



# Short Guidebook on complementary currencies

## MedTOWN project

**Co-production of social policies with  
social & solidarity economy actors to fight poverty,  
inequality and social exclusion.**

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## About the project

MedTOWN is a transnational initiative to support the role and the capacities of the Social Solidarity Economy actors in fighting poverty, inequality, social exclusion and environmental unsustainability in close cooperation with the local public authorities, the local communities and the local economic operators.

MedTOWN is a social innovation project based on the research and experimentation of a SSE based co-production model with the use of electronic public currencies for the provision of social services and financial aid to the most vulnerable groups in order to increase the socio-economic impacts and effectiveness of public policies and expenditures at local level. The overall aim is to promote a sustainable inclusive growth model that will transform public services from unilateral providers to facilitators of more democratic participatory communities.

MedTOWN is a project implemented by 9 partners from 6 EU and non-EU Mediterranean countries (Spain, Greece, Portugal, Palestine, Tunisia and Jordan) and 9 strategic associate partners. The project has a budget of 3.4 million euros, financed by the EU by 86,5% through the European Neighbourhood Instrument within the Cross Border Cooperation Programme "Mediterranean Basin" – ENI CBC MED 2014-2020 and by 13,5% by own contributions of the project partners.

*The 2014-2020 ENI CBC Mediterranean Sea Basin Programme is a multilateral Cross-Border Cooperation (CBC) initiative funded by the European Neighbourhood Instrument (ENI). The Programme objective is to foster fair, equitable and sustainable economic, social and territorial development, which may advance cross-border integration and valorise participating countries' territories and values. The following 13 countries participate in the Programme: Cyprus, Egypt, France, Greece, Israel, Italy, Jordan, Lebanon, Malta, Palestine, Portugal, Spain, and Tunisia. The Managing Authority (MA) is the Autonomous Region of Sardinia (Italy). Official Programme languages are Arabic, English and French. For more information, please visit: [www.enicbcmmed.eu](http://www.enicbcmmed.eu).*

*The European Union is made up of 27 Member States who have decided to gradually link together their know-how, resources and destinies. Together, during a period of enlargement of 50 years, they have built a zone of stability, democracy and sustainable development whilst maintaining cultural diversity, tolerance and individual freedoms. The European Union is committed to sharing its achievements and its values with countries and peoples beyond its borders.*

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## Introduction to complementary currencies

Co-production of Public Policies in Collaboration with SSE Entities: This section will delve into the specifics of how co-production can be applied to the development of public policies in collaboration with Social and Solidarity Economy (SSE) entities. It will outline the importance of such collaboration, the roles and responsibilities of each party, and how these collaborations can be initiated and sustained. Examples of successful public policy co-production initiatives involving SSE entities will also be featured.

According to classical definitions, such as Tobin's (2008), a currency is a medium of exchange with a unique denomination, that relates to a unique standard of value, but which might take several forms as a means of payment (notes, coins, etc.). For instance, the euro, the dollar and the Bristol pound are all examples of currencies: even if they may take various forms as means of payment, they have a unique denomination and the value of one unit of these currencies is the same for any unit at a given moment in time.

Classic money has three functions: medium of exchange, unit of account and store of value. Social currencies, in contrast, only fulfil the two first options. Unlike conventional money, they are created through real activity of already realized work -whether production of a good or a service- and not through credit, that is, debt. It does not generate any interest. Therefore, it does not make any sense to save. Its objective, then, is that money comes with production, not with speculation (Corrons, 2017).

The current monetary system has an inherent tendency to instability, as bank money tends to be too abundant in times of booms and too scarce in times of crisis (Douthwaite, 2000). Similarly to natural ecosystems, a more diverse monetary system would be more resilient to economic and financial shocks, and, therefore, more stable.



*Ecoseny complementary currency*

Often devised in response to the shortcomings of the monetary system – for example, the lack of credit available for small businesses, or funding cuts to public services – community currency projects

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set out in different ways to link up the spare capacity of some of their members with the unmet needs of others. Such currencies are broadly united by the aim of improving how money addresses the complex needs of societies.

The following four areas broadly cover the social, economic and environmental objectives that inform the range of community currency projects operating across the world today (Community Currencies in Action, 2015):

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

Particularly since 2008, many states in Europe and around the world have taken political decisions to significantly shrink local government budgets. The needs of the communities that these budgets formerly served have not, however, disappeared. Cutting budgets with no provisions in place to keep social initiatives and key public services afloat has had a negative impact on community building. As local authorities are pressured into finding new ways to deliver services, growing numbers of currency designers are teaming up with forward-thinking public bodies to meet the latter's complex demands.

Currency initiatives are practical responses to a range of policy areas that don't aim to replace or rollback public services, but rather to transform them into being more useful and 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.

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

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

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## What complementary currencies look like

### 1. Community and complementary currencies

Although often used interchangeably, 'community currency' and 'complementary currency' strictly refer to subtly different phenomena. Complementary currencies are designed to sit alongside mainstream money to address objectives that the conventional money system can't.

