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WORKING PAPER

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WORKING DOCUMENT

From:	Hungary
To:	Friends of the Presidency Group on the External Investment Plan and the European Fund for Sustainable Development
Subject:	Proposal for a Regulation of the European Parliament and of the Council on the European Fund for Sustainable Development (EFSD) and establishing the EFSD Guarantee and the EFSD Guarantee Fund - Recitals - Comments from Hungary

Please find attached, for information, comments from Hungary on the draft recitals.

Hereby please find the Hungarian proposals to the draft recitals in the enclosed 4-column document, by each line of the recitals in column “comments”:

Line 5, page 5:

- Hungary can only support a balanced formulation of migration aspects, thus we propose to add the following:

*The EFSD should contribute to the implementation of the 2030 Agenda, which recognises international migration as a multidimensional reality of major relevance for the development of countries of origin, transit and destination, requiring coherent and comprehensive responses, while underlining the potential for migrants to contribute to inclusive growth and sustainable development **as well as challenges and negative impact of irregular migration on the countries of origin, transit and destination.***

- Hungary proposes not to link migration to geographical categories. The last sentence of the paragraph should be corrected as follows:

~~Investing in Africa and the Union's neighbourhood~~ Investments will contribute towards addressing migratory pressures stemming from poverty, conflict, instability, underdevelopment, inequality, human rights violations, demographic growth, lack of employment and economic opportunities as well as from climate change.

Line 6, page 6:

We propose to mention the need to stem irregular migration besides the human rights-based approach:

*The purpose of the EFSD is in line with the Union Global Strategy for Foreign and Security Policy which embeds challenges such as migration and resilience in the overall EU foreign policy, ensuring [...] **that Union external policy is fully coherent with the objectives of development policy and ensuring** synergies with European development and Neighbourhood policies. **Its purpose is also in line with the Charter of Fundamental Rights of the European Union and international human rights law, ensuring a human rights-based approach while addressing forced displacement and stemming irregular migration.***

Line 11, page 9:

We propose to delete the last part of the sentence:

*Actions under this Regulation should be designed in such a way so as to: fulfil the criteria for Official Development Assistance (ODA) established by the Development Assistance Committee (DAC) of the OECD, taking into account the specificities of private sector development; **and acknowledge the needs of countries identified as experiencing fragility or conflict, LDCs and heavily indebted poor countries.***

Line 20, page 14:

The European Parliament shall not have an observer status in the Strategic Board.

Line 22, page 15:

Hungary proposes to amend the first sentence as follows, so that the participation and the voting right of all member states are ensured in the operational boards:

*Each regional investment platform should have an operational board, which should draw on the experience, **working methods and procedures** of the operational boards of the existing blending facilities.*

Line 28, page 18:

- The following sentence should be included, as proposed by the Council at last week's Coreper: ***The guarantee shall be implemented whenever possible under the lead of a European eligible counterpart.***

- The possibility of extending the initial investment period of is completely new in the draft. We should have further discussion on this issue. The EFSD Guarantee should be granted to eligible counterparts for financing and investment operations or guarantee instruments for an initial investment period up to 31 December 2020, ***with a possibility for extension if deemed necessary.***

Line 36, page 21:

Hungary would support more clear formulation here:

As the funds of the European Neighbourhood Instrument, established by Regulation (EU) No 232/2014 of the European Parliament and of the Council, are to be used, a minimum of EUR 100 000 000 of the EFSD Guarantee coverage should be allocated for investments in **the partner countries from the Eastern and Southern Neighbourhood** ~~partner countries~~ throughout the implementation period of the EFSD Guarantee.

Line 37, page 22:

In case the following sentence is included also a reference to the ACP-EU Council needs to be added.

The Commission should also inform the ACP-EU Joint Parliamentary Assembly as regards the use of the EDF funds.

[Line 38, page 22:](#)

Formulation makes the meaning too complicated at this point:

*In order to ensure the monitoring and accountability of the EFSD and of the EIP, the European Parliament or the Council may organise hearings ~~as~~
~~part of a dialogue~~ with the ~~participation of the~~ Commission, the High Representative, the EIB and other eligible financial institutions as well as private
sector and civil society organisations.*

Please find attached the recitals with the above listed Hungarian comments and proposals in track changes.

	Commission proposal COM(2016)0586 final	Council partial general approach 15559/16	AFET/DEVE/BUDG report A8-01709/2017	Comments
Title				
1	Proposal for a REGULATION OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL on the European Fund for Sustainable Development (EFSD) and establishing the EFSD Guarantee and the EFSD Guarantee Fund	Proposal for a REGULATION OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL on the European Fund for Sustainable Development (EFSD) and establishing the EFSD Guarantee and the EFSD Guarantee Fund	Proposal for a REGULATION OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL on the European Fund for Sustainable Development (EFSD) and establishing the EFSD Guarantee and the EFSD Guarantee Fund	No change
Preamble				
2	THE EUROPEAN PARLIAMENT AND THE COUNCIL OF THE EUROPEAN UNION, Having regard to the Treaty on the Functioning of the European Union, and in particular Articles 209(1) and 212(2) thereof, Having regard to the proposal from the European Commission, After transmission of the draft legislative act to the national parliaments, Acting in accordance with the ordinary legislative procedure, Whereas:	THE EUROPEAN PARLIAMENT AND THE COUNCIL OF THE EUROPEAN UNION, Having regard to the Treaty on the Functioning of the European Union, and in particular Articles 209(1) and 212(2) thereof, Having regard to the proposal from the European Commission, After transmission of the draft legislative act to the national parliaments, Acting in accordance with the ordinary legislative procedure, Whereas:	THE EUROPEAN PARLIAMENT AND THE COUNCIL OF THE EUROPEAN UNION, Having regard to the Treaty on the Functioning of the European Union, and in particular Articles 209(1) and 212(2) thereof, Having regard to the proposal from the European Commission, After transmission of the draft legislative act to the national parliaments, Acting in accordance with the ordinary legislative procedure, Whereas:	No change
Recitals				
				<i>(1) The Union's External Investment Plan (EIP) provides for the creation of the European Fund for Sustainable Development (EFSD) as its first pillar, alongside technical assistance (second pillar) and improving investment climate and</i>

