



*Replicable Innovations of SSE in the provision of services and creation of decent jobs in the post Covid-19 crisis recovery*

## ROADMAP FOR REPLICABILITY

# Piloting socially innovative public welfare programmes: MedTOWN local digital complementary currency



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# Executive summary

The Roadmap was elaborated within the framework of the ENI CBC Med **MedRiSSE project** (*Replicable Innovations of SSE in the provision of services and creation of decent jobs in the post covid-19 crisis recovery*) and it analyses the experience of a local complementary currency initiative in Cerro Amate District (Seville, Spain) which was piloted within the European funded **MedTOWN project** (“Co-producing social policies with SSE actors to fight poverty, inequality and social exclusion”; 2019-2023) implemented in Spain, Greece, Palestine, Jordan, Tunisia, and Portugal.

The elaborated local and digital complementary currency model proves to be a significant **socially innovative practice** to deliver and improve local public services (municipal cash assistance programmes for low-income citizens, in this case) through a **public-private co-production approach**. Albeit its implementation was eventually suspended due to external and unpredictable political factors, the experience remarkably marked a **sound and disruptive innovation** of traditional public welfare schemes, as well as traditional monetary and financial systems. Moreover, it was the **first public led local currency** relying on **electronic money under Spanish and EU legal frameworks**.

In brief, the local complementary currency scheme elaborated by the Spanish NGO Asamblea de Cooperación por la Paz - ACP (MedTOWN lead beneficiary) operates through a **digital payment** solution using **electronic money** and a technological system based on **open-source software, a web platform** and an **App**. The public expenditure destined to the municipal cash assistance programme was planned to be delivered to public subsidies recipients in the form of electronic money which could purchase goods and

services in local shops and businesses of the Cerro Amate district adhering to the initiative. Moreover, the model works best the higher the **recirculation** of the electronic money within the local circuit to which any private citizen, organization or enterprise of the community can voluntarily participate. Therefore, the model has the potential to generate much broader direct and indirect advantages for the **local community as a whole**. The **potential social and environmental impacts** that this model can generate encompass the promotion of **responsible consumption and production** practices within the local economy, the enhancement of the **local consumption** and consequent reduction of the **carbon footprint, local job creation**, strengthening of the community **social cohesion** and **social inclusion**, increase of the community’s **wellbeing** and **quality of life**, as well as the improvement of local public administration through **digitalisation** and more cost-effective and evidence-based public policies, to name a few.

With a view to the potential **replicability** of the model, this Roadmap retraces and analyses the overall process, the key phases and respective main actors, resources, and actions that were necessary for the Cerro Amate local complementary currency initiative. Key determinants to replicate the practice, as well as potential risks and respective mitigation measures, complete the overall assessment of the initiative for those readers who might be interested or even considering embarking on a similar experience elsewhere.

In a nutshell, setting up the Cerro Amate local complementary currency required a **first and fundamental planning phase** which entailed key actions to study and assess the **feasibility** of the local complementary currency scheme in

the targeted neighbourhood. The in-depth and comprehensive analysis also allowed to **co-design the functioning model** of the complementary currency scheme, including its business model, the choice of the proper technological infrastructure, and its governance mechanism. Another core planning component focused on elaborating effective **strategies for the local community outreach and engagement**. In the following **implementation phase (Phase 2)** these strategies were put in practice in order to progressively **consolidate the user network** of the local complementary currency to kick start the initiative. A **third phase** of the process focuses on the **key sustainability measures** of the model which can potentially provide long-term positive results.

Indeed, the accumulated experience through this digital complementary currency scheme could be capitalised to inspire the replication of the model in other contexts. Indeed, the initiative showcases a **high potential for replication, scaling-up and adaptability** to different contexts and social and economic realities, as well as a variety of different and specific social and environmental aims to be pursued.

The **key contextual determinants** for a positive replication of this initiative may be summarized as follows:

- Counting on a local community having some degree of **openness to innovation**, instead of a conservative culture, a minimum level of **social capital** and **mutual trust**, and a **relatively stable social and political context** where there are no particularly severe and untrenched social conflicts, severe poverty and unemployment levels, nor fired political opposition.

- Counting on the motivated engagement of a **local public authority** (i.e., municipality) as leading entity and owner of the initiative with **solid political will and leadership**, a promoting **SSE agent**, a skilled **technological operator** (i.e., IT company), competent **experts** in financial regulatory frameworks, public law, and monetary economics, actors of the **local commercial sector** (i.e., local shops and business), recipients of the local public cash assistance programme, **local SSE actors**, **civil society actors**, **CBOs** (i.e., neighbourhood associations, networks and associations, grassroot organisations), and the **local community citizens**.

- Having an institutional setting where i) a system is in place for **public welfare services** foreseeing **cash assistance programmes** which are not over-pressured by high demand; ii) the state legislation grants jurisdiction and autonomy to local and regional administrations (**decentralised public administrative system**, iii) there are legal and transparent, fair and democratic tools and processes to formalise **collaborations between public administrations and SSE actors**, and iv) the **local public administrative "machine"** operates in **proper conditions to innovate** (and not overwhelmed with complex and traditional bureaucratic procedures, nor pressured by tight legal scrutiny).

- Counting on available **public funding** devoted to local public welfare expenditure and autonomously managed by the local authority, as well as needed **additional financial resources** (i.e., international donors, national private donors, fundraising efforts).

- Relying on **engaged, open-minded, motivated and competent operational staff**, within the local public

administration, the promoting SSE actor, as well as the currency network users.

- Having strategic access to **key networks** with the local community, particularly with **community organisations** and **SSE actors**, as well as **local economic actors** and their **associations**.
- Having the needed **digital infrastructure** at the core of the local currency model: the **currency software integrated with the web platform and the App, technological devices** available/accessible both to end-users (i.e., smartphone, tablet) and public administrators/supervisors (i.e., computers), as well as access to **internet service**.
- Ensuring a **governance model** where the local authority holds the **driving, leading, decision-making and supervisory** role, and that also includes some forms of **concertation and participation** with/on the part of **local actors** (i.e., institutional actors, SSE actors, economic actors, academia) and **representatives** of the different local currency **user categories** (i.e., local shops and shop associations, public subsidies recipients, individual users).

When replicating the initiative, potential **challenges** and **drawbacks** may occur and need to be considered.

Firstly, when dealing with generally **conservative local bureaucratic systems** (i.e., local public administrations) it is key to ensure local governments' real **willingness and commitment** to the initiative, their proper **resources** and **capacities**

to implement it, as well as the possibility to opt for a **participatory governance** of the local currency project.

Moreover, providing **comparative legal analysis** and **solid real-life impact evidence** can also be a good mitigation strategy in this respect.

In contexts where the initiative could be confronted by **political scrutiny** and **opposition**, it is recommended to create a **“safe space”** to experiment such a social innovation model. This means **avoiding** contexts with **high political instability** and **political opposition, severe and untrenched social conflicts, social unrest, severe poverty** and **unemployment** levels. Also, dedicated efforts need to be tailored to **grow a broad political consensus** to support the initiative within the local public administration as well as the local community through constant **transparency, effective communication** and **community participation**. Also, intercepting **additional sources of funding** (other than the local public funds) can give more **flexibility** and **space for potential errors** or unsuccessful implementations which could fuel the community discontent. At the same time, however, this alternative solution could undermine the **local ownership** of the complementary currency scheme and its future **sustainability**. Hence, **hybridizing funding resources** may mitigate such drawbacks, offering better guarantees, and more reliability. This means opting for a **balanced mix** of public and private funding as well as a certain amount of **self-financing** that the operativity of the local currency network itself can provide



(i.e., applying a fee for transactions made by system users, such as certain categories of local businesses).

Also, actors wishing to test complementary currency schemes and digital payment solutions often find themselves either operating in a **legal vacuum** or challenged by **regulatory frameworks** that hinder such kind of social innovation. Nevertheless, in any case it is essential to **operate under existing regulation**, even if suboptimal for the complementary currency system. This means that it is necessary to explore what the existing regulations allow, and to **find legal ways to experiment** the local complementary currency initiative. At the same time, this gives implementors a good opportunity to **promote policy change** towards more enabling legal frameworks allowing such social innovation schemes.

SSE practitioners, policymakers and local administrations searching for ways to contribute to the sustainable and inclusive development of their territories may consider replicating the local complementary currency model provided that key determinants are in place and the process is well adapted to their specific context.

#### DISCLAIMER

*This document has been produced with the financial assistance of the European Union under the ENI CBC Mediterranean Sea Basin programme. The contents of this document are the sole responsibility of ARCO- Action Research for CO-Development - and can under no circumstances be regarded as reflecting the position of the European Union.*

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# Acronyms

**ACPP:** Asamblea de Cooperación por la Paz

**ARCO:** Action Research for CO-development

**ENI CBC Med:** European Neighbourhood Instrument - Cross-Border Cooperation  
Mediterranean Sea Basin Programme (2014-2020)

**EU:** European Union

**PPNP:** Public-Private Non-Profit Partnerships

**SSE:** Social and Solidarity Economy



# 1. Introduction

## MedRiSSE PROJECT

This Roadmap was developed within the framework of the **European funded project MedRiSSE (Replicable Innovations of SSE in the provision of services and creation of decent jobs in the post covid-19 crisis recovery)** under the **ENI CBC Mediterranean Sea Basin Programme 2014-2020**<sup>1</sup>. The 24-month project launched in September 2021 is currently (at the time of writing) being implemented in **Spain, Palestine, Italy, Jordan, and Tunisia** by 8 partner organisations with a total budget of **1.1 million euros** (with 90% EU contribution).

The overall objective of MedRiSSE project is to develop a **Mediterranean scalability pathway for social innovations** that enable the co-production of public social services with local Social and Solidarity Economy (SSE) agents that have emerged from interactions between the government and the SSE involved in several ENI funded projects. The initiative aims to demonstrate **that co-production of public social services with SSE actors can provide with low-cost, highly effective, and scalable solutions** to fight poverty and promote equality, social inclusion, and environmental sustainability. These innovations, in fact, represent successful and efficient practices for the achievement of the SDGs in general, and for the protection of the most vulnerable groups in the post Covid-19 economies in the Mediterranean Sea Basin (MSB). In the post pandemic era, it will

be necessary to promote social inclusion and fight against poverty through cooperation, offering basic services in a different way, recovering, and creating decent employment through diverse and complementary organizational models of production. Many SSE are already responding to the COVID-19 pandemic in the fields of social and health protection, provision of food and prevention equipment, financial support, education and training, organization of community aid, converting their production to face the emergency, re-localizing supply chains, and many more.

However, the full potential of the SSE for the recovery stage will depend on **governments' willingness** to co-design and **co-implement** public policies and recovery measures within a **multi-stakeholder approach**, as well as civil society's capacity to act and mobilize resources.

In this respect, the **capitalization and dissemination of good practices** has the potential to inform and inspire similar experiences and solutions through a multiplicative global effect on local communities. It is against this backdrop that MedRiSSE project developed the Mediterranean Replication Toolkit building on the learnings and capitalization of 5 EU funded projects, namely MedTOWN, MoreThanAJob, MedUP!, IESS! and RUWOMED.

<sup>1</sup>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. 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.





## THE ROADMAP

The **aim** of this Roadmap is to provide **guidance and resources** for **policy makers, public servants, and SSE practitioners** in the Mediterranean **wishing to replicate social innovation and co-production models and initiatives**.

A total of **5 Roadmaps**, one for each good practice identified from **MedTOWN, MoreThanAJob, MedUPI, IESS!** and **RUWOMED** projects, were elaborated under the MedRiSSE project within the [Replication Toolkit](#). The other 4 Roadmaps are accessible [here](#).

Each Roadmap was built upon the results of the **replicability assessment** carried out by MedRiSSE partner **PIN S.c.r.l.**- Didactic and Scientific Services for the University of Florence/[ARCO – Action Research for CO-development](#) - research centre (Italy). The assessment followed an evaluation framework elaborated by ARCO following a thorough literature review on replication and scalability methods on social innovations. Moreover, the framework was grounded on a conceptual and interpretative framework based on the **Sustainable Human Development paradigm** and **Capability Approach perspective** (Sen; 1985,1999) which frames the Social and Solidarity Economy with a territorial ecosystem perspective. The assessment was primarily based on the desk review of project documents and materials, as well as information and insights collected during the semi-structured interviews carried out with key informants of the good practices [the assessment **methodology** is described in detail in the [Toolkit](#)].

## HOW TO READ THIS ROADMAP?

The objective of this Roadmap is to provide readers a **practical guidance to replicate the analysed good practice** (or similar initiatives) **in other contexts and territories**. However, the overall process as well as the identified key determinants, which are presented in this Roadmap as important elements for a positive implementation of the good practice, should be always and carefully (re)considered in the **local and national contexts** in which replication may take place. In other words, an underlying and thorough understanding of the readers' contexts must be taken into consideration in order to tailor and adapt the process and the suggestions here reported.

The Roadmap is structured as follows:

- **Presentation of the good practice:** its origin and context, triggering factors and main objectives, its distinctive features, innovativeness and value-added.
- **Theory of change:** a schematic overview of how inputs, actions, outputs, outcomes and impacts of the good practice are related, in order to facilitate the planning and the implementation of similar practices in other contexts.
- **The process:** an overview of all the sequenced main phases which allowed the execution of the good practice, from the triggering factor(s) to planning, implementation and, finally, sustainability phase, identifying for each key actors, resources, and actions. Additionally, Suggested Actions and Self-Assessment Questions are also provided to assist the reader when considering the feasibility of this model in his/her own context. The purpose is to offer supporting tools allowing to abstract key elements from the assessed good practice to be applied in other contexts.
- **Key determinants for replicability:** an outline of the **main contextual determinants** that emerged during the analysis when seeking to identify key “ingredients” and conditions that should be in place in a given context for the replicability of the analysed good practice. The purpose is to support readers in running a quick general screening of their own context to assess the preliminary feasibility of replicating the practice.
- **Drawbacks and risks:** a list of possible drawbacks and potential risks that may arise for future replications, accompanied by possible coping strategies for prevention and/or mitigation.
- **Final remarks:** a final overview of why this practice can be considered an effective driver for sustainable human development and the objectives that could be reached by implementing this practice.



# 2. The good practice

The **MedTown local complementary currency scheme** experimented in Cerro-Amate district of Seville municipality (Spain) is an inspiring **Social and Solidarity Economy practice** supporting the **public-private co-production** of **socially innovative solutions** to facilitate and improve the social impact of public expenditure.