Community currencies are a subset of complementary currencies that are tied to a specific, demarcated and limited community. This community could be, for example, geographical (local currencies); business-based (mutual credit systems); or even online (digital currencies). As such, a community currency is designed to meet the needs of this defined community, typically on a not-for-profit basis.

### 2. Time-based currencies

The community currencies most widely used to recognise the value of activities neglected by the mainstream economy are timebanks. The principle behind such currencies is simple: one hour's work equals a unit of time. Exchanges between members are mediated by a broker, who matches the requests of one member with the skills offered by others. This offers an incentive for people to help other members of their community and can give isolated or economically excluded individuals – such as the elderly – the opportunity to 'buy' services they would otherwise be unable to afford and to feel that their own skills are valued and needed by others.

A second model useful for increasing social inclusion, which is a derivative of traditional timebanking, is that of time-based currencies often referred to as time-credit systems. Although working on the same principle of one hour = one credit, this model overcomes certain limitations of timebanks: most significantly, exchanges are not limited to being between individuals or by the mediation of a central broker. Instead, the currency – whether physical or electronic – itself mediates exchanges, circulating freely between any individual or organisation willing to issue or accept it.

### 3. LETS (Local Exchange Trading Systems)

LETS today are essentially mutual-credit systems for individuals, rather than businesses. Members of a LETS advertise their skills and services and exchange these with other members in return for credits. LETS are intended to mobilise the latent capacity of a community by providing both a forum and medium of exchange outside the conventional market economy. The networks are co-operatively managed and self-regulating and are commonly associated with the ideals of empowerment, localisation and community building. Unlike timebanks, they have no central

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broker and members negotiate prices for services, with credits normally valued on a one-to-one basis with national currency, rather than in time.

Typically, complementary currencies will use one or a combination of the following transaction media:

- paper notes
- coins
- tokens
- vouchers
- cheques
- 'show' cards (cards that must be presented at the point of sale)
- zz 'swipe' cards (card with a magnetic strip or chip carrying account information)
- 'smart' cards with various functionalities
- RFID (radio frequency identification) chips embedded in cards or other devices
- barcodes
- zz QR-codes
- SMS (short message service)
- Smart device apps



## Co-producing a complementary currency

The co-production method can be used in the currency design process itself to overcome some of the issues cited above. However, because needs, assets and objectives are unique to each individual and community, there is no definitive co-production blueprint. Rather, certain guiding principles should be considered.

For example, within a currency project, co-production should involve:

1. Developing people's existing capabilities: Identify strengths and assets they bring to the table. Actively support people to utilise these at all stages of the currency project.
2. Mutuality and reciprocity: Offer stakeholders a range of incentives that enable them to work in reciprocal relationships with professionals and with each other, with shared and managed expectations.
3. Peer support networks: Engaging peer and personal networks alongside currency experts is the best way to transfer knowledge.
4. Blurring distinctions: Reduce barriers between professionals and recipients, and between producers and consumers by recognising that people are indeed experts in their own habits and needs – and, as such, in how a currency could align with these.
5. Facilitating rather than delivering: View the currency as a catalyst and facilitator of change rather than the central agent of change itself.
6. Recognising people as assets: See people as equal partners in the design and delivery of the currency, rather than passive recipients and burdens on the project.

### EXAMPLES IN BRIEF

**Watch** [Brixton: The independent currency fighting corporations in London](#) (2:30 min)

### Bitcoin

Perhaps the most well known complementary currency in use today, Bitcoin is a digital payment system. The first allocation, or 'mining', and consecutive transfer of coins is independent of any central authority or regulation. Bitcoins are transferred through a computer or smartphone without an intermediate financial institution. As a currency, it's simply a new medium through which to trade, operating under parameters such as the total number in circulation, the method by which new units are allocated and free-market pricing. Bitcoin payment systems use a decentralised ledger, which operates through a peer-to-peer network, to cut out the intermediary role usually performed by a

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bank. This means the record of all transactions is not held centrally, but in a network of computers, which confirm the validity of new transactions using special encoding technology.

### **Zeitvorsorge (Switzerland)**

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

### **Bangla-Pesa (Kenya)**

As a mutual-credit system for Small and Medium Enterprises (SMEs) in an impoverished district of Mombasa, Kenya, the Bangla-Pesa allows members to trade goods and services with one another regardless of their conventional money supply. Over 200 SMEs are currently part of the network, which itself is only one facet of a wider poverty-reduction programme. The currency was introduced by Koru Kenya, a local NGO working on economic relief and stabilisation. As 75% of the SMEs in the area are owned by women, the Bangla-Pesa is also proving to be a useful tool for reducing both gender and economic inequalities. According to research carried out in 2014, the 'typical' network member is a 35-year-old mother who identifies herself as the main provider for 2-3 children.

