



EIB's Green Shipping Financing Programme with Partner Financial Institutions

OECD WORKSHOP ON GREEN GROWTH OF MARITIME INDUSTRIES

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Green Shipping Financing Programme: Background

➤ Objectives:

A sustainable, scalable and commercial financial instrument that:

- Supports investment in greener shipping (new vessels and environmentally focussed retrofittings)
- Supports compliance with new regulations (such as on ballast water), and
- Works through financial institutions in the sector

➤ EIB's expected contribution:

- Risk capacity
- Competitive funding cost
- Versatility of financial instrument (funded risk participation or guarantees, seniority of debt)

➤ Operational challenge for EIB:

- Targeting sector across the EU
- Origination, documentation and ongoing administration

➤ Way forward

- Cooperation with partner financial institutions (PFI) active in the sector
- Pilot phase programme focused on France, The Netherlands and the Nordic countries

Green Shipping Financing Programme: Structure and PFI contribution

➤ Financing via a Partner Financial Institution:

- First step is a Framework Agreement with the partner financial institution, which sets out key terms and conditions for cooperation :
 - Agreed funding/guarantee envelope
 - Transaction eligibility
 - Credit terms/structures
 - Transaction approval process
- 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.
- Upon agreement on final terms between PFI and EIB, underlying (standardized) documentation is entered into between the PFI and EIB and PFI concludes transaction with the borrower
- PFI retains client interface and transaction control

➤ Partner Financial Institutions contribution:

- Market interface and presence
- Sector expertise and structuring capability
- Co-financing capability
- Capacity to document and administer transaction

Green Shipping Financing programme at a glance

EUR 750 million programme:

- Pilot launched with financial institutions in France (Société Générale), The Netherlands (ABN AMRO) and Nordic countries. 2 additional financial institutions expected to join the programme by the end of 2017. First transaction expected to be signed by the end of September 2017.
- EUR 250 million supported by the CEF and EUR 500 million by the EFSI/Juncker plan.

Eligibility criteria:

- Investments eligible under CEF horizontal priorities and EIB transport lending policy with significant European interest (flag, ownership, incorporation, routes).
- Particular focus on green investments and sustainable shipping (alternative fuel such as LNG, hull treatment, ballast water treatment systems, ...).

Co-financing rates:

- Up to 50% of debt financing on new vessels.
- Up to 100% of green components of retrofitting operations.

Versatile Programme:

- Programme foresees the issuance of guarantees and provision of liquidity to transactions (funded risk participation)
- Programme standardised to support senior debt but is open to subordinated debt.

Global authorisation and delegation arrangements:

- Programme approved by the EFSI investment committee and the EIB Board of Directors in June 2016.
Streamlined approval for transactions of up to EUR 50 million of EIB exposure.

Green Shipping Financing programme

Reflection on the impact of the programme

- Risk appetite?
- New technologies?
- Green Retrofitting financing?
- Additional capital to the sector ?