

A Method for Assessing the Operations of a Complementary Currency System

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Introduction

Although there are many types of Complementary Currency Systems there are features that are common to all of them. A Complementary Currency System is an organization that provides economic services to a geographic or socially-bounded community using an internal currency to facilitate transactions. These economic services include the issuance, management and monitoring of a transaction system for recording exchanges made between the participants in the system, and the provision of a marketplace service for participants to advertise publicly what they are offering to and requesting from other members. The purpose of this document is to assess the operations of a Complementary Currency System organization.

This assessment covers 8 elements of the operations of a Complementary Currency System, these being the Community Situation, Transaction System, Marketplace Function, Administration Function, Financial Management Function, Income Generation Method, Legality Framework and Education Function. The basic assumption is that all Complementary Currency Systems should be strong on all of these points. By asking questions regarding each of these elements, it is possible to assess the strengths and weaknesses of the system. Each element is given a score of 1-5, with 1 being a low score and 5 being a high score.

This document is a contribution to the Worldwide Helpdesk for Complementary Currency Systems, and is intended to be used within that context, together with the other tools that are provided, which is located at: <http://www.complementarycurrency.org/helpdesk.html>

1. Community Situation

The Community Network is the group of participants in the Complementary Currency Systems, their skills and products, activities and enterprises. It also includes the non-economic factors, such as the economic, social, political, cultural, geographic, human resources, education, motivation, and civil society that can shape the functioning of the system. A method for analysis the Community Network is found on the helpdesk at this location: http://www.complementarycurrency.org/helpdesk/situation_assessment.doc and http://www.complementarycurrency.org/helpdesk/community_assessment.doc

These analyses are useful in identifying these factors and how they may affect the function of the Complementary Currency System.

Assessment of the Community Network

The ideal Community Network is one with a wide variety of skills, products, activities and enterprises. Related factors such as the economic, social, political, cultural, geographic, human resources, education, motivation, and civil society factors are deemed to be very conducive to supporting a strong and active marketplace. A weak Community Network is

one where one or more of these elements are not conducive to supporting a strong and active marketplace.

2. Transaction System

The Transaction System is the platform(s) or medium(s) of exchange used by participants to record exchanges between each other. These may include electronic or physical currencies, and within these two there are many different mediums of exchange.

Assessment of the Transaction System

The ideal Transaction System is one that provides a variety of means of exchange in order for participants to use the means that are most economical and convenient for them to use. A weak Transaction System is one that is complex, costly or inconvenient for people to use.

3. Marketplace Function

The Marketplace is the means used to provide market information to the participants. This can include a physical, printed, displayed or electronic marketplace.

Assessment of the Marketplace

The ideal Marketplace is one that provides a number of different information sources in order for participants to use the means that are the most economical and convenient for them to use. A weak Marketplace is one that is complex, costly or inconvenient for people to use.

4. Administration Function

The Administration is the individual or group that manages the Complementary Currency System.

Assessment of the Administration

The ideal Administration is one that is easy to manage, well-supported by office resources, and where each task is being done by the person who is best suited to that task. The weak Administration is one that results in high-turnover of staff, over-worked or underpaid staff that are assigned tasks that they are not particularly interested in doing, but need to do in order to ensure the sustainability of the organization.

5. Financial Management Function

Closely related to the function of Administration is the Financial Management function. The system must manage and monitor transaction activities and ensure that the Transaction System is functioning properly and correctly, and be prepared to conduct audits and take action to resolve problems quickly. Financial Management also includes management of Administration finances, and any other economic programs of the Complementary Currency System, such as savings and loans in national currency.

Assessment of Financial Management

Ideal Financial Management is one that regularly monitors the Transaction System and Administration to ensure the security, stability and sustainability of the organization. Weak Financial Management is one that does not regularly monitor the Transaction System and Administration, and does not act quickly to resolve problems with the Transaction System or with the Administration.

6. Income Generation Method

Income Generation is the ability of the Administration to implement cost-recovery systems that are received by Financial Management to generate enough income to ensure the stability and sustainability of the organization. Income Generation is also known as the Cost Recovery or Self-Financing elements of an organization.

Assessment of Income Generation

The ideal Income Generation method is one that generates more than is needed to sustain the functions of the organization, while building a pool of reserve funds to fuel future growth or cover unforeseen expenses, while not being considered as too expensive by the participants. A weak Income Generation method is one that does not cover operating funds or requires the input of free material or human resources

7. Legality Framework

Legality refers to the functioning of the organization within laws set by the government of the area, the ability of the Administration to implement and carry out policy and rules regarding the participants and operations of the system, and the formalization of operations of the Administration.

The ideal Legality is one that knows the laws affecting the organization and operations of the system, that can implement policy and rules and impose them on the members if they are being transgressed, and has formalized the operations of the Administration.

8. Education Function

Education means all activities to deliver information and training to the participants in order to help them to understand the system and use it to their benefit. It also means that the Administration regularly engages in learning activities to improve operations, quality of service delivery and new developments that will ensure the stability and sustainability of the organization.

The ideal Education function is one that provides regular training to participants and receives input on the effectiveness of this training and acts on requests for new education activities, and where the Administration is actively participating in activities within the organization and with other organizations to learn best practices in order to improve the functioning of their system. A weak education system is one where the members feel they do not understand the system or don't know how to use it to their advantage, or where the Administration is not engaged in learning or networking activities to improve its operations.

Assessment of the Operations of a Complementary Currency System

To assess the operations of your Complementary Currency System, use this table:

Element	Assessment 5 = Ideal
1. Community Network	
2. Transaction System	
3. Marketplace	
4. Administration	
5. Financial Management	
6. Income Generation	
7. Legality	
8. Education	

Analysis of the Assessment

The results of the assessment above can be copied into a spreadsheet program in order to generate a radar or star chart, which will help the Administration to focus its resources on improving one or more elements of the organization. The following is an example of what this chart looks like.

