

Financing Sustainable Shipping Save As You Sail (SAYS) Experience



Members of the Sustainable Shipping Initiative

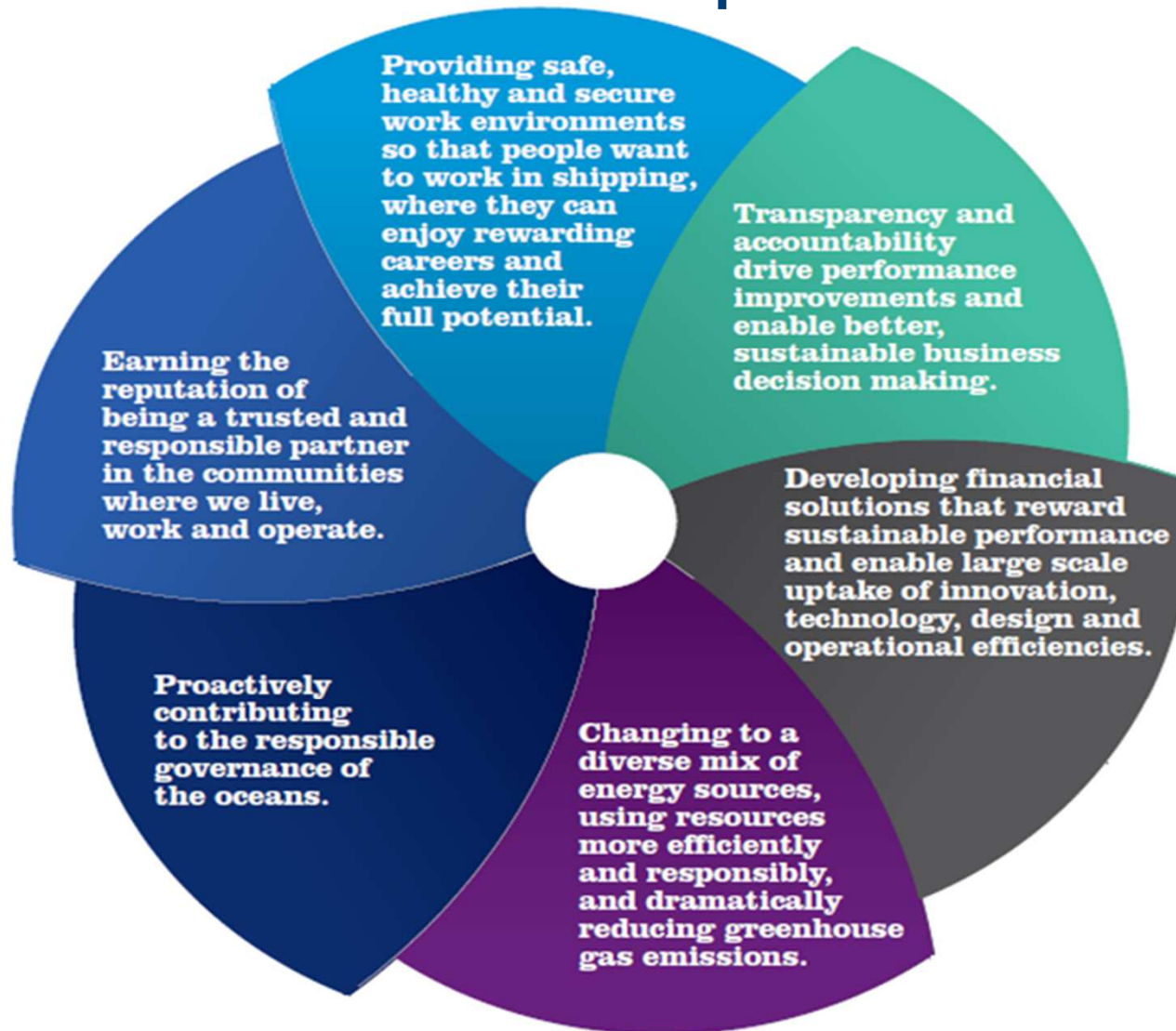


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SSI VISION

Our vision is an industry where sustainability equals success. This focuses on six core pillars:



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SAYS contributes to the industry meeting Vision 4

Developing financial solutions that reward sustainable performance and enable large-scale uptake of innovation, technology, design and operational efficiencies



Members of the Save As You Sail (SAYS) Work Stream



The Challenge

- Ship owners face competition to charter out fuel-efficient vessels
- Will investments yield increase in profits for ship-owner?
- Short charters lead to fewer opportunities to share investment with charterers
- Split incentives
- What is the incentive for the ship-owner as benefits seen by charterer who pays fuel?

