

MTR DOCUMENT
REGIONAL STRATEGY FOR ASIA 2007-2013
MULTI-ANNUAL PROGRAMME FOR ASIA (MIP) 2011-2013

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1 SUMMARY

In line with the Development Cooperation Instrument (DCI), the Commission's development strategy for the region aims at eradicating poverty by supporting broad-based sustainable economic growth, promoting an environment and conditions conducive to trade and integration within the region, enhancing governance, increasing political and social stability, and contributing to achievement of the 2015 Millennium Development Goals (MDGs). Tackling poverty, climate change, weapons proliferation, drugs and other global issues will, however, also depend critically on forging effective alliances within the region.

While there have certainly been important developments at national and regional level, it has been confirmed that the thrust and focal areas of the regional strategy, which complements the 18 individual country strategies in the region, are still valid and relevant, thus allowing the design and adaptation of specific activities in the Multi-Annual Indicative Programme (MIP) for the period 2011-2013. In line with the Regional Strategy for Asia covering the period 2007-2013, which was adopted by the Commission in July 2007, the proposed second MIP focuses on three areas of intervention for which indicative allocations of up to €321 million are envisaged:

(1) Support for Regional Integration (€63 million or some 20% of total allocation)

The sub-regional cooperation programmes will cover co-operation with the Asia-Europe Meeting (ASEM), with South-East Asia (support given to the Association of South-East Asian Nations – ASEAN), and with South Asia.

(2) Policy and Know-How based Cooperation (€168 million or 52% of total allocation)

Environment, Energy and Climate Change: Cooperation in this key area will focus on three main activities: (1) Continued support for a regional intervention to promote green growth in Asia by financing projects that encourage sustainable consumption and production, (2) Cooperation on Forest Law Enforcement, Governance and Trade (FLEGT), addressing illegal logging and enhanced forest governance, and (3) the establishment of an Asia Investment Facility to facilitate investments relevant to climate change.

Higher Education will be promoted through partnerships between European and Asian higher education institutions and mobility schemes for students and academics.

Cross-border Cooperation in Human and Animal Health: The Commission will support a cross-sectoral approach to improve the capacity at national and regional level to prevent, detect and respond to sanitary risks, following the “One Health” approach.

(3) Support to Uprooted People in Asia (€90 million or some 28% of total allocation)

Assistance will be given to refugees, internally displaced persons, returnees, former soldiers and other combatants. The objective is to reintegrate or integrate uprooted people into the prevailing socio-economic fabric and to provide support to local communities and resettlement areas. The support will link relief, rehabilitation and development, aiming at filling the gap between emergency relief for refugees and longer-term development, in particular in protracted situations. Current as well as emerging crises will be supported.

2 THE MID-TERM REVIEW

EU-Asia relations are expanding, and the EU is seeking an increasingly close relationship with Asia, going beyond traditional cooperation, to encompass economic integration and political cooperation. To meet the development challenges that lie ahead and to extend EU-Asia relations, the Commission adopted in 2007 the Regional Strategy and 18 individual country strategies and programmes covering our development cooperation with Asia. For the period 2007-2013 an amount of €5.2 billion has been earmarked under DCI.

Given Asia's extreme diversity in population, languages, religions, political systems, traditions and culture, it must be emphasised that the 18 MTR documents covering the individual countries provide a detailed analysis at the country level, and thus shape on that basis the specific country response strategies. As the Regional Strategy and proposed activities are complementary to the 18 CSPs, the individual analysis at the country level and the resulting programmes have to be kept in mind when assessing the Regional Strategy (cf Annex VIII for national MIP summaries of countries covered).

2.1 Political, Economic, Social and Environmental Developments

Home to more than half of humanity, the Asian region covered by the Regional Strategy is characterised by a tremendous diversity in terms of political, economic, security and social systems. Though Asia has gone some way towards meeting the MDGs, poverty is still a major problem, as the region is home to two thirds of the world's poor. On the other hand, Asia has surpassed NAFTA by becoming Europe's main trading partner, accounting for a third of Europe's total trade flows. European FDI in Asia amounts to a third of European investments abroad.

With regard to the impact of the economic crisis, Asia has coped better than in 1997/98. The largest Asian economies have weathered the crisis well. Given high trade/GDP ratios, however, most middle-income countries (MICs) have been severely affected by the contraction in global demand, as external trade declined in 2009 by some 25% throughout the region. To counteract the slowdown, all Asian MICs have adopted fiscal and monetary stimulus measures. Still, growth has slowed in all countries (deceleration to 6.3% in 2008, from 9.5% in 2007), and low-income countries have little space for fiscal stimuli. The impact on employment and real wages varies, but hurts all. Given that average growth for developing Asia is projected to decline to 3.4% in 2009, recent aimed at achieving the MDGs risked being undermined.

However, according to IMF forecasts, economic activity in Asia will experience a relatively fast recovery in 2010, with growth picking up to an average of 6% to 6.5%. In some countries, substantial stimulus packages contributed to stabilise the situation (e.g. China's economic stimulus package worth more than €400 billion launched in the beginning of 2009). In other countries the absolute number of poor has increased, notably in countries like Cambodia. However, for Asia overall the poverty rate has declined slightly. In countries where poverty has increased, and the achievement of MDGs is at risk, such as Bangladesh, the Commission reacts adequately in the framework of the country-specific MIPs by emphasising the poverty focus of the supported strategies (cf Annex III for the major MDG indicators of all countries covered).

As commodity prices continued to rise, inflation is becoming an issue in 2010, warranting the tightening measures that have been taken by India, Vietnam, Malaysia, but also in China and Singapore to some extent.

Due to declined exports and reduced remittances, the region's current account surplus is projected to fall to about 4.8% of GDP in the next two years. Developing Asia's financial sectors have so far largely weathered the crisis. Bank credit continues to flow to the productive sector, though access to credit has tightened for riskier investments. By contrast, equity prices have bounced back, and capital inflow has picked up rapidly, especially in countries where potential for expansion of domestic demand is large. One risk with regard to the economic development in the region was that slowing growth and rising unemployment could give rise to social instability, which in turn would further dampen investment and growth. However, the financial and economic crisis per se did not lead to significant political and social instability in the region.

As Asian countries have shown different degrees of resilience to the crisis, the MTR of the strategy papers has resulted in a range of adapted EU responses. In the countries most affected (e.g. Malaysia, Thailand), limited EU support focuses on trade and investment promotion, scientific and technical cooperation, as well as on the promotion of good governance. The relatively poor countries which receive the bulk of EU support in Asia (such as Afghanistan, Pakistan, India, Nepal, Bangladesh, Laos, the Philippines, and Myanmar), are less integrated into the world economy and were hence less affected by the crisis. EU support in these countries is by and large directly targeted at poverty eradication and social sectors. Given the negative effects of the economic crisis on low-income countries, the World Bank and the Asian Development Bank have increased their commitment to affected countries substantially. On the Commission side, our budget may be smaller but the focus on health and education in many countries through our country strategies means that we will continue to play an important role in fostering poverty eradication policies. The crisis has also underlined the need to pursue further regional integration as a means to boost growth and reduce poverty.

ASEAN has stepped up its integration efforts over the last few years. With the entering into force of ASEAN's Charter at the end of 2008 and the adoption of the blueprints for the three communities (economic, political/security, socio-cultural), ASEAN has detailed plans for integration, which should form the basis for enhanced EU-ASEAN cooperation. Aid for trade will also be addressed in the ASEAN framework, though most of the specific aid-for-trade activities will be carried out at the country level. In addition, further financial integration is taking place, with the multi-lateralisation of the Chiang Mai Initiative in March 2010; this will support financial stability in Asia.

Asia's diverse environment is under growing pressure as a result of population growth, economic development and climate change. Asia thus faces enormous environmental challenges. It is acknowledged that economic growth has led to widespread degradation of the environment in Asia. Furthermore, Asia now emits some 30% of worldwide greenhouse gases, which on the basis of current trends would reach over 40% by 2030. In a region that contributes considerably to global greenhouse gas emissions and is, at the same time, highly vulnerable to the effects of climate change, work and dialogues on climate change mitigation as well as adaptation are necessary, and are thus, of course, included in our national and regional programmes.

Asia continues to be a major source of skilled labour. However, much of the migration flows to the EU take place in an irregular manner. Migration is thus an issue which is systematically included in the regular policy dialogues with partner countries and in the framework of PCA negotiations. The fragile situation of uprooted people poses problems in a number of Asian countries. With more than 2.8 million refugees, the Afghan crisis affects Afghanistan, Pakistan, and Iran, while the Burmese crisis affects Burma/Myanmar, Thailand and Bangladesh.

Ongoing conflicts in several countries contribute to human rights abuses. Human rights in general remain an issue of concern and region-wide human rights challenges include the death penalty, torture and a culture of impunity and discrimination.

2.2 New EC/EU Policy Objectives and Commitments

New EU policy objectives will be mainstreamed in the regional and national MIPs through systematic inclusion in ongoing political and sectoral dialogues with Asian partners, as well as through concrete actions addressing the specific issues at both national and regional level.

Climate change is a key priority for the EU, which has taken a lead in this area. The March 2010 Environment Council Conclusions recognised the positive outcome of the Copenhagen Conference, and stressed the fact that the need to forge a global legally-binding post-2012 agreement under the UN Framework Convention on Climate Change is becoming more urgent. The Council emphasised the need to strengthen bilateral and regional alliances with a view to building bridges between parties which reinvigorate and feed into the UNFCCC. The Copenhagen Accord recognised that a low-emission development strategy is indispensable to sustainable development, and the EU looks forward to exploring with developing countries how appropriate support can contribute to their efforts to undertake ambitious nationally appropriate mitigation actions.

The EU is also determined to make rapid progress on REDD+, *Reducing Emissions from Deforestation and Degradation* mechanisms, readiness, and accelerate the development, deployment and diffusion of environmental safe and sustainable low-carbon technologies. At this regard, the EU reaffirmed its commitment taken under the Copenhagen Accord to contribute €2.4 billion over the period 2010-12. The second regional MIP puts emphasis on climate change-related actions, such as the continued support to promote sustainable consumption and production, as well as the establishment of a regional investment facility to foster green investments. Further support to Forest Law Enforcement, Governance and Trade remains also a priority. Progress of Voluntary Partnership Agreements, and increased efforts by the EU to help Asian countries to overcome problems related to the illegal wood trade have pushed FLEGT high up on the agenda. Most Asian countries are increasingly sensitive about the economic interests at stake, sustainable use of their natural resources and their image abroad, and are thus serious about investing in this process.

Negotiations on Free Trade Agreements (FTA) with India were launched in June 2007. Some progress has been made but negotiations are not yet concluded. With regard to ASEAN, the objective of a regional FTA remains for the long-term, but the EU is now negotiating on a bilateral basis with those ASEAN countries willing and able to negotiate. Negotiations with Singapore were launched in March 2010, and other ASEAN countries such as Vietnam have expressed interest.

FTAs would increase market access for both goods and services, and also promote a better business climate. Technical assistance for ASEAN members to cope with their obligations as WTO members and partners to an increasing number of FTAs, as well as trade-related technical assistance to India and ASEAN will continue to be provided. Sustainability impact assessments, which feed into FTA negotiations, identify possible social impacts of trade liberalisation, including labour, social and environmental standards. By informing negotiators of possible effects, research can assist policy makers and negotiators to integrate sustainability aspects more effectively.

The EU also continues to foster a comprehensive approach to the management of migration flows, aiming at striking a balance between security and the basic rights of individuals, and to develop partnerships notably in the context of the ongoing PCA negotiations and dialogues with our Asian partners. In some countries, specific activities are also included in the country programmes (e.g. in the Philippines).

Efforts to confront poverty, climate change, the financial crisis, weapons proliferation, drugs and other global issues will depend critically on forging effective alliances within the region. For this reason, support will be provided to foster dialogue in the ASEM framework with individual countries and ASEAN. The policy agendas and sectoral dialogues with individual countries, ASEM, ASEAN and SAARC cover all themes and strategic EU priorities. With China alone we currently have 56 sectoral dialogues, involving virtually all Directorates-General of the European Commission.

In line with the European Consensus on Development, the Regional Strategy and Programmes aim at contributing to the overarching objective of poverty reduction, while fostering development based on Europe's democratic values: respect for human rights, democracy, fundamental freedoms and the rule of law, good governance, gender equality, solidarity, social justice and effective multilateral action, particularly through the UN. The Commission is thus working closely with specialised UN organisations. Actions in the environment field are closely coordinated with UNEP, and our aid to uprooted people is coordinated with UNHCR. The FAO is a member of the FLEGT Steering Committee, while the WHO, FAO and OIE are implementing partners in cross-border health activities. Our cooperation with the World Bank is also extensive, and the Commission is a large contributor to World Bank Trust Funds in Asia, currently co-financing 16 activities to the tune of €450 million at both the national and at the regional level.

Given that Asian developing countries are responsible for their own development based on national strategies, EU aid will be aligned with national strategies and procedures in the CSPs, where possible. The scope for using country systems to implement regional actions is obviously limited. However, where possible, preference will be given to implementation modalities which foster ownership. To this end, it is envisaged to conduct a four-pillar assessment of the ASEAN Secretariat with a view to possibly concluding a contribution agreement for the implementation of EU-ASEAN cooperation, if the Secretariat's institutional set-up and capacity allow doing so. In any case, the possibility of establishing a MOU between the Commission and the ASEAN Secretariat, outlining objectives, actions and indicative budget foreseen should be considered as a means to foster ownership and visibility. However, it must also be noted that the ASEAN Secretariat faces certain capacity as well as decision-making constraints which will thus be addressed in the forthcoming MIP.

The EU and its Member States are committed to making European aid to Asia more effective, particularly through better coordination in situ, and ensuring it complements other development support and work in the beneficiary countries and regions. To this end, regular consultations and coordination meetings with stakeholders are taking place in situ during implementation. As detailed in Annex IV, consultations have taken place with a wide range of stakeholders as part of the MTR exercise for the regional programme. Close and more focused consultations with beneficiaries, civil society and donors will continue during the identification, formulation and preparation of specific actions, as a means to ensure participative project planning, close donor coordination and thus a high degree of aid effectiveness.

2.3 Results, Performance and Lessons Learnt

Regional cooperation in Asia focuses on three priority areas (amounts in brackets indicate initially envisaged commitments for the 2007-2010 period):

- 1) Support to Regional Integration, with our key partners (€78 million):
Asia-Europe Meeting (ASEM), Association of South-East Asia Nations (ASEAN), and South Asian Association for Regional Cooperation (SAARC).
- 2) Policy and Know-How based Cooperation in (€210 million):
 - (i) Environment, Energy and Climate Change, through Sustainable Consumption and Production (Switch Asia) and the Forest Law Enforcement, Governance and Trade (FLEGT) Programme;
 - (ii) Higher Education;
 - (iii) Cross-Border Cooperation in Human and Animal Health.
- 3) Support to Uprooted People (€112 million).

The sum of €400 million has been made available for the MIP 2007-2010, resulting in average annual commitments of €100 million. The preparation and implementation of EC assistance during the first three years covered by the Strategy has been quite successful.

Some €315 million out of the €400 million MIP have been committed by the end of 2009, and preparations for committing the remaining €85 million in 2010 are well advanced. By and large implementation of the MIP is on track and valuable programmes have been initiated, with commitments and payments on schedule.

The ASEM process is healthy and expanding as evidenced by the widening number of sectors involved and the growing number of members. ASEM is a continual dialogue between Asian and European governments. During the periods between Summits and Foreign Ministers' Meetings, inter-governmental ministerial, senior official and expert meetings maintain the momentum. ASEM is informal and multi-sectoral, and thus able to address global issues and challenges. ASEM also brings together educators and researchers. One key achievement of ASEM is co-funded by the Commission: the Trans-Eurasia Information Network (TEIN), the first large-scale research and education internet-based network connecting regional researchers in Asia with their counterparts in Europe. Over 60 million users now have access to improved internet network performance providing global research collaboration between Asia and Europe.

In addition, ASEM brings together non-governmental stakeholders. Civil society groups, parliamentarians and the business community meet at the Asia-Europe People's Forum, Asia-Europe Parliamentary Partnership and Asia-Europe Business Forum held every two years alongside ASEM Summits. The Singapore-based Asia-Europe Foundation (ASEF) is funded by all ASEM partners (with about 25% coming from the Commission) and promotes understanding and collaboration between the peoples of Asia and the EU through cultural, intellectual and people-to-people exchanges. The Foundation's outreach to civil society and the wider public complements the ASEM dialogues, and the Info-Board internet site provides transparency on the ASEM process.