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				<i>overall policy environment in partner countries (third pillar).</i>
3	(1) The Union's ambitious External Investment Plan (EIP) is needed to support investments starting in Africa and the Union's Neighbourhood as a means to promote the sustainable development goals of the United Nations 2030 Agenda for Sustainable Development ('the 2030 Agenda') as well as the commitments under the recently revised European Neighbourhood Policy thus addressing root causes of migration. It should also contribute to the implementation of the Paris Agreement on Climate Change (COP 21).	The [...] <i>European Fund for Sustainable Development (EFSD), as part of the</i> External Investment Plan (EIP) [...], <i>should contribute to the Sustainable Development Goals of the 2030 Agenda for Sustainable Development [...], in particular poverty eradication, and, where appropriate, to the implementation of the</i> European Neighbourhood Policy <i>and the New Partnership Framework with Third Countries under the European Agenda on Migration</i> thus addressing root causes of <i>irregular</i> migration. [...]	(1) The Union's ambitious External Investment Plan (EIP) [...] <i>aims</i> to support investments starting in Africa and the Union's Neighbourhood as a means to [...] <i>contribute to the achievement of</i> the sustainable development goals of the United Nations 2030 Agenda for Sustainable Development ('the 2030 Agenda'), <i>in particular the eradication of poverty</i> , as well as the commitments under the recently revised European Neighbourhood Policy [...]. <i>Investing in Africa and the Union's neighbourhood will contribute towards addressing migratory pressures stemming from poverty, conflict, instability, underdevelopment, inequality, human rights violations, demographic growth, lack of employment and economic opportunities as well as from climate change, in complementarity with the partnership frameworks with third countries. The EIP</i> should also contribute to the implementation of the Paris Agreement on Climate Change (COP 21).	(2) The <i>EFSD aims</i> to support investments <i>primarily</i> in Africa and the Union's Neighbourhood as a means to [...] <i>contribute to the achievement of</i> the Sustainable Development Goals of the 2030 Agenda, <i>in particular poverty eradication</i> , as well as the commitments under the recently revised European Neighbourhood Policy, thus addressing <i>specific socio-economic</i> root causes of migration, <i>including irregular migration, and contribute to the sustainable reintegration of migrants returning to their countries of origin, and strengthening transit and host communities. The EFSD, as part of the EIP</i> , should also contribute to the implementation of the Paris Agreement on Climate Change (Paris Agreement).
4	(2) The EIP should incorporate the	(2) [...] <i>Investments under the</i>	(2) The EIP should incorporate the	<i>(3) Investments under the EFSD</i>

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	Union commitment under the Addis Ababa Action Agenda on Financing for Development. It should also allow European investors and private companies, including small and medium-sized enterprises, to participate more effectively to sustainable development in partner countries.	<i>EFSD should complement and reinforce efforts carried out in the context of the Union's migration policy with third countries, including implementation of compacts and the EU-Africa Valetta Action Plan.</i>	Union commitment under the Addis Ababa Action Agenda on Financing for Development <i>and the principles of development effectiveness, as well as policy coherence for development as provided for by Article 208 of the Treaty on the Functioning of the European Union (TFEU)</i> . It should also allow [...] investors and private companies, [...] <i>in particular micro</i> , small and medium-sized enterprises, to [...] <i>contribute</i> more effectively to sustainable development in partner countries <i>in line with Union development and neighbourhood policies</i> .	<i>should complement and reinforce efforts carried out in the context of the Union's migration policy with third countries, including, where appropriate, the implementation of the New Partnership Framework with Third Countries under the European Migration Agenda.</i>
				<i>(4) The EFSD should be guided by the objectives of Union external action set out in Article 21 of the Treaty on European Union (TEU) and of Union development cooperation policy set out in Article 208 TFEU. It should also allow [...] investors and private companies, [...] in particular micro, small and medium-sized enterprises, to [...] contribute more effectively to sustainable development in partner countries in line with Union development and neighbourhood policies. The EFSD should maximise</i>

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				<i>additionality, address market failures and sub-optimal investment situations, deliver innovative products and crowd in private sector funds. EFSD operations should be clearly distinct from, and complementary to, other support, including the European Investment Bank's external lending mandate operations and Economic Resilience Initiative, and the ACP Investment Facility. They should also be complementary to the existing activities of other eligible financial institutions.</i>
5			<i>(2a) The EFSD should contribute to the implementation of the 2030 Agenda, which recognises international migration as a multi-dimensional reality of major relevance for the development of countries of origin, transit and destination, requiring coherent and comprehensive responses, while underlining the potential for migrants to contribute to inclusive growth and sustainable development.</i>	<i>(5) The EFSD should contribute to the implementation of the 2030 Agenda, which recognises international migration as a multi-dimensional reality of major relevance for the development of countries of origin, transit and destination, requiring coherent and comprehensive responses, while underlining the potential for migrants to contribute to inclusive growth and sustainable development <u>as well as challenges and negative impact of irregular migration on the countries of origin, transit and destination.</u> Investing Investments in Africa</i>

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				and the Union's neighbourhood will contribute towards addressing migratory pressures stemming from poverty, conflict, instability, underdevelopment, inequality, human rights violations, demographic growth, lack of employment and economic opportunities as well as from climate change.
				(6) The EFSD should be in line with the Union commitment under the Addis Ababa Action Agenda on Financing for Development and the internationally agreed development effectiveness principles.
6	(3) This is in line with the Union Global Strategy for Foreign and Security Policy which embeds challenges such as migration and resilience in the overall EU foreign policy, ensuring coherence and synergies with European development and Neighbourhood policies.	(3) This is in line with the Union Global Strategy for Foreign and Security Policy which embeds challenges such as migration and resilience in the overall EU foreign policy, ensuring coherence and synergies with European development and Neighbourhood policies.	(3) This is in line with the Union Global Strategy for Foreign and Security Policy which embeds challenges such as migration and resilience in the overall EU foreign policy, ensuring [...] that Union external policy is fully coherent with the objectives of development policy and ensuring synergies with European development and Neighbourhood policies. This is also in line with the Charter of Fundamental Rights of the European Union and international human rights law, ensuring a human rights-based approach	(7) The purpose of the EFSD is in line with the Union Global Strategy for Foreign and Security Policy which embeds challenges such as migration and resilience in the overall EU foreign policy, ensuring [...] that Union external policy is fully coherent with the objectives of development policy and ensuring synergies with European development and Neighbourhood policies. Its purpose is also in line with the Charter of Fundamental Rights of the European Union and international human rights law, ensuring a human rights-based

Comment [FK-B1]: No need to link geography with migration only.

