



Funding Proposal: Complementary Currencies for the HUB Brussels

HUB Brussels

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SUMMARY

Executive summary

The HUB Brussels is about to take the next step into social and monetary innovation and is looking for partners. The HUB's community of social entrepreneurs, designers and opinion leaders is a fertile ground for the experimentation and application of a ground breaking new social technology: complementary currencies.

We are currently seeking assistance in implementing a participatory process that will result in the further development of these ideas, engaging end users in the design of the most appropriate platform, operational principles and governance structure for launching a complementary currency to benefit the HUB community in Brussels.

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MONTHS OF
HUB BRUSSELS
CONNECTING WITH
SOCIAL
INNOVATORS IN
BRUSSELS

26

HUBS OPERATING
IN 22 MAJOR CITIES
SPREAD ACROSS 5
CONTINENTS

4,000

VALUE-DRIVEN
ENTREPRENEURS
GLOBALLY
SEEDING &
SCALING IDEAS
THAT MIGHT JUST
CHANGE THE
WORLD

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COMMUNITY OF
SOCIAL
ENTREPRENEURS
PROVIDING ACCESS
TO RESOURCES,
KNOWLEDGE,
CAPITAL AND
EXPERIENCE

03

BACKGROUND

What is the HUB?

The HUB is a global community of social enterprises connected through a network of physical co-working spaces.

HUB members are social innovators who understand interconnection. We attract early stage start-ups, freelancers, VCs, activists, intrapreneurs, and entrepreneurs working locally, nationally and internationally.

Our business model melds the best conditions of a member's club, an innovation agency, a serviced office and a think-tank to create a unique kind of innovation environment: a space inhabited with congeniality and efficiency, of connectivity and competence; a place where change goes to work.

As 2011 begins, the HUB Brussels boasts 140 members, including entrepreneurs, designers, facilitators, start-ups, consultants, artists, ethical suppliers and fair-traders. The HUB Brussels community space offers a collaborative environment for community and team building, networking, event hosting, workshops and conferences for members and the public.

The HUB's uniqueness as a social enterprise is built around a strong feeling of community and collaboration across different age-groups, business sectors and maturation stages of its members' businesses.

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BACKGROUND

What are complementary currencies?

Complementary currencies (CCs) offer a new means of exchange between people based on the values of a community.

They *facilitate and measure* interactions, creating new connections and strengthening old ones. In short CCs create social capital.

In a world where knowledge, reputation and being connected increasingly determine success in business and society, social capital becomes the determining factor for any entrepreneur. Only a fraction of this social capital can be measured in monetary terms (e.g. Social Return on Investment). Most of the true values of a community or an organization are not captured on financial balance sheets. A complementary currency is an accounting system for these intangible values.

All over the world various kinds of CCs are in use today: where people have more time than money *timebanks* fill the gaps; where businesses have spare capacities *business-barter networks* utilize CCs for mutual benefit. Where customer loyalty affects the bottom line, discount cards and air-miles now connect businesses across sectors.

The strength of the HUB is its community of engaged and active entrepreneurs who strive to create a better world by harnessing their innovative potential. The HUB helps these social entrepreneurs to discover, increase and utilize their social capital through providing a space for face-2-face interactions, events and workshop that weave good ideas into broader success stories.

A complementary currency is the next logical step in serving HUB members, and enabling them to create new kinds of wealth for a changing world.

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RATIONALE

Why complementary currencies matter:

The instability and even failure of our global financial systems has recently brought much attention to the role money plays in our society and our communities. The question remains how to ensure sustainability and resilience on such brittle financial foundations. The value of any community, big or small, local or global, business or village, or even virtual, lies in the level of collaboration of all its members. Exchanges of any sort between a community's members build the ties that constitute the community's social capital.

If such exchanges are only based on the use and availability of money, financial bottlenecks will strangle the economy and needs will remain unfulfilled while assets remain unused. The extreme opposite to these limitations is found in NGOs and communities that operate purely with volunteers and on good will and empathy. However, good will only goes so far. Financial pressure from outside of these entities limit members and contributors ability to provide for all of an organisation's needs in the wider economy.

