



The Wellbeing Protocol

Reinventing Social Welfare

Draft Whitepaper V3.0

Mark Pascall
18 October 2021

Notes about this document:

This document is a living document and a collaboration between a number of people. Although the primary author is Mark Pascall (who for the time being will approve/integrate any changes), we are inviting others to get involved and help shape this document (and the project). There are a few options:

1. **Document contributor:** This is where you are able to provide significant input and value to the document.
2. **Document supporter:** This is where you have the time to fully digest the document, support the concept and are happy for your name to be listed as a project supporter.

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"A promising and refreshing new approach to community empowerment"

Dame Diane Robertson

"This could make communities work....really work"

Malcolm Rands (founder of Ecostore)

"Finally, a use for blockchain to get excited about"

Peter Griffin, technology commentator, Business Desk

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Executive Summary

This document sets out a bold new vision for how we might manage wellbeing in New Zealand (and beyond). It postulates that the reason we are seeing a decline in wellbeing in western societies is that the powerful forces of capitalism and centralisation have caused an imbalance. This imbalance is caused by the free market and state becoming too powerful at the expense of the local community. The results include increasing inequality, a struggling social welfare system and declining wellbeing.

The Wellbeing Protocol thesis is based on a belief that systemic change is possible by leveraging new technology and new organisational/crypto-economic design patterns to challenge existing paradigms. **The solution is described in the form of creating new local token economic systems built around decentralisation and localism principles. These Local Economic Communities (LECs) will take collective action towards (or be organised around) human wellbeing, local values and “real” value creation (as opposed to individual profit, material wealth, GDP etc). We want to build the governance and financial tools that will give communities more voice, more autonomy, more power.**

The document describes the key “solution spaces”, that have, and will continue to, influence the project:

- Holistic wellbeing and the power of community
- Localism and the wellbeing commons
- Reimagining money and crypto-economics
- Reinventing Organisations and Decentralised Autonomous Organisations (DAO).

The scope, learning and next steps of the well publicised (e.g. [TV3](#), [RNZ](#), [Stuff](#), [Business Desk](#), [NZ Investor Today](#)) Cannon Coin trial, run earlier in the year, are described.

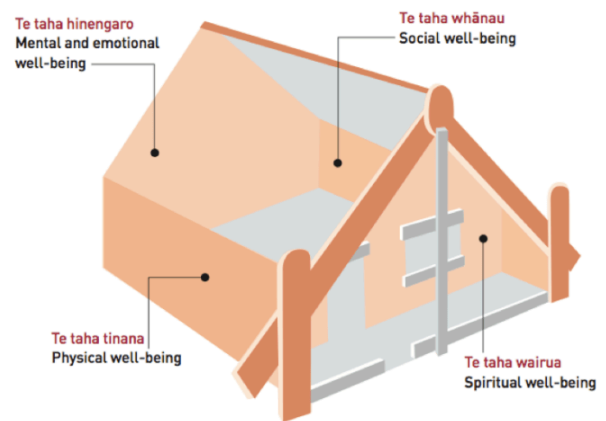
The paper also describes the vision to develop a global impact token that creates a new form of impact investing and why the time (a post covid world with a growing number of people are starting to question default systems) and place (New Zealand) is right to start a movement that could have global impact.

Finally we put a call out to anybody to join us and help us take the next step towards our vision.

Wellbeing: the state of being comfortable, healthy, or happy.

Oxford english dictionary

A Māori holistic model of health:
Te whare tapa whā



Mason Durie (1994) Te Whare Tapa Whā concept of hauora

Sir Mason Harold Durie ONZ KNZM



Introduction

The Problem

The three pillars of society (the market, the state and community) are out of alignment¹. Over the last 200 years the technological revolution has amplified two powerful forces: capitalism and centralisation. As markets have scaled, the state has also scaled up, concentrating economic and political power in flourishing central hubs and leaving the periphery and our communities to decompose. This decomposition of community has led to a decline in our wellbeing. According to the 2020 Mental State of the World² report we are currently witnessing an unprecedented global generational decline in mental wellbeing.

Furthermore, the safety net that western societies have put in place to help our most vulnerable and disadvantaged have become fragmented, overburdened, inefficient and ultimately disempowering to the people they are set up to help. It is increasingly difficult for the people/organisations who have the financial or other resources (either in the traditional economic systems or the emerging world of crypto/defi) to know how they can most effectively help.

The Solution

We want to start to rebalance the three pillars of society, to help rebuild our communities, starting with the people most in need.

We believe in a world where the wellbeing of society can be significantly improved by embracing new technology enabled paradigms. We can start to create this world by growing and nurturing two very different forces: **localism** and **decentralisation**.

We believe that if we can make it easier for communities to help themselves, they will and if we can make it easier for people to help those in need, they will.

We want to create new economic incentive and governance models underpinned by local tokens that strengthen and empower local communities. These Local Economic Communities (LECs) will take collective action towards (or be organised around) human wellbeing, local values and "real" value creation (as opposed to profit, material wealth, GDP etc). We want to give communities more voice, more autonomy, more power.

¹ Rajan, R. (2020) The Third Pillar: How markets and the state leave the community behind. New York, Penguin Press.

² Newson JJ, Pastukh V, Sukhoi O, Taylor J and Thiagarajan TC, Mental State of the World 2020, Mental Health Million project, Sapien Labs, March 2021. Available from: <https://mentalstateoftheworld.report/msw-2020/>. [Accessed 5 October 2021]



The evidence base for community power demonstrates that it can contribute to better individual health and wellbeing, improve community wellbeing and resilience, enhance democratic participation and boost trust, build community cohesion and generate financial savings ³.

We want to start an open source, grassroots, community first movement that embodies new organisational design patterns, adaptive complex system design and crypto economics.

The Proof of Impact token

Ultimately we want to create a *Proof of Impact* token that takes impact investing to a whole new level and becomes the global standard for effective altruism. We want to transform the way that impact data is collected, verified, and analysed by giving investors, companies and consumers access to trusted, actionable impact insights which empower them to make data-driven decisions. When I (or my organisation) purchase this token I will know that I am using my money to do maximum good in the world and my positive impact is being amplified by the community.

Why here, why now?

We believe our time is ripe for this change. In a post covid world, a growing number of people are starting to question default systems, resist business as usual, and consider the opportunities offered by new decentralisation technologies.

Why start in New Zealand? Exciting seismic shifts are happening in New Zealand's cultural political landscape. The embracing of Te Tiriti o Waitangi, Te Ao Māori and Māori leadership is a movement which is gaining momentum. Organisations such as Inspiring Communities are helping to strengthen the move towards community led development. Innovators in New Zealand's technology sector, such as Enspiral, Blockchain NZ, etc are working to raise awareness amongst New Zealanders of emerging technologies including blockchain. And as a country, we have captured global headlines with our groundbreaking work done by our Wellbeing budget⁴ and granting legal personhood to the Whanganui River⁵.

³ Pollard, G., Studdert, J., & Tiratelli, L. (2021) Community Power: The evidence. New Local. Available from: <https://www.newlocal.org.uk/wp-content/uploads/2021/02/Community-Power-The-Evidence-1.pdf>. [Accessed 5 October 2021]

⁴ Roy, E. A. (2019) New Zealand 'wellbeing' budget promises billions to care for most vulnerable. The Guardian, 30 May. Available from <https://www.theguardian.com/world/2019/may/30/new-zealand-wellbeing-budget-jacinda-ardern-unveils-billions-to-care-for-most-vulnerable> [Accessed 5 October 2021]

⁵ Evans, K. (2020) In 2017, New Zealand granted legal personhood to the Whanganui River. Since then, other nations have followed suit in an effort to protect the environment. BBC, 21 March. Available from: <https://www.bbc.com/travel/article/20200319-the-new-zealand-river-that-became-a-legal-person> [Accessed 5 October 2021]



We believe that New Zealand with its high trust network and global brand of "doing the right thing" is the right place to start the movement that can scale and have global impact.

We have taken the first step on that journey with a small trial that has captured the public imagination in New Zealand (e.g. Presentation at Parliament⁶, TV⁷, Radio⁸, General Press⁹, Business/Technology Press¹⁰ and social media¹¹).

⁶ TheDAO.Agency (2020) The Wellbeing Protocol. [Online video] Available from: <https://youtu.be/vD5jmmGxqS4> [Accessed 5 October 2021]

⁷ TheDAO.Agency (2021) The Wellbeing Protocol Cannons Creek, New Zealand community currency trial. [Online video] Available from: <https://youtu.be/QeVcik8fleE> [Accessed 5 October 2021]

⁸ Nine to Noon (2021) Cannons Creek digital wallet scheme. RNZ, 28 June. Available from: <https://www.rnz.co.nz/national/programmes/ninetoonoon/audio/2018801586/cannons-creek-digital-wallet-scheme> [Accessed 5 October 2021]

⁹ Williams, K. (2021) We CAN: Porirua's Cannons Creek gets its own wellbeing currency. Stuff, 11 June. Available from: <https://www.stuff.co.nz/pou-tiaki/125385529/we-can-poriruas-cannons-creek-gets-its-own-wellbeing-currency> [Accessed 5 October 2021]

¹⁰ Griffin, P. (2021) Finally, a use for blockchain to get excited about. BusinessDesk, 8 July. Available at: <https://businessdesk.co.nz/article/opinion/finally-a-use-for-blockchain-to-get-excited-about> [Accessed 5 October 2021]

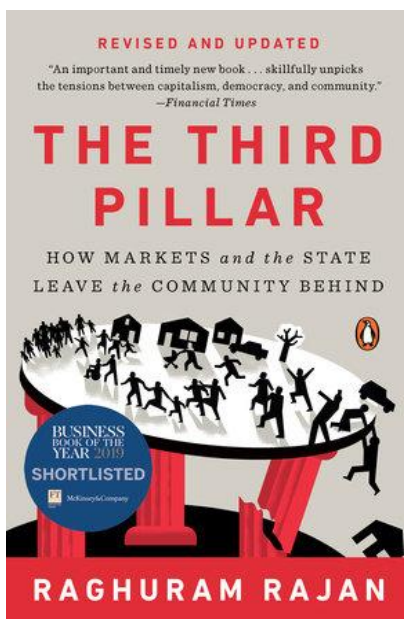
¹¹ Mark Pascall (2021) Local Currency: Cannons Creek community tries out a new currency to boost wellbeing. [LinkedIn] Available from: https://www.linkedin.com/posts/markpascall_local-currency-cannons-creek-community-tries-activity-6807896556591828993-vb-t/ [Accessed 5 October 2021]



The Current Problem

Sometimes it's really hard to think outside the square. The square is our current economic system and the organisational power structures (both free market and state) that we, as a society have gradually built up. The technological revolution has augmented two powerful forces: centralisation and capitalism.

The huge amount of power and money that is currently in the hands of a few people on the west coast of America controlling a handful of companies is one of the inevitable results of a capitalist system that now has the technological means to achieve global scale disintermediation and centralisation. It would be naive to think that these mega organisations with deep power and control hierarchies are in any way incentivised to help create a better world. Some might remember Google's previous infamous employee code of conduct "Don't be Evil" which ended up being parodied " *except if it's profitable". Which of course sparks a wider debate: can any traditional "for profit" organisation that separates the workers/users from the shareholders ever genuinely be motivated to do social good when their goal is (in fact they have a legal mandate) to create "value" (profit) for shareholders. Aren't the "values" (posted on the walls of head office and the website) mostly used as a tool to help bring cohesion, efficiency and ultimately profit for shareholders?



