

Jane Hutt AC / AM
Y Gweinidog Cyllid a Busnes y Llywodraeth
Minister for Finance and Government Business



Llywodraeth Cymru
Welsh Government

Eich cyf/Your ref
Ein cyf/Our ref

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Ty Hywel
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28 October 2014

Amwyl Rhodri Glyn

Following your question to the First Minister on 14th October 2014 about the Welsh Government's discussions with the European Investment Bank (EIB) in respect of the Rural Development Programme, I am writing to provide an update on this matter.

Since meeting with the Vice President of the European Investment Bank, Jonathan Taylor, in Luxembourg at the end of last year, and again in Cardiff at Easter, we have established good working relations with the Bank across a portfolio of investment opportunities in Wales, in both the public and private sectors.

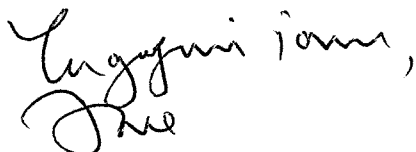
The Bank is already an active investor in the Welsh economy, and is keen to increase its investment here. Complementing Welsh Government and EU funds, the EIB is providing significant investment for Swansea University's Swansea Bay campus development; while in September of this year, the EIB approved a £110 million loan to the Pennon Group PLC to construct, operate and maintain a combined heat and power (CHP) plant in Cardiff. This follows the signature of a contract worth £45 million with Bangor University earlier in the year; as well as a £30 million deal with Norgine – a pharmaceutical company with research facilities at Hengoed – to support its R&D programme.

The Welsh Government is continuing to work with the Bank to examine attractive financing opportunities led by the public sector. This includes inter alia consideration of the innovative investment projects that I announced earlier in the year, in particular the two non-dividend schemes: namely, completing dualling of the A465, and the delivery of a new specialist cancer care facility at Velindre.

Turning to the question of using the Rural Development Plan (RDP) as a means of securing EIB investment in rural areas, we are currently exploring the potential for using Financial Instruments (repayable finance) in the RDP between 2014 and 2020. This possibility was included within the ex ante evaluation assessment for the RDP, as with the assessments for the Structural Funds.

At the European Commission's Rural Development Committee in September, the Commission and the EIB presented their Memorandum of Understanding with regard to agriculture and rural development. The Commission (DG AGRI) and the Bank are currently developing a range of specific products that will be available for EU Member States to use in appropriate circumstances.

We await the outcome of this work with interest. In the interim, we will continue to investigate the potential to work with the EIB across a range of fronts, including on the introduction of Financial Instruments as appropriate.

A handwritten signature in black ink, appearing to read 'Jane Hutt', written in a cursive style.

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