During the past two years, ASEAN has implemented the programme of institutional reform which was planned at the time of the adoption of the Regional Strategy, and boosting integration efforts considerably. The ASEAN Charter was signed in November 2007, and entered into force in December 2008. Implementation followed swiftly. The ASEAN Committee of Permanent Representatives is already set-up in Jakarta. The Inter-Governmental Commission on Human Rights was launched at the ASEAN Summit in October 2009, and ASEAN Member States have agreed to increase the resources to the Secretariat by 50%. While the Economic Community Blueprint was adopted in November 2007, the Political-Security and the Socio-Cultural Community Blueprints were adopted in March 2009. The three blueprints stem from the Vientiane Action Programme referred to in the Regional Strategy and fully supported by the Commission. They form the plan for creating the ASEAN Community including a Single Market by 2015. ASEAN's performance in strengthening regional integration has been quite impressive, and has been successfully supported by technical assistance and dialogue under the current MIP. Still, it has become evident that one of the weakest points of ASEAN is the lack of implementation of regional agreements at national level – i.e. enforcement at ASEAN Member State level, as well as capacity constraints in the Secretariat. The MIP 2011-2013 should therefore address these aspects by measuring implementation at national level and supporting ASEAN National Secretariats, and providing targeted capacity building.

In contrast, South Asia is characterised by a low level of regional integration, and our direct cooperation with SAARC is seriously hampered. Although some €2.6 million were committed in 2007 for EU-SAARC Economic Cooperation, and tremendous efforts were made by the Commission to safeguard the project, the funds are now lost because SAARC Member States did not empower the SAARC Secretariat to sign the Financing Agreement. Alternatively, the €5.2 million EU-South Asia Civil Aviation Programme, Phase II has been formulated with direct involvement of the civil aviation authorities of each SAARC Member States, but without any provisions for contractual involvement of the SAARC Secretariat. It is therefore clear that our direct cooperation with SAARC will have to be more modest.

The preparation and implementation of actions in the areas of Policy and Know-How based Cooperation and our Aid to Uprooted People are progressing relatively well, and should continue along established lines.

As regards actions covering the area of Environment, Energy and Climate Change, it has been realised that in a region that contributes considerably to greenhouse gas emissions and is, at the same time, highly vulnerable to the effects of climate change, additional work on climate change mitigation is necessary. Building on the achievements and lessons learned during the first MIP, our contribution to promoting sustainable consumption and production as well as to FLEGT should thus be extended to consolidate progress, and cover a wider range of countries. In addition, an investment facility for Asia focussing on climate change should be

established. Such an instrument should mobilise and complement resources of our main financial partners, and enable joint European operations in line with the Paris Declaration principles, aiming at more coherence and better coordination between the donors' and financing institutions' operations. The facility should be launched soon as a contribution to the EU response to problems emerging from the economic crisis and climate change.

Between 2007 and 2009 a total of 21 monitoring missions and evaluations of previously initiated actions took place. These missions covered mainly individual projects under the Asia-wide initiatives Asia Pro Eco II, promoting sustainable production and consumption, Asia Invest, promoting business cooperation and Asia Link, promoting cooperation in higher education. While most projects monitored were rated 'satisfactory', problems were identified in some cases. Those were tackled during the remainder of the projects. The lessons learned and recommendations made were taken into account during the design of the successor projects.

Furthermore, the Commission's €70 million contribution to the Avian and Human Influenza Facility was evaluated in 2009, and the programme was found to be highly relevant, efficient and effective. On the other hand it was also highlighted that implementation was behind schedule, and that some of the supported actions lacked sustainability. However, overall it was concluded that the EC contribution made a significant positive impact with regard to veterinary and medical capacity. The issue of sustainability will be addressed in forthcoming support.

Recommendations resulting from the monitoring reports and evaluation have been and are being taken into account to streamline ongoing implementation as well as during the identification and preparation of successor activities.

The mid-term evaluation of the Switch Asia Sustainable Consumption and Production Programme was completed at the end of 2009, and covered all ongoing projects. Though it is still in its early days, the evaluation has shown that the first results are very encouraging and that all sub-projects are on track. The actions under Switch Asia are highly relevant. However the evaluation team also recommended that the distinction between consumption and production in the call-for-proposals should be abolished. The Commission concurs with that recommendation and future calls-for-proposals and activities will not explicitly make that distinction anymore.

Finally it must be borne in mind that evaluations of the launched interventions launched under the first MIP are scheduled for 2010, 2011 and 2012, as the first actions under the current MIP became operational only in 2008. As such the results and recommendations of evaluations can be duly taken into account during the identification and formulation phase, when preparing in detail the outlined programmes and actions.

2.4 Improvements and Conclusions

The forthcoming MIP concentrates on three priority areas in which a regional approach clearly adds value and is complementary to the programmes at national level. While our CSPs address in particular poverty eradication through assistance in the health and education sectors, the regional programme addresses areas and problems which can be better tackled at regional level.

The Commission has a clear comparative advantage with regard to supporting regional integration. Support will thus be provided for regional policy development, drawing on European experience and know-how through sectoral policy dialogue and capacity building. Direct donor coordination takes place in the ASEM, ASEF and ASEAN framework. In order to ensure the efficient use of available resources, the ASEAN support actions should be specified and designed after extensive in situ coordination with donors and other stakeholders. To this end the Commission is encouraging the ASEAN Secretariat to launch a structured donor co-ordination process under its lead, and progress is being made.

The EU is also committed to helping Asia protect its environment and to securing a sustainable future for the region's growing economies. Environmental problems are rarely contained within national borders, which is why the developed approaches deal with them at regional level. Our support through Switch Asia, FLEGT and the forthcoming investment facility should thus be provided on a regional level. Responding to the tightened access to external finance and the need for climate change mitigation, an investment facility should be established. Grants should trigger additional financing by European and other financial institutions for key infrastructure investments in environment and energy.

Support for higher education complements our support for basic education that is driven by MDG 2 seeking to achieve universal primary education. Funding for basic education represents more than 15% of DCI allocations for bilateral development cooperation in Asia between 2007 and 2013. In this context it must be stressed that total DCI allocations in Asia for education and health amount to some 30%, thus surpassing the Commission's 20% commitment with regard to allocations for basic health and education.

Through region-wide calls for proposals as in our environment and higher education initiatives, we are furthermore realising economies of scale and can support projects which otherwise could not be implemented at national level due to the lack of a critical mass. With regard to the envisaged cross-border cooperation in human and animal health, as well as our support to uprooted people, a regional approach is necessary given that several countries are involved and affected, and thus the provision of cross-border assistance is required.

The Commission attaches high priority to donor coordination. The MIP 2011-2013 will thus continue to emphasise the coordination and harmonisation with Member States and other donors, preparing the ground for more complementarity and division of labour through the adoption of multi-donor arrangements. During implementation close donor coordination takes place in situ.

Interventions in the FLEGT framework which are inter alia co-financed by Finland, Germany, and the UK provide good examples for operational donor coordination at regional level. It is understood that the Netherlands will also contribute substantially in the future. To ensure close coordination, representatives of DFID, FAO and GTZ are represented in the Steering Committee of the ongoing programme implemented by the European Forestry Institute, and other future co-financers will, of course, also be invited.

Discussions with the European Investment Bank, the Asian Development Bank, the World Bank, and other donors to dovetail interventions will also continue. To this end, the possibility of increased operational cooperation with financial institutions will be further explored. In doing so, the Commission is strongly committed to aid effectiveness. Our cooperation with the World Bank is thus extensive, and we are a large contributor to World Bank Trust Funds in Asia. As the Trust Funds and Co-financing Framework Agreement between the

Commission and the World Bank was renewed in March 2009 for another three years, our cooperation can continue on a solid base. With regard to our cooperation with European and other international financial institutions, the establishment of an investment facility will be the backbone for a structured operational cooperation.

We are also jointly implementing and co-financing a number of regional initiatives with international organisations, such as the European Forestry Institute, UNEP, FAO, WHO and OIE, thus ensuring close-knit operational cooperation. While NGOs will play an important role in the implementation of our support to uprooted people, UNHCR will remain a crucial partner, given their expertise and mandate for protecting refugees and displaced persons, as well as their important role in advocacy.

The promotion of human rights and democracy, gender equality, good governance, the rights of the child and indigenous peoples' rights, environmental sustainability and HIV/AIDS are major cross-cutting issues. They are being addressed in our dialogues at both national and regional level, and streamlined throughout the programme, where appropriate. In particular with regard to actions to support uprooted people and cross-border cooperation in human and animal health, specific assessments will be carried out.

Recognising that EU policies other than development cooperation can have a substantial impact on our partner countries, relevant policies are systematically included in dialogues with our partners in the region to ensure policy coherence for development. These dialogues and the implementation of the strategy and corresponding programmes seek to ensure coherence in 12 policy areas: trade, environment, climate change, security, agriculture, fisheries, social dimension of globalisation, employment and decent work, migration, research and innovation, information society, transport and energy, as outlined in Annex VI. The Commission promotes the inclusion of these areas in dialogues with Asian partners at regional and national level, and ensures coherence of new European policy initiatives and legislation by consulting all the Commission Services concerned, as well as through independent impact assessments.

The analysis and consultations in the MTR framework lead to the following **conclusions**: While there have certainly been important developments, the thrust and focal areas of the Regional Strategy are still valid and relevant. Our regional cooperation over the period 2011-2013 is thus being streamlined on the basis of the existing Strategy with a view to consolidating worthwhile actions initiated under the first regional MIP.

Building on the considerable achievements and developments in ASEM and ASEAN, our support to ASEM and ASEAN will be further strengthened. Support to **ASEM** should thus be continued and strengthened along the established lines. With the entering into force of **ASEAN's** Charter at the end of 2008, an important milestone has been reached in further enhancing EU-ASEAN cooperation. With the adoption of the blueprints for the three communities, ASEAN has detailed plans for integration, which will be supported. To foster ownership and visibility, the possibility of establishing a MOU with the ASEAN Secretariat, outlining objectives, actions and indicative budget foreseen under the second Regional MIP should be considered.

In contrast, our direct support to **SAARC** has to be scaled down on the grounds given. However, we still aim at supporting integration of South-Asian partners, and include in the forthcoming MIP provisions, whereby initiatives and/or cross-border cooperation of two or more South-Asian partners may also be supported.

With regard to **environment, energy and climate change**, three actions are proposed: building on the achievements and lessons learned during the first MIP, our contribution to promoting sustainable consumption and production (Switch Asia), and to the Forest Law Enforcement and Governance Programme (FLEGT), should be extended to consolidate progress and cover a wider range of countries. To support climate change mitigation and adaptation more efficiently, an investment facility for Asia focussing on climate change should be established. Such an instrument will mobilise and complement the resources of our main financial partners.

Higher education remains a strategic sector for sustainable development and poverty reduction in Asia, and our support is in highly sought-after by Asian partner countries. Our assistance via the new Erasmus Mundus Programme should thus continue.

As the recent A/H1N1 pandemic shows, **cross-border health cooperation** also remains relevant. Beyond Avian Influenza, the focus for the coming years should include all major risks and high-impact infectious diseases at the interface between animals, humans and ecosystems, in line with the One Health approach.

Finally, our **support to uprooted people** remains vital. Continued assistance is needed in Afghanistan, Sri Lanka, Burma/Myanmar, Thailand, Bangladesh, the Philippines, Indonesia, Nepal and Pakistan. Given current and increasing needs, allocations in line with previous commitments are essential.

Based on the above, taking needs and absorption capacity into account, commitments amounting to €321 million are proposed for the MIP 2011-2013. In 2007 an increase to €375 million for the second MIP was envisaged. However, given the urgent needs in Afghanistan and Pakistan, which called for an increase in allocations for these two countries, indicative annual commitments under the second regional MIP will amount to €107 million exceeding previous annual commitment levels by 7%.

3 THE ASIA REGIONAL MULTI-ANNUAL INDICATIVE PROGRAMME 2011-2013

In line with the Development Cooperation Instrument (DCI), the European Commission's development strategy for the region aims at eradicating poverty, by supporting broad-based sustainable economic growth, promoting an environment and conditions conducive to trade and integration within the region, enhancing governance, increasing political and social stability, and contributing to achievement of the MDGs. Major indicators for the successful implementation of this MIP thus include the MDGs and the progress the region makes towards achieving them. In this context it must be borne in mind that the regional MIP supplements the 18 country CSPs/MIPs. They provide the bulk of DCI assistance and aim at reducing poverty through actions at national level.

Furthering strategic dialogues with key Asian partners is a central priority, as well as facilitating Partnership and Cooperation Agreement (PCA) and FTA negotiations across the region. Global challenges including climate change as well as human rights and governance issues will be systematically addressed in our dialogues with Asian partners.

The Regional Strategy for Asia 2007-2013 and the first MIP covering the period 2007-2010 were adopted by the European Commission on 24 July 2007. In line with the Strategy, the second MIP covering the period from 2011 to 2013 focuses on the three key areas of intervention: (1) Support for Regional Integration, (2) Policy and Know-How based Cooperation, and (3) Support to Uprooted People. The main objectives and envisaged activities are described below. Expected results, assumptions, indicators, coordination with Member States, other donors and development partners, and cross-cutting issues will be set out fully during identification and elaborated in the Annual Action Programmes.

3.1 Support for Regional Integration

Regional integration will be supported through cooperation in the framework of the Asia-Europe Meeting (ASEM), with the Association of South-East Asian Nations (ASEAN) and South Asia.

The support we give to the **Asia-Europe Meeting (ASEM)** aims at strengthening: (1) the ASEM dialogue through the Dialogue Facility; (2) the work of the Asia-Europe Foundation (ASEF), and (3) the continuation of the Trans-Eurasia Information Networks (TEIN) to facilitate inter- and intra-regional collaboration in research and education.

ASEM Dialogue Facility:

The main objective is to continue contributing to closer cooperation among the countries in the Asian region and enhance the global partnership for its development, thus contributing to the achievement of MDG No 8. The specific purpose of the facility is to enhance result-oriented political dialogue and cooperation in the ASEM framework. This will be achieved in line with the ASEM principle of issue-based leadership, focussing on areas in which the Commission could contribute to the global partnership for development. Dialogues in the following priority areas will thus be supported: (1) economic and financial matters (2) employment and social policy; (3) environment, energy and climate change; (4) development and (5) cultural diversity and intercultural dialogue. Further to this, cross-cutting issues, other specific issues will be promoted, such as education, disaster risk reduction, corporate and social responsibility, decent work conditions and social protection in line with ILO conventions, Small and Medium Enterprises (SMEs), and Intellectual Property

Rights (IPR). The facility is an evolving instrument which may also assist dialogue in other areas, such as research, transport and migration. The support will contribute to the achievement of MDG 8.

Asia-Europe Foundation (ASEF):

The objectives of ASEF, which was established in 1997 as part of the ASEM framework are to: (1) to further promote exchanges between civil societies in Asia and Europe; (2) foster links between governments and civil society groups in Asia including regional and local authorities; (3) contribute to policy dialogue and academic debates on themes of inter-regional importance; and (4) complement and support the official ASEM dialogue and events.

We will support ASEF thus in the following core areas: (1) dialogue between cultures and civilisations, including policy dialogue on culture as well as dialogue between cultural networks and organisations; (2) youth, education and academic co-operation; (3) good governance, democracy and human rights; (4) environment and sustainable development; (5) multilateralism, regionalisation and globalisation. ASEF will intensify partnerships with key cultural, intellectual, youth and media organisations in ASEM countries to facilitate dissemination of information and sharing of resources, and to enhance public awareness of ASEM. The support will thus directly contribute to the achievement of MDG 8.

ASEM Trans-Eurasia Information Network (TEIN4):

TEIN4 aims at extending and enhancing the communication research and education networks established by TEIN3 to facilitate inter-regional and intra-regional collaboration in research and education. TEIN4 will provide an environment for research networking in Asia, particularly in Least Developed Countries, thus reducing the digital divide in Asia. TEIN4 will build on the achievements of TEIN3 by focusing on: (1) network deployment and operation, and thereby continuing to acquire additional capacity and other network services needed to consolidate, enhance and extend the connections established by TEIN3, and to attract financial contributions; (2) application promotion and support, by stimulating innovative applications with development impact (such as telemedicine, e-learning, environmental forecasting), and facilitating the establishment of research partnerships in coordination with the EU framework programmes for research and development; and (3) sustainability.