The local complementary currency scheme was implemented within the framework of the **MedTOWN project** (“Co-producing social policies with SSE actors to fight poverty, inequality and social exclusion”) financed by the **European Union** through the **European Neighbourhood Instrument for cross-border cooperation** under the **Mediterranean Basin Programme 2014-2020 (ENI CBC Med)**. The project, which started in September 2019 and is expected to conclude in September 2023, is led by the Spanish NGO *Asamblea de Cooperación por la Paz* (ACPP) with a total budget of EUR **3.4 million** (86.5% of the programme’s contribution) and gathers a consortium of **9 partner organisations** from **Spain, Greece, Palestine, Jordan, Tunisia, and Portugal**.

MedTOWN is a **social innovation project** that **aims** to support the role and the capacities of **SSE actors** in addressing **social and environmental goals** and in fighting poverty, inequality, and social exclusion. Against this backdrop, the project supports research and experimentation of **co-production models** entailing the use of legal **public complementary digital currencies** for the provision of **social services** and **financial aid** to the most **vulnerable groups** in the project partner countries. Such models aim to increase the **socio-economic impact** and **effectiveness** of public policies and the **transparency** of public expenditures at the local level.

The local complementary currency scheme analysed by this Roadmap was elaborated and implemented by ACPP in Cerro-Amate district of

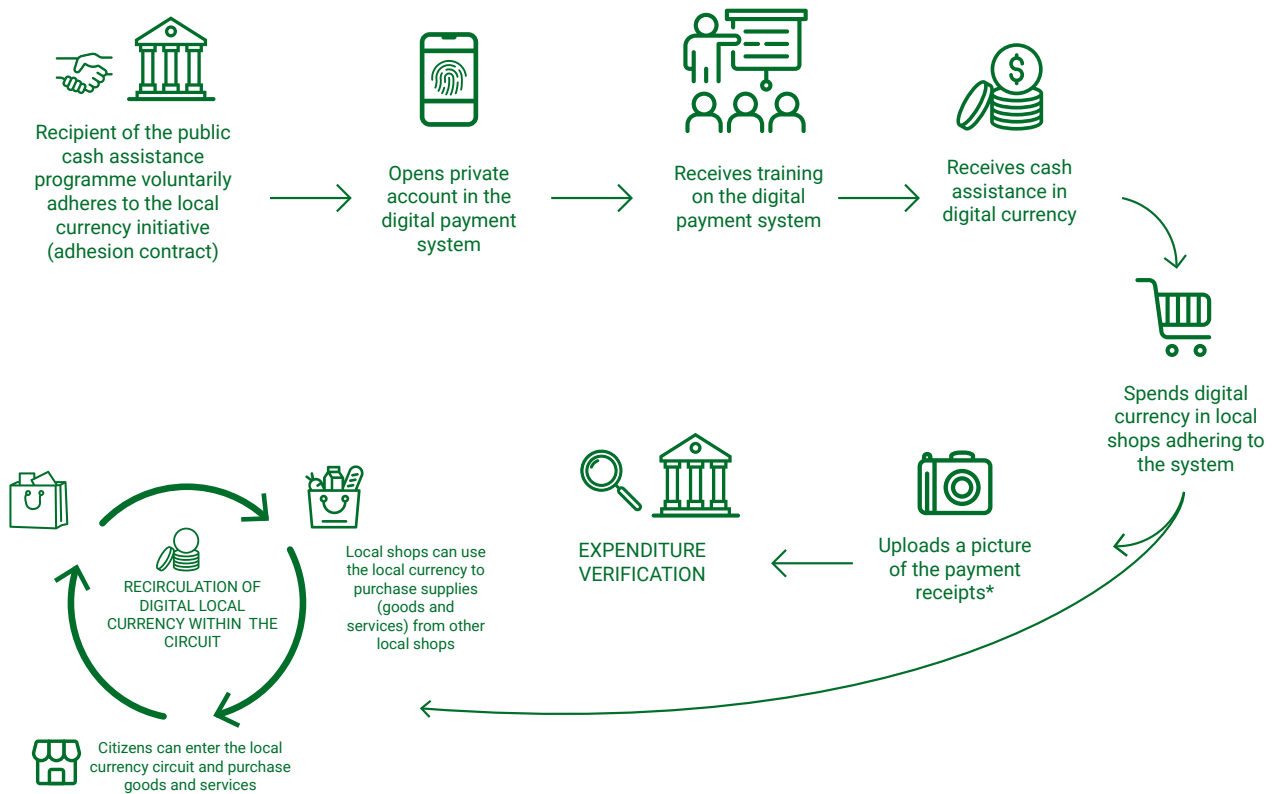
Seville municipality (Spain) as a socially innovative practice to deliver financial aid by the community social services. Tracing back its origins, the scheme was actually an **improved replication** of another local complementary currency initiative which started in 2013 in the nearby town of **San Juan de Aznalfarache**, an intervention funded by the Regional Government of Andalusia and also led by ACPP. Later in 2017, the Seville City Council funded a feasibility study for the implementation of a new local complementary currency scheme in Cerro-Amate district and the 2019 MedTown project came as a good opportunity to finally implement the initiative. The latter had already successfully concluded the planning phase when Seville City Council brought the implementation stage to a halt. This was due to the perceived risks posed by the unexpected political turmoil that hit the neighbouring government of San Juan de Aznalfarache regarding its own local currency initiative. In spite of this, the social innovations in both local settings have found ways to be replicated in contexts far from the protracted political impasse caused by the disruption in San Juan de Aznalfarache. This can largely be credited to the MedTOWN project team’s ability to transform the undesired results of the social experimentation in Seville into policy-relevant learning that helped identify the key drivers for successful replication of the social innovations nurtured in Seville.

The local complementary currency scheme elaborated by ACPP pilots an innovative practice as it entails a **digital payment** solution using **electronic money** and a technological system based on **open-source software, a web platform** and **App**. Moreover, the initiative is public led (in this case by the Seville City Council), and it operates legally under the **Spanish and EU legal frameworks**.

The following scheme briefly explains how the system works for the targeted public-aid recipients.



Schematic overview of the local complementary currency system



\* Local shops are required to do the same

Source: ARCO

In sum, beneficiaries receive cash assistance from the municipality in the form of **electronic money**, instead of euros, which can be used only in shops accepting this type of payments by prior agreement. Hence, the community social services request the beneficiaries of the public subsidies (voluntarily adhering to the initiative) to open their **personal accounts** in the complementary digital currency system through the **web platform** (also accessible through their personal devices with the **App**). Once **trained** on the use of the system and formally agreeing to its regulations (by signature of **user contracts**), the system enters the owed amount of local currency into the account of each beneficiary user (**digital wallets**). At this point, public aid recipients can immediately start making purchases in the local shops adhering to the initiative, whereas the traditional system requires a

longer and more complex cash handout procedure. After each purchase, the system App requires both customers and local shops to upload a picture of the payment receipt, allowing social workers to easily carry out the **expenditure verification**. This allows not only a relevant simplification of the procedure for the social workers, but also for public aid recipients. In fact, while the latter would usually opt for single and larger purchases to ease the verification procedure, the digital solution allows them to make more and smaller purchases which better match their daily spending needs.

The currency model elaborated by ACPP foresees a **partner Electronic Money Provider** acting as a bank and managing the payment transactions. Hence, the model (and also the desirable option, for future replications), entails of the operation



of the technological system of the local currency based on a **double circuit**: the system managed by the currency operator (web platform and App), which is the one that interacts with the local authority and users; and the system that integrates with the electronic money circuit, managed by the Electronic Money Provider which guarantees **parity with the official currency** (hereinafter “euros”) **at all times** (one euro being equivalent to one local currency unit, and vice-versa). In the local currency circuit, accounts always reflect the balances that, according to the Electronic Money Provider, users have in their electronic money account.

In brief, the system works as follows:

- The **city council** orders the payment in euros of the approved expenditure foreseen by the cash assistance programme. The total amount, with the breakdown of the nominative indication that must be paid to each beneficiary, is entered into an Electronic Money Provider deposit account.
- The **Electronic Money Provider** blocks the euros in the deposit account using a secure and automated computer procedure and communicates with the currency operator (web platform and App) so that this operator generates the same amount of local currency as euros deposited in the account (acting as guarantee).
- Once the same amount of local currency as euros has been generated, the **currency operator**, within the same computerized procedure, enters the corresponding amount of local currency into the account of each beneficiary user.
- At this point, the **beneficiaries** receive from the operator the amount in local currency that the city council has paid in euros and that the Electronic Money Provider keeps in its deposit account: they can now use it to acquire goods and services within

the network of companies and shops in the circuit.

- Through a computerized procedure, **companies** in the network can request at any time from the local currency operator the **conversion** of all or part of the balance they have in their local currency account.
- In this case, using the same computer procedure, the currency operator contacts the Electronic Money Provider and informs it of the **conversion request**.
- The Electronic Money Provider unlocks from its deposit account the amount that the currency operator has computerized, deposits the euros into the banking account of the applicant, and destroys the same amount of local currency.

Such a model would easily allow to open the complementary currency circuit to all other users of the community, should they wish to participate to the initiative, apart from public subsidies recipients. The idea behind the model is, in fact, that the greater the mass of electronic money recirculating in the complementary currency circuit, the greater the benefits on the local economy. Indeed, in other similar complementary currency initiatives, such as the Grama<sup>2</sup> local currency currently used in Santa Coloma de Gramanet Municipality (Spain), the Local Multiplier Index (LM3 Index<sup>3</sup>) raised from 2 points to almost 11 once the local currency was deployed. Studies conducted by the Pompeu Fabra University indicated that such result was mainly observed in job creation within local small and medium-sized enterprises, the reduction of the carbon footprint, the strengthening of the community sense of belonging and social cohesion, and the improvement of the local commercial trade, among others.

<sup>2</sup>For more information visit: <https://www.gramamoneda.cat/es/>

<sup>3</sup>The Local Multiplier 3 (LM3) is an index developed by the New Economic Foundation (Sacks 2002) to measure the impact of aspects of local spending in local communities. For more information: <https://neweconomics.org/uploads/files/money-trial.pdf>



Indeed, the elaborated complementary currency scheme proves to be a **relevant social innovation and pioneering practice** as the public administration recognises a local payment system based on SSE values and secured by public-private agreements. Also, this model is the **first public led local currency** relying on **electronic money under EU regulations**. Moreover, its governance model responds to the SSE vision of **public-private co-production** (by an NGO and a local authority) introducing an innovative approach for social service delivery.

Albeit the experience was suspended due to external and unexpected events, a significant outcome has been the **innovation of public-private relations with the local municipality** and the quick adaptation of the local businesses and the wider community to the **values of the SSE**.

Therefore, this model entails a **disruptive innovation** of traditional public welfare schemes and financial systems and the promotion of **the cultural shift towards SSE practices and social innovation**. In addition, should the initiative had been managed to be fully implemented, a significant contribution in terms of social and economic impact on the local community was expected, in particular:

- Enhancement of **local consumption** and use of **local resources** (development of the **local economy**).
- Creation of **new jobs** in the local economy.
- **Digitalisation** and improvement of the **efficiency** of the delivery, management, auditing and reporting of public cash assistance programmes.
- **Digitalisation** and improvement of the local **socio-economic data collection, monitoring**

**and assessment** allowing more accurate public decision-making and policy planning.

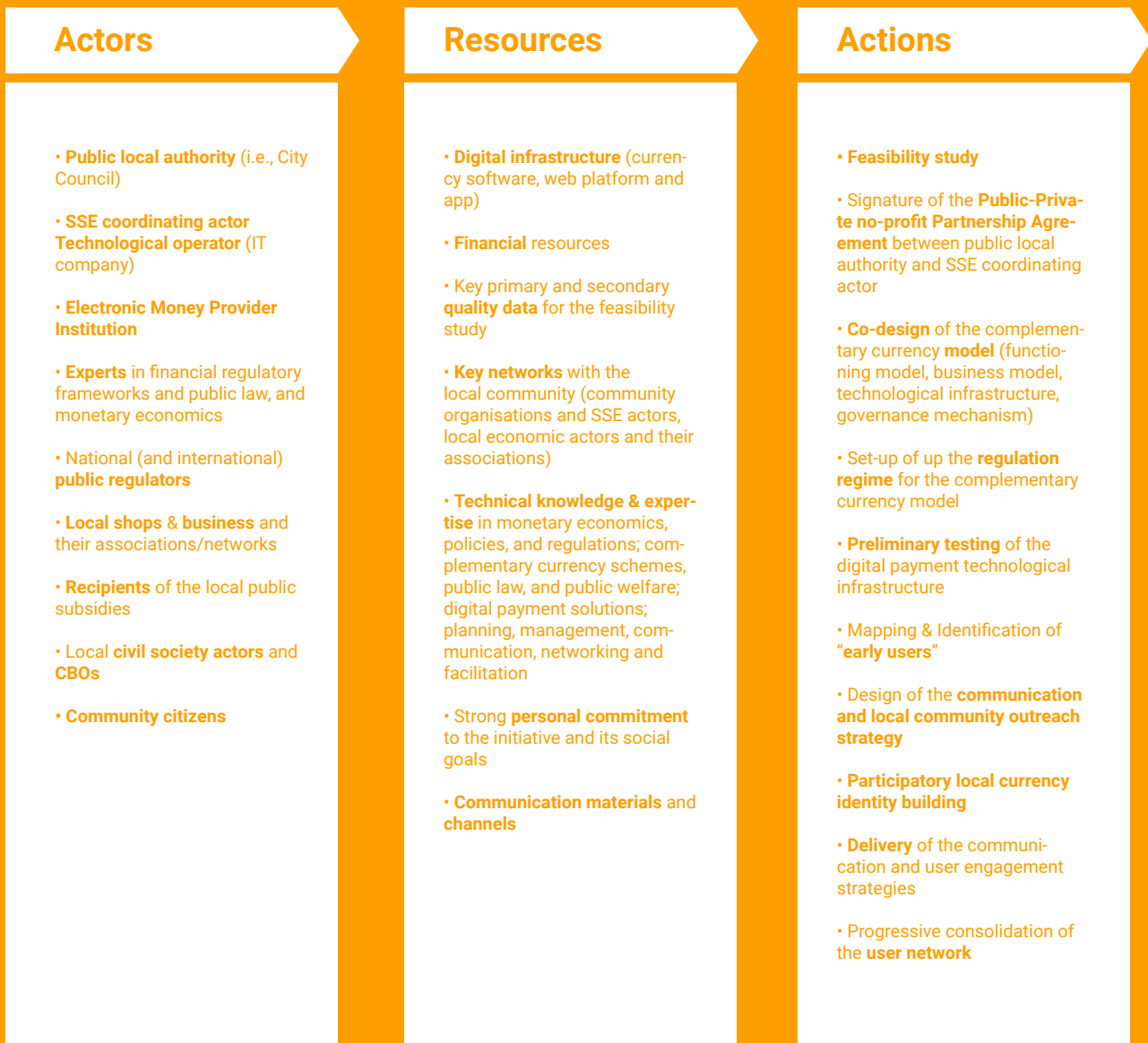
- Increased community **social cohesion** and **social inclusion**.
- Increased community **wellbeing** and quality of life.
- Reduction of carbon footprint.

