

Community Currencies

Opportunities and challenges
for local government



This report has been produced by Amsterdam East City Council as part of the Community Currencies in Action (CCIA) collaboration project.

It has been written by Joost Bos and Becky Booth, with contributions by Lotte Boonstra, Jessica van der Sluis, Michiel van Woerkom, Jamey Fisher Perkins, Alice Martin, Leander Bindewald, Ben Dineen, Nienke van der Baan and Duncan Thomas.

CCIA is a transnational partnership project designing, developing and implementing community currencies across northwest Europe. The partnership provides a rigorously tested package of support structures to facilitate the development of currency initiatives across NWE, promoting them as credible policy vehicles.

Running from May 2012 to June 2015, CCIA is part-funded through the INTERREG IWB North West Europe Programme, a financial instrument of the European Union's Cohesion Policy – Investing in Opportunities.

Find out more about CCIA on our website www.communitycurrenciesinaction.eu



Contents

| | |
|---|-----------|
| Introduction | 04 |
| What are community currencies | 05 |
| Local authorities and municipalities | 06 |
| Section 1: Impact of Community Currencies for Local Authorities and Municipalities | 07 |
| Leading a community currency or integrating it into daily operations | 08 |
| Co-partnering or sponsoring a community currency | 09 |
| Participating in and championing a community currency | 09 |
| Section 2: Demonstrating services and improving service delivery | 10 |
| Meeting community needs | 11 |
| A new way to deliver services: Co-production | 11 |
| Currency case study: Spice | 14 |
| Section 3: Supporting the SME economy | 16 |
| Improving cash flow | 17 |
| Currency case study: TradeQoin | 18 |
| Creating strong business networks | 20 |
| Using spare capacity | 20 |
| Keeping money circulating locally | 21 |
| Currency case study: SoNantes | 22 |
| Educating consumers and increasing customer loyalty | 23 |
| Currency case study: Brixton Pound | 24 |
| Offering Businesses and their customers new ways to transact | 25 |
| Section 4 : Countering inequality and social exclusion | 26 |
| Social participation | 27 |
| Currency case study: Makkie | 28 |
| Supporting the core economy | 29 |
| Countering inequality and social exclusion | 30 |
| Improving individual wellbeing and health | 30 |
| Section 5: Addressing environmental impacts | 31 |
| Incentivising sustainable behaviour | 31 |
| Currency case study: E-portemonnee | 32 |
| Valuing natural resources: linking money and nature | 34 |
| Supporting sustainable business practices | 34 |
| Considerations and conclusions | 35 |

Introduction

Local Authorities and Municipalities across Europe are facing unprecedented socio-economic challenges in the context of budget cuts and increasing demand. It is in this challenging environment that Local Authorities and Municipalities are looking for innovative approaches and practical instruments that support them to deliver their core aims and responsibilities.

Community Currencies are economic, policy and social instruments, complementing conventional money and addressing issues or problems that would otherwise remain unmet in the current money system. As such, they are unique tools for Local Authorities and Municipalities to integrate into their core delivery to address numerous high-priority issues. These include responding to increased health and social demands, building a vibrant local business economy, democratising public services and addressing environmental impacts.

Community Currencies are economic, policy and social instruments, operating supplement to conventional money, addressing issues or problems that would otherwise remain unmet in the current money system.

Section 1 gives a brief overview of Community Currencies and introduces some of the key examples that will be utilised throughout the paper.

Section 2 then demonstrates how Community Currencies address a number of the key challenges and opportunities facing local authorities, focusing on four key areas of impact in particular:

1. Democratising services and improving service delivery
2. Supporting the SME economy
3. Countering inequality and social exclusion
4. Addressing environmental impacts

Through multiple examples of Community Currencies from across northwest Europe (NWE) designed to deliver these four outcomes, Section 3 explores the different roles that Local Authorities and Municipalities can play in the development, implementation and evaluation of currency projects. Six distinct levels of engagement for Local Authorities and Municipalities will be introduced, namely: championing; participating; sponsoring; co-partnering; integrating; and leading.

Finally, Section 4 summarises the opportunity and challenges for Local Authorities and Municipalities in implementing Community Currencies.

The majority of examples including in this paper are taken from pilot currencies of the Community Currencies in Action (CCIA) project. Part-funded by the European Union's Interreg project, CCIA is the largest ever transnational project in the community currency field, bringing together expert partners from across NWE and coordinating six pilot currencies in the United Kingdom, Belgium, the Netherlands and France.

What are community currencies

Community Currencies have flourished in recent years. However, these contemporary innovations have emerged from a rich historical legacy. From shells and giant stones to tobacco, clay tablets and grain, a huge range of media have functioned as currency. The complex history of complementary currencies is also deeply connected to developments in society, social sciences and technology: indeed, in both forms and objectives, currencies tend to evolve alongside other social changes.

The broad category of *complementary* currencies – in other words, currencies that *complement* a dominant form – naturally requires the dominance of one, central, official currency to which all others appear as complementary. However, we should also shed the common assumption that contemporary economies revolve around only one kind of money. Dominant currencies have always and everywhere been supplemented by others.

In fact, what has been historically the case is still true today: many people use several kinds of currencies, formally and informally, in their daily lives. This is not only when travelling to foreign countries and changing between, for example, euros, dollars or pounds sterling, but through loyalty cards, shopping vouchers, air miles, online gaming credits – all are currencies in their own right, even if not commonly described as such. The plethora of currencies we interact with today – understood here as merely means of transaction – are numerous and varied.

Although the earliest forms of complementary currencies evolved in the 1920s, the specialised theoretical field of research into the subject was not established until the 1980s, alongside increasing practical experimentation.

Aided by an internet-connected world, general interest in and knowledge of currency design has been building consistently over the last thirty years, promising that this will become a more stable and systemic discipline in future. The formal study of complementary and community currencies is still at an early stage, however, and has only entered university and government departments very recently.

The publicity storm around Bitcoin has marked the most notable popular challenge to understandings of money and finance in recent years – boosting awareness of currency design more broadly.

Alongside advances in information technology, there is a growing awareness of money itself as not being a neutral and fixed element in the fabric of society. This realisation opens the door to many new possibilities for addressing prosperity, sustainability and wellbeing through monetary design.

Local Authorities and Municipalities

Local Authorities and Municipalities remain a central player in the social, economic and political life of communities across Europe.

Over 60% of decisions taken at the European level have a direct impact on municipalities, provinces and regions and 70% to 80% of public investments in Europe are made by local and regional authorities. Those two figures alone are proof of the ever-increasing importance of European local and regional government in both our world's economy and the life of our citizens.

Despite the significance of local governments, since 2008, many states in Europe and around the world have taken political decisions to significantly shrink their budgets. The needs of the communities that these budgets formerly served have not, however, disappeared.

If anything, a growing and ageing population has increased the demand for core local authority and municipality services, especially in the sectors of social care and health.

Local businesses are also struggling to survive in times of austerity and unemployment causes complex socio-economic challenges for communities.

While currency innovation can potentially address such issues in unique ways, this has not always been supported by governments and regulators – from the Austrian Central Bank's infamous closure of the highly successful local currency in Wörgl in the 1930s to today's lack of clarity, in many jurisdictions, on the tax implications of some currencies. Such uncertainty can impede projects' collaboration with regulators or the public sector.

Conversely, however, some local authorities, city councils, regional governments and – most recently – the European Union have started to engage with and explore community currencies. This growing interest is largely thanks to the determined efforts of NGOs (non-governmental organisations) running currency schemes, who have presented strong cases to public funders to support such projects. The backing of Community Currencies by public bodies offers not only a potential remedy for the many funding cuts that have ravaged countries since the 2008 financial crisis, but also an improvement to public services and policies beyond what money can buy.

