THE JUNCKER PLAN: the role of Cassa depositi e prestiti and National Promotional Banks and Institutions (NPBIs)

DG GROW
Workshop on «Raw Materials in the Juncker Plan»
Brussels, 20 May 2015
Overview > Ownership and Mission

Shareholders
Cassa Depositi e Prestiti is a joint-stock company under public control, with the Italian government holding 80.1% and a broad group of bank foundations holding 18.4%. The remaining 1.5% is in treasury shares.

CDP: Supporting Italy’s Growth Since 1850

- Leader in financing Local Authorities and PA
- Catalyst in developing country’s infrastructure
- Key player in supporting economic development
### Overview: Assets & Liabilities

#### TOTAL ASSETS (€350.2 BLN)
- **CASH** (€180.9 BLN)
- **CENTRAL AND LOCAL GOVERMENTS** (€84.2 BLN)
- **BANKS AND OTHER FMIs** (€11.9 BLN)
- **CORP. AND PROJECT FIN.** (€6.3 BLN)
- **EQUITY STAKES** (€30.3 BLN)
- **TREASURY BONDS AND OTHER** (€36.5 BLN)

#### TOTAL LIABILITIES (€350.2 BLN)
- **POSTAL SAVINGS** (€252.0 BLN)
- **FINANCIAL INSTITUTIONS** (€12.1 BLN)
- **EMTN ISSUES** (€8.9 BLN)
- **OTHER** (€57.6 BLN)
- **EQUITY** (€19.6 BLN)

*CDP S.p.A. unconsolidated figures as of 31/12/2014*
$\textbf{Overview} > \textbf{Activities and Instruments}$

$\textit{Business Plan 2013-2015: } \€90 \text{ bln} \approx 5.6\% \text{ of GDP in 2013}$

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The Club was launched in 2009, founding members: Cassa depositi e prestiti (CDP), Caisse des Dépôts et Consignations (CDC), European Investment Bank (EIB) e Kreditanstalt für Wiederaufbau (KfW).

It gathers together 19 of the largest institutional investors worldwide.

LTIC’s main goal is to assert the importance of the long-term investments role to achieve and maintain the financial stability and to boost the international growth.

Further objective is to facilitate the exchange of best practices in order to achieve a deeper cooperation among Members.

From July 2014, the Presidency of the Club has been assigned to CDP (2 years mandate).

The Association was established in 2013 among LTIC members with a focus on EU issues.

The President of ELTI currently is EIB while CDP has the Vice-Presidency.

Institutional (long-term) investors from the 28 EU Member States and candidates countries are eligible to the membership.
**Infrastructure > Equity Funds _Marguerite*

**Sponsor:** EIB, CDP, CDC, KfW, ICO and PKO  
**Total amount:** €710 mln (€100 mln by CDP)  
**Sectors:** transport, energy and mature renewables (in the 28 EU countries)

- **N17/N18 Motorway**  
  **IRELAND**

- **C-Power Offshore Wind Farm**  
  **BELGIUM**

- **Toul-Rosières 2 Photovoltaic power plants**  
  **FRANCE**

- **Massangis 1 Photovoltaic power plant**  
  **FRANCE**

- **Butendiek Offshore wind farm**  
  **GERMANY**

- **Tychowo and Kukinia Wind farms**  
  **POLAND**

- **Poznań Waste-to-energy**  
  **POLAND**

- **Chirnogeni Wind farm**  
  **ROMANIA**

- **Zagreb Airport**  
  **CROATIA**

- **Autovía de Arlanzon (A-1) Motorway**  
  **SPAIN**
CDP and EIB have supported the Italian Government (Ministry of Economy and Finance - MEF) in the selection of the projects to be included in the Italian pipeline for the Juncker Plan.

1. The European Commission (EC) has launched the Investment Plan for Europe and has requested to each Member State to identify a viable strategic investments projects pipeline;
2. the Italian Government (IG) – led by MEF – has started the identification of the investment needs at the level of single ministries;
3. the IG has established a national task force (TF) - composed by MEF and CDP and
4. the EIB as observer - to assist relevant ministries in the assessment and selection of projects to be included in the Italian pipeline;
5. at the end of November 2014, the IG has sent its pipeline to the EC.
The Junker Plan > CDP contribution

LIST of ITALIAN PROJECTS

Financial needs definition 2015 - 2017
Project of Interest for CDP
CDP RESOURCES

SECTORS
SMEs
Energy Eff.
Infrastructure
Corporate

PRODUCTS
Guarantees
Equities
Global Loans
Project Finance

€ 8 MLD
EIB and CDP>

At present

- Global Loans (SMEs) and Framework Loans (Infrastructures)

- Co-financing in Infrastructures on a single project basis

- Co-investments in Equity and Debt Funds

- Guarantees to mitigate country or counterparty risk issued to the EIB by CDP and SACE to support infrastructure, investments in R&D and large corporates

- Employees Secondements

Bre.Be.Mi, TEM, M4 Milano, Frejus, Passante di Mestre, etc.
CDP and EIB> Further steps

Address markets failures with a higher risk EIB’s appetite through the EFSI guarantee.

Cooperation on Advisory.

