

Financing sustainable transport infrastructure

Alternative Maritime Fuel Solutions For The Baltic Sea Mainstreaming
Helsinki, 12 April 2013



**Stefan Fridriksson, Senior Manager, Lending
Infrastructure Transport and Telecom**

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Basic information

- Founded by the Nordic countries in 1975 (active since 1976)
- The Baltic countries joined in 2005
- Headquarters in Helsinki
- Lending in both member countries and non-member countries
- Funds acquired on the international capital markets
- AAA/Aaa credit rating



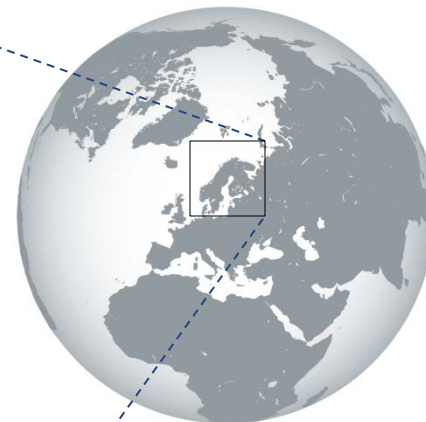
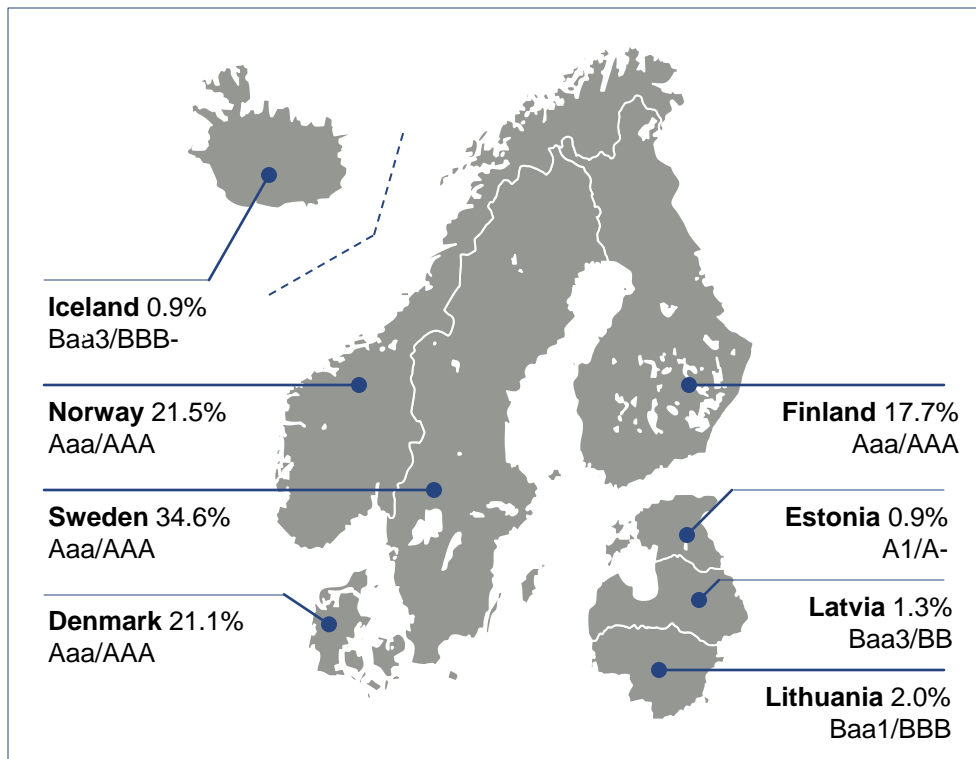
In 2009, NIB Headquarters joined the WWF Green Office network.



NIB Headquarters in Helsinki, Finland.

Ownership structure

The Bank's member countries have subscribed to its authorised capital in proportion to their gross national income.



Authorised capital to EUR 6,142m as of 16 February 2011

NIB's Board of Governors has decided to increase the Bank's authorised capital by EUR 2 billion. The capital increase has been allocated to the unpaid portion.



