

Rt Hon Rishi Sunak MP  
Chancellor of the Exchequer  
HM Treasury  
1 Horse Guards Road  
London SW1A 2HQ

11 February 2021

Dear Chancellor

We are writing to request an initial meeting with HM Treasury to discuss the opening-up of a consultation process on the mandate and governance structures for the proposed National Infrastructure Bank.

We represent a diverse group of UK-based civil society and research institutes and experts with extensive expertise and knowledge of public finance and public investment banks. We note with great interest the Treasury's November 2020 *National Infrastructure Strategy: Fairer, Faster, Greener* and, in particular, the commitment to establish a new 'national infrastructure bank' (NIB). The NIB is intended "to catalyse investment in infrastructure projects" and is part of the government's steps "to ensure national policy making is sensitive to local needs". HM Treasury further signals that "The bank will play a leadership role in supporting private infrastructure projects to help meet the government's objectives on economic growth, levelling up, and transitioning to net zero."

We welcome the ambition for the NIB to play a leadership role but fear that too narrow a focus on private infrastructure may unduly constrain the new NIB and be at odds with stated goals of making national policy sensitive to local needs, and ensuring a greener and fairer society. We note that there are over 300 public investment banks in operation today worldwide, with more than \$10 trillion in combined assets. The promise and pitfalls of these existing banks should also inform the NIB.

We therefore recommend that HM Treasury opens up discussion on the shape of the new NIB to informed, transparent, and broad-based public consultation. This is necessary to ensure that the NIB is established as a credible public financial institution. We see two foundational areas in need of urgent discussion:

**Mandate:** The National Infrastructure Strategy calls for fairer, faster, greener investments. The core mandate and mission of the NIB must be carefully crafted and oriented towards achieving such a green and just transition in line with the UN 2030 Sustainable Development Goals, while allowing for innovative, effective, and inclusive solutions. The mandate will give lasting direction and a basis of accountability for how the institution operates.

**Governance:** It is best practice for national public investment banks to have legally constituted and a broad-based governing board with substantive oversight and direction-setting powers to achieve their mandates and missions. This is the floor from which a credible NIB must be built. There is an opportunity for the NIB to show global leadership in inclusive, democratic, and challenge-led financial governance by establishing board representation for communities (local; municipal) and from the challenges (the green transition; social equity) that the NIB is mandated to address. Other critical governance issues that will be important to define as part of the bank's founding include policies on transparency, consultation mechanisms, accountability mechanisms, and social and environmental safeguards.

The signatories to this letter can provide expert and evidence-based advice on public investment bank mandates and governance structures. The signatories can draw from their extensive knowledge of green finance, financial support for SMEs and municipalities, long-term and patient investment strategies, and mission-oriented policy. We have knowledge, moreover, of how public investment banks have played strategic roles in Covid-19 emergency relief plans and in medium- to long-term economic recovery strategies.

We therefore request an initial meeting with HM Treasury to discuss the opening-up of a consultation process on the proposed NIB's mandate and governance structures.

Yours sincerely

Signatories:

Christine Berry, Senior Fellow, Finance Innovation Lab

Fran Boait, Executive Director, Positive Money

Dr George Dibb, Head of the Centre for Economic Justice, Institute for Public Policy Research (IPPR)

Jesse Griffiths, CEO, Finance Innovation Lab

Laurie Macfarlane, Policy Fellow, Institute for Innovation and Public Purpose

Dr Miatta Fahnbulleh, Chief Executive, New Economics Foundation

Natalya Naqvi, Assistant Professor in international political economy, LSE

Rachel Bentley, Associate Director CLES (Centre for Local Economic Strategies)

Professor Stephany Griffith-Jones, Financial Markets Director, Initiative for Policy Dialogue, Columbia University

Thomas Marois, Senior Research Fellow Patient Finance and Banking, UCL Institute for Innovation and Public Purpose

Tom Lloyd Goodwin, Head of Policy, CLES

Dr Ulrich Volz, Director of the Centre for Sustainable Finance, SOAS University of London