In former head of India's central bank, Raghuram Rajan's book *The Third Pillar* he argues that society is held up by three pillars: the political pillar (the state or government), the economic pillar (the markets) and the societal or sociological pillar (the communities)¹². When one or two pillars get too strong, they create an imbalance and that imbalance has to be rectified. As markets have scaled, the state has also scaled up, concentrating economic and political power in flourishing central hubs and leaving the periphery (community) to decompose.

Many believe that the migration of power and control away from our local communities to the free market and state is the root cause of many of the problems that society is facing today ranging from inequality through to the environmental catastrophe and the mental health epidemic.

In the West we are facing an epidemic of loneliness and depression caused by the change in the way we live. Yet our medical system is still fundamentally focussed on treating the problems of our body and mind as separate. In his book "Lost Connections" Johann Hari argues that depression is actually a rational and self-preservatory response to the fragmentation of community life in the contemporary world¹³. "Loneliness," he writes, "hovers over our culture today like a thick smog." Meaningful contact is something we are innately designed to crave – it's in our very DNA – but our

¹² Rajan, R. (2020) *The Third Pillar: How markets and the state leave the community behind*. New York, Penguin Press.

¹³ Hari, J. (2018) *Lost connections*. London, Bloomsbury Publishing.



socio-economic system is predicated on individualism.

According to the 2020 Mental State of the World report we are currently witnessing an unprecedented global generational decline in mental wellbeing¹⁴.

Yet the systems that western societies have put in place to help our most vulnerable and disadvantaged (social welfare, charity, philanthropy etc) have become fragmented, overburdened, inefficient and ultimately disempowering to the people they are set up to help.

It is difficult for the people/organisations who have the financial or other resources (either in the traditional economic systems or the emerging world of crypto/defi) to know how they can most effectively help.

The following sections explore one of the most obvious and insidious results of the current imbalance (wealth inequality) and how we as a society currently address the problem (social welfare / charity and impact investing).

Wealth Inequality

Reducing wealth inequality is arguably the greatest challenge of our times. According to an Oxfam report in 2020 the world's 2,153 billionaires hold more wealth than 4.6 billion people – equivalent to 60% of the population¹⁵. The most affluent 162 individuals have assets equal to the poorest half of the world. The United Nations has named the reduction of poverty and inequality in its 17 Sustainable Development Goals – first and tenth, respectively.

Despite efforts to address inequality, the economic crisis resulting from the coronavirus pandemic has only accelerated the trend. In June 2020 it was calculated that billionaires in America saw their wealth rise by 20% – or \$584 billion – since mid-March, while some 46 million Americans filed for unemployment during the same period. Similar disparities are evident in other nations.

Better-off New Zealanders are getting richer at a rate that far outpaces the rest of the population – New Zealand Data from Stats NZ shows that between 2015 and 2018, the gap between the net worth of the top 20 percent and the bottom of 20 percent of all New Zealanders increased by \$226 billion, as the rich became wealthier and the worse-off went further into debt¹⁶. "In total, the net worth gap in 2018 between the top 20 per cent and bottom 20 per cent in New Zealand was nearing \$1 trillion, sitting at \$958b, up from \$732b in 2015," Many commentators believe

¹⁴ Newson J.J., Pastukh V., Sukhoi O., Taylor J., & Thiagarajan T.C. (2021) Mental State of the World 2020, Mental Health Million project, Sapient Labs, March 2021. Available from: <https://mentalstateoftheworld.report/msw-2020/>. [Accessed 5 October 2021]

¹⁵ Oxfam International (2020) World's billionaires have more wealth than 4.6 billion people. Oxfam International, 20 January. Available from <https://www.oxfam.org/en/press-releases/worlds-billionaires-have-more-wealth-46-billion-people> [Accessed 5 October 2021]

¹⁶ Stats NZ (2018) Wealth of top 20 percent rises by \$394,000. Stats NZ, 14 December. Available from: <https://www.stats.govt.nz/news/wealth-of-top-20-percent-rises-by-394000> [Accessed 5 October 2021]



that this wealth gap is likely to increase as the country fights its way through the recovery from Covid-19.

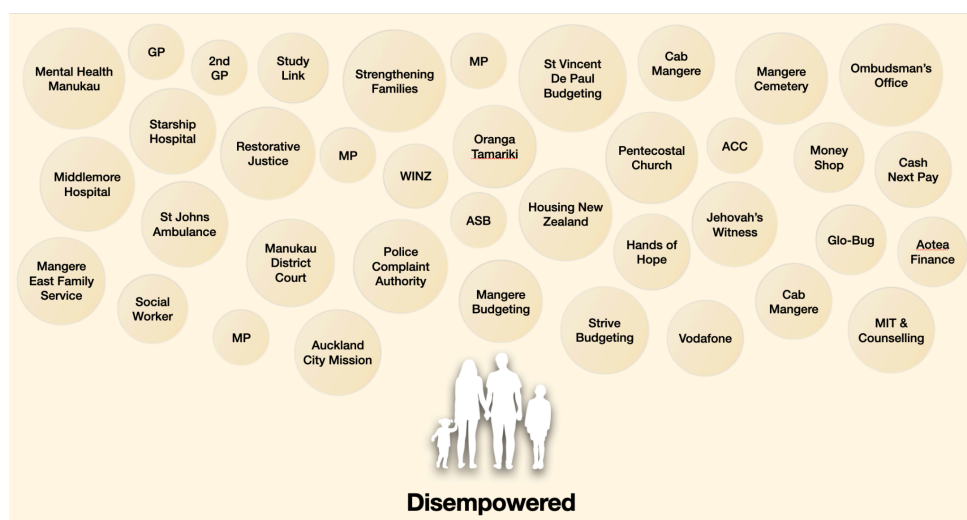
At the heart of the problem is a hyper-capitalist socio-economic system that emphasises individualism. Individuals, cut off from family and community support, are easier to manipulate and control. State controlled money, being the objectively quantifiable metric, tends to flow to places that deal with money or at the intersection of monetary transactions, instead of where actual value creation happens. e.g. investment bankers salary vs teacher salary.

Behavioural economists have for many years shown that our status compared to other people (contributing to our happiness/wellbeing) is derived more by relative measures and distribution than by absolute measures.

The Social Welfare System

Over the last few hundred years developed nations have created systems to try to protect and support their populations most vulnerable and disadvantaged. This has taken the form of numerous tax and private sector funded welfare/charity/philanthropic organisations and initiatives.

In 2014 a New Zealand study was conducted by the Auckland City Mission that followed a family of four in West Auckland over a two week period¹⁷. The study showed that during that period they interacted with an astounding 41 different organisations.



This research illustrates how fragmented the welfare system has become. It also highlights how hard it is to get good data and measure results (there is little data sharing between support organisations and strong anecdotal evidence that people will tell different organisations different things in order to maximise their benefit payments).

¹⁷ ThinkPlace in collaboration with Auckland City Mission (2014) Demonstrating the complexities of being poor; an empathy tool. The Family 100 Project, Auckland City Mission. Available from: <https://www.aucklandcitymission.org.nz/wp-content/uploads/2015/12/Demonstrating-the-Complexities-of-Being-Poor-An-Empathy-Tool.pdf> [Accessed 5 October 2021]

Another key problem is the scale of these organisations. In many cases this has resulted in overly hierarchical/bureaucratic/inflexible/inefficient entities where decisions are made that can be out of touch with what is happening at the ground level.

At the heart of the problem however is something more abstract and profound. These organisations control funds and make decisions that affect the people they are trying to help. The recipients feel disempowered, they don't have control over their own destiny, significantly affecting their wellbeing.

Impact Investing

The United Nations Sustainable Development Goals (SDGs) invite a range of public and private sector actors to support its agenda of ending poverty, protecting the planet and ensuring that all people enjoy peace and prosperity by 2030. They offer a solid framework for investors and corporations to follow and align their activities and investments accordingly. This has spurred a growth in impact investing, which is an investment approach seeking to generate positive, measurable social and environmental impact alongside a financial return. However, according to a 2018 survey done by the Global Impact Investing Network (GIIN), the following barriers are still preventing impact investing from scaling up to better address the financing needs of the SDGs:

- Appropriate capital across the risk/return spectrum
- Common understanding of definition and segmentation of impact investing market
- Suitable exit options
- Sophistication of impact measurement practice
- High-quality investment opportunities.

The widening inequality gap has created a growing market for people and organisations (both centralised and the growing number of decentralised) who want to use their capital for social good. The majority of ways that we "give" creates too much of an abstraction between the giver and the receiver, lacks transparency, lacks data feedback loops and typically doesn't allow for givers to give more than just money. This document argues that building back our local communities is a vitally important social good (and supports many of the SDGs, see Appendix C) yet our current system is not good at funding projects in this space and it is very difficult for impact investors to support these projects at scale. From the report "Community Power: The Evidence" from the UK¹⁸:

"Community power approaches, by their very nature, are pluralistic, often small-scale and rooted in local context, but policymakers seek uniform and scalable approaches. Community power focuses on long-term impact, but short-term financial and political priorities drive the system."

The [science is clear](#) that giving is good for us - it makes us happy, yet for many people there aren't good ways to do this.

¹⁸ Pollard, G., Studdert, J., & Tiratelli, L. (2021) Community Power: The evidence. New Local. Available from: <https://www.newlocal.org.uk/wp-content/uploads/2021/02/Community-Power-The-Evidence-1.pdf>. [Accessed 5 October 2021]



The Wellbeing Protocol Thesis

We believe in a world where everyone's wellbeing matters and systemic change is possible by leveraging new technology and organisational design patterns to challenge existing paradigms.

We believe:

- If we can make it easier for communities to help themselves, they will.
- If we can make it easier for people to help those in need, they will.

We want to apply Teal, Localism and Blockchain/DAO learning/philosophies and build on the decades of knowledge from timebanking/LET and Community Currency space (all these terms described in later chapters) to create a new type of organisation: the Local Economic Communities (LECs). These economies will embed Nobel Prize winning economist Elinor Ostrom's commons management principles to protect/nurture a wellbeing commons and utilise token economic design patterns to incentivise community wellbeing (as opposed to the default capitalist, individualistic focus of our wider economy). The Wellbeing Protocol wants to create a citizen level accounting layer ("wellbeing commons") – a complementary currency for citizens, to emancipate their choice and unlock citizen-to-citizen transfer of social wellbeing and security.

These LECs would:

- Empower communities and give them more autonomy and economic sovereignty
- Help to grow and strengthen real life human relationships
- Help to give purpose, autonomy and empowerment to participants
- Promote creativity and resourcefulness in the local community, utilising and developing untapped skills, enthusiasm, and potential
- Help to contain and recirculate "value" within a community
- Start to change the relationship with our welfare/charity/philanthropy sector to one where donors support and empower local communities to solve their own problems (and receive data and "stories" that proves impact and creates incentives to provide continuing support).
- Increase resilience of local communities,
- Help reduce ecological footprint by supporting localism,
- Re-invigorate our local volunteer networks by providing additional incentives
- Support, augment and connect the work of the many existing value aligned community organisations (for example in Cannons



Creek: Wesley Community Action¹⁹, Ngati Toa²⁰, Wellfed²¹ and Edible Earth²²)

- Help local communities be more inclusive, enabling people who would otherwise be marginalised or trapped in poverty and unemployment to integrate and participate in the local community economy.

