

# The Possible Contribution of Local Currencies to Strategic Sustainable Development

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## **Abstract:**

Local communities encounter various problems related to the global economic system. Socio-economic challenges arise in these communities due to the disappearance of jobs and the leakage of money, this results in a diminishing of social resilience which in turn means that these communities are hampered in their move towards strategic sustainable development. According to scientific literature, a local currency could be an instrument to overcome this diminishing of social resilience. However, the role of these currencies in strategic sustainable development remains unclear. This study aims to bridge this gap in scientific knowledge.

In order to do so, three different case studies of local currencies were conducted by means of semi-structured interviews. This data was compared with the theory on local currencies and assessed through the lens of the Framework for Strategic Sustainable Development. Using this specific framework allows for a unique systems perspective on sustainable development.

It becomes clear that local currencies raise awareness around sustainability challenges and incentivise social interactions; however this remains a marginal contribution towards strategic sustainable development. This research leads to the recommendation to explore enhancements to local currencies in order to address these sustainability challenges more adequately.

**Keywords:** Local Currency, Local Community, Complementary Currency, Strategic Sustainable Development, FSSD

## Statement of Contribution

The journey of the currency crew started out with an intense two-day thesis formation process. During this process, most members aspired different research topic and had their own ideas on what the following months were going to look like, some were lost in the land of the undecided. By the end of the second day they still felt unsure what was going to happen until they suddenly found one another at the research topic on ‘alternative currencies and banks’. They looked at each other and knew; we are lost no more. Scoping their topic was not easy, and after starting with conversations about major global issues concerning the financial system they eventually selected the subject of local currencies.

The currency crew came together around the common purpose of working well together in order to contribute to the existing knowledge on alternative currencies in relation to sustainability. They agreed that values of honesty, trust, respect, positivity, friendship, and professional fun were the core of their team process. The team shared a feeling of wanting to succeed professionally whilst being a supportive and cohesive team. Celebrating accomplishments was an important part of their process, pancakes with Nutella was often the preferred style.

The different qualities and diversity in personalities complemented each other and with their unique skill set everybody was able to contribute to a different part of the research. In the following section the currency crew describes how each of the team members contributed to the results of this research:

“**Emiel** guided the team throughout the process and strongly contributed to the conceptual parts of the thesis. He drove in particular the development of the overall research design with his knowledge about research methods and academic writing. Additionally, Emiel’s critical questions helped further develop the argumentation and clarity of the thesis. At moments, Emiel was also able to further improve the research by taking a close look at the overall narrative as well by identifying more detailed improvements. Emiel’s strengths showed in the writing of the discussion and conclusion and contributed to resolving the puzzle we call the introduction. Furthermore, Emiel actively shaped the positive team atmosphere with his motivational enthusiasm. His speeches empowered and engaged the team when the general energy level was down. He showed to be incredible supportive when help was needed with regards to the research and by providing a listening ear. Emiel enabled the other team members to show the best of themselves and his positive and caring character make him a truly amazing member of the currency crew.”

“**Lisa** is very hard working and always gave her utmost best. She literally ‘stepped it up’ and naturally took the lead in many occasions. She generously accepted to be in charge of the least pleasant tasks to make our work easier. Furthermore, she provided the group with the necessary structure and time management. Thanks to her inexhaustible motivation every meeting was well prepared. This gave the team the space to engage in discussions without getting lost and she always tried to find the best compromise when we were in disagreement. Her capacity to stay true to her own beliefs and the flexibility she showed was truly admirable. She has a great eye for detail, especially with regard to the content of our research. Without the contribution that she made towards the results section of our research we would not be able to tie our data and discussion together. Lisa is a kind and positive spirit and with her true honesty she helped shaping our special team spirit.”

“**Maximilian** is a brilliant member of this team and played a key-role throughout the whole thesis process. He is hardworking and never missed a deadline. His capability for analytical thinking is beyond comprehension. He always had a clear overview of the greater picture and he was effortlessly able to perfectly connect all different sections of our research. Furthermore, his solution-oriented thinking led to many breakthroughs and got us moving forward again when we felt stuck. Maxi was involved in many different aspects of the thesis process; he engaged in discussions to make sense of our narrative and overall storyline; he contributed to the writing of the introduction and discussion; and has transcribed and coded many interviews and was always eager to do more. He always extends a helping hand when needed, and checked regularly how each of us was doing. Maxi proved to be a very supportive team member with a great sense of team-spirit and his attention for the other is impressive. Finally, he is and will stay a true friend to us all.”

“**Sarah** has greatly contributed to the success of this thesis. She helped with providing an overall structure for the thesis process and ensured that our group stucked to the deadlines. Her eagerness for success showed in the amount of time and effort she put in throughout the whole journey. Whenever something needed to be done, Sarah was there to make it happen. There were many occasions when we were astonished by how much work she had done. Her organisational talent and clear structured mind-set made us feel as if she was always one step ahead. Sarah engaged with potential interview partners and conducted, translated and transcribed many interviews. Furthermore, Sarah wrote on the methods and result section and improved the quality of the thesis with her critical questions on the overall research design. Her exceptional caring for her team members gave them a lot of support over the five months when working together. Her character and professionalism led to a natural feeling of respect and love, and we are grateful for her heartfelt and warm friendship.”

Emiel Stöver



Lisa van Welie



Maximilian Paar



Sarah Lechevalier



## Acknowledgements

Without the help of many this thesis could not have been written. It is because of their contributions and advice that we were able to find our way in this research topic and able to answer our research questions.

We would like to start by expressing our gratitude to Edith Callaghan. She was our primary advisor throughout our whole thesis process. Her exceptional advice and insights were keys for structuring our research design and finding the necessary data. Her communication was clear and precise. From our first Skype call till the last moment of contact we felt anchored by her. She was aware of our needs, she genuinely listened to what we were expressing and therefore was always considerate in her advice. Edith has a very positive presence and this reflected onto our own states of being. After each conversation, we had a feeling of possibility and a clear purpose on what our next steps would be. Our gratitude also goes out to Elaine Daily. She was our secondary thesis advisor. Her thorough understanding of the 5LF and the FSSD were of great importance to our work. The meetings we had with her enabled us to incorporate those frameworks properly in our research. We cannot emphasise enough how lucky we feel that we were able to work with these two advisors. Their knowledge and skills felt like a great gift to us.

During our exploratory research, we interviewed experts on local currencies, as well as people with valuable knowledge of the specific local communities that served as our cases. Their contributions were vital to our understanding of this research topic.

We specifically want to extend our gratitude to Max Hilbert, Susan Murray and Sarah Forrester. They shared much of their knowledge on the history and functioning of the Beki, Lewes Pound and the Bristol Pound. Furthermore, their unconditional efforts enabled us to reach out to many of our respondents. They made us understand what their communities are like and what the role of a local currency plays in these communities. In order to do our research we needed to do a fair amount of interviews. It is thanks to the time, attention and efforts of our respondents that we were able to gather our data. We are grateful that they could find space in their busy schedules to share their experiences and perspectives with us. Without their cooperation, this research would not have been possible.

We would like to express our appreciation and admiration for the MSLS learning community. The feedback and support we received from our classmates gave us the drive to keep working the way we did. We want to thank Karl-Henrik Robert and Göran Broman who are, among others, the founders of our program. Their relentless efforts to improve the world we are living in are inspirational.

Finally, we would like to express a warm hearted thank you to our friends and family. The moral support of our loved ones was crucial to each team-member individually, which in turn was important to the functioning of the group.

# Executive Summary

## Introduction

Local communities are facing challenging times. Unemployment and increasing local poverty not only lead to financial exclusion of individuals but also challenge the deeper sense of community. Furthermore, next to the economic and social struggle, a cultural struggle emerges where communities feel their identities changing as industries leave them. Eventually this leads to the diminishing of social resilience within local communities. As unable to self-organise as effectively, they become more dependent on external factors. Due to their weakened social system, local communities are not able anymore to function in a sustainable way.

Local communities are part of the larger global society and play a vital role in solving the global sustainability challenge. Without them becoming sustainable, global sustainability will not be reached. This interplay between local and global can also be observed regarding the global financial system which contributes to local challenges in the communities. Due to the interest on debt-based money, exponential growth is automatically implied and forcing indebted actors to grow. Additionally, as money is highly mobile, it moves quickly and easily from poorer to richer areas in pursuit of a higher profit. This is why money is leaking out of communities and contributing to the above described challenges.

Because this trend began to be reinforced by globally traded currencies, a monetary structure was formed as a mean to keep money within the boundaries of local communities in the form of local currencies. Different types of local currencies have emerged, inter alia the national currency backed local currencies from the start of the early 2000s. Their initiators aim to contribute to the local economic resilience, a reduced carbon footprint and stronger social relations within the community. While they are driven by sustainability considerations, it remains unclear if they actually contribute to strategic sustainable development.

The purpose of this research is therefore to assess, if and in what way local currencies contribute to strategic sustainable development for local communities. This research offers a new perspective on the local currency's potential and its actual contribution to strategic sustainable development. Furthermore, it presents practical insights on how local communities can move strategically towards sustainability.

The research process was guided by two research questions:

*In what way do local currencies contribute to strategic sustainable development in local communities?*

*To what extent do local currencies contribute to strategic sustainable development in local communities?*

## Theoretical Framework

Three frameworks were used during this research, namely the 5 Level Framework for Planning in Complex Systems (5LF), the Framework for Strategic Sustainable Development (FSSD), and the Theoretical Ideal Local Currency (TILC). The 5LF provides a clear structure for

planning strategically within a complex system. It is composed of 5 levels that support structuring information, which are the system (the scope and context), the success (the intended goals), the strategic guidelines (the guidelines to be successful) and the actions and tools (those needed to achieve the goals). The FSSD is the application of the 5LF on the socio-ecological system and aims to support the organisation when planning towards strategic sustainable development.

A literature review and interviews with economists allowed to apply the 5LF to the ideal local currency. At the system level, the organisations behind the local currency define the geographical boundaries of the local community in which it is situated. Their understanding of sustainability is based on the Three Pillars of Sustainability: economic, social and environmental. Thus, their areas of success are clustered around these fields. With regard to the economic area, they aim to boost the local economy by creating and safeguarding local jobs, strengthening local businesses and improving the resistance of the community to external financial shocks. In respect to the social area of success, local currencies aim to build social capital, to strengthen community pride, and improve social resilience and inclusion as well as personal well-being. Finally, for the environmental area of success, the two main aspects are the increase of ecological consumption due to promotion of local products and the decrease in fossil fuel consumption by reducing transport distances. In the strategic guidelines level, four main prioritisation questions were identified to support the selection of actions in order to work towards the success of local currencies. They aim to investigate (1) if the action supports the goal of the organisation, (2) if the targeted community members are involved in the action, (3) if the action provides a financial return, and (4) if the local government supports this action. At the actions level, the key actions that were identified relate to engaging businesses with “high social consciousness”, obtain initial funding for the organisation to design and print the currency and to set up the scheme, use different creative advertising methods to engage users, promote the local currency throughout the media and to bring people together with a shared vision. Finally, the tools used are software to ensure the trade of electronic money, paper currencies with attractive design, no or negative interest over the local currency, an exchange fee when changing from local currency back to national currency, and monitoring and measuring tools to track the progress of the currency.

## **Methods**

This qualitative research has two approaches: one approach focuses on local currencies in practice and the other one local currencies in theory. Combining these two approaches allows to adequately answer the research questions.

### **Case approach: Local currencies in practice, goals and achievements**

To research how local currencies function in practice, three case studies were conducted: the Lewes Pound (UK), the Bristol Pound (UK) and the Beki (LUX). First of all, to gain understanding about the context of these three communities, exploratory research was conducted by interviewing a local historian and reviewing local newspapers. Then, interviews with the initiators and different groups of the community (users, non-users, businesses and members of the municipality), and reviews of official documents allowed for further elaboration on the community context and the introduction of the currency history, as well as filling in a 5LF for each studied currency. The data collected from the interviews exposed the gaps and

alignments between the intended goals behind local currencies and the observed effects in their communities.

Finally, the results of each case study were gathered and aggregated to gain general understanding on how local currencies function in practice.

### **Theoretical approach: Analyse the TILC through the lens of the FSSD**

In this approach, the analysis of the TILC through the FSSD is discussed to determine theoretical gaps and contributions of local currencies towards strategic sustainable development.

### **Analytical analysis**

In the last step, the two approaches are combined. The TILC is used to analyse the functioning of local currencies in practice. The gaps between theory and practice are presented and the reasons of these gaps are further explained. Finally, based on the understanding of local currencies in practice and theory, the research questions are answered.

## **Results**

This chapter presents the gathered data from the research. The three case studies are presented in three subsections. Firstly, an overview of each community and the currency background, secondly, a 5LF for each case study, and thirdly, an overview is presented of the collective insights of the groups that were interviewed, demonstrating how the local currencies are each operating in practice. The result section finishes with an aggregation of the findings on local currencies. What will follow in this executive summary is an overview of these key findings with regard to the general understanding of local currencies.

### **General statement on local currencies based on three case studies**

Foremost, ecological conscious people constitute the userbase of a local currency. This means that reasons for using a local currency often find their origin in idealistic considerations. Furthermore, the users of a local currency share a desire to support their community. In the understanding of these users, supporting the local community means supporting local businesses and in their opinion using a local currency does contribute to this. It is also a way to express their concerns regarding the functioning of the global financial system. Reasons for not using a local currency are related to the novelty of a new payment system, inconvenience with cash payments and the need to go to an exchange point to exchange to Euro or Sterling, and not all businesses accept the local currency. Some people simply do not see the need or benefit of a local currency.

The organisations behind the local currencies face several challenges. The main concern is the number of people who are using the currency. Another challenge is the fact that the people who make use of a local currency are a relative homogeneous group and the organisations are struggling with engaging a more diverse group of people. Finally, some organisations behind these local currencies are understaffed. They lack the manpower to undertake new endeavours and to measure the possible effects of the local currency within the community.

Despite these challenges, local currencies do lead to positive effects for communities. One of the perceived effects is that it raises awareness around the functioning of the financial system. Furthermore, people tend to think more carefully about where they buy their products and are more aware of buying local produce. Local currencies also spark conversations and people tend to feel more connected to their community. For some users, a local currency becomes an artefact of community pride. Furthermore, these currencies occasionally lead to new initiatives.

Next to these positive effects it also becomes clear that local currencies have been unable to fulfil some of their other intended goals. The extent of local currencies is too small to create and safeguard jobs. Furthermore, there do not seem to be financial benefits for the businesses that are involved in the scheme, although the local currency can serve as a promotional tool.

## **Discussion**

### **TILC and FSSD**

Local currencies are limited in their approach to the local level, so that global sustainability is not part of the long-term success definition behind local currencies. Most of the success aspects of the TILC are found around social and economic sustainability. The latter is treated by the FSSD as a strategic means to reach social and ecological sustainability and can therefore violate or contribute to the SPs. Regarding social sustainability, direct and indirect contributions to health, influence, impartiality and meaning-making were found in literature. While the claimed benefits of local currencies contribute to these social sustainability principles, this cannot be equated with fully removing a structural obstacle. On the ecological side, local currencies aim to reduce transport and therefore particles emissions, which constitutes only a minor and limited contribution to ecological sustainability. Additionally, the lack of strategic guidelines and focus on operational issues hinders local currencies in tackling the root of the problems so that their actions remain somewhat theoretical.

The analysis through the FSSD has also exposed a lack of long-term perspective in the set-up of local currencies and a too strong operational focus which results in a lack of clear strategic guidelines. To move towards sustainable development, emphasis on a more strategic approach is needed. The lack of strategic guidelines also relates to the lack of suggested strategic actions with regard to local currencies, this is similar to the suggested tools.

### **TILC and Practice**

The comparison of the TILC with practice exposed some alignments and gaps in particular when it comes to the intended success and the realised effects. While local currencies are presented in the literature as a way to strengthen the local economy, a financial benefit for local businesses was not observed. This can be at least partly explained with the usage that is too low to have a significant impact on the economy and is limited to a small homogenous group. At a social level, local currencies contribute in practice to community pride and social capital which potentially leads to new initiatives as claimed in theory. On the ecological side, a reduction of emissions due to decreased transport claimed in the literature was not found in practice because many local businesses still rely on global suppliers.

## **The Contribution of Local Currencies to Strategic Sustainable Development**

Local currencies can contribute to strategic sustainable development by raising awareness about more local and ecological consumption but this is not necessarily enough to change patterns of behaviour. Furthermore, even if local currencies succeeded in reaching these goals, the contribution to ecological sustainability would still remain limited to reducing transport. Local currencies lead to an increase in social interactions which contributes to social resilience and social capital and may lead to new community initiatives as several food projects show. The increase in social capital could mean that local currencies prove to hold potential as flexible platforms for future development. However, these social benefits are not experienced by the whole community but only a homogenous group within. Based on these findings it is recommended that local currencies expand their service to become a true facilitator of change towards strategic sustainable development in the community.

