



Money with a purpose

Community currencies achieving social, environmental and economic impact



New Economics Foundation (NEF)

is an independent think-and-do tank that inspires and demonstrates real economic wellbeing.

We aim to improve quality of life by promoting innovative solutions that challenge mainstream thinking on economic, environmental and social issues. We work in partnership and put people and the planet first.

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This report has been produced by the New Economics Foundation (NEF) as part of the Community Currencies in Action (CCIA) collaboration project.

CCIA is a transnational partnership project designing, developing and implementing community currencies across North West Europe (NWE). 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 for achieving positive outcomes.

Running from May 2012 to June 2015, CCIA is part-funded through the INTERREG IVB 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



Summary

Since the financial crisis, interest in new types of money has surged. Projects like Bitcoin have hit the headlines as communities around the world experiment with their own currencies and methods of exchange. In this new and innovative field, we have only just begun to understand and measure their impact.

It is no coincidence that community currencies have rapidly risen to prominence in the years following the financial crisis. When the conventional monetary system foundered, alternative means of exchanging time and goods were created to plug the gaps.

These new currencies provide an important supplement to conventional money. A growing body of global evidence supports the idea that they can meet the needs of local areas and economies in ways that euros and pound sterling cannot.

Community Currencies in Action (CCIA) is a groundbreaking transnational project, looking at examples of community currencies in several states across Europe. Since 2011, it has pooled knowledge and expertise to strengthen its network of new currency initiatives.

This report uses the results from these CCIA pilot schemes, as well as other successful international examples, to assess the effectiveness of community currencies against the social, economic and environmental outcomes they were set up to achieve.

Community currencies vary widely in the way they are set up and run. They may be designed as printed vouchers or as digital credit. They can be focused on a specific group of users, such as patients in a GP's surgery, or instead be open to stimulating economic activity across an entire town or region.

These individual design features and objectives are important, but this report moves beyond describing how a currency is set up to focus on what the projects are achieving. We assessed the six CCIA pilot projects under four outcome themes: democratising services and organisations; supporting the small and medium-sized enterprise (SME) economy; countering inequality and social exclusion; and addressing environmental impacts.

We found that:

- Time credit currencies in Amsterdam (the Makkie) and the United Kingdom (Spice Time Credits) have helped to rebuild social capital and people's confidence in their own capabilities.
- Business currencies in Amsterdam (TradeQoin) and Nantes (SoNantes) are starting to provide interest-free credit and alternative networking platforms outside of the corporate world.
- Between these two models, local currencies like the Brixton Pound offer an easy interface for businesses and local authorities to bring identity and place back into everyday connections.
- E-portemonnee in the East Belgian province of Limburg is building a currency system that supports the environment and makes it easy for people to make sustainable choices.

Each of these pilot projects holds important lessons for future currency innovation. While good technical design is essential, this evaluation shows that the most successful schemes are those which have fully integrated a currency into existing communities or economies, often designed in partnership with their potential users – be they individuals or organisations.

Further evaluation for many of the projects referenced in this report is needed. Only then can their huge potential be translated into robust, accessible guidance and knowledge to advance the wider community currency movement.

There are six pilot projects in the CCIA project which form the focus of this evaluation report:

- **SoNantes** – a currency run by Crédit Municipal de Nantes, a public financial institution in France. This currency incorporates both a mutual credit system and a local currency.
- **Makkie** – a timebanking currency in Amsterdam East in the Netherlands with local citizens earning Makkies by volunteering in community projects and spending them on a range of goods, products, and services.
- **TradeQoin** – a business-to-business trading network run on mutual credit and set up cooperatively with businesses in Amsterdam.
- **Spice** – a social enterprise originating in Wales that is based on time as a currency and helps organisations to use their time credit currency.
- **The Brixton Pound** – a local currency in Brixton, South London, set up to support independent businesses and working with Lambeth Council.
- **E-portemonnee** – a digital e-wallet which gives credits for environmentally friendly behaviour and is run by a publically owned waste disposal company.

Key findings

Outcome 1: Democratising services and organisations

Using a community currency can shift power within organisations and increase their focus on the people and communities they serve. Within the CCIA currency schemes, **Spice Time Credits** have the key aim of helping organisations adopt co-production – a way of working where services are designed and delivered by citizens and professionals in equal partnership.

Some of the outcomes they have achieved:

- **Greater collaboration between organisations and improved use of resources:** 74% of participating organisations reported making better use of skills and resources in their community, with just under half reporting they are now able to deliver improved services with the same resources.
- **Building motivation of volunteers who give time more regularly:** feedback from organisations that use Spice Time Credits reported that their volunteers feel more valued and stay longer with the organisation. Over 50% of time credit users are volunteering in their communities for the first time and 80% state they are likely to continue giving their time in the future.

These benefits have occurred when a currency has been delivered and integrated within existing services. The co-productive approach which many community currencies adopt and seek to encourage should not be seen as an easy option for cutting investment.

Outcome 2: Supporting the SME economy

Three of the pilots within CCIA – TradeQoin, SoNantes and the Brixton Pound – have supporting SMEs as a key objective. Some of the outcomes that they are working towards include:

- **creating new business networks that lead to more trade.** For example, members of the TradeQoin network report that they have met businesses to trade with through the network that they would not otherwise have encountered.
- **increasing customer loyalty** to businesses that take the currency. For example, nearly 70% of staff at Lambeth Council who take some Brixton Pounds as a portion of their salary payment reported trying out different businesses in Brixton as a result of using the currency. Users also reported different spending habits in businesses that take Brixton Pounds, with over 70% reporting they go more often or spend more.
- **finding new ways for businesses and users to transact** which facilitate connections. The pay-by-text technology used by the Brixton Pound helped people to get on first-name terms with business owners and stimulated conversations.

Supporting SMEs is often part of a longer-term aim to support more jobs or livelihoods and more sustainable business practices. There is a debate about whether working only with SMEs is the best way to achieve some of these longer-term outcomes. How community currencies engage with larger businesses will be important in the future.

Outcome 3: Countering inequality and social exclusion

Most of the currencies in CCIA aim to promote equality and social inclusion. In some cases this is to improve access to services for certain groups and in others to raise awareness about social justice issues. There have been some notable achievements:

- Currencies can help people **improve their social networks**. Survey data from a small sample of Makkie users reported that using the Makkie has helped them make new friends (50%), with a larger number reporting that they know more people of different ages and cultural backgrounds in their neighbourhood (60%).
- Using a currency can lead to **improvements in people's quality of life**. For example, 75% of members of Spice Time Credits programmes, who had been members for over 18 months, reported that this outcome. 45% also reported **feeling healthier**, while 19% said they had less need to go to the doctor or use social care services.
- A currency can contribute to people's **attachment to place**. Over 80% of regular users of the Brixton Pound said it had contributed to them feeling proud of their local area.

Beyond outcomes specific to users of their currency, some projects aim to contribute towards systemic reform of the economic system. While they cannot achieve these goals on their own, they can raise awareness of economic issues or be a platform to campaign on local concerns.

Outcome 4: Addressing environmental impacts

While most CCIA partners have aimed to work towards a more sustainable economy, only e-portemonnee has been able to measure outcomes in this area.

- The e-portemonnee reward points act as a **good incentive for people to take part in environmentally friendly tasks**. Residents in areas where the e-portemonnee was active were much more likely to take part in an awareness-raising campaign. Of the 260 people who took part in the activity, 160 (or 60%) were from e-portemonnee municipalities, even though these municipalities represent only 25% of the population of Limburg.
- There is a correlation between regions in Limburg using the e-portemonnee and a **reduction in the amount of waste they produce**. Regression modelling which controlled for observable differences between regions has shown that those areas that were early adopters of the e-portemonnee produce more organic waste and less PMD (plastic, metal and drinks carton) waste than those that do not use the currency. Although the results are statistically significant, it is not possible to be sure that these differences in waste are solely attributable to the currency scheme.

1. Introduction

After explaining the need for the community currency field to develop more rigorous evaluation methods, this introduction lays out the purpose of the CCIA project and structure of the report. It also summarises the design, objectives and evaluation methods of the six CCIA pilot currencies.

Introduction to impact

From local economic decline to environmental degradation, money is at the heart of many of the world's problems. As a result, more and more people are looking to new mediums of exchange as a way of tackling such challenges. During the financial crisis of 2008, we saw the rise of Bitcoin and other cryptocurrencies and over the last decade innovations and interest in complementary – or community – currencies has reached an all-time high. Never before have there been so many initiatives, models, theories, and widespread hopes in this field as today. Indeed, the very existence of the CCIA project is proof of this flourishing. Media attention is growing and politicians and policymakers are showing a keen interest in the impact of community currencies on individuals and communities.

However, as argued in *No Small Change*,¹ the 2014 publication that set out the CCIA evaluation framework, for many organisers, juggling day-to-day priorities can mean that monitoring project goals and evaluating the success of a community currency can slip off the agenda. In some cases, the goals are unclear to start with, making evaluation and impact assessment even more difficult. Furthermore, some community currencies have outcomes which are social, environmental, or more broadly qualitative and cannot be measured easily in economic or quantitative terms. Such challenges, however, should not distract from the importance of evaluation and assessment of community currency projects.

The need for evidence of success

A recent literature review² has revealed that in comparison to the related sectors of impact investment and sustainable development, efforts in the community currency field to prove and monitor impact are still relatively immature.³ Following in step with a truly innovative field such as community currencies, evaluation methodologies and indicators have adapted, too.

Success can take diverse forms that are easy to miss when using traditional methodologies. However, as diverse as one's objectives and effects might be, measuring the impact of a currency project is important. Without a clear understanding of the aims, laid out in a way that allows comparison with what is achieved, project strategy becomes guesswork. In turn, without knowing

how successful you have been in achieving your aims, funding and support for a project is harder to come by. Questions about the cost-benefit trade-off of running a community currency as compared to other projects designed to tackle socio-economic problems – for example participatory budgeting, smarter subsidies, micro-credit programmes, or peer-lending platforms – have so far remained unanswered.

With the attention that the CCIA project has brought to this field, we hope that this situation will soon change. This report thus captures the existing state of development, as much amongst the CCIA pilot currencies as in the wider community of practice.

The CCIA project and its pilot currencies

Evaluation and impact assessment have been two of the research focuses of the CCIA project and throughout this report, case studies and results from the CCIA pilot currencies are highlighted. However, the success of the CCIA project itself goes beyond the individual pilot currencies and also includes outcomes around shared learning and advancing the resources available to all practitioners, while raising the profile of currency innovations with policymakers. For this, the pilot currencies served as important landmarks and demonstrations, supported and complemented by the research conducted on legal and compliance issues, operational processes, the development of ICT infrastructures, and indeed the attention given to evaluation and impact assessment, both in practice and in theory.

The pilot projects that make up CCIA are all at very different stages of development and scale. Most of the projects have commissioned some form of evaluation of their service and we use data from these where available. Some partners are operating at a larger scale than others. For example, Spice works across 33 different sites in the UK, not all of which are directly connected to CCIA, and the evaluation it commissioned is on its work as a whole, whereas the Makkie works in one area of Amsterdam and the evaluation it commissioned was therefore understandably smaller in scale. In reviewing the experiences and progress of the pilot currencies in their operation and impact assessments, we will highlight the positive elements and the achieved results, but also present a realistic picture of the difficulties and the obstacles encountered.

More information on each of the pilots and their evaluation methodologies is highlighted in the next chapter.

Structure of the report

The forms and goals of community currencies are extremely varied. They may be created as a printed voucher for use in businesses or instead use electronic points. They could be focused on a specific group of users, such as patients in a GP's surgery, or instead be aimed at new entrepreneurs. The design features associated with such models and objectives are important, but in this report we attempt to move beyond describing how a currency is set up to focus on the outcomes that the projects are achieving.

The following four outcome areas, which will be explored in depth in Sections 2 to 5, cover the social, economic, and environmental objectives that inform the range of community currency projects operating across the world today:

- Democratising services and organisations
- Supporting the SME economy
- Countering inequality and social exclusion
- Addressing environmental impacts

These outcome areas are not mutually exclusive; indeed, there are many overlaps when looking at a particular currency project or the final objective of any one area. For example, one of the ultimate aims of democratising services and organisations (Section 2) is arguably to improve individual wellbeing, which we discuss in Section 5. Alternatively, outcomes could be differentiated in terms of the stakeholders they impact: for example, individuals, organisations, or communities.

This report's theory of change evaluation frameworks⁴ address both perspectives in equal manner. Examples and case studies are provided throughout from many different community currency projects, including but not limited to CCIA pilot currencies. These highlight how one currency can strive to achieve different objectives or, conversely, how a particular theme can be approached with different currency models. We hope this makes the report tangible, valuable, and straightforward to read, regardless of the different ways that policymakers, researchers, or practitioners might approach the topic.

The following section provides an overview of the CCIA pilots and the partners that developed and manage them. The next sections go through our four outcome themes and present evidence from the pilots and other projects on how community currencies contribute to these outcomes as well as challenges and barriers. The final section presents the summative conclusions and findings across these first-hand experiences, as well as the outlook for current and expected developments in the field of community currencies beyond and after the CCIA project.

While we avoid overly specialised terminology, a certain amount of technical vocabulary was unavoidable. We have therefore included a glossary to cover all of the technical terms used – look out for concepts underlined throughout the book, as this indicates glossary insertions. This report draws on data from many studies conducted on the impact of community currencies. Data without an explicit reference has been collected as part of the CCIA project by the New Economics Foundation or our partners.

2. The CCIA pilot currencies



Crédit Municipal de Nantes (CMN) and SoNantes

SoNantes has been designed as a tool for economic development of independent businesses that incorporates both a mutual credit system and a local currency. It is being run by CMN, a public financial institution. SoNantes launched in the spring of 2015, with its first transaction on 28 April 2015.

How the currency works

Businesses can earn and spend SoNantes by trading goods and services with other members of the network, with a credit limit set by CMN. Consumers can participate by opening a SoNantes account at CMN from which they can pay for public transport, council services, and goods and services from local businesses with a smartcard. An entirely digital system, SoNantes aims to involve citizens in the local economic development of Nantes in a practical and convenient way.

Number of users and size of currency

The currency was only launched at the time of this report being published, so data is not available.

Evaluation methodology

The newly formed 'La SoNantaise' organisation is in charge of SoNantes' governance and shaping the evaluation process. It is an association of users comprising four colleges – founders, individuals, companies, and facilitators. With support from the Nantes Metropoli Government/Public Evaluation Service it has developed outcome goals and indicators that measure progress against these goals. It is also developing the IT platform used by SoNantes so that it will report outcome data, particularly the volumes of exchanges and where the exchanges take place geographically in the area. The tracking system is based on companies' registration numbers at the National Institute of Statistics and Economic Studies (INSEE), through which it is possible to geolocate companies and map the exchanges in SoNantes.

Goals and objectives

SoNantes describes as its main system goal as being to 'boost the local economy, create services, jobs, and sustain business activity'. Desired outcomes are to:

- promote networking among businesses and intra-conurbation trade.
- support the real economy.
- put into practice the values of cooperation and exchange.
- make the economy meaningful.
- guarantee and implement SoNantes.

- facilitate the use of a community currency.
- involve citizens in inclusive local economic development.

Key findings

The currency was only launched at the time of this report being published. Although SoNantes has only just gone live, it has already received a large amount of coverage in the national press in France. This may be partly attributable to it having high-profile champions on board.

makkie Amsterdam East and the Makkie

Amsterdam East's local authority joined CCIA as part of a wider government effort to tackle inequality in the Dutch capital. With 24,000 inhabitants, the Indische Buurt region of East Amsterdam has been highlighted as an area in particular need of investment. The **Makkie** is a timebanking currency and loyalty scheme that was introduced in 2012.

How the currency is designed

The currency takes the form of physical notes, with one Makkie – meaning 'easy' in Dutch – equalling one hour of service or community work. The earned Makkies can be redeemed for products, services, leisure activities, or discounts at local shops, at a rate set by the individual businesses, organisations, and projects.

Participants can be rewarded with Makkies for tasks such as helping out their neighbours, or through activities that contribute to the improvement of the area. These activities are devised and supported by the local housing corporations, welfare institutions, professional organisations, and the local municipality in response to needs highlighted by research and engagement with residents.

Number of users and size of currency

In October 2014 around 589 users were registered on the site. How many people use paper Makkies is not known, but just over 10,000 Makkies have been given out to issuing partners.⁵

Goals and objectives

The aim of the Makkie scheme is to provide a tool that improves the livelihoods and wellbeing of residents by empowering them to take an active role in their local community. The Makkie's evaluation report lists the following objectives:

- Create a clean, green neighbourhood.
- Break social isolation.
- Strengthen social capacities and self-esteem.
- Offer opportunities to young people.
- Strengthen the connection between local entrepreneurs and the neighbourhood.

The evaluation also defines two sub-objectives, which were seen as secondary policy goals, not as direct goals towards the community:

- Be the 'glue' between the different policy programmes (connect and support existing initiatives in the neighbourhood).
- Tell the story: Makkie as a showcase to the outside world.

Evaluation methodology

In 2013, Amsterdam East commissioned the consultancy [Regioplan](#) to evaluate Makkie. It collected data from four main sources and conducted desk research. The sources used were:

- A survey of Makkie Users, completed online by 31 users.
- Questions included in a survey carried out by the statistics department of the municipality of Amsterdam (referred to as 'O + S'). The survey used a representative sample of the Amsterdam population in different neighbourhoods and included 55 inhabitants of Indische Buurt and 344 inhabitants in other parts of the Amsterdam East district.
- Telephone interviews with organisations that redeem Makkies (i.e., accept them for goods and services).
- Focus group with organisations that issue Makkies.

In addition to the evaluation, Amsterdam East also completed a piece of research in 2012 which looked at the ways in which policymakers can work with community currencies.⁶

Key findings

Some of the findings from the evaluation report were:

- High levels of familiarity of the Makkie. Data from the O + S survey found that 71% of respondents had heard of the Makkie and 9% were very familiar with it. Many residents said they would be interested in volunteering to earn Makkies.
- Using the Makkie can help people improve their social networks. Survey data from a small sample of Makkie users reported that using the Makkie has helped them make new friends (50%) with a larger number reporting that they now know more people of different ages and cultural backgrounds in their neighbourhood (60%).
- Three-quarters of those surveyed had spent some or all of their Makkies. The most popular places to spend Makkies among those surveyed were for discounts in the supermarket, free concert tickets, swimming and taxi rides.



