

Annex 3: Local Financing instruments: The Swedish Rural Network Working Group for Local Financial Capital Supply

The members of the working group for local financial capital supply are presented below. Are you interested of these questions, please feel free to get in touch!

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The European Agricultural Fund
for Rural Development.
Europe investing in rural areas



The Swedish Rural Network Working Group for Local Financial Capital Supply

Background and mission

Many Swedish companies have, in comparison with other countries, a high rate of loans, in percentage of its capital. This is due even for rural businesses. Entrepreneurs and organisations in rural areas also have difficulty to expand their activities since it is difficult to get enough bank credits. It is therefore important to help them find capital and new approaches to fund investments in rural areas.

In the working group we are aware that this is not the case for every rural entrepreneur or organisation. But the problem of finding investment capital is nevertheless big enough for us to focus upon finding new solutions.

Due to new and stricter rules, the banks have problems to meet the demand for loans from the public, the private and the non-profit sector. Furthermore the number of local bank offices is decreasing and also subsequently so is the number staff with experience in evaluating the success potential for business ideas from a local community perspective. At the same time, there are few possibilities for individuals to direct their savings to be used for local investments. There are some local initiatives existing, but there is still a lot to do to be able to transfer these initiatives as working concepts to be used in other areas. The task of the Thematic Working Group for Local Financial Capital Supply can therefore be expressed as:

The group is working to raise the availability of risk capital, donation capital and loan capital to be used for development of local economies in Sweden.

Two ways forward...

The Working Group has identified two ways to develop possible solutions. One is to create a broad practitioners network joining existing and potential actors working for local financial capital supply. The other way is to support the existing successful actors who have chosen to work with local "savings companies".

Network for practitioners

Do you have a local organization/structure with the aim to provide local financial capital supply or are you just about to start one?

Please get in touch with us! All Sweden Shall Live in cooperation with Coompanion and the Eco bank is working to establish a national "practitioners network". The aim is to identify and create a network, and to analyse and disseminate information about local organisations that provide investment capital and about their ways of working.

As practitioners we regard local initiatives as those established to use local capital to fund projects, activities or businesses. This can be an economic association created to start a cooperative school, a development company or village company working with local development; a risk capital company working to support local businesses; a donation and scholarship fund supporting local projects and initiatives; a bank with financial instruments for local recycling systems, or; a savings funds where you can save and borrow local capital, etc. You can read more in the brochure "Vi samlar lokalt kapital" (www.helasverige.se, click on "Hämta våra skrifter") which is about villages who have already started such initiatives.

Local recycling of funding and capital is just at its starting point. But it is an effective way to partly or totally finance local development in a sustainable way. In this network we want to exchange experiences but also share them with other local actors interested in developing solutions for local financing:

Please get in touch with the practitioners network through Eric Edung at eric@ekobanken.se

tel: +46 8 551 714 70 or Ulla Herlitz at ulla.herlitz@helasverige.se tel: +46 703 62 82 34

Local Savings Companies

Locally-based economies will be a necessary basic infrastructure in a future and more sustainable society. The ability to organize saving and financing at a local level will determine if the transition to greater efficiency in resource management will succeed or not.

However the local economies are facing major concrete challenges:

- To organise the need of sharing risk and profit of local savings with a business fabric (private, public or non profit) with which the locals feel they have a relationship and a responsibility for, and;
- To evaluate the sustainability and give priority to one investment before another according to its ability to "refund" and "give back" to the local economy.

Our aim is to identify, analyse and support the development of practical educative examples of local savings companies with local savings and financing through a "development workshop" or incubator. This includes raise raising awareness of the importance of these new financing structures for local development in general and for the transition to a more resource efficient society in particular.

Are you interested to know more about Local Savings Companies please get in touch with: Jörgen Andersson at jorgen@fjallbete.nu tel: +46 706 30 98 74