

University of Zürich
Department of Banking and Finance

Supervision:

Prof. Dr. Marc Chesney
Head of Department of Banking and Finance,
Professor of Quantitative Finance

Independent Consultant and Study Author:

Katharina Serafimova
Lecturer at University of Zürich:
Sustainability and the Finance Sector

**Alternative Financing Solutions for
Regional Value-Creation as an
Answer to Depopulation and
Desertification in Southern Portugal**

Bachelor Thesis

Bachelor of Arts UZH Business and Economics:
Major Banking and Finance, Minor Environmental Studies

Author:

Martin Zeller

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Executive Summary

Due to climate change southern Portugal is expected to have higher temperatures and lower rainfall in the future. Without the right adaptation the region is threatened by desertification, leading to a loss of opportunity in rural areas and, therefore, migration to cities. To fight desertification and keep rural areas liveable, investments in rural development – especially in agriculture – is needed. However, rural entrepreneurs are often excluded from traditional finance. This thesis aims to help find alternative financing solutions for rural entrepreneurs and, in so doing, help to rally against one of the major climate-change related threats for southern Europe.

This thesis presents alternative financing solutions for regional value-creation as an answer to depopulation and desertification in southern Portugal. It introduces this interdisciplinary topic from a social, economic and environmental perspective. It gives an overview of financing theory with traditional and alternative financing solutions, such as impact investing, microfinance, crowd funding or philanthropic investing. Additionally, it presents the entrepreneurial needs of southern Portugal and discusses alternative financing solutions for those initiatives, projects and businesses. Besides financing, it also includes the role of networks and organisations that can help farmers and rural entrepreneurs.

The first part was formulated by a literature review to understand the situation in southern Portugal and bring together the theoretical basis for financing, including traditional and alternative financing. In a second part, alternative financing methods were researched on the internet and categorised to get an overview of all the available alternative financing methods. In a third part, the entrepreneurial needs were observed using data from a meeting in southern Portugal on alternative financing for value-creation. The data from this meeting contains a summary with questions asked by participants, as well as presented projects and initiatives. Additionally, a questionnaire was handed to rural entrepreneurs to survey their needs.

The projects and initiatives are very diverse and in different stages of maturity, making it not suitable for generic financing method advice. However, the findings can give a direction where to look for financing, depending on specific needs. For example to finance an ongoing business with credit, an entrepreneur should try to raise money on a crowd lending platform. For larger investments or a new business, crowdfunding could be the right way to go.

Catchphrases:

Portugal, Desertification, Alternative Financing, Underinvestment in Regional Development, Regenerative Agriculture, Agro-Ecology