



Ms. Tara Kelly
Clerk to the Assembly
British-Irish Parliamentary Assembly
Leinster House
Kildare Street
Dublin 2

29 May 2015

Dear Ms. Kelly,

Re: Report on the European Investment Bank of Committee B (European Affairs) of the British-Irish Parliamentary Assembly

I would like to thank Committee B of the British-Irish Parliamentary Assembly for its report on the European Investment Bank.

As the Committee is aware, there has been a significant stepping up of engagement between Ireland and the EIB since 2012. I am pleased to see that this close level of engagement between Ireland and the Bank has been captured in the report, and that the Committee's discussions with both Governments, Permanent Representations, the EIB themselves, and others, has shown that a positive relationship exists.

As well as correctly identifying the close levels of engagement between the Governments of the UK and Ireland with the EIB, the report also identified areas where there may be greater scope for closer cooperation. In this regard, I was very interested to read the Committee's recommendations on how Ireland and the UK could enhance their engagement with the EIB and leverage this engagement to better effect.

In particular, I noted with interest the recommendations of the Committee that:

- Governments should reflect on the levels of collaboration between local and national authorities to see where joint working can bring forward projects similar to the successful ones witnessed by the Committee in Bilbao;
- More should be done to raise awareness of this source of funding amongst local and national promoters with a view to encouraging more localised projects to put themselves forward for consideration by the Bank;
- Administrations should create infrastructure investment plans, and that these be discussed with the EIB to see where possible collaboration could take place;
- The border area of Northern Ireland could particularly benefit from investment, and that consideration should be given to working together with the UK and Northern Ireland Executive to identify types of projects where this investment could take place;
- Governments should explore how it might be possible to de-risk projects, and that the EIB should inform the commercial banks of the type of activities these on-loans have

been used for so that they might have more confidence to allocate loans through an assessment of the project rather than on the basis of collateral;

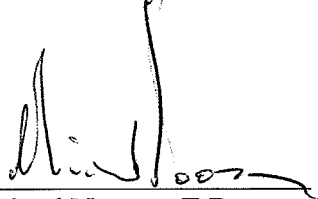
- More should be done to encourage the use of blending, in particular in the form of financial instruments; and
- The bundling of projects is a useful mechanism through which smaller projects can avail of EIB funding whilst still being below the regular threshold for EIB lending.

In addition, I also noted that the strongest message received by the Committee over the course of its assessment of the UK and Ireland's relationship with the Bank, is that the Bank itself tends to be risk averse, and that it should review its processes to explore whether it is being as effective as it can be.

Ireland agrees with these points, and feels that, whilst it is important for the EIB to adopt a prudent approach to risk so that it maintains its AAA credit rating, it is also important to ensure that the EIB's lending has the greatest possible economic impact. More recently, Ireland has been playing an active role in the negotiation of the new European Fund for Strategic Investment (EFSI) at Council level, and is hopeful that this will allow the EIB to increase its involvement in projects which may have a slightly higher degree of risk, and a greater economic impact as a result. The Regulation governing this Fund is intended to be operational in the Autumn, and my Department will continue to engage with the EIB to ensure Ireland makes the most of the investment opportunities available.

I would like to thank the Committee once again for this interesting and useful report, and I can assure the Committee that the recommendations and insights offered in the report will be considered in detail by officials in my Department.

Yours sincerely,

A handwritten signature in black ink, appearing to read 'Michael Noonan', with a long horizontal flourish extending to the right.

Michael Noonan T.D.
Minister for Finance