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			<i>while addressing forced displacement and irregular migration.</i>	<i>approach while addressing forced displacement and <u>stemming</u> irregular migration.</i>
7	(4) The EIP should provide an integrated financial package to finance investments starting in regions of Africa for countries that are signatories to the Partnership Agreement between the members of the African, Caribbean and Pacific Group of States of the one part, and the European Community and its member States, of the other part, signed in Cotonou on 23 June 2000 and the Neighbourhood countries, thereby creating growth and employment opportunities, maximising additionality, delivering innovative products, and crowding-in private sector funds.	(4) The [...] EFSD should provide an integrated financial package to [...] crowd-in private sector investments [...], primarily in [...] Africa and the European Neighbourhood, that contribute to sustainable, inclusive growth and decent job creation with particular focus on gender equality and the empowerment of women and youth, supporting the implementation of the EU Gender Action Plan 2016-2020: "Gender Equality and Women's Empowerment: Transforming the Lives of Girls and Women through EU External Relations 2016-2020."	(4) The European Fund for Sustainable Development (EFSD) , as part of the EIP, should provide an integrated financial package to finance and attract investments [...], in order to foster sustainable and inclusive economic and social development and promote the socio-economic resilience of partner countries, while maximising additionality, addressing market failures and sub-optimal investment situations, and crowding-in private sector funds. EFSD operations should be clearly distinct from, and complementary to, other support, in particular the European [...] Investment Bank's (EIB) external lending mandate operations and Economic Resilience Initiative, and the ACP Investment Facility. EFSD operations should also be complementary to the existing activities of other eligible financial institutions and cover blind spots in investment that they are currently not able to meet.	(8) The EFSD should foster decent job creation, economic opportunities and entrepreneurship, and green and inclusive growth with particular focus on gender equality and the empowerment of women and young people in line with the Union's Gender Action Plan 2016-2020, while strengthening the rule of law, good governance, human rights and equitable access to and use of natural resources.
8			(4a) Involvement of the private sector in the Union's cooperation	(9) Involvement of the private sector in the Union's cooperation

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			<i>with partner countries through the EFSD should yield measurable and additional development impact, without distorting the market and should be cost-effective, based on mutual accountability and risk and cost sharing. Such involvement should build on a commitment to internationally agreed guidelines and principles, including the Principles for Responsible Investment and the United Nations Guiding Principles on Business and Human Rights and the Organisation for Economic Cooperation and Development's (OECD) Guidelines for Multinational Enterprises.</i>	<i>with partner countries through the EFSD should yield measurable and additional development impact, without distorting the market and should be cost-effective, based on mutual accountability and risk and cost sharing. Such involvement should build on a commitment to internationally agreed guidelines and principles, including the Principles for Responsible Investment and the United Nations Guiding Principles on Business and Human Rights and the Organisation for Economic Cooperation and Development's (OECD) Guidelines for Multinational Enterprises.</i>
9			<i>(4b) The EFSD should foster decent job creation, economic opportunities and entrepreneurship, and green and inclusive growth with particular focus on gender equality and the empowerment of women and young people in line with the Union's Gender Action Plan 2016-2020, while strengthening the rule of law, good governance, human rights and equitable access to and use of natural resources.</i>	See line 7
10		<i>(5) In order to fulfil the political</i>	<i>(4c) In order to fulfil the political</i>	<i>(10) In order to fulfil the political</i>

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		<i>commitments of the EU on renewable energy and climate change, a minimum share of 20% for the funding allocated under the EFSD should be devoted to financing and investment operations relevant for these sectors thus contributing to the implementation of the Paris Agreement on Climate Change.</i>	<i>commitments of the EU on renewable energy, energy efficiency, and climate change mitigation and adaptation, a minimum share of 35% of the funding under the EFSD should be devoted to financing and investment operations wholly relevant for these sectors thus contributing to the implementation of the Paris Agreement on Climate Change.</i>	<i>commitments of the EU on climate action, renewable energy and resource efficiency, a minimum share of 28% of the funding under the EFSD should be devoted to financing and investment operations relevant for these sectors.</i>
11		<i>(6) The EFSD should incorporate the Union's commitments on development effectiveness and deriving from the Addis Ababa Action Agenda on Financing for Development. Actions under the EFSD Regulation should be designed, so as to fulfil the criteria for Official Development Assistance (ODA) established by the Development Assistance Committee (DAC) of the OECD.</i>	<i>(4d) Actions under this Regulation should be designed in such a way so as to fulfil the criteria for Official Development Assistance (ODA) established by the Development Assistance Committee (DAC) of the OECD, taking into account the specificities of private sector development, and to focus ODA on Least-Developed Countries with a view to directing 50 % of the Union's ODA to Least-Developed Countries in the near future.</i>	<i>(11) Actions under this Regulation should be designed in such a way so as to: fulfil the criteria for Official Development Assistance (ODA) established by the Development Assistance Committee (DAC) of the OECD, taking into account the specificities of private sector development; and acknowledge the needs of countries identified as experiencing fragility or conflict, LDCs and heavily indebted poor countries.</i>
12		<i>(7) The Commission and the EIB should conclude an agreement specifying the conditions of their cooperation in the management of the EFSD guarantee and should present the agreement to the strategic board.</i>		See line 21

Comment [FK-B2]: No need to highlight this with ODA (preference is to keep the general approach in GPA). We are concerned that there was no discussion on the green lines in the main text on LDCs that would reflect our concerns on putting too much emphasises on LDCs.