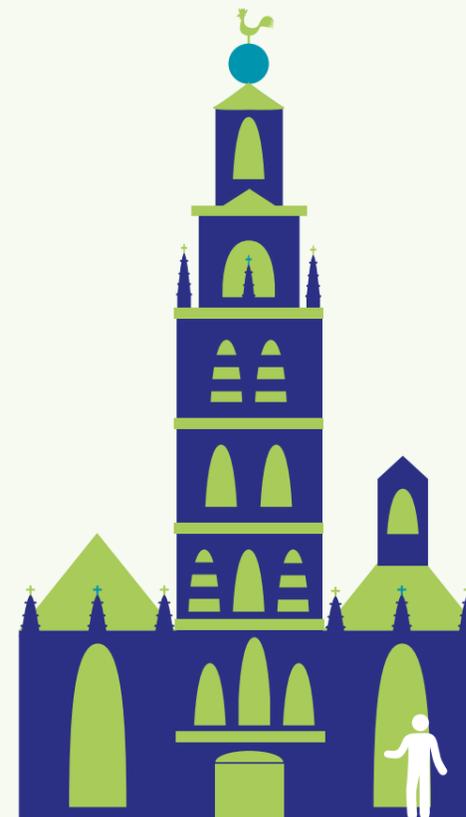
Over the last decade, the number of Local Authorities and Municipalities which have played a lead role in the design of implementation of community currencies has grown significantly. The CCIA programme described above has brought together NGO and municipality partners to demonstrate how Community Currencies can have a positive impact on public services and support Local Authorities and Municipalities to work more closely with their local citizens, their business community and other public sector organisations to address key social-economic and environmental challenges.

In particular, the CCIA has demonstrated that Community Currencies can have impact on four key areas that Local Authorities and Municipalities across Europe are trying to address:

1. Democratising services and improving service delivery
2. Supporting the SME economy
3. Countering inequality and social exclusion
4. Addressing environmental impacts

The potential is vast, with nearly 40,000 Local Authorities and Municipalities in just the CCIA demonstration countries alone.

Section 1: Impact of Community Currencies for Local Authorities and Municipalities



The currencies in the CCIA programme have demonstrated that they can have a positive impact on the lives on citizens, the SME community, public services and the environment. These impacts can be broadly described as have four key outcomes:

1. Democratising services and improving service delivery
2. Supporting the SME economy
3. Countering inequality and social exclusion
4. Addressing environmental impacts

Many of the currencies described below have an impact on more than area. For example, currencies that improve service delivery often have a positive impact on countering inequality and social exclusion. Likewise, those that support the SME economy may also address environmental impacts as a bi-product, by localising supply and production chains.

Throughout the CCIA partner programme, Local Authorities and Municipalities have played different roles, ranging from championing the currencies to leading entire projects. We have broadly divided the roles that Local Authorities and Municipalities can play into six levels of involvement:

- Leading
- Integrating
- Co-partnering
- Sponsoring
- Participating
- Championing

These roles are not fixed and Local Authorities and Municipalities can move between levels as programmes progress.

Most involved: Leading a community currency or integrating it into daily operations

Leading

The Local Authority/Municipality may opt to run the community currency, becoming both the lead operator and promoter.

Integrating

At this level, a Local Authority/Municipality may be significantly involved without actually running the project, instead integrating the currency into their systems. For instance, a local authority may pay contractors with the currency, stipulate usage of it in contracts, accept the currency as a form of tax payment or offer to pay staff members a portion of their salary in the currency. In this way, the currency becomes embedded into the council's procurement, social care and environmental policies.

Less involved: Co-partner or sponsor a community currency

Co-Partnering

A co-partner would be a Local Authority/Municipality being an equal partner with one or more organisations committed to running the currency. The Local Authority/Municipality at this level may not have instigated the currency, but can provide ongoing technical expertise for the project, such as ICT or fundraising. They could also provide administrative processes, develop or invest in training, or assist with performance evaluation. All of these areas are key to changing organisational culture and encouraging front-line staff to embrace the initiative.

Sponsoring

Sponsoring a group or organisation to operate a community currency is another way for a Local Authority/Municipality to be involved. Sponsorship is typically financial and may be part of an international fund or local grant. The Local Authority/Municipality at this level may have a great deal of say over how the sponsorship is used and may regulate the currency, or it may fund the currency to fulfil some of its local aims but otherwise remain at arm's length.

Indirectly involved: Participating in and championing a community currency

Participating

At this level, a Local Authority/Municipality is involved in using the community currency, without necessarily providing support or integrating it into their systems, but might issue the currency as reward or payment, or use it to buy supplies. A Local Authority/Municipality at this level might allow residents or other businesses to pay for services in the currency without necessarily re-spending it, converting it instead back to a mainstream currency. Alternatively, they might consider their involvement as a donation and provide excess capacity to the scheme at a conscious loss – for example, by accepting time-credits for swimming sessions during quiet periods at a local pool.

Participation at this level provides important validation of a currency scheme, broadening the remit of spend options for users and instilling trust in the project.

Championing

Even if a Local Authority/Municipality does not want to directly participate, they can still offer support through championing the currency's use, lending validity to a currency without direct involvement. At this level of participation, a Local Authority/Municipality does not expect to gain any particular outcome from engagement with the project. While falling short of the greater levels of Local Authority/Municipality participation outlined above, such championing can secure valuable coverage for community currencies and help develop trust in the projects.

Section 2: Democratising services and improving service delivery



As described above, in recent years, currency initiatives have become recognised policy tools for local governments. As monetary transactions are more and more prevalent in public service provision, people increasingly relate to these services – whether leisure, education or healthcare – as consumers rather than active citizens. Specially designed currencies can alter the dynamic of these increasingly monetised relationships, reinvesting them with social meaning.

Meeting community needs

In the context of widespread reductions to public budgets at national and local level following the 2008 economic crash, the rhetoric of citizens ‘doing things for themselves’ has taken on a new, politically loaded, significance.

When people are required to step in with their own time and resources to fill holes left by public funding cuts, inequalities become starker. Areas where residents tend to have more spare time and money are immediately advantaged over others. As such, cutting budgets with no provisions in place to keep social initiatives and key public services afloat has had a negative impact on community building. There are, however, more proactive steps that can be taken towards building communities with more active, empowered citizens.

As Local Authorities and Municipalities are pressurised into finding new ways to deliver services, growing numbers of currency designers are teaming up with forward-thinking public bodies to meet the latter’s complex demands. Currency initiatives are practical responses to a range of policy areas that don’t aim to replace or rollback public services, but rather to transform them into being more useful and inclusive.

Though requiring significant upfront investment for lasting success, both in terms of economic viability and input from practitioners and end-users, community currencies can offer the long-term reward of an effective tool that brings people actively into the process of solving the needs of their community.

A new way to deliver services: Co-production

Co-production is a relationship where professionals and citizens share power to design, plan and deliver support together, recognising that both partners have vital contributions to make in order to improve quality of life for people and communities.

Currencies can positively alter the relationship between public services and the people they aim to serve. In a public sector setting, co-production is increasingly used in the commissioning, design and delivery of services. Instead of trying to ‘fix’ people’s needs, co-production looks at people’s assets – their time, expertise and skills – and builds a more equal partnership with users to mutually design and deliver public services. This approach is opposed to – and indeed emerged as a criticism of – traditional, top-down and centralised models of service-provision, which see users largely as passive ‘recipients’. As funding cuts put this model under increasing strain, co-production has gained the attention of policymakers as a possible alternative.