Qoin and TradeQoin

The [TradeQoin](#) is a currency operating within a trading network for [SME](#) entrepreneurs, encouraging them to do business with each other and pay with the community currency. The project was initiated by Qoin but has been set up cooperatively with [SMEs](#) in Amsterdam.

How the currency is designed

Entrepreneurs can spend and earn TradeQoins by purchasing and selling quality products and services within the network. They can also apply for interest-free credit lines to enhance their spending in the network, which reduces their euro expenditure. This offers [SMEs](#) fast and cheap working capital and creates a market where [SME](#) entrepreneurs are more engaged in business with each other.

Number of users and size of currency

Just over 300 members have registered on the TradeQoin website, of which around 195 are active. In total, just over 140,000 TradeQoins have been spent.

Goals and objectives

TradeQoin is designed to increase the turnover, profitability and liquidity of [SMEs](#) by enabling participating businesses to take an advance on future trading and spend it in the network, leading other member businesses to increase their turnover. In the longer-term, Qoin also aspires to generate economically resilient regions where [SMEs](#) thrive.

From its [theory of change](#) framework, the desired key outcomes are:

- Removal of barriers between individual businesses and also between business networks, leading to greater trust between small businesses.
- Increased through-put: sale of spare capacity otherwise unsold, faster turnover of stock, better utilisation of fixed costs.
- Increased liquidity: investments otherwise not prioritised made possible, euro 'freed up for other spending'.
- Increased sales leading to increased profit for small businesses.
- In the longer-term: enabling small businesses to retain and increase employment, building a stronger local economy and a higher quality of life.

Evaluation methodology

The TradeQoin currency is one of the more recent of the pilots launched as part of the CCIA programme and as such has not yet commissioned any external evaluation of its project. Qoin is currently in the process of determining how to best measure outcomes while making the system as easy to use for businesses as possible, given the majority of their users are time-constrained businesses. However, we are able to report on the trading volumes for a year of operation of TradeQoin.

Key findings

Since the launch of TradeQoin, the volume of transactions has been on an upward trend, although there is a lot of volatility month on month. In the highest spending months, between \$20,000 and \$30,000 worth of TradeQoins was spent.

Some of the outcomes reported by businesses which have used TradeQoins include:

- Businesses using TradeQoins have reported that they have gained new clients who pay in euro as well as in TradeQoins. There are also examples of businesses using TradeQoins to sell spare capacity that would otherwise not have been sold, for example, cleaning services during low season.
- Creating new business networks that lead to more trade. So, for example, members of the TradeQoin network report that they have made trading partners through the network whom they would not otherwise have met



Spice and Spice Time Credits

Spice is a social enterprise originating in Wales but now working across the UK. Spice develops agency Time Credit systems – a form of currency that uses time as a unit of value – for communities and public and voluntary sector agencies. Spice supports partner organisations to deliver Time Credit systems and works alongside policy makers and funders to foster an environment that supports co-productive service delivery.

Number of users and size of currency

Spice Time Credits programmes are active in 33 sites in the UK. An estimated 18,000 users have earned the currency and approximately 450,000 Time Credits have been issued.

How the currency is designed

The currency model that Spice has developed has some similarity with other time credit currencies, insofar as people earn a Time Credit for each hour of their time given. However, unlike some similar systems, these credits are primarily given out by organisations such as housing associations or local authorities. Individuals can then 'spend' these credits to access events, training and leisure activities provided by public, community and private organisations. Thus, unlike other types of timebanking, exchanges primarily take place between organisations and individuals, rather than person-to-person. This model focuses on building stronger communities by engaging citizens as active participants in the design and delivery of community services. Spice works closely with providers such as the National Health Service and councils to involve users in the co-production of services such as substance-use recovery groups.

Goals and objectives

Spice defines its objectives primarily in terms of the user groups that benefit – individuals, organisations and communities. The desired outcomes build across all three levels.

Individuals

- Learn new skills, gain confidence and raise aspirations.
- Have access to peer and community support networks and feel they have something valuable to contribute.
- Try new activities and improve their health and wellbeing.

Organisations

- Engage with new groups or encourage more active involvement from users in the design and delivery of services so these services better respond to need.
- Make better use of community assets.

Communities

- More connected groups and services that are better able to support each other.

Evaluation methodology

Spice commissioned Apteligen Limited to carry out an independent evaluation of Spice Time Credits. The research took place over two years, from 2012 to 2014, and evaluation used the following methods:

- Surveys with Time Credit users. These were completed by 1,102 different members over three different waves.
- Survey with 291 representatives from partner organisations.
- In-depth interviews with 20 representatives from partner organisations.
- Interactive workshops (22) exploring the impact of Time Credits, attended by a cross-section of Spice members and partners. Some workshops used bespoke evaluation tools to map the journey of people and partners since becoming involved with Spice.

Key findings

Some of the outcomes that Spice Time Credits has achieved include:

- Greater collaboration between organisations and improved use of resources: 74% of participating organisations reported making better use of skills and resources in their community with just under half reporting they are now able to deliver improved services with the same resources.
- Building motivation of volunteers and giving time more regularly: organisations that use Spice Time Credits reported that their volunteers feel more valued and stay longer with the organisation. Over 50% of users are volunteering in their communities for the first time and 80% state they are likely to continue giving their time in the future. Spice Time Credit users also give their time far more frequently than other volunteers: 62% of Spice volunteers give their time at least once a week, compared with 66% of national volunteers giving their time at least once a month
- People build their confidence and try new activities: 40% of users now participate in activities they had never done before; 95 users have been encouraged to set up new community projects through Spice Time Credits.

- Increased levels of community participation are also having positive effects on individuals: 66% say that Spice Time Credits has helped improve their quality of life, 71% have made new friends, 49% feel less isolated, and 45% feel healthier since they started using Spice Time Credits.



Lambeth Council and the Brixton Pound

The [Brixton Pound \(B£\)](#) is a community currency operating in South London. It was set up in 2009 by a group of volunteers and is now operated by a Community Interest Company (CIC) managed by local business owners and residents. 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.

After testing the feasibility of launching an additional currency in the borough, the [CCIA Lambeth Programme](#) opted to support the development of the existing community currency, the B£, in order to comprehensively test and understand the benefits community currency can provide to a local area.

Number of users and size of currency

There are 1600 participants registered with an electronic B£ account – 160 of whom are businesses.

How the currency is designed

The B£ can be spent as either physical printed vouchers or electronically as part of a 'pay-by-text' system, where users pay by sending an SMS. A contactless 'tap and pay' system is currently in development. Valued one-to-one against Pound Sterling, the Brixton Pound can only be spent with local [SMEs](#) and thereby retains wealth within the community. Some participating businesses offer discounts to those paying in B£s – in effect, a loyalty scheme both demonstrating their commitment to the local economy and increasing custom. Users obtain the currency by transferring money from their bank accounts or, if they work at Lambeth Council, they can receive some of the salary in Brixton Pounds through a payroll scheme.

Goals and objectives

The B£ was initially set up to support independent businesses and shift to a fairer economy. It is currently developing an outcomes framework to inform its strategy going forward, which is provisionally based on the following themes:

- Create an inclusive local economy
- Develop a new model of active communities
- Influence the public sector and other stakeholders
- Create a circular economy
- Address inequality

Evaluation methodology

In 2015, Lambeth Council commissioned the Centre for Local Economic Strategies (CLES) to evaluate the B£. The evaluation has three phases:

- Develop an evaluation framework for the B£ which identifies and clarifies its core objectives and develops a set of measures the B£ can use going forward.
- Engage with businesses and users of the B£ to begin to gather data on the social value measures.
- Undertake financial feasibility modelling of the B£.

The B£ has also conducted user surveys with people who regularly use the currency and data from these are also included in the report. Comparisons against a control group of people who did not sign up to use the B£ were also incorporated.

The B£ has also been the subject of several MSc and Doctoral research projects, which are cited in this report.

As part of CCIA, Lambeth Council has also been looking at how the use of complementary currencies could fit into its longstanding efforts to get more residents involved in co-delivering services as part of its ambition to become a cooperative council. It has several research projects planned to look at the effectiveness of local currency as an incentive when offered against other incentives (including no incentives).

Key findings

This report was published before the final report of the evaluation that CLES is conducting, but some emergent findings and quotes are cited throughout the text. One of the conclusions of the CLES evaluation is that the B£ is a cultural tool which can stimulate social interaction. It can bring together the business community with other stakeholders, such as the council, and is part of a package of alternative approaches to stimulating the local economy.

Previous evaluation work completed by the B£ has found some of the following outcomes:

- **Increased customer loyalty to businesses** that take the currency. So, for example nearly 70% of staff at Lambeth Council who take some B£ in their salaries reported trying out different businesses in Brixton as a result. Users also reported different spending habits in businesses that take B£, with over 70% reporting they go more often or spend more. Users also report spending more of the national currency in these businesses, not just the local currency.
- The Brixton Pound **contributes to people's attachment to place**. Over 80% of regular users of the Brixton Pound said it had contributed to them feeling proud of their local area.
- **New ways for businesses and users to transact** which facilitate connections. The pay-by-text technology used by the B£ helped people get on first name terms with business owners and has stimulated conversations.



Limburg.net and e-portemonnee

The [e-portemonnee](#) (e-wallet) is an electronic savings and reward system. It is designed to facilitate sustainable environmentally friendly behaviour, rewarding participants for positive actions such as switching to a green energy provider, delivering goods to the local second-hand shop, or putting a sticker against junk mail advertising on their mailboxes.

How the currency is designed

The currency works as a reward points system. Residents are rewarded credits, which are registered in a database when they take part in a range of environmentally friendly behaviours. Residents can then spend the points they have earned on various sustainable products or services. Spend opportunities include public transport tickets, access to services like the swimming pool or sports events, or even chickens for their garden.

Number of users and size of currency

Citizens of participating municipalities can earn as well as spent the units. For a limited number of actions, some municipalities award units automatically when citizens exhibit certain behaviour, such as buying garbage-disposal bags. As everyone has to do the latter, such 'passive earners' are not taken into account when computing the number of users in Limburg. On 31 December 2013, 10 of Limburg's 44 municipalities were part of the e-portemonnee, with a total of 2,500 active users. This accounts for about 4% of all households in these municipalities, with a maximum of 10% in the best performing municipality.

From 2005 to 2013, a total of 20 million points was earned actively (and a further 7 million passively). A total of 6 million has been converted into goods or services. The most popular activities to earn points were composting organic waste at home, bringing items to the second-hand shop for recycling, employing energy-saving measures at home and optimising the pressure of car tyres. The most popular services and products chosen to spend the earned points on were shopping bags, tickets for the municipality's swimming pool, train tickets and low-energy-use light bulbs.

Goals and objectives

Limburg.net would like all its municipalities to join the e-portemonnee system. At present, citizens who want to participate but who reside in municipalities that are not yet on board cannot take part in the system. E-portemonnee aims to nudge citizens towards activities that reduce the environmental impact of everyday behaviour (e.g., taking public transport or purchasing more sustainable products) and, in so doing, raise the awareness of the impact of our behaviour on the environment.

Evaluation methodology

The Université Libre de Bruxelles (ULB) is carrying out an evaluation of e-portemonnee, which aims at addressing the following questions:

- What is the demographic profile of the participants in the system?
- What do participants think of the scheme? Is there evidence of change in participants' behaviour?
- Is there evidence of an impact on the amount of waste generated?
- What do policymakers think of the scheme?
- What are the factors that determine success or failure?

Limits to data access and lack of observation of the same individuals over time will not allow all these questions to be answered in the desired detail, but with a combination of qualitative and quantitative methods the evaluation team would like to go as far as possible. Thus far, the following data sources have been exploited:

Data recorded in the e-portemonnee database, including comparisons made between the waste and recycling levels of the municipalities actively using the scheme and a control group of municipalities in which it has not yet been implemented.

Specific actions to capture new data recorded on e-portemonnee website.

Focus groups with two specific groups of participants: currency users, and policymakers/municipality staff

Key findings

Results of the focus groups are not yet available, but key findings from the qualitative research conducted so far include:

- The e-portemonnee reward points act as a **good incentive for people to take part in environmentally friendly tasks**. Residents in areas where the e-portemonnee was active were much more likely to take part in an awareness-raising campaign. Of the 260 people who took part in the activity, 160 (or 60%) were from e-portemonnee municipalities, even though these municipalities represent only 25% of the population of Limburg.
- There is a correlation between regions in Limburg using the e-portemonnee and the **reduction in the amount of waste they produce**. Regression modelling which controls for observable differences between regions demonstrates that those areas that were early adopters of the e-portemonnee produce more organic waste and less PMD waste than those that do not use the currency. Although the results are statistically significant, it is not possible to be sure that these differences in waste are solely attributable to the currency scheme.

3. Democratising services and organisations

Community currencies can be a powerful tool in reshaping services to become more responsive to users' needs, while simultaneously empowering users themselves as active participants in designing and delivering those services. This section assesses the impact of CCIA currencies in this regard.

In recent years, currency initiatives have been used as policy tools for shifting the balance of power within local governments and organisations. With the increasing introduction of market mechanisms, such as competitive tendering, to the public sector, users have come to be seen as 'customers'. This has transformed the relationship between the users and providers of services, with the former viewed as and required to act as 'consumers' rather than individuals with complex abilities and needs. Specially designed currencies aim to alter this dynamic, reinvesting an increasingly monetised relationship with social meaning and putting the focus back on people, rather than on transactions.

The main objective of this reconfiguration is for the public sector to better serve people. This can lead to a range of outcomes for these people, such as improved health and wellbeing – themes that are picked up in Section 4. Here, however, our focus is on the effects of community currencies on organisations themselves.

A new way to deliver services: co-production

Co-production designs and delivers projects and services in a way that shares power and control between organisers and participants. In the public sector, in contrast to the traditional, top-down and centralised models of service delivery, co-production sees people not simply as passive recipients who have problems which need to be 'fixed', but as individuals with unique assets, expertise, and skills. Co-production is equally opposed to the effects of the more recent introduction of market mechanisms, such as competitive tendering, to public services. While this tends to construe service users as 'customers' or 'consumers', co-production sees interactions between service providers and service users as fundamentally social and mutually dependent, rather than reducible to a series of monetised transactions.

More specifically, in a public sector setting or elsewhere, co-production establishes an equal and complementary relationship between service users and service providers, involving the former in all stages of commissioning, design and delivery. Users do not replace professionals, nor are they made

unreasonably responsible for their own welfare; they are, however, seen as having certain kinds of knowledge and attributes which professionals lack and their active participation is considered both empowering and beneficial for individuals, communities and services alike. In this way, co-production can challenge the preconceptions not only of the public sector, but also of non-governmental organisations (NGOs) and social enterprises, and thereby align their services more closely with the needs and objectives of their users.

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 designs, 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.

Among our CCIA pilots, Spice is the partner that is most explicitly working in this outcome area. One of its main organisational objectives is to 'support organisations to develop a more co-productive culture'. The design and implementation of Spice Time Credits is focused on achieving change in the organisations it works with. Its evaluation report⁷ found evidence that using the currency does change the way organisations work (Focus Box 1).

Focus Box 1: Spice Time Credits – change in organisations towards co-production

A key focus of Spice's evaluation of its service was to try and understand how using Time Credits facilitates and embeds co-production within public and community services. Due to the difficulty of measuring co-production directly, the evaluators took four indicators that were seen as the necessary conditions for co-production to be created by organisations.



- Stronger connections between service users, local communities and organisations.
- Greater collaboration between organisations to design and deliver services.
- Changes in the types of services provided.
- Better use of local resources, skills and assets.

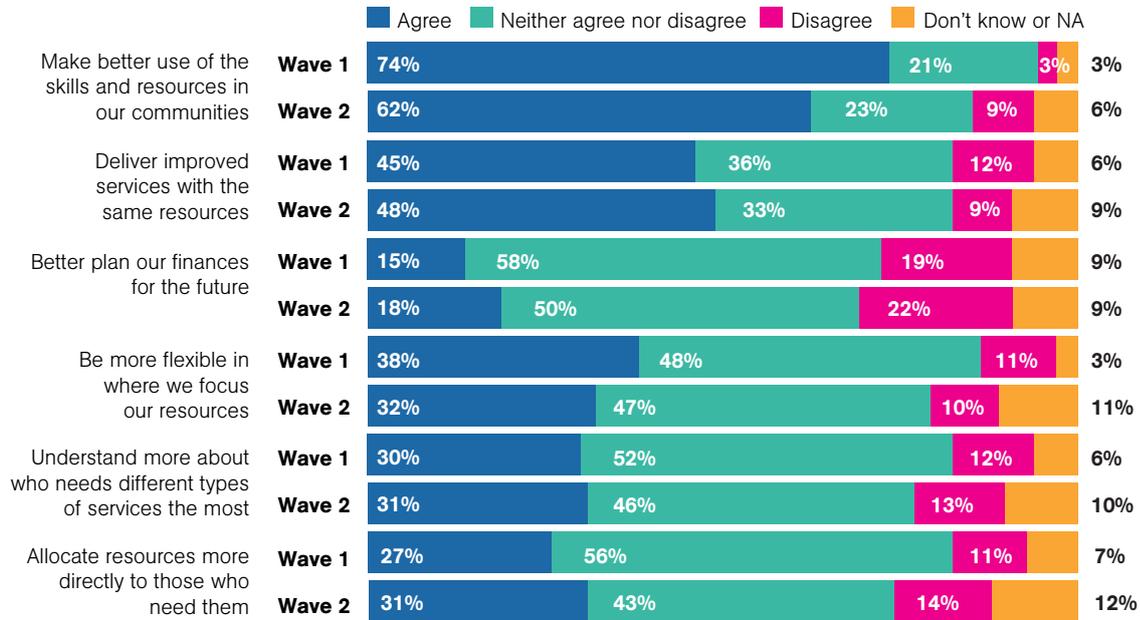
In Spice's survey of partner organisations, 78% said they had already started to see the benefits of the Time Credits programmes. As Figure 1 shows, the areas where the highest number of respondents reported impact were their ability to make better use of skills and resources in the community (62%) and deliver improved services with the same resources (48%).