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13			<i>(4e) Technical assistance to partner countries should constitute the second pillar of the EIP. In this context, the Commission should step up assistance in order to help partner countries attract investment by better preparing and promoting projects, developing a higher number of bankable projects and making them known to the international investor community. A project web-portal, in the form of a publicly accessible and user-friendly database, should be established to provide relevant information for each project.</i>	<i>(12) Technical assistance to partner countries should constitute the second pillar of the EIP. In this context, the Commission should step up assistance in order to help partner countries attract investment by better preparing and promoting projects, developing a higher number of bankable projects and making them known to the international investor community. A project web-portal, in the form of a publicly accessible and user-friendly database, should be established to provide relevant information for each project.</i>
14			<i>(4f) The improvement of the investment climate and overall policy environment in partner countries should constitute the third pillar of the EIP. In the context of the Union's existing political relations with partner countries, the Commission and the High Representative of the Union for Foreign Affairs and Security Policy (High Representative) should maintain policy dialogues aimed at developing legal frameworks, policies and institutions that promote economic stability, sustainable investment and inclusive growth. Those policy</i>	<i>(13) The improvement of the investment climate and overall policy environment in partner countries should constitute the third pillar of the EIP. In the context of the Union's existing political relations with partner countries, the Commission and the High Representative of the Union for Foreign Affairs and Security Policy (High Representative) should maintain policy dialogues aimed at developing legal frameworks, policies and institutions that promote economic stability, sustainable investment and inclusive growth. Those policy</i>

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			<i>dialogues should cover, inter alia, the fight against corruption, organised crime and illicit financial flows, good governance, the inclusion of local markets, the boosting of entrepreneurship as well as local business settings, the respect for human rights and the rule of law as well as gender-responsive policies.</i>	<i>dialogues should cover, inter alia, the fight against corruption, organised crime and illicit financial flows, good governance, the inclusion of local markets, the boosting of entrepreneurship as well as local business settings, the respect for human rights and the rule of law as well as gender-responsive policies.</i>
15	(5) The European Fund for Sustainable Development (EFSD) should be composed of regional investment platforms, which will combine financing from existing blending facilities and the EFSD Guarantee. The existing blending facilities for Africa are created by Commission Decision C(2015)5210 and by Commission Implementing Decision C(2016)3436 for the Neighbourhood. Each regional investment platform should have an operational board that supports the Commission in defining regional and sectorial investment goals, regional, sectorial and thematic investment windows, formulates opinions on the blending operations and discusses the use of the EFSD Guarantee in line with the investment windows to be defined.	[...] (8) The [...] EFSD [...] should be composed of regional investment platforms, [...] combining financing from existing blending facilities and the EFSD Guarantee. [...] The operational board of each regional investment platform should [...] provide support to the Commission in [...] the implementation of this Regulation. The operational board should have similar tasks as laid down by the decisions revamping the regional investment platforms based on the current rules of procedures of the existing blending facilities as created by Commission Decision C(2015)5210 for Africa and by Commission Implementing Decision C(2016)3436 for the Neighbourhood.	(5) The [...] EFSD should be composed of regional investment platforms, which will combine financing from existing blending facilities and the EFSD Guarantee. The regional investment platforms should be created by transforming the existing blending facilities [...] created by Commission [...] decisions. The regional investment platforms for Africa and the Neighbourhood should be established first. It should be possible to extend the geographical scope of the EFSD by means of a delegated act. Each regional investment platform should have an operational board that supports the Commission in defining and monitoring regional and sectorial investment goals, regional, sectorial and thematic investment windows, formulates opinions on the blending	(14) The [...] EFSD should be composed of regional investment platforms, which should be established on the basis of the working methods, procedures and structures of the existing external blending facilities of the Union and which should combine their blending operations and the EFSD Guarantee. The EFSD Guarantee should support financing and investment operations in partner countries in Africa and the Neighbourhood.

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			operations and discusses the use of the EFSD Guarantee in line with the investment windows to be defined.	
16			<i>(5a) In the light of the findings of the Court of Auditors regarding the use of blending in the external relations of the Union, which highlighted the fact that in the case of almost half of the projects examined there was insufficient evidence to conclude that the grants were justified, and that in a number of those cases there were indications that the investments would have been made without the Union contribution, it is essential that blending only be used where the Commission can clearly demonstrate its added value.</i>	<i>(15) In the light of the findings of the Court of Auditors regarding the use of blending in the external relations of the Union, it is essential that blending be used where its added value can clearly be demonstrated.</i>
17			<i>(5b) The EFSD in all its capacity should fully commit to and respect human rights and equal treatment in recipient countries and of all actors associated with financial and investment activities.</i>	Covered by line 6
18	(6) Furthermore, the EFSD should operate as '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 EFSD	[...]	[...]	See line 23

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	Guarantee should be backed by the EFSD Guarantee Fund. The EFSD should deploy innovative instruments to support investments and involve the private sector.			
19	(7) Coordination and coherence of the EFSD with the European Investment Bank's (EIB) external lending mandate as set out in Decision [to be adopted], including the EIB resilience initiative, as well as with the ACP Investment Facility should be ensured through the Strategic Board of the EFSD.	[...]	(7) [...] <i>A strategic board of the EFSD should be created to support the Commission in setting strategic guidance and overall investment goals as well as in ensuring an appropriate and diversified geographical and thematic coverage for investment windows. The strategic board should support overall coordination, complementarity and coherence [...] between the regional investment platforms, between the three pillars of the EIP, between the EIP and the Union's other initiatives on migration, as well as with Union external financing instruments and trust funds, with the [...] EIB's external lending mandate [...], including the EIB resilience initiative, [...] and with the ACP Investment Facility [...].</i>	(16) A strategic board of the EFSD <i>should be created to support the Commission in setting strategic guidance and overall investment goals as well as in ensuring an appropriate and diversified geographical and thematic coverage for investment windows. The strategic board should support overall coordination, complementarity and coherence between the regional investment platforms, between the three pillars of the EIP, between the EIP and the Union's other efforts on migration and on the implementation of the 2030 Agenda, as well as with the relevant Union external financing instruments and trust funds as well as with the external lending mandate operations managed by the EIB, including the EIB resilience initiative and the ACP Investment Facility, without prejudice to the internal rules of governance of the EIB.</i>

