

**Day 5 – Tuesday
6 June 2006**

Lodgings: Kulturgården Björkekullen Brätadal—outside Falkenberg

**Tour of Kulturhuset I Ytterjärna, seminar on Ekobanken by Kristoffer Luthi,
Tour of Anthroposophical Center at Järna**

Location: Ytterjärna with travel in evening to lodgings in Falkenberg

**Swedish National Day — Sveriges Nationalsdag
Presentations on Bus en route to Järna**

Announcement by TB re: We'll think about what we came here for and what we need clarified, etc. (Trying to address some of the expectations—met or unmet—of the participants).

Gary Peterson tells the 2nd of two Stories about his family's Swedish history: A very touching story about his grandmother, Anna, and how she ended up in Stockholm, Wisconsin.

Tour of the Ytterjärna Kulturhuset

Artfully designed culture house that stands out and at the same time blends with the surrounding landscape at Järna. It was designed by Danish architect Erik Asmussen (deceased). The fluid lines (as well as the lovely, rich colors) remind me of a modified, somewhat less exuberant Gaudí in certain ways. The architect employed natural forms, concrete, Norwegian marble, really interesting use of color, etc. The structures include a restaurant, lecture halls (for students studying anthroposophy), arts and therapy facilities, and a symphony hall.

Sewage plant on site in the park: The cleaned water is released into the Baltic and is cleaner when it gets there than the Baltic water into which it's released.

The kulturhus was almost 100% privately financed by donations.



Kulturhuset at Järna



Susanne Eriksson of Esam with son Kristoffer

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The symphony hall of Kulturhuset: This hall is one of the most gorgeous interiors I have seen yet! The colors and light and stained glass! The ceiling is painted in an incredible mural with muted pastels and forms and figures reminiscent of Marc Chagal. The stained glass and paint are all non-toxic (plant, soil, oil and mineral dyes for the paints. The Swedish Symphony comes to play here every year because of the great acoustics.

Torbjörn Lahti sat down at the grand piano in the symphony hall and played a jazz interpretation of a song illustrating the Swedish move from Sweden to America—minor key progresses to jazz.



Kulturhuset Symphony Hall designed by Erik Asmussen

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Presentation on Ekobanken—An “Ethical Bank” Kristoffer Luthi, Vice Manager of Ekobanken

Background:

- <http://www.ekobanken.se>
- Kristoffer.Luthi@ekobanken.se
- <http://www.social-banking.org/>
- Studied business and economics and environmental economics at Uppsala University
- IT project manager in Sweden Post
- Worked 2 summers in a bank in town
- Was a financial manager of a home for disabled people (5 years, part-time)
- Was on the board of Ekobanken before becoming staff



Issue: Banking for a sustainable future / How to use money to foster sustainability.

“What you finance is what you do, what you value. With banking it’s your premises and your projects that show what you do.”

Prior to 1998 It was a savings association for schools and homes for the disabled.

1998 **Year Ekobanken started as a bank.**

Not a large bank.

A number of foundations put up capital to fund the bank’s establishment

Before Ekobanken’s formation in 1998, every Saturday between 9 and noon a group met to discuss the following issues:

- “What is Money?”
- ‘What are the qualities of different types of money? (i.e., what you earn vs. what you inherit, etc.)
- “What does money do?”

They started looking at various models: For instance, the German initiative / gift association (Like a foundation)—Geimeinschaftsbank in rural Germany.

There are a number of initiatives in this sector—e.g., microfinancing in developing countries

Basic Organization:

- A “cooperative bank”—they get capital from foundations and associations
- They have offices in Järna and Stockholm
- They finance all types of projects all over Sweden
- They are the first CO2 neutral bank in Sweden (for their employees’ travel)
 - They have a carbon neutral program for the bank
 - They have internal transparency re: business travel: air/train/car. Recently, they have had increases in car travel because of rural sites and increases in air travel because of more / new board members.

