

Going for Growth: Building Britain's first Green Investment Bank

The Conservative Party is today launching a high profile working group on the creation of Britain's first Green Investment Bank.

Leading business figures, including Bob Wigley, Chairman of Yell Group plc, have agreed to join the working group. Lord Stern, who was commissioned by Gordon Brown and Tony Blair to write the Government's review on the Economics of Climate Change, has agreed to advise the working group.

Labour's approach to supporting green technology has failed, and as a result the UK is lagging far behind other countries in the trillion pound market for green goods and services. Official government figures show that the UK has less than a 5% share of this global market – less than France, Germany, USA or Japan. These official figures also show that the market shares achieved by Germany and France, normalised to their GDP, are around 50% higher than the UK's share.

We believe that there are currently too many disparate, small and uncoordinated sources of government funding for green technologies, clean energy and energy efficiency - including the Carbon Trust, NESTA, UK Innovation Investment Fund, The Energy Technologies Institute and The Technologies Strategy Board.

The Green Investment Bank will address this issue by consolidating public funds currently divided across disparate government initiatives and leverage significant private sector capital to invest in the next generation of British green technology companies, helping to create new jobs and growth in every region of the UK.

Commenting, Shadow Chancellor George Osborne said:

"We are delighted that Lord Stern, one of the world's most respected economists and climate change experts, has agreed to provide his expertise on this important project.

"A Green Investment Bank will support the next generation of British green technology companies, helping to rebalance the economy and generating new jobs and economic growth in every region."

Commenting, Shadow Climate Change Minister Greg Barker said:

"The UK is falling behind our competitors when it comes to taking advantage of the global market for green technologies. We can't go on like this – and the Green Investment Bank will help us to win a bigger share of this market."

Commenting, Chairman of Yell Group plc Bob Wigley said:

"There can hardly be a more important or more challenging question than how the UK will fund its climate change obligations between now and 2030. I look forward to working with colleagues on the independent Green Investment Bank Commission. Our

remit is to bring strategic focus to public support for the green economy and find new ways of maximising that support in partnership with the private sector.”

Commenting, Lord Stern said:

“There are strong arguments for a Green Investment Bank that can provide a public-private partnership to share risk and foster innovation.”

NOTES TO EDITORS

Membership of the Green Investment Bank advisory group

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|-------------------------|---------------------------------------|
| - Chair: Bob Wigley | Chairman, Yell Group plc |
| - James Cameron | Vice Chairman, Climate Change Capital |
| - Katherine Garrett-Cox | Chief Executive, Alliance Trust plc |
| - Seamus Keating | Chief Financial Officer, Logica |
| - Nick Mabey | Chief Executive, E3G |

Adviser

Lord Stern of Brentford

In support

- Sean Hanafin, Managing Director, UK Energy and Power, Citibank
- Abyd Karmali, Managing Director, Global Head of Carbon Markets, Bank of America Merrill Lynch
- Davide Taliente, Head of Public Policy practice in Europe, Middle East and Africa (EMEA), Oliver Wyman Consultancy
- James Wardlaw, ex Goldman Sachs and HMT
- Arran Yentob, Oliver Wyman Consultancy

The working group will meet regularly, and produce a report after the general election. It will explore the key technical issues involved, including:

- The funding mechanism for the new institution, including private sector capital and the scope for green bond financing structures.
- The likely value of total funds under management.¹
- The investment criteria for the Green Investment Bank, to ensure that the funds are invested in high growth and low carbon companies.
- The management of the Green Investment Bank, and the relationship between private and public oversight in investment decisions.
- How to ensure an appropriate geographical distribution of investment,

¹ John Podesta of the Center for American Progress calculates that a US Green Bank could leverage private finance on a ratio of 10:1. ‘The Green Bank: financing the transition to the low carbon economy requires targeted financing to encourage private sector participation.’ May 2009.

consistent with our commitment to creating a more geographically balanced economic model.

The economic case for a Green Investment Bank

Green finance and green growth

New green technologies represent an important new source of jobs, investment and enterprise in the UK. Over the past decade, the UK has been reliant on housing, the public sector and the financial industries for over 70% of our economic growth. This has to change. If we are to generate sustainable economic growth, we need to develop new green businesses and industries across the country.

- The global market for green technologies and services is already worth \$3 trillion per year.
- The UK has less than a 5% share of this market – less than France, Germany, USA or Japan.
- These official government figures also show that the market shares achieved by Germany and France, normalised to their GDP, are around 50% higher than the UK's share.
- The UK's environmental industry currently exports £10 billion a year, compared with £50 billion of annual exports by the German green industry.
- Policies to promote ethanol in Brazil have already created 500,000 new jobs, while over 200,000 people now work in Germany's renewable industry sector.
- By 2020 more people in Germany are expected to work in environmental technology companies than in the car industry.