

**NATIONAL INDICATIVE  
PROGRAMME  
2002-2004  
CHINA\***

*Table of Contents*

1	Indicative Budget: Global Amount and Percentage per Priority/Sector	
2	Priority 1: Support to the Social and Economic Reform Process	
	2.1 Strategic Context/Justification	
	2.2 Actions	
	2.2.1 Action 1: EU-China WTO Co-operation	15 MEUR
	2.2.2 Action 2: Information society	15 MEUR
	2.2.3 Action 3: Social Security Reform	20 MEUR
	2.2.4 Action 4: EU-China Human Resources Development Programme	25 MEUR
3	Priority 2: Environment and Sustainable Development	
	3.1 Strategic Context/Justification	
	3.2 Actions	
	3.2.1 Action 1: Environment Programme Policy Advice	
	3.2.2 Action 2: Biodiversity Protection	
	3.2.3 Action 3: Water resources conservation	
4	Priority 3: Good Governance and Strengthening of the Rule of Law	
	4.1 Strategic Context/Justification	
	4.2 Actions	
	4.2.1 Action 1: Fight against illegal migration	
	4.2.2 Action 2: Support to Civil Society	

## 1 Indicative Budget: Global Amount and Percentage per Priority/Sector

250 MEUR should be devoted to EU-China co-operation in the next 5 years, this means an approximate amount of 50 MEUR per year in terms of commitments.

The present National Indicative Programme covers a period of three years 2002-2004, for which an indicative amount of 150 MEUR would be available.

The aggregated amount of actions listed below amounts to 170<sup>1</sup> MEUR which should be allocated as follows:

<b>Priority 1: Support to social and economic reform process</b>	<b>75 MEUR</b>
Action 1: EU-China WTO Co-operation	15 MEUR
Action 2: Information society	15 MEUR
Action 3: Social Security Reform	20 MEUR
Action 4: EU-China Human Resources Development	25 MEUR
<b>Priority 2: Environment and Sustainable Development</b>	<b>45 MEUR</b>
Action 1: Environment Programme	15 MEUR
Action 2: Biodiversity Protection	15 MEUR
Action 3: Water resources conservation	15 MEUR
<b>Priority 3: Good Governance and Strengthening of the Rule of Law</b>	<b>30 MEUR</b>
Action 1: Fight against illegal migration	10 MEUR
Action 2: Support to Civil Society	20 MEUR
<b>Cross-cutting action</b> within the above three priorities focused on Western Regions	<b>20 MEUR</b>

## 2 Priority 1: Support to the Social and Economic Reform Process

### 2.1 Strategic Context/Justification

China's reforms are radically changing the economic and social landscape of the country. The pace of reform is impressive, but the process remains incomplete and fragile. The challenge for China is to pursue economic transition whilst at the same time integrating the concept of sustainability into economic growth and guarding itself against social instability. The EU should therefore help China build the institutions, policies, human resources, management techniques, regulatory framework, standards, access to technology and other supporting instruments that constitute the fabric of a modern, outward-looking economy. Co-operation should address three key issues:

- Development of human resources
- Support to transition to a market economy
- Minimising social consequences of the reform

It may also address cross-cutting issues, such as taxation or circulation of goods and services, linked to the repartition of competencies between the central and the regional

<sup>1</sup>in line with the principle of 'consistent overprogramming'



or other local governments and having a direct impact on the reform process.

#### *Development of human resources*

The spectacular growth of the economy and the quick transformation of large parts of the society put a crucial strain on available human resources. Training and education are essential both to the sustainability of economic growth and to the process of social transformation. The EU policy of giving high priority to co-operation in this field thus continues to be highly relevant and should be continued in the future as a key element of support to social and economic reform. In this respect, an EU-China policy dialogue on key issues in education and training, including the exchange of expertise and knowledge in this field, should be promoted.

Co-operation in the area of human resources, which should address the needs of both the administration and industry, should help China strengthen its own training capacities by the implementation of modern professional training standards and practices. Specific training programmes should be developed for such key groups in China's transformation process as academics and university students, civil servants, young professionals and opinion leaders in media and culture.

Considering priorities of the Chinese government and EC potential, special attention should be devoted to co-operation in higher education and to the opportunities offered by the use of new technologies in distance learning.

Particular attention should also be paid to improving visibility of EU actions in the field of human resources, and to consolidate results obtained from other programmes which received EU support in recent years. It would also be in China's own interest to be better informed about EU policies in this field.

#### *Support to transition to a market economy*

The promotion of the market economy and the integration into the WTO will also be another priority given its importance for the economic and social stability of China and the development of a fair partnership with the EU and its enterprises. In particular, programmes to support changing the rules, regulations, and norms and standards required to accompany China's accession to WTO will be implemented.

Moreover, the EU in the context of its WTO accession negotiations with China and in recent high-level meetings (Summit, Joint Committee, etc.) has repeatedly declared its readiness to support China's accession, *inter alia*, through the provision of relevant technical assistance. The Chinese government recognises the positive role that EU assistance could play in this context, and has expressed its wish to receive support in this area.

Support for China's efforts to participate in the Information Society is also a key feature in the context of WTO co-operation and for reducing the Digital Divide.

