The Civic Economy

Opportunities and challenges for European cities
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Sharing platforms such as Uber and Airbnb have recently received a lot of media attention. Newspapers cover stories about protests by taxi drivers and local authorities in various European cities where local authorities are forced to take a position. The attention to questions relating to the operations of these two big players is a sign of the growing number and importance of smaller civic and sharing initiatives across Europe. Nevertheless, many of these small initiatives remain invisible, while all together they may be of significant importance for local communities, socially but sometimes also economically. However, local governments often do not know how to cope with these new developments. They tend to ignore the signs of economic and civic change, assuming that the trend will pass. Yet, evidence suggests that the civic initiatives will only expand, on the back of technological, economic, social and political developments. Technology enables civic ventures that were inconceivable in the past. And many of the civic initiatives are developed to fill gaps in the market and public services resulting from a global financial crisis and austerity measures. Some speak of a disruptive innovation that heralds a third industrial revolution.

From 20 to 21 October 2014, the European Urban Knowledge Network organised a conference on the civic economy in Amsterdam, in collaboration with Amsterdam’s city council and the Amsterdam-based cultural organisation “Pakhuis de Zwijger”. The conference proposed to provide an interpretation of the civic economy, its economic impact and practical perspectives for local government. For two days, stakeholders and experts from all over Europe discussed important questions about the civic economy. It was the start of a European dialogue between stakeholders and experts on urgent issues concerning the civic economy. The conference made clear that the established contacts could be a starting point for the development of a European platform on the civic economy to learn from each other as well as to initiate collaborative projects and research.

The EUKN supports this willingness and need, and as a European network and knowledge centre it intends to develop further initiatives to promote wider understanding of the civic economy. We have noticed that not only within countries, but also at EU level there is a lack of knowledge of the civ-
ic economy. The European Investment Bank and the European Commission have not yet developed a clear strategy to respond to the economic changes resulting from citizens’ initiatives.

The EUKN Conference was not just a one-off event: our network will continue to follow the civic economy as a topic emblematising systemic transformations in our economic system. It is our belief that the civic economy is here to stay and entails many exciting and innovative developments providing new opportunities for European cities and its citizens. Amsterdam, the city that hosted the 2014 EUKN Annual Conference, does realise the impact of the civic economy on the local economy. For that reason it provided support for our conference and for the Amsterdam Sharing City initiative established shortly after the EUKN Conference. We thank Amsterdam city council for their support.

We also thank our authors for their commitment to reworking their original presentations into more essays, providing new insights for all those who are interested in new developments in urban economics. This publication intends to inspire interested readers and invites them to take part in further public discussions to explore the potential of the civic economy. The EUKN will continue to support and to stimulate this debate that has only just begun.

Mart Grisel  
*Director EUKN*
CHAPTER 1

Introduction: the Civic Economy and European Cities

By Alfons Fermin, EUKN
1.1 Introduction

The economy is changing both globally and across Europe. New forms of ventures are emerging in which citizens share, collaborate and co-create to tackle local and social challenges. They operate beyond the traditional boundaries between the spheres of civil society, the market and the state. The civic economy, sharing economy or collaborative economies are terms used to describe these developments. These terms refer to “a new movement, with new ventures, networks and behaviours” that combines “the spirit of entrepreneurship with the aspiration of civic renewal” (Compendium for the Civic Economy 2011). Europe is bearing witness to the emergence of countless community enterprises and civic initiatives. The civic economy is pushing boundaries to join government and private business as a social, entrepreneurial and financial power.

Civic ventures especially thrive in cities all over the world. Global cities such as San Francisco, Seoul, London, Paris and Amsterdam are forerunners. These initiatives often do not fit within the old structures and rules. It is difficult to make sense of the myriad of, usually, small and short-lived initiatives. In addition, it is still unclear how the civic economy will evolve in the (near) future.

Many local governments in European cities are confronted with new developments related to the civic economy. This motivated the EUKN to organise its 2014 Annual Conference around this theme. The conference was organised in collaboration with Amsterdam city council and Pakhuis de Zwijger, on 20 and 21 October 2014 in Amsterdam with the aim of presenting an interpretation and characterisation of the civic economy and discussing major challenges and opportunities that the civic economy provides to its stakeholders and governments especially. This publication is the result of the discussions that took place in Amsterdam. Most of the chapters and sections are based on the presentations and elaborated by the speakers at this conference.

1.2 Terminology

Civic economy, sharing economy and collaborative economies are terms used to describe the new developments. These terms refer to “a new movement, with new ventures, networks and behaviours” that combine “the spirit of entrepreneurship with the aspiration of civic renewal” (Compendium for the Civic Economy 2011) in the spheres of production, consumption, finance and education. The terms sharing economy and collaborative economy are more
prevalent, where the first emphasises the sharing and the second the collab-
orative aspects of these initiatives. The “sharing economy” focuses on the
shared or collaborative consumption side. It is “an economic model based
on sharing underutilised assets from spaces to skills to stuff for monetary
or non-monetary benefits.”¹ It is currently largely talked about in relation to
P2P (Peer-to-Peer) renting, lending and marketplaces (e.g. Lyft), but equal
opportunities lie in the B2C (Business to Consumer) models. The term “col-
laborative economy” is closely linked to “the sharing economy”, but refers
also to collaborative activities other than sharing underutilised assets. The
collaborative economy can be defined as “[a]n economy built on distributed
networks of connected individuals and communities versus centralized in-
stitutions, transforming how we can produce, consume, finance, and learn”.²
Terms such as “mesh” or “P2P economy”, but also “civic economy” are used
to refer to comparable economic initiatives by connected individuals or com-
munities.

For this publication we opt for the term “civic economy”, and use this term
more or less as synonymous with the term “collaborative economy”. However,
some authors in this publication (Thomas Doennebrink, Pieter van de Glind)
prefer to use the term “collaborative economy”, while others sometimes refer
to specific sharing or collaborative practices in terms of the “collaborative”
or “sharing economy”. Thus, the diversity of the phenomenon is reflected in
the terms used. We prefer the term “civic economy” for this publication be-
cause of its local government focus. Especially the activities of collaborating,
entrepreneurial citizens that impact on the economic domain are relevant
from a (local) government perspective. Kathleen Stokes uses a more specific
definition of the civic economy. She states in this publication that the civic
economy has one defining feature that is not always found in sharing or col-
laborative economic ventures: “participants are primarily driven to provide
some form of social benefit”. In this sense, the civic economy has commonal-
ities with the social economy: a third sector among economies between the
private and public sectors, including organisations such as co-operatives,
non-profit-making organisations and charities. This is an interesting focus.
Nevertheless, in this publication the term “civic economy” is also used in a
broader sense because the contributions in this volume cover a broad spread
of ventures. Additionally — as underlined by Thomas Doennebrink — it is a bit
too early to introduce sharp distinctions between the various terms, because
of the lack of knowledge of the phenomenon and because it is not yet clear in
what directions this “new” economy will materialise further.