Currency: Zeitvorsorge

Role of the Local Authority/Municipality: Leading

A good example of using a community currency to facilitate co-production of public services is the 'Zeitvorsorge' – literally 'time-provision' – initiative, launched and financed by the City of St. Gallen, Switzerland. Its main objective is to allow retired but generally fit senior citizens to save time credits through helping those in need of basic care. Several local elderly-care organisations provide volunteers with opportunities to earn time credits. The city itself acts as guarantor, ensuring that credits can be redeemed at any date in the future for similar care services if and when the earner requires them, either through the elderly-care organisations or peer-to-peer. This puts people in charge of their own care, allowing them to define and meet their own needs – crucially, however, with the professional and financial support of public institutions.

Community currencies offer a lever for realising the potential of co-production. They allow local authorities, professional organisations or businesses to explicitly value, and thereby incentivise, the contribution of the general public to their services. If well designed and implemented, a community currency can bring new ideas and inputs into public service delivery in a cost-effective way, strengthen independent community-based initiatives, recognise talents and activities not valued by the mainstream market economy and create their own dynamics of interaction and exchange.

People can be enabled to engage differently with care, education and leisure providers, such as health services, local council programmes, schools or charitable organisations. For instance, timebanks, in valuing people's time equally and incentivising schemes that encourage socially and environmentally beneficial behaviour, are prime examples of currency models designed to address this area.

Currency: Makkie

Role of the Local Authority/Municipality: Leading

Introduced in 2012 in the Makassarsquare area of the Indische Buurt region in the Netherlands, the Makkie is a time-currency and loyalty scheme. Recently extended over a wider neighbourhood, the currency takes the form of physical notes, with one Makkie equalling one hour of service or community/voluntary work. Makkies can be redeemed for products, services, leisure activities or discounts at local shops.

The Makkie aims to empower citizens to take active roles in their community and increase residents' wellbeing. Activities are devised and supported by local housing corporations, welfare institutions, professional organisations and municipality in response to needs highlighted by research and engagement with residents.

[See more about the Makkie on page 28.](#)

It is essential to emphasise that co-production is not a quick-fix or an excuse for making individuals and communities unrealistically responsible for their own welfare; nor is it a silver bullet to the challenges of reductions in state funding. Although some of co-production's benefits can be easily monetised as direct savings to the state, many of these will likely be realised only in the mid- to long-term, while others (such as wellbeing or empowerment) can be hard to measure quantitatively.

Currency projects can enable councils to collaborate with other local stakeholders, such as independent businesses, residents' groups and charitable organisations. They are a tool through which constituents can knit together their resources *proactively* in order to strengthen a local economy and community, rather than *reactively* as councils are forced to do in the face of budget cuts. The broad aim in this scenario is to connect communities' excess resources, including the undervalued skills of its members as well as local facilities, in a way that better fulfils the needs and wants of that group and the wider community.

Currency: Spice – Time Credits Programmes across the UK

Role of the Local Authority/Municipality: Leading



CCIA partner Spice is supporting twelve Local Authorities across England to lead and run Time Credit programmes. These are embedded into the delivery of core public services and support the local voluntary and community sector in their localities. For example, in Haringey in London, the local authority is leading a Time Credit scheme that is integrated into its alcohol and substance misuse programmes. Citizens who are in recovery programmes are given Time Credits for volunteering to run projects in the service, for example, an art class for other services-users. Service-users then use their currencies to access social, leisure, cultural and training activities on an-hour-for-an-hour basis.

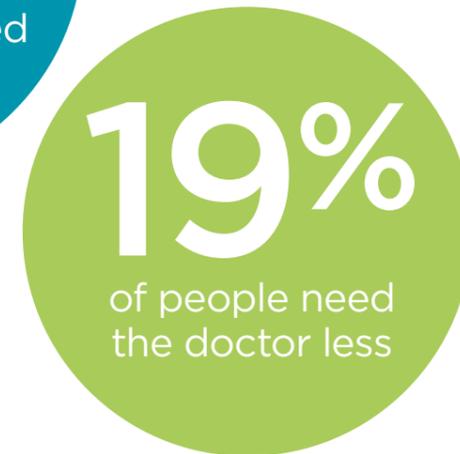
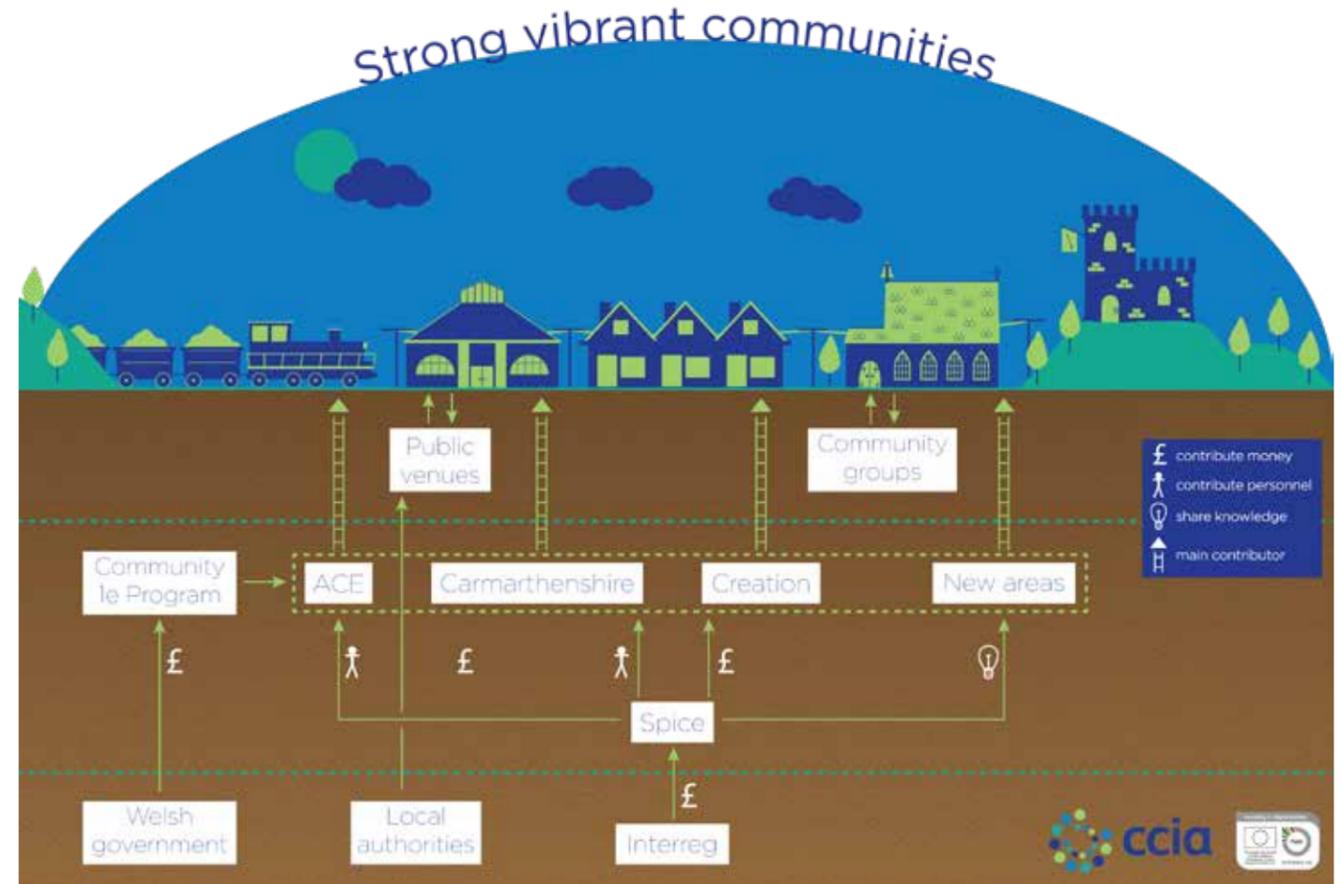
Both the earning and spending of these credits improve the service delivery and support service-users' confidence, health, wellbeing and broader recovery process.

