

EUSAIR 2018 – Plenary Session II:

***“FINANCING OPPORTUNITIES FOR CONNECTING THE REGION:
TRANSPORT AND ENERGY NETWORKS”***

Mario Di Ciommo – European Affairs

Catania, 25 May 2018

Overview

The evolution of CDP commitment to infrastructure

The market

Financial crisis: financial constraints on public finance (**Stability and Growth Pact extendend to Local Authorities**) and for banking system (i.e. **Basel III**)

Huge liquidity on the market

1850

2003

2008-9

2015

2016

Birth of CDP

CDP supports **Local Authorities** in the development of local infrastructures

Privatisation

CDP can **finance** – in any form whatsoever and not only via mortgages to L.A. – all **works, networks**, etc. which are dedicated to **public services**

Mission extended to enterprises

CDP can provide **direct financing** to projects of general interest; launch up of dedicated **equity funds**

National Promotional Institution

CDP becomes the Italian **national promotional institution**, as well as **anchor investor** and entry point in Italy for the **Juncker Plan**

Mission extended

CDP supports **private stakeholders** which operate in sectors of general interest

Why invest in infrastructure?

Investing in
infrastructure

- **Infrastructure** is crucial to boost **growth** and **productivity**.
- In Italy, there is a strong need to
 - **modernise infrastructure**
 - **face new demand-side needs and requirements**

High Multiplier

- **Estimated multiplier of 1.42x** for every euro invested, **1.53x** the year after (**1.57x** 2 years later) and a medium term multiplier of **1.46x**

€ 1.360 bn

Italy's infrastructure
investment needs by
2040

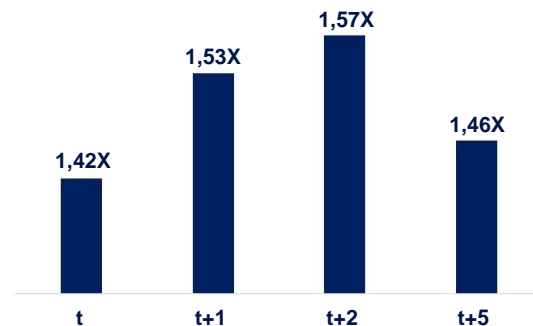
€ 313 bn

Investment gap to satisfy
investment needs by 2040



**Investment gaps concern
all types / sectors of
infrastructures**

Investment multiplier in infrastructure



Source: CEPII

CDP views on investment needs and priorities



Energy

Integration → Development of an efficient and integrated electricity market along with other European markets (→promotion of price convergence at EU level)

Diversification → Diversification of supply to improve security

Climate change → Promotion of renewables, energy efficiency and cut of CO2 emissions

Smart grid → Integration of renewables with the market and the electricity transmission network



Transport

Integration → Connection of national infrastructures with Europe and the Mediterranean region

Urban mobility → Support to urban mobility by improving local public transport

Hubs and corridors → Promotion of industrial policies reinforcing the role of network hubs and strategic corridors

Sustainability → Redirection of demand towards sustainable transports



Environment



Water

Consolidation → Completion of the governance reform to reduce the fragmentation of the sector

Investments → Adjustment of water infrastructure and waste disposal facilities to EU standards



Waste

Circular economy → Strengthening of recycling rate and reduction of waste sent to dumps



TLC

Infrastructure → Actions to accelerate the implementation of EU goals by mixing public and private resources

IT education → Promotion of the use of IT and digital teaching in schools; improvement of digital skills in PA and development of digital public services

Streamlining → Streamlining of administrative procedures



Social Infra

Demographic transition → Support to actions meeting new needs related to an aging population

Migrations → Increasing migratory flows require interventions on hosting infrastructures

Infrastructural renewal → Commitment to match public real estate assets with safety and energy efficiency standards

HLTF – Social Infra → Follow up on the «Prodi Plan» to support investments in social networks in the EU

CDP investment guidelines

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

EVALUATION PROCESS

Principles

- Support to the Italian economy
- Economic and financial sustainability
- Attention to economic, social and environmental externalities of each operation



