



22 November 2023

IBNI BRIEFING NOTE

CONSIDERATIONS ON VALUE PROPOSITION WITH RESPECT TO MULTILATERAL VS. IN-COUNTRY NUCLEAR INVESTMENTS

1. Introduction

- 1.1 The International Bank for Nuclear Infrastructure (IBNI or the “Bank”) is a proposed new International Financial Institution (IFI), to be created by a multinational treaty, using similar mechanism as countries have employed to create existing IFIs such as the World Bank Group (WBG), the Asian Development Bank (ADB), European Bank For Reconstruction and Development (EBRD) and the European Investment Bank (EIB).
- 1.2 The IBNI Implementation Organisation Strategic Advisory Group (IBNI-IO SAG) is an international team seeking to establish, as an accelerator for IBNI, a new nongovernmental organisation (NGO) – namely the IBNI Implementation Organisation (IBNI-IO) – to build the coalition necessary to create IBNI and optimally aligning with best international practices. In the discussions that IBNI-IO SAG team members have had with governments and other interested parties, one of the questions that is frequently asked is: *What is the value-add proposition with respect to investment of a given country’s public funds (e.g. taxpayer money) in IBNI versus exclusively allocating scarce public funds inwardly to a given country’s own domestic nuclear sector, and its national programs and international initiatives?*
- 1.3 This Briefing Note sets out the IBNI-IO SAG's initial views on the question posed in Paragraph 1.2, above. The IBNI-IO SAG welcomes all dialogue and discussions on this question and views with government officials in prospective IBNI member nations and industry stakeholder representatives.

2. Key features of IBNI

- 2.1 The IBNI is conceived to be a nuclear-specialised ‘multilateral infrastructure bank’ as opposed to a ‘multilateral development bank’ (MDB). Unlike the MDBs which tend to be focused on broader mandates, including poverty eradication, economic development, climate and energy issues, generally in developing regions, IBNI will intensively focus on enabling the *rapid and significant scaling of global nuclear energy capacity* in all its member countries, ranging from lower income embarking nuclear countries through advanced economy nuclear export countries. The foremost objective of IBNI will be to enable rapid and significant scaling of nuclear capacity as a key element in the attainment of 2050 Net Zero and complimentary global policy objectives.
- 2.2 IBNI will be a pro-market driven organisation that will utilise proven multilateral models to maximise and accelerate the efficient catalysation of capital flows from global financial markets into nuclear sector investments across all its member countries. Accordingly, IBNI-IO SAG projects a ‘capital multiplier’ of more than one-hundred times (> 100x), which implies that for every dollar of scarce public funding invested in IBNI, those countries should anticipate that the Bank will progressively catalyse (or ‘crowd-in’) more than one hundred dollars of total investment in the nuclear sector within the next 25 years. In achieving this aim, IBNI will thereby minimise the requirements for individual member governments to provide direct

3. IBNI: A Multilateral Approach to Nuclear Finance

- 3.1 Throughout recent history, nuclear sector financing has been almost exclusively supported by governments: in domestic markets through state-backed ownership, financing, guarantees, subsidies and other support mechanisms and in export markets through bilateral ‘government-to-government’ (G2G) export financing models. However, these existing models have not resulted in the catalysation of any material amounts of third-party commercial and market capital into the nuclear sector. Even with a very significant increase in public funding from the individual countries, it is unrealistic that countries will be able to fully underwrite the necessary multiple trillions of US dollars of global nuclear investments that are need to achieve 2050 Net Zero and complimentary global policy objectives, using current financing models.
- 3.2 By utilising models similar to the existing multilateral IFIs, that have been proven mission-successful over many decades in some of the world’s most challenging markets, IBNI will adapt and apply those models to the unique challenges and impediments facing the nuclear sector. As existing multilaterals models have had a proven track record of channelling large amounts of third-party capital into challenging markets around the world, it is foreseen that IBNI will be focused on channelling the maximum amount of cost-efficient global markets capital into the nuclear sector, using the least amount of public funding from its member shareholder governments.
- 3.3 The multilateral IBNI proposition offers a strong ‘value for money’ proposition in comparison to prevailing nuclear financing models. IBNI offers superior impact (maximum global nuclear capital investment) relative to the smallest public funding requirement.
- 3.4 The IBNI proposition does not dilute or detract from any country’s national interests or competitiveness in their nuclear sectors. Participation in IBNI will not restrict or limit any country’s ability to enter into bilateral/G2G agreements and will not restrict that country’ capabilities to support the competitiveness of its nuclear industry through export credit financing and other mechanisms, which would be complementary to IBNI’s programs and mission. On the contrary, IBNI would provide each country and their nuclear sector with a broad range of additional and complementary financing and support tools that will enhance each country’s nuclear industry’s ability to compete in a vastly expanded global market for nuclear exports (in additional to facilitating the robust domestic market growth).

