



# **EFSI 2.0: Investment Platforms as a silver bullet?**

**CDP experience as National Promotional Institution for Italy**

Bruxelles, June 6<sup>th</sup> 2017 - Antonella Baldino, Chief Business Officer

# The new architecture introduced by Juncker Plan

## Adapting to a new paradigm of governance and coordination

- Opportunity to improve coordination between NPBIs and the EIB Group
- Necessity to strengthen relations among NPBIs across different European countries
- Need to foster coordination, at national level, between the NPBI, the public stakeholder and private investors/financial institutions

 EFSI	 cdp «EFSI-like» guarantee
	
capped portfolio guarantee	vertical guarantee min 20% CDP risk (no State Aid)

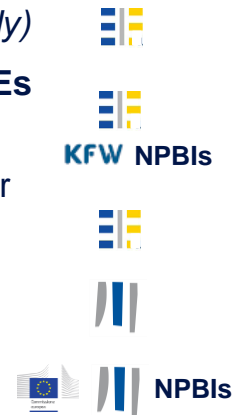
## Investment Platforms launched in 2016

### scope



- **SMEs risk sharing** (*case study*)
- Pan-EU **ENSI** platform for **SMEs** loans **securitization**
- **ITAtech** for technology transfer within pan-EU equity platform
- **Large Infrastructure** and **Corporate** platforms
- **Marguerite I&I** and **CEBF**