IFI status adds value to loans

- Close cooperation with other IFI's, commercial banks, export credit institutions and development assistance agencies
- Nordic Finance Group
 - NIB, NEFCO, Nordic Development Fund, Nopef
- A/B loans
- Financial intermediaries

Regional focus

NIB actively participates in international and regional cooperation

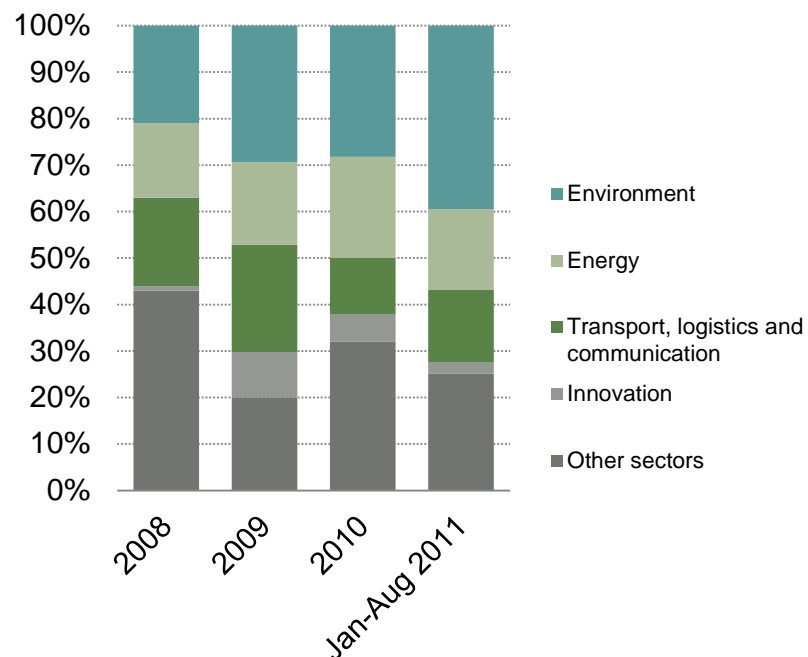
- EU Strategy for the Baltic Sea Region (EUSBSR)
- Northern Dimension Environmental Partnership (NDEP)
- Northern Dimension Partnership on Transport and Logistics (NDPTL)
- Eastern Europe Energy Efficiency and Environment Program
- Several trust funds for supporting project development and making projects bankable



Sectoral lending

- NIB has from mid 2012 restructured its lending activities.
 - Energy and environment;
 - Infrastructure Transportation and Telecom;
 - Industries
 - Financial institutions and SMEs.
- NIB finances
 - larger investments by the corporate sector or public sector
 - smaller projects through financial intermediaries

Focus sector loans agreed, as a share (%) of total loans

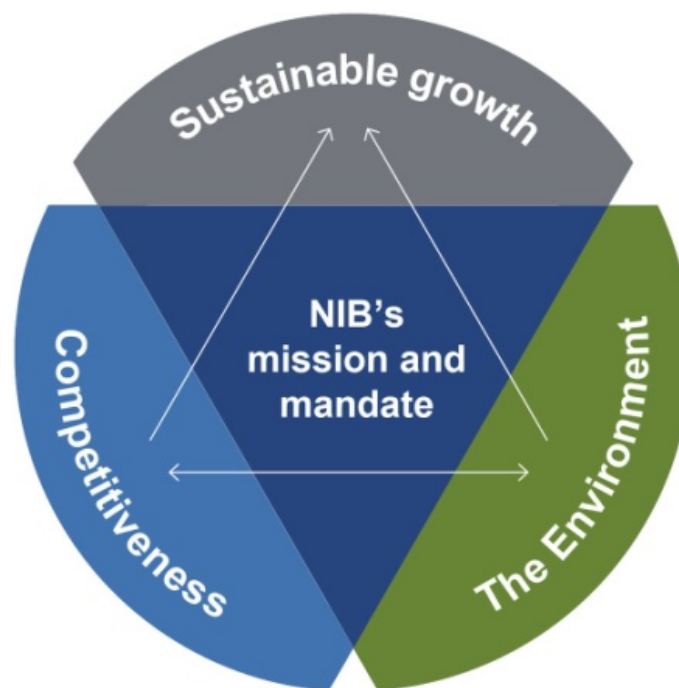


NIB's mission and mandate



Mission and mandate

- NIB promotes sustainable growth by providing long-term complementary financing to
 - projects that strengthen competitiveness
 - projects that enhance the environment



