



HM Treasury, 1 Horse Guards Road, London, SW1A 2HQ

Dr Robin James
British Co-Clark of the British-Irish Parliamentary Assembly
House of Commons
London
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Dear Dr James

**COMMITTEE B (EUROPEAN AFFAIRS) REPORT ON THE
EUROPEAN INVESTMENT BANK**

Thank you for your letter of 25 June to the Chief Secretary to the Treasury on the British-Irish Assembly's Committee B's report on the European Investment Bank (EIB), which was passed on to me. My colleagues at the Foreign Office and Department for Business, Innovation and Skills also asked that I pass on their thanks and their views are reflected in this letter.

The Chancellor of the Exchequer, the UK's Governor to the EIB, has an active agenda to increase the UK's share of EIB lending. In 2014 UK projects received record levels of EIB lending: €7billion, 11% of total EIB annual lending that year, and an increase of 20% compared



to 2013, which itself was a 56% increase 2012. Last year, the UK also signed the largest single project in the history of the EIB's operations, a €1.92 billion loan to finance investment by National Grid across its transmission network. The Government is taking steps to ensure that we can continue to increase our share of EIB lending.

The UK has implemented a more active and systematic approach to planning infrastructure investment. The National Infrastructure Plan (NIP) published by the government annually sets out plans for delivery of UK infrastructure, with a clear pipeline of planned investment. The UK's NIP is enabling us to be on the front foot in proposing over £60 billion of investments that could potentially be eligible for EU support. The EIB and Commission Task Force Report highlights the UK's NIP and approach of producing a clear, rigorous pipeline across all infrastructure sectors as exemplar.

The Government is proactively working to identify and promote projects that could be relevant for EIB support, and is exploring the creation of investment platforms to help secure EFSI and wider EIB resources to support projects and programmes in the UK. A number of institutions are involved in this work – the UK Guarantee Scheme, the




British Business Bank, the Green Investment Bank, as well as relevant government departments and Devolved Administrations.

The UK has stepped up its bilateral engagement with the EIB, and has signed a Memorandum of Understanding (MoU) with the EIB to ensure that we are well placed to maximise the benefits of the European Fund for Strategic Investments and wider EIB financing opportunities for the UK. In addition, the British Business Bank has forged closer links with the European Investment Fund (EIF), also signing a MoU, to ensure that they are well placed to work together to finance UK SMEs.

The UK is also seeking under the current Multiannual Financial Framework to make increased use of financial instruments that blend EIB loans with EU funds. In total around €1.2 billion, over 20% of the European Regional Development Fund (ERDF) allocation to the UK for 2014-20, may be used in financial instruments.

Thank you for your work so far and recommendations on how the UK and Irish Governments can increase their share of EIB lending.

Yours sincerely

David Gauke