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- Right now they do re-forestation in Chiapas but they want to get into investment in renewable energy but there is not a developed scheme for that (for CO2 offsetting) in Sweden right now (i.e., not enough initiatives to invest in yet) (note: this gets to the issue of David Suzuki's distinction between the different means of going carbon neutral)
- 8 employees / co-workers
- Board of Directors: 30 people (elected)
 - One third of the board must be members in the Anthroposophical Society of Sweden. Reason: To keep their values and ideas as a priority.
 - Board deals with issues such as: should they have / encourage credit cards? Their mission, etc.
- It's a Cooperative Member Bank
 - Only 2 of them in Sweden—Most banks in Sweden are large corporations
 - The other cooperative bank is an interest free bank (for both credits and deposits)
 - Kristoffer says this creates an unnatural bubble in the financial markets. He thinks it's more complicated than it needs to be.
 - Modeled on an old form of cooperative savings bank. About 2500 members.
 - They accept all members but if the member's values conflict with the bank's mission and values at some point they address the membership status.
- 10 voluntary representatives
- \$32 million in total balance
 - The general rule in Sweden is that 5 million Euros have to be invested right off
 - They worked on the political end to change the law so they could grow their balance over time
 - Because they are dealing in SEK instead of Euros, some foreign investors are less willing to invest
- \$23 million in credits
- The bank is small—they live on the interest margin
- How are they doing?
 - 2001-2005—Consistent increase in loans, deposits, total balance and share capital.
 - Profits by comparison:
 - 4 biggest banks in Sweden: 71 billion SEK
 - Ekobanken: 300,000 SEK

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How Ekobanken Works:

People invest in the bank to create new opportunities and change in society.

Share capital: They restrict it. No one is allowed to vote for more than 10% of equity because they don't want a takeover—they want to protect the specific values and the intentions of the bank.



Torbjörn, Donna, Beth and David listening to Kristoffer Luthi

The Contexts in Which Ekobanken Works with its Money:

1) The Social Economy—The idea of maximizing profit is secondary to social support and values.

The social economy is about organizing activities primarily with societal aims based on democratic values and apart from the public sector. These social and economic activities are mainly coops, foundations, associations and similar forms. They all have member or social benefits and not profit as their aim.

2) Local Economies

Using \$ to foster fair trade (local economy on the global scale)

Not just a geographical issue

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The Banking Pyramid:

Top Level: Profitable Customers (Most banks aim for this)

Bottom Level: Unprofitable Customers (Ekobanken aims for this)

Outside the system: Former drug addicts, ex-convicts, etc (Ekobanken is also working to help them with financing a second chance)

Return on investment is “lousy” but they are investing all their money on their development

Key Elements of Ekobanken:

- 1) **Transparency:** All loans are public. Everyone knows who they give money to. It requires that they are very careful about who they lend to.
 - They are also transparent about their internal operations: I.e., how they heat and power their facilities, how their employees get to work (transportation), etc.
- 2) **Reciprocity:** It's a cooperative bank
- 3) **Instrument for Development:** **The needs of their clients are unique.**

What Do They Finance?

It's easier to use “negative criteria” i.e., “we don't finance x, y or z” but Ekobanken does the opposite: They direct their money toward several areas and positively pursue those areas and list their finance values.

Health Care and Children/Youth

- 50% of the bank's volume – these issues are the bank's base
- Schools in Umeå, Gothenberg, etc.
- Providers of alternative therapies that are not recognized by state insurance

Ecology:

- Local products
- Renewable, local energy projects
- Lots of farms

Fair Trade:

- Working conditions abroad, Child labor, fair wages and hours
- They are financing a Gambian operation that makes a hibiscus drink and marketing it in Sweden

Culture:

- They financed the loan part of Kulturhuset in Järna. The loans will be paid back.

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“The Way Out!”

- A social initiative cooperative of women and men with criminal histories and prison terms. They are met upon release from prison.
- This model comes out of Italy, which has a long tradition of social co-ops
- Creates empowerment
- Halfway houses
- Weaving co-op
- Café
- Garden co-op
- Possible hotel
- All of the above are growing and can now get larger credit
- They also get some grant money from the EU
- This is a tricky financial situation because of the risk because these people have not had incomes while in jail and usually come out with debt
- Securities come from foundations for social and local credit in west Sweden
- Ekobanken says it is important for them to convey to their customers that they are working on the “Way Out” project.
- Women’s Center for immigrant women: Teaching them Swedish, computer skills, getting them out of the house, food prep of traditional foods, etc. They may choose to start a social co-op or they may do their own individual jobs.

How Do They Finance?

