

EBRD's approach to the maritime sector financing

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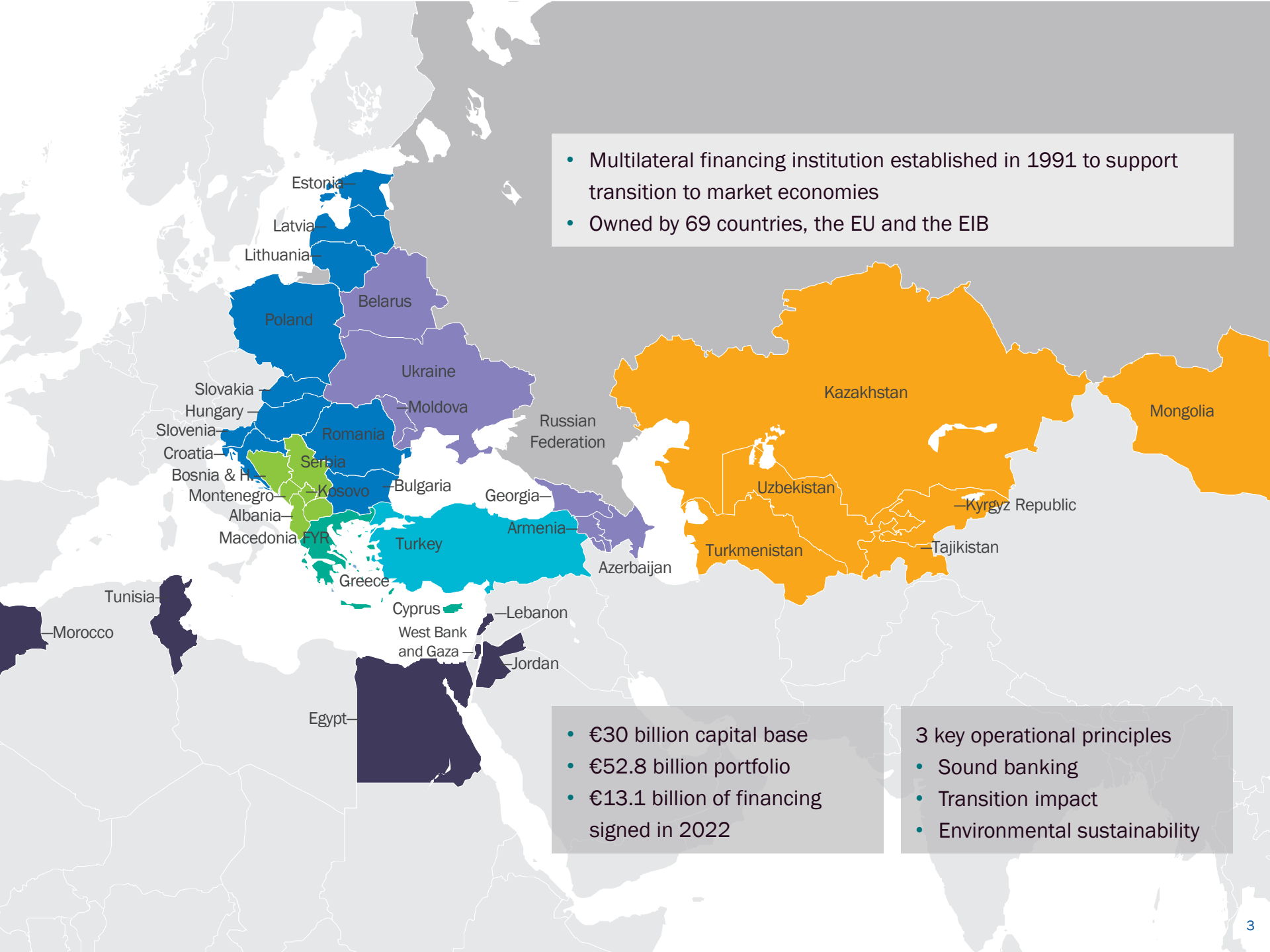
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- Introduction to EBRD
- Mainstreaming green financing: Green Economy Transition
- Transport, Port and shipping investments
- Collaboration
- Case studies



