



Handbook of Local Financing

*Hela Sverige
ska leva!*



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Handbook of Local Financing

Author: Ulla Herlitz

Layout: Lotti Jilsmo

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Reflections on the financing of local development.

“We have time to spend and a small amount of money that we raised through the various activities of our organisation.

*But shouldn't the municipality contribute with financing...
or should we apply for EU grants ...or for a grant from a trust or fund...
or could we ask a wealthy local resident to help us?*

*Maybe it is necessary to take a loan from the bank after all...
and then we'll probably need a credit guarantee.
What if some risk capitalist would like to back us instead!*

On the other hand, why don't we create our very own local financing structure?”



foto: Heléne Grynfarb

Local Financing

Many people today are committed to their own local community development. The Swedish Village Action Movement consists of about 5,000 village action groups, and the number is ever increasing. We estimate that roughly 100,000 individuals are directly involved with village action groups, and their work affects approximately three million people – one third of the Swedish population.

The village action groups are spread all over Sweden and deal with all sorts of matters. They run shops, organise childcare, set up wind power plants and improve roads. Often it starts off with a local crisis, for example, a factory or school shut-down. The villagers recognise the need for collective action and that this will require some kind of financing scheme.

As a rule, the development work is initiated on idealistic grounds, and maybe the local organisation has a small positive balance in the bank that is used in the initial phase. Before long though, they realize that more money is needed. If the activities concern services or infrastructure, the usual thing would be to turn to the public sector. It is also common to turn to the EU and apply for a grant to fund a pilot study or a more comprehensive development venture. In addition, it may become necessary to turn to the bank to take a loan to be able to make an investment. Is this an easy task? Many communities in Sweden do not have access to a local bank office. An association with only pocket money in the bank is sure to be turned down by the larger commercial banks if they turn to them for help, for example, with making a local development investment.

For a number of years, *All Sweden shall live* has managed projects involving local economy and the issue of how local financing can become a complement to – or come to completely replace – public financing and/or taking loans from commercial banks. The reasoning behind this idea springs from the notion that where there are people, associations and companies – there is also money. Most of these entities have a bank account, most commonly in one of the larger commercial banks. The lenders to these banks have minimal influence on to whom and to where the bank lends its money, or on whether it uses them to speculate in other parts of the world.

In order to finance sustainable local development, we need to rethink the money issue and dwell on whether the savings of the local people, associations and companies could constitute a local financing structure by developing forms of joint local savings and loaning, simultaneously benefitting from exerting a local influence on the lending activities. If 10 per cent of the Swedish citizens' savings were part of a local financing structure exerting local influence, more than 100 billion Swedish crowns would become available for local development! Obviously, it is essential that we discuss the money issue when we work with long-term sustainable community building.

The notion of local financing is also touched upon in the EU Rural Development Programme where the lack of local capital is mentioned as an obstacle to the development of small-scale rural enterprises. EU grants may be used to create organisations aimed at improving access to local capital. In addition, the LEADER programme can help to finance the establishment of such organisations.

The difficulties surrounding the financing of local entrepreneurship have urged imaginative enthusiasts to take an interest in organising the capital that, so to speak, belongs to the local community.

In the past, a great number of local Savings Banks existed that the rural dwellers could use for their savings and loans. Today, most of the savings made by Swedes are deposited into one of the four great commercial banks. The bank fusions have led to that hundreds of smaller Savings Banks have been

“The challenge lies in achieving a smart and sustainable financial infrastructure at the local level”

taken over by one large commercial bank. Today, only around sixty local independent Savings Banks still exist. The Ekobanken Medlemsbank and the JAK Medlemsbank banks are two rather newly opened co-operative banks, owned by its members. They work efficiently and purposefully to find local solutions to issues of financing and influence. Thus, on the whole, the actors as well as the models that work for a long-term sustainable local financing infrastructure already exist.

It is relatively simple to attract attention to and mobilise around the financing of a single project, such as a school or a wind mill. The challenge lies in achieving a smart and sustainable financial infrastructure at the local level. In other words, a long-term venture that can secure capital for – and influence over – local investments over time.

