



European Union
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ATM for SMEs
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REGIONE AUTÒNOMA DE SARDIGNA
REGIONE AUTONOMA DELLA SARDEGNA

RAS in ATM for SME's project

“Social outreach of microfinance and mitigating negative effects of financial exclusion”

*ATM Sardinia study trip
Cagliari, 10 July 2017*

- Sardinia is an Italian administrative region (NUTS 2 according to EU classification)
- Total population: around 1.68 millions of inhabitants (~ 2,7% of total Italian population)
- Low population density: almost 69 inhab/km²
- Regular decrease of residents in last 8 years
➡ *negative forecast for the future: estimation of a further decline (19,47%) in 2065*
- GDP per capita: 72% of EU average
- Unemployment rate: 17,4% (11,9% in Italy, 9,4% EU average)
- Population at risk of poverty or social exclusion: 36,6% (23,7% EU average)



Regional economic context

- ✓ *Regional economic situation mirrors global performance: slow and vulnerable growth (still exposed to the potential negative risks arising from financial market trends, geopolitical pressures and demographic change)*
- ✓ *Business environment: 97% micro-enterprises (less than 10 employees): average of 2,8 employee*
- ✓ *23,5% of enterprises in the agricultural sector: this confirms the strong agricultural vocation of the region, even if its contribution to valued added remains low (around 5%)*
- ✓ *Doing business is very difficult: credit crunch, high level of business mortality and lack of innovation*

Main economic sectors experiencing positive growth (even though still limited):

- ❖ Industrial sector (especially agro-food segment due to external demand)
- ❖ International trade (increased by 3,2% in 2015)
- ❖ Construction: recent positive stabilization after years of decline
- ❖ Services (notably tourism and transports)

Financial services in the Sardinia Region

- ❖ Marked downsizing of local banking network between 2008-2105: decrease mainly due to major banks which have reduced the number of operational branches in Sardinia
- ❖ Modest level of bank services: 2,7 units/km², lower than Italian average (9,9 units/km²) and also in comparison to other southern regions (5,2 units/km²)
- ❖ Positive trends in bank loans in the recent years, but mainly limited to companies in industry and services
- ❖ Uncertain economic outlook, high risk of insolvency of several applicants and difficulties in assessing the solidity of each debtor have generated adverse selection procedure and restrictive funding policies
- ❖ Main difficulties in credit access: excessive collaterals, high interest rates and long procedures



The growing awareness of the existence of a wide category of «unbankable» individuals has led to the development of new channels for financial services, as alternative to traditional banking credit

Microfinance legislative framework in Italy

The Italian Government has introduced specific rules for microcredit provision in 2010, then further implemented in 2014:

Main characteristics:

- Microcredit for entrepreneurial activities: applicable to individuals and specific categories of companies (e.g. cooperatives); ceiling of 25.000 € per beneficiary, maximum duration 7 years
- Microcredit aiming at promoting social and financial inclusion: applicable to specific individuals, ceiling of 10.000 € per beneficiary, maximum duration 5 years
- No collaterals
- Eligible expenditure: purchase of goods and services, including insurance policies, salaries, training costs
- Support services (e.g. project idea development, marketing advisory)

Microfinance providers in Sardinia

- ❖ Strong role for the public sector, like in other southern Italian Regions
- ❖ Specific commitment of the Sardinia regional government in the recent years (e.g. Microcredit Fund, financed under ESF Regional Operational Programme): loans and support services to local «unbankable» individuals/companies in order to fight social and financial exclusion
- ❖ The Sardinia regional government is actively committed in further developing its support to facilitate credit access by those individuals facing disadvantaged situations (such as women, jobseekers, NEETs)
- ❖ Other relevant funding schemes managed by local trade associations
- ❖ Religious providers, mainly the Italian Episcopal Conference and Caritas (e.g. the «Hope Loans» managed in partnership with the Italian Banking Association)

RAS policy instrument in ATM for SME's project

Sardinia ROP ERDF 2014/2010

Thematic priority « TO3 SME's competitiveness »

Action 3.6.4 "Contributing to the development of venture capital funding market dedicated to start-up's in pre-seed, seed and early stage"

The resources dedicated amount to 15 million €.

The new project ideas will be inspired also by the interregional learning process planned in the framework of the project, and imported to be financed by the policy instrument accordingly. The joint implementation of the action plan and the projects included will improve the Action 3.6.4 by sharing similar experience with the project partners thus supporting better realisation of the indicators planned in the policy.

Useful suggestions expected, in order to:

- shaping a new methodology for monitoring or evaluating measures;
- improve the way thematic calls are organized (e.g. in the project, a report will be developed on the social outreach of microfinancing institutions) in order to measure the social impact of the actions;
- integrate resources from different funds in coordinated actions (ERDF – ESF - EAFRD).

Good reasons for RAS to participate to ATM for SME's project

- Previous positive experience in INTERREG project (DIFASS, INTERREG IVC 2007 -2013)
- Networking (both institutional and private actors)
- Exchange of experiences
- Tips, suggestions and proposals



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Thank you!

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