

# Financial instruments for the rural development of the Sardinia Region

## ADVISORY SERVICES

Urban transformation, Real Estate and Local development

Public Entities



### AREA

Sardinia Region

### CLIENT

Autonomous Region of Sardinia

### YEAR

2017 – 2018

### TOTAL INVESTMENT

n.a.

### IN BRIEF

Ex-Ante Evaluation aimed at verifying the advisability of activating a financial instrument within the context of the resources of the Rural Development Programme (PSR) of the Autonomous Region of Sardinia for the programming period 2014- 2020.

### CLIENT'S REQUIREMENT

The client required an evaluation of the advisability and of the most consistent methods for activating a financial instrument dedicated to the agricultural sector, availing itself of Community resources from the 2014 – 2020 programming periods. The client's requirement was that of identifying an intervention strategy of the financial instrument and therefore understanding, by means of in-depth analysis of the economic context and of the characteristics of the SME operating in the Sardinian agricultural sector, the elements useful to verify the suitability and feasibility of the financial instruments hypothesized and therefore:

- Understanding the entity of the financial requirement necessary and tailoring the existing financing options, highlighting possible causes of non-utilization and under-utilization;
- Characterizing and certifying the existence of a market failure;
- Tailoring the financial instrument taking into account the existing public resources and, therefore, the methods of utilization alongside other public spending policies;
- Defining technical forms, financing methods, optimal guarantee structures for covering failure and reducing the market gap;
- Identifying optimal methods to structuring and defining the selection criteria of the fund manager the financial instrument.

### RESULTS OF THE INTERVENTION

The development of this work has provided an overview on the state of the art of the Sardinian agricultural undertakings, on the credit market and on the existence of difficulty in accessing credit by the agricultural sector. Furthermore, it has provided regional decision-makers with an overview of the most coherent solutions to realize the objectives of the rural development programme.

The activation of such revolving instruments makes it possible to partially cover the gap deriving from market failures, to create a substantial leverage effect with regard to existing public resources and promote the development of the projects offering beneficiaries a wider range of instruments at their disposal.

### CHARACTERISTICS OF THE INTERVENTION

The activities carried out by Sinloc concerned:

- Analyzing the characteristics of SMEs operating in the agricultural sector and the regional economic and productive system (agricultural, forest and agri-food)
- Analyzing the financial offer and demand in the agricultural sector
- Verifying the existence of a market failure
- Defining the financial instrument and its technical and governance forms
- Defining the optimal methods for structuring and defining the selection criteria of the manager of the financial instrument
- Defining an ad hoc governance structure;
- Defining an Action Plan for structuring and implementing the financial instrument.