TEIN will continue to build a strong sense of ownership among its Asian partners, with the aim of establishing a self-sustaining regional network. TEIN applications will focus on MDG-relevant areas including environment, health, good governance and disaster risk reduction. Indicators include increased connectivity and lasting cooperation in research, number of developed and promoted ICT applications, and eventually progress towards achievement of MDGs in the region.

Support to the Association of South-East Asian Nations (ASEAN):

The overall objective of our support to ASEAN is to contribute to regional integration following the adoption of the ASEAN Charter and the Roadmap for an ASEAN Community 2009-2015. Support will be provided for assisting the ASEAN organs to fulfil their mandates under the Charter and for the implementation of the ASEAN Community Blueprints, by drawing on European experience and know-how through sectoral policy dialogue and

capacity building. As described in Annex 7, various programme activities will be designed to cover a number of selected sectors under the three Blueprints.

Measuring progress towards ASEAN Community goals, including statistical cooperation and FTA negotiating capacity, are cross-sectoral actions. Sector-related actions will also tackle regional disaster risk reduction. The expected results include capacity building, harmonisation of legal frameworks, and enhancement of coordination, awareness and transparency. Activities may include technical assistance to support the Secretariat, as well as at national level, including training, seminars, studies, conferences, exchanges, study tours, specialist group meetings and peer contacts. Indicators include increased ASEAN integration, measured in terms of achieving the targets under the three Blueprints (such as intraregional movement of people, goods and capital, as well as in adopted regional legislation) and ASEAN's continued progress towards achieving the MDGs.

South Asia Activities:

It is proposed to concentrate assistance to SAARC member countries, including Afghanistan as a new member, on regional capacity-building. Activities will thus facilitate interaction of institutional networks in South Asia and foster regional integration in selected areas, namely environment and natural resources management as well as disaster risk reduction. Though our direct support to SAARC will have to be scaled down, we still aim at supporting integration of South-Asian partners, and allow thus adequate flexibility. To this end, we intend to support initiatives and/or cross-border cooperation of two or more South-Asian partners as follows:

(1) given the regions vulnerability to natural disasters – often exacerbated by climate change – capacity building in this area should be provided at the regional level, including research, training, system development and exchange of information for effective disaster risk reduction and management. An important stakeholder to be involved in the preparation of this action will be the SAARC Regional Centre for Disaster Management in New Delhi.

(2) It is recognised that local land use systems and climate change have an increasing influence on the stability of fragile mountain ecosystems of the Hindu Kush-Himalayas and the livelihoods of mountain people as well as substantial downstream effects, including negative impacts on coastal areas as well as on the availability of fresh water resources for the whole region. This has considerable consequences on the livelihoods of mountain and coastal peoples. Regional trans-boundary programmes are thus required to get to grips with these changes, adapt to them, and make the most of new opportunities, while addressing upstream-downstream issues. The objective is to enable and facilitate the equitable and sustainable well-being of the people by supporting the conservation of ecosystems and livelihood development through active regional cooperation. Measures will contribute to the achievement of MDG 1, 3, 4 and 7.

3.2 Policy and Know-How based Cooperation

3.2.1 Environment, Energy and Climate Change

The main activities under this important pillar are: (1) Sustainable Consumption and Production in Asia, (2) Forest Law Enforcement, Governance and Trade (FLEGT), and (3) the Asia Investment Facility (AIF). Measures will contribute to the achievement of MDG 7, but also to other MDGs, in particular MDG 1.

Sustainable Consumption and Production in Asia (Switch Asia):

This action, an extension of the Switch Asia programme, aims at promoting ‘green growth’ by supporting projects that encourage more sustainable consumption and production in Asian industries. The Programme will also strengthen the environmental cooperation between Europe and Asia, notably by mobilizing the private sector in supporting environmental policy development. It addresses the requirement to define actions to deal with major environmental challenges in Asia, in particular the region's increasing consumption of natural resources, including energy, leading to rising greenhouse gas emissions, and environmental degradation due to unsustainable production and consumption patterns and processes, including biodiversity loss and deforestation, waste, mismanagement and misuse of hazardous substances, and air and water pollution.

Though activities will cover both production and consumption, the main target groups of the programme will be manufacturing industries, especially SMEs, across Asia with a view to improving the quality and extending the lifecycle of products. Government agencies and bodies as well as retailer chains will also be targeted due to their role in public procurement. Finally, consumer organisations will be targeted to promote sustainable consumption and demand for environmentally-friendly goods and services. The programme includes incentives to promote participation of Least Developed Countries (LDCs), and will support networking activities at regional level. The policy support component, will review national legislative frameworks and strengthen national and regional SCP including the development of National Action Plans, where possible. Indicators include adopted SCP legislation, compliance with international environmental agreements, number of SME applying SCP principles, reduced resource utilisation and waste in production and consumption, reduced emissions, and progress towards MDG 1, 7 and 8.

Forest Law Enforcement, Governance and Trade (FLEGT):

This Programme continues to aim at supporting the implementation of the global EU FLEGT Action Plan, as well as commitments of Asian countries, to tackle illegal and unsustainable logging. The objective is to contribute to the sustainable management of natural resources and poverty reduction by improving forest governance in Asia. The main results include the improved capacity of national FLEGT institutions, and more extensive sharing of experience, including timber tracking and prosecution, forest and concession management. Furthermore, regional customs cooperation will be strengthened to prevent illegal timber trade. Following on from the Programme's first phase, activities will support training, placements and sharing of experience of participating forestry institutions. The capacity of key customs, trade and forest officials will be strengthened through, inter alia, training in international timber classification labelling norms and FLEGT licensing schemes. FLEGT will provide a basis for regional partnerships and dialogue, thereby complementing bilateral initiatives. Main indicators include, number of established Voluntary Partnership Agreements, reduced deforestation rates, increased ratio of certified timber trade, and increased revenues from sustainable forestry, as well as progress towards MDG 1 and 7.

Asia Investment Facility (AIF):

This Facility will focus on climate change-relevant and ‘green investments’. It aims at mobilising and complementing resources of our main financial partners – European Investment Bank (EIB), Kreditanstalt für Wiederaufbau (KfW), Agence Française de Développement (AfD), and if possible the Asian Development Bank (ADB) – and will thus

facilitate investments in the areas of energy, environment and climate change, as well as SME financing. AIF's main purpose is to promote additional investments and key infrastructure in energy and environment.

The Facility will operate by providing grants to support loans to partner countries from EIB, and from other European, multilateral and national development financial institutions. By financing technical assistance and providing complementary grants, the Facility will encourage the beneficiary governments and public institutions to make essential investments in the energy and environment sectors which would otherwise be postponed due to lack of resources. Complimentarily and additionality will be pre-conditions for any AIF intervention. Moreover, the AIF will not support any operation which could be financed by the market alone. Priority will be given to investments in LDCs and other low-income countries. Main indicators include relevant environmental indicators, such as reduced emissions, and social impact indicators, MDG 1, 7 and 8, and will be specifically established for each supported intervention.

3.2.2 Higher Education:

Continued support will be given to facilitate partnerships between European and Asian higher education institutions including scholarships for mobility at all academic levels. The overall objective is to contribute to Asia's economic, scientific and social development, thus helping to alleviate poverty in the region. The specific objectives are to: (1) make it easier for Asian countries' and their students', scholars' and universities' to participate in a higher education scheme of a world standard of excellence; (2) deliver on calls in the context of EU-Asia relations to promote educational and intercultural exchanges; (3) assist universities and higher education institutes in Asia to raise their academic standards while coping with increased demand and enrolment; and (4) to establish sustainable partnerships and networks between European and Asian universities, supporting the development of Asian countries, thus contributing to poverty alleviation.

Activities include mobility schemes for students and for academics; networking and transfer of best practice between EU and Asian universities. Support activities may include workshops, higher education fairs, stakeholders meetings, surveys, and providing information on supporting transfer and transparency of qualifications and competences. Partner countries will benefit from the European experience in higher education cooperation, mobility and reform. This programme complements interventions at national level to develop the education sector. Indicators include number of students, scholars and academic staff who participated in fields relevant to the region's needs, improved academic standards in Asian universities, increased access of students from disadvantaged groups to higher education, sustainable partnerships between Asian and EU higher education institutions. Measures will contribute to the achievement of MDG 1, 3, 4 and 7.

3.2.3 Cross-Border Cooperation in Human and Animal Health:

The Commission continues to be a driving force behind the global response to the influenza crises, including the new pandemic. The scope of intervention has been extended to prevent and respond to other highly pathogenic and emerging diseases. The focus for the coming years will be on all major risks and high-impact infectious diseases at the interface between animals, humans and ecosystems. These efforts for preparedness and response efforts will be the Commission's contribution to the 'One Health' approach, which has been endorsed internationally as a key component of coordinated action in the health field.

The programme will improve human and animal health and livelihoods in Asia through: improving the capacity of the region of the sub-regions and of individual countries (i) to prevent, detect and respond to sanitary risks originating at the interface between animals, humans and ecosystems; and (ii) to optimize their resources through innovative or improved cross-sectoral and regional co-operation (veterinary and public health sectors, ecosystems and wildlife). Indicators will not only include classical health indicators but also the number of new cross-sectorally coordinated events and actions, and enhanced capacity to prevent and respond to health risks and hazards. Measures will contribute to the achievement of MDG 6, as well as 1, 4, 5 and 8.

3.3 Support to Uprooted People in Asia

Some 28% of available funds are earmarked to address the vulnerable situation of uprooted people in protracted crisis and post-crisis situations. Assistance will be provided to refugees, internally displaced persons, returnees, former soldiers and other combatants, to return to and settle in their country of origin or in a third country. Continued assistance is needed in Afghanistan, Sri Lanka, Burma/Myanmar, Thailand, Bangladesh, the Philippines, Indonesia, Pakistan and Nepal. Given that many cases involve several countries a regional approach is necessary. With 2.8 million refugees, the Afghan crisis affects Afghanistan, Pakistan, and Iran, while the Burmese crisis affects Burma/Myanmar, Thailand and Bangladesh.

The objectives of this programme are to (1) ensure the link between relief, rehabilitation and development in crises involving uprooted people; (2) to facilitate sustainable solutions, (3) promote peace-building and reconciliation; (4) protect uprooted people; and (5) address the needs of demobilised former combatants and child soldiers. Support will be provided to reintegrate or integrate uprooted people, including support to local communities and resettlement areas. As the support aims at linking relief, rehabilitation and development, activities are closely coordinated with the EC Humanitarian Office (ECHO), with operations carried out in country programmes, and with other donors.

Interventions will cover the Afghan Crisis, the Burmese Crisis, Indonesia, Nepal and India, the Philippines, Sri Lanka and Pakistan. However, as new crises might emerge, all countries covered under the Regional Strategy are potentially eligible, and interventions will be designed to meet the particular needs and challenges. While non-governmental organisations will play a major role in implementation, UNHCR will remain a crucial partner, given their expertise and mandate for the protection of refugees and displaced persons and its role in advocacy.

Activities include the provision of basic social services and infrastructure, as well as housing, capacity building and training to improve livelihoods, promotion of human rights and the legal status of uprooted people, as well as peace-building and reconsolidation measures. Indicators include secured livelihoods of beneficiaries, the number of integrated people, percentage of target population with income-generating opportunities, number of rehabilitated social service facilities, as well as successful reconciliation efforts. The support actively contributes to the achievement of MDG 1, and, depending on the concrete actions, to MDGs 2, 3, 4, 5 and 6.

3.4 Principles for Identification, Monitoring and Evaluation

During the identification phase, when fully preparing the outlined programmes and actions, the principles of sound Project Cycle Management will be applied meticulously, and included in the Annual Action Programmes. To this end, logical frameworks for all programmes and interventions will be developed, detailing further (1) the objective to which the specific intervention contributes; (2) its purpose, outcome and expected benefits to the target groups; (3) the direct and tangible results, that are being delivered; and (4) the activities that need to be carried out to deliver the planned results, linked to a detailed budget, of course.

To measure the interventions' achievements in qualitative and quantitative terms, indicators and sources of verification, as well as the individual implementation mechanisms, will be detailed in the Annual Action Programmes. Special budgetary provisions for evaluations and audits will be made, to properly monitor and audit the implementation of all programmes. This will include also independent needs assessments and monitoring in the humanitarian context. As evaluations of the launched interventions under the first MIP are scheduled for end of 2010, 2011 and 2012, the results and recommendations can be duly taken into account during the identification phase, when preparing in detail the outlined programmes and actions. Finally, it must be emphasised that during identification and preparation of the specific interventions, extensive consultations with relevant donors and development partners will take place to dovetail and coordinate our support properly, thereby ensuring aid effectiveness.

3.5 Indicative Budget

The Regional Strategy covers the period from 2007 to 2013. The sum of €400 million was allocated for the period 2007 to 2010, equivalent to average allocations of €100 million p.a. for the first programming period.

The amount envisaged for the Asian Regional Programme for 2011-2013 is of €321 million, resulting in an average allocation of €107 million p.a., equivalent to a 7%-increase compared to the first programming period. These resources supplement the activities financed under the programmes for individual Asian countries and thematic budget lines.

The partition of the allocation for the Regional Asia MIP 2011-2013 in the amount of €321 million is divided-up as follows (indicative breakdown by priority area):

	2011-13	Average Annual Allocation	%
in Million Euro			
1. Support for Regional Integration	63	21	20%
2. Policy and Know-How based Cooperation	168	56	52%
3. Support to Uprooted People	90	30	28%
TOTAL	321	107	100%

While the aim will be to implement the indicative allocations shown, flexibility with regard to annual allocations and between priorities will be essential. To this end, allocations may be adapted by +/- 20%. This provision will allow for the allocation of additional funds to certain countries in the region, thus enabling the Commission to act in response to extraordinary and unforeseen events, including natural disasters, security and political developments.

ANNEXES

TO THE

MULTI-ANNUAL INDICATIVE PROGRAMME FOR ASIA FOR THE PERIOD 2011-2013

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LIST OF ABBREVIATIONS

ANNEX I

AfD	Agence Française de Développement
AHIF	Avian and Human Influenza Facility
AIF	Asia Investment Facility
ALA	Asia and Latin America
ARF	ASEAN Regional Forum
ASEAN	Association of South-East Asian Nations
ASEF	Asia Europe Foundation
ASEM	Asia-Europe Meeting
ADB	Asian Development Bank
CSP	Country Strategy Paper
DCI	Instrument for Development Cooperation
DfID	Department for International Development, UK
EC	European Commission
ECHO	European Commission Humanitarian Office
EIB	European Investment Bank
EU	European Union
FAO	Food and Agriculture Organization of the United Nations
FDI	Foreign Direct Investment
FLEGT	Forest Law Enforcement, Governance and Trade
FTA	Free Trade Agreement
GDP	Gross Domestic Product
GNI	Gross National Income
GSP	Generalised System of Preferences
GTZ	Gesellschaft für Technische Zusammenarbeit, Germany
HPED	Highly Pathogenic and Emerging Diseases
IDP	Internally Displaced People
IMF	International Monetary Fund
ILO	International Labour Organisation
IPR	Intellectual Property Rights
KfW	Kreditanstalt für Wiederaufbau
MDG	Millennium Development Goals
MIC	Middle Income Country
MIP	Multi-Annual Indicative Programme
MoU	Memorandum of Understanding
MTR	Mid-Term Review
NAFTA	North American Free Trade Agreement
NIP	National Indicative Programme
OIE	World Organisation for Animal Health
PCA	Partnership and Cooperation Agreement
RSP	Regional Strategy Paper
SAARC	South Asian Association for Regional Cooperation
SAFTA	South Asia Free Trade Agreement
SCP	Sustainable Consumption and Production
SME	Small and Medium Enterprise
TEIN	Trans-Eurasia Information Networks
UN	United Nations
UNHCR	United Nations High Commissioner for Refugees
WHO	World Health Organisation
WTO	World Trade Organisation

