The Trieste Eastern Europe Investment Forum – Session 3:
“Developing capital markets to finance infrastructure and innovation”

CDP International Footprint

Riccardo Honorati Bianchi, International and European Affairs Senior Advisor

Trieste, 6 giugno 2018
Agenda

1. CDP Overview and International Footprint
2. Focus on International Development
3. Annexes
CDP is one of the main European National Promotional Institutions (NPI), along with German KfW, French CDC and Spanish ICO.

It is a joint-stock company, controlled by the Italian Ministry of Economy and Finance. CDP is key player in Italian infrastructure financing, supporting Public Entities and Corporates through debt and equity instruments.

It is the entry point in Italy for Juncker Plan, with 8 Platforms approved (6 Platforms under development) and €12bn of expected mobilized investments.
A Key Role in the Italian Economy with a Global Perspective

The 1st shareholder of the Italian stock exchange with a portfolio of €23 bn in listed companies

The main sponsor of infrastructure initiatives, historical partner for Local Authorities and key player for urban transformation

The most relevant Italian venture capitalist (Innovation financing)

The first investor in social-and-affordable housing in Italy and among the first worldwide

The Italian EXIM BANK with sace simest

The National Financial Institution for Development Cooperation

The leading NPI (National Promotional Institution) in the deployment of the Investment Plan for Europe with the EIB Group

Key Figures

- _Total Assets_: €420 bln
- _Equity_: €36 bln
- _Postal Savings_: €253 bln
Shareholder structure and business model

- **Joint-stock** company, controlled by the **Italian Ministry of Economy and Finance**, with a key role of **private shareholders**

- Institutional role supporting **Italian economy** and **families’ savings**, pursuing **general interest** and **sustainability** principles

- In 2015 CDP has been recognized as **Italian National Promotional Institution** as well as **Financial Institution for Development Cooperation**

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**Business Model**

**FUNDING SOURCES**

- Postal Savings
- Debt Instruments
- Equity Capital

**PRODUCTS**

- LOANS
- GUARANTEES
- LIQUIDITY
- MANAGED ACCOUNTS
- DIRECT AND INDIRECT INVESTMENTS

**AREAS OF ACTIVITIES**

- Development Finance
- Corporates
- Export Finance
- Real Estate
- Strategic Equity
- Liquidity & Portfolio Management

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**Shareholder Structure**

- Banking Foundations: 15.9%
- Treasury shares: 1.3%
- Italian Ministry of Economy and Finance: 82.8%
CDP Group: a Promotional Mission Evolving Over Time

«Over time CDP has increasingly expanded its activities and areas of intervention with the purpose to primarily promote development at national level and more recently also at international level.»

1850
CDP is founded
✓ Public Entities
✓ Postal Savings

2003
Privatisation of CDP
✓ Infrastructures

2009
Focus Enterprises
✓ Internationalisation and equity investment
✓ Lending to banks

2012
Acquisition of "sace s.p.a.", "simest s.p.a.", "sgr s.p.a."

2014
Financial Institution for Development Cooperation

2015
National Promotional Institution

Business Plan 2016-2020

“Towards the Italian Unification”
“Within the Euro”
“Private debt crisis”
“Public debt crisis”
“Restoring economic growth”
All investment decisions are based on sound economic principles and well-defined constraints.

Evaluation Process

**Principles**
- Support to the Italian economy
- Economic and financial sustainability

**Constraints**
- CDP By-laws
- State-aid rules
- Financial regulation

CDP plays a complementary role to the financial system and acts as catalyst for Italian and international capital investing resources after a comprehensive evaluation process.

Investment Guidelines
From Export Finance to International Development

Export Finance

International Cooperation

New Export Hub as a single point of contact for Italian corporates (“One door”) Boost in export business volumes: +13% in 1H 2017 (YoY)

Products

- Guarantees
- Risk insurances
- Financing
- Equity and quasi-Equity
- Soft loans

Roles of CDP

- Agent/Manager of public funds
- Financier and Investor
- Financial Advisor
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International Cooperation for Development is an integral and qualifying part of Italian foreign policy and pursues the objectives of i) eradicating poverty and reducing inequalities ii) protecting and affirming human rights and the principles of democracy and the rule of law, iii) preventing conflicts and supporting processes of peace (IT Law 25/2014).