¹ Rachel Botsman “The Sharing Economy Lacks A Shared Definition”; www.collaborativeconsumption.
com/2013/11/22/the-sharing-economy-lacks-a-shared-definition/. Posted 22 November 2013
² Ibid.
The civic economy covers a broad range of activities and initiatives set up by citizens or operating in close co-operation with citizens. Civic entrepreneurial activities are for example volunteer-run libraries, energy co-operatives, locally funded broadband services, alternative financial schemes like crowd funding, city farming, and car sharing and ride-sharing services. These activities vary widely, from offline to web-based enterprises, from businesses run by volunteers to social enterprises, from sharing services to production enterprises. Civic entrepreneurial initiatives take place not only in the private sector, but also in the public sector. For instance, civic initiatives to provide and maintain community facilities such as green spaces. An increasing number of cities seek to foster and encourage the civic, collaborative or sharing economy within cities, to become sharing cities.

1.3 The civic economy and the EU

Collaborative or civic initiatives and ventures are emerging all over Europe, as shown in chapter 2 but also in the other chapters of this publication.

The developments also receive some attention at EU level. The term “civic economy” is not very common at EU level, but attention is being paid to these developments in terms of the “sharing economy” and especially the “social economy”. General characteristics of social economy enterprises according to the European Commission are: (1) they contribute to more efficient market competition and encourage solidarity and cohesion; (2) their primary purpose is not to obtain a return on capital, but common needs of the stakeholders; (3) they are run generally in accordance with the principle of solidarity and mutuality and managed by the members on the basis of the rule of “one man, one vote”; (4) they are flexible and innovative (they meet changing social and economic circumstances); (5) they are based on active membership and commitment and very frequently on voluntary participation.3 Social economy enterprises are in the majority micro, small- and medium-sized enterprises (SMEs) and, as such, they are part of the Commission’s enterprise policy aiming at promoting SMEs, independently of their business form.4 These enterprises are growing in the face of new emerging needs. The aim of the Commission’s policy towards “social economy” enterprises is to guarantee them a level playing field in which they can compete on equal terms with other forms of enterprise.

4 Ibid.
On 21 January 2014 the European Economic and Social Committee (EESC), a consultative body of the European Union composed of “social partners”, endorsed an opinion on collaborative or participatory consumption and called for further action at EU level. The interests of the collaborative or civic economy are also represented by other organisations. In 2000, the autonomous European Standing Conference (Conférence Européenne Permanente – CEP) of Co-operatives, Mutual societies, Associations and Foundations (CEP-CMAF) was created. In 2008, the CEP-CMAF changed its name to Social Economy Europe or SEE. The SEE is the EU-level representative institution for the social economy. Furthermore, in 2013 the European Sharing Economy Coalition was launched, in response to an invitation from the European Commission to discuss the importance of tackling the Sharing Economy model for the European Union. According to this Coalition, “The Sharing Economy and the EU have common goals: to increase resource efficiency, create jobs and prosperity, build community participation and advance social innovation”. The main objective of the coalition is to join forces to make the case for European policies that place greater emphasis on sharing and collaboration.

1.4 Promises, risks and challenges of the civic economy

The civic economy is not limited to cities, but the urban density and concentration of highly educated and young people favour the emergence of innovative, civic ventures in urban areas. Cities are therefore much more often confronted with civic initiatives, including their advantageous and disruptive impacts. Cities and advocates of the civic or sharing economy in the US and Europe have developed numerous initiatives in this field, like “shareable cities”, “sharing cities” and “collaborative cities”. According to proponents, city authorities should support, encourage and develop enterprises that deliver sharing services, by reviewing rules and regulations that inhibit or prevent citizens from sharing and by delivering their own sharing initiatives. San Francisco is a forerunner of the sharing economy, with many bottom-up sharing initiatives. Seoul, South Korea, is presenting itself as a sharing city with a top-down strategy: to keep the city liveable and to promote social cohesion. In January 2015, the Amsterdam Sharing City initiative was launched to promote the co-operation and commitment of all stakeholders in shaping favourable conditions for a flourishing sharing economy in Amsterdam.

5 www.eesc.europa.eu/?i=portal.en.int-opinions.25754
6 www.euro-freelancers.eu/european-sharing-economy-coalition/
7 European sustainable cities platform: www.sustainablecities.eu/local-stories/seoul-city/
Pieter van de Glind’s contribution provides more information on this initiative.

The civic economy in European countries and cities offers many promises and benefits, but because of its newness its current and future impact remains largely unclear. The civic economy would enable more efficient management of resources by using the latent value of goods, it would promote sustainability and innovation, it would be better able to meet social and local needs and strengthen cohesion and community. Temporarily unused physical and human capital is explored and capitalised, as in peer-to-peer sharing networks and marketplaces. However, these new developments also present new challenges and give rise to conflicts. The developments are disruptive, redefining business sectors and ignoring or circumventing established rules and regulations. Therefore, these new civic or collaborative initiatives call for resistance and protests from some traditional companies, complaining about unfair competition. Trade unions are faced with unorganised and cheap labour active in collaborative enterprises without insurance protection, job security and additional benefits, elbowing out official jobs. According to critics, the civic economy ends up with the takeover of the private sphere by the market sphere: all citizens become micro-entrepreneurs (Casper Thomas 2014). Even advocates of the civic or collaborative economy, like Rachel Botsman and Michel Bauwens, now warn of the risks and darker sides of some of the initiatives in this sphere. And are Airbnb and Uber really the embodiment of the sharing or civic economy? Uber drivers and users will not experience the ridesharing service as a real “sharing” activity. The same applies to rental and leasing activities of “traditional” commercial companies such as BMW’s Drive Now car sharing service.

One should differentiate between the myriad ventures called sharing, collaborative or civic enterprise, for not all criticism is as relevant for all the different types. It is possible to discern between for-profit sharing companies (like Uber and Airbnb) and social enterprises, directed at social values and aims. Furthermore, one can differentiate between a centralised infrastructure and platforms (Uber, Wikipedia) versus a decentralised or distributed control of the infrastructure (grass-root organisations). By crossing the two polarities or axes, one can discern four typical forms of collaborative or civic ventures (see Michel Bauwens and Kostakis). One can distinguish centralised, for-profit companies, such as Uber, Airbnb and Facebook, and centralised enterprises directed at social aims (Wikipedia, Linux). Additionally, one

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8 VPRO Tegenlicht documentary 30 November 2014.
9 “Four Future P2P Scenarios”: http://p2pfoundation.net/Four_Future_P2P_Scenarios. The four ideal types presented, including the examples, are from a presentation by Michel Bauwens in the Dutch TV programme on the sharing economy of VPRO Tegenlicht, 30 November 2014.
can differentiate between decentralised, grassroots enterprises that are profit seeking (Bitcoin) or only aimed at social values. Examples of grassroots enterprises aimed at social values are the Bread Fund in the Netherlands,10 a safety net for self-employed entrepreneurs based on the principle of helping each other out in case of illness, and the Potato Movement in Greece,11 consisting of Greek farmers setting up co-ops and selling potatoes directly to the Greek public. In practice there are many hybrid forms.