In the following sections, the Roadmap retraces and analyses the key phases, and respective main actors, resources, and actions encompassing the set-up of the local currency scheme. Key determinants to replicate the model, as well as potential risks and respective mitigation measures, complete the overall assessment for those readers who might be interested or even considering embarking in a similar experience elsewhere.

# 3. Theory of change

## TRIGGERING ELEMENT

The city of Seville, capital of Andalusia, counts 6 of the 15 poorest districts in Spain. In 2019, the EU funded MedTown project came as the proper opportunity for the municipality to transform a planned municipal **social innovation** initiative into a **pionnering pilot project**. The latter entailed a public-private **co-production model of municipal public spending strategy** to tackle poverty, improve the local economy and the local public welfare system through a digital complementary currency scheme.



# 3. Theory of change

## Outputs

- **Feasibility study**
- Signed **Public-Private no-profit Partnership Agreement**
- Elaborated **model** for public-led scheme of local digital currency for cash assistance public welfare programme (compliant with national regulations)
- **Technological platform** (software, web platform and app) enabling the digital payment system
- Local currency **brand identity**
- Communication and local community **outreach strategy**
- Targeted community groups **aware/informed** of the system
- Signed **agreements** with local shops adhering to the digital payment system
- Formalised **user network**

## Outcomes

- **Disruptive innovation** of traditional public welfare schemes & financial systems
- Promotion of **the cultural shift** towards SSE practices and social innovation
- Enhancement of **local consumption** and use of **local resources** (development of the local economy)
- Creation of **new jobs** in the local economy
- **Digitalisation & improvement** of the **efficiency** of public cash assistance programmes
- **Digitalisation & improvement** of the local **socio-economic data collection, monitoring & assessment** allowing more accurate public decision-making and policy planning
- Increased community **social cohesion & social inclusion**
- Increased community **welbeing** and quality of life
- Reduction of carbon footprint

## Impacts

- KEY TARGETED SDGs**
- **1** No poverty
  - **8** Decent work and economic growth
  - **9** Industry, innovation and infrastructure
  - **10** Reduced inequalities
  - **11** Sustainable cities and communities
  - **12** Sustainable consumption and production patterns
  - **16** Peace, justice and strong institutions
  - **17** Partnerships for the goals



# 4.

# The process

For the purpose of this Roadmap, 4 key phases of the process enabling the Cerro Amate complementary currency experience were identified and analysed, starting from the triggering factors (Phase 0) to planning (Phase 1), implementation (Phase 2) and, finally, sustainability phase (Phase 3), identifying for each key actors, resources, and activities.

In summary, a first and crucial **planning phase (Phase 1)** entailed key actions to study and assess the **feasibility** of the local complementary currency scheme in the targeted neighbourhood.

The in-depth and comprehensive analysis also allowed to **co-design the functioning model** of the complementary currency scheme, including its business model, the choice of the proper technological infrastructure, and its governance mechanism. Another core planning component focused on elaborating effective **strategies** for the **local community outreach and engagement**. In the following **implementation phase (Phase 2)** these strategies were put in practice in order to progressively **consolidate the user network** of the local complementary currency to kick start the initiative. Finally, a **third phase** focuses on key measures driving the **financial, social, economic, institutional and technical sustainability** of the

## Phase 0

TRIGGERING FACTORS



## Phase 1

BUILDING THE LOCAL COMPLEMENTARY CURRENCY MODEL



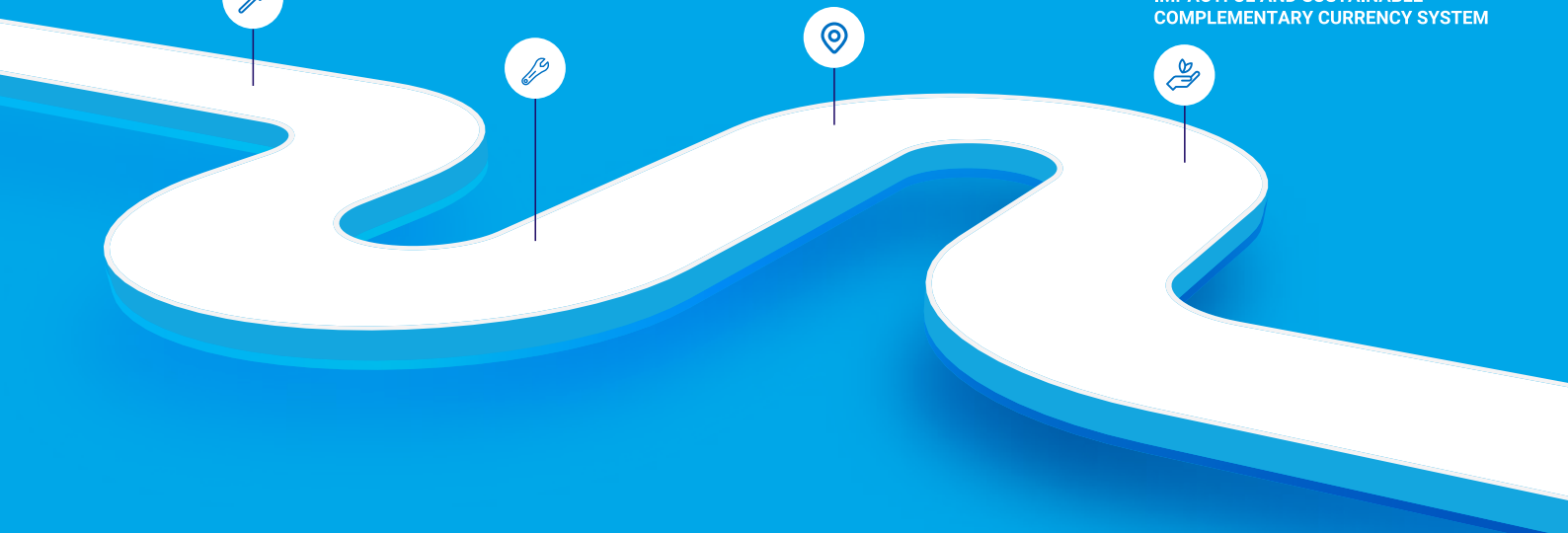
## Phase 2

GIVING LIFE TO THE LOCAL COMPLEMENTARY CURRENCY



## Phase 3

ENSURING A FUNCTIONAL, IMPACTFUL AND SUSTAINABLE COMPLEMENTARY CURRENCY SYSTEM





# Phase 0

## TRIGGERING FACTORS

### Insights from the intervention

Sevilla city, capital of Andalusia, is the fourth most populated city in the country. It also counts **6 of the 15 poorest districts in Spain**. With the settling of the new progressive city government in 2015, a new Social Innovation and Employment Directorate (*Dirección de Innovación Social y Empleo*) was established for the first time in the history of the city administration. Seville was also the first city in the world to approve a Strategic Social Innovation Plan (*Plan Director de Innovación Social*). One of the key and pioneering projects of the Plan included the implementation of a **complementary currency** in one of the most disadvantaged neighbourhoods, a social innovation initiative to tackle poverty, improve the local economy and the local public welfare system through a **co-production model of municipal public spending strategy** with agents of the local SSE and citizens. An initiative that, from the very beginning, had to face problems with the procedures and bureaucracy of the municipality, despite the favourable political will. In 2019, the EU funded MedTOWN project came as the proper opportunity to transform the initiative into a pioneering pilot project offering, among others, the means, the funding, and a fruitful network of relationships with other projects and cities.

### Self-assessment questions

- What are the key **social and economic issues** in your local context? (i.e., city, district, neighbourhood)
- Which are the **most vulnerable social groups** (i.e. people living in extreme poverty, unemployed, unducated, migrants and refugees) in your local context?
- How are these social/economic issues addressed in your territory? Who delivers (if any) **support services** to address such issues in your territory?
- What is the role of the **local public administrations** in addressing such issues in your local context? Are **there public support services/welfare systems** addressing such issues? Are they effective?
- Is the government of your local territory (i.e., City Council), keen on promoting and experimenting **innovative social innovation schemes** to address such social/economic issues?
- Are there any **local or international opportunities** which may allow turning such political willingness into a pioneering pilot project?



# Phase 1

## PLANNING: BUILDING THE LOCAL COMPLEMENTARY CURRENCY MODEL

| Insights from the intervention   | Suggested actions   | Self-assessment questions  |
|--|---|--|
| <b>MAIN ACTORS</b>   |   |  |
| <ul style="list-style-type: none"> <li>• <b>Local public authority:</b> Seville City Council and municipal departments overseeing the cash assistance programme</li> </ul> | <ul style="list-style-type: none"> <li>• Local complementary currency schemes of this kind are meant to be strongly <b>public led</b>; therefore, you need to ensure the <b>local authority</b> is kept and <b>willing</b> to experiment an innovative complementary currency scheme to deliver its public cash assistance programme.</li> </ul>  | <ul style="list-style-type: none"> <li>• Is the <b>government</b> of your local territory (i.e., City Council), keen on promoting and experimenting an innovative complementary currency scheme to deliver a public cash assistance programme? Is there the <b>political will</b> to test such a social innovation?</li> </ul> |
| <ul style="list-style-type: none"> <li>• <b>A promoting SSE agent:</b> ACPG NGO coordinating the overall process</li> </ul>  | <ul style="list-style-type: none"> <li>• Local authorities need the push and back up from <b>SSE actors driving social innovations</b>. Ensure the local authority has a <b>motivated SSE partner organisation</b> promoting and supporting the local complementary currency set-up and implementation process.</li> </ul>  | <ul style="list-style-type: none"> <li>• Is there a suitable <b>SSE promoting organisation</b> in your local context that can drive such a <b>social innovation</b> process and support the local authority throughout the local complementary currency set-up and implementation?</li> </ul>                                  |
| <ul style="list-style-type: none"> <li>• <b>Technological operator</b> (IT company): Tier1, a Spanish IT company specialised in retail technology</li> </ul>               | <ul style="list-style-type: none"> <li>• An <b>expert technological operator</b> needs to be engaged from the very start. When working on the functioning model of the local currency, you need to know which technological platforms you can set up for the operation of the local currency, what are the necessary resources and costs, pros and cons of different technologies, what are the feasible operative solutions of the model.</li> </ul> | <ul style="list-style-type: none"> <li>• Which <b>IT company</b> can you engage to set up the local currency scheme?</li> <li>• Does it have sufficient expertise in <b>digital payment solutions and technological infrastructure</b>?</li> </ul>   |
| <ul style="list-style-type: none"> <li>• <b>Experts in financial regulatory frameworks, public law, and monetary economics.</b></li> </ul>                                 | <ul style="list-style-type: none"> <li>• Those wishing to test complementary currencies entailing conversion into electronic money often find themselves operating in <b>regulatory "gaps"</b>. To make sure you operate in compliance with your national regulatory framework, make sure to consult <b>with legal and economic experts</b> which can help you <b>find legal grounds</b> for your initiative.</li> </ul>                              | <ul style="list-style-type: none"> <li>• Which <b>highly skilled experts</b> can provide you with quality advice and guidance in finding <b>legal grounds</b> for your local currency initiative and to make sure it complies with your <b>legal framework</b>?</li> </ul>   |

| Insights from the intervention | Suggested actions | Self-assessment questions |
|--------------------------------|-------------------|---------------------------|
|--------------------------------|-------------------|---------------------------|

**MAIN ACTORS**

• **National and international public regulators** (Bank of Spain, EU institutions)

• To play even more safe, directly consult with **public regulators** to make sure your local currency scheme operates legally in your context.

• Which **public regulators** in your context can you consult to make sure your local currency scheme operates legally?

• **Actors of the local commercial sector:** local shops and business and business associations/networks, local artisans' associations

• Identify key **actors of the local commercial sector** (i.e., local shops and business and business associations/networks, local artisans' associations) that can provide you with crucial data and information when conducting the feasibility analysis of the complementary currency initiative. Ideally these actors may also turn out to be early users of the local currency scheme once launched: make sure you properly engage and commit them to the goals of the initiative. Including them also in the participatory process to choose the local currency name can be a good engaging example, in this respect.

• Which **key actors of your local commercial sector** (local shops and businesses) could provide you with crucial data and information when conducting the feasibility analysis of the complementary currency initiative? Could they potentially be early users of the local currency scheme?  
 • Which key local businesses and shops in your context can you engage when it comes to launching the participatory naming process of your local currency? (-> Phase 1: Main activities)

• **Local SSE actors, civil society actors and CBOs** (i.e., neighbourhood associations, networks and associations, grassroots organisations)

• Identify key **local SSE actors, civil society actors and CBOs** (i.e., neighbourhood associations, networks and associations, grassroots organisations) that can provide you with crucial data and information when conducting the feasibility analysis of the complementary currency initiative. As per the local businesses, ideally these actors may also turn out to be early users of the local currency scheme once launched: make sure you properly engage and commit them to the goals of the initiative. Including them also in the participatory process to choose the local currency name can be a good engaging example, in this respect.

• Which key **local SSE actors, civil society actors and CBOs** in your context could provide you with crucial data and information when conducting the feasibility analysis of the complementary currency initiative?  
 • Which key **local society actors and CBOs** in your context can you engage when it comes to launching the participatory naming process of your local currency? (-> Phase 1: Main activities)

• **Local community citizens** participating to the local currency naming process

• Preliminary engagement strategies can be deployed since the very planning phase. When building the "community identity" of the local currency, for example, you can already start to reach out to the local community to consult with citizens inviting them to co-decide, for example, the local currency name.

• Can you manage to reach out to and engage the local community since the very planning phase? Could you launch, for example, a participatory process to collectively decide a name of your local currency? (-> Phase 1: Main activities) Can you think of other effective engaging strategies?



## Insights from the intervention

## Suggested actions

## Self-assessment questions

## MAIN RESOURCES

In the first **planning phase**, the following key resources were deployed:

- **Financial resources** coming from the Seville City Council (for the 2017 feasibility study) and the EU MedTOWN project (for the implementation of the pilot complementary currency scheme)

- Key **human resources** including:

- Technical knowledge and expertise in **monetary economics, policies and regulations**.
- Technical knowledge and expertise in **complementary currency schemes**.
- Technical knowledge and expertise in **public law and public welfare**.
- Technical knowledge and expertise in **IT services, tools, and digital payment solutions**.
- Strong skills and capacities in **planning and project management, communication, networking and facilitation**.
- **Strong personal commitment** to the initiative and its **social goals**.

- Key **networks** with the local community, particularly with **community organisations and SSE actors**, as well as **local economic actors** and their **associations**.