### **Areas for Future Research**

A potential area for future research is how local currencies can expand their services and scope to become a real alternative to the current financial system which tackles the problem at the roots. Furthermore, circular economy, local food projects and other concepts could be explored in relation to their potential to contribute to strengthening local communities.

### **Conclusion**

Local currencies have the potential to tighten the social fabric of local communities, because their message is one of empowerment and cooperation. They are clearly initiated from a sense of community support and pride. They can be seen as a needed rallying cry for people in local communities to expose the threats these communities are facing. However, it is questionable, whether local currencies are the most fitting solution to these issues. In their current form, they do not seem to be the optimum tool to move towards strategic sustainable development.

# Glossary

Backcasting - Strategic approach where planners start their project by creating a vision of success and then look at the current reality.

Biosphere - Global ecosystem where all the living species can exist. It extends from the upper limit of the atmosphere to the lower layer of the soil

Complementary currencies: A currency that is complementary to the national official currency e.g. local currency, time banking

Currency - Medium of exchange of value, form of money.

Ecological sustainability - A system that complies with the three ecological principles (Broman and Robèrt 2017).

Financial system - System operating at a global, regional or firm specific level that covers the transfer of money between investors and borrowers

Five Level Framework for Planning in Complex Systems - Framework used for planning strategically in a complex system. It is composed of five levels (System, Success, Strategic Guidelines, Actions, Tools) that meant to structure information (Waldron et al. 2008).

Framework for Strategic Sustainable Development - Application of the 5LF on a sustainable system that aims to support organisation when planning towards sustainability (Broman and Robèrt 2017).

Local community - A local community is “a group of people with diverse characteristics who are linked by social ties, share common perspectives, and engage in joint action in geographical locations or settings” (MacQueen et al. 2001, 1929).

Local currency - Operates in parallel to national currencies within a geographically limited area which borders represent those of the local community (Seyfang and Longhurst 2013, 67). Paper-based and backed by a national currency and generally issued by non-governmental organisations or other civil society organisations (Kim, Lough, and Wu 2016, 345).

Local economy - Relationship between production, trade and the production of goods in a particular area, e.g. region, city.

Money - Any asset that is generally accepted for payment for goods or services, or for debt settlement (Kubát 2015)

National currency - A currency issued by a nation's central bank or monetary authority.

Social capital – “*The interpersonal interactions, networks and customs that contribute to stronger community fabric*” (Mohareb, Murray, and Ogbuagu 2009).

Social resilience - *“the capacity of a [social] system to absorb disturbance and reorganize while undergoing change, so as to retain essentially the same function, structure, identity and feedbacks”* (Walker and Salt 2012, 3).

Social sustainability - A society that complies with the five social principles (Missimer 2015).

Society - People living together in communities with shared values, laws, traditions.

Strategic sustainable development - Planning approach based on sustainability principles to ensure the continuity of living of the society and the environment.

Sustainability - A state where there is no obstacles to the sustainability principles, both ecological and social.

Sustainability principles - Eight basic conditions for a sustainable society in the biosphere:

*“In a sustainable society, nature is not subject to systematically increasing...*

1. ... concentrations of substances extracted from the Earth's crust;
2. ... concentrations of substances produced by society;
3. ... degradation by physical means;
4. ... health.

*and, in that society, people are not subject to structural obstacles to...*

5. ... influence.
6. ... competence.
7. ... impartiality.
8. ... meaning-making.” (Broman and Robèrt 2017)

Triangulation - Method using multiple data sources to ensure the coherence and validity of the result

## **List of Abbreviations**

5LF - Five Level Framework for Planning in Complex Systems

FSSD - Framework for Strategic Sustainable Development

LETS - Local Exchange Trading Systems

LUX - Luxembourg

SP - Sustainability Principle

TILC - Theoretical Ideal Local Currency

UK - United Kingdom

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# 1 Introduction

“Now sir you tell me the world’s changed, Once I made you rich enough, Rich enough to forget my name.”

Bruce Springsteen

“Every time you spend money, you’re casting a vote for the kind of world you want.”

Anna Lappé

Both these quotes speak to the topic of this research. First of all, they broach the discontent and hardships felt in local communities. Challenges for local communities rise in various forms and these challenges are partially caused or enforced by global financial trends. Our spending influences the world in general as well as directly around us and therefore constitutes part of the solution to these challenges. Local currencies are one proposed solution that makes use of this and tries to change the way money is spent in local communities. This is how they aim to make these communities more sustainable.

## 1.1 Local Challenges

Local communities are facing challenging times. Jobs are leaving leading to high unemployment rates and reinforcing local poverty (Jancius 2006, 215). This not only has a negative consequence for individuals who become socially excluded due to a lack of financial means, but also the whole community. According to Kathryn Maria Dudley the loss of jobs tarnishes unemployed people’s social structures in which they form their identity, challenging their deeper sense of community (Dudley 1997). Furthermore, a cultural struggle emerges next to the economic and social struggle. This is most clearly visible in industrial towns that identified themselves with their industry. An example is Youngstown where the residents strongly identified themselves with the steel industry, and felt their identity changing when the steel industry left their community (Rhodes 2013, 57). In this sense the loss of jobs feels like “a deeper cultural defeat [that] has sapped the spirit of working men and women as well as their remaining political and social institutions” (High 2013, 1002).

Eventually, unemployment, lack of social cohesion and a deeper cultural defeat leads to the diminishing social resilience of local communities (Dale and Newman 2006, 21). Social resilience is described by Walker and Salt as “the capacity of a [social] system to absorb disturbance and reorganise while undergoing change, so as to retain essentially the same function, structure, identity and feedbacks” (Walker and Salt 2012, 3). In other words, the marginalisation of local communities makes them more dependent on external economic factors which “leaves them vulnerable to the impact of factors beyond their control”. This, in turn reinforces the observed problems (Seyfang 2001a, 63). Hence local communities with a weakened social system are not able to function in a sustainable way meaning that they fail to sustain the community as well as the well-being of its members (Tisdell 1997, 1369).

## 1.2 The Interplay between Global and Local

Local communities are part of the larger global society and play a vital role in solving the global sustainability challenge. Without them becoming sustainable, global sustainability will never be reached. According to Taylor Aiken “global challenges are locally produced, and so are their solutions” (Taylor Aiken 2015, 764). Not only is there an interaction between the local and global sustainability challenge, a more general interplay between global and local is distinguishable. Lines between these two have become more blurred due to a strong interconnectedness in today’s world (Taylor Aiken 2015, 765).

This blurred distinction is also visible regarding the financial systems that often operate globally and have local impacts. It is therefore necessary to look at some aspects of the financial system that contribute to the local challenges described above. As debt-based money is currently created with interest; “it is subject to compounded interest which automatically implies exponential growth” (Lietaer et al. 2012, 100). Because of the interest on the borrowed money, the borrower’s profit needs to grow faster than the interest grows in order to stay profitable. This trend forces indebted actors into compulsory growth “regardless of the social and environmental cost inflicted in the process” explaining the growth paradigm in today’s economy despite the fact that infinite growth is unsustainable on a finite planet (Lietaer et al. 2012, 103). A large supermarket chain for instance will not instantly spend the money earned within the local economy but rather pay the cheapest supplier. It is likely that these suppliers make use of economies of scale and/or produce in parts of the world where production costs are low (Cole 2009, 541). Furthermore, whole industries are moving into low-wage countries which leads to the closing of manufacturing sites (High 2013, 994). Pacione notes that these effects have intensified in the last decades in particular in the UK and the US where the growth paradigm is predominant (Pacione 2011, 10). Simultaneously, money moves easily and quickly across borders in pursuit of more profitable conditions. The centralised national-globally traded currencies work like a “lubrication” for “redistributing investment capital to high profit low risk areas, which in general, means from poorer to richer areas” (Pacione 2011, 13). Some authors describe this as “the leakage of money” from local communities contributing to the loss of jobs and value in those communities described above (Seyfang 2001b, 982; Ward et al. 2002, 9; Ryan-Collins 2011, 62). All this leads to the common concern, described in the literature, that the “current monetary system mechanisms have critical effects on society and environment threatening sustainability from different ways” (Oliver Sanz 2016, 21).

Whilst a global solution might be out of reach, locally there are measures that could minimise the impacts of these negative trends by forming a buffer around local communities. In fact, solely focussing on a top-down approach which tries to solve the global system will not work. According to Hopkins, there is a need for a combination of top-down and bottom-up (Hopkins 2008, 75). Regarding bottom-up, Hopkins refers to the initiatives that spring up in local communities and that can be implemented faster and easier than on a global level because they do not require a complete system change. One of these is local currencies which emerged from the necessity to react on local problems and through grassroots innovations that propose “bottom-up solutions for sustainable development” (Michel and Hudon 2015, 161). What will follow is a description of this specific type of currency and what its historical development looked like.

## **1.3 Emergence of Local Currencies**

Local currencies have often been introduced “in recessionary times, to ensure continuation of local trade and to combat unemployment” (Seyfang 2001a, 63). One of the first examples dates from 1890, “accelerated money”, was a means to promote spending within the Argentinian community when the official currency lost its value due to hyperinflation (Naqvi and Southgate 2013, 319). In the following century, different local currency schemes like time banking or Local Exchange Trading Systems (LETS) emerged. In the mid-2000s a new type of local currency was introduced which is subject of this research. This currency is paper-based and backed by a national currency. It operates in parallel to national currencies within a geographically limited area, the borders of this area align with those of the local community and are not necessarily similar to any legal borders (Seyfang and Longhurst 2013, 70). In general, these currencies are issued by non-governmental organisations or other civil society organisations (Kim, Lough, and Wu 2016, 345). In 2012 around 150 local currencies of this type were counted (Blanc and Fare 2013, 68).

The crux of local currencies is the idea that this type of currency stays within the boundaries of local communities (Helleiner 2000, 36), leading to positive effects for these local communities. The following section will touch upon these potential positive effects.

## **1.4 Promises and Limitations of Local Currencies**

There are several potential benefits that researchers discuss regarding local currencies. It could be said that they are a potential tool for sustainable development and its promoters claim various positive impacts on economic, environmental and social sustainability (Michel and Hudon 2015, 160). The Sol Violette from Toulouse is such an example. Its creation was driven by economic, environmental and social sustainability considerations and its initiators hope to contribute with the currency to economic resilience, reduced carbon footprint and stronger relationships within the community (Sol Violette 2017). The Sol Violette is just one of more than 250 local currencies that are operating internationally with sustainability goals (Smedley 2014). The Brixton Pound for example aims to create a more socially inclusive financial system and strengthen the resilience of the local economy as well as shortening the supply chains of their users (Brixton Pound 2017). Strengthening the resilience of the local economy means that the local community would become more capable to react to external shocks or disturbances.

Considering the economic benefits of local currencies, theory state that they could prevent the leakage of money hence support local jobs and strengthen local businesses (Kim, Lough, and Wu 2016, 345). Through this mechanism communities could become more resistant to external financial shocks which is particularly important in times of financial and economic crises (Tibbett 1997, 132). Additionally, a case study on the early years of the Lewes Pound suggest that local currencies have a distinct potential to “better resist [external] disturbances” (Graugaard 2012, 257). As most local currencies do not bear any interest, there is no motive for its users to accumulate the currency, thus avoiding its centralisation. Some currencies even bear negative interests to further incentivise the circulation of the currency within the local community multiplying the effect of each payment (Tibbett 1997, 130; Smedley 2014). According to one study locally owned businesses benefit from increased spending and from the additional promotion possibility due to the extra marketing material handed out by the local

currency organisations (Naqvi and Southgate 2013, 318). Further, the local economy benefits strongly from increased spending in local shop because shopkeepers tend to spend their income more locally as well. According to Civic Economics, local retailers returned 52% of their revenue to the local economy, compared with 14% for national retailers; local restaurants spent 79% of revenue in the local economy, compared with 30% for franchises and national chains (Civic Economics 2017). However, some economists are concerned with favouring local businesses because this kind of protectionism could weaken the competitiveness of local businesses in the long term (McCaffrey and Kurland 2015, 289). If local businesses were to not feel competitive pressure, they may stop innovating and become less efficient than others. Furthermore, businesses are not always able to spend their income locally in case that their suppliers do not accept the local currency or that the needed goods are not provided locally (North 2014, 256).

Despite the potential contribution of local currencies to the local economy, there is little evidence that there is much, if any, macroeconomic influence. The Argentine Red de Trueque for example contributed to an added value of only 0.6% of Argentina's GDP despite it is considered as one of the most successful examples of a local currency due to its relatively large usage within the population (Colacelli and Blackburn 2009, 306).

Next to the claimed economic benefit behind local currencies, its initiators often promote the social benefit of local currencies. They aim to strengthen the community pride due to more frequent and stronger interactions between local shopkeepers and the community (Seyfang and Longhurst 2016, 8). According to Seyfang and Longhurst these interactions contribute to bridging divides hence increase social resilience within fragmented communities. Furthermore, these authors claim a health benefit for elderly people who are socially isolated and therefore may suffer from depression caused by loneliness (Seyfang and Longhurst 2013, 68). Michel and Hudon also suggest that local currencies support the people who are financially excluded; due to the availability of additional means of exchange they gain increased access to goods and services (Michel and Hudon 2015, 166). Additionally, its initiators aimed to build social capital by bringing people together with a shared vision (Kaplan 2011, 71).

The final promise behind local currencies is a contribution to environmental sustainability. They are meant to encourage local consumption which in turn leads to a decrease in transport. The distances of product delivery become shorter which means less fuel consumption and a decrease in carbon dioxide emissions. (Kim, Lough, and Wu 2016, 345). Seyfang claims that these benefits can be observed in particular when it comes to food miles (Seyfang 2006, 785). The businesses that participate in the local currency scheme often align with the ecological purposes of local currencies, producing for example organic local products and therefore supporting more ecological consumption (Kim, Lough, and Wu 2016, 347). The actual ecological benefit, however, is strongly debated in literature because often local currencies fail to localise the supply chain of the participating businesses (Dittmer 2013, 9). This would mean that the ecological footprint of the users is not reduced. Moreover, the possible carbon-reduction claims in transport “may not account for the efficiencies accompanying economies of scale enjoyed by large distributors” (McCaffrey and Kurland 2015, 289).

While there are claimed economic, social and environmental benefits, Evans found in his study on local currencies that most people use local currencies for economic benefits and tend to leave the scheme when these benefits are not realised (Evans 2009, 1035). However, there are local currencies where the participation is not only driven by economic motivations but also social values (Evans 2009, 1037). Nevertheless, it remains unclear if and how local currencies

contribute to strategic sustainable development due to a lack of data in the field (Seyfang 2006, 789). Thus, the literature provides a comprehensive insight into the promise behind local currencies, however it also becomes clear that there is a lack of consensus on the functioning of these local currencies, especially considering the possible contribution of local currencies towards strategic sustainable development has not yet been analysed with a comprehensive framework so far.

## **1.5 Research Purpose**

This research was undertaken in order to gain an understanding of the functioning of local currencies and their potential contribution towards strategic sustainable development in local communities. Local communities play an important role in solving the sustainability challenge, this research seeks to discover how and to what extent local currencies could make a contribution toward this endeavour.

Literature on local currencies is extensive, however little is written on the potential of local currencies to enable strategic sustainable development in local communities. Additionally, this research is the first that makes use of a FSSD-approach to local currencies. This research also generates new perspectives and insights on the functioning of local currencies and their potential. Interviews were conducted with various groups from local communities and therefore present a valuable perspective on local currencies. Furthermore, and arguably most importantly, this research aims to contribute practical insights with the potential to help local communities move towards a more sustainable future.

## **1.6 Research Questions**

Within the context of local currencies and their potential contribution to local communities it became clear from the literature that there is a lack of understanding how this contribution could lead to strategic sustainable development. This led to the following research questions:

*RQ1: In what way do local currencies contribute to strategic sustainable development for local communities?*

*RQ2: To what extent do local currencies contribute to strategic sustainable development for local communities?*

## **1.7 Research Scope**

The main focus of this research concerns the functioning of local currencies and their potential contribution to sustainability in the communities in which they operate. For this research the initiators of local currencies, users, non-users, businesses and municipalities were interviewed.

The results of this research are particularly interesting for organisations behind the local currencies and the studied communities. This is because the outcome of this research can further

strengthen and amplify their knowledge on local currencies, specifically with regard to their potential contribution towards strategic sustainable development. Furthermore, the scope of this research includes a general understanding on local currencies and it therefore could prove interesting for other local communities as well. These could be communities that already have a local currency or communities that are considering setting-up a local currency. Finally, the study is interesting for researchers in the field of sustainability that are looking into possible contributions to sustainable development in local communities.