#### *Minimising social consequences of the reform*

As a result of the ongoing process of economic reform in China, the social security system is under great pressure. State-owned enterprises (SOEs) are shedding excess

labour. Existing systems under which a large range of social services was provided to employees of the state and the SOE sector free of charge by their work units are crumbling. The population in general is ageing rapidly. - Work unit-based schemes thus have to be replaced by alternative models, and laid-off workers, other unemployed, the sick and the elderly have to be guaranteed a minimum level of support. - The shortcomings of the present system have a major impact on the economic situation in general, as insecurity about employment, sustenance in old age and sickness severely depresses domestic consumption in China and thus contributes to deflationary tendencies. - The system of social security provision is therefore being overhauled radically, a task which in view of its scale and its linkages to various other issues constitutes a massive challenge for the authorities.

The economic reform process already under way generates major social consequences, therefore co-operation priorities would also include:

- supporting employment and income generation opportunities (SOE reform in urban areas and income generation activities in rural areas, with particular attention for economic and social cohesion throughout the country), and
- defining and/or implementing of accompanying measures, notably in the field of social security, to deal with the social consequences of reform.

The National Indicative Programme shall be periodically reviewed. This will allow to critically examine recent operations and to agree any necessary changes of timing or priorities. In addition to this monitoring and evaluation at programme level, all future projects identified under this priority will be subject to monitoring and evaluation, for which arrangements including precise indicators and an indicative calendar will be included in the relevant financing proposals.

## 2.2 Actions

### 2.2.1 Action 1: EU-China WTO Co-operation 15 MEUR

#### 1. Objectives

The overall objectives of the programme are to support China's accession to the WTO and assist it in its process of wider economic and administrative reform.

The programme's specific objectives are, in building on the experiences and results of the ongoing 'Framework Programme for EU support to China's WTO accession' (ALA/CHN/98/03, hereafter 'WTO co-operation, phase I'), to:

- Help develop the legal and regulatory framework, including in the area of standardisation, focussing on a limited number of strategic sectors;
- Strengthen administrative structures and capacities in order to both facilitate compliance with WTO requirements and benefit China's overall economic reform process, with particular reference to the above sectors;



- Assist China in providing training, building awareness, and disseminating information on the consequences and benefits of WTO membership to sub-national authorities, industry and the general public.

## **2. Expected results**

Progress in developing the legal and regulatory framework as well as strengthening administrative capacities to ensure compliance with WTO requirements.

Better knowledge among administrations, economic operators and the general public about consequences and benefits of WTO adherence.

## **3. Activities**

Co-operation activities will include technical assistance for the formulation of legislation and the drafting of policy recommendations, institutional strengthening, training, presentation of EU and WTO practices and building of networks. Assistance may take the form of seminars and conferences, provision of expertise, study tours, drafting/provision/translation of key legal texts and other relevant documents, etc.

Assistance will be concentrated in a limited number of sectors which are of particular importance for China's economic development and for its trade and investment relations with its partners. Within these sectors, cooperation activities will support:

- The formulation of policy and the adaptation of legal and regulatory frameworks to WTO requirements. Where appropriate, this could comprise policy advice through the deployment of senior experts as long-term advisors attached to relevant Chinese administrations.
- Institutional strengthening and other measures to help ensure the implementation of new policies and regulations, at national level and, possibly, in selected pilot regions. In this respect, it will be crucial to identify administrations and officials within them that will be directly responsible for implementing key Chinese WTO commitments.

The selection of *sectors* will be based on needs identified and experiences gained during the implementation of the WTO co-operation, phase I programme. Given their importance for EU-China investment relations, services are likely to receive high priority in this context.

Particular consideration will also be given to the inclusion of the area of sanitary and phyto-sanitary standards and inspection, with a view to bringing Chinese standards and inspection procedures in line with the WTO SPS Agreement and relevant international practice.

In addition, attention will be paid to the area of technical barriers to trade in line with the WTO TBT Agreement and relevant international practice. Elements in the TBT domain that could be addressed would include technical regulations, standardisation, conformity assessment (including accreditation), metrology and information exchange in such sectors as medical devices, construction, machinery and electrical products.

The programme could also include IPR related activities, building upon experience and results of the ongoing IPR programme.

Sectoral activities will be complemented by *horizontal* co-operation activities. These may include:

- the provision of a legal advice facility at central government level which would respond to requests of all relevant Chinese administrations for advice and expertise on WTO rules and related issues;
- strengthening existing WTO studies centres in China, through support to development of curricula, course materials etc.
- a programme of tailor-made training courses in the EU for key government officials;
- a comprehensive dissemination and information programme, based on models and formulas which have been successfully developed in the past, e.g. in the framework of the EU-China IPR Programme

## **4. Implementation**

An identification mission should be launched in 2001 to outline and formulate the Programme. A Financing Agreement would be signed with China, upon approval of the Programme and the adoption of a financing decision.

## **5. Risks, conditions**

While the programme 'WTO cooperation, phase I' will run until 2003, the present 'phase II' programme should be prepared and launched as soon as possible, in view of the magnitude of the challenges facing China following its WTO accession and the political commitment of the EU to provide speedy support in this context. When designing the present programme, it will therefore be essential to provide a clear delimitation between the two programmes to avoid overlaps, while capitalising on possible synergies between the two.