The great diversity and novelty of the developments related to the sharing, collaborative and civic economy and the benefits and risks associated with the different types of enterprises make it difficult for local governments to grasp this phenomenon and to develop appropriate policies. However, as these developments spread further and have a greater impact on the economy, governments are forced to take a position and to act. The disruptive effects of Uber and Airbnb in particular have led to much discussion and encouraged local and national governments to action, varying from ignoring, prohibiting or adapting regulations. To develop effective policies, policymakers first need to understand what is happening and how the initiatives will develop.

1.5 Main questions of the publication

This publication intends to provide insights into the civic economy that are relevant for local governments. (Local) governments lag behind recent developments and are confronted with new questions. Enterprises in the civic economy often lack a clear business structure and circumvent or ignore many of the rules and regulations designed to ensure consumer safety and rights and to collect tax revenues. Should government regulate the civic economy to create a new level playing field, or should it rely on the power of the civic economy to regulate itself? Does it require an enabling state, passing on its responsibility to deliver public services to private or voluntary organisations? Or should the state actively stimulate new types of local enterprises and strengthen its potential? How can the civic or collaborative economy be made more inclusive, and how can its potential be harnessed to meet public needs better? More in general, how should one exploit the benefits and how should one reduce the disadvantages and risks of the civic economy? Govern-

ments are often not aware of all the new developments related to the civic economy, because of their newness and the diversity, volatility and changeability of these developments. Many of them remain hidden for local governments. How can one grasp and evaluate them? How will they develop in the (near) future?

Obtaining a more in-depth understanding of the rise of the civic economy requires insight into its relation to recent developments in the economy, society and government. The growing number of civic enterprises appears to be related to a number of developments, including: the retreat of government, growing animosity towards huge companies driven only by profit maximisation, and the empowerment or emancipation of citizens. Active citizens are invited, persuaded or even coerced to take on a range of responsibilities for themselves, for the care of others and for the wellbeing of communities (Newman and Tonkens 2011). The civic economy fits with the trend that access to goods – and not their possession – becomes more important and the renewing and redefining of relations between the state and its citizens. In addition, the digital revolution has given a boost to sharing practices and has vastly increased its potential and its scope.

Community-led co-operatives and social enterprises have existed for a very long time and in this sense they are not new to local government. A key question to answer is therefore: what is actually new to the civic economy? Is the rapidly growing number of these civic enterprises new, or the broadening of these enterprises to more domains and alternative business models? Answering the question about the distinctive characteristics of the civic economy requires knowledge of how it works and the economic impact of these initiatives. Civic initiatives generally start on a small scale, but some are expanding rapidly. Will these developments expand and eventually change the entire economic landscape, promoting the emergence of a “new economy”? And how will the civic economy develop further in the different European Member States, with different welfare state arrangements and forms of economic regulation?

This publication intends to provide governments with policy-relevant knowledge to form their vision of and response to the emerging civic economy. Key questions for governments that this publication will answer are:

- What is going on and what is new? This is the question of the interpretation of the civic economy in Europe;
- What are the main challenges for governments?
- What are the practical perspectives and strategies for governments facing the rise of the civic economy?
These were the central questions of the EUKN conference. In addition, the conference aimed to promote the exchange of knowledge and experiences between stakeholders to stimulate new joint initiatives and networks on the civic economy. This publication is one of the results thereof.

1.6 **This publication at a glance**

This publication offers a broad overview of discussions on various aspects of the civic economy in Europe. The diversity of views within the civic economy is reflected in the diversity of the contributions to this publication. All authors are sympathetic towards the civic economy, but this does not preclude a critical perspective. Many of them have an eye for the risks of the current developments (see especially the contributions by Joost Beunderman and Kathleen Stokes). Because this publication is a collection of presentations on different topics, all the contributions can be read separately.

The next chapter presents a quick overview of recent developments in Western, Eastern and Southern Europe. The civic economy emerges in all parts of Europe, often stimulated by global platforms such as Uber and Airbnb, but also different kinds of local enterprises develop in various fields.

Thomas Doennebrink’s contribution on “the old versus the new economy” is a good introduction to the civic or collaborative economy (he prefers the latter term). It is an essay that is written sometimes schematically, provocatively and personally (as he himself puts it). It is important to understand that the new economy does not coincide with the collaborative economy, but is one of the developments that can be regarded as a forerunner or bridge to the (future) new economy: a new way of production, consumption, learning and financing.

The government hardly receives attention in Thomas Doennebrink’s essay. Kathleen Stokes’ contribution fills this gap by focusing on the role of the government and policy challenges and responses with regard to the civic economy. She starts with a clear expose on the definition of the term civic economy, to continue with an overview of some of the main challenges for governments, and to conclude with some clear guidelines for policymakers.

The civic ventures are often vulnerable and many of them fail. In his essay, Joost Beunderman focuses on one particular challenge in making sure the civic economy can live up to its potential to generate positive change: the financing of and investment in the civic economy. As he argues, there are troubles with supporting and funding civic ventures, because the funding organisations invest in what they understand and not what carries most
promise. This is a key issue not only for civic entrepreneurs and financial institutions, but also for governments that want to support these ventures to achieve positive social outcomes for neighbourhoods and cities across Europe.

Chapters 6 and 7 present examples of the civic economy. In chapter 6, Pieter van de Glind elaborates on one example: the sharing city and Amsterdam Sharing City as one example of it. Cities and urban stakeholders can embrace the civic economy and become “sharing cities’. The best-known example is Seoul as sharing city, where the local government created favourable conditions for the collaborative economy and sharing practices. The recently launched Amsterdam Sharing City initiative intends to facilitate cooperation between all stakeholders in the rise of the collaborative economy.

The various contributions in this publication present numerous examples of the vast array of civic and social enterprises in Europe. Chapter 7 provides a more detailed overview of examples that are highly relevant from a government perspective. Domains of civic economic activity that are relevant from a governmental perspective are, for instance, sharing services, citizen initiatives, co-operatives in the domain of care and welfare and to provide community facilities such as green spaces, and alternative local currencies. Meera Chadha discusses in this chapter the increasingly active and integrated role of citizens in the delivery of public services in the UK. This is an issue that many European countries and cities face: how to engage citizens in public service delivery in times of austerity? The challenge is to develop models of co-production to improve service delivery with and for the community. Next, the example of the Bristol Pound is presented. There is a multitude of local, alternative and complementary currencies in use in Europe, with the Bristol Pound as one of the best-known examples. Subsequently, an example of co-creation is presented: the SEISMIC project. This is a Coordination and Support Action project funded by the European Commission under its Science in Society Programme. SEISMIC is a mutual learning action plan that tackles Europe’s biggest urban challenges by identifying research needs and mobilising citizens to contribute to getting more out of this research. The chapter ends with a brief description of the German example of collaborative area development in Berlin: the Holzmarkt project.

Taking the many insights presented in the various contributions as its point of departure, the concluding chapter answers the central questions of this publication.
CHAPTER 2

The Civic Economy in Europe
2.1 Introduction

Collaborative or civic ventures are emerging all over Europe. Citizens are taking matters into their own hands, entering the field of production and finance, and developing collaborative methods of consumption and learning. The most widespread business model deployed by sharing economy companies is the online marketplace through which the demand for certain assets or services amongst peers is matched with the ownership of those assets and services by other peers (P2P marketplaces). However, many other civic ventures are being developed in European countries and cities.

