Cleantech for Italy

In partnership with MiTo Technology

Cleantech for Italy

Q1 2026 Briefing

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Authors and Methodology

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Federico is the Director of Cleantech for Italy, a new initiative launched to boost the country's cleantech industrial leadership. Before that, he worked as a deep tech venture capital investor focusing on space technologies and gained experience in R&D funding. He holds an MBA from the Collège des Ingénieurs and has a background in economics and policy.

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Methodology

The main source for this analysis is the data we periodically collect from public sources. Unless otherwise specified, cleantech funding includes equity (VC and other forms), debt, and grant financing.

Starting from this release, we have updated our sector classification using Cleantech Group's taxonomy, which includes the following cleantech verticals:

- **Agriculture & Food:** precision agriculture, indoor farming, food waste, food supply chain, crop inputs, alternative proteins, biomass, animals
- **Energy & Power:** renewables, nuclear, hydrogen, energy storage, energy networks, energy services, buildings, biomass and waste-to-energy, energy efficiency
- **Materials & Chemicals:** advanced materials, advanced manufacturing, biotechnology, building materials, CCUS, fuels and chemicals, industrial materials, process technology, specialty chemicals
- **Resources & Environmental Management:** environmental monitoring, climate risk, carbon removal, natural resources, water, remediation
- **Transportation & Logistics:** aircraft, EV charging, fleet management, micromobility, maritime, on-road vehicles and components, rail, infrastructure
- **Waste & Recycling:** waste management, wastewater, construction, fashion

Executive Summary

Cleantech for Italy

Structural instruments advance, while strategy lags

- **Italy delivered three structural cleantech instruments in Q1.** LD 5/2026 finally transposes RED III with acceleration zones and innovative-technology quotas, while the €1.75bn CISAF scheme supports new net-zero manufacturing capacity through 2030. Finally, the €6bn renewable-hydrogen scheme pairs supply-side build-out with demand-side market creation via two-way contracts for difference.
- **Yet the crisis response runs in the opposite direction.** Italy has pushed at the EU level for suspension of the ETS on thermal power generation, introduced a unilateral ETS-decoupling provision in the *Decreto Bollette*, and seen internal debate reopen on the January 2027 ban on Russian LNG imports.
- **The new long-term strategy restores ambition but underweights emerging industries.** The White Book "Made in Italy 2030" is Italy's first organic industrial strategy in over thirty years and rightly reframes industrial policy as a structural choice. Its forward bet, however, is incumbent-heavy and is weak on cleantech, the domain where Italian manufacturing strengths map most directly onto the value chains now setting global competition.

Q1 opened with strong momentum, driven by VC activity

- **Q1 2026 continued the positive momentum established in the previous year, with €62.4 million raised across 11 deals.** The average deal size reached €5.7 million (vs €4.5 million in 2025), confirming the shift toward larger rounds and a growing pipeline of mid-stage ventures approaching industrial scale.
- **In terms of cleantech verticals, Q1 shows a more balanced distribution across key applications.** Energy & Power led the quarter, driven by investments in LDES and enabling technologies such as remote inspection solutions. Materials & Chemicals and Resources & Environmental Management also attracted investments, in continuity with 2025 trends.
- **The recent surge in investment levels has been primarily driven by VC funding, while access to debt and industrial-scale public financing remains limited.** The launch of dedicated funds between 2024 and 2025 has injected fresh capital into cleantech startups. However, the capital stack remains underdeveloped when it comes to financing FOAK and subsequent scale-up phases.

01 The IAA is a key opportunity to create demand for European cleantech and anchor their deployment within the EU

POLICY

On March 4, the European Commission released the Industrial Accelerator Act (IAA), aimed at strengthening domestic manufacturing across strategic cleantech value chains. The Act introduces "Made in Europe" criteria in public support schemes targeting key sectors, including net-zero technology manufacturing, energy-intensive industries, and automotive. To reinforce these provisions, the IAA also establishes a set of FDI screening rules, applying to projects above €100 million and to cases involving countries holding more than 40% of global manufacturing capacity in the relevant sector, with the objective of safeguarding Europe's industrial base.

