

THE EUROPEAN UNION'S (EU) MULTI-ANNUAL INDICATIVE PROGRAM (MIP) AROUND THE WORLD AND IN PAKISTAN

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Abstract

This paper explores the features of the Multi-Annual Indicative Program (MIP) of the European Union (EU), a unique program as it works on thematic areas for under-developed and developing countries within the frame of mutual cooperation among partner countries. The implementation of MIP was evaluated as it relates to program practices in Pakistan. Financial assistance was provided to enhance economic development, good governance, and greater accountability to the general public, to strengthen democratic institutions, peace & security and of course, address cross cutting issues involving human rights and environmental issues. It is assessed that the level of progress observed sluggish on almost every count, except economy growth. In assessing the shortcomings of MIP's implementation in Pakistan, results reveal that good governance, humanitarian development, and democratization as important as economic development, as part of a holistic plan. Pakistan has to find ways to enforce policies which have cross cutting implications, in order to achieve greater result in terms of both social and economic development.

Background

The United Nations General Assembly is committed to achieve the 2030 Sustainable Development Goals (SDGs) through global partnership, that aim for greater balancing between economic, social and environmental development priorities. To support the SDGs, the European Union (EU) has disbursed massive monetary assistance to address the challenges faced regionally and globally. The European Parliament and Council on March 2014 created a Partnership Instrument (PI) under the existing Multi-Annual Financial Framework 2014-2020, regulation number 234/2014, which explains that *"The union should seek to develop relations and build partnership with third countries. This Regulation constitutes a new and complementary instrument providing support for the Union's external*

policies expanding cooperation partnership and policy dialogue to areas and subject beyond development cooperation."¹For this PI, the EU has developed a strategic global framework for external initiatives to be driven by mutual interests, while leveraging political and policy formation (reform) through dialogue, with partner countries and their stakeholders.

The coalition partners of the EU are facilitating Asia-Pacific, ASEAN, ASEN, Latin America, Caribbean countries, Central Asia, Russia, The Arctic, Gulf countries, Iran, and African countries. The EU has approved and established Free Trade Agreements (FTA), Partnership and Co-operation Agreements (PCA), Comprehensive Agreements on Investments (CAI) and made bilateral investments to enhance trade and business, and achieve targeted economic growth.² The key priorities of the EU are to foster bilateral relations in maintaining peace and security, tackling environmental challenges, reach energy efficiency, improve business and trade, as well as market accessibility, with the long term aim to digitalize the developing economies of the world. It is explored that MIP funding is for overall development including social, political and economic issues of the world. It is important to discuss that it is not a kind of loan which needs repayments, and did not receive on the basis of any conditions rather only improvements in the developing and under developed countries.

There are four basic objectives behind the MIP:

1. It supports the promotion of policy dialogue and negotiations among the union's bilateral or multilateral strategic partners for '*The concerned global challenges*'
2. It intends to enforce the '*International dimension of Europe 2020*' with the idea to bring stability on the basis of three major pillars worldwide including: economic, social and environmental sustainability. These three areas of focus therefore, involve cross-cutting approaches to innovate, offering new economic models for creating employment

¹ European Commission, "Partnership Instrument", available at https://ec.europa.eu/europeaid/funding/funding-instruments-programming/funding-instruments/partnership-instrument_en retrieved on April 10, 2019.

² Summary of the Multi-Annual Indicative Program 2018-2020 for the partnership instrument, p.12-14, available at <https://www.gtai.de/GTAI/Content/DE/Trade/Fachdaten/PRO/2018/06/Anlagen/PRO201806075003.pdf?v=2> retrieved on April 12, 2019.

opportunities in the interest of human and consumer rights, which as of result should protect and empower European citizens, in the process of economic integration globally.

3. It assists *business, trade and investments* in the interest of overall global economy, notably by strengthening Small and Medium Enterprises (SMEs) while eliminating barriers to market access, and improve the distribution of goods and services, to bring it, to par, with international standards.
4. It seeks cooperation that will ensure widespread education, via public diplomacy and people-to-people contacts, enhancing the role of unions for cooperation, in the wider coverage of higher education and joint degree programs with special contribution to the Erasmus and Jean Monnet programs.³

The MIP, basically, funds programs, that are considered to meet the needs and solve problems experienced by the recipient country in its own capacity to achieve MDGs, among other existing global issues. A review of the impacts of the MIP in a few country cases, reveals to some extent, the role of EU in pushing this global agenda as a whole.

It is evident that in the case of Bosnia and Herzegovina, EU extends social protection for marginalized groups by promoting the rights of all, of the masses. In this regard, effective development towards policy (re-)formulation had been observed, and access to basic services especially, in the educational and health sectors, had increased. So far, the EU projects in Bosnia were deemed efficient, with a strengthening of municipalities, in bringing change especially in promoting quality service provision to vulnerable communities, through existing institutional structures. Since as precedents, the government is generally reluctant to legislate at the national level, for the improvement and implementation of human rights in the region.⁴

Meanwhile, the EU support in Laos is mainly contributing to rural development, education and health, but the impacts have been scattered and less sustainable due to the improper implementation of projects. Laos

³ Ibid, p. 2-3.

⁴ European Commission 2018 Report, "Commission Staff Working Document: Bosnia and Herzegovina", available at <https://ec.europa.eu/neighbourhood-enlargement/sites/near/files/20180417-bosnia-and-herzegovina-report.pdf> retrieved on April 20, 2019.

People's Democratic Republic (PDR) is a Southeast Asian landlocked agrarian country, which generates about 80 percent of employment for its population. The rest of the economy depends on Foreign Direct Investments (FDI), as major contributions, notably in the mining industry, trade and business. It is observed that the country has low per capita income due to the facts that it is an agrarian based society, and in this scenario, the human capital index points to medium achievements, in the direction of MDGs. It was observed that ongoing projects were not duly executed, as these had been designed, owing to unskilled personnel and traditional ways of operating in the management of projects.⁵ In this regard, the government was expected to implement reforms in governance and initiate dialogue with the donors for budget support. The absence of partnership, plus lack of coordination among civil society organizations, national and international non-governmental organizations (NGOs), was deemed to hinder the development of the region.