These initiatives are not all “new”. As already stated in the introduction, the social economy has a long tradition in Europe. However, it receives new inputs from technological, social and political developments. The decreased consumer trust in the corporate world in the aftermath of the financial and economic crisis, the retreating welfare state, governments advocating “the active citizen”, the reduced purchasing power of consumers and rising unemployment rates further stimulate the emergence of bottom-up initiatives in Europe. But even if economic growth gradually increases, the ongoing technological developments and the changing relationships between government and citizens, as well as the empowerment of citizens, will probably increase the spread of collaborative initiatives and civic enterprises.

This chapter provides a quick overview of the development of civic ventures in southern, eastern and western regions of Europe. The contributions are written by OuiShare connectors from these regions. It’s difficult to give an overview of civic economy trends in a country, let alone in entire regions. Therefore, the sections focus on a few countries: the one on Western Europe focuses on France, the United Kingdom and Germany and the one on Central and Eastern Europe on Hungary, Romania and the Czech Republic. For Southern Europe, different OuiShare connectors have written separate sections on Spain and on Italy. Key issues in the contributions are: the spread and diversity of the civic economy, drivers and challenges, and the role of government.

2.2 Developments in Northern and Western Europe

By Samuel Roumeau, OuiShare

The emergence of the civic economy can be related to the new wave of citizen empowerment. This movement burst onto the political scene in early 2015, with the victory of Syriza in the Greek elections of January 2015 and the
rise of Podemos in Spain. These emerging political movements reveal a will among citizens to change the way they take part in politics and to question their role in society. The general distrust of political institutions and liberal markets has paved the way for a powerful hybrid model where citizens have an essential role: the civic economy.

Beyond the field of economy, a collaborative society is developing in Western and Northern Europe. The mission of OuiShare, the first community that formed around the collaborative economy subject, is thus “to build and nurture a collaborative society that connects people, organisations and ideas around fairness, openness, and trust”. This slogan hails a more horizontal, distributed form of power that relies on the creation and empowerment of communities.

A diversity of sectors unevenly addressed by the civic economy

In Western Europe the civic economy is quite new and in permanent evolution. The appropriation of web devices by a large part of the population is helping it grow through platforms, crowdsourcing and geolocalisation. More and more companies are introducing new ways of doing business. Several examples of collaboration between large companies and start-ups from the collaborative economy illustrate this change in France: SNCF and IDVroom (ridesharing), Auchan and Quirky (crowdsourcing), MAIF and Koolicar (P2P car renting). A sectoral approach makes it easier to describe the developments, as some sectors, especially the food and mobility sectors, are developing faster than others.

The food sector has recently witnessed great changes. In the UK, the “incredible edible” movement has transformed the small town of Todmorden by planting seeds all over the town and letting all the inhabitants pick the fruits for free. The Food Assembly is another project that has spread all over Europe with 730 Assemblies already in France, 20 in the United Kingdom, and 13 in Germany. Their mission: “Let’s get together to buy the best food available directly from local farmers and food makers.” Co-operatives of consumers have also emerged in Europe based on the model of the Park Slope Food Coop in New York City to obtain local (and sometimes organic) food at low prices (no advertising and marketing) for working members (some hours a month). These initiatives are reshaping public space and the economy, and enabling us to rethink how we consume.

The shared mobility sector has also left the niche market and alternatives to solo car driving are developing. This is especially true in big cities, with stationary, floating and partially P2P car sharing services. Blablacar, the first
ridesharing platform, now has more than 10 million users in Europe. The German railway operator, Deutsche Bahn, added their rental bikes at railway stations. To go even further, a project named La’Zooz will create a decentralised community that builds and operates a collaborative transportation network.¹

The emergence of the civic economy is correlated to the evolution of the labour market and the distribution of work. More people are starting to work as freelancers, settling in numerous coworking spaces (more than 200 in France), or creating their own furniture in fablabs and makerspaces. In these spaces, citizens teach, learn, and share knowledge and good practices: this active consumption behaviour leads to the prosumer figure.² The term “prosumer” refers to the market segment between professionals and consumers. Some interesting initiatives are also worth mentioning such as “Le Village Vertical”,³ a co-operative of inhabitants in Villeurbane, which paved the way

¹ www.lazooz.net/
³ www.village-vertical.org/
for other similar projects. In the finance sector, crowdfunding platforms and local currencies have a P2P approach of economic exchanges towards local project development.

Role of governments: towards shared decision-making

In parallel to this trend, the role of local and national governments varies from blocking (Uber banned in Germany), conciliating, or facilitating the civic economy. The question is: how to maximise the benefits and how to reduce the drawbacks of this new model. In the United Kingdom, NESTA has proposed to create a Lab in the department of Businesses, Innovations and Skills for the better understanding and development of the collaborative economy. In France, the Think Tank La Fabrique Ecologique suggested the elaboration of a chart for sharing cities. In Amsterdam the initiative Amsterdam Sharing City was launched in 2015. It becomes clear that local governments should play the role of facilitator, passing some of their responsibility to deliver public services to private or voluntary organisations. Opening a dialogue with collaborative economy actors would also avoid some disadvantages such as tax avoidance (see agreement between the City of Amsterdam and Airbnb) and low worker insurance.

For this reason OuiShare has launched a big project named Sharitories to help local governments seize the opportunities offered by the collaborative economy. It encourages a transversal approach by working with all the different departments (economic development and urban issues). The practical aim of the project is to co-create a toolkit to understand, facilitate and build the collaborative economy in different regions. The macro objective is to connect local governments via a network to share good practices. Mapping the initiatives, and organising local events to give more visibility to this new economy are two efficient steps taken by the cities of Bordeaux and Brest (with the help of Colporterre) in France. Participative budgeting, as tested in Paris, is another interesting way to involve citizens in public decision making.

The civic economy will not be able to become a fully widespread model without the co-operation and support of local governments. One of the major

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5 www.nesta.org.uk/sites/default/files/nesta_response_bis_sharing_economy_review.pdf
7 www.nltimes.nl/2014/12/18/amsterdam-Airbnb-enter-home-sharing-tourist-tax-agreement/
8 www.sharitories.net/
10 www.theguardian.com/cities/2014/oct/08/parisians-have-say-city-first-20m-participatory-budget
requirements is to prevent a large part of society from being excluded from the civic economy because of a lack of assets and social capital. For now, urban and connected people are the main benefactors of the civic economy. Some issues remain largely uncovered, such as citizens’ participation and services delivery in particular in suburban and rural areas. The objective of developing the civic economy often suffers from an overly elitist and technocentric approach in Western Europe. It is the role of OuiShare and its connectors, and other think tanks and activists, to accelerate the evolution of mindsets by co-developing the civic economy with the largest part of the population.