The evaluation gives some tangible examples of how using Time Credits can free up resources, for example:

'The volunteers at the gardening club have completely taken it [running the club] off my hands, so I don't need to worry about it.'

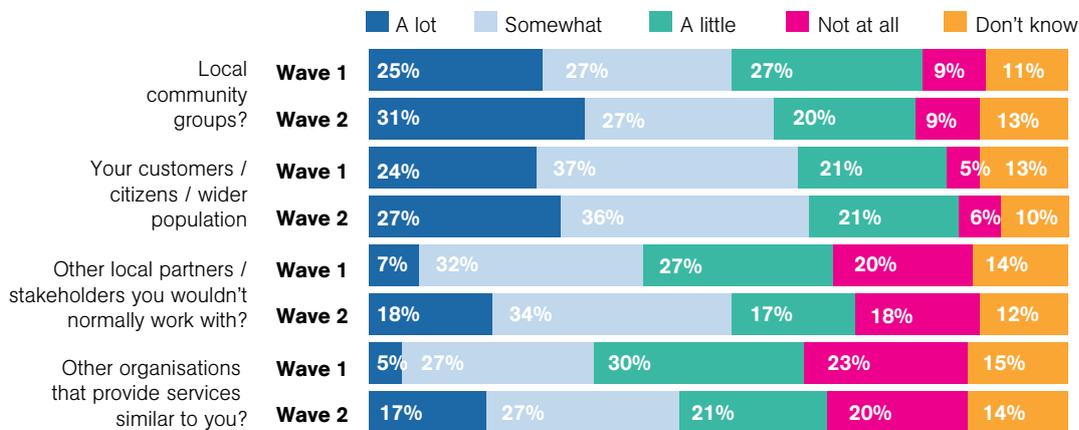
'It is great when a resident wants to get involved, it frees up staff time, residents are overseen, but it is led by them. Cooking groups happen more often; they are weekly now.'

Figure 1. Proportion of partner respondents reporting impact since the beginning of the evaluation.



There is also evidence from the evaluation that using Time Credits leads to improvements in the levels of reported collaboration between organisations (Figure 2). Partner respondents reported changes in collaboration with local community groups (the biggest change), customers/citizens and the wider population, other local partners and other organisations providing similar services.

Figure 2. Proportion of partner respondents reporting changes in collaboration with different groups.



The Spice evaluation also looks at the various paths that different organisations take in moving towards a more co-productive culture. It is crucial to view the use of the currency as an important part of this process, but not sufficient in itself to achieve change. That is, using the currency and enabling people to earn and spend Time Credits does not necessarily lead to successful co-production and change in the way organisations operate if done in isolation. This is illustrated by the following comment from a partner organisation:

'Longer-term, [Spice] Time Credits are a way of actively engaging service users. But this requires a culture shift internally by service providers and some council officers and elected members.'

The full evaluation report maps out the process of using Spice Time Credits in a few organisations, including one organisation that had to overcome more early resistance and barriers to change. While there is a positive direction towards co-production in the organisations that sign up to use the currency, some organisations need more help and support, as Spice Time Credits alone won't always deliver the cultural and organisational change necessary. Spice is currently working on several streams of work to foster these changes in organisations, which include developing indicators to demonstrate different levels of co-production within organisations as well as developing additional training, support packages and networking days.

The learning from this for other organisations indicates that starting or using a currency on its own is not sufficient. Currencies need to be embedded within a broader commitment to change in the way organisations work.

More generally, questions remain about how, in practice, these currency schemes share power. Although this is the intention of co-production, there may still be an imbalance of power between paid staff earning a salary in the national currency and users or volunteers who do not.

A critique that has been made of Spice's Time Credits programme is that, although the language of timebanking, they actually operate in a very different way to the traditional idea of timebanks. So, timebanks are very focused on a principle of equality and enabling people to build relationships with community self-help. Naughton-Doe argues that Spice Time Credits are different to this and are more like a form of incentivised volunteering. She argues that the Spice method is reminiscent of nudge or behaviour-modification techniques, instilling reduced dependency and health promoting behaviour.⁸ While these are certainly behaviours that governments would want to promote, this is quite different from attempts by timebanks and other currencies to be politically radical and operate outside of the mainstream.

Tapping into underused resources

Since 2008, in particular, many European and worldwide states have taken political decisions to constrain local government budgets. The needs of the communities that these budgets formerly served have not, however, disappeared. The shortfall created by a reduced public pot has given the rhetoric of citizens 'doing things for themselves' a new, politically loaded, significance.

When citizens 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 proven unproductive to community building. There are, however, more proactive steps that can be taken towards building communities with more active, empowered citizens – and community currencies are an increasingly popular route to take.

As local authorities are pressurised into finding new ways to deliver services and support the community both cheaply and effectively, 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 roll back public services, but rather to transform them into being more useful and better value for money. 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 a cost-effective tool that brings people actively into the process of solving the needs of their community.

There is some overlap with the previous outcome and the work that Spice has been carrying out within local authorities in the UK has enabled them to make better use of resources. As reported in Focus Box 1, 74% of organisations who took part felt they were able to make better use of resources in the communities they worked, while 27% agreed they were able to allocate resources more directly to those who need them. There are also examples of Spice Time Credits being used to involve greater take up of services – Focus Box 2 tells of how they were integrated into a preventative health care service.

Focus Box 2: Integrating Spice Time Credits into population-wide prevention

In one of the areas in which Spice Time Credits is operating, GPs were signed up to offer health checks to their patients. There was a very low take-up of these health checks and some GPs were reluctant to offer them due to the workload created in coordinating signing up patients. The local authority decided to commission a new service within GP surgeries where people were signposted to advice and encouraged to have a health check. The service was co-delivered by volunteers who earned Spice Time Credits for their time. It has run since April 2014 with immediate success. More GP surgeries have signed up to offer health checks and more patients have been taking up the offer of health checks.



CCIA pilot scheme

It is essential to emphasise that currencies cannot be a quick fix or an excuse for the state to divest itself of responsibility for citizens' welfare. While there are examples of CCIA currencies enabling services to better use their resources or to deliver additional services, this has often been because they have been integrated within an existing service, and not had to fill the gap of a service that had been cut. They are not a silver bullet to the challenges of reductions in state funding.

It is also noteworthy that there have been a few examples of a local or regional government creating parallel currencies with more far-reaching ambitions to tap into underutilised resources. One of the most famous examples is the currency of Wörgl, set out in Focus Box 3. Often these currencies have had challenges with central monetary regulators.

Focus Box 3: The Wörgl experiment

In 1932, in the aftermath of the Great Depression, the Mayor of a small town of Wörgl in Austria decided to issue its own currency. Prior to its launch, there was high unemployment in the town.

The Mayor had a long list of projects he wanted to carry out, but insufficient Austrian Schillings to pay for them. In an effort to find a solution, he decided to deposit his budget with a local savings bank and use this as a guarantee for issuing the Wörgl notes—the town's very own currency. He used the currency to pay for his first public works project.

Similar to other Depression-era currencies in the United States, the Wörgl currency was a kind of 'stamp scrip'. Based on the thinking of the economist Silvio Gesell, this required the notes to be periodically stamped, for a charge, in order to remain valid. In effect, this imposed a 'negative interest', or demurrage, whereby the currency devalues if it is not re-spent quickly. This anti-hoarding mechanism largely drove the Wörgl currency's impact, as anyone paid in the currency had a strong incentive to go out and spend the money very quickly. In turn, this generated demand for other people to work, who then went out and spent their earnings, and the cycle continued.

The results were quick and impressive. Unemployment was virtually eradicated and the town re-paved the streets, rebuilt the water system, built new houses and even built a ski jump and bridge with a plaque that read 'this bridge was built with our own free money'. There was a lot of interest from other areas which, understandably, wanted to replicate the idea. However, they were unable to do so because the Central Bank became concerned and used its monopoly rights over currency to close the Wörgl experiment down in 1933.⁹

International example

Argentina, which is often used as an example for the life-line function that grassroots community currencies can play in times of crises, has also had a system of parallel currencies issued as debt cancellation bonds by provincial governments for most of its history. Since 1984, they had been used as a tool to alleviate budgetary constraints particularly in times of crises and were discontinued in 2003, allegedly in compliance with pressure from the International Monetary Fund (IMF) when it stepped in after the national dollarised Peso collapsed in 2001.¹⁰

One of the critical success factors of the Wörgl may have been the combination of an innovative currency design with the backing of the local authority, which gave people confidence in the scheme. Due to this backing, even if people ran out of options for re-spending the currency, they were able to pay their taxes early. It is also difficult to know how sustainable this situation would have been over the longer-term, because the currency was shut down so soon after it was started. The Wörgl experience, as inspirational as it has been for many, also raises questions about just how radical a currency can be and how much impact it can have before attracting the hostility of the *status quo*.

The same is true, on a bigger geographical level, for the official regional currencies in Argentina. Similarly, it will be interesting to observe the case of Greece if it implements ideas of issuing a parallel national currency.¹¹

On the local level, there are some promising signs that local governments are beginning to see the potential of community currencies. For example, in 2012, Lambeth Council began to accept payment of business rates in B&S, and in 2015 Bristol Council began to accept council tax payments paid in Bristol Pounds. The SoNantes pilot will be a landmark project and is one of a small number of examples of a council supporting a currency that is not backed by a national currency. Also among CCIA pilots, the regional government of Limburg is opening up the e-portemonnee to all households in the territory, independent of the participation of individual local authorities.

Nonetheless, it can be hard for local authorities to commit to more risky or innovative currency projects. During the lifetime of the CCIA project, in both Amsterdam and Lambeth, support and management of the respective pilot currencies did not remain in the same hands and strategies had to be changed and adapted. Most of the successful projects we have looked at have clear leadership and a committed team of individuals working on them. It may be hard for such momentum to come from within a local council, particularly when staff is managing a currency among a number of other projects.

Clear leadership and commitment by individuals that champion the development from an idea to an established project is one of key factors for success of community currencies, as much as any other kind of project. If political changes or structural adjustments do not allow for such leadership, good will does not seem to be enough.

Matching personal capacities and unfulfilled needs

Currency projects can enable collaboration between stakeholders such as the council, independent businesses, residents' groups and charitable organisations. Often resources become undervalued if there is no national currency available to pay for that service. Creating a new currency can be a tool through which people and organisations 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 a community's 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. This outcome overlaps with the information already covered on Spice Time Credits, which looks at the partnerships between organisations. It is often these partnerships and new networks that currencies can create that enable organisations to share information which can ultimately lead to them working together and sharing resources.

The Makkie in Amsterdam also has an objective of being the 'glue' between the different policy programmes and thus to connect and support existing initiatives in the neighbourhood. Community currencies can also bridge gaps between the public sector and other organisations in the local area, including

both large and small businesses. The Makkie, for example, has a partnership with a large supermarket where members can get a discount (Focus Box 4).

Focus Box 4: Spending Makkies in the supermarket

The Makkie is one of the only examples where users have been able to exchange time credits for products in a supermarket – in this case, the local Albert Heijn store. Albert Heijn is one of the biggest supermarket chains in the Netherlands. In exchange for one Makkie, users can obtain a €2 discount on shopping over €10 on basic needs such as bread and milk. The supermarket does not attempt to re-spend the Makkies it collects. The manager of the branch, Remy Staring, explains the reasons for accepting Makkies:

makkie

‘The Albert Heijn supermarket likes to be involved with the community. Using the Makkie, we can offer local people a discount on their basic groceries. Having our own local currency makes it easy to help people in this way – and we as a business earn, something too.’

A more recent survey completed by Makkie users showed that most respondents spend their Makkies at Albert Heijn supermarket. Since signing up to the scheme, over 1,600 Makkies have been spent at the supermarket, with the rate of spending rising significantly since 2012: while from mid-December 2012 to mid-July 2013, around 200 Makkies were spent at the Molukkenstraat branch. This branch received more than 450 Makkies in the period from mid-January 2014 to the beginning of October 2014.

The willingness of this supermarket to effectively subsidise the shopping of residents in the neighbourhood who volunteer and earn Makkies is an interesting example of a partnership between businesses and the other partners facilitated by a currency. The partnership recognises that the supermarket has enough spare capacity to give a discount to Makkie members.

CCIA pilot scheme

While we do have a lot of evidence in CCIA of partnerships forming that lead to the sharing of resources, we also don't find many examples of individual exchanges of the type that are often given with timebanking, for example, where an individual gives time to help an elderly relative. So, most exchanges in the Makkie are for individuals volunteering on projects, as one user surveyed noted:

‘More attention could be given to exchanging Makkies with each other, there's a lot to be gained from this!’

Of course, these individual exchanges are more difficult to track and monitor and they will not necessarily be reported. It is possible that more are taking place than have been captured in the evaluation report.

The potential for individual exchanges and support for activities that make up the core economy is something that is of interest to many policymakers, particularly as a way to support our aging populations. The Japanese example, Fureai Kuppi, which is predominately focused on supporting elderly residents, is often cited as an aspirational example for currency projects (Focus Box 5).

Focus Box 5: Fureai Kippu

The Fureai Kippu timebanking system in Japan is as an example of timebanking being used to care for elderly people in the community. Given the challenges of an ageing population and growing demand for social care for growing numbers of older people faced by many governments across the world, the Fureai Kippu has attracted a lot of attention.

In spite of this interest, there has been relatively little empirical research published on the outcomes of the Fureai Kippu and, in particular, there is a lack of quantitative data.¹² Although information on the Fureai Kippu branches is available – for example, Hayashi estimates that in 2012 there were 391 operating branches/centres – there are no statistics easily available on how active these branches are or how many hours of care have been exchanged.

Hayashi explored the historical context of Fureai Kippu and noted that while there are many indications that the Fureai Kippu is delivering outcomes, this is partly due to historical features that may be specific or unusually prevalent in Japan. One of these is a strong culture of reciprocity. Elderly people could feel embarrassed about receiving a service for nothing and had a strong desire to pay back volunteers. Although there is a strong mutual help culture, this developed alongside user fees. Opinion was mixed on these user fees, with some viewing them as inappropriate or arguing that they create distant or business-like responses from service users. Others see these user fees as a way to remove or reduce a 'feeling of shame or dependency among older beneficiaries, [which] freed them from the psychological stress of obligations or owing'.

Either way, it is important to understand that Fureai Kippu developed with user fees and, contrary to many reports, it is not solely or even primarily based on mutual exchange. Many Fureai Kippu schemes have user fees. In some cases these are paid to the organisation facilitating the exchange (not the volunteers); in others, there is an optional cash exchange between fee-paying users and volunteers.

In the Fureai Kippu scheme, large volumes of transactions take place. Nonetheless, caution needs to be applied by any policymakers hoping to replicate the system. In part, its success may be due to historical and cultural factors in Japan and it does not rely entirely on exchanges of time but also on user fees.

We are not aware of many examples from Europe of a currency working primarily on these caring types of activities in the way that Fureai Kuppi does. A new initiative in Switzerland is noteworthy because it has been launched and financed by the city council with the aim of supporting elderly residents in need of care by other elderly residents. The idea has been in development since 2007 and the first time credits were earned in 2014 (Focus Box 6).

The ability of currencies to better make use of underutilised resources of economic capacities and trade are explored in the next section.

Focus Box 6: Zeitvorsorge¹³

The Zeitvorsorge, literally ‘time-provision’, initiative was 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. Early data from the study shows the numbers are still small, with 44 people providing care services and earning around 1,800 hours.

Services are brokered by the foundation in collaboration with several professional care services that provide feasible cases that require untrained assistance and monitor volunteers. These organisations receive a time allocation (typically 1000 hours per year each) that they can disburse to people providing services. Mid-term, it is envisioned that services will be brokered peer-to-peer and the care organisations will not have to act as intermediaries anymore. Every user has an online account on a cyclos platform, which also has a market place for offers and requests.

International example

Active citizenship/more volunteering

The extent to which people volunteer and are engaged with community organisations or public bodies in their local area is seen as an important driver of social capital. Having more people involved in the co-design and co-delivery is essential for these services to be truly co-productive. There are of course also personal benefits to people who volunteer – we look at those in more detail in Section 5. In this section we look more at the benefits to organisations from having a different currency with which they can motivate volunteers.

The evaluation of Spice programmes found that using Time Credits helped organisations to generate a more regular and reliable volunteer base. Organisations also reported that they liked being able to give out Time Credits and feel like they are demonstrating to volunteers that they are important and valuable. For example, an interviewee stated:

‘Time Credits have made a world of difference to me and [the organisation]. Volunteers are now given a tangible reward for their efforts, we feel valued and it spurs us on.’

‘Volunteers feel more valued and stay longer with the organisation.’

As part of its CCIA pilot, Lambeth Council has been conducting research on how currencies can be used to support its vision to work more cooperatively as a council (Focus Box 7).

Focus Box 7: Lambeth as a cooperative council



Whilst anecdotal information is available on the strength of different motivations, very little information exists which gives a robust evidence base on how responding to different citizen motivations might result in increased levels or types of civic activity. Of specific interest is the role that extrinsic motivations play against intrinsic motivations and whether a tangible extrinsic offer will influence an individual's behaviour.

The London Borough of Lambeth has been exploring these issues as part of their drive to get more residents involved in the delivery and design of services. Lambeth Council has been looking at the potential reasons that residents might want to get involved with co-delivering council services and mapped out whether these are intrinsic or extrinsic motivators (Figure 3).

Using this framework to look at how it could get more people to take part in the 'Made in Lambeth' events series, the Council managed to increase participation from 50 to 300 residents.