## **6. Main indicators**

number of WTO related legal acts adopted and implemented

number of officials in relevant administrations which received training, attended workshops etc

information material produced for increasing knowledge among administrations, economic operators, general public

## **7. Financial envelope**

Estimated EC contribution: 15 million EUR.

## **8. Indicative timeframe**

Preparation: 2001/2002

Commitment: 2002

### **2.2.2 Action 2: Information society 15 MEUR**

#### **1. Objectives**

The general objective of the EU-China co-operation programme in the Information Society is to contribute to the modernisation and liberalisation of the Chinese economy through its integration into the world Information Society. Specific objectives are the following



- To help the Chinese economy to adapt to the requirement of structural reforms with the view to effectively implement its WTO obligations.
- To promote the EU branding (covering EU policies, regulatory frameworks, technologies, industrial practices, etc.);
- To foster industrial and technical co-operation and business links in the high-tech fields related to the Information Society.
- To interconnect the European and the Chinese information infrastructure and research networks in relation to existing regional projects.
- To contribute to an adequate regulatory environment for e-Commerce and to promote related applications between the EU and China.
- To support the Chinese government to deal with digital divide issues by promoting applications of the information technologies in priority areas, notably in the fields of education and training

## 2. Expected results

- A legislative framework in conformity with GATS
- Dynamic expansion of a new sector of the Chinese economy with high export potential
- Promotion of EU industrial presence in the Chinese market
- Improvement of access and dissemination of the IT use for the benefit of the general public

## 3. Activities

The programme targets issues such as policy; regulation; standardisation; conformity assessment; industrial co-operation, and business and technology promotion (at the enterprise level, but also in the education sector, possibly in partnership with industry). It would cover telecommunications services and infrastructures (including the internet); ecommerce; equipment; audio-visual and content services; software and a variety of Information Society applications. It will be built upon the results of past co-operation

Co-operation activities could take the form of technical assistance for the preparation of legislation and the formulation of policy recommendations; exchanges; seminars; training of staff at all levels; study tours; joint studies; etc. They can be grouped as follows:

- Dialogue and channelling. This could comprise awareness programme, regular meetings, exchange between European and Chinese administrations or technical bodies.
- Supporting the preparation of legislation and the formulation of policy. This could comprise legislative and policy advice and studies.

- Supporting the implementation of the new policies and institutional strengthening, both at the national level and in selected pilot areas. This could comprise policy development guidance; thematic workshops; feasibility studies for demonstration projects if an EU added-value could be shown; industrial restructuring to accommodate the new policies.
- Capacity building and human resources development. This could comprise strategically targeted training/seminars (for industrial management, technologies management, administrative modernisation, local and provincial officials); study tours if necessary; development of informal co-operation channels including internships in European firms, telecom-linked institutions and administrative/regulatory bodies.
- Promotional events.
- Technology transfer and upgrading. This could comprise demonstration projects, centres of excellence and take-up (pre-industrialisation) projects to promote technologies and accelerate the adoption of Information Society technologies in the Chinese economy.

## 4. Implementation

An identification mission is now foreseen to outline and formulate the Programme that will build upon past co-operation and discussions in the context of the Working Group on Information Society.

A Financing Agreement would be signed with China, upon approval of the Programme and the adoption of a financing decision.

## 5. Risks, conditionality

- rapid implementation of the programme will be required taking into account the pace of development of the Information Society • institutional and managerial capacities of relevant Chinese administration
- complementarity with other Community-funded programmes such as Asia-IT&C and with activities of other donors

## 6. Main indicators

- level of participation in Information Society (e.g. Internet connections, notably in hitherto less connected regions to show reduction of the digital divide)
- number of legal acts and level of conformity with WTO
- external trade statistics
- support from European industry

## 7. Financial envelope

Estimated EC contribution: 15 million EUR.

## 8. Indicative timeframe

Preparation: 2001/2002

Commitment: 2002



### 2.2.3 Action 3: Social Security Reform 20 MEUR

#### 1. Objectives

Assist China in its efforts to reform the social security system, in order to minimise the social side effects of economic reform and to contribute to poverty alleviation, through support in the following areas:

- institutional strengthening of the agencies charged with managing the social security system and delivering benefits;
- extension of coverage of pension and unemployment insurance to the urban private and informal sector;
- development of a sustainable medical insurance system.

#### 2. Expected results

- strengthened capacity of the Ministry of Labour and Social Security and relevant Agencies at national and regional level to manage the social security system and to deliver its benefits
- research-based set of recommendations on how to further extend the coverage of the pensions and unemployment insurance notably to the private and informal urban sector

#### 3. Activities

Based on the findings of an exploratory mission carried out in May/June 2000, and following a request for policy advice from the Ministry of Labour and Social Security, the Commission is considering to assist China in the following areas:

- (1) Institutional strengthening. There are weaknesses on the institutional side which constitute an obstacle to the implementation of promulgated reform steps, and impair the ability of the relevant government agencies to manage the social security system, collect contributions and deliver benefits. - Many donors have been, or are, active at the policy level, but little has been done to help strengthen the agencies charged with managing the social security system and delivering benefits, both at central and at sub-national level. Yet, these agencies are in dire need of assistance in order to be able to fulfil the tasks they have been charged with in the context of the radical reform steps that have already been taken. There is scope for a major assistance effort in this area which would cut across the different areas mentioned above, addressing in particular pensions, unemployment, medical and basic subsistence provision. Importantly, the impact of such assistance would be impervious to possible future policy changes, which is crucial at the present stage of reform, where policies are in constant flux.
- (2) Pensions and unemployment insurance. Pensions and unemployment are areas where reforms are relatively advanced, but the current system only covers SOE employees. The extension of coverage to the private and the urban informal sector is vital for the sustainability of the system. Activities under the programme should help formulating recommendations for this purpose.