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20	(8) Moreover, the Strategic Board should support the Commission in setting strategic guidance and overall investment goals. The Strategic Board should also support coordination and coherence between the regional platforms. This should ensure complementarity of the various instruments in external action. The Strategic Board should be co-chaired by the Commission and the High Representative of the Union for Foreign Affairs and Security Policy to ensure consistency and coherence with Union external policy objectives and partnership frameworks with third countries.	[...] (9) [...] A strategic board should support the Commission in setting strategic guidance and overall investment goals. The [...] strategic board should also support coordination and coherence between the regional platforms. This should [...] strengthen the complementarity of the various instruments in external action. The [...] strategic board should be co-chaired by the Commission and the High Representative of the Union for Foreign Affairs and Security Policy to ensure consistency and coherence with Union external policy objectives and partnership frameworks with third countries.	(8) [...] The strategic board should [...] be co-chaired by the Commission [...] and the High Representative in order to ensure consistency and coherence [...] with Union external [...] policy objectives, in particular with core Union development goals, existing strategies and instruments, partnership frameworks with third countries and with the Union's other efforts addressing the root causes of migration, and respect for commitments on policy coherence for development. The European Parliament should participate in the Strategic Board [...] as a permanent observer to ensure its right and obligation to exercise scrutiny over the implementation of the EFSD.	(17) The strategic board should be composed of representatives of the Commission and of the High Representative, of all Member States and of the EIB. The European Parliament should have observer status. Contributors, eligible counterparts, partner countries, relevant regional organisations and other stakeholders may be given observer status, where appropriate. The strategic board should adopt its rules of procedure. The rules of procedure should define the framework for the involvement of observers, having regard to their respective status and roles.
21			(8a) The Commission and the EIB should conclude an agreement specifying the conditions of their cooperation in the management of the EFSD Guarantee and should present that agreement to the strategic board.	(18) The Commission and the EIB should conclude an agreement specifying the conditions of their cooperation in the management of the EFSD Guarantee and should present that agreement to the strategic board.
22		(10) The strategic board should support overall coordination, complementarity and coherence between the regional investment platforms and amongst the three		See recital 1

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		<i>pillars of the EIP: the EFSD (Pillar I); technical assistance (Pillar II), improving investment climate and overall policy environment in partner countries (Pillar III).</i>		
				(19) Each regional investment platform should have an operational board, which should draw on the experience, working methods and procedures of the operational boards of the existing blending facilities. The operational boards should provide support to the Commission in the implementation of this Regulation . They should support the Commission in defining and monitoring regional and sectorial investment goals, regional, sectorial and thematic investment windows, formulating opinions on the blending operations and discussing the use of the EFSD Guarantee in line with the investment windows to be defined.
				(20) An appropriate level of information to the European Parliament and the Council should be ensured in respect of the orientation of the use of the EFSD Guarantee through the establishment of investment

Comment [FK-B3]: All MS should be included and have the voting rights.

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				<i>windows.</i>
23		<i>(11) The EFSD should operate as '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 EFSD Guarantee should be backed by the EFSD Guarantee Fund.</i>	<i>(8b) The EFSD should operate as a 'one-stop-shop', receiving financing proposals from financial institutions and public or private investors and delivering a wide range of financial support to eligible investments which lead to sustainable and inclusive economic, social and environmental development. The EFSD Guarantee should be backed by the EFSD Guarantee Fund.</i>	<i>(21) The EFSD should operate as a 'one-stop-shop', receiving financing proposals from financial institutions and public or private investors and delivering a wide range of financial support to eligible investments. The EFSD Guarantee should be backed by the EFSD Guarantee Fund.</i>
24		<i>(12) The EFSD should deploy innovative instruments to support investments and involve the private sector in particular micro-, small- and medium-sized enterprises. It should also allow European investors and private companies, including micro- small- and medium-sized enterprises, to participate more effectively in efforts to achieve sustainable development in partner countries. Bottlenecks and obstacles to investments need to be addressed in this respect.</i>	<i>(8c) The EFSD should address bottlenecks to private investment and deploy innovative instruments to support investment and to facilitate access to finance from domestic and foreign investors, in particular for local companies and micro, small, and medium-sized enterprises, targeting areas which can help achieve sustainable development outcomes and fostering the involvement of European companies.</i>	<i>(22) The EFSD should deploy innovative instruments to support investments and involve the private sector in particular micro-, small- and medium-sized enterprises. It should also allow European investors and private companies, including micro- small- and medium-sized enterprises, to participate more effectively in efforts to achieve sustainable development in partner countries. Bottlenecks and obstacles to investments need to be addressed in this respect.</i>
25			<i>(8d) The EFSD Guarantee should not be used to fund major infrastructure projects which have a low impact on job creation and</i>	<i>(23) The EFSD Guarantee should privilege funding projects which have a high impact on job creation and whose cost-benefit ratio</i>

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			<i>whose cost-benefit ratio renders the investment unsustainable. The EFSD Guarantee should only be used to fund projects whose implementation is not controversial from an environmental, financial, and social perspective on the basis of an independent in-depth ex ante assessment and an adequate cost-benefit analysis.</i>	<i>enhances the sustainability of investment. When supporting operations with the EFSD Guarantee, an in-depth ex ante assessment of environmental, financial and social aspects should be carried out. The EFSD Guarantee should not be used to replace government responsibility for providing essential public services.</i>
26			<i>(8e) European Union Delegations in partner countries should promote access to, and actively provide information on, the EFSD, and enhance coherence between the use of the EFSD Guarantee, the use of blended finance under the regional investment platforms, the provision of enhanced targeted technical assistance, and policy dialogues in their respective countries.</i>	<i>(24) European Union delegations in partner countries should include information about EFSD funding opportunities in their communication targeted at civil society and the general public and contribute to the coherence between the pillars of the EIP.</i>
27		<i>(13) Coordination and coherence of the EFSD with the European Investment Bank's (EIB) external lending mandate as set out in Decision (to be adopted), including the EIB resilience initiative, as well as with the ACP Investment Facility, without prejudice to the rules of governance of the EIB, should be ensured through the</i>		Covered in line 19