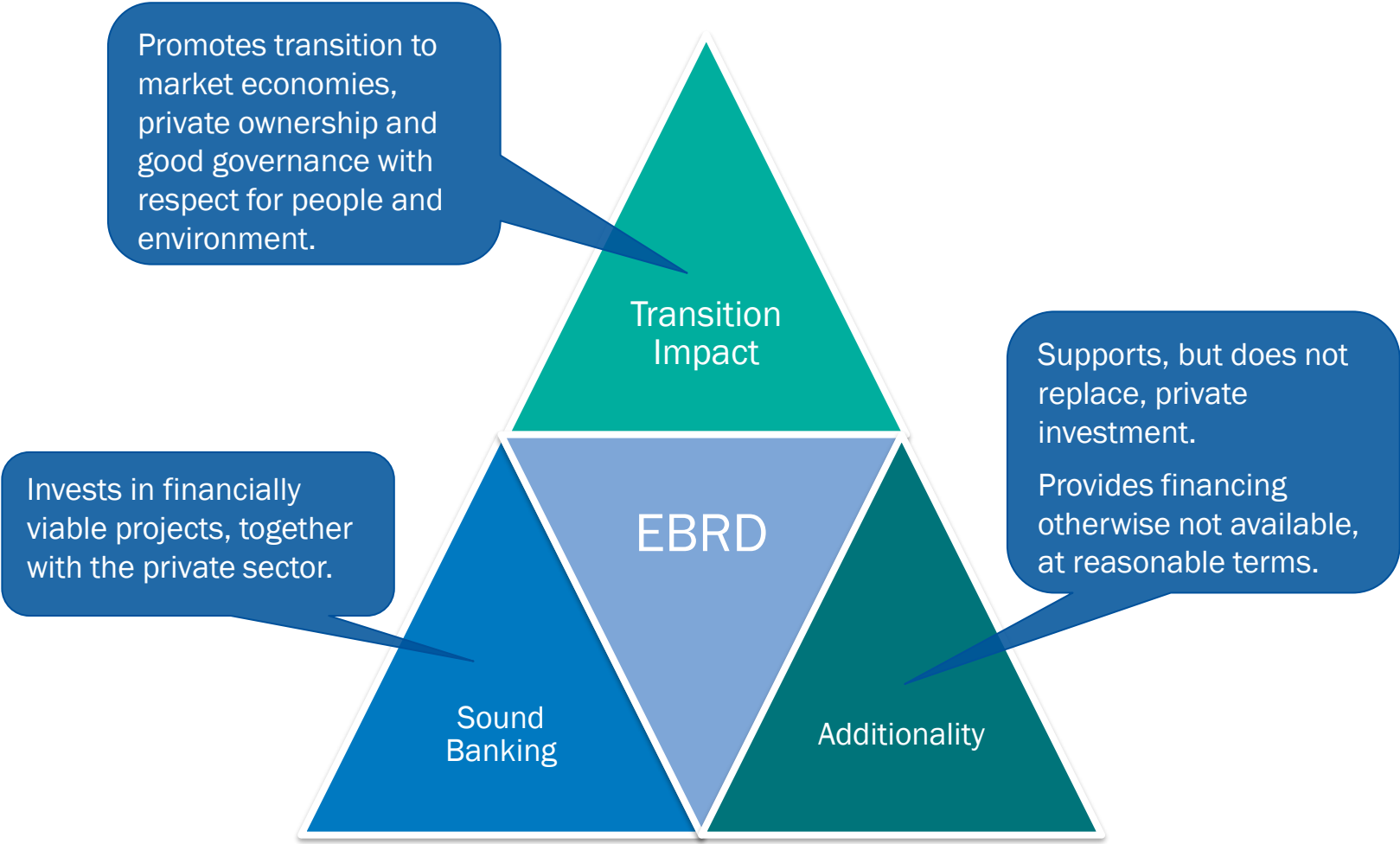


- Multilateral financing institution established in 1991 to support transition to market economies
- Owned by 69 countries, the EU and the EIB

- €30 billion capital base
- €52.8 billion portfolio
- €13.1 billion of financing signed in 2022

- 3 key operational principles
- Sound banking
 - Transition impact
 - Environmental sustainability

Mission and Vision: Three Key Principles



Our transition qualities



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Competitive

Building dynamic and open markets that stimulate competition, entrepreneurship and productivity growth.