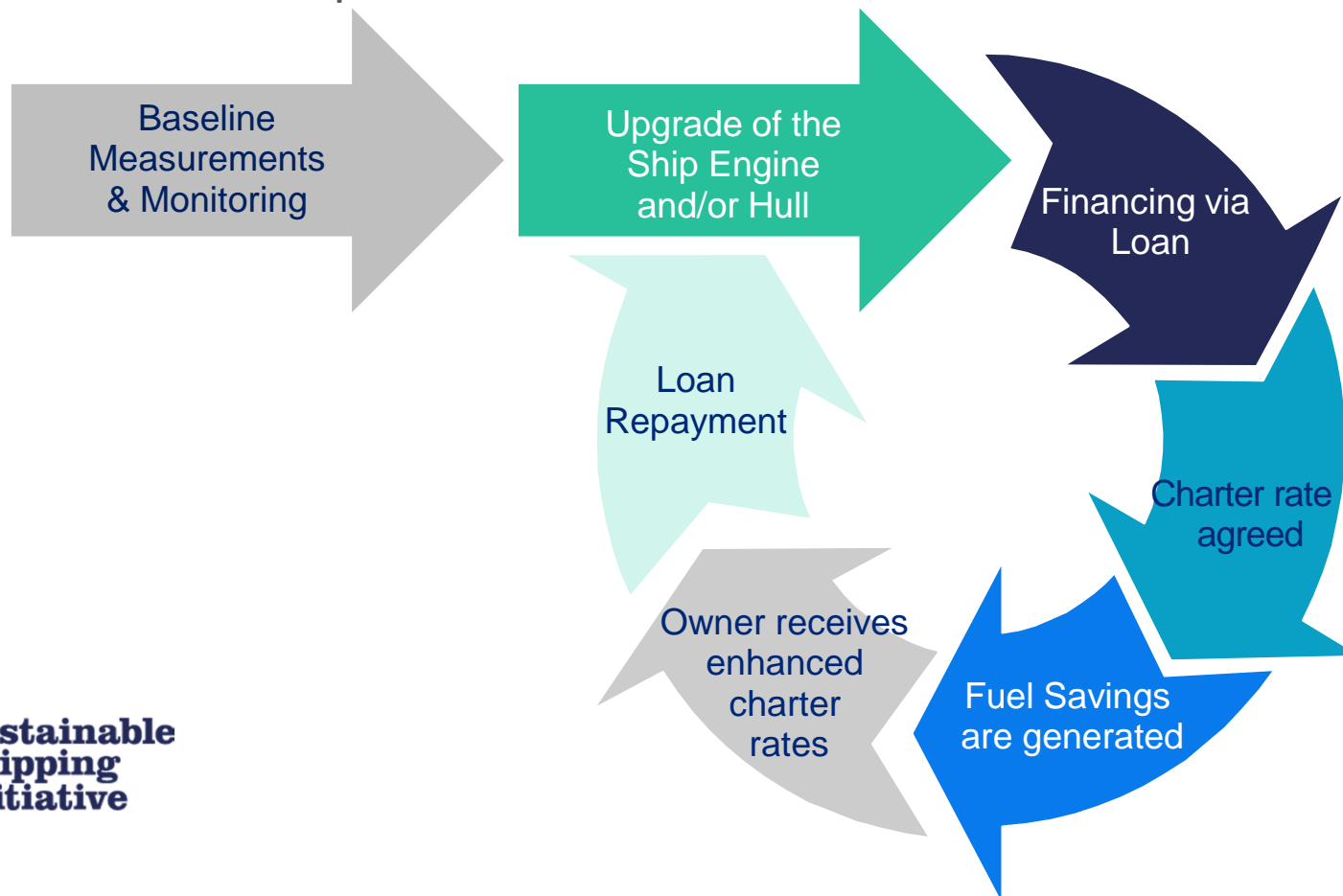
Objective

To provide the shipping industry with access to financial tools and products to enable informed and transparent negotiations, guaranteed savings, and encourage third-party financing to vessel owners for efficiency upgrades.



