with the EU among a larger and more diverse audience.

3.2 Indicative Activities

Activities relating to Output 1.1:

Policy dialogues between the EU and Malaysia on:

- All areas mentioned in the EU-Malaysia Partnership and Cooperation Agreement;¹
- All areas relevant to a potential, future EU-Malaysia Free Trade Agreement;
- EU policies, strategies and investment priorities, including the Green Deal, the Indo-Pacific Strategy, and the Global Gateway;
- Global and multilateral frameworks and conventions, in particular the 2030 Agenda and the SDGs;
- Regional or sub-regional priorities, including within the framework of ASEAN;
- Malaysia's domestic and international agenda, including triangular cooperation, also in relation to the above.

Activities relating to Output 2.1:

In partnership with the relevant stakeholders and in the afore-mentioned policy areas:

- Peer-to-peer exchanges;
- Institutional support and organisational reform;
- Technical assistance, training and capacity development;
- Development/review of plans, policies, legislation, regulations, and standards;
- Awareness-raising and outreach activities (communication, media advocacy, event organisation, etc.);
- Promotion of enabling environment and catalysing investments, such as green and renewable energy projects, through feasibility studies or other types of intervention;
- Implementation of strategies and plans, including of the roadmap for EU engagement with civil society, the EU Gender Action Plan², the EU Action Plan for Human Rights and Democracy, the EU Strategy for the Rights of Persons with Disabilities;
- Targeted, integrated support to communities and/or ecosystems with a strong demonstration effect;
- Support to specific groups or sectors, especially to facilitate compliance or adaptation to new regulations (for example, support to smallholder farmers to comply with the EUDR);
- Mainstreaming of cross-cutting issues into sector policies and practices, with particular attention to groups in situation of vulnerability and to environmental protection.

Activities relating to Output 3.1:

New audiences will be targeted through the following strategic communication and (where relevant) public diplomacy activities, with attention paid to the accessibility and inclusivity of the activities, events and materials:

- Design and roll out at national level of data-driven, public campaigns aimed at the general public, 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;
- 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;
- Data collection, monitoring and evaluation of communication outcomes and public perception.

3.3 Mainstreaming

The mainstreaming of cross-cutting issues underpins the added-value of the EU's Global Gateway offer. Interventions and activities under this action will promote integrated approaches and EU best practice, seek to foster interlinkages between SDGs and address any cross-cutting issues relevant to the specific dialogues and to EU-

¹ See the [text](#) of the agreement.

² The [Gender Action Plan III](#) is a Joint communication by the Commission and the High Representative of the Union for Foreign Affairs and Security Policy which was welcomed through [EU Presidency Conclusions](#) of 16 December 2020 endorsed by 24 Member States.

Malaysia relations, such as: climate change, environmental protection, human rights, democracy, gender equality, while also targeting people living in vulnerable and marginalised situations (such as marginalised communities, minorities, migrant workers, forcibly displaced people, stateless people, the poorest, indigenous peoples, people with disabilities, vulnerable women, children and youth). Policy dialogues and technical assistance for the development of national strategies and investments may be considered in environmentally sensitive sectors, such as energy, infrastructure, transport, private sector development, or natural resources management (including forestry, fisheries and waste management). If this is the case, an SEA will be conducted. The facility may also support the conduct of environmental and social impact assessments, analysis and mitigation of climate risks, or application of safeguards for specific investment projects. For example, the facility may support the development of a potential project on hydrogen/ammonia in the State of Perak.

Environmental Protection & Climate Change

Outcomes of the SEA screening (relevant for budget support and strategic-level interventions)

The Strategic Environmental Assessment (SEA) screening concluded that key environmental and climate-related aspects need to be addressed during design.

Outcomes of the EIA (Environmental Impact Assessment) screening (relevant for projects and/or specific interventions within a project)

The EIA (Environment Impact Assessment) screening classified the action Category C (no need for further assessment).