Spice supports Local Authorities to run Time Credit programmes to bring together local voluntary and charity groups. For example, in Carmarthenshire in Wales, ninety groups use Time Credits to support volunteering in their own projects and work together to run programmes for the wider community.

In Buckinghamshire, in England the Local Authority uses Spice Time Credits to improve the depth and breadth of its prevention programmes. The Time Credits are earned and spend by older residents in the community, encouraging them to remain active and build a informal network of support within the community.

The programmes run by local government and supported by Spice have produced a broad variety of outcomes for the Local Authorities involved. An external evaluation has shown that half the people participating in Spice Time Credit programmes had never regularly volunteered before. 65% reported increased quality of life, 71% feel more connected and 19% stated that they needed the doctor less as a result. Local Authorities and the Partner agencies report that they are better able to use their own resources, as well as the skills and experience of the community.

| | |
|-----------------------|---|
| Launch in | 2004/2012 |
| Geographical scope | Spice supports numerous local authorities across England and Wales |
| Key aim | strong, vibrant communities |
| End users | <ul style="list-style-type: none"> local community members receiving health and social care services school pupils youth group members homeless people prisoners |
| Type | timebanking |
| Support media | electronic and paper |
| Earning | volunteering in local services and community work |
| Redeeming | access to local activities and events (help from other members) |
| Stage | replicate |
| Partners | <ul style="list-style-type: none"> housing associations prisons homeless hostels schools community development organisations Welsh Government |
| Funding | <ul style="list-style-type: none"> Welsh government (Communities First Program) INTERREG |
| Input local authority | entrance at 'public' facilities e.g. zoo and venues |
| Cost recovery | none |



Section 3: Supporting the SME economy

A diverse financial system catering to the unique needs of regional and local economies is essential for a healthy national economy. High streets containing a diverse mix of businesses form local economies more resilient to external changes and more rewarding for residents and visitors. Increasingly, these businesses are meeting the growing consumer preference for online shopping, forming what some have termed 'virtual high streets' of independent businesses to counter the current online big hitters such as Amazon and supermarkets' websites.

This desired state of commercial diversity is threatened by the mainstream growth model of the retail sector, which tends to follow the logic of 'bigger is better'. As well as putting local companies out of business, sprawling supermarkets and other large chains are most likely to leave an area in times of economic trouble, taking jobs and local amenities with them. However, with many large retailers recently suffering their worst sales figures in years, some are speculating that the bigger is better model could be coming to an end – increasing the chance for SMEs to regain their place in the market.

Currency systems can be designed to counter the dominance of large corporations through supporting the diversity of SME economies and educating consumers about the choices they can exercise.

Some business-focused currencies assist businesses with operational aspects, such as purchasing supplies, incentivising sales and paying staff, helping them to improve productivity and become more resilient to changes in the wider economy. The target users of different models vary, with some business-to-business currencies aimed solely at SMEs and others extending to consumers.

Improving cash flow

Many European financial sectors, the UK's being a prime example, are dominated by a handful of international commercial banks. Because of this, they are easily criticised for being out of touch with the productive industries and SMEs that power regional and local economies. Since the 2008 financial crisis, banks have generally reduced lending to SMEs, leaving many businesses and start-ups in need of alternative credit sources.

Complementary currency initiatives can help SMEs support each other financially by lending and receiving credit, goods and services within the currency network – reducing reliance on cash and banks.

For example, business-to-business (B2B) trade systems allow members to make purchases and sales using 'trade credits' or 'points', so they can reserve more of their regular cash flow for operational costs.

Complementary currency systems have historically emerged as substitutes for mainstream money when there is not enough of the latter circulating. This can come in the form of increasing business cash flow, as has been discussed, but also as a replacement transaction medium when the regular option, for example the national currency, has dried up.



TradeQoin is a Dutch SME trading network that lets businesses pay each other for goods and services with their own digital currency created at the moment of exchange. This helps members reduce their euro expenditure and offers SMEs fast and cheap working capital in TradeQoin. The online marketplace run by members stimulates business between participating SMEs.

Manoushka Botts, founder of Amsterdam-based CarCleaners.nl, is a TradeQoin member. Speaking of the benefits, Manoushka says:

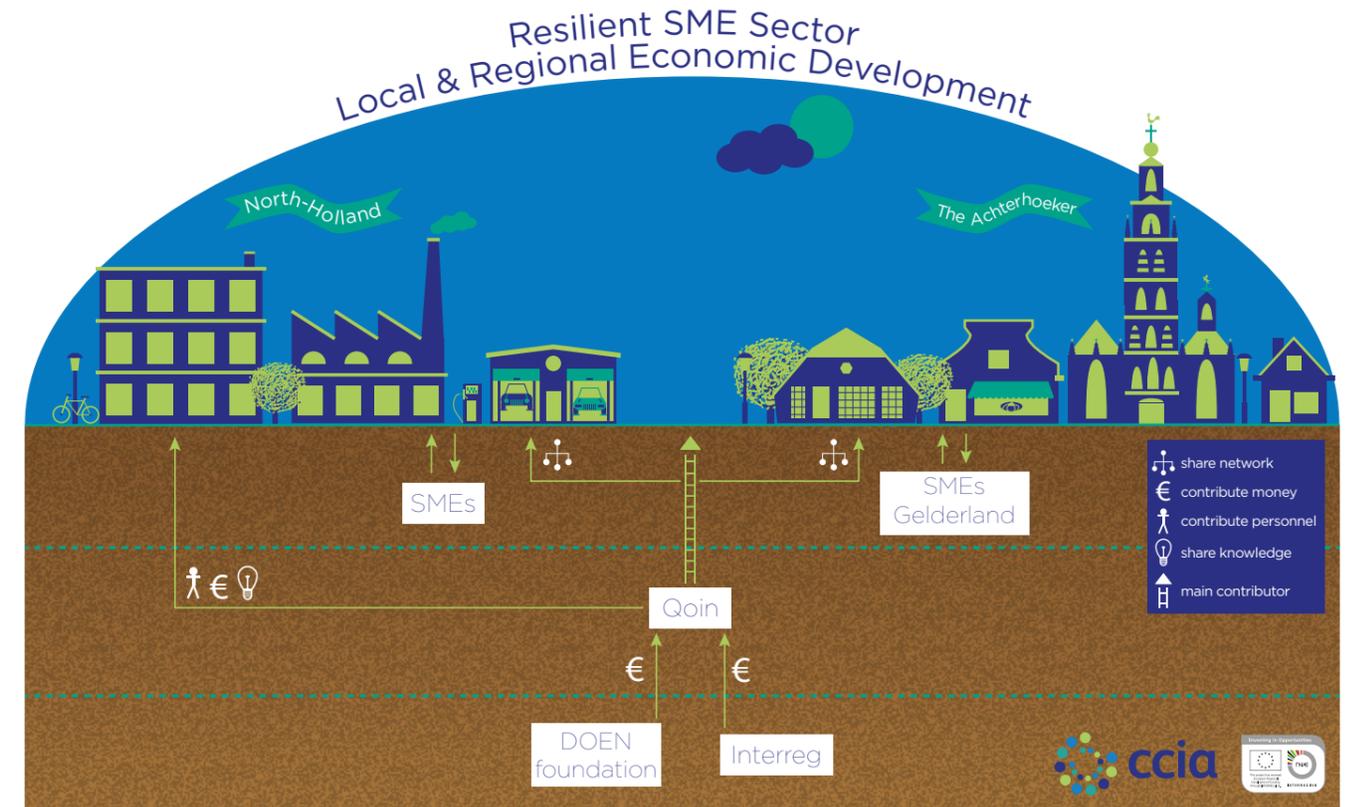
“We have a number of cleaners on contract and during low season they have less work to do. I decided to start offering cleaning services in exchange for TradeQoin credit, which I can then spend on something I need for the business. What I’m looking for is a company or freelancer to help me develop a new website.”

