

THE SOL: A CURRENCY FOR SUSTAINABLE DEVELOPMENT

The SOL project aims to pilot a social currency within a network of social economy businesses and local public sector organisations. It foresees three different types of money:

- ***the “Co-operation SOL” (SOL Coopération) looks like an enterprise loyalty programme, with an additional demurrage scheme, and is linked to the euro;***
- ***the “Commitment SOL” (SOL engagement) aims to make voluntary work visible and accountable, and is calculated in time;***
- ***the “Dedicated SOL” (SOL affecté) is a voucher given by the public sector to specific target groups, in order to allow them to buy specific goods or services.***

Not only is the project innovative in using chip cards, the internet and mobile phones, but also it aims to introduce a new concept of wealth not exclusively based on money.

THE STORY SO FAR

The SOL project is the result of a long process that started at the international congress on social money held in Paris in 1996. An informal working group was created to examine the different kinds of social money systems existing in the world, such as LETS in the UK, Time Dollar in the USA, Chiemgauer in Germany, Wir in Switzerland and Chèque Déjeuner products in France and Europe. This informal working group included experts such as Patrick Viveret (a philosopher and author of *Reconsidering Wealth*); Lucien Pfeiffer (an economist who introduced leasing to France); representatives of large social economy organisations such as MACIF (a French mutual insurer), the Crédit Coopératif Group (a French co-operative bank), the Chèque Déjeuner Group (the third-largest voucher issuer in the world), CJDES (an association of French social economy executives and actors); and several other institutions and experts.

The project was based on the experiment carried out in Wörgl, Austria, between 1932 and 1934. In order to fight economic decline and unemployment of approximately 35%, the town of Wörgl decided to print special banknotes (backed by an identical sum in national currency) whose characteristic was to have a negative interest rate. Indeed, this local currency had the peculiarity of losing 1% of its value each month (what is called *demurrage*).

In 1934, not only was Wörgl the first Austrian town to reach full employment, but it also carried out many public works (water supply, roads, reforestation). This experiment proved that money at negative interest circulated 40 times faster than the official currency!

A POWERFUL DP FOR AN AMBITIOUS PROJECT

The SOL DP is based on a broad partnership including two big mutual insurers (MACIF and MAIF), a co-operative bank (Crédit Coopératif), a leading co-operative company in voucher issuing (Chèque Déjeuner), three large regional authorities (Ile de France, Nord-Pas de Calais and Brittany), and several cities such as Rennes, Lille and Paris. In addition to these cities, some smaller towns such as Carhaix and Fontenay aux Roses decided to join.

Poverty and economic insecurity are increasing in many industrialised countries. This is partly due to the artificial scarcity of money that prevents a large part of the population from accessing basic welfare and from undertaking activities that may generate jobs. Being unable to open a bank account and use other banking services represents a form of exclusion.



SOL aims to become a complementary means of exchange that can revitalise the original functions of money: facilitation, mediation and exchange.

Moreover it will allow more women and men to participate in processes of exchange and to develop their ability to create economic activities and to access a range of social and environmental goods and services.

The SOL project aims to:

- give back money its function of being a means, and not an end in itself;
- reconcile the economy with ethics, politics and the environment;
- make the products and services offered by social economy more visible (creation of a brand);
- foster the loyalty of members and customers of social economy organisations;
- support the development of the social economy and its links with local authorities.

THREE DIFFERENT APPLICATIONS

Co-operation SOL (*SOL Coopération*): This works as an inter-enterprise loyalty scheme (like loyalty cards or air miles). A company can give SOLs to a “soloist” (*soliste*), who can use them anywhere in the SOL network. The soloist who does not use his SOLs loses them gradually month by month, according to a demurrage scheme. SOLs that have been cancelled are invested in a mutual fund expressly created to support social economy projects and managed by the whole soloists' assembly.

Co-operation SOLs can be given for example by a mutual insurance company, when the soloist takes out an insurance policy. He then can use the SOLs to buy fair trade coffee or use public services such as swimming pools or theatres.

Co-operation SOLs are transferable or can be used to finance local and national social projects.

The purpose of this Co-operation SOL is on the one hand to develop a social economy network and its activities, and, on the other, to represent a brand and a powerful marketing tool for social economy producers.

Commitment SOL (*SOL Engagement*): When somebody gives voluntary help, the association he volunteers for can grant him Commitment SOLs, which he can then use to obtain discounts on goods and services within the SOL network. He can also exchange time through his SOL card or on the internet. For example, somebody can exchange a cooking lesson for a dancing lesson. The Commitment SOL can be used by time-based local exchange systems (in France called SELS).