According to the World Bank Report 2014, the EU portfolio supports the Productive Safety Net Program (PSNP) in Ethiopia, and mainly focuses on ensuring food security, creating assets to become self-sufficient in food production, notably across sub-Saharan Africa. The PSNP is the most monitored and evaluated program and has been found consistently effective for reduction in poverty, social exclusions, tackling vulnerable condition, and cooperation to make a region resilient.⁶ The support also addressing issues of old age pensioners, gender development, child labor sensitive programs, and have design special provision for expecting working women with relaxed hours and maternity leaves with full pay. Generally, in the region, child-labor issues, precarious conditions for female-headed household, and the marginalization of various ethnic groups are important elements of the development agenda, along with food insecurity. The PSNP budget has been increasing overtime to support sustainability in the region.

Palestine is the top beneficiary of EUs funding in the area of social protection. To some extent the developmental agencies are struggling to alleviate poverty as conditions have worsened, whereas the capacity of

⁵ European Commission Report, *Evaluation of the European Union's regional co-operation with Asia*, (Germany: Development and Cooperation Europe Aid, 2014), 27.

⁶ MacKellar, Landis, *Evaluation of EU support to social protection in external action 2007-2013, Country Report Ethiopia*, (Neighborhood and Enlargement Negotiations, 2018), 17.

households to overcome immediate economic challenges has also been impinged by the conflict. It is realistic to think that without EU financial assistance the situation would have been worst, because the region has still witnessed some improvements in health indicators and social welfare as compared to past years.⁷ The donors' main concerns were that the country's targeted development and social security cannot be attained until or unless the respective government brings reforms in their political structures and without adequate cooperation in the implementation of social protection projects.

In India also, the EU is a major source of investment in the stock market, and the trading of goods between EU and India is estimated at about 86 billion EUR, which incurs immense surplus, and whereas 2.5 billion EUR are generated in interest. Stability in the economy has allowed gains in alleviating poverty, in the provision of safe-drinking water, in the protection of forest and bio-diversity in the country. On the other hand, there is still a long way to go in terms of human capital development, as educational, health and sanitation indexes continue to be weak.⁸ The huge discrimination observed on the bases of the caste system, is but one example, which creates tension and uncertainty, due to the systemic and persistent violation of human rights.⁹

Bangladesh was a beneficiary of EU support, as per the EU-Bangladesh Strategy Paper (2007-2013), with the most synchronized program, which aimed at economic growth and the alleviation of poverty. This MIP support has proven successful, as the private sector of the economy, capitalizing on one of the cheapest segments of the workforce, has increased its economic productivity. Although the goal of economic productivity some time required difficult decisions for people but it will prove to be positive in future for both the labor force and private sector. As it is a fact that many social problems arise due to unemployment and fragile economic conditions. Therefore, the aim of MIP is to reduce poverty, to improve social conditions of people which usually created by low economic status.

⁷ Ibid, 17.

⁸ Sakhuja, Vijay & Peral, Luis, *The EU-India Partnership: time to go strategic?* (Paris: The European Union Institute for Security Studies, 2012), 27.

⁹ International Dalit Solidarity Network, EP: The EU must fight caste discrimination, available at <https://idsn.org/ep-the-eu-must-fight-caste-discrimination/> retrieved on April 11, 2019.

At present, economic growth in Bangladesh is hovering around 7 percent.¹⁰ The total budget of about 700 million EUR has been dedicated to the betterment of business, trade and social protection.¹¹ It is also evident that in some respects, the textile industry's working conditions and labor rights are improving, as EU's textile import is almost 90 percent from Bangladesh and this has had positive impacts on overall production. The total trade of overall goods is about 24 percent in 2015.¹² As a trading partner, the EU exports to Bangladesh are largely machineries and transportation equipment. Bangladesh is among some of the few nations that have achieved set MDG targets 2015.¹³

The MIP is completely aligned with the 2030 agenda of SDGs and composed of five basic core development themes around people, the globe, prosperity, peace and partnership. Few countries have seen profound impacts as their economies are flourishing and human development indicators are improving. In addition, it is also observed that some poor countries are still under the vicious circle of poverty, because of imbalance of government and improper policy implementation in the regions. The program also includes cross cutting elements such as for the uplift of youth, human rights, emphasis on good governance, prevalence of democracy and involvement of under developed, developing with the developed nations in order to build partnership for adapting innovative and sustainable approach. It seems like EU transfer of fund is smooth but in few country cases there has been lack of will among their national government and policy makers to coordinate according to the agreements signed among country partners.

Principles of Partnership Instrument Policy (MIP)

It has wide range of scope with stern priorities which are as follows:

¹⁰ Ovi, Ibrahim, World Bank: Bangladesh among world's five fastest-growing countries, Dhaka Tribune. Available at <https://www.dhakatribune.com/bangladesh/development/2019/04/04/wb-projects-7-3-gdp-growth-for-bangladesh-for-fy2019> retrieved on April 11, 2019.

¹¹ EEAS & SEAE, *The European Union Strengthens its cooperation with Bangladesh on key development areas*, (Dhaka, EU External Action, 2017), 2.

¹² Clean Clothes Campaign, *European Union and the Bangladesh garment industry: The case for a trade investigation*, (The Netherlands: Clean Clothes Campaign, 2017), 6.

¹³ Daily Sun, *Bangladesh gains remarkable MDG achievement*. Available at <https://daily-sun.com/post/186363> retrieve on April 13, 2019.

- The partnership instrument policy approach is to pursue EU Strategic Interest which promotes the defense of EU with partner countries.
- The partner countries should comply with the true added value at EU level.
- To ensure the optimal use of funds while implementing strict complementarity of other EU external actions.
- To focus on priority themes while spending funds in a way to increase positive impacts in order to avoid disintegration in the development work.
- This instrument urged adequate level of flexibility among political entities for effective management of programs conduct under the MIP.¹⁴

It figured out that EU reacts like a global actor for building cooperation and alliances with developing and under developed countries, strategic partnership and peer-to-peer basis for resolving global challenges and of course work for the mutual interest. According to the mid-term review of this program, it is found '*flexible*' as with the changing policies within and outside the region. Public diplomacy considered foremost asset of this instrument which needs to be preserved.¹⁵ It is also analyzed that funds has created meaningful impacts, the partner and donor countries continue to follow the EU strategic priorities as mentioned in EU external action; global strategy; and 2030 SDGs. Through partnership instrument it is noticed that there is a need to balance actions geographically with proper documentation and expanding canvas for further increased in participation of Latin America and Asia.¹⁶ However, still there are many countries where the implementation of program is not fully executed, due to the reason various strategies have been evolved to get favorable outcomes.