Complementary currencies facilitate the release of different kinds of value found in a community, by providing new means of measurable exchange. They are based on the specific values that matter most to the community, and are not bound to political or financial constructs.

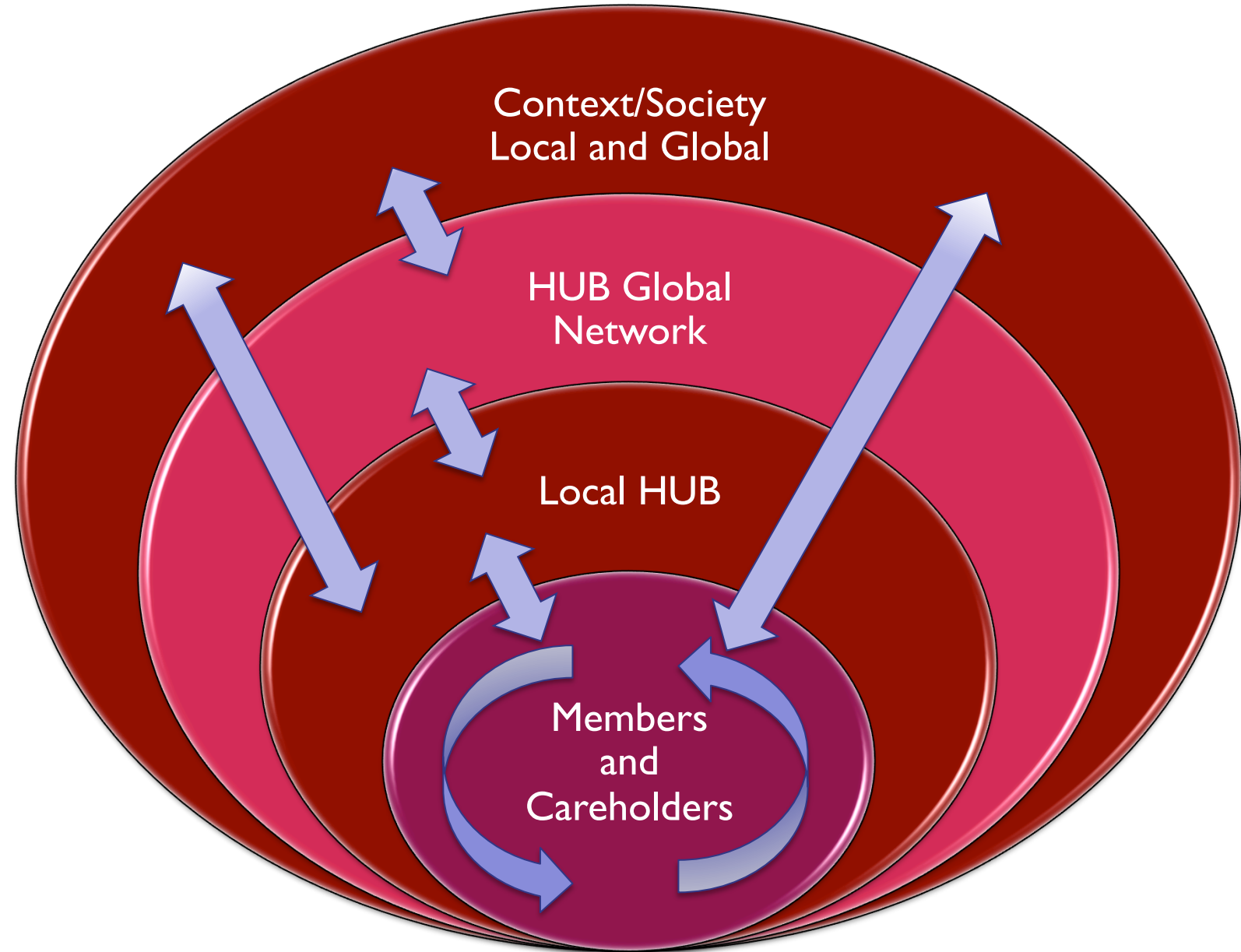
In this exciting new field of cutting edge innovations, the HUB offers a unique prototyping opportunity since its community represents all characteristics of the emergent social fields: the HUB merges global and local, virtual and physical, professional and social, all in service of its members and their society as a whole.