Another more powerful application is the possibility of combining local public services with voluntary work in order to develop exchanges between people who do not have much money.

This example is being piloted in Rennes: if a wealthy old lady agrees to rent part of her flat cheaply to a young student or worker (who cannot afford to pay a market rent), the public authorities will issue her SOLs that she can use, for example, to pay for public transport, cultural activities (tickets for museums, cinema) or home services. The tenant, in return for the cheap rent, will give time to local services (care of disabled, school help for youngsters, etc.), thus generating social added value for the community.

Dedicated SOL (SOL Affecté): This is based on the concept, already well developed in France, of dedicated currencies.¹ It is a modern way for public authorities to help marginalised and poor people. For example, a city council can decide to give Dedicated SOLs to help people to take out health insurance, or to help them to take care of their children while searching for a job. Many other applications can be designed within the SOL project, either to replace existing services or to offer new ones.

Replacing traditional social vouchers with Dedicated SOLs has several advantages. It helps to include marginalised people in a larger circuit, giving them the opportunity to participate in other 'SOL activities' and to valorise their activities and capacities. In this way, the discrimination linked to traditional social vouchers disappears. Moreover, it has a lever effect on the development of social economy, giving preference to products that can be bought in SOLs.

EXPERIMENTATION IS CRUCIAL

The SOL is being piloted in three locations:

- in the Paris region, in Paris intra-muros and Fontenay aux Roses;
- in Brittany, in Rennes and Carhaix;
- in the North of France, in Lille and its suburbs.

In order to run these experiments, some 18,000 SOL chip cards will be distributed and 450 point-of-sale (POS) systems will be installed by May 2006.



Each experimental location will be issued with 6,000 cards and 150 POS systems, and each partner in the SOL project will be given a POS system and cards to distribute to its customers (called *Solists* or 'Soloists'). The experiment will run from May 2006 to December 2007.

In order to run the project, a big back-office has been created. Here are some pages that show how it works:

¹ Such as luncheon vouchers (*Tickets Restaurant*) given by companies to workers to buy lunch, or service vouchers (*Chèques Services*) used by local authorities to provide services to specific target groups. In France those voucher systems benefit from tax relief.

Projet SOL - Microsoft Internet Explorer

Adresse http://localhost/sol/default.php?CLS=SEDEFICIARESACT=Find

Accueil Administration

Projet SOL

Accueil Gestion Statistiques Administration Quitter

Profil Administrateur

Liste des solistes

20 solistes

| Liste des solistes | | Recherche solistes | |
|--------------------|----------------------------|--------------------|---------------------------------|
| Identifiant | Soliste | Ville | Identifiant |
| CAL1256 | ALPHAIDERIE CLAUDE | PARIS | <input type="checkbox"/> Nom |
| LB444 | BELVAL LUC | LILLE | <input type="checkbox"/> Prenom |
| NB12345 | BENQUE NADIA | PARIS | <input type="checkbox"/> Ville |
| WSDC236 | BONPIED JEAN | ARGENTEUIL | <input type="checkbox"/> |
| WPK2366 | BONPIED MARC | ARGENTEUIL | <input type="checkbox"/> |
| 007 | CLAVREUL YANN | RENNES | <input type="checkbox"/> |
| SOL555 | DELEBARRE SOPHIE | LILLE | <input type="checkbox"/> |
| WQC236 | DELETANG GERARD | PARIS | <input type="checkbox"/> |
| POL789 | DELILLE PASCALE | PARIS | <input type="checkbox"/> |
| DR4567 | DOMINIQUE PICARD | NANTERRE | <input type="checkbox"/> |
| CH17098 | HALLEGOUET CLAIRE | RENNES | <input type="checkbox"/> |
| JH8945 | HITSCHMAN JUDITH | LOIN | <input type="checkbox"/> |
| RD45 | JAN PIERRE - YVES | RENNES | <input type="checkbox"/> |
| PLM888 | LEMOINE PATRICIA | PARIS | <input type="checkbox"/> |
| JKL329 | PATRICK SEBASTIEN LE GRAND | LYON | <input type="checkbox"/> |
| JPH007 | POULNOT JEAN-PHILIPPE | GAZERAN | <input type="checkbox"/> |
| PKT123 | SARR LAMINE | SANOIS | <input type="checkbox"/> |
| ADR326 | SHABAN MASSOUD | NEUILLY | <input type="checkbox"/> |
| PP456 | VIVERET PATRICK | NANTERRE | <input type="checkbox"/> |
| HBGDF | WHITTAKER CELINA | PARIS | <input type="checkbox"/> |