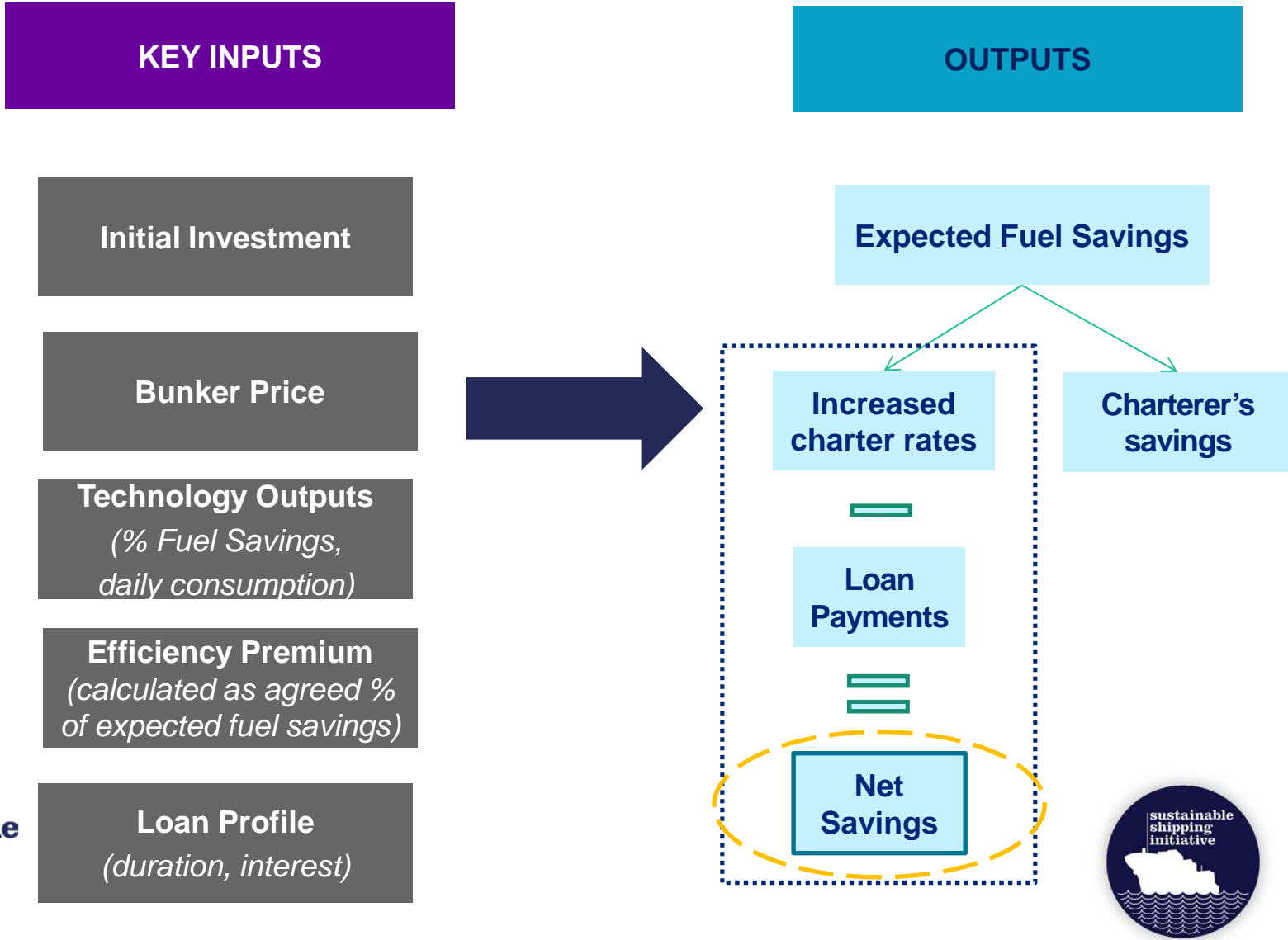
What the SSI achieved

Members of the financing work stream have worked together to develop Save As You Sail (SAYS) – a robust financing package that will enable both owners and charterers to benefit from efficiency upgrades with transparent understanding of expected savings, and new financing facilities to fund upfront costs.



