Role of CDP in International Development Cooperation

Financing the Maritime Economy, Investment and Development in the Mediterranean

Social Infrastructure and Inclusive Growth for Peace, Security and Prosperity - 5th July
About CDP

**CDP Shareholder Structure**

- **Italian Ministry of Economy and Finance**: 82.8%
- **Banking Foundations**: 15.9%
- **Treasury shares**: 1.3%

**Overview**

- CDP Group represents **one of the largest financial institutions in Italy** with €36bn of resources mobilised in 2018 and **Total Assets** equal to €425bn\(^{(1)}\)
- CDP has an **equity investments portfolio** of more than €33bn\(^{(1)}\) and is the **leader equity investor** on the **Italian stock market**
- CDP Group has a traditional institutional role in supporting the Italian economy; in recent years however, CDP has significantly enlarged its range of activities, **operating globally since 2009**, also through Sace and Simest since 2012
- The new **CDP International Development Finance Business Unit** operates both with private and sovereign counterparties in developing countries through its **Development Finance** and **International Cooperation** division respectively

\(^{(1)}\) Data as of 31.12.2018
CDP is the oldest NPI and newest DFI in Europe

Objectives: (i) to combat poverty, promote growth and reduce inequalities (ii) to protect human rights and democracies (iii) to prevent conflicts and support peace processes

2009

Export banca

Since 2009, CDP has mobilized around €15 billion in the Export Bank System

2014

New mandate as FI

IT Law n. 125/2014 assigns to CDP the role of Finance Institution (FI) for Development Cooperation (efficace dal 1° gennaio 2016)

2016

CDP manages the Revolving Fund for Development Cooperation (FRCS) of the Italian Republic

2017

CDP is authorized to use its resources up to a maximum of €1 billion per annum, subject to certain regulatory limits

CDP can operate in all 143 DAC-OECD countries of which the Italian Cooperation System identifies 22 as priority sectors of interest: Micro, Small and Medium Enterprises; Infrastructure; Agriculture and Agri-business

Cross-cutting themes: climate change, gender equality, education
Scope of International Cooperation

**Promoting poverty alleviation, growth and equality in developing countries**

1. **Support to Public Authorities**
   - **Revolving Fund**: management and execution of soft loans of the Revolving Fund for Development Cooperation in blending with CDP resources whether possible
   - **Financing MDB programs**: co-financing or guarantees with CDP resources, or financing directly MDBs and IFIs

2. **Support to Private Sector**
   - **Corporate Lending**: direct financing for corporates in the Target Countries in co-financing with MDBs, DFIs and IFIs
   - **Intermediated Lending**: financing to SMEs through Local Financial Institutions in the Target Countries in co-financing with MDBs, DFIs and IFIs
   - **Project Financing**: financing of projects in the Target Countries in co-financing with MDBs, DFIs and IFIs
   - **Specific projects**: projects with blended resources of the European External Investment Plan (EEIP) in partnership with MDBs, DFIs and IFIs
CDP Group: A global actor mobilising private capital internationally

<table>
<thead>
<tr>
<th>Internationalisation</th>
<th>Development Finance</th>
<th>International Financing</th>
<th>Export Credit &amp; Internationalisation</th>
</tr>
</thead>
<tbody>
<tr>
<td>Quasi-equity investing and subsidies supporting Italian SMEs in their growth through internationalisation</td>
<td>Debt and equity instruments supporting private counterparties in developing countries</td>
<td>Debt instruments supporting the internationalisation of Italian companies</td>
<td>Guarantees and trade credit insurance supporting export from Italian companies and their internationalisation</td>
</tr>
<tr>
<td>• Subsidised loans</td>
<td>• Project Finance</td>
<td>• Corporate lending and Export Credit covered by SACE’s guarantee</td>
<td>• Guarantees</td>
</tr>
<tr>
<td>• Interest rate subsidy</td>
<td>• Corporate Lending</td>
<td></td>
<td>• Factoring</td>
</tr>
<tr>
<td>• Quasi-Equity Investments in Italian SMEs</td>
<td>• Structured Finance</td>
<td></td>
<td>• Trade credit insurance</td>
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<td></td>
<td>• Equity Investments</td>
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<td>Tied</td>
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<td>Tied</td>
<td>Tied</td>
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</tbody>
</table>