- In general, funding the planning and implementation of a complementary currency project with **local public financial resources** provides a powerful argument to demonstrate the **commitment** of the local authority to the local currency project. At the same time, however, other sources of funding, such as international cooperation funds, may allow more flexibility and less stringent public scrutiny when it comes to experiment social innovative schemes for public welfare programmes (-> Section 6: Risks).

- When carrying out the planning phase of a local complementary currency scheme, make sure you can count on a **highly skilled team of experts** having **strong and technical knowledge and expertise** in **monetary economics, policies and regulations, complementary currency schemes, public law and welfare, IT services, tools, and digital payment solutions**. Moreover, make sure your operational team has strong skills and capacities in **planning and project management, communication, networking and facilitation**, as well as **determined personal commitment** to the initiative and its **social goals**.

- Local complementary currency schemes of this sort, by their own nature, are meant to be inherently **rooted in the local community**: such schemes are created for and sustained by the local community itself. In fact, such schemes are set up in response to the needs of the community and are sustained by the community users. Since the very planning phase, therefore, it is key to leverage **strategic networks** with the local community, particularly with **community organisations and SSE actors**, as well as **local economic actors** and their **associations**. This will allow you to target the **real community needs**, and to come up with a local currency model carefully **tailored to its local context**, and with more **likeliness of success and sustainability**.

- Which **financial resources** can you intercept to carry out a thorough feasibility study and eventually the planning and implementation of the complementary currency scheme in your local context? Are **local public funds** available? What about other funding opportunities, such as **international cooperation donors, private non-profit donors**, supporting your same goals?

- In your local context, can you count on a **highly skilled team of experts** to carry out the planning phase of the complementary currency pilot scheme? Can you count on expert advice and knowledge in **monetary economics, policies and regulations, complementary currency schemes, public law and welfare, IT services, tools, and digital payment solutions**?
- In your local context, can you count on an operational team having strong skills and capacities in **planning and project management, communication, networking and facilitation**, as well as **determined personal commitment** to the initiative and its **social goals**?

- Which **key networks with your local community** should you leverage for the planning phase of the local currency scheme? Who are the key **community organisations and SSE actors** that can allow you to really understand the needs of your community? Who are the key **local economic actors** and their **associations** that can give you an accurate overview of your local economy features and dynamics? Can these networks also facilitate intercepting "early users of the system"? Can they be strategic also to ensure early community engagement already in the local currency identity building? (-> Phase 1: Main Activities)



| Insights from the intervention | Suggested actions | Self-assessment questions |
|--------------------------------|-------------------|---------------------------|
|--------------------------------|-------------------|---------------------------|

**MAIN RESOURCES**

- **Key primary and secondary quality data** to be analysed in the **feasibility study**, including, among others:
  - All key data necessary for a thorough **social-economic assessment** of the local community (i.e., local market trends and dynamics, demographics, social context and issues, the local SSE and associative fabric, local public cash assistance welfare programmes)
  - Solid real-life **evidence** on the social and economic impact and learnings of/from **previously tested social currency experimentations** (locally and internationally)

- **Digital infrastructure** at the core of the local currency functioning model, including:
  - The **currency software integrated into the web platform and the app and allowing the exchange transactions**: one of the most relevant resources for the operation and the management of the system, the medium on which the scheme pivots. In this experience, an **open-source technology** was used for the currency software.
  - The **web platform** in which all the information related to the set of actors in the system and the interactions that these actors carry out with the currency is stored and managed (i.e., transactions, payments). This platform allows the Public Administration to carry out the administration and management functions of the project in a comprehensive and autonomous manner. Also, it allows users to make payments in local currency.
  - The **App**, a software application designed so that users of the system can access the local currency system from one or several mobile devices (i.e., tablets, smartphones). The app allows users, among other functionalities, to make payments, view their account information, review transaction history.

- Make sure you can intercept, or collect, if not available, all necessary **data** to carry out the **feasibility analysis** for the local complementary currency. The latter should include a thorough **social-economic assessment** of the local community (i.e., local market trends and dynamics, demographics, social context and issues, the local SSE and associative fabric, local public cash assistance welfare programmes). Make sure you can also access solid evidence on the social and economic impact and learnings of/from previously tested social currency experimentations, both locally and abroad.

- The **digital infrastructure** is a core and pivoting element for the operational management of the local currency, therefore, choosing the right technological means becomes a key decision for the success or failure of the initiative. Hence, it is essential to opt for a technological foundation that allows the effective circulation and management of the local currency, and smooth adaptability and integration to/ with the city council's systems. Therefore, make sure you set up:
  - A well-functioning **currency software** (integrated with the web platform and app) allowing all exchange transactions in the system. You can opt for open-source technologies or other types (in these cases, you will also need to purchase the software license).
  - An effective **web platform** allowing, among other key functionalities, smooth monitoring and management of the system by the Public Administration.
  - A user-friendly **App**, allowing users to access the local currency system from their mobile devices (i.e., tablets, smartphones). Note that the local currency app is the tool that users use the most when interacting with the scheme, because it is the key medium to make payments in local currency. It is also the instrument that identifies the local currency with something tangible, therefore its design must inherently integrate with the local currency identity (-> Phase 1, Main activities).

- Can you access all necessary and quality **data** to run a thorough feasibility analysis for your local complementary currency scheme applied to a public spending strategy (public cash assistance programme)? If not, can you manage to **collect** the needed data? Who are the **key informants** from the local **public** and **private** sectors, in your local community? Which **data collection methods and tools** are best suited according to each type of targeted key informant, type of data to be collected, and your local context?

- Which is the most suitable and more effective **digital infrastructure** that you can set up for your local currency system? Will it allow the proper functioning of the system? Will it allow the local currency scheme to reach its intended goals?

- Which **software** best serves your local currency model? Is it free? If not, is the software license cost coverable with the business model you foresaw for the scheme?

- Which **web platform** best serves your local currency model? Will it allow an efficient management of the local currency scheme by the public administration?
- Which **App** best serves your local currency model? Is it user-friendly? Will it allow an appropriate use of the local currency by its users? Does it well reflect the local currency **identity**?



## Insights from the intervention

## Suggested actions

## Self-assessment questions

## MAIN ACTIVITIES

During the planning phase, the following key activities were undertaken to set the ground for the set-up of the complementary currency system in Cerro Amate district:

- **Feasibility analysis** which thoroughly assessed the key **social and economic features** of the territory (i.e., social context and issues, the local SSE and associative fabric, local trade dynamics and features), other complementary currency project initiatives, as well as the **technical, legal, social, technological, and economic feasibility of the complementary currency scheme** in the targeted territory. The study used secondary available and official data and information, as well as primary data collected through surveys and interviews to key public and private informants (i.e., local associations and business representatives), informative days and workshops with local business, among others. Key objectives of the feasibility analysis were the following:

- Analyse the territory in terms of the **socioeconomic reality and dynamics**, its networks, and relationships, to identify goals, as well as facilitating and blocking elements to be considered for development and implementation of the complementary currency scheme.

- Identify the most **suitable model** of complementary currency, its functioning characteristics and technical, legal, procedural, governance, economic, social, and technological requirements, its targeted beneficiaries and potential users.

- **Public-Private no-profit Partnership Agreement** signed between Seville City Council and ACPP, MedTown project lead beneficiary. This agreement allowed the channelling of EU funds for the pilot complementary currency scheme and kick-started the public-private collaboration, key to the overall process.

- As complementary currency schemes, albeit successfully operating in some contexts, are still **ground-breaking mechanisms**, a first and crucial step needs to be dedicated to an accurate **feasibility analysis** in the targeted implementation area. Among many and important reason for this, a comprehensive and detailed feasibility analysis allows you to set up the proper complementary currency **model**, increase the probabilities of its **success** and prevent or mitigate potential **risks** (i.e., legal violations, social/political/institutional resistance, waste or improper use of public spending). Moreover, a proper feasibility analysis allows you to preliminarily **identify and engage** (in data collection activities, at this stage) the potential key and early users of the system (i.e., cash assistance programme beneficiaries and local shops).

- Formalise the public-private **collaboration** through a **legal instrument** allowing sufficient flexibility to test a social innovation scheme.

- Is a local complementary currency scheme applied to a public spending strategy (public cash assistance programme) technically, legally, socially, technologically, and economically **feasible** in your local context?
- Which is the most suitable and applicable **model** of complementary currency scheme in your territory to pursue your goal? Which are its **key actors**? What are the necessary **resources**?
- What is the **regulatory framework** in which you can set up the scheme?
- Who are the **beneficiaries** of the public cash assistance programme? How much **public funding** is being channelled for this purpose? How and at what conditions is it accessible to beneficiaries?
- What is the beneficiaries' **socio-economic reality**? What is the **destination** of the subsidies they receive? (i.e., amounts spent, main sectors in which the money is spent, main products and services acquired, number of transactions made, the proportion of expenditure made locally and "outside" the local territory)
- Are these **products and services** available in the **local territory**? Who are (or could be) the local shops and businesses providing them?
- Who are (or could be) the **local suppliers** of these local businesses?

- Which **legal instrument** in your local context could allow a private (SSE actor) entity to **collaborate** with a local public institution (i.e., municipality) to experiment a complementary currency scheme applied to a public spending strategy? Does it allow sufficient flexibility to test such a socially innovative scheme?



| Insights from the intervention | Suggested actions | Self-assessment questions |
|--------------------------------|-------------------|---------------------------|
|--------------------------------|-------------------|---------------------------|

**MAIN ACTIVITIES**

• **Co-design of the functioning model and governance** of the complementary currency scheme:

- Development of the **functioning model** (in compliance with the national institutional and legal framework) which identifies actors and solutions allowing the conversion of the public funding into complementary currency, its channelling to targeted beneficiaries, its recirculation through the network of local business and suppliers, its conversion back to euros, as well as its access on the part of external users (other than recipients of the public cash assistance programme).
- As for the scheme **business model** which should guarantee the **financial sustainability** of the complementary currency system, in this experience it was ACPD coordinating the overall process through MedTown funds.
- Development of a **technological infrastructure** necessary for the operativity of the complementary currency (**digital payment solution**) in compliance with the national institutional and legal framework. The model used an **open-source technology** for the set-up of the complementary currency web platform and App.
- Identification of the **governance mechanism** (in compliance with national institutional and legal framework): the experience allowed the experimentation of a governance model responding to a **vision of co-production**, hence including a non-profit private entity (ACPD NGO) and a local authority (Seville City Council) for the implementation of an innovative approach to a cash assistance public welfare system.

• There are different possible **complementary currency models** that have been tested worldwide and among which you can choose (or be inspired from, if deciding to come up with a new one), *conditional to the regulatory framework in force in the local context you work in*. Make sure you:

- Develop the scheme **functioning model** identifying who **manages** the system, who are the involved **actors**, their **roles** and key **solutions** which make the scheme work (effective access, use and recirculation of the complimentary currency) and which allow you to pursue the desired goals (social impact).
- Come up with a **sustainable business model** covering the **functioning and management costs** of the scheme (i.e., mixed model including public funding and private funding through currency usage fees -> Phase 3: Sustainability)
- Find a **technological infrastructure** allowing the digital payment (i.e., software, web platform and app) that best suits the identified functioning and business model of the complementary currency scheme, as well as the regulatory framework in force in your local context. This step is key for the operational management of the complementary currency and to ensure the smooth integration, and adaptation to the public institution (i.e., systems used by the municipality).
- Opt for an **efficient governance model** complying with the regulatory framework in your local context and, at a later and more mature stage, foreseeing participation from representatives of users "categories" in your local context (i.e., local business and shops, business associations) -> Phase 3: Sustainability

• What **type of currency model** (complying with your local institutional and legal framework) would best suit your local context and allow you to pursue your goals?

- How does the **system work?** (i.e., how is the public funding channelled into the complementary currency system? How does it recirculate? How can external users access the system?)
- Who are the involved **actors?** (i.e., local authority, public aid recipients, social workers, local shops and businesses)
- What is the **role** of each involved **actor** within the complementary currency scheme? (i.e., what is the role of the municipality? Who manages the overall system? Who monitors and verifies its functioning?)
- How is the **users' experience** designed? (i.e., how is the electronic money charged in their accounts? How and where can they spend it? How is the convertibility between electronic currency and official currency managed?)
- What are the **set-up and running costs** of the scheme? (i.e., IT service provider, management and monitoring costs, monetary transaction costs, technological infrastructure costs - such as the cost of the technological software licencing, if not open source, or the web platform and app set-up and maintenance costs)
- How can you **cover the running costs** of the complementary currency scheme? Can you think of a **sustainable business model** where, for example, in addition to public funding, local businesses or external users (individuals other than public aid recipients) pay a usage fee?
- Which **governance model**, in compliance with the regulatory framework in your local context, would allow a good management of the complementary currency scheme? Once the system is consolidated and sufficiently mature, could you think of including user category representatives in the decision-making process?





## Insights from the intervention

## Suggested actions

## Self-assessment questions

## MAIN ACTIVITIES

• Setting up the **regulation regime** of the elaborated complementary currency model: with the support of legal experts and through consultations with public national and EU regulators, ACPD supported the Seville City Council to regulate the overall system and to update legal procedures so that the model could **operate within the national and EU legal frameworks**. Moreover, ACPD provided draft user contracts, personal data processing contracts, as well as support to the elaboration of the **operating Regulation** of the system which disciplined, among other key aspects, rights and obligations of all involved actors of the scheme (i.e., public authority, end users, local shops, social workers).

• **Preliminary testing**: once the technological infrastructure was developed (software, web platform and App), multiple rounds of **usability tests** of the technological tools were carried out with the local commercial sector (i.e., a limited number of local businesses). This first round of engagement served also as a preliminary **recruitment strategy** to secure a first group of “early-users” of the local currency circuit.

• **Mapping & Identification of “early users”**: the data collected through the **feasibility analysis** provided crucial information to identify the key local shops and businesses to be targeted and engaged in the local currency system from its very start. In this respect, it was fundamental to know the **main destinations of the public subsidies** and the **key spending needs and features of the public aid recipients**.

• The **regulation regime** of the complementary currency system must detail all the aspects that guarantee the local authority a full intervention with respect to the monitoring, control, and security of the system. Key instruments are **adhesion contracts for the users**, as well as the **operating Regulation**. Among other aspects, the latter must include:

- The **scope** and **purpose** of the system, as well as its inspiring **principles**.
- The involved **actors** and their assigned **functions**.
- The **rights** and **obligations** of all involved actors.
- The **functioning** of the overall system.
- The **governance** of the system.
- The **sanctioning regime**.