Outcome of the CRA (Climate Risk Assessment) screening (relevant for projects and/or specific interventions within a project)

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

Gender equality and empowerment of women and girls

As per the OECD Gender DAC codes identified in section 1.1, this action is labelled as G1. This implies that gender equality is a significant objective of the Cooperation Facility. Interventions will support the implementation of the Country-Level Implementation Plan (CLIP) and be informed by a gender analysis (based on the gender equality country profile or other relevant sources, such as the forthcoming CEDAW eighth periodic report). Specific activities targeting gender-sensitive issues will be implemented, for example in the context of structured dialogues with CSOs that will include women's rights organisations and through gender-sensitive communication approaches. The action will contribute to the thematic areas of engagement of the EU Gender Action Plan 2021-2025 (GAP III), such as promoting economic and social rights and empowering girls and women, addressing the challenges and harnessing the opportunities offered by the green transition and the digital transformation.

Human Rights

Strengthening the human rights dialogue with Malaysia and aligning the legal framework (ratification of international human rights treaties) is a significant objective of the Cooperation Facility. The action will support the implementation of the EU Action Plan for Human Rights and Democracy. The design and implementation will pay attention to those who are most marginalised, excluded or discriminated against and living in vulnerable situations, by applying HRBA principles.

Disability

As per OECD Disability DAC codes identified in section 1.1, this action is labelled as D1. This implies that disability is a significant objective of the Cooperation Facility. The needs of people with disabilities will be ensured with respect to their participation and to ensure accessibility of materials and events supported by the action. People with disabilities may be targeted by specific activities. People with disabilities and their representatives will be involved in consultations and policy dialogues.

Reduction of inequalities

The action is labelled as I-1. The intervention will seek to address the inter-related gaps of the SDGs that can contribute to the alleviation of multi-dimensional poverty. Marginalised communities, minorities, the poorest, indigenous

peoples, peoples with disabilities and people living in severe poverty, vulnerable women, children and youth will be targeted or included by specific activities.

Democracy

Malaysia is a representative democracy and good governance is a significant objective of the facility. The action will aim to strengthen the democratic system and the inclusiveness of the dialogues, including on participation, transparency, anti-corruption and the rule of law.

Conflict sensitivity, peace and resilience

Protecting the environment, adapting to climate change and building resilience of communities living within or in close proximity to forests, and human rights related activities are issues that may require a conflict-sensitive approach.

Disaster Risk Reduction

DRR will be integrated where relevant, especially with relation to climate resilience and the risk of environmental degradation for communities living within or in close proximity to forests, and concerning people displaced by climate-induced disasters.

Other considerations if relevant

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.

3.4 Risks and Lessons Learnt

Category	Risks	Likelihood (High/ Medium/ Low)	Impact (High/ Medium/ Low)	Mitigating measures
External environment	Persistent discriminatory legislative framework and cultural-social norms and attitudes perpetuate inequalities.	High	Medium	Policy outreach and advocacy will be tailored to the local context and conducted in partnership with coalitions of local actors that include people in most marginalised situations (i.e. persons with disabilities, LGBTI persons, indigenous people, etc.).
External environment	Partners do not prioritise gender mainstreaming and the empowerment of women in their policies and actions.	High	Medium	The action will carefully prioritise partnerships with actors that share common values on the empowerment of girls and women, and HRBA. It will seek to sensitise others by mainstreaming gender into the activities through the appropriate tools.
Communication and information	Reputational damage from greenwashing or from being associated with investments or	Medium	High	Investments will be screened against Global Gateway principles. Partnerships and communication efforts will be based on tangible achievements or commitments. The action will support the mainstreaming of cross-cutting issues.

	partnerships that are not sustainable.			
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Lessons Learnt:

Overall risks are limited due to the nature of the facility, which is an on-demand instrument managed directly by the EU. The interplay between coalition politics, elite-based networks and aspirations for reform of various segments of the population, as well as Malaysia's foreign policy stance, create a complex geopolitical, policy and communication environment. Flexibility is key to responding and adapting to changes and to new or expanding areas of potential cooperation.