There are 36 joint share bank companies, 50 savings banks and 2 members' banks in Sweden. To start a bank, quite a large amount of capital is needed. Around five million euros is the base-line for a joint share bank company, one million euros for a savings bank and five million euros for a members' bank. Members' banks can be granted exemptions down to one million euros.



foto: Andreas Offesson

Would the financial muscles be too weak to start a bank of one's own, there is always the option to find out what kind of bank services that are needed locally and then contact a bank and make a proposal. With joint efforts, a local financing infrastructure could be created to make local investments.

Handbook of Local Financing aims at resolving parts of or, ideally, the entire financing issue by showing how to make use of local financing resources.¹ The objective is to present village action groups with a method and provide them with a first orientation about various legal bodies (these of course are country specific, and part of the Step by Step approach therefore includes making an inventory

¹ In the project "Local Financing for Local Development (2009-2011)", which was partly funded by the European Agricultural Fund for Rural Development, All Sweden shall live has co-operated with Ekobanken Medlemsbank, JAK Medlemsbank, Sparbankernas Riksförbund (Savings Banks National Association), Coompanion Sweden (business counselling for cooperatives), SmåKom (small municipalities in cooperation), Swedish Agency for Economic and Regional Growth and the Swedish Association of Local Authorities and Regions. Handbook of Local Financing is one result of this project.

of the various options available in the country of interest) and plausible models for organising local capital for local development purposes. It aspires to contribute to changing the mental picture of what is possible to achieve and also to stimulating new initiatives, i.e., to help finding solutions to acute financing issues of single enterprises, or finding long-term solutions to the capital supply issues of the area.

Firstly, we will provide you with Swedish examples of local activities financed by organisations that aim at providing project with local capital. Actual examples of various models can be found throughout the country and *All Sweden shall live*² will provide interested readers with contact details.

Secondly, we will present a five step method with a view to finding the proper association form and organisational model for the particular needs of the particular communities. In the Swedish edition, seventeen various models, such as economic associations, limited companies funds, etc., are described. Since different countries have different legal systems and different traditions, the legal forms of association and the various organisational models need to be investigated and tallied with the requirements of the specific community.

² www.helasverige.se

From Agricultural Centres to Homes for the Elderly

What has been achieved in Sweden by way of local financing? Below you will find a list of items that are all results of local initiatives. The activities display great variety – practically everything seems to be possible – from an Agricultural Centre in Gunnarsbyn in the very northern parts of Sweden where villagers and newcomers started a limited company for stock-farming and landscape architecture, to Blåsippekulen, a locally run home for the elderly that was started in Hannäs in the south of Sweden when the public service care for the elderly moved from the countryside into the city. The village action groups hence solved the more or less acute local needs that neither private actors nor the public sector for different reasons could or wanted to handle.

- * Agrocenter (Agricultural Centre) – Gunnarsbyn
- * Petrol station – Sörbyn
- * Fire Brigade – Trönö
- * Broad band – Kalsvik
- * Housing – Vitvattnet
- * Community Centre – Trångsviken
- * Community School – Adolfsfors
- * Ecological village – Baskemölla
- * Ecological fruit plantation – Hallstahammar
- * Eco tourism – Tivedstorp
- * Mountain pasturage – Undersåker
- * Business Centre – Virudden
- * Pre-School – Virestad
- * Hotel – Vuollerim
- * Spa – Sätra Brunn
- * Junior high school – Virserum
- * Art centre – Heligholm
- * Country shop – Ulrika
- * Service co-operative – Öje
- * Shoe factory – Docksta
- * Garden Café – Östergarn
- * Wind mill – Bjärke
- * Health care centre – Jörn
- * Home for the elderly – Hannäs

A Step by Step Guide towards Local Financing

There are many motives behind the creation of such businesses as the above mentioned agricultural centre and home for the elderly, or behind engaging in financial activities, such as Flyinge Village Company (Flyinge Bygdebolag) and the Flyinge Fund. Obviously, these matters need more than money to become a reality; there are plenty of other things that have to tally. Lots of ideas, creativity, knowledge, and contacts are needed, and, perhaps, the right person at the right time and place. Sooner or later, however, it all boils down to money in order for the idea to become a reality. So, how do we tackle this? This is a presentation of a five step method that can help you find the right kind of organisational and legal structure for the projected activity or enterprise.