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RATIONALE

Impact

As a driver of social change the HUB's programming, including the complementary currencies, delivers social impact on various levels:



Impact

In particular, the HUB currencies are being designed to meet the following specific impact objectives:

On the community level:

- ✓ Strengthen the HUB community and create value for and within it, by fostering increased interaction and diversity of services exchanged between members, and by helping members to promote their talents, passions and competencies within the community;

On the HUB level:

- ✓ Enhance the value of Hub membership for community members, while at the same time encourage more member contributions to the success of the HUB, by allowing the HUB to acknowledge member and volunteer contributions without monetary remuneration;

On the societal level:

- ✓ Raise the awareness of monetary structures and their influence on our social and societal interactions, by providing a learning and experimentation laboratory in the field of complementary currencies;

On the global level:

- ✓ Promote the use and establishment of community driven, open and democratic currencies as a tool for a transformation towards resilience, sustainability and value-based business development.

What HUB currencies are proposed?

The Hubee*

The Hubee is a proposed currency that will incentivize members to provide services to each other related to their professional domain or what they are passionate about. The value of a Hubee will be time-based, where every Hubee is equivalent to one hour. In addition to facilitating exchange between members, Hubees will offer a way to acknowledge and reward members who engage with the HUB.

The Hunee*

The Hunee is a proposed currency to express the intangible aspects of value created by the HUB community and exchanges between members. While Hubees account for the quantitative aspects of a particular service, Hunees will express members' appreciation of the qualitative dimensions of the interaction: good times shared, new relationships forged, wisdom shared, beauty created. The more Hunees a member has received, the higher their reputation will be within the community.

New KPIs

Both of the proposed HUB currencies will be electronic units exchanged on web-applications, which will be closely integrated with the HUB's online member information systems. Together, the turnover of the two currencies will render a clearer picture of the total value created by the HUB community. The amount of hours of service exchanged between members and the quality experienced by HUB members will both serve as important new Key Performance Indicators, further informing all stakeholders beyond what any financial reports can provide.

* The names of the new HUB currencies will be finalized with input from the HUB community. See Appendix for a detailed design draft of the HUB currencies.

Governance: For and by the community

In 2010, a group led by HUB members Jean-Luc Roux, Gael v. Weyenbergh and Leander Bindewald, HUB managing director Simon Ulvund, HUB co-founder Eric Theunis and HUB employee Antoine v.d. Bogaert conceived the initiative to develop the HUB community currencies. The idea quickly attracted interest within the broader HUB Brussels member community, as well as from key figures and experts in the field.

The established working group has voluntarily organised meetings and consultations with a number of internationally recognized CC advocates, amongst others Bernard Lietaer (author, *The Future of Money*), Prof. Marek Hudon (Dept. of Microfinance, Solvay Business School), and John Rogers (former head of the Wales Institute for Community Currencies).

To move forward with implementing the HUB currencies we recognize that the design and related systems will require education, acceptance and use by the member community. To this end, the implementation process will commence with a series of free events designed to further engage HUB members with the initiative, to familiarize them with the theory and practice of CCs, and to involve them in finalizing the design, implementation and management of the HUB currencies system.

This process will be led by Leander Bindewald in close coordination with and supported by the above mentioned working group and HUB member Christina Jordan. In parallel, the working group will continue to engage experts and developers of ICT accounting systems to ensure that implementation is easily scalable in functionality and usage within the global HUB network, and replicable in other communities.