3.5 The Intervention Logic

The underlying intervention logic for this action is that:

IF the scope and inclusiveness of the policy dialogues is broadened; the cooperation with a diversity of stakeholders (including civil society and the private sector) is strengthened; the awareness of the benefits of cooperation with the EU is enhanced **AND** a virtuous cycle of dialogues, partnerships on mutual interests, and strategic communication efforts is initiated **THEN** the effectiveness of the dialogue between the EU and Malaysia will be enhanced; the interests, principles, policies and values of the EU and Malaysia will be more closely aligned (including on human rights and gender equality, focussing on the 2030 Agenda, the Sustainable Development Goals and the Global Gateway); the approval of the EU and of its role will increase. **IF** the effectiveness of the dialogue between the EU and Malaysia is enhanced; the interests, principles, policies and values of the EU and Malaysia are more closely aligned; the approval of the EU and of its role increases **AND** the PCA implementation, potential future FTA negotiations, and external dimension of EU policies provide the impetus for engagement **THEN** the EU-Malaysia partnership and cooperation will be strengthened for the sustainable and inclusive development of all stakeholders and groups.

These outcomes/outputs are mutually reinforcing. For instance, dialogues on specific policies, either in the context of formal processes or ad hoc discussions with government and/or non-government stakeholders, can lead to requests from partners for follow-up activities, such as capacity-building or technical assistance to support the implementation of specific measures or to deepen knowledge and understanding of particular issues, thereby strengthening the dialogue further. Conversely, policy outreach and advocacy based on solid evidence gathering can spur dialogue by raising awareness of key facts, issues, interests and the impact of policies on various groups and/or dispel misinformation. The key assumption is that the prospect of the implementation of the PCA and an eventual resumption of the negotiations for an FTA will provide the main framework and impetus for engagement, as well as the external dimension of EU policies that may affect Malaysia in the years to come.

3.6 Logical Framework Matrix

This indicative logframe 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.

Results	Results chain	Indicators	Baselines (values & years)	Targets (values & years)	Sources of data	Assumptions
Impact	Strengthened EU-Malaysia partnership and cooperation for sustainable and inclusive development for all.	1 Inequality-adjusted Human Development score	1 0.692 (2022)	1 N.a. (2027)	1 Inequality-adjusted Human Development Index (UNDP)	<i>Not applicable</i>
Outcome 1	1 The effectiveness of the dialogue between the EU and Malaysia is enhanced.	1.1 Number of high-level dialogues with state or non-state actors (including on gender equality and women's empowerment, and/or with women's and girls' organisations).	1.1 Tbd (2024)	1.1 Tbd during inception (2027)	1.1 Joint press releases or other communiqués	<i>Impetus for engagement from PCA implementation, potential future FTA negotiations, external dimension of EU policies</i>
Outcome 2	2 The interests, principles, policies and values of the EU and of Malaysia are more closely aligned, including on human rights and gender equality, focussing on the 2030 Agenda, the Sustainable Development Goals and the Global Gateway.	2.1 Number of processes related to partner country practices on trade, investment and business, or promoting the external dimension of EU internal policies or EU interest, which have been influenced (GERF 2.15).	2.1 Tbd (2024)	2.1 Tbd during inception (2027)	2.1 Warta	

Outcome 3	3 Increased approval of the EU and of its role in the country, the region and the world.	3.1 Percentage of opinion survey respondents that approve of the EU disaggregated by sector, sex, age and disability.	3.1 Tbd (2021)	3.1 Tbd during inception (2027)	3.1 Opinion surveys	
Output relating to Outcome 1	1.1 Broadened scope of the dialogue and wider range of issues addressed.	1.1.1 Number of articles of the PCA for which a dialogue has been supported.	1.1.1 Tbd (2024)	1.1.1 Tbd during inception (2027)	1.1.1 Project reports for the EU-funded intervention	<i>Virtuous cycle of dialogues, partnerships on mutual interests, and strategic communication efforts</i>
Output relating to Outcome 2	2.1 Strengthened diversity of stakeholders and inclusiveness of the dialogues, including civil society and the private sector.	2.1.1 Number of participants in policy dialogues disaggregated by sector, sex, age and disability.	2.1.1 Tbd (2024)	2.1.1 Tbd during inception (2027)	2.1.1 Records of attendance	
Output relating to Outcome 3	3.1 Enhanced awareness of the benefits of the cooperation with the EU among a wide range of audiences.	3.1.1 Number of people reached through public campaigns disaggregated by sex, age and other available metrics.	3.1.1 Tbd (2023)	3.1.1 Tbd during inception (2027)	3.1.1 Social media analytics	

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 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.³

4.3.1 Direct Management (Grants)

Grants: (direct management)

i. Twinning actions

(a) Purpose of the grant(s)

It is possible that grants will be signed to support the achievement of Outcome 1 and related Output 1.1. as well as Outcome 2 and related Output 2.1.

