DEVELOPMENT COOPERATION

DEVELOPMENT COOPERATION INSTRUMENT

What is the Development Cooperation Instrument?

In the field of development cooperation, the EU’s primary objective is the reduction and, in the long term, eradication of poverty. The Development Cooperation Instrument (DCI) also contributes to the achievement of other goals of the EU’s external action, in particular improving the quality of the environment and the sustainable management of global natural resources; promoting global health and strengthening health systems; fostering sustainable economic, social and environmental development; and promoting democracy, the rule of law, good governance and respect for human rights. Through the DCI, the EU aims to maximise the positive impacts of migration on development. National and regional development strategies may also be supported to improve migration management in partner countries.

The DCI covers all the developing countries except those eligible for the Instrument for Pre-accession Assistance. The DCI includes geographical programmes, thematic programmes in the ‘global public good and challenges’ and ‘civil-society organisations and local authorities’ categories and, finally, the newly established pan-African programme.

Specific objectives

- Reducing poverty and fostering sustainable economic, social and environmental development.
- Consolidating and supporting democracy, the rule of law, good governance, human rights and the relevant principles of international law.

Why is it necessary?

The EU is in a unique position to be able to deliver on external action on behalf of and with Member States, giving enhanced credibility in the countries where it works. The EU alone has the critical mass to respond to global challenges such as reducing poverty and fighting climate change. Due to its large scale and the existing network of international agreements, it can deliver support to the poor in some of the world’s most remote areas, both implementing aid and coordinating it.

In its role as a promoter of inclusiveness and multilateralism, the EU can do more than other international organisations. Acting as one, the EU can have a greater impact and apply more leverage in policy dialogue and donor cooperation.

Outlook for the 2021–2027 period

To streamline the existing instruments for EU external action, under the new multiannual financial framework this instrument will be included within the Neighbourhood, Development and International Cooperation Instrument. The negotiations are advancing well, and the regulation is expected to be adopted in June 2021.

Budget implementation (in million EUR)

<table>
<thead>
<tr>
<th>Executed Commitments</th>
<th>Executed Payments</th>
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<tbody>
<tr>
<td>2 980.7</td>
<td>2 197.0</td>
</tr>
<tr>
<td>3 204.5</td>
<td>2 405.5</td>
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<tr>
<td>3 205.6</td>
<td>2 865.9</td>
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Where are we in the implementation?

- The execution of commitments is at 100% of the envelope of the programme. The execution of payments reflects the normal timelines for the implementation of the programme. Most of the external actions are multiannual and imply financing agreements with beneficiary countries. According to the financial regulation, the financing agreements and the follow-up contracts have to be signed within 5 years. However, the Commission is striving to sign and implement the activities within 3 years.

- In 2020, the COVID-19 crisis led to the transfer of EUR 65.9 million from the DCI to the humanitarian aid instrument to reinforce the Commission's pandemic response in Iran (EUR 13 million), Pakistan (EUR 27.9 million), Afghanistan (EUR 15 million) and Iraq (EUR 10 million). Due to the COVID-19 response, the total amount paid in 2020 for the DCI largely exceeded the 2019 result (+ EUR 393 million). More specifically, the response was implemented through the disbursement of budget support tranches in different regions (around EUR 600 million paid in 2020) and through specific programmes (e.g. ‘Response to the COVID-19 crisis: Support to maternal health in Yemen’ and ‘Addressing the needs of Afghan refugees and host communities affected by the COVID-19 pandemic in Pakistan’).

Performance assessment

- The DCI has been a key financing instrument supporting the EU’s development policy. Many initiatives that were successfully started under the DCI will provide a solid basis for future interventions planned under the Neighbourhood, Development and International Cooperation Instrument. Over the years, funding through the DCI has effectively supported the implementation of the 2030 agenda for sustainable development, the Addis Ababa action agenda on financing for development and the Paris Agreement on Climate Change, globally and directly with partner countries. With its overall objective of eradicating poverty in partner countries and providing a long-term response to global threats and challenges, many of which have their roots in poverty and underdevelopment, the DCI contributed substantially to the 2014-2019 Commission objectives of ‘Europe as a stronger global actor’ and ‘Towards a new policy on migration’, and now to the 2019-2024 Commission objective of ‘A stronger Europe in the world’.

- Accompanying the general objective to ‘Eradicate poverty’ were the specific objectives of ‘Fostering sustainable development’ and ‘Consolidating and supporting democracy’. To achieve these, the DCI provided funding for: (1) geographical programmes covering most developing countries (approximately 60% of the DCI budget), (2) thematic programmes (approximately 36%); (3) the pan-African programme, which supports the Africa-EU Strategic Partnership (approximately 4%).

- The EU’s financial support via the DCI has helped improve the lives of millions of people worldwide, enabled young people to fulfil their potential, helped fight inequality and supported equitable and sustainable growth. Good progress has also been made in some key areas of the DCI, notably those related to the sustainable development goals on girls’ access to education and reducing the prevalence of stunting among children under 5 years old. As per the recommendations of the midterm review, more attention was paid to enhancing complementarity, coherence and synergies between thematic and geographic programmes.

