

European Investment Bank (EIB) SEA Workshop - EIB Lending in the Maritime Sector

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Sotiris Basiakos
Mobility Department, Projects Directorate
European Investment Bank

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



European Investment Bank *The EIB bank* EUROPEAN INVESTMENT FUND

EUR 54.3bn



European Investment Bank *The EIB bank* EUROPEAN INVESTMENT FUND

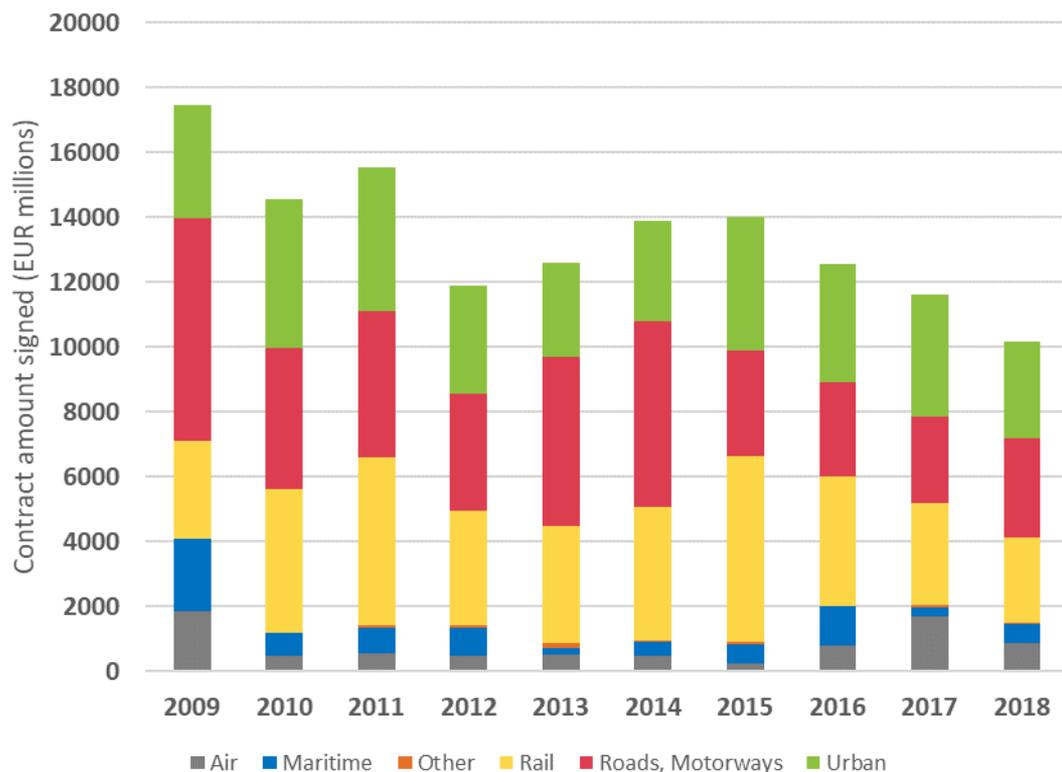
EUR >150bn

Total investment supported

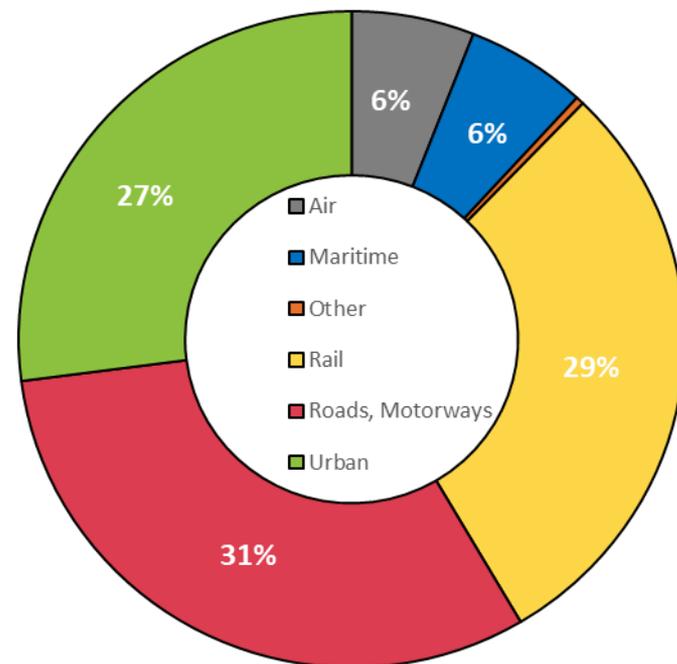
EIB lending to transport sector

Global 2009-2018

EIB Transport Sector Lending (2009-2018)