## 2 Theoretical Framework

This chapter presents the three frameworks that are used during the research: the 5 Level Framework for Planning in Complex Systems (5LF), the Framework for Strategic Sustainable Development (FSSD) which is the application of the 5LF for sustainable development, and the Theoretical Ideal Local Currency (TILC) which is a 5LF of the ideal local currency. The last section of this chapter includes the analysis of the TILC through the lens of the FSSD.

### 2.1 The Five Level Framework and the Framework for Strategic Sustainable Development

Local currencies are situated in a complex system and they are meant to address complex issues. The organisations behind these currencies have certain goals they want to reach, in order to understand their endeavours to reaching these goals it is necessary to simplify and categorise this complex system and these complex issues. The 5LF is a conceptual framework which allows to structure information in a rigorous way. This framework is composed of 5 levels: System, Success, Strategic Guidelines, Actions and Tools (Waldron et al. 2008). It allows for understanding the relationships between the system, the success and the strategic guidelines levels in order to implement actions and tools that are consistent with the purpose and the goals of these currencies.

- ❑ The System Level: This level refers to the system that is relevant to the overall goals or success of local currencies. It includes the scope of the system and defines its boundaries.
- ❑ The Success Level: In this level, the definition of the overall goal is identified as well as the success conditions that need to be achieved.
- ❑ The Strategic Guidelines Level: This level contains guidelines that allow to prioritise the actions that move towards success in the system. This prioritisation means favouring actions that will most quickly, effectively and flexibly enable the movement towards the goal.
- ❑ The Actions Level: This level considers the actions that follow the strategic guidelines to reach success and are hence considered strategic. When the strategic level tries to answer “how will you be successful”, the actions level is focusing on “what would you have to do to be successful?”.
- ❑ The Tools Level: This level includes the tools needed for supporting the actions that contribute to success.

With regard to sustainable development, it is necessary to integrate scientific knowledge from various fields into the 5LF. This specific framework is called the Framework for Strategic Sustainable Development and aims to support planning towards sustainable development (Broman and Robèrt 2017). Its different levels can be found in table 2.1.

Table 2.1. The Framework for Strategic Sustainable Development

FSSD	
System Level	Global socio-ecological system
Success Level	<p>Compliance with the 8 Sustainability principles (SPs)</p> <p><i>“In a sustainable society, nature is not subject to systematically increasing...</i></p> <ol style="list-style-type: none"> <li>1. ... concentrations of substances extracted from the Earth’s crust;</li> <li>2. ... concentrations of substances produced by society;</li> <li>3. ... degradation by physical means;</li> </ol> <p><i>and, in that society, people are not subject to structural obstacles to...</i></p> <ol style="list-style-type: none"> <li>4. ... health.</li> <li>5. ... influence.</li> <li>6. ... competence.</li> <li>7. ... impartiality.</li> <li>8. ... meaning-making.” (Broman and Robèrt 2017). More information can be found in ‘Appendix A’.</li> </ol>
Strategic Guidelines Level	<p>Backcasting approach, the 3 prioritisation questions:</p> <p><i>“1. Does this action proceed in the right direction with respect to the Sustainability Principles?</i></p> <p><i>2. Does this actions provide a “stepping stone” (flexible platform) for future improvements?</i></p> <p><i>3. Is this action likely to produce a sufficient [financial, social or ecological] return on investment to further catalyze the process?” (Robèrt and Holmberg 2000)</i></p>
Actions Level	Concrete actions in accordance with the strategic guidelines
Tools Level	Tools needed all along the process

The choice of this specific framework, the FSSD, to determine the contribution of local currencies towards the move to strategic sustainable development has two important reasons: By taking a large-view systems perspective, the entire system and relationships between the subsystems become clearer, so that the true character of the challenge is easier to identify. Therefore, rather than focusing on small challenges, it allows to define the main issues that have

priority. Furthermore, the SPs are boundary conditions for sustainable development which allow for the rigorous identification of gaps and alignments between the current reality and a sustainable future. In addition to that, the SPs are helpful for organisations that are planning towards sustainability. On one side, they narrow the scope of actions by giving clear limits within which these actions need to stay to ensure the movement towards sustainable development. On the other side, presenting the SPs in a negative way brings flexibility to the organisation to choose actions that “are not contributing to” unsustainability (Broman and Robèrt 2017).

As explained above, the FSSD is useful for planning towards sustainable development hence helps assessing the contribution of local currencies towards strategic sustainable development. However, the FSSD is not applicable to each situation. It recommends for example to use a strategic approach based on a planning method called backcasting. In this method, the first step is to create an envisioned future with goals and a vision to then look back at the current reality. This approach is necessary when aiming for substantial changes that are necessary to achieve sustainability. However, for actions that have to be implemented quickly in order to resolve an immediate problem or to ensure the day-to-day functioning through incremental improvements, a tactical approach is recommended. These two approaches are complementary. An organisation can have a strategic planning approach to have an overview of the whole system in order to ensure a vision of success and sub-tactical approaches that focus on specific areas that allow resolving acute obstacles to the daily operations.

## **2.2 The Theoretical Ideal Local Currency**

In order to understand local currencies and their intended goals, scientific literature was gathered and their information structured in a 5LF. Over 80 scientific peer-reviewed articles were reviewed, however not all of them proved useful for this research and thus have not been included in this document. The articles were found through research on the search engine BTH summon and Google Scholar. These articles were mainly based on their contribution to the subjects of ‘local’ or ‘complementary currency’, ‘local community’, ‘sustainability’ and ‘local economy’. In addition to the literature research economic experts were interviewed. In total seven experts were willing to contribute to this research and to share their insights. Four of these experts are employees at overarching organisations which support and promote local currencies around the world. Two are economists who studied the emergence of local currencies and have written scientific articles and books about this phenomenon and one is an expert with experience setting up a local currency. Their contribution to this research can be found in ‘Appendix B’.

### *System*

Local currencies exist within local communities and supplement the community’s conventional monetary system. Local currencies are bound to a local community in a certain geographical area (city, village or region). A local community is more than a geographical area it can also be defined as “*a group of people with diverse characteristics who are linked by social ties, share common perspectives, and engage in joint action in geographical locations or settings*” (MacQueen et al. 2001, 1929). Local currencies rely on the local economy and the local government. As they are backed by national currencies, they are also relying on the current

financial system and have a complementary role as opposed to one of replacement.

Their initiators are critical of the current financial system due to the leakage of money out of local communities caused by its linearity (Pacione 2011, 13). Their sustainability understanding relates to the Three Pillars of Sustainability; economic, social and environmental (Hansmann, Mieg, and Frischknecht 2012).

### *Success*

For local currencies to reach their intended goals they need to be used by a certain percentage of people and businesses in the community. However, reaching a certain level of usage is not a goal on itself and therefore not directly part of the success level. The organisations behind local currencies do focus on areas of success that relate to the Three Pillars of Sustainability. In accordance with that researchers group the goals around economic, social and environmental success. The table below presents these areas of success and their corresponding goals that are claimed in literature.

Table 2.2. Success areas of local currencies

Area	Success
<b>Economic</b>	Creating and safeguarding of local jobs (Kim, Lough, and Wu 2016, 345; Michel and Hudon 2015, 165; Pacione 2011, 13).
	Strengthening local businesses (Kim, Lough, and Wu 2016, 345; Michel and Hudon 2015, 162; Pacione 2011, 6; Seyfang and Longhurst 2013, 71).
	Improving resistance of communities to external financial shocks (Graugaard 2012, 246; Ryan-Collins 2011, 61; Seyfang and Longhurst 2013, 66; Tibbett 1997, 132).
<b>Social</b>	Building of social capital by enabling members to collaborate better to follow a shared vision (Kaplan 2011, 71; Michel and Hudon 2015, 166; Seyfang and Longhurst 2013, 66; Oliver Sanz 2016, 20).
	Strengthening of the community pride (Graugaard 2012, 254; Mauldin 2015, 464).
	Increasing social resilience by building new networks and strengthening local identity (Graugaard 2012, 243; Oliver Sanz 2016, 21).
	Contributing to social inclusion by involving everybody (Michel and Hudon 2015, 166).
	Improving personal well-being (sense of empowerment) (Mauldin 2015, 464; Michel and Hudon 2015, 166; Graugaard 2012, 256).
<b>Environmental</b>	Decreasing of fuel consumption and carbon dioxide emissions due to shorter distances of product delivery (Kim, Lough, and Wu 2016, 345).
	Promoting and increasing sustainable consumption (Graugaard 2012, 256; Michel and Hudon 2015, 162; Seyfang 2006, 785; Seyfang and Longhurst 2013, 66).

## *Strategic Guidelines*

Defourny and Develtere (1999) established the following theoretical principles of local currency (cited 208 times) and give some general guidelines for initiators of local currencies:

- *“To work toward member, community, or regional social benefits;*
- *To be self-managed and self-organized;*
- *To involve democratic decision making processes; and*
- *To place people and labor above capital and revenue generation.”* (Defourny and Develtere 1999, 16)

Hallsmith and Lietaer (2011) suggest in their manual for setting up and running a complementary currency system a more practical four step approach that leads to four prioritisation questions:

1. Identify the needs in the community, the purpose of the local currency and the system that makes it work (Hallsmith and Lietaer 2011, 213). John Rogers, economist, advises new local currencies to start with a narrow scope and then broaden their fields of action over time (Rogers 2017). This could be assessed for prioritisation with the following question: Is this action supporting the main goal of the local currency?
2. Recruit team connected to target community, as community involvement is important (Hallsmith and Lietaer 2011, 218). This could be assessed for prioritisation with the following question: Are the targeted local community members involved in this action?
3. Consider day to day operations including support medium, functioning and cost recovery to ensure financial stability (Hallsmith and Lietaer 2011, 219). This could be assessed for prioritisation with the following question: Does this action provide a financial return (in either local or national currency)?
4. Wojtek Kalinowski, economist, advises local currency to involve different actors (households, firms, government, etc.) as the government support e.g. enables closed circuits (Hallsmith and Lietaer 2011, 230; Kalinowski 2017). This could be assessed for prioritisation with the following question: Can the local government support this action?

## *Actions*

The following key actions were found from the literature and are meant to lead strategically to success for local currencies:

- Engage businesses with “high social consciousness” (Kim, Lough, and Wu 2016, 352).
- Obtain initial funding, so that the organisation can design and print the currency; promote the program, set up a team etc (Kim, Lough, and Wu 2016, 351).
- Use different creative advertising methods to engage users (Kim, Lough, and Wu 2016, 351 - 352); e.g. promote the local currency throughout the media (Kennedy, Lietaer, and Rogers 2012, 91).
- Bring people together with a shared vision (Kaplan 2011, 71).
- Promote local businesses via website and other mean of the local currency organisations (Naqvi and Southgate 2013, 318).

## *Tools*

The following tools support the organisations behind local currencies with setting up and running the daily operation of their currencies:

- Digital software that ensures the trade of electronic money (Hallsmith and Lietaer 2011, 220)
- Paper currencies with attractive design (Kennedy, Lietaer, and Rogers 2012, 90)
- No or negative interest over the local currency (Tibbett 1997, 130; Smedley 2014)
- Exchange fee when changing from local currency back to national currency (Kim, Lough, and Wu 2016, 353)
- Monitoring and measuring tools to track the progress of a local currency (Kennedy, Lietaer, and Rogers 2012, 92)

## **2.3 The TILC through the lens of the FSSD**

By analysing the TILC through the lens of the FSSD, contributions and gaps towards strategic sustainable development can be determined. It is important to note that the success level of the TILC is based on the Three Pillars of Sustainability with an emphasises on economic sustainability. The FSSD treats economic sustainability solely as a strategic means to reach ecological and social sustainability. This is why aspects of the economic success area of the TILC might impact ecological and social sustainability. The findings of this table will be discussed in ‘Chapter 5.1’.

Table 2.3. Assessment of the TILC through the FSSD

Assessment through FSSD	
System Level	<ul style="list-style-type: none"> <li>● Local currencies contribute to the understanding of global monetary system which is part of the global economic system hence constitutes a mean to reach social and ecological sustainability.</li> <li>● Not addressing the whole socio-ecological system: Focus more on social system and at a local level</li> </ul>
Success Level	<p><b>SP1 - SP2:</b> Local currencies could theoretically lower emissions and fossil fuels usage due to reduced transport (Kennedy, Lietaer, and Rogers 2012, 57). Apart from this, no other contribution to the reduction of the systematically increasing concentration of <b>substances extracted from the Earth's crust</b> or <b>substances produced by society</b> were found.</p> <p><b>SP3:</b> No direct or indirect contribution to the reduction of the systematically increasing <b>degradation of nature by physical means</b> was found in the literature.</p> <p><b>SP4:</b> Theoretically, by safeguarding and creating jobs, local currencies avoid exposing individuals to job loss or unemployment which could undermine their <b>health</b> physically, mentally and emotionally (Burgard, Brand and House 2007, 380). Moreover, they could contribute to the personal emotional well-being of individuals by removing the feeling of powerlessness (Mauldin 2015, 464). Apart from this no other contribution to removing structural obstacles to health was found.</p> <p><b>SP5:</b> Local currencies might provide financial means to people via jobs in the community and aim to involve everybody which could remove a financial obstacle to <b>influence</b> (Michel and Hudon 2015, 166). Theoretically, by building new networks, local currencies might enable to involve people that otherwise have a lack of contacts (Graugaard 2012, 243). Apart from this no other contribution to removing structural obstacles to influence was found.</p> <p><b>SP6:</b> No direct or indirect contribution of local currencies towards removing structural obstacles to <b>competence</b> was found in the literature.</p> <p><b>SP7:</b> As the local currency is only complementary to the existing currency, non-users are not discriminated. Furthermore, these currencies have the potential to involve people that might have been previously discriminated (Michel and Hudon 2015, 166). Apart from this no direct or indirect contribution to removing structural obstacles to <b>impartiality</b> was found.</p> <p><b>SP8:</b> A positive impact on building social capital and fostering community building was identified in the study of Hudon and Michel on 6 local currencies as well as strengthened community pride (Michel and Hudon 2015, 167; Mauldin 2015, 464). These effects can help remove barriers to co-create common meaning. Apart from this no direct or indirect contribution to</p>

	removing structural obstacles to <b>meaning-making</b> was found.
Strategic Guidelines Level	<ul style="list-style-type: none"> <li>• The first prioritisation question of the FSSD, “<i>Is this a step in the right direction?</i>” aligns with “<i>Does this action support the main goal of the local currency?</i>” from the TILC.</li> <li>• The question, “<i>Does this action provide a financial return?</i>” from the TILC covers the third prioritisation question of the FSSD partially, but does not take any non-financial returns into account.</li> <li>• The remaining two questions from the TILC are based on operational considerations around the involvement of stakeholders. This is not in accordance with the FSSD.</li> <li>• The use of a backcasting approach is missing.</li> </ul>
Actions Level	The suggested actions in the TILC do not always align with the strategic guidelines from the FSSD: Promoting local businesses for example is not a step in the right direction when the businesses are not sustainable.
Tools Level	The suggested tools in the TILC are not strategic; for example, a paper currency does for example not help to determine if the actions chosen fit with the strategic guidelines.

### 3 Methods

To adequately answer the research questions, three case studies were conducted. The currencies selected were the Beki (LUX), the Lewes Pound (UK) and the Bristol Pound (UK). The choice of these case studies is presented in the chapter ‘Results’. What follows is a short description of each section and how the data for these sections were collected and analysed.

#### 3.1 Research Design

The following sections describe the outline of this qualitative study. Two sequential approaches were used in this research to answer the research questions from two angles, the first one is more practical and the second is more theoretical. These two approaches allow for an analytical comparison between theory and practice of local currencies, furthermore they enable the determination of the relation between local currencies and strategic sustainable development. The different steps of the two approaches are described in the table below and further detailed in the section ‘Research process’.