Tools: Loans and Credits

Microcredits / MicroFinance:

- Microcredit: “It’s a lot of work and not so profitable but it’s important.”
- Microcredits/ small loans to developing countries (for short periods of time and relatively small amounts)
- Microfinance: Savings for poor people, insurance getting them from grant money to loan money (this gets at the question of the value of different forms of money and how people treat it differently: They take a loan more seriously than a grant)
- Some of the returns are in the form of goods and services (50% off fair trade coffee per month or free eggs each month (A Dutch company they work with). This avoids spending out all the money.
- Credits allow you to keep the money all the time—By doing credits rather than giving all the \$ away the bank keeps responsibility for the money, including how it’s used (ethically, etc.)
- The European Union encourages the use of micro credits and micro financing in addition to grants
- The Microfinance Challenge: Usually goes to people on the low end of the economic ladder, so they are inexperienced and have little capital. They need not just a bank but guidance.

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“Equity Capital is the most important: The customer must bring something”

Gift Cooperatives:

- A group of people come together for a project. Perhaps one investor gives equal amounts / makes a personal guarantee for the rest of the group. They pool the group and the money.
- Ekobanken gets the loan all on one paper
- Kulturhuset was financed this way
- Example: Ship School: A group of parents worked as a gift cooperative to finance a ship school for their kids / students
- These are complicated and time-consuming because you have to have someone initiate it and ask for the gifts. It's a commitment to a risky venture by several parties. The importance of it is that it creates new social networks and cohesion between people.
- It also shows that it's a good project if the work happens on the front end and you get the investors

Personal Guarantees

- Ex: Up to 100% personal guarantees for a single school project. As soon as they can pay it back they do so they are released from liability.
- There's a sustainability issue here, as well: If you keep loans out for a long time the school and the next generation won't be able to pay back.
- Some schools have a philosophy of building and developing very slowly so that the students can see that things are always going on at their school and learn from (and maybe even participate in) the developments.

The Credit Process

- 1) **The Purpose:** Ekobanken's Mission
- 2) **Repayment:** Look at the balance sheet, who's involved
- 3) **The Security:** Ekobanken also helps find securities and guarantees—to not keep high credit.
 - a. They get creative.
 - b. They are staying in touch with what is a burden for a particular customer and avoiding unsustainable results
 - i. Example: A Waldorf school with 60 children wanted a 50 million SEK loan. Ekobanken said “No, this is too much. You can't afford this over the long run and it could break down the school.”

**** Normal banking focuses on #s 2 and 3 above. Ekobanken focuses first on # 1 above.**

They have no credit losses yet because they are very careful and considered conservative about their projects.

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More Tools: Deposits

- Interest: Direct savings towards an area (customers can choose an area but they don't have to)
- Ex: Farmers growing ecological / organic food might direct their investment toward that sector
- Interest free Deposits: Gives rebates to projects.
 - o A customer will choose to forgo getting interest and the bank can then reinvest that interest in other projects or guarantee a credit with it or put it into a cooperative savings for a future project
 - o Example: Elderly savings for future homes, etc.

RESOURCES for Widening the Consciousness about Money and the Possibilities to Influence Positive and Sustainable Actions:

- INAISE – International Association of Investors in the Social Economy
 - o www.INAISE.org
 - o Just starting to expand to USA and N. America
 - o Wants members in the USA
 - o **NOTE: Next conference in Quebec CANADA**
- www.lokalekonomi.nu
- www.mikrofinans.se
- www.slup.se
- www.nese.coop
- national networks
- international networks
 - o INAISE
 - o FEBEA
 - o EMN (European Microfinance Network)

Questions and Answers:

Q How much of the general population and the economics schools know about Ekobanken and this model/concept?

A Not a lot know of Ekobanken in particular because it is so small. But more people know about them than their size would account for because they market pretty heavily.

Lunch in Järna

A biodynamic buffet at Kulturhuset restaurant—lovely, light and busy dining room.

A most delicious lunch! Fresh, local crisp butter leaf lettuce, tomatoes, cucumbers, garbanzo cakes with pepper sauce, millet salad with spinach and onions and a juice made of half peppermint tea and half apple juice. Refreshing and light.

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Järna, Skillebyholm

**Presentation on Biodynamic Farming at Skillebyholm—
A Biodynamic / Anthroposophical Center in Järna
By Thomas Luthi**

This biodynamic community is an intentional community of about 7,000 people who subscribe to Rudolf Steiner's anthroposophical philosophy: Waldorf Schools, biodynamic farming, etc.



