

Jane Hutt AC / AM
Y Gweinidog Cyllid
Minister for Finance



Llywodraeth Cymru
Welsh Government

Eich cyf/Your ref
Ein cyf/Our ref

William Graham AM
Chair of the Enterprise and
Business Committee
National Assembly for Wales
Cardiff Bay
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2 April 2014

Dear William

Further to my attendance at the Enterprise and Business Committee meeting on 20 March 2014, I am pleased to provide a response on the following:

- Action point for the Minister for Finance, Welsh Government (Agenda Item 7 – Inquiry into EU funding opportunities 2014-2020): “...7.2 The Minister agreed to provide: - Additional information on the performance of the European Investment Bank in Wales ...”

The formal response is provided as an attachment to this letter.

*Best wishes,
Jane*

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The Performance of the European Investment Bank in Wales

The EIB is an active investor in the Welsh economy. In September 2013, I visited the European Investment Bank in Luxembourg and met with Jonathan Taylor, Vice President of the Bank, to discuss investment opportunities. Jonathan Taylor visited Wales on 1-2 April to continue these discussions.

Just over EUR 1.2 billion of EIB funds have been invested in Welsh-specific projects over the past twenty years in a range of sectors, both public and private, including water, aviation, the motor industry, and housing stock. A table showing historic investment in Wales between 1994 and 2013 is included at Annex 1. A table showing the pipeline of EIB investment is included at Annex 2.

In addition, Wales has also benefited from a share of EUR 3.6bn of UK-wide investment. For example, educational establishments in Wales benefitted from EIB funding under the recent "UK Knowledge Economy Programme Loan". There were three allocations via intermediary banks to two further education colleges in Wales, both in 2012, for a total value of £8.4m:

- Neath Port Talbot College received two allocations of around £2.7m each (totalling £5.4m). The project consisted of the expansion of the college operations, including new buildings and the refurbishment of the former Llandarcy Academy of Sport in Neath.
- Coleg Morgannwg, a further education college operating from three campuses in Pontypridd, Aberdare and Llwynypia received an allocation of £3m. The funding was dedicated to expand the college facilities in the new Nantgarw Campus at Coleg y Cymoedd following the result of a merger with Ystrad Mynach.

More recently, on 6 January, the Bank signed a £30 million facility in support of the R&D programme of Norgine – a pharmaceutical company with research facilities at Hengoed. On the same day, the Bank also announced that it would consider a £50 million loan to Bangor University to construct new teaching, research and supporting facilities at the university. That proposal has also recently been approved.

In October 2013, the EIB announced the approval of a £160 million loan to Wales & West Water to upgrade and expand the gas distribution networks in its area of operations. I understand that the Bank is considering a number of other loans to commercial ventures in Wales, including to Welsh Water, the National Grid and a Cardiff-based energy from waste CHP project.

The EIB is also co-funding investment in business enterprise in Wales via the JEREMIE fund, having contributed a loan of £75 million. To the end of December 2013, of the £157.5 million of resources available to the fund, £119.9 million was invested; 504 enterprises were financially supported; 2,061 jobs were created; 6,237 jobs were safeguarded; £135 million of private sector investment was leveraged. The current JEREMIE funds expire in September 2015.