While this signals a shift toward a more assertive industrial policy, the Act is still too vague in terms of geographical scope, FDI requirements, and technological focus. In its current form, the IAA risks failing to generate credible demand signals. A broad definition of Union-origin, combined with waivers, partial coverage, and gaps in key value chains, may significantly dilute its industrial impact and create uncertainty for investors.

In January, we co-signed an open letter to the Commission, promoted by Cleantech for Europe, stressing that the IAA must go beyond high-level principles and become a practical tool to enable scale-up, ensuring that public support translates into deployment of European technologies, not just their development. Specifically, we called for:

- Clear and durable demand signals
- Robust and enforceable "Made in Europe" criteria
- Targeted support to strategic value chains
- Alignment of financial tools to support FOAK and industrial deployment

The underlying issue is structural: while Europe has built a strong innovation base, it still lacks the conditions to scale technologies domestically. The IAA represents a critical opportunity to close this gap. Without effective implementation, there is a real risk that European cleantech companies will scale elsewhere, turning public support into a subsidy for foreign industrialization rather than domestic growth.

Italian policy roundup (1/2): while some key market instruments advance, crisis response remains shortsighted

- **The Italian industry is absorbing a second energy shock before having metabolized the first.** The 2022 Ukraine shock structurally impaired energy-intensive manufacturing and the 2026 Iran war now layers on top of an already weak gas buffer, with European gas prices up 60%. Agencies warn that a prolonged conflict could push Italy and Germany into technical recession by end-2026.
- **However, the immediate response looks shortsighted.** At the EU level, Rome has pressed for a suspension of the ETS on thermal power generation, and domestically the *Decreto Bollette* (DL 21/2026) goes further with a unilateral provision to decouple ETS costs from renewable power pricing, a move the European Commission is now investigating. Meanwhile, the League and Eni's CEO have called for reconsidering the January 2027 ban on Russian LNG import. Meloni has resisted publicly, but the debate has reopened. The rest of the *Decreto Bollette* delivers useful relief but treats the shock as a spike to be smoothed, not as a signal to accelerate domestic clean capacity.
- **Against this defensive posture, structural instruments do point forward.** In January Italy finally transposed RED III after the European Commission had already opened an infringement procedure. It introduces acceleration zones for renewables, sets a minimum 1.6 percentage-point annual increase in industrial renewable-energy use starting in 2026, and reserves 5% of new renewable capacity through 2030 for innovative technologies (floating offshore wind, high-efficiency PV, concentrated solar, advanced geothermal, marine energy).
- **On the supply side, two instruments now point toward cleantech competitiveness.** In December 2025, the Commission approved a €1.75 billion Italian scheme under Section 6.1 of the Clean Industrial Deal State Aid Framework, co-financed through the RRF and running until December 31, 2030, to build new net-zero manufacturing capacity for the technologies listed in Annex II of the CISAF. On March 30, 2026, it approved a €6 billion scheme to support the production of 200,000 tons per year of renewable hydrogen for transport and industry, via two-way contracts for difference and running until December 31, 2029. This is one of the