The ultimate challenge is to create a sustainable local financial structure. This demands a capacity for learning from the past and an openness towards modernity and innovation, i.e., to think outside the box. If people, enterprises and associations in the countryside keep their money with the large business banks that are keener on speculating on the global scene than giving credits to local entrepreneurs, we need to ask ourselves whether this is

as it should be. It is important, too, that projects within Leader (part of the EU Rural Development Programme) and Transition Towns (managed in Sweden by *All Sweden shall live*) and other similar projects discuss how ideas and activities are to be financed in a long-term sustainable way.

The method presented below is simple and describes the process of a village action group working itself through to a tangible proposal. The issue that is usually raised already from the start is whether it is possible to build a local financing organisation by way of a project. The answer is yes³. The EU rural programme can grant funding to support the creation of organisations that will increase access to local capital with a view to developing rural trade and industry. A common way is to apply for financial support to do a pilot study and subsequently follow it up with a larger project.

³ In Gunnarsbyn in Boden municipality in the north of Sweden, the County Agricultural Society and the European Agricultural Fund for Rural Development supported the local efforts in creating a LEA (see Appendix 2). There is another example – Nygarn Utveckling AB. Leader Gotland financed a project coordinator to stimulate business activities and networking as well as to develop the tourism business in Östergarnslandet on eastern Gotland.

Step 1 – What do you want to accomplish?

Describe the local needs that you want to meet. Is it about financing a specific activity or enterprise, or is the objective to create a local financial structure? If so, what are the needs that must be met? Which are the target groups, the interested parties and

the financiers? Describe the situation in five years? Taking the questions and answers gathered in step one as a starting point, put down on paper what you want to do, the target groups and your vision for the future – this is now your project draft.

Step 2 – Mobilise

Now is the time to mobilise, to find support for the project and to continue with the work. Draw up a plan of how to include important parties in the plan, locally and outside of the region – and mobilise the entire community. Gather local organisations and inform them by holding meetings,

study circles⁴ and by creating exhibitions. In order to collect knowledge and spread information, a LEA could be carried out. The mobilisation may imply that the project grows or changes, which may necessitate a reframing of the project before you continue to the next step.

4 Smaller group of people that go together to study a certain issue. In Sweden, this is a common way to learn about a variety of subjects, initiated in the early 20th century by the Swedish equivalent to the Workers' Educational Association.



foto: Ingvar Eriksson

Step 3 – Making an Inventory of Legal Forms and Organisational Models

The Swedish inventory uncovered 17 different local capital provision organisations. These may obviously differ between countries, which is why Step 3 treats the making of an inventory of the legal forms that are available in your specific country – and describing them. Similarly, you should examine the various organisational models. You are encouraged to describe actual examples of local initiatives or development projects for each of these models. Perhaps you can find local initiati-

ves that combine various legal forms, for example, the mobilising activities may be managed by an NGO, while the business activities are handled by a limited company. You may also find completely new constructions and models that are not very common. Very often the local action movements have great skills and creative ideas when it comes to the financing of various activities. Close Step 3 by making a list of plausible alternatives for your project.

Step 4 – Test and Prioritise

Match each alternative from the inventory made in Step 3 with your own project according to Steps 1 and 2, and list the pros and cons. Pick a number of feasible alternatives and gather additional information from authorities, organisations and other similar local initiatives. Making study tours both

within the country and abroad may be a good way to collect valuable knowledge about practicable ways to mobilise and organise local capital. Making contact with external advisors and plausible project financiers may also be a good way to receive suggestions and tip-offs.