Competitiveness

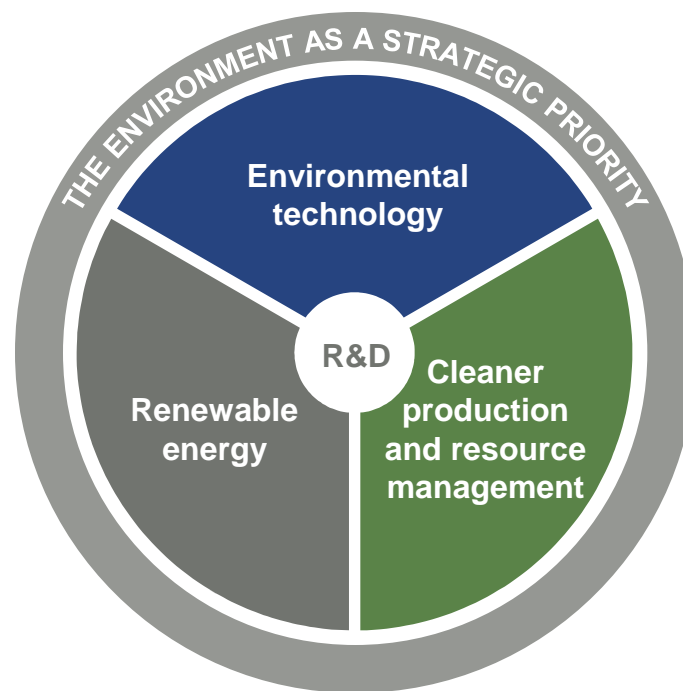
To strengthen the competitiveness of its member countries, NIB provides loans for:

- Large energy projects
- Investments in infrastructure such as transport
- Large investments by the corporate sector such as in the improvement of manufacturing processes and in research and development
- Financing through intermediaries for the operations of small and medium-sized enterprises.

- Direct and indirect competitiveness impact

Enhancing the environment

- All projects considered for financing undergo assessment of potential environmental impact => TYPE OF IMPACT
 - Moderate; Good; Excellent
- NIB takes no part in projects which are in conflict with national environmental legislation in the project country or international environmental conventions



Enhancing the environment

- NIB defines loans to projects with significant direct or indirect positive environmental impacts as environmental loans
- Two environmental lending facilities
 - BASE framework (The Baltic Sea Environment Financing Facility)
EUR 500m
 - CLEERE framework (Climate Change, Energy Efficiency and Renewable Energy Facility)
EUR 4bn



Catchment area of the Baltic Sea



Restoring the ecological health of the Baltic Sea. Southwest Wastewater Treatment Plant in St. Petersburg, Russia.

Environmental aspects

Environmental analysis and considerations when lending is under consideration:

- Potential environmental impacts;
- Environmental standards, practices and processes that the parties involved in the project intend to apply;
- An environmental management plan (also within some contexts referred to as an environmental action plan), if required;
- The results of any community engagement on the project with relevant stakeholders;
- Environmental impact assessment (EIA) if required;
- Environmental due diligence, if required.

A few recent lending cases



Restoring the ecological health of the Baltic Sea. Southwest Wastewater Treatment Plant in St. Petersburg, Russia.



Vodokanal St. Petersburg, Russia (2009)

- EUR 25 million (eur 50 in total)
- The city to treat up to 95% of its wastewater by 2012.
- Discharge of untreated wastewater in the Gulf of Finland substantially reduced.
- Implemented under the umbrella of the Northern Dimension Environmental Partnership (NDEP)

Värtsilä (2013)

- EUR 50 million. Maturity 10 years
- Financing Wärtsilä Corporation's R&D programme to further develop medium speed engines. improving engine efficiency, reliability and environmental performance, as well as lower the lifecycle costs
- Part of the programme is aimed at environmentally related areas such as scrubbers and NOx reduction technologies.

Lithuania. Klaipeda State Seaport Authority (2013)

- EUR 44 million for 15 years
- Reconstruction of quays and construction of piers and a terminal for passenger and cargo ferries, capital dredging and widening of the port's navigation channel.
- Improves its trade logistics competitiveness. It also boosts competitively priced shipments to and from Lithuania, thereby promoting regional competition in transportation services

A few recent lending cases



Port of Gävle, Sweden

- EUR 54 million in 2012
- Expansion of quays, larger port areas, increase of capacity
- Promotes regional growth and development while maintaining security and protecting the local environment.
- Environmental factors; dredging of former industrial site polluted sediments.



