

# 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

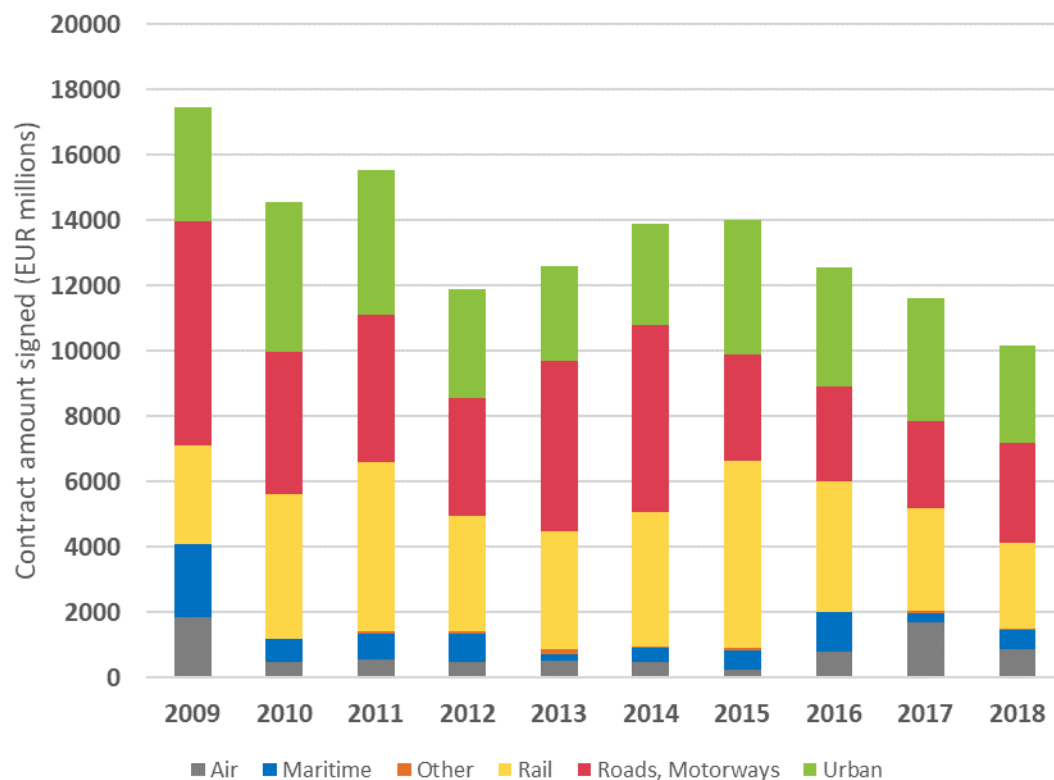
*We help catalyse investment*

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

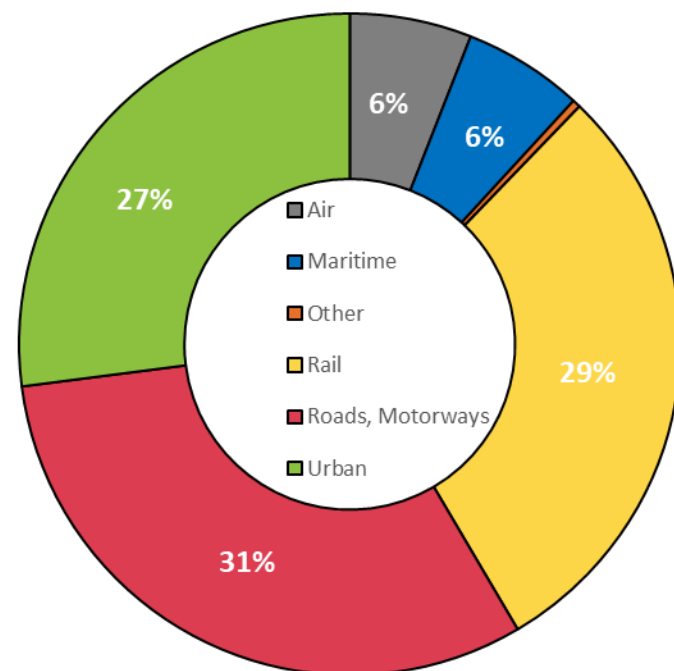
# EIB lending to transport sector

Global 2009-2018

EIB Transport Sector Lending (2009-2018)



Total transport lending: **EUR 134bn**  
Maritime transport lending: **EUR 7.8bn**