Step 5 – Making the Choice

Now is the time to come to the final decision and go on with the plan of implementation. During the process, it has probably become clear who will be the owner of the project. If not, now is the time to discuss this issue. Will it be an already existing association or should a new organisation, or a com-

pany, be created? The purpose of this handbook is to be a guide to practicable forms and models for local financing – to aid you in finding what best suits your needs. To get support and advice in the implementing process, various professional and industrial organisations may be of help.

foto: Gunnar Petersson



Representatives of Flyinge Bygdeutvecklingsaktiebolag

The Challenge

The Swedish examples given (see Appendix 1) show that many villages across the country have already initiated local financing activities. These activities comprehend many various forms of financing, from the financing of a single enterprise to the creation of a financial structure that is able to finance local needs whenever they turn up. Many places, however, still need to invest in local development but are hesitant as to how to go about it. Proper guidance and support will give these places great potential

in developing a sustainable and long-term financial structure. The new development companies, Village Companies (Bygdebolag), may take on this role. Local financing is an important clue to the development of a sustainable society – locally and globally. And why not even start a larger project across national borders about the development and implementation of capital supply organisations and models to create better local financial structures?

Appendix 1: Swedish Case Reports

Flyinge Bygdeutvecklingsaktiebolag (svb), a limited company with special limitation on dividends, is one of the first village companies (bygdebolag) in Sweden and was founded in 2006. Since then, the notion of village companies has been spread around the country. This village company belongs to around 60 villagers in the **Flyinge** community in the south of Sweden and to the Flyinge Utveckling action group. The share-capital comprises around 200,000 Swedish crowns. The idea behind the village company is to create a readiness to invest whenever need arises. After a little less than one year, the first investment object turned up when a down trodden house in Flyinge centre was put up for sale. The village company got a loan from Färs & Frosta Savings Bank, and subsequently bought the property. The house is now fully renovated and fully let.

The company has also bought a second property, the old municipal building in Flyinge, which had been “left over” after the most recent municipal fusion in 1974 (in 1952, Sweden had 2,498 municipalities; in 2012, they were only 290 in the wake of several municipal fusions).

Through the limited company the villagers are able to support the local development by buying shares. The village action group, however, has also created an independent fund for the good of the community – the Flyinge Fund. The fund is tied to the village company through special fund regulations, and it has its own decision-making body – the council. It is open to organisations, companies, and individuals who want to contribute with donations. The yearly proceeds are handed out to sponsor various important ends for the good of the community. The capital of the fund is almost 200,000 Swedish

crowns, which are kept at the Ekobanken Medlemsbank bank.

The art gallery in **Virserum** was inaugurated in 1998. It is owned and managed by a non-profit organisation⁵. The special feature of this art gallery is to create art with an underdog perspective. The gallery is financed by membership and entrance fees in addition to the contributions from various public actors, such as the regional council, the municipality and the Swedish Arts council. Virserum also houses Virserum Invest AB, a local investment company that specialises in promoting trade and industry. The company was founded in 2006 and is owned by local companies and individuals. The company owns and manages a business hotel in central Virserum and is also part owner of Prolympia Viresrum AB, a limited company that manages children’s education – pre-school to junior high – in Virserum. Apart from capital, the company offers business advice and board work (www.virserum.se).

The private school in **Virestad** is a non-profit economic association⁶ that runs a private school, an after-school recreational centre and a pre-school with an out of doors profile where the children spend much of their time out in the open. The school is jointly owned by its members, each having one share. Parents that have their children in the school and all others who want to support these activities are welcomed as members.

5 According to Swedish corporate law, a non-profit organisation is an association that does not both carry on economic activities and aim to promote its members economically.

6 An economic association in Sweden is an association that promotes the economic interest of its members by carrying on economic activities in which members in some way take part.

In **Stojby** in Kronoberg county, a community association⁷ was founded in 2000, which arranges common activities for the villagers during the four great feasts, i.e., May 1st, Midsummer, December 13th (Lucia) and Christmas. The association takes care of the common roads of the village, and it has also taken an interest in the issue of broadband to the properties in the village. A new association, **Stojby Broadband economic association**, was created in 2009 in order to manage the latter activity.