Later, five new interventions have been added to the MIP for 2018-2020 under partnership instrument which are as follows:

¹⁴ European Commission, *Programming of the European Neighborhood Instrument (ENI)- 2014-2020 & Strategic Priorities and Multi-annual Indicative Program 2018-2020, European Neighborhood-wide measures*, (European External Action Service, 2018), 3.

¹⁵ European Instrument for Democracy and Human Rights (EIDHR), *Country Based Support Scheme (CBSS) – Eritrea*, September 19, 2016, available at <https://webgate.ec.europa.eu/europeaid/online-services/index.cfm?do=publi.welcome&nbPubliList=15&orderby=upd&orderbyad=Desc&searchtype=RS&aofr=153356> retrieved on April 18, 2019.

¹⁶ Velde, Dirk & Holland, Dawn, *The Effects of EU aid on Receiving and sending countries: A modeling approach*, (National Institute of Economic and Social Research, 2012), 11.

1. Network paradigm developed for trade and economic diplomacy through conduit business channels and tax good governance.
2. Work in collaboration to safe environment including clean drinking water; ocean pollution free and possible actions to mechanize urbanization.
3. To maintain peace, security and defense in the region.
4. Cyber security outlook and provision of digital global governance.
5. Global health: special concentration on Anti-Microbial Resistance

Further, cross-cutting issues are also mainstreamed under Multi-Annual Indicative Program:

- It should embrace multilateralism approach to contribute in global order by following international law.
- It rigorously values the rules of law; dignity of human rights; gender equality and justice with complete solidarity.
- Resilience
- Innovation¹⁷

The MIP, a unique kind of program, responsible for the development of society and economy. It is also a reality that economic cooperation is the building block of this program but it also emphasized on cross cutting issues like respect of human rights, working to ensure equality among women and men in all spheres of life, enforcing rule of law to be followed by every individual state or nation, and appreciate moderate system of preference in every segment of life.

Financial Overview

The EU funding under MIP is thematic and country focused while serving to indicate actions. The overall budget of the program is EUR 960.4 million for the period of 2014 to 2020. It is evaluated that around 52 percent of the allocated financial budget has been spent during 2014-2017 for achieving

¹⁷ European Commission, available at http://eeas.europa.eu/archives/docs/pakistan/csp/mip_07_10_en.pdf retrieved on April 21, 2019.

the goals of MIP. Remaining finance of about EUR 461 million enveloped for 2018-2020.¹⁸

The allocation of funds as per objectives under partnership instruments are:

Global challenges and policy support	35 percent
External projection “Europe 2020” Strategy	15 percent
Opportunities in trade, investment and business	25 percent
-Formation of regulatory laws, standards and market access	15 percent
-Implementation of EU trade and investment agreement	10 percent
Academic cooperation and outreach	20 percent
-Education	9 percent
-Public diplomacy	11 percent
Reserved budget for any unforeseen circumstances	5 percent ¹⁹

To work on the above objectives, the EU has created two channels including the European Development Fund (EDF) and the Development Cooperation Instrument (DCI) to disburse funds to the developing countries.²⁰ Particular amount has been allocated to the regions for their respective action plans i.e. Sub-Saharan Africa (EUR21 billion); Developing Asia (EUR15 billion); Commonwealth of independent states (EUR5 billion); and Latin America including Caribbean (EUR10 billion). About 60 percent of EU aid is spent on restructuring of economic and social infrastructure and on trading, in order to reduce the trade cost among the developing country partners. To expand trade, rate of import and export reduced (about 0.3 to 0.9 percent) between EU donor countries and recipient countries. EU-wide level coverage will have astounding effects on global economics as the global output level is expected to rise by 0.2 percent by 2020; however, the

¹⁸ European Commission, *Partnership Instrument: First Multi-annual Programme for the period 2014-2017*, 1-2. Available at https://ec.europa.eu/fpi/sites/fpi/files/pi_mip_annex_en_0.pdf retrieved on April 23, 2019.

¹⁹ Summary of the Multiannual Indicative Programme 2018-2020, available at <https://www.gtai.de/GTAI/Content/DE/Trade/Fachdaten/PRO/2018/06/Anlagen/PRO201806075003.pdf?v=2> retrieved on April 24, 2019.

²⁰ European Commission, *Instructions for the Programming of the 11th European Development Fund (EDF) and the Development Cooperation Instrument (DCI)-2014-2020*, (European External Action Service: 2012), 1.

level of output within EU members is estimated around 0.1 percent. Similarly, the developing nation's output growth is expected to be increased by 1/4th to 3/4th in a decade ahead. It is also presumed that world trade momentum to be enhanced by EUR120 billion and ultimately it will have thousands of employment opportunities in the world by 2020. It is also assumed by social and economic scientist that social indicators will improve by 20 percent and bring prosperity in human lives.²¹

MIP and Pakistan

In 1976, the then European Community and Pakistan signed a commercial cooperation agreement. The relationship developed multi generation programs which were solely devoted for cooperation in commerce and economy of the country. Later, the development cooperation in social sectors of the society added with the passage of time. Democracy was the cornerstone of the EU resolutions while strengthening human rights and instrumental developmental policies. The EU's approach has been to provide assistance to Pakistan in a way to stabilize the country's social and economic segments. The United States and British insisted the EU to enhance coalitions with the country as their European troops were alliance to International Security Assistance Force (ISAF) which were combating terrorism in the region. The funding from US was irregular and timely disbursement frozen during uncertainty in PAK-US relationship. In such circumstances the US Congress passed a Kerry-Lugar-Berman Bill in 2009 that decided to give assistance separately for security, and various development works.²²

The EU believes that the civil society organizations are best coalition partners in stabilizing the egalitarian society where every citizen should be a part of decision making while choosing their leaders. The mission basically highlighted the existed problems of Pakistan's electoral system, and suggested reforms in their domestic affairs.²³

²¹ Velde, Dirk & Holland, Dawn, *The Effects of EU aid on Receiving and sending countries: A modeling approach*, (National Institute of Economic and Social Research, 2012), 2-3.

