Investment Committee of the InvestEU Fund

Meeting IC 43 of 10-11 July 2025

Day 1 on 10 July Foyer Européen, Room Schuman - 10 rue Heinrich Heine, Luxembourg (Gare)
Day 2 on 11 July Mercier-Post building, Room Arena - 20 rue de Reims, Luxembourg (Gare)

Conclusions

SENSITIVE*: *GROW.C.3*

CDP Framework Operation for the Italian water sector
INVEU-ICR-0053-2025 - Sustainable Infrastructure Policy Window (SIW)

Short description of the financing or investment operation and its objectives

Name of financial recipient	Information available at Sub-Project level.
Type of the final recipients	Other
Countries of Implementation	Italy
Implementing Partner	Cassa Depositi e Prestiti (CDP)

This framework operation aims to support the Integrated Water System (IWS) operators in Italy by financing strategic Sub-Projects that address key challenges in the water infrastructure sector. These challenges include water scarcity, investment needs, and water tariffs. This framework operation will provide long-term debt financing to integrated water companies under concession agreements, with the goal of reducing water service interruptions, enhancing water supply infrastructure, reducing water losses, managing urban wastewater, and upgrading and expanding the sewer system.

Global Assessment and rationale for approval

The Investment Committee of the InvestEU Fund approved the use of the InvestEU guarantee on 11 July 2025 for the above-mentioned operation.

Additionality

The Italian IWS sector is characterised by significant structural and financial challenges that limit access to long-term financing under standard market conditions, particularly for medium and small-sized operators. The sector remains highly fragmented, with approximately 88 ATOs responsible for selecting water service providers. While national regulations promote the unified management of IWS to improve efficiency, implementation varies widely across regions due to historical management models, differences in administrative capacity, and political factors at the local level. This has resulted in a patchwork of service operators, with in-house providers accounting for 60% of the population served, listed companies covering 20%, mixed companies 15%, and concessions or other private entities managing the remaining 5%.
The water sector's capital-intensive nature further exacerbates these issues, as the significant infrastructure investment requirements and long-term financial risks exceed the risk appetite of private investors. Given the limited equity capacity of municipalities and the constrained ability of operators to raise debt, financing support from institutions like CDP, backed by the InvestEU Guarantee, becomes crucial. The InvestEU Guarantee enhances CDP's capacity to offer larger-scale financing to enable greater investments and support the long-term improvement of IWS. Moreover, CDP's involvement, backed by the InvestEU Guarantee, will send a strong market signal, attracting additional financial participation from

both private and public entities. This crowding-in effect will expand operators' financial capacity, allowing them to fund a broader range of infrastructure projects and drive sector-wide development.

Market gap

This FO addresses key market failures in line with Annex V.A.1 of the InvestEU Regulation. It supports activities that have the nature of public goods, where private operators cannot capture sufficient financial returns, such as education, skills, healthcare, accessibility, and essential infrastructure offered at low or no cost. It tackles information asymmetries that hinder access to finance for SMEs and small mid-caps, particularly those that are early-stage, rely on intangible assets, lack sufficient collateral, or operate in higher-risk sectors. It also facilitates investments involving higher risk levels in certain regions, sectors, or in innovative and unproven technologies, which exceed the risk appetite of private investors and would not take place, or would be significantly reduced, without public support.