Finland. Tieyhtiö Valtatie 7 Oy

- EUR 91 million in 2011
- PPP project, financing of E18 Koskenkylä-Kotka motorway.
- Reduce disturbances in traffic, shorten travel times and increase road safety.
- Environmental Management Plan prepared by Finnish Transportation Agency. The plan consists of management and monitoring plans for the project in general as well as specified plans for traffic noise and construction noise, groundwater, surface water and endangered species.



Denmark. Novozymes A/S

- EUR 40 million in 2009
- R&D programmes; developing green technology for the manufacture of isoprene from renewable materials. The bio-isoprene would be an alternative to the current isoprene produced from petroleum
- Help manufacturers reduce processing times, increase energy efficiency, decrease dependency on chemicals and reduce negative environmental impact.

NIB Financing transport projects



NIB NORDIC INVESTMENT BANK

15 APRIL 2013

Loans on market terms

- Various currencies used
- Long maturities: 5–25 years
 - economic lifetime of the investment
- Co-financing: up to 50% of project cost
- Grace period, up to 5 years

Financing Transport infrastructures

Excerpt from NIB's Transport lending strategy

Sea transport, Ports and Vessels

Improved **port infrastructure** can advance access to, and reduce costs for goods transports. Ports as well facilitate trade and maritime transport, which has significant environmental benefits compared to alternative modes of transport.

- NIB concentrates its lending to port projects that fall within strategically important locations and connect to major transport corridors.
- Lending towards **construction of new vessels**, can be considered, but only as long as risk is not subject to a shipping business. In such instances NIB will pay particular attention to projects that involve innovation and construction that imply significant reduction of anthropogenic emissions or green-house gasses.
- Substantial investments foreseen within the Shipping industry in the Baltic Sea.

How NIB contributes through lending?

- Investment loans to R&D: Development of clean technologies
 - Research of bio-fuels
 - Engine development
 - Projects that replace polluting techniques, with new "clean/cleaner" techniques (with quantifiable effects).
 - (SOx, NOx, PM, and CO2)
- Investment loans to infrastructure
 - LNG or other "clean fuel" terminals
 - Improved port facilities
- Investment loans for transport equipment
 - New / (modified) vessels complying to environmental standards

Financing vessels

- Financing newbuilding or modification of vessels with mortgages / guarantees is not a core competence of NIB.
- Shipping sector is a special branch in finance.
- NIB obliged to try to contribute with financial solutions based on its mandate and capacity:
 - Favourable loan conditions
 - Supplement other Financial Institutions.
 - Support existing regional policy.

Minimum requirements for financing vessels:

Clean Shipping Index as an environmental requirement

<http://www.cleanshippingindex.com/>

- Rates the vessels in a three grade scale, “Low”, “Medium” and “Good”.
- Takes into account relevant environmental effects connected to shipping, such as emissions to air and water, use of chemicals, antifouling, scrapping, etc

NIB financing

- If vessels are to be financed under a loan programme, such should either replace older vessels or add logistic capacity.
- Exclusively Financing retrofitted vessels, (e.g. with scrubbers) still a question mark.

Conclusion

- NIB has strong commitment towards the Baltic Sea and wider member-country region. Strategy for the Baltic Sea Region - EUSBSR, HELCOM, NDEP, NDPTL.
- Infrastructure and Transport a major lending area within NIB; maritime included.
- Rating Environment and Competitiveness – reference to acknowledged international standards and transparent internal procedures.
- A wide approach towards financing mitigations of environmental hazards and improving sustainability in the Baltic/Nordic area.

Open for discussion with stakeholders on financial solutions thereof.

NIB recognises
that taking environmental social and competitiveness aspects
into account is part of good business.

Nordic Investment Bank

For further information:

Stefan Fridriksson

Senior Manager, Lending
INFRASTRUCTURE,
TRANSPORT AND TELECOM

Telephone +358 50 3111 050
stefan.jon.fridriksson@nib.int

Head Quarters

Fabianinkatu 34
P.o. box 249
FI-00171 helsinki
Finland
telephone +358 10 618 001



internet

<http://www.nib.int>
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