At a very simplistic level an economic system needs three things:

1. A unit of account (a way to easily transfer value)
2. A way to make decisions
3. A way to fund initiatives

At a national level our government undertakes those functions on our behalf. Our belief is that the technology is now at a point where this can realistically also be done at a local level in the form of a LEC. The Wellbeing Protocol wants to build the financial and governance tools that would become the foundation of local wellbeing economies.

It is important to understand that a local economy is by definition local. Our approach has been that local implies something bigger than Dunbar's Number²³ but not as big as a large town or city. We believe it needs to roughly be at a scale where technology can augment "real world" trust and human relationships but not replace it (as many other technology projects are trying to do). It should be realistic for people to physically come together and feel a sense of pride/connection/purpose with the local area/people. We are assuming this generally means the size of a suburb (typically anywhere between 5k-20k people).

In order to scale the solution, instead of growing the community past this size, the idea is to replicate it in the next community and create simple ways for intercommunity financial interaction. We also want to make it easy to interact with the national (fiat \$) system and provide a mechanism for participants to easily be part of more than one LEC should they wish to.

It is important to note that this project is not driven by libertarian ideologies. We want to create micro-economies that *complement* our national and international economies (not replace them). We still need our national currency and our government to run the country, however, we do believe that there are huge benefits to changing the balance of power and giving communities more power, autonomy and voice.

¹⁹ <https://www.wesleyca.org.nz/>

²⁰ <https://www.ngatitoa.iwi.nz/>

²¹ <https://www.wellfed.kiwi/>

²² <https://www.edibleearth.co.nz/urban-farm>

²³ 'Dunbar's number' (2021) Wikipedia. Available from:

https://en.wikipedia.org/wiki/Dunbar%27s_number [Accessed 5 October 2021]



The Solution Spaces

We believe that there is a path forward that can start to bring alignment to the three pillars. We don't have all the answers but we believe that we, as a society, are at a unique point in history where it is possible to bring together a number of concepts/paradigms/technologies (we are calling these "solution spaces") that can start to make systemic and scalable change.

The following sections outline the key solutions spaces that have shaped the project and will help readers understand how we believe we are able to bring the thesis above to life.

Holistic Wellbeing and the Power of Community

In 2018 the results of a three year experiment in the town of Frome in Somerset in the UK were released²⁴. The data indicated one of the most dramatic medical breakthroughs of recent decades with the potential to transform treatment regimes, save lives, and save health services a fortune. While across the whole of Somerset emergency hospital admissions rose by 29% during the three years of the study, in Frome they fell by 17%. Julian Abel, a consultant physician in palliative care and lead author of the draft paper, remarks: "No other interventions on record have reduced emergency admissions across a population."

Was it a drug? A device? A surgical procedure? No, this result was from an intervention called community. It turns out that when isolated people who have health problems are supported by community groups and volunteers, the number of emergency admissions to hospital falls spectacularly.

Remarkable as Frome's results appear to be, they shouldn't be surprising. A famous paper published in PLOS Medicine in 2010 reviewed 148 studies, involving 300,000 people, and discovered that those with strong social relationships had a 50% lower chance of death across the average study period (7.5 years) than those with weak connections²⁵. "The magnitude of this effect," the paper reports, "is comparable with quitting smoking."

In John Hari's book *Lost Connections*²⁶ he says:

"You aren't a machine with broken parts. You are an animal whose needs are not being met. You need to have a community. You need to have meaningful values, not the junk values you've been pumped full of all your

²⁴ Abel, J., Kingston, H., Scally, A., Hartnoll, J., Hannam, G., Thomson-Moore, A. & Kellehear, A. (2018) Reducing emergency hospital admissions: a population health complex intervention of an enhanced model of primary care and compassionate communities. *British Journal of General Practice*, 68(676), pp.e803-e810. doi: 10.3399/bjgp18X699437.

²⁵ Holt-Lunstad, J., Smith, T.B. & Layton, J.B. (2010) Social relationships and mortality risk: a meta-analytic review. *PLoS Med* 7: e316. doi: 10.1371/journal.pmed.1000316

²⁶ Hari, J. (2018) *Lost connections*. London, Bloomsbury Publishing.



life, telling you happiness comes through money and buying objects. You need to have meaningful work. You need the natural world. You need to feel you are respected. You need a secure future. You need connections to all these things. You need to release any shame you might feel for having been mistreated..."

Community power is an idea whose time has come. At its heart, community power is based on the principle that communities have knowledge, skills and assets which mean they themselves are well placed to identify and respond to any challenges that they face, and to thrive. Community power exists where neighbours come together to respond to a common concern. It manifests when people experiencing the same illness reach out to support each other. It happens when voluntary and community organisations support communities to lead in deciding how a grant should be spent.

In the report "Community Power: The Evidence" from the UK²⁷, researchers identified six benefits from community power:

1. Improve individual health and wellbeing. From well-established peer-support groups, to innovative community-led approaches, practitioners are recognising that people need to be active participants in all efforts to improve their health and wellbeing. They are also seeing the benefits this participation can bring for people.
2. Strengthen community wellbeing and resilience. Involving people in decision-making, alongside supporting them with resources and wider social infrastructure, can enable community action to improve wellbeing and resilience locally.
3. Enhance democratic participation and boost trust. Deliberative and participatory methods can be used to navigate complex socio-economic challenges and to strengthen legitimacy of decision-making. It is at the local level that this dialogue and engagement can be most meaningfully realised.
4. Build community cohesion. The common understanding and social ties that are necessary for cohesion cannot be imposed in the abstract from the national level. Community-anchored approaches demonstrate that cohesion is most sustainably built from the ground up.
5. Embed prevention and early intervention in public services. Where some parts of the public sector are pioneering new approaches that draw on the capabilities and capacities of communities, they demonstrate a route to more sustainable and prevention-focused public services.
6. Generate financial savings. There is growing evidence that investing in community power approaches can generate greater impact for existing spend and save money in the longer-term.

The report also states "*mounting evidence shows the benefits of*

²⁷ Pollard, G., Studdert, J., & Tiratelli, L. (2021) Community Power: The evidence. New Local. Available from: <https://www.newlocal.org.uk/wp-content/uploads/2021/02/Community-Power-The-Evidence-1.pdf>. [Accessed 5 October 2021]

community power to people, communities and public services. Yet community power approaches often remain on the margins of a wider system dominated by large-scale service operations either run by the state or outsourced to the private sector, both ultimately accountable to Whitehall rather than people locally"

It is our contention that in order to make significant positive change it is simply too hard/slow to try to change the existing systems (which often require influencing large organisations or changing government policy). We believe the answer is to create a new system that initially sits outside the current infrastructure, but as it becomes more powerful it starts to influence the existing system. We believe that the time is now right to do that.

Imagine if we could start to create new socio-economic systems that encourage/incentivise community wellbeing rather than individual wealth creation.

Localism and the Wellbeing Commons

Ecologist Garrett Hardin, coined the phrase "Tragedy of the Commons", where people thinking only of their own self-interest, deplete a shared resource, e.g. the overgrazing of pastures. He saw two solutions to this problem; 1) resource regulation through government intervention and 2) privatisation.

Elinor Ostrom was the first woman to win the Nobel Prize in Economics in 2009 for her groundbreaking research on the ways that people organise themselves to manage shared resources. Ostrom's work²⁸ challenged Hardin's approach, arguing that individuals and communities could manage their own collective resources. Her field research in Maine, Indonesia, Nepal and Kenya led to the development of a set of design principles which have supported effective mobilisation for local management of common pool resources (CPR) in a variety of areas. A common-pool resource is a good that functions as a hybrid between a public²⁹ and private good³⁰ because it is shared and available to everyone but also scarce, with a finite supply. These open-access

²⁸ Ostrom, E. (1990) *Governing the Commons: The Evolution of Institutions for Collective Action*. Cambridge, Cambridge University Press.

²⁹ Fernando, J. (2020) Public Good. Investopedia. Available from: <https://www.investopedia.com/terms/p/public-good.asp> [Accessed 7 October 2021]

³⁰ Chen, J. (2021) Private Good. Investopedia. Available from: <https://www.investopedia.com/terms/p/private-good.asp> [Accessed 7 October 2021]



resources are susceptible to overexploitation and diminished availability if each individual pursues their own self-interest. Ostrom's work was based on the principle that CPRs are well managed by those communities that benefit the most from them and that their regulation should be addressed at the local level, through the farmers, communities, local authorities and NGOs. She identified a set of "design principles" of stable local commons resource management:

1. **Commons need to have clearly defined boundaries.** In particular, who is entitled to access to what? Unless there's a specified community of benefit, it becomes a free for all, and that's not how commons work.
2. **Rules should fit local circumstances.** There is no one-size-fits-all approach to common resource management. Rules should be dictated by local people and local needs.
3. **Participatory decision-making is vital.** There are all kinds of ways to make it happen, but people will be more likely to follow the rules if they had a hand in establishing them. This is about decentralised decision-making.
4. **Commons must be monitored.** Once rules have been set, communities need a way of checking that people are keeping them. Commons don't run on good will, but on accountability.
5. **Sanctions for those who abuse the commons should be graduated.** Ostrom observed that the commons that worked best didn't just ban people who broke the rules. That tended to create resentment. Instead, they had systems of warnings and fines, as well as informal reputational consequences in the community.
6. **Conflict resolution should be easily accessible.** When issues come up, resolving them should be informal, cheap and straightforward. That means that anyone can take their problems for mediation, and nobody is shut out. Problems are solved rather than ignoring them because nobody wants to pay legal fees.
7. **Commons need the right to organise.** Your commons rules won't count for anything if a higher local authority doesn't recognise them as legitimate.
8. **Commons work best when nested within larger networks.** Some things can be managed locally, but some might need wider regional cooperation – for example an irrigation network might depend on a river that others also draw on upstream

At the heart of these principles is the concept of localism³¹. Her famous quote elegantly captures this thinking:

"There is no reason to believe that bureaucrats and politicians, no matter how well meaning, are better at solving problems than the people on the spot, who have the strongest incentive to get the solution right."

³¹ Kaye, S. (2020) Elinor Ostrom: The Economist who Proved Community Power Works. New Local, 8 March. Available from: <http://www.newlocal.org.uk/articles/elinor-ostrom-the-economist-who-proved-community-power-works/> [Accessed 7 October 2021]



In New Zealand the influence of the indigenous (Maori) and Pacific Island cultures is integral to our culture and values. Many of the Ostrom's localism principles described above align with our indigenous cultures' worldview that local cooperation is what defines us evolutionarily as a species and that humanity and nature are inextricably interconnected. Veronika Meduna previously discussed these concepts in relation to Mātauranga Māori in her article on The Dig: Kaitiakitanga: Seeing Nature as your Elder³².

