

KFW IPEX-Bank

Going Green – How Banks Are Supporting Environmentally Sustainable Projects with Green Loans



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Green loans can help rail organisations get closer to achieving their sustainability goals.

Businesses are prioritising climate neutrality and environmental sustainability more than ever before. Today, stories of the climate crisis make national headlines, and with new record-breaking temperatures reported every month, the world is focused on climate action.

An international goal, known as the Paris Agreement, aims to keep the increase of the average global temperature below 2°C, and also to pursue efforts to keep this rise as close as possible to 1.5°C.

This is no simple task. However, the rail industry has an important role to play in getting us closer to this objective by providing greener transport solutions.

As it currently stands, rail travel is already less polluting than travel by road, but new lower emission and carbon-neutral technologies such as battery electric and hydrogen-powered trains are helping to reduce the sector's greenhouse gas (GHG) emissions even further.

Opening the Doors to New Financing Opportunities

Across the rail industry we're seeing a growing number of businesses focus on increased environmental sustainability, which is also opening up new doors to raising finance.

By integrating green finance frameworks into their overall sustainability strategies, businesses are committing to investing in environmentally friendly projects. In order to make this commitment in a credible manner, they often use the widely recognised

green loan principles (GLP) of the Loan Market Association (LMA) or green bond principles (GBP) of the International Capital Market Association (ICMA) as the foundation of their frameworks, as complying with these ensures their ability to access green loan opportunities.

This is an example of the banking industry's commitment to decarbonisation, as green loans were created to finance projects that support the transformation towards a net zero society.

"We're keen to support our customers doing business in this area, and the green loan principles ensure that projects will truly have a positive environmental impact," says Sylvia Sedlacek, Director of Mobility and Transport at KfW IPEX-Bank.

As a bank that stands for transformation, KfW IPEX-Bank finances technologies of the future to support the transition towards a more sustainable society. By implementing ambitious sector guidelines for CO2-intensive sectors, it's ensuring its financings are compatible with the Paris Agreement goals.

Supporting Green Rail Initiatives in Norway

Scandinavia is a leader in environmental sustainability, particularly in the rail sector. Here we've seen the roll out of **new night train services** powered entirely by green energy from hydro, wind and solar sources, as well as plans for a **new Stockholm-Oslo rail connection**. These are just two examples of projects in the region designed to promote sustainable public transport options and lower reliance on air travel.

This is why KfW IPEX-Bank was pleased to announce that in late 2023 it signed **a green loan with Bane NOR Eiendom** valued at approximately NOK 1,140 million (EUR 100 million). This will be used to invest in green projects such as supportive railway infrastructure and service facilities, which can be maintenance depots, trains storage and depot facilities.

The Norwegian state-owned company, which is in charge of the development and management of the country's supporting rail infrastructure, launched its green finance framework in 2021. This was awarded the Center for International Climate Research (CICERO)

rating Medium Green in 2020. And just recently, in March 2024, it was rated Dark Green by Second Party Opinion Providers S&P Global.

Bane NOR's overarching goal as a company is to support the Norwegian railway and create attractive transportation hubs. By increasing the efficiency and appeal of rail travel, it aims to encourage people to choose public rail over the use of their own vehicles.

With this financing, KfW IPEX-Bank is supporting a catalyst for environmentally sustainable public transportation. The extension and refurbishment of maintenance workshops will enable maintenance services for the longer passenger trainsets (over 200 metres in length) that will be required to meet the higher demand expected for public rail in the future, as well as increasing the overall efficiency of the maintenance cycle.

Financing Green Rail Projects

KfW IPEX-Bank is experienced in arranging financing for green rail infrastructure projects, as well as the acquisition of rolling stock that uses alternative power sources. This includes innovative and attractive bilateral or large-scale financing structures for among others locomotives, railcars, passenger trains, trams, metros as well as the construction of railway tracks, maintenance depots, station and signalling. By introducing GHG accounting, KfW IPEX-Bank aims to achieve a net zero emissions portfolio by 2050.

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For further information on how KfW IPEX-Bank can finance your green investments, or for support for developing a green finance framework, please contact:

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