• Make sure you adequately **test the technological infrastructure** before launching the scheme. Run multiple rounds of **usability tests** of the technological tools with potential future users belonging to the local commercial sector (i.e., a limited number of key local businesses). The latter can also help you strategically anticipate the **recruitment phase** by securing a first restricted and committed group of “early-users” of the system.

• To **identify the local shops and businesses** that should be part of the first group of users of the currency, carefully analyse and make strategic use of the data collected during the feasibility analysis. Knowing what the **destinations** of the public subsidies recipients are (average amounts spent, main sectors in which they are spent, main **products and services** acquired), their **socio-economic reality** and their **needs**, allows you to map and identify a first group of users (shops and local businesses and their suppliers) forming a basic and essential structure for the operation (and recirculation) of the complementary currency circuit. It is essential that public spending effectively reaches the companies in the circuit, and that these companies circulate it internally.

• Which **regulation regime** of the complementary currency system could ensure its proper functioning and guarantee its operativity, in compliance with the legal framework in force in your local context? Can it guarantee the local authority a full intervention with respect to the monitoring, control, and security of the system?

- Which **binding legal instruments** are available in your local context to ensure users’ rights are guaranteed and obligations enforced? (i.e., adhesion contracts signed by users)
- What is the **scope, purpose** and inspiring **principles** of the complementary currency scheme?
- What are the involved **actors** and their assigned functions within the system?
- What are the **rights and obligations** of all actors involved in the scheme?
- What is the **functioning** of the overall system?
- How does the **governance** work within the system?
- What is the **sanctioning regime**?

• Is your elaborated technological infrastructure (i.e., software, web platform and App) functioning properly? Who can you engage to run **usability tests** (which might also be potential “early-users” of the system)? Have you carried out sufficient preliminary testing before considering it ready for launch?

• What is the **economic and social reality** of the public subsidies recipients?

- What re the **destinations** of the subsidies they receive? (i.e., amounts spent, main sectors in which the money is spent, main products and services acquired, average number of transactions made)
- Are these **products and services** available in the **local territory**? Who are (or could be) the local shops and business providing them?
- Who are (or could be) the **local suppliers** of these local businesses?



| Insights from the intervention | Suggested actions | Self-assessment questions |
|--------------------------------|-------------------|---------------------------|
| <b>MAIN ACTIVITIES</b>         |                   |                           |

- Design of the **communication and local community outreach strategy**: a detailed strategy was planned to inform the local community of the initiative and to reach out to and engage early users of the local complementary currency scheme.

- Define **what** to communicate, to **whom, why** and **how**.
  - **WHAT**: identify **key messages** explaining the **core values** and **goals** of the complementary currency system, as well as the **key functioning** of the system.
  - **WHY**: convey a proper communication to, among others, 1) make sure the purpose of the initiative is well and easily understood, and to avoid possible risks (i.e., misunderstanding of the purpose, political “manipulation”, possible social resistance and prejudices); 2) engage targeted users and targeted public aid recipients in the system, 3) foster the local community solidarity and their sense of belonging to the local currency, 4) at a later stage, encourage the entry for users (more shops, business and all individual citizens) who can and want to participate in the local currency project of their city.
  - **TO WHOM**: communicate to 1) targeted and potential users of the system 2) public aid recipients 3) overall local community (public and private entities, citizens).
  - **HOW**: define your **communication, outreach & user engagement strategies** (channels, tools, activities) according to your targets and purpose (i.e., mass public awareness campaign, workshops, public meetings, incentive mechanisms for users to join the local currency system, such as promotions in local currency)

- What are the **key messages** of the complementary currency project to be conveyed?
- What is the **main purpose** and **goal** of the project?
- What are its **core values**?
- How can you best explain the **key features** of the complementary currency project?
- What **possible misinterpretations** on the part of the local community you want to make sure to avoid?
- Who do you need to make sure is **aware** of the initiative?
- Who do you want to **engage** as user of the complementary currency system? Which **target groups** do you need to engage first? And secondly? And lastly?
- What is the best strategy to reach out to and ensure the **participation of early users** of the local currency?
- What is the best strategy to reach out to and ensure the participation of **public aid recipients** in the local currency system?
- What is the best strategy to foster the **local community sense of belonging and solidarity** with the local currency?
- What is the best strategy/**incentive mechanism** to enlarge the group of the local currency users?
- How can you best **reach** each target group, for each purpose? Which **strategies** can you use? Which are the most **effective activities, channels** and **tools** that can be used?

- Participatory local currency **identity building**: an important phase was dedicated to building the local currency **visual identity**, its **core values** and **vision**. Moreover, a participatory process was promoted to collectively come up with the local currency **name** to foster the **community sense of belonging** and to ease its **community acceptance**.

- Since the brain remembers **visual impacts** much more easily than the contents, the fact of associating the name of the currency with **colours** and **images** representative of the local reality helps to reinforce the feeling of belonging to the community project.
  - The **process of creating the name of the currency** is a **key identity element** that directly affects the **perception** that users have of the project. Both the **participative process** to choose the name of the currency, as well as the design of this same process and the whole series of activities that are carried out around this action, must start from the will of collaboration of the actors involved, present and future. The name resulting from the participation process becomes key for the currency to be accepted and for it to be used more fluidly.

- What are the **core values** of the local complementary currency initiative?
- What is the **vision**?
- Which **brand identity elements** (i.e., colour, image, logo, icon, font) best convey such vision?
- How can you include the community in the decision-making process of the local currency **name**?
- How can you ensure your **community sense of belonging** and **solidarity** to the local complementary currency initiative? How can you secure **community acceptance**?



# Phase 2

## IMPLEMENTATION: GIVING LIFE TO THE LOCAL COMPLEMENTARY CURRENCY

| Insights from the intervention | Suggested actions | Self-assessment questions |
|--------------------------------|-------------------|---------------------------|
|--------------------------------|-------------------|---------------------------|

### MAIN ACTORS

Key actors of the implementation phase have already been highlighted in Phase 1, namely: the local public authority (Sevilla City Council), the SSE actor overseeing the pilot (ACPP), the IT provider, the CBOs and SSE actors/ associations, the local business and shops and their associations, the local community citizens.

Moreover, the implementation phase planned to engage an *additional* and key target group, namely:

- the **recipients of the local public subsidies** (the beneficiaries of the cash assistance programme) voluntarily adhering to the pilot initiative.

- When the time is ripe (-> Phase 2: Key activities) efforts can be directed to **involve the individuals receiving subsidies**, as channelers of the public expenditure into the local currency circuit.

- Who are the community **individuals receiving subsidies** in your local context? How can you engage them in the local currency system and encourage them to participate in the initiative?



| Insights from the intervention | Suggested actions | Self-assessment questions |
|--------------------------------|-------------------|---------------------------|
|--------------------------------|-------------------|---------------------------|

## MAIN RESOURCES

Key resources in the implementation phase have already been highlighted in Phase 1, namely: **financial resources** from the EU funded MedTOWN project, key **human resources**, key **networks** with the local community (particularly with **community organisations** and **SSE actors**, as well as **local economic actors** and their **associations**), and the **digital infrastructure** at the core of the local currency functioning (currency software, web platform and App).  
 In the implementation phase, additional resources deployed were the following:

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| <ul style="list-style-type: none"> <li>• <b>communication materials</b> produced and disseminated (i.e., stickers, posters in local shops and public areas) as well as the <b>social media channels</b> used for the social media campaign.</li> </ul> | <ul style="list-style-type: none"> <li>• To deliver the planned communication, outreach &amp; engagement activities, make sure to use effective <b>communication tools, materials</b> and <b>channels</b> (i.e., media, social media platforms)</li> </ul> | <ul style="list-style-type: none"> <li>• Which <b>communication materials</b> and <b>channels</b> are best suited and most strategic in your context to support your communication and engagement strategies?</li> </ul> |
|--|--|--|

## MAIN ACTIVITIES

- |  |   |   |
|--|---|---|
| <ul style="list-style-type: none"> <li>• Delivery of the <b>communication and user engagement strategies</b>: many activities were carried out in this phase, such as <b>open town meetings</b> specifically targeting potentially interested parties (i.e., neighbourhood associations, civil society groups, local businesses and business associations), <b>in-person visits</b> to targeted businesses, <b>social media campaign</b>, and dissemination of <b>communication materials</b> (i.e., stickers, posters in local shops and public areas)</li> </ul> | <ul style="list-style-type: none"> <li>• Start delivering the planned <b>communication, outreach and engagement activities</b>. Take good advantage of the <b>local networks, channels, and resources</b> you can leverage to support your communication and engagement strategies. Should your strategy struggle to reach your goals, be <b>proactive</b> and ready to <b>change</b> and improve your tactic.</li> </ul> | <ul style="list-style-type: none"> <li>• Which local <b>networks, channels, and resources</b> can you leverage to support your <b>communication and engagement strategies</b> in your local context?</li> <li>• Are your planned communication and user engagement strategies proving to be <b>effective</b>? Are you successfully reaching out to your target groups? How is the local community reacting? Do your strategies need corrective measures?</li> </ul> |
|--|---|---|



## Insights from the intervention

## Suggested actions

## Self-assessment questions

## MAIN ACTIVITIES

• **Gradually building the network of users:** around 30 local businesses in Cerro Amate district were successfully engaged in the local currency scheme and provided their formal participation to the initiative by signing the **adhesion contracts**. At this point, however, the implementation of the local currency was unfortunately suspended due to external political factors which unsettled the ongoing local currency initiative in the nearby town of San Juan de Aznalfarache.

• Firstly, begin to build the network of companies that must be part of the **first group of users** of the local currency (all users must **formalise** their adherence to the project by signing **contracts** with the municipality). Mind that **the intervention cannot begin until a sufficiently numerous, diverse and accurate offer of products and services is guaranteed to respond to the needs of the public subsidies recipients**.

• When the commercial network can be considered sufficient, diverse and motivated, efforts can be directed to **involve** (and train) the **individuals receiving subsidies**, as channelers of public expenditure towards the interior of the circuit of the currency.

• Following this step, proceed to the **gradual incorporation of the rest of the potential participants to the local currency initiative**, namely the **citizens of the locality** (-> Sustainability). Although this group of users can join the process at any time, it is recommended to carry out **proactive recruitment actions** when the use of the currency is well **consolidated** and **naturalized** among a consistent group of local businesses and local shops.

• The phase of building the network of users of a local currency becomes **complete** when an **organic functioning dynamic** is reached in which the participants **naturalize** the use of the currency. It cannot be stated, however, that there is a deadline for completing each stage. A local currency project is a **living, dynamic initiative** that must be modulated at the same pace as the changing reality that affects all sectors of a territory.

• Which local shops and businesses have you identified as the **first targeted group of users** of the local complementary currency?

• Are they willing to **formally adhere** to the initiative? (i.e., signature of adhesion contracts)

• Does this engaged primary group of users allow you to secure, within the local currency circuit, a sufficiently **numerous, diverse and accurate offer of products and services** which satisfy the **public subsidies recipients' needs**?

• Have you managed to engage a sufficient number of **individuals receiving subsidies** which are willing to participate to the local currency initiative? Do they **formally adhere** to the initiative? (i.e., signature of adhesion **contracts**)

• Is the use of the currency being sufficiently **consolidated** and **naturalized** among the first groups of users? (local business and subsidies recipients)

• Is the time ripe to open the local currency scheme to a **wider network** of committed individuals in your community?

# Phase 3

## SUSTAINABILITY: ENSURING A FUNCTIONAL, IMPACTFUL AND SUSTAINABLE COMPLEMENTARY CURRENCY SYSTEM

### Suggested actions

### Self-assessment questions

#### FINANCIAL SUSTAINABILITY

• **Ensuring a sustainable business model of the local currency scheme:** although the aim, purpose and values are social and solidarity-based, a local currency project remains a **financial and monetary project**. Therefore, it requires precise management and a **financial viability plan** that ensures its **sustainability**. In general, the financial resources for the planning and implementation of a complementary currency project with **local public funds** provides a powerful argument to demonstrate the commitment of the local authority to the local currency project. However, **additional resources** can be secured from various sources of funding, including subsidies from supra-municipal entities or international cooperation donors, but also a certain amount of **self-financing** that the operativity of the local currency network itself can provide. This **hybridization of resources offers better guarantees and more reliability**. For example, a local currency could foresee one or more of the following self-financing mechanisms:

- applying an **exchange rate** to the exchange of the local currency for the conventional one (i.e., euros).
- applying an **entrance fee** to the network of businesses and companies that use the local currency.
- applying a **fee for transactions** made by local currency users (or certain categories of users).

- What are the **set-up and running costs** of the complementary currency scheme? (i.e., IT service provider, management and monitoring costs, monetary transaction costs, technological infrastructure costs – i.e., the cost of the technological software licencing, if not open source, or the web platform and app set-up and maintenance costs)
- How can you **cover the running costs** of the complementary currency scheme?
- Can you think of a **sustainable business model** entailing **self-financing mechanisms**?
- Is applying an **exchange rate** to the local currency feasible in your context?
- What about applying an **entrance or transaction fee** to the network of businesses and companies that use the local currency?

## Suggested actions

## Self-assessment questions

**SOCIAL & ECONOMIC SUSTAINABILITY**

- **Enlarging (when the time is ripe) the network of users & increasing the local currency recirculation:** a local complementary currency project is a living, dynamic initiative.

Widening the adoption of these instruments **can turn an aid programme into a programme of economic revival**, since local complementary currencies amplify the economic impact of a subsidy given to citizens, promoting its use in the local commerce and encouraging **recirculation in the local economy** itself, which **increases the multiplier effect** of public spending.

- Using municipal e-money payment methods to activate local commerce and to ensure that local public aid not only covers the basic needs of the population, but also **multiplies the economic impact of public spending** thanks to the recirculation of money in the local economic circuit.

- It is therefore advisable to foster the **gradual incorporation of a wider group of users within the local currency circuit** (the community citizens). It is recommended, however, to move to this step only when the use of the currency has been consolidated and naturalized among the local commercial network and subsidies recipients. There are many different strategies and channels to facilitate/regulate entry for local users, according to the purpose, principles, and social goals of the local currency, for example:

- Business people voluntarily deciding to collect part of their salary in local currency.

- Employees who work in shops and companies receiving local currency voluntarily requesting the collection of part of their salary in local currency.

- Discount campaigns, sales or offers carried out by businesses and companies in certain periods of the year where the buyer pays in full for the product or service offered, and the merchant pays, in local currency, the amount of the discount to the buyer's account.

- A voluntary and individual request to exchange official currency for local currency made by a person autonomously through the IT application, the *e-wallet* that manages the currency.