- It is important to highlight that through the DCI, unlike other external financing instruments, the EU is financing actions with developing countries that are included in the list of aid recipients eligible for such support, a list that is established by the Organisation for Economic Co-operation and Development. There were only a few exceptions relating to the thematic global public goods and challenges programme and the pan-African programmes, where a limited percentage (5% and 10% respectively) could be used for activities not classed as eligible by the Organisation for Economic Co-operation and Development. In addition, the role of the DCI was not only to support developing countries, but also to ensure focus and coherence among contributors on key challenges and to move toward a values-based, transparent and results-focused development cooperation system.

- Regarding progress on the objective of ‘Fostering sustainable development’, most of the population residing in DCI partner countries has experienced progress in poverty reduction and human and economic development over the last 10 years. The proportion of the world’s population below the international poverty line has dropped every single year since 2014, reaching 8.7% in 2019 and staying there in 2020. Similarly, the under-5 mortality rate and the prevalence of stunting also decreased every single year over the 2014-2019 period. Despite these positive trends, the rates of change have slowed down over time as numbers have approached (but not reached) their ambitious targets. The prevalence of stunting is the exception for which targets have consistently been met.

- Regarding progress on the objectives relating to the consolidation of democracy, the rule of law, good governance and human rights, the indicators tell a less-encouraging story. Regarding the World Bank’s rule-of-law score, the situation deteriorated between 2014 and 2016 and has not significantly improved since. Regarding the proportion of seats held by women in national parliaments, the progress has been so slow that if the current pace of change were to continue in the future, the 2020 target would only be met in 2035. This is why the Commission insisted on setting up and financing a significantly larger number of projects to promote democracy, the rule of law, good governance and human rights than its original target of 100 projects per year on average over the 2014-2020 period.

- The COVID-19 pandemic did not hamper the work required to achieve the DCI’s objectives. On the contrary, the programme demonstrated its capacity to react to priorities, enabling the EU to implement its development policy framework and, to some extent, being flexible enough to respond to emerging challenges. In particular, in response to the global spread of COVID-19, in April 2020 the EU issued a joint communication on its global response. The communication announced a substantial package of aid to help partner countries fight the pandemic that followed a Team Europe approach, i.e. the EU together with the Member States. To fulfill the unprecedented need for the urgent mobilisation and/or reallocation of funds from the DCI within a very limited time frame, the Commission put in place simplified and rationalised procedures within the limits and in compliance with the legal basis of programmes and the 2018 financial regulation.

- In terms of mainstreaming EU priorities, good progress has been noted in the areas of climate change and the environment. Between 2014 and 2020, there was a steady increase in climate-change-related financing, which exceeded the 20% target for the DCI. However, in order to deliver on the contribution expected from the external dimension of the European Green Deal in the area of climate change and the environment, more remains to be done to systematically integrate these themes across all areas of cooperation covered by the DCI.
Mainstreaming human rights, including gender equality and women’s empowerment, has been considered as in work in progress, in particular the path towards the 85% target for the 2021-2027 programmes to include gender equality as a significant or principal objective. Indeed, further efforts are required, as partner governments sometimes show a lack of interest or even a certain amount of resistance in these areas.

Despite these statistics, it remains difficult to measure the direct impact of the 2014-2020 DCI on development outcomes such as poverty reduction because there are so many other actors and factors that have also contributed to achieving these results. Consequently, they cannot be directly attributable to the DCI.

Annual results reporting exercises have been conducted since 2015, and the monitoring of indicators has been constantly upgraded to ensure better and wider coverage of the results achieved. Selected results have also been aggregated through the EU results framework (set up in 2015 and revised in 2018). To improve the consistency of performance monitoring for actions under the Neighbourhood, Development and International Cooperation Instrument and align it with the strategic plans of the directorates-general for 2020-2024, the EU results framework is under revision (staff working document planned for publication just after the adoption of the Neighbourhood, Development and International Cooperation Instrument regulation).

While there is some evidence of coherence between the DCI, other instruments and EU external action policies, a more strategic approach is needed. This more strategic and coordinated approach is well embedded in the Neighbourhood, Development and International Cooperation Instrument. Building on the experience gathered from the previous instruments, the Neighbourhood, Development and International Cooperation Instrument allows clear and coherent monitoring and reporting mechanisms to be set up across all implementation procedures, geographical areas and sectors at various operational levels. It will support the Commission in its continued efforts to improve the performance assessment of the external instruments at both the programme and the intervention level, and in its reporting on the progress that has been achieved.

### Concrete examples of achievements

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<tr>
<th>19.7 million</th>
<th>3.4 million</th>
<th>39</th>
<th>20.1 million</th>
<th>7 million</th>
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<td>women, adolescent girls and children were reached by EU interventions on improved diets and breastfeeding, household resilience, food security, health care and stunting reduction in 2013-2019.</td>
<td>children living in situations of crisis and conflict received education through the Education Cannot Wait fund in 2018-2020.</td>
<td>partner countries received support in 2020 to make their national social protection systems more inclusive, financially sustainable and responsive to shocks such as the COVID-19 crisis.</td>
<td>people on antiretroviral treatment for HIV in countries were supported through contributions to the Global Fund to Fight AIDS, Tuberculosis and Malaria in 2020.</td>
<td>people in Afghanistan have been granted access to water supply and sanitation services since 2017.</td>
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