Annex II: Asia at a Glance

Country	Population ¹	Income per capita		Extent of poverty (population below 1\$ and 2\$ a day in %) ²		Income Distribution ³	Level of social development ⁴	Political performance indicators ⁵					
								Accountability and Voice	Political Stability	Government effectiveness	Regulatory Quality	Rule of Law	Control of Corruption
	In millions	GDP based on PPP per capita in \$ 2007 ⁶	GNI based on PPP per capita in \$ 2006 ⁷	1\$ per day	2\$ per day	Gini Index	HDI	Percentile Rank (0-100) over the period 1996-2007					
Afghanistan	27.145	733	NA	NA	NA	NA	NA	13.9	1.4	8.1	2.9	0.5	1
Bangladesh	158.665	1,311	1,230	41.3	84.0	33.2	0.547	28.8	8.7	22.3	20.9	24.8	9.7
Bhutan	0.658	4,862	NA	NA	NA	NA	0.579	23.6	68.8	56.9	25.2	63.8	80.2
Cambodia	144.452	1,817	1,550	34.1	77.7	41.7	0.598	24	28.8	20.9	30.6	13.8	8.2
China	1,328.630	5,325	2,621.0	9.9	34.9	46.9	0.777	5.8	32.2	61.1	45.6	42.4	30.9
DPRK	23.790	1,700 ⁸	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA
India	1,168.015	2,563	2,460	34.3	80.4	36.8	0.619	58.7	17.8	57.3	46.1	56.2	47.3
Indonesia	231.627	3,728	3,310	7.5	52.4	39.4	0.728	42.8	14.9	41.7	43.7	27.1	27.1
Laos	5.859	2,054	1,740	27.0	74.1	34.6	0.601	6.3	42.8	21.3	15	17.1	13
Malaysia	26.571	13,385	12,160	<2	9.3	49.2	0.811	31.3	52.4	82.9	67	65.2	62.3
Maldives	0.305	4,603	NA	NA	NA	NA	0.741	22.1	48.1	49.8	52.9	54.8	23.7
Mongolia	2.629	3,222	2,810	10.8	44.6	32.8	0.7	52.9	68.3	26.5	41.3	43.8	33.8
Myanmar	48.798	1,040	NA	NA	NA	NA	0.583	0.5	12.5	2.4	1.5	5.2	1.4
Nepal	28.195	1,078	1,010	24.1	68.5	47.2	0.534	22.6	2.9	21.8	26.7	31	30.4
Pakistan	163.902	2,594	2,410	17.0	73.6	31.2	0.551	18.8	1	28.4	28.6	19.5	21.3
Philippines	87.960	3,383	3,430	14.8	43	44.5	0.771	43.3	10.1	56.4	50.5	33.8	22.2
Sri Lanka	19.299	4,264	3,730	5.6	41.6	40.2	0.743	35.6	5.8	47.4	51.5	55.7	57.5
Thailand	63.884	7,907	7,440	<2	25.5	42	0.781	29.8	16.8	61.6	56.3	52.9	44
Vietnam	87.375	2,589	2,310	NA	NA	37	0.733	6.7	56.3	41.2	35.9	38.6	28
ASIA Regional (weighted averages)	3,616,796	3,697	1,125	19.8	54.70	39.9	0.68						

¹ L'Année stratégique 2009. Analyse des enjeux internationaux (2008).

² Human Development Report 2007, <<http://hdr.undp.org/en/statistics>>. Data from 1990-2005. Data refer to the most recent year available during the period specified.

³ World Development Indicators 2008. World Bank. pp. 68-70.

⁴ L'Année stratégique 2009. Analyse des enjeux internationaux (2008).

⁵ Governance Matters 2008. Worldwide Governance Indicators, <<http://info.worldbank.org/governance/wgi/index.asp>>.

⁶ World Economic Outlook Database October 2008. International Monetary Fund.

⁷ World Development Indicators 2008, pp. 14-16.

⁸ Data retrieved from CIA World Factbook, <<https://www.cia.gov/library/publications/the-world-factbook>>.

Millenium Development Goals in Asia

Selected indicators

Annex III.1

GOAL 1: ERADICATE EXTREME POVERTY AND HUNGER

Target 1.A: Halve, between 1990 and 2015, the proportion of people whose income is less than on dollar a day

	1.1 Proportion of Population below poverty line (percent)							
	\$1.25 (PPP) a Day				National			
	Earliest	Year	Latest	Year	Earliest	Year	Latest	Year
Afghanistan	...	...	...	...	...	...	...	...
Bangladesh	66.8 e	1992	49.6 e	2005	51.0	1996	40.0	2005
Bhutan	...	...	26.2	2003	...	...	23.2	2007
Cambodia	48.6	1994	40.2	2004	47.0	1994	34.7	2004
China	60.2 a	1990	15.9 a	2005	6.0	1996	4.6 b	2007
India	49.4 a	1994	41.6 a	2005	36.0	1994	27.5	2004
Indonesia	...	...	...	...	17.5	1996	15.4	2008
Laos	55.7	1992	44.0	2002	45.0	1993	32.7	2003
Malaysia	<2.0	1992	<2.0	2004	...	...	3.6	2007
Maldives	...	...	...	...	...	...	16.0	2005
Mongolia	18.8	1995	22.4	2005	36.3	1995	35.2	2008
Myanmar/Burma	...	...	...	...	...	...	26.6	2005
Nepal	68.4	1996	55.1	2004	41.8	1996	30.9	2204
Pakistan	64.7	1991	22.6	2005	28.6	1993	22.3	2005
Philippines	30.7	1991	22.6	2006	32.1	1994	32.9	2006
Sri Lanka	15.0	1991	14.0	2002	20.0	1991	15.2	2007
Thailand	5.5	1995	<2.0	2004	9.8	1994	9.6	2006
Vietnam	63.7	1993	21.5	2006	37.4	1998	16.0	2006

a - weighted average of urban and rural estimates

b - refers to rural areas only

e - estimate is adjusted by spatial consumer price index information

Source: Millenium Indicators Database Online UNSD (2009); Pacific Regional Infirmination System (SPC); country sources

Millenium Development Goals in Asia

Selected indicators

Annex III.2

GOAL 1: ERADICATE EXTREME POVERTY AND HUNGER

Target 1.B: Achieve full and productive employment and decent work for all, including women and young people

	1.4 Growth Rate of GDP per Person Employed (Percent, at constant 1990 US\$ PPP)		1.5 Employment-to-Population Ratio (percent, aged 15 years and over)	
	1992	2008	1991	2007
Afghanistan	...	...	56.7	55.7
Bangladesh	5.2	2.3	74.5	68.1
Bhutan	9.5	-2.0	53.7	58.4
Cambodia	4.7	3.8	78.0	78.9
China	11.8	8.6	75.7	72.5
India	2.4	5.4	59.0	55.4
Indonesia	4.3	4.2	63.2	61.5
Laos	3.8	4.3	80.4	78.2
Malaysia	6.2	3.6	60.1	60.5
Maldives	2.2	1.6	49.8	56.9
Mongolia	-12.8	7.9	51.1	52.1
Myanmar/Burma	7.1	3.0	74.5	74.7
Nepal	-0.6	1.7	61.2	61.8
Pakistan	4.6	1.8	47.6	51.0
Philippines	-3.4	3.1	59.1	61.0
Sri Lanka	5.1	4.3	52.0	55.1
Thailand	6.8	3.3	77.7	72.0
Vietnam	5.8	4.0	75.6	71.0

Source: Millenium Indicators Database Online UNSD (2009); Pacific Regional Infirmation System (SPC); country sources

Millenium Development Goals in Asia

Selected indicators

Annex III.3

GOAL 1: ERADICATE EXTREME POVERTY AND HUNGER

Target 1.C: Halve, between 1990 and 2015, the proportion of people who suffer from hunger

1.8 Prevalence of Underweight Children under Five Years of Ages (percent)						
	Earliest Year		Total	Latest Year		
	Total			Girls	Boys	
Afghanistan	48	1997	39 a	40	38	2003-2004
Bangladesh	67	1992	48	49	46	2004
Bhutan	...		19 a	17	20	1999
Cambodia	40	1993	36	36	35	2005
China	19	1990	7	...	...	2005
India	53	1993	48	49	46	2005-2006
Indonesia	34	1995	28	...	...	2003
Laos	44	1993	37	38	37	2006
Malaysia	23	1993	8	...	...	2005
Maldives	39	1994	30	30	31	2001
Mongolia	12	1992	6	7	6	2005
Myanmar/Burma	32	1990	32	32	31	2003
Nepal	49	1995	39	40	38	2006
Pakistan	40	1991	38	36	38	2001-2002
Philippines	34	1990	28	...	...	2003
Sri Lanka	38	1993	29 c	30	29	2000
Thailand	19	1993	9	10	9	2005
Vietnam	45	1994	20	19	21	2006

a - for children aged 6-59 months

c - for children aged 3-59 months

Source: Millenium Indicators Database Online UNSD (2009); Pacific Regional Information System (SPC); country sources

Millenium Development Goals in Asia

Selected indicators

Annex III.4

GOAL 2: ACHIEVE UNIVERSAL PRIMARY EDUCATION

Target 2.A: Ensure that, by 2015, children everywhere, boys and girls alike, will be able to complete a full course of primary schooling

	2.1 Total Net Enrollment Ratio in Primary Education (percent)					
	Total		Girls		Boys	
	1991	Latest Year	1991	(a) Latest Year	1991	(a) Latest Year
Afghanistan	...	...	...	...	...	...
Bangladesh	89.5 (2005)	89.6 (2006)	92.5	93.0	86.7	86.3
Bhutan	56.4 (1999)	79.9 (2006)	53.0	80.1	59.8	79.7
Cambodia	75.1	89.4 (2007)	...	87.4	...	91.3
China	98.3	...	...	...	...	...
India	84.9 (2000)	94.3 (2006)	77.1	92.2	92.0	96.1
Indonesia	96.7	98.0 (2007)	...	...	...	...
Laos	61.9	86.3 (2007)	...	84.1	...	88.5
Malaysia	97.7 (1999)	97.5 (2006)	96.7	97.3	98.7	97.6
Maldives	98.0 (1999)	97.0 (2007)	98.3	97.6	97.7	96.5
Mongolia	95.7	97.6 (2007)	...	99.0	...	96.2
Myanmar/Burma	98.6	...	...	...	...	...
Nepal	67.0 (1999)	76.5 (2007)	58.7	74.6	74.7	78.3
Pakistan	57.2 (2001)	65.6 (2006)	46.0	57.3	67.8	73.5
Philippines	96.3	91.7 (2007)	...	92.7	...	90.6
Sri Lanka	99.1 (2001)	96.7 (2004)	99.4	...	98.9	...
Thailand	87.7	...	...	...	...	...
Vietnam	90.5	94.0 (2001)	...	91.2	...	96.6

(a) - figures refer to the same year as indicated in the column for "total"

Millenium Development Goals in Asia

Selected indicators

Annex III.5

GOAL 3: PROMOTE GENDER EQUALITY AND EMPOWER WOMEN

Target 3.A: Eliminate gender disparity in primary and secondary education, preferably by 2005, and in all levels of education not later than 2015

	3.1 Ratio of Girls to Boys in Education Levels (a)					
	Primary		Secondary		Tertiary	
	1991	Latest Year	1991	Latest Year	1991	Latest Year
Afghanistan	0.55	0.63 (2007)	0.51	0.38 (2007)	...	0.28 (2004)
Bangladesh	1.05 (2005)	1.08 (2007)	1.01 (1999)	1.06 (2007)	0.51 (1999)	0.57 (2007)
Bhutan	0.85 (1999)	0.98 (2006)	0.81 (1999)	0.91 (2006)	0.58 (1999)	0.51 (2007)
Cambodia	0.81	0.93 (2007)	0.43	0.82 (2007)	0.33 (2000)	0.56 (2007)
China	0.93	0.99 (2007)	0.75	1.01 (2007)	0.53	1.01 (2007)
India	0.77	0.96 (2006)	0.60	0.83 (2006)	0.54	0.72 (2006)
Indonesia	0.98	0.96 (2007)	0.83	1.01 (2007)	0.76 (2001)	1.00 (2007)
Laos	0.76	0.90 (2007)	0.62	0.79 (2007)	0.49 (1999)	0.72 (2007)
Malaysia	0.99	0.99 (2006)	1.05	1.10 (2005)	1.02 (1999)	1.22 (2006)
Maldives	1.01 (1999)	0.97 (2007)	1.07 (1999)	1.07 (2006)	2.37 (2003)	2.37 (2004)
Mongolia	1.02	1.02 (2007)	1.14	1.11 (2007)	1.89	1.56 (2007)
Myanmar/Burma	0.97	...	0.99	...	...	...
Nepal	0.63	0.99 (2007)	0.46	0.91 (2007)	0.33	0.40 (2004)
Pakistan	0.68 (2000)	0.82 (2007)	0.48	0.76 (2007)	0.58	0.85 (2007)
Philippines	0.99	0.98 (2007)	1.04	1.10 (2007)	1.26 (1999)	1.24 (2006)
Sri Lanka	0.96	1.00 (2007)	1.09	1.02 (2004)	0.55	...
Thailand	0.98	1.00 (2007)	0.96	1.10 (2007)	1.16 (1999)	1.23 (2007)
Vietnam	0.93	0.94 (2001)	0.90 (1999)	0.92 (2001)	0.76 (1999)	0.74 (2001)

(a) - the ratio is a gender parity index, measured as the ratio of female-to-male value of the gross enrollment ratios at primary, secondary, and tertiary level of education

Source: Millenium Indicators Database Online UNSD (2009); Pacific Regional Information System (SPC); country sources

Millenium Development Goals in Asia

Selected indicators

Annex III.6

GOAL 4: REDUCE CHILD MORTALITY

Target 4.A: Reduce by two-thirds, between 1990 and 2015, the under-five mortality rate

	4.1 Under-Five Mortality Rate (per 1,000 live births)			4.2 Infant Mortality Rate (per 1,000 live births)		
	1990	2000	2007	1990	2000	2007
Afghanistan	260	257	257	168	165	165
Bangladesh	151	91	61	105	66	47
Bhutan	148	106	84	91	68	56
Cambodia	119	107	91	87	80	70
China	45	37	22	36	30	19
India	117	91	72	83	67	54
Indonesia	91	48	31	60	36	25
Laos	163	101	70	120	77	56
Malaysia	22	14	11	16	11	10
Maldives	111	55	30	79	43	26
Mongolia	98	63	43	71	49	35
Myanmar/Burma	130	110	103	91	78	74
Nepal	142	85	55	99	63	43
Pakistan	132	106	90	102	84	73
Philippines	62	37	28	43	29	23
Sri Lanka	32	23	21	26	18	17
Thailand	31	13	7	26	11	6
Vietnam	56	30	15	40	23	13

Source: Millenium Indicators Database Online UNSD (2009); Pacific Regional Infirmation System (SPC); country sources

Millenium Development Goals in Asia

Selected indicators

Annex III.8

GOAL 6: COMBAT HIV/AIDS,MALARIA,AND OTHER DISEASES

Target 6.A: Have halted by 2015 and begun to reverse the spread of HIV/AIDS

	6.1 HIV Prevalence (percent of population 15-49 years)	
	2001	2007
Afghanistan	...	...
Bangladesh	<0.1	<0.1
Bhutan	<0.1	<0.1
Cambodia	1.8	0.8
China	0.1	0.1
India	0.5	0.3
Indonesia	0.1	0.2
Laos	<0.1	0.2
Malaysia	0.3	0.5
Maldives	<0.1	<0.1
Mongolia	<0.1	0.1
Myanmar/Burma	0.9	0.7
Nepal	0.5	0.5
Pakistan	0.1	0.1
Philippines	<0.1	<0.1
Sri Lanka	<0.1	<0.1
Thailand	1.7	1.4
Vietnam	0.3	0.5

Source: Millenium Indicators Database Online UNSD (2009); Pacific Regional Infirmation System (SPC); country sources

Millenium Development Goals in Asia

Selected indicators

Annex III.7

GOAL 5: IMPROVE MATERNAL HEALTH

Target 5.A: Reduce by three quarters, between 1990 and 2015, the maternal mortality ratio

	5.1 Maternal Mortality Ratio (per 100,000 live births)	5.2 Proportion of Births Attended by Skilled Health Personnel (percent)	
	2005	1995	2006
Afghanistan	1800	12 (2000)	14 (2003)
Bangladesh	570	10 (1994)	18 (2007)
Bhutan	440	15 (1994)	56 (2003)
Cambodia	540	34 (1998)	44 (2005)
China	45	89	98
India	450	34 (1993)	47
Indonesia	420	50	73 (2007)
Laos	660	19 (2001)	20
Malaysia	62	96	98 (2005)
Maldives	120	90 (1994)	84 (2004)
Mongolia	46	94 (1998)	99
Myanmar/Burma	380	56 (1997)	57 (2001)
Nepal	830	9 (1996)	19
Pakistan	320	19 (1991)	39 (2007)
Philippines	230	56 (1998)	60 (2003)
Sri Lanka	58	94 (1993)	99 (2007)
Thailand	110	99 (2000)	97
Vietnam	150	77 (1997)	88