### partners



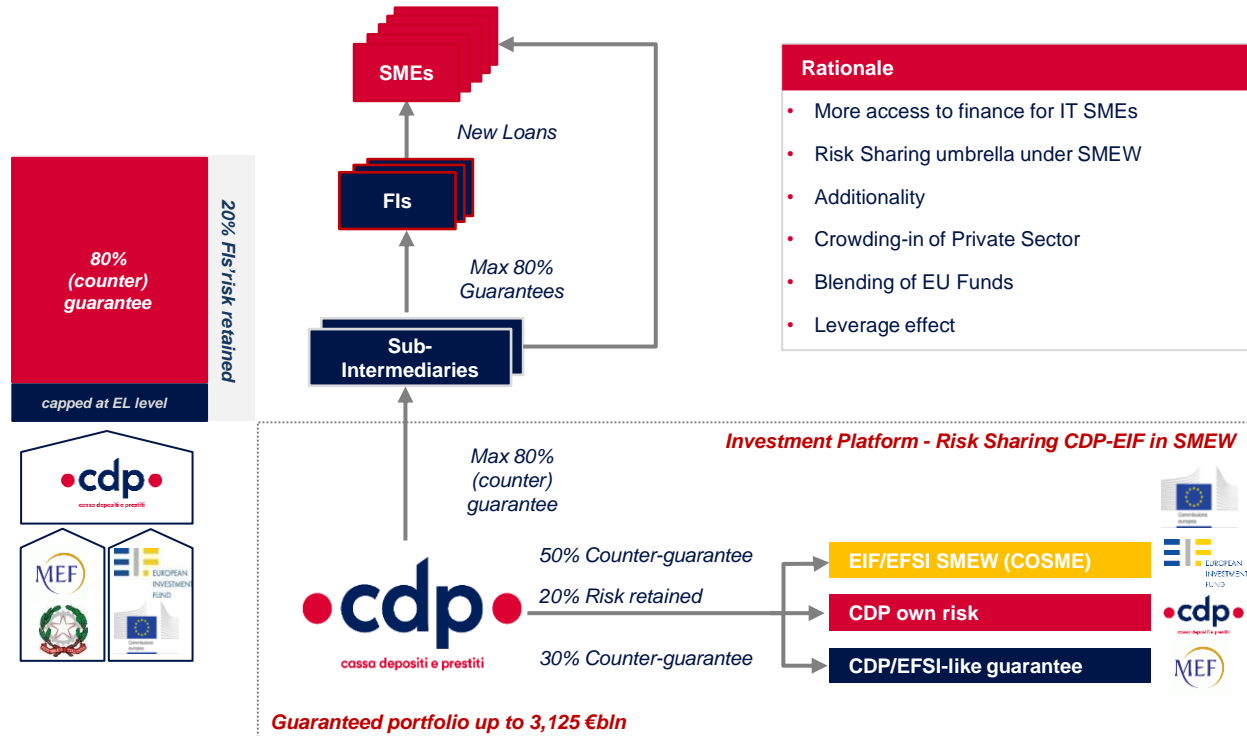
CDP commitments & investments

~5

~10

Total resources<sup>(1)</sup>

# Case Study: EFSI Thematic Investment Platform for Italian SMEs



## Estimated new investments



EU, CDP's and national funds for 225 €mln

# Case Study: EFSI Thematic Investment Platform for Italian SMEs

## Rationale and context

- **Fondo di Garanzia (FdG) is the main national instrument to support access to finance to Italian SMEs:**

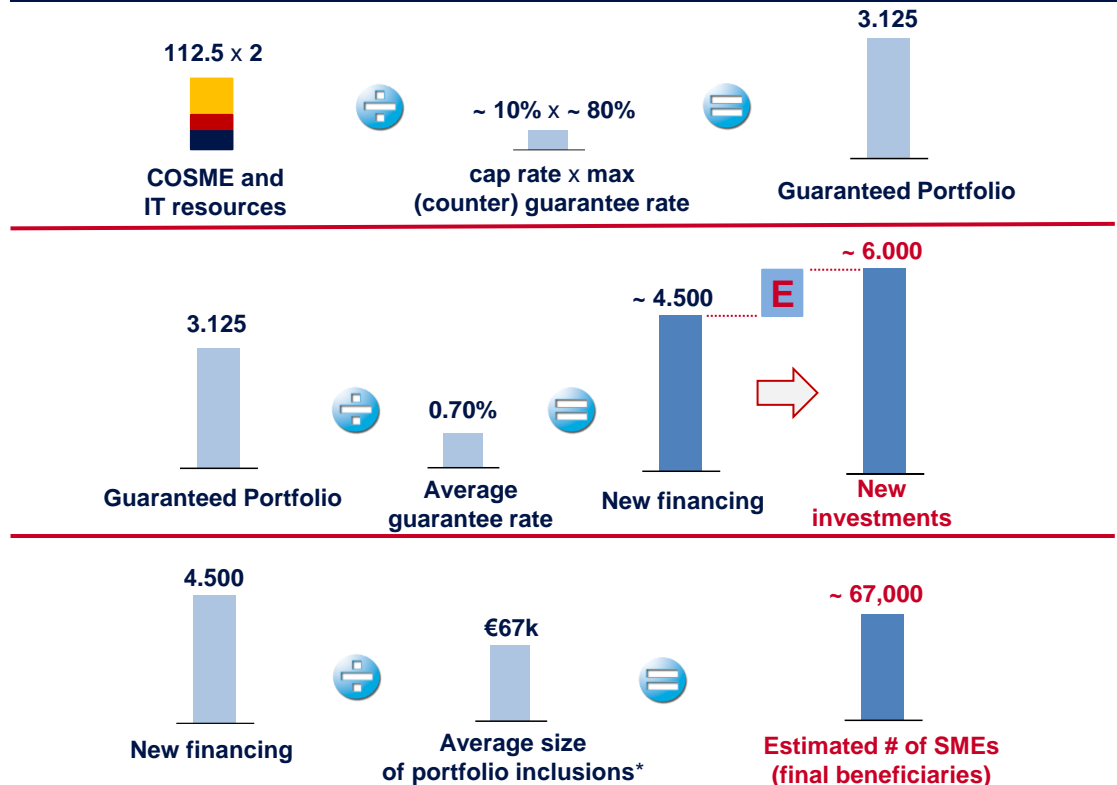
in 2016, more than 114.000 transactions guaranteed by the FdG (total guaranteed portfolio of 11.6 bn/€ and total new financing of 16.7 bn/€)

- Guarantees issued by the FdG are counter-guaranteed by the IT State: **capital relief for the Fis**

- **No learning curve for the FIs** as it is a well-known and established instrument

- Boosting the FdG means, from the SMEs perspective, **more access to finance at better prices**

