



Brussels, 21 December 2020

Ms. Jutta Urpilainen, European Commissioner for International Partnership
Mr. Paolo Gentiloni, European Commissioner for Economy

Dear Commissioner Urpilainen,
Dear Commissioner Gentiloni,

As it is well known, the Covid-19 pandemic that is already hitting our society hard will certainly have very serious economic and social consequences on the world's poorest countries, compromising their development capabilities and perspectives as well as the sustainability of their debt.

We cannot ignore this problem since it definitely concerns also the possibilities to match the ambitions already set at global level, starting from the Sustainable Development Goals, on whose roadmap we have to note that a worrying delay risks being further aggravated.

In this context, the G20 initiative to suspend debt payments for 76 developing and low-income countries has been certainly very important. This would be actually very helpful in easing the emergency and lack of liquidity of debtor countries and in reopening an important discussion on possible debt renegotiation.

However, this initiative risks to simply postponing the emergence of the problem and being insufficient both for development perspectives and for achieving the Sustainable Development Goals.

We believe that, in this context, additional impulse and efforts are needed and that it may be useful and timely to link a serious debt-restructuring plan with concrete commitments aimed at achieving the Sustainable Development Goals.

In fact, it is necessary to implement a debt reduction that avoids cases of default and at the same time promotes investments for an environmentally and socially sustainable recovery. As President Von der Leyen has appropriately stated in May *"We need a global recovery initiative that links investment and debt relief to the Sustainable Development Goals"*.

In this sense, we believe it is important to support the RELEASE G20 initiative promoted by the NGOs network Link, which proposes a debt reduction linked to the creation by the debtor country of a counterpart fund in local currency (SDG Fund) for investments aimed at achieving the SDGs.



This initiative represents a natural step forward following the suspension of debt payments agreed by the G20 and it would enable the most fragile countries, where economic difficulties and inequalities have been exacerbated by the pandemic, to make medium-term investments for sustainable development and decent jobs.

Moreover, this initiative would play a synergetic role with EU development cooperation policies, in particular by generating funds that could leverage financial instruments for sustainable development.

We believe that a leading role of EU in the G20 could be decisive for defining this path and for this reason we would ask the Commission be fully committed to taking this proposal forward.

We are confident of your positive feedback,

Sincerely,

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