Well-governed

Promoting the rule of law, transparency, and accountability, and stimulating firms to adequately safeguard and balance the interests of their stakeholders.

Inclusive

Building inclusive market economies which ensure equal economic opportunity for all and leave no group behind.

Integrated

Building geographically integrated domestic and international markets for goods, services, capital and labour.

Resilient

Building resilient market economies that can withstand turbulence and shocks.

Green

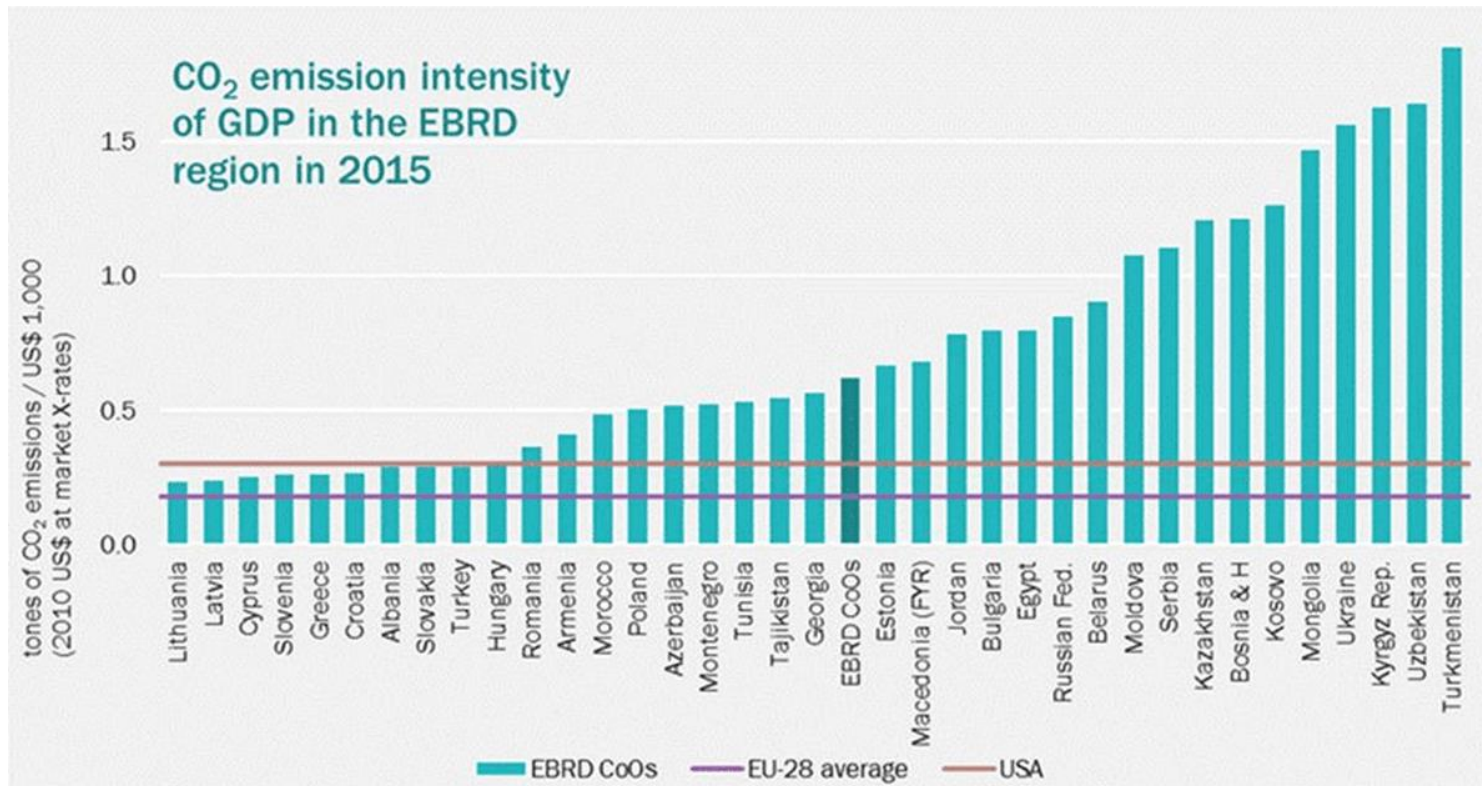
Building green, sustainable market economies which preserve the environment and protect the interests of future generations.