Skillebyholm:

- A “seminarium, biodynamic farm and Waldorf Training Center”. There is a 3 year training program—full-time and part-time courses-- for biodynamic gardeners. It has been operating for 30 years.
- Classes combine younger and older children together –
- **“Not so they can become farmers but so they can experience sustainability firsthand.”**
- **“The students have to trust in the sustainability which nature can provide.”**
- “When they come and stay and milk the cows they learn that milk is not ice cold and that it comes from a living organism.”

Brief lecture on biodynamic farming with some research showing the difference between biodynamic, bio-organic and conventional farming methods in terms of inputs, yields and species diversity, among other measurements.

Biodynamic comes out on top in terms of sustainability and conventional gets the highest yields.

Thomas Luthi tells a story re: the Baltic Sea last summer (2005). The news headlines read “Rhubarb Soup in the Baltic”—it was due to an algae bloom caused by agricultural runoff from conventional farms in the area.

He called the Baltic “An important neighbor”

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Biodynamic Philosophy

- sees farming and growing as a whole organism
- is practiced around the globe
- It looks very different in different parts of the world.
 - o Example: in Egypt you have large corporations and large farms doing biodynamic growing

Cows and other ruminants: “Experts on fodder who enjoy nothing more than eating and chewing”

Arable Land → (veggies and grain) → Fodder → cows (milk, meat, eggs, human consumption) → manure → compost heaps

(They grow vegetables and grains, as well, for human consumption)

At the compost heap stage “the whole material is eaten once more—not by cows but by micro-organisms.”

The Biodynamic Cycle:

The health of the animals depends on the health of the fodder.

The health of the manure depends on the health of the cows.

The health of the compost depends on the health of the manure, etc.

They are very careful about bringing in new products and inputs into their soil, etc.

Biodynamic Farming aims to “activate the resources that are in place where you are.”

They have huge resources right here. They don’t want or need to bring in what they already have (soil, etc.)

“Our animals have never asked for soybeans from Brazil”

Compost Preparates:

6 Medicinal Plants

- Valerian
 - Stinging nettle
 - Chamomile
 - Yarrow
 - Oak bark
 - Dandelion
-
- Addition of medicinal plants to the compost heap is like salt in cooking—it brings out the flavor of the food.
 - Silica stimulates the ripening process and storage
 - Cow dung in spring: Forces the growing process and the development of roots and leaves

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Questions and Answers:

Q Can you garden biodynamically without manure and animals?

A That's a challenge because it won't be as efficient or sustainable in the long-term

Q What are the main issues with expansion of biodynamic farming?

A The price and the perception:

- For a single human being it is more expensive than conventional

- But with conventional farming you pay a price and you damage nature. He said there should be a tax on this damage to reflect the true cost.

- Thinks mad cow disease is a function of conventional agriculture (doesn't elaborate)

Q Difference between biodynamic and organic?

A Biodynamic is the origin of organic. Biodynamic farming is holistic—it must have animals to complete the system.

Q How do you deal with manure storage in terms of preventing runoff and nutrient loss?

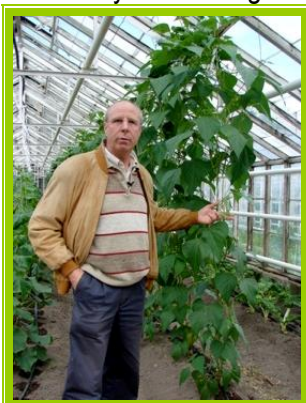
A In the beginning the manure is stored on a concrete surface (in winter) or in a compost heap and the runoff goes into a collector.

Q Re: rotational grazing

A Cows don't need a change but sheep and horses do in order to avoid spread of parasites

Reason: Cows don't eat where they have previously pooped but sheep and horses do.

Tour of the Center's Greenhouses and Nursery with tomatoes and other produce growing vertically. Not enough time to spend looking around the center b/c we had to get back to the bus.



Thomas Luthi



Biodynamic Greenhouse Tour



Cutting Garden

Tuesday evening: We took the train at Södertälje train station (near Järna) to Gothenberg, then another train from Gothenberg to Falkenberg and then a bus from Falkenberg to the hostel.