- (3) Medical insurance. Medical insurance reforms are implemented nationwide on the basis of experiments in pilot cities, but the effectiveness and appropriateness of the policies is still under debate. Chinese administrations have stressed the need for a review of current policies. Additional support in the form of advice and a pilot project in a selected geographical area will be made dependent on the outcome of that review. Support and acknowledgement of the outcome of this review by the Chinese Government is a precondition for a possible subsequent pilot project.

#### 4. Implementation

A first, exploratory mission has been carried out in May 2000. Based on its findings, three priority areas for assistance have been defined (see above).

The next step will be to launch a final mission to update these findings in the light of the rapidly changing environment in China and to design the overall social security reform programme with a focus on institutional strengthening. This programme will then also include, in an inception phase, research activities and preliminary recommendations on the extension of coverage and a review of medical insurance reforms.

A financing Agreement would be signed with China, upon approval of the Programme and the adoption of a financing decision.

#### 5. Risks/Conditionality

- rapidly changing environment which may lead to outdated results
- delays in planned reforms by the Chinese government
- building on earlier findings in studies, reports and research activities financed by the Community
- coordination with and use of expertise from other donors, when effective and appropriate.

#### 6. Main indicators

- number of Agencies of the social security assisted
- the increase percentage in the financial coverage of pensions and unemployment
- reports including research results and recommendations

#### 7. Financial envelope

Estimated EC contribution: 20 MEUR.

#### 8. Indicative timeframe

Preparation: 2001/2002

Commitment: 2002

### 2.2.4 Action 4: EU-China Human Resources Development Programme 25 MEUR

#### 1. Objectives

Main objectives of this programme are:

- to develop co-operation with China through human resource development programmes for key groups in China's transformation process
- to complement other Community-funded human resources programmes



- to improve information and dialogue on education, science and EU matters and to make Europe more visible in China

## 2. Expected results

- increased interaction between European and Chinese businesses
- support to educational reforms in China, particularly internationalisation of education
- improved knowledge among Chinese students, post-graduate students, teachers, educational staff about education in Europe
- improved European visibility and EU profile in China
- improved synergies with and sustainability of other activities funded by the Community and member States
- spin-offs in the economic, social and cultural fields; sustainable relationships

## 3. Activities

- The activities will be proposed at the identification stage and the experiences of previous and ongoing human resource programmes will be taken into account
- The possibility to continue the EU-China Junior Managers Training Programme, and extend it to include training of Chinese managers, should be examined
- participants could come from a wide range of businesses and some nonprofit sectors including new technologies, the socio-cultural area and media
- the establishment of a 'Europe House China' could be envisaged with the aim of providing information on the EU, on EU-China relations and EU-China co-operation programmes, and of creating synergies and connecting databases with other horizontal or bilateral programmes such as Asia-Link, EU Studies, Scholarship 2000 and similar activities supported by Member States

## 4. Implementation

A Financing Agreement would be signed with China, upon approval of the Programme and the adoption of a financing decision.

A suitable implementing agency will have to be identified in the Financing Agreement. The overall programme management shall be entrusted to a Programme Management Unit in Beijing.

## 5. Risks/Conditionality

- co-financing: activities should be financed on a cost-sharing basis; part of the cost (e.g. 25%) should be borne by the Chinese government; the cost of placements in enterprises could also be (partly) borne by these enterprises; for non-profit making organisations, support from the programme could be higher.
- ensuring a wide impact of the programme through involving a maximum number of qualified participants with a focus on new and future-oriented professions.
- complementarity and co-ordination with activities supported under other Community-funded programmes such as the China-Europe International

Business School, Scholarship 2000, European Studies, the recently proposed RTD mobility scheme for third country scientists etc

- Complementarity and coordination with activities supported by member States should receive particular attention
- Viable commitment by the Chinese government for the 'Europe House China'

## 6. Main indicators

- number of Chinese and European professionals participating in the programme
- number and type of visitors to the 'Europe House'
- number of activities (workshops, seminars, placements) organised
- number and type of 'new' professions involved

## 7. Financial envelope

Estimated Community contribution: 25 million EURO

## 8. Indicative timeframe

Preparation: 2002

Commitment: 2002/2003

Implementation: from 2003

# 3 Priority 2: Environment and Sustainable Development

## 3.1 Strategic Context/Justification

As an important element of sustainable development - i.e. the pursuit of a balance between economic growth, social development and protection of the environment - cooperation on environment remains a key area of bilateral co-operation with China.

