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SUEZ ENVIRONNEMENT's contribution to the consultation on the Europe 2020 Project Bond Initiative

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As a key actor in the water and waste services worldwide, **SUEZ ENVIRONNEMENT has a broad experience in investing in, designing, building and operating environmental infrastructure**. As an example, approximately 1 billion people have been served by nearly 10,000 facilities designed, built or equipped by our subsidiary Degrémont throughout the world, since the company was created. SUEZ ENVIRONNEMENT's subsidiaries are also involved in financing and working out complex projects of state-of-the art waste management facilities.

We have thus followed with interest the Europe 2020 Project Bond Initiative, designed to attract private capital to the financing of infrastructure investments, and would like to contribute to the ongoing consultation:

1. SUEZ ENVIRONNEMENT supports this initiative, as it constitutes an efficient answer to a real financing need

Attracting private capital to finance infrastructure projects has indeed grown more complicated with the crisis, since:

- bank loans are more difficult to obtain
- in the absence of monolines, which used to assess projects and enhance their financial rating, long-term investors are reluctant to invest in project bonds.

Supporting the project bond system through credit enhancement is a good way forward as it should efficiently address the infrastructure financing gap without weighing on the EU's budget.

However, it should be kept in mind that **supporting private investment in infrastructure must go hand in hand with the development of corresponding capabilities within public authorities, and securing substantial public funding**.

2. Environmental infrastructures should be included into its scope

Apart from the transport, energy and telecommunications sectors, the environmental sector should be included into the initiative's scope. **Infrastructures in the water and waste sectors indeed fulfil the requirements** outlined in the consultation paper:

- They are infrastructures with a long life-time, that require long-term financing with high financing costs
- Such projects are capital intensive: they deliver stable and strong cash flows deriving from the users, from a payment from the responsible public authority or from both
- **Such infrastructures are critical to achieving the objective of sustainable growth set by the Europe 2020 Strategy**, and notably the Resource Efficiency Flagship Initiative.

3. A grouping mechanism should be envisaged for small or medium projects

As crucial as they may be, environmental infrastructures are of a lesser scale than transport infrastructures for example. It nevertheless makes sense to us, as investors and project developers and managers, to use project bond financing in this sector. SUEZ ENVIRONNEMENT thus believes that it should be made possible to **group small or medium-scale projects** in a common programme in order for them to benefit from this initiative, as was for example experienced in the framework of the Horizon 2020 programme aimed at tackling the top sources of Mediterranean pollution.