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



EIB lending to the maritime sector

Global 2009-2018

In total, in the past 10 years, the Bank has provided financing for:

- Over 80 maritime transport projects (includes both ports and shipping), supporting in total over EUR 30bn of investment with approx. EUR 8.0bn of EIB lending
- The majority is related to port infrastructure:
 - Port infrastructure: over 65 projects, approx. EUR 6.0bn EIB lending
 - Shipping: around 15 projects, approx. EUR 2.0bn EIB lending (supporting over EUR 6.0bn total investment)
- The number of shipping projects supported by the EIB is increasing with the launch of dedicated programmes (i.e. Green Shipping Programmes).

We help catalyze investment

	Product	Concept	Scope	Counterpart
Lending	Direct Loan	individual loan to single borrower	min. 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 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
- 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 their energy efficiency**
 - New vessels and replacement of older, less energy efficient or more polluting vessels
 - Vessel conversion and retrofitting, incl. 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)

Examples of eligible maritime projects

New and existing ports (rehabilitation / expansion / climate adaptation)

- Breakwaters, quay walls, capital dredging, aids to navigation, handling equipment etc.
- Improvement of hinterland transport connections
- Alternative fuel bunkering infrastructure (i.e. LNG)
- Port Reception Facilities
- Environmental compliance / energy efficiency components

Development of new terminals

- Terminal infrastructure
- Superstructure and equipment



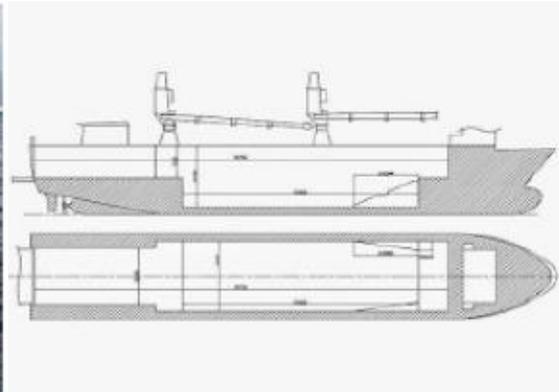
Examples of eligible maritime projects

Inland Waterways

- Infrastructure
- Equipment
- Vessels (strong correlation to modal shift)

Shipping

- Both new vessels and conversion & retrofitting
- Replacement of older, less energy efficient or more polluting vessels
- Vessels operating on short sea routes aimed at modal shift
- Retrofitting, incl. Exhaust Gas Cleaning Systems (EGCS), dual-fuel engines, BWTS etc
- Shipbuilding R&D programmes (hull, propulsion, power plants, waste treatment, etc)



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 which both 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.
- 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 Guarantee Programme

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. sulphur scrubbers, dual fueled engine technology, propulsion technology, hull treatment, ballast water treatment systems and similar).
- **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 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 April 2019