The current situation and development perspectives of the energy sector in China provide the best evidence of the need to reconcile economic growth with overall sustainable development and particularly with the protection of the global environment. China has one of the largest energy sectors in the world in terms of resources, production and consumption. It is the world's second largest consumer of energy and the third largest producer. The size of its energy sector renders the country's energy policy and its potential impact on the world scene a matter of great international importance, particularly in the context of air pollution and climate change. Nationally, over recent years, the government has placed an increased emphasis on capacity building, notably strengthening the administrative framework and building human resources. In line with recent economic reforms, the government is particularly committed to developing an enabling environment and a skill base in-line with a market-oriented economy. Much of the weight of growth and development in China is falling on its land systems. As a result, land degradation is widespread and increasing. China has some of the worst soil erosion problems in the world, the highest ratio of actual to potential desertified land in the world; and rapidly degrading grasslands. These problems are doubly serious, since the worst of them tend to be concentrated in areas that support China's poorest and most vulnerable



people. In addition, some of China's best-cultivated land is being lost to expanding urban and industrial areas and a developing network of roads and railways.

Almost all of China's unique and globally significant biodiversity resources are under stress. Many species existing only in China are seriously threatened. The existing framework for biodiversity protection is under-financed, overextended, and patchy in its coverage. Previous interventions have treated biodiversity as a separate sector. The current approach to biodiversity in China therefore needs to be reformed, and a more holistic view must be taken.

In addition to industrial wastewater pollution control which was the prime concern of the 1990s, the next decade will require decisive actions on the growing problems of municipal wastewater discharges and agricultural or "non-point" sources, notably emission from intensive livestock production units. The combined effects of these problems will be felt most acutely in the rivers north of the Yangtze, where water quality is already severely degraded.

Nationally, over recent years, the government has placed an increased emphasis on capacity building, notably strengthening the legislative and administrative framework and building human resources levels and skills. In line with recent economic reforms, the government is particularly committed to developing 'tools' to improve environmental performance and developing an environmental skills base, in line with a market-oriented economy. Certain of these issues are challenges to be addressed not only bilaterally but also in the international context. China and the EU are signatories to several multilateral environmental agreements and have a mutual interest in pursuing common objectives. Environmental consequences of China's entry into the WTO will also have to be addressed.

This proposal is in line with the EC Communication Integrating Environment and Sustainable Development into Economic and Development Co-operation Policy (1999), which makes clear how environmental management, including management of biodiversity, underpins sustainable development. It also corresponds to the priorities of the Community's scientific and technological cooperation programme.

As the three actions mentioned below are closely interconnected, they may well be considered as one single programme proposal, with an indicative budget of 45 MEUR, and as such be subject of one single financing agreement, upon approval of the programme and the adoption of a financing decision.

This proposal will also support the future environmental dialogue between EU and China, set up in the context of the EU-China Summit of 5 September 2001.

The National Indicative Programme shall be periodically reviewed. This will allow to critically examine recent operations and to agree any necessary changes of timing or priorities. In addition to this monitoring and evaluation at programme level, all future projects identified under this priority will be subject to monitoring and evaluation, for which arrangements including precise indicators and an indicative calendar will be included in the relevant financing proposals.

## 3.2 Actions

### 3.2.1 Action 1: Environment Programme Policy Advice

#### 1. Objectives

Capacity building in the environmental area, notably in partnership with the State Environment Protection Administration (SEPA), its subordinates' and related agencies' in the development, implementation and enforcement of legislation, policies, plans and standards.

#### 2. Expected results

Improved capacity of Chinese organisations supporting SEPA in its international cooperation programmes, especially with the European Union; Systematic use of Environmental Impact Assessment and Strategic Environmental Assessment, notably in the context of China's 'Great Western Development Strategy'; Improved knowledge in the use of economic instruments to achieve environmental objectives in the European Union and how to adopt these to Chinese conditions.

#### 3. Activities

The project will provide European expertise to support and guide the Chinese side in relation to policy, legislation, organisational structures and administrative good practices concerning environmental issues, both at central and subsidiary levels, taking China's inclusion into WTO should into account.

China, as a party to several multilateral environmental agreements (e.g. Climate Change, Biodiversity, Desertification) and as forthcoming member of WTO will need assistance in developing its capacity to respond to requirements either stated or implicit at the international agreement level. These could include the development of standards and guidelines for monitoring and modelling the ecological situation in order to master degradation and gradually reverse it. Typically, pilot studies would be followed by broader application of new approaches in that context.

The Chinese side has indicated interest in:

**Strategic Environmental Assessment (SEA)** in the context of policy-making (i.e. Environmental Impact Assessment at the strategic and policy planning stages). Community support would include, inter alia, training and seminars in China as well as study tours to Europe for the lawmakers and senior policy people, as well as sub-projects where learning through doing would be the goal. Studying the use of **economic instruments (e.g. fiscal incentives) to achieve environmental objectives** within the European Union.

#### 4. Implementation

Detailed project design via expert missions will help to identify more specifically which areas should be taken into consideration. A PMU in China will be required.

#### 5. Risks/Conditionalities

Coordination and continuity as far as responsibilities for environmental policy in China are concerned Absorption capacity, at the national and at the sub-



national level

Coordination and complementarity with other Community support programmes such as the 'EC-China Environmental Management Cooperation Programme' (EMCP), with actions from EU Member States and other donors.