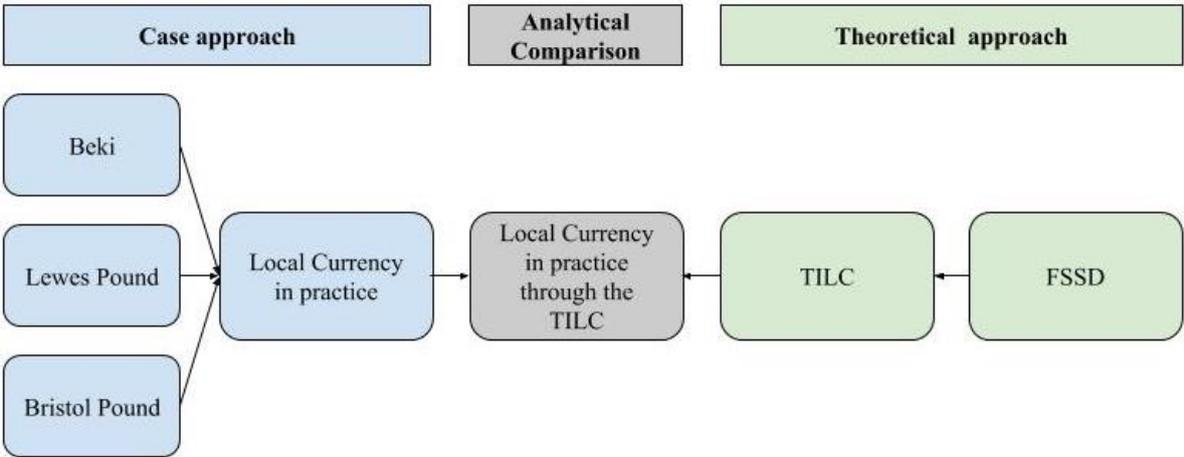


Figure 3.1. Research design

Table 3.1. Research process

Case approach: Local currencies in practice, goals and achievements	Theoretical approach: TILC through the lens of the FSSD
<p>Data collection:</p> <ul style="list-style-type: none"> <li><input type="checkbox"/> Exploratory interviews</li> <li><input type="checkbox"/> Official document reviews</li> <li><input type="checkbox"/> Interviews with initiators of local currencies</li> <li><input type="checkbox"/> Interviews with community members</li> </ul> <p>Data analysis:</p> <ul style="list-style-type: none"> <li><input type="checkbox"/> Presenting the context of each selected community</li> <li><input type="checkbox"/> Structuring the gathered data of each selected local currency by using a 5LF</li> <li><input type="checkbox"/> Comparing the 5LF of each selected local currency with practice</li> <li><input type="checkbox"/> Combining the data on the practice of each local currency into a general statement</li> </ul>	<p>Data analysis:</p> <ul style="list-style-type: none"> <li><input type="checkbox"/> Discussing the analysis of the TILC through the FSSD</li> </ul>
<b>Analytical comparison</b>	
<ul style="list-style-type: none"> <li><input type="checkbox"/> Analysing the functioning of local currencies in practice through the TILC</li> <li><input type="checkbox"/> Presenting the reasons of the gaps between theory and practice</li> </ul>	

## 3.2 Research Process

### 3.2.1 Local Currencies in Practice, Goals and Achievements

Before the data collection on the local currencies, it was important to determine the context of each local community. Finding out if any particular and significant social, economic or political event or disruption led to the establishment of the local currency ensured a deeper understanding of the local communities. Newspaper articles and official statistics from the municipalities were reviewed and one local historian was interviewed.

Beyond studying the historical context of the local communities, there were two ways that deepened the understanding of the background of these local currencies. Firstly, official documents were reviewed. These documents were collected through the website of the currency or sent directly by the organisation. Secondly, semi-structured interviews were conducted with one to two employees or initiators of each local currency. The questions asked in the interviews were focused on the levels of the 5LF; they concerned the description of the system in which

they operate, their definition of success, the strategic guidelines they followed in order to set up the currency and to keep it working, the actions they undertook when setting up the currency and the actions they undertake to support their ongoing operations, and finally the tools they used or currently use to support their operations. The interview protocol for the initiators of a local currency can be found in ‘Appendix C’.

The final part of this section was to establish if the intended goals of the currencies are achieved in practice. To come to this insight a comparison was made between the information in the SLF of each selected currency, and the data collected through the means of interviews with respondents in the communities. The aim of these semi-structured interviews was to collect the perceptions of members from the community on the possible effects that these local currencies have on their community. Four groups of respondents were selected for each community; users of the currency, non-users of the currency, businesses that work with the currency and employees of the municipality. These groups were chosen in order to achieve maximum variation sampling, thus obtaining a desired variation in perspectives on the possible effects of the local currency.

- Users: Interviewing the users generated insights to the reasons why they make use of the currency and how they heard about the currency. The users were asked to give their opinion on the functioning of the currency and about possible ideas for improvements to reach more potential users. The interview protocol of users can be found in ‘Appendix D’.
- Non-users: People from the community that do not make use of the currency were interviewed to understand the reasons why they are not interested in the local currency. They have also been asked what improvements were needed that would engage them to start using the currency. The interview protocol of non-users can be found in ‘Appendix E’.
- Businesses: Businesses that make use of the currency were interviewed to determine the economic effects the currency might have on their business and their viewpoints about the impact of the currency on the community. The interview protocol of businesses can be found in ‘Appendix F’.
- Municipality: In order to gain a more general understanding of the possible changes that the currency has on the community, interviews were conducted with employees from the municipality. The questions were focused on their viewpoints regarding the possible, social, economic and ecological effects, that the currency could have on the community. The interview protocol of users can be found in ‘Appendix G’.

In total 9 to 10 interviews were done for each currency as described in the table below. The contact with the respondents was often established through the website of the currency, or directly given by the employees of the currency. Most of the interviews were done with digital communication tools, like Skype and Facetime. The duration of these interviews ranged from 15 to 90 minutes.

*Table 3.2.1. Number of interviews of respondents per currency*

	Initiator	User	Non-user	Business	Municipality
Beki	1	2	3	3	1
Lewes Pound	2	1	2	2	2
Bristol Pound	2	3	2	1	0

In the case of the Beki, almost all the respondents were French speaking, therefore these interviews were conducted by two French speakers of this research group. They were transcribed in French then translated to English.

After transcribing the interviews, a coding framework was created. In this framework, the responses from the interviewees were clustered in 30 different categories and in the different levels of the 5LF. Clustering the answers from the interviews in relation to these levels enabled the filling in a 5LF for each local currency. The answers from initiators served as the main contribution for filling in the 5LF, however some respondents added interesting insights that were also included. The answers were also clustered into 30 categories that can be found in ‘Appendix H’. The data gained from the interviews corresponded mostly with the following categories: “community context”, “currency background”, “effects”, “intended purpose” and “reasons to make use or to not use”. This coding was used to write the narrative for the case studies which represents the observed reality in the community and helped identifying potential impacts.

Finally, the results from each case study were combined into a general statement for local currencies. The conclusion of this section is a presentation of their functioning in practice. This approach allows answering the two primary research questions from the community viewpoints. The outcome of the previous steps will be presented in the section ‘Results’.

### **3.2.2 Analysing Local Currencies through the lens of the FSSD**

For this section, no specific data was collected. This approach relies on the frameworks from the chapter ‘Theoretical Framework’. The analysis of the TILC through the FSSD is discussed and the existing gaps are further explained. This leads to the determination of how local currencies in theory relate to strategic sustainable development. The outcome of this section will be presented in the beginning of the section ‘Discussion’.

### **3.2.3 Analytical Comparison**

The last step in the research process is to analyse the functioning of local currencies in practice through the TILC. This analysis allows presenting the alignments and gaps between theory and practice and what are the reasons of these gaps. The gaps between theory and practice expose

what these local currencies could become according to theory. Finally, the combination of the two approaches leads to the answers to the research questions. The outcome of this section will be presented in the section ‘Discussion’.

## **3.3 Validation**

### **3.3.1 Exploratory Research**

Before conducting the research a wide range of scientific articles and books about local currencies were reviewed and seven economists were interviewed. This exploratory research ensures that the scientific field on local currencies has been thoroughly consulted and covered.

The seven economists were selected regarding their contribution to the field of local currencies. Most of them are working for organisations that promote and manage local currencies around Europe. This geographic condition was chosen to be consistent with the case studies selected which are all located in Europe. Most connections were established through their websites.

### **3.3.2 Case Selection**

Sixteen organisations that manage local currencies were contacted to contribute to this research, and the selection was based on three criteria, described below. Out of the sixteen organisations contacted, six were willing to collaborate. However, this research design aims to include only three local currencies, therefore, a final selection was done between these six currencies. Two of these six did not meet the criteria because the usage of the local currencies was not significant enough to clearly establish any effects in the community. One of the six local currencies met all the criteria, however was not selected due to time constraints. This local currency is in France and it was not possible to work with two French-speaking communities, as only two members of the group are able to speak French and would have had to conduct the interviews, transcribe and translate them.

The three local currencies were selected based on three criteria. This was to ensure that the currencies had enough general similarities, e.g. geographical boundaries, in order to be comparable. These criteria were also important to prevent a possible bias with regard to effects on the community that could have had any other cause due to the introduction of the local currency. In order to extrapolate from the collected data, the criteria ‘extent’ and ‘community size’ were added. These two additional criteria ensured the diversification between the selected cases, which in turn enables more general statements.

- Geographical boundaries: All cases are situated in Europe; this means that the political situation (“WGI 2016 Interactive > Interactive Data Access” 2017) and quality of life are comparable (“OECD Better Life Index” 2017). This criterion means that the stability of the country cannot be taken into consideration as a reason for setting up a local currency.

- Extent: Two parameters that define the extent are, the value of notes in transaction and the date when the currency was initiated. A currency with a larger amount of notes in circulation or a period of existence could have a bigger impact on the community.
- Community size: The local currencies were selected based on the fact that they are used at a city and regional scale. In order to come to conclusions on local currencies in general, these cases were selected on their difference in community size.

As all the case studies are in Europe, the problems observed and the potential effects are specific to this socio-economic context. However, scientific articles outside Europe were also consulted, specifically articles that relate to local currencies in North-America. This ensures the transferability of this research to communities in this region of the world that share a similar socio-economic context.

### **3.3.3 Research Operation**

In order to further enhance the validity of this research the technique of triangulation was applied. First of all, triangulation of data between interviews and official document analysis took place. This countered a possible bias from the perspective of the respondents. Secondly, this technique was used to select respondents with different backgrounds to ensure different perspectives on the possible effects of the local currency on the community.

Five different groups of people were interviewed: initiators, users, non-users, businesses and municipality.

Finally, during the process of gathering, coding and structuring the data there was a constant rotation between the research members. The respondents were interviewed by two members of the group, then another member of the group was in charge to transcribe the interview and the last one had to code it. This was done in order to ensure that the data would not be interpreted through a single perspective. Moreover, the coding of each interview was conducted by one person and checked by another one to ensure the validity of the results.

Further improvements to enhance the validity of the research were done by re-checking the findings with the respondents. The 5LF that were filled in for each selected currency were checked by the initiators of these currencies in order to ensure if the facts were correct. This feedback served as further verification to avoid any misunderstanding or misinterpretation in the data. Moreover, this checking has allowed the respondents to elaborate on their interviews and share more information.

## **3.4 Limitations**

### **3.4.1 Scope**

For this study three cases were selected. In order to increase the validity of the general remarks on how local currencies operate in practice it would be desirable to have more cases. This would increase and diversify the data, which in turn would have led to a more accurate representation

of local currencies. However, due to time constraints, it was not possible to properly conduct more than three case studies in four months.

This research solely takes the monetary structure into consideration with regard to the challenges local communities face. There are likely other trends, or causes, to these challenges. However, for the specific subject of local currencies these were left outside the research scope.

### **3.4.2 Literature Review**

As explained in the section ‘Validation’, a wide range of articles were reviewed during the exploratory research. However, some articles in the scientific field of local currency could have been missed. For this reason, the literature review could be partially limited.

### **3.4.3 Data Collection**

This research was limited due to means of communication. Because of the lack of a stable internet connection, noise disturbance it proved challenging at times to fully connect with the respondent. Not being able to sense the context of the community also proved a challenge that is inherent with this form of communication. One way to overcome these limitations is by visiting the communities.

During this research not the same amount of respondents were interviewed for each selected case study. This limitation only occurred with the Bristol Pound. Contact with this currency was established in a later stage of this research and due to a lack of time it proved difficult to interview members of the municipality. However, a total of 10 interviews per currency was a relevant number to represent the general perspective of the community members, since at a certain point saturation of information from interview was reached. Moreover, interviewing people from different groups within each community ensured an increase in objectivity regarding the perceived effects in the community.

Another limitation concerns the process of reaching the group of non-users. The contacts with these respondents were frequently made by other respondents that have strong connections with the local currency. Therefore, all the non-users were aware of the existence of the local currency in their region. To overcome this limitation, it is necessary to find means to reach non-users that are not aware of the local currency. One way to do this is by conducting interviews on the street in local communities, or establish contact through digital platforms where residents of communities are active.

One of the local currency selected is located in Luxembourg where the native language is Luxembourgish or French. Nine respondents of this case study preferred to do the interviews in French. As two members of this research-group speak French it was possible to do these interviews, however they had to be transcribed in French and then translated in English. This translation possibly could have changed the meaning of some sentences.

## 4 Results

This chapter presents the gathered data from the research. Each case is laid out in three subsections. First, an overview of the community and the currency background of each case study are given. This is to provide an understanding of the context of the community within which the currency was launched and operates. Secondly, a 5LF will be used in order to structure the information that was collected, through the document analysis and the interviews that were done in each case study. This framework shows the system in which each currency is established, the intended goals that the organisation sets out to achieve, the areas in which actions were taken to set up this currency and what is needed to keep it operational, and the tools that the organisations behind the currencies used to enable the creation and day-to-day functioning of the currencies. Third, an overview will be presented that shows how the currency is operating in practice. Specific groups of people were interviewed for each case study and their insights will be presented below. These groups consist of initiators, users, non-users, business owners, and people from the municipality.

*Table 4.0. Overall information on case studies*

	<b>Lewes Pound</b>	<b>Bristol Pound</b>	<b>Beki</b>
Country	England	England	Luxembourg
Transaction value	Since 2008, 40 000 Lewes Pounds were printed	In 2016, 2 000 000 (online) + 100 000 paper notes in circulation	Since 2013: 500 000 Beki
Exchange rate	1LP = 1£ (1LP = 1.17€)	1BP = 1£ (1BP = 1.17€)	1 Beki = 1€
Set-up date	2008	2012	2013
Size of the community	City Lewes (17 800 inhabitants)	City Bristol (450 000 inhabitants)	Region Canton of R�edange (17 000 inhabitants)

## 4.1 The Beki

### Community context and historical background

The Canton of R edange is a region in the west of Luxembourg with 17 000 inhabitants. As it is very close to Luxembourg city, the citizens of the Canton are mostly working in Luxembourg city. The emergence of a local currency in this part of Luxembourg ties into the sustainability related transitions that took place in the last 30 years in this area. Before 1967, the inhabitants of the canton of R edange were mainly working in the South in mines or in the North in quarries. In 1967, the state decided to close the railroads which led to a rural exodus, the inhabitants were moving to other regions to live closer to their work. The people who stayed in the canton of R edange decided to further develop their community by promoting their land and their rural heritage. After 1995, many projects for sustainable development emerged based on the Three Pillars of Sustainability. Regarding the environment, they have increased their production of renewable energy in order to be energy independent; regarding the social side, they have built a day-nursery for children so that more women can go to work, and regarding the economic sector a local currency was introduced.

The Canton of R edange is known in Luxembourg and in Europe as an example of success when it comes to sustainable development (Lambert 2008). The community of this region is very proud of their success and aware of the region's contribution to sustainable development. One business respondent said that it is *"a very ecological community, not eco but ecological in the original sense of the word. So it is part of [their] genes, [their] DNA."*

### Currency Background

The Beki was launched by Camille Gira, the former mayor of the city of Beckerich. The municipality worked for 3 years in collaboration with LEADER, a European funding program to promote rural areas, on the project of a regional currency. In 2012, after an information evening with the citizens of the Canton of R edange, the non-profit association De K ar was created to manage the Beki. The name 'Beki' came out of a contest where all the citizens could make suggestions on which the working group voted. One year later, on the 1st January 2013, the first Beki went into circulation. The organisation behind the Beki aims to support economic, social and environmental sustainability.

De K ar employs two people to manage the currency, including Max Hilbert. Mr Hilbert was initially working for the municipality of Beckerich for the LEADER projects. In 2011, he was in charge to start the project of the Beki and to coordinate the functioning between the canton of R edange and LEADER. Hence, Max Hilbert was the main coordinator of the Beki from its beginning. His missions are to promote the currency among the community and in the media and to manage the overall logistics around the Beki.

Currently 84 businesses are members of the association and more than 120 businesses accept the local currency.