Eureka Shipping cement carriers

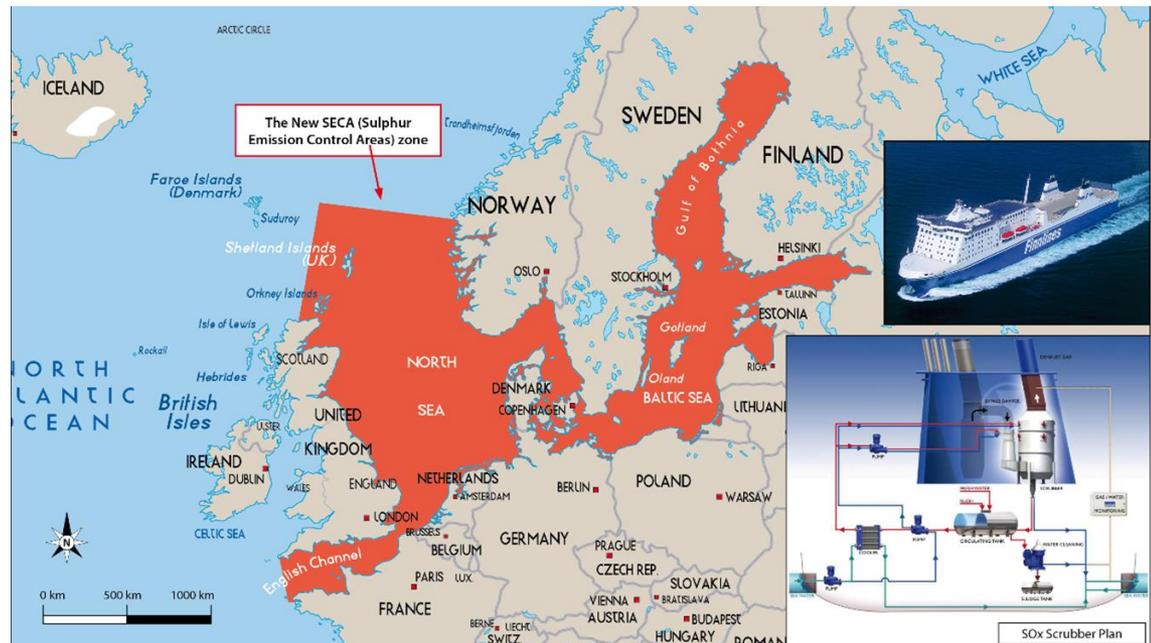
- Construction of three new ECO cement carriers
- Mainly serving northern European ports
- Strong contribution to a modal shift from road
- Improvement of the environmental performance of the promoter's fleet and of similar vessels in European waters
- Build in the Netherlands
- EIB financing approx.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



Example – Retrofitting operation

Finnlines environmental retrofit

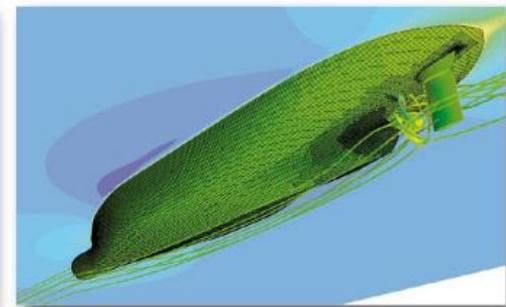
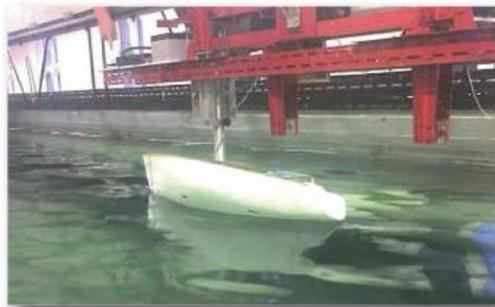
- Retrofitting of sulphur oxide (SOx) ‘scrubbers’ on 22 RoRo & RoPax vessels
- Propulsion and hull efficiency measures on 11 vessels (propeller and silicone hull coating)
- Operating in the Baltic Sea, the North Sea and between Northern Europe and North Spain
- Works conducted in shipyards in Poland, 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 the fuel consumption of ships;
 - 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;
 - innovative studies (also relating to design) that can reduce the size and increase the capacity of ships.



For more information on the EIB and shipping

<http://www.eib.org/>

Sotiris Basiakos
s.basiakos@eib.org

Maritime Engineer
Air, Maritime & Innovative Transport Division
Projects Directorate



**European
Investment
Bank**

The EU bank

Annex - Note on Procurement guidelines

- As a general rule the Bank will require the promoter to consult **at least five companies** from **at least three different countries**
- In case there are not enough shipyards with the technical capabilities to uphold these conditions, the Bank will ensure that **the result of the tendering process** is in accord with **the project's best interests**, and **respects the principles of economy, fairness and transparency**
- The Bank will, on the basis of the available information, take steps to confirm that **project vessels prices are in line with market prices**
- In co-operation with the EU Commission (under Article 19), the Bank will check the existence of any outstanding issues concerning **Intellectual Property Rights**, potential **breaches of trade agreements** and, as far as possible the risk of distortions caused by **anti-competitive practices** (including, *inter alia*, state aids, direct subsidisation, injurious or below-cost pricing, or subsequent public rescue of bankrupt companies) in the producer **country** or **shipyard concerned**