



Multiple Beneficiary Intermediated - Loans

Provincia di Trento Global Loan (Italy)

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What is it?



- MBIL - Formerly called *Global Loan*:
 - ✓ Credit line to an intermediary (also public) financing institution / bank ...
 - ✓ ... which on-lend the proceeds (“*allocations*”) to finance small and medium-sized projects ...
 - ✓ ... in eligible sectors,
 - ✓ carried out by private & public promoters.

**Regions, districts,
municipalities, chambers
of commerce, etc...**



Main characteristics

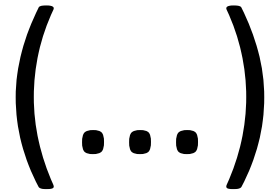
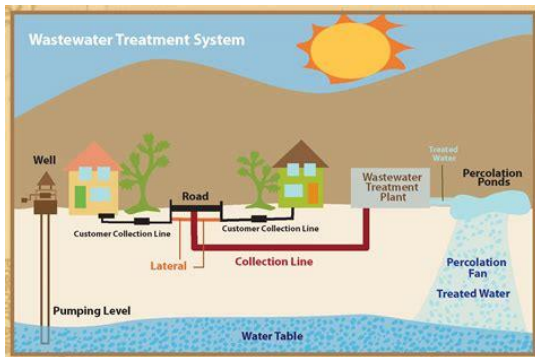
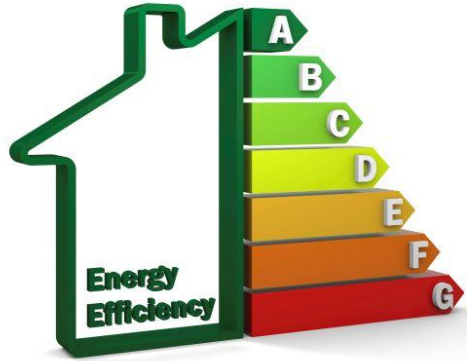


- Investment projects between EUR 40,000 – EUR 25M
- Multi sector – multi purpose → FLEXIBILITY
- Allocation amounts - up to 50% of the projects' investment costs for each allocation
- Transfer of Financial Advantage

+ technical assistance, objectives fulfilled, reporting, ...



Sectors



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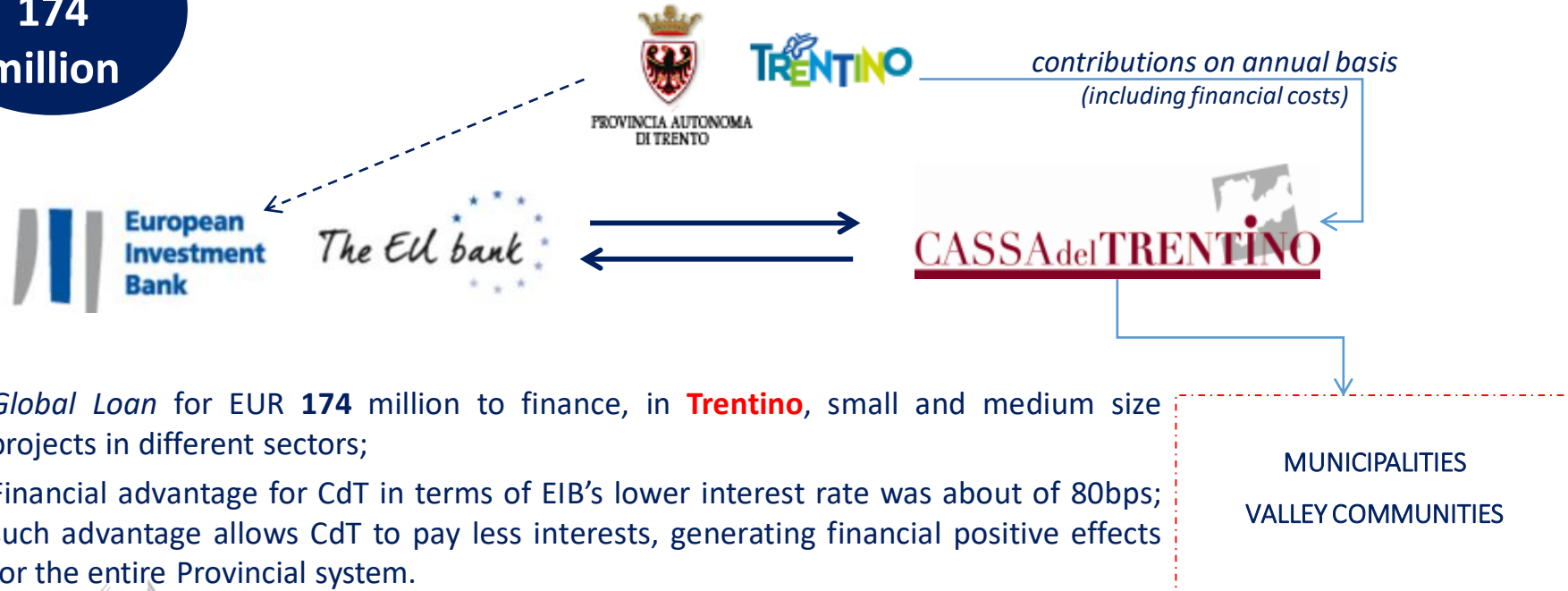
Trento EIB's Global Loan