Why transport sector matters?

EBRD approach

- Economic growth and development requires transportation/mobility and better connected infrastructure and services.
- Public investment in transport infrastructure and services has failed to keep pace with the growth in demand. Huge gaps becomes apparent at the times of crisis or economic shocks such as war in Ukraine.
- Therefore private sector involvement in provision of transport services and fleet is needed to speed up development and boost economic growth.
- According to IEA transport has the highest reliance on fossil fuels of any sector and accounted for 37% of CO2 emissions in 2021.
- Key challenges such as decarbonisation, innovation, new technologies, carbon neutrality and modal shift all needs to be accelerated.
- **Maritime transport is the most energy efficient mode of transport**

Carbon intensity of economies in the EBRD region



2015 energy-use related CO₂ emissions per unit of GDP (expressed as 2010 US\$, at market exchange rates). Source: IEA



Correlation between ESP , Paris Agreement alignment, Green and financial flows

TOTAL ANNUAL BUSINESS INVESTMENT

COMPLIANT WITH ESP

PARIS AGREEMENT ALIGNED

GREEN ECONOMY
TRANSITION

*Climate finance
and
other environmental
finance*

All projects undergo appraisal against E&S Policy and PRs

Paris Agreement aligned financial flows

Activities consistent with a pathway towards low greenhouse gas emissions and climate-resilient development in line with the objectives of the Paris Agreement. Projects characterised by:

- Consistent with long-term low-carbon climate-resilient development.
- Low carbon lock-in risk
- Resilient to physical climate hazards
- **Starting from 2023 all EBRD projects needs to be Paris Agreement aligned**

Green Economy Transition financial flows

Activities that substantially contribute to climate and environmental objectives. Finance for measures and investment components leading to at least one of the following outcomes:

- Significant climate change mitigation benefits (mitigation finance)
- Significant climate change adaptation outcomes (adaptation finance)
- Significant environmental benefits (for example, protection and restoration of ecosystems, and pollution prevention).

Why does ESDD matter to Lenders?

- **Business impact** – financial/operational:
 - Delays or decline of permit applications
 - Construction delays due to permitting, stakeholder opposition
 - Additional expenditure on environmental abatement, new technologies or remedial needs
 - Social dialogue/license to operate
- **Reputational impact** – human rights violations, greenwashing allegations, destroying natural habitat
- **Shareholder and Stakeholder Requirements**
- **Legal risks** – future disclosure requirements (TCFD, TNFD, EU Taxonomy, EU Green Bond)
- **Climate, environmental and social risks impacts** - safeguarding against practices that lead to biodiversity loss, environmental pollution; ensuring natural resource management, human, gender and labour rights

- **Environmental and Social Policy (ESP)** - E&S impact and risk identification and mitigation;
- Maximise Project **benefits** – improve environmental and social performance; support Client to develop knowledge; provide specific support e.g. consultants
- Undertake **due diligence** of our project prior to a decision on investing
- Make information public - “**disclosure**”
- Provide an **independent mechanism** for the public to raise complaints directly to the Bank on E&S issues on our projects
- Require clients to implement our E&S requirements and **agree an action plan** to close gaps where needed
- Include **conditions related to E&S matters** in financing agreements
- **Monitor** the implementation of project’s we finance
- **Governance** – will be covered in the next session