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PROPOSAL

Partnership Value Proposition

- ✓ An experimental environment for the development and experience with complementary currencies in a professional network of social entrepreneurs with local and global dimensions
- ✓ Shared knowledge and expertise in complementary currencies and community building processes
- ✓ Partner brand establishment and visibility in an emerging field of multilevel relevance
- ✓ Co-branding and involvement in several local workshops and international events
- ✓ Association with a system foreseen to scale and replicate in 2012

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PROPOSAL

Approach and Methodology



A Three Step Approach

HUB members around the world are at the forefront of social innovation, technology prone and collaborative by nature. The HUB's co-working environment is inherently participatory in nature, providing a strong foundation for the approach that will be followed in further developing HUB currencies.

To avoid common mistakes witnessed in early complementary currency experiments around the world, the implementation of the community currencies at the HUB Brussels will harness the wealth of our unique community and proceed in three strategically integrated and participatory phases:

- Phase I: Capacity building and community engagement
- Phase II: Alpha implementation and testing
- Phase III: Beta Launch in Brussels and global Alpha phase

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Timeline

PROPOSAL

Phase I

April 2011
to
June 2011

Workshops

**Community
Survey**

**Design
Review**

Phase II

July 2011
to
December 2011

**ICT
Implementation**

Alpha Launch

**HUB LAB
Conference**

Phase III

December 2011
to
December 2012

Beta Launch

**Scaling
Functions**

**Scaling
Adaptation**

Phase I: Community Engagement

The first phase of the implementation process will focus on the primary target group of these efforts: the HUB Brussels member community.

Change around an issue as profound as money is not easily achieved by simply suggesting something new. Instead it requires us to illustrate as many examples as possible and learn carefully from the lessons that similar initiatives around the world have shown.

The HUB's work group has discovered that the lack of leadership, lack of community engagement and the failure to make a clear separation between the use of conventional money and complementary currencies have all led to the downfall of CC initiatives in various contexts.

To this end we intend to implement a process in three stages, each building on the previous and engaging the participation of all relevant stakeholders along the way.

This first phase will provide the ground-work for a rapid and sustainable adaptation of the proposed HUB currencies. The design proposal (in Appendix) will be open to refinement and endorsement by as large a group of community members as is possible prior to implementation and launch of the Alpha testing phase.

Phase I: Key Deliverables

- ✓ A series of 4 free educational, exploratory events (50 participants each) to familiarize and engage the HUB Brussels community with:
 - Theory, practice and examples of CCs from around the world
 - Raising awareness about monetary systems and seeding enthusiasm for monetary innovations
 - Complementary currency design and management processes, preparing the Alpha test of Phase II
 - Channels for community input on the proposed design and implementation of the HUB currencies
- ✓ A community survey of the HUB Brussels members, with the aim of gaining genuine insight into individual expectations and perceived benefits of a community currency for the HUB
- ✓ Documentation and communication in traditional and new media and at local and international conferences
- ✓ Preparation of Phase II, including:
 - Terms of reference for the ICT implementation of the CC system
 - Consolidation of the governance and management of the system
 - Preparation of the service exchange database
 - Fundraising for Phase II

Phase II: Alpha Launch and Testing

In the second phase, the outcomes from phase one will be implemented in terms of integrated online trading tools that draw on existing HUB member information systems. A detailed design proposal can be found in the Appendix. The trading system will consist of two main features: A market place where users can list and find offers and requests in multiple categories, and electronic wallets for the different currencies.

This phase will commence with a launch event to celebrate and communicate the start of this important development with the HUB Brussels community and additional stakeholders. The currency system will then be introduced to the HUB members who had participated in the workshops of phase one and to other key members. The initial exchanges and marketplace entries will be brokered by trained HUB hosts.

Our experiences and the user generated data will be continuously monitored and analysed both quantitatively and through qualitative data. At the end of the Alpha phase the currency design and systems will be adapted to reflect member input and further developed for adaptation by other HUBs.

From the early attention our project received from various expert-organizations we anticipate substantial interest in communication, documentation and dissemination of our process and design at conferences and the media.