As part of its role in CCIA, Lambeth Council designed pilots to look at how to use complementary currencies within its framework to get people more involved in the co-design and delivery of services. One of the key learnings for the CCIA programme will be the effectiveness of local currency as an incentive when offered against other incentives.¹⁴

The first pilot was with a project called 'Good Gym' where runners get fit by doing exercise which benefits their community. The Good Gym model works on two membership levels: a level one membership enables runners to join weekly 'group runs' during which teams of runners will undertake group tasks (e.g. digging a path or planting bulbs). Level two membership is a bigger commitment of time and resources and runners are paired up with 'coaches' (elderly, isolated people) to whom they run to every week for a chat. Level two members are also asked to give a small monthly financial contribution.

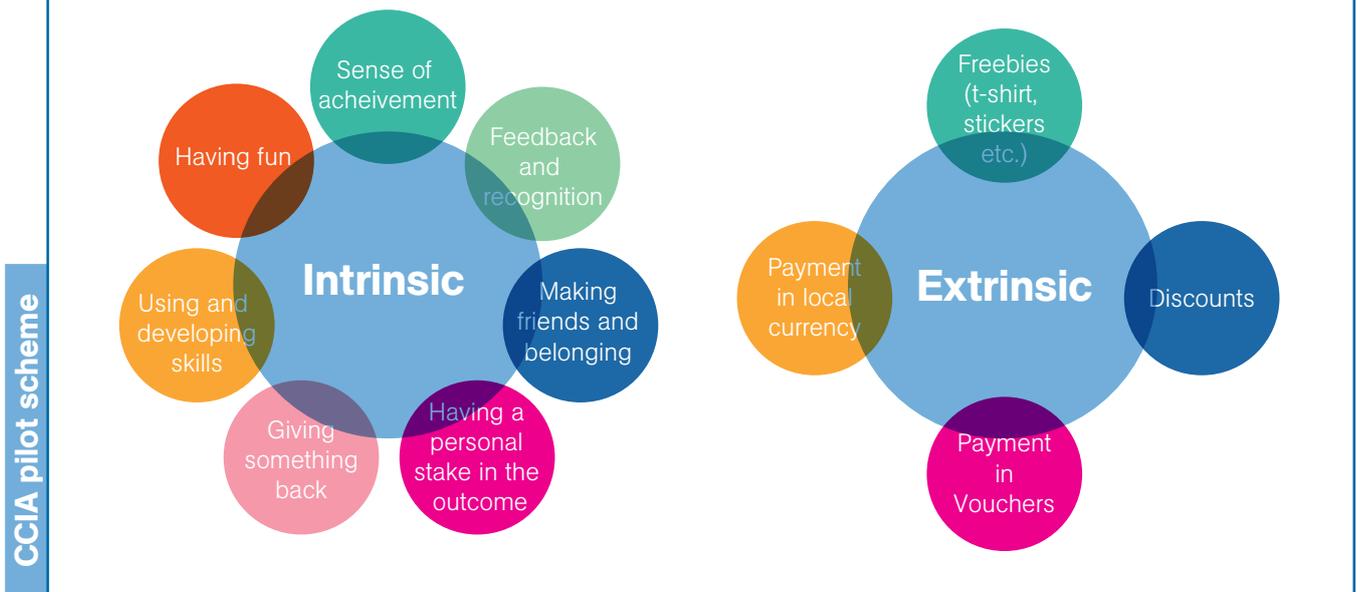
Level one members were split into three groups and were sent an email offering them different types of incentives to sign up to level two membership.

- **Sample 1 (n=210): local currency incentive (monetary).** This group was invited to become level two members in return for a one-off gift of £20 in local currency.
- **Sample 2 (n=210): clothing incentive (tangible symbol of belonging, status).** This group was invited to become level two members in return for a one-off limited edition item of Good Gym branded clothing (of equivalent value to the local currency incentive – £20).
- **Sample 3 (n=210): control group (no extrinsic incentive).** This group was invited to become level two members, but without any additional extrinsic incentive to motivate them.

The titles of the emails sent to members were different, containing the incentive if one was offered. There were differences in the number of people who opened the emails offering different incentives. Fewer people opened the email if there was no incentive (18.5%) compared to being offered a sweatshirt (24.9%) or Brixton Pounds (25.4%). The number

of people who actually went on to sign up for level two membership was extremely small, four people in total, two in both of the groups offering an incentive and none in the no incentive group. Given such small sample sizes it is not possible to draw a firm conclusion from these results.

Figure 3. Motivations to co-deliver council services.¹⁵



The role of currencies in encouraging volunteers links to a wider debate about just how well incentives motivate people. There has been a lot of research in this area which points to the danger of using financial incentives. For example, research often finds that if people are offered small amounts of money to do a task that they have some intrinsic motivation to do anyway, the extrinsic financial incentive actually reduces giving. Perhaps the most famous example of this is Richard Titmuss's research, which found that paying people to give blood made fewer people donate. This is not to say that financial incentives never work, but they can have unwanted effects. This issue is explored in a lot more detail in the recent NEF report *Money and Giving*.¹⁶

Thus, money is seen primarily as an extrinsic motivator that conflicts with intrinsic motivators to do the right thing. There is a question about whether complementary currencies act in the same way as money. As many currencies are strongly promoted and marketed as having a social purpose, it is possible that people will respond to them in a different way to 'normal money' and they may encourage pro-social behaviour rather than crowd it out.

Summary

Using a community currency can start a process of shifting power in organisations to be more focused on the people and communities they serve. Within the CCIA partners, Spice has a major aim of helping organisations work in a more co-productive way. Some of the outcomes they have achieved include:

- Greater collaboration between organisations and improved use of resources: 74% of participating organisations reported making better use of skills and resources in their community with just under half reporting they are now able to deliver improved services with the same resources.
- Building motivation of volunteers and giving time more regularly: feedback from organisations that use Spice Time Credits reported that their volunteers feel more valued and stay longer with the organisation. Over 50% of Time Credit users are volunteering in their communities for the first time and 80% state they are likely to continue giving their time in the future.

Currencies can be used as a tool that brings together new and different partnerships. The Brixton Pound is seen as tool which promotes engagement between businesses and the local authority. The Makkie enables people who volunteer in their community to get a discount in the supermarket. The e-portemonnee is a partnership between the NGO FairFIN and publically owned waste disposal company which is trying to reduce household waste in the region of Limburg, Belgium.

There are international examples of a currency matching excess capacity and unfulfilled need on a larger scale, such as Fureai Kuppi for elderly care services in Japan. This model, however, has not currently been replicated anywhere in Europe.

All of the benefits highlighted occurred when a currency was delivered and integrated within existing services. The co-productive approach which many community currencies adopt and seek to encourage should not be seen as an easy option for cutting investment.

Early findings suggest that currencies work well as an incentive, but more research is needed on whether they may crowd out some giving.

Learning for other projects

Don't treat co-production as an easy answer. Although savings may be made in the long run, to be effective requires significant initial investment of time and money.

Be aware that you may have to change evaluation and management techniques for the benefits of co-production to be registered.

To be successful, community currencies need strong leadership and significant drive to push them forward. These are not always to be found within Local Authorities, particularly as they face budget cuts and restructuring.

4. Supporting the SME economy

Many community currencies have supporting SMEs and independent businesses as a key objective. This is linked to longer-term outcomes of supporting more jobs, livelihoods and economic resilience within the local economy.

Three of the pilots within CCIA – TradeQoin, SoNantes and the Brixton Pound – list supporting SMEs as a key objective. There are several reasons for this focus on SMEs. The first is they are often a key driver of employment. Secondly, their diversity and grounding in a community means they can make areas more resilient to crisis; chain stores, conversely, are often more likely to leave an area in times of economic trouble.¹⁷ They can also add social value by doing things like checking on neighbours or supporting community events.¹⁸ There is also an argument they are more likely to re-spend more in the local area, both in their supply chains and because they tend to not have shareholders or distant management boards.

With this in mind, many currency systems are designed to counter the dominance of large corporations through supporting the diversity of SME economies and educating consumers about the choices they can exercise. Focusing on a range of operational aspects of SME management, such as purchasing supplies, incentivising sales and paying staff, a range of currencies exists to help small businesses improve productivity and become more resilient to changes in the wider economy that might affect their prosperity. The target users of different models vary, with some business-to-business currencies aimed solely at SMEs and others extending to consumers.

Although we have listed this focus on SMEs as a key theme, it is also part of a longer-term aspiration to support more jobs or livelihoods, more resilient and diverse local areas and more sustainable business practices. There is of course a big debate about whether working only with SMEs is the best way to achieve these longer-term outcomes and as the interest in currency schemes grow, how they engage with larger businesses and corporations will become more important.

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.¹⁹ Since the 2008 financial crisis, banks have generally reduced lending to SMEs,²⁰ 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 – eliminating the need for cash and banks. For example, business-to-business trade systems allow members to make purchases and sales using ‘trade credits’ or ‘points’, thereby reserving more of their regular cash flow for other operational costs.

Two of the pilots in the CCIA project are set up as mutual credit schemes – see Focus Box 8 for more information on how mutual credit works and some early data from one of these schemes, TradeQoin.

In practice, it is very early to be able to report the success of these schemes. Business barter clubs more generally are much younger and fewer in Europe, compared to the large number of better-established groups in the rest of the world. Nonetheless, within the modest period of time that TradeQoin has been operational, many of its participants have experienced the benefits of saving euro by making investments in their companies with TradeQoin. There have already been numerous cases of multi-thousand-euro trades among businesses, with the maximum single transaction value to date being TQ 14,000.

There are, however, international examples that have got alternative credit circulating at scale. The most widely cited scheme is the Swiss WIR Bank, or Wirtschaftsring (Economic Circle). Founded in 1934, it is one of the oldest surviving business-to-business currencies.²¹ Research has found that WIR activity is counter-cyclical, i.e., it increases at times of contraction in the overall economy and vice versa, based on data from 1948 to 2003.²²

Although data from the WIR Bank shows clear economic benefits, the fact that no other currency has achieved the same scale or level of success means caution should be applied by currency practitioners who want to set up a similar model. For one thing, the WIR does not run, as many people think, as a mutual credit system – it gives loans like a conventional bank, but in its own members-only currency, and typically requires collateral for larger loans. Much of its impact comes from it being able to offer loans at a lower interest rate. But the WIR Bank also runs a range of supporting activities, such as monthly trade fairs, that encourage inter-trading between businesses. Moreover, it was set up by a motivated group of business entrepreneurs in the wake of the Great Depression. This could have been a case of the right people coming together at the right time, or a sufficiently wrong time economically, to enable them to establish something that worked as well as it did.²³

Focus Box 8: TradeQoin

This box explains how the use of mutual credit in the design of TradeQoin works in practical terms. The aspiration is that this will lead to increased turnover in businesses.



The first benefit to a business joining the scheme is immediately increased visibility. This includes posting on the marketplace and being actively promoted by TradeQoin advisers. In the short term, this leads to more clients who will pay in TradeQoin. This has a couple of outcomes:

- Businesses engage in new business relationships in the short-term. In the longer-term, these will hopefully become more loyal clients.
- Businesses can move their stocks more quickly, reducing spare capacity.

As well as being able to receive TradeQoin from other business, members get access to credit lines in TradeQoin (although not all businesses will immediately have a credit line). This has two main outcomes:

- Using TradeQoin for recurring payments means businesses can save euro for other things, such as rent and utilities. This means there is an immediate improvement in their liquidity.
- Businesses are able to buy things they cannot necessarily buy in euro and buy without having cash available.

Both of these factors mean that businesses have opportunities for investment from joining TradeQoin. They can either make these in the euro they have saved, or purchase new goods and services (such as marketing, cleaning and web development) from other members of the TradeQoin network. In some cases, businesses may find new suppliers. This can clearly bring potential benefits (finding out about new suppliers and products), but could also be inconvenient if some of the businesses' existing suppliers refuse to accept TradeQoin.

In summary, whilst it is the flow of TradeQoins that is the mechanism for enabling business to increase their turnover, the key outcome for businesses is that they see increased turnover coming from customers who pay in euro as well more trade in TradeQoins.

It is too early to be able to judge how successful TradeQoins have been in boosting turnover in businesses. Early data on the number of transactions shows there has been a relatively slow start. Monthly turnover has been very variable, with the highest trading months being equivalent to around €30,000, although some of this turnover is driven by demand from the network. The current number of active users is 195.

Some members have reported that being involved has led to them gaining new clients who pay in euro (as well as TradeQoins). For example, Erik van der Velde, an entrepreneur who runs several small enterprises, earned TradeQoins by selling Search Engine Optimisation and running networking events. He then spent the TradeQoins on a combination of things for this business, such as new business cards and also some personal consumption. He reported that as a member of the TradeQoin network he met other companies who also provided regular turnover in euro.

Although TradeQoin has a core group of businesses who have been very active – it is estimated that around 20% of the businesses make up 80% of the transactions – Qoin report that it has been challenging to get trade started and to build familiarity of using mutual credit among businesses. Rob Van Hilten, one of the directors of Qoin, reports that businesses can be reluctant to get into debt with other businesses, because they 'evaluate it as an asset, not as a benefit that allows them access to other goods and services'. In practice, one way to stimulate trade is for Qoin to offer or sell credits through the network.

It is still early days for TradeQoin, both in terms of amount in circulation and also in terms of affecting the qualitative outcomes Qoin hopes to deliver for the SME economy. But recent examples like the Sardex currency on the island of Sardinia, Italy, demonstrate that this model can grow quickly and solidly. In the five years since its inception in 2009, Sardex has grown to over 2,000 participating businesses, in a region with only 1.6 million inhabitants, and cumulatively these have generated well over €50 million of turnover.²⁴ Together with the CCIA observers, the Bristol Pound in the UK and the Social Trade Organisation in the Netherlands, Sardex is part of an EU project jointly innovating and piloting the use of digital payment technologies in support of local economies with new methodologies and at unprecedented scale.²⁵

Creating strong business networks

Many currency schemes offer businesses an opportunity to form networks between themselves, providing a platform to publicise their work to the rest of the network. This can generate incremental sales from the new demand of 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. This applies to currency designs that do not use mutual credit, such as the Brixton Pound, where signing up to the currency can signal to other businesses a wish to reinvest in the community. Currency networks can connect businesses with new customers sharing values, such as reducing carbon footprints or keeping supply and production local.

There is some evidence that the Brixton Pound has strengthened business networks in Brixton. However, it is not possible to attribute the Brixton Pound as the sole cause of these business networks, but as one way that businesses can strengthen their networks and relationships. Following fieldwork in Brixton, James²⁶ found the Brixton Pound has coherence with traders that associated strongly with the currency and, although this community would exist without it, she argues the currency has a 'symbolic value' for that group. So, in practical terms, a number of traders she interviewed said they wouldn't stop accepting the Brixton Pound because of the signal that would give to other traders. In contrast, an interviewee speaking to CLES, who did not feel part of a wider network, said:

'[they] have set up good relationships with local shop owners because [they] use Brixton Pound and have bought into the system and have a common interest. But this is on a one-to-one basis; there is no sense of a broader network or movement.'²⁷

A number of businesses interviewed as part of the CLES fieldwork indicated that they would be interested in joining some form of trade board or local business network, with one of the aims being to make the Brixton Pound into a stronger business network.

One of the key objectives of TradeQoin is to bring together a network of businesses that could support each other. In a theory of change workshop held with Qoin and one of the business partners in the scheme, people felt that, in the Netherlands, business networks often form – sometimes around ethnic divides – which tend to do business with each other. The founders

aimed to provide an alternative platform for businesses, creating trust among businesses which would not otherwise have traded. This increased trust and the establishment of a new business network can lower barriers to trade, give access to a whole new potential network of suppliers and facilitate the achievement of some of the other outcomes mentioned in this section, such as increased sales leading to increased turnover and profit.

Dimitri van Zandvliet Rozemeijer (Meer Business) talks about his experience of being an active member of TradeQoin. He reports that through the pro-active brokering of the staff of TradeQoin, they have met companies they would not have done business with otherwise. These companies have since become new clients. Meer Business have spent the TradeQoins they have earned on a lawyer, a car-cleaner, social media and personal expenses.

Using spare capacity

Most businesses do not operate at 100% of their potential capacity. The commercial benefits of connecting underused assets with unmet needs – a primary goal of complementary currencies – are clear. For example, 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 prizes or staff bonuses to another business, in exchange for credits. The credits can then be spent elsewhere in the network on expertise required, such as website development.

There is some overlap with this outcome and the first outcome in this section about improving cash flow. The CCIA pilot TradeQoin has some examples of businesses clearly being able to use the network to sell services that would not otherwise have been sold. For example, Manouschka Botts, founder of Amsterdam-based CarCleaners.nl, has been able to use TradeQoin to sell services during low season;

'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.'

However, in practice, stimulating trade within networks can be challenging. Theoretically, a complementary currency can be used by businesses to save national currency, but in practice brokering these trades can be difficult.

This dynamic seems not to be an issue in places where the lack of national currency to facilitate trade is more dramatic than in NWE. The Bangla-Pesa, organised by local traders and currency expert Will Ruddick in an informal settlement near Mombasa, Kenya, has delivered near immediate results. Early data from the first weeks of circulation documented that 22% of daily sales were paid for in Bangla-Pesa. With sales in Kenyan schillings having remaining stable as compared to baseline data, the trade in this complementary currency seemed to have been additional turnover for the businesses, significantly elevating the income of the participating traders.²⁸ The idea has since received

the support of the local and national governments and, at the time of writing, two more currencies of the same model have been implemented near the capital Nairobi.²⁹

Keeping money circulating locally

Pumping money into an area is pointless if it flows straight back out again. Yet this is precisely what can happen 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.

In contrast, community currencies specific to particular geographical areas aim to keep more the wealth circulating in the locality in which they are created. Community currencies can thus 'plug the leak' in a locality or sector that otherwise allows profits to flow to the headquarters of large corporations, rather than back to the people that work for them.³⁰ 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 local economic and social 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 wealth remaining within the community in which it is created.³¹

This is the theory. In practice, the evidence on how much complementary currencies actually increase money flows is very variable across different projects. In a recent paper De La Rosa and Stodder³² offered a comparison on the velocity of nine different complementary currencies and how this might correlate with certain currency features. However, apart from the difficulty in obtaining comparable data from the different currencies, there remains some doubt over how well the velocity of a complementary currency at the level of those researched would result in increased value creation, as turnover in the community currency might be displacing spending in conventional currency.

