

Conclusions

Framework Operation #1 for Research and Development INVEU-ICR-0020-2023 – 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-cap companies to support industrial research and experimental development related to the Green Deal Innovations, Health and Future Technologies solutions, as listed under the Policy Objectives of the relevant financial product. The Framework Operation supports Italian Mid-caps to bring their innovations to the market, especially, when the development of a new technology is years away from commercialization and it may require public support to share the technological and demonstration risks involved. CDP expects significant impact from these interventions, contributing to addressing cross-cutting challenges such as climate change, promoting technological innovation, and improving population health conditions. Some examples of interventions under these sub-projects could include the development of new disease treatments and research and development of new tools to support the health sector.

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 the sub-optimal amount of investments in research and development (R&D) projects by Italian Mid-caps, by providing Mid-caps with financing at reduced interest rates and fewer collateral requirements, through the support of the InvestEU Fund. This additional financial support is expected to improve the financial position of Italian Mid-caps, making them more willing to take on the risk associated with R&D projects and leading to increased investment in these areas. The Framework Operation also addresses externalities related to R&D investment, energy efficiency, climate, or environmental protection which the company fails to internalize.

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 require. This will increase the support offered by CDP and enable more Mid-caps to access financing for their R&D projects. Moreover, sub-projects will entail higher risks than what is typically acceptable to CDP, as it involves larger loan amounts, lower collateral requirements,

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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 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.