At the end of the year the results of the currency project will constitute the central element for the annual “HUB LAB” conference, a two day event for an international audience attracting representatives and speakers from the public, private and not-for-profit sector. This will simultaneously serve as the launch pad for phase three.

Phase II: Key Deliverables

- ✓ Electronic trading tools integrated with other HUB online services and drawing from existing HUB member information systems (see draft design proposal in Appendix)
- ✓ Launch event of the Alpha testing phase (150 people, one evening)
- ✓ Training HUB members on how to use the currency system
- ✓ Brokering initial exchanges to further populate the data-bases required for marketplace and accounting system
- ✓ Continuous analysis of Alpha trial results and user feedback and appropriate adaptation of the design and exchange systems
- ✓ Dissemination of concept and experiences at local and international conferences
- ✓ Beta launch at “HUB LAB” Conference, on complementary currencies and other social technologies for collaboration and community building (150+ participants, two days)

Phase III: Beta Launch and Scaling

In the third phase, starting in 2012, the system will be made available to all members of the HUB Brussels and every new member joining the community. After the experiences and adaptation from the Alpha phase, the beta system will be also be made available to today's global HUB network of 26 HUBs in 22 major cities.

The second scaling dimension will be in regard to the functionality and integration of the CC system into the operation and the business-model of the HUB in three areas:

- Trading with non-members based on HUB CCs.
- Adaptation of the system to handle Euro accounts and/or Euro-backed currencies.
- Offering key services for community currency (e.g. paying membership with Hubees, getting discounts for Hunees) or basing a community ownership model of HUB space and services on CCs.

On request, the expertise and experience from the previous phases will be used to train the other HUB communities in Europe and worldwide to adapt not only the developed system but also the educational and preparatory processes. This consultation process will also extend beyond the HUB network to other collaborative communities, partners and institutions.

Phase III: Key Deliverables

- ✓ Local Beta Phase: System available for the entire HUB Brussels community
- ✓ Brokering of initial exchanges and user assistance for the entire HUB Brussels community
- ✓ Development of terms of reference for incorporating tools that will enable:
 - Trading with non-members based on HUB CCs
 - Dissemination to other communities and integration with other platforms
 - Adaptation of system to handle Euro-accounts or Euro-backed currencies
- ✓ On request, global Alpha Phase: Facilitation of Phases I & II (including consultation) at other HUBs around the world
- ✓ On request, training and facilitation on the implementation of CC systems for other communities, partners and institutions

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OUTCOMES

Indicators of Impact

The success of the HUB currencies during the preparatory and implementation process will be measured on several levels.

During the first phase the number of participants at the introductory and educational events will serve as a first measure of impact within the HUB community. The participation of individuals and institutions from outside the community during the launch event of the second (Alpha) phase will provide another measure of success for the overall programming and projections.

Coverage on traditional and new media channels will serve as another indicator for the pervasiveness of the project.

Additional measures of success will be developed with the input from the community.

With the implementation of the HUB currencies in the Alpha and Beta phase, the use of the currencies will provide intrinsic quantitative data: the number of exchanges facilitated through the platform, the turnover of service hours accounted for through the Hubee-currency and the number and diversity of qualitative contributions acknowledged in the Hunee-currency.

Additionally to this quantitative data, qualitative data collected in surveys during Phase I+II amongst the participating HUB members will provide insights into the viability of the proposed design together with the perceived value of the planned system and the preparatory process.

The adaptation and scaling of the currency system towards the end of Phase II will show the overall impact of the program beyond the community of the HUB Brussels.