²² Peiro, Ana Ballesteros, *The EU-Pakistan Relationship: Looking beyond the Trading Partnership*, (Centre for Security Studies: 2015), 1.

²³ European Union Election Observation, *About the EU Election Observation Mission to Pakistan 2018*. Available at https://eeas.europa.eu/election-observation-missions/eom-pakistan-2018_en/46779/About%20the%20EU%20Election%20Observation%20Mission%20to%20Pakistan%202018 retrieved on April 21, 2019.

Similarly, the EU-Pakistan ongoing Multi-Annual Indicative Program (MIP) 2014-2020 policy agenda was designed to undertake the vision of 2030; as the MIP was documented after following the recommendations of Millennium Development Goals (MDGs); Medium-term Development Framework (MDTF) and Poverty Reduction Strategy Papers (PRSP).²⁴ The focused areas for development under MIP includes rural development, education and vocational training, and consolidates democratic environment for providing good governance to the masses, ensure human rights and implementation of the rule of law.²⁵ Moreover, the strategic dialogue were prepared under the UN charter i.e. EU-Pakistan Five-Year Plan 2012 to reinforce the commitments of EU for developing a comprehensive approach to flourish political and trade links.²⁶ It builds inter alia through regular dialogues between the foreign minister and representatives of each sector with EU's counterparts for preparing mutual agreements on high level subjects included in the plan. It also cooperates to maintain peace and security through curbing the menace of terrorism, narcotics disarmament and proliferation; which are mainly responsible for uncertainties in Pakistan. In addition, Pakistan has been enjoying the Generalized System of Preference (GSP+) since 2014. The EU is the major trading partner that works on reduced duty tariffs or zero rates on goods export to EU countries fostering investments to advance industrial and agricultural sector for producing more value-added goods and flourish more exports.

Pakistan is facing severe energy shortage which is the primary source for manufacturing and production machineries.²⁷ In this regard, all Friends of Democratic Pakistan (FoDP) and the EU member countries have encouraged investments through joint ventures for installation of

²⁴ European Commission, *Evaluation of the European Union's Cooperation with the Islamic Republic of Pakistan*, 7. Available at https://ec.europa.eu/europeaid/sites/devco/files/ap_final_main_report_pakistan_-_part_i_-_main_reporttp.pdf.

²⁵ European Commission, *Instructions for the Programming of the 11th European Development Fund (EDF) and the Development Cooperation Instrument (DCI)-2014-2020*, 2-3. Available at https://ec.europa.eu/europeaid/sites/devco/files/14_05_11_progr_instructions_cover_page_clean.pdf.

²⁶ European Commission, *Evaluation of the European Union's Cooperation with the Islamic Republic of Pakistan*, 7. Available at https://ec.europa.eu/europeaid/sites/devco/files/ap_final_main_report_pakistan_-_part_i_-_main_reporttp.pdf.

²⁷ Hanif, Intikhab, "Pakistan yet to implement GSP Plus conventions: EU envoy", *The Dawn*, October 18, 2018, Available at <https://www.dawn.com/news/1439681> retrieved on April 23, 2019.

hydroelectric power, clean coal, thermal power and renewable energy.²⁸ Furthermore, the Joint Commission also cooperated for the rehabilitation of the Post Crisis Needs Assessment (PCNA) in Malakand Division.²⁹ To strong the building blocks of education the EU institutions have explored various academic exchange opportunities with higher education fellowship programs among institutions of the EU. The MIP is working under the recommendations of this plan, and focusing to achieve the targeted goals which were missed in the past within stipulated timeframe.

Performance of Pakistan

The EU assistance is evidence based, finance agreement signed with the Ministry of Finance to support fiscal budget specifically to areas including rural development, good governance, economic development, and humanitarian rights.³⁰ As the program is underway, the performance has been measured through multiple developmental indicators to evaluate the existing scenarios of social and economic conditions. The data is derived from various national and international surveys, World Bank, available evaluation reports of the EU Agreements and national statistics from concerned government departments.

Table 1. Impact of GSP+ on Pakistan's Exports to EU

Impact of GSP+ on Pakistan's Exports to EU						(Billion Euros)	
Partner/Period	2013	2014	2015	2016	2017	Impact over 2013 (%)	Trade Arrangement
Pakistan	4.53	5.51	6.05	6.28	6.67	47.25	GSP+ (unilateral duty free)

Source: Eurostat

Since 2013 Pakistan availed duty relaxation in trade under the status of the GSP+, significant increase had been observed in exports which rose by €6.67 billion in 2017. Textile goods including garments and hosiery, home textiles, cotton and intermediary goods, carpets are the major exports to the EU countries.³¹ To acquire the GSP status a country must ratify 27

²⁸ EU-Pakistan 5-year Engagement Plan, p. 3, available at https://eeas.europa.eu/sites/eeas/files/eu-pakistan_five-year_engagement_plan.pdf retrieved on April 24, 2019.

²⁹ Ibid, 3.

³⁰ Peiro, Ana Ballesteros, "The EU-Pakistan Relationship: Looking beyond the Trading Partnership", Available at <http://www.css.ethz.ch/en/services/digital-library/articles/article.html/191090/pdf>.