2.3 Developments in Central and Eastern Europe

By Dalma Berkovics, OuiShare

Development of the civic economy developing in CEE

The civic economy is still in its early days in Central and Eastern Europe. The first wave of initiatives started reaching this region several years ago but it took some time for the trend of the sharing economy to be recognised. Compared to Western Europe, the development of the civic economy is lagging 2 to 3 years behind but the difference is not solely a question of time. Eastern Europe is also following a slightly different path for obvious macroeconomic, cultural and historical reasons. This section focuses on developments in Hungary, Romania and the Czech Republic.

The spread and diversity of the civic economy

Several drivers are pushing the region towards the development of a stronger and more developed civic sector. The appearance of big international players such as Airbnb and Uber (where one could argue whether they are the “real players” of the civic economy) is paving the way and opening people’s eyes to new opportunities for consumption and collaboration. They are also front-runners in building awareness for the media and local governments. Next to the impacts coming from outside, the current start-up boom, the creation of several local training sessions related to the social economy, the growing need and necessity to build initiatives with a grassroots approach, all in all make the civic economy a promising sector in Eastern Europe.

The civic sector is still a niche market as regards the number of employees working in this sector as well as the users/customers/partners of these ini-
tiatives. Analysing the openness to and the acceptance of the ‘sharing economy’, we can see that only a fraction of society says it is open to new ways of consuming. The report on the Internet Economy published by eNET\textsuperscript{11} in 2014 underlines this statement, stating that 23\% of the respondents (the study was conducted among five hundred Internet users over 18 years) in Hungary are in favour of sharing goods with others in regulated circumstances, while another 27\% are against the idea.

According to Julia Mercurio, who conducted research in 2014 into “The potential of collaborative consumption in Central and Eastern Europe”,\textsuperscript{12} a total of 48 examples could be traced for Bulgaria, Hungary and Poland in the field of collaborative consumption, a narrow area of the sharing economy. Out of these initiatives, the most developed areas of the sharing economy are similar to those in Western Europe: accommodation and transport. The main reason is the high value of these goods and also the appearance of international players providing new opportunities (Airbnb, BlablaCar).

In the transport sector long-distance ride sharing is a habit that has been practised to get from one city to another for a long time, even before mobile applications enabled it. Now several local platforms provide the opportunity to connect passengers with empty seats (Autop, Oszkar, ComboRides) in an online and more trustful environment.

In the same way, staying at a stranger’s place instead of a more expensive hotel used to be a very common attitude (Zimmer Frei at lake Balaton in Hungary). As the eNET study explains, these services were considered more as a favour than a new opportunity to earn money — contrary to how this is imagined today. “Most adult Hungarian Internet users have stayed with relatives (78\%) or close friends (58\%) together with the home owners, without giving anything in return. In fact, almost 10\% report to have stayed with people who were more or less strangers.” Today, despite the willingness and the old habits, only 20\%\textsuperscript{13} of the people interested in home sharing know a website where private individuals can offer their couches, rooms or homes to others as a favour, which tells a lot about the lack of maturity of the sharing services in the region.

Another developing area is online peer-to-peer platforms enabling strangers to swap, borrow or rent goods that are no longer needed. The Romanian initiative Usetogether was accepting all kinds of goods while Momly focuses on children’s clothes and accessories. The Hungarian site Rukkola enables readers to give away books that they have already read in exchange

\textsuperscript{11} www.enet.hu/news/own-it-or-enjoy-it-sharing-economy-2.0-in-hungary/?lang=en
\textsuperscript{12} Master’s thesis of the Master of Intercultural Communication Studies at Europa-Universität Viadrina Frankfurt (Oder)
\textsuperscript{13} www.enet.hu/news/own-it-or-enjoy-it-sharing-economy-2.0-in-hungary/?lang=en
for new ones, while the Czech Naucmese site provides learning opportunities. The key challenges of all these platforms remain in creating a critical mass and building trust between users.

Food is not a negligible market either. As the importance of producing and eating local or national products grows, more and more initiatives are popping up to deliver local ingredients to people’s homes. Initiatives such as Szatyor or 30 km in Hungary are real alternatives for people living in urban areas to access fruit and vegetables grown locally.

An important evolution took place recently with regard to other areas of the civic economy focusing on non-profit-making and socially driven organisations based on a grassroots structure. Several initiatives focusing on creating a better, more competent and more independent non-profit sector are emerging in Hungary. Both the Foundation for Democratic Youth and Civil Support are players creating a new approach towards and for the non-profit sector and are enabling the old structures to learn how to be sustainable by themselves. The citizens’ initiative Alternative Zdola is a flagship initiative in the Czech Republic aiming at building and supporting a community movement. Its main thematic focus is on co-operatives and social entrepreneurship and it also uses tools such as participatory budgeting and local currencies to spread community work across the country.

Organisations such as Ashoka (in the Czech Republic and Hungary),
Makesense (in Hungary) and Nesst (in Hungary and Romania) are working closely with social entrepreneurs, helping them both financially and with training and advice. The fact that the IGen training programme has been growing bigger and bigger every year since its establishment shows that there is an increasing demand among the young to learn about opportunities in the civic economy. It also shows that developing a project with an entrepreneurial mindset is more and more considered as a real alternative to working in a big corporation.

Despite all the difficulties that the civic sector encounters, discussion and collaboration rarely happen between all these different actors and sectors. Civil Support made an important step recently towards changing this behaviour and setting up a forum (Open Space) where non-profits, for profits with social purposes and CSR activities could be discussed.

**Main challenges and drivers**

The key challenges of the region are inherited from the region’s historical and cultural background. The historical relationship towards power, ownership and trust is shaping how people are accepting and opening up to new collaborative ways of living today. From an era of distrust and top-down state, to move towards a bottom-up, participatory and decentralised organisation of the civic economy is a long way to go. Older generations are reluctant to accept these changes, but younger generations (below 40) are leading the way, mainly by making use of examples from abroad.

The current macroeconomic situation also plays an important role. Especially during the financial crisis that started in 2008 and the eurozone crisis of the following year, many people in Central and Eastern Europe are again looking for alternative economic strategies. Playing an active role in the sharing economy has become a viable alternative to those struggling to hang on to stable employment or in need of earning additional income.

**The role of government**

Today, the civic economy is not strong enough to evoke a real public debate in Central and Eastern Europe. Civic or sharing economy initiatives operating in a legally grey area or the financial challenges of the non-profit sector are far from being a high priority for local governments. For now, public investments have been realised for bike sharing infrastructure services (Bubi — Hungary, Ivelo — Romania, Homeport — Czech Republic) and several projects are on the way to extend it to other types of transport too. As the sector grows from its current niche state and will have a clearly visible economic and social im-
pact in the future, public authorities will be forced to take a position and create a clear framework to deal with these initiatives.

