



EUROPEAN COMMISSION

*Brussels, 04.01.2021
C(2021)29 final*

*Mr Luis CAPOULAS SANTOS
Chair of the European Affairs Committee
of the Assembleia da República
Palácio de S. Bento
P – 1249-068 LISBOA*

*cc. Mr Eduardo FERRO RODRIGUES
President of the Assembleia da
República
Palácio de S. Bento
P – 1249-068 LISBOA*

Dear Chair,

The Commission would like to thank the Assembleia da República for its Opinion on the proposal for a Council Decision concerning the commitment of the funds stemming from reflows under the 9th, 10th and 11th European Development Funds (EDFs), the balances from the 10th EDF or from previous EDFs, and the funds recommitted from projects under the 10th EDF or from previous EDFs {COM(2020) 484 final}.

The Commission appreciates the Assembleia da República's analysis of this proposal and welcomes its conclusion that action at the European level is necessary to achieve the aims of the proposal, which is currently in the legislative process with the Council.

This proposal is in line with the Commission's efforts for greater coherence and effectiveness of the EU's external action as encapsulated in the Neighbourhood, Development and International Cooperation Instrument (NDICI) proposal¹. In particular when financial instruments are involved, a stronger policy steer will also apply in order to uphold and promote the Union's values and interests worldwide.

The Assembleia da República's Opinion has been made available to the Commission's representatives in the ongoing negotiations of the co-legislators and will inform these discussions. In response to the more technical comments, the Commission would like to refer to the attached annex. The Commission believes that the political dialogue with national Parliaments is essential for linking the institutions and the citizens of the European Union, and looks forward to continuing it with the Assembleia da República in the future.

Yours faithfully,

*Maroš Šefčovič
Vice-President*

*Jutta Urpilainen
Member of the Commission*

¹ COM(2018) 460 final

Annex

The Commission has carefully considered the issues raised in this Opinion and would like to offer the following observations.

As global challenges exceed the available resources, the Commission has looked not only into the diversification of sources, but also for ways to leverage the limited public funds available. In this context, and in reply to the Assembleia da República's concerns, it has to be noted that financial instruments remain one element of the overall EU budget support to partner countries, with grant-based tools remaining the bulk of it. When used under the NDICI legal framework, as proposed by the Commission, they will remain just one of the tools in the toolbox to contribute to achieving the EU's policy priorities and development goals: eradicating poverty and promoting sustainable development, prosperity, peace and stability.

As final beneficiaries, partner countries remain closely involved in the process, and political dialogue is also a part of these financial transactions. In addition, debt sustainability issues are carefully assessed and grant-based support is combined with loans to reduce the debt burden where needed. Idem when it comes to economic sustainability (as well as social and environmental), while the partner financial institutions employ an environmental, social and governance due diligence process to mitigate potential adverse impact.

In this area, the Commission only works with pillar-assessed organisations, ensuring this way a level of financial management and protection of the EU's financial interest equivalent to that of the Commission.

As for the issue of accountability, the NDICI single governance framework will also bring closer together all the actors and ensure greater synergies of the EU external actions. The single framework will also allow for the careful steering of the external investment instruments along the Union's strategic priorities, with all investment instruments being subject to the programming process.