Ostrom's work mostly focused on "Commons"³³ as being physical, tangible things (e.g. a stream, forest etc). However, commons can also be understood as any shared resource that groups of people (communities, user groups) can access and manage for individual and collective benefit as 'community capital'³⁴ Through the relationships and interactions within the community, community capital (economic, social, cultural, etc.) is built up and used, impacting levels of community wellbeing as a result.

The Wellbeing Protocol wants to create community owned and governed tools for managing the community's social, economic, cultural, and other resources as a commons, which allows the community in question to align its activities around shared value rather than compete as in a free market.

Imagine if we could design new socio-economic systems that embedded Ostrom's principles in order to protect and grow community wellbeing?

Reimagining Money and crypto-economics

Money, at the heart of our default economic system, is a social construct. Our current dominant system of money (our sovereign fiat currencies such as the New Zealand Dollar or the United States Dollar), has its strength in it being universally accepted/understood as money, and its liquidity. However, if we pause for a moment we realise that, at a local level, our dominant capitalist economic system (with money at the

³² Meduna, V. (n.d.) Kaitiakitanga: seeing nature as your elder. The Dig. Available from: <https://thedig.nz/biodiversity/kaitiakitanga-seeing-nature-as-your-elder/> [Accessed 7 October 2021]

³³ 'Commons' (2021) Wikipedia. Available from: <https://en.wikipedia.org/wiki/Commons> [Accessed 7 October 2021]

³⁴ Rod McCrea, Andrea Walton & Rosemary Leonard (2014) A conceptual framework for investigating community wellbeing and resilience, *Rural Society*, 23:3, 270-282, DOI: 10.1080/10371656.2014.11082070.



center of it) doesn't directly support much of what people actually value such as relationships, well-being, freedom, and creativity.

We also, however, have a non-monetary economy embedded in our monetary economy. A non-monetary economy represents work such as household labor, caregiving, civic activity, the multitude of volunteer networks or even friends doing something for each. These typically do not have a monetary value but remain a vitally important part of the economy. While labour that results in monetary compensation is more highly valued than unpaid labor, it is estimated that nearly half of productive work goes on outside of the market economy and is not represented in production measures such as the GDP. These non-monetary activities are especially dominant in our low socio-economic communities.

So if money is a social construct, could we construct something new that is better aligned to what we actually value? An economic system where the rules better align with local values and support/amplify some of the current non-monetary economy. What if we thought for example of money as also something else: a local purpose driven token designed to increase community wellbeing? These new forms of "money" would be designed to complement our national/global currencies not replace them.

For many years Timebanks, Mutual Credit systems, Local Exchange Trading Systems have tried to address these issues (see "How community currencies could help rebalance our economy"³⁵, "Are community currencies a better way to shop?"³⁶). New Zealand for example has around 25 active timebanks. Some of the documented benefits of these systems including:

- Helping to stop our wealth and energy from being drained out of the local community into for example remote banks and multinationals
- Helping to ensure that money circulates locally, going to local people and local businesses, serving and regenerating the local community.
- Building connection, support and trust between people in the local community, enhancing community spirit (very valuable where community has been breaking down)
- Promoting resilience in the local community, protecting it against the destructive instability of the global markets and the conventional currency system.
- Reducing our ecological footprint by supporting local businesses, which will be more accountable to the community.
- Encouraging people to think more about our purchases and who the currency is benefitting so that we can make better economic choices.

³⁵ Mulgan, G. (2016) How community currencies could help rebalance our economy. The Guardian, 28 June. Available from: <https://www.theguardian.com/society/2016/jun/28/community-currencies-local-economy-volunteering> [Accessed 7 October 2021]

³⁶ Miller, N. (2020) Are community currencies a better way to shop? BBC, 27 April. Available from: <https://www.bbc.com/worklife/article/20200427-how-community-currencies-help-keep-businesses-afloat> [Accessed 7 October 2021]



- Promoting creativity and resourcefulness in the local community, utilising and developing untapped skills, enthusiasm, and potential—even when austerity is called for in the national and global economies.
- Being fully inclusive of the local community, enabling people who would otherwise be marginalised or trapped in poverty and unemployment to integrate and participate in the local community economy.

These projects are running all over New Zealand and the world but have often struggled to maintain a critical mass of users. One of the key problems has been the cost of building and running/maintaining these local systems. Any system that involves value transfer has to be secure and robust. Achieving an optimal user experience and dealing with accessibility issues also requires considerable upfront and ongoing investment. When you are at the scale of a nation state the cost can easily be justified but not if you are a small community.

We believe that there are two key technological advancements that have changed this picture: the smartphone and the blockchain.

Smartphones have had a huge impact on our society. These devices have now penetrated into every community at every socio-economic level (you can now get very cheap Android phones and use free wifi) and using new generation cross-platform development technologies we can relatively easily/cheaply design easy to use "apps" that can be deployed to the Apple and Android ecosystems (the dominant ecosystems today).

Blockchain / decentralisation technology has triggered a fundamental upgrade of the computational fabric that we all use. We're moving from a centralised Web 2.0 model to the new decentralised Web 3 (sometimes referred to as "The Internet of value"³⁷) model that enables new systems to be created that don't rely on trusted third parties. It is out of scope for this document to explain how blockchains work, however, an introduction by Mark Pascall at the 2019 CFO Symposium in Auckland New Zealand³⁸ might be useful for people new to this space.

For the first time in human history blockchain technologies give us the ability to relatively easily create community controlled, programmable value distribution (token based) systems that are independent of state and corporations. Today, many people believe that money should move just as easily as emails, i.e. unconstrained by geography or centralised institutions, and that transactions should be simple, instantaneous and free³⁹.

³⁷ Panos (2021) 6 Ways The Internet of Value Can Benefit the World Economy. Hackernoon, 2 August. Available from: <https://hackernoon.com/6-ways-the-internet-of-value-benefits-the-world-economy-xc51377p> [Accessed 7 October 2021]

³⁸ TheDAO.Agency (2019) Blockchain & Crypto-economics: A CFO Guide to the economy of the future. [Online video] Available from: <https://youtu.be/EUDD1BnRvmU> [Accessed 7 October]

³⁹ Uzsoki, D. & Guerdat, P. (2019) Impact Tokens: A blockchain-based solution for impact investing. International Institute for Sustainable Development, Winnipeg. Available from: <https://www.iisd.org/system/files/publications/impact-tokens.pdf> [Accessed 7 October 2021]



Blockchain based Tokens can represent a multitude of exchangeable valuables such as time, certificates, expertise, commodities, goods, services, vouchers, loyalty points, memberships, financial instruments. More interestingly they can also be assigned all sorts of creative conditions, features or restrictions. For example, one could program the money to be automatically released over time as a way to control budget and expenses, used to develop flexible pricing mechanisms, to create incentives rewards programs or to restrict token use to specific items like food. These are just some examples; the potential applications that can be developed using programmable money are limitless.

It is important to understand that digital tokens that represent some kind of value and that aren't controlled by our government are not new. Airpoints, loyalty cards, Barter Card etc have been around for decades. Large organisations spend millions of dollars creating and maintaining these systems. The difference is that they are designed to increase profits for those organisations (rather than increase community wellbeing).

The emergence of the token economy offers new possibilities for creating systems that are decentralised and secure, which can give communities new tools of governance, such as the development of incentive mechanisms around common objectives. Tokens can also completely reinvent business models, create new economies and change society's view on earning income by converting non-financial values such as passive work and natural capital into something that can be monetised and traded across a blockchain. Personal data, which is already used and sold without consent in many cases, could generate financial rewards for individuals, and large assets, such as property, could be parcelled into tokens as smaller shares of the entire asset.

Importantly, with new blockchain token economic design patterns such as token bonding curves⁴⁰ and automated market makers we are also able to create one sided automated markets (that crucially enable automated liquidity and price discovery for low volume tokens such as a community token).

Issuing a local digital currency allows a local community to build a micro-economy around a set of shared values. Holding a specific currency is a bet on the future growth of that economy. The more people who hold the currency, the more people who will have interest in participating and growing the economy. The token begins to feel more like a "share" in the community and we can start to create new and exciting incentive structures.

⁴⁰ TradingBull (2021) What are Bonding Curve Offerings? Hackernoon, 7 May. Available from: <https://hackernoon.com/what-are-bonding-curve-offerings-xi2k34bm> [Accessed 7 October 2021]



Imagine if we could create a local digital currency that allows a local community to build a micro-economy around a set of shared values.

Reinventing Organisations and Decentralised Autonomous Organisations (DAOs)

In 2014 Fredrick Laloux published his seminal book Reinventing Organisations⁴¹ which triggered a quiet movement that has been challenging the traditional thinking around human coordination and how/why organisations exist. In the first half of the book Fredrick examines the evolution of organisations. It links the development of organisational models in line with the shift of humanity to a new stage of consciousness. The key idea is that for each stage of human development, a model has been established that was more “productive” for that particular stage of consciousness. Laloux uses a colour-coding to identify the different stages.

⁴¹ Laloux, F. (2014) Reinventing Organizations. Nelson Parker.



Exhibit 1: Evolutionary Breakthroughs in Human Collaboration

Color	Description	Guiding Metaphor	Key Breakthroughs	Current Examples
RED	Constant exercise of power by chief to keep foot soldiers in line. Highly reactive, short-term focus. Thrives in chaotic environments.	Wolf pack	<ul style="list-style-type: none"> • Division of labor • Command authority 	<ul style="list-style-type: none"> • Organized crime • Street gangs • Tribal militias
AMBER	Highly formal roles within a hierarchical pyramid. Top-down command and control. Future is repetition of the past.	Army	<ul style="list-style-type: none"> • Formal roles (stable and scalable hierarchies) • Stable, replicable processes (long-term perspectives) 	<ul style="list-style-type: none"> • Catholic Church • Military • Most government organizations (public school systems, police departments)
ORANGE	Goal is to beat competition; achieve profit and growth. Management by objectives (command and control over what, freedom over how).	Machine	<ul style="list-style-type: none"> • Innovation • Accountability • Meritocracy 	<ul style="list-style-type: none"> • Multinational companies • Investment banks • Charter schools
GREEN	Focus on culture and empowerment to boost employee motivation. Stakeholders replace shareholders as primary purpose.	Family	<ul style="list-style-type: none"> • Empowerment • Egalitarian management • Stakeholder model 	Businesses known for idealistic practices (Ben & Jerry's, Southwest Airlines, Starbucks, Zappos)
TEAL	Self-management replaces hierarchical pyramid. Organizations are seen as living entities, oriented toward realizing their potential.	Living organism	<ul style="list-style-type: none"> • Self-management • Wholeness • Evolutionary purpose 	A few pioneering organizations (see "Examples of Teal Management")

Source: Frederic Laloux, *Reinventing Organizations* (Nelson Parker, 2014)

Figure 4. Source: Frederic Laloux, *Reinventing Organisations* (Nelson Parker, 2014)

He then goes on to describe case studies of organisations (around 20) operating in the "teal" model and distils teal best practises.