Mostly developed countries

Exclusively developing countries

Mostly developed countries

Mostly developed countries

Not yet operational
Section 2

CDP Development Finance
Focus on Development Finance

Who we are
New division covering development investments towards private counterparties; part of the new CDP International Development Finance Business Unit, created in the context of CDP Group’s Business Plan 2019-2021

Our mission
To leverage on our expertise, both in internationalisation/ export credit financing and in equity investments, in order to offer a vast range of financial products to private corporates, with the aim to promote the sustainable growth of developing countries advancing Italian interests

What we do
Corporate lending, project finance, structured finance, equity and quasi-equity investments

Constraints
Obligation to co-finance (≤50%) with DFIs, MDBs and/ or other financial institutions
Target Countries for CDP Development Finance

CDP can invest in all 143 DAC-OECD countries as a Development Finance Institution

Target cluster 1
Albania, Bosnia, Bolivia, Burkina Faso, El Salvador, Ethiopia, Egypt, Jordan, Kenya, Lebanon, Mozambique, Myanmar, Niger, Pakistan, Senegal, Tunisia,

Target cluster 2
Brazil, India, Mexico, Morocco, Vietnam
Sub-Saharan Africa

Target cluster 3
Remaining DAC-OECD countries

Priority countries which need risk mitigants for CDP’s private sector investments
Afghanistan, Cuba, Somalia, Sudan, South Sudan, Palestine

CDP targets specific developing countries in order to support their private sector’s growth
Priority sectors for the Development Finance activity

1. Financial Institutions
2. Clean Energy
3. Agribusiness
4. Infrastructure

Cross-cutting Themes:
- Climate Change
- Youth Employment
- Gender Equality
CDP’s track record in Developing Countries

Since 2013, through its International Financing Division, CDP has already built a solid track record of investments in developing countries (€1.3bn) by financing a series of international transactions:

- **2013 - South Africa**
  - Eskom
  - €135m
  - Energy

- **2013 - South Africa**
  - ABENGOA
  - €9.6m
  - Energy

- **2013 - Belarus**
  - БЕЛАРУСБАНК
  - €9.2m
  - Financial Institutions

- **2015 - Iraq**
  - Zoizk Group
  - €22.5m
  - Mechanical Engineering

- **2015 - Peru**
  - METRO DE LIMA Y CALLAO
  - €248m
  - Infrastructure

- **2016 - Egypt**
  - €210m
  - Energy

- **2017 - Ethiopia**
  - €113.3m
  - Infrastructure

- **2017 - Kenya**
  - The National Treasury
  - €56.8m
  - Air Transportation

- **2018 - Egypt**
  - MIDOR
  - €516.7m
  - Energy
What CDP Development Finance can offer to corporates

- We **fund your investment** in Developing Countries
- We **fund your suppliers** in Developing Countries
- We fund **your industry’s value chain** in Developing Countries
Section 3
Focus on the External Investment Plan’s platforms
The European External Investment Plan (EIP)

Objectives
- Focus Sub-Saharan Africa and EU Neighborhood
- Promotes sustainable development, employment, economic growth and stability
- Remove obstacles to private investments

Windows
- Sustainable Energy and Connectivity
- Micro, Small and Medium Enterprises (MSME)
- Sustainable Agriculture, Rural Entrepreneurs, Agro-business
- Sustainable Cities
- Digital for Development

Proposals presented
- The EC approved 28 initiatives (3 of CDP) presented by 10 Financial Institutions