³¹ Zaidi, Hussain, "GSP+ not a panacea for dwindling exports", Dawn, March 12, 2018, available at <https://www.dawn.com/news/1394623> retrieved on April 27, 2019.

international conventions related to human rights, good governance, Convention on the Elimination of All Forms of Discrimination Against Women (CEDAW), elimination of racial discrimination, the rights of child, climate change etc. all conventions are drawn from the International Labor Organization (ILO) and United Nations. It is identified that economy has to ensure equality among genders at all levels and all type of gender discrimination should cease. According to the EU Commission report 2016, to avail the GSP+ status Pakistan has passed legislations' for humanitarian rights which include the establishment of human rights commission, the National Action Plan (NAP), and laws to prevent honour killing and rape.³² Human capital lays a foundation stone for any progressive society, which accelerates and builds strong socio-economic development through human capabilities. With respect to Human Development Index (HDI), Pakistan is ranked at 150 out of 189 countries considered very low in the region. The HDI totals at 0.562, life expectancy is measured up to 66.6 years, average years spent in school are 5.2 years, and the GNI per capita is about \$5,311.³³ To bring improvements in educational attainments the Federal Public Sector Development Program (PSDP) has initiated number of projects in 2018 under Ministry of Federal Education & Professional Training, which improvises the infrastructure, establishes scientific laboratories, and stresses early childhood education (ECE) at schools. The access to such opportunities is primarily given to the children of lower social strata in order to decrease the number of dropouts at all levels. In addition, it also allocates budget for advancing provincial institutes of teacher's education (PITE). The government has stepped ahead towards establishment of National Vocational and Teaching Training Commission (NAV TTC) under Prime Minister's Youth Skill Development Programme (PMYSDP) which aims to provide hands-on support to skill less educated and unemployed youth on equality basis in order to have better employment prospects.³⁴ The government has introduced a monitoring system for quality assurance in educational system to achieve vision 2030 in the country.

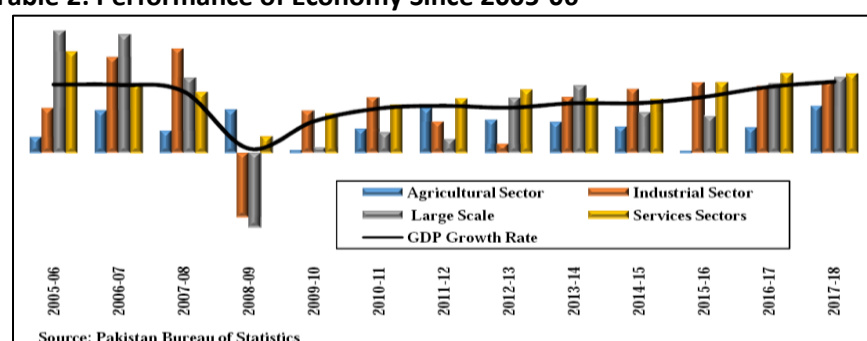
³² Dr Fatima, Zobi, "A Brief Overview of GSP+ for Pakistan", *Journal of European Studies* 34, No. 2. (July 2018): 95-96.

³³ UNDP, Human Development Indices and Indicators: 2018 Statistics Update, available at http://hdr.undp.org/sites/all/themes/hdr_theme/country-notes/PAK.pdf retrieved on May 02, 2019.

³⁴ Pakistan Economic Survey 2017-18 159-160. Available at http://www.finance.gov.pk/survey/chapters_18/overview_2017-18.pdf.

In health sector collaborative programs with multiple international agencies including World Health Organization (WHO), United Nations Children's Fund (UNICEF), and the Japanese International Cooperation Agency (JICA) for various preventable diseases.³⁵ It is observed health indicators are improving but increased population and shortfall in service delivery at health care departments drawn negative index towards health indicators.

Table 2: Performance of Economy Since 2005-06



In respect of economic scenario, according to the Pakistan Bureau of Statistics (PBS), downfall of economic production has been observed in 2008-2009 which causes higher inflationary pressures; market was extremely squeezed unable to meet with the domestic demands.³⁶ At the time, when country came into an arrangement with the EU program, a total of €413 million for social and economic development was to be spent from 2007 to 2013.³⁷ And with every passing year the economic activities flourished and picked up momentum. However, in 2017-2018 agricultural activities grew by 3.81 percent; industrial sector growth measured at 5.8 percent and service sector expanded by 6.43 percent.³⁸ It is also a point of focus that service sector sharing 60 percent to the GDP whereas agriculture

³⁵ Ibid, 170-173.

³⁶ Amjad, Rashid & Din, Musleh, Pakistan Economy: Caught in a Maelstrom, *Munich Personal RePEc Archive*, 2014, 2. Available at https://mpra.ub.uni-muenchen.de/61668/1/MPRA_paper_61668.pdf retrieved on April 26, 2019.

³⁷ Available at https://ec.europa.eu/europeaid/countries/pakistan_en retrieved on April 26, 2019.

³⁸ Pakistan Bureau of Statistics, *National Accounts Committee Meeting*, (Pakistan: Government of Pakistan, 2018), 1.

19 percent and industrial sector 21 percent.³⁹ According to the Pakistan Economic Survey 2017-2018, Pakistan is on higher trajectory of economic growth and can have further support through exports and rise in investment which is projected to achieve from EU status of GSP plus, CPEC, and from other foreign direct investments (FDI).

Table 3. Major exports market (Rs billion & percentage share)

Country	2014-15		2015-16		2016-17		July-January			
	Rs	% Share	Rs	% Share	Rs	% Share	2016-17		2017-18 P	
USA	374.4	16	364.8	17	361.1	17	205.3	17	222.5	16
CHINA	219.9	9	174.0	8	153.8	7	96.7	8	96.3	7
AFGHANISTAN	198.8	8	149.9	7	133.1	6	79.0	6	95.4	7
UNITED KINGDOM	160.2	7	164.7	8	163.1	8	93.4	8	102.7	7
GERMANY	119.0	5	118.0	5	125.1	6	71.7	6	82.2	6
U.A.E	102.9	4	85.5	4	83.0	4	43.2	4	50.3	4
BANGLADESH	70.7	3	72.3	3	65.4	3	38.0	3	41.9	3
ITALY	67.6	3	67.7	3	68.6	3	38.1	3	44.2	3
SPAIN	81.7	3	84.3	4	85.5	4	49.8	4	61.7	4
FRANCE	38.2	2	36.0	2	38.8	2	22.0	2	24.5	2
All Other	964.1	40	849.6	39	860.7	40	484.2	40	576.2	41
Total	2,397.5	100	2,166.8	100	2,138.2	100	1,221.4	100	1,397.9	100
P : Provisional										
Source: Pakistan Bureau of Statistics										