### **6. Main indicators**

Number of Chinese officials in charge of legislation, policy-making, implementation and enforcement reached by the EU action.

Implementation of proposals into national and sub-national regulatory framework.

Number of workshops, training activities, study tours etc related to SEA and use of economic instruments for environmental purposes.

Increased number of projects for which SEA was used.

### **7. Financial envelope**

An indicative amount of 15 MEUR in EC grant.

### **8. Indicative timeframe**

Preparation: 2002-2003

Commitment: 2004

## **3.2.2 Action 2: Biodiversity Protection**

### **1. Objectives**

The objective for biodiversity conservation is to conserve globally important biodiversity, in support of national development processes. The project aims to significantly upgrade national capacity to manage biodiversity conservation in a market-oriented, integrated and co-ordinated manner. The project includes two strategic components.

1. Capacity development in the enabling environment, to define priorities and improve coordination and management in the biodiversity sector
2. Strategic programme approaches conserving biodiversity in sub-sectors and sub-regions.

### **2. Expected results**

Well-defined capacity needs in SEPA and other relevant institutions at national and subnational level, and improved planning and management capacity.

Involvement of the non-governmental sector.

Improved setting of priorities.

Conserved biodiversity through a limited number of well-target programmes.

### **3. Activities**

*Component 1.* This component will be launched with an assessment of the capacity needs in China. As institutional fragmentation remains a barrier to effective conservation efforts in China, capacity building will focus on SEPA, having an overall coordination mandate but may, where appropriate, also focus directly on other agencies. Developing partnerships between government and non-governmental sector (including private sector), an improved setting of priorities and management of projects, and improved planning of biodiversity conservation at the national, sub-national or thematic level will also be aimed

at. Work in this component will include 'on the job' training, notably in relation with Component 2, and also pilot projects.

*Component 2.* This component will consist of targeted and integrated programmes of intervention, including a diversity of activities at upstream and downstream levels, involving many national and possibly international actors, and built around large-scale national initiatives. These programmes will need to fit into a clear national strategy, and will also require strong co-financing, strong national capacity (institutional and individual), and effective co-ordination mechanisms.

### **4. Implementation**

A first project exploratory mission will take place by the end of 2001. Detailed activities for the programme will be defined by EC experts in co-operation with the preparatory project initiated by UNDP/Global Environment Facility.

The next step will be launching a feasibility study.

### **5. Risks/Conditionality**

Clarification of responsibilities of relevant Chinese administrations; coordination between these administrations and continuity. Coordination with other donors, in particular UNDP.

Co-financing from other donors and the Chinese counterpart.

### **6. Main indicators**

Number of 'on the job' training activities, increased planning and implementation capacities at national and sub-national level.

Definition of biodiversity programmes (limited in number) and their long-term impact.

### **7. Financial envelope**

An indicative amount of 15 MEUR in EC grant.

### **8. Indicative timeframe**

Preparation: 2002

Commitment: 2003

## **3.2.3 Action 3: Water resources conservation**

### **1. Objectives**

The project will help China to combat soil erosion and land degradation and to protect water resources. Sustainable economic and social development must be balanced with the need for water/soil conservation and rehabilitation of the ecological environment.

The main objectives are to:

- Expedite the water/soil conservation process to reduce soil erosion, land degradation and desertification as well as improving the water quality.
- Integrate natural resource management with the planning and production of livestock and agriculture.
- Raise the living standard of the local farmers and to promote sustainable economic and social development at the targeted areas.



## **2. Expected results**

Improved knowledge and capacity, at regional and local level, to combat erosion, land degradation and desertification and also to protect water resources.

Development of integrated planning models for sustainable use of natural resources, sound ecological environment in combination with social and economic development.

Improved living conditions for farmers and increased environmental awareness among the general public.

## **3. Activities**

In view of Chinese nation-wide efforts to promote water conservation, the programme will develop models for efficient and pragmatic ecological sustainable development in limited number of pilot areas along Yangzi River and Yellow River. The programme will promote a River Basin Management approach to water resources management. Detailed activities will be defined after an exploratory mission.

## **4. Implementation**

First, an exploratory mission should be carried out. Based on its findings, the priority areas for assistance will be defined.

The next step will be launching a feasibility study.

## **5. Risks/Conditionality**

Co-ordination between related programs and between government agencies to avoid cross-purpose conflicts.

Identify organisations specialised in water/soil conservation and sufficient skilled staff. Availability of basic technical, personnel and instrumental resources to further carry out water/soil conservation.

Governments support at various levels.

## **6. Indicators**

Number of pilot projects successfully implemented.

Acceptance of the programme within the local government, among farmers and the general public

Impact on policy-making of Chinese authorities, and on defining comprehensive programmes for combating erosion and preserving water resources

## **7. Financial envelope**

An indicative amount of 15 MEUR in EC grant.

## **8. Indicative timeframe**

Preparation: 2002-2003

Commitment: 2004

# **4 Priority 3: Good Governance and Strengthening of the Rule of Law**

## **4.1 Strategic Context/Justification**

Promoting good governance, the rule of law and human rights are key priorities of the EU co-operation. Existing co-operation programmes include the largest bilateral

legal and judicial training programme, a five-year programme supporting village governance capacity building, and programmes supporting significant legislative reform in various key areas such as intellectual property law, public procurement, evidence law and administrative law, as well as WTO-oriented law reforms (see section 4.2.1 above).