Other partners in CDP’s initiatives
EIP: CDP’s initiatives and partners

- **Initiatives**
  - **InclusiFl**
    - Financial Inclusion driven by diaspora
  - **Archipelagos-ONE4A**
    - Development and growth
  - **European Guarantee for Renewable Energy**
    - Development of small plants of renewable energy
  - **European Health Guarantee Platform for Africa**
    - Diagnostic systems dedicated low-middle income population
      - *Initiative presented jointly by EIB and BMGF. CDP expressed interest in participating*

- **Partners**
  - **Window: MSMEs**
    - aecid
    - COFIDES
    - IFAD
  - **Window: Sustainable Energy and Connectivity**
    - European Investment Bank
    - AFD
    - KfW
  - **Window: Digital for Development**
    - Bill and Melinda Gates Foundation
    - European Investment Bank
Focus InclusiFI: main features and expected results

**OBJECTIVES, CHARACTERISTICS, BENEFICIARIES**

InclusiFI will help the transnational families through financial inclusion, support to MSMEs financing and migrants’ investments, financing access to financial services

- **Beneficiaries:**
  - local micro, small and medium-sized enterprises and young entrepreneurs connected to the European Diaspora

- **Financial inclusion promoted by supporting:**
  - access to innovative, affordable and easily accessible financial services for migrant workers in Europe, and
  - Access to finance for micro, small and medium-sized enterprises owned by returnees or diaspora families through local financial intermediaries

**PHASE 1:** Mali, Morocco, Senegal and Tunisia

**PHASE 2:** Ghana, Ethiopia, Kenya, Tanzania, Uganda

**INDICATORS AND EXPECTED RESULTS**

<table>
<thead>
<tr>
<th>Indicators</th>
<th>Within 2020</th>
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</thead>
<tbody>
<tr>
<td>EU contribution (guarantee)</td>
<td>20 €/mln</td>
</tr>
<tr>
<td>EU contribution (TA)</td>
<td>11 €/mln</td>
</tr>
<tr>
<td>Countries reached (of which Fragiles)</td>
<td>At least 4 (At least 2)</td>
</tr>
<tr>
<td>Local Financial Institutions involved</td>
<td>Up to 13</td>
</tr>
<tr>
<td>MSMEs accessing finance and new financial instruments</td>
<td>Up to 5,000</td>
</tr>
<tr>
<td>New jobs created on the ground</td>
<td>Up to 9,000</td>
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</table>

**TARGET COUNTRIES**

PHASE 1: Mali, Morocco, Senegal and Tunisia

PHASE 2: Ghana, Ethiopia, Kenya, Tanzania, Uganda

**Targeted UN SDGs:**
Focus Archipelagos-ONE4A: main features and expected results

**OBJECTIVES, CHARACTERISTICS, BENEFICIARIES**

Archipelagos-ONE4A will promote growth, job creation and improve access to finance for African SMEs with high growth potential connecting African “Archipelagos” - i.e. regional capital market hubs across the continent - to Europe.

- The involvement of private investors and an economically viable financing cost will allow the de-risking of SMEs’ financing.
- 7 Hubs: Morocco, Ivory Coast, Kenya, Nigeria, Cameroon, South Africa, Egypt.

**PROGRAM PHASES**

**Step 1 Skills**
- Local stock exchanges to provide training and networking program for local SMEs enter the program with the support of EU resources to improve their structure and managerial skills.

**Step 2 Network**
- African SMEs in the 7 Hubs ill be connected to EU SMEs already enrolled in the program.

**Step 3 Capital**
- Alternative Finance: structuring the first Basket Bond operation in Morocco on the Italian model.
- Capital: through partner investors.

