

Summary

Friends of the Earth Scotland (FoES) welcomes the Scottish National Investment Bank Bill, and encourages MSPs to support the Bill - on the condition of changes being made to ensure the mission of responding to the climate emergency is enshrined in the Bank's founding legislation.

We believe the SNIB has the potential to significantly contribute to tackling a number of public policy objectives. Primarily, the SNIB can play a key role in financing the Just Transition to a zero-carbon economy, while tackling inequality and setting an example of lending for public good with world-leading ethical standards, governance and transparency.

The SNIB Bill should:

- have a top-level objective to finance a Just Transition to a zero-carbon economy - currently absent from the Bill as presented;
- ensure the Bank lends ethically, does no harm, and delivers public policy outcomes such as health, biodiversity, equality and human rights.

The case for a Scottish National Investment Bank

We have long called for banking for the common good, including proposing a Scottish National Investment Bank (SNIB) in 2016. Thousands of our supporters have joined calls for the SNIB to finance the Just Transition to a zero-carbon economy in Scotland in 2018.

Reducing our emissions to meet our climate change targets, particularly in high-polluting sectors like energy and transport, will require significant financing. However, in recent years, the UK Green Investment Bank has been privatised, a number of UK Government green finance initiatives have dried up, and the green finance market has crashed. Annual investment in clean energy is now at its lowest since 2008.¹

We welcome the Scottish Government's repeated confirmation that tackling climate change will be a "primary mission"² and "central part"³ of the Bank's activities. A SNIB with a clear focus on the Just Transition to a zero-carbon economy could invest in:

- Domestic renewables and energy efficiency, which with the right policies could create more than three jobs for every North Sea oil job at risk in a managed phase out, and tackle fuel poverty;⁴
- Zero-carbon heating for homes, district heating networks and other technologies to meet the Scottish Government's aim for fossil-free heating in new homes by 2024;
- Reduced air pollution and climate change emissions by improving Scotland's public transport network, boosting health and wellbeing and local business.

¹[Environmental Audit Committee Report on green finance](#)

²[Protecting Scotland's Future: the Government's Programme for Scotland 2019-2020](#)

³[Scottish Parliament Motion S5M-17000](#)

⁴[Sea Change: Climate Emergency, Jobs and Managing the Phase-out of UK Oil and Gas Extraction](#)

The Bill as presented

We welcome the Bill and are supportive of a number of elements of the Bill as presented.

Establishing the bank as a public body will protect against privatisation, as seen in the Green Investment Bank, ensuring consistent public investment in the green economy and bringing it under public bodies duties such as freedom of information and equalities. The 'objects' of the Bank to create new markets and have a patient, long-term, approach to lending will be crucial in generating new supply chains, much needed in renewable energy.

However, the wording of the 'ancillary object' to set a mission of "investing in inclusive and sustainable economic growth" falls far short of the strong rhetoric set out by Government. 'Sustainable economic growth' is unhelpfully ambiguous, and can be interpreted as referring to economic growth that continues forever, rather than relating to climate change.

This was supported by the stage one report, which stated "*The Committee remains to be persuaded that the language of the Bill fully matches the ambitions for SNIB to be transformative.*" Amending this must be a priority for the Bank to match the rhetoric.

Putting climate in

We want to see a legislative commitment for the Bank to treat the Just Transition as a core mission. With our partners in the Just Transition Partnership⁵, we encourage MSPs to back amendments to the 'ancillary objects' to set a clear legislative mission:

"to promote economic development which delivers a just transition to meet Scotland's climate change emissions reduction targets and improves social inclusion."

It is crucial that this mission is set in primary legislation to avoid being watered down or abandoned by future Governments with no Parliamentary oversight. It is vital that, in keeping with the Bank's commitment to patient long-term lending and the long-term nature of our emissions targets, the Bank has a fixed, continued direction to reduce emissions which cannot be changed overnight.

Further changes

MSPs should strengthen SNIB in other areas including:

- Providing for minimum ethical standards that ensure lending doesn't undermine its missions, for example by lending to fossil fuel production, or false solutions to climate change such as Carbon Capture and Storage, which will draw out demand for fossil fuels.
- Cementing the purpose of Bank in the UN Goals and the National Performance Framework instead of a narrow focus on economic policy objectives
- Increased Parliamentary oversight including over the setting and delivery of missions.

MSPs should also consider the wider context of funding the Just Transition:

- Since the SNIB will be prohibited from lending to public bodies such as local government other provisions are urgently needed to address public infrastructure financing and funding. Investment in public infrastructure is an essential part of any 'Green New Deal' that spurs a Just Transition to a zero carbon economy.

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⁵ The Just Transition Partnership was formed by Friends of the Earth Scotland and the Scottish Trade Union Congress in 2016. Membership includes Unite Scotland, UNISON Scotland, UCU Scotland, CWU Scotland, PCS Scotland, and WWF Scotland.