Table 4.1. Five Level Framework Beki

Five Level Framework Beki	
System	<p><b>Scope:</b> Used in the Canton of Rédinge.</p> <p><b>Stakeholders and roles</b></p> <ul style="list-style-type: none"> <li>● Max Hilbert: main coordinator</li> <li>● Association De Kär: main decision-maker</li> <li>● Canton of Rédinge: decision-maker and financial support</li> <li>● Commune of Beckerich: financial support</li> <li>● LEADER: financial support</li> </ul>
Success	<p><b>Economic</b></p> <ul style="list-style-type: none"> <li>● Support local businesses by keeping the purchasing power within the community; ensure the local circulation of money</li> <li>● Introduce the idea and raise awareness to the concept of alternative economy and emancipation of the global economy</li> <li>● Increase the demand for local goods and products and thereby promote regional economic circuits</li> <li>● Maintain and increase employment</li> </ul> <p><b>Social</b></p> <ul style="list-style-type: none"> <li>● Strengthen social cohesion: to bring people together</li> <li>● Increase community engagement and strengthen their independence</li> <li>● Increase mutual support within the local community</li> </ul> <p><b>Environmental</b></p> <ul style="list-style-type: none"> <li>● Decrease transportation to reduce fossil fuel consumption to reduce emissions</li> <li>● Increase sustainable consumption</li> <li>● Improve transparency in the production of goods</li> </ul>
Strategic Guidelines	<p><b>Decision making</b></p> <ul style="list-style-type: none"> <li>● Max Hilbert collects thoughts and complaints of the community.</li> <li>● He makes suggestions to the board of De Kär who takes general decisions.</li> <li>● Important decisions are discussed and decided by the general assembly (for legal reasons), made once every three months.</li> </ul> <p><b>Guidelines:</b> Clear strategic guidelines are missing.</p>
Actions (More in 'Appendix I')	<p><b>Focus areas</b></p> <ul style="list-style-type: none"> <li>● Promotion of the currency</li> <li>● Engagement of businesses and the community</li> <li>● Daily operations</li> </ul>
Tools	<ul style="list-style-type: none"> <li>● Paper currency with attractive design and as a tangible form of money</li> <li>● Exchange fee (5%) when exchanging to Euro</li> <li>● Attractive brochure to explain the aim of the Beki</li> <li>● Website with list of businesses that accept it</li> <li>● Stickers in shops that show who accepts the Beki.</li> </ul>

(Beki 2017; Hilbert 2017)

## **Users and Non-Users**

The community is generally aware of the ambitions behind the currency. Because most user and business respondents were informed by Max Hilbert personally on the purpose behind the Beki.

The users of the Beki are described by one business respondent as *“people who already think differently and not just see what is the cheapest, most practical way.”* The inhabitants of the Canton of R dange are proud of their community and they want to contribute to the development of their region; one user claims that the Beki could be something *“to make [their] region stronger.”* In general, the users say that they make use of the Beki mainly *“to strengthen the local economy”, “to support local entrepreneurship, local jobs”* and *“to keep the money within the region.”* They see the Beki as one way to improve resiliency and to prevent the disappearance of local stores that are replaced by supermarkets. The mayor of Beckerich sees the Beki *“as a tool to enable the businesses to see each other [...] and to have a more sustainable economy.”*

Then, there are two types of non-users. The first type is described by an user as those who are already involved in sustainability and *“do not see why they should use the Beki if they already buy local products.”* The second type is described by a business respondent as *“people that do not think in a sustainable way or who fear the change.”* The main reason that users mentioned why other community members do not use the Beki is the inconvenience of the payment method. First of all, the only places where people can exchange their euro to Beki are specific banks and the association De K r in Beckerich. One user explains that people *“have to go to the bank to exchange the money during the working hours, [...], it is not very practical for people who work from eight till five.”* Another user mentioned that *“it is mainly a matter of laziness and reluctance they just do not have the time or have the energy to go to the bank to exchange it.”* Secondly, the only way to pay with the Beki currently is with paper notes, but as an user describes *“mostly [she] does not pay cash when [she] goes to a shop, [she] always uses [her] card.”* Thirdly, as one user mentioned, not all the shops from the Canton of R dange accept it, this forces people to change their habits and sometimes spend more time to find a shop that accepts the Beki. Another issue that businesses mention is that in order to pay their suppliers in Beki they prefer a digital version: *“It is important that they manage to develop an electronic way of paying to facilitate the exchange on a professional level.”* Max Hilbert acknowledges this issue and continues to elaborate that *“sometimes even bills of more than 20.000 euros are being paid in Beki and the largest note is 15 so obviously, people go to the bank with a lot of money.”* This holds some businesses from paying their suppliers with the Beki.

## **Challenges**

Most people in the region work in the city-centre. The bank where the euro can be exchanged for the Beki is not close to this area. Therefore, it is inconvenient for these people to exchange their money.

Another issue expressed by one of the users of the Beki is the name of the currency: *“The name only represents the municipality of Beckerich and therefore not the whole region. Other municipalities therefore do not have the same connection to the Beki.”*

Currently, salaries in the Canton of R dange cannot be paid in Beki because the Ministry of the Interior forbids the municipality of Beckerich from doing this. These two organisations are now talking about possibly allowing the municipality to make this happen.

Regarding the future of the Beki many respondents mentioned that this depends on the role of Max Hilbert. For example, this business respondent said that “[they] *will see how it goes, also everything depends on Max because he is the strong point [...] and he is the leader of this currency.*” At the moment, the organisation behind the Beki is able to employ him and one other worker with the funding they receive.

## Usage

In general, interest for the Beki keeps growing. Most respondents agree on with this and the Mayor of Beckerich observes that “*the number of members of the association De K r has increased*” and therefore concludes that it “*means that the interest in the local currency has increased in the last years.*”

## Effects

### *Economic effects*

The respondents mostly mentioned economic effects when discussing the possible effects of the Beki. However, the mayor of Beckerich argues that the economic effects are hard to measure four years after setting-up the currency: “*The local economy maybe does not benefit in the short term but in the long term there is for sure an economic benefit.*” Max Hilbert, for example, explains that the Beki circulates five times more in the region than the Euro. From the perspective of the businesses, making use of the Beki also ensures that “*the money comes back to [them].*”

A business respondent said that the amount of clients who pay with Beki continually increased over the past three years and that customers “*clearly choose [his] business because it accepts the Beki.*” Two of them have evaluated that the amount of customers paying with the Beki represents 5 to 10% of their clientele and that it keeps increasing. When discussing actual economic improvements, or increase in revenue the business respondents mention that it “*did not increase significantly*” and that “*not really something changed after the introduction of the Beki even though they got more clients.*” The business respondents tend to privilege suppliers that accept the Beki, for example, one of them explained that “*because [he] has many cars and trucks on the road and there is a gas station which accepts the Beki [he] changed [his] supplier.*” However, the business respondents acknowledge that the suppliers they pay in Beki represent a small percentage of their total suppliers, one of them “*still had to pay [his] suppliers in Euro because not everybody accepts the Beki.*” Some business respondents also use the Beki as “*an advertisement tool*” or “*a marketing tool*”, to promote their business by showing their values and their commitment to the community.

Finally, one director of a business explains that after the introduction of the Beki their employees “*question more and more the value of money and how money is treated by big companies in Europe and the world.*” Another business respondent adds that “*there are a lot of people that speak about money and the functioning of the financial system. [He] thinks it is because of the Beki because now we go deeper in discussions.*”

None of the respondents mentioned any observed economic effects with regards to maintaining and increasing of employment.

### *Social effects*

Similarly for the social effects, the impacts on the community are not measured by the organisation behind the Beki. With regards to the relation between the businesses and the community, one business respondent mentions about the users of the Beki that *“it is a clientele more simple, more faithful.”* One user acknowledges that it did *“strengthen the interactions between the businesses [...] and the social tissue of the region.”* A business respondent said that it did not change their relationship with their customers but that they do have better relations with their suppliers that accept the Beki because when they *“speak with the suppliers, [they] speak about values and the philosophy. However, for the clients [they] are there to serve while for the suppliers [they] are there to work with them. That are two different relations.”* The business respondents mentioned that they *“have meetings, [they] see each other, [they] meet people that [they] did not know before. [They] have a contact more human than with the Euro.”* The mayor of Beckerich also sees the Beki *“as a tool to enable the businesses to see each other.”* He also mentioned that *“this local currency becomes also a source of pride, it is [their] identity.”*

### *Environmental effects*

The interviews provided limited insights on the possible environmental effects of the Beki. Regarding transport routes, Max Hilbert mentioned that *“it is difficult to say where it really has changed and where it has not.”* One user makes the assumption that *“if [they] supply only locally, the transport costs decrease”* and that if the local jobs are maintained in the region, people would not have to drive to the city for work and thus, the transportation is reduced.

A business respondent acknowledges that he *“now consumes in a more conscious way and thinks more what and where to buy.”* One user said that due to the Beki, the production of goods becomes more transparent. Furthermore, inspired by the Beki, a group of citizens decided to create a food cooperative to empower the community to buy local.

### **Suggestions for improvement**

What was suggested by almost all the respondents is the creation of a digital version of the Beki to allow people to pay online and/or by mobile phone. The non-users have mentioned that they would start using the currency if this digital version of the Beki became available.

A second point that was mentioned by an user was to change the name ‘Beki’, *“Beki is coming from Beckerich [...] and just to increase the identification of the region with the Beki, it would be good to have a name which represents the whole region, and not just Beckerich.”*

The last suggestion from one user was to *“close the loop.”* This would mean that the complete supply chain of the products would be made locally.

### **Future**

Max Hilbert mentioned that future steps for the Beki could be to make it accessible for everyone in the Canton of R edange but to keep the currency local. This year’s focus is on the creation of

a digital version in order make payments more convenient.

Most of the respondents expressed their confidence in the future of the Beki and believe that the currency will keep functioning. The two factors for this confidence are according to community members that the amount of businesses that accept the Beki keeps growing and that it is well managed and promoted by the coordinators.

## **4.2 The Lewes Pound**

### **Community context and historical background**

Lewes, the county town of East Sussex, is a small historical town located in the centre of the county. Lewes is situated close to Brighton; it is an easy train journey to London which leads to a lot of people commuting between these two places. Due to its high accessibility and its location at the coast in a beautiful part of the country, Lewes is an attractive place to visit. Considering the economic cycles, the visitors to Lewes are a very important part of the local economy. Lewes used to have a heavy engineering industry but currently this industrial character changed to more artistic and intellectual with many people work in media, or as graphic designers and computer programmers. Lewes has a reputation of being a quirky town that is a little bit odd and unusual. Overall, Lewes is a community of a complex and diverse make up with a rather high educational level. One of the main challenges in Lewes nowadays is the high cost of living that results in hidden poverty outside the city centre where multiple food banks are situated.

### **Currency background**

In 2007 the Transition Town movement started in the UK and Lewes was one of the first to join this movement. One of the groups that took part in this movement in Lewes was the business group. They looked at climate change from a business perspective, what they were doing about this and what their carbon footprint was. After a few projects around this national movement, representatives from Totnes came by to talk about a local currency they just launched. Lewes decided to do the same. Due to the amount of work that was involved with setting up this local currency a part of the people from the business group organised as the currency group within Transition Town Lewes to set up the Lewes Pound. Currently, they are organised as a Community Interest Company. The Lewes Pound was launched in 2008, just after the financial crisis, during a large-scale event in the town hall. After this launch, the first 10.000 notes were all gone in a couple of days. After stocktaking only a couple could be found in the community of Lewes and it turned out that there was a vast collectors market that was interested in these notes.

The organisation behind the Lewes Pound was able to employ a number of part time co-ordinators funded by a grant. Presently the organisation does not receive this grant anymore. This means that the organisation mainly consists of volunteers. The Lewes Pound aims to support economic, social and environmental sustainability. It is accepted by 100 businesses and has 5 issuing points. The Lewes Pounds support base is found mainly in the wealthier areas.

Table 4.2. Five Level Framework Lewes Pound

Five Level Framework Lewes Pound	
System	<p><b>Scope:</b> Used in the town of Lewes.</p> <p><b>Stakeholders and roles</b></p> <ul style="list-style-type: none"> <li>● Municipality: the town hall is one of the main exchanging points.</li> <li>● Directors: the Lewes Pound has 5 directors of whom Susan Murray and Patrick Crawford are involved on a day to day business.</li> <li>● Different organisations in Lewes contribute financially to the Lewes Pound.</li> <li>● Financial support from the South Downs National Park and the Community Economic Development program</li> <li>● Lewes Credit Union: The Lewes Pound works together with the credit union on a possible digital Lewes Pound.</li> </ul>
Success	<p><b>Economic</b></p> <ul style="list-style-type: none"> <li>● Support local traders by promoting local goods and services to build resilience to rising costs of energy, transportation and food</li> <li>● Keep money circulating in Lewes</li> <li>● Support local employment</li> <li>● Improve financial inclusion and access to affordable finance</li> <li>● Bringing attention and attracting visitors to Lewes</li> </ul> <p><b>Social</b></p> <ul style="list-style-type: none"> <li>● Strengthen the relationships between local shopkeepers and the community</li> <li>● Increase pride in the community</li> </ul> <p><b>Environmental</b></p> <ul style="list-style-type: none"> <li>● Cutting CO2 emissions by reducing the need for transport and reducing carbon footprint</li> <li>● Encourage a conscious shift towards more local shopping by raising awareness</li> </ul>
Strategic Guidelines	<p><b>Decision making</b></p> <ul style="list-style-type: none"> <li>● Informal decision-making</li> <li>● Weekly meetings where 3 to 4 people decide on next steps</li> </ul> <p><b>Guidelines:</b> Clear strategic guidelines are missing</p>
Actions (More in 'Appendix I')	<p><b>Focus Areas</b></p> <ul style="list-style-type: none"> <li>● Promotion of the local currency</li> <li>● Daily operations</li> </ul>
Tools	<ul style="list-style-type: none"> <li>● Paper currency with attractive design and as a tangible form of money</li> <li>● A list and map with local businesses that accept the Lewes Pound</li> <li>● Stickers in shops that shows who accepts the Lewes Pound</li> </ul>

(The Lewes Pound 2017; “What It Is | The Lewes Pound” 2017; Murray 2017; Crawford 2017)

## **Users and Non-Users**

The organisation behind the Lewes Pound describes users of the currency as those who “*share [their] values about wanting to shop locally, buy local product and support local independent businesses to help reduce their own carbon footprint by buying local produce.*” Business respondents describe these users as green and environmental frontrunners; these are the people that make changes in their lives to do what they think is best for their social and ecological environment. They feel a connection to Lewes, embrace the whole Lewes way of living, and are typically Lewesian people. Another group which buys the Lewes Pound are tourists who take it home as a souvenir.

A user has observed that others who share similar values as the Lewes Pound, do not see why they need to use the currency to achieve these desired outcomes: “*If [they] are already spending money in local shops then what would the difference be if [they] do that in Sterling or the Lewes Pound?*” Other respondents that do not make use of the Lewes Pound mentioned that making use of the Lewes Pound is too inconvenient. This inconvenience comes from the fact that not many shops accept the Lewes Pound, it is not possible to withdraw the money at an ATM, it is not possible to pay by card, online or with mobile phone. Furthermore, according to the community, it is not practical to have two different kind of currencies in their wallet.

## **Challenges**

Susan Murray, one of the coordinators of the Lewes Pound, explains that “*one thing about any currency is confidence, people need to have confidence in the money because it may not be proper money but it is money all the same.*” A business respondent adds to this that “*the currency only works if people have faith in it, that is the whole point of a piece of paper working as a currency.*” Concerning this a business respondent explains that “*when you are a small-scale producer or shop or anything like that you find that you are living hand to mouth, it is hard to make a living. When people present you with a currency that is not real, you do not have faith in it, it is like someone gives you toy money.*”

Most shops that accept the Lewes Pound are targeting the middle class. One of the coordinators of the Lewes Pound explains that people with a lower income do not often visit these shops. Therefore, this local currency is perceived as a rather middle class niche in the community.

