IMO-UNEP-Norway Innovation Forum 2022

Financing new technologies for greener shipping

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Bottlenecks in financing green shipping

- **Technology:** first mover risks, lack of consolidated standards, capex intensity, compliance requirements.

- **Expertise:** availability of expertise in the financial sector, lack of LT finance, lack of data.

- **Structural:** asset backed financing solutions are challenging and split-incentive risks, lack of LT off-takers.

- **Capacity:** many shippers are relatively small and do not have any ESG rating on which sustainable financing could be based on.

- **Price signals:** limited pricing benefits for green financial instruments.
Decarbonisation of shipping: a value chain approach

Fuel production
• Zero-carbon fuels production systems

Infrastructure
• Feedstock logistics, fuel bunkering and distribution systems

Low-emission vessels
• Fleet upgrade / renewal

Logistic Services
• Intelligent transport systems and digitalisation (including intermodality)

Investment > US$ 1.5 trillion
Key solutions/enablers and role of IFI

- **Sectoral and value chain decarbonisation roadmaps** to identify timing/entity of investments and align interest of project developers and investors/financiers

- **Corporate planning, decarbonisation strategies and climate risk management**

- **Low-carbon standards and certification**

- **International/national partnerships** (e.g. FINSMART, RLCF Alliance)

- **Focused financial products** (e.g. SLL, SLBs, Transition Bonds)

- **LT offtake agreements** (e.g. CFD)

- **Concessional finance** (e.g. guarantees), particularly to support early movers and pilots

- **Carbon markets**
FINSMART: a model of partnership

- An international platform set up by IMO in 2020 in collaboration with EBRD and WBG comprising regulators, operators, technology providers and financiers.

- The FIN-SMART Roundtable is a platform for regular dialogue among key maritime stakeholders to address the financial challenges related to the transition of shipping to a more sustainable and resilient future.

- Next phase: moving beyond knowledge sharing and discussion forum and act as an accelerator for pilot projects, R&D developments and application of innovative investment solutions (FINSMART Investment Forum).