Ulrika Bygdefonds Stiftelse⁸ (Ulrika Community Fund Foundation) began its activities in 2004 with a view to promoting development in **Ulrika** (a prior parish). The capital comprised two donations of 50,000 crowns each. According to the charter of foundation, the returns of this capital shall be distributed to the cause.

The owners of the wind mills in Råshön make yearly contributions to a community fund. The fund is administered by the economic association of **Offerdalsvind** and is to be used for the good of the **Offerdal** community, such as projects or similar activities for the development of trade and industry.

In the village of **Hannäs**, the village action group has created a foundation from which the dividends are distributed among development projects or similar activities within the parish of Hannäs. The village action group encourages the villagers to include it in their wills. Through inheritances, donations and testimonials the association has collected 100,000 Swedish crowns.

7 A community association is an association of participating members that together own land, structures, rights and such that belong to several properties jointly.

8 A foundation is a type of legal entity that does not have members or owners, as opposed to associations or companies. The fund owns itself and holds in trust the capital that one or several natural or legal persons have earmarked for a special cause over a long period of time.

The local action group of the village of **Vitvattnet** founded a limited development company, **Vitvattnets utvecklings AB**, with a view to building and administrating rental apartments, and they collected the necessary share capital from the villagers. Subsequently, they contacted two banks in order to raise the remainder of the needed capital. A while ago, when the share capital was raised to 100,000 Swedish crowns, a share issue was made, which also worked out well. The wheels are turning but the share dividends have yet to be distributed. **Vitvattnet** still benefits from the arrangement as there are now apartments and premises for the pre-school.

Other traditional joint-stock companies working with local development are to be found in the village of **Vuollerim**, where a community owned limited company is running a hotel and a private school; **Trångsviksbolaget AB** supports business and industry in **Trångsviken**; the table tennis club of **Docksta** administrates 60 apartments, a home for the elderly, a school, a tourist resort and a leisure village; **Virserums Köping AB** markets the village of **Virserum**; and, **Heligholm Utvecklings AB**, on the island of **Gotland**, develops the trade and industry of the area. The latter company collected a share capital of 1.7 million Swedish crowns – their business concept is to buy property and shares in support of local trade and industry.

Another limited company with special limitation on dividends is **Tiveds Utveckling AB**. It works as a non-profit company with a view to owning and managing the cottage of **Tivedstorp** and to using this as an engine in the development of the community. It also aims at developing **Tivedstorp** into becoming an attractive stop for tourists. This beautiful piece of nature in the forest of **Tiveden** comprises 23 buildings and 30 acres of land. Thanks to the rural partnership, the inhabitants are able to exert an influence over and direct the development of these activities.



foto: Heléne Grynfarb



foto: Jörgen Wiklund

The Credit Guarantee Association Social Ekonomi provides guarantees for bank loans. The association is construed as an economic association aiming at supporting the economic interests of its members. Companies that have received credit guarantees are, for example, Cum pane (an ecological baking factory), Vägen Ut! (a social company), Kapri-folkött (ecological meat), Myran (a pre-school), Dansbyrån (artistic development of modern dance), Västsvensk byggkonst (architectural ornamentations) and Smart travel (a travel agency). The credit guarantee association in **Västra Götaland** cooperates with the national Micro Fund whose ambition it is to develop into a centre of local and regional credit guarantee associations in the area of social economy.

The **Styrsö** Ball Club needs to renovate and renew their club house as well as the football field; the area around the field needs an inspection, as well as the

nature trails that are looked after and maintained by the club, these also need to be made more accessible. The creativity in the club is great and the financing derives from an existing relation between the investor and the object of investment. The expected returns will be other than strictly economic. The Styrsö Ball Club also celebrates its 75th anniversary; in connection with this, the club encourages the public to buy shares that will remain valid through-out the lifetime of the owner. One share represents 20 m² of the football field and costs 500 Swedish crowns per year for four years. On the whole, the club looks forward to raising 600,000 Swedish crowns that they will invest for the benefit of these very urgently needed improvements.