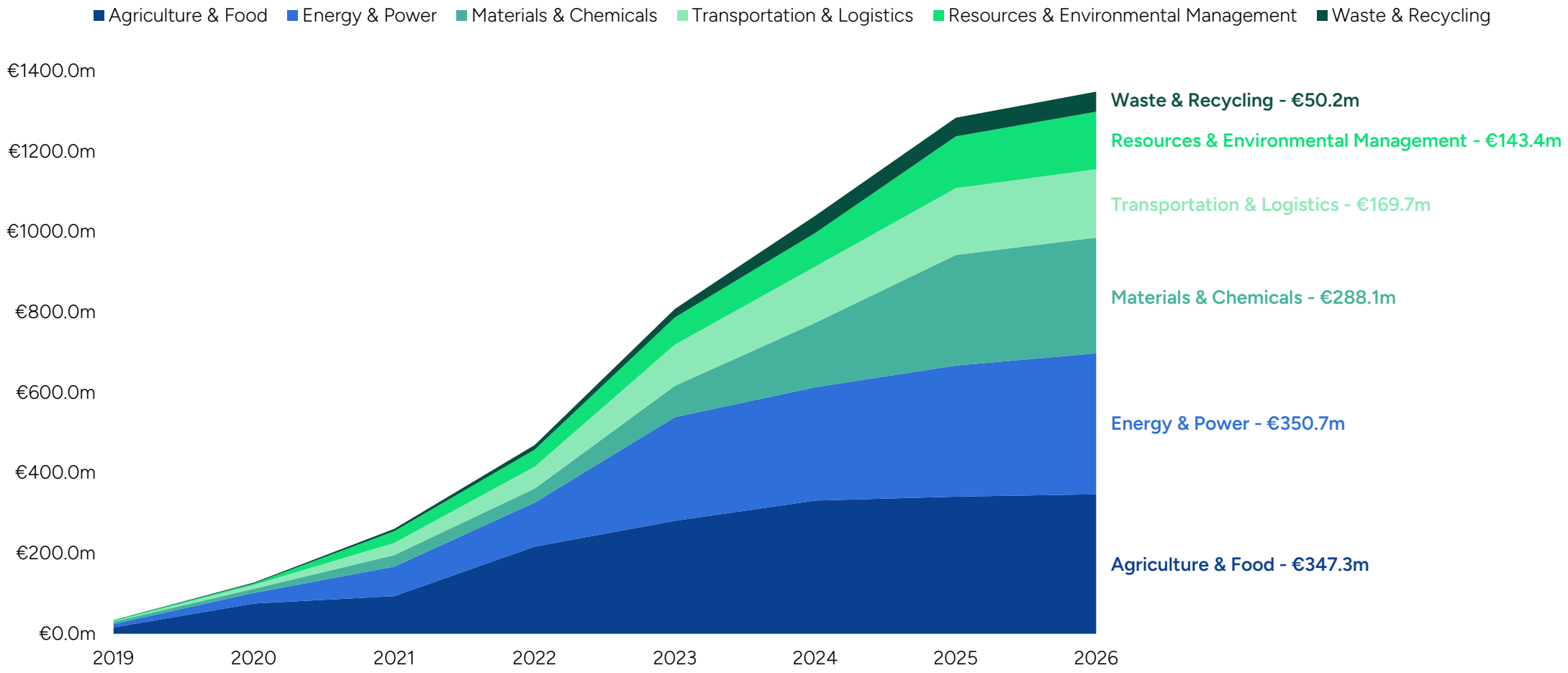
Italian policy roundup (2/2): the new industrial strategy is an ambitious effort, but lacks focus on emerging industries

largest renewable-hydrogen commitments put forward by any EU member state.

- **At the strategic level, the corresponding long-term pivot is the White Book "Made in Italy 2030".** Presented by the Ministry of Enterprises and Made in Italy in January, it is the first organic industrial strategy Italy has adopted in over thirty years. Built around four structural transitions (demographic, geopolitical, digital, green), it breaks with horizontal incentives in favor of a value-chain model designed to identify bottlenecks and strategic dependencies. The White Book successfully redefines industrial policy as a structural choice rather than an emergency response. However, the focus on emerging industries, such as cleantech, is weaker than the rest of the document, with limited proposals on how to scale up domestic innovation excellence.