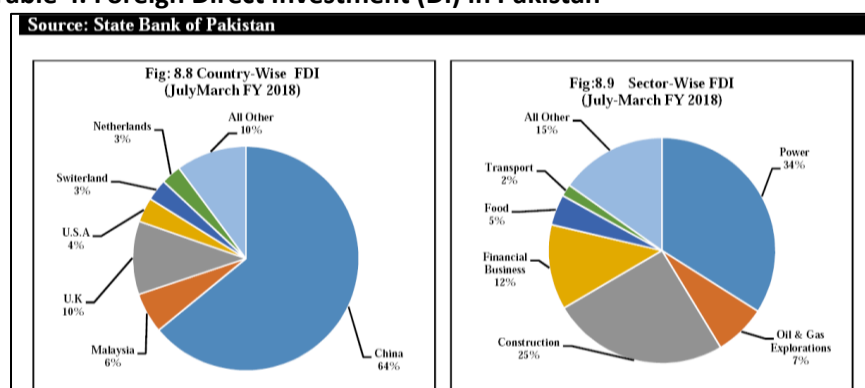
Around 55 percent of Pakistan's goods are exported to ten countries including USA (16 percent), China (7 percent), Afghanistan (7 percent), UK (7 percent), Germany (6 percent), UAE (4 percent), Bangladesh (3 percent), Italy (3 percent), Spain (4 percent), and France (2 percent). The increasing trend in Pakistan's exports is due to the overall global economic recovery and ease in global oil prices. Similarly, overall global industrial growth output increased in 2017.⁴⁰ In order to expand trade, the government has also taken many initiatives to enhance exports, in this regard around 180 billion rupees package was announced for the exporters. In addition, the State Bank of Pakistan (SBP) has reduced markup rates to 3.0 percent on export financing to restore confidence of export industry and to bring them at par with competitive global market. Other incentives provided to the exporters in form of relaxation on duty i.e. about 50 percent of drawback duty will be given to exporters who enhance 10 percent more exports in FY2018 as compared to the last fiscal year. Whereas, additional two percent drawback given to those who made exports to the non-traditional

³⁹ Kazmi, Kamal, "Sector Wise Input for Pakistan's GDP", Pakistan & Gulf Economics, October 16, 2017, available at <http://www.pakistaneconomist.com/2017/10/16/sector-wise-input-pakistans-gdp/> retrieved on April 26, 2019.

⁴⁰ Pakistan Economic Survey 2017/18, Trade and Payments, (Pakistan, Ministry of Finance, 2018), 115.

countries including Africa; Latin-America, non-European Countries; Commonwealth of Independent States and Oceania.⁴¹

Table 4. Foreign Direct Investment (DI) in Pakistan



According to the World Bank Report of Doing Business 2019, Pakistan is ranked 136 out of 190 countries.⁴² The international business community is interested where they are provided an ease in doing business and have fruitful outcomes of their business operations. It is realized by Pakistan's Business Community that investment paradigm is bleak, foreign investors are reluctant to invest, as lack of interest of investors is due to selective justice system; unfriendly business environment, and poor law and order conditions as major hindering factors for nominal investments in Pakistan.⁴³ The EU negotiated with the government to overcome issues in order to attract international investments. Currently, there has been a slight increase in total inflows of FDI to \$2.1 billion in 2018 as compared to \$2 billion in 2017.⁴⁴ The CPEC investment contributes about 64 percent in

⁴¹ Pakistan Economic Survey 2017/18, Trade and Payments, (Pakistan, Ministry of Finance, 2018), 111.

⁴² World Bank, "Doing Business 2019: Training for Reform", 6. Available at https://www.worldbank.org/content/dam/doingBusiness/media/Annual-Reports/English/DB2019-report_web-version.pdf.

⁴³ "The Pakistan Business Council's Agenda for Growth & Exports Competitiveness", 2. Available at <https://www.pbc.org.pk/wp-content/uploads/Report-Sustainable-Macro-Economic-Growth.pdf>.

⁴⁴ Siddiqui, Salman, "FDI in Pakistan drops massive 71.5% in Dec", Express Tribune, January 17, 2018, available at <https://tribune.com.pk/story/1610544/2-fdi-pakistan-drops-massive-71-5-dec/> retrieved on April 27, 2019.

2018 especially in sectors i.e. energy and construction.⁴⁵ It is also observed that Malaysia⁴⁶ and United Kingdom (UK) has increased investments in Pakistan.⁴⁷ Regardless of this interest is increasing FDI news reports show that wealthy citizens of Pakistan had transferred around \$15.235 billion in 2016-2017 to safe heaven countries through proper banking channels. It caused severe monetary issues in the years ahead. There are several initiatives taken at highest level such as former Chief Justice Mian Saqib Nisar, Supreme Court of Pakistan ordered measures to bring money back into the country.⁴⁸

Moreover, to integrate developing nation's Small Medium Enterprises (SMEs) is also an important feature of MIP, and has crucial role in the economic development of Pakistan as it accounts for over 3.2 million business enterprises. According to estimates it contributes 30 percent to GDP; 25 percent to exports; and create about 78 percent of industrial jobs in the economy.⁴⁹ Though, the sector is facing multiple challenges including financial issues, market accessibility and needs more innovations for the production of goods and services. By following the objectives of MIP the SMEs have been strengthened and in this respect, the government has released a fund of Rs.745.810 million under 'Incentive Program for SMEs' to export based manufacturers in order to acquire accredited certification to bring this sector at par with the international standards.⁵⁰ Later, the federal government has announced national policy for Technical Education and Vocational Training (TVET) in 2018 as educational attainments are also main features of MIP. It is evaluated that there is a shortage of highly

⁴⁵ Pakistan Economic Survey 2017-2018, *Trade and Payments*, (Pakistan: Finance Ministry, 2018), 127.

⁴⁶ Raza, Syed, "Malaysia company ready to invest \$250m in Pakistan", Dawn, February 02, 2019, available at <https://www.dawn.com/news/1461319> retrieved on April 27, 2019.

⁴⁷ Jabri, Parvez, "Pak expats in UK keen to invest in Pakistan", Business Recorder, April 18, 2019, available at <https://www.brecorder.com/2019/04/16/489462/pak-expats-in-uk-keen-to-invest-in-pakistan/> retrieved on April 28, 2019.

