

Conclusions

Italian Utilities Programme Loan

INVEU-ICR-0018-2022 – Sustainable Infrastructure

Short description of the financing or investment operation and its objectives

Name of the promoter or financial intermediary	N/A to be determined at sub-project level
Countr(ies) of implementation	Italy
Implementing partner	EIB

The proposed Framework Operation is structured as an EIB Programme Loan (PL) contributing to funding the investment programmes of Italian utilities. Such companies provide regulated and quasi-regulated services in key sectors such as water, solid waste and energy. The operation will be comprised of a tranche under EIB's own risk activities and a tranche for higher-risk loans backed by the InvestEU guarantee (the "InvestEU Tranche"). The operation will provide key funding to the utilities sector in Italy, supporting the COVID recovery and the shift to a greener economy. The InvestEU Tranche will address primarily investment needs from smaller utilities, but also medium/large multiregional players if their investments will be eligible under InvestEU.

Global Assessment and rationale for approval

The Investment Committee of the InvestEU Fund approved the use of the InvestEU guarantee on 11 May 2022 for the above mentioned operation.

The PL will ensure compliance with key European policy and regulations in the fields of energy and environmental protection, thereby contributing to the Bank's policy objectives of Sustainable Energy and Natural Resources as well as Climate Action and Environmental Sustainability and avoid negative externalities related to emissions of greenhouse gases and local air pollutants. The PL will address a number of market failures in the three sectors. More specifically, investments are expected to generate positive externalities in the form of improved public health and environmental benefits (e.g. from reduced pollution of water bodies, a more rational use of water resources, increased recycling and reduced disposal of solid waste, recovery of both material and energy from residual waste, reduced emissions of greenhouse gases and local air pollutants), and to contribute towards increasing security of energy supply, which is considered a public good. The investments in the energy sector shall also contribute to the long-term climate and energy goals of Italy and the EU. While the degree of correction of market failures will vary by sector and project, the PL is therefore expected to make a substantial contribution towards addressing environmental externalities, and provide key funding to accelerate infrastructure investments critical for de-carbonisation. A share of the investments (yet to be determined albeit expected to be limited) will be located in Cohesion regions.

The Investment Committee highlights that the sector faces growing investment gaps. While the degree of correction of market failures will vary by sector and project, the Programme Loan is expected to make a substantial contribution towards addressing environmental externalities, and accelerating investments in infrastructures critical for decarbonisation.