The tables below show historic EIB investment in Wales between 1994 – 2013

Name	Description	Sector	Date	Amount (€)
Swansea University	Development of innovation hub to drive regional regeneration in Wales through R&D carried out in cooperation with commercial entities	Services	20/09/2012	31,688,148
Swansea University	Development of innovation hub to drive regional regeneration in Wales through R&D carried out in cooperation with commercial entities	Health, Education	20/09/2012	43,759,824
Welsh Water and Wastewater AMP5	Upgrade of water and sanitation facilities in Wales	Water, sewerage and solid waste	03/03/2011	117,260,788
JEREMIE - Finance WalesFund	Participation in venture capital and loan fund created to provide venture capital to SMEs in Wales	Credit Lines	08/04/2009	80,575,849
Welsh Water and Wastewater AMP4 - II	Water supply and wastewater treatment schemes in Wales	Water, sewerage and solid waste	23/10/2008	126,534,228
Torfaen Urban Renewal	Refurbishment of around 8 100 social housing units in County Borough of Torfaen (Wales)	Urban Infrastructure	31/03/2008	71,876,634
Welsh Water and Wastewater Project	Water supply and wastewater networks in Wales	Water, sewerage and solid waste	05/12/2005	146,595,324
Welsh Water (Glas Cymru) VIII	Environmental upgrading of wastewater treatment infrastructure in Wales	Water, sewerage and solid waste	12/08/2004	52,826,202
Welsh DBFO Roads (A55)	Construction of dual carriageway trunk road between Holyhead and Llanfair PG (Wales) in A5/A55 corridor	Transport	16/12/1998	81,166,596
NEG - Glass - Cardiff	Construction of plant to produce glass components for cathode -ray tubes in Cardiff (Wales)	Industry	20/12/1996	99,939,708
Ford Jaguar Engine	Design, development and manufacture of new car engine at Bridgend plant (Wales)	Industry	20/12/1996	105,723,497
Optical Fibres II	Expansion of optical fibre cable plant in Deeside (Wales)	Industry	06/12/1996	49,752,234
BA Avionics South Wales	Establishment of new avionics maintenance and repair centre in Pontyclun (Wales)	Industry	11/03/1996	10,622,703
Welsh Water VII	Water supply and wastewater collection and treatment schemes	Water, sewerage and solid waste	27/12/1995	167,770,557
BA Maintenance Cardiff	Construction of new aircraft maintenance centre at Cardiff airport (Wales)	Industry	01/12/1995	35,950,834
Welsh Water VI	Wastewater collection and treatment and water supply schemes in Wales	Water, sewerage and solid waste	25/10/1994	149,895,543
SGCC-SOUTH GLAMORGAN INFRA 1&2(EIB/ED)	Completion of bypass; development of industrial estates and aerospace engineering training facility in Cardiff (Wales)	Composite infrastructure	25/10/1994	115,465,571
				1,222,043,126

Annex 2
Pipeline of EIB investment in Wales

Transaction name	Borrower	Project description	Completion date	Amount* (€m)	Status
WWU 2013-16 GAS DISTRIBUTION	WALES & WEST UTILITIES LTD	Part financing Wales & West Utilities' 2013-16 capex programme to modernise and expand the gas distribution network in Wales and the southwest of England.	03/04/2014	192	Approved – EIB Board of Directors (BoD)
NATIONAL GRID NETWORKS UPGRADE	NATIONAL GRID ELECTRICITY TRANSMISSION PLC	The programme includes the Western HVDC subsea link which connects the electricity transmission network of Scotland with England and Wales across the Irish Sea.	Q1/2014	1,800	Approved EIB BoD
CARDIFF ENERGY-FROM-WASTE CHP PLANT	SPV/ Pennon Group PLC	Construction and operation of a waste incineration plant, with a nominal processing capacity of 350 kt/year to be located in Cardiff.	TBC	156	Under Appraisal
WELSH WATER AND WASTEWATER AMP5 - II	DWR CYMRU CYFYNGEDIG	Improvements to water supply and wastewater treatment in Wales during AMP5 - Phase 2.	Q4/2014	276	Initiated
BANGOR UNIVERSITY	BANGOR UNIVERSITY	Capital investment programme dedicated to new teaching, research and supporting facilities of the Bangor University (BU) in the city of Bangor in the county of Gwynedd in North Wales	Q2/2014	54	Approved EIB Management Committee
THFC GREENER HOUSING - ALLOCATIONS UNDER FL	THE HOUSING FINANCE CORPORATION LTD	Large housing schemes (capex between EUR 50 and 80m)	TBC	60	Approved EIB BoD

* The figures have been converted to Euros using the current WEFO planning rate of £1 = €1.20.