Cleantech funding has grown to €1.35 billion since 2019, reflecting a 69.2% compounded annual growth rate

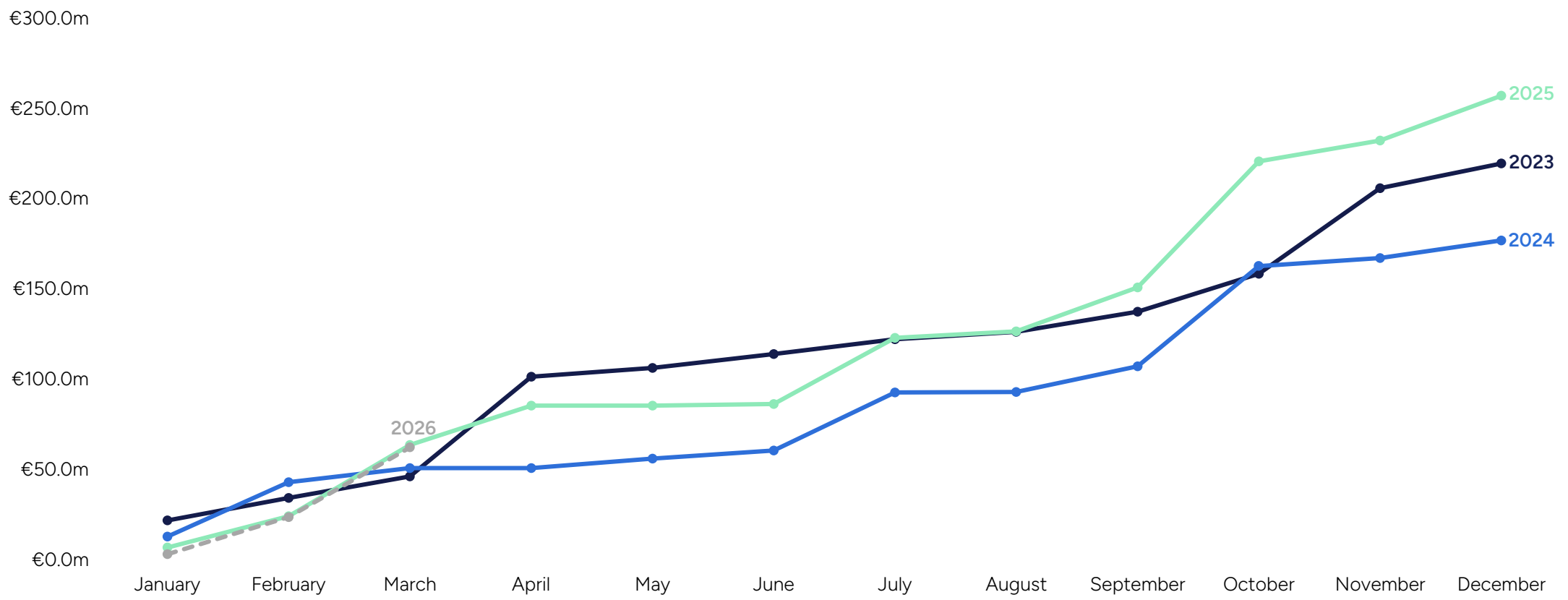
Cumulative total cleantech funding per sector, 2019-2026



Sources: Cleantech for Italy, MITO Technology

2026 started strong, in line with the record levels reached in 2025, confirming continued momentum in investments