Since mid 2014, CDP "is authorized to perform the tasks as the Financial Institution for Development Cooperation"

Since 2016, CDP has been managing the Revolving Fund for Cooperation (RFC) in its capacity of Financial Institution for Development Cooperation

Since 2017, CDP is authorized to use its own resources (up to a maximum of € 1bln per year) to support the initiatives of Development Cooperation

CDP’s additionality within the Italian Cooperation for Development system is crucial as it will contribute to optimize existing instruments and to promote new initiatives.
CDP in its Mission of IFI: Three Main Roles

Up to €1 bln per year to boost both public and private investments in Developing Countries

- On behalf of the Italian Government (or other parties interested to support Development and Cooperation) to further enhance the value added to the Italian Development Cooperation system (Revolving Fund for Cooperation - RFC)

- LENDING to:
  - Sovereigns and to Multilateral entities
  - the Private Sector in co-financing with Multilateral Development Banks and other partners

- INVESTING EQUITY into funds or funds of funds

- In BLENDING with funds from the Italian Government, European Commission and other donors with a focus on EU Blending Facilities (NIF, WBIF, etc.) and External Investment Plan (EIP)

- Advisory and financial assistance to the Italian Ministry of Foreign Affairs (MoFA), to the Italian Agency for Development Cooperation and to private investors
CDP as Finance Institution for Development Cooperation: Sectors and Target Countries

- CDP has been authorized to operate in all the **146 DAC Target Countries** (identified by Development Assistance Committee of the OECD)
- Italy’s three-year programme for International Cooperation and Development (2016-2018) has highlighted **22 Priority Countries**, of which 10 belong to the Least Developed Countries category (LDCs):
  - Burkina Faso, Ethiopia, Mozambique, Niger, Senegal, Somalia, Sudan, South Sudan, Afghanistan, Myanmar
  - Egypt, Kenya, Tunisia, Jordan, Lebanon, Palestine, Albania, Bosnia, Bolivia, Cuba, El Salvador, Pakistan

According to the SDGs and the guidelines set by the Italian Government, CDP is focusing on the following areas of intervention:

- **Infrastructural development** (with particular focus on **Energy, Transport, Urban Development**)
- **Environment** and **climate change**, **Social** and **Education**
- **Local private sector** with a focus on **MSMEs support** and access to finance (**job creation**)
- **Agricultural, rural development** and food security
CDP role as Finance Institution for Development Cooperation based on the experience under the Juncker Plan (Investment Plan for Europe)

Beyond the traditional domestic role of key player in Italian infrastructure financing and most relevant Italian venture capitalist in the Innovation financing, CDP acquired a strong experience under the Juncker plan.

CDP has been particularly active in creating direct access to EFSI guarantees in Italy that is the number one recipient country in terms of mobilized investment from SME Window supported initiatives.

CDP is the National Promotional Institute that has promoted the largest number of Investment Platforms in Europe.

- On-lending with EIB Funding
- Thematic Risk Sharing with EIB(EIF (SMEs Risk Sharing, AGRI Platform, Climate Change, MidCap)
- ENSI Platform for SMEs loans Securitization
- ITAtech Platform for technology transfer
- Large Infrastructure Platform and Innovation
- Marguerite II (Infrastructure Investment Fund)

CDP Commitments & investments ~5,2 €/bn

Expected Mobilized Investments ~11,6 €/bn
CDP as Finance Institution

CDP strategic approach:

- Leverage on **domestic experience** to grow internationally and to deploy innovative financial mechanisms within the Development Cooperation System based also on **CDP experience** under the “**Juncker Plan**”.

- Leverage on **other partners** to create **synergies** to implement investment programmes and initiatives in target countries (included in Western Balkans) and target sectors with other local and International players (IFI, Banks, Insurances, private investors) in **Blending** with public resources (EU, National, Donors).