NOUVEAU RECHERCHER

DSI-Experts 2005

Projet SOL - Microsoft Internet Explorer

Adresse http://localhost/sol/default.php?CLS=STRANSACTIONS

Accueil Gestion Statistiques Administration Quitter

Projet SOL

Accueil Gestion Statistiques Administration Quitter

Profil Administrateur

Statistique des transactions

Répartition des transactions par types

| Type transactions | Achat | Activation | Annulation | Consommation | Distribution | Fonte | Total |
|-------------------|----------|------------|------------|--------------|--------------|-------|----------|
| | 2 | | | 3 | 4 | | 9 |
| TOTAL | 2 | | | 3 | 4 | | 9 |

Repartition

Quantité

Montant

Repartition

tout

VALIDER

DSI-Experts 2005

In order to manage such a complex system, a new legal body has been created in the form of an association. It comprises the founding members (with a voting power of 40%), local authorities (30%) and soloists (30%). One of its first tasks is to create a charter and a brand establishing quality standards and social criteria to be member of the SOL network.

ICT TO FIGHT SOCIAL EXCLUSION

ICT plays a major role, since the project relies upon specific technological devices. In order to become a soloist, an individual should either be given a SOL card or have internet access. POS machines will be installed in partners' premises (both social economy and local authorities). Essential technological know-how is provided by the project leader, Chèque Déjeuner, which has 40 years' experience in voucher production and distribution.

Appropriate legal conditions represent another important precondition for the transfer of the project idea. In fact, the project is based on the favourable legal and fiscal French legislation, which makes vouchers (in electronic and paper form) both convenient for enterprises and popular with different groups of users. Chèque Déjeuner is the official producer of SOLs, which are based on the same mechanism as vouchers. SOLs, like vouchers, should be produced by an issuer recognised by the state, and an equivalent amount of money should be deposited in a bank.

According to Jean Philippe Poulnot, Chèque Déjeuner's R&D manager and project co-ordinator, one of the main difficulties faced in the SOL project was to explain its complexity and innovation. For example, the idea of combining a Co-operation SOL – linked to the euro – and an Engagement SOL – based on time – was not easy for the future project's actors to understand.

The second major difficulty was linked to the creation of the social economy network. In fact, small social economy bodies decided to join the network only after the big social economy structures had done so. The critical mass is difficult to create, but if it is achieved everybody is willing to join.

The third difficulty was to help the partners to define their SOL offers. Social economy organisations were interested in joining but were unable to understand how many SOLs they had to buy, how many they could offer, how to advertise them, etc.

KEY ISSUES

Horizontal and vertical mainstreaming : As far as public and local authorities are concerned, the big challenge for them is to innovate in their welfare policy and to modernise the provision of social services.

In fact, the Co-operation SOL can help public bodies to orientate the consumption of public services. For example, a city can foster the use of public facilities by giving SOLs to go to museums, public libraries or swimming pools, or to encourage people to choose public transport.

Moreover, a public body can grant Co-operation SOLs to associations in order to foster intergenerational services (young workers and students with old people). The main advantage for public bodies is to generate and support the development of new services at a marginal cost.

A second effect is the use of Dedicated SOLs, which can be traced and which therefore allow the monitoring of services' effectiveness, users' preferences, etc. Many public bodies help specific categories of people with money or vouchers which can be used for other purposes than the principal one intended. Chip cards allow closer targeting.

Local development: The SOL project helps to develop exchanges at a local level, in fostering local and sustainable consumption (defined through a brand and a charter), such as fair agriculture, fair trade, goods and services produced by the local association network, public

services, etc. It is possible to imagine that the increase of exchanges will develop economic activities and will consequently create employment.

An additional local development tool is the use of the demurrage scheme, which is dedicated to support local projects from civil society.

DP name: Création d'une monnaie électronique solide

DP ID: FR-NAT-2004-41094

Contact: Jean Philippe Poulnot

R&D Manager

Chèque Déjeuner

1 allée des Pierres Mayettes

Parc des Barbanniers

92230 Gennevilliers

France

Tel: +33 1 41850606

Fax: +33 1 41850724

jphpoulnot@chequedejeuner.fr