

**HOUSE OF LORDS
EUROPEAN UNION COMMITTEE
FINANCIAL AFFAIRS**

CALL FOR EVIDENCE

Brexit: the European Investment Bank

The House of Lords EU Financial Affairs Sub-Committee, chaired by Baroness Falkner of Margravine, has launched an inquiry into the UK's future relationship with the European Investment Bank (EIB) and the potential consequences of the UK's losing access to EIB funding. The Committee invites interested individuals and organisations to submit evidence to this inquiry.

Written evidence is sought by 14 September 2018. Public hearings are expected to take place September to November. The Committee aims to report to the House in December. The report will receive a response from the Government and will be debated in the House.

Background

The EIB is the largest multilateral lender in the world. The UK is currently a member of the EIB and benefits substantially from this membership. It is also a beneficiary of the European Investment Fund (EIF), of which the EIB is the majority shareholder. Many sectors in the UK secure funding from these institutions: the EIB funds social housing; schools, colleges and universities; and infrastructure projects (e.g. water and transport); and the EIF funds many SMEs and FinTech firms through the UK's venture capital sector.

The draft Withdrawal Agreement includes a commitment to a repayment of the UK's paid-in capital. As set out in Treaty on the Functioning of the European Union, the members of the EIB are the Member States of the EU. Without a change to the Treaty, the UK will therefore cease to be a member of the EIB and would only be eligible to receive EIB loans if it was awarded 'partner' status.

The Committee will consider the options for future participation in the EIB or EIF and for any UK alternatives. The UK currently has no national promotional bank, as some Member States do. The British Business Bank, as currently configured, supports predominantly small to medium-sized enterprises. Despite the recent increase of £400 million in its available funds, this is dwarfed by the £5.6 billion that the UK received from the EIB in 2015, supporting some £16 billion of overall investment. The Committee seeks evidence on whether the remit of the British Business Bank should be expanded to include either or both of the infrastructure and venture capital funding currently provided by the EIB and EIF, as well as on other options for financing.

Although the UK is a member of the EIB until Brexit and still eligible for EIB funding, there is evidence of a decline in funding to the UK. Whatever the future relationship with the EIB

and whatever alternatives the Government might put in place in response to any loss of EIB or EIF funding, this decline has immediate effects. The Committee will therefore also explore what short-term actions might be required to support those businesses who are already being negatively affected by this loss.

The inquiry

The Committee seeks evidence on the following questions in particular:

1. How reliant on EIB funding are UK firms? Are there particular sectors that will be more affected by any loss of EIB funding?
2. How dependent is the UK SME sector on EIF financing? Are there particular sectors that will be more affected by any loss of EIF funding (e.g. FinTech)?
3. How reliant is the UK's venture capital sector on EIB and EIF funding? How much funding from other sources is contingent on that EIB or EIF funding? Will UK venture capital funds face any challenges in securing funding elsewhere in the absence of EIF funding?
4. How has the future withdrawal of the UK affected the ease of securing affordable finance? Have firms noticed any difficulties in securing EIB funding or the length of time it takes to do so?
5. What options are there for future participation in the EIB's lending programmes? Should the UK attempt to secure a change to the EIB's statute to allow UK membership and how likely would it be to succeed? Could the UK secure 'partner' status?
6. Are there options for the UK's future participation in the EIF, or should the Government focus on the Investment Fund to be incubated by the British Business Bank?
7. What difference has the additional £400 million available to the British Business Bank made to funding opportunities for the UK's venture capital industry?
8. How should the UK support those sectors who may lose EIB funding post-Brexit? Should the UK create a national promotional bank, expand the remit of the British Business Bank to include larger businesses, or develop alternative sources of finance for affected sectors?
9. What lessons from the performance of the EIB might the UK learn if it were to try to step into any gap in EIB funding?
10. If the UK were to develop alternative sources of finance, how long might it take to do so? Would it be necessary to implement short- to medium-term alternatives in the interim?

You need not address all of these questions.

ANNEX: Guidance for submissions

Written evidence should be submitted online using the written submission form available at: www.parliament.uk/brexit-european-investment-bank-lords-submission-form. This page also provides guidance on submitting evidence.

If you have difficulty submitting evidence online, please contact Committee staff by email at manningm@parliament.uk, or by telephoning 020 7219 3616. The deadline for written evidence is Friday 14 September 2018.

Short submissions are preferred. A submission longer than six pages should include a one-page summary. Paragraphs should be numbered. All submissions made through the written submission form will be acknowledged automatically by email.

Evidence which is accepted by the Committee may be published online at any stage; when it is so published it becomes subject to parliamentary copyright and is protected by parliamentary privilege. Submissions which have been previously published will not be accepted as evidence. Once you have received acknowledgement that the evidence has been accepted you will receive a further email, and at this point you may publicise or publish your evidence yourself. In doing so you must indicate that it was prepared for the Committee, and you should be aware that your publication or re-publication of your evidence may not be protected by parliamentary privilege.

Personal contact details will be removed from evidence before publication, but will be retained by the Committee Office and used for specific purposes relating to the Committee's work, for instance to seek additional information.

Persons who submit written evidence, and others, may be invited to give oral evidence. Oral evidence is usually given in public at Westminster and broadcast online; transcripts are also taken and published online. Persons invited to give oral evidence will be notified separately of the procedure to be followed and the topics likely to be discussed.

Substantive communications to the Committee about the inquiry should be addressed through the clerk of the Committee, whether or not they are intended to constitute formal evidence to the Committee.

This is a public call for evidence. Please bring it to the attention of other groups and individuals who may not have received a copy directly.

You may follow the progress of the inquiry at www.parliament.uk/brexit-european-investment-bank-lords-inquiry

Follow the inquiry on Twitter: [@LordsEUCom](https://twitter.com/LordsEUCom)