The TradeQoin network not only provides Manoushka with another source of income, but connects her to other local SMEs, supporting the area’s economy overall.

TradeQoin is managed and operated by three staff members of Qoin. Its start up is financed by INTERREG Fund (EU) and DOEN Foundation. Administrative, financial and technical management by Qoin will be covered by membership and transaction fees.

Although both local and regional authorities showed interest in TradeQoin, there has not been any input of these authorities.

| | |
|-----------------------|---|
| Launch in | 2014 |
| Geographical scope | the Netherlands |
| Key aim | <ul style="list-style-type: none"> resilient SME sector local and regional economic development |
| End users | small and medium enterprises |
| Type | B2B barter network |
| Support media | electronic |
| Earning | providing services and goods to other network members |
| Redeeming | services and goods from other network members |
| Stage | start up |
| Partners | small and medium enterprises |
| Funding | <ul style="list-style-type: none"> INTERREG DOEN Foundation |
| Input local authority | absent |
| Cost recovery | membership fee (+transaction fee) |



“We have a number of cleaners on contract and during low season they have less work to do. I decided to start offering cleaning services in exchange for TradeQoin credit, which I can then spend on something I need for the business. What I’m looking for is a company or freelancer to help me develop a new website.”

Manoushka Botts
 Founder of Amsterdam-based CarCleaners.nl,
 and TradeQoin member

Creating strong business networks

Many currency schemes offer businesses an opportunity to form networks between themselves, providing a platform to publicise their work to other members. This can generate incremental sales from buyers looking for trade opportunities from within the currency network. Businesses can identify with one another over the ethical dimension in the trade they perform, or simply recognise the commercial advantage of increasing mutual exchanges.

Currency networks can connect businesses with new customers sharing values such as reducing carbon footprints, or keeping production local.

Furthermore, strong business networks encourage a self-help model of exchange and mutual support along supply chains. Through facilitating interactions between businesses, they encourage long-term relationships between SMEs in the same area or sector. This could be, for example, through building links between a service provider, such as a restaurant, and local suppliers, such as cash-and-carry or drinks companies.

Using spare capacity

Most businesses do not operate at 100% of potential capacity. The commercial benefits of connecting underused assets with unmet needs – a primary goal of complementary currencies – are clear.

A reward currency scheme might enable businesses to exchange particular assets at reduced costs to loyal customers for points, or a trade network could provide otherwise underused services to other businesses in exchange for credit. For instance, spare cinema seats could be offered as competition prize or staff bonuses to another business in exchange for credits. These credits can then be spent elsewhere in the network.

Keeping money circulating locally

Pumping money into an area is pointless if it flows straight back out again. Yet this is precisely what happens with national or (regarding the euro) international currency. This leakage occurs because, if high streets are dominated by multinational corporations with non-local supply chains and there is no geographical restriction on where the currency can be spent, profits will not remain within the locality.

Local currencies that are specific to a particular geographical area offer ways to keep more of the money in that area. They can help to plug the leaks – reducing the level of profits flowing to headquarters of large corporations, rather than back to the people that work for them. Why does this matter?

Because keeping money circulating within a locality or SME network, through wages or supply chains for example, increases opportunities to reinvest in that community and strengthens both economic and social local infrastructures.

If a certain critical mass of businesses and individuals using a community currency is reached, then a mutually reinforcing relationship between benefits to local buyers and sellers should develop. As more local SMEs accept the currency, more individuals are encouraged to shop with them; local businesses then recycle community currency profits back through, for example, exchanges with other SMEs and bonuses to staff – using money that can then only be spent once more back into the local economy. A virtuous circle of spending and re-investment is thereby created.

With production and supply currently so globalised, this ideal state is unlikely to be realised immediately. Community currency practitioners should therefore actively identify and fill gaps in the local economy. One way to do this is to use national currency surplus – built up as individuals and businesses buy the local currency without redeeming it later – to make interest-free loans to sustainable local businesses that meet supply and production needs and gradually build a local economy that is both commercially and environmentally sustainable, as well as avoiding leakage.

Currency: SoNantes

Role of the Local Authority/Municipality: Leading

In April 2015, the twenty-four municipalities of the Nantes region launched SoNantes as a mutual credit system. The scheme is a digital card system allowing local SMEs (B2B) and citizens (B2C) to trade goods and services.

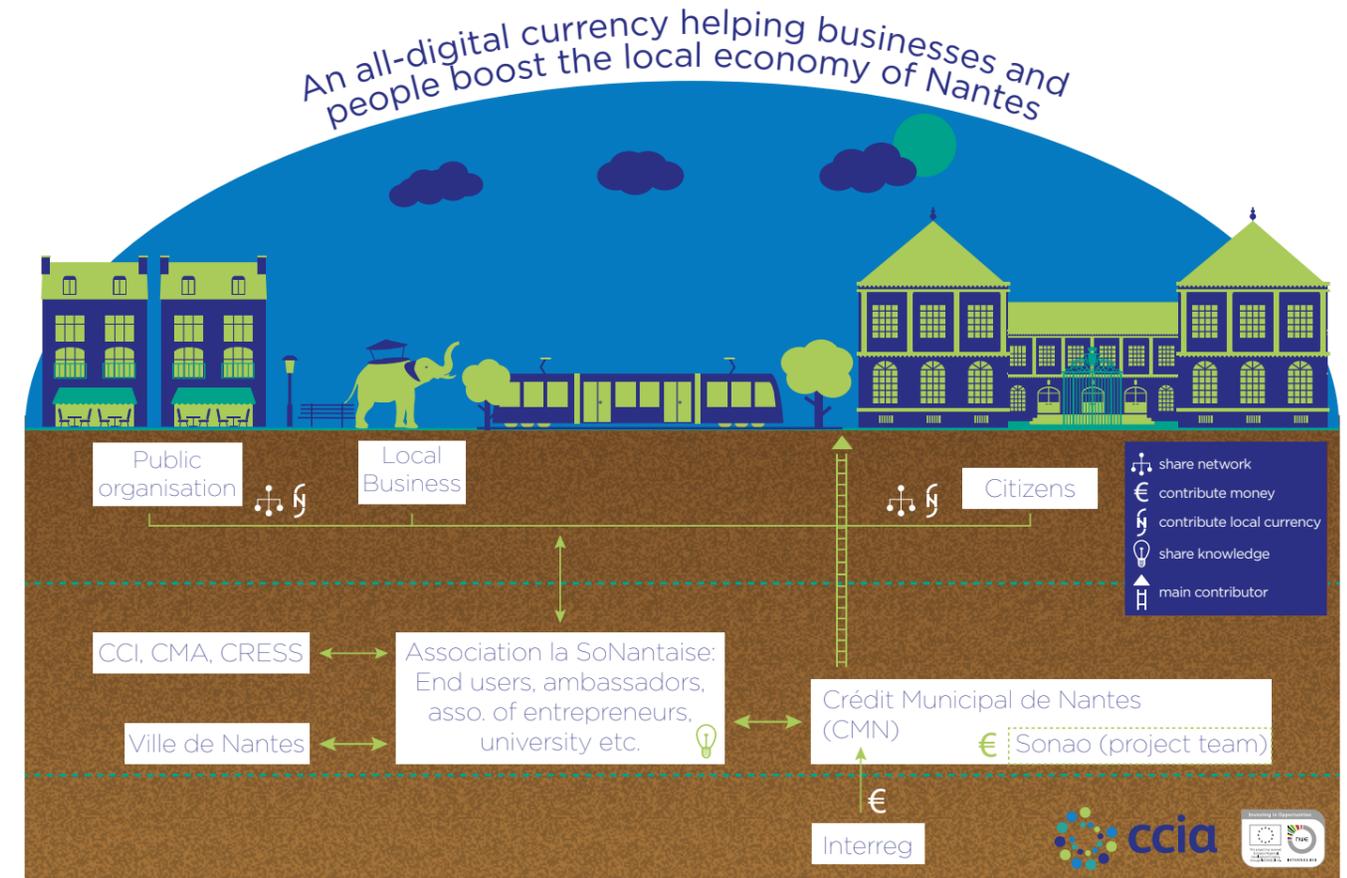
The currency aims to strengthen the local (regional) economy, to both SMEs' and individual citizens' advantage. More specifically, the SoNantes: supports the local economy through the development of local trade in goods and services; contributes to exchanges that serve the real economy; builds solidarity; and contributes to sustainable development by enhancing shorts circuits.

