



Green Investment Bank borrowing delayed

5 December 2012 | By [Vern Pitt](#)

Delay as government misses debt reduction target will "hurt investor confidence" in green projects



Delays in the Green Investment Bank's ability to borrow money, because the government will take longer than it predicted to get the UK's debt under control, could damage investor confidence experts have warned.

In the Autumn Statement chancellor George Osborne admitted that the government would not have debt falling as a percentage of GDP until the 2016-17 financial year.

The Office for Budgetary Responsibility had previously forecast this fall to start in 2015-16 but now it says debt will rise to 79.9% of GDP in 2015-16 before falling to 79.2% the following year and then continuing to fall.

But the Green Investment Bank is not allowed to borrow until the government delivers on its debt reduction targets.

Nelson Ogunshakin, chief executive of Association for Consultancy and Engineering, said the prohibition on its borrowing powers would "hurt investor confidence".

He added: "By linking the new bank's borrowing powers to a target that government may not be able to hit, industry is unable to plan with any certainty for those borrowing powers to come into force.


"Government should change the rule and fix the date on which the Green Investment Bank can start to borrow so as to provide certainty for industry as it plans to deliver growth through infrastructure investment."

John Alker, director of policy at the UK Green Building council, said: "We always thought the Green Investment Bank should have been able to borrow from the very start, so this just makes bad news worse."

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