A challenge for the Lewes Pound was to keep the initial excitement surrounding for the currency in the community. Susan Murray explains that when the Lewes Pound was launched the vast international interest and the novel character of the Lewes Pound led to much excitement from the community members “*but once that initial excitement was over it has been a lot of hard work to keep the enthusiasm going.*”

The coordinators of the Lewes Pound explain that funding has always been an issue which concerns them and others who relate to the Lewes Pound. For example, one of the old coordinators mentioned that “*as long as you have somebody with a big heart and a willingness to give up their time and their energy there is a future for the Lewes Pound. But if there is not that person then it depends on enthusiasm really.*”

## **Usage**

During the interviews, it was mentioned that at the moment only a few people make use of the

scheme. When, for example, businesses that work with the Lewes Pound were approached for an interview most of them responded that they are connected to the scheme but have not traded with the Lewes Pound for a longer time period of at least a year. A business respondent said *“today [they] do not receive any Lewes Pound in [their] shop, they only ever come to [them] at the farmer's market where [they] probably get 30 Lewes Pounds per market”* and *“[they] have a thousand customers in a day and [...] maybe five people would pay with Lewes Pounds”*, followed with *“it is used less than it was, [she] does not see it as much as [she] used to.”* One of the users even said that when she pays with the currency she experiences reactions of surprise like *“Oh what is that?”* or *“have not seen this in years.”*

Another element of the usage of the Lewes Pound is explained by someone that works for the municipality: *“It is seasonal. As we approach the tourist season there will be more people asking for it.”*

## **Effects**

When discussing the effects of the Lewes Pound a business respondent explains that *“it does not have such an impact to make anything really calculable.”*

### *Economic effects*

The organisation behind the Lewes Pound asked 110 businesses and residents of Lewes in a survey a couple of questions about the Lewes Pound. This showed that between 69% and 75% agree that the Lewes Pound is a good idea to support local businesses and other community causes. A business in Lewes that joined the scheme from the start was initially excited about the idea because it would support small local businesses, *“[their] biggest competitors are the supermarkets and these are not the ones that take the local currency.”* After almost ten years she acknowledges that maybe it has put the local businesses on the map more and that it helped to encourage local support for local businesses, but *“a lot of the people who use the Lewes Pound in [her] shop were already customers anyway.”* Another user of the Lewes Pound explained that *“[she] feels [she] is involved in it anyway, with the green movement. [She] does a lot of [her] shopping locally anyway.”*

On the question; if these businesses noticed any economic effects after the introduction of the Lewes Pound the general answer was negative, followed with the explanation: *“If [they] want to see real impact because of the Lewes Pound it needs more people to sign up.”* This business respondent continues that *“not enough people bought into the idea and believed in that currency to really make local shopping a big difference.”* Related to the usage of the Lewes Pound, one of the coordinators, added that due to the fact that not enough people make use of the scheme *“the amount of money that is in circulation is not sufficient to actually generate significant amounts of jobs.”*

Several respondents mentioned that the Lewes Pound brought attention to the town. A user has seen that *“the Lewes Pound also created the desire to bring attention to the town very actively and it has drawn people to Lewes, it has drawn tourists to Lewes.”* Someone who works in the exchange point in the town hall also recognises that *“the Lewes Pound is quite good for tourism, [they] do sell some to tourists and visitors that come to the town and they like the fact that it is unusual, quirky and the Lewes side to it.”*

Regarding the circulation of the Lewes Pound, one of the business respondents explains that

*“often [she] does not think you will find someone that goes to buy a product will be given their change in Lewes Pounds. Usually the customer will have a [Lewes] Pound and will give it to the shopkeeper” followed with “probably most of the shopkeepers when they do their banking at the end of the day will take it to the town hall. They will go and buy their pounds from the town hall to spend elsewhere.”*

### *Social Effects*

Generally respondents found it hard to mention any effects with regard to the social dimension. A business respondent did tell that *“when you live in Lewes you are proud of the Lewes Pound and therefore people will always talk about it which means that people in general will talk and communicate more with each other.”* The respondents have different opinions about the amount of conversations that are presently being conducted with the local currency as a topic. Someone that works for the municipality experiences that *“even if [she] lives in the community it is not something that people are talking about”* and one of the business respondents has the opinion that *“they ran out of steam in terms of putting the argument forward. There is not enough conversation or discussion about why they are doing it anymore.”*

The previously mentioned survey also shows that the Lewes Pound is an expression of local pride and that it is ‘typical Lewesian’. From the interviews, it can be added that most of the respondents feel that the Lewes Pound adds something unique to the town and that it is something that they can be proud of.

One of the business respondents mentioned that their relationship with the community did not improve. One other businesses respondent adds that she did not know if the Lewes Pound changed this relationship but *“what it does is that there are regulars that come every week, maybe [she] sees them more often now.”*

### *Environmental effects*

The interviews gave little to no insights with regard to environmental effects. One of the business respondents explained that she did not see a change in her products, with regard to sourcing and selling locally, after starting trading with the Lewes Pound. She explains that this mainly was because she already sold and sourced her products locally. None of the respondents mentioned any significant observed environmental effects with regards to cutting CO<sub>2</sub> emissions by reducing the need for transport. A business respondent observed that the Lewes Pound *“has raised more awareness for the concept of local food.”*

### **Suggestions for improvement**

The previously mentioned survey also showed that respondents would consider using the Lewes Pound if the organisation demonstrated progress and actual impact, if they would introduce an electronic Lewes Pound, make it easier to use, if a wider variety and more businesses started accepting the Lewes Pound, if business staff offered the local currency as an option of change, and if they made the use and appeal more inclusive by not only reaching out to those with disposable income but also connect with businesses and residents who need it most.

### **Future**

Susan Murray and Patrick Crawford both think that the future of the Lewes Pound will be

digital: “[They] *will always have the paper version, but [they] think mobile phones and cards will be a way to keep money circulating local.*” Some of the other things that the organisation behind the Lewes Pound wants to work towards is to introduce a way to pay local taxes, certain salaries, and business rates in the Lewes Pound. Susan feels that “*even though the effects of the Lewes Pound are small at the moment [they] believe that [they] got the potential to do much more if they] get things to the next level.*”

## **4.3 The Bristol Pound**

### **Community context and historical background**

Bristol is a city and county in South West England with an approximate population of 450. 000. The community of Bristol is described as being active, dynamic and in general progressive with a unique and strong identity. It has a very diverse culture, a strong art scene, and rich history of community and social movements, and is known for resistance and counter culture. This resistance and creativity is partly expressed with street art throughout the city. Bristol has quite pocketed communities that all have their own identity and bringing them together has not always been easy. Many independent businesses are active in Bristol, of which some are situated on the undercover heritage marketplace where the different cultures that Bristol knows are represented in the many kind of dishes that can be ordered. In recent years, Bristol has faced the challenge of resisting large organisations which have been taking over the High Street. Due to the high taxes on this street, it is sometimes impossible for small independent businesses to remain in this location.

### **Currency background**

Transition Bristol is an organisation focusing on community level responses to a range of social-environmental issues in order to improve life in the city and ensure sustainability at the same time. When the financial crisis hit the city, different communities in Bristol started to struggle and smaller businesses in particular were forced to close on the High Streets across the city. Transition Bristol worried about people going to buy products from all over the world on the internet or drive to outer city shopping centers. They feared that this could possibly result in the community becoming less sustainable and create a disconnect with the community. There was also a sense of people feeling like they did not have much power over the disappearance of these local businesses and they did not want this to happen because Bristol is proud of her independence. Therefore, out of Transition Bristol, a group formed called the money economics forum of Bristol from which a team started the Bristol Pound project. The group’s aim was to create a currency that carries a whole set of values helping people coming together and supporting the local economy. A part of this group including its current CEO Ciaran Mundy worked the next two years on developing a plan to deliver this local currency in accordance with economic, social and environmental sustainability.

The Bristol Pound started with 200 businesses and 1000 individual users signed up. Today 612 businesses accept the Bristol Pound and 1474 Bristolians have an account. In 2016 there were more than 100.000 notes in circulation and over £2 million in electronic transaction with 5491 text message transactions and 12706 online payments.

Table 4.3. Five Level Framework Bristol Pound

Five Level Framework Bristol Pound	
System	<p><b>Scope:</b> Can only be used within a radius of 50 miles in the city of Bristol</p> <p><b>Stakeholders and roles</b></p> <ul style="list-style-type: none"> <li>● The organisation of the Bristol Pound: around 15 people are currently running the Bristol Pound project.</li> <li>● Municipality: Council tax and part of salaries can be paid in Bristol Pound.</li> <li>● Bristol Credit Union: This local cooperative bank runs the digital accounts for the Bristol Pound.</li> </ul>
Success	<p><b>Economic</b></p> <ul style="list-style-type: none"> <li>● Strengthen the local economy by supporting local businesses</li> <li>● Help recirculating money locally to build wealth locally</li> <li>● Providing high quality employment</li> <li>● Get people to think about money and how it could improve their well-being</li> </ul> <p><b>Social</b></p> <ul style="list-style-type: none"> <li>● Build local connections</li> <li>● Deepen and diversify the connections between local business people and all the citizens of the region</li> <li>● Increase community pride</li> <li>● Increase community engagement</li> </ul> <p><b>Environmental</b></p> <ul style="list-style-type: none"> <li>● Promote and raise awareness around sustainable consumption by promoting the usage of local resourced and local produced products</li> </ul>
Strategic Guidelines	<p><b>Decision making</b></p> <ul style="list-style-type: none"> <li>● Involve community members in parts of decision making by conversations and participatory workshops in the form of an advisory board</li> <li>● Hierarchy in position: the directors and the chair make the final decisions but there are conversations as a team, every week</li> </ul> <p><b>Guidelines:</b> Focus on actions contributing towards goals</p>
Actions (More in 'Appendix I')	<p><b>Focus Areas</b></p> <ul style="list-style-type: none"> <li>● Stakeholder engagement (Users, Businesses, Municipality, Bank)</li> <li>● Facilitation of transactions</li> <li>● Daily operations</li> </ul>
Tools	<ul style="list-style-type: none"> <li>● Paper currency with attractive design and as a tangible form of money</li> <li>● Online payment and payment by text (transaction fee 2%)</li> <li>● Website with a map of businesses to see where to local money can be spend</li> <li>● Stickers in shops that show who accepts the Bristol Pound</li> </ul>

(The Bristol Pound 2017; Bristol Pound CIC 2017; Mundy 2017; Forrester 2017)

## Users and Non-Users

Sarah Forrester, who was involved in the first years of the Bristol Pound, explains that *“with many of these initiatives that kind of great conscious, well educated, usually quite middle class, environmentally and green conscious is the main focus group. These people remain very committed and are a large part of the users of the currency.”* One of the users explains that he uses it because *“it felt interesting to replace money with an alternative because there are so many issues in the current economic model”* and adds that *“[he] is so over this cash thing and the Bristol Pound is leading the way in creating an easier and faster way to make payments and transactions.”*

However, Sarah Forrester explains that this is also something that hinders people to start using the Bristol Pound: *“It has to do with difficulty of using a new system and a new way of paying.”* Furthermore, it is about changing behaviour, changing how you spend your money. A business respondent that accepts the Bristol Pound has seen a reason why other businesses were not as motivated to start using it: *“For some people it is just another thing that they need to keep track on in terms of accounting and their back office. That adds another layer of work into their day to day businesses.”* One of the non-users explains that *“[she] has never used it, partly because [she] has never been in a position where [she] has been offered it. [She] does not know where [she] would get it from and never been offered it in [her] change, which is the main reason why [she] has never used it.”*

## Challenges

At the start of the Bristol Pound, a lot of people were sceptical and criticised it as being *“a huge waste of time”* because *“nobody would use it.”* Even *“economists, professional and academic ones [...] were challenging [Sarah Forrester] why it was a terrible idea.”* A user of the Bristol Pound still experiences a lot of scepticism around it because *“people thought that it was originally connected with an old mayor that had a lot of negative publicity from local people”* even though *“he had nothing to do with it, he just supported it.”*

Another struggle for the organisation of the Bristol Pound is to get time from businesses to talk to them about the benefits of the Bristol Pound: *“[They] tried all of these different strategies to get to talk to them, to have meetings [...] some of them were tiny businesses and independent businesses are super busy and have a real lack of human resources to have this kind of conversations.”*

In Bristol, only 150 of the 612 businesses accept payment by text. One of the users explains that this can also be challenging because he has *“never spent any cash in Bristol Pound or had any notes at all.”*

Another challenge for the Bristol Pound is to speak to different kinds of people in order to not be isolated as just a ‘green thing’. As Sarah Forrester explains, *“[they] always keep thinking about how can [they] bring in the non eco people.”* A user who identifies with being one of these ‘eco-people’ recognises that even though the message of the Bristol Pound speaks to him and his friends, it will not speak to everyone. One of the groups that currently does not use the Bristol Pound are the elderly in Bristol, explains a user. The Bristol Pound tries to send out a broader message by using the phrase ‘Love for Bristol’.

Besides that, the organisation behind the Bristol Pound also experiences the challenge of

reaching out and speaking to all of Bristol. A user explains that *“they could do more to get in a broader demographic because a lot of the places where you can spend the Bristol Pound are in certain parts of the town.”* Furthermore, there is a difference in how people experience the presence of the Bristol Pound. A business respondent explains that *“from the amount that [she] has seen advertised they are very engaged with people using it.”* Others, like this Bristol Pound user, states that *“they do not have any community presence.”* Another user continues that she *“does not feel like they are doing a lot of events or community engagement type of things so that more people will know about it.”* A business respondents explains this challenge in the following story: *“[She] works in a hospital as well as in [her] coffee business and the majority of the people [she] works with in the hospital did not even know that it existed, despite the fact that they would all live in Bristol. In the world of coffee, cafés and restaurants almost everybody knew that it existed.”*

## **Usage**

Ciaran Mundy, one of the founding directors, and one of the users of the Bristol Pound thinks that this local currency is not big enough yet and needs more users and businesses to sign up as well as more Bristol Pounds in circulation to create another tipping point. Ciaran explains that to become financially sustainable and also to start steering the whole economy the Bristol Pound needs to become ten times bigger than it is at the moment. Some of the respondents use the Bristol Pound regularly and encounter it often, others say that they have never even seen a note or a single transaction. One of the business respondents for example says that only 1% of her clients pay in Bristol Pounds and that over time the amount of transaction in Bristol Pounds in her shop went down.

Moreover, the usage of the Bristol Pound is related to the disposable income as one Bristol Pound user explains: *“In the first two years [she] used it pretty much every day but in the last year [her] usage has declined because [she] had a few issues personally. [She] does not have so much disposable income and that is what [her] Bristol Pound spending used to be. Now [her] spending tends to be more on the weekends.”*

## **Effects**

One of the respondents who uses the Bristol Pound has seen that *“it helps building a community of independent businesses and it helps bringing people together a little bit more.”* When talking to another user on general effects on the community she explains that *“things did change in certain areas, the more kind of bohemian areas [...] where there are a lot of independent shops already. But it is difficult to know what the real impact is.”*

### *Economic effects*

One of the users of the Bristol Pound recognises that the independent scene is doing well in Bristol and that this scene has improved in the last ten years. He explains that the Bristol Pound possibly could have something to do with that because the *“Bristol Pound created more awareness around that.”* By mapping out local businesses, the Bristol Pound also brought more attention to these smaller shops. This attention resulted in community members finding new places in their own town. A user explains that *“[she] has never known about it and it was so beautiful, it was perfect. A lot of people started to go to her because it was like a trend for people to go and find where to spend the Bristol Pound.”*

For businesses to continue the circulation of the Bristol Pound they need suppliers that accept the Bristol Pound in order to *“be able to use them somewhere.”* This does not always seem to be possible, for example for one owner, paying her own salary in Bristol Pound is the only way to spend them because her own suppliers are situated outside of Bristol.

Businesses find the map with the participants on the website of the Bristol Pound beneficial *“in terms of advertising”* because thousands of people are looking at what their business is about and what they sell. Furthermore, *“it adds to [their] Unique Selling Position”* and gives *“a point of difference”* to other businesses in Bristol. A roaster for example found its way into some cafés because it is the only roaster accepting Bristol Pound currently. Moreover, it *“had one new customer because they were specifically looking for someone using Bristol Pounds.”* The owner explains that the low new client base could have something to do with the fact that the Bristol Pound users are *“people that would buy from local businesses anyway and support them regardless.”*

None of the respondents mentioned any observed economic effects with regards to maintaining and increasing of employment.

### *Social effects*

For some respondents, it was hard to mention anything in specific when discussing possible social effects that could be attributed to the Bristol Pound. One user for example has not *“seen a direct link between being able to spend money in a certain place and that having an impact on the community.”*

However, many respondents mention pride when talking about possible social effects of the Bristol Pound. The organisation observed this feeling of pride even as a reason why some joined the Bristol Pound project. Sarah Forrester saw *“a lot of pride and a lot of people really celebrating the city and their part in the city. Bristol was really put on the map because of Bristol Pound and that sparked this pride.”* An user of the Bristol Pound perceived also that *“it actually became something that Bristol people feel proud to use and it feels like something that is owned by everybody.”*

Something else that arose from the respondents is that the Bristol Pound is a conversation starter. Ciaran Mundy mentions that *“the people that use Bristol Pound have more conversations with people in the community than when they use Sterling.”* A Bristol Pound user mentions that she and her partner even *“met people through the Bristol Pound”* and explains how they established new relationships: *“We started visiting a few little places more regularly and through that they got to know us and we got to know them. Before I did not really know the names of the people that served me, behind bars and things like that. It is a good talking point.”*

### *Environmental effects*

The organisation behind the Bristol Pound sees the Bristol Pound as *“a very effective way to get people to consider localising their supply chains.”* The organisation makes businesses more aware of local suppliers and informs them on how they actually could localise their supply chain. Sarah Forrester explains that *“when businesses started to look more local they said, o wow! [They] can supply from the guy just outside of Bristol, [they] did not know that he existed.”* One of the projects that came out of the Bristol Pound focusses on the food sector and is called The Real Economy Cooperative. They have built a working group of local growers,

middlemen and consumers who are all focused on sourcing locally. Further projects emerged from there and are focusing on sustainable food systems, local food systems and creating alternatives to the supermarkets. Their aim is to offer good quality, healthy food products for very varying demographics of the city.