Source: Millenium Indicators Database Online UNSD (2009); Pacific Regional Infirmary System (SPC); country sources

Millenium Development Goals in Asia

Selected indicators

Annex III.9

GOAL 7: ENSURE ENVIRONMENTAL SUSTAINABILITY

Target 7.A: Integrate the principles of sustainable development into country policies and programmes and reverse the loss of environmental resources

	7.1 Proportion of Land Area Covered by Forest (percent)		7.2 Carbon Dioxide Emissions			
	1990	2005	(thousand metric tons)		(per capita, metric tons)	
			1990	2006	1990	2006
Afghanistan	2.0	1.3	2677	697	0.2	0.0
Bangladesh	6.8	6.7	15528	41609	0.1	0.3
Bhutan	64.6	68.0	128	381	0.2	0.6
Cambodia	73.3	59.2	451	4074	0.0	0.3
China	16.8	21.2	2414698	6103493	2.1	4.6
India	21.5	22.8	690595	1510351	0.8	1.3
Indonesia	64.3	48.8	150451	333483	0.8	1.5
Laos	75.0	69.9	235	1426	0.1	0.2
Malaysia	68.1	63.6	56588	187865	3.1	7.2
Maldives	3.0	3.0	154	869	0.7	2.9
Mongolia	7.3	6.5	10047	9442	4.5	3.6
Myanmar/Burma	59.6	49.0	4275	10025	0.1	0.2
Nepal	33.7	25.4	634	3241	0.0	0.1
Pakistan	3.3	2.5	68559	142659	0.6	0.9
Philippines	35.5	24.0	44528	68328	0.7	0.8
Sri Lanka	36.4	29.9	3773	11876	0.2	0.6
Thailand	31.2	28.4	46937	56217	1.8	4.3
Vietnam	28.8	39.7	21406	106132	0.3	1.2

Source: Millenium Indicators Database Online UNSD (2009); Pacific Regional Information System (SPC); country sources

Millenium Development Goals in Asia

Selected indicators

Annex III.10

GOAL 7: ENSURE ENVIRONMENTAL SUSTAINABILITY

Target 7.C: Halve, by 2015, the proportion of people without sustainable access to safe drinking water and basic sanitation

	7.8 Population Using Improved Water Sources (percent)	
	1990	2006
	Total	Total
Afghanistan	21 (1995)	22
Bangladesh	78	80
Bhutan	81 (2000)	81
Cambodia	19 (1995)	65
China	67	88
India	71	89
Indonesia	72	80
Laos	41 (1995)	60
Malaysia	98	99
Maldives	96	83
Mongolia	64	72
Myanmar/Burma	57	80
Nepal	72	89
Pakistan	86	90
Philippines	83	93
Sri Lanka	67	82
Thailand	95	98
Vietnam	52	92

Source: Millenium Indicators Database Online UNSD (2009); Pacific Regional Infirmation System (SPC); country sources

Millenium Development Goals in Asia

Selected indicators

Annex III.11

GOAL 8: DEVELOP A GLOBAL PARTNERSHIP FOR DEVELOPMENT

Target 8.D: Deal comprehensively with the debt problems of developing countries through national and international measures in order to make debt sustainable in the long term

8.12 Debt Service as a Percentage of Exports of Goods and Services

	1990	2000	2007
Afghanistan	...	4.0 (2003)	1.7
Bangladesh	34.8	10.7	5.3
Bhutan	...	...	...
Cambodia	3.8 (1992)	1.4	0.5
China	10.6	5.1	0.6
India	29.3	15.7	3.7 (2006)
Indonesia	25.6	11.1	6.3
Laos	8.5	7.8	4.2
Malaysia	10.6	2.8	2.2
Maldives	4.0	4.0	4.8
Mongolia	17.1 (1992)	6.0	2.3 (2006)
Myanmar/Burma	18.2	3.4	1.4 (2006)
Nepal	14.7	7.3	8.7
Pakistan	22.9	20.7	9.0
Philippines	25.6	10.2	8.5
Sri Lanka	14.8	10.8	7.0
Thailand	11.4	5.8	1.2
Vietnam	3.2 (1996)	7.2	1.9

Source: Millenium Indicators Database Online UNSD (2009); Pacific Regional Information System (SPC); country sources

Millenium Development Goals in Asia

Selected indicators

Annex III.12

GOAL 8: DEVELOP A GLOBAL PARTNERSHIP FOR DEVELOPMENT

Target 8.F: In cooperation with the private sector, make available the benifits of the new technologies, especially information and communication

	8.14 Telephone Lines (per 100 population)		8.15 Cellular Subscriptions (per 100 population)		8.16 Internet User (per 100 population)	
	1990	2008	2000	2008	1995	2008
Afghanistan	0.25	0.36	0.10 (2002)	27.98	0.07 (2003)	1.84 (2007)
Bangladesh	0.21	0.83	0.22	27.67	0.04 (1999)	0.32 (2007)
Bhutan	0.34	4.54 (2007)	0.37 (2003)	22.73 (2007)	0.14 (1999)	6.08 (2007)
Cambodia	0.03	0.31	1.02	28.83	0.02 (1998)	0.48 (2007)
China	0.59	27.52 (2007)	6.69	47.44	0.01 (1996)	22.30
India	0.60	3.20	0.35	29.24	0.03	6.93 (2007)
Indonesia	0.59	12.96	1.75	59.99	0.03	5.61 (2007)
Laos	0.17	1.62 (2007)	0.24	25.23 (2007)	0.04 (1999)	1.71 (2007)
Malaysia	8.89	15.88	22.27	100.36	0.15	62.54
Maldives	2.89	15.09	2.63	140.05	0.22 (1996)	23.06
Mongolia	2.99	6.07 (2007)	6.19	34.36 (2007)	0.02 (1996)	12.00 (2007)
Myanmar/Burma	0.17	1.45 (2007)	0.03	0.76	0.02 (2003)	0.08 (2007)
Nepal	0.30	2.80	0.04	11.59 (2007)	0.02 (1997)	1.41 (2007)
Pakistan	0.76	2.65	0.21	52.72	0.03 (1997)	11.08
Philippines	1.00	4.36	8.52	75.96	0.03	6.03 (2007)
Sri Lanka	0.68	17.77	2.17	57.14	0.05 (1996)	5.92
Thailand	2.42	11.00 (2007)	4.97	123.77 (2007)	0.08	21.00 (2007)
Vietnam	0.15	32.65 (2007)	1.00	79.06	0.01 (1998)	20.45 (2007)

Source: Millenium Indicators Database Online UNSD (2009); Pacific Regional Infirmation System (SPC); country sources

MTR CONSULTATIONS
REGIONAL STRATEGY FOR ASIA 2007-2013
MULTI-ANNUAL PROGRAMME FOR ASIA (MIP) 2011-2013

The in-house review of the regional strategy started end of 2008, and included discussions with responsible desk officers in the Directorate-General for External Relations, Task Managers in the Europeaid Cooperation Office and colleagues in Delegations.

Following meetings and discussions with beneficiaries, implementation partners and main development partners, the first inter-service meeting with all Commission Services took place in May 2009, where it was confirmed that the strategy is still relevant. On that basis the broad lines and way forward for the second MIP were also confirmed.

During preparation and implementation of our programmes under the first MIP, regular exchange and consultation are ongoing with the beneficiaries and implementation partners, which feed into the process.

In addition, the following consultation meetings took place:

On 03 February 2009, we discussed with European development partners and the Asian Development Bank (ADB) our regional strategy on the occasion of the 'Meeting of European Development Partners' hosted by the Agence Française de Développement (AfD) in Paris. More than 60 participants were present including representatives from EIB, KfW, GTZ, DFID, Italy, Spain, and ADB. European partners, AfD and ADB broadly supported the regional strategy. AfD and ADB are both interested to collaborate more closely with the Commission.

On 09 March 2009, we presented our regional strategy and proposed way forward on the occasion of an EIB-ADB seminar hosted by the EIB in Luxembourg. The meeting was co-chaired by EIB Vice President Carlos da Silva Costa and ADB Vice President Ursula Schäfer-Preuss. It followed the format of a traditional roundtable with presentations followed by discussion. The meeting's objective was to exchange knowledge and best practice, and to explore areas for increased cooperation. One important topic was the enhanced operational cooperation and co-financing between EIB and ADB, as EIB can considerably benefit from ADB's expertise and presence in the field when co-financing investments in the region. The meeting provided a good opportunity to exchange views on visions, instruments and areas of potential cooperation. The EIB is also clearly interested to collaborate more closely with the Commission. VP da Silva Costa repeatedly emphasised that the EU should aim at blending grants and loans, to be able to develop attractive financing packages, enabling also poorer countries to borrow non-

concessional loans. Particularly in poor countries in the region, this could be a worthwhile avenue to explore in order to trigger EIB loans. The establishment of the Asia Investment Facility and inclusion in the second MIP is thus an important step into this direction.

A first MTR meeting with European civil society and non-governmental organisations took place in Brussels on 13 February 2009, to brief on the process, timetable and progress. This was followed by a second one on 21 September 2009, to report on the progress.

On 24 March 2009, we hosted in Brussels a one-day Strategy Dialogue with the World Bank co-chaired by the Bank's Vice-President for East Asia. It was confirmed that both our development strategies for the region are complementary and aim at eradicating poverty, by supporting broad-based sustainable economic growth, promote trade and integration within the region, enhance governance, increase political and social stability, and support the achievement of the 2015 MDGs. In doing so, the Commission is strongly committed to aid effectiveness. Our cooperation with the World Bank is thus extensive, and we are a large contributor to World Bank Trust Funds in Asia. As the Trust Funds and Co-financing Framework Agreement between the Commission and the World Bank has been renewed in March 2009 for another three years, our cooperation can continue on a solid base, though it has been agreed that special emphasis must be put on joint management structures and visibility. The World Bank expressed broad support for our Asia strategy and the proposed priorities for 2011-2013.

On 29 April 2009, an extensive consultation with Asian regional civil society organisations and non-state actors was organised by our Delegation in Jakarta. 18 individuals participated in the consultation, including representatives of international NGOs, such as Oxfam, UK and Care International, as well as regional NGOs such as the ASEAN Foundation. The focus on regional integration was broadly supported, while it was emphasised that civil society should increasingly be consulted and involved during preparation and implementation of our programmes. Final drafts of the document were also shared and discussed with the Asia-Europe People's Forum.

Finally it must be highlighted that Commission Delegations in Asia systematically consulted country strategies with beneficiaries, Member States, civil society organisations and non-state actors in situ. During these occasions, relevant areas of the regional strategy were also discussed, so that views and comments could be taken into account when drafting the second MIP.

**INDICATIVE BUDGET FOR THE MULTI-ANNUAL INDICATIVE PROGRAMMES I AND II,
AS PER ANNEX 25 OF THE ORIGINAL STRATEGY PAPER ADOPTED IN 2007**

The strategy covers the period 2007 to 2013, and an indicative allocation of €775 million was proposed for the Asian Regional Programme under the financing Instrument for Development Cooperation (DCI) in 2007. The indicative partition of the regional funds for Asia was outlined as follows:

In Million Euro	MIP I						MIP II	
	2007	2008	2009	2010	2007-10	%	2011-2013	Total
1. Support for Regional Integration	32	31	6	9	78	20%	75	153
2. Policy and Know-How based Cooperation	51	74	45	40	210	52%	195	405
3. Support to Uprooted People	28	28	28	28	112	28%	105	217
Total	111	133	79	77	400	100%	375	775

It was further stipulated that the allocation and annual breakdown for MIP II will be determined taking needs, the assessment of the implementation and lessons learned under MIP I into account during the Mid-Term Review in 2009.

Taking into account needs and absorption capacity at the regional level, and given the urgent needs in Afghanistan and Pakistan, which called for an increase of allocations for these two countries, the indicative commitments under the second regional MIP will amount to €321 million. This is equivalent to a 7% increase of annual allocations compared to the period covering 2007 to 2010. The following table shows the indicative breakdown by priority area:

in Million Euro	MIP II 2011-13	Average Annual Allocation	%
1. Support for Regional Integration	63	21	20%
2. Policy and Know-How based Cooperation	168	56	52%
3. Support to Uprooted People	90	30	28%
TOTAL	321	107	100%

While the aim will be to implement the indicative allocations shown, flexibility with regard to annual allocations and between priorities will be essential. To this end, allocations may be adapted by +/- 20%. This provision will also allow for the allocation of additional funds to certain countries in the region, thus enabling the Commission to act in response to extraordinary and unforeseen events, including natural disasters, security and political developments.

POLICY COHERENCE FOR DEVELOPMENT IN ASIA

In **trade**, clear commitments are made with regard to market access of Least Developed Countries, in particular under the Everything But Arms initiative, a special regime under the EU's Generalised System of Preferences. However, successful FTA negotiations with countries in the region depend on substantial efforts by both parties to reach agreements that foster mutual economic benefits and contribute to regional integration and take the development dimension into account, as appropriate, which both are systematically addressed by the Commission.

Good progress has been made to integrate development concerns into the **environment** policy area, as exemplified by the regional sustainable consumption and production initiative, the forest package, included in the regional MIP and the strengthening of dialogue.

Climate change policies are also increasingly dovetailed with development policies, and the Climate Change and Energy Package adopted in 2008 will offer important opportunities for developing countries. The investment facility included in the forthcoming MIP will facilitate climate change relevant investments.

With regard to the **security**, the EU has been supporting peace processes in the region and aims at coherent action between the ESDP mission in Afghanistan and development cooperation.

Beyond **agriculture** policy changes in the EU, the EU responded rapidly to the food prices crisis in 2008 by setting up the €1 billion Food Facility, demonstrating its commitment to poverty eradication and food security in affected partner countries, including Burma/Myanmar, Cambodia, Laos, Nepal, Pakistan, the Philippines and Mongolia.

In **fisheries**, the EU measures to combat illegal, unreported and unregulated fishing are important steps to avoid overexploitation of resources also in Asian developing countries.

With regard to the **social dimension of globalisation**, the EU is continuing its commitment to raise important issues in international fora and in dialogues with Asian partners. It is a general EU policy that **decent work** aspects are addressed when setting the framework for cooperation in international fora and in dialogues with Asian partners. Promoting the ILO Decent Work Agenda includes in particular incentives to ratify and effectively implement core human and labour rights UN/ILO conventions.

Through its global approach to **migration**, the EU seeks to ensure that the benefits of migration are harnessed for the EU and the Asian countries, and reinforced dialogue with the region.

The EU continues also to contribute to development objectives through **research** programmes and to promote participation of researchers from Asian countries in research projects also through TEIN and Erasmus Mundus. The EU promotes also an inclusive **information society**, and supports ICT infrastructure and capacity strengthening in Asia through TEIN.

In the area of **transport**, coherence is increasingly being addressed by promoting more balanced transport modes (e.g. financing of public transport in Vietnam through EIB). Over the last years, **energy** has received significant attention and possible synergies with development have been sought. To this end, the Commission sponsored the first ASEM Ministerial on energy in June 2008.

EC-ASEAN Co-operation during the Period 2011-2013

Activities to be developed for ASEAN will focus institutional support and region-to-region dialogue.

EC-ASEAN - Institutional Support and Region-to-Region Dialogue

The overall objective of EC-ASEAN co-operation in the period 2011-2013 is to contribute to ASEAN regional integration by:

- facilitating the implementation of the ASEAN Charter provisions;
- supporting the implementation of the “Roadmap for an ASEAN Community 2009-2015” through the three Blueprints, i.e. the Political-Security Community Blueprint, the ASEAN Economic Community Blueprint and the ASEAN Socio-Cultural Community Blueprint.

Activities will focus on:

- 1) assisting the ASEAN Organs to fulfil their duties under the Charter, and in particular the ASEAN Secretariat, the Inter-Governmental Commission on Human Rights, the Committee of Permanent Representatives and the ASEAN National Secretariats;
- 2) contributing to the implementation of the ASEAN Political-Security Community Blueprint, the ASEAN Socio-Cultural Community Blueprint and the ASEAN Economic Community Blueprint, including , in particular, the achievement of the Single Market;
- 3) increasing the capacity of ASEAN to prepare, develop and implement sector-specific actions for regional integration with the contribution of EU and ASEAN experts;
- 4) enhancing ASEAN’s overall planning and policy development for key sectors of regional co-operation in the light of relevant EU experience;
- 5) strengthening ASEAN Secretariat’s capacity in measuring progress towards ASEAN Community goals;
- 6) enhancing the capacity of ASEAN in negotiating and implementing Free Trade Agreements;

- 7) supporting the organisation of activities stemming out of region-to-region dialogue (through the Regional EU-ASEAN Dialogue Instrument and the EU-ASEAN Plan of Action), or dialogue between civil society organisations;
- 8) facilitating the transposition and enforcement of ASEAN agreements at national level.
- 9) supporting ASEAN Civil Society Organisations (with a regional character and already working with the ASEAN Secretariat).