Expanding support for the rule of law implies not only top-down initiatives such as support for drafting new legislation and training of relevant government officials, lawyers, judges, and prosecutors, but also initiatives involving the citizens' opportunity to seek fairness and redress within the legal and administrative systems. Such initiatives should involve support for newly-developing NGOs and other organisations of civil society working for the betterment of communities in the midst of socio-economic reform. Support in this field has already been provided to a number of projects under the European Initiative for Democracy and Human Rights<sup>2</sup> (Euro 2.5 million in 2000). These include seminars on human rights, support to human rights education and to the economic and social rights of disabled people, as well as a small project human rights facility. This approach should be combined with twinning or training programmes for professionals including lawyers, judges and other experts and opinion-leaders, with particular regard to needs and concerns at the provincial and local levels. An EU/China network on the ratification and implementation of UN Covenants initiated in 2001 will contribute to this objective.

The programming document for the European Initiative for Democracy and Human Rights (2002-2004) has been prepared in complementarity with the CSP on China, which has not been chosen as a focus country for that period given the number of multi-annual initiatives that have just been launched. However, under the thematic priorities outlined in this document, projects on the prevention of torture and/or the death penalty will be supported.

Special attention should also be given to the problems of illegal migration, which is increasingly of concern to both China and Europe. The European Council of Tampere (October 1999) underlined the importance of the Union's activities in the field of Justice and Home Affairs (JHA), while the European Council of Feira (June 2000) agreed on the principles and a method of including the Justice and Home Affairs dimension of the Union's external policy in order to achieve an area of freedom, security and justice. President Prodi and Prime Minister Zhu Rongji agreed in July 2000 to increase Europe-China co-operation to combat illegal migration and trafficking in human beings and this commitment was reiterated at the EU-China summit in October 2000.

Enhanced EU-China co-operation will thus build on successful past and ongoing cooperation, and come in support of the High level Consultations between EU and Chinese officials in this area. It will contribute to further developing mutual understanding and supporting mutual interests.

The National Indicative Programme shall be periodically

<sup>2</sup>Chapter B7-7 of the EU Budget



reviewed. This will allow to critically examine recent operations and to agree any necessary changes of timing or priorities. In addition to this monitoring and evaluation at programme level, all future projects identified under this priority will be subject to monitoring and evaluation, for which arrangements including precise indicators and an indicative calendar will be included in the relevant financing proposals.

## 4.2 Actions

### 4.2.1 Action 1: Fight against illegal migration

#### 1. Objectives

The overall objective of activities under this heading is to combat illegal migration and trafficking in human beings between China and Europe. Within this overall objective, specific objectives include:

- raising awareness among the particularly vulnerable groups, other target groups and officials involved in migration issues
- improving ability of relevant officials in China and Europe to counter illegal migration and trafficking in human beings;
- improving information exchange, mutual understanding, and administrative co-operation relating to illegal migration and trafficking in human beings.

#### 2. Expected results

Increased awareness of the public at large, specific vulnerable and other target groups of problems related to illegal migration and especially trafficking in human beings and the risks involved.

Increased mutual understanding of each other's problems, best practices, and international standards in this area by Chinese and European agencies and officials.

Establishment of means of communication and mutual assistance for and between Chinese and European relevant agencies and officials on matters relating to illegal migration and trafficking in people.

Decrease in the flow of illegal migration and especially illicitly trafficked human beings between China and Europe.

#### 3. Activities

In the light of the conclusions of the High Level Consultations of February 2001, of the EU-China Summit of 5 September 2001 and of the feasibility mission which took place in July 2001, the programme should begin as soon as possible, and start in Fujian province with the possibility of extending activities to other provinces at a later stage. Such activities could include:

- seminars for EU and Chinese officials centrally and locally, to exchange information and effective working methods and technology aimed at preventing and combating illegal migration, including the fight against forged documents and the use of illegal genuine documents,

- support to jointly agreed measures to promote an effective return practice in the context of an arrangement between the EU and China for facilitating return,
- broader seminars, roundtables and other information initiatives, centrally and locally, for officials, journalists, travel agents, students, women and other civil society organisations,
- production of information material to diffuse information about the situation of illegal migrants in Europe and the dangers of migrating illegally,
- distribution of such material through appropriate channels (e.g. member State representations in China, media, women organisations, NGOs),

support to academic and research initiatives particularly between European and Chinese institutions to study illegal migration and trafficking issues to improve mutual understanding of the problems involved, historical origins and future trends.

#### 4. Implementation

Implementation should take place in close coordination and cooperation with member States, notably as far as identification of required expertise for the different actions listed above is concerned.

Expert missions should prepare draft Terms of Reference for individual activities, considering whether there should be one co-operation project or separate projects for individual areas of focus.

Consideration should be given to possibilities for including co-operation with targeted provincial level officials and agencies as well as those at central government level within China.

#### 5. Risks/Conditionality

The various Chinese interlocutors on these issues have varying degrees of interest and experience in international co-operation; success of individual activities or even the entire action may thus depend on their willingness to proceed.