Businesses can earn credits by delivering goods or services to other businesses or individuals. Citizens of the Nantes region can purchase SoNantes with euros (1 SoNantes = € 1,-). Civil servants of the City of Nantes can get part of their salary in SoNantes.

SoNantes can be used for goods and services provided by businesses connected to the SoNantes community. Subsidised services like public transport or entrance to a local swimming pool will also be possible spending options for individuals.

Credit Municipal de Nantes (CMN), the public finance company which manages SoNantes, is fully owned by the local authority, the City of Nantes. Two staff members are implementing the currency. On a strategic level, implementation is directed by a steering group in which Nantes Metropole, City of Nantes, CMN and CNAM (regional knowledge centre) are represented. On an operational level, several project groups support implementation on legal, communication, IT and other aspects. To meet the financial regulations of the French national finance authorities, CMN has founded a subsidiary called SoNao, which administers the SoNantes finances.

| | |
|-----------------------|---|
| Launch in | April 2015 |
| Geographical scope | Greater Nantes (France) |
| Key aim | economic development of Nantes region |
| End users | small and medium enterprises and individuals |
| Type | B2B + B2C system |
| Support media | electronic |
| Earning | <ul style="list-style-type: none"> SMEs: providing services and goods to other network members citizens: purchase SoNantes with euros |
| Redeeming | services and goods from other network members |
| Stage | piloting |
| Partners | <ul style="list-style-type: none"> City of Nantes Credit Municipal de Nantes Nantes Metropole Chambers of Commerce and of Social Economy |
| Funding | <ul style="list-style-type: none"> INTERREG (start-up) long-term loan of € 2 million by Credit Municipal de Nantes to SoNao |
| Input local authority | <ul style="list-style-type: none"> mayor's authorisation of loan to SoNao redeeming options (like entrance to ice-skating rink and public transport) wage of civil servants in SoNantes made possible promoting SoNantes (marketing and communications) network with local SME and national bank authorities |
| Cost recovery | after 3 years self-sufficient |



Educate consumers and increase customer loyalty

Currency projects can stimulate thinking and discussion about how money works and impacts a local economy. Raising people's awareness of the socio-economic dimensions of their consumer behaviour can have direct benefits for local economies through increasing custom to participating businesses. As customers chat to business owners about why they're participating in a community currency scheme and what advantages it brings to both parties, stronger connections between local people and businesses are forged. This can create a more social high street, where business owners and customers get to know each other, as well as developing customer loyalty around the shared values represented by the currency. Both aspects can boost or stabilise the turnover of participating SMEs, as customers seek out participating businesses to spend their local money.

Local authorities, as major procurers of services and products, may be receptive to the benefits of community currencies. For instance, using a community currency to procure services is an active way to demonstrate support for independent businesses.

Currency: Brixton Pound

Role of the Local Authority/Municipality: Participating

The Brixton Pound is a community currency operating in South London, UK.

Although primarily designed to support local SMEs, the Brixton Pound also seeks to increase the sense of community cohesion and draw on the area's history of social activism.

Valued one-to-one against pound sterling, the Brixton Pound can only be spent with local SMEs and thereby aims to retain wealth within the community. Many participating businesses offer discounts to those paying in Brixton Pounds – in effect offering a loyalty scheme that both demonstrates their commitment to the local economy and increases custom.

Long-term, increased links between Brixton-based SMEs themselves localise as far as possible supply and production chains to create a more sustainable and resilient economy for the area.

The Brixton Pound has demonstrated commitment to supporting independent businesses through vocal opposition to plans which would see many well-known local establishments evicted from one of Brixton's famous high streets, Atlantic Road. The high public profile of the Brixton Pound helped the campaign gain media attention and draw 13,000 signatures on a petition protesting the evictions. The campaign was ongoing at the time of writing. This demonstrates how currency initiatives can situate themselves within wider communal, social and political life and the benefits which they can bring to an area beyond monetary value.

The Brixton Pound has also pioneered new payment options for local traders. When the Brixton Pound launched their pay-by-text system, the added convenience prompted Alicia Reynolds – a Senior HR Officer at Lambeth Council – to request part of her salary in her local currency. In her words:

“It saves me a trip to the bank. Sometimes I’ll go shopping, and then remember I don’t have any cash on me, but then I realise, I’ve got my Brixton Pounds. Paying by text means you don’t have to queue up and wait for change.”

The success of pay-by-text spurred on a further advancement in 2014 – the introduction of ‘tap and pay’ technology with a corresponding app. The new system uses near-field communication (NFC) technology, which allows smartphones and similar devices to make radio communication with each other by touching them together or bringing them into proximity.

Evaluation of the Brixton Pound highlights the potential of community currencies to impact behaviour and affect attitudes. Of those using the currency, 70% reported that they had got to know local business owners better as a result, 55% that it had made shopping more convenient, 88% that it was good to be spending in a way that supported local values and 82% that it had reinforced their pride in Brixton.



| | |
|-----------------------|--|
| Launch in | original launch in 2010; model adaptation in 2013 |
| Geographical scope | Brixton neighbourhood in London Borough of Lambeth |
| Key aim | <ul style="list-style-type: none"> strengthen the local economy and resilience of SMEs increase civic activity and reciprocity |
| End users | SMEs and citizens of Lambeth |
| Type | B2B and C2B |
| Support media | electronic and paper |
| Earning | <ul style="list-style-type: none"> businesses earn Brixton Pounds by receiving them from residents/customers residents purchase Brixton Pounds by exchanging Pounds Sterling |
| Redeeming | <ul style="list-style-type: none"> residents and businesses can spend at local SMEs businesses can pay local business tax to Council |
| Stage | scaling up |
| Partners | <ul style="list-style-type: none"> local businesses residents Lambeth Council |
| Funding | <ul style="list-style-type: none"> Lambeth Council INTERREG |
| Input local authority | <ul style="list-style-type: none"> secondment of one member of staff strategic staff through CCIA funding some operational costs and start up costs goodwill: Council staff can earn part of their wage in Brixton Pound |
| Cost recovery | partly through transaction fees and secondary services |

Offer businesses and their customers new ways to transact

Currencies can provide businesses with point-of-sale options that they might not otherwise have been able to afford. A currency initiative incorporating digital systems, such as phone apps or pay-by-text options, allows participating traders to accept electronic payments – and offers customers new, often more convenient ways to purchase goods. Small businesses can thereby keep up with – or even move ahead of – the technology offered by large corporations, while the added convenience for customers can translate into a boost in sales.

Section 4:

Countering inequality and social exclusion



The day-to-day costs of active involvement in local voluntary or leisure activities are often overlooked. On top of major household costs like rent, bills or mortgage payments, the cost of, for example, taking a bus to another part of town, or paying a child minder, often prohibits people on low incomes from participation in local events. Volunteering at a primary school or helping to run a coffee morning involves time and money that not everyone has. By redistributing resources more equally, community currencies can help to overcome these inequalities of free time and money.