2.4 Developments in Southern Europe

Development of the civic economy in Spain

by Kunal Chabaldas and Francisco Rodriguez, OuiShare

The rise of the civic economy

The civic economy boom in Spain arises from a confluence of cultural, technological and economic factors. Spain is a southern European country with a Mediterranean lifestyle, a slower pace than other big countries in the EU. It is a place where social life and get-togethers, whether indoors or outdoors, are a key aspect of society and people’s lives. It is therefore not surprising to see how Spanish people have been highly active in social networks since their start and are generally quite open about sharing their stories and personal views online. Over the last 7 years there has been a high user adoption rate of smart phones across the country, coinciding with a severe and structural economic crisis that has led to astonishing unemployment rates (among the highest in the whole of the EU).

With disposable income drastically reduced during the crisis, it’s the mix of all the above conditions that has triggered a high initial use of collaborative technologies where price was the key initial factor. However, people have rediscovered the value of sharing with others and it’s the human interactions that foster the continued use of these platforms. The crisis has acted as a catalyst in this process, but people come back to the civic economy due to their previous personal experiences and the fact that it fits with their social values.

A diverse landscape

In 2008 Spain started going through a major economic struggle, causing very high structural unemployment after the construction bubble burst. Many of the people without jobs were construction workers, often without the skills needed for the much smaller number of jobs that were available. The macro-economic slowdown resulted in low paid and precarious jobs. People often can’t make ends meet with their regular income and it’s the collaborative
economy, in some way or another, that has often helped them to get things done (whether it’s through small income generation or other alternative ways). In this sense, we must emphasise the benefits from the use of time banks\textsuperscript{14} and social or alternative currencies in different parts of the country. These are often used by different groups of citizens in a creative way as a means to meet their most basic needs while going through difficult times. In some cases, this situation has also resulted in more encompassing, bottom-up and self-organised movements such as the Cooperativa Integral Catalana.\textsuperscript{15}

The more global development of the civic economy has also expanded at the same time. Spain is the only major country where the number of visitors in a year is higher than its actual population.\textsuperscript{16} Tourism is a big industry that represents almost 10% of the country’s GDP, so it’s not surprising to see that major platforms such as Airbnb (housing) and Blablacar (mobility) are playing an important role in bringing the collaborative economy to the mainstream audience. These upcoming trends aren’t exempt from continued tensions between hotel operators and Airbnb, bus companies also sued Blablacar in March 2014 for what they consider “unfair competition”. Blablacar responded saying their platform just connects travellers to share costs. Even the Spanish Government backed them up\textsuperscript{17} stating that they will not take action against personal ridesharing trips (as the ridesharing model is based on cost sharing and profit is not the purpose), while they did proceed to sanction platforms that offer private car-hiring services (such as Uber). In any case, users seem to be generally quite happy with their experiences with sharing platforms and the user adoption rate for different kinds of platforms has continued to increase despite all these tensions and conflicts. However, a survey\textsuperscript{18} published in September 2014 suggests that only 10% of Spaniards actually know what the collaborative economy is, while it still doesn’t even “ring a bell” for 56% of people. This proves that, for instance, there is plenty of work to be done in terms of awareness raising and education. For it is important for the people to know that there are alternatives to the traditional ways of consumption and production. They should at least be aware that there are different options, even more because the options relating to the civic economy appear to allow a more social, economic and sustainable system.

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\bibitem[18]{18} www.consumocolaborativo.com/2014/09/29/quien-conoce-la-economia-colaborativa/
\end{thebibliography}
Main challenges and role of the government

Spain has particularly experienced the importance of crowdfunding and crowdlending as a helpful positive solution during years of tight credit constraints. While traditional banking was reducing, the Spanish Bank BBVA sounded the alarm on the rise of these platforms as crediting and investing tools in a report. The bank suggested a mixed model making use of the crowdfunding benefits for banks. Spanish banks are seeing how individuals and small businesses are using crowdfunding and crowdlending for small loans and funding, displacing them more and more every year.

With the downturn in traditional employment sectors, there has been a rising spirit of entrepreneurship among Spanish youngsters who regularly take advantage of crowdfunding practices. The Spanish government is preparing a regulation on crowdfunding and crowdlending that will basically limit investments by non-professional investors (€ 3,000/project € 10,000/
year), but it hasn’t been free from criticism by entrepreneurs and investors due to its “excessive bureaucracy and limited flexibility”. Local, regional and national governments have also been fostering an entrepreneurial culture over these years, and even the 2014 Prince of Girona forum was themed “open and collaborative” — emphasising the advantages that open culture and collaborative entrepreneurial projects can bring to the future of Spanish youth and society in general.

Spain is also one of the countries with the highest proportion of coworking spaces per head. The collaborative economy is starting to be perceived by public officials as a solution rather than a threat. There are good reasons to build a system where there is equilibrium and fairness so that the collaborative economy and traditional means of business can be well balanced and co-exist. 2015 will be a year of considerable changes, where new rising political movements such as Podemos, which have already been approaching crowdfunding campaigns to finance the party and activities, could make use of further tools for participative decision making, aiming for more open and transparent politics. Although there may be some relationship between this and other new political movements (and Syriza in Greece) and the collaborative economy, we cannot generalise because the starting points of these developments are completely different. The main driving forces behind the development of the collaborative economy are technology and connections among peers, whether they are for economic, cultural or political purposes.

One of the causes of the lack of familiarity with the civic or collaborative economy is that people take the big names such as Airbnb and Uber as the only references. But the collaborative economy goes way beyond that. We have to define what models are collaborative and which ones aren’t, and of course find what type of “collaborative culture” should be supported and strengthened for what reasons. Spain’s National Authority on Markets and Competition (CNMC) already suggests that the collaborative economy has positive benefits for competition, sustainability and information while reducing transaction costs. It also states that if excessive regulations are applied it could harm consumers and the general interest. It is expected that making the most out of existing resources in different cities and neighbourhoods will result in more collaborative cities. Albert Cañigueral, the OuiShare core connector for Spain and Latin America, mentioned in his 2014 book on the advantages of the new collaborative economy ("Vivir mejor con menos", Live better with less), that the DNA of cities is changing: coworking spaces,
consumer groups, complementary currencies and car sharing are becoming more and more a response of citizens to challenges that cities are facing. Will these developments eventually radically transform cities and urban lifestyle?

Development of the civic economy in Italy

By Tomas Mancin

In Italy in recent years a large co-operative movement and other local experiments such as GAS (Solidarity Purchasing Groups), time banking and ethical finance have emerged. This development in Italy can partly be understood in terms of Italy’s historical social roots reflected in the remembrance of its rural tradition of community values and solidarity. The rise of the civic economy in Italy is more directly facilitated by the global financial crisis, which is disrupting the world as we know it. Before the global financial crisis, there were only isolated experiments (with some pioneering experiments such as Produzioni dal Basso, one the first crowdfunding platforms worldwide). In the last 3 years, the civic economy has developed rapidly, with an increase of initiatives, projects and adopters. It is starting to become an “ecosystem”, with organisations working together and trying to create a complete functional value chain. Collaborations with legacy companies25 are also arising. This has been achieved also thanks to the work of organisations such as Ou-iShare, Collaboriamo and Societing, which are spreading the word about the values of collaborative economy, sharing economy and social innovation.