At the heart of his research is the notion that the conditions are right (for example high rate of change, pressure to collaborate to solve global problems etc) for the emergence of new "operating systems" for human collaboration. Ones based around three core concepts:

1. Self-management. Teal organisations operate effectively, even at a large scale, with a system based on peer relationships. They set up structures and practises in which people have high autonomy in their domain, and are accountable for coordinating with others. Power and control are deeply embedded throughout the organisations, no longer tied to the specific positions of a few top leaders.
2. Wholeness. Whereas Orange and Green organisations encourage people to show only their narrow "professional" selves, Teal organisations invite people to reclaim their inner wholeness. They create an environment wherein people feel free to fully express themselves, bringing unprecedented levels of energy, passion, and creativity to work.
3. Evolutionary purpose. Teal organisations base their strategies on what they sense the world is asking from them. Agile practises



that sense and respond replace the machinery of plans, budgets, targets, and incentives.

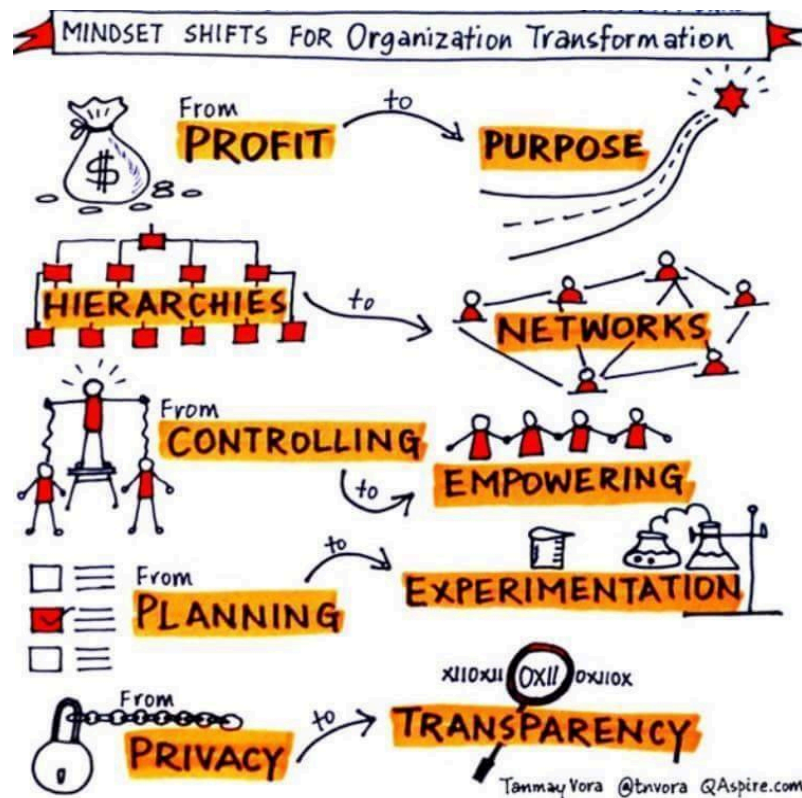


Figure 5. Source

He argues that the organisations he studied were the early adopters of this new management paradigm. These organisations, instead of having a profit driven, hierarchical power/control structure that emphasised planning/privacy/control of IP etc, were instead purpose driven, non-hierarchical and focused on empowerment, experimentation and transparency.

Fredericks work (and the work of others since then) also began to challenge the very notion of what an organisation is. Can any group of people who have a shared purpose be considered an organisation?

In parallel to the "teal" movement something else has been occurring in the technology space. For decades groups of people have been collaborating to build software. However, instead of creating IP that can be used to make profit in the future, they have been sharing all code and IP for anybody in the world to use. The open-source model⁴² is a decentralised software development model that encourages open collaboration. A main principle of open-source software development is peer production, with products such as source code, blueprints, and documentation freely available to anyone.

⁴² 'What is open source?' (n.d.) Opensource.com. Available from: <https://opensource.com/resources/what-open-source> [Accessed 7 October 2021]

Open source software can be considered “public good” and has similarities to Ostrom’s Commons Pool Resources in that it is not “owned” by anyone and is freely available for anybody to use and benefit from. As a type of Commons it also suffers from “the Free Rider” problem, i.e. “the burden on a shared resource by its use or overuse by people who aren’t paying their fair share for it or aren’t paying anything at all”⁴³. Even though many Open Source software projects have been very successful (most of the infrastructure software that powers the internet is now open source) it often suffers from a lack of a sustainable economic model that incentivises developers to work on projects.

The Blockchain has changed everything. With the development of second generation blockchains such as Ethererum that supported smart contracts (a way to codify immutable business logic), people began to realise that decentralised technologies could be used for so much more than creating new currencies. Programmable tokens could be designed to represent many things such as governance rights, reputation and utility within an ecosystem. The field of Token economics (can be thought of as the intersection of governance and game theory) has emerged and token economic primitives such as token bonding curves, quadratic voting, conviction voting now gives us new ways to coordinate humans. We can now build transparent trusted organisations / economies that are independent of existing geo-political boundaries.

These have become known as Decentralised Autonomous Organisations (DAO). There are many definitions including:

A DAO is a borderless, open, transparent organisation that aims to most efficiently achieve a set of purpose-driven goals through the use of independent agents driven by incentive mechanisms

With DAOs the line between an organisation, a community and an economy starts to blur as well as the line between a shareholder, a user or a community member. DAOs do not replace companies, instead they alter the economic landscape by creating novel markets and opportunities which individuals and companies can participate in.

Importantly, through the use of well designed token economic incentive systems, DAO’s have given us a way to wrap an economic model around open source. We can now create incentives for people to start and invest time into growing purpose driven “organisations” (or communities).

We can also take Impact Investing to a whole new level by providing trust, transparency, low transaction costs, and measured and verified impact data. We want to build a system that proves to impact investors that their \$ is having maximum impact (in many cases every \$ is amplified by the community)

⁴³ The Investopedia Team (2020) Free Rider Problem. Investopedia. Available from: https://www.investopedia.com/terms/f/free_rider_problem.asp [Accessed 7 October 2021]



We believe that the creation of Blockchain / DAOs now gives us the means to create scalable “teal” organisations.



Starting the Journey

The Cannon Coin Trial

In 2020 we were accepted into the Creative HQ Govtech accelerator program⁴⁴ which among other things gave us the opportunity to present some of the early concepts at the New Zealand Parliament⁴⁵. Although the concept was very well received we struggled to achieve funding from government or corporate sources. Wesley Community Action⁴⁶ and Ngati Toa⁴⁷ kindly provided us with some initial funding which we combined with help from a significant number of motivated volunteers and organisations to run a limited trial in a low socio-economic region of Cannons Creek⁴⁸ north of Wellington.

We set up a stakeholder advisory board consisting of:

- Mark Pascall (The Wellbeing Protocol)
- David Hanna (Director of Wesley Community Action)
- Helmut Modlik (CEO and Executive Director of Ngati Toa Rangatira)
- Mark Dalton (International Development & Digital Transformation at the United Nations)

This group met up every week for the duration of the project.

Applying Agile and Lean Startup philosophies we wanted the trial to help us validate some of our assumptions and gather information. A core component of the project was a digital wallet that holds tokens that represent some kind of value. In the future tokens could represent many things (e.g. reputation, voting rights, community equity etc), however, for the trial we wanted to keep things as simple as possible and have it represent an alternative currency which was named (in consultation with the community) the Cannon Coin. Some of the areas we were hoping to explore were:

- Would the technology work in a low-socioeconomic area (e.g. do people have modern enough smartphones and data to run a digital wallet app)?
- Could we design a "minimum viable product" app that people easily understood?
- How receptive to the big picture concept (and us) would the community be?
- What are the best ways to engage with the community and the best "onboarding" approach?
- Would the mainstream media pick up on the concept and could that wider public interest be used to help create momentum for the project?

⁴⁴ <https://llgovtech.co.nz/>

⁴⁵ TheDAO.Agency (2020) The Wellbeing Protocol. [Online video] Available from: <https://youtu.be/vD5jmmGxqS4> [Accessed 8 October 2021]

⁴⁶ <https://www.wesleyca.org.nz/>

⁴⁷ <https://www.ngatitoa.iwi.nz/>

⁴⁸ 'Cannons Creek, New Zealand (2021) Wikipedia. Available from: https://en.wikipedia.org/wiki/Cannons_Creek,_New_Zealand [Accessed 8 October 2021]



So we ended up creating a cross platform (Apple/Android) app that had a basic digital wallet that allowed access to a new standards compliant (Ethereum ERC20) token (on an Ethereum sidechain) that we named the Cannon Coin. The Cannon Coin is a Stable Coin (1 Cannon = NZ\$1) in that for every Cannon Coin that we minted we held NZ\$1 in a charity bank account (Wesley). We partnered with the Wesley Fruit and Vegetable co-op⁴⁹ that produces a \$12 box every week and we built a simple to use order process into the app. We also built in a basic proposal/voting system to allow anybody in the community to create and vote on community wellbeing projects (using a voting mechanism called quadratic voting⁵⁰).

We asked 50 people from the community to take part in the trial which ran for two months. At the beginning of the trial we issued 50 Cannon Coins (CAN) to each person in the trial (i.e. we had $50 \times 50 = \text{NZ\$}2,500$ as a reserve in a bank account).

We also launched a public crowdfunding campaign that allowed anybody (outside the trial) to donate to the project. Each NZ\$ we received (and went into the Wesley Charity bank account) we minted a Cannon coin. We raised about NZ\$1,500 (i.e. 1,500 CANS minted and put in the community fund).

The app allowed people to use their Cannon Coin in four ways:

- Purchase a fruit and vege box from the Porirua Fruit and Vege Co-op (1 Box = 12 CAN - normally \$12 NZD)
- Transact between themselves (similar to the current timebank)
- Contribute to the community fund (knowing they will get an opportunity to have a say on where the funds go)
- At the end of the trial people would be able to "cash-out" (i.e. convert their Cannon Coin to NZD). However, this transaction will incur a 50% "tax" to disincentive this (e.g. somebody wants to 'cash-out' 20 unspent CAN then they would receive \$10 NZD in cash).

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<https://www.wesleyca.org.nz/what-we-do/wellington-region-fruit-vege-co-op/join-the-porirua-fruit-vege-coop/>

⁵⁰ Ray, S. (2019) What Is Quadratic Voting? Towards data science, 24 September. Available from: <https://towardsdatascience.com/what-is-quadratic-voting-4f81805d5a06> [Accessed 8 October 2021]



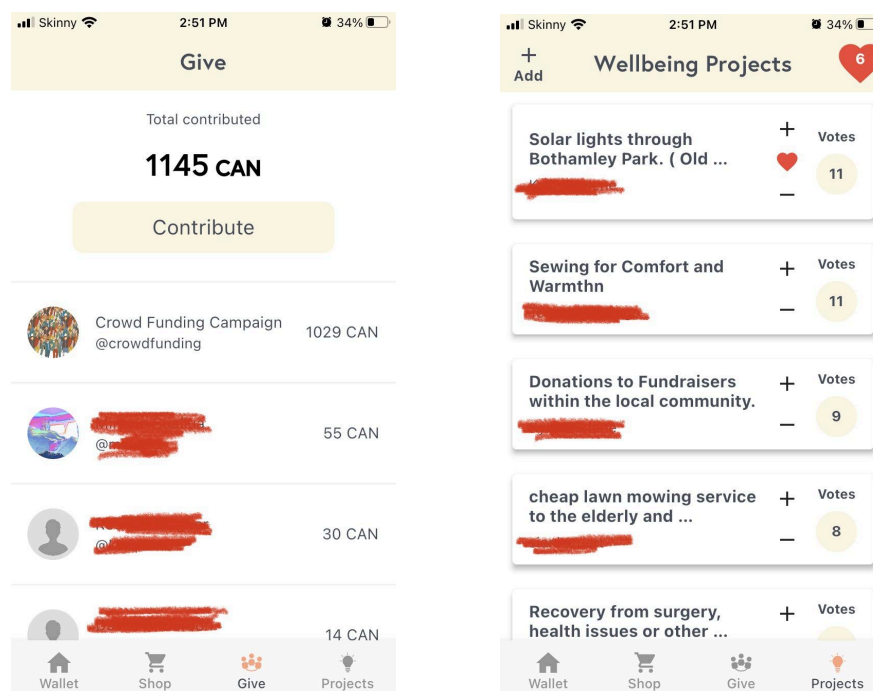


Figure 6. Screenshots of the Cannons Creek pilot app

The app also allowed any community member to list a "wellbeing project", (i.e. something that could be done to help the community) and vote on other peoples projects.

