



3.3.2017

## **DRAFT OPINION**

of the Committee on Budgetary Control

for the Committee on Foreign Affairs, the Committee on Development and the Committee on Budgets

on the 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 (COM(2016)0586 – C8-0377/2016 – 2016/0281(COD))

Rapporteur: Indrek Tarand

## AMENDMENTS

The Committee on Budgetary Control calls on the Committee on Foreign Affairs, the Committee on Development and the Committee on Budgets, as the committees responsible, to take into account the following amendments:

### Amendment 1

#### Proposal for a regulation

##### Recital 4

###### *Text proposed by the Commission*

(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.

###### *Amendment*

(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 (***the ACP-EC Partnership Agreement***) and the Neighbourhood countries, thereby creating growth and employment opportunities, maximising additionality, delivering innovative products, and crowding-in private sector funds. ***A balanced geographical approach should be ensured so that all signatories to the ACP-EC Partnership Agreement and all Neighbourhood countries have a fair chance to access funding under the EIP.***

Or. en

### Amendment 2

#### Proposal for a regulation

##### Recital 4 a (new)

**(4a) In light of the findings of the European Court of Auditors<sup>1a</sup> regarding the use of blending in the external relations of the Union, which highlighted the fact that for nearly half of the projects examined there was insufficient evidence to conclude that the grants were justified, and that for a number of these cases there were indications that the investments would have been made without the Union contribution, it is paramount that blending should only be used where the Commission can clearly demonstrate its added value.**

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<sup>1a</sup> **ECA special report No 16/2014 “The effectiveness of blending regional investment facility grants with financial institution loans to support EU external policies”.**

Or. en

### Amendment 3

#### Proposal for a regulation

##### Recital 6

Text proposed by the Commission

(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 Guarantee should be backed by the EFSD Guarantee Fund. The EFSD should deploy innovative instruments to support investments and involve the private sector.

Amendment

(6) Furthermore, the EFSD should operate as **a** 'one-stop-shop', **receiving** financing proposals from financial institutions and public or private investors, **providing guidance and all the necessary information for investors wishing to invest in development activities** and **delivering** a wide range of financial support to eligible investments. The EFSD Guarantee should be backed by the EFSD Guarantee Fund. The EFSD should deploy innovative instruments to support investments and

involve the private sector.

Or. en

#### Amendment 4

##### Proposal for a regulation

##### Recital 8

###### *Text proposed by the Commission*

(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.

###### *Amendment*

(8) Moreover, the Strategic Board should support the Commission in setting strategic guidance and overall investment goals. The Strategic Board should also support coordination, **cooperation** 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.

Or. en

#### Amendment 5

##### Proposal for a regulation

##### Recital 14

###### *Text proposed by the Commission*

(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***

###### *Amendment*

(14) In order to increase the impact of the EFSD Guarantee in view of the needs in the regions concerned, Member States should ***provide*** contributions in the form of a guarantee or cash.

*window.*

Or. en

## Amendment 6

### Proposal for a regulation Recital 15

#### *Text proposed by the Commission*

(15) As the funds of the EDF are to be used for the countries eligible under the 11<sup>th</sup> European Development Fund (EDF) <sup>1</sup>, it requires the 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 11<sup>th</sup> EDF funds have been allocated to the EFSD Guarantee Fund.

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<sup>1</sup> Internal Agreement between the Representatives of the Governments of the Member States of the European Union, meeting within the Council, on the financing of European Union aid under the multiannual financial framework for the period 2014 to 2020, in accordance with the ACP-EU Partnership Agreement and on the allocation of financial assistance for the Overseas Countries and Territories to which Part Four of the Treaty on the Functioning of the European Union applies (OJ L 210, 6.8.2013, p. 1).

#### *Amendment*

(15) As the funds of the EDF are to be used for the countries eligible under the 11<sup>th</sup> European Development Fund (EDF) <sup>1</sup>, it requires the 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 11<sup>th</sup> EDF funds have been allocated to the EFSD Guarantee Fund. ***To respect commitments to ensure EDF funding is eligible for official development assistance, upcoming decisions to be made by the Development Assistance Committee of the Organisation for Economic Cooperation and Development on private sector instruments should be respected.***

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<sup>1</sup> Internal Agreement between the Representatives of the Governments of the Member States of the European Union, meeting within the Council, on the financing of European Union aid under the multiannual financial framework for the period 2014 to 2020, in accordance with the ACP-EU Partnership Agreement and on the allocation of financial assistance for the Overseas Countries and Territories to which Part Four of the Treaty on the Functioning of the European Union applies (OJ L 210, 6.8.2013, p. 1).