Save as you Sail (SAYS) Pilot

How does the financial model work?



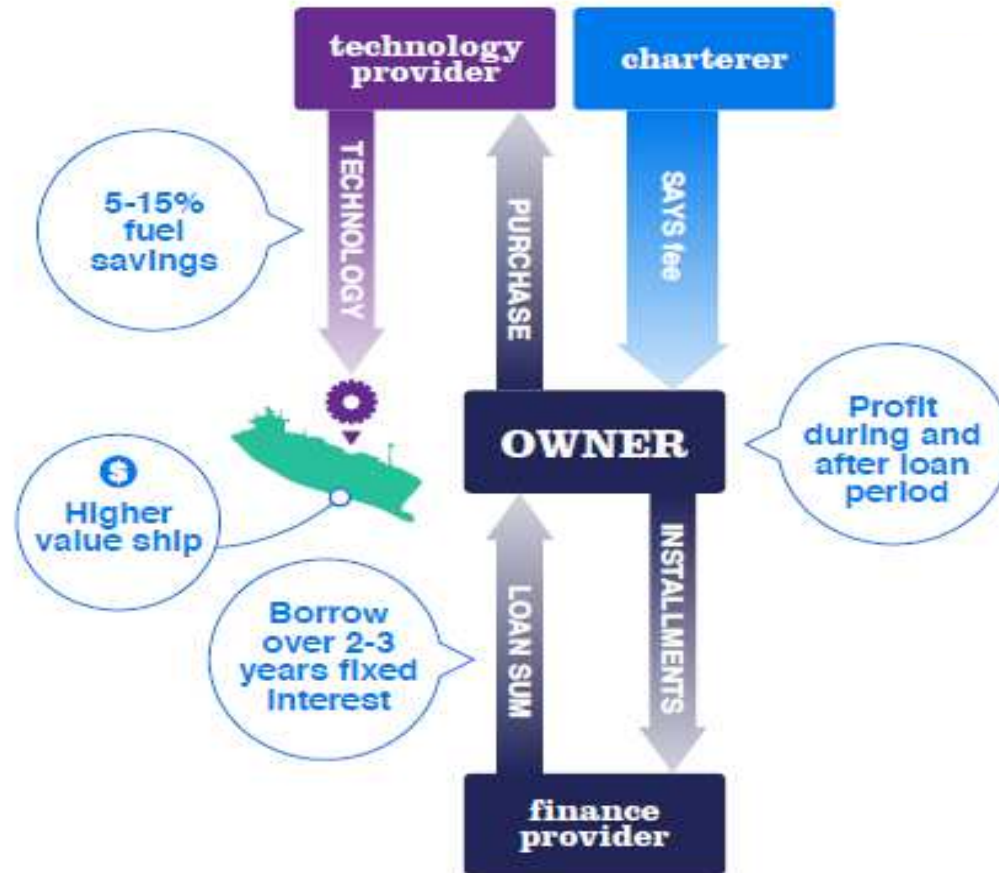
Save As You Sail for short term charters (<12 Mo)

Time charterer saves fuel costs and pays a proportion of the expected savings to the owner in their charter rate

Owner has fixed-rate loan available for 80% of the cost of the retrofit. Owner's loan instalments are lower than the efficiency premium so it is profitable

Unique features:

- 1) Financing secured to the efficiency premium not the vessel
- 2) Successive charterers during one loan period
- 3) Standard terms for agreements



The Experience



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The Experience – straight after development

- Bringing the right expertise together
- Small – Medium ship-owners will benefit most from SAYS
- Total value is important
- Split incentives are complex and not fully understood
- The shipping industry is varied in how it shows leadership
- The proof of success will be uptake
- Success requires thinking beyond the project goal
- Bringing this to the foreground has stimulated industry activity



Lessons learnt

Low take up due to:

- Development of other financing packages which had high margins for the finance provider and high responsibility for the suppliers which caused the industry to be wary.
- Fuel prices have dropped
- Provision of finance has not been a critical factor for companies investing in new technology
- The payback period is too long
- Business case weak in present market
- Carbon credits / emissions caps not making up for low fuel price

SSI presented the SAYS model in Athens and received a good reception. We have had a few starters, but no finishers.





www.ssi2040.org

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