A few years ago, one of the largest ecological fruit plantations in Sweden, situated in **Hallstahammar**, was threatened with closure. By way of a short term loan, the Foundation Stiftelsen Biodynamiska Produkter (Ekolådan) was able to buy the fruit

farms and hence save the fruit plantations. In order to pay back the loan, develop the farm and, at the same time, open up to interested people to take part in the business, a so called risk capital account was set up in collaboration with a bank. A special limiting document has been drawn up to regulate the withdrawals that are permitted to be made from the owners' eco-fruit account. The account is managed by the Ekobanken Medlemsbank bank, which acts as a guarantee that the money is spent only in ways that are compatible with the limits set up in the aforesaid document. The term of notice is one year. There is no security linked to the lending; the same rules apply as for any other kind of risk capital.

The villagers of **Jörn** village raised a share capital of 200,000 Swedish crowns and founded the Hälso-gemenskapen company. Why? Well, the health care centre was closing down, or, as the County Council put it – “it was to become accessible in another locality”. A meeting was called for in the local People's House (shared community centre, often managed by an independent association). Initially, a non-profit organisation was founded. Today, it has 1,200 members. Later a limited company was created, which is managing the business part of the activities. Nowadays, the villagers of Jörn manage their own health and dental care centres.

The community of Trönö's economic association initiated a so called savings' support project in collaboration with the JAK Medlemsbank bank. “Support savings” imply that the person who is saving money gets to choose the project to which he or she wants to lend his or her money, to no interest. **Trönö** community account includes 20 support savers, one of the largest being the municipality of Söderhamn. The board of directors of the association handles the applications and makes a credit suggestion, whereas the credit rating and credit grant decision are made by the JAK Medlemsbank

bank. There are currently somewhat more than 1.1 million Swedish crowns on the community account, and up until now five local investments have been granted advantageous interest-free loans. For example, the association has been able to buy a “Village Cottage”, a house for their own activities and businesses. They have also taken over the property that housed the store in order to enable the new shop owner to carry on with the business.

The Ekobanken Medlemsbank bank offers similar local – and regional – accounts. The savers are able to direct their savings to certain geographical areas. In **Åre**, the economic association Fjällbete, which runs a local and ecological food production enterprise, was granted a loan.

Gustafs Kassaförening savings association has been a part of the **Gustafs** parish in the province of Dalarna for more than 140 years. “A long-term perspective, security and familiarity” are the three catchwords of the savings association. The association dedicates itself to lending and borrowing to and from its around 4,000 members. The lending amounts to 170 million Swedish crowns. It is all about fundamental banking business, and this small local bank has been profitable each and every year of its existence; it has never experienced any credit losses. The bank is housed in the old parish cottage and the opening hours are limited to one day a week.

The village of **Trångsviken** is aiming at becoming a financial resource centre. It is a question of creating a new financial infrastructure, which includes informing about and mediating various alternative solutions and models for the good of local development. The limited company of Trångsviksbolaget AB serves as a role model. They have been successful in developing the community and initiating financial instruments such as the limited companies of Trångsvikskassan AB, Entreprenös AB and

Ekonord invest AB. Before long, the Trångsviksbolaget AB will have concluded a big project financed by the EU aiming at creating a financial resource centre. The project will continue to build on the development that is already on the way in Trångsviksbolaget AB to promote the opportunities for small and medium sized companies to get their share of risk and credit capital. The concept is to make good use of risk capital and build up infrastructures and skills to secure long-term sustainability.

Through the years additional initiatives linked to local financing have attracted attention – local currency systems like LETS and Time Banks, however,

still remain to become popular in Sweden. Car cooperatives, on the other hand, have proved to work well. In **Gothenburg**, the largest car cooperative in the country is based having 30 cars in the pool. It is managed as an economic association and was founded in 1988. The member makes a reservation on the internet, picks out what type of car he or she needs and puts down the dates between which it will be needed. The association points out that this is cheaper than owning your own car and emphasises that the system lowers the amount of carbon dioxide emissions.