## Amendment 7

### Proposal for a regulation

#### Article 3 – paragraph 2

##### *Text proposed by the Commission*

2. The EFSD shall contribute to the achievement of the Sustainable Development Goals of the 2030 Agenda with a particular focus on sustainable growth, job creation, socio-economic sectors and on the support to micro, small and medium sized enterprises, thus addressing root causes of migration and contributing to sustainable reintegration of returned migrants in their countries of origin while maximising additionality, delivering innovative products and crowding in private sector funds.

##### *Amendment*

2. The EFSD shall contribute to the achievement of the Sustainable Development Goals of the 2030 Agenda with a particular focus on ***the eradication of poverty***, sustainable growth ***respecting economic, environmental and social rights, more and better*** job creation, socio-economic sectors and on the support to micro, small and medium sized enterprises, thus addressing root causes of migration and contributing to sustainable reintegration of returned migrants in their countries of origin while maximising additionality, delivering innovative products and crowding in private sector funds.

Or. en

## Amendment 8

### Proposal for a regulation

#### Article 5 – paragraph 1 – subparagraph 2

##### *Text proposed by the Commission*

It shall provide strategic guidance and support the Commission in setting overall investment goals as regards the use of the EFSD Guarantee. The strategic board shall also support overall coordination and coherence between the regional investment platforms and with the external lending mandate operations managed by the EIB,

##### *Amendment*

It shall provide strategic guidance and support the Commission in setting overall investment goals as regards the use of the EFSD Guarantee, ***the criteria of eligibility of investment to the regional platforms and operating policies and procedures***. The strategic board shall also support overall coordination, ***cooperation*** and coherence between the regional investment

including the EIB resilience initiative.

platforms and with the external lending mandate operations managed by the EIB, including the EIB resilience initiative.

Or. en

## Amendment 9

### Proposal for a regulation Article 5 – paragraph 2

#### *Text proposed by the Commission*

2. The strategic board shall be composed of representatives of the Commission and of the High Representative of the Union for Foreign Affairs and Security Policy (High Representative), of the Member States **and** of the EIB. The Commission **may** invite other contributors to become members of the strategic board having regard **where appropriate** to the view of the board. **Partner Countries and relevant** regional organisations, **the eligible counterparts and the European Parliament** may be given observer status, where appropriate. The strategic board shall be co-chaired by the Commission and the High Representative.

#### *Amendment*

2. The strategic board shall be composed of representatives of the Commission and of the High Representative of the Union for Foreign Affairs and Security Policy (High Representative), of the Member States, **of the European Parliament, of the EIB and of the African and Neighbourhood partner countries**. The Commission **shall** invite other contributors to become members of the strategic board having regard to the view of the board. **Relevant** regional organisations **and other stakeholders such as civil society groups** may be given observer status, where appropriate. The strategic board shall be co-chaired by the Commission and the High Representative. **The strategic board shall ensure that a diverse range of stakeholders in partner countries is properly consulted.**

Or. en

## Amendment 10

### Proposal for a regulation Article 8 – title

*Text proposed by the Commission*

Eligibility criteria for the use of the EFSD Guarantee

*Amendment*

Eligibility ***and debarment*** criteria for the use of the EFSD Guarantee

Or. en

**Amendment 11**

**Proposal for a regulation**

**Article 8 – paragraph 1 – point -a (new)**

*Text proposed by the Commission*

*Amendment*

***(-a) achieve the Sustainable Development Goals of the 2030 Agenda;***

Or. en

**Amendment 12**

**Proposal for a regulation**

**Article 8 – paragraph 1 – point a**

*Text proposed by the Commission*

*Amendment*

(a) contribute to economic and social development, with particular focus on sustainability and job creation (in particular for youth and women), ***thus addressing root causes of migration and contributing to sustainable reintegration of returned migrants in their countries of origin;***

(a) contribute to ***the eradication of poverty***, economic and social development, with particular focus on sustainability and ***sustainable*** job creation, in particular for youth and women;

Or. en



## Amendment 13

### Proposal for a regulation

#### Article 8 – paragraph 2 – point ea (new)

*Text proposed by the Commission*

*Amendment*

**(ea) respect for human rights enshrined in international law.**

Or. en

## Amendment 14

### Proposal for a regulation

#### Article 8 – paragraph 2a (new)

*Text proposed by the Commission*

*Amendment*

**2a. The EFSD Guarantee shall not support financing and investment operations which:**

**(a) are linked to the military or security sector;**

**(b) support the development of nuclear energy;**

**(c) further fossil fuel and carbon lock-in;**

**(d) have significant environmental external costs;**

**(e) are in sectors or projects that risk undermining human rights in partner countries, such as the forced displacement of populations. A publicly available ex ante human rights and environmental impact assessment shall be carried out to identify such risks.**