Spread and diversity of the civic economy

One of the main drivers of the development of civic economy is the affirmation of international big players (Uber, Airbnb or Blablacar), together with the organisation of huge international events like Maker Faire Rome, which had 90,000 people coming from all over Europe to visit the biggest European showcase of invention, creativity and resourcefulness.26 Nonetheless in Italy we can see the emergence of some specific fields of the civic economy, such as crowdfunding,27 coworking and the maker28 movement, with substantial growth rates recently. Each of these three fields has its own national event

25 http://en.wikipedia.org/wiki/Legacy_system
26 www.makerfairerome.eu/en/what-is-maker-faire/
27 www.slideshare.net/crowdfuture/presentazioneivanapais
(Crowdfuture for crowdfunding, Coworking Espresso for coworking and the Maker Faire for the maker movement). European surveys show that even if these fields have been growing fast recently, they are numerically still small and marginal, with very low market shares, compared to the rest of Europe.29

Yet this movement is gaining momentum in Italy. Currently there are approx. 60 fablabs and makerspaces30 in Italy, with a growth rate of 400% since 2013, when there were only 14 active spaces. 10 more are in the preliminary stage prior to opening. At the same time, in Italy there are 138 collaborative or peer-to-peer platforms (of which 41 are crowdfunding platforms and 97 bartering/swap platforms for goods and services). More than 50% of the users of these platforms are under 50, with a small prevalence of female users. The trends show that the use of collaborative platforms is more widespread in urban areas, especially in Northern Italy. The sectors covered, except for crowdfunding, are mainly related to tourism, transports and jobs.31

Some fields are undergoing a rapid and healthy development, as in the case of urban gardening and the initiatives related to the governance of the Commons, that is, all the initiatives that search for new ways of managing common/shared resources with bottom-up approaches and horizontal governances. For example, Labgov has developed a model regulatory framework for collaboration between the people and local government in the management and maintenance of parts of the cities. “This regulation allows citizen coalitions to propose improvements to their neighbourhoods, and the city to contract with citizens for key assistance. In other words, the municipality functions as an enabler giving citizens individual and collective autonomy” (M. Bauwens).32 This has been adopted by dozens of municipalities, with two major adopters being Bologna and Mantova. Other projects are working on the mapping of abandoned spaces (Impossible Living, Pop Hub), with the plan (hope or aim? It is still unclear whether such projects could have an impact on the territory) to make their reactivation possible through bottom-up projects.

Cocoon Projects, one of the few liquid organisations or open enterprises33 in the world, is a unique Italian experience with an enormous and disruptive potential. In its own terms it is “an open enterprise committed to starting, supporting and accelerating value-driven innovative projects”. It is an organisation model designed to be lean and resilient, based on collaborative

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32 www.shareable.net/blog/interviewed-professor-christian-iaione-on-the-city-as-commons
33 http://p2pfoundation.net/Liquid_Organization_Model and http://liquido.cocoonprojects.com/
working and decision making and meritocratic value accounting. Alternative currencies are also represented in Italy, with projects such as Sardex (a local currency for the Sardinia region), Dropis (a currency for bartering) and ArcipelagoScec (a complementary currency based on solidarity).

**Main challenges and drivers**

In Italy there is a lack of both public and private funding. There are lots of incubators, accelerators, venture capitalists etc. but the available funding for services and platforms is extremely low. This chronic lack of funding results in the almost impossibility for start-ups to scale up. Data shows that 52% of collaborative platforms have used their own financial resources for business start-up.\(^{34}\)

Another issue is the lack of business strategy (21% of platforms have no business model!), alongside the difficulty of making it understandable to other people (funders, users, other organisations). A key issue for sustainability and growth of platforms is adoption by people: by now, only 26% of collaborative platforms have more than 10,000 users, while the majority of them have fewer than 1,000 users.\(^{35}\) A big challenge, therefore, is strengthening communication about the civic economy and the results achieved, to make people understand better. Habitually, news about good achievements is confined to small groups of “initiated” people and the communication is too specialised and not really “accessible” to everyone.

At the same time, in recent months, the civic economy has seen a growth in media coverage, with articles on many blogs and also in some of the biggest newspapers. Frequently, media cover the issues arising from the so-called “dark sides” of the civic economy, such as fiscal or legal issues (most of them addressed to the cases of Airbnb vs. hotels and Uber vs. taxi drivers).

There are many complaints about regulation on aspects of the civic economy. In Italy the situation is twofold, and perfectly suited to the odd Italian context: Italian policymakers sometimes tend to regulate following the needs of lobbies. This happens also in the case of the civic economy: on one side, we can see a lack of regulation on many key aspects, while on the other side, there is over-regulation in the fields connected with interests of the domestic big players or lobbying organisations which use good causes for personal and economic interest. One example is the contrast between equity-based crowdfunding, with regulation suited for the needs of banking and financial groups,\(^{36}\) and reward-based or gift-based crowdfunding, which has no regu-

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\(^{35}\) Ibid.

\(^{36}\) [www.slideshare.net/crowdfuture/crowdfuture-2013-27772699](http://www.slideshare.net/crowdfuture/crowdfuture-2013-27772699)
lation, or indications on fiscal issues.

Many aspects of the civic economy await enabling regulation or regulation in general: some aspects of the civic economy are totally new and people don’t know how to deal with this. In Italy, the vast majority of laws tend to limit possibilities, giving space to initiatives which fall in grey areas and misfit economies (in Italy there is for example a “strong” tradition of squatting and illegal housing occupations). Both lack and excess of regulation have bad consequences and tend to limit the possibilities of (new) civic and economic ventures. And this is particularly true for ventures coming from or addressing the problems of the weakest parts of society.

The role of government

One of the biggest issues in public discussion is the lack of consideration for the civic economy by governments at different levels. Instead of adopting the good results achieved by the pioneering initiatives, national government keeps using a vertical top-down approach which cuts off the majority of the stakeholders (i.e. the majority of the beneficiaries of the projects), preferring to favour the interests of lobbies. At national level, the civic venture is extremely hard, if not impossible, to advance. There are a lot of potential changemakers working inside the Italian public institutions, but they are cut off from the possibility to achieve change and innovation.

This is true also on a local scale, except for some “illuminated” cases. At the local level, it is possible to find counterparts interested in innovation and civic initiatives: Labgov is successfully trying to diffuse its regulatory framework on the governance of the Commons, while OuiShare is developing the Sharitories project which aims to create a Collaborative Territories Toolkit, with a big stakeholder and partner like Forum Pa, the biggest Italian platform for innovation in local government. Both initiatives could achieve good results, but it all depends on the interest of and adoption by the target users (i.e. local entities, local communities).

There are good reasons to argue that the national and local government should work to enable people to use the civic economy and start projects and connected start-ups, while keeping the fundamental role of avoiding externalities on environment and society. Coworking, fablabs, crowdfunding and civic crowdfunding, cohousing, resource sharing projects, community gardens, shared governance of the commons etc. all impact on territories and local communities. The adoption rate of these initiatives and their ability to connect in an ecosystem of integrated solutions helps to create a new, stronger social net.