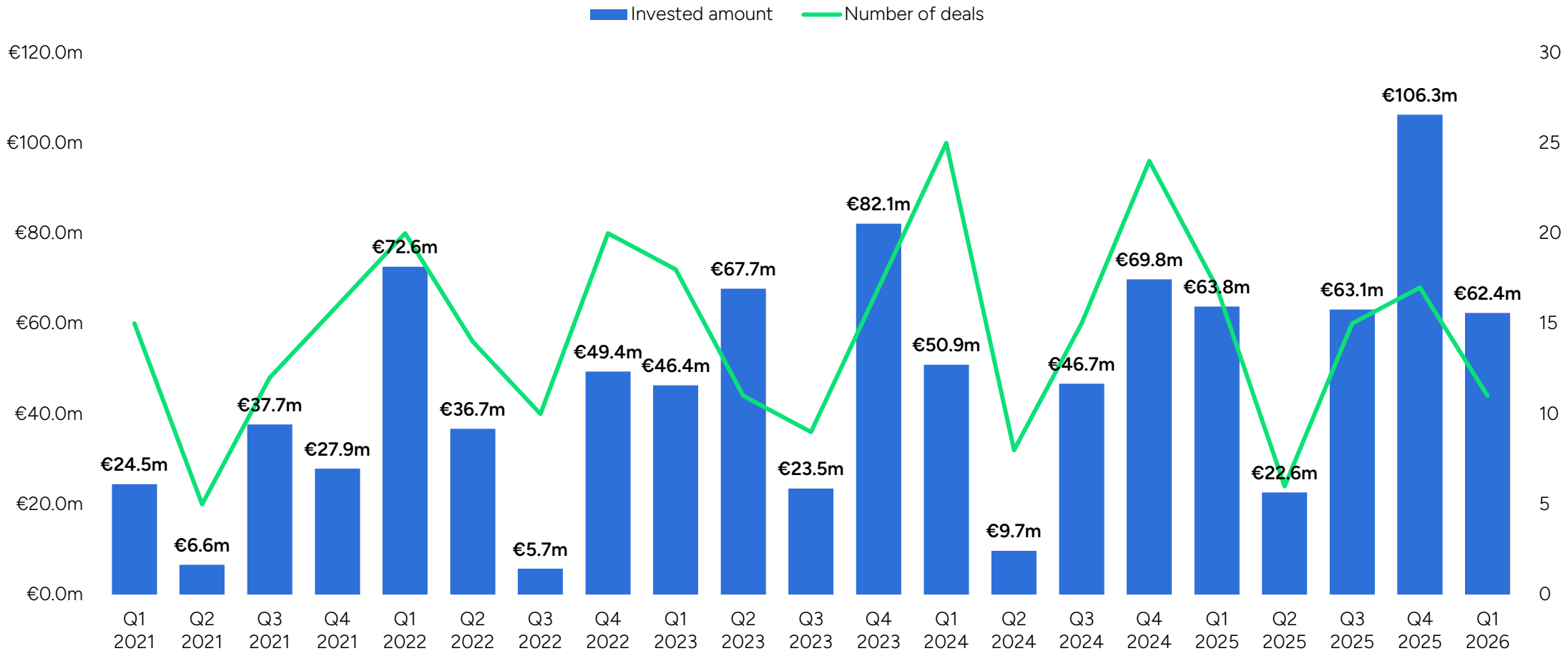
Monthly evolution of cleantech VC funding, 2019-2026



Sources: Cleantech for Italy, MITO Technology

Q1 2026 confirms the shift toward larger deals, with an average size of €5.7m (vs €4.5m in FY 2025)