Required Funding Phase I

Introductory and educational events including space-rental, catering, facilitation:	4 x 1.000,- € =	4.000,- €
Project Staff: 1 Project Manager, 3 days/week at 200,-€ for 3 month (13 weeks):		7.800,- €
Travel and Meeting expenses:		1.500,- €
External and internal consultation on process, design, software development, 1 day/week at 200,-€, :		2.600,- €
Administration:		900,- €
Total Phase I:		16.800,- €

Required Funding Phase II

Software development:	approx. 25.000,- €
Project Staff, 1 project manager (3 days/week at 200,-€) + Intern/Host (100%), for 6 month:	approx. 23.000,- €
Alpha Launch Event (Evening, 150 People):	3.000,- €
Documentation:	2.000,- €
Travel and Conference attendances:	4.000,- €
HUB Lab conference (2 days, 200 People):	12.000,- €
Administration:	4.000,- €
Total Phase II:	approx. 73.000,- € (to be reviewed after Phase I)

(Funding Requirement for Phase III to be determined)

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I

APPENDIX

Proposed Design of the HUB Currencies



II

APPENDIX: CURRENCY DESIGN DRAFT

Hubees

The basis for payment of services using the first HUB currency, the Hubee, will be the time spent on delivering services. Three hours of service equals a prize of three Hubees. It functions like the time-banks now used by thousands of local communities to strengthen the ties between their members and creating communal value.

In many organisations personal or non-professional services are often provided as voluntary contributions "for a good cause" or "the sake of community". Such voluntary contributions are core to value created in terms of social impact of any organisation. Using the HUB currency is a way to acknowledge these contributions, to give them more visibility and remunerate the volunteers without changing the nature of the contributions as would happen if they were paid in Euros. The payment in community currency closely reflects the values and motivations which are at the basis of such contributions. That is why it is not strange at all, as it might seem at first, that paying in Hubees will make all different services equal. What ties a community together is the personal exchanges and as people we all have the same value and the same 24 hours available every day. If a service is worth more on the market outside the community, it will naturally be offered and consumed there. But typically in any business there are spare capacities and offering these within the community on a different exchange basis, means investing them into what matters most to social entrepreneurs: the social impact of their work.

Hunees

Paying services only according to time does not necessarily disregard the qualitative differences between any two services in terms of their value to an individual or a community. The qualitative differences of contributions will be reflected in the second HUB currency, the Hunees. This will be the currency used to acknowledge and measure the intangible value of HUB members' engagements with each other or with the HUB on the whole. The amount of Hunees a member receives from others will reflect how valuable she is to the community: how much wisdom, beauty, joy, knowledge, smiles, wit, connections, ideas and laughs she had brought to the HUB community, in short the contributions she makes to a striving and lively community.

The Hunees will be similar to the rating one can give to articles, authors or traders on other Internet platforms.

There are two general ways to give Hunees: it augments a payment in Hubees, or it can be given to HUB members independent of a Hubees exchange to acknowledge and appreciate their contributions by and large.

III

APPENDIX: CURRENCY MECHANISM

How it works:

Every registered member of the HUB marketplace will have an account with an online payment system with two virtual wallets for the two currencies.

To exchange services with another HUB member, one can search the offers on the marketplace, post a new offer or initiate a face-2-face exchange whilst at the HUB or else where.

After one service is delivered/received the person making the payment will log-in to the HUB online platform and acknowledge/pay the exchange by entering four pieces of information into a small form on his HUB profile:

- the HUB-profile name of the recipient,
- a brief indication of what the exchange was about,
- the number of Hubees agreed on,
- and a Huneer rating.

For the recipient of the payment, the Hubees earned guarantee that she can get a fair return for the service she had just delivered from somebody else in the community. The Hunees she receives (in addition to the Hubees) are the personal “thank you” that express how much value she has inserted into the community beyond the measurable time she invested into the exchange. This Huneer rating will happen on a short scale (from 1 to 6 or only 1 to 4), differentiating, for example, between something that is “good for you”, “good for the HUB” or even “good for the world”.

With the transaction, one extra Huneer will be accredited to both the recipient’s and the provider’s account because through any exchange within the community the community will gain in value and strength, and that’s what Hunees acknowledge.

Apart from the Hunees given in addition to a Hubeer exchange, each member will have a certain amount of Hunees per month to freely distribute to other members. The Hunees available to each member will grow as a member receives more Hunees herself.