In Focus Box 9 we look at some of the challenges faced by one of the CCIA partners, the Brixton Pound, in getting businesses to re-spend the currency they have from consumers.

Focus Box 9: Local spending in practice – the Brixton Pound

One of the intended benefits of the Brixton Pound is to encourage people to support local businesses by incentivising spending in independent shops, rather than in large chains. The second stage is to encourage those independent businesses to re-spend the currency, thus increasing the multiplier effect.



Emergent findings from the CLES evaluation³³ show some businesses did find that the currency had been positive in terms of encouraging trade between local growers and wholesalers. This was reported as much easier for cafés, who felt there was availability of produce in B&Es, although some noted some concerns over quality. One café reported:

'We buy ingredients from market traders, we are passionate about B&E success and only use suppliers who take it.'

For non-food businesses, re-spending is more challenging. In practice, in an area like Brixton, there is very little primary production, so supply chains quickly move outside the area. There are also traders who felt that using the Brixton Pound wouldn't make any difference, for example, one trader from the outdoor market who doesn't accept the B&E.

'I go to the same place anyway, so whatever currency we use, he gets paid and I get my produce.'

A recent anthropological study of the Brixton Pound, completed by Hayley James,³⁴ looked in detail at how traders within one of the covered markets used the Brixton Pound. She found some examples of businesses changing suppliers because of the Brixton Pound, but this was the exception rather than the rule.

Among the traders in her sample, she found some evidence of hoarding the currency. On one hand, this counters the goal for the currency to be re-spent. However, James argues that the currency was often hoarded because the business owner attributed a different meaning to the currency which was then played out in spending behaviour. For example, several traders stated that they tried to spend the B&E on something 'nice', meaning something socially orientated or shared with others rather than day-to-day business expenses. She gives an example of a business owner who saved up B&Es to spend on a staff trip out:

'Well, I've got quite a bit there, it's built up, so I've been thinking about what I could do with it, and I thought it would be nice to spend it on the team.'

The same business owner in a later interview described the Brixton Pound as a 'good way to reward staff and support other businesses'. Another business owner described how she would often use her Brixton Pound as a 'treat lunch'.

There are several different ways these findings could be interpreted. On the one hand, it is positive that the currency is being used in a way that is different to Pound Sterling. Many businesses used the Brixton Pound to treat themselves or their staff by spending the money in another independent business. This does of course count as re-spending and adds to the multiplier effect but it is not as straightforward as being spent in the core supply chains of other businesses. This gives a rather different outcome for the currency, of supporting staff wellbeing and shifting business practice towards mutual support of other businesses. Although this is positive, it may be difficult for businesses operating on lower margins to use the currency in this way.

It is hardly surprising that currencies may come across barriers to money being re-spent locally. With production and supply currently so globalised, such an ambition is unlikely to be realised immediately. Community currency practitioners should therefore actively identify and fill gaps in the local economy.

In the case of a local currency backed by national money, like the Brixton Pound or the Bristol Pound, there is no direct creation of new liquidity as for each new unit issued, a unit of equivalent national currency must be held in reserve – the so-called backing. However, there may be indirect liquidity creation depending on where the backing is held. In the case of Brixton and Bristol, for example, the organisations keep the sterling backing in Credit Unions, cooperatively owned financial institutions that only lend to people in the local area also covered by the currency. This increases those institutions' deposit base and may allow them to increase their (local) lending. The choice of where to hold the backing for these types of currencies is thus an important design feature of the currency as a whole.

There are currency projects which implement a range of different interventions alongside the currency. For example, the Banco Palmas has issued micro loans to entrepreneurs and this is one of the cited reasons for the project's success (Focus Box 10). Loans do not need to be in the complementary currency. Projects can also use national currency reserves – built up as individuals and businesses buy the local currency – to make interest-free loans to sustainable local businesses which meet supply and production needs and gradually build a local economy that is both commercially and environmentally sustainable.

Focus Box 10: Banco Palmas

Banco Palmas is a community bank in Fortaleza, Brazil. The bank offers interest-free microcredit loans in the local currency, the Palmas. The bank's objective is to localise production and consumption and, through the Palmas, retain more wealth within the area.

La Rosa and Stodder cite the Palmas as having the highest velocity of all the currency schemes they studied.³⁵ Fare *et al.* found that there has been significant behaviour change among consumers in the area. Figure 4 cites survey data which finds that the proportion of residents who report they consume in the local area rose from only 20% in 1997 to 93% in 2011.³⁶ There are reports that as well as this increased local spending, consumers saw those businesses that used the currency as socially responsible and caring for the community and therefore had a greater bond with those businesses.³⁷

The Palmas was introduced in 2002, but of course we can't attribute these changes in spending behaviour solely to the currency. The Banco Palmas has also implemented other projects in addition to the currency; for example, there was also an extensive mobilisation and awareness-raising campaign for inhabitants over the same period.³⁸

The currency therefore cannot be analysed out of context of the rest of the interventions of the Banco Palmas. Banco Palmas also granted loans in local currency – although there was a greater willingness from enterprises to accept loans if a percentage was paid in national currency or exchange rates were lower.

The learning from Banco Palmas seems to be that starting a currency alone may not be enough to achieve a high local multiplier. There are a number of supporting interventions that can help support businesses to re-spend their currency. We look at some of these briefly in Focus Box 11. Some of these interventions may work best when delivered alongside a currency, for example the micro loans given out by the Banco Palmas. Other projects, such as mapping out and analysing where organisations spend their money and supporting them to relocalise spending, can be done without a currency.

The challenge for currency practitioners is that the design and development of the currency itself can take up time that could have been spent on other activities that may have been more important in achieving the aims of supporting SMEs. It is essential to allocate project resources to doing more than just setting up the currency itself. Groups considering starting a currency with a focus on supporting SMEs should also consider whether the currency will be the right intervention at all.

Focus Box 11: Interventions to increase local spending

Mapping out local spend: Many currency projects try and map out their potential spend and supply chains within their area. A recent research project called the Barter System by several universities is seeking to illustrate how best money can be used. They are not starting a currency but instead using a trading card and an electronic system to capture the amount of money which is being spent in the local economy and visualise this. The next stage is to develop a local social network and market place where customers can rate the quality of local businesses and build a stronger reputation within the local community.³⁹

Using LM3: A further way to record local spending is through the concept of LM3 (Local Multiplier 3), which was initially developed within NEF as a way to measure the extent to which a business contributes to the local economy. It can be used by individual businesses or can be applied to procurement contracts to understand the local economic impact. In theory the idea is simple: you trace spending in the local economy through three rounds of spending. In practice, you need to collect data from businesses that they may prefer to keep confidential – the exact amount they spend on different suppliers, for example.

Embedding LM3 into procurement processes: Just as important as attempting to measure LM3 is how this information is used. In theory, local authorities or other commissioners could ask their contractors to measure their LM3 or select providers on the basis of how much of their money will stay in the local area. In practice, it is still questionable if Local Authorities are really using their purchasing power in the most effective way. Adam Wilkinson, who has developed an online tool⁴⁰ for measuring LM3, argues that the greatest impact is to work with some of the larger companies bidding for public works contracts. The purchasing power of these companies is large so this is a way of making large changes to local money flows. He has been working with large construction companies who have been using LM3 to compete with each other to localise supply chains to win contracts.

Micro grants and support for SMEs: The Banco Palmas has given out micro grants which are either partly or wholly in the local currency. This is attributed as one of the reasons why the Palmas has a higher velocity compared to other similar schemes.

General support for SMEs to change supply chains: Successful currencies have a strong focus on business networking and brokering and setting up activities to facilitate these. For example, the WIR Bank runs a monthly trade fair. The Bristol Pound has a 'farm link' scheme where it tries to 'matchmake' businesses to shift their sourcing to local farm-link producers.

Educate consumers and increase customer loyalty

Currency projects can be used as education tools to stimulate thinking and discussion about how money works and impacts a local economy. Raising awareness of the socio-economic dimensions of consumer behaviour in this way 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 the sales of participating SMEs, as customers seek out participating businesses to spend their local money. Evidence of the extent to which this has happened with the Brixton Pound is set out in Focus Box 12.

Business networks can have similar effects, allowing members to support one another by trading within the network. 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 of demonstrating support for independent businesses.

Focus Box 12: Increasing customer loyalty - Brixton Pound

In 2012, the Brixton Pound (B£) launched a project allowing staff at Lambeth Council and other local employers to take some of their salary in electronic Brixton Pounds. Sixty-five people in total signed up to the scheme.



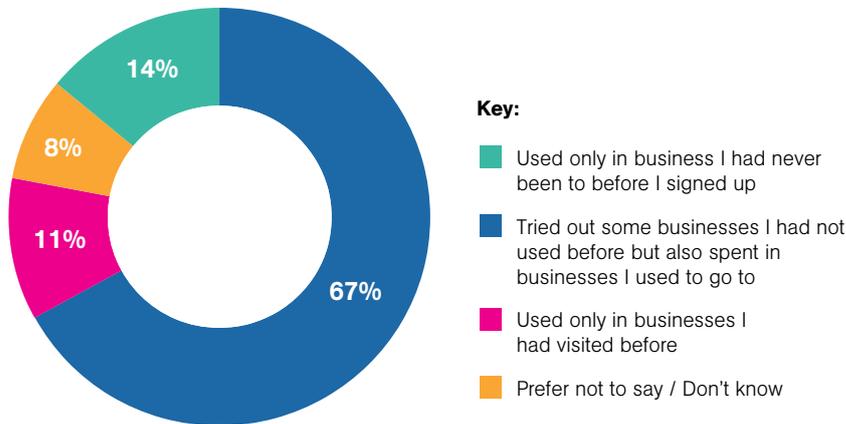
The B£ carried out a survey of people who signed up. The common perception expressed by respondents was that the currency doesn't change behaviour. For example, in a street survey completed by CLES,⁴¹ many shoppers said they were well aware of the offering of local shops and market traders – many used them multiple times per week. On being asked why she had not signed up to the B£, one replied:

'I shop here anyway so why complicate it?'

However, data from those signing up to use B£ regularly found it did have large effects on where people spend their money. So, over 67% of staff who took part in Payroll Local reported trying out new businesses in Brixton because they took the B£.⁴²

Figure 4. Users of Brixton Pound who have started using new businesses because they accept the currency.

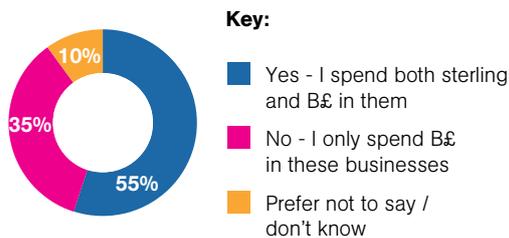
We are interested in whether using the B£ has meant you go to new businesses in Brixton (n=36)



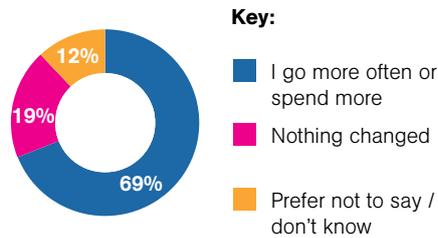
Where people tried out new businesses, over 50% of respondents reported subsequently spending both sterling and B£ in these businesses. People may therefore try a business for the first time because they accept the B£. This can create loyalty to a business even if the person has run out of B£s.

Figure 5. Users of Brixton Pound who have changed their shopping behaviour through using the currency.

Thinking about these businesses that are 'new' to you (i.e. you had not been to them before you signed up to Payroll Local) – do you ever spend sterling in these businesses (n=29)



Thinking about businesses that you already went to before you started using the B£ – has the way you spend in these businesses changed in any of the following ways? (n=26)



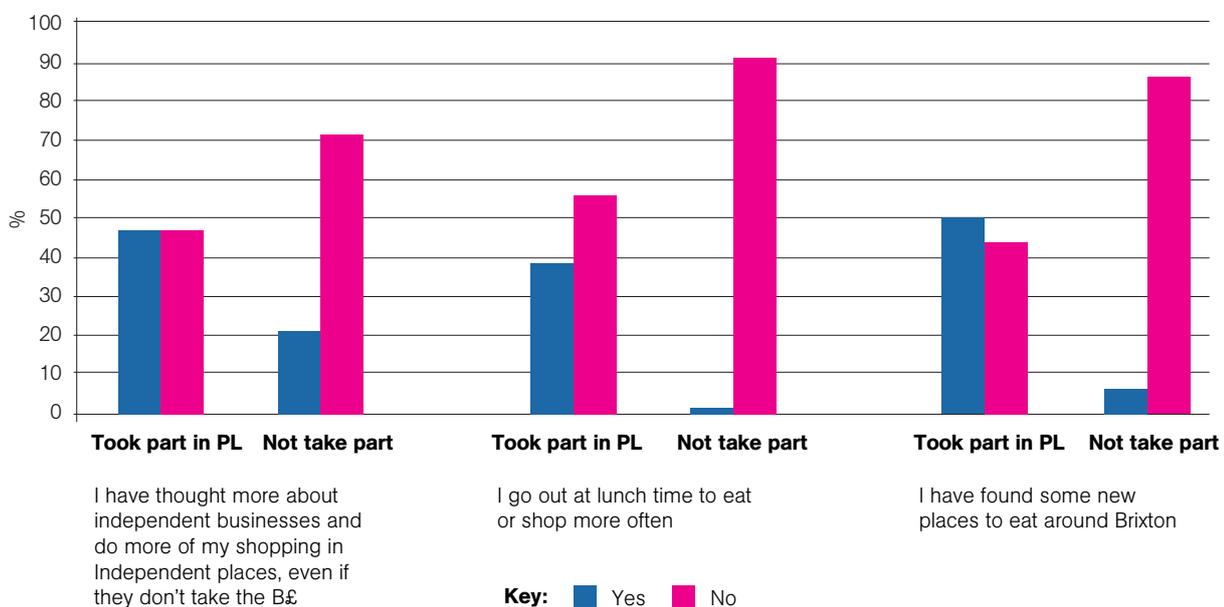
Where users reported going to 'existing' businesses (i.e., ones they had been to before signing up to the B£) over 70% said using Payroll Local made them go to these businesses more often, and spend more in them. Again, this reinforces the point that the B£ can be used as a tool to create customer loyalty.

As part of delivery of the project, the Brixton Pound carried out a survey to explore demand within Lambeth Council prior to the roll-out of Payroll Local. This survey also identified a control group of people who were interested in signing up to use the Brixton Pound, but did not ultimately go on to use the project. This makes it possible to say with more certainty that changes are attributable to actually using the Brixton Pound. The survey included two groups:

- ‘Took part in PL’ are staff who signed up to the Payroll Local scheme and took some B£ in their monthly salary.
- ‘Did not take part’ are staff who expressed some interest in the B£ by completing a research survey before the project started. These people typically were supporters of the B£ but not users and they all had at least some experience of using the currency because they were given some B£ as a reward for completing the survey – although they may not have spent these.

Figure 6. Comparison of shopping behaviour of Brixton Pound users who took part in the Payroll Local salary scheme compared to those who did not.⁴³

Have you changed the way you spend money in any of the following ways? (n=76)



Comparing these two groups is interesting, as a common critique of currencies like the B£ is that they are only used by people who already do their shopping in local shops. In this case, we are able to look within the self-selected group of people who have some interest in using a local currency to see if there are differences between using it on a regular basis and just hearing about it (and possibly using it once or twice). The results found that most changes in terms of spending behaviour were only experienced by people who signed up to Payroll Local. For example, 40% of people who took B£s in their salary reported going out at lunchtime in Brixton more, compared to less than 2% of those who didn't. There were some outcomes for people who didn't sign up to the project but these relate more to their pride in Brixton and/or Lambeth (Section 4).

Offer businesses and their customers new ways to transact

Currencies can provide businesses with point-of-sale options that might have been otherwise unavailable due to, for example, insufficient funds to purchase the necessary equipment. A currency initiative incorporating digital systems such as phone apps or text-to-pay options allow participating traders to accept electronic payment – and offer customers new, often more convenient, ways to purchase goods, as discussed in Focus Box 13. Small businesses can thereby keep up with, or outstrip, progress made by large corporations, while the added convenience for customers can translate into a boost in sales.

Focus Box 13: The Brixton Pound – using SMS technology

The Brixton Pound (B£) launched a way for people to spend B£s on their phone using text messages. The system is implemented on the Cyclos Platform and the software is available for other projects to use, opensource, if they wish to. It is also the same system that the Bristol Pound uses so the findings of the research cited have some applicability there. The system works by a member paying another member by sending an SMS text message. It doesn't need a smartphone or an Internet connection.



A survey of regular users of the Brixton Pound found that most of them reported that it has made shopping more convenient because they don't need cash (57% agreed, n=32). For example, Alicia Reynolds, who signed up to take some B£ in her salary from her role at Lambeth Council said:

'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.'

A user interviewed by CLES⁴⁴ found that the app was a really convenient way to spend B£s:

'The good thing is you can top up with it. Mine is linked to my bank card, so if I have £5 on it and I want to pay for something that is £10 I can just top it up without going to the cash machine' (from p10).

However, many users did report sometimes feeling awkward when asking to pay B£s. In some cases this is a perceived rather than an actual difficulty.

'I wasn't convinced it would work! (but it did).'

As the quote highlights, many people didn't expect the 'pay-by-text' to work. For some staff, when they had got over the hurdle of creating a PIN and sending their first text, they felt confident in using the B£.

A team of researchers from the universities of Bristol and Brunel looked in detail at the experiences of users of the Bristol Pound⁴⁵ in relation to using the electronic currency (in Bristol this is referred to as 'Txt2Pay' or T2P). They carried out surveys and interviews with users and found some evidence that the transactions offered a space for social interactions, for example:

'Txt2Pay's more fun because you can't do that with normal money. You can't do that with a card... You're both standing there with your phones waiting for the first one to beep. And someone says "Oh, is your name John", and I say, "Yeah", and it's quite nice.'