Or. en

## Amendment 15

### Proposal for a regulation

#### Article 15 – paragraph 1 – introductory part

*Text proposed by the Commission*

1. The Commission shall submit an annual report to the European Parliament and to the Council on the financing and investment operation covered by the EFSD Guarantee. ***This*** report shall be made public. It shall include the following elements:

*Amendment*

1. The Commission shall submit an annual report to the European Parliament and to the Council on the financing and investment operation covered by the EFSD Guarantee. ***That*** report shall be made public. It shall include the following elements, ***which shall be presented in a country-specific format:***

Or. en

## Amendment 16

### Proposal for a regulation

#### Article 15 – paragraph 1 – point -a (new)

*Text proposed by the Commission*

*Amendment*

***(-a) an assessment of the overall contribution to achieving the Sustainable Development Goals of the 2030 Agenda;***

Or. en

## Amendment 17

### Proposal for a regulation

#### Article 15 – paragraph 1 – point -aa (new)

*Text proposed by the Commission*

*Amendment*

***(-aa) an assessment of the share of funding devoted to financing and investment operations relevant for political commitments of the Union on renewable energy, energy efficiency and***

*climate change;*

Or. en

## **Amendment 18**

### **Proposal for a regulation**

#### **Article 15 – paragraph 1 – point a**

*Text proposed by the Commission*

(a) an assessment of the financing and investment operations in operation and covered by the EFSD Guarantee, sector, country and regional levels and their compliance with this Regulation;

*Amendment*

(a) an assessment of the financing and investment operations in operation and covered by the EFSD Guarantee, sector, country and regional levels and their compliance with this Regulation, ***in particular with the principle of additionnality;***

Or. en

## **Amendment 19**

### **Proposal for a regulation**

#### **Article 15 – paragraph 1 – point a a (new)**

*Text proposed by the Commission*

*Amendment*

***(aa) an assessment of the quality of the operations covered by the EFSD Guarantee and their related risk exposure, either political, operational or financial;***

Or. en

## **Amendment 20**

### **Proposal for a regulation**

#### **Article 15 – paragraph 1 – point b**

*Text proposed by the Commission*

*Amendment*

(b) an assessment of the added value,

(b) an assessment of the added value,

the mobilisation of private sector resources, the estimated and **actual** outputs and the outcomes and impact of the financing and investment operations covered by the EFSD Guarantee on an aggregated basis, including the impact on employment creation;

the mobilisation of private sector resources, the estimated and **achieved** outputs and the outcomes and impact of the financing and investment operations covered by the EFSD Guarantee on an aggregated **and long term** basis, including the impact on employment creation;

Or. en

## Amendment 21

### Proposal for a regulation Article 16 – paragraph 1

#### *Text proposed by the Commission*

1. By 31 December 2020, the Commission shall evaluate the functioning of the EFSD. The Commission shall submit its evaluation report to the European Parliament and the Council, containing an independent evaluation of the application of this Regulation. This report shall be submitted without delay by the Commission in the event that the approved financing and investment operations absorb in full the amount of the EFSD Guarantee available before 30 June 2020.

#### *Amendment*

1. By 31 December 2020, the Commission shall evaluate the functioning of the EFSD. The Commission shall submit its evaluation report to the European Parliament and the Council, containing an independent evaluation of the application of this Regulation, **including an assessment of the impact and results of the EFSD**. This report shall be submitted without delay by the Commission in the event that the approved financing and investment operations absorb in full the amount of the EFSD Guarantee available before 30 June 2020.

Or. en

## Amendment 22

### Proposal for a regulation Article 16 – paragraph 2

#### *Text proposed by the Commission*

2. By 31 December 2020 and every three years thereafter, the Commission

#### *Amendment*

2. By 31 December 2020 and every three years thereafter, the Commission

shall evaluate the use of the EFSD Guarantee Fund. The Commission shall submit its evaluation report to the European Parliament and the Council. That evaluation report shall be accompanied by an opinion of the Court of Auditors.

shall evaluate the use ***and the functioning*** of the EFSD Guarantee Fund. The Commission shall submit its evaluation report to the European Parliament and the Council. That evaluation report shall be accompanied by an opinion of the Court of Auditors ***on the management of the EFSD guarantee fund and the effectiveness and additionality of EFSD operations. Where adjustments to the EFSD Guarantee Fund are deemed necessary or in the event that the EFSD Guarantee Fund is extended beyond 2020, that evaluation report shall be accompanied by a legislative proposal to amend this Regulation accordingly.***

Or. en

## **Amendment 23**

### **Proposal for a regulation Article 17 – paragraph 1**

#### *Text proposed by the Commission*

In accordance with its transparency policies and general Union principles on access to documents and information, the eligible counterparts shall make publicly available on their websites information relating to all financing and investment operations covered by the EFSD Guarantee under this Regulation, relating in particular to the manner in which those operations contribute to the requirements of this Regulation.