### **Brixton Pound (United Kingdom)**

The Brixton Pound is a community currency operating in South London, UK. Although primarily designed to support local SMEs, the Brixton Pound also seeks to increase the sense of community cohesion and draw on the area's history of social activism. Valued one-to-one against pound sterling, the Brixton Pound can only be spent with local SMEs and thereby aims to retain wealth within the community. Many participating businesses offer discounts to those paying in Brixton Pounds – in effect offering a loyalty scheme that both demonstrates their commitment to the local economy and increases custom. In the long term, increased links between Brixton-based SMEs themselves localise as far as possible supply and production chains to create a more sustainable and resilient economy for the area.

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



### Other interesting examples:

- Sardex in Sardinia (Italy)  
**Watch** [Sardinia's virtual currency](#) (4:30 mins)
- WIR Bank (Switzerland)  
**Watch** [Who or what is WIR?](#) (3:40 mins)
- Bristol Pound (United Kingdom)  
**Watch** [Bristol Pound, more than money](#) (3:25 min)
- Toreke in Ghent (Belgium)  
**Read** [The Other Side of the Coin](#)
- Ossetana in San Juan de Aznalfarache (Spain)  
**Information in Spanish** at [www.ossetana.com/](http://www.ossetana.com/)
- Puma in Sevilla (Spain)  
**Read** [The Puma Local Exchange Trading Scheme Alternative Currency](#)
- Makkie in Amsterdam (Netherlands)

### Case Study in Santa Coloma de Gramenet: La Grama

Santa Coloma de Gramenet has issued a social currency it calls the Grama, with the object of incentivising local trade and strengthening residents' commitment to their town.

Some years ago, Santa Coloma Town Council realised that many local businesses were putting up the shutters, customers were leaving to shop in department stores in the neighbouring cities and there was a high risk that Santa Coloma would become a dormitory town. The wealth being generated in the town was leaking away and there was a liquidity crisis. According to one study, 90% of the money paid out by the local authority had left within three days. For a town without much industry or tourism, trade is the motor of wealth. (BOPB, 2016).

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The Grama is the first municipal local currency in Catalunya, and it began circulating in January 2017, with a parity of 1 Grama = 1 Euro.

The main objectives are:

1. Increase the impact of public spending (subsidies, salaries, purchases from suppliers) in local businesses and increase the circulation of money between businesses in Santa Coloma.
2. Behind the initiative was the wish to incentivise local business and strengthen residents' commitment to their town. 'I'm from Santa Coloma. I shop in Santa Coloma' is the campaign included in this overall objective.

The Local Currency is a Digital Payment System (by Internet and mainly with the mobile phone). They are transfers of balance from one user's account to another user's account (such as credit card payments). One Grama can be changed for one euro after 45 days, but if it's changed before that a penalisation of 5% is incurred.

This is one of the few local currencies that have been co-produced with an active participation of a local administration. In the case of la Grama, the City Council of Santa Coloma de Gramenet was the leader of the project, with the active participation of organizations who were part of the Social Trade Circuit.

The system functions as follows ([City Council Website](#)):

1. The City Council gives part of the subsidies, grants and wages in Gramas (through the digital payments system)
2. NGOs (receiving grants), workers (receiving salaries) and businesses (public projects) will use the local currency in registered shops and businesses
3. Registered shops and businesses will use the local currency at other registered shops, both as businesses and as individuals
4. This way, the money circulates more times and for longer within the city, creating wealth

Example:

The City Council pays € 20,000,000 a year in net wages to workers

If 2% of this expense is paid in Gramas, that would mean a total of € 400,000 in income for local commerce (if the % were larger ...)

If the Gramas circulate 2 times more than the Euro = € 800,000 for local commerce

There are projects where the Local Currency circulates up to 6 times more than the Euro

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For the awarding of subsidies, the City Council has defined the following criteria:

1. The sale of ecological, local, fair trade products and services.
2. The purchase in Santa Coloma de Gramenet of products and services for the development of the activity of the company or entity
3. Cooperativism and the provision of products or services of cooperatives and / or entities of the social and solidarity economy.
4. Be associated with local or social entities and financial support to local or social entities.
5. The supply of green (renewable) energy, low consumption, recycling, reuse and actions to reduce the impact on the environment in general.

Currently, the city has a social commerce network of 800 members, of which 400 are businesses, cooperatives and companies, 150 are associations and entities, and 250 are individuals. In the last semester of 2019, the number of members of businesses, cooperatives and companies grew by more than 25%.

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<https://www.ess-europe.eu/en/publication/guide-social-innovation>

## QUESTIONS FOR REFLECTION

- What does ecosocial innovation look like where you live? What type of projects are being implemented?
- Have you ever used a complementary currency? What did it consist of, and did it fulfil its purpose?
- Which of the case studies presented could be of greatest inspiration to your work? Is there any that you would be interested to replicate or adapt?

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