- Converting discounts that the municipality offers to certain groups or individuals (i.e., age, employment status, number of people who make up the family unit) for public services into local currency (the discount is applied once the beneficiary user has paid, in advance, the totality of the service in euros, then the amount of the discount is returned to the person in local currency)

- Rewarding through local currency bonuses people who, not only individually, but also collectively, develop actions or take initiatives that benefit the community (i.e., actions for the use of municipal waste, reduction of energy expenditure from fossil materials, use of homemade composters)

- Engaging in socially-responsible public procurement by, among others, awarding work, supply and service contracts to companies and professionals that might accept local currency as part of the payment for the service, in line with consideration 2 of the preamble to Directive 24/2014, on Public Procurement, by which public expenditure has to be more efficient, and to enable in particular SMEs to participate in public procurement in support of shared social goals

- Is the use of the currency being sufficiently **consolidated** and **naturalized** among the first groups of users? (Local business and subsidies recipients)

- Can you move on to open the access to the local currency circuit to a **wider network** of committed individuals in your community?

- Which **strategies** or **channels** would be more effective and appropriate in your local context to **open/regulate the access** to the local currency scheme to a wider network of committed individuals in your community?

- Could you envisage a model allowing **businessmen** to voluntarily collect part of their **salary** in local currency?

- Could you envisage a model allowing **employees** who work in shops and companies receiving local currency to voluntarily request the collection of part of their **salary** in local currency?

- Could you envisage a model where local shops use **discount campaign, sales or offers** in local currency to incentivise citizens' entry in the circuit?

- Could you envisage a model where **individuals** can freely **exchange official** currency with local currency directly through the currency App?

- Could you envisage a model where **discounts** that the **municipality** offers to certain groups or individuals (i.e., age, employment status, number of people who make up the family unit) for **public services** are converted into local currency?

- Can you envisage a model where the **municipality** awards people for carrying out **initiatives that benefit the community** through **bonuses** in local currency?

- Can you envision your **municipality** developing **social public procurement** award criteria and performance conditions that include **accepting local complementary currency** as part of the payment for services, without any obligation, so companies are encouraged to include it in their tenders as part of their **social responsibility**?



## Suggested actions

## Self-assessment questions

**INSTITUTIONAL SUSTAINABILITY**

• **Ensuring participatory governance of the local currency system:** there can be many types of governance models for a local complementary currency model. In this specific scheme which channels public subsidies into the local currency circuit, the **local authority** obviously has and should have the **driving, leading, decision-making and supervisory role**. Nevertheless, when the local currency scheme reaches a sufficiently mature phase, it is advisable to a governance model **allowing forms of community participation**, such as creating a dedicated body having an **advisory role** and where different local currency user categories can be represented (i.e., local shops and shop associations, public **subsidies** recipients, individual users). Among other advantages, a participatory governance could help maintain and strengthen the **trust** of users towards the local authority leading the initiative and toward the initiative itself. Moreover, it can facilitate the **growth** of the local users' network, **update** and **develop** tools and processes, allow the sharing of **feedback** from the local currency experience as well as **reflections** on the evolutionary design of the currency, its system and its objectives.

**TECHNICAL, INSTITUTIONAL & SOCIAL SUSTAINABILITY**

• **Measuring & monitoring the local currency performance and impact.** This is crucial for many reasons such as, among others:

- **Tracing public expenditure** channelled through the local currency and collecting data linked to the life cycle and destination of public resources injected into the local currency network. Indeed, being able to collect accurate data and evidence facilitates the making of sound policy/administrative decisions and optimizes the management of public resources.
- Monitoring and assessing the **proper functioning** of the system, and, if necessary, allowing prompt **corrective measures**.
- Measuring the outcomes and social impact of the local initiative.
- Building strong **effectiveness and impact evidence** encouraging **public authorities** to continue supporting the initiative/replicate the initiative elsewhere.
- Providing strong **effectiveness and impact evidence for policy change** in favour of more **enabling legal frameworks** for complementary currencies.
- Providing **strong effectiveness and impact evidence** for the **wider community** - the more evidence on the advantages, the greater the number of the users of the system, the higher the **recirculation** of the local currency and, in turn, the greater the **social and the economic advantages** for the community at large.

- Which **governance model** could allow some form of **users' participation/representation** in the decision-making process of the local currency scheme?
- Could you envisage a model including a **dedicated body** having an **advisory role** and where different local currency user categories can be **represented?** (i.e., local shops and shop associations, public subsidies recipients, individual users)

- How many **times** a local currency unit is **exchanged in a given time frame?**
  - *(At all times, and for each exchange process)* What is the **provenance** and **destination** of each exchange process? What is the **amount** exchanged? What is the **public expenditure group** to which it belongs?
  - *(At all times, and for each unit of local currency)* What is the **destination?** Who **owns** it? (sector of membership - i.e., private individual, company, public subsidy recipient) Where does it come from? (i.e., public subsidy, commercial exchange)
  - *(At all times)* How much is the **amount** of local complementary currency in the circuit? (i.e., by type of expenditure, by user category, by users' sector provenance)
  - *(At all times)* How many are the **local currency users?** (i.e., by type of expenditure, by type of users)
  - *(At all times)* How much is the **amount** of local complementary currency in the hands of **beneficiaries** of the public subsidies? (i.e., by type of expenditure, by category of beneficiary)
- How many **times** a local currency unit is **exchanged** from the time it was created (subsidy payment to the beneficiary) until it was destroyed (exchanged back to euros)? (**Local Multiplier Index** – LM3)
  - How many **work hours** are **saved** for the social workers involved in the local currency scheme? (i.e., due to reduced transitions of the public cash assistance programme)
  - How many **new local jobs** have been created as a direct and indirect effect of the local currency scheme?
  - Has there been an increase of the **revenue** of local shops adhering to the local currency scheme?
  - Has the **feeling of belonging to the community** increased as an effect of the local currency scheme?
  - Do public subsidies recipients feel more **socially included** in their local community as an effect of the local currency scheme?



# 5. Key contextual determinants for replicability

The following table aims to inform readers of the **main contextual determinants** that emerged during the analysis when seeking to identify key “ingredients” and conditions that should be in place in a given context for the replicability of the Cerro Amate local complementary currency scheme. The table should support readers in running a quick general screening of their own context to assess the preliminary feasibility of considering replicating the practice.





| Key determinants | Self-assessment questions |
|------------------|---------------------------|
|------------------|---------------------------|



• Some degree of **openness to innovation**, instead of a conservative culture, is indeed needed both from public officials and public administration staff/technicians, as well as from local businesses and shops, public subsidies recipients and the local community at large.

- Is there a minimum degree of **openness to innovation** on the part of **public officials and public administration staff/technicians**, in your local context? Or, instead, risk averse, resistant, and hostile attitudes could prevail towards ground-breaking welfare schemes?
- Are **local shops and businesses** in your local context culturally well-disposed and open to such innovative projects?
- Are **public subsidies recipients** and the **local community** at large culturally receptive to such kind of ground-breaking social innovation?



• A local complementary currency scheme is an innovative tool for social transformation that, like any other currency, is based on **trust**, both in the instrument itself as well as in the community that use it and benefits from it. For this reason, there is a strong need for a significant amount of **social capital** and **mutual trust** in the local context where the initiative is meant to be piloted. Such **collaborative willingness** and **climate** need to be shared, first of all, among the promoting SSE agent and the leading local authority (i.e., the municipality). Same holds true also for all the other actors engaged in the local currency initiative, namely the local businesses and shops, the public subsidies recipients, and the local community at large.

- Is there some degree of **mutual trust, social capital** and **collaborative climate** in your local context?
- Is there a prior **collaborative history** among **private** and **public actors** in your local context?

• For those contexts where a local complementary currency scheme represents a ground-breaking pilot initiative for the local public administration, the initiative has greater chances of success in "**safer environments**", meaning social contexts where there are no particularly severe and untrenched social conflicts, and social unrest, severe poverty and unemployment, or high pressure on public social services with limited welfare budgets (-> Section 6: Risks)

- Is there a certain level of **social stability** in your local context? Or are there severe and untrenched social conflicts and significant level of social unrest?
- Are local public social services pressured by high levels of poverty and unemployment in your context?



• It is necessary to count on a **solid political will and leadership** to test and promote such socially innovative schemes on the part of the local authority.

- Does your **local government** have the **political will and leadership** to test and promote a local complementary currency scheme to innovate its welfare programmes?

• Moreover, for those contexts where a local complementary currency scheme represents a ground-breaking pilot initiative for the local government, the initiative has greater chances of success in territories having a certain **political stability** and not severely under pressure from relevant **political opposition** (-> Section 6: Risks).

- Is your local **political context stable** enough to test such an innovative welfare programme? Could the **political opposition** challenge the implementation of the complementary currency initiative?



### INSTITUTIONAL & LEGAL FRAMEWORK

#### Key determinants

- For this particular local complementary currency scheme, there is a need for an institutional setting where a system is in place for **public welfare services** foreseeing **cash assistance programmes** (either conditional to participating in specific support programs/vocational training, or any other legal condition established by the local government, or unconditional). Also, possibly such public social service systems should not be severely over-pressured by high demand.

- The use of local currencies as local payment services to improve the impact of public spending by administrations usually takes place at the **local level**. Therefore, there is a need for a state legislation granting jurisdiction and autonomy to local and regional administrations (**decentralised public administrative system**) to adapt the processes and specific actions (i.e., public procurement, electronic money regulation, welfare programmes) in their territorial area within the framework of the general legislation.

- The implementation of local complementary currency schemes needs institutional settings where there are legal and transparent, fair and democratic tools and processes to **formalise collaborations between public administrations and SSE actors** (i.e., NGO). Such institutional settings should foresee tendering procedures allowing **public-private co-production** not for profit aims (i.e., large infrastructural projects or services) but for **social aims** (SSE principles). Although there are different legal formulas that may enable this possibility, the optimal regulation would allow for public institutions to establish onerous **Public Private Non-Profit Partnerships (PPNPP)**, provided that there is a clear and transparent tendering procedure for the award of the contract or concession and subsequent monitoring and supervision of the execution of the contract or concession. Although most systems for public-private partnerships are almost entirely infrastructure-based (to develop roads and other large construction works), these relationships are now being explored for services like education, social services, healthcare, and environmental sustainability.

- The **local public administrative “machine”** needs to be operating in **proper conditions to innovate** (including digitalisation). This means being not overwhelmed with complex and traditional bureaucratic procedures, nor pressured by tight legal scrutiny as innovations need some margin for errors.

#### Self-assessment questions

- Is there a **public welfare system** entailing **cash assistance programmes** in your local context?
- Are local public social services pressured by high levels of poverty and unemployment in your context?

- Is there a **decentralised public administrative system** in your local context which grants sufficient jurisdiction and autonomy to local and regional administrations allowing them to pilot local complementary currency initiatives?

- Are there legal and transparent, fair and democratic tools and processes to **formalise collaborations between public administrations and SSE actors** (i.e., NGO) in your local context?
- Which are the **legal formulas** in your context that would allow such formalisation?

- How is the **local public administration “machine”** operating in your local context?
- Does it operate in suitable conditions allowing **innovative and digitalised procedures** or is it burdened by **complex and traditional bureaucracy**?
- Is there some **margin for errors** allowed for your local public administration to experiment innovative welfare schemes or does it operate under **tight legal scrutiny**?

| Key determinants | Self-assessment questions |
|------------------|---------------------------|
|------------------|---------------------------|



**FINANCIAL RESOURCES**

|  |   |
|--|---|
| <ul style="list-style-type: none"> <li>• Available <b>public funding devoted to local public welfare services foreseeing cash assistance programmes</b> and autonomously managed by the local authority (i.e., municipality). Part of this public expenditure is channelled to subsidies recipients through the local complementary currency system.</li> </ul>  | <ul style="list-style-type: none"> <li>• Does your local authority allocate some public funding for <b>local welfare services foreseeing cash assistance programmes</b>? Can part of this public expenditure be channelled to subsidies recipients through the local complementary currency system?</li> </ul>            |
| <ul style="list-style-type: none"> <li>• <b>Additional financial resources</b> (better if other than from municipal budgets, such as international donors, national private donors, fundraising efforts, etc. -&gt; Section 6: Risks). Apart from the cash assistance public resources, funding is needed also to cover all preliminary and complementary activities and costs to plan and implement the local complementary currency scheme, such as human resources coordinating and managing the overall process, feasibility studies and research, communication and community outreach planning and delivery, external partnering services (i.e., IT provider, legal and economic experts), cost of digital platform set-up, management and maintenance.</li> </ul> | <ul style="list-style-type: none"> <li>• Are there <b>funding opportunities</b>, other than local public funds, that you can intercept to plan, set up and implement the local complementary currency scheme in your local context? (i.e., international donors, national private donors, fundraising efforts)</li> </ul> |



**HUMAN CAPITAL**

|   |  |
|---|--|
| <ul style="list-style-type: none"> <li>• Engaged <b>public officials and public administration technicians/staff</b> need to have an <b>open learning</b> and <b>open-minded approach</b> to social innovation, solid <b>willingness</b> and <b>commitment</b> to <b>innovate</b> and to <b>collaborate</b> with SSE actors, needed <b>technical, legal</b> and <b>digital skills</b> and <b>capacities</b> to implement the local complementary currency scheme for the targeted public welfare services.</li> </ul>   | <ul style="list-style-type: none"> <li>• Do <b>public officials</b> and <b>public administration technicians/staff</b> in your local context have an <b>open learning</b> and <b>open-minded approach</b> to social innovations? Are they <b>willing to innovate</b> and to <b>collaborate</b> with SSE actors?</li> <li>• Do they have sufficient <b>technical, legal</b> and <b>digital skills</b> and <b>capacities</b> to implement a local complementary currency scheme?</li> </ul>  |
| <ul style="list-style-type: none"> <li>• The implementing <b>SSE actor</b> overseeing the process needs to have strong <b>governance and management skills</b>, being capable of <b>adapting</b> the social innovation scheme to the <b>local context</b>, having a good <b>understanding</b> of the <b>social, cultural, and economic conditions</b>, as well as good <b>communication and engagement capacities</b>.</li> </ul>   | <ul style="list-style-type: none"> <li>• Is there a suited <b>SSE actor</b> in your local context having strong <b>governance and management skills</b> to promote and oversee the local currency planning and implementation process? Does it have proper <b>communication and engagement capacities</b>?</li> <li>• Does it have the proper capacities to <b>adapt</b> the social innovation scheme to the <b>local context</b>? Does it have a good <b>understanding</b> of the <b>social, cultural, and economic conditions</b>?</li> </ul>  |
| <ul style="list-style-type: none"> <li>• Overall, the <b>operative team</b> coordinating and managing the planning and implementation processes needs to have key <b>human resources</b> including:                             <ul style="list-style-type: none"> <li>- Technical knowledge and expertise in <b>monetary economics, policies</b> and <b>regulations</b>.</li> <li>- Technical knowledge and expertise in <b>complementary currency schemes</b>.</li> <li>- Technical knowledge and expertise in <b>public law</b> and <b>public welfare</b>.</li> <li>- Technical knowledge and expertise in <b>IT services, tools, and digital payment solutions</b>.</li> <li>- Strong skills and capacities in <b>planning</b> and project <b>management, communication, networking</b> and <b>facilitation</b>.</li> <li>- <b>Strong personal commitment</b> to the initiative and its <b>social goals</b>.</li> </ul> </li> </ul> | <ul style="list-style-type: none"> <li>• In your local context, can you count on a <b>highly skilled team of experts</b> for the planning and implementation of the local complementary currency scheme? Can you count on expert advice and knowledge in <b>monetary economics, policies and regulations, complementary currency schemes, public law and welfare, IT services, tools, and digital payment solutions</b>?</li> <li>• In your local context, can you count on an <b>operational team</b> having strong skills and capacities in <b>planning</b> and project <b>management, communication, networking</b> and <b>facilitation</b>, as well as <b>determined personal commitment</b> to the initiative and its <b>social goals</b>?</li> </ul> |





### HUMAN CAPITAL

#### Key determinants

• Local complementary currency **end-users** (i.e., local shops and businesses, public subsidies recipients and community citizens) need to have an **open-minded approach to trust and participate** in the local currency initiative, sufficient degree of **willingness** and **personal commitment** to the project and to adhere to its rules and functioning. End-users also need some **minimum level of digital literacy and skills** to be able to make digital payments.