- Financial Institutions (FI), in synergy with other key players (Institutional investors, Banks, etc.) can contribute to develop **Capital Markets** and **innovative financial instruments** to finance **Infrastructure** and **Innovation** in Western Balkans, etc.
Thank you for your attention

Riccardo Honorati Bianchi
Public Affairs
International and European Affairs Senior Advisor
Cassa Depositi e Prestiti
Via Goito, 4 – Roma (I)
Phone: +39 06 4221 2332
Mail: riccardo.honoratibianchi@cdp.it
Focus Infrastructure
CDP strategy for infrastructure

Advisory and Promotion:
Support to the design and assistance to the PA in order to
(i) improve the quality and the viability of the projects
(ii) optimize the use of public funds

Long Term Investor:
Long-term investments (Equity / Debt); non speculative investor ("Patient") with long-term and sustainable view, aiming at positive externalities

Capital markets: Expanding financial solutions to facilitate the launch of new projects (Equity, Credit Enhancement and Project Bond). Role of Anchor Investor for green bond and investment funds

Consolidation
Support (Equity / Debt) to the consolidation process and the creation of "national champions", e.g. by providing support to export and internationalization

CDP asset preserver:
Direct participation with equity in national strategic networks (SNAM, Terna, Italgas, Telecom and Open Fiber)

Targeted equity:
Support to the achievement of targets set by the European Digital Agenda - Connecting Europe Broadband Fund

Equity for infrastructure:
Support to brownfield and greenfield infrastructure (Fondo Greenfield; F2i)

International projection:
Stronger and stronger role outside the domestic market, i.e. through the participation in international equity funds (Marguerite Fund, CEBF, InfraMed Fund).
Annex

Focus BLENDING: WBIF - Western Balkans Investment Framework
The WBIF provides technical assistance as well as investment grants for infrastructure projects across energy, environment, transport, digital and social sectors and private sector initiatives.

The Western Balkans Enterprise Development & Innovation Facility (WB EDIF) is the main WBIF initiative aiming at improving access to finance for small and medium-sized enterprises (SMEs) in the Western Balkans, boosting the participation of private sector actors and building up a local venture capital market.

The Facility consists of four different pillars: i) SME Equity Financing (Enterprise Innovation Fund (ENIF), Enterprise Expansion Fund (ENEF); ii) SME Loan Guarantees (EDIF Guaranty Facility) iii) SME Lending iv) Support services (technical assistance in policy reform and project preparation).

EU recently Communication on a credible enlargement perspective for WBs, identified WBIF as the main financial instrument to support the economic development and the connectivity of the Region that will benefit also of EU Energy Strategy and CEF–Connecting Europe Facility. EU-WB Summit (Sofia, 17 May) endorsed 11 WBIF projects.

WBIF (Western Balkans Investment Framework)

WBIF is a regional blending facility supporting EU enlargement and socio-economic development in Albania, Bosnia and Herzegovina, Kosovo, the former Yugoslav Republic of Macedonia, Montenegro, and Serbia.

- The WBIF was established in 2009 as a joint initiative of the European Commission, CEB, EBRD, EIB, WBG, KFW (CDP is an Eligible Financial Institution for all EU Blending Facilities including WBIF) and several bilateral donors, including Italy. Italy is one of the “sponsor” Country of the Berlin Process (Trieste Summit 12/07/17).
- The WBIF approved 156 projects (256 grants) for a total value of 772 €/ml (413 €/ml transports, 172 €/ml energy, 104 €/ml environment, 42 €/ml social, 40 €/ml private sector) which generated total investments for 16.2 €/bn.
Focus External Investment Plan
The External Investment Plan (EIP) is the new long-term strategy proposed by the EU to support investments in third countries, in particular in Africa and in the neighborhood countries. [EIP budget: €3,5 bn - Target leverage: €44 bn - EFSD budget: €1,5 bn]

**Objectives**

- Achieve **Sustainable Development Goals** to address the causes of migration
- Promote **sustainable investments**, to improve economic and social development in **Africa** and in **Neighboring countries** (business environment)
- Enforce **public-private partnerships** for development and attracting private investments through **blending** with EU funds.

**Pillars**

- **Pillar 1**: *European Fund for Sustainable Development (EFSD)*
- **Pillar 2**: *Technical Assistance*
- **Pillar 3**: *Policy Dialogue*

**Sectors**:

- Digital for Development
- MSME Financing
- Sustainable Cities
- Sustainable Energy and Connectivity
- Sustainable Agriculture, Agro-business

**CDP Actions**

- Leverage on the **partner IFIs expertise** and **international footprint** for technical assistance and access to **local networks**, in synergy with **CDP Group** local presence (**SACE network**)
- Create **synergies** and complementarities with partner IFIs, based on **CDP** experience under the “Juncker Plan”
- Propose **investment programmes** in target countries and target sectors with other institutional players