The bulk of the EC intervention will be directed to the implementation of the three Blueprints (point 2 above). Various programmes in this priority area will be designed to cover a number of sectors under the three Blueprints. Cross-sectoral programmes will include, among others, measuring progress towards ASEAN Community goals, negotiating Free Trade Agreements and statistical cooperation. Sector-related actions will also include disaster risk reduction.

Activities will include technical assistance to support the Secretariat, and technical assistance for the implementation of actions at national and regional level, including training, seminars, studies, conferences, exchanges, study tours, specialist group meetings and peer contacts.

Total indicative commitments to the tune of € 30 million are envisaged under the Regional Indicative Programme for Asia covering the period 2011 to 2013.

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**Asia Indicative Regional and National Allocations
for the Period 2007-2013, in Million Euro**

Country	Strategy Paper 2007-2013	MIP I 2007-2010	MIP II 2011-2013	Average Annual Allocation	Percent of Total
Regional Asia	721	400	321	103	14.5%
Afghanistan	1,210	610	600	173	24.3%
Bangladesh	403	205	198	58	8.1%
Bhutan (4)	14	8	6	2	0.3%
Cambodia	152	77	75	22	3.1%
China	173	128	45	25	3.5%
India	470	260	210	67	9.4%
Indonesia	448	248	200	64	9.0%
Laos	69	33	36	10	1.4%
Malaysia	8	4	4	1	0.2%
Maldives	10	4	6	1	0.2%
Mongolia	29	14	15	4	0.6%
Myanmar/Burma	65	32	33	9	1.3%
Nepal	120	60	60	17	2.4%
North Korea	0	0	0	0	0.0%
Pakistan	425	200	225	61	8.5%
Philippines	130	61	69	19	2.6%
Sri Lanka	112	52	60	16	2.2%
Thailand	17	8	9	2	0.3%
Vietnam	304	160	144	43	6.1%
Reserve	106	106	0	15	2.1%
Total	4,986	2,670	2,316	712	100.0%

NB: These rounded figures are indicative. Final allocations are subject to budget availability.

1) The total available amount, including administrative costs, amounts to €5.187 billion

2) Annual Allocations are indicative and may vary in accordance with needs and implementation progress.

3) The second MIPs were prepared taking lessons learned and absorption capacity into account.

4) The actual allocations for Bhutan are as follows: €8.4 million for MIP I, and €5.6 million for MIP II

MTR of the Strategy for Afghanistan MIP 2011–2013

The Commission decided to align the timing of the MTR exercise to the Kabul Conference which took place on 20th July 2010. This has enabled a continued dialogue with the Afghan Government up to and following the Conference. Thus, the MTR has taken into account the results of the Kabul Conference. The MTR has also been closely aligned with the review of EU engagement in Afghanistan (and Pakistan) which proceeded under the guidance of the EU Presidency last year. The outcome of this latter review was agreement to a new Plan for Strengthening EU Action in Afghanistan and Pakistan, which identified areas for more strategic overall EU engagement and co-ordination in both countries. The aim is for better alignment of EU programmes and resources in key sectors, covering both European Commission managed assistance and Member States' bilateral assistance.

The political, economic and social developments that have taken place in Afghanistan in the last three years as well as the reinforced commitment from the EU to strengthen the rule of law and governance in the country confirm the validity of the CSP 2007-2013. They have, in turn, allowed the Commission to review, update and better focus the priorities of its future development cooperation with Afghanistan under the MIP 2011-2013.

Recent international conferences on Afghanistan in London (January 2010) and Kabul (July 2010) have reaffirmed development challenges and priorities of the country. Moreover, the Kabul Conference underlined the importance of the Government of Afghanistan now taking a greater lead in all areas of its development, governance and security, with the international community supporting it in this process. Key priorities to achieving this will be fostering greater Afghan ownership ('Afghanisation') including responsibility and accountability of the Government towards the people; building up sub-national governance and the rural economy; strengthening rule of law and fighting corruption.. All these priorities are at the centre of the current EU strategy and Action Plan in Afghanistan.

Afghanistan's presidential elections in August 2009 took place in the context of a fragile democratic progress. Initially, the country had set out on an energetic pace to establish state institutions following the first presidential and parliamentary elections in 2004 and 2005, respectively. Since then, the growing insurgency has put pressure on Afghanistan's democratic process. This was reflected in the electoral process, which suffered from both low turnout and significant fraud in parts of the country.

Progress across other sectors in Afghanistan in the last few years has been mixed. For the security sector, there has been progress in Afghanistan's National Army but the civilian police and justice institutions are lagging behind – highlighting the need for accelerating the pace of reforms and for more strategic, sector-oriented EU support. Given slow progress on civil service reform and overall institutional weakness, corruption has become pervasive, providing fertile ground for Afghanistan's dependence on the drugs economy.

Similarly, little progress has been made to facilitate private sector development and private investment, much needed to provide for economic growth and sustainable employment. In the health sector there have been achievements and the EU has been a prime donor here. That said, Afghanistan is still amongst countries with unacceptably high infant mortality and child-birth-related mortality of women. Social, political and economic advancement of women remains extremely slow.

MTR of the Strategy for Afghanistan MIP 2011–2013 (continued)

In view of the above, it is therefore proposed to enhance the strategic focus and allocations in the MIP in respect of the three focal sectors (rural development; governance and rule of law; health & social protection) as well as for regional cooperation (non focal sector). This should allow better deployment of resources under the MIP 2011-13 as well as afford greater EU coordination and joint action, in line with the EU Action Plan.

In the rural development sector, the new MIP will aim to adopt a more integrated rural development approach with emphasis on strengthening local governance structures. Support to rural development will encompass alternative livelihoods, diversification of the rural economy and enhancing the role of the private sector. In governance and rule of law, and in health and social protection, EU support will seek to focus more on reform and institution building accompanied by a stronger policy dialogue. There will also be greater emphasis on the regional dynamic, in particular Afghanistan's relations with Pakistan and Central Asia addressing the need for more practical cooperation at regional level.

Finally, it is proposed to reinforce **cross-cutting themes** such as gender and children's rights, capacity building and sub-national governance. More specifically, policies in the area of counter-narcotics and disaster risk reduction will also be pursued where relevant. Throughout, the approach of the EU will be to support the Afghan Government and other Afghan stakeholders in pursuit of key MDGs, especially in poverty reduction, health and gender.

In summary, the MIP 2011-13 is designed to reinforce key areas of the EU Action Plan and in doing so support some of the priorities and programmes that have come from the Kabul Conference, including new national programmes in rural development, agriculture and governance. The aim throughout will be to support the Afghan Government in following through on the commitments it made at Kabul in July, namely to *“achieve meaningful improvements in the lives of Afghan citizens through more effective delivery of services, provision of equitable economic opportunities and achievement of national stability”*.

New Multiannual Indicative Programme 2011-13 compared to 2007-10

The indicative financial allocation for the 2011– 2013 period is EUR 600 million (as compared to EUR 610 million for the period 2007-2010), an increase of over 30% per year. Taking into account the lessons learned during the MIP 2007-10 and recent important developments and engagements, on Government side (Kabul Conference process) as well as on EU side (EU Action Plan), the indicative breakdown of funding into focal and non-focal sectors is as follows:

	Allocation 2007-10		Allocation 2011-13
Focal sectors		Focal sectors	
Rural development	30%	Rural Development (including mine action)	35-40%
Governance & Rule of Law	40%	Governance & Rule of Law	35-40%
Health	20%	Health and Social Protection	18-21%
Non-focal sectors		Non-focal sectors	
<i>Regional Cooperation</i>	10%	<i>Regional Cooperation</i>	2-4%
<i>Social Protection</i>			
<i>Mine action</i>			

MTR of the Strategy for Bangladesh MIP 2011–2013

The MTR has identified a number of issues and lessons learned, such as the need for a more poverty-oriented approach in view of increased food and fuel price volatility, the need for reinforced efforts on primary education-related MDGs, and the growing need to take into account the commitments taken by EU Member States and the EC in the field of aid effectiveness when programming and implementing EC-Bangladesh cooperation.

Taking these issues and lessons into account, it is concluded that the CSP analysis continues to be valid. Minor modifications proposed include:

- for the **MIP 2007-2010**: continue and reinforce support to Primary Education (formal and non-formal) instead of shifting support to Secondary Education. An action in the field of social statistics in view of support to the 2011 Census has been added;
- for the **MIP 2011-13**: (i) greater emphasis on pro-poor actions in all possible sectors, in particular Private Sector Development; (ii) greater emphasis on reform in the Health sector; (iii) further support to statistics for development policy-making.

The MTR analysis and extensive consultations have led to the following indicative allocations for the MIP 2011-2013:

<u>Focal Area 1</u> – Human and Social Development Primary Education and Health Reform	€74 million (37 %)
<u>Focal Area 2</u> – Governance and Human Rights CHT Peace and Electoral Process	€54 million (27 %)
<u>Focal Area 3</u> – Economic and Trade Development Private Sector Development	€30 million (15 %)
<u>Non-Focal Sector</u> – Environment and Disaster Management Climate Change Adaptation	€20 million (10 %)
<u>Non-Focal Sector</u> – Food Security and Nutrition Support for ultra-poor households headed by women	€20 million (10 %)
Total:	€198 million

The average amounts provided for individual actions in all areas of the MIP 2011-2013 have been increased (as compared to the MIP 2007-2010) to maximise impact and reduce transaction costs.

Cross-cutting issues, such as gender, disability, environment, will be mainstreamed. Given the threat that climate change could pose to overall development progress in Bangladesh, climate change will need to be addressed in the context of sector specific activities.

The MIP 2011-2013 should be flexible to support the Joint Cooperation Strategy (JCS) to be agreed upon by the Government of Bangladesh and donors in 2010. This flexibility should also allow the Commission to respect the commitments taken with regard to aid effectiveness, in particular regarding division of labour.

MTR of the Strategy for Bhutan MIP 2011–2013

Bhutan has undergone major changes by shifting from an absolute to a constitutional monarchy and by introducing a democratic Government. The first National Assembly Elections took place in March 2008, and the new democratic institutions are aiming at moving towards good governance, decentralised decision making and development.

The 10th Five Year Plan for the years 2008-2013 is the main document guiding Bhutan's current development policy. Its main objectives are to reduce poverty levels from 23% to 15%, diversifying Bhutan's industrial base, tackling growing unemployment and meeting the growing cost of social service delivery and the political transition in the country. The plan focuses on stimulating faster growth in the productive sectors in conjunction with continued investments in the hydro-power sector.

Despite rapid economic growth and significant development efforts in the past, around one fourth of the country's people continue to live below the poverty line. In addition to income poverty, notwithstanding the fact that the general quality of life in Bhutan has greatly improved, substantial qualitative and quantitative rural/urban differences still remain in terms of access to social services and economic opportunities. There are extensive gaps between rural and urban areas on various socio-economic indicators, including income levels.

The first years of EC-Bhutan cooperation under the 2007-2013 CSP have been marked by delays in the programming of the two main focal sectors, i.e. the Renewable Natural Resource Sector and the Support to the Good Governance Sector. These delays are mainly due to the discussions between the Commission and the Government on the possibilities to provide sector budget support to Bhutan. A number of assessment studies on Bhutan's eligibility for budget support are currently ongoing and are expected to be finalised in January 2010. Consequently, during the current MIP no new commitments have yet been made but the programming exercises are ongoing, and the entire financial allocation of the first MIP is expected to be committed in the course of early 2010.

The mid-term review confirmed that the EC response strategy for 2007-13, which was developed in line with the 10th FYP, is still valid and relevant. Moreover, projects and programmes financed under the Asia Regional Strategy, including the South Asia Civil Aviation Programme and the Infectious Diseases Project (including avian influenza) are also relevant for Bhutan.

Only minor adjustments are required to the Bhutan Country Strategy Paper 2007-2013 and the MIP 2011-13 will concentrate the scope of its development commitments on the following two focal areas:

- Renewable Natural Resources;
- Trade and Economic Capacity Building
with indicative financial allocations of €2.2 million to €3.4 million each.

It is proposed to merge the indicative allocation of €400,000 for Good Governance, originally foreseen under the second MIP 2011-2013, with the €2.4 million allocation to Good Governance identified under the first MIP (2007-2010) in order to ensure efficiency of the programming exercise.

MTR of the Strategy for Burma / Myanmar MIP 2011–2013

Since the Strategy Paper 2007–2013 was drafted there have been few changes for the better in Myanmar. The political and human rights situation remains very difficult, although the planned 2010 elections, while not providing real democratisation, may offer opportunity for increased civil society involvement in political processes. Myanmar remains one of the poorest countries in Asia and its problems are exacerbated by the global financial crisis, which sees, for instance, falling remittances and crop prices. However, post-Nargis recovery at rice production has been unexpectedly fast, though access problems remain.

The overarching priority of the Strategy Paper remains valid and therefore a continued focus on health and education in the MIP 2011-2013 is justified. Support for livelihoods and food security is available through the EC from financial sources outside the Strategy Paper, as is complementary support for uprooted people and non-state actors.

It is also proposed within the MIP to support the increase of civil service capacity to enable middle-ranking and junior officials to better meet the challenges of a strengthened role for the government after the intended 2010 elections.

The MTR analysis and extensive consultations have led to the following indicative allocations for the MIP 2011-2013:

<u>Focal Area 1</u> – Education	40 %
<u>Focal Area 2</u> – Health	28 %
<u>Non-Focal Sector</u> – Capacity Building of Government Staff	10 %
Total:	100% (€33 million)

The average amounts provided for individual actions in all areas of the MIP 2011-2013 have been increased (as compared to the MIP 2007-2010) to maximise impact and reduce transaction costs.

Cross-cutting issues, such as gender, disability, environment, and climate change will be mainstreamed. As sustainable development will only be possible if good governance is improved, all development programmes should integrate the promotion of governance as a cross-cutting issue to advance democracy, human rights and the strengthening of local civil society. Therefore all interventions should primarily focus on opportunities to help build the capacity of local stakeholders, local communities and organisations. Burma/Myanmar is also eligible to participate in regional programmes, such as the AHIF, and the EC will continue to encourage its participation.

MTR of the Strategy for Cambodia MIP 2011–2013

The overarching objective of the Country Strategy Paper (CSP) 2007-2013, which earmarks € 152 million for Cambodia, is the sustainable reduction of poverty. The Strategy Paper is fully aligned with the Royal Government of Cambodia's (RGC) Rectangular Strategy and National Strategic Development Plan (NSDP). The strategy defines two focal sectors: support to the NSDP and support to Basic Education. Additional actions cover Trade-Related Assistance and support to EC-Cambodia Cooperation and Dialogue in the field of Governance and Human Rights.

MIP 2007-2010 has a budget of € 77 million. Of this, 35% is allocated to support to the NSDP, through General Budget Support to the Poverty Reduction and Growth Operations (PRGO) and Public Finance Management (PFM), and 40% to support to Basic Education, mainly through Sectoral Budget Support. The provision of Budget Support has been prioritised to assure sustainable, effective policy dialogue, government ownership and leadership, and coordination with other donors. A reallocation of €7 million from Trade into PFM accommodated the later than foreseen start of the Trade programme.

Following the analysis carried out under the MTR and the priorities set out in the CSP 2007-2013, EC support in the MIP 2011-2013 will continue to focus on two key sectors with the objective of contributing to poverty alleviation in Cambodia, namely: (i) support to the NSDP and (ii) support to Basic Education. The preferred option for EC support to the NSDP is budget support in the framework of the World Bank-led Poverty Reduction and Growth Operation (PRGO). Some flexibility is proposed, however, in order to be able to adjust the current approach according to assessment of the performance of the ongoing PRGO. If appropriate, on a lessons learned basis, it may be decided to adjust the current approach, and develop a more focused orientation in the policy matrix, adapting some operational modalities. One such alternative option would be to move towards increased focus on areas related to the agriculture/rural development in a specific budget support instrument. It will in any case include technical assistance in key fields focused on by the PRGO and, in particular, continued support to the Public Financial Management Reform programme, which is seen as key to the efficient and accountable management of public resources and the delivery of public services in the interest of contributing to the sustainable reduction of poverty. The second area of the intervention strategy is to continue and build on the EC's role as a major donor in the education sector in Cambodia through the provision of sector budget support.

