

European fund for sustainable development: Council agrees negotiating position

On 1 December 2016, the Permanent Representatives Committee (Coreper) agreed on the Council's negotiating position on the **regulation on the European fund for sustainable development (EFSD)** and establishing the EFSD guarantee and the EFSD guarantee fund. The text will be presented for adoption to the Council in December 2016.

"This is an important milestone in our efforts to make this fund a reality. The EFSD aims in particular at tackling the root causes of irregular migration by creating job opportunities, encouraging investments and facilitating sustainable development in partner countries. It is a vital instrument. Today's agreement respects the end-of year deadline set by the European Council. Based on this mandate, negotiations with the European Parliament should begin next year."

Peter Javorčík, Permanent Representative of Slovakia to the EU and President of the Permanent Representatives Committee

The EFSD will be composed of two regional investment platforms which will **support investments and increase access to financing, primarily in Africa and the European neighbourhood**. It will do so by supplying financing capacity in the form of grants, guarantees and other financial instruments, including blending, with the total foreseen budget of **3.35 billion euro**, with a potential to mobilise up to **44 billion euro of investments**. Its management will be ensured by the European Commission in close cooperation with the European Investment Bank.

The fund will operate as a **"one-stop shop"** to receive financing proposals from financial institutions and public or private investors and deliver a wide range of financial support to eligible investments.

The regulation also establishes an **EFSD guarantee and a guarantee fund**. This will allow the EU to provide guarantees to eligible counterparts for specific financing and investment operations. The EFSD guarantee fund will constitute a liquidity cushion from which eligible counterparts would be paid in the event of a call on the EFSD guarantee. Resources for this fund will come from the general budget of the EU, voluntary contributions from member states, returns on invested resources of EFSD guarantee fund, amounts recovered from defaulting debtors and any other payments received by the EU as part of the guarantee agreements.

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