- **Global loans**
  - Enhanced direct lending or guarantees EIB-NPB (additionality tbd in each case)
  - SMEs (with possible Risk Sharing together with EIF)
  - Local Entities and Small Infrastructures

- **Programme loans (Mid Cap Risk Sharing)**

- **Co-financing in Infrastructure on a single project basis**
  - Infrastructure projects, Broadband, electricity interconnections etc.

- **Multilateral co-investment in Equity and Debt Funds**

- **Italian Investment Advisory Hub**
  - The EIB & CDP’s Task Force will provide advisory support to the Italian ministries and local authorities for investment identification, preparation and development with the aim to prevent project’s bottleneck

- **Cooperation with EIF**
  - Venture Capital (with Fii)
  - Minibond and Social Economy (with Fii)
The European Investment Bank Group accelerated the roll out of the first projects which could be covered by the EU budget guarantee under the Investment Plan for Europe.

**Project approved by EIB in April 2015:**

1) ARVEDI modernisation programme (Italy, backing for industrial innovation, steel sector, **100** millions)

2) Dubrovnik Airport Development Project (Croatia, upgrading of the airport, **32.5** millions)

3) 14 Primary Care Centres PPP project (Ireland, health care sector, **70** millions)

4) Grifols Bioscience R&D Project (Spain, Health care research, **100** millions)
NPs Contribution to EFSI Fund

€8 bln
CdP (Italy)

€8 bln
KfW (Germany)

€8 bln
CDC (France)

€1.5 bln
ICO (Spain)

Other contributions:
€80 mln Luxembourg (SNCI)
€8 bln Poland (BGK)
Jointly, NPBIs plan to make available up to 33.5 billion EUR in support of the EU Investment Plan in order to reach the total investment volume with the EIB of 315 billion EUR and crowding-in private resources.

NPBs are ready to cooperate with EIB to fastly implement the Jplan and to expand their activities with the complementary support of the increased EIB Group risk capacity (part-covered by EFSI) in the field of securitization and global loan for SMEs; investing in Venture Capital Funds and/or Fund of Funds; boosting project finance or public-private partnerships (PPP) for eligible infrastructure projects, including social infrastructure projects.

Further joint instruments and initiatives, like regional, sectoral and national INVESTMENT PLATFORMS, crowding-in private resources, could be developed by the joint working groups in connection with EFSI, once the final framework and regulation has been adopted.

NPBIs will also seek, applying our expertise, to contribute to advisory for project preparation.

The working groups organised by the EIB Group will continue to support enhanced cooperation of Promotional Banks and Institutions across all Member States to facilitate an efficient implementation of the EU Investment Plan.
COOPERATION FIELDS

EU INVESTMENT PLAN – JUNCKER PLAN

COORDINATION WORKING GROUP
(28 Member States represented by NPBs or Ministries of Economy)

WG1 Cooperation with EIB
PL (BGK), FR (CDC), IT (CDP), HR (HBOR), HU (HDB), ES (ICO), DE (KfW), SK (MoF), BE (SFPI), IE (SBCI)

WG2 Cooperation with EIF
SE (Almi), AT (AWS), FR (BPI), IT (CDP), CZ (CDB), PT (IFD), MT (MoF), DK (Vaekstfonden)

WG3 Technical Assistance
FR (BPI), IT (CDP), ES (ICO), HR (HBOR), HU (HDB)

WG4 Exchange staff programme
IT (CDP), HR (HBOR), HU (HDB), ES (ICO)
The Juncker Plan > Start up process (pre-conditions)

The success EFSI - NPBIs collaboration depends on certain crucial issues:

- favorable legislative regulation on **state aids** (state aid discipline should not be an obstacle to NPBIs intervention to face market failures), **no burocratic structure** of EFSI, **pricing of guarantees** in line with the principle of **additionality** (to address market failures and gaps and to stimulate additional investment). **Investment Platforms** lean structure, simple governance, complementary to existing programs of NPBs that should have mandate to perform on their own the due diligence of each single projects and portfolios. **Simplified reporting requirements**

- **GLOBAL LOANS**
  
  NPBs and EIB to provide technical assistance and further liquidity to the SMEs through the banking sector (intermediary banks)

- **SECURIZATIONS**
  
  NPBs and EIB can intervene to revitalize the European ABS market with the EFSI support

- **MARGUERITE FUND**
  
  Increase current Fund commitment in order to face trans-European infrastructures (Transport and Energy projects)

- **VENTURE CAPITAL**
  
  NPBs and EIB investing in venture capital funds (VC) or in funds of funds (FoF) partially guaranteed by EFSI

- **PROJECT FINANCE**
  
  NPBs and EIB can expand their financing to PPP infrastructural projects eligible to the EFSI guarantee
EFSI – European Fund for Strategic Investments Regulation

Timing


13/01/2015: European Commission proposal for a Regulation on the European Fund for Strategic Investments (EFSI).

10/03/2015: Regulation emendements presented during the ECOFIN (“Working Party” activity concluded on 5 March).

20/04/2015: European Parliament ECON & BUDG Commissions approved PE Regulation emendements.


June 2015: final vote in PE Plenary
- 3 or 10 June 2015 CRP
- 19 June ECOFIN- political agreement on EFSI
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