The concept was that Cannon coins would flow into the community fund (either from individuals on the trial or from the wider public crowd funding campaign). Then a small group from the community would decide to allocate community funds (in CANs) to the people leading the wellbeing projects that were most popular (and appropriate) thus increasing the number of CANs in circulation and incentivising wellbeing projects.

Note that a demo version of the app can be downloaded by anybody in NZ (you will be given 50 CANs to play with). Search for "The Wellbeing Protocol" in the Apple or Google app stores..

We ran numerous community meetings⁵¹ prior and during the trial to engage, build relationships and get feedback from the community. We created a video⁵² to explain the trial to potential contributors.

Media Coverage

We were excited to see that the trial captured the general public's imagination with coverage across all NZ mainstream media, e.g

⁵¹ A recording of a community meeting hosted on the Vimeo platform. Available from: <https://player.vimeo.com/video/553856393> [Accessed 8 October 2021]

⁵² The Wellbeing Protocol (2021) Cannon Coin Pilot - Donation Explainer. [Online video] Available from <https://youtu.be/oBSluzB5tJE> [Accessed 8 October 2021]

- National TV: TV3⁵³, (and un-geoblocked version of the recorded news broadcast⁵⁴)
- Multiple Radio Stations including National Radio: RNZ⁵⁵,
- Social Media: LinkedIn⁵⁶
- Local and National Newspapers (print and online): Stuff⁵⁷
- National Business press: BusinessDesk⁵⁸
- Financial Podcast: NZ Investor Today⁵⁹

All the exposure created significant brand recognition for the project and interest from many other communities around New Zealand about the possibility of applying the concepts to their community. This included Raglan Community Board, Ngati Toa, The Far North District Council and The Devonport Peninsula Trust.

Learnings from the trial

It's fair to say that at the start we didn't know what we didn't know. For example we knew very little about the community and if/how the technology would work. With the very limited resources we had, we always knew there would be limitations on what we could achieve.

Some of the key learnings:

- It was vital to build relationships with some key organisations in the community. Quite rightly there was considerable scepticism from the community (i.e. people from outside the community proposing a technological solution) so our decision to partner with existing community based organisations (Wesley and Ngati Toa) was very important. Even with those relationships we had to invest considerable time building trust with the community. Having members of the community actively involved in the

⁵³ Alexander M. (2021) Local Currency: Cannons Creek community tries out a new currency to boost wellbeing. Newshub, 8 June. Available from <https://www.newshub.co.nz/home/money/2021/06/local-currency-cannons-creek-community-tries-out-a-new-currency-to-boost-wellbeing.html> [Accessed 8 October 2021]

⁵⁴ TheDAO.Agency (2021) The Wellbeing Protocol Cannons Creek, New Zealand community currency trial. [Online video] Available from: <https://youtu.be/QeVcik8fleE> [Accessed 8 October 2021]

⁵⁵ Nine to Noon (2021) Cannons Creek digital wallet scheme. RNZ, 28 June. Available from: <https://www.rnz.co.nz/national/programmes/ninetoon/audio/2018801586/cannons-creek-digital-wallet-scheme> [Accessed 5 October 2021]

⁵⁶ Mark Pascall (2021) Local Currency: Cannons Creek community tries out a new currency to boost wellbeing. [LinkedIn] Available from: https://www.linkedin.com/posts/markpascall_local-currency-cannons-creek-community-tries-activity-6807896556591828993-vb-t/ [Accessed 5 October 2021]

⁵⁷ Williams, K. (2021) We CAN: Porirua's Cannons Creek gets its own wellbeing currency. Stuff, 11 June. Available from: <https://www.stuff.co.nz/pou-tiaki/125385529/we-can-poriruas-cannons-creek-gets-its-own-wellbeing-currency> [Accessed 5 October 2021]

⁵⁸ Griffin, P. (2021) Finally, a use for blockchain to get excited about. BusinessDesk, 8 July. Available at: <https://businessdesk.co.nz/article/opinion/finally-a-use-for-blockchain-to-get-excited-about> [Accessed 5 October 2021]

⁵⁹ NZ Everyday Investor (2021) Power to the People/ Ep 175 / Mark Pascall. Podcasts.NZ, 16 August. Available from: <https://www.podcasts.nz/nz-everyday-investor/> [Accessed 8 October 2021]



governance process was also vital.

- Relationship building takes time. There was an ongoing but manageable tension around the pace of the project, i.e. blending the high paced world of agile software development (e.g. 2 week sprint cycles etc) with the relationship building with a disadvantaged and often under stress community. Getting people to turn up to meetings was a constant challenge.
- The technology worked very well. We believe we made some good technology decisions early on that helped to build an effective product. The general feedback was that we created something that was very intuitive / easy to use. We had very few problems with older devices. Transaction times were around 2 seconds, with negligible transaction costs.
- We needed more resources and time. Our key partner was Wesley Community Action and we agreed with them at the outset that we would limit the trial to 2 months and limit the scope of the trial (i.e. only one shop and no economic stimulation events). Creating an economy relies on the network effect (like a phone network this is the phenomenon whereby the value of a system is proportional to the number of people using the system). Having 50 users and one shop in a population of 10k in Cannons Creek did not give us the density of users to create enough value (and organically attract more members and transactions). We didn't have the time or resources to manually stimulate the economy within the trial period.
- Having a well respected community member (Lisa) as part of the team was vital in building trust with the community
- The partnership with Wesley, whilst vital for that part of the project did reduce our ability to innovate and react to learnings during the trial (i.e. a larger decision making group and at times unavailability of key people)
- As the trial progressed more community members began to see the potential. "Oh I could get together with Jan and we could offer the community singing lessons for CANs and then have a concert where we could charge CANs" or "we could use the community fund to build that bike track for the kids at the school". We also saw a shift in perception of the Cannon coin with people beginning to see it as more of a "share" in their community (i.e. taking pride in owning it as they knew it was helping their community).
- Before and during the trial we engaged with a number of relevant organisations to ensure legal/compliance risks were minimised. These included the Financial Markets Authority, The Reserve Bank, Law firm Minter Ellison and the Ministry of Social Development. These organisations were generally very supportive and we did not encounter any roadblocks, however, the consensus was that we need further conversations if the trial was to expand.



- In hindsight possibly the most valuable outcome of the Cannon Coin trial was validation that the concept could capture the public imagination and get national publicity. This has given us the confidence that the conditions (time / place) are right to build a strong and loyal community to support the project.

Cannon Coin - The Next Phase

One of the key lessons from the first trial was that with limited resources it is very hard, but very important, to find an engaged small group of people from the community to help to co-create the system and make decisions that represent the community. For the next phase we propose that initially this group (the “engine room”) is made up of some of the most valuable people from the first trial combined with new stakeholder representatives (i.e. local organisations who are committing time/resources to the project). Later on a more robust process for selecting these people will be developed (e.g. elections and/or delegated voting, etc).

Note that we have included specific suggested settings here, however, all of them will be discussed / confirmed by the community.

For the next phase we want to build on the principles and learning from the first trial. There would be a number of key differences in approach:

- There wouldn't be an end date and we would have funding to ensure we can provide enough “on the ground” support.
- The app would be upgraded with a number of new features including:
 - The ability for anybody to create some optional, searchable “profile” information that outlines what they can offer the community (their hidden potential) and where they need help and contact details. Note that from experience participants will need coaching and support around this.
 - We will build better ways to capture wellbeing data (via surveys in the app) so that we can better quantify outcomes.
 - Including more educational and support content accessible from the app (both wellbeing and how to use the app/economy)
- We want to launch with a small number of existing local organisations (4-6) on the platform so that there is enough “value” in the system from day one, even with low initial users. These organisations would be value aligned (i.e. not for profit, doing good in the Cannon Creek community) and many would rely in part on a volunteer network to function. For example we are in



discussions with Wesley⁶⁰, Ngati Toa⁶¹, Wellfed⁶², Edible Earth⁶³, Free For All⁶⁴ and the local pharmacy/barber. From our initial discussions with some of these organisations one of the key challenges they face is the battle of keeping volunteers coming back and the constant effort needed to apply for funding/grants. We believe we can show each of these entities the benefits of joining the new economy from day one (such as providing new incentives to boost their volunteer network, potential new funding channels, new customers, new publicity...). Given the media coverage of the first trial, a lot of people have now heard of the project.

- We would secure enough funding to properly “bootstrap” the economy. Our current estimate is NZ\$30k (which would be added to the current 2k we have raised for Cannons Creek first trial), which would be placed in a bank account and used to “mint” new CANS. At this point we are thinking that 5k could be used as incentives to get people to come to events about the project (e.g. “Come along to our informational evening and get 15 free CANS”) and 28k put into the Wellbeing community fund (i.e. open to anybody in the community to use). We believe that by having a 28k CANS (equivalent to NZ\$28k) community fund, with the appropriate publicity, would give an attractive incentive for new people to join the economy and get involved in community wellbeing projects.
- The Engine Room group would meet regularly to make decisions around how to allocate the community funds (CANS) to the appropriate and most popular community generated wellbeing projects. This group would be fully transparent (e.g. anybody from the community can show up and observe meetings) and guided by a co-created Purpose and Principles document.
- The intention would be that over time the committee would transition to a community decided governance structure.
- Although open to anyone in Cannons Creek, initially we would focus our “onboarding” effort on communities with the community, for example school parent networks. We have had a number of meetings with Glenview Primary who are potentially keen to be involved. We believe this will make it easier to achieve a higher density of participants and therefore create more utility in the form of inter-person trading earlier.
- Initially community participants would not be able to convert between NZ\$ and CAN's but if any of the participating entities needed to cashout (e.g. if they amass CANS that they need to cashout to pay suppliers in the wider economy) then there would be an exit tax (e.g. 8%) which would be fed into the community fund.

