



Nick Mabey, Chief Executive
Third Generation
Environmentalism Ltd
47 Great Guildford Street
London SE1 0ES
United Kingdom

t: +44 (0)20 7593 2020
e: info@e3g.org
www.e3g.org

The Rt Hon Rishi Sunak MP
Chancellor of the Exchequer
11 Downing Street
London
SW1A 2AB

Cc:

The Rt Hon Alok Sharma MP, President-Designate, COP26
The Rt Hon Anne-Marie Trevelyan MP, Minister of State for Business, Energy and Clean Growth, and
COP26 Champion on Adaptation and Resilience
The Rt Hon Kwasi Kwarteng MP, Secretary of State for Business, Energy and Industrial Strategy
The Rt Hon John Glen MP, Economic Secretary to the Treasury, and City Minister

2nd February 2021

Dear Chancellor,

We are writing to you as leaders from a group of UK organisations representing business, investors, trade unions, academia, and civil society. We welcome your announcement in the 2020 Spending Review of the creation of a new UK National Infrastructure Bank to “support the government’s ambitions on levelling up and net zero”.

The UK is facing an unprecedented challenge as a result of the economic crisis created by the COVID-19 pandemic. Levelling up to reduce economic inequalities within the UK and meeting the UK’s climate commitment of Net-Zero by 2050 will be the foundation for building back better.

The new National Infrastructure Bank will therefore play a critical role in unlocking private capital for the creation of future-fit and resilient infrastructure across the whole of the UK, meeting local investment needs and driving a productive, sustainable, and inclusive green recovery.

To do this, the institution must be designed carefully and established with a clear mission. The Bank’s primary objective must be to genuinely address market failures and, in doing so, act as a de-risking vehicle to ‘crowd in’ private capital. This will be necessary to help scale the technologies, skills and institutions needed for a Net-Zero future.



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If the National Infrastructure Bank is to have a long-term impact, the government must learn the lessons from the UK's privatization of the Green Investment Bank and put in place an explicit commitment from Government as to its longevity and independence. This will help ensure that its institutional focus is long-term and that decision making, internal incentives and external buy-in are supportive of its mission and goals.

The signatories to this letter have prepared a briefing which identifies four design objectives that could guide the design phase of the new bank. They are as follows:

1. **Governance:** The Bank should be an independent institution with full banking powers and borrowing powers, led by an experienced public banker, and governed by a multi-skilled board that is representative both of the whole UK and of the wide range of sectors and disciplines with which the bank will interact.
2. **Capitalisation.** The institution's capitalisation level should be appropriate to its mission and functions; appropriate levels of capitalisation and risk tolerance will provide vital signals to the market about both the Bank's long-term credibility and impact, and the enabling policy environment in which it operates. The institution should be able to access capital markets for both debt and equity. The nature of the Bank's capitalisation should include opportunities for citizens to participate and invest in their future.
3. **Mission-driven mandate:** The Bank should be a mission-driven institution, with a legal mandate to achieve the levelling up agenda and the UK's climate change mitigation and resilience goals as the key driver for supporting recovery, fairness, and a just transition.
4. **A future-fit definition of infrastructure:** The Bank should aim to crowd-in private capital to future-fit investments which are not yet suitable for wide-scale private investment. A broad investment scope is needed for the Bank to fund a wide variety of projects, in terms of locality, size, and their stage in the pipeline.

Many of the signatories to this letter will be happy to provide further support to HMT on key design elements of this institution, which has the potential to not only aid the UK economic recovery, but also help to drive a global green recovery.

Yours sincerely,

Nick Molho, Executive Director, Aldersgate Group



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Mark Versey, CEO, Aviva Investors

Sean Kidney, CEO, Climate Bonds Initiative

James Diggles, Head of Energy and Climate Change, Confederation of British Industry

Harold D'Hauteville, Head of Private Infrastructure Equity, Europe, DWS Group

Nick Mabey, Chief Executive, Third Generation Environmentalism

Dr Andy Kerr, UK and Ireland lead, EIT Climate-KIC

Dr Rhian-Mari Thomas OBE, Chief Executive, Green Finance Institute

The Trustees, Green Purposes Company

Perry Noble, Partner, Infrastructure, Hermes GPE LLP

Stephanie Pfeifer, CEO, IIGCC

Sarah Gordon, CEO, Impact Investing Institute

James Cameron

Nick Robins, Professor in Practice - Sustainable Finance, Grantham Research Institute, London School of Economics

Dimitri Zenghelis, Special Advisor, Bennett Institute for Public Policy, University of Cambridge and Senior Visiting Fellow, Grantham Research Institute, London School of Economics.

Gavin Templeton, Partner, Pollination

Paul Nowak, Deputy General Secretary, Trades Union Congress

James Alexander, Chief Executive, UKSIF

Polly Billington, Director, UK100

Charles Abel Smith, UK100