On April 24-30, 2014 EIB and Cassa del Trentino (CdT) signed the Contract “*Global Loan Trento Infra Renewable Energy & Other Priorities*” («**Global Loan**») – SERAPIS FI n. 82891; Provincia Autonoma di Trento (PAT) approved the operation and supported it by guarantee (DGP n. 620 - April 28, 2014).

EUR
174
million

The original amount of EUR 145 million was then increased up to EUR **174** million (approved by PAT with the DGP 1850 - November 3, 2014).



- ✓ *Global Loan* for EUR **174** million to finance, in **Trentino**, small and medium size projects in different sectors;
- ✓ Financial advantage for CdT in terms of EIB's lower interest rate was about of 80bps; such advantage allows CdT to pay less interests, generating financial positive effects for the entire Provincial system.





Pop. 540.000
Almost entirely mountainous
63% covered by forest
44% of renewable energy
175 Municipalities



Cassa del Trentino S.p.A.

- Cassa del Trentino S.p.A. (“CdT”) was incorporated under the laws of Italy on 16.11.2005 as a shared-based company (*società per azioni*) and started operating in 2007.
- CdT is wholly-owned by the Autonomous Province of Trento (“PAT”), directed and coordinated by the PAT.
- PAT, together with the Autonomous Province of Bolzano, comprises the **Autonomous Region of Trentino Alto Adige/Südtirol**. Both Autonomous provinces carry out not only the normal duties of non-autonomous provinces/regions, but also have broad legislative, administrative and financial functions, which are defined at a constitutional level and set forth in an international agreement between Austria and Italy (Accordo De Gasperi-Gruber).
- As an autonomous province, PAT has an enhanced degree of political and financial autonomy from the Italian central government.



CdT acts as the financing arm of the PAT, a province with a special status in the Autonomous Region of Trentino-Alto Adige.





Until 2006

- Every single municipality (included the very small one) borrowed loans in order to finance local infrastructure.
- Transaction costs were high and supported by all the Municipalities; furthermore, because of the small size, many Municipalities were felt as risky and request to pay quite high interest rates;
- Almost all Municipalities had a team dedicated to assume and monitor the financial debt.

From 2007

- CdT mission is to pursue any activity relating to the management and the granting of funds and contributions provided by PAT to the Local Authorities: CdT advances the net present value by issuing bonds or borrowing by EIB or banks.
- Instead of 1 bond for each individual Municipality, CdT issues 1 bond (EMTN Programme) to finance all the needed public infrastructure.
- Interest rates paid by CdT are lower due to an high rating degree (Municipalities are not usually rated).
- From 2012 CdT started an important partnership with the European Investment Bank; on 31.12.2018 the CdT outstanding EIB's debt reached EUR 198 million.

CdT 15 employees

CdT ratings: Moody's **Baa1** (Italy → Baa3) + Fitch **A-** (Italy → BBB).

“From a credit risk profile perspective, it is not meaningful to distinguish between CdT and PAT because of the intrinsic operational and financial ties between the two” (Moody's).

“CdT's ratings reflect the PAT's continued strong financial support and close control over CdT, which Fitch does not expect to change in the medium term” (Fitch).



1

PROVINCIA AUTONOMA DI TRENTO

Consiglio delle autonomie locali della provincia di Trento

Consorzio dei Comuni Trentini

PAT and Local Authorities set the **infrastructure priorities**.
The mayor part of public investments in infrastructure is carried out by Local Authorities; such investments improve the living conditions and give opportunities for the private sector to grow and to create jobs.

2

PAT and Local Authorities **co-finance** infrastructures and public investments.
→ *Usually PAT contribution reaches 85-90% of the total costs, while Local Authorities ensure the residual share;*
→ *Local Authorities select construction companies by public tender.*

3

CASSA del TRENTINO

European Investment Bank The EIB bank

Euro Medium Term Notes

GRUPPO CASSA DEPOSITI E PRESTITI

PAT and Local Authorities share the financial needs.
→ *CdT ensures the collection of funds to be used for infrastructure, public investments and projects for economic development;*
→ *CdT, on behalf of the PAT, may grant loans or issue bonds to pay back through PAT contributions on annual basis;*
→ *CdT put together annual PAT contributions for several projects to reach the needed size for institutional investors. A single project could never be financed by EIB, but putting them together ...*



Cassa del Trentino S.p.A.



CdT provides resources to finance Local Authorities; one financial team for PAT and Local Authorities (175 Municipalities, 15 Valley Communities, etc.).



