European Investment Bank (EIB) - EIB Green Shipping Programmes

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The EIB: the EU Bank

• EU’s long-term lending institution established in 1958
• Shareholders: 28 EU Member States
• Lending is guided by EU policies and priorities
• Around 90% of lending is within the EU
• Largest multilateral lender and borrower in world
• Around 450 projects annually in 160+ countries
• Headquartered in Luxembourg

Investing in Europe’s growth
EIB Group financing in 2018

EUR 54.3bn

EUR >150bn

Total investment supported
## EIB offer

### We help catalyse investment

<table>
<thead>
<tr>
<th>Product</th>
<th>Concept</th>
<th>Scope</th>
<th>Counterpart</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Lending</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Direct Loan</td>
<td>individual loan to single borrower</td>
<td>minimum project size approx. EUR 25m</td>
<td>public and private entities</td>
</tr>
<tr>
<td>Programme Loan</td>
<td>individual loans to several borrowers</td>
<td>individual loans &lt; EUR 100m</td>
<td></td>
</tr>
<tr>
<td>Framework loan</td>
<td>individual loans to multiple beneficiaries through one borrower</td>
<td>individual loans &lt; EUR 50m</td>
<td></td>
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<tr>
<td><strong>Blending</strong></td>
<td></td>
<td></td>
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</tr>
<tr>
<td>Guarantees (i.e. EFSI)</td>
<td>allows EIB/intermediary banks to take more risk</td>
<td>EFSI additionality, i.e. Green Shipping Guarantee (GSG)</td>
<td>largely private entities</td>
</tr>
<tr>
<td>Connecting Europe Facility (CEF)</td>
<td>grants for transport infrastructure, innovation and new technologies</td>
<td>award is contingent on co-financing (EIB, national promotional bank or private)</td>
<td>EU Member States / entities with support from Member States</td>
</tr>
<tr>
<td><strong>Advisory</strong></td>
<td></td>
<td></td>
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</tr>
<tr>
<td>European Advisory Hub (EIAH)</td>
<td>identify investment needs, prepare and structure projects in EU</td>
<td>once mature, projects can be appraised by EIB</td>
<td>public and private entities</td>
</tr>
<tr>
<td>ELENA</td>
<td>grants for technical assistance for project development aimed at energy efficiency</td>
<td>cover up to 90% of total technical assistance costs</td>
<td>public and private entities</td>
</tr>
<tr>
<td>JASPERS</td>
<td>upstream assistance in shaping applications for structural funding</td>
<td>ESIF, national planning strategies, etc</td>
<td>Member States, Managing Authorities</td>
</tr>
</tbody>
</table>
EIB lending to transport sector

Global 2009-2018

Total transport lending: **EUR 134bn**

Maritime transport lending: **EUR 7.8bn**
EIB transport lending policy in maritime projects:

EIB’s approach to maritime projects closely follows EU policy. In particular places emphasis on:

- Growth and employment
- Protection of the environment and as a minimum compliance with governing regulation, in particular sulphur cap starting 2020.
- Safety
- Energy efficiency
- Research and development
Eligibility of maritime projects

Trans-European Transport Networks (TEN-T)

- Development of the Trans-European Transport Network, including:
  - Port infrastructure
  - Improvement of hinterland transport connections
  - Specialised vessels essential for the safe operation of the TEN-T ports (tugs, pilot, icebreakers etc)

- Motorways of the Seas (MoS) projects that promote:
  - Maritime links between maritime ports of the comprehensive network
  - Freight flow concentration on sea-based logistical routes
  - Increasing cohesion

Sustainable Transport

- Reduce vessel emissions and improve energy efficiency
  - New vessels and replacement of older, less energy efficient or more polluting vessels
  - Vessel conversion and retrofitting, incl. EGCS (scrubbers), BWMS, engines etc
  - Shipping R&D programmes

- Foster modal shift from road to maritime/inland waterway/railway transport by:
  - Providing a maritime alternative to road based-freight transport (short-sea shipping)
  - Allowing maritime cargo to come closer to final destination, thus reducing onward journey on land
  - Facilitating the connection between maritime and rail/waterway hinterland transport (multimodal terminals)
Green Shipping Guarantee Programme

What is it?
• Supports investment in greener shipping (new vessels and environmentally focussed retrofittings).
• Guaranteed Intermediated Loan - works through financial institutions in the sector.

General Characteristics:
• Programme approved by the EIB Board of Directors in June 2016.
• EUR 750 million guarantee to promote commercial investment in technologies that improve energy efficiency and reduce harmful emissions in the European shipping sector.
• EUR 250 million supported by CEF and EUR 500 million by the EFSI.

How it works:
• Financing via a Partner Financial Institution (PFI).
• Financial institutions currently under framework agreement: Société Générale, BNP Paribas, ABN AMRO, ING, Crédit Agricole (CACIB).
• Individual transactions are originated, screened and assessed by the PFI and presented to EIB for internal review and pricing, with an EIB accelerated/short approval cycle.
• Streamlined approval for transactions of up to EUR 50 million of EIB exposure.

Co-financing rates:
• Up to 50% of debt financing on new vessels.
• Up to 100% of green components of retrofitting operations.
Green Shipping Programme Loan

What is it?
• Supports investment in greener shipping (new vessels and environmentally focussed retrofittings).
• Direct individual EIB loan to the borrower.