Co-ordination with several interested administrations (national and provincial) may be complex and delicate.

Political climate and unforeseen developments may affect possibility to proceed.

Close coordination with member State activities.

#### 6. Main indicators

Numbers of officials and experts trained or participating in seminars, workshops, and other programme events.

Number of activities focusing particular target groups (journalists, travel agents, students etc) and number of individuals involved.

Information material targeting public at large and vulnerable groups (type, number of people reached).

Number of studies stemming from academic and research midst, and practical application of their conclusions.

#### 7. Estimated Community contribution: 10 MEUR

#### 8. Indicative timeframe

Commitment: end 2002



Implementation: 2003

## 4.2.2 Action 2: Support to Civil Society

### 1. Objectives

The overall objective of these actions is to support the newly developing sectors of civil society in China. While there are increasing numbers of Chinese domestic NGOs appearing, many of them are actually quasi-governmental organisations. The emerging organisations, whether NGOs, or organised as companies or associations, face many hurdles in achieving their full potential, ranging from regulatory hurdles to inexperience in various aspects of project and organisation management. Civil society organisations, in whatever form, will increasingly be needed as Chinese society continues its transition through tremendous socio-economic reform, and such organisations will be of particular importance in supporting individuals and communities disadvantaged by these changes.

Specific objectives of the activities under this action include:

- Training elements of emerging civil society in fundamentals of project and organisation management;
- Establishing a communication network, information point(s), and evaluating the feasibility of a twinning programme for Chinese and European NGOs/counterparts; and
- Co-financing pilot programmes and macro-projects of Chinese NGOs either alone or in co-operation with European NGOs.

### 2. Expected results

An increased number of Chinese NGOs will gain skills in project and organisation management.

Co-operative arrangements, communication, and mutual understanding between Chinese and European NGOs will increase.

A significant number of Chinese NGOs will successfully complete pilot programmes and reach a state of greater self-sufficiency due to participation in the macro-project scheme.

### 3. Activities

Training programmes, workshops, seminars, and expert exchanges in fundamentals of NGO management, including such topics as project management, fundraising, communication, networking, and presentation skills and media relations, accounting, auditing, and project evaluation.

Establishment of one or more information points and a communications and information network to provide information on the above topics and to serve as a resource centre on Chinese and European NGOs; the information point(s) will assist in putting Chinese and European NGOs interested in co-operation in touch with each other for twinning programmes and information exchange.

Establishment of a macro-project facility to provide seed money on a co-financing basis for pilot programmes for Chinese NGOs and for twinning activities for Chinese and

European NGOs related to the overall objectives of the programme. Priority for programmes and NGOs to be supported under this portion of the project should go to those working for disadvantaged or marginalised groups such as displaced workers, women, minorities or other groups suffering discrimination, the elderly, etc. A particular focus should be on economic rights of these groups.

### 4. Implementation

A project design mission should be sent to China to evaluate the state of existing NGOs in China and existing donor activity in this area so as to build on these efforts. The mission should prepare draft Terms of Reference for the project, its staff, and the individual activities, as well as assessing potential locations for the information centre and project office. Serious consideration should be given to locating the information centre and project office in a major city in one of the western provinces (such as Xi'an, Chengdu, or Kunming), so as to maximise impact of the project activities in the neediest areas, while maintaining a site with adequate communication and transport connections.

The design mission should take into account that the project office and information centre should be autonomously managed and assess whether a proper form can be arranged for its establishment.

### 5. Risks/Conditionality

Changes in political atmosphere or government support for the development of NGOs could affect the programme, as could similar developments in locality chosen for the project.

Project should take into due account existing efforts by the Community (Legal and Judicial Cooperation Programme, Human Rights Small Project Facility) and other donors so as to avoid duplication, develop in the most useful and sustainable directions as possible, and support the most appropriate organisations.

### 6. Main indicators

Numbers of NGO administrators and volunteers trained. Establishment of information centre and communications network; numbers of Chinese and European NGOs assisted to communicate, exchange information, or arrange twinning activities.

Numbers of pilot programmes co-financed and final evaluations of their results.

### 7. Financial envelope: 20 MEUR

Estimated Community contribution: 20 MEUR.

### 8. Indicative timeframe

Preparation: 2003

Commitment: 2004

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### Cross-cutting action on Western Regions

The development of China's less developed regions, commonly labelled Western Regions, is a major priority for China. Community support is already available for several ongoing and scheduled projects and will be continued,



possibly in co-operation with other donors. An envelope of 20 MEUR is included in the indicative budget for potential new activities, or preferably for topping-up actions in China's Western Provinces, identified in the context of the three priorities described above. These activities will be defined in cooperation with China's national and sub-national authorities as well as the donor community. Due consideration of the rights of minorities living in these areas is to be ensured when designing such projects. Strategic environmental assessment of new plans - and particularly in fragile ecological zones in the west - will also be important.

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\* Quelle: European Commission, *National Indicative Programme 2002-2004 China*, Brüssel, 1.3.2002, via: [http://europa.eu.int/comm/external\\_relations/china/csp/02\\_06en.pdf](http://europa.eu.int/comm/external_relations/china/csp/02_06en.pdf) (Aufruf: 11.4.02).