'It is very rare that you have a Bristol Pound transaction where it is just routine, where you don't really speak beyond the kind of set phrases.'

However, it was also found that mobile payments could be slow and cumbersome. The most common problem is if a confirmation text is slow to arrive, which is generally due to problems with the signal on a mobile phone. The researchers found examples in which there was a delay to payment, but the vendor was willing to trust that the person had paid.

Overall, their conclusion was that even though the T2P may not be the most fluid or robust of payment systems, users were able to engage in a rich set of behaviours and interactions. Transactions could be playful and used as a way to stimulate conversations. These are important aspects of design which are often ignored in trends in finance towards greater anonymity and speed of transaction, but which community currencies can be well placed to deliver.

The Brixton Pound uses the same mobile technology as the Bristol Pound and the experience that users have of using this is reported in Focus Box 13.

In summary, research on both the Bristol and the Brixton Pounds has demonstrated that many users find the new technology of paying by text convenient and also a tool to connect with businesses differently. Nonetheless, there are some barriers that make it hard to see this being adopted at scale. Reliance on a mobile network means if there is no mobile signal, payments can be delayed. The system is also designed on the assumption that businesses will have a dedicated mobile phone to receive confirmation texts, which can cause practical difficulties for some businesses.

Supporting livelihoods and jobs

In the longer-term, the aspiration of many currency projects is that supporting SMEs ultimately supports jobs and livelihoods. The creation of credit and support for small businesses could lead to increased demand, more jobs and a stronger and more resilient local economy. In practice, it is hard to argue that the newer currency schemes as part of this EU pilot have had these impacts, as they simply have not been running long enough.

There are historical examples which are widely cited as achieving some of these longer-term impacts. One of these is the Argentinean Barter networks that were most active following the country's economic crash and devaluation of the peso. Organisers claim that some members' consumption increased by over \$600 a month, more than double the minimum wage, while members traditionally had lower incomes, lower levels of education and more than double the normal unemployment rate.⁴⁶ Colacelli and Blackburn found that the Red de Trueque (RT) accounted for between 11% and 25% of a participant's household income and provided the equivalent of minimum wage employment, taking a great burden away from the state. They also found that the RT added 0.6% to Argentina's GDP.⁴⁷

However, Powell notes that while it did provide income, it had limited impacts as a bridge to formal employment. Work conducted with the RT was considered strictly informal.⁴⁸ Others argue instead that the RT provided a testing-bed for small businesses and microenterprises, seeing a high survival rate of those SMEs which started within it.⁴⁹

Summary

Currency projects in the pilot have been successful in creating business networks leading to new trade within businesses. They have also led to partnerships between businesses and other stakeholders in the community, such as the local authority or charities.

Community currencies in the pilot have increased customer loyalty to businesses that take the currency. This has meant that users go to these businesses more often and spend more in these businesses. Users often end up spending more of both the community currency and the national currency in these businesses.

Currencies offer new ways for businesses and users to transact, which often lead to conversations and connections. Some users find them more convenient, but reliance on mobile phone signals means there can be delays when using the texting system developed by the Bristol and the Brixton Pounds.

Although projects have a high ambition to increase the velocity of money, this is often not realised in practice. Currencies that have the highest reported velocities, such as the Palmas in Brazil or the WIR Bank in Switzerland, have a range of other interventions and projects alongside the currency, such as issuing micro grants in the currency or running trade fairs for businesses. Currency design is only one part of these projects.

Learning for other projects

Remember that currency design itself is only one aspect of your project. At least as important for success is communicating with stakeholders and proactively helping them to develop the network.

There are a range of other interventions that could work alongside your currency, such as loans or grants in the currency, organising trade fairs or networking events, or mapping out supply chains.

Spend time prior to launching your community currency in surveying the local area and asking SMEs what would attract them to use a community currency and what challenges they need to overcome.

5. Countering inequality and social exclusion

Exclusion is detrimental not only to individuals, but to wider society. Community currencies cannot single-handedly overcome the deep social, economic, and political inequalities that exist within societies. However, they can provide a platform to raise awareness of structural issues or begin to distribute resources differently.

Countering inequality and social exclusion covers a large range of outcomes. At one end of the spectrum, some currency projects are motivated by a desire to challenge the inequalities present in mainstream monetary and trade systems. Some activists are attracted to the field of complementary currencies as a chance to at least question, and at most reform, the way money works. At the other end of the spectrum are projects which look to address specific inequalities within communities, such as health inequalities, inequalities in access to services, or inequalities in capacity to access local voluntary or leisure activities.

The causes of inequality are often structural issues requiring a holistic and systemic approach that may be beyond the scope of individual community projects. Nonetheless, specially designed currencies can be used to encourage social participation, ensuring that all groups are given realistic, relevant and meaningful opportunities to get involved in their communities.

Social inclusion

The effects of social exclusion on certain groups, for whatever reason, weaken community relationships overall. There are many ways that social inclusion can be defined, with one approach looking at the extent to which different groups participate in civic life, from volunteering through to their engagement in politics.

However, in practice, 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 childminder, often prohibits people on low incomes from participating in activities that may appear to some as freely accessible. For example, volunteering at your child's primary school or helping to run a coffee morning for young parents 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.

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 value 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 hair-cutting 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.

There is some evidence from the pilots that indicates that currencies have been successful in getting more active volunteers. In part, this can be about encouraging people who have not volunteered before to do so. However, evidence on this is mixed. The Spice evaluation found that 45% of members had not regularly given their time to voluntary programmes before earning Spice Time Credits. There have also been 95 new community projects set up by Spice members. The Makkie evaluation, however, was less clear and found that many of the users were residents who had already volunteered their time prior to the Makkie's existence. Indeed, most respondents not only volunteered in the past, but still do voluntary work now for which they do not earn Makkies. On the other hand, data gathered by the [local authority](#) also suggest that there are people who are not currently actively involved in the Makkie who would be willing to do more voluntary work in exchange for Makkies.⁵⁰

There is also the outcome of increasing the amount of time that people volunteer individually, as well as the number of people who volunteer. The evaluation of Spice Time Credits found that even where people were volunteering prior to being involved in Spice projects, the currency encouraged them to give their time more frequently. The amount of time that people regularly give through Spice Time Credits is a lot higher than the national average for volunteering.⁵¹

While there are some links to the discussion of volunteering covered under the heading of "Democratising Public Services", there is still some debate as to the extent to which incentives encourage volunteering. However, the pilots show no evidence that the currencies crowd out people's intrinsic desire to volunteer.

Improved social networks

The extent to which people have a supportive social network is an important component of individual and community wellbeing. This includes the scope of people's interactions with others and the extent to which they feel they have supportive networks *beyond* their immediate family.

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 – for example, people from different generations, cultures, religions, or social classes whose paths might not otherwise cross.

There is some evidence from most of the pilot partners that people have improved their social networks. The focus box towards the end of this section cites some research from the Brixton Pound which found people have got to know business owners in their area. Similarly, survey data from the Makkie evaluation found that 60% of users agreed that using the Makkie had helped them get to know people with a different age and cultural background (Focus Box 14).

Focus Box 14: The Makkie

Survey data from a small sample of Makkie users indicated that using the Makkie has helped people make new friends (50%), with a larger number reporting that they know more people of different ages and cultural backgrounds in their neighbourhood (60%). A smaller number of those surveyed reported they trust people more, with 40% stating that they are less frightened and distrustful of people in their neighbourhood (Table 1).⁵²

makkie

Table 1: Effects of Makkie (n=30)

	To a large extent	To a limited extent	No effect	Not applicable	Don't know/ no answer
It satisfies me to make a contribution to the liveability of my neighbourhood	50%	27%	3%	7%	13%
It increased my pride/self-esteem	40%	17%	23%	3%	17%
I got to know my neighbourhood better	40%	30%	17%	0%	13%
I made new friends	33%	17%	27%	3%	20%
I know more people with a different age and cultural background in my own neighbourhood	33%	27%	13%	7%	20%
I know more about what kind of activities take place in my neighbourhood	27%	33%	20%	0%	20%
I broadened my range of interests	23%	10%	37%	7%	23%
I'm less frightened and distrustful of other people in my neighbourhood	17%	13%	20%	30%	20%
I developed new skills	13%	17%	27%	13%	30%

Neighbourhood attachment

Another potential outcome for currency projects is that people have a greater attachment to the area in which they live. This is often grouped together with other outcomes such as having strong social networks under a concept such as 'social capital' or 'social trust'. Public bodies are often interested in the extent to which people feel part of their neighbourhood, as it is closely correlated with other measures of individual and community wellbeing.

Many currency projects are strongly rooted and grounded in a local area. For example, SoNantes and the Bristol Pound have strong aims to encourage people to commit to re-spend within their locality. The physical design of the currencies often reflects this if they have paper vouchers, with many currencies choosing to feature local sites, people, or places on their notes.

Feedback from the Brixton Pound indicates that this has been one of the most successful outcomes. An officer from the local council estimated that the positive publicity from the launch of the Brixton Pound in 2009 was worth approximately £100,000. This estimate is based on valuing how much it would have cost to procure the equivalent coverage in newspapers as gained by the Brixton Pound. There is also evidence from surveys of Brixton Pound users that the currency has added to their pride in their local area (Focus Box 15).

Focus Box 15: Brixton Pound (B£)

Surveys carried out by the B£ find evidence that using the currency can be a way of getting to know people. Common feedback reported the B£ can help users get on first-name terms more quickly with local business owners through 'pay by text', because the sender's name comes up in the text message. For example, a user interviewed by CLES⁵³ commented:

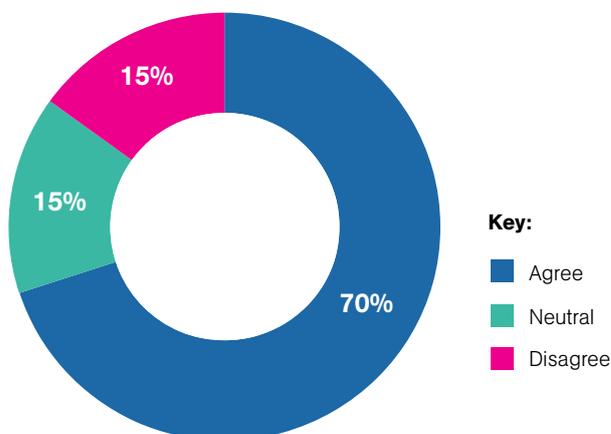


'I can't imagine I would know people by [their] first names if I wasn't using the B£.'

This reinforces findings from survey data of users who signed up to the salary scheme. The main outcomes that staff reported were increased social connections and pride in their place of work: 70% of participants felt they had got to know business owners through using the B£.

Figure 7. Brixton Pound users who have got to know business owners through using the currency.

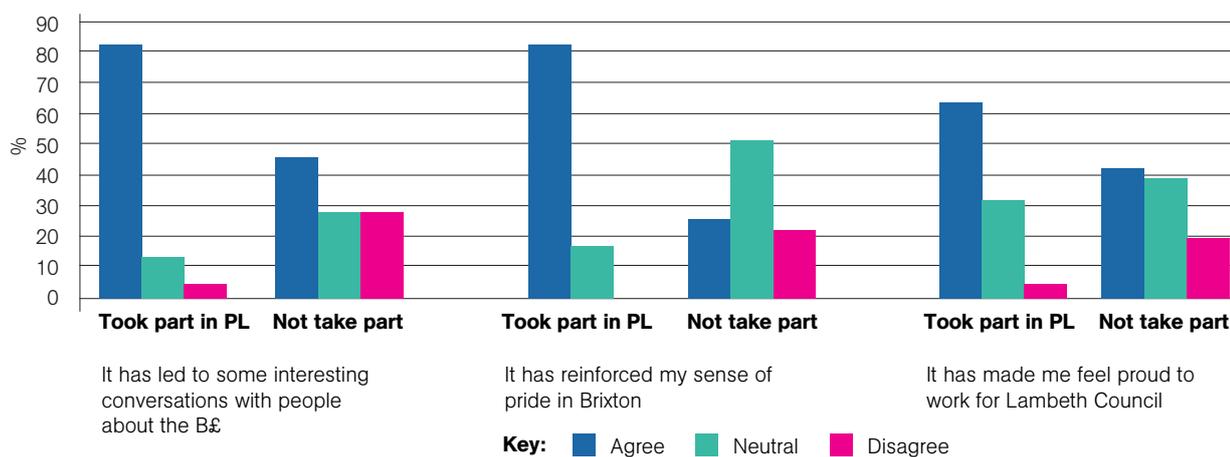
I feel I have got to know business owners and staff by using the B£ (n=33)



The Brixton Pound also surveyed a control group of people who had an interest in using Brixton Pounds but did not sign up to take it in their salary. Most participants reported that it had reinforced their pride in Brixton and a slightly lower proportion said it had made them feel proud to work for Lambeth Council.

Figure 8. Secondary outcomes of the Brixton Pound. Data taken from survey of Lambeth Council employees who accepted the currency as part of their salary, with a control group of others who did not.

Has the Brixton Pound had any other outcomes which are not directly related to how or where you spend your money? (n=57)



Some of these outcomes were also reported by people who did not sign up to the project. For example, over 40% felt it showed that Lambeth Council was innovative and 25% felt reinforced pride in Brixton even if they didn't actually take part. These reports were still lower than those who took B£s in their salary.

Emerging findings from the CLES evaluation demonstrate that the currency has contributed to people's pride in Brixton. Some people interviewed felt that this was in part due to the existence of the currency as shown in the following quotes:

'A sense of place and having your own currency really enforces that.'

'It helps contribute to Lambeth's reputation as a place where interesting things happen and interesting people are.'

There are questions as to who is part of this community, particularly in Brixton where gentrification is an issue – a point that is explored in more detail in Focus Box 16.

Supporting the core economy

There are many activities such as caring for relatives, raising children, assisting neighbours, or carrying out household tasks like cooking, cleaning and managing finances, which generally happen outside of any moneyed economy. These are all forms of work that are not paid. Such ongoing tasks of maintaining and fuelling society, often but not exclusively carried out by women, constitute the core economy.

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 its various activities. This is where community currencies can play a role.

Currencies based on time-exchanges, for example, explicitly recognise the skills of those making up the core economy. For instance, in a time-credit system, a neighbour providing respite care 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. Instead, time credits are 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 (Focus Box 15).

Focus Box 16: Makkie

The time-based Makkie amplifies the impact of a large number of community projects in East Amsterdam. A founder of a community transport service which uses the Makkie explains:

makkie

'Just going to the local market, to the hospital, or to go visit someone: those are the types of trips in the neighbourhood that pose a problem for the elderly. A taxi is too expensive and you have to order a ride with Connexxion [the local public transport company that offers trips for disabled and elderly] way in advance. Just getting dropped off for a small errand at the supermarket is impossible.'

Now, she offers neighbourhood lifts in exchange for one Makkie. As a result, elderly residents are no longer house-bound and can travel safely to where-ever they need – having had a good chat on the way.

CCIA pilot scheme

There is some overlap with some of the examples in Section 2, such as the Fureai Kuppu, which predominantly supports care for elderly people.

In practice, facilitating the type of exchanges that genuinely support the core economy can be very hard to achieve. So, if the types of activities that are being supported are for vulnerable people, there are some risks to this being taken on by volunteers. These risks can range from finding the right people to do the tasks to making sure that the exchange is sustainable. The Fureai Kuppu, which is widely cited as one of the most successful projects in terms of care for elderly, does not exist solely as a volunteer service.-

Naughton Doe,⁵⁴ in her study of timebanking in England, finds that in practice very few one-to-one timebanking exchanges of services, like care for the elderly or looking after children or neighbours, take place. In practice, most of the exchanges occur through organised group activity. While these may be valuable activities in their own right, they are not using spare resources or trading skills in the way that timebanking is often described and in some senses are very similar to more traditional models of public service provision.

However, individual examples, such as the Dane County TimeBank in Madison, Wisconsin, demonstrate how this model can reach scale and scope. This timebank has grown to over 2,500 members since its launch in 2005, with over 180 organisations participating, both accepting and spending the time currency with individual members. More than 90,000 hours have been exchanged since then on services ranging from sports and leisure to transportation, health and wellness, computing, education and care – thus targeting the very outcomes we now describe below.⁵⁵

Improving wellbeing and health

Most people would agree that a successful society is one in which 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.

Higher levels of wellbeing are often associated with positive effects in other areas, such as improved physical health. By providing beneficial services through other routes, for example by enlisting leisure centres to offer exercise and dance classes through the scheme, currency systems can offer alternative routes to public services of last resort. An independent evaluation of time-credit schemes run by Spice shows that participants feel fitter, report fewer health problems and visit GPs less often. Some of the findings are set out Focus Box 17.

Addressing inequalities

In any given society, certain groups are more powerful and better-off financially than others.

In simple terms, these inequalities are manifested through some groups having more access to finance or resources than others. Given the lack of appetite for redistribution of resources, an appealing solution is to create a new type of money – one that is not linked to historical and unequal power distribution, one that can be designed with equality as a goal. Timebanking is perhaps the most egalitarian of these ideas, with all members able to earn credits based on the amount of time they spend doing an activity. Everybody's time is worth the same, unlike market valuations of people's time, where people in some jobs are valued very little or not at all, and others in high-pay industries such as law and finance are valued very highly.

In practice, of course, any new currency system will still operate within wider society and its existing set of inequalities. 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.

As such, community currencies cannot be expected to tackle these inequalities alone. They can, however, play a part in addressing them. Crucial to reducing inequality of any type is empowerment – and currencies can help redistribute power from those who already have it, through wealth or other forms of privilege, to those who don't. Timebanks and time-based currencies which, as noted earlier, value a diverse range of skills and knowledge, are especially suited in this regard.