Twining projects might indicatively be linked to the green transitions standards and competition policy areas.

(b) Type of applicants targeted

The primary type of applicants include EU Member State administrations and their mandated bodies.

ii. Other (non-twinning) actions

(a) Purpose of the grant(s)

It is possible that grants will be signed to support the achievement of Outcome 2 and related Output 2.1.

(b) Type of applicants targeted

In order to be eligible for a grant, applicants 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/or 3.

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

4.3.3 Indirect Management with an entrusted entity

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

- 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.

The implementation by this entity entails stronger results under Outcome 1 and related Output 1.1 as well as Outcome 2 and related Output 2.1.

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

In case grants envisaged under section 4.3.1 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 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

Indicative Budget components (amounts in EUR)	EU contribution Total
Grants (direct management) – total envelope under section 4.3.1	2 600 000
Procurement (direct management) – total envelope under section 4.3.2	2 700 000
Indirect management with an entrusted entity – total envelope under section 4.3.3	2 700 000
Evaluation – cf. section 5.2 Audit – cf. section 5.3	may be covered by another Decision
Contingencies	N.A.

Totals	8 000 000
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4.6 Organisational Set-up and Responsibilities

Under the chairmanship of the Head of Delegation, an advisory mechanism composed of the main sections of the EU Delegation will meet twice a year to provide strategic and policy guidance. It will review and endorse annual work plans, monitor results and achievements, and advise on how to address obstacles and challenges. The Cooperation Section of the EU Delegation will facilitate the meetings.

Sub-groups of the advisory mechanism may be set-up for specific areas, for example in the case of twinning (in which case, the organisational set-up and responsibilities will be defined in accordance with the applicable Twinning Manual). Specific groups may be set up also to facilitate coordination on Team Europe Initiatives, if any. 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 and may sign or enter into joint declarations or statements, for the purpose of enhancing the visibility of the EU and its contribution to this action and ensuring effective coordination.

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 (for project modality) and the partner's strategy, policy or reform action plan list (for budget support).

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). In particular, the Commission may contract one or more public opinion surveys, either as part of this action or to be covered by another decision, to serve as a baseline and/or as an endline.

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 mechanism. The contracting authority will be responsible for the approval of annual reports. Monitoring and evaluation will assess gender equality results and the implementation of HRBA 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 final evaluation may 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), taking into account in particular the fact that the action addresses a wide-range of issues. The Commission shall inform the implementing partner at least two 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 may be shared with the partners and other key stakeholders following the best practice of evaluation dissemination. The implementing partner and the Commission shall analyse the conclusions and recommendations of the evaluations and, where appropriate, apply the necessary adjustments. The financing of the evaluation may be covered by another measure constituting a Financing Decision. In addition, all evaluations shall assess to what extent the action is taking into account the human rights-based approach, and how it contributes to gender equality, women's empowerment and disability inclusion. Expertise on human rights, gender equality and disability will be ensured in the evaluation teams.

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.

6 STRATEGIC COMMUNICATION AND PUBLIC DIPLOMACY

The 2021-2027 programming cycle will adopt a new approach to pooling, programming and deploying strategic communication and public diplomacy resources.

In line with the 2022 “[Communicating and Raising EU Visibility: Guidance for External Actions](#)”, it will remain a contractual obligation for all entities implementing EU-funded external actions to inform the relevant audiences of the Union's support for their work by displaying the EU emblem and a short funding statement as appropriate on all communication materials related to the actions concerned. This obligation will continue to apply equally, regardless of whether the actions concerned are implemented by the Commission, partner countries, service providers, grant beneficiaries or entrusted or delegated entities such as UN agencies, international financial institutions and agencies of EU member states.

However, action documents for specific sector programmes are in principle no longer required to include a provision for communication and visibility actions promoting the programmes concerned. These resources will instead be consolidated in Cooperation Facilities established by support measure action documents, allowing Delegations to plan and execute multiannual strategic communication and public diplomacy actions with sufficient critical mass to be effective on a national scale.