Social participation

Exclusion of certain groups from social life weakens community relationships overall. Specially designed currencies can be used to oil the wheels of social participation, ensuring that all groups are given realistic, relevant and meaningful opportunities to get involved in their communities.

“The most exciting thing about Spice time-credits is their diversity of applications. They can work with schools, social care, community connection, building social capacity. It can work whether you’re a small or big organisation. They really allow us to improve our interventions.”
Claire Mattison, Lancashire County Council [SI]

Cheryl Hughes first earned Spice Time Credits through participating in community projects, getting her whole family involved to earn enough for an upcoming day trip. Participating in these activities helped Cheryl build new relationships and get to know new people locally. She then formed a new group herself: Community Mothers. Cheryl says:

“[Time Credits] opened my eyes. I never thought I would be able to do anything other than care for my children because of my dyslexia. It’s helped me gain confidence in myself and improve the way I now live my life.”

It is important to clarify that community currencies cannot single-handedly overcome the deep social, economic and political inequalities that exist within societies. These are structural issues requiring structural change. Nonetheless, well-designed currencies offer a unique tool for addressing some of the drivers and effects of social exclusion.

Involvement in voluntary and community work offers many benefits to the socially excluded and economically marginalised: a chance to develop new relationships, valuable skills and a feeling of self-worth. The work of such projects is also of great worth to the wider community, mobilising local residents’ latent assets and skills. For example, credit-earning sessions allowing qualified but unemployed hairdressers to practice their skills and build up their haircutting experience also facilitate socialising. In this way, currency transactions can catalyse further community activity, as people think up new earning and spending opportunities for the currency system and form new relationships with local facilities, both private and public.

Moreover, the activities created through currency schemes give people extra incentives to engage with others in their area. If well designed, they can bring together a diverse range of groups: people from different generations, cultures, religions or social classes whose paths might not otherwise cross.

Role of the Local Authority/Municipality: Leading

In 2012, Makkie was launched. Makkie is a local currency based in the Indian Quarter, part of the Amsterdam East District. Makkie is a mixed scheme. One element functions like a timebank: community members can earn Makkies for volunteering, e.g. cleaning public space, doing the housekeeping for an elderly person or helping to organise a local event, and members can hire volunteers with their Makkie for certain tasks, e.g. babysitting or administrative work. Makkie is also a reward system: Makkies can be redeemed for goods and services at local shops and organisations such as free entrance to the cinema, museum, or swimming pool, a rebate at local independent traders or a free subscription at the library.

The general objective of Makkie is to empower the local community: to encourage them to take an active role in their neighbourhood and to improve the quality of life in the area.

In the project plan of Makkie, this is stated as follows: 'Makkie is deployed to generate social change in the Indische Buurt (Indian Quarter).' This is detailed in a broad set of sub objectives:

- a clean and green neighbourhood: preventing decline;
- reduce social isolation: diminish loneliness, stimulation of integration, building bigger and stronger social networks;
- increase skills and self-esteem: active engagement of unemployed and low skilled;
- offer perspective for youth: offer meaningful, educational and cool recreation for youth;
- strengthen the ties between local SMEs and the neighbourhood: (local) Corporate Social Responsibility.

| | |
|-----------------------|---|
| Launch in | September 2012 |
| Geographical scope | Amsterdam East District (Indian Quarter) |
| Key aim | <ul style="list-style-type: none"> • strong and social community • clean and green neighbourhood |
| End users | citizens of the Indian Quarter in Amsterdam East District |
| Type | mix: timebank and saving/rewarding scheme |
| Support media | electronic and paper |
| Earning | contributing to community events and activities e.g. playing music on a local festival, build up and pull down festival site, volunteering |
| Redeeming | <ul style="list-style-type: none"> • hiring volunteers in Makkie scheme • entrance at 'public' facilities e.g. swimming pool and cinema • Discount in some local shops |
| Stage | scale up |
| Partners | <ul style="list-style-type: none"> • community groups • housing associations • Qoin • Amsterdam East Council |
| Funding | <ul style="list-style-type: none"> • Amsterdam East Council • housing associations • INTERREG • DOEN Foundation |
| Input local authority | <ul style="list-style-type: none"> • staff daily operation • strategic staff • budget for expenditures (e.g. communications) |
| Cost recovery | not yet developed |



Supporting the core economy

The networks and relationships of trust within a community form the basis of social life and nurture the ground from which the formal economy of money and markets grows. However, as forms of unpaid work, the value of caring for relatives, raising children, assisting neighbours or carrying out household tasks like cooking, cleaning and managing finances, is generally not recognised in the formal economy. These ongoing tasks of maintaining and fuelling society and the lives that make it up, often but not exclusively carried out by women, constitute the 'core economy' – without which life as we know it would grind to a halt.

Much can be done to tap into, and strengthen, the 'core economy', as well as to better value and support it. Valuing here signifies the recognition of worth, of what this economy contributes and achieves, rather than putting a specific price on it. This is where community currencies can play a role.

Currencies based on time-exchanges explicitly recognise the skills of those making up the 'core economy'. For instance, in a time-credit system, a neighbour providing respite time for a local carer can be rewarded for their time with a credit. This credit could then be redeemed for a school trip for their child or a trip to the local cinema. The idea is not to give volunteers a form of payment, as the activities themselves tend to be considered intrinsically valuable – in other words carrying them out is a reward in itself. Instead, time-credits are a recognition of the time spent in and for the wider community. They allow those carrying out this work to take up opportunities that might otherwise be inaccessible, or even donate their earned credits to local charities or vulnerable individuals.

Countering inequality and social exclusion

In any given society, certain groups are more powerful and better-off financially than others. Social policies that aim to enhance or 'grow' the 'core economy' must therefore go hand-in-hand with measures to promote greater equality within and between different social groups. A systemic approach understands the dynamics of inequality: what the causes are and how they interact with and reinforce each other. Social and cultural factors such as gender, age, disability, ethnicity and sexual orientation influence the way people experience income and wealth inequality and often intensify disadvantages. Addressing complex systems of inequalities – both in economic and social terms – therefore requires specific strategies.

Community currencies cannot be expected to tackle these inequalities alone, but they do offer a valuable tool. Crucial to reducing inequality of any type is empowerment. Community currencies can help redistribute power from those who already have it, through wealth or other forms of privilege, to those who don't.

Empowerment and self-worth come hand in hand, and timebanks and time-based currencies that value a diverse range of skills and knowledge allow both to grow. The voluntary activities facilitated by a currency system enable participants to gain new experiences which offer intrinsic rewards, such as feelings of pride, but are also extrinsically valuable, as the skills they involve are widely applicable in the worlds of paid work and formal education. In this way, currency projects can directly address inequalities of learning, training and employability by putting those with less opportunity to gain the types of skills sought by employers on a more even footing with those who enjoy a more privileged status.

Improving individual wellbeing and health

Most people would agree that a successful society is one where economic activity delivers high levels of sustainable wellbeing for its citizens. In this context, wellbeing considers how people feel and function, and how they evaluate their lives. By providing opportunities for social contact and enhancing self-esteem, community currencies can contribute significantly to improving personal wellbeing.

Such projects offer avenues for socialisation and skill-learning to groups who, to varying degrees, may be excluded from the world of work. In these ways currency schemes can help reduce inequalities arising from high demands on service-provision in low-income areas – a strain that might arise because families with lower incomes have fewer resources to meet their own needs. Higher levels of wellbeing are often associated with positive outcomes such as improved physical health.