⁴⁸ Bokhari, Jawaid, "Pakistan and the unequal distribution of income and wealth", Herald, November 27, 2018, available at <https://herald.dawn.com/news/1398729> retrieved on April 28, 2019.

⁴⁹ Mukhtar, Tasadduk, "Confronting economic challenges-IV: The power of SME sector", Daily times, October 2, 2018, available at <https://dailytimes.com.pk/305051/confronting-economic-challenges-iv-the-power-of-sme-sector/> retrieved on April 29, 2019.

⁵⁰ Ahmed, Tanveer, "Incentives to SMEs: government to adopt SBP's definition", Business Recorder, October 21, 2018, available at <https://fp.brecorder.com/2018/10/20181021417625/> retrieved on April 28, 2019.

skilled or qualified labor which is hindering the growth of SMEs. It is observed that the enterprises usually have jobs that clash with the industry. The EU had emphasized to develop approach which should produce employment for highly qualified people as well, under this program. Multiple thematic areas have been embraced under Framework for SME Sector Development in Pakistan (2018), which includes (i) sector development strategy especially for minerals; tourism; gems and jewellery; horticulture; construction; fisheries; livestock and so on (ii) access to finance on low mark ups and equity participation fund especially for growth oriented enterprises (iii) for women economic empowerment free access to business helplines have been made available to cater their businesses and emphasized on formal financing and further expansion of women business set ups (iv) very cautious step up in collaboration with Higher Education Commission (HEC), Ministry of Youth Affairs and Small Medium Enterprises Development Authority (SMEDA) to develop a curriculum in universities for having apprenticeship and internship programs for fresh graduates in order to work for the development of industry, and incubation centers should be installed in academic institutions where students can have innovative approaches to establish their own business with limited support.⁵¹

One of the prime MIP's indicative plans of action is for the rural development, where the EU has allocated €340 million to bring rural population in the mainstream national development, and for sustainable economic growth in the rural areas. In this regard, the government has chalked out plan to distribute 2.7 million acres land to rural people for rural and social infrastructure under medium term development framework (MTDF). The land is given to the rural population for establishing markets, roads, safe drinking water and sanitation, for village electrification, and for education and health services.⁵²

The projected availability to water resources will increase to (150.35maf), rural roads (99881Km), Rural health: Immunization of infants (25 million), Basic health units (4300), rural health clinics (500), village electrification

⁵¹ Dr Shah, Syed, A., *Framework for SME Sector Development in Pakistan*, (Islamabad: Planning Commission of Pakistan, 2018), 21-23.

⁵² European Commission, *EU-Pakistan Multi-Annual Indicative Programme (MIP) 2014-2020*, European External Action Services, 9-10. Available at https://ec.europa.eu/europeaid/sites/devco/files/mip20142020-programming-pakistan-20140811_en.pdf retrieved on May 05, 2019.

(12585 units), literacy rate increased to 80% among male and female, planned sanitation coverage to 35 percent, children below 5-year malnutrition rate will be decreased to 20 percent from 31 percent, population below minimum level of dietary increased to 5.2 percent among rural population. Another plan for rural industrialization based on collaborative efforts by the government to establish value added sector within rural region to enhance growth in agricultural sector and generate massive employment. And of course, it would also need vocational trainings for producing intensive labor and technologies for rural youth.⁵³

Similarly, increasing environmental issues have greater global concerns; in this respect collaboration has been developed with partner and regional countries through new interventions under partnership instrument of this MIP. Pakistan has established various projects under Prime Minister Green Pakistan program to comply with the MIP's objectives.⁵⁴ Pakistan has made alliance with international frameworks for climate change for Intended Nationally Determined Contribution (INDC) under Article 2 of the Paris Agreement, United Nations Framework Convention on Climate Change (UNFCCC).⁵⁵ Currently, it is estimated that the emission of Greenhouse Gas (GHG) is expected to rise to 1603 million ton of carbon dioxide by 2030. Further, Pakistan is committed to reduce 20 percent Greenhouse Gas (GHG) emissions by 2030 in a way to combat with the climate changes in the world.⁵⁶

⁵³ Available at <https://www.pndajk.gov.pk/uploadfiles/downloads/15-Rural%20&%20Urban%20development.pdf> retrieved on May 06, 2019.

⁵⁴ Including Establishment Geomatic Centre for Climate Change and Sustainable Development, Revival of Forestry Resources in Pakistan, Sustainable Land Management project to combat Desertification in Pakistan SLMP-11, Glacier Lake outburst Flood in Northern Areas GCF Funding, Establishment of Flood Forecasting and Warning System for Kalpani Nullah Basin, Mardan, Khyber Pakhtunkhwa and many others at the cost of around Rs.13239.43 million. Planning Commission of Pakistan, *Federal PSDP 2018-19*, (Pakistan: Government of Pakistan, 2018), 2. Available at [https://www.pc.gov.pk/uploads/archives/Releases_Details_2018-19\(18-01-19\).pdf](https://www.pc.gov.pk/uploads/archives/Releases_Details_2018-19(18-01-19).pdf) retrieved on April 28, 2019.

⁵⁵ Ministry of Climate Change (MOCC), *Pakistan Intended Nationally Determined Contributions (INDCs)*, (Pakistan: government of Pakistan), 19-20, available at <http://www.mocc.gov.pk/moclc/userfiles1/file/INDC%20PAKISTAN%20-zero%20draft-.pdf> retrieved on April 28, 2019.

⁵⁶ Chaudhry, Qamar, *Climate Change Profile of Pakistan*, (Philippines: Asian Development Bank, 2017), ix. Available at <https://www.adb.org/sites/default/files/publication/357876/climate-change-profile-pakistan.pdf> retrieved on May 01, 2019.