Additional actions in the field of trade-related assistance and to support EC-Cambodia Co-operation and Dialogue in the field of Governance and Human Rights are also provided for in this MIP 2011-2013. The following indicative budget allocation is proposed:

Focal Sectors	MIP allocation	
	2011-'13	2007-'10
1 Support to the National Strategic Development Plan (NSDP)	30 – 40%	44.1%
2 Support to Basic Education	30 – 40%	40%
Additional Actions		
1 Trade-Related Assistance	10 – 20%	5.9%
2 Support to EC-Cambodia Co-operation and Dialogue in Governance & Human Rights	10 – 20%	10%
Total (100%) in €	75 million	77 million

MTR of the Strategy for China MIP 2011–2013

China is a multi-faceted, complex and rapidly changing country. Its radical transformation over the last 30 years from an agricultural centrally planned economy to an increasingly assertive economic powerhouse is unique in the world's economic history.

The new China, underpinned by political stability, faces new socio-economic and environmental challenges. Although China is overtaking Japan as the world's second largest economy and on its own reckoning has lifted hundreds of millions of people from poverty since late 1970's, some areas of the country, especially central and western provinces have not yet benefited fully from economic development. Income inequalities and social pressures have also grown. Whilst GDP per head in coastal provinces compare with some EU Member States, comparisons for poorer provinces reveal GDP per capita on a par with medium human development class developing countries (as per UNDP classifications)..

The CSP takes account of the duality of China's character: On the one hand that of a developing country in terms of traditional indicators, and on the other that of a major player on the world stage in terms of its commercial weight, FDI flows, consumption of natural resources and contribution to the global climate change.

Lessons for the new MIP drawn from evaluations of DCI and ALA projects include the need to (a) align interventions closely with China's own reform agenda, (b) focus interventions in areas where the EU has recognised comparative advantage, such as its depth of expertise and range of models, (c) strengthen institutions to ensure sustainability rather than short-term standalone interventions, ensure a flexible and timely response, and (e) better integrate cross-cutting issues such as poverty reduction, gender equality, equal opportunities, human rights and environmental sustainability in the EU-China cooperation

The MIP 2011-2013 takes account of the political, economic and social developments in China and the region as well as EU priorities – especially regarding the financial and economic crisis and mitigation of climate change.

The new MIP 2011-2013 attempts to complement the existing and planned activities. As the EU financial contribution to EU-China cooperation is relatively small given the dimensions of China, it needs to focus on areas of EU's comparative advantage and target regions and themes where it can act as a catalyst, and harness the maximum return on investment for China's poor and disadvantaged population.

The proposed indicative allocation of €45 million for 2011-2013 is as follows:

MIP 2011-2013 (€45m)	Indicative amounts	%
Focal Area 1: Provide support for China's reform programme in areas covered by sectoral dialogues , where EU experience can provide added value	€20m	44%
Focal Area 2: Assist China in her efforts to address global concerns over the environment, energy, and climate change	€25m	56%
Total	€45m	

MTR of the Strategy for India MIP 2011–2013

In the past few years India has moved from the low-income to the lower-middle income group in the World Bank's classification of countries based on 2008 per capita Gross National Income (GNI). With 1.1 billion citizens, it represents one sixth of the world's population, the twelfth largest economy in the world in terms of 2008 GNI, but also nearly one third of the world's poor. The UNDP Human Development Index (HDI) was at 0.69 in 2006, placing it at 132 out of 179 countries of the world. Therefore, if the MDGs are to be met by 2015, considerable efforts remain to be made on poverty alleviation and social equality. Furthermore, given India's high vulnerability to climate change and a significant share of its economy heavily dependent on natural resources, environmental sustainability and climate change may well be the next greatest challenge along India's development path.

On a bilateral basis, a certain number of agreements between India and the EU have been concluded or are under negotiation, including an EU-India Bilateral Broad Based Trade and Investment Agreement, also referred to as a Free Trade Agreement (FTA), the revised Joint Action Plan (JAP), the Joint Work Programme on Climate Change, Clean Development and Energy and the Joint Declarations on education, on multilingualism and on culture.

The first three years of EC-India cooperation under the 2007-2013 CSP have been marked by good progress as regards support for the social sectors, but delays in the implementation of EC cooperation programmes under the second priority, JAP Implementation. A total of €260 million foreseen for MIP 2007-2010 was allocated as follows:

- Priority 1 (70%): Budget support to the social sectors to help realise the MDGs.
- Priority 2 (30%): The implementation of the EU-India JAP to flank pro-poor sector reform policies and dialogue in economic reform, civil society, culture and academic areas.

The MTR confirms that the CSP is still valid and relevant, and therefore only minor adjustments are required. It is proposed that the MIP 2011-2013 should increasingly focus on Priority 1 in line with the request of the Government of India. Priority 2 should focus on a limited number of sectors, such as higher education, energy and environment, where policy dialogue between EU and India is ongoing in the framework of the JAP, which is highly relevant to the achievement of the MDGs and the targets defined in the Eleventh Five Year Plan. Further trade-related assistance projects could also be foreseen, in particular to support the implementation of the EU-India Free Trade Agreement.

The proposed indicative allocation under the MIP 2011-13 for €210 million is as follows:

Priority 1 – Support to Social Sectors (Education/Health)

- | | |
|--|------------------------------|
| 1.1. Support to Primary Education, Secondary Education and Vocational Training/Education | €150-180 million
(70-85%) |
| 1.2. Support to Health related MDGs | |

Priority 2 – Support the implementation of the JAP

- | | |
|---|----------------------------|
| 2.1. Higher Education - Erasmus Mundus India Window III | €30-60 million
(15-30%) |
| 2.2. Energy and Environment | |

MTR of the Strategy for Indonesia MIP 2011–2013

From a low-income country in the mid-1960s, Indonesia transformed itself into a middle-income country in the mid-1990s. Although it was the country hardest hit by the Asian financial crisis in 1997-98, recovery began in 2000 and since 2003 the average annual growth has been close to 6%. Indonesia was initially not spared from the negative impact of the current global financial and economic crisis. However, its economy has proven to be remarkably resilient. Prudent economic management with an emphasis on fiscal stabilisation and a strong domestic demand will place Indonesia among a handful of countries that will experience positive growth in 2009. These growth rates have however not translated into more substantial reductions in poverty and unemployment (around 16% and 9% respectively).

The outcome of the legislative and presidential elections which took place respectively in April and July 2009 led to the re-election of President Susilo Bambang Yudhoyono (SBY) and was a reassuring demonstration of the solidity of the Indonesian democratic transition. This now needs to result in wider socio-economic reforms and market opening.

The signing on 9 November 2009 in Jakarta of the EU-Indonesia Partnership and Cooperation Agreement (PCA), together with the EC decision last July to partially lift air restrictions that strained relations for the last two years, have signalled the beginning of an enhanced and strengthened relationship.

The existing focal sectors under the first Indicative Program 2007-2010, namely basic education, support to trade development and investment, and improving governance, thorough law enforcement and justice, are still highly relevant to continue supporting key policy priorities in Indonesia. In addition, the reinforced commitment given by the EU and Indonesia to fight climate change and protect the environment calls for a specific and significant intervention in this area.

These sectors are also in line with the new policy orientations reflected in the Indonesian Medium Term Development Plan covering the period 2010-2014. The overall progress achieved in the implementation of reforms in these focal sectors is reasonably satisfactory providing therefore the basis for committing additional EC support to pursue reforms in the same sectors for the period 2011-2013.

The proposed indicative financial allocations for the MIP 2011-2013 is as follows:

Priority 1 - Education	144 million
Priority 2 - Trade and Investment (including FLEGT)	25 million
Priority 3 - Law enforcement and Justice	16 million
Specific intervention – Climate Change	15 million
Total	€200 million

MTR of the Strategy for Laos MIP 2011–2013

An evaluation of EC cooperation in Lao PDR carried out in 2008 confirmed the relevance and performance of the current CSP. The EC has taken a pronounced role in its general budget support operation (PRSO) in the focal area under the MIP 2007-2010. Furthermore, improved coordination and establishment of joint programmes with other donors complement and support the implementation of reforms, thus reflecting the aid effectiveness agenda formulated by GoL and development partners. The economic crisis and the impact of the many changes taking place in rural Laos may widen inequality and exacerbate poverty and food shortages in remote areas. Furthermore, environmental degradation may also impact on rural populations. The Government's achievement of the MDGs by 2015 and the target of leaving the Least Developed Country status by 2020 could be in jeopardy.

The MTR confirmed that the current CSP provides an adequate and flexible platform to address most of the issues related to the GoL development policy agenda as well as new EU/EC priorities. The MIP 2011-2013 will therefore maintain the same focal and non-focal areas, continuing where possible activities established under MIP 2007-2010.

The focal area is the GoL PDR's reform agenda, implemented as policy-based general budget support, namely the Poverty Reduction Support Operation (PRSO). The PRSO articulates a GoL policy reform programme in a sound macro-economic framework and strengthened public revenue and expenditure management.

The first non-focal area is sustainable development in the uplands and policy dialogue on relocation. The Northern Uplands Development Programme (NUDP), established jointly with EU Member States Germany and France and with Switzerland under the MIP 2007-2010, provides a platform for a coherent area-based multi-sector approach. In view of the persistent development problems caused by the high UXO contamination, and acknowledging the proactive political role the country has taken in formulating and ratifying the Oslo Convention on Cluster Munitions, support to UXO clearance is added as a new bilateral activity.

The second non-focal area is good governance and human rights. While the MIP 2007-2010 had a focus on legal reform and institutional strengthening, activities under this MIP will also aim at deepening and strengthening the human rights dialogue between the EC and Lao PDR.

The third non-focal area is trade and economic development. Building on the foundations of the Trade Development Facility (TDF) joint approach between the World Bank, EC and AusAid, the EC will continue its support to trade preferably through a joint programme led by the Ministry of Industry and Commerce.

It is suggested that €36 million is committed for the MIP for 2011-13. The indicative breakdown of this amount is as follows:

• Focal area: Support to the GoL's reform agenda	56%	€20 million
• Additional actions:	44%	€16 million
1. Sustainable development in the uplands, policy dialogue on relocation, and UXO clearance	31%	€11 million
2. Good Governance and Human Rights	6%	€2 million
3. Trade and Economic Development	8%	€3 million
Total	100%	€36 million

MTR of the Strategy for Malaysia MIP 2011–2013

The overarching aim of the Country Strategy Paper (CSP) 2007 to 2013 for Malaysia is to eradicate persistent pockets of poverty to underpin Malaysia's development objective of eradicating extreme poverty by 2015. It identifies a single focal sector as the principal means to improve both trade and investment flows and the overall business environment, including human capital development, higher education policy, migration and human rights.

The Multi-Annual Indicative Programme (MIP) 2007-10, which has a budget of €8 million, highlights the need to develop the capacity of the Malaysian administration, business sector, academic community and civil society to shape domestic policy in line with the country's vision of becoming a developed industrialised nation and a knowledge-based economy by 2020 ('Vision 2020').

Although there have been important political, economic and social developments in Malaysia since it was drafted, the CSP remains relevant but needs minor adjustments. The focal sector and the sub-themes identified provide considerable scope for cooperation in areas that are of interest and needed for Malaysia.

The MIP 2011-13 proposes to focus on climate change. The programme will notably assist indigenous peoples and other forest-dependent groups, particularly from East Malaysia (Sabah, Sarawak), to sustainably manage forest resources. This will be achieved through reforestation and conservation schemes including supporting the development of innovative financing mechanisms such as ecosystem banking. Alternative livelihood schemes could also be implemented to further ensure that the economic development and growth patterns of the target beneficiary groups contribute to reversing the process of deforestation and reducing carbon emissions.

An EU-Malaysia platform for high level dialogue on climate change with a particular focus on forestry-related issues will be set up to build a partnership that facilitates the integration of climate change perspectives in local decision-making for a pro-poor, clean-development pathway.

The Commission proposes allocations of €4 million to this end.

MTR of the Strategy for the Maldives

MIP 2011–2013

Since signing the Country Strategy Paper in 2007, there have been significant changes in the Maldives. The government initiated a wide-ranging governance reform programme, which is still ongoing, to modernize its institutions in line with its middle income status. A new constitution was adopted in August 2008, followed by the first multi-party presidential election in October 2008, which was assessed by an EU Election Expert Mission and considered “free and fair” by the international observers. A new president, the first for 30 years, was elected. On 9 May 2009, the Maldives also held its first multi-party parliamentary elections. The results gave the largest opposition party of former president Abdul Gayoom and its coalition partner a slight majority in the parliament. The need for cohabitation raises concerns as to whether this will increase instability.

The Maldives have achieved solid growth over the past decade, but continue to face serious challenges due to their dependence on tourism and fishing, vulnerability to environmental shocks and dispersed population. High global commodity prices caused a spike in inflation and widened the current account deficit in 2008, and the global economic slowdown hit tourist arrivals. The growing fiscal deficit is creating macroeconomic imbalances which not only threaten effective implementation of the new government’s policies, but also risk of undoing the impressive development the country has seen in recent decades. The Government’s ability to implement its development priorities will to a large extent depend on its success in addressing domestic and external imbalances.

The Strategy Paper 2007-2013 allocated €10 million. The MIP provides €4 million for the period 2007-2010 and has four components: Safe Islands/Climate Change, Drugs, Trade and Governance. So far, no actions under the MIP have been undertaken due to political uncertainty and major institutional changes in the country that came after the Presidential elections in 2008. The new democratic government has substantially modified the structure of ministries. Institutions which were to receive capacity building support were dissolved, such as the National Narcotics Board and the Ministry of Environment, and more changes are foreseen in the course of 2009 following the parliamentary and provincial elections.

The current strategy is ambitious given the small amount of the allocation and covers too many sectors. It cannot have the impact intended unless it is deployed in a more focused and concentrated manner as part of an overall strategy in conjunction with other development partners, especially the World Bank and the UN. Taking into account the considerable changes in the country over the past years, the strategy should refocus on a single focal sector “Governance”, comprising assistance to any of the following areas of intervention: environment, drugs and public administration. A minor change of the current MIP (2007-2010) has already been made in order to reflect the relatively greater importance within the focal sector “Governance”, of Drug Control and Environmental Challenges.

There is a clear move towards new forms of donor cooperation, such as better use of Multi-Donor Trust Funds that will facilitate opportunities for better concentration and coherence. It also allows greater flexibility for the EC to adapt to changes. Under the current MIP an amount of €1.3 million is assured for the support to national security/stability on drugs through UNODC, and €2.7 million for support to national security under climate change through the World Bank. Given the small amount of resources, it is suggested that the MIP 2011-2013 (total €6 million) focuses on governance (which need not to exclude trade or other issues if the Government wishes to pursue them). Flexibility is required and possible follow-up to projects under the current MIP may be looked at in the framework of the MIP 2011-2013.

MTR of the Strategy for Mongolia MIP 2011–2013

Mongolia is a vast and resource rich country embarking on its chosen path of political pluralism and economic diversification. It occupies the strategic crossroads between the fast growing markets of China and Russia. Mongolia is also at a historic economic turning point poised to change from a largely pastoral society into an industry and service sector oriented society driven by huge mining operations.

The CSP focuses on rural development and identifies other areas such as vocational education and training as well as institutional capacity building. The MIP 2007-2010 earmarked €14 million of which €10 million has been allocated to rural development. Proposals for the remaining €4 million, to help develop the capacity of SMEs, are under preparation.

The mid-term review drew the following conclusions: (a) importance of focal and non-focal areas identified, (b) need for strong engagement with Mongolian counterparts both in Ulaanbaatar and at provincial level at the Aimags and Soums, (c) strong donor coordination (d) fine tuning is required to align the MIP with commitments and actions under the NDS. All stakeholders confirmed the importance of rural development and flagged up environmental challenges from desertification, deforestation and dust storms to overgrazing and the loss of biodiversity. Human capital needs to be further developed if the economy is to be diversified. Increased industrialisation, exploiting minerals and attracting inward investment will require new skills. Advancing up the value chain requires appropriate know-how that Mongolia is currently lacking. In to meet future human resource challenges it also requires a competent and non-political administration with capability for analysis, forward thinking, policy formulation and enforcement. In order to pursue its quest for light industrialisation Mongolia needs a workforce with appropriate skills, a regulatory framework that addresses issues of product safety, local or international sanitary requirements, labour standards as well as competitiveness and access to credit for SMEs.