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		<i>Strategic Board of the EFSD</i>		
28	(9) The EFSD Guarantee should be granted to eligible counterparts for financing and investment operations or guarantee instruments for an initial investment period up to 31 December 2020.	[...] <i>(14)</i> The EFSD Guarantee should be granted to eligible counterparts for financing and investment operations or guarantee instruments for an initial investment period up to 31 December 2020. <i>The guarantee shall be implemented whenever possible under the lead of a European eligible counterpart.</i>	(9) The EFSD Guarantee should be granted to eligible counterparts for financing and investment operations or guarantee instruments for an initial investment period up to 31 December 2020, <i>with a possibility for extension if deemed necessary.</i>	<i>(25)</i> The EFSD Guarantee should be granted to eligible counterparts for financing and investment operations or guarantee instruments for an initial investment period up to 31 December 2020, <i>with a possibility for extension if deemed necessary.</i>
29	(10) In order to provide for flexibility, increase the attractiveness for the private sector and maximise the impact of the investments it is appropriate to provide for a derogation from Article 58(1)(c)(vii) of Regulation (EU) No 966/2012 of the European Parliament and the Council by which the eligible counterparts who are bodies governed by private law could also be bodies which are not entrusted with the implementation of a public-private partnership and could also be bodies governed by the private law of a partner country.	[...] <i>(15)</i> In order to provide for flexibility, increase the attractiveness for the private sector and maximise the impact of the investments it is appropriate to provide for a derogation from Article 58(1)(c)(vii) of Regulation (EU) No 966/2012 of the European Parliament and the Council by which the eligible counterparts who are bodies governed by private law could also be bodies which are not entrusted with the implementation of a public-private partnership and could also be bodies governed by the private law of a partner country.	(10) In order to provide for flexibility, increase the attractiveness for the private sector and maximise the impact of the investments it is appropriate to provide for a derogation from Article 58(1)(c)(vii) of Regulation (EU) No 966/2012 of the European Parliament and the Council by which the eligible counterparts who are bodies governed by private law could also be bodies which are not entrusted with the implementation of a public-private partnership and could also be bodies governed by the private law of a partner country.	<i>(26)</i> No change
30			<i>(10a) The EFSD guarantee should be managed so as to provide a level playing field for eligible counterparts, avoid conflicts of interest and be efficient with due regard to the objective of crowding</i>	

Comment [FK-B5]: This is something completely new. Needs a further discussion?

Comment [FK-B4]: This needs to be inserted.

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			<i>in private sector for financing investments and maximising additionality.</i>	
31	(11) The Commission should conclude guarantee agreements with the eligible counterparts setting out the specific provisions under which the EFSD Guarantee is granted to them. These guarantee agreements should provide the legal basis for adequate risk sharing, thus providing incentives for the eligible counterparts to provide financing, as well as the mechanisms and procedures for potential calls on the EFSD Guarantee.	[...] (16) The Commission should conclude guarantee agreements with the eligible counterparts setting out the specific provisions under which the EFSD Guarantee is granted to them. These guarantee agreements should provide the legal basis for adequate risk sharing, thus providing incentives for the eligible counterparts to provide financing, as well as the mechanisms and procedures for potential calls on the EFSD Guarantee.	(11) The Commission should conclude guarantee agreements with the eligible counterparts setting out the specific provisions under which the EFSD Guarantee is granted to them. These guarantee agreements should provide the legal basis for adequate risk sharing, thus providing incentives for the eligible counterparts to provide financing, as well as the mechanisms and procedures for potential calls on the EFSD Guarantee.	(27) No change
32	(12) The Union should make available a guarantee of EUR 1 500 000 000 to establish the EFSD Guarantee. Member States and other contributors are invited to contribute further to support the EFSD Guarantee Fund in the form of cash (Member States and other contributors) or guarantees (Member States) in order to increase the liquidity cushion and thus allow the increase of the total volume of EFSD Guarantee. The Union should make available a guarantee of EUR 1 500 000 000 to establish the EFSD Guarantee. Member States, public financial	[...] (17) The Union should make available a guarantee of EUR [1 500 000 000] to establish the EFSD Guarantee. Member States and other contributors [...] should be invited to contribute further to support the EFSD Guarantee Fund in the form of cash (Member States and other contributors) or guarantees (Member States) in order to increase the liquidity cushion and thus allow the increase of the total volume of EFSD Guarantee. [...] Member States, public financial institutions and other contributors should be invited to provide additional funding to the	(12) The Union should make available a guarantee of EUR 1 500 000 000 to establish the EFSD Guarantee. Member States and other contributors are invited to contribute further to support the EFSD Guarantee Fund in the form of cash (Member States and other contributors) or guarantees (Member States) in order to increase the liquidity cushion and thus allow the increase of the total volume of EFSD Guarantee. The Union should make available a guarantee of EUR 1 500 000 000 to establish the EFSD Guarantee. Member States, public financial	(28) The Union should make available a guarantee of EUR [1 500 000 000] to establish the EFSD Guarantee. Member States and other contributors [...] should be invited to contribute further to support the EFSD Guarantee Fund in the form of cash (Member States and other contributors) or guarantees (Member States) in order to increase the liquidity cushion and thus allow the increase of the total volume of EFSD Guarantee. [...] Member States, public financial institutions and other contributors should be invited to provide additional funding to the