EBRD and the Paris Agreement – from 2022 YE all the Bank’s operations are PA aligned

Six building blocks jointly agreed by the MDBs as core areas for alignment with the objectives of the Paris Agreement

2 Adaptation and climate-resilient operations

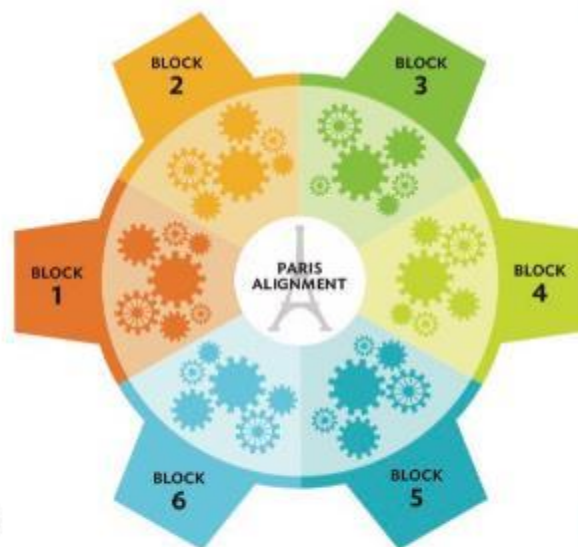
Operations systematically screened for climate-resilience. Support increase in clients' ability to adapt to climate change.

1 Alignment with mitigation goals

Operations consistent with national low-emissions development pathways and compatible with objectives of the Paris Agreement.

6 Align internal activities

Progressively ensure that internal operations, including facilities and other internal policies, are in line with the Paris Agreement.



3 Accelerated contribution to the transition through climate finance

Further scale up climate finance, operationalize new approaches to support NDCs, and accelerate realization of ambitions agreed under UNFCCC and in line with science-based evidence identified by IPCC.

4 Engagement and policy development support

Develop new services to support clients put in place long-term strategies for low-emissions and climate-resilient development while ensuring consistency with SDGs.

5 Reporting

Develop tools and methods for characterizing, monitoring and reporting on Paris-aligned activities.

Opportunities

- Alignment with mitigation goals (EBRD Energy Strategy)
- Mainstream climate resilience in operations
- Scale climate finance
- Policy development support



Preserving and improving the environment are central features of a modern, well-functioning market economy and therefore key goals of the transition process that the EBRD was set up to promote.

Building on a decade of successful green investments, the EBRD seeks to increase the volume of green financing to 50 per cent by 2025.

The Green Economy Transition



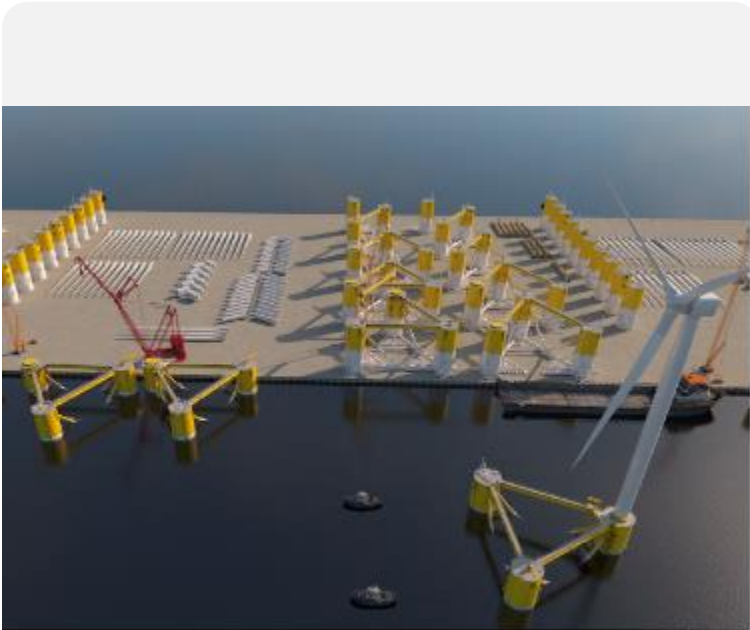
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The GET is EBRD's strategy to mainstream across the activities of the Bank, and to increase the share of Bank business represented by projects which have beneficial impacts on the environment or in terms of climate change. Green projects can be from the following areas:

- Energy efficiency
- Renewable energy
- Water efficiency
- Resilience to climate change
- Waste minimisation and material efficiency
- Pollution control and environmental compliance



- **Climate Related Financial Risks**



- In 2018 EBRD became the first MDB which signed up to the Task Force on Climate Related Financial Disclosures (TCFD), established by G20 Financial Stability Board
- The latest, fourth report on Climate Related Financial Risk of the Bank will be released soon
- The report presents how the Bank is exposed to the climate risks based on two categories: carbon transition risk and physical climate risk.

Green Economy Financing results in 2006 – April 2023



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FINANCED

1,736+
green projects

1391+ directly financed projects
with green components, and

345+ credit lines to local
financial institutions for on-
lending to smaller projects

SIGNED

€ 32 billion
of green financing

For projects with a total value of
€182+ billion

As of April 2023 green financing
represented 57% of EBRD's new
business volume, much above
the benchmark of 50%

Transport at a glance

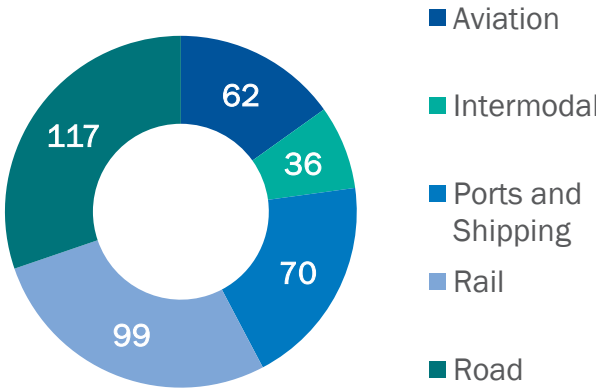


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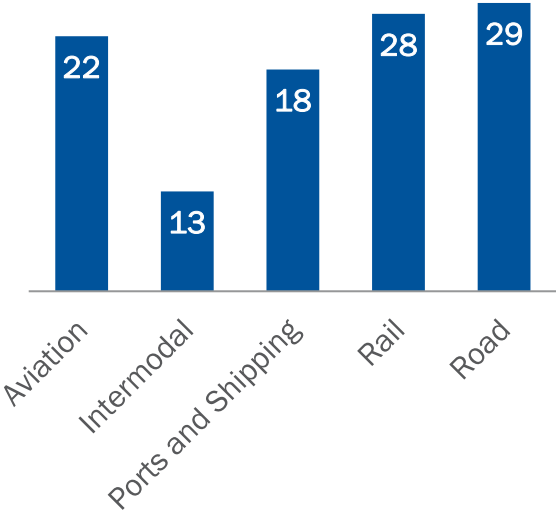


- **€20.1 billion** invested
- Total project value: **€77.4 billion**
- **384 projects**
- **37** of the EBRD's countries of operation

