

Conclusions

Framework Operation #2 for the Green Economy

INVEU-ICR-0021-2023 – Research, Innovation and Digitisation Window (RIDW)

Short description of the financing or investment operation and its objectives

Type of the final recipients	Mid-Caps
Countries of implementation	Italy
Implementing partner	Cassa Depositi e Prestiti S.p.A

This Framework Operation falls under the RIDW General Debt product covered by the RIDW Policy Window of InvestEU. Its purpose is to provide direct financing to Italian Mid-caps in favour of investments in specific areas related to sustainable transportation and environmental protection. More specifically, the sub-projects under the Framework Operation are designed to provide financing to Mid-caps that engage in activities, products, services, and/or technologies related to: i) Recharging or refuelling infrastructure that supplies vehicles with electricity or renewable hydrogen (e.g. the development of charging or refuelling infrastructure for such vehicles, or the provision of related services such as maintenance and repair); ii) Energy efficiency improvements (the installation of energy-efficient equipment, the implementation of energy management systems or the adoption of renewable energy sources). The CDP expects to see significant impact in fostering the development of new products, services and tools that contribute to the European Green Deal objectives, while also providing a tangible incentive for Italian Mid-caps to invest in these areas by reducing the cost of financing.

Global Assessment and rationale for approval

The Investment Committee of the InvestEU Fund approved the use of the InvestEU guarantee on 8 June 2023 for the above-mentioned operation.

The Framework Operation aims to address externalities related to energy efficiency, climate, or environmental protection that Mid-caps in Italy fail to internalise. These companies tend to view investments in energy efficiency or sustainable transportation as higher risk with potentially lower returns than more conventional investments. In addition, investments in innovation or unproven technology often expose higher levels of risks beyond levels that private financial actors are able or willing to accept. The CDP loan, through the InvestEU guarantee, will help Italian Mid-caps to reduce the cost of debt financing, thus translating into an incentive to take on the risk involved in new investments in energy efficiency initiatives or recharging/ refuelling infrastructure that supplies vehicles with electricity/ renewable hydrogen.

The Investment Committee recognised the additionality of the Framework Operation. Through the InvestEU guarantee, CDP will be able to provide Italian Mid-caps with larger loans at beneficial interest rates and with fewer collateral requirements than they would normally

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require. This will increase the support offered by CDP and enable more Mid-caps to access financing for their green transformation. Moreover, sub-projects will entail higher risks than what is typically acceptable to CDP, as it involves larger loan amounts, lower collateral requirements, and more favourable term structures. The additional risk taken on by CDP is intended to support Italian Mid-caps that may not have been able to access financing otherwise. Finally, the additional financial support offered by CDP, with the InvestEU guarantee, is expected to improve the financial position of Italian Mid-caps. This will enable them to be more innovative, expand their businesses, attract new borrowers, and achieve long-term financial sustainability. The Investment Committee asked CDP to anticipate ex-post reporting on sub-projects.