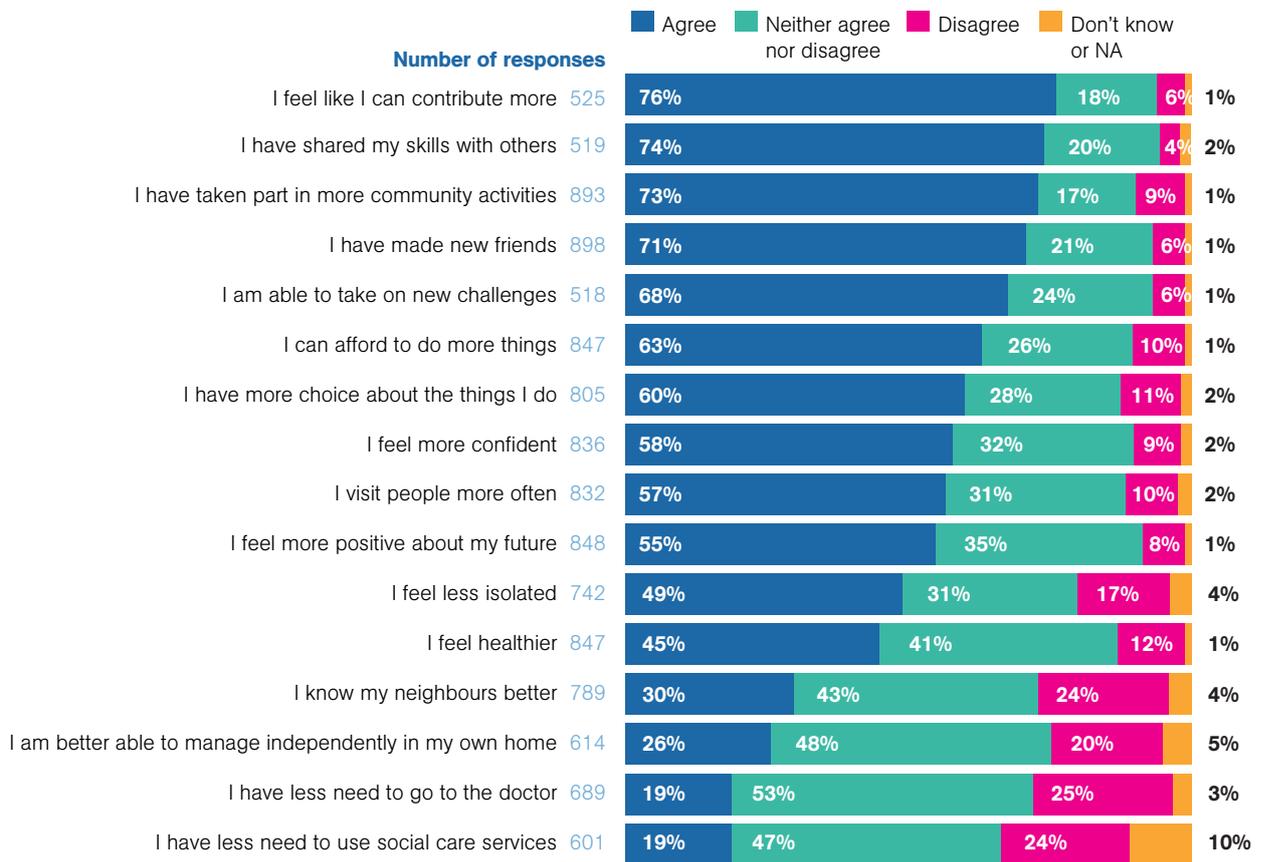
Focus Box 17: Spice Time Credits improving reported quality of life



One of the key findings of the evaluation of Spice Time Credits was that use of the currency leads to sustainable improvements in quality of life for members: 65% of members reported that Time Credits have helped to improve their quality of life within the first year, with this figure rising to 75% for people who have been members for 18 months to three years.

The evaluation suggests that Time Credits improve quality of life in many different ways. As the survey data in Figure 9 shows, the impacts that members reported most frequently were feeling able to contribute more, sharing their skills with others, taking part in communal activities and making new friends (over 70% of respondents reported impact on these measures).

Figure 9. Proportion of Spice members reporting impact since becoming involved in Time Credits



The data in Figure 9 shows that 19% of respondents reported they felt less need to go to the doctor or use social care services. As self-reported data, this does not offer conclusive proof that demand for these services will be reduced. However, it does point to Spice Time Credits helping people to adopt healthier lifestyles and improved physical and mental well-being. A greater proportion, 45%, reported feeling healthier since becoming involved in currency.⁵⁶

A sense of empowerment can only be gained alongside one of self-worth. Currencies provide mechanisms to boost both. The voluntary activities facilitated by a currency system enable participants to gain new experiences — experiences that offer intrinsic rewards, such as feelings of pride, but that 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.

Such projects also offer avenues for socialisation and skill-learning to groups who, to varying degrees, may be excluded from the world of work. These groups include women, ethnic minorities, those with physical disabilities or mental health issues and anyone from an economically marginalised class background. 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.

There are examples from the CCIA pilots of users gaining skills and in a small number of individual cases the benefits of Spice Time Credits have included helping people find paid employment.⁵⁷ For example, Cheryl Hughes first earned Spice Time Credits through community clean-up activities, getting her whole family involved to earn enough for an upcoming trip. Participating in these activities helped Cheryl grow in confidence, build new relationships and get to know new people locally. She then formed a new group herself, called 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. I've gained self-confidence and improved my lifestyle.'

Another key feature of Spice Time Credits is that it enables members to spend their credits on a range of activities at their redemption partners. Spend opportunities include football and rugby tickets, visiting local gyms, and a large range of days out and other activities. We look in more detail at what these spend options mean in Focus Box 18.

Spice has worked hard to build up and maintain a wide range of redemption partners where their Time Credits can be re-spent. Feedback from the Makkie indicated that there could be more places to re-spend credits. In both cases, finding and maintaining places where members can re-spend their credits is a time-consuming task. This is a learning point that SoNantes has built into its strategy, with its aim to develop the business-to-business network first before opening this up to consumers.

It is clear that issuing a different currency, such as time credits, does give individuals access to resources that they may not have been able to afford. However, there is still a question about whether this may reinforce inequalities by setting people out as different because they spend a different currency, when they may have preferred to just get cash. For example, research by

Focus Box 18: Spice Time Credits as a complementary currency

The Spice Time Credits model allows people who earn credits to spend them on a range of different services and activities. Most of the spend offers are open to all Spice members, but some members will have more spend options available in their local area. Spice also regularly organises trips for members to travel to different parts of the UK.



For example, it recently hosted a 'take over' day in collaboration with Llanelli Scarlets Rugby Club. Many families who had previously not been able to afford to watch live rugby together were able to use their Time Credits to buy tickets. Groups from local school who have partnered with Spice also attended.

The evaluation⁵⁸ of Spice Time Credits found consistent evidence of people, in particular those from lower socio-economic groups, using the currency to try out activities they wouldn't otherwise be able to do. Over 40% of respondents reported they now regularly do things they didn't do before and 49% feel more able to do things they were not able to before. For example:

'The things I've spent on are things I wouldn't do otherwise. I used Time Credits and went to the Museum of London. It was amazing. I treated relatives who were visiting from Swansea.'

'[Time Credits] have a genuine value – not financial directly, but they save people money and support financial inclusion. Having a haircut when you haven't had one in a year, a holiday when you have never had one, large families being able to go on trips.'

There are still some of their members who do not re-spend their credits, but such individuals often re-donate their earned credits to a 'community pot' so they can be passed on to someone else.

CCIA pilot scheme

Naughton-Doe into timebanking with homeless people in London and Wales reported that they felt stigmatised by using a paper time currency.⁵⁹ One interviewee reported:

'Frankly, it's a bit like getting food vouchers and using them at the supermarket. You know, you just want to pay with money same as everyone else, really, don't you. I know James [pseudonym] said that he felt self-conscious when he used them. It's sort of a bit like getting food stamps in the USA.'

There is also a debate as to what extent currency schemes are well equipped to really challenge the inequalities at work within wider society. Organisations that are trying to reduce inequality are often set up by individuals from higher socio-economic groups and may not be well connected to those they are claiming to represent. As currencies grow and need access to funding, this can also realign the mission of organisations with the needs of their users. We explore this in relation to the Brixton Pound (Focus Box 19).

Focus Box 19: The Brixton Pound and gentrification in Brixton



The Brixton Pound, established in 2009, has grown at a time of many changes to the area of Brixton. For example, a project to reinvigorate the indoor covered markets has led to a wave of new restaurants in Brixton and there are major plans to redevelop large parts of the town centre.

The Brixton Pound was set up to support independent traders, particularly the diverse range of longstanding businesses in the market. However, there are a lot of concerns about the gentrification of Brixton. This is a complex issue with many potential causes and effects, but it is certain that development of the covered markets has made the area more fashionable and large increases in rent are pushing out some more established businesses. While it is recognised that the B£ does not aim to add to the process of gentrification, Campana⁶⁰ argues that it has in fact done so. He argues, as Viviana Zelizer suggests, that money is deeply influenced by the context in which it is inserted and, as gentrification is pervasive in Brixton, the currency reproduces that process.

A counter-argument to this view is that the Brixton Pound can use its wide network and group of supporters for campaigning around local issues of economic justice. For example, it was recently announced that Network Rail is planning to evict all of the businesses under the railway arches in Brixton. All of these businesses are independent, with some trading on the site for 30 years. Brixton Pound wrote a statement to the council supporting the businesses and promoted a petition to halt the evictions which has gained over 6,000 reaches on social media.

There are also questions about who uses the scheme and whether businesses which operate higher profit-margins are more likely to be able to get involved. One way to counter inequality is through redistribution through the scheme. This happens in various ways. For example, individual members can donate to local charities through the scheme – for instance, the local food bank has received B£ donations, which it spends by buying supplies at the local cash and carry.

James⁶¹ found that many traders who used the B£ were very supportive of redistributive initiatives such as a Big Lunch event where traders contributed food to be purchased with all proceeds going to the soup kitchen. More redistribution within the scheme could be seen as a way of resolving some of the issues of which community the B£ supports and thus developing a stronger currency.

Campaigning and awareness-raising

It is clear that to make meaningful interventions on the levels of inequality within a society, systemic interventions are required. It is quite unrealistic to expect small, community-focused projects to be able to achieve these on their own. However, they may be able to contribute to creating the right conditions for people to question power structures and form the political and/or social movements for change.

Field research on the Brixton Pound has found that some users find it has a symbolic as well as a use value. For example, one user states that people 'assume the purpose of the B£ is economic, it's supposed to help the owners of businesses, but probably the most interesting element is serving as a

symbol of the local economy'. Of course, this raises the question of how such a symbol can lead to action, as expressed by the following user:

'The B£ exposes people to an idea they have never come across before, but I don't think that works as an incentive for people to get involved in itself. The conversation is only useful if it creates action.'

One of the findings emerging from the CLES evaluation is that the Brixton Pound is a tool which promotes engagement between the business community and the local state. The Brixton Pound becomes part of a package of alternative approaches to stimulating the local economy.

Summary

Community currencies can encourage more people to volunteer and support existing volunteers to give more. For example, the amount of time people regularly give through Spice Time Credit programmes is notably higher than the national average for volunteering. Nationally, only around two-thirds of volunteers (66%) give their time at least once a month, whereas 62% of Spice volunteers give their time at least once a week.

Although there is evidence of increased volunteering, this mostly seems to be in structured group volunteering projects. There are very few of the person-to-person type volunteering or mutual aid on tasks that typify the core economy.

However, currencies can help people improve their social networks. As previously mentioned, a survey of Makkie users reported that the currency has helped people make new friends, 50% of respondents claiming this outcome. A larger number stated that they had come into contact with a more diverse range of people in their neighbourhood in terms of age and cultural background (60%).

Using a currency can lead to improvements in people's **quality of life**: 75% of users of Spice Time Credits who had been members for over 18 months reported that this had improved their quality of life, 45% reported feeling healthier and 19% said they would have less need to go to the doctor or use social care services.

In some cases, a currency can contribute to people's **attachment to place**, whether or not they use it regularly. Both users and non-users of the B£ felt it contributed to their sense of place and made them prouder of their local area. However, benefits such as getting to know business owners are outcomes that only happen for regular users of the currency.

The options for people to re-spend their currency are important. Spending Spice Time Credits has enabled members to access services and activities they would not otherwise have been able to afford. However, finding and maintain a good range of places to re-spend credits needs to be appropriately resourced by the host organisation.

Learning for other projects

Be realistic about the types of activities that you can expect people to get involved in. It is much easier to get people along to group activities and much harder to facilitate one-to-one exchanges.

Be clear about you want to achieve and design the intervention accordingly. For example, a currency may not be needed to build pride in an area.

If applicable to your currency model, make sure you have a good range of places where people can re-spend your currency.

Be aware of where the power dynamics lie in the place you are building your currency and be clear about who it is you are representing and how.

6. Addressing environmental impacts

The final major objective of community currencies addressed in this report relates to environmental impacts. Here, we discuss some of the ways in which environmentally beneficial outcomes may be – and have been – achieved, with a particular focus on relevant CCIA currencies.

This final outcome contains all of those impacts that can be said to relate to the environment. On the one hand, it is easy to lump a group of currency projects or initiatives together that have outcomes that relate to this area. Of course, in practice there are also many different meanings to working to safeguard or protect ‘the environment’. In some projects, the goals are to make relatively small changes to individuals’ behaviour within a given local environment; other projects aim to completely overhaul the current monetary system so that it no longer relies on exponential growth.

Of course, there are also overlaps with the previous sections. Human wellbeing also depends on a healthy environment. The negative consequences of environmental damage affect the most disadvantaged most severely, entrenching inequalities discussed in the previous section. There are also reasons to strengthen natural systems which do not envision benefits to human wellbeing as the primary outcome.

Incentivise sustainable behaviour

There are many currencies which aim to stimulate behaviour change. A common design is for people to earn credits through environmentally friendly activities, such as switching to a green energy provider or bringing domestic waste to the local recycling centre. These credits can then be exchanged for public services and environmentally friendly products.

One of the CCIA pilot projects – e-portemonnee – is designed with this objective in mind. It is an electronic savings and reward system intended to reduce household waste and support environmentally sustainable behaviour in the East Belgian province of Limburg. Municipalities can award digital credits to residents for environmentally positive actions such as switching to a green energy provider, donating goods to a local second-hand shop, or composting food waste. These credits, recorded on participants’ national ID cards, can then be spent on sustainable services and products.

The feedback from officers in the province is that the e-portemonnee has had a real impact on people’s behaviour, rather than a one-off or short-term impact. Their aim is to make it as easy as possible for people to act in a sustainable way. Leen Frensen, Sustainability Officer for Diepenbeek, reports that members are really active in searching for opportunities to earn and spend.

His advice to other projects is to develop an effective communications strategy that is pro-active and based on much more than just a website. According to Frensen, this can be a slow process, but may lead to a tipping point when ‘word gets round and a dynamic develops whereby more and more people are “converted” to your cause’.

In evaluating how well these projects work, attribution of reported changes is an important issue. Although it can be reasonably easy to gather survey data showing that people have begun to adopt behaviours that are more environmentally friendly, it is often difficult to attribute these behaviours to the currency. If, for example, it becomes more socially accepted to recycle and be seen to be adopting environmentally friendly behaviours, some of these changes may have happened regardless. The e-portemonnee has commissioned the Université Libre de Bruxelles (ULB) to carry out an evaluation which has a robust design to try and capture these questions of attribution. This will be done by comparing outcomes of those areas that use the currency to a control group of those that do not (Focus Box 20).

Focus Box 20: Findings from the analysis of e-portemonnee behaviour and waste reduction in Limburg

One of the questions used by the research team evaluating the e-portemonnee⁶² concerns how reward points change participants’ behaviour. Part of the evaluation looks at how people using the e-portemonnee respond to ‘specific actions’ that are part of broader campaigns being run for the whole region.



The first specific action was integrated into the PMD (Plastic or Metal and Drink cartons) campaign for the whole province (all the municipalities). ‘Do the test on PMD’ assessed whether residents understood rules and regulations around waste.

While this campaign was advertised in all municipalities, it was also advertised that participants from municipalities using the e-portemonnee receive points when they do the test. This means participants from municipalities that are not using the e-portemonnee will do the test without compensation, whereas those within participating municipalities earn points with the test.

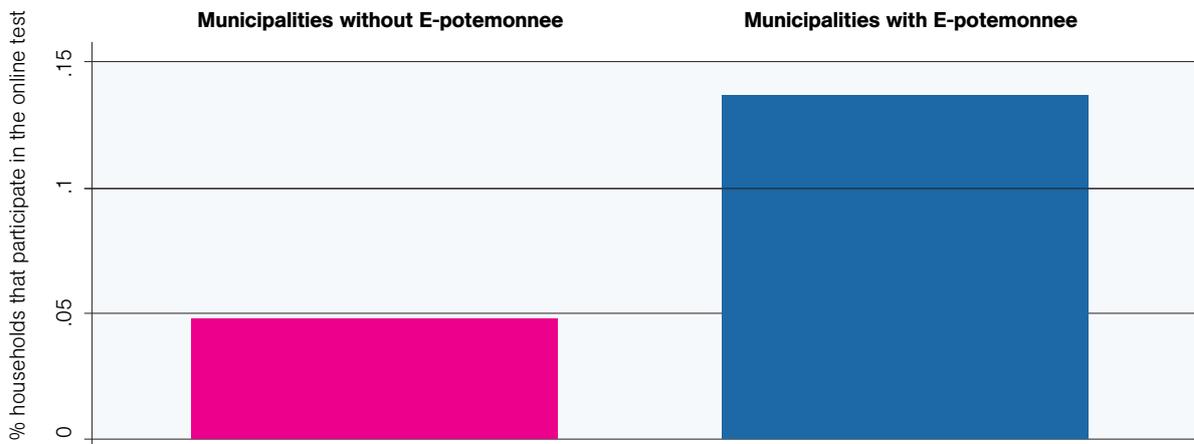
The researchers found that people residing in municipalities which participate in the e-portemonnee project had a much higher likelihood of taking the test compared to citizens of municipalities who do not take part in the e-portemonnee (Figure 10). Of the 260 participants who took the test, 160 (=60%) reside in e-portemonnee municipalities, even though the latter represent only 25% of the population of Limburg.