Number of projects per sector



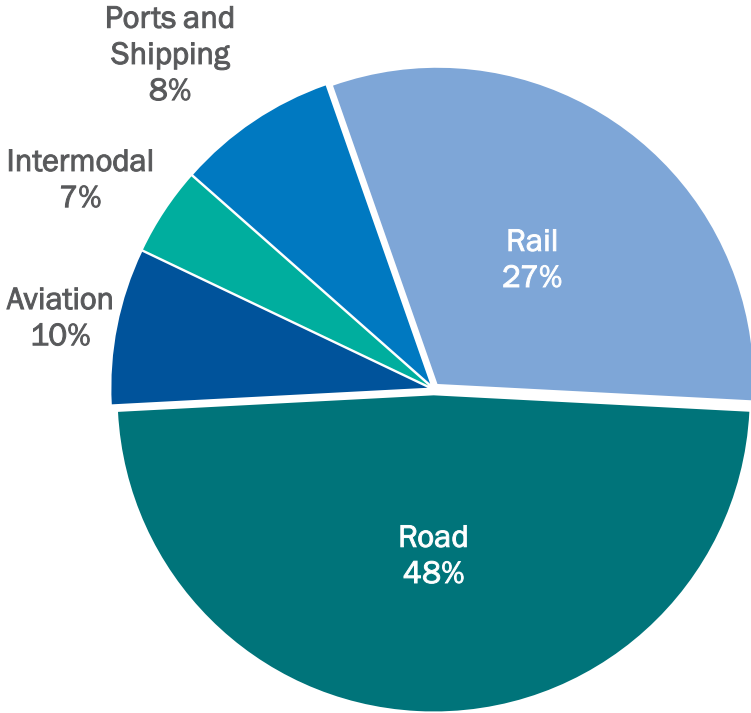
Country presence per sector



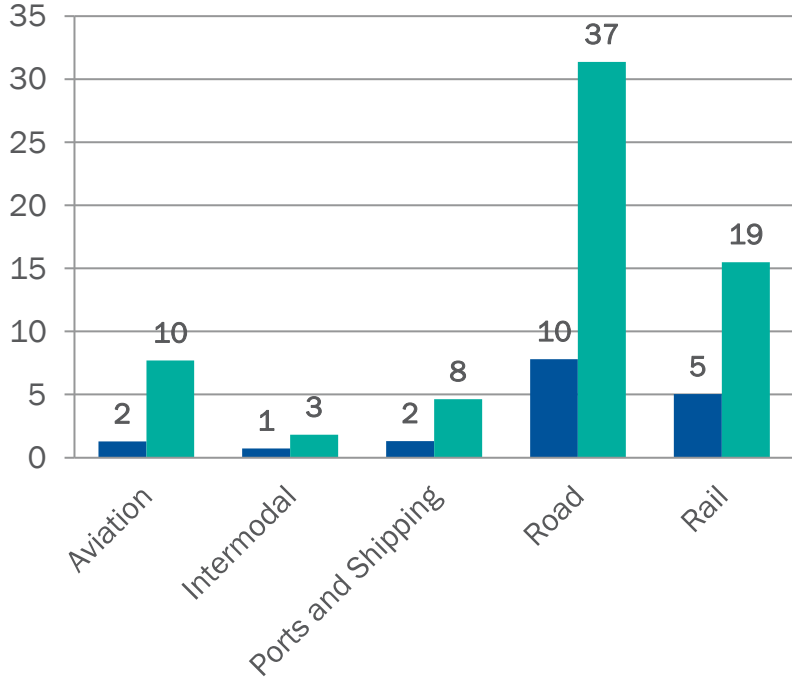
¹ Data at end April 2023

EBRD investment by Transport Sector¹

INVESTMENT BY SECTOR



TOTAL PROJECT VALUE (€ 77 billion)



■ EBRD Investment (in € billion)
■ Total Project Value (in € billion)

¹ Data at end April 2023

EBRD in the Maritime Sector



- Investing in pre-and post-delivery financing of fleet modernisation and retrofitting as well as conversion and retrofitting of existing vessels to promote competition and energy efficiency
- Financing terminal and port infrastructure
- Engaging in policy dialogue with regional governments in regards to commercialisation of port infrastructure and separation of its management from the state
- Supporting private sector involvement in greenfield projects
- Promoting international best practices in regards to environmental and energy efficiency and compliance with International Maritime Organization (IMO) regulations to promote sustainable maritime transport
- Applying EU Requirements and Good International Industry Practice such as Helcom convention.

