

Innovation: Alternative finance for values-based food chains

Categories	Description
Which topic does the innovation address?	<input type="checkbox"/> Innovative technologies for pest management in organic cropping systems <input type="checkbox"/> New organic food processing concepts and technologies <input checked="" type="checkbox"/> New business models of value addition at the local level
Short title of your innovation (max. 150 characters)	Cow shares – the alternative finance concept of Hof Klostersee e.V.
Contact person (your name, address, e-mail, telephone)	<p>Knut Ellenberg, Hof Klostersee e.V. D-23743 Cisar, Schleswig-Holstein/Germany; Telephone: +49-436-6517 E-Mail: hof@klostersee.org</p> <p>Dr Susanne v. Münchhausen, University for Sustainable Development Eberswalde (HNEE) Schicklerstr. 5, 16225 Eberswalde/Germany, Telephone +49-3334-657-355 E-mail: susanne.vonmuenchhausen@hnee.de</p>
Project partners / partners who contributed to the development of the innovation (names)	<p>The community of the farm estate 'Klostersee' (Hof Klostersee e.V.) is based on an innovative business model of a cooperative association. The farm, legally registered as non-profit association, has five branches with different value chains: dairy production with dairy processing (cheese, yoghurt etc.), arable crops with milling and baking facilities, a full-range farm shop/supermarket, farm holiday homes, and the inclusion of elderly people living in independent flats on the estate. (for more details, see www.klostersee.org)</p> <p>In 2013, Hof Klostersee realised an innovative finance concept by the emission of shares, the so-called 'Kuh Anleihe' (cow shares), to private investors. Hof Klostersee sold shares to clients of the farm shop, holiday or day guests and friends of the estate. The main idea of this increase of the estate's assets was not only to raise funds for the investment in the new cows stable construction but as well to intensify the emotional attachment of clients and friends to Hof Klostersee and to foster the community spirit of the estate's association.</p> <p>Hof Klostersee is located in a remote area near the Baltic coast of the Federal State of Schleswig-Holstein. The management of Hof Klostersee cooperates closely with the organic retail partner Landwege Cooperative in the city of Lübeck. The consumer-producer-cooperative plays a significant role for the estate's sales during the off-</p>

	<p>season. Since the foundation of the producer-consumer initiative in the late 1980s, Hof Klostersee has been one of the driving partner farms of the successful development of Landwege cooperative. (www.landwege.de)</p>
<p>Short summary (1500 characters) of the innovation, addressing the following: what is the innovation about, what are the main benefits, how can the innovation be used or adopted by others? What are possible drawbacks of the innovation?</p>	<p>Access to finance is often difficult for businesses and initiatives with organic food production, processing and/or sales activities. This is partly due to the legal form (cooperative, association, group initiative etc.) or the lack of equity of e.g. young businesses.</p> <p>The HNEE team has been exploring innovative finance concepts used by farms and organic food businesses recently, see e.g. Charis Linda Braun 2015 and Susanne v. Münchhausen in http://www.hnee.de/de/Forschung/Projekte-aktuell/HEALTHYGROWTH/Ergebnisse/</p> <p>Hof Klostersee e.V. has implemented an innovative business concept with the establishment of integrated or closely related value chains. The management team of Hof Klostersee had successfully overcome the challenges that came up with the emission of ‘cow shares’. The experiences were positive and Klaus Ellenberg will be happy to present his lessons-learned in respect to the business model of Hof Klostersee with a particular focus on the alternative finance concept. He thinks that the topic is highly relevant for many managers in the organic sector because financial limitations and the involvement of end-consumers are often key hampering factors for the development of organic farms, food businesses and/or initiatives and the related value chains.</p>
<p>Keyword: 5 keywords describing your innovation</p>	<p>Alternative finance, management, shares, farming, organic food</p>
<p>Context of the innovation. Who were the main actors developing the innovation (private sector, advisory services, farmers' organization, research...)? What made them to develop the innovation? What was the concrete driver?</p>	<p>Alternative finance concepts start with the farm or food business when planning for a new investment. Alternative finance can replace or supplement bank loans. The organic business using such an alternative model needs professional support for the realization of the concept (tax office, legal advice, official registration of emitted shares etc.).</p> <p>With the economic crisis, the reputation of banks and of conventional financial markets has changed significantly. Alternative local and grassroots finance models are highly attractive for private, often risk-averse investors. The difficult situation in (international) financial markets favours the development of alternative financing in the organic food producing industry.</p>

<p>How widely is the innovation already used and what is the potential use? Do you think the innovation can be easily scaled-up?</p> <p>In terms of geographical scale</p> <p>In terms of numbers of adopters</p> <p>In terms of type of farmers (e.g. small, med., big)</p>	<p>Alternative finance concepts such as cow shares are used in farming. The legal and administrative framework is well-established. However, many farmers or managers of organic food business still hesitate to enter this alternative financial market for the benefit of the own farm.</p> <p>The innovation can be easily scaled-up. Private investors have lost trust in the conventional share markets and in the banking system. Excellent know-how about the threats and chances are important. Some managers prefer conventional loans from their partner bank however, for a significant group of managers, alternative finance can be a big chance for the development of the farm or food business.</p> <p>Private investors' trust in locally based (often personally known) food producers, processors or sales businesses is an asset to be used for the further expansion of the organic values-based market.</p>
<p>Funding source. How was your innovation financed?</p>	<p>The innovative idea is about the use of alternative funding sources.</p>
<p>Links to website, leaflets, audio-visual material...</p>	<p>Website of Hof Klostersee: www.klostersee.org</p> <p>TV documentary about Hof Klostersee (27/07/2014): http://www.ndr.de/fernsehen/sendungen/schoenes_landleben/Landleben-im-Norden,sendung258856.html</p> <p>The Core Organic II project HealthyGrowth developed case study analyses. Some of the studied value chains include alternative finance concepts (for more information on the project and the case studies, please see www.coreorganic2.org/healthygrowth or www.hnee.de/HealthyGrowth (switch to English).</p>