Regarding a possible contribution from the Bristol Pound to raising awareness around sustainable consumption, Sarah Forrester explains that she *“saw a lot of awareness in regard to people being aware of where their food comes from.”* A user of the Bristol Pound agrees that it *“is making people more conscious about where they spend their money and what it means to spend your money.”* A business respondent noticed that sustainable consumption *“is certainly something people talk about and it comes up in conversations but [she] would not say that [she] noticed any increase or change in that sort of conversations due to the Bristol Pound.”*

## **Future**

A suggestion for the future from a Bristol Pound user is to promote it more to the public because *“people are scared of what they do not know, it is a mind-set and a culture thing as well.”*

One of the next big steps for the organisation is to start lending money in the system in order to increase the volume in circulation hence also their income. Ciaran Mundy explains that *“instead of just swapping it with existing Sterling we will lend it to businesses [...] the difference is a business has to pay back only the principal amount without any interest. This puts more money into the system generating more transactions and related charges. This way we can start to become financially sustainable.”* Besides growing the organisation financially, they are also about to start a public investigation exercise on shared values and desired outcomes with other organisations across the city to help each other with the realisation of social impact projects.

Other projects that are going to kick off in 2017 are introducing contactless payment, introduce a Bristol Pound vending machine, launching a postcode campaign to concentrate the resources on a certain area for a period of time, and launching the ‘Town Pound’ which is a social franchise that offers assistance to other cities or regions to launch their own currency scheme.

## **4.4 Local Currencies in Practice**

Building on the findings presented in the previous sections several concluding remarks on the studied local currencies in practice can be made.

It can be said that mainly ecologically conscious people make use of a local currency. These people make changes in their lives to do what is best for their community and the environment. Therefore, reasons for using a local currency often find their origin in idealistic considerations. Several people that make use of the currency express their concerns with regard to the functioning of the global financial system. There is a general belief that this form of a local currency does counteract the fact that money, and therefore value, leaves the communities. Local currencies are believed to support local business and, hence serve the interest of the community. Environmental motivations are also mentioned, there is a concern about reducing one’s carbon footprint by consuming local products. Furthermore, it comes forth from a sense of supporting the local community. Users of local currency share a sense of pride for their

community and often have a strong connection with the community. One specific reason for using a local currency is that certain technologies make it a convenient payment method.

The last point is also one of the reasons why people do not make use of local currencies. They fear the change and/or encounter difficulty with paying with a new system. There are local currencies that solely come in the form of paper notes, which are considered inconvenient by people who do not like to pay with cash anymore. Furthermore, this also means that users need to go to specific exchange points to change their Euros or Sterling Pounds to the local currency. This is considered as an obstacle. Another inconvenience is that not all businesses accept the local currency; it can only be spent in a select number of shops. Then there are people who simply do not see the benefit of a local currency, because the products they consume are already local. These currencies are also inconvenient for businesses, because this means extra bookkeeping. Furthermore, if the business owner cannot get rid of the currency through their suppliers he or she needs to go to an exchange point to change the local currency back to Euros or Sterling Pounds.

The organisations behind the local currencies face a number of challenges. The main concern is the number of people that are using the currency. Several problems flow out of this concern. For example, if a low number of people are using the local currency it does not become attractive for businesses to take part in the scheme. Another challenge is the fact that the people who make use of a local currency are quite a homogeneous group. Users tend to be relatively young and come from a middle-class background. The group also tends to consist of people who already live environmentally conscious. For the organisations behind the currency it is a challenge to increase the diversity in their user base and to engage the whole town or city instead of focusing on certain areas. Another challenge is that some organisations behind these local currencies are understaffed, thus lack the manpower to undertake new endeavours. This leads to the fact that these organisations often do not have the means to measure the possible effects of the local currency within the communities. Furthermore, respondents acknowledged that local currencies often do not exist long enough to accurately measure their potential positive effects. The introduction of local currencies is often paired with significant attention from the media and excitement from the community as it is something new and innovative. After this time of excitement, the enthusiasm drops and it proves to be challenging to keep this excitement at a certain high in order to engage more people and at a certain point people even stop using it. Finally, there is a general scepticism towards local currencies. People simply do not believe in their cause and do not believe that they will function.

Despite this scepticism local currencies do lead to positive effects for communities. One of the perceived effects is that they raise awareness around the functioning of the financial system. Furthermore, they instigate thinking about environmental sustainability, as people do tend to think more carefully about where they buy their products and the role of transportation, in order to reduce their carbon footprint. Local currencies also bring people together. It sparks conversations and people tend to feel more connected to others who live in their community and to their community in general. For some users, a local currency becomes an artefact of community pride, it represents their community.

Next to these positive effects it also becomes clear that local currencies lack to fulfil some of their other intended goals. The extent of local currencies is too small to contribute to the generation of jobs. Furthermore, there do not seem to be financial benefits for the businesses that are involved in the scheme, although the local currency can serve as a promotional tool and occasionally lead to new initiatives.

## 5 Discussion

This chapter concerns the discussion of the results from the data collection. It includes the analysis of the theoretical contribution of local currencies towards strategic sustainable development. What follows is an elaboration on local currencies in practice and how they relate to the TILC. Then the explanations for the gaps between theory and practice will be presented. The section that follows addresses of the two research questions. Finally, recommendations for the organisations behind local currencies will be given, followed by the strengths and limitations of this research and which possible future scientific explorations may be of interest.

### 5.1 The Concept of Local Currencies and Strategic Sustainable Development

This section elaborates on the alignments and misalignments between the TILC and the FSSD in order to further clarify and discuss the theoretical contributions of local currencies towards strategic sustainable development for local communities.

The organisations behind local currencies aim to take a systematic approach with regard to the local economy, however their scope, the local level, is too limited and does not take into account the whole socio-ecological system. Apart from the ecological contributions, the vision of success of the TILC aims at improvements on a local scale. This means that global sustainability is not part of the long-term success definition behind local currencies. Furthermore, the theoretical contribution of local currency towards sustainability seems to focus more on areas of success around the Three Pillars of Sustainability instead of a clear and holistic vision of success. Most of these success aspects are found around social and economic sustainability. The latter is treated by the FSSD as a strategic means to reach social and ecological sustainability and can therefore violate or contribute to the SPs. Regarding social sustainability, direct and indirect contributions to health, influence, impartiality and meaning-making were found in literature. A direct contribution to SP4 is removing the feeling of powerlessness by empowering the people, because they are able to use the local currency in the community. An indirect contribution of local currencies to SP4 can be found in form of safeguarding and creating jobs, which could avoid exposing individuals to unemployment. This in turn could undermine their health physically, mentally and emotionally, as various studies show (Burgard, Brand and House 2007, 380). One can argue that depending on the quality of the job, safeguarding and creating jobs could also have positive knock-on effects that contribute to partially removing structural obstacles to competence and meaning-making. While the claimed benefits of local currencies contribute to the social sustainability principles like health, influence, impartiality and meaning-making, this cannot be equated with fully removing a structural obstacle. Local currencies, for instance, do not remove all obstacles to physical health like unsafe working conditions.

Regarding ecological sustainability, the idea behind local currencies is to reduce transport and therefore emissions, however reducing transport constitutes only a limited contribution to ecological sustainability. Furthermore, these currencies do not address the ecological challenges at their core. They do not aim to stop the systematically increasing concentration of substances extracted from the Earth's crust and substances produced by society. The TILC also

describes that local currencies raise awareness regarding local food production and consumption, which could lead to people making a more ecological friendly choice. The contributions, however, do not fully regard all the aspects of the ecological sustainability principles and big gaps remain visible.

The analysis through the FSSD has also exposed a lack of long-term perspective in the set-up of local currencies which results in a lack of clear strategic guidelines. Most guidelines are rather operational due to concerns with day-to-day functioning, for example regarding the fact that the organisations behind these currencies need to sustain themselves financially. Therefore, to move towards sustainable development, emphasis on a more strategic approach is needed. This would also mean that local currencies are not limited as a tool to mitigate visible problems in local communities. Backcasting is a technique that would enable these organisations to move towards a vision of success and address some challenges more upstream, at their root cause.

The lack of strategic guidelines also relates to the lack of suggested strategic actions with regard to local currencies, this is similar to the suggested tools.

## **5.2 Theory and Practice of Local Currencies**

What follows is a comparison between the 5 levels of the TILC with the results from the data collection on local currencies in practice. It provides insights into what extent local currencies operate according to the theory. Furthermore, the reasons behind the possible gaps between theory and practice are also discussed.

### **5.2.1 The TILC in Practice**

#### *System*

Regarding the system level of the TILC and local currencies in practice most aspects correspond in relation to their scope and functioning. In theory the organisations behind local currencies try to address all members of the community, however in practice they reach a small homogenous group. The user-group mainly consists of people who are conscious of the environment and local businesses. Their understanding aligns with the intentions of the initiators of local currencies who often do not believe in the optimal functioning of the current financial system. They believe that local currencies could prove to be a positive solution to some the flaws of this system by providing a financial buffer around the local community.

#### *Success*

Generally, there is a disconnect between the success level of local currencies in theory and the impact of local currencies observed in practice. The number of people using a local currency is a means to achieving success in theory, however some organisations supporting local currencies focus on this as a goal.

Theory and practice distinguish success in three different areas related to the Three Pillars of Sustainability: economic, social and environmental. However, no effects in these areas were

observed in most cases. The economic area of success has most emphasis in theory as in practice, however no positive effects on local jobs and businesses were noticeable. The fact that local currencies serve as a promotional tool and increased attention to the independent business scene did not result in an observable financial benefit for businesses. One reason for this is that people using the local currency already bought their products in the shops that entered the local currency scheme.

The second area of success is the social area. Theoretically local currencies could contribute to social capital. This relates to the capacity of the community to organise itself to realise a shared vision which leads occasionally to new initiatives and contributes to a sense of empowerment. However, the effect of increased social capital is solely perceived by the users and initiators of the local currency. An observed effect within larger parts of the community was the strengthening of community pride due to national and international attention. The claimed contribution to social resilience was observed to a limited extent, in the form of an increase in the amount of conversations and interactions. However, this effect does not apply to the whole community and is limited to the users and initiators. The users of local currencies are a homogenous group, mostly with a middle-class background, and thus increased social inclusion was not observed in practice. Persons with a low-income or low disposable income, often did not take part in the scheme of local currencies and go seldom to the shops where local currencies are accepted. This does not foster the connection between people from different socioeconomic backgrounds. Furthermore, no contribution towards solving problems regarding loneliness could be found, because the group which makes use of these types of currencies consists often of people that are already socially connected and active within the community.

With regard to the third area of success, the environmental area, there are alignments and gaps noticeable between theory and practice. A reduction in transportation due to local currencies was not observed in practice. Most businesses did not change their suppliers after the introduction of the local currencies therefore the transportation distance did not decrease. Moreover, it is difficult to determine if the consumption of non-local products decreased. An alignment between theory and practice is noticeable with regards to the natural partnership between local food producers and the local currency. These partnerships often form because their values align. There is a similar understanding that locally produced food is better for sustainability. Finally, in practice local currencies seem to be an instrument to raise awareness about local products and their origin as well as the negative consequences of the financial system. However, this increased awareness is mainly found amongst the already conscious user group which does not seem to be enough to lead to behaviour change.

### *Strategic Guidelines*

With regards to the theoretical strategic guidelines for local currencies and those in practice alignments and gaps are visible. The four principles from Defourny and Develtere are present for most of the local currencies in practice. The organisations within the studied cases “work toward member, community, or regional social benefits” by focusing on the different goals presented in the success level. Hence, they also “place people and labour above capital and revenue generation”. The organisations’ strive for break-even is driven by the desire to “be self-managed and self-organised”. Furthermore, they try to “involve democratic decision making” via general assemblies or advisory boards which can still be expanded to the whole community.

However, most organisations behind local currencies do not have clearly stated strategic guidelines. The practical strategic guidelines presented by Hallsmith and Lietaer do not

correspond with most studied local currencies. Not all organisations behind local currencies are very precise in understanding the needs of the community nor defining their scope. The local currencies that did not take the time to sort out these guidelines properly before they were initiated seem to encounter more challenges in their day-to-day operations and their strategic future perspective. One example is the non-alignment with the guideline “Are the targeted local community members involved in this action” in practice. As the organisations behind the local currencies focus on purely attracting more users, they tend to end up with the so called “usual suspects” and not the whole community.

### *Actions*

Within the actions level there are several alignments and gaps between theory and practice. With regards to financing the operations of local currencies, all organisations behind the currencies did acquire financial means to set-up the currency. It does prove challenging in practice to keep the income of financial means constant so that the organisations are often dependant on voluntary work and grants that are not necessarily prolonged. As suggested in the literature, all organisations behind the currencies actively engaged users and businesses. The challenge with setting up a currency relates to the fact that businesses are willing to join if there are enough users willing to participate and vice versa. In order to overcome this challenge, the organisations targeted mainly businesses that align with their values due to a higher social consciousness. Drawing attention from the media proved not very challenging for the launch of local currencies, however retaining this level of media coverage proved much more challenging in the moments after the launch. This might be because the promotion for local currencies lacks a strategic targeted media policy.

### *Tools*

Finally, with regard to the tools level, distinctions can be made between theory and practice of local currencies. First of all, practice shows that local currencies that do not include a digital mean of payment in practice are experienced as more inconvenient than the currencies that do. Thus, a digital means of payment complementary to the paper notes is a tool that the organisations behind local currencies strive for. Secondly, no interest rate is observed to the studied local currencies, which means an alignment with the theory. However, they do not go as far to implement a negative interest rate which seems challenging to implement. In accordance with this, only few local currencies have an exchange fee when exchanging the local currency back to encourage local spending (Kim, Lough, and Wu 2016, 352). Thirdly, in practice there are some tools to measure the progress of a local currency. Business can keep track of their turnover and it is calculable how many notes are in circulation. However too little measurements are being done with regard to the various potential effects of local currencies for their communities.

## **5.2.2 Explaining the Gaps between Success in Theory and in Practice**

The positive effects that local currencies could have for local communities in theory do not seem to correspond with the studied cases. This section identifies possible reasons behind the gaps in success as claimed in literature and success as experienced in practice.

### *Point of diffusion*

The positive impacts of local currencies can be felt more if a certain point of diffusion is reached. Reaching the point of diffusion means a certain critical mass is using the local currency so that the currency circulates enough in the community for effects to become apparent. For example, one organisation behind a local currency believes that their user-base needs to be at least ten times bigger in order to have a noticeable impact on the community. It is also believed that a higher level of diffusion is necessary for the organisation in order to financially sustain itself and be independent of grants. This is a reason why such an organisation is planning to lend their currency to businesses in the local economy without any interest on it aside from a transaction fee. However, the pursuit of organisations to find more users in addition to the “usual suspects” remains challenging because of scepticism around the concept of local currencies. All this means that a higher usage of businesses and users after the point of diffusion could lead to the realisation of potential social and economic successes.

### *Lack of strategic perspective*

Another reason for the limited impact of local currencies is the lack of strategic perspective. This means that local currencies are not moving towards success as fast as they potentially could. Most local currency organisations tend to be caught up in operational issues around funding and keeping the daily operations running so that they fail to think long-term with a clear vision of success. This mind-set is also reflected in the operational focused guidelines that can be found in the literature. While an operational focus is sometimes necessary for the organisations behind local currencies to continue to exist, it needs to be balanced with a strategic perspective in order to achieve significant change instead of only incremental improvements. One example is the increase of users which, for some organisations, became a goal on itself even if it is supposed to be a means to achieve economic, social and environmental goals. The organisations that do make use of strategic guidelines seem to operate more smoothly. This is not only reflected in the daily operations; it is also visible at the introduction of the local currencies. Taking time to structure and prioritise actions with the help of strategic guidelines proves beneficial for setting up a local currency. However, due to the lack of staff and financial means, it proves challenging for local currency organisation to follow this structured process.

### *Incomplete supply chain*

Businesses need to be able to spend the local currency with local suppliers in order to close the loop of circulation. If these businesses are not able to do this, they exchange the local currency back to the national currency. The local business is then paying an external supplier with national or global money which contributes to the leakage of money out of the community. Moreover, most local businesses source the products they sell from places outside the local community because they are not able to source them locally. It therefore remains questionable as to what extent local communities could supply themselves with local products hence reduce transportation.

## **5.3 The Contribution of Local Currencies to Strategic Sustainable Development**

The analysis in ‘Chapter 5.2.1’ shows that local currencies do not have the effects that are claimed in literature. Therefore, they fail to come true on the possible contributions to Strategic Sustainable Development identified in ‘Chapter 5.1’. In this section the answers to the research questions are presented. Additionally, the limitations in movement towards strategic sustainable development are further discussed.

### **5.3.1 In What Way and To What Extend**

When building on the analysis in ‘Chapter 5.1’ and Chapter 5.2’’ it can be concluded that there are two possible ways that local currencies contribute to strategic sustainable development.

First, local currencies incentivise thinking about the effects of the global financial system, regarding negative effects of certain monetary structures. Therefore, individuals are more conscious about the effects of their personal spending on the community. Furthermore, these currencies seem to contribute to raising awareness regarding the consumption of sustainable local products. In this train of thought there is an emphasis on sourcing local and therefore reducing transportation costs. However, it is impossible to state with certainty that this increase in awareness leads to patterns of change in consumption behaviour. Furthermore, if this effect would be visible this would not address the ecological sustainability challenge to a substantive extent. Thus, reducing transportation emissions with regard to local communities will not contribute significantly to addressing the ecological sustainability challenge.