**INDICATORS AND EXPECTED RESULTS**

<table>
<thead>
<tr>
<th>Indicators</th>
<th>Within 2020</th>
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<tbody>
<tr>
<td>EU contribution (guarantee)</td>
<td>30 €/mln</td>
</tr>
<tr>
<td>EU contribution (TA)</td>
<td>5 €/mln</td>
</tr>
<tr>
<td>Countries reached (of which Fragiles)</td>
<td>Up to 10</td>
</tr>
<tr>
<td>MSMEs accessing capacity building</td>
<td>Up to 1.000</td>
</tr>
<tr>
<td>MSMEs accessing finance and new financial instruments</td>
<td>Up to 40</td>
</tr>
<tr>
<td>New jobs created on the ground</td>
<td>50.000</td>
</tr>
</tbody>
</table>

**TARGET COUNTRIES**

- Argentina
- Brazil
- Cameroon
- Croatia
- Egypt
- Kenya
- Morocco
- Nigeria
- South Africa
- United Kingdom

**Targeted UN SDGs**

- 1 No Poverty
- 5 Gender Equality
- 8 Decent Work and Economic Growth
- 9 Industry, Innovation and Infrastructure
- 10 Reducing Inequalities
- 16 Peace, Justice, and Strong Institutions
- 17 Partnerships for the Goals
Joint initiative by AFD, CDP EIB and KFW to promote small renewable energy plants in sub-Saharan Africa

- Two main objectives:
  - Promotion of renewable energy solutions to support sustainable, inclusive and "clean" economic growth (low carbon and climate resilient)
  - Support to poverty eradication by helping households and businesses to climb the "energy scale"

- AfD / CDP / EIB / KfW partial risk guarantee covers the risk of non-payment for power purchases by the local off-takers along the start-up phase of the renewable energy plants

- Target countries: Sub-Saharan Africa with some priorities and with support of local already established facilities (e.g. ATI – African Trade Insurance)

**OBJECTIVES, CHARACTERISTICS, BENEFICIARIES**

**INDICATORS AND EXPECTED RESULTS**

<table>
<thead>
<tr>
<th>Indicators</th>
<th>Within 2020</th>
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<tbody>
<tr>
<td>EU contribution (guarantee)</td>
<td>168.5 €/mln</td>
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<tr>
<td>EU contribution (TA)</td>
<td>24 €/mln</td>
</tr>
<tr>
<td>Countries reached (of which Fragiles)</td>
<td>At least 23 (At least 7)</td>
</tr>
<tr>
<td>GWh/year of renewable energy produced</td>
<td>4.205</td>
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<tr>
<td>New jobs created on the ground</td>
<td>11,542</td>
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**TARGET COUNTRIES**

Targeted UN SDGs:
# How to access CDP initiatives under the EIP

**Initiatives are currently being implemented and will become fully operational during 2020**

<table>
<thead>
<tr>
<th>What?</th>
<th>How and Where?</th>
<th>To Whom?</th>
<th>How to apply?</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>InclusiFI</strong></td>
<td>Support for financial inclusion and entrepreneurship in diaspora countries of origin</td>
<td>Loans</td>
<td>Local Micro, small and medium Enterprises (MSMEs) owned by returnees or their families</td>
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<tr>
<td></td>
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<td>Local Guarantee Funds</td>
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<td></td>
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<td>Guarantees</td>
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<td>Tunisia</td>
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<td>Morocco</td>
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<td>Mali</td>
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<td></td>
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<td>Senegal</td>
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<tr>
<td><strong>Archipelagos-ONE4A</strong></td>
<td>Supporting the growth of high potential African companies and their access to the capital market</td>
<td>Loans</td>
<td>Small and medium-sized local enterprises (SMEs) with high growth potential and with a projection towards international markets</td>
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<tr>
<td></td>
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<td>Guarantees</td>
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<td>Sub-Saharan Africa</td>
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<tr>
<td><strong>European Guarantee for Renewable Energy</strong></td>
<td>Support to the realization of small renewable plants (up to 50 MW)</td>
<td>Guarantees</td>
<td>Italian or foreign companies operating in the renewable energy sector at international level</td>
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<td></td>
<td>Sub-Saharan Africa</td>
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