⁶⁰ <https://www.wesleyca.org.nz/>

⁶¹ <https://www.ngatitoa.iwi.nz/>

⁶² <https://www.wellfed.kiwi/>

⁶³ <https://www.edibleearth.co.nz/urban-farm>

⁶⁴ <https://www.freeforall.co.nz/>



- We actively track and publicise (to social media and press) the positive stories that emerge from the project (with permission from the community) and the support from funders (if they want to be named). This will give additional benefit to the participating entities and should help generate more funding.
- Once running we proactively approach organisations who are currently funding work that aligns with the provable benefits of the economy and discuss how they might support the system.

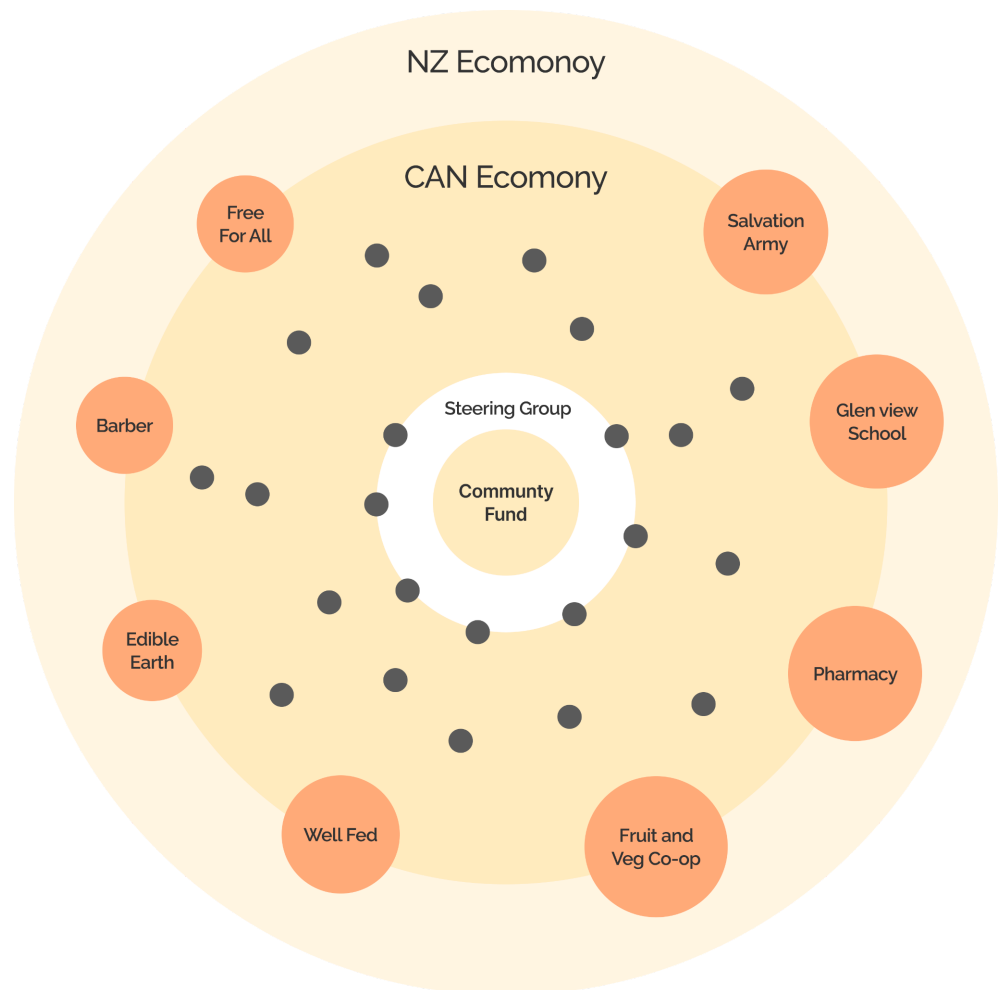


Figure 7. A visual representation of how the CAN economy sits inside the NZ economy.

Example scenarios:

1. Andrea is a well respected parent at Glenview Primary (a decile 1 school in Cannons Creek). They have been wanting to build a bike track for the kids for years. She enters a wellbeing proposal in the app to ask for 300 CAN to give out as koha to volunteers who would work for 3 weekends to build the track. She also learns from one of TWP information evenings that Bunnings are providing free resources for great community projects. This gets a lot of votes in the app and at the weekly fund allocation meeting the committee agrees to authorise this project. It is agreed to transfer 100 CAN to her before each of the weekends.

Andrea gives the CANS to the volunteers at each of the working bees. She helps them set up a wallet and show them how easy it is to transfer CANS if they haven't done it before. The volunteers can immediately use the CANS at a number of "shops", including the local pharmacy, and pay for things at a 1 CAN = NZ\$1 rate.

2. Rawiri runs a charity in the CAN economy that provides free transport to people in need in the local area. He survives on government grant funding and a volunteer network of local people. He puts in a proposal to ask for 100 CAN per month for 3 months to provide koha for his drivers. This gets a lot of votes and the proposal is authorised by the committee.
3. Tom has earned some CANS doing volunteer work. He likes the idea of paying his brother Alex in CANS to help him out at his workshop because he knows that Alex can only use the CANS at a few local shops, e.g. pharmacy, barber, fruit and vege shop (and not on the pokies etc).
4. Aroha runs the local pharmacy in Cannons Creek. She has agreed to support the project as she loves the concept and wants to support her local community. She has also been benefiting from all the publicity and being listed in the app. One of her staff has the app and whenever somebody wants to pay for something in CANS it is simply treated as an alternative to EFTPOS/Credit Card (but without the transaction fees). Each month TWP sends a statement that can be imported into her accounts package. Every month Aroha has the option to either convert her CANS to NZ\$ (with a 8% tax that transparently goes into the community fund as a donation from her Pharmacy) or use her tokens in the community (e.g. give her staff a Koha in CANS or run a health education event where people are paid 10 CANS to turn up).

We believe that this model gives us an easy to understand starting point that will provide enough of an incentive for the right people to join and allow the economy to gradually gain momentum.

The key objectives would be to show that we can create a sustainable wellbeing economy that:

- Is "minting" more CANS than it is "burning" (CANS are burned whenever an entity cashes out)
- Is measurably increasing the wellbeing of the community.

Then we can confidently start to scale and reproduce the concept. We believe that the risks are low in that either the economy grows (i.e. more CANS minted and more money kept in the reserve) or it will start to shrink (and we can adapt as we go). The worst case is that we make the decision to halt the economy and we allow all token holders to "cash-out" into NZ\$, and unused money in the community fund is returned to funders.



Team

Core team

Mark Pascall

[Mark Pascall](#) has been heavily involved in blockchain/DAO technologies for the last 7 years. Highlights over the last few years include:

- Founding Partner of Metacartel Ventures (one of the worlds most successful DAO's currently managing US\$50m of crypto assets)
- Founder The Wellbeing Protocol
- Created and ran the first University level course on DAOs at Victoria University, NZ
- Executive Director of Blockchain NZ
- Co-founded BlockchainLabs.nz
- Created/ran 2017 Blockchain NZ conference (including bringing Vitalik Buterin and Andreas Antonopolus to NZ)
- Featured in book "Decentralised Thriving"
- Co-authored Government report "New Zealand: Unlocking Blockchain's Potential"
- Presenting to NZ Government select committee
- Presented at over 40 conferences in 6 countries on decentralisation topics
- Common Stack "Trusted Seed"
- Active blogger on decentralisation topics

Other team members:

- Benjamin Alder (Design Researcher)
- Lisa Tagaloa (Community Engagement)
- Klaus Hott (Smart Contract Developer)
- Muhammed Nashat (Front end developer)
- Expanded as soon as initial funding was secured.

Advisors

- Dr Jennifer Ferreira (Victoria University)
- Mark Dalton (United Nations)
- David Hanna (Director of Wesley Community Action)
- Helmut Modlik (CEO and Executive Director of Ngati Toa Rangatira)



Appendix A - TWP

Organisational Design Principles

The Wellbeing Protocol (TWP), is a not for profit, open source entity created to help initiate and support new well being focussed Local Economic Communities (LECs) such as the Cannon Coin LEC. TWP wouldn't own any IP (everything would be open sourced), or employ any people. It would act as a kind of brokerage layer between the people doing the work, funders and the communities. The end goal is for each LEC to become its own self governing DAO. TWP can be thought of as a parent DAO that is creating and nurturing (but after a while not controlling) child DAO LECs.

This space is new, experimental and exciting (but not without challenges/risk). We believe there are numerous ways to minimise risks through creating small experiments that validate the approach.

TWP can be considered a social enterprise "startup". In practice this takes the form of a growing group of motivated people allocating time to the project. The intention is to wrap "just enough" governance and process plus an economic incentive. The organisational design will be based on a few key concepts that would gradually be implemented:

1. The Community Covenant. This is a document, written in plain English, which explains what the organisation is about. It establishes purpose, values, rules and customs. And is used to protect the DAO from malicious actors without sacrificing the agency of its members. Anyone interacting with the organisation has to abide by this covenant. In particular, any decision / proposal which violates the spirit of the covenant can be challenged and taken to a dispute resolution system.
2. Dispute resolution system. It provides a way to resolve subjective disputes, and to peacefully enforce the covenant. This process is generally involved in exceptional circumstances (i.e. when an action is challenged). A group of verified/trusted people are tasked with deciding whether or not the disputed action is compatible with the community's covenant. By allowing any community member to challenge decisions / proposals that aren't in line with the values of the community, we can provide an effective way to uphold a DAO's core values.
3. Circles. These allow the DAO to distribute decisions/power through a [hierarchy of purpose driven "Circles"](#). Circles in practice represent areas of specialisation where groups of roles come together (a Role being a collection of accountabilities).
4. Economic incentives. Funding will be provided by the Impact DAO (see below) and fed into TWP Circles on an ongoing incremental basis. Participants within circles would then reward each other in an innovative peer to peer system called [Coordinape](#). Coordinape allows decentralised teams without top down management or HR to autonomously allocate and reward



contributors with funds, all done via sybil resistant social graphs. The Author is part of Metacartel Ventures who are currently using Coordinape to coordinate/incentivise 70 people to manage a US\$60m venture capital fund.

5. Effective decision making. There are numerous existing and emerging online/offline tools and best practices from the teal / Holacracy spaces that would be employed as the project evolved. These include: [The Consent / Advice Process](#), [Loomio](#)



Appendix B - Funding and the Impact DAO Token

The Impact DAO concept was conceived earlier this year in a [linkedin post](#) designed to test if there was interest/appetite for the concept. We had a positive response, not only from people who wanted to support The Wellbeing Protocol but from people from all over the world who wanted to use the concept to support other social good, [UN Sustainable Development Goal](#) aligned projects. For example the team behind TWP have been engaged to help [Janajal](#) to create a Water Impact DAO.

An impact DAO can be thought of as an entity where value-aligned people can come together to pool their money and fund high social impact SDG aligned projects. It is designed to create a new, better way to fund projects that matter by:

- Creating a stronger connection between the giver and the receiver
- Creating a strong community of givers with shared values
- Allowing givers direct influence on the allocation of funds
- Creating new incentives structures with better data that to encourage more people to give
- Creating more opportunities for givers to get involved (i.e. give time and expertise) in the projects they are supporting
- After an initial vesting period, de-risking by allowing funders to pull their funds out automatically before any decisions to allocate funds is executed.
- Creating a system that should maintain funders initial investment
- Using innovate "trustless" governance/voting systems

There could be many Impact DAOs, each having a specific focus. This document is concentrating on an Impact DAO focussing on supporting The Wellbeing Protocol but the concept could be applied to many other areas (potentially creating a family of SDG aligned Impact DAOs).