#### Self-assessment questions

• Do local shops and business in your local context have an **open-minded approach to trust and participate** in the local currency initiative? Could they have sufficient degree of **willingness** and **personal commitment** to the project and to adhere to its rules and functioning?

• Do local shops and business have a **minimum level of digital literacy and skills** to make digital payments? What about **public subsidies recipients** in your territory? And the **citizens** of your local community?



### ACTORS AND ORGANISATIONS

• **Local public authority** (i.e., municipality) as **leading entity** and **owner** of the local complementary currency scheme applied to the targeted local public welfare programme. Within the operational local currency scheme, the local authority **approves the public expenditure** that must be paid to each beneficiary, in electronic money, through the local currency scheme, verifies expenditures and ensures legal compliance of the overall scheme and procedures.

• Is the **government** of your local territory (i.e., City Council), keen on promoting and experimenting an innovative complementary currency scheme to deliver a public cash assistance programme? Is there a political will to test such a social innovation?

• **SSE actors** (i.e., an NGO) as main partner of the local government that supports the overall planning, regulation, and implementation process, and, within the operational local currency scheme, acts as **intermediary** between the granting authority (i.e., the municipality) and the public subsidies recipients (receiving the funds for subsequent delivery, distribution and management of the subsidies to the beneficiaries, acting in the name and on behalf of the granting body).

• Is there a suitable **SSE organisation** in your local context that can drive such a **social innovation** process and support the local authority throughout the local complementary currency set-up and implementation?

• **Technological operator** (IT company) responsible for providing the technological platform that allows the circulation of the local currency and ensures its operational availability.

• Which **IT company** can you engage to set up the local currency scheme?

• Does it have sufficient expertise in **digital payment solutions**?

• **Experts in financial regulatory frameworks and public law, and monetary economics.**

• Which **highly skilled experts** can provide you with quality advice and guidance in finding **legal grounds** for your local currency initiative and to make your it complies with your **legal framework**?

• **Actors of the local commercial sector:** local shops and business (primarily those that, collectively, can provide a sufficiently numerous, diverse and accurate offer of products and services to respond to the needs of the public subsidies recipients)

• Which **key actors of your local commercial sector** (local shops and businesses) could provide you with crucial data and information when conducting the feasibility analysis of the complementary currency initiative?

• Which local shops and business can you engage as **first targeted group of users** of your local complementary currency? Would they be willing to **formally adhere** to the initiative? (i.e., signature of adhesion contracts) Would this primary group of users allow you to secure a sufficiently **numerous, diverse and accurate offer of products and services** which satisfies the public subsidies recipients' needs? Which are the other local shops and businesses that you can engage in the local currency scheme when the time is ripe to open its access to a wider user network?

| Key determinants | Self-assessment questions |
|------------------|---------------------------|
|------------------|---------------------------|



|  |   |
|--|---|
| <ul style="list-style-type: none"> <li>• <b>Recipients of the local public cash assistance programme</b> voluntarily adhering to the pilot initiative.</li> </ul>                                  | <ul style="list-style-type: none"> <li>• Who are the <b>individuals receiving subsidies</b>? How can you engage them in the local currency system and encourage them to participate?</li> </ul>   |
| <ul style="list-style-type: none"> <li>• <b>Local SSE actors, civil society actors and CBOs</b> (i.e., neighbourhood associations, networks and associations, grassroots organisations)</li> </ul> | <ul style="list-style-type: none"> <li>• Which key <b>local SSE actors, civil society actors and CBOs</b> in your context could provide you with crucial data and information when conducting the feasibility analysis of the complementary currency initiative?</li> <li>• Which key <b>local SSE actors, civil society actors and CBOs</b> in your context can you engage in the local currency scheme to help you reach out to potential users?</li> </ul> |
| <ul style="list-style-type: none"> <li>• <b>Local community citizens</b></li> </ul>  | <ul style="list-style-type: none"> <li>• Can you manage to reach out to and engage the <b>local community</b> since the very planning phase of the initiative? How can you encourage citizens' participation to the local currency scheme (once the use of the currency has been sufficiently consolidated and naturalized among the first groups of users)?</li> </ul>   |



|  |  |
|--|--|
| <ul style="list-style-type: none"> <li>• <b>Key networks</b> with the local community, particularly with <b>community organisations</b> and <b>SSE actors</b>, as well as <b>local economic actors</b> and their <b>associations</b>.</li> </ul> | <ul style="list-style-type: none"> <li>• Which <b>key networks with your local community</b> should you leverage for the planning and implementation of the local currency scheme?</li> <li>• Who are they key <b>community organisations</b> and <b>SSE actors</b> that can allow you to really understand the needs of your community? Who are the key <b>local economic actors</b> and their <b>associations</b> that can give you an accurate overview of your local economy features and dynamics?</li> <li>• Can they be strategic to ensure early community engagement already in the local currency identity building?</li> <li>• Can these networks also facilitate intercepting and engaging the users of the system?</li> </ul> |
|--|--|



|  |  |
|--|--|
| <ul style="list-style-type: none"> <li>• <b>Key primary and secondary quality data</b> to be analysed in the <b>feasibility study</b>, including, among others:                     <ul style="list-style-type: none"> <li>- All key data necessary for a thorough <b>social-economic assessment</b> of the local community (i.e., local market trends and dynamics, demographics, social context and issues, the local SSE and associative fabric, local public cash assistance welfare programmes)</li> <li>- Solid-peer reviewed <b>evidence</b> on the social and economic impact and learnings of/from <b>previously tested social currency experimentations</b> (locally and internationally)</li> </ul> </li> </ul> | <ul style="list-style-type: none"> <li>• Can you access all necessary and quality <b>data</b> to run a thorough feasibility analysis for your local complementary currency scheme applied to a public spending strategy (i.e., public cash assistance programme)?</li> <li>• If not, can you manage to <b>collect</b> the needed data?</li> <li>• Who are the <b>key informants</b> from the local <b>public</b> and <b>private</b> sectors, in your local community?</li> <li>• Which <b>data collection methods and tools</b> are best suited according to each type of targeted key informant, type of data to be collected, and your local context?</li> </ul> |
|--|--|

## Key determinants

## Self-assessment questions

• **Digital infrastructure** at the core of the local currency functioning model, includes:

- The **currency software integrated into the web platform and the app and allowing the exchange transactions**: this is one of the most relevant resources for the operation and the management of the system, the medium on which the scheme pivots (in this experience, an **open-source technology** was used for the currency software).

- The **web platform**, in which all the information related to the set of actors in the system and the interactions that these actors carry out with the currency is stored and managed (i.e., transactions, payments). This platform allows the Public Administration to carry out the administration and management functions of the project in a comprehensive and autonomous manner. Also, it allows users to make payments in local currency.

- The **App**, a software application designed so that users of the system can access the local currency system from one or several mobile devices (i.e., tablets, smartphones). The app allows users, among other functionalities, to make payments, view their account information, review transaction history.

• Moreover, end-users (i.e., local shops and public subsidies recipients) need to be endowed with a **basic level of digital skills** to use the local currency digital system and tools. Same applies for the public administration staff/officials managing and monitoring the local currency platform and overall system.

• Finally, **technological devices** need to be available/accessible both to end-users (i.e., smartphones, tablets) and public administrators/supervisors (i.e., computers), as well as easy access to internet service.

• Which is the most suitable and more effective **digital infrastructure** that you can set up for your local currency system? Will it allow the proper functioning of the system? Will it allow the local currency scheme to reach its intended goals?

• Which **software** best serves your local currency model? Is it free? If not, is the software license cost coverable with the business model you foresaw for the scheme?

• Which **web platform** best serves your local currency model? Will it allow an efficient management of the local currency scheme by the public administration? Will it allow an appropriate use of the local currency by its end-users? Is it largely accessible to all targeted end-users of the local currency?

• Which **App** best serves your local currency model? Is it user-friendly? Will it allow an appropriate use of the local currency by its end-users? Does it well reflect the local currency identity?

• Are **end-users** (i.e., local shops and public subsidies recipients) endowed with a **basic level of digital skills** needed to use the scheme digital system and tools digital system and tools? (i.e., App)

• What about the **public administration staff/officials** managing and monitoring the local currency platform and overall system?

• Are needed **technological devices** (i.e., smartphones, tablets, computers) largely and easily accessible/available to all targeted end-users of the local currency in your context? And to public administrators/staff? Is internet service largely available to all end-users and administrators of the local currency scheme?



## DIGITALISATION

BASIC HARD  
INFRASTRUCTURES

• All **key economic hard infrastructures** needed by local economic actors (local business & shops) to be operative, hence, to produce, purchase and exchange resources, products, and services (i.e., stores, transportation and communication infrastructures, power grid and water supply network)

• Can local economic actors in your context count on existing and functioning **key economic hard infrastructures** to be operative in the local economy? (i.e., stores, transportation and communication infrastructures, power grid and water supply network)

| Key determinants | Self-assessment questions |
|------------------|---------------------------|
|------------------|---------------------------|



**SOFT INFRASTRUCTURES (SERVICES)**

• All services needed by the local economic actors to be operative in their market: i.e., commercial services, transport logistics, legal and technical support, advertising.

• Which are the **key services** your local economic actors need to be **operative** in the local economy? Are they available in your context? (i.e., commercial services, transport logistics, legal and technical support, advertising)

• The use, governance and management of the local complementary currency system needs to be disciplined by a regulatory framework built to guarantee its functioning (i.e., rules and obligations that regulate access and use of the currency)

• Which **regulation regime** of the complementary currency system could ensure its proper functioning and guarantee its operativity, in compliance with the legal framework in force in your local context? Can it guarantee the local authority a full intervention with respect to the monitoring, control, and security of the system?



**GOVERNANCE FRAMEWORK**

• The intervention can be developed through different models of governance, depending on a variety of factors, including the national and local legal frameworks, and the rules related to public procurement or stipulations regarding the role of SSE actors. The optimal model entails having the local authority holding the **driving, leading, decision-making and supervisory role**. Additionally, the model should include some forms of concertation and participation, along with conventional forms of government, with/on the part of **local actors** (i.e., institutional actors, SSE actors, economic actors, academia) and representatives of the different local currency **user categories** (i.e., local shops and shop associations, public subsidies recipients, individual users).

• Which **governance model** for the local complementary currency scheme would be feasible in your context, given all contextual factors? (i.e., national and local legal frameworks, public procurement rules, SSE regulatory framework)

• Which governance model could grant some degree of **participatory and collective decision-making**, allowing **co-elaboration and concertation with local actors**? (i.e., institutional actors, SSE actors, economic actors, academia)

• Which **governance model** could allow some degree of **users' participation/representation** in the decision-making process of the local currency scheme?



# 6. Drawbacks and risks

## DRAWBACKS AND RISKS

Main risks which may arise when replicating the intervention

### DEALING WITH CONSERVATIVE LOCAL BUREAUCRATIC SYSTEMS:

- Ground-breaking innovation such as public-led local complementary currency schemes may run up against **hostile and/or conservative local bureaucratic systems** that can put the initiative under strain. Local public administrators and public auditors generally tend to be **risk-averse and reluctant** to divert traditional procedures and *modus operandi* toward new innovative schemes that often navigate in regulatory vacuums or require adjusting to relatively new legislation. This is the case, for example, of switching from traditional public procurement processes to alternatives such as preliminary formal agreements with private non-profit actors (i.e., Public Private Non-Profit Partnerships -PPNPP). Moreover, often due to **bureaucratic and complex practices and procedures**, local public administration offices and departments **work in silos** and **lack systemic coordination** across the different areas.

Hence, it is not unusual to have to deal with public administrators and officials who **oppose**, rather than favour, the demanding process of adapting/developing/adjusting to the regulatory framework allowing the experimentation of social innovations of this kind (Phase 1. Planning).

## COPING STRATEGIES

Good strategies that could be implemented in order to cope with and/or prevent these risks

### ENSURE REAL WILLINGNESS, PROPER RESOURCES & CAPACITIES OF LOCAL GOVERNMENTS:

- Before embarking in a local public-led complementary currency initiative, it is crucial to assess whether the overall local public administration “machine” is truly onboard, willing to collaborate and to allow the initiative to function. This entails ensuring that there is a **true political willingness** on the part of the government officials as well as from the staff in the various public offices and departments involved in the initiative. Moreover, **proper resources** need to be allocated in order to overcome bureaucratic hurdles and obstacles, as well as staff trained with **proper technical capacities and expertise**. Also, **transversality and cross-sectoral approaches and modus operandi** need to be favoured and promoted, breaking with the sectorial logic which often governs public administrations. For this reason, the lead of the initiative should be firmly held by the head of the local government authority (i.e., the City Council) and not by a specific public office/department, in order to ensure a **systemic approach, efficient coordination, and open dialogue** across the different areas and components of the local administration.

### OPT FOR A PARTICIPATORY GOVERNANCE:

- The local complementary scheme can be developed through **different models of governance**, depending on a variety of factors, including the national and local legal frameworks, and the rules related to public procurement or stipulations in force regarding the role of SSE actors. In governance models where the local authority holds the **driving, leading, decision-making and supervisory role** of the local currency initiative, it is advisable to open some space to include **participation and concertation with other local actors** (i.e., institutional actors, SSE actors, economic actors, academia) and even **representatives** of the different local currency **user categories** (i.e., local shops and shop associations, public subsidies recipients, individual users). This is key to guarantee **transparency and accountability** to the local currency initiative.