Since both Hubees and Hunees will be indicators of community building and a community is something that needs to be kept active and alive, savings in both currencies will gradually deplete over time (Demurrage fee, similar to a negative interest rate). This is an incentive to spend the earned Hubees and thus create even more value for the community.

And for the Huneer this visualizes the fact, that a reputation earned a long time ago is of course not as meaningful as freshly earned Hunees.

All rules described above will be open to evolution during and after an Alpha test with a selected group of HUB members. The dynamics of the exchanges and the adoption of the possibilities will become obvious only in their application.

IV

APPENDIX: IMPLEMENTATION

Exchange Platform:

The exchange systems will build upon two software features accessed on/through the HUB Space online platform.

A) a market-place to be filled in individually or with the assistance of the HUB Hosts, containing offers and requests from members and the HUB management. The offers will be published in different categories and assigned labels to indicate how close the advertised service is to the user's business: "core-business", "qualified", "apprentice". The offers can be searched by contained words, categories, and labels.

B) Two virtual wallets assigned to the user profile, one for the Hubees and one for the Hunees:

The Hubees will be a Mutual Credit Currency, created when exchanged, i.e. you do not need to have earned Hubees before you can spend them, your account will simply go into debit. There will be an initial credit-line determining how far a user can go into debit automatically. This is the maximum of what any member can spend without offering anything in return and thus earning Hubees. This credit-line will adapt automatically depending on parameters like the number of times the account was balanced and the Hunees balance of the user.

Hubees will bear a negative interest rate on savings, i.e. deplete over time when not spent. The rate at which this happens will be determined after the Alpha test.

The Hunees are not a currency that you can spend, they "stick" i.e. the user's balance will not be reduced when she gives Hunees to another user. Inflation of Hunees is prevented by three mechanisms: a limit on the number of Hunees that can be given each time, a limit on how many Hunees a member can give in a specific time-frame (this increases by the number of Hunees received) and by the depletion of Hunees over time (the latter having the same effect as the negative interest rate of the Hubees, the half-life of a Hunees will be approx. 6 months and will also be adjusted after the Alpha test.

To record how much value the member had brought to the HUB in total, a "Hunees-Mark" will be displayed, representing the maximum number of Hunees once held by the user.

Transparency:

All transactions in Hubees and Hunees will be recorded and displayed to all users similar to a news-feed. Disclosure of the nature of the Hubees transaction or Hunees donation should be possible for future adjustments. The overall "trading" volume of both currencies will be recorded as a KPI for the adaptation of the system.

New transactions, especially Hunees transactions, will be published on a live feed and displayed on a central screen or in pop-up message on all user profiles, adding to the value of the acknowledgments/thank yous.



APPENDIX: OUTLOOK

Incentives to use/earn the currencies:

To incentivize the usage of the currency and to increase its value, the HUB will explore possibilities to offer its services to members with positive Hubees and/or give discounts depending on the levels of Hubees (for space/utility usage, event/workshop tickets, membership, HUB passports).

Ultimately the currencies can be a basis for a meritocratic ownership model of the HUB (community shares).

Trade with non-members:

The HUB could become a broker/guarantor for exchanges of HUB members with individuals or businesses outside the HUB: Members could exchange their Hubees with the HUB for vouchers, which could be spent with non-members who voluntarily accept them. The nominal value of these vouchers could be determined by the local minimum/average hourly wage. The accepting business will be entitled to services from HUB members for the face/Hubees value of these vouchers. The HUB would serve as a broker to find members who would supply the requested services to non-members and for this will receive Hubees from the HUB. Additionally the vouchers could be accepted by the HUB for its own services like event space or membership.

Scalability/Replicability:

The HUB system, in its design and implementation, should be easy to scale up to integrate additional currencies (Euro, B2B currencies, or discount cards) and should be prepared for inter-HUB trading should other HUBs adopt the currencies. It should remain free and open for others to replicate and modify.