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	institutions and other contributors should be invited to provide additional funding to the EFSD Guarantee Fund under conditions that should be established in an agreement to be concluded between the Commission on behalf of the Union and all the contributors.	EFSD Guarantee Fund under conditions that should be established in an agreement to be concluded between the Commission on behalf of the Union and [...] the [...] <i>contributor</i> .	institutions and other contributors should be invited to provide additional funding to the EFSD Guarantee Fund under conditions that should be established in an agreement to be concluded between the Commission on behalf of the Union and all the contributors.	EFSD Guarantee Fund under conditions that should be established in an agreement to be concluded between the Commission on behalf of the Union and [...] the <i>contributor</i> .
33	(13) The EFSD Guarantee Fund should be established as a liquidity cushion in the event of a call on the EFSD Guarantee. To reach a level that adequately reflects EU financial liabilities in relation to the EFSD Guarantee, the Union should make available EUR 750 000 000.	[...] (18) The EFSD Guarantee Fund should be established as a liquidity cushion in the event of a call on the EFSD Guarantee. To reach a level that adequately reflects EU financial liabilities in relation to the EFSD Guarantee, the Union should make available EUR [750 000 000].	(13) The EFSD Guarantee Fund should be established as a liquidity cushion in the event of a call on the EFSD Guarantee. To reach a level that adequately reflects EU financial liabilities in relation to the EFSD Guarantee, the Union should make available EUR 750 000 000.	(29) No change
34	(14) In order to increase the impact of the EFSD Guarantee in view of the needs in the regions concerned, Member States should have the possibility of providing contributions in the form of a guarantee or cash. Those contributions could be earmarked by region, sector or investment window.	[...] (19) In order to increase the impact of the EFSD Guarantee in view of the needs in the regions concerned, Member States should have the possibility of providing contributions in the form of a guarantee or cash. Those contributions could be earmarked by region, sector or investment window.	(14) In order to increase the impact of the EFSD Guarantee in view of the needs in the regions concerned, Member States <i>and EFTA countries</i> should have the possibility of providing contributions in the form of a guarantee or cash. Those contributions could be earmarked by region [...] or <i>existing</i> investment window.	(30) In order to increase the impact of the EFSD Guarantee in view of the needs in the regions concerned, Member States <i>and EFTA countries</i> should have the possibility of providing contributions in the form of a guarantee or cash.
35	(15) As the funds of the EDF are to be used for the countries eligible under the 11th European Development Fund (EDF), it requires the allocation of a	[...] (20) As the funds of the <i>European Development Fund (EDF)</i> are to be used for the countries eligible under the 11th [...] EDF [...], it requires the	(15) As the funds of the EDF are to be used for the countries eligible under the 11 th European Development Fund (EDF), it requires the allocation of a	(31) As the funds of the EDF are to be used [...], a minimum of EUR 400 000 000 of EFSD Guarantee coverage <i>should be allocated for investments in partner countries</i>

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	minimum of EUR 400 000 000 of EFSD Guarantee coverage for investments throughout the implementation period of the EFSD Guarantee. The EFSD Guarantee should only become available when EUR 400 000 000 of 11th EDF funds have been allocated to the EFSD Guarantee Fund.	allocation of a minimum of EUR /400 000 000/ of EFSD Guarantee coverage for investments throughout the implementation period of the EFSD Guarantee. The EFSD Guarantee should only become available when EUR /400 000 000/ of 11th EDF funds have been allocated to the EFSD Guarantee Fund.	minimum of EUR 400 000 000 of EFSD Guarantee coverage for investments throughout the implementation period of the EFSD Guarantee. The EFSD Guarantee should only become available when <i>a contribution of</i> EUR 400 000 000 of 11 th EDF funds [...] to the EFSD Guarantee Fund <i>has been confirmed. As the funds of the EDF are to be used, the EFSD Guarantee should comprise investments in the areas from which the original funds had been diverted. Commitments to ensure EDF funding is ODA eligible as well as future decisions made by the OECD DAC on private sector instruments should be respected.</i>	<i>eligible under the 11th European Development Fund (EDF)</i> throughout the implementation period of the EFSD Guarantee. The EFSD Guarantee should only become available when <i>a contribution of</i> EUR 400 000 000 of 11 th EDF funds [...] to the EFSD Guarantee Fund <i>has been confirmed.</i>
36		<i>(21) A contribution of EUR [350 000 000] should be provided by the general budget of the Union.</i>	<i>(15a) As the funds of the European Neighbourhood Instrument, established by Regulation (EU) No 232/2014 of the European Parliament and of the Council, are to be used, a minimum of EUR 100 000 000 of the EFSD Guarantee coverage should be allocated for investments in Neighbourhood partner countries throughout the implementation period of the EFSD Guarantee.</i>	<i>(32) As the funds of the European Neighbourhood Instrument, established by Regulation (EU) No 232/2014 of the European Parliament and of the Council, are to be used, a minimum of EUR 100 000 000 of the EFSD Guarantee coverage should be allocated for investments in <u>the partner countries from the Eastern and Southern Neighbourhood partner countries</u> throughout the implementation period of the EFSD Guarantee.</i>

Comment [FK-B6]: Important: needs to be consistent with the line 157 of last week's Presidency Compromise Proposal.

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37	(16) The Commission should report annually to the European Parliament and the Council on the financing and investment operations covered by the EFSD Guarantee with a view to ensuring accountability to the European citizens. The report should be made public in order to allow relevant stakeholders, including civil society, to express their views. The Commission should also report annually to the European Parliament and the Council on the management of the EFSD Guarantee Fund so that accountability and transparency are ensured.	[...] (22) The Commission should report annually to the European Parliament and the Council on the financing and investment operations covered by the EFSD Guarantee with a view to ensuring accountability to the European citizens. The report should be made public in order to allow relevant stakeholders, including civil society, to express their views. The Commission should also report annually to the European Parliament and the Council on the management of the EFSD Guarantee Fund so that accountability and transparency are ensured.	(16) The Commission should report annually to the European Parliament and the Council <i>and inform the Joint Parliamentary Assembly ACP-EU</i> on the financing and investment operations covered by the EFSD Guarantee, with a view to ensuring <i>full</i> accountability to the European citizens <i>and scrutiny and control by the European Parliament</i> . The report should be made public in order to allow relevant stakeholders, including civil society, to express their views. The Commission should also report annually to the European Parliament and the Council on the management of the EFSD Guarantee Fund so that accountability, transparency are ensured.	(33) The Commission should report annually to the European Parliament and the Council on the financing and investment operations covered by the EFSD Guarantee, with a view to ensuring <i>full</i> accountability to the European citizens <i>and scrutiny and control by the European Parliament and the Council</i> . The report should be made public in order to allow relevant stakeholders, including civil society, to express their views. The Commission should also report annually to the European Parliament and the Council on the management of the EFSD Guarantee Fund so that accountability, transparency are ensured. <i>The Commission should also inform the ACP-EU Joint Parliamentary Assembly as regards the use of the EDF funds.</i>
38			(16a) In order to ensure the monitoring and accountability of the EFSD and of the EIP, the European Parliament may organise hearings as part of an investment dialogue with the Commission, the High Representative, the EIB and other eligible financial institutions as well as private sector and civil	(34) In order to ensure the monitoring and accountability of the EFSD and of the EIP, the European Parliament or the Council may organise hearings <i>as part of a dialogue with the participation of the</i> Commission, the High Representative, the EIB and other eligible financial institutions as well as private

Comment [FK-B7]: In case this is included also a reference to the ACP-EU Council needs to be added.