### PROVIDE COMPARATIVE LEGAL ANALYSIS AND SOLID REAL-LIFE IMPACT EVIDENCE:

- As local complementary currency schemes usually navigate in regulatory vacuums and local administrations are generally **risk-averse and reluctant** to divert traditional procedures and *modus operandi*, providing accurate legal analysis and real-life complementary currency case studies can offer powerful arguments to overcome resistance and fears. In the case of MedTOWN experience, for example, **a sound comparative study** on existing national and regional legal and regulatory frameworks of complementary currencies and public contracts identified barriers and opportunities of institutions, policies and norms to apply innovative public schemes. Additionally, the feasibility analysis explored available evidence on the social and economic impact of local complementary currency schemes implemented internationally.







### DRAWBACKS AND RISKS

Main risks which may arise when replicating the intervention

### COPING STRATEGIES

Good strategies that could be implemented in order to cope with and/or prevent these risks

#### CONFRONTING POLITICAL SCRUTINY AND OPPOSITION:

• Also, ground-breaking innovation such as public-led local complementary currency schemes are inevitably exposed to **political factors, scrutiny and opposition**. This means that the willingness of the local authority to commit to the local currency experiment can be influenced by whether the pilot initiative could favour or not the political agenda of the local government in force. Also, the initiative can be targeted or even impeached by political opposition, as it was the case of the San Juan de Aznalfarache town which compromised, in turn, the implementation of the local currency pilot in Cerro Amate. Furthermore, when implementing local currency pilots within the context (and funding) of international cooperation projects, it may happen that the **project timeframe** does not match the **timing of local political dynamics** which generally require longer processes to build proper trust, connections, compromises and adjustments.

#### CREATING A “SAFE SPACE” FOR EXPERIMENTATION:

• Firstly, local complementary currency initiatives generally have greater chances of success in territories having a certain local **political stability** and not severely under pressure from relevant **political opposition** against the local government in force.

• Secondly, the initiative has greater chances of success in **“safer environments”**, meaning social contexts where there are no particularly severe and untrenched **social conflicts**, and **social unrest**, severe **poverty** and **unemployment**, or high **pressure** on public social services with limited welfare budgets. For the sake of the feasibility of the pilot initiative, therefore, it is wiser to opt for local currency schemes addressing less controversial social issues if the latter are •

• Especially for those contexts where a local complementary currency scheme represents a ground-breaking pilot initiative for the local government, dedicated efforts need to be tailored to **grow a broad political consensus** to support the initiative within the local administration as well as the local community. In this regard, **transparency, effective communication and community participation** throughout the overall process (since the planning phase) are key to reach the targeted goals. When structuring the communication and community strategy, it is important to choose **key messages** clearly explaining the **core values and goals** of the complementary currency system, as well as the **key functioning** of the system. Conveying a **proper communication** helps making sure the purpose of the initiative is well and easily understood by the local community, and avoiding possible oppositions due to, for example, misinterpretation of the purpose, political “manipulation”, possible prejudices and social resistance. It is also key to choose **effective communication and engagement channels, tools, activities** (i.e., mass public awareness campaign, workshops, public meetings) **tailored** to each **target group** in order to i) foster the local community solidarity and their **sense of belonging** to the local currency; ii) encourage the **entry** in the circuit for new users who can and want to participate in the local currency project of their city, as well as iii) to promote the overall community **cultural shift** towards **SSE principles**.



## DRAWBACKS AND RISKS

Main risks which may arise when replicating the intervention

## COPING STRATEGIES

Good strategies that could be implemented in order to cope with and/or prevent these risks

### DEALING WITH RIGID REGULATORY FRAMEWORKS:

• As complementary currency schemes, albeit successfully operating in some contexts, are still **ground-breaking mechanisms**, actors wishing to test them often find themselves challenged by **regulatory frameworks that hinder such kind of social innovation** as well as by **public actors reluctant** to approach existing bodies of law with a **progressive interpretation**. In MedTOWN experience, the relatively new EU regulation and, subsequently, the Spanish national one, has never been explored before by local governments, in spite of the fact that there are provisions that specifically enable them to issue electronic money or rely on the services of third-party electronic money institutions.

### ACKNOWLEDGING SSE ACTORS POTENTIAL WEAKNESSES:

• Risks might not only arise from the public side as, indeed, **SSE actors** are not exempt from potential challenges. Some of the risks associated with **SSE actors**, for example, can be related to weak managerial practices and/or funding structure, a potential disparity in their organisational cultures and differing political views, differences with their level of democratic governance, or transparency practices or even the potential conflict between their role as collaborators with the public sector versus their role in democratic societies as CSOs “controlling” the action of the state institutions.

• Moreover, as public funds and programmes are subject to higher **public scrutiny**, it is wise to place the local complementary currency initiative in a “safe space” allowing for some margin of error (that all innovations require). In this way, if the scheme turns out to be unsuccessful, this can mitigate/avoid the discontent of the community, or the erosion of the social consensus toward the initiative which might compromise its feasibility and any new replication attempts in the future. In this respect, it is advisable to clearly frame the initiative as a “pilot project”, a “trial initiative”, an innovative and pioneering “experiment”. To add solid arguments reinforcing this idea, it is advisable to **intercept additional sources of funding** (other than the local public funds) such as, for example, **project-based funding** by international cooperation donors, or public municipal or supra-municipal **funds already allocated to public innovation programmes**.

### FINDING EXISTING LEGAL GROUNDS TO THE COMPLEMENTARY CURRENCY INITIATIVE:

• To test public-led local complementary currency initiatives, it is essential to **operate under existing regulation**, even if suboptimal for the complementary currency system. Hence efforts need to be dedicated to encouraging and actively supporting governmental actors to **explore what the existing regulations allow**, and to **find legal ways** to experiment the local complementary currency initiative (also **sandbox legislations** can be a temporary solution to overcome legal vacuums). Against this backdrop, highly skilled **legal advice** from experts and public regulators is needed, as well as thorough **legal comparative analysis** on existing national and international legal and regulatory frameworks of complementary currencies.

### SUPPORTING POLICY CHANGE ENABLING SOCIAL INNOVATIONS:

• In parallel, dedicated actions need to be carried out to **promote policy change towards more enabling legal frameworks** allowing social innovation schemes.

### PROMOTING CHANGE WITHIN SSE ORGANISATIONS:

• SSE organisations should aim at **developing the social competencies needed to impulse innovation** and improving skills required to collaborate with different interest groups and networks. It is advisable for SSE actors, for example, to expand their horizon by exploring **new forms of collaborative work** with different kind of stakeholders, **new strategies and partnerships** to secure needed resources, **new approaches** to access technologies for their management. Moreover, SSE organisations could experiment **changes in their organizational structure and management approach**, as well as in their **relationship** with donors and partners, allowing the implementation of new strategies for collaborative work with **public and private entities**.



## DRAWBACKS AND RISKS

Main risks which may arise when replicating the intervention

### RISK OF PURE PROFITEERING FROM THE PRIVATE SECTOR ACTORS:

• On their part, **for-profit sector actors** engaged in a local currency initiative (i.e., local shops and businesses) might have varying levels of understanding of the underlying social challenges, as well as of levels of commitment with which they pursue specific social objectives compared to pure profiteering.

### DEALING WITH DIGITAL DIVIDE:

• As the **technological infrastructure** is at the core of this model of digital complementary currency scheme entailing electronic money, challenges may arise if replicating the initiative in local context where there is a significant **digital divide**. The latter means that there is a gap between demographics and/or locations that have **digital skills and access to information and communications technology (ICT)**, such as internet and technological devices, and those that don't. This situation could apply both to certain categories of local currency end-users (i.e., vulnerable groups such as elderly population receiving public subsidies) as well as to public administrators/supervisors of the local currency system (i.e., municipal staff overlooking the local currency system). Regardless of the type of users challenged by the digital divide (i.e., end-users or administrators), or the type of digital divide (whether it concerns access/availability to ICT or the needed digital skills to use it), this issue is critical and may jeopardise the overall local currency system.

### FUNDING TRADE-OFFS:

• On one hand, using **public funds** to set up a local complementary currency scheme provides a powerful argument to demonstrate the **commitment of the local authority** to the local currency project. Also, it favours **local ownership** of the process and, if successful, **sustainability** of the initiative. On the other hand, however, public funds are subject to higher **public scrutiny**. Hence, if the scheme turns out to be unsuccessful, this could fuel the discontent of the community, erode the social consensus of the initiative and, therefore, compromise its feasibility (and any new attempts in the future). A solution to this can be **intercepting other sources of funding**, such as, for example, project-based funding by international cooperation donors. However, there is a possible drawback also to this alternative solution as it can undermine the local ownership of the local currency scheme and its future sustainability.

## COPING STRATEGIES

Good strategies that could be implemented in order to cope with and/or prevent these risks

### OPTING FOR SSE ACTORS:

• To avoid such potential drawback, it is advisable to **avoid altogether engaging in partnerships with pure profit-oriented organisations** and, instead, explore alliances with **enterprises belonging to the SSE** which inherently bring value to local economies and societies by fostering inclusiveness, resilience and sustainability.

### DESIGNING SIMPLE & ACCESSIBLE TECHNOLOGICAL SOLUTIONS:

• Assessing whether there is a condition of digital divide in a local context needs to be taken into careful consideration since the very **feasibility study** (Phase 1. Planning). If this is the case, when **designing the local complementary currency model**, it is crucial to opt for a **technological infrastructure** and alternative solutions favouring **simplicity** and **accessibility** as key drivers. There can be many viable options to overcome digital divide situations such as, for example, cards with printed-on QR codes that can be used as an alternative to mobile phones or similar substitutes to address contexts with low or inexistant internet service.

### HYBRIDIZING FUNDING RESOURCES:

• **Hybridizing funding resources may mitigate such drawbacks**, offering better guarantees, and more reliability. This means opting for a **balanced mix** of municipal, supra-municipal (i.e., national ministry), and international public funding (i.e., international cooperation donors like the European Commission), as well as private funding (i.e., donations by private foundations, fundraising by the local community citizens and private actors). Additionally, explore the possibilities of **self-financing channels** that the operativity of the local currency network itself can provide. Examples of self-financing mechanisms could foresee one of the following:

- applying an **exchange rate** to the exchange of the local currency for the conventional one.
- applying an **entrance fee** to the network of businesses and companies that use the local currency.
- applying a **fee for transactions** made by system users.

### FOSTERING STRATEGIC ALLIANCES & COLLABORATIONS WITH LOCAL SSE ACTORS

• When relying mainly on non-local public funding, such as international cooperation project-based funding, a mitigation strategy to ensure local ownership could be to **foster alliances and collaborations with key local SSE actors**, particularly large NGOs or foundations. Hence, if pilots turn out to be successful, once the project is concluded such actors can be first drivers of replication and scaling up. Also, a larger NGO providing the funding and bringing in the prestige associated to international cooperation funds (i.e., EU funds) could have more leverage capacity when local public institutions might hesitate, which can help overcome difficult situation such as the one faced by MedTOWN in Seville.



# 7. Final remarks

The **SSE** has long demonstrated its ability to promote more **sustainable and inclusive development** by creating **quality jobs** that generate **positive social and environmental impacts**. The SSE also aims to transform the social and economic system that includes public, private and third sectors (private non-profit). Against this backdrop, the SSE encompasses, enables and promotes **social innovations**, meaning “new ideas (products, services and models) that simultaneously meet social needs (more effectively than alternatives) and create new social relationships or collaborations” (Mulgan et al., 2011, 18). Social innovations, hence, suggest greater **collaboration** between multiple actors in different domains to catalyse alternative ways of mobilising resources for constructive ends (Vickers et al., 2017). In particular, collaboration between SSE actors and the public sector (**private-public collaborations**) allows significant, and often groundbreaking, **public service innovations**. The latter can lead to, for example, improvement and better delivery and integration of public services, employment creation, new services and ways of promoting health and wellbeing within the communities, and other partnership forms including **public-private co-production approach** to decision-making, service design and implementation.

The experience piloted in Cerro Amate district under MedTown project is a relevant example of **public service innovation** through **public-private collaborative co-production approach**. The model aimed at **improving the quality of the municipal social services cash assistance programme** through the set-up of a **local and digital complementary currency**. Indeed, it is an innovative strategy that has the potential to generate much broader direct and indirect advantages and social and environmental impacts for the local community as a whole, well beyond the benefits for the public subsidies recipients. The local complementary currency scheme, in fact, pursued the **development of the local economy** through the incorporation of public finance objectives into the local public spending. Moreover, it entailed a co-production approach based on strong **trust and collaboration** between public and private agents, together with the local

citizens and neighbourhoods. In fact, even though the implementation of the initiative was suspended due to external and unexpected events, a significant outcome has been the **innovation of public-private relations with the local municipality** and the prompt adaptation and adherence of local businesses to the **values of the SSE**.

The **potential social and environmental impacts** that this model can generate encompass the promotion of **responsible consumption and production practices** within the local **economy, the enhancement of the local consumption** and consequent reduction of the **carbon footprint, local job creation**, strengthening of the community **social cohesion** and **social inclusion**, increase of the community's **wellbeing** and quality of life, as well as the improvement of local **public administration** through **digitalisation** and more **cost-effective** and **evidence-based public policies**, to name a few. Moreover, the initiative strongly focused on being positioned within the official **legal framework**, albeit facing challenging regulatory gaps concerning digital payment solutions and complementary currency systems. Against this backdrop, such an innovative scheme can also be a driving force for the **advancement of the legal frameworks** that can enable, support and incentivise SSE principles and social innovations.

Finally, the complementary currency model showcases a **high potential for replication, scaling-up and adaptability** to different contexts and social and economic realities, as well as a variety of different and specific social and environmental aims to be pursued. In fact, there may be infinite ways and sectors to apply the system, apart from local public cash assistance services, such as sustainable local tourism, urban regeneration, circular economy and environmental sustainability, to name a few.

Hence, SSE practitioners, policymakers and local administrations searching for ways to contribute to the sustainable and inclusive development of their territories may consider replicating the local complementary currency model provided that key determinants are in place and the process is well adapted to their specific context.



# 8. Useful Contacts

## Asamblea de Cooperación por la Paz (ACPP)

Website: <https://www.acpp.com/>

Contact person: José M. Ruibérriz, Social & Solidarity  
Economy Director

E-mail: [joseruiberriz@acpp.com](mailto:joseruiberriz@acpp.com)



## ARCO C/O PIN S.r.c.l.

Didactic and Scientific Services  
for the University of Florence

Website: [www.arcolab.org](http://www.arcolab.org)

E-mail: [info@arcolab.org](mailto:info@arcolab.org)



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