

22 March 2024, Tallinn

## **Governors invite the Nordic Investment Bank to strengthen regional resilience**

*Statement by the Board of Governors of the Nordic Investment Bank in the context of its Annual Meeting in Tallinn, Estonia.*

The Nordic and Baltic countries condemn in the strongest terms possible Russia's unprovoked and unjustified war of aggression against the independent and sovereign country Ukraine, which manifests a violation of international law and the UN charter.

Russia's war in Ukraine has altered the geopolitical situation, created new uncertainties, and brought the Nordic and Baltic countries closer together. It has increased the focus on security in the region, while the long-term challenges of battling climate change and making our economies more competitive remain.

We must accelerate efforts towards a successful green transition and improved productivity to ensure resilience and competitiveness. We need to find solutions that support both the individual economies and the Nordic-Baltic region.

The Nordic Investment Bank (NIB) has acted as an efficient financing vehicle, aligning its activities with the policy priorities of its owner countries since its foundation almost 50 years ago. By adapting to new challenges and focusing on additionality, NIB's financing can further improve prosperity and cooperation within the region.

As the Governors of NIB, we therefore ask the Bank to focus on mobilising finance for climate and nature, productivity and innovation, as well as consider ways to support resilience, all while ensuring its added value to the region.

### **Climate and nature**

The Nordic-Baltic countries have set clear objectives to reach climate targets and address nature loss. With 2023 being the hottest year on record, the impacts of both climate change and nature loss are a source of growing uncertainty in our economies. The effects of climate change on our region are multifaceted: extreme weather and rising sea levels affect our water resources and infrastructure; wildfire, disease and bio-diversity loss damage our boreal forests; our agriculture and fisheries suffer negative impacts.

However, the transformation towards a climate and nature resilient economy also brings opportunities in our region. We have world-leading companies in transformative industries that include renewable energy, battery value-chains, the hydrogen economy, carbon capture and storage, as well as carbon-neutral steel and cement production. Building on these successes, we recognise that climate change and nature loss need to be addressed jointly, for instance, by investing in circular economy solutions that support both efficient use of natural resources and climate mitigation objectives.

To steer this transition towards net zero targets, significant additional investments will be needed. As an international financial institution, NIB's ability to mobilise and crowd-in private investment can contribute to bridging this financing gap. By engaging and collaborating actively with our public financing partners, it can also support the efficient use of public resources for the green transition,

which is increasingly important at a time of growing demand for public finance and new fiscal priorities.

### **Productivity and innovation**

Productivity and innovation play a pivotal role in driving economic growth and competitiveness. The Nordic-Baltic region hosts various innovation clusters, connecting industry and academia to advance sectors such as renewable energy, life sciences, IT, digitalisation, e-government, fintech, autonomous and electric transport, or green shipping.

While our countries have consistently ranked among the most competitive globally, this leadership should not be taken for granted. As technological frontiers expand and societies age, we must rejuvenate our economies by investing in research and development, as well as human capital.

To stay at the leading edge of new and emerging technologies, NIB's mandate to finance projects that improve productivity will be important where market failures exist.

### **Security and resilience**

Russia's war in Ukraine and the conflicts in the Middle East are examples of increasing geopolitical tensions and risks, highlighting the significance of security preparedness. These conflicts have also triggered a surge in energy prices as well as disrupted trade and supply chains, while hybrid threats—cyberattacks, forced migration, threats to critical infrastructure—have increased.

Beyond these developments, a broader agenda is evolving, encompassing access to key materials, the security of supply chains, data and information infrastructure, a stronger defence as well as developing the related infrastructure. NIB stands ready to respond to the priorities of its owners.

The themes of green transition, innovation and security are mutually and virtuously reinforced. Renewable technology companies accelerate the climate transition, which in turn promotes energy security. Investments in near-shoring supply chains build resilience against geopolitical shocks and allow us to maintain high levels of expenditure in research and development. By focusing on these priorities, we can make the Nordic-Baltic economies more resilient.

### **Stronger together**

Fostering our joint approach to climate and nature, productivity and innovation, and security and resilience, requires collaboration in long-term strategy and short-term action. The Nordic and Baltic countries have demonstrated the success of this formula in the past, and it will serve us well in the future.

We call on NIB to maximise its contribution in the three mentioned areas by focusing on market failures and mobilising private investments in projects where the Bank's participation adds value. In doing so, NIB actively seeks cooperation with public and private partners, as well as utilising the opportunities of InvestEU.

We call on the Nordic and Baltic companies to use NIB's long-term financing in transforming today's challenges into tomorrow's growth and resilience.

As we confront new economic and geopolitical realities, we reaffirm our commitment to NIB's mission and regional cooperation. Through shared efforts, we can navigate the complexities of our time, creating a shared prosperous and sustainable future. Our ability to succeed is greatly enhanced by our cooperation and integration. The Nordic-Baltic region is stronger together.