

European fund for sustainable development: Council confirms fina

On 28 June, EU ambassadors endorsed the compromise reached between the Presidency and the European Parliament on the proposal for a **regulation on the establishment of the European fund for sustainable development (EFSD)**.

"Thanks to today's agreement, we will be able to implement a new fund to support sustainable investment projects in developing countries", said Marlene Bonnici, Permanent Representative of Malta to the EU and President of the Permanent Representatives Committee. "Together with the new European consensus on development adopted earlier this month, the establishment of the EFSD will contribute to giving a new impetus to the EU's development policy, while addressing the root causes of migration in the long term."

Marlene Bonnici, Permanent Representative of Malta to the EU and President of the Permanent Representatives Committee

The EFSD is the main instrument for the implementation of the European external investment plan (EIP) to **support investment in African and neighbourhood countries**. The plan aims primarily at **creating jobs and addressing root causes of migration**. It will also contribute to the implementation of the Paris agreement on climate change (COP 21).

On the basis of an initial budget of 3,35 billion euros, the fund is designed to **trigger up to 44 billion euro of investments**. This amount could be doubled if member states and other donors match EU contributions.

The EFSD 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. It will offer guarantees and use blending mechanisms to **encourage the private sector to invest in more risky contexts**, such as fragile states or conflict-affected areas.

The Parliament and the Council will now be called on to formally adopt the regulation, in order to be able to setup the fund as soon as possible.