# EIB transport lending policy

## 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

<b><u>Product</u></b>	Term Loan
<b><u>Purpose</u></b>	To finance (up to 50%) eligible capex (asset creation) and associated working capital
<b><u>Size</u></b>	From EUR 7.5 million
<b><u>Maturity</u></b>	Flexible, depending on the project and market (usually 5-8 years for corporate lending)
<b><u>Repayment</u></b>	Fully amortizing with or without grace period, depending on project structure and assessment
<b><u>Seniority</u></b>	Senior
<b><u>Security</u></b>	Secured or unsecured, depending on the existing and proposed financial structure
<b><u>Interest rate</u></b>	Variable / Fixed. No element of subsidy, pricing commensurate with the risks undertaken  The pricing takes advantage of the EIB's favorable borrowing costs and not-for-profit goal
<b><u>Currencies</u></b>	EUR, USD and all other major currencies
<b><u>Fees</u></b>	Commitment fee applicable only after 12 months from signing of the loan
<b><u>Documentation</u></b> restrictions	Standard EIB agreements, based on the LMA standard. General and financial covenants / based on credit review
<b><u>Jurisdiction</u></b>	Luxembourg Law

# 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

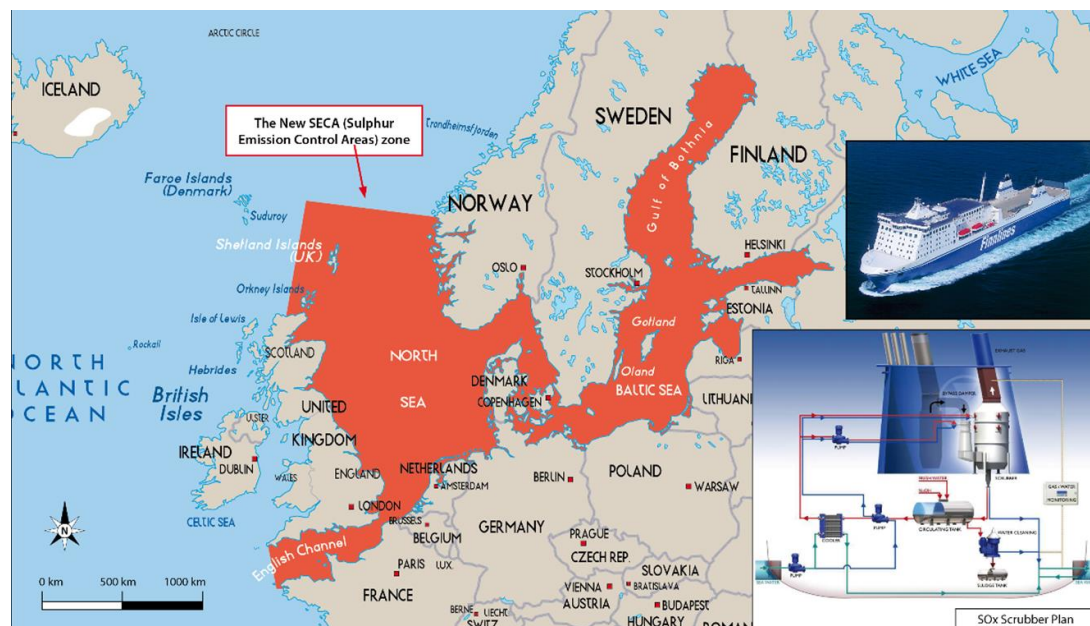
- Operation under the Green Shipping Guarantee
- Construction of three (3) new ECO cement carriers
- Mainly serving northern European ports
- Strong contribution to a modal shift from road transport
- Improvement of the environmental performance of the promoter's fleet and of similar vessels in European 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

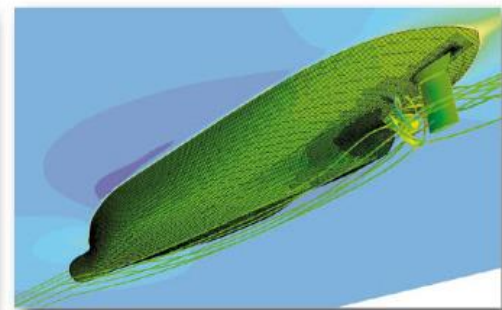
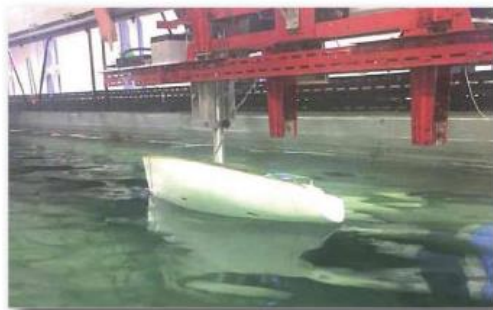
- Retrofitting of sulphur oxide (SOx) 'scrubbers' on 22 RoRo & RoPax vessels
- Propulsion and hull efficiency measures on 11 vessels (propeller and silicone hull coating)
- Operating in the Baltic Sea, the North Sea and between Northern Europe and North Spain
- Works conducted in shipyards in Poland,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



# Example - R&D programme

## 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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**European  
Investment  
Bank**

*The EU bank*

A circle of twelve blue stars, arranged in a ring, similar to the flag of the European Union. The stars are positioned around the text "The EU bank".