#### *Amendment*

***Extensive minutes of the meetings of the Strategic Board shall be published without delay. The scoreboard of indicators shall be made public once an operation under the guarantee is approved.*** In accordance with its transparency policies and general Union principles on access to documents and information, the eligible counterparts shall make publicly available on their websites information relating to all financing and investment operations covered by the EFSD Guarantee under this Regulation, relating in particular to the manner in which those operations contribute to the requirements of this Regulation.

Or. en

## Amendment 24

### Proposal for a regulation

#### Article 18 – paragraph 1

##### *Text proposed by the Commission*

1. The external audit of the activities undertaken in accordance with this Regulation shall be carried out by the Court of Auditors in accordance with Article 287 of the Treaty on the Functioning of the European Union (TFEU).

##### *Amendment*

1. The external audit of the activities undertaken in accordance with this Regulation shall be carried out by the Court of Auditors in accordance with Article 287 of the Treaty on the Functioning of the European Union (TFEU) ***and is thus subject to the discharge procedure in accordance with Article 319 TFEU.***

Or. en

## Amendment 25

### Proposal for a regulation

#### Article 18 – paragraph 2

##### *Text proposed by the Commission*

2. For the purpose of paragraph 1 of this Article, the Court of Auditors shall, at its request and in accordance with Article 287(3) TFEU, be granted access to any document or information necessary to carry out its ***task***.

##### *Amendment*

2. For the purpose of paragraph 1 of this Article, the Court of Auditors shall, at its request and in accordance with Article 287(3) TFEU, be granted access to any document or information necessary to carry out its ***auditing tasks***.

Or. en

## Amendment 26

### Proposal for a regulation

#### Article 18 – paragraph 2a (new)

**2a. By 30 June 2020 and every three years thereafter, the Court of Auditors shall publish a special report on the use of the EFSD Guarantee Fund and on the efficiency and effectiveness of the EFSD.**

Or. en

## **Amendment 27**

### **Proposal for a regulation Article 19 – paragraph 2**

2. OLAF **may** carry out investigations, including on-the-spot checks and inspections, in accordance with the provisions and procedures laid down in 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 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. OLAF may transmit any information obtained in the course of its investigations to the competent authorities of the Member States concerned.

2. OLAF **shall** carry out investigations, including on-the-spot checks and inspections, in accordance with the provisions and procedures laid down in 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 in order to protect the financial interests of the Union, with a view to establishing whether there has been fraud, corruption, money laundering, **financing of terrorism, tax fraud, organised crime** or any other illegal activity affecting the financial interests of the Union in connection with any financing and investment operations covered by this Regulation. OLAF may transmit any information obtained in the course of its investigations to the competent authorities of the Member States concerned.

Or. en

## Amendment 28

### Proposal for a regulation

#### Article 20 – paragraph 2

##### *Text proposed by the Commission*

2. In its financing and investment operations, the eligible counterpart shall apply the principles and standards set out in Union law on the prevention of the use of the financial system for the purpose of money laundering and terrorist financing and in particular Regulation (EU) 2015/847 of the European Parliament and of the Council and Directive (EU) 2015/849 of the European Parliament and of the Council. The eligible counterparts shall make both direct funding and funding via intermediaries under this Regulation contingent upon the disclosure of beneficial ownership information in accordance with Directive (EU) 2015/849.

##### *Amendment*

2. In its financing and investment operations, the eligible counterpart shall apply the principles and standards set out in Union law on the prevention of the use of the financial system for the purpose of money laundering and terrorist financing and in particular Regulation (EU) 2015/847 of the European Parliament and of the Council and Directive (EU) 2015/849 of the European Parliament and of the Council. The eligible counterparts shall make both direct funding and funding via intermediaries under this Regulation contingent upon the disclosure of beneficial ownership information in accordance with Directive (EU) 2015/849 ***(the EU Anti-Money Laundering Directive)***.

Or. en