Section 5: Addressing environmental impacts

Human wellbeing also depends on a healthy environment. Community currencies play an important role in efforts to better value the planet's finite resources, move away from the doctrine of endless economic growth and incentivise more sustainable behaviour. There are a number of ways in which they can influence this area, such as rewarding carbon reduction by citizens and businesses or creating better accounting systems for the valuation of natural resources.

Incentivise sustainable behaviour

Redesigning money with ecological objectives in mind can drive behaviour and consumption changes that lead to energy saving, waste reduction, organic food production and more. A currency can, for example, function as a savings and reward system where credits earned through environmentally friendly activities, such as switching to a green energy provider or bringing domestic waste to the local recycling centre, can be exchanged for public services and environmentally friendly products. Other currencies can mobilise investment in renewable energy, whether at a household, corporate or state level.



Role of the Local Authority/Municipality: Leading

E-portemonnee (E-wallet) was launched in 2005 in the Belgium Limburg area. It is an electronic saving and reward system. Citizens can earn credits by joining environmental friendly activities such as recycling. They can spend their credits on sustainable products such as energy-saving light bulbs and services like the local swimming pool or public transport.

E-portemonnee is a tool developed and hosted by Limburg.net. Limburg.net is the waste collecting organisation of the province of Limburg, servicing all 44 municipalities of Limburg. Each municipality can choose to use the E-portemonnee as a tool in its local policy. Ten municipalities currently implement the E-portemonnee in their community. The ambition of Limburg.net is to get more municipalities to actively participate and start using E-portemonnee as an instrument in their environmental policy.

Local authorities in Limburg own Limburg.net. All 44 municipalities contribute financially to the development and hosting of the E-portemonnee. For the start-up stage, Limburg.net and INTERREG both invested € 600.000 per year over a period of 3 years.

Local authorities who actively use the currency apply their own staff to introduce and manage the E-portemonnee in their municipality. Local authorities using E-portemonnee have to invest € 0,20 per inhabitant to purchase spending options (e.g. energy-saving light bulbs).

Two staff members are hired at Limburg.net to promote, develop and manage E-portemonnee, which is governed by Limburg.net's board of directors. Each municipality using E-portemonnee appoints its own staff member for sustainability policy to enrol and manage E-portemonnee locally.

| | |
|-----------------------|--|
| Launch in | November 2005 |
| Geographical scope | Limburg area (Belgium) |
| Key aim | sustainable behaviour citizens |
| End users | citizens/households |
| Type | savings and reward system |
| Support media | electronic |
| Earning | sustainable behaviour (e.g. attending composting courses, attaching a no-junk mail sign on to the mailbox or switching to a green energy provider) |
| Redeeming | <ul style="list-style-type: none"> sustainable products access services such as local swimming pools and public transportation |
| Stage | scale up: getting more municipalities in Limburg to use E-portemonnee |
| Partners | <ul style="list-style-type: none"> Province of Limburg 44 municipalities in Limburg |
| Funding | <ul style="list-style-type: none"> Province of Limburg 44 municipalities in Limburg INTERREG (start-up) |
| Input local authority | <ul style="list-style-type: none"> subsidise spending options manpower for local introduction and management of E-portemonnee |
| Cost recovery | long-term subsidy local authorities |



“Home composting, reduction of water consumption, switching to green power... these are just a few of the many ways in which people can earn points with E-portemonnee. There are people now who actively search for opportunities to earn and spend credits. And that’s great, of course, because it means that with the E-portemonnee, you can really affect people’s daily behaviour, which means that the benefits will be long-lasting and more widespread.”

Leen Frensen, Sustainability Officer,
Diepenbeel, Belgium

Value natural resources: linking money and nature

At global level, many argue for a stable unit of account that reflects the planet's natural capacities. Such a currency would not solely facilitate trade and pay taxes, as mainstream money does today, but also account for the finite natural resources that a monetised economy is based on. Rather than being excluded from economic decisions, as they often are today, environmental considerations could be 'priced into markets' through, for example, accounting for the renewable energy used to produce kilowatt-hours of electricity. This is an ambitious aim that would require top-down economic and monetary reforms.

At local or regional level, energy currencies can promote more sustainable consumption and generate funds for investment in renewable energy production. These self-financing currencies could be redeemable in local participating businesses and potentially with producers of local renewable energy.

Support sustainable business practices

Well designed and implemented community currencies encourage businesses to adopt more sustainable practices. This can be done in numerous ways, with different objectives requiring different types of currency.

Reward currencies incentivise the purchase of more sustainable products among consumers: points earned when making a purchase are redeemed as a discount the next time a sustainable product is bought. This in turn incentivises businesses to stock more of such commodities. Reward schemes also target businesses or public institutions directly by providing access to growing networks of ethical consumers for organisations that switch to more sustainable practices, or incentivising public bodies to adopt sustainability criteria into their procurement processes.

Local currencies can encourage sustainability by tracing back through production and supply chains and encouraging potential local suppliers to join the scheme. This provides opportunities for businesses as well as consumers to spend locally when sourcing materials and products, reducing carbon emissions generated by transportation of goods.

The Eco Iris is a local currency introduced in the Brussels region by the Ministry of Environment to promote sustainable behaviour and purchasing, boost the local economy and improve community cohesion. It is currently operating across five neighbourhoods. As with the E-Wallet in Limburg, East Belgium, members receive Eco Iris for switching to environmentally friendly lifestyles or purchasing sustainable goods and services.

Local associations, shops and traders can also join, increasing spend options for members. Although the currency is not technically backed by legal tender, business owners may exchange excess Eco-Eris into euros at the Brussels Environment Ministry, at a discount.

Considerations and Conclusions



There is significant potential for Local Authorities and Municipalities to utilise Community Currencies as a tool to achieve their core aims, whether they are social, economic or environmental.

The Community Currencies being developed by the CCIA partners are striving to have a positive impact on the communities that they serve. As described above, Local Authorities and Municipalities have played a variety of roles in the design and delivery of the currencies, from leading the programme to championing the scheme.

For Local Authorities and Municipalities considering the higher levels of engagement, the following key factors should be considered:

- 1. Clear outcomes:** To design the most effective community currency, the Local Authority and Municipality need to be clear on the outcomes that they are trying to achieve. A clear vision will support those pioneering the work to gain deeper buy-in, select the type of currency needed and build the business case. The outcomes will determine the type of currency, help to decide on the key stakeholders and determine the scope and scale of the currency.
- 2. Co-Design:** In order to progress the design of a community currency co-designing with potential stakeholders will be essential for effective design, strengthening engagement and provide additional valuation for initial thinking.
- 3. Business case:** To gain support, demonstrating the social, economic and/or environmental value of the currency a strong business case will need to be developed. Focus on the outcomes rather than just the outputs is essential to understand the long-term impacts of the currency.
- 4. Top-down and bottom-up development and support:** To implement a Community Currency, Senior Management and front-line staff who are committed to the programme are needed. To fully integrate the currency system, processes and delivery will need to be adapted. To support staff to work differently, senior management will also need to champion the programme internally.
- 5. Political and staff commitment:** Strong political and staff commitment are essential to the success of any Local Authority and Municipality currency programme. Political support will be required for sign-off of any currency, but successful implementation will require broad staff commitment as described above.
- 6. Evaluation from the start:** To support on-going commitment to the currency, robust evaluation of impact will be needed. Evaluation should be part of the design of the currency and introduced from the start of the programme.

Community Currencies are a flexible, innovative and high-potential instrument that can be utilised by Local Authority and Municipalities to achieve some of their core aims. A focus on upfront planning, design and building support will significantly increase the impact of the programme.

As part of the Community Currencies in Action Programme, CCIA, a practical resource, the Common Design Framework, has been developed to support a range of organisations, Local Authority and Municipalities to design and implement currencies. A detailed description of the framework is provided in the book *People Powered Money: designing, developing and delivering community currencies*. This is freely available from the New Economic Foundation.