Appendix 2: Local Economic Analysis

Background, Objectives and Method

For many years Swedish village action groups have been working with a community development tool called Local Economic Analysis (LEA). This is a powerful tool for networking, community building and participation connected to economic fields such as creating jobs, cooperatives and rural businesses.

A LEA will show how the decisions made by locals can affect employment and local growth. The analysis results in a very valuable report, similar to a market research report, which can be used by various actors. The LEA report should be used as a basis for a local development plan.

In Sweden, it is possible to order statistical material from Statistics Sweden (SCB). This material may show the average and total disposable incomes in a certain village and the main consumption categories on which the locals spend their money.

Using this statistical material, a village action group, preferably consisting of representatives of local enthusiasts, associations and businesses, creates a sort of Trade Balance. The balance will show what and how much is consumed locally and what is being “imported” from a city. To get this information, local businesses must provide information about their average yearly revenues. The “imports” are regarded as “leakage points” in the local economy and provide clues about demands that possibly could be supplied locally.

When the village action group has compiled a LEA, they should hence ask themselves: What can we do to increase local supply of goods and services? Is there any demand for new enterprises? How can already existing enterprises increase their sales? The answers to these questions should be very specific and result in an action plan. Of course, the group could also come up with non-monetary activities that would improve life quality in the community, such as cultural gatherings or a new football team.

LEA “in real life”

In Gunnarsbyn, a rural village in the municipality of Boden, situated in northern Sweden, the locals have used the Local Economic Analysis tool to turn a downward trend and improve the local economy. After using LEA, they created the exhibition “Vision 2020” describing their plan for a positive local economic development.

Gunnarsbyn had basic services such as a grocery shop, a petrol station and a school, but they wished to increase local services. The statistic material, which they had ordered from Statistics Sweden, demonstrated that the 700 inhabitants of Gunnarsbyn had a purchasing power of totally 80 million Swedish crowns, out of which only 11 million crowns were spent in Gunnarsbyn. In other words, the estimated “leakage” amounted to 69 million crowns. Furthermore, the locals probably spent an even bigger share of their income outside of the village, since tourism provided the village with net incomes.

The tangible plan created by the development group aimed at increasing the share spent locally from 11 to 30 million crowns. This would be accomplished by expanding the local service business, expanding the product range in the grocery shop, selling more fuel locally, increasing tourism and, most importantly, increasing the conviction among the locals that the local economy is an important factor for improving the quality of life of all inhabitants in the village.

The vision for year 2020 implies about 12–16 new jobs, new businesses, an increased supply of products and also an increase in population, which would be very meaningful to a village that since long have suffered from depopulation.

In the development plan, three specific proposals were presented:

- a local nursing home for the ageing population;
- an agrocentre - a limited company using animals to keep the landscape open and to produce meat. In this way, the risk would be shared among the many owners;
- the creation of a local network for tourism businesses, by way of cooperating on, instead of competing for, attractive services. The network would also work together on marketing and information.

The locals in Gunnarsbyn are still working to accomplish their year 2020 vision. They set a good example to other villages that want to work with local economic development using Local Economic Analysis as a tool.



foto: Lotti Jilsmo

Handbook of Local Financing

Most Swedish village action groups have many good ideas about how they want to develop their communities, but often they find it hard to attract the capital they need to make the necessary investments. This handbook provides you with a basic theory of local financing and many good examples and best practices. But first and foremost, it is a step by step manual on how you can set about working to finance the implementation of your local development ideas by mobilising local capital.

All Sweden shall live

Hela Sverige ska leva (All Sweden shall live) consists of approximately 5,000 village action groups, 24 county networks, about 100 municipality networks and 45 NGOs that support our cause. Our goal is sustainable and enterprising communities in all parts of Sweden. To reach this goal we work with many issues. One important task is to support the development of local economies.



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Contact

Address: Stortorget 7, 111 29 Stockholm
Telephone: +46 8-24 13 50 • Fax: +46 8-24 28 05
info@helasverige.se • www.helasverige.se

