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Closing remarks
Europe 2020 Project Bond Conference
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- Having the pleasure to close the conference, I would like to thank you all for the inspiring and encouraging discussions and debates today.

- We succeeded to gather together a highly representative group of industry and public sector representatives. I scanned the long list of participants *(which you all have in your conference packages)* and I gladly conclude that we had all possible stakeholders: Investment funds, Equity funds, Pension funds, Insurance companies, Finance and Legal Advisors, Private Banks, Public Banks, Rating Agencies, Construction companies, Concessioners, Utilities, Energy companies (!!!), Regulators, our colleagues from the European Parliament and the Commission and last but not least, various NGOs. Such a wide interest proves the importance of the Project Bond initiative. Seeing the success of today's event, I trust that all of you will continue providing feedback to DG ECFIN and the EIB in the framework of the ongoing public consultation.

- We have learned today about the investment needs (1.5-2 trillion EUR cross-sector) and financing gaps in the infrastructure market. For the European energy infrastructures alone the estimated financing gap until 2020 is ca 60 bn EUR.

- Long-term investment is a vital driver for a sustainable growth, employment and financial stability. We need to speed-up investment in future growth, yet as we have heard today, the crisis led to a contraction in gross fixed capital formation (i.e. infrastructure investment) in Europe!

- The comprehensive presentation of the details of the proposed Europe 2020 project bond initiative provided all participants with a common understanding of the objectives and on how the credit enhancement mechanism should work. Our goal is to assure long-term financing for European infrastructures against the background of (a) increasingly limited public funding, (b) growing constraints on long term bank lending, and (c) traditional bond market relying on private institution wrapping to 'AAA' has faded away. The project bond initiative is expected to provide a rating uplift for project bonds sufficient to interest a large number of investors.

- The EU Project Bond initiative does not aim at substituting bank financing, we aim at ensuring compatibility. No one question today that traditional bank lending is in many ways the most flexible and adaptable source of financing for infrastructure projects.

- However, there are a number of constraints in the bank lending market, least to mention the Basel rules on liquidity, which are likely to increase for structural reasons. This means that long-term financing might not available for typical infrastructure projects.

- Conversely, the provision of equity for infrastructure projects seems to be less of a concern, as the fund raising volumes in 2010 have picked up significantly compared to the previous years' levels.

- In all three roundtable discussions, we heard about the advantages of project bond financing and some of the obstacles other than credit quality which may hinder bond financing.

- Traditional investors concerns such as maturity, rating, governance and pricing were vastly discussed.

- There were series of more specific issues raised today: (a) Procurement procedures which do not necessarily facilitate institutional investors' involvement in the tendering process; (b) national regulatory aspects of pension schemes and insurance regimes; (c) Solvency II and its expected impact on investors' ability to purchase long-dated bond, and (d) controlling creditor issues.

- A number of market participants have shared with us their reflections on how to address these issues but all agree that the more stimuli can be provided the better in view of the scale of the problem to be addressed. We will now, in parallel to structuring the mechanics of the bond initiative, look how to address these clearly identified concerns.

- The lessons learned today are encouraging and we have well understood the need to move forward quickly.

- However, a word of warning needs to be expressed as this would mean that the initiative should be launched within this multi-annual perspective, for which the budgetary envelopes have already been agreed. But even with a ramping up approach projected today, i.e. aiming initially at enhancing 1-5 bn EUR and targeting 10-20 bn EUR by 2020, the operational challenge is huge.

- Finally, I would like to remind you that the consultation process ends on the 2nd of May.

- Your expert views and opinions during the consultation exercise will directly feed in the impact assessment to be carried out and into the reflection on the design of the Initiative.

- Therefore we would welcome an active participation.

- Please do send your written contributions to DG ECFIN, you will find the web-site and email address in the conference material.

- Commission and EIB will together assess the need to modify any aspects of the project bond initiative.

- Before concluding, let me take advantage of having many prominent financial institutions and investors in one room and invite you to take contacts with experts from my Directorate General to discuss in details options for applicability of the bond initiative to energy infrastructure projects. The representative of the German energy regulator said today that project bond financing may be less relevant to meshed electricity grids. Nevertheless, it is our objective to ensure that some projects of European Importance find EU Project Bond initiative an important element of the their long term financing structures.

- I would like to thank the speakers for their insights, the moderators of the panels for their contributions and all of you for your contributions to the debate.