At the heart of the concept is the Impact DAO Token. We would be building on the work done by [The Common Stack](#) and [1Hive](#) (we are already working with the core team). There are two key concepts that underpin the approach that are important to understand:

1. Augmented Token Bonding Curves. This is described in Griff Green talk [Incentivizing Funding for Public Goods](#) (jump to 16 minutes in)
2. Conviction Voting last year. This is described in Jeff Emmetts piece [Conviction Voting: A Novel Continuous Decision Making Alternative to Governance](#)

Note the key properties of a token bonding curve token issuance is that there is an unlimited supply of tokens and the price is mathematically linked to the number of tokens minted. The more tokens minted the higher the price. Initially the Impact DAO token would be issued to a small closed group of value-aligned and influential individuals



("hatchers") who provide the initial capital. There would be a high degree of trust and respect within this group (they would act like an advisory board). This money would be vested (locked) for an agreed period of time (1 year?) and transparently split between the reserve and the funding pool at an agreed ratio (60:40?).

When this group agrees the time is right a [Bonding Curve Offering](#) would be launched that allows others to purchase the Impact token (and partake in governance decisions). It is likely that we would build an incentive to lock (vest) tokens for a period of time to reduce price speculation / pump and dump incentives (i.e. you get a lower price if you lock for x months). If there is sufficient interest/demand (which the hatchers are incentivised to generate) then the token price will increase as per the bonding curve formula.

All requests to spend funds from the funding pool would be via transparent funding requests that would be voted on by token holders using the conviction voting system. Some examples of funding proposal requests that might be considered by the DAO governance:

- TWP software development circle might put in a proposal to the Impact DAO that might request 5k in DAI (DAI is a US\$ pegged "stable coin") in order to build out some new features in the app.
- TWP Community building Circle might request NZ\$2k to run an event in Auckland to promote the project.
- The Cannon Coin LEC might request an additional top up for the community fund of NZ\$10K to fund an exciting joint project with the council to address a growing school bullying problem in the area.

The long-term objective for the token is to create a new and alternative way for anybody to create provable high social impact. The key problem this solves is the lack of transparency/trust with traditional ways to give. One of the key goals at The Wellbeing Protocol is to collect data and stories that proves impact and prove a radically more efficient mechanism to help those in need (thus hopefully ensuring that funding proposals continue to get authorised by the Impact DAO).

So the basic thesis becomes - people will give to the Impact DAO, i.e. buy Impact DAO tokens (and get pleasure and increased wellbeing) if the Impact DAO can prove efficient impact. The TWP and Impact DAO are both incentivised to prove impact so that money keeps coming in and proposals get authorised. Incentives are aligned and the system should be able to grow organically.

One of the reasons for the explosive growth and [hype around NFTs](#) is that (in the author's opinion) it creates a global digital mechanism to satisfy one of our worst human traits - the desire to show off our material wealth. We want the Impact DAO token to start a counter movement, one where people and organisations (including other DAOs) either publicly or privately prefer to instead put their money directly into areas that make the world a better place. We would also create NFT's to individuals or organisations that relate to the stage or amount that they got involved (i.e. early or major or long-term contributors could get an NFT "badge" that could give them certain benefits). These could potentially be used to give them certain privileges.



As the number of Wellbeing Local Economic Communities (LETs) grows we would work towards a model where they become more independent of TWP and become incentivised to prove social impact in order to get grants from Impact DAO.

Currently there is a huge amount of money flowing into Decentralised Finance DAOs ([currently around US\\$100B](#)). There are real people in these communities making decisions around where to spend their treasury. We see opportunities to persuade those communities to purchase Impact DAO tokens.

If successful then the token price should go up (set by the predefined slope of the bonding curve), thus rewarding early contributors should they want/need to sell. If the token price goes down then that indicates that the project is not succeeding and should change direction.

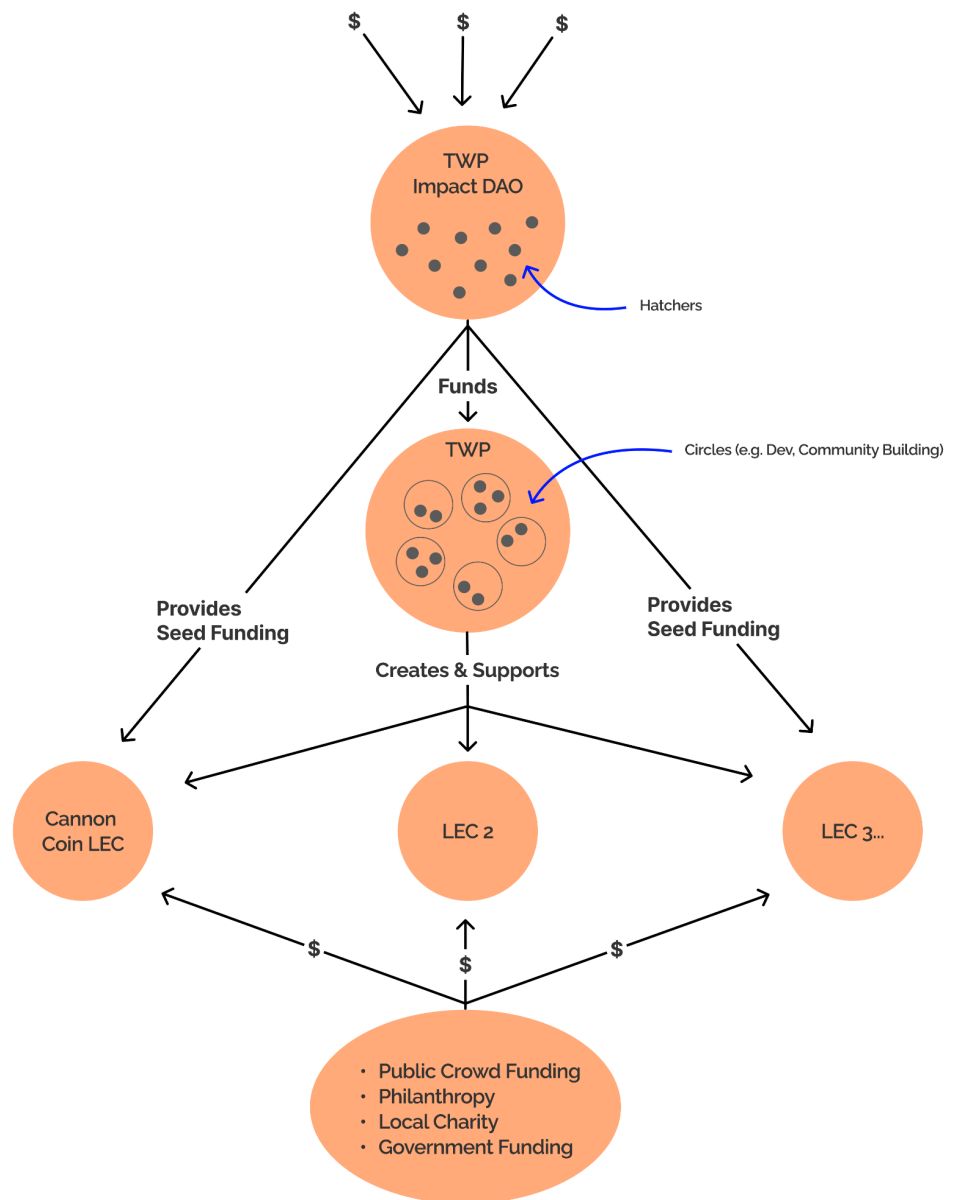


Figure 8. How we expect the impact token to work

Appendix C - The Sustainable Development Goals

We believe this project supports many of the [United Nation SDGs](#). In the context of this project we believe helpful to group the SDG's in to some general categories:

1. Basic needs met (SDGs: 1, 2, 6)
2. Increasing human health and well-being (SDG: 3)
3. Increase opportunities for disadvantaged/vulnerable (SDGs: 4, 5, 8,10)
4. Environmental (SDG's: 7, 11, 12, 13, 14, 15)
5. Resilience and justice (SDG: 9, 16)
6. Global Partnerships (SDG 17)

1. Basic needs met

Our current systems (via our tax funded social welfare, charities, philanthropic organisations/individuals, NGO's etc) in place to help our most vulnerable and disadvantaged are fragmented and inefficient. A growing body of evidence is pointing towards "localism" being one key way we can start to improve the system. We believe that with the right tools and education, in many cases the people within a community are best placed to identify the people who's basic needs are not being met and come up with solutions. Outside supporting agencies, if presented with good data (including real time feedback loops) will be incentivised to support (financially and otherwise) the initiatives that the community identifies.

2. Increasing human health and well-being

The focus of this project is increasing human wellbeing via community building. Numerous studies such as the famous [Frome project](#) have proved that this works. We believe that if communities have the right education and financial/governance tools then they will make decisions that increase community wellbeing.

3. Increase opportunities for disadvantaged/vulnerable

Within a micro-economy that is "programmed" to incentivise community wellbeing there are numerous opportunities to increase help disadvantaged/vulnerable within a community. The science is clear that communities that have lower inequality are healthier. Therefore the "rules" and incentive structures for the micro-economies would be set up to reduce inequality. For example:

- Making it easy for people within a community to undertake new forms of "work" within a local community. These new forms of work are often undervalued within the traditional monetary system (caring for the elderly, setting up a communal garden etc).
- Incentivised education programs (receive tokens for attending this workshop).



4. Environmental

Although in the short to medium term this project is not focused directly on the environmental SDGs, we believe in the longer-term it will have an impact. For the low socioeconomic communities that we are starting with, our assumption is that helping those in the community who are struggling to survive will be a higher priority than supporting environmental initiatives. However, for other more affluent communities the environmental crisis could be more of a focus so empowering those communities would likely lead to initiatives that would have an impact in that area.

5. Resilience and Justice

We have the opportunity to create a far more transparent and equitable decision making and fund allocation process. It should be noted that this project is not driven by a libertarian ideology - we simply believe that the balance of power has shifted too far in one direction and there are many benefits in the empowerment of local communities. Some decisions/fund allocation is best made at a community level and some better at a central/local government level. Much research has been done around how resilience can be increased by money diversification. The following links go deeper into the wider benefits/opportunities:

[Bernard Lietaer: Money diversity](#)

[How DAOs Can Revive Local Communities](#)

[Paul Collier and John Kay v Destructive Individualism](#) (BBC podcast)

[Incentivizing Funding for Public Goods, Griff Green](#) (jump to 16 minutes in)

[Why the Left Should Care about Value Accounting, Dr Sarah Grace Manski](#)

[Free online course on community currencies from Grassroots Economics](#)

6. Global Partnerships

We're now working with an international community of value-aligned people and organisations (including the [Community Currency Alliance](#), [Common Stack](#) and [Fuse.io](#)) to bring this project to life. As an open source project we want to work alongside others across the world including the United Nations to make this a success. We believe that New Zealand is ideally placed to take global leadership in this space.

