CDP and the International Development Cooperation
A unique Group in the Italian landscape

OUR MISSION

We foster the development of the Country, using responsibly national savings in order to support growth and boost employment, leveraging on innovation, business competitiveness, infrastructure and local development

Total assets¹
420 EUR Bn

Loans²
101 EUR Bn

Postal funding²
254 EUR Bn

Equity¹
35 EUR Bn

Equity investments²
33 EUR Bn

Non-Postal funding²
87 EUR Bn

State and private shareholders³

83%
Ministry of Economy and Finance

16%
Bank Foundations

1. CDP consolidated balance sheet as of 30th June 2018
2. CDP S.p.A. balance sheet as of 30th June 2018
3. 1% of CDP own stakes
Strategic guidelines

Reorganization based on **four areas of activity**, promoting sustainable growth through the evolution of the operating model

**Key transformational elements**

- Reorganization/refocusing of businesses and equity investment portfolio
- Change in the business operating model
- Evolution of operational approach maintaining a sound capital base
The evolution of CDP as Development Financial Institution

Objectives: (i) to combat poverty, promote growth and reduce inequalities (ii) to protect human rights and democracies (iii) to prevent conflicts and support peace processes

- 2009: Export banca
  Since 2009, CDP has mobilized around €15 billion in the Export Bank System

- 2014: New mandate as IFI
  IT Law n. 125/2014 assigns to CDP the role of International Financial Institution (IFI) for Development Cooperation (efficace dal 1° gennaio 2016)

- 2016: New resources
  CDP manages the Revolving Fund for Development Cooperation (FRCS) of the Italian Republic

- 2017: CDP is authorized to use its resources up to a maximum of €1 billion per annum, subject to certain regulatory limits

Total resources (€/bn)

5.4
The Italian system of Development Cooperation

The governance

- Establishes the political priorities

MAECI
  - Political Responsibility
  - Carries out technical, design and monitoring activities on site

AICS
  - Technical-Operative Responsibility

MEF
  - Economic Responsibility
  - Supervises the use of the resources of the Revolving Fund for Development Cooperation

- Manages the Revolving Fund and other third-party funds and provides financing from its own resources
The Geographies of Development Cooperation

CDP OPERATES IN ALL 143 DAC-OECD
MAECI also sets 22 countries as priorities

22 countries are priority for MAECI – AICS

- Albania
- Bosnia
- Afghanistan
- Myanmar
- Pakistan
- Cuba
- El Salvador
- Giordania
- Iraq
- Libano
- Palestina
- Egitto
- Tunisia
- Ethiopia
- Kenya
- Somalia
- Sudan
- Sud Sudan
- Sudan
- Burkina Faso
- Niger
- Senegal
- Mozambico

Where we work
Main products offered by CDP

Three lines of intervention and support

1. Management of the Revolving Fund for Cooperation and Development (FRCS) on behalf of the Italian Government

2. Use of CDP’s own resources in emerging markets
   a. Direct lending to:
      ✓ Sovereign and Multilateral entities
      ✓ Private Sector in co-financing with Multilateral Development Banks and other partners
   b. Investing equity intermediated
   c. Blending by combining CDP resources with grants or concessional resources from the Italian Government, the European Commission and other public and private donors

3. Technical-financial advisory to the Ministry of Foreign Affairs and International Cooperation, to the Ministry of the Environment and to the Protection of the Territory and the Sea, to the Italian Agency for Development Cooperation and to the beneficiaries of the interventions
### Products, beneficiaries and sectors

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<th>Senior and subordinated loans</th>
<th>Guarantors</th>
<th>Quasi-equity and Equity</th>
<th>Energy</th>
<th>Transport</th>
<th>Water and Sanitation</th>
<th>Health</th>
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<tr>
<td><strong>Governments and State-owned companies</strong></td>
<td><strong>Large, small, medium, micro enterprises</strong></td>
<td><strong>Multilateral and international financial institutions</strong></td>
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Blending with the Revolving Fund

Pilot case Tunisia

Revolving Fund of the Italian Republic

- The project provides financing to local intermediaries for **access to finance** by small and medium enterprises in Tunisia

- Blended finance with a mix of 60% FRCS and 40% CDP resources to reach the **target concessional rate**

- CDP assumes the **sovereign risk** of Tunisia
Financing with-and-to MDBs, IFIs and DFIs

Sovereigns and SOEs

**Purpose**

- Leverage CDP resources for development
- Participate initiatives of strategic interest for the Italian Cooperation
- Contribute to Italian Official Development Aid (ODA)

**Intervention modalities**

1. **Direct Financing to** MDBs/IFIs
2. **Co-Financing with** MDBs and IFIs
   - CDP in Blending with public and private resources to ensure consistent economic conditions
   - Leverage CDP resources for development
   - Participate initiatives of strategic interest for the Italian Cooperation
   - Contribute to Italian Official Development Aid (ODA)

**Financing with**MDBs, IFIs and DFIs

- Projects
- Government or SOE
- Project
Development Finance

Equity

- Indirect equity investments
- Equity investments in local funds (equity, quasi-equity and private debt funds)
- CDP, or – potentially - its vehicle, share up to 50% of the investment
- Corporate partnering in sustainable investments in developing countries/emerging markets
- Create entrepreneurship, growth, jobs and prosperity

Sustainable project in a developing country

Local Funds

Own resources

Financial Intermediary

Possible blending

Italian Republic/European Union
Development Finance

**Project finance**

**Purpose**
- Financing to enterprises *investing* in countries of interest for the Italian Cooperation
- **Co-financing** of Multilateral Financial Institutions and DFIs
- **CDP share** up to 50% of the financing
- Project financing in the developing world for enterprises and *development/growth projects*
- Create entrepreneurship, growth, jobs and prosperity on themes of interest for the Italian Cooperation

**Modalities of intervention**
- Other Multilateral/DFIs resources
- Own resources
Pilot case CLN S.p.A. with IFC
South-Africa, 2018

CLN S.p.A.
CDP and IFC

- CDP and IFC have signed an agreement for the periodic sharing of the pipeline for the identification of projects of common interest.

- The operation is co-financing to the Italian CLN S.p.A., for the development of an automotive components plant in South Africa.

- Total funding: €134 million (63% IFC share and 37% CDP share), with a duration of 7 years.

- Positive impact quantified as 500 new jobs and a positive impact on the supply chain estimated at more than €600 M.
Financing with EU guarantees

CDP is Seven Pillar Accredited

**Themes**
- SMEs and MSMEs
- Climate and energy
- Agriculture
- Urban development
- Digitalization

**Intervention modalities**
- **Financing or guarantees** by CDP for projects in the areas identified by the European External Investment Plan (EIP)
- **Co-financing** CDP resources and Multilateral Financial Institutions, IFIs and DFIs
- EU Guarantee for de-risking

**Other Multilateral/DFIs resources**

**CDP’s own resources**

**European Union**

**Guarantee**

**Financing** (funded) or **guarantee** (unfunded)

**Thematic project**