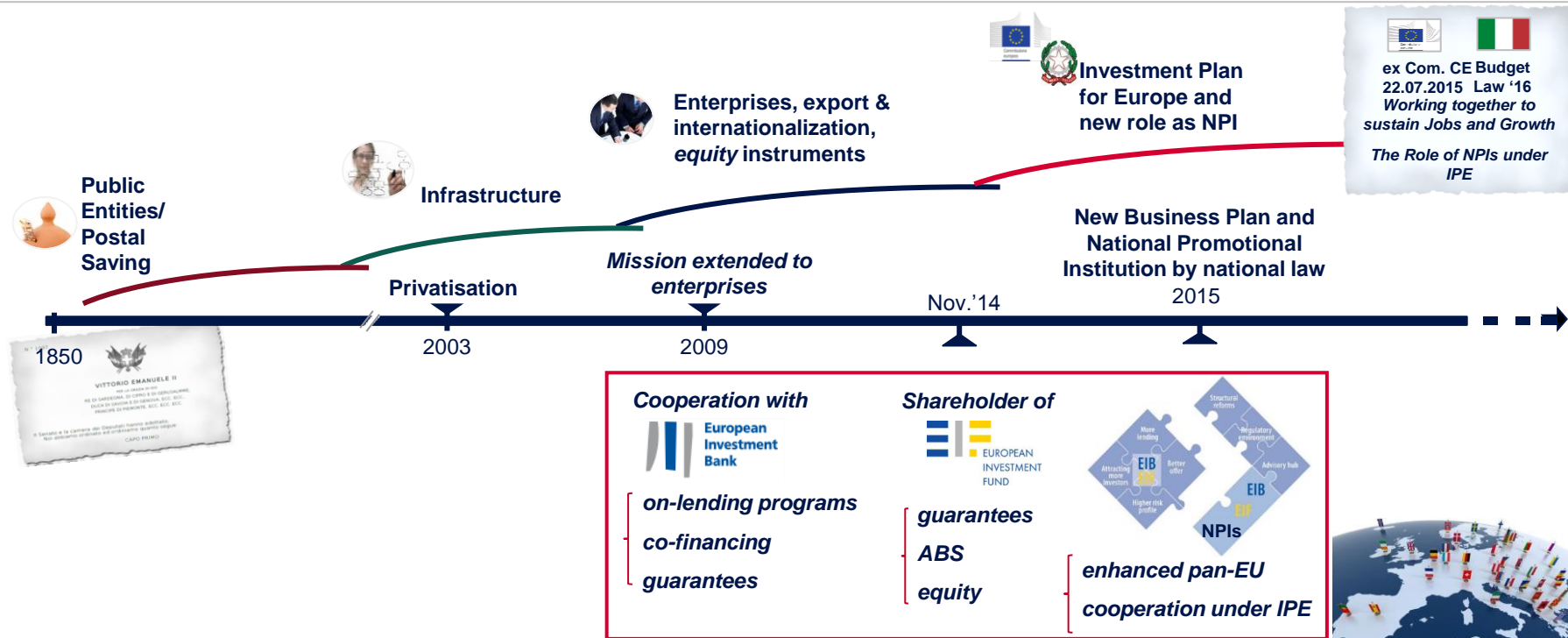
## Leverage effect and estimated impact (€mln, #)



\*based on average size of similar transactions guaranteed by Fondo di Garanzia

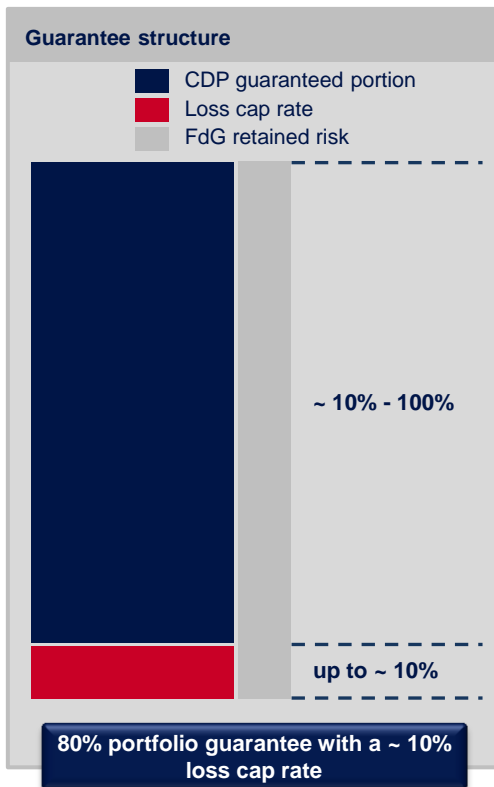
# Annexes

# What the Investment Plan for Europe represents for NPBI's: CDP's experience



Enhanced cooperation between NPBI's on the one hand and the Commission and the EIB Group on the other is a key condition for the success of the Plan