Provision of good governance to the masses is also a cornerstone of this program. To concur with the program various social safety net initiatives have been taken by the government to meet the SDGs for eradication of poverty and economic empowerment of women. Benazir Income Support Program is an example which provides unconditional cash or wealth transfer to the underprivileged, vulnerable and to low income people.⁵⁷ Similarly, Pakistan Poverty Alleviation Fund (PPAF) has made special disbursements for programs including Institutional Development and Social Mobilization, Livelihood Enhancement and Protection, Water and Infrastructure, Education, Health and Nutrition,⁵⁸ and Prime Minister's Interest Free Loan. It is appreciable that considerable beneficiaries of such programs are women.⁵⁹

The MIP also covers peace and security. The Government of Pakistan has made significant progress towards security landscape through two big counter terrorism operations i.e. Zarb-e-Azab and Khyber-I-IV under the framework of National Action Plan (NAP) 2015. As per Global Terrorism Index report 2017, Pakistan ranked at 5th out of total 163 countries where terrorist incidents declined significantly.⁶⁰ As a frontline state in the war against terror, it incurred the loss of billions of rupees and suffered thousands of casualties. It was also under consideration that women have the most post-conflict affects, in this respect the United Nations has passed a resolution 1325 Women Peace and Security (WPS).⁶¹ The policymakers and civil society have emphasized that adoption of such resolution can address the gender inequality matters through involving women into peace-building.

⁵⁷ Nayab, Durre & Farooq, Shujaat, *Effectiveness of Cash Transfer Programmes for Household Welfare in Pakistan: The Case of the Benazir Income Support Programme*, (Islamabad: Pakistan Institute of Development Economics, 2012), 2-3.

⁵⁸ Pakistan Poverty Alleviation Fund, Project Completion Final Report 2016, (Islamabad: Associates in Development, 2016), available at <http://www.ppaf.org.pk/doc/programmes/1-PPAF-III-PCR-Final-July-2016.pdf> retrieved on May 02, 2019.

⁵⁹ Prime Minister Youth Program, available at <http://youth.pmo.gov.pk/> retrieved on May 10, 2019.

⁶⁰ Pakistan Economic Survey 2018-19, Impact of war in Afghanistan and ensuing terrorism on Pakistan's economy, 247-248.

⁶¹ Faraz, Zeenia, *Women, Peace, and Security in Pakistan*, (United States Institute of Peace, 2018), 1-2. Available at <https://www.usip.org/sites/default/files/PB218-Women-Peace-and-Security-in-Pakistan.pdf> retrieved on May 03, 2019.

Table 5. Summary chart: Evidence of contribution and level of contribution

S.No	Thematic areas	Documented contribution	Level of contribution
1.	Rural development	-New sources of growth to increase income of rural population -Promote rural industrialization “One village, one product” -Household food security -Human capital development	Low
2.	Economy: business, trade and investment	-Financial incentive for exporters -State Bank of Pakistan reduced mark up on export financing -Maintain law & order to attract investment -Providing conducive environment to restore confidence of business community	Progressive
3.	Improvement in governance	-Social safety net initiatives to eradicate poverty -wealth transfer to low income group via BISP - Prime Minister’s interest free loan for youth, especially for women -especial disbursement for institutional development including water, infrastructure, education, health, and so on.	Low
4.	Improvement in humanitarian rights	-Human rights commission -National Action Plan -Anti-honor killing law -Anti-rape law	Nil
5.	Improvement in environmental Conditions	-Establishment Geomatic Centre for Climate Change & sustainable development -Revival of forestry resources -Glacier Lake Outburst Flood in Northern Areas GCF Funding -Committed to reduce 20% GHG by 2030 and many others	Low
6.	Improvement in Peace and Security	-To curb menace of terrorism Zarb-e-Azab operation Khyber-I-IV operation -Adopted resolution for Women Peace & Security	Low

Compiled by author

Conclusion

This paper presents an overview of the MIP and its contribution in Pakistan. An attempt has been made through this study to understand the MIP objectives and its direct support to the fiscal budget for achieving the targeted growth through partnership with EU alliances. No doubt this EU program has many benefits to the economy but country has to realize that monetary assistance is always timely and for specific goals. Under this PI, global actors work in partnership in terms of exchanging benefits among partner countries. One way or another we have to comply with the policies or conditions applied to the program, otherwise there will be so many loopholes which will make the program’s implementation unsuccessful in achieving its objective by fullest extent.

There is a point of emphasis that peace and security is a cornerstone of this program but Pakistan and EU have no framework in place to work jointly on this issue. This remains a challenge for both the states in terms of weak areas as EU has its own reservations.

On the other hand, Pakistan was in dire need of economic cooperation and EU's boost to economy has ultimate effects on alleviating poverty and providing path for the sustainable development. It is envisaged by the partner countries, if political stability increases then it will bring improvement faster in human and social development, create more opportunities for diversifying economy and last but not the least would lead to generate decent employment. However; at present the economic conditions are improving in terms of growth in various sector of the economy, this conducive scenario is credited to the successful counter-terrorism for maintaining peace in the region and EU's major support in extending business, trade and humanitarian development.

Similarly, the overall objectives and new interventions of MIP are basically designed to bring reforms in governance, ease in policies for doing business, relaxation in taxation, favorable environment for building trust of the national and international investors.

Another of the EU's core objective under this program is to consider rural development and cross cutting issues including human capital needs, environmental concerns, humanitarian rights and so on where the use of funds should be appropriate. Even after passing five years under the agreement no visible results have been found as literacy and skilled youth growth is still sluggish, health indicators remained weak and humanitarian rights are still violating. To be an active partner with the EU's program for development prospects, laws and policies needed to be developed continuously in almost every segment of the society, though it is reviewed that there is no implementation or enforcement of laws to recognize the achievement so far. Therefore, it can be assessed that term development has been referred only for the economic progress, and strategies made for greater growth to yield more revenue without raising the social indicators in the country. Further, authorities have no focus towards rural development as agriculture is the mainstay of the economy but did not observe any implementation for uplifting the sector and lives of rural people. Although economic growth is directly proportional to the human development,

policies and their implementations should mutually reinforce towards economic growth and human development for achieving the desired outcomes.

Hence, the paper concludes that EU is not only regarded as trading partner but major supporter to third world in all aspects of development, more explicitly in humanitarian rights. It is anticipated that Pakistan's stability is dependent on democratic system as it protects the rights of every single individual; demand respect for human rights must not be confined to paper policies only. Rather it should be implemented in its true spirit. In the end, regional alliances emphasize that EU funds should not be considered the substitute of revenue generation; a country has to set its particular direction as we all know that partnership comes with responsibilities.