Second, local currencies lead to an increase in social interactions. Users and businesses in local communities experience more conversations between community members. This has the potential to an increase in social resilience and social capital, which can partially contribute to removing structural obstacles regarding the social SPs. However, it cannot be equated with fully removing structural obstacles to health, influence, competence, impartiality or meaning-making. Furthermore, increase in social capital means that local currencies prove to hold potential as flexible platforms for future development. In practice local food production initiatives seem to come forth from, or are closely related to, local currencies. This in turn could prove to be a contribution regarding ecological sustainability and possibly social sustainability. This means a move towards strategic sustainable development. Concluding, local currencies contribute in two ways to strategic sustainable development, however to a limited extent.

### **5.3.2 Limitations in Moving Towards Strategic Sustainable Development**

Local currencies are a limited tool for local communities in their movement towards strategic sustainability.

Firstly, local currencies are reactionary to the negative effects in local communities. Instead of formulating solutions that address the core of these problems, organisations behind local

currencies aim to mitigate these effects. The SPs relate to removing the root-causes of challenges and expose the limitation of local currencies in this sense. Their intent is to be a buffer for local communities, instead of an answer to a core problem. It can be said that they are therefore too tactical instead of strategic.

Secondly, the experienced contribution to the social sustainability principles is limited to a homogeneous group within the community, so that local currencies do not strengthen the social cohesion within the whole community. Local currencies only strengthen already strong ties and do not help the whole local community to overcome the challenges caused by the monetary structure.

What will follow is a section on recommendations for the organisations behind local currencies and local communities to become more successful in their movement towards strategic sustainable development.

## **5.4 Recommendations to Move Towards Strategic Sustainable Development**

In this section, possible enhancements of local currencies will be mentioned and further explained why this possibly yield higher rates of return on investment.

### *Strategic Perspective*

Local communities that are planning to set up a local currency, need to follow strategic guidelines for the set-up of a local currency. These guidelines should prioritise a definition of the targeted community and the vision of success. For different goals, different schemes of local currencies are often pertinent which explains why currencies with too many unclear goals tend to fail. Furthermore, focusing on economic goals has not proven successful in the studied cases and should only be considered as a mean to move towards social and ecological success. On this path, different national and international organisations can help solve operational issues because of their experience with local currencies. In addition, organisations behind local currencies should take a more strategic approach, for example backcasting, and focus on their long-term vision instead of falling in the trap of just focusing on engaging more users.

### *Expand the Services of the Local Currency*

When aiming to move towards strategic sustainable development, initiatives in local communities need to achieve positive change that includes the whole community. At the moment, local currencies are only being used by a group of “usual suspects”, therefore do not have a noticeable effect in the local community. In order to reach out to different groups these organisations should expand their services. One way is to provide credits to other initiatives, organisations and businesses that are supporting the transition to strategic sustainable development. Furthermore, in order to be an adequate financial buffer that does not depend on the current financial system, a local currency could be backed up by something locally produced like renewable energy. In this way, local currencies could become the facilitator and connector for many change initiatives, hence drive strategic sustainable development in the local community.

### *Impact Assessment*

All the organisations behind the local currencies have limited knowledge about the impact of the currency on the local community. Due to daily operations they lack the time to properly investigate their potential impacts. The monitoring of their impact would enable the organisation to convince possible users and other stakeholders like the local government with facts and increase their credibility.

## **5.5 Future Research**

For future research, it could prove interesting to do a long-term multiple cases study on local communities that introduced local currencies. This would allow to longer measure the possible impacts of local currencies.

Furthermore, it would be interesting to investigate how local currencies can expand their services and scope to become a more comprehensive complementary option to the current financial system. This may include, but is not limited to, the possibility of providing credits to businesses and disadvantaged individuals in the community or the backing with something locally produced, for example renewable energy. In relation to this the possible contribution of local currencies to behavioural change could be further explored.

Additionally, it would be interesting to investigate the potential of local communities to supply themselves locally in order to gain an understanding of the best ecological impact a local currency could have in an ideal case. In relation to this, the potential combination and mutual support of local currencies with the concept of circular economies can be explored. It is imaginable that local currencies could facilitate the exchange between smaller businesses that is needed for circular economy to work.

Finally, food related initiatives can be further researched. These initiatives seem to bring people together around sustainability related goals and could prove interesting for local communities.

## 6 Conclusion

Local communities are subject to problems that find their root cause on a global scale. The leakage of money and the disappearance jobs cause these problems for these communities. These global trends are closely linked to the functioning of the global monetary structure. In response to the flaws of this global system local currencies were introduced. These currencies are intended to form a financial buffer around a local community to mitigate these negative impacts. By offering a means of payment, that encourages local spending, and is bound by a certain geographical area, value leaves these communities less easily. Underlying local currencies is an economic objective; the main goal is to keep financial value circulating in the local economy. Reaching this goal could mean contributions to social and ecological sustainability.

However, these ambitions of success fall short when looked at through the lens of strategic sustainable development. The FSSD defines economic sustainability solely as a strategic means to reach ecological and social sustainability, in contrast to the theory on local currencies which does emphasise more on economic sustainability as a goal. If the organisations behind these local currencies want to have a more strategic tool it is advisable to shift the priority from mitigating problems to addressing problems at their root cause. Furthermore, practice shows that the organisations behind local currencies often struggle to effectuate the full potential of these currencies.

There are several aspects of local currencies that do not align in accordance to the FSSD and therefore these currencies do not directly contribute to strategic sustainable development, in theory as in practice. However, there are two ways in which these currencies do contribute. They raise awareness about the global financial system and the consumption of sustainable products. Furthermore, these currencies foster social interactions. Respondents in local communities experience more social connections, which contributes to social sustainability.

Local currencies have the potential to tighten the social fabric of local communities, because their message is one of empowerment and cooperation. They are clearly initiated from a sense of community support and pride. They can be seen as a needed rallying cry for people in local communities to expose the threats these communities are facing. However, it is questionable, whether local currencies are the most fitting solution to these issues. In their current form, they do not seem to be the optimum tool to move towards strategic sustainable development.

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# Appendices

## Appendix A - The Sustainability Principles

If society wants to succeed in becoming sustainable the unsustainable actions that threaten the socio-ecological system need to be stopped. Therefore, it is important that the basic mechanisms that humans can use to ruin this system are identified. Once these mechanisms of unsustainability are identified principles for sustainability can be designed. These principles define what society must stop doing in order to preserve the socio-ecological system. Therefore, the eight basic SPs state that (Broman and Robert 2017):

*“In a sustainable society, nature is not subject to systematically increasing ...*

*1. ... concentrations of substances extracted from the Earth's crust.*

*This means limited extraction and safeguarding so that concentrations of lithospheric substances do not increase systematically in the atmosphere, the oceans, the soil or other parts of nature; e.g. fossil carbon and metals;*

*2. ... concentrations of substances produced by society.*

*This means conscious molecular design, limited production and safeguarding so that concentrations of societally produced molecules and nuclides do not increase systematically in the atmosphere, the oceans, the soil or other parts of nature; e.g. NO<sub>x</sub> and CFCs;*

*3. ... degradation by physical means.*

*This means that the area, thickness and quality of soils, the availability of fresh water, the biodiversity, and other aspects of biological productivity and resilience, are not systematically deteriorated by mismanagement, displacement or other forms of physical manipulation; e.g. over-harvesting of forests and over-fishing;*

*and people are not subject to structural obstacles to ...*

*4. ... health.*

*This means that people are not exposed to social conditions that systematically undermine their possibilities to avoid injury and illness; physically, mentally or emotionally; e.g. dangerous working conditions or insufficient rest from work;*

*5. ... influence.*

*This means that people are not systematically hindered from participating in shaping the social systems they are part of; e.g. by suppression of free speech or neglect of opinions;*

6. ... competence.

*This means that people are not systematically hindered from learning and developing competence individually and together; e.g. by obstacles for education or insufficient possibilities for personal development;*

7. ... impartiality.

*This means that people are not systematically exposed to partial treatment; e.g. by discrimination or unfair selection to job positions;*

8. ... meaning-making.

*This means that people are not systematically hindered from creating individual meaning and co-creating common meaning; e.g. by suppression of cultural expression or obstacles to co-creation of purposeful conditions.” (Broman and Robèrt 2017, 7)*

## Appendix B - List experts respondent - Exploratory research

<b>Name</b>	<b>Role</b>	<b>Contribution to this research</b>
Denis Costs	Qoin	Creating an understanding of local currencies
Duncan MacCan	Works for the New Economics Foundation (British foundation that tends to rethink the current financial system)	Strategies to set-up a local currency; examples of existing local currencies; roles of community and municipality
Erik Groen	Promoter of local currencies	Creating an understanding of local currencies
Gerben Nap	Works for STRO (local trade organisation)	Local currencies: Involvement of the community, history of local currency
John Rogers	Co-author of “People Money – the Promise of Regional Currencies”	Guidelines on how to set-up a local currency and how to keep it operational
Leander Bindewald	PHD Student - University of Cumbria	Local currencies: Challenges and measuring of effects
Wojtek Kalinowski	Co-director of Veblen institute (promotion of local currencies)	Local currencies: Functioning, existing local currencies in the world and their achievements

## **Appendix C - Interview protocol - Initiator local currency**

### *Initial objectives/ideals:*

1. What were the reasons to set up this local currency? What are the challenges that your currency try to achieve?
2. Was there a specific occasion/chain of events/challenges that has led to the creation of this local currency?
3. What is your understanding of sustainability? / How would you describe sustainability in regard to your currency?
4. What is the purpose of the local currency?
5. Did the initial purpose change? If yes, why?

### *Set-up process:*

6. How would you describe the local community?
7. What are some challenges setting up this local currency?
8. What actions did you take in order to set up the local currency?
9. How did you prioritize these actions?
10. What is the reason for people to start using this local currency?
11. What is the reason that people don't use this local currency?

### *Managing the currency:*

12. What does it take to keep this local currency operational?
13. What are instruments to measure the effects of this local currency?
14. Did other projects emerge from the local currency?
15. (If yes) What is the relation between the emergence of these new projects and the local currency?
16. Who is involved in the process of decision making for the currency? (municipality, community, organisation)

### *Perceived effects:*

17. What were some key success factors?
18. What are the economic benefits of this local currency?
19. What social effects do you notice in the local community?
20. What are ecological effects of this local currency in the local community?
21. Do you think any of your successes could have been achieved through another local mechanism?
22. What will the future be of this local currency?

## **Appendix D - Interview protocol - User local currency**

### *Motivation behind usage:*

1. How did you hear about the local currency?
2. Why did you start using the local currency?
3. What do you think is the purpose of this local currency?
4. What are reasons for you to keep using this currency?
5. When did you start using it?

### *Daily usage:*

6. How often do you use the local currency?
7. What does it mean for your involvement with the local community when using this local currency?
8. Do you participate in the decision-making of the local currency? If yes, how? If no, why not?

### *Perceived effects:*

9. What did change for you personally with the introduction of the local currency? (e.g. consumer behaviour, consciousness)
10. Do you experience benefits when using this currency?
11. Did you notice a change in the local community with the introduction of the local currency? What changed?
12. What economic effects do you see in the community?
13. What social effects did you see in the community?
14. What ecological effects do you see in the community?
15. What will the future of the local community look like?
16. What role will this local currency play in that future?

## **Appendix E - Interview protocol - Non-user local currency**

1. What is the reason that you decided not to use this local currency?
2. Is this a reason that is also present for other people that do not use this currency?
3. What do you think is the reason for people to use this local currency?
4. What did you notice change in the community with the introduction of the local currency?
5. What would motivate you to start using this local currency?
6. What could the organisation behind the local currency do to engage more people?

## **Appendix F - Interview protocol - Business local currency**

### *Motivation behind usage:*

1. How did you hear about the local currency?
2. When did you start accepting the local currency?
3. Why did you start using it?
4. What are the reasons for your business to work with the local currency?

### *Daily operations:*

5. How many customers, would you estimate, use the local currency?
6. Can you estimate what percentage of your income is from local currency?
7. What do you notice from your customers that use the local currency?
8. Is there any difference between in your relation to your customers that use a local currency?
9. (If yes) could you describe this difference?
10. What do you notice in relation to the products you sell, or to your finances, when using a local currency?
11. How many of your suppliers do you pay in the local currency?
12. (If there are suppliers that use a local currency) What do you notice from your suppliers with regard to the local currency?
13. Do you participate in the decision-making of the local currency? If yes, how? If no, why not?

### *Perceived effects:*

14. Did your business change with the introduction of the local currency? If yes, how?
15. Did you got more customers after choosing to accept the local currency?
16. What other financial effects are noticeable for your business after using a local currency?
17. Were there any noticeable changes in the community when they started using a local currency?
18. What will the future of the local community look like?
19. What role will this local currency play in that future?

## **Appendix G - Interview protocol - Municipality local currency**

### *Reason behind:*

1. What are the reasons behind the existence of this local currency?
2. What was the goal from the viewpoint of the municipality with this local currency?
3. Was there a specific occasion that led to this local currency?
4. (If yes) what was this occasion and what was its effect?

### *Setting up a local currency:*

5. What has been the role of the municipality with regard to setting up the local currency?
6. What was needed from the municipality for the organisation behind the local currency?

### *Daily operations:*

7. What is the reason for people to start using this local currency?
8. What is the reason that people do not use this local currency?
9. What role does the municipality play when supporting the local currency?

### *Effects and future of local currency:*

10. What have been noticeable effects in the community after the introduction of the local currency?
11. What does this local currency contribute to the local community in terms of social sustainability?
12. What does this local currency contribute to the local community in terms of ecological sustainability?
13. Are there other initiatives that could also have caused these effects for the local community?
14. Did the local currency lead to the emergence of other initiatives? If yes, which?
15. What role will this local currency play in the future of the community?

## Appendix H - Coding topics

1.Challenges	11. Engagement - Municipality	21. Promotion
2.Community Context - Geographic	12. Engagement - Business	22. Reason - Usage
3. Community Context - Economic	13. Finance - Funding	23. Reason - Non-usage
4. Community Context - Occasion	14. Finance - Mechanisms	24. Social Effects
5. Currency History	15. Future	25. Stakeholders - Founder
6. Daily Operations	16. Governance	25. Stakeholders - User
7. Decision-making	17. Intended Purpose	27. Stakeholders - Business
8. Ecological Effects	18. Legal	28. Stakeholders - Municipality
9. Economic Effects	19. Measuring - Monitoring	29. Sustainability Awareness
10. Engagement - Citizen	20. Other projects	30. Sustainability Definition

## **Appendix I - Actions of local currencies - The three case studies**

### **The Beki**

Past:

- Informative evening to inform people of its setting-up
- Do a feasibility study
- Engage banks to accept the Beki
- Search for funding

Present:

- Keep the money inside the community and invest in social associations: When the Beki is exchanged to Euro, 2% are given to De Kär and 3% to local social associations.
- Convince businesses to join the association.
- Meeting with the different stakeholders
- Engage the media, do press conferences and interviews
- Measure the economic impact of the Beki by sending every year an e-mail to businesses to ask for their turnover

### **The Lewes Pound**

Past:

- There was a big event in the town hall to launch the Lewes Pound. On this event there were TV companies representing different parts of the world like Japan and Russia.

Present:

- Offering special issues of the Lewes Pound to celebrate special occasions, for example a special note for the ten year anniversary of Transition Town
- Promotion through newsletter, brochures, and interviews by TV press
- Collect input from the residents, businesses and visitors in Lewes about the needs regarding a electronic Lewes Pound through a survey
- The Lewes Pound has a subscription service where subscribers can pick monthly any amount between 20 and 500 Lewes Pound up
- Approaching different groups to do special editions of the Lewes Pound and to support them as part of the community
- Have someone represented on the farmers market every 1st Saturday of the month as an exchange and information point for the Lewes Point
- - 5% of each Lewes Pound is going into the live Lewes fund which is used to fund local projects.

## **The Bristol Pound**

### Past:

- To ensure a significant amount of users and to fit in with the modern area the Bristol Pound set-up an online banking system
- During the set-up of the Bristol Pound they asked the businesses if and how they would like to influence the local currency. Some businesses are currently involved in a continuous engagement process.

### Present:

- Design competitions in the community for the notes of the Bristol Pound
- The organisation of business events to encourage businesses to work on their supply chains and spent the Bristol Pound with each other.
- Work together with local transport and energy providers, to ensure that this can be paid with the Bristol Pound
- The distribution of a leaflet that carries the message and values of the money
- One to one interviews with people to talk about the impact of the currency on the community
- Organise events such as the night market to support independent businesses and promote the Bristol Pound





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