# Case Study: EFSI Thematic Investment Platform for Italian SMEs



## Main features

Area	Content
<b>Beneficiaries</b>	<ul style="list-style-type: none"> <li>FdG</li> <li>Other FIs</li> </ul>
<b>Max portfolio volume</b>	<ul style="list-style-type: none"> <li>€3.125 billion (of which €3 billion for FdG)</li> </ul>
<b>CDP guarantee rate</b>	<ul style="list-style-type: none"> <li>80% with loss cap at ~ 10%</li> </ul>
<b>EIF counter-guarantee (Cosme)</b>	<ul style="list-style-type: none"> <li>50% free of charge</li> </ul>
<b>Government counter-guarantee</b>	<ul style="list-style-type: none"> <li>30% granted upon consideration</li> </ul>
<b>Total funds for 1st loss guarantee</b>	<ul style="list-style-type: none"> <li>€225 million (of which €216 for FdG)</li> </ul>

## CDP guarantee intervention

- CDP counter-guarantees 80% of a new guarantee portfolio of max €3 billion with a loss cap rate
- CDP, as NPI, activates a "Juncker Platform" through which it gains access to COSME and domestic funds in the form of counter-guarantees
- CDP prices its counter-guarantees at market conditions
- Loans included in this first transaction are those eligible under the "COSME" Program
- Thanks to CDP's intervention, the FdG achieves a "capital relief" effect which creates room the issuance of new guarantees in favor of Italian SMEs

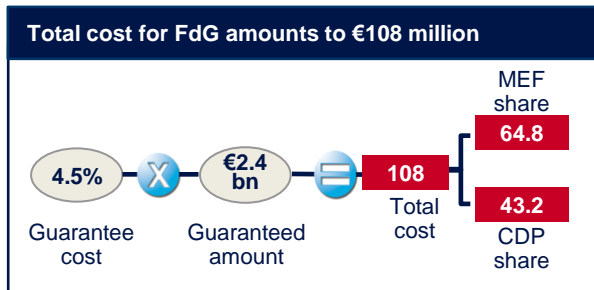
**The combined use of EU/domestic financial resources translates into a very efficient mechanism for the FdG**

# Case Study: EFSI Thematic Investment Platform for Italian SMEs

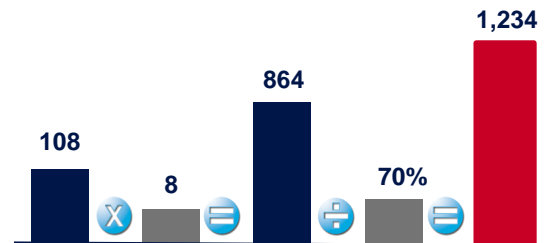
## Facts/assumptions to estimate the capital amount that can be freed up by the FdG

- Funds provided by the EIF and employed by CDP in the guarantee scheme: **€108 mln**
- Corresponding **first-loss piece size: €216 mln**
- **Guarantee rate at 80% with loss cap at ~ 10%** and maximum guaranteed portfolio of **€3,000 mln**
- **All-in guarantee cost**, split between credit risk remuneration and structuring/managing fees: **4.5%**
- **“Earn out mechanism”** to reimburse fees in excess paid by FdG if portfolio over-performs *vis-a-vis* the cap rate

## Impact on FdG



## New lending from freed up capital (€/mln)



The transaction allows the FdG to free up €108 million (216 – 108) which can be re-invested in the issuance of new guarantees for up to €864 million (x8 leverage)



# Case Study: EFSI Thematic Investment Platform for Italian SMEs

## Main advantages for the various stakeholders