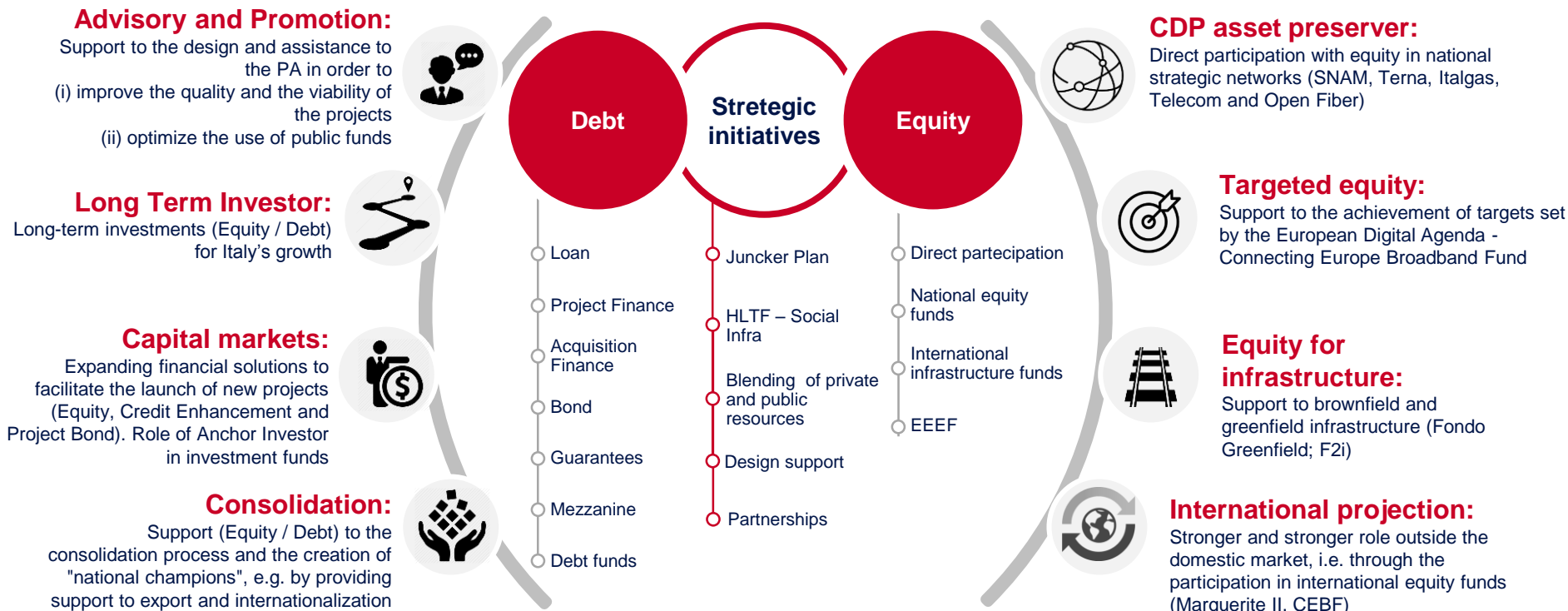
Constraints

- CDP By-laws
- State-aid rules
- Financial equilibrium
- Sustainability




Goal: support to the Italian economy by ensuring a) the **economic equilibrium**, b) the **respect of legal constraints**, and c) the **sustainability of the activities**

CDP strategy for infrastructure



CDP Group: the International Dimension

		Export	Internationalization	Development Cooperation		
Building blocks	Company	sace •gruppo cdp•	simest •gruppo cdp•	sace •gruppo cdp•	simest •gruppo cdp•	cdp cassa depositi e prestiti Financial Institution for Development Cooperation
	Mission	Support to Italian companies and banks in foreign countries		Support to Italian companies and banks in foreign countries		Support to Developing Countries (poverty reduction and sustainable and long-lasting growth)
	Geographical scope	Countries of interest for Italy		Countries of interest for Italy		146 "Developing Countries" (DAC), with some priorities set by the Italian Cooperation system
	Beneficiaries	Italian companies and banks		Italian companies and banks		<ul style="list-style-type: none">▪ Governments and Ministries▪ National and Local Authorities▪ Multilateral Banks▪ State-Owned Enterprises (SOEs)▪ Private Sector
	Sectors	No restrictions, sectors of interest for Italian companies		No restrictions, sectors of interest for Italian companies		Infrastructure (energy and transport), climate change, social and education, finance, urban development (no defence)
	Institutional stakeholders	<ul style="list-style-type: none">▪ Ministry of Economic Development▪ Ministry of Finance		<ul style="list-style-type: none">▪ Ministry of Economic Development▪ Ministry of Finance		<ul style="list-style-type: none">▪ MFA▪ Agency for International Cooperation▪ Ministry of Finance▪ Other Ministries (e.g. Environment)
	Targets	<ul style="list-style-type: none">▪ Increasing Italian goods and services purchase around the world		<ul style="list-style-type: none">▪ Increasing Italian companies presence around the world		<ul style="list-style-type: none">▪ Supporting Italian foreign policy▪ Improving Italian Cooperation relations with partner countries


cassa depositi e prestiti

6

CDP: tools for infrastructure



Measuring the impact on real economy?

Between 2015-2017, CDP's investment had a **multiplier effect** of:

- **3,3x** in terms of **revenue**
- **3,3x** in terms of **added value**
- **3,7x** in terms of **employment**



*THANK YOU
FOR
YOUR ATTENTION!*