The results indicate that the reward points act as a good incentive for taking part in an environmental task. Although there will have been other factors that influenced the likelihood of people taking the test, it is reasonable to attribute some of the difference between the percentages (relative to population size) of those taking the test in various municipalities to the incentives given by e-portemonnee.

Limburg is planning to supplement these data with qualitative insights. It has a range of focus groups planned to gain qualitative data on citizens’ and policymakers’ perception

of e-portemonnee. For citizens, these focus groups will cover their perception of e-portemonnee and their motivation for eco-friendly behaviours incentivised by the currency. They will also cover their perceived impact on behaviour. For policymakers, the focus groups will cover their experiences of the system and their view on whether the e-portemonnee is a useful tool to promote more sustainable behaviours. The findings of the focus groups will be covered in the final Limburg.net evaluation report, which will be published in due course.

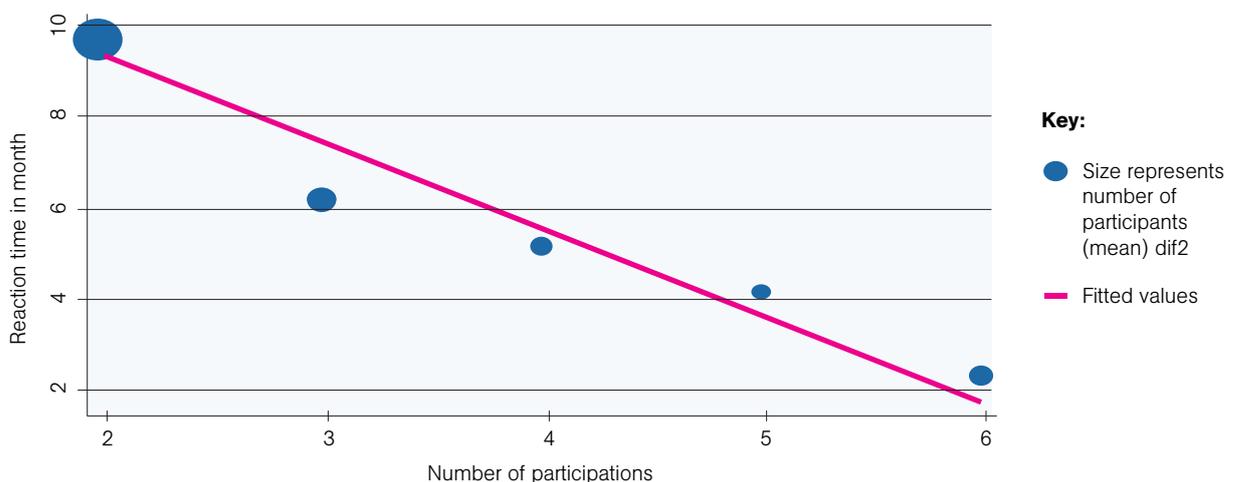
Figure 10. Effect of e-portemonnee on participation in online garbage restriction test.



The research team has also looked at the behaviour of participants who are using the e-portemonnee and how this leads to future environmental behaviour.

Figure 11 shows the time it takes (in months) for users to participate in points-earning activities once they are announced and relates this to the number of activities individuals have taken part in. There is a clear negative relationship between these two, meaning that the more a person is using the system, the faster their reaction to a newly announced activity. Of the 2,500 active users in the system, about half can be regarded as frequent users (defined as those who have participated at least three times).

Figure 11. Frequency of use and reaction time to newly announced activity (in months).



Other currencies have attempted to mobilise investment in renewable energy, whether at household, corporate, or state level. We look in more detail at the goal of actually backing a currency with renewable energy in the next section. An intermediary step to this is giving rewards to producers or investors in renewables.

Solarcoin is an example of this. The technology used is similar to Bitcoin, but the currency is given to those who can prove they have produced electricity from solar panels. The issuer is explicit that this is a monetary incentive with the aim of 'tip[ping] the rewards of energy generation in favour of renewable sources rather than fossil fuels'. Since the value of a Solarcoin is purely determined by demand on online trading platforms, the currency has yet to achieve this aim.⁶³

Support sustainable business practices

Well-designed and well-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 can incentivise the purchase of more sustainable products amongst consumers: for example, points earned when making a purchase can be redeemed as a discount the next time a sustainable product is bought. As discounts grow the market for these products, businesses are incentivised to stock more of such commodities. Alternatively, reward schemes can target businesses or public institutions directly by providing access to growing networks of ethical consumers for organisations which switch to more sustainable practices, or incentivising public bodies to adopt sustainability criteria into their procurement processes.

Local currencies can also encourage sustainability by tracing back through production and supply chains and encouraging potential local suppliers of high-street SMEs to join the scheme. This provides opportunities for businesses as well as consumers to spend locally when sourcing materials and products, greatly reducing carbon emissions generated by transportation of goods. Evaluation of the Argentinean barter networks referenced earlier suggested that they led to positive environmental outcomes, as more goods sold through the markets were recycled, recovered or re-used.⁶⁴

Reducing environmental impacts

There is some evidence that currency projects have been able to incentivise environmentally friendly behaviour, encourage people to change their shopping habits and so on. The next step in an evaluation of how successful these have been is to try and measure directly how this has reduced environmental impacts such as carbon emissions, waste production, etc. Most of the projects in the CCIA pilot are operating at quite a small scale, so it is not particularly realistic to expect them to have large impacts on these outcomes. As such, although there is some evidence that the Brixton Pound has encouraged people to shop more locally and this may reduce carbon emissions associated with transport, there is also an associated impact with more economic activity. Both would have to be taken into account when assessing the overall environmental outcome.

The e-portemonnee, thanks to being launched by a waste disposal company, has been able to look at how much waste is produced in areas that use the currency compared to those that do not (Focus Box 21). Regression results find that the areas that were early adopters of the e-portemonnee produce more organic waste and less PMD waste. These findings are significant and in the expected direction as it is desirable to produce less PMD waste, yet they cannot be fully attributed to the project.

Focus Box 21: Reducing production of waste – evidence from the e-portemonnee

One of the benefits of the e-portemonnee being run by a public waste company is that good data are available on the amount of waste produced by each of the municipalities in Limburg.



The research team at ULB⁶⁵ also compiled data on several other variables using publicly available data for each municipality for each year, such as number of inhabitants, unemployment rate, average income, percentage of inhabitants with a college degree, distance to the recycle park and so on. They also introduced a dummy variable for municipalities belonging to the same waste-collection area that had been part of the e-portemonnee before the start of the data series. These municipalities are important because Limburg has three waste-collection areas that are run by three inter-municipality companies.

In Appendix 1, regression results are presented on data of waste levels (kg per inhabitant) over the 2009–2012 period for all municipalities in Limburg (of which there are 44 in total). Data on waste was obtained covering a four-year period for the most common waste products, such as organic waste, heavy waste, PMD and wood/glass from Limburg.net. The research team looked for determinants of these waste levels.

It was found that the explanatory variables have a different effect depending on the type of waste product. Municipalities in which a high percentage of the population hold college degrees produce more paper and carton waste per person, but less PMD. This may be an indication of a difference in consumption behaviour related to level of educational. High unemployment rates have the opposite effect, correlating with a reduction of paper and carton waste (as well as organic waste) and increased PMD. Several variables were found which do not appear to explain waste levels, such as average income, percentage of females and of foreigners in the population, as well as having Green Party representatives in the municipality governing coalition.

The dummy for those municipalities that started early with the e-portemonnee (before 2009) and belong to the same waste-collection region (Leopoldsburg, Lommel and Zonhoven) is statistically significant for two of the waste product regressions. These municipalities produce more organic waste and less PMD.

It is not possible, however, to go as far as attributing this difference to the presence of the e-portemonnee. The scheme does not yet reach enough people to have such an impact. It may mean, however, that these municipalities and their citizens are more environmentally aware than others, which results both in their adoption of the e-portemonnee as well as their reduction in PMD and increase in organic waste.

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, requiring top-down economic and monetary reforms.

There are many different possible models for energy currencies and a number of challenges to them working in practice. A range of different models are discussed and more examples are included in the NEF report *Energising Money*.⁶⁶

One simple example of a currency being backed by renewable energy production is the Waldviertler currency (Focus Box 22).

Focus Box 22: Waldviertler currency 'solar shares'

Heini Staudinger, creative owner of Waldviertler shoe manufacturing and retailing company, has managed to establish the euro-backed Waldviertler currency in Waldviertel – a rural region in Austria facing serious economic problems. The currency works as a simple voucher-based investment scheme, allowing people to invest in solar energy through buying vouchers. This does not make them shareholders, but instead allows investors to redeem the vouchers against all products offered by the company (shoes, textiles, furniture, and more). The receipts in national currency are invested in photovoltaic panels, installed on a roof at the manufacturer's production site. The harvested electricity is then fed into the local power grid and recompensed through guaranteed national feed-in-tariffs. The lender receives a respectable (nominal) return, or bonus.⁶⁷

International example

There are examples of currencies working alongside and supporting renewable energy initiatives. For example, in Lambeth, the Brixton Pound works with a local renewable energy project called 'Repowering South London'. This is a community-led initiative that seeks to transform our relationship with energy. Its first project was the installation of solar panels on the roof of a housing estate in Brixton. As well as being the first co-operatively owned inner-city power station built on social housing, this project has also pioneered a self-sustaining, financially viable Community Energy Efficiency Fund. People who wanted to invest in their first project could buy shares in B&S.

Summary

The e-portemonnee reward points act as a good incentive for people to take part in environmentally friendly tasks. Limburg asked residents to take part in a campaign around waste. Residents in areas where the e-portemonnee was active and who were offered the reward points to do the test were much more likely to take part. As previously mentioned, 60% (160) of the 260 people who took part in the activity were from e-portemonnee municipalities, even though these municipalities represent only 25% of the population of Limburg.

There is a correlation between regions in Limburg using the e-portemonnee and a **reduction in the amount of waste they produced**. Regression modelling which controls for observable differences between regions demonstrates that those areas that were early adopters of the e-portemonnee produce more organic waste and less PMD waste than those that do not use the currency. Although the results are statistically significant, it is not possible to be sure that these differences in waste are solely attributable to the currency scheme.

Learning for other projects

Develop effective communication strategies for your currency that are proactive, with a range of campaigns.

In the short term, you may wish to capture the extent to which your project has contributed to people gaining awareness of environmental activities. However, in the longer-term, you could try to actually capture the extent to which this translates into reduced environmental impacts, such as travelling less or producing less waste.

Be aware of the extent to which your goals may conflict. For example, a currency which aims to stimulate trade in local businesses may lead to reduced environmental impacts through reduced travel to the shops, but increased environmental impacts through increased economic activity.

7. Conclusion

“It is impossible to escape the impression that people commonly use false standards of measurement – that they seek power, success and wealth for themselves and admire them in others, and that they underestimate what is of true value in life.”

Sigmund Freud

The effects and impacts of community currency systems are multi-dimensional and varied. In this, they mirror the ailing and failings of the national and international currency systems that people are increasingly exposed to.

Providing solutions and compensation for the lack and short-comings of conventional money does not come easy. Bottom-up solutions require sustained efforts, the support of many stakeholders, rigorous planning and continuous innovation. In this regard, the focus on the pilot currencies of the CCIA project provides illustrative insights into the ambitions, approaches, potentials and successes that such initiatives can offer.

The use of time-credit systems in Wales and Amsterdam demonstrates how currency ideas far removed from the common notions of money can produce effects that even significant interventions with conventional money cannot promise. Such time-based currencies aim for the heart of communities and the people that constitute them, rebuilding social capital, rebuilding people's confidence in their capabilities and weaving the crucial connections of social fabrics.

SME currencies like TradeQoin and the nascent SoNantes target the backbone of economies, providing interest-free credit and a networking platform for the entrepreneurs and businesses that constitute the drivers of resilient local and regional economies.

Meanwhile, the e-portmonnee of Limburg.net takes us into the vast but barely explored terrain of ideas that try to build monetary systems that support our environment, instead of conflicting with the best interests of nature and, thus, of people.

Sitting between the three, local currencies like the Brixton Pound offer an easy interface for businesses and local authorities alike, while bringing identity and awareness of importance of place back into everyday transactions. They show to a wider audience that money does not have to be faceless.

The different currency designs in each of these pilots are all important, but starting a currency is about more than just printing some vouchers or launching an online trading platform. The projects that have had the most success are those which have embedded a currency into a range of carefully thought-through interventions designed in partnership with the intended beneficiaries, be they individual residents or small businesses.

There is also a clear learning point that suggests that there is still a long way to go to robustly evidence the effectiveness and efficiency of community currencies as socio-economic tools. CCIA had set out to not only raise the profile of currency innovation, but also to strengthen the evidence base for the working of these ideas on the ground. This has come with some challenges. Some of the currency pilots launched much later than planned, reducing the timeframe for data-collection and research, as this was restricted by the limited duration of CCIA. Also some of the evaluation studies commissioned by CCIA partners were not fully concluded by the time of writing of this report and only preliminary findings could therefore be presented here.

Much work is still needed to draw a comprehensive picture and derive operational conclusions, as much about the impact of individual currency models and designs, as about the expected macro effects of having community currencies implemented at scale and in great numbers. We are confident that the efforts in making the case for impact assessment and the evaluation studies that have been concluded through CCIA, as well as those that are scheduled for publication not long after this report relating to the Brixton Pound and the e-portemonnee, will help to further this line of inquiry and determine standards and best practices for the youngest of our CCIA pilots – TradeQoin and SoNantes – and for the many other initiatives to follow elsewhere.

It is only the translation of the great potential seen in a lot of projects into robust and reproducible impacts that will allow for a larger scale in the community currency movement. Impact at scale will not be achieved by conventional growth models that are common in the commercial world, but will rely on the ease of implementation and adaptability of rigorously tested frameworks to each local context.

Appendix

Appendix 1. Panel regressions explaining the determinants of Kg waste per inhabitant, by waste product, 2009–2012, all Limburg Municipalities.⁶⁸

	Heavy waste	Paper/karton	Organic waste	Wood/glas	PMD
#inhabitants	+ **	– ***	– ***	+ ***	+ ***
#households		+ ***	+ ***		– ***
size household		+ **	+ *		
distance to recycle park					
Income					
income squared					
dummy green party					
Unemployment		– **	– **		+ **
tertiary education		+ **			– **
average age	– *				
% female					
% foreigners					
enterprises: agriculture	.	.	– *	.	.
enterprises: Hotel & Restaurant		.	.		
enterprises: total		– *		+ ***	+ **
dummy early E-port adopters			+ ***		– ***
Constant	yes	yes	yes	yes	yes
Obs	176	176	176	176	176
within R-sq	0.067	0.277	0.134	0.348	0.229
between R-sq	0.982	0.990	0.655	0.976	0.941
overall R-sq	0.975	0.985	0.576	0.974	0.864
Chi-square	1903.404	3362.814	103.151	1580.370	607.750

* p<0.10, ** p<0.05, *** p<0.01

Glossary

More explanations about the terminology often used in the context of community currencies can be found in our online CC Knowledge Gateway: <http://community-currency.info>

Backing ('backed by'): a design feature of currency (conventional or otherwise), which – in the broader sense – guarantees the long-term purchasing power of a currency. In the narrower sense, the issuer guarantees to exchange the currency for either another currency or a commodity.

Business-to-business trade exchange: currency systems operating in a network of businesses to which consumer households typically do not have access. The term is often used synonymously with business barter systems, reciprocal exchange systems and capacity trade systems. These currencies typically operate by the mutual credit methodology, with exceptions like the WIR bank in Switzerland. Many such currencies are operated by commercial companies.

Collateral: refers to any asset – typically capital or property, but also financial assets – used to guarantee settlement of debt in the case of default.

Co-production (or co-productive methods): goes beyond mere consultation or participation of the users of a service to promote their active involvement in all stages of that service's design and delivery. In co-productive approaches, users are considered as people with unique skills and resources, rather than as burdens, and stand in an equal and reciprocal relationship with service providers. Increasingly, co-production is being embraced as a method of delivery higher quality and more cost-effective public services.

Core economy: the social 'operating system' on which the 'software' of the mainstream market economy depends. It includes any productive work – such as child-rearing or informal care – which is necessary for the functioning of the formal economy, but which is not valued in monetary terms by that economy.

Countercyclical: refers to any economic policy, effect, or phenomenon inversely related to fluctuations in the economy overall, i.e., when the economy expands, the countercyclical element shrinks and vice versa. Community currencies frequently have this quality, which allows them to match supply and demand in the context of contraction in the conventional money supply.

Demurrage: a system of 'negative interest', whereby the value of a currency decreases over time. In the community currency field, demurrage is typically used to encourage spending and discourage hoarding. Demurrage of notes is best implemented via the stamp scrip system that boomed in the 1930s and is applied in some paper-based regional currencies like the Chiemgauer, whereby holders must periodically purchase stamps for the notes to remain valid.

Local authority: a branch of government responsible for local administration. The precise remit of local authorities varies from country to country and even within countries.

Mutual credit: a system by which units of credit are created at the moment of the transaction between individual users as a debit of one's account and a credit of the other's. Operating within agreed limits of credit and debt, members of a mutual credit system effectively loan one another the capital necessary for the exchange of goods and services within the network, with the overall balance of all members' accounts always equalling zero.

SME: an initialisation of 'small and medium-sized enterprises'. The SME economy is often contrasted with the economic domination of national and multinational corporations and is a key part of many environmentalist economic approaches.

Theory of change: a methodology for bringing about social change which starts from the desired outcomes, identifying all the stakeholders, processes, resources, and indicators to monitor and evaluate the progress towards the targeted outcomes.

Timebank: a network through which members offer and request services and skills to and from one another, with transactions following the principle: one hour's work equals one unit (often denominated in hours). A broker might help to match offers and needs in the community. Typically timebanks operate by the mutual credit methodology.

Time currency/credit: apart from timebanks in the narrower use of the word, other currencies are denominated and valued in units of time without operating by the mutual credit methodology.

Wellbeing: the extent to which an individual (or group) experiences their life as going well, based on experiencing positive emotions and meeting basic psychological needs, and driven by their material and social conditions as well as their physical health and personal resources.

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