General Characteristics:
• Programme approved by the EIB Board of Directors in June 2016.
• EUR 250 million supported by EFSI to promote commercial investment in technologies that improve energy efficiency and reduce harmful emissions in the European shipping sector.

How it works:
• Promoter directly applies to the EIB for financing (typically through EIB local offices).
• Transactions are screened, assessed and appraised by the EIB directly with an EIB accelerated/short approval cycle.
• Streamlined approval for transactions of up to EUR 100 million of EIB exposure.

Financing rates:
• Up to 50% of debt financing.
## EIB Funding for larger projects of min. EUR 15m

<table>
<thead>
<tr>
<th><strong>Product</strong></th>
<th>Term Loan</th>
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</thead>
<tbody>
<tr>
<td><strong>Purpose</strong></td>
<td>To finance (up to 50%) eligible capex (asset creation) and associated working capital</td>
</tr>
<tr>
<td><strong>Size</strong></td>
<td>From EUR 7.5 million</td>
</tr>
<tr>
<td><strong>Maturity</strong></td>
<td>Flexible, depending on the project and market (usually 5-8 years for corporate lending)</td>
</tr>
<tr>
<td><strong>Repayment</strong></td>
<td>Fully amortizing with or without grace period, depending on project structure and assessment</td>
</tr>
<tr>
<td><strong>Seniority</strong></td>
<td>Senior</td>
</tr>
<tr>
<td><strong>Security</strong></td>
<td>Secured or unsecured, depending on the existing and proposed financial structure</td>
</tr>
<tr>
<td><strong>Interest rate</strong></td>
<td>Variable / Fixed. No element of subsidy, pricing commensurate with the risks undertaken</td>
</tr>
<tr>
<td><strong>Currencies</strong></td>
<td>EUR, USD and all other major currencies</td>
</tr>
<tr>
<td><strong>Fees</strong></td>
<td>Commitment fee applicable only after 12 months from signing of the loan</td>
</tr>
<tr>
<td><strong>Documentation / restrictions</strong></td>
<td>Standard EIB agreements, based on the LMA standard. General and financial covenants / based on credit review</td>
</tr>
<tr>
<td><strong>Jurisdiction</strong></td>
<td>Luxembourg Law</td>
</tr>
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13/06/2019  European Investment Bank Group
EIB Green Shipping Programmes

Eligibility criteria:

• Eligibility under the EIB Transport Lending Policy with significant European interest.
• Intended to finance both new vessels and retrofitting, that promote sustainable transport and environmental protection, including Climate Action initiatives.
• Particular focus on green investments (i.e. dual fuel engine technology, exhaust gas cleaning system (scrubbers), propulsion technology, hull treatment, ballast water treatment systems and other).
• Not prescribing specific technologies - in order to be eligible any technology proposed shall demonstrate a significant reduction in harmful airborne emissions or waterborne discharges.

Project appraisal:

• Full assessment of the scope of each individual project is performed. Information required, typically include:
  • Project description and rationale;
  • Vessel routes and area of operations;
  • Shipyard selection procedure;
  • Environmental and energy efficiency gains;
  • A solid financial/economic business case supporting the operation.
Example - New build vessels

Brittany Ferries ‘Honfleur’
- Operation under the Green Shipping Programme loan
- New Liquefied Natural Gas (LNG) dual fuel powered ferry
- Connecting Caen-Ouistreham (France) and Portsmouth (UK)
- Construction in Flensburg, Germany
- Total investment approx. EUR 145m (EIB financing EUR 50m)
- Scheduled to enter into service in October 2019

Eureka Shipping cement carriers
- Operation under the Green Shipping Guarantee
- Construction of three (3) new ECO cement carriers
- Mainly serving northern European ports
- Strong contribution to a modal shift from road transport
- Improvement of the environmental performance of the promoter’s fleet and of similar vessels in European waters
- Build in the Netherlands
- EIB financing approx. EUR 10m
- Scheduled to enter into service by end of 2019
Example – Retrofitting operation

Finnlines environmental retrofit

- Retrofitting of sulphur oxide (SOx) ‘scrubbers’ on 22 RoRo & RoPax vessels
- Propulsion and hull efficiency measures on 11 vessels (propeller and silicone hull coating)
- Operating in the Baltic Sea, the North Sea and between Northern Europe and North Spain
- Works conducted in shipyards in Poland, Finland and Estonia
- Scrubber systems procured from European manufacturers
- Total investment approx. EUR 100m, EIB financing EUR 50m
- Completed in 2017
Fincantieri RDI investment plan

• Support to Fincantieri’s RDI investment plan for the period 2012-2015
• EUR 140m loan from the EIB
• Targeting energy efficiency and an improved environmental impact of vessels, areas fully consistent with the traditional financing activities of the EIB.
• The activities focused mainly on three areas:
  ▪ technological solutions to improve the energy efficiency and reduce fuel consumption;
  ▪ the optimisation of ship design, during both the construction and operational stages, so as to increase the safety of vessels and reduce their environmental impact;
  ▪ design studies aiming at reducing size and maximising the capacity of ships.
Thank you
For more information

http://www.eib.org/

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