4. Relative Value Proposition of the IBNI Proposal

- 4.1 Individual countries that are pursuing significant increases in their nuclear generation capacities by 2050 have three main nuclear funding and financing options: a) the prevailing status-quo approach: inward government support and funding of their own domestic nuclear sectors and exports through state-sponsored export credits/G2G/bilateral nuclear financing; b) the multilateral (IBNI) approach: establish IBNI as the multilateral platform for **both domestic and export nuclear financing and support**; or c) a balanced combination of (a) and (b).
- 4.2 It should be further noted that an often-proposed potential variation of (b) may be for some of the existing IFIs, such as WBG, ADB, EBRD etc. to modify their existing long-standing policies which currently preclude each of these institutions from financing expansionary nuclear infrastructure. While this option has often been proposed, it is IBNI-IO SAG’s view that this approach, while welcome and encouraged, would likely not be sufficient for supporting and enabling an accelerated scaling of global nuclear in the near-term⁴. Therefore, such recommended changes in

⁴ For reference, see the IBNI-IO SAG *Briefing Note on Policy Reform of the Existing MDBs*: <https://img1.wsimg.com/blobby/go/8593b45a-4452-46ac-9e76->

existing IFI's policies which would enable their ability to finance nuclear, should be regarded as complementary and aligned with the IBNI proposition, but should not be regarded as a viable substitute for establishing IBNI in the near-term.

4.3 Challenges in respect to *status quo* nuclear financing approach: In addition to other considerations, the *status quo* approach (each country chooses to continue to inwardly fund and support its own domestic and export nuclear sector, instead of a broad multilateral approach to nuclear finance) will require very significant amounts of additional direct government funding, financing, subsidies and guarantees. Scaled-up funding for the *inward* 'business as usual' approaches to nuclear finance is likely to require unacceptably high consumption of public (e.g., taxpayer) budgets in order to support a given country's respective nuclear sector as part of a national and global scale-up.

4.4 Advantages of the IBNI multilateral approach: The IBNI approach offers participating countries with the most efficient fiscal pathway to achieve global policy objectives, including the element more than tripling national and global nuclear capacity by 2050. As noted in Paragraph 2.2 above, the IBNI-IO SAG estimates that IBNI should be able to achieve a 'capital multiplier' of more than one-hundred times. While IBNI would be complementary to each of its member nations' domestic and import/export programs (specifically including export credit and similar financing programs), IBNI will provide a wide array of additional and supplementary financing and support capabilities beyond those that are possible or feasible via other currently available government and market mechanisms. In addition to making significant incremental quantities of cost-effective financing available across the global nuclear sector, IBNI also aims to facilitate accelerated global scaling of nuclear capacity through the stimulation and support both global demand and supply, adopting and enforcing nuclear-specific standards and criteria and creating frameworks that encourage policy alignment supportive of nuclear investment in markets all around the world. Fundamentally, IBNI provides the global solutions that will serve to maximize both national and global impacts and the economic returns on every dollar of public funding invested.

5. Conclusions

5.1. While individual countries may debate their prudent national alternatives available for enabling the accelerating the scaling of their domestic and export nuclear sectors in order to achieve a three-fold increase of national and global nuclear capacities, IBNI provides a high value-for-money proposition. While it is understandable that no country will invest scarce public funding resources entirely in IBNI, a 'balanced approach' of both inward and multilateral investment is expected to be determined to be a prudent alternative in most countries.