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			<i>society organisations.</i>	<i>sector and civil society organisations.</i>
39	(17) In order to take into account lessons learned and allow for further evolvement of the EFSD, the functioning of the EFSD and the use of the EFSD Guarantee Fund should be evaluated by the Commission. The application of this Regulation should be evaluated independently in order to assess the level of conformity of the implementation with the legal basis, but also to establish the applicability and practicability of the Regulation in the achievement of its objectives.	[...] (23) In order to take into account lessons learned and allow for further evolvement of the EFSD, the functioning of the EFSD and the use of the EFSD Guarantee Fund should be evaluated by the Commission. The application of this Regulation should be evaluated independently in order to assess the level of conformity of the implementation with the legal basis, but also to establish the applicability and practicability of the Regulation in the achievement of its objectives.	(17) In order to take into account lessons learned and allow for further evolvement of the EFSD, the functioning of the EFSD and the use of the EFSD Guarantee Fund should be evaluated by the Commission <i>and external evaluators and subjected to an annual consultation process with relevant stakeholders, including civil society organisations.</i> The application of this Regulation should be evaluated independently in order to assess the level of conformity of the implementation with the legal basis, but also to establish the applicability and practicability of the Regulation in the achievement of its objectives.	(35) In order to take into account lessons learned and allow for further evolvement of the EFSD, the functioning of the EFSD and the use of the EFSD Guarantee Fund should be evaluated by the Commission <i>and external evaluators and subjected to an annual consultation process with relevant stakeholders, including civil society organisations.</i> The application of this Regulation should be evaluated independently in order to assess the level of conformity of the implementation with the legal basis, but also to establish the applicability and practicability of the Regulation in the achievement of its objectives.
40	(18) In order to protect the financial interests of the Union, with a view to establishing whether there has been fraud, corruption, money laundering or any other illegal activity affecting the financial interests of the Union in connection with any financing and investment operations covered by this Regulation, the European Anti-Fraud Office (OLAF) is entitled to carry out investigations in	[...] (24) In order to protect the financial interests of the Union, with a view to establishing whether there has been fraud, corruption, money laundering or any other illegal activity affecting the financial interests of the Union in connection with any financing and investment operations covered by this Regulation, the European Anti-Fraud Office (OLAF) is entitled to carry out investigations in	(18) [...] <i>With a view to fighting financial [...] crime, in particular by uncovering cases of</i> fraud, corruption, <i>and</i> money laundering [...], <i>and to combating</i> any other illegal activity affecting the financial interests of the Union in connection with any financing and investment operations covered by this Regulation, the European Anti-Fraud Office (OLAF) is entitled to carry out investigations in	(36) No change

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	accordance with Regulation (EU, Euratom) No 883/2013 of the European Parliament and of the Council, Council Regulation (Euratom, EC) No 2185/96 and Council Regulation (EC, Euratom) No 2988/95.	accordance with Regulation (EU, Euratom) No 883/2013 of the European Parliament and of the Council, Council Regulation (Euratom, EC) No 2185/96 and Council Regulation (EC, Euratom) No 2988/95.	accordance with Regulation (EU, Euratom) No 883/2013 of the European Parliament and of the Council, Council Regulation (Euratom, EC) No 2185/96 and Council Regulation (EC, Euratom) No 2988/95.	
41	(19) In order to contribute to the international fight against tax fraud, tax evasion and money-laundering, the eligible counterparts should not support any activities carried out for illegal purposes and should not participate in any financing or investment operation through a vehicle located in a non-cooperative jurisdiction.	[...] (25) In order to contribute to the international fight against tax fraud, tax evasion and money-laundering, the eligible counterparts should not support any activities carried out for illegal purposes and should not participate in any financing or investment operation through a vehicle located in a non-cooperative jurisdiction.	(19) In order to contribute to the international fight against tax fraud, tax evasion, <i>fraud, corruption</i> and money laundering [...] <i>all financing through EFSD should be provided in a completely transparent manner. Furthermore</i> the eligible counterparts should not support any activities carried out for illegal purposes [...] <i>nor</i> participate in any financing or investment operation through a vehicle located in a non-cooperative jurisdiction <i>or in tax haven. Counterparts shall also refrain from making any use of tax avoidance or aggressive tax planning schemes.</i>	(37) Wording to be based on compromise achieved in ELM trilogue
42	(20) In order to fulfil the political commitments of the EU on renewable energy and climate change a minimum share of 20% for the funding allocated under the EFSD should be devoted to financing and investment operations relevant for these	[...]	[...]	Covered in line 10

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	sectors.			
43			<i>(20a) Remittance flows to developing countries are by far more important than official development flows. Therefore, projects or instruments which facilitate the transfer of remittances and lower costs thereof should be eligible for funding allocated under the EFSD.</i>	N/A
44			<i>(20b) In order to reflect political developments and the need for Union action in the world, the power to adopt acts in accordance with Article 290 of the Treaty on the Functioning of the European Union should be delegated to the Commission in respect of amending the Annex to this Regulation listing the regions eligible for support through the EFSD Guarantee. The power to adopt acts in accordance with Article 290 TFEU should be delegated to the Commission with respect to the definition of a list of investment windows. It is of particular importance that the Commission carry out appropriate consultations during its preparatory work, including at expert level, and that those</i>	N/A

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			<i>consultations be conducted in accordance with the principles laid down in the Interinstitutional Agreement of 13 April 2016 on Better Law-Making. In particular, to ensure equal participation in the preparation of delegated acts, the European Parliament and the Council receive all documents at the same time as Member States' experts, and their experts systematically have access to meetings of Commission expert groups dealing with the preparation of delegated acts.</i>	