EBRD solutions for sustainable ports

Corporate Strategy

- Certification. ISO 14001 (Environmental Mgmt), ISO 50001 (Energy mgmt)
- Port Environmental Review System (PERS)
- Port emission Assessment and reduction strategies as per IMO / Glommep guidelines
- Tariffs based on ESI or EEDI index

Operations

- Cold Ironing / Onshore Power
- E-Vehicles for port operations and container handling
- Electric or Stage V certificated Non-Road machinery
- Dust suppression equipment

Infrastructure

- Waste management system
- BREEAM certification 'Very Good' as minimum for buildings
- Smart LED illumination of facilities
- Renewable energy generation (Solar / Wind/ Geothermal etc)

Vessels

- LNG berthing vessels
- Hull and superstructure optimisation, propeller and rudder optimisation, advanced propeller designs, supporting systems (waste heat recovery)
- Ballast Water Management, scrubbers
- Bringing fleets in line with IMO 2020 SOx and NOx caps

Some references in the Maritime Sector

- Investing in pre- and post- delivery financing of fleet modernisation and renewal (i.e. Maridive in Egypt, Ekol in Turkey, Circle Maritime Invest in Kazakhstan)
- Financing expansion of port infrastructure (i.e. Nador West Med in Morocco, Deep-Water Container Terminal in Poland, Transshipment Hub in Lithuania) to contribute to more efficient and sustainable transport routes
- Participating in port privatization to support development of the local capital market (Port of Tallinn in Estonia) and in Initial Public Offering (IPO) to increase private sector involvement (Port of Bar in Montenegro)
- Supporting introduction of innovative technologies to promote environmental and energy efficiency best practices (i.e. Tersan Floating Dock in Turkey, Ukrelevatortrans in Ukraine)
- Promoting increased efficiency and effectiveness of the sector operations through adoption of international best practices and certifications (i.e. Maridive in Egypt, Fast Crew Boat Financing in Azerbaijan)

Some clients in the maritime sector



GLOBAL PORTS
HOLDING



EBRD in the Logistics & Intermodal Sector



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- Financing fleet modernisation of private and state-owned companies to encourage competitive, cost-efficient and flexible transport services
- Providing financing for freight infrastructure (i.e. cargo and cold warehousing, machinery), port infrastructure (i.e. container handling operations, inland infrastructure) and intermodal operations (i.e. multipurpose logistics hubs, marshalling yards)
- Supporting private operators to increase competition and promote more widespread private ownership
- Promoting development of green logistics and sustainable transport systems through multimodal networks
- Facilitating integration and optimisation of freight network services to streamline operations, reduce fuel costs and emissions, and improve the quality of the services offered to the market

Some references in the Logistics & Intermodal Sector

- Supporting intermodal operations – multipurpose logistics hubs and terminals, diversified transportation network connections (i.e. Danube Logistics in Moldova, PIMK in Bulgaria, DLF Georgia Logistics Terminal in Georgia)
- Financing fleet acquisition and renewal to improve operational and resource efficiency (i.e. Arkas in Turkey, Globaltrans in Russia)
- Providing equity investment for IPOs to promote private sector participation (InPost in Poland)
- Supporting balance sheet restructuring (TLS Logistics in Turkey)
- Improving standards for corporate governance and business conduct (i.e. Akel Logistics in Turkey, Asya Port in Turkey)
- Enhancing automatization and competitiveness of the postal services in the region (i.e. Meest Logistics and Nova Poshta in Ukraine)
- Contributing to decarbonisation through increasing operational optimization (i.e. Meest Logistics in Ukraine, PIMK in Bulgaria)

Some clients in the logistics & intermodal sector



- MDB climate finance group
- the European Expert Group on Sustainable Finance,
- the IFI Group on greenhouse gas reporting,
- UNFCCC Standing Committee on Finance, Climate Action in Financial Institutions,
- the Green Bond Principles;
- MoU with the International Maritime Organisation (February 2018)





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