Tax revenue

Annual payments for investments

Including financial costs

Multi-annual contributions

Funds by loans and bond issues

Disbursements on work progress

Loans / Bonds repayment

CASSA del TRENTINO

MUNICIPALITIES
VALLEY COMMUNITIES

infrastructures and public investments

FINANCIAL MARKET

... banks / Institutional investors ...

Low interest rates

No operating costs for Local Authorities

Liquidity Management Optimisation

+ GDP

+ Employment growth

Local Economic Development Support



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Trento EIB's Global loan



The total size of the investment programme financed under the Global loan is over EUR 361 million.



EUR 361 million



Global Loan providing **48%** of the total investments



and Local Authorities

Public contribution **52%** of the total investments

53%
disbursed

393 projects, of which 225 have been concluded

393 projects

57%

225 concluded



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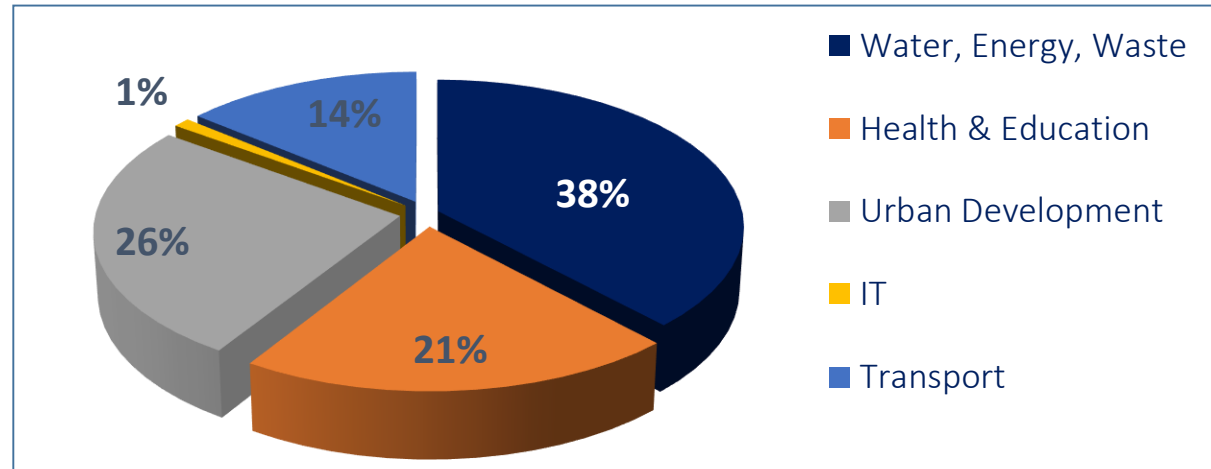
Trento EIB's Global loan



The average project size is about EUR 1 million.

→ the largest project co-financed by Global loan is the ICT broadband internet access project in the west area of Trentino (EUR 17 million);

→ breakdown by sector:



An Example: Municipality of Dimaro-Folgarida small hydroelectric power plant

The electricity generation cost of the plant is 41,6 EUR/MWh (based on 5% real discount rate and 20 years economic lifespan plant) < 96 EUR/MWh EIB's upper limit.

- Total capacity: 1.941 kW
- Total investment: EUR 7,7 million (excluding VAT)
- Construction period: 2 years (Aug 2014 → Aug 2016)
- Operating period: 26 years
- Annual total revenues: EUR 1,4 million

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Trento EIB's Global loan



Examples: small rural development

Since 2009 Dolomites have been nominated UNESCO World Natural Heritage site for their beauty, their unique landscape and geological features. **Trentino** is home to 4 of the 9 sites which include: the Brenta Dolomites, the Latemar-Catinaccio, the Marmolada and the Pale di San Martino; mountains that indeed offer a diversity of sceneries unique in the world.



Municipality of TELVE

Restructuring mountain trails
along First World War ruins
("Herta Miller Haus")

Total Investment: EUR 40.000
Concluded in: 2014

Municipality of SANZENO

Construction of an alpine trails
information point in the Val di Non

Total Investment: EUR 79.000
Concluded in: 2017

Municipality of VEZZANO

Restructuring mountain trails in
Val del Sarca ("Rino Pisetta")

Total Investment: EUR 82.000
Concluded in: 2014





Damages caused by the unprecedented storm that hit Northern Italy in October 2018



Need and opportunity for forestry infrastructure investments in the future?



financial instruments capacity building Farming
 Rural development funding agreement EU guidance
 added value technical support co-financing ex-ante assessment final recipients
 seminars governance financial intermediaries investments
 leverage EAFRD case studies
 Agriculture fi-compass
 business plan thematic objectives Targeted coaching
 advisory services Thank you equity
 RDP guarantees life cycle private investors
 conferences banks revolving combination of support
 fund of funds loans microfinance CAP
 manuals managing authorities factsheets
 DG AGRI Agricultural products investment strategy EIB Group