The MIP 2011-2013 proposes to build upon existing development cooperation, especially in the area of rural development where the EC has acquired a strong presence and a comparative advantage. One nexus to explore is the overlap between rural development and environment protection as environmental degradation lead to poverty and migration to urban centres. Development of human resource capacity in both the private and public sector must also be explored. For the period 2011-2013 the Commission proposes to allocate €15 million under the DCI bilateral envelope, which is a marked increase to €5 million per year. The proposed indicative allocation for the MIP 2011-2013 is as follows:

	Indicative amounts	%
MIP 2011-2013 (€15 million)		
Focal Sector: Human resources development in rural areas		
Activity I: Vocational training for rural development		
Supporting Technical Vocational Education and Training for sustainable livelihoods and protection of environment	€7 million	47%
Activity II: Supporting governance, democracy, human rights and institutional reforms		
Supporting public sector capacities at central and provincial level	€8 million	53%
Total	€15 million	100%

MTR of the Strategy for Nepal MIP 2011–2013

Nepal is in the midst of political change of historical dimensions. The Comprehensive Peace Agreement signed on 21 November 2006 ended a decade-long conflict that took 14,000 lives. The adoption of the interim constitution on 15 January 2007 paved the way for the free and fair election of the Constituent Assembly on 10 April 2008, which led to the declaration of a Federal Democratic Republic of Nepal on 28 May 2008 and the abolishment of a 240-year old monarchy. Although these changes are impressive, much more remains to be achieved in the years ahead.

The people of Nepal expect the government to build a new Nepal featuring, among others, an inclusive and equal society, an end to impunity, respect for human rights, a solid democracy and a socio-economic system that can provide reliable access to good quality basic services. Recent events have indicated that realising such changes is complex. A broad political consensus has not been achieved, nor has an efficient implementation framework been put into place. Furthermore, Nepal is facing new threats caused by the food crisis, the global financial crisis, the economic slowdown and climate change.

The preparation of the CSP began in late 2006 due to King Gyanendra's political take-over on 1 February 2005, which obliged the Commission to put all cooperation activities on hold, in line with the EU position. In April 2007 a careful assessment of the political situation, the economic environment and the social context resulted in a Commission response strategy anchored to three priority areas of cooperation: stability and peace building, education, and trade facilitation and economic capacity building, with cross-cutting themes covering environment, gender, conflict prevention and human rights. Additional means of cooperation run through thematic programmes such as NSA and EIDHR, which benefitted the non-state actors and local partners, as well as a funds made available under the Instrument for Stability.

The MTR confirmed that the EC response strategy with the three priority areas for cooperation is still relevant for the period 2011-2013. Stakeholders also welcomed the Commission's new horizontal policy issues: climate change, migration, aid for trade, regional cooperation and drugs. The aid effectiveness agenda is progressing steadily, helped along by the remarkable results achieved and experience gained in the education sector under the EFA and SSR programmes.

Despite the challenging political context, implementation of the MIP 2007-2010 and other cooperation activities has gone smoothly. The balance of the entire budget of €60 million will be committed by 2010. Furthermore, a sizeable amount of funds has been invested in activities developed by (I)NGOs and other stakeholders for the thematic programmes such as NSA, EIDHR, SWITCH, etc. The Bhutanese refugee issue as well as the emerging food crisis also receive significant financial support from the Commission. Key lessons learned are, among others, the need to stay pro-actively engaged in the development and peace building process, strengthen stakeholders' implementation capacity, and the need to promote political consensus.

In view of the challenges still facing Nepal, one of the poorest countries in Asia, and in line with the MTR findings, it is recommended that the EC response strategy remains on track during the period 2011-2013. The government will be encouraged to promote the active involvement of the private sector in the process of change and in national efforts to achieve the MDGs. The MIP 2011-2013 will have an indicative financial envelope of €60 million.

MTR of the Strategy for Pakistan MIP 2011–2013

The EC is committed to building a strong relationship with Pakistan, including in development cooperation and trade. This was reconfirmed at the first EU-Pakistan Summit in June 2009. The Summit Communiqué issued on this occasion underlined the EU's intention to assist Pakistan in a broad range of areas, including trade, implementation of electoral reform, improvement in human rights protection, and rehabilitation and reconstruction in areas of the North West Frontier Province (NWFP) where the army has retaken control from Taliban elements.

The agreed priorities under the Country Strategy Paper (CSP) for the period 2007-2013 are:

- a) rural development and natural resources management in NWFP and Baluchistan with a view to reducing regional disparities and promoting stability in these provinces, and
- b) education as a critical ingredient for developing a well-trained work force. The analysis of the political, economic and social developments that took place in Pakistan since the CSP entered into force has confirmed that these priorities remain valid.

Security challenges that have arisen in recent years have affected identification and implementation of the rural development focal sector under the Multi-annual Indicative Programme 2007-10. The geographical focus on the two above-mentioned provinces should nevertheless remain. One new priority which has arisen in 2009 is to provide support to rehabilitation and reconstruction in areas affected by counter-insurgency operations in the North and West of the country. Internal conflict has resulted in large numbers of internally displaced people who require support in rebuilding their lives and re-establishing social services. Such activities are fully compatible with the overall orientation of the CSP.

Suggested non-focal areas include human rights and good governance as well as cooperation in the field of trade.

Indicative Budget Allocation: €225 million

- Rural Development (NWFP) 40%
- Education 31%
- Non-focal 29%

The new MIP should allow sufficient flexibility to support Pakistan's development strategy, as outlined under the Poverty Reduction Strategy Paper. But flexibility might also be needed in case security conditions continue to change rapidly and pose challenges for delivery in parts of the country and if continued donor harmonisation efforts result in a clearer separation of tasks.

MTR of the Strategy for Philippines MIP 2011–2013

Macroeconomic stability and a fiscal policy aimed at reducing the government deficit have been the basis for modest economic growth in recent years. The economy has weathered the global crisis so far, based on continued growth in remittances. The same period has seen an increase in the number of poor, while key social issues, including basic education, reproductive and maternal health, and land reform, remain inadequately addressed. Internal conflict remains a challenge, although there have been positive developments in the peace process with the Moro Islamic Liberation Front. Extra-judicial killings remain a concern.

The current 2007-2013 CSP contains a single focal sector and three non-focal sectors. This programme is justified in terms of aid effectiveness. Continued EC support to the Health sector is foreseen under the MIP 2011-2013. Identified risks for the country strategy included the breakdown of the peace talks in Mindanao, which has indeed happened. EC funding for the Mindanao Trust Fund will remain commensurately modest. The Health Sector Programme is affected by risks relating to government policy, in particular with regard to reproductive health. The health reform appears to be secure and the Philippine National Economic and Development Authority is working to prepare a new medium term development plan, under which health remains a priority. At the same time, it will be important to maintain the impetus of our successful work in core governance through a follow-up programme to expand and sustain the achievements of the Access to Justice Programme. This will fit strategically well with the proposed EU-Philippines Justice Support Programme which started successfully at the beginning of 2010, lead by the Berliner State Prosecutor Mehlis. The need to improve local governance, an essential underpinning for the Health Sector Policy Support Programme, is addressed through a project to strengthen local government PFM. The TRTA programme will continue to support trade policy and trade regulation, but will also address investment climate and support to SMEs. With regard to new policy orientations, the Philippines are vulnerable to the impacts of climate change, while migration has become a key issue both for the EU and the GoP. The MIP 2011-2013 contains specific interventions addressing these issues.

Hopes are high that the new administration under the president-elect, Senator Noynoy Aquino, will embark on bolder, more anti-poverty and more development-minded approaches vis-à-vis the challenges the country is facing. Within the MIP, such approaches should be accommodated in an as positive and constructive manner as possible.

The indicative financial allocation for the MIP 2011-2013 is €69 million:

I. Focal sector

- Access to quality basic social services – Health €35 million

II. Non-Focal sectors

- Governance €17 million
(includes access to justice, migration and PFM)
- Support to vulnerable populations €12 million
(includes conflict-affected populations in Mindanao and climate change)
- Trade Related Assistance €5 million

MTR of the Strategy for Sri Lanka MIP 2011–2013

After a 26 years long conflict and a three-year-long military campaign that started in 2006, in May 2009 the Sri Lankan military forces defeated the Liberation Tigers of Tamil Eelam (LTTE) who once controlled almost one-third of the country. While the insurgency has been defeated, the underlying ethnic conflict between the country's two main ethnic groups, majority Sinhalese and minority Tamils, is far from being resolved.

GoS needs to respond to the humanitarian challenge of resettling a large number of Tamil Internally Displaced People (IDPs) that has been held for six months in closed internment camps following the end of the conflict and restoring normalcy in the North. The Government also needs to ensure protection of human rights and address the long-standing culture of impunity. Given the level of international concern and reports indicating that Sri Lanka is not effectively implementing three core UN Human Rights Conventions, the EC initiated an investigation in October 2008 that could lead to withdrawal of the trade preferences under the Special Incentive Scheme of the General System of Preferences (GSP+). Between February and October 2009 the EU adopted four Council Conclusions on Sri Lanka. In May 2009 the Commission confirmed that Sri Lanka is a country in crisis and that as such the flexible procedures foreseen by Art. 168 (2) of the Implementing Rules of the Financial Regulations may be used regarding projects in the country.

Under the present circumstances and despite the end of the conventional war in May 2009, there have been no significant changes in the policy framework affecting the Strategy Paper. Given the very volatile situation the flexible scenario-based approach is still required. The analysis has therefore been reviewed and updated and the scenarios adjusted according to the new situation. Conflict sensitivity will continue to remain high on the agenda. Lessons learnt from experience in implementing programmes in the East of Sri Lanka, during the post-tsunami reconstruction phase, as well as after the Government declared military victory in the East, will be useful for any future interventions in the East and North.

The implementation of the MIP will be guided by the EU agreed "Principles for non-humanitarian support in the East and North of Sri Lanka". These principles recognise that support for reconstruction and development in the East and the North should be based on progress in a number of areas, i.e. freedom of movement for IDPs, unimpeded access for international humanitarian organisations, security for civilians and respect for Human Rights. The scenarios that will guide the implementation of the MIP 2011-2013 are the following:

- (1) With a scenario of political reconciliation and engagement, characterised by significant progress in the humanitarian and human rights areas and steps towards a lasting power sharing solution endorsed by all communities, the necessary conditions ought to be in place to support development and reconstruction activities through integrated district development.
- (2) With a scenario of uneasy peace and continuing humanitarian and human rights crisis, the focus would be on support to vulnerable communities, in particular those affected by conflict, and on support to positive developments with regards to conflict transformation and reconciliation. Support for good governance would continue to be directed via non-state actors and, only if duly justified, aid could pass via Government institutions.

As far as funding is concerned, an envelope of **€60 million** is envisaged for the 2011-2013 period, of which €54 million would be allocated to the development and reconstruction focal sector and the remaining €6 million to non-focal areas (€4 million for Good governance and €2 million for Trade).

MTR of the Strategy for Thailand MIP 2011–2013

Thailand has enjoyed rapid economic growth and increasing income levels. Favourable government policies have facilitated the improvement of socio-economic development indicators. However, protracted political instability and the global financial crisis are now impacting Thailand negatively. Political volatility has also circumscribed the government to meet policy challenges and initiate needed structural reforms in order to ensure continued economic growth. Following the parliamentary elections end of 2007, the EU-Thailand relations have evolved positively. A strong focus is placed on the Partnership and Cooperation Agreement negotiations with an objective to bring bilateral relations to the level of mutually pursued ambition.

In spite of the changes in the political, economic and social sector, the MTR confirmed the validity of the Strategy Paper. The MTR consultations were held with 300 organisations, included the House of Representatives, the Ministry of Foreign Affairs, Thailand International Cooperation Agency (TICA), line Ministries and government agencies. Civil society organisations were particularly targeted, such as local and international NGOs, Community Based Organisations (CBOs), universities, networks, mosques and other religious institutions, youth groups, sub-district administrative offices and trade associations. In addition, the EU Member States and donors, such as the World Bank, UNDP, UNICEF, UNHCR, USAid and JICA, were consulted. The consultation process has also promoted the aid effectiveness agenda, although donor activities and funding are very limited in Thailand.

The CSP takes into account the level of development of the country and provides a flexible Facility to support Thailand's priority areas. The strategy will help Thailand improve and modernise the inter-related infrastructures, institutions, systems, enterprises skills and capacities that will strengthen the foundation for effective international competition. It is addressing Thailand's key challenges related to governance, climate change and the economic downturn. The response strategy remains hence valid and adequate, and does not need any modification.

In order to be responsive to the aggravated political and economic context, policy dialogue in the selected areas will increase focus on capacity building for individual and institutional strengthening through targeted initiatives. While coping with and mitigating the impact on SMEs and preparing for a future recovery in global demand, it is equally important to enhance dialogue with and support to the Royal Thai Government to protect the more vulnerable groups of the population and to promote good governance, justice and the rule of law. In line with the RTG priorities, the EC cooperation framework with Thailand (CSP 2007-2013) continues to target:

- 1) Deepening the Thai-EC relationship with a particular focus on economic relations, scientific and technology cooperation, as well as higher education and culture;
- 2) Addressing specific capacity constraints crucial to advancing the national development agenda;
- 3) Advancing cooperation on good governance, justice, and human rights;
- 4) Increasing mutual awareness between the EU and Thailand.

During the MIP 2011-2013 an indicative allocation of **€9 million** will be committed. The MIP will be implemented through the Thailand-EC Policy Dialogue Support Facilities and will provide support to Thai-EC policy dialogues on key policy areas such as environment, climate change, trade and investment, migration, good governance, higher education, and energy.

MTR of the Strategy for Vietnam MIP 2011–2013

After a decade of uninterrupted GDP growth of around 8% per year, boosted by Vietnam's accession to the WTO in 2007, the country has been adversely affected by the global economic downturn through a sharp decline in export growth, FDI and remittances, which may put at risk some of the development gains of the last decade. The more difficult economic environment has led the Vietnamese leadership to focus on containing social and political discontent, which might trigger a more hard-line approach to human rights.

Recent developments in the socio-economic context and adjustments in Vietnamese policies did not lead to significant changes of the national Socio-Economic Development Plan (SEDP) 2006-2010, which remains largely relevant. Therefore the next SEDP, to be implemented as from 2010, is expected to reiterate the key priorities of the current development plan.

Despite the economic achievements of the last years, poverty remains an important issue in Vietnam. The economic crisis has hit the poorest - about 13% of the total population of 86 million in pre-crisis time - hardest. Social protection remains inadequate with insufficient pension schemes; around 70% of health expenditure is still paid "out-of-pocket", risking to draw large numbers of near-poor back into poverty; the poverty gap between the Kinh majority and ethnic minorities is widening; and new patterns of poverty arise such as urban poverty and poverty related to internal labour migration. Climate change has climbed high on the agenda of the government, without a comprehensive and credible policy response so far. Governance and respect for civil and political rights remain matters of concern, although some progress has been achieved in areas such as religious freedom.

Relations between the EU and Vietnam have developed positively and the conclusion, targeted for 2010, of a new Partnership and Cooperation Agreement (PCA) will provide a more modern and more comprehensive framework than the current Cooperation Agreement for broadening and diversifying dialogue and cooperation in new strategic areas such as migration, security, climate change, energy, and science and technology.

The MIP 2007-2010 has been successfully implemented to date, with 58% of appropriations committed during 2007-2008, and robust disbursement performances. An independent evaluation of EC assistance to Vietnam carried out in 2009, the key conclusions of which are broadly shared by the Commission, confirmed that the orientations of the CSP remain valid. Against this backdrop, the Commission does not propose any fundamental changes to the key orientations of the CSP 2007-2013 and would propose, taking into account the need to flexibility, the following indicative budget allocation for the MIP 2011-2013:

Focal Sector 1: Support to Vietnam's National Development Strategy Programme	€70 million - 48.5%
- <i>Support to National Development Strategy Programme through General Budget Support (GBS)</i>	€ 10-20 million – 6.9-13.8%
- <i>Sector policy support programme in areas more directly focused on poverty reduction</i>	€ 50-60 million – 34.7-41.6%
Focal Sector 2: Support to the health sector	€56 million - 39.0%
Additional Action 1: Trade Related Assistance	€15 million - 10.5%
Additional Action 2: Support to the Governance & the EC-Vietnam Strategic Dialogue	€3 million - 2.0%
Total	€144 million – 100%