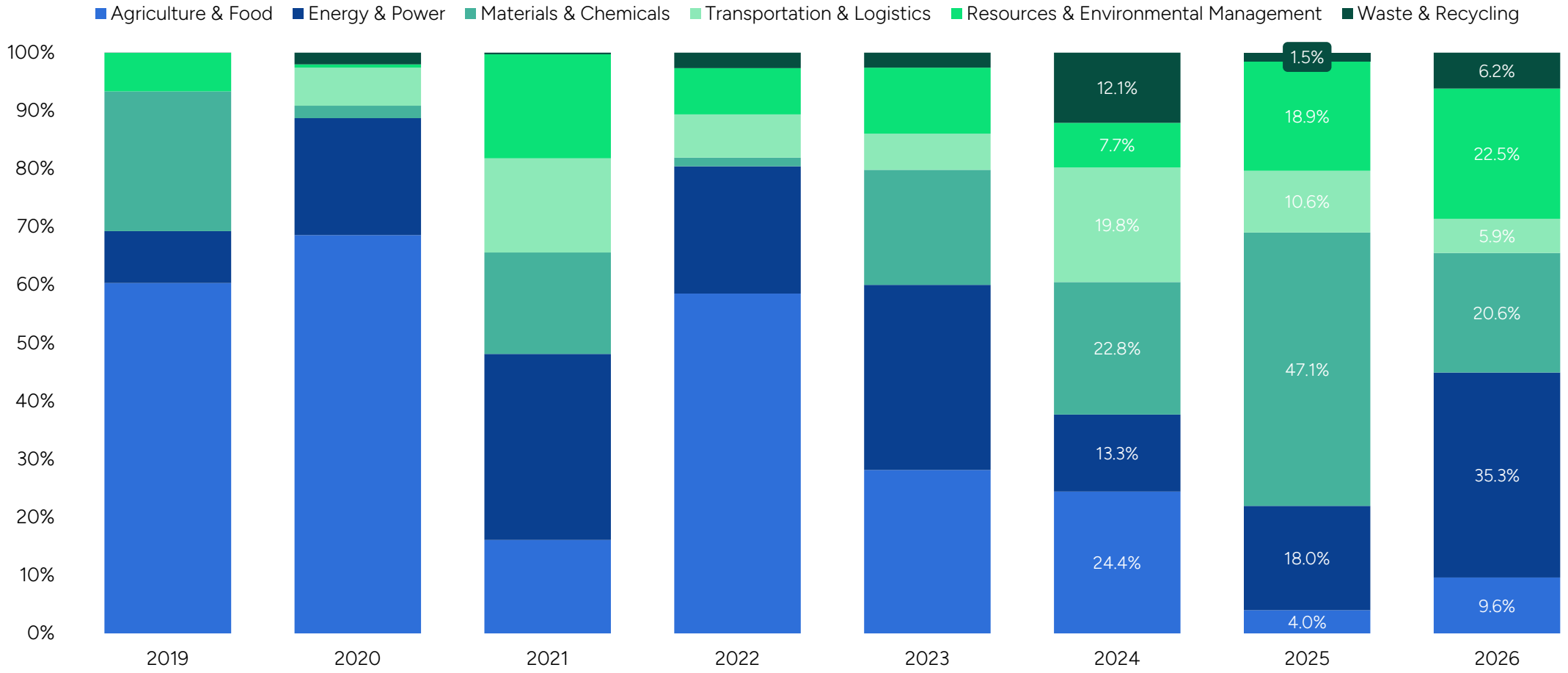
Cleantech VC investments by deal size and deal count, 2019-2026



Sources: Cleantech for Italy, MITO Technology

This quarter saw a more balanced distribution of deals across key verticals, with a modest tilt toward Energy & Power

Sector contribution of VC cleantech funding, 2019-2026



Sources: Cleantech for Italy, MITO Technology

Top rounds in Q1 reflect a mix of core cleantech and enabling technologies (e.g. drones and robotics for inspection)

Company	Description	Funding Amount	Main Investors
Dronus	Drones for remote operations and security of industrial systems (including energy)	€15.0 million	algebris INVESTMENTS; cdp Venture Capital Sgr; azimut; simest gruppo cdp; eni next
SINERGY FLOW	Flow battery based on zinc and sulfur for long duration energy storage applications	€7.0 million	cdp Venture Capital Sgr; 360 CAPITAL; Exergon
BeNewtral	Clinker-free mineral binder, made largely from industrial by-products	€7.0 million	cdp Venture Capital Sgr; eureka! venture sgr; NovaCapital; TECH PLANET
FOREVER LAND	Climate-resilient alternatives to ingredients such as cocoa and chocolate	€6.0 million	cdp Venture Capital Sgr; maia ventures; kostcapital; Riello Investimenti SGR; NEWTREE Impact
NANDO	AI-driven solution to optimize waste management and reduce food waste	€3.3 million	maia ventures; cdp Venture Capital Sgr; CLUB degli INVESTITORI; LA4G LUISS ALUMNI 4 GROWTH; EMBA CAPITAL PARTNERS
RARA FACTORY	AI-driven materials discovery for the replacement of rare earth elements	€3.2 million	PRIMO CAPITAL; cdp Venture Capital Sgr
FLUID WIRE ROBOTICS	Robotic solutions for harsh environments (space, nuclear, and underwater)	€2.5 million	European Innovation Council Accelerator

Cleantech for Italy

Forging the path to cleantech leadership in Italy

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