Italy currently has big economic and social problems: unemployment,
high deficit and low growth, distrust towards institutions, deterioration of social cohesion, returning illiteracy etc. The actual situation should be a strong incentive and a big opportunity for politics to make room for and facilitate the civic economy: the empowerment of communities, the rise of a new mutuality among people, the possibility to start solving problems with bottom-up approaches (which have the big advantage that they cost nothing for the institutions, but usually have great impact). All these possibilities and many more, could help governments from below (bottom-up) in their political activity because, in the end, civic economy is a political response.
CHAPTER 3

Old Economy versus New Economy

by Thomas Doennebrink, OuiShare
3.1 Introduction

I want to tell you a story. A story of two economies: One economy I want to call old, as it is starting to show symptoms of old age and obsolescence. And one economy I want to call new, as it is about to be born. Or more precisely – it is already alive and kicking.

I will bring these two economies face to face and contrast one with the other. Of course this juxtaposition will be schematic, at times provocative and therefore simplistic. Nevertheless I hope this comparison will contribute to the publication some food for thought and debate about the bigger picture and can add some sense to the discussion of what is new and might be promising and challenging.

I leave it up to the readers to draw parallels and links between the description of the two economies in the narrative below and the real economy, society and maybe their own lives. The delineation of character of the two protagonists does not stem from my imagination, but rather from observation and analysis, so there might very well be connections to be found.

First I will give you an overview of the collaborative economy, my home turf and the angle from which I will look at the contrasted economies in the second part. In the third part I will shortly present what some people think will happen next.

I was asked to come to terms with terms. I speak of the “collaborative economy” while this book is published under the heading of “civic economy”. I would argue that the difference in wording and maybe understanding is more due to the particular background of people having coined the terms and started the debate. The real substantive difference is minor and in my humble opinion not worth working out as both concepts are evolving rapidly and interacting. To my understanding both have in common that they are an attempt to describe, find and promote alternatives to the “old” economy and share many, most – if not all features – described in the “new” economy – and the two of them seem to be heading the same way.

3.2 The collaborative economy

Four different fields of the collaborative economy can be discerned, which of course overlap and reinforce each other. Best known and most widely spread is the field of collaborative consumption. Less known, but probably even more disruptive to the status quo in the future are the fields of collaborative production and collaborative finance. In a fourth field, called openness
or collaborative learning, concepts like open software, open hardware, open knowledge, open government and governance are summarised. Aspects of this field of openness play an important role in all three fields mentioned before. I will add a few words on each of the four fields later.

20 Years of history in two sentences

A quotation from Chris Anderson, the former chief editor of Wired Magazine, summarises the development of the first two decades of this century concisely in two sentences:

“The past decade was about finding new collaboration and innovation models on the Internet. The next decade will be about applying them to the real world.”

Let me elaborate on his statement for a minute. Looking at the first decade we see platforms like Wikipedia, Linux, WordPress, flickr, Facebook, YouTube and Twitter popping up and growing strong and influential. They allow extending communities to share music, knowledge, code, picture, videos, and news with the entire world. A whole generation, the “digital natives”, have grown up in this online world of collaboration and sharing. It is part of their natural DNA and behaviour.

What’s next is that this behaviour and attitude of collaboration and sharing is applied to the real world. Thousands of platforms — like BlaBlaCar, Airbnb and Foodsharing — are emerging everywhere, enabling people to access and share not just digital goods online but real world assets. What we are seeing is a merging of the online and offline world.
To summarise this development, we can distinguish four phases since the late 1990s: Phase 1: We connect to share information. Phase 2: We connect to each other to form social networks. Phase 3: We connect to share bits (for example open software and knowledge). Phase 4: We connect to access and share atoms in the form of products and services (the sharing economy). In a nutshell: sharing and communal use reach new dimensions through new technology and new experiences.

What is driving the collaborative economy?

Four main drivers are at work in the collaborative economy:
1. Rapid expansion of technological innovation and digitalisation through Internet and smart phones;
2. A longing for community and participation after decades of “autistic” materialism;
3. Increasing environmental consciousness and awareness of the planet’s limits;
4. Economic constraints: necessity (the economic crisis) as the mother of innovation.

The second and third drivers are actually to a large extent a renaissance of traditional behaviours and modes of connectedness. Nevertheless, in their drive to alter the status quo we can consider them to be expressions of social innovation. These drivers of social innovation are joining forces with the
drivers of technological innovation and are therefore creating a new disruptive quality which I suggest calling “collaborative innovation”. I consider this collaborative innovation an important origin as well as engine for the value shift I see unfolding.

What are preconditions to the collaborative economy?

Four preconditions for the collaborative economy stick out.
1. Trust: digital technology, GPS and Social Networks are enabling collaborative technologies such as reputation systems to create trust. Mistrusted strangers become trusted “frangers” or friends.
2. Belief in the commons is created by a value shift concerning the importance of property, life styles and aims in life.
3. Idle capacity is increasingly realised and considered inefficient and wasteful (classical example: the car parked on the side of the road for 23/24 hours – unused).
4. Value of growing networks that allow for better and better matching while transaction costs are developing towards zero.

The more the preconditions are improving — and all four do — the faster and wider the collaborative economy will extend.

Now let’s take a closer look at the four areas of the collaborative economy: collaborative consumption, production, learning and finance.
Collaborative consumption

Collaborative consumption is the most widely spread field of the collaborative economy.

What do we share? (Almost) everything can and will be shared as long or as soon as the necessary preconditions — mentioned above — are met.

How do we share? We actually are observing a renaissance of traditional marketplace behaviour like reselling, bartering, renting, lending, etc. We share without or with money and with or without using technology.

Why do we share? Even though economic considerations of saving or earning money often come first, environmental and social reasons for achieving more resource efficiency and connectedness with other people are gaining increasing importance.

What is the resulting effect? First: access beats ownership. Second: the rise of new business models. Third: the rise of new collaborative lifestyles and opportunities in short: Not just what we consume, but how we consume changes.

Collaborative production

Collaborative production or democratisation of production is on the rise. Coworking spaces have been doubling every 12 months for five years in a row now. More and more people are coming together in an increasing number of fabrication labs and hackerspaces to develop, create and produce collaboratively.
In the past pre-aggregated capital and infrastructure were usually the precondition to start production. Now increasingly easier and cheaper access to means of production give more and more people the opportunity to become producers. This can be considered a democratisation of production.

Open hardware gives people licence-free tools and components. FabLabs and Hackerspaces give access to space and machinery. Open Communities enable people to hook up with the right people and get free access to valuable knowledge. Marketplaces like Kickstarter or Etsy provide everybody the opportunity to raise funds or sell their produce.

This democratisation of production will also foster its (re)localisation. Michael Bauwens encapsulated it well in his speech at the Degrowth conference for Ecological Sustainability and Social Equity in Leipzig in September 2014: “If it’s light it should be global. If it’s heavy it should be local.”

Just to give an example of how far collaborative production can challenge established structures, I want to present an open source car project. The car achieves 100 MPG and runs on less than 3 litres. The first prototype was built in 3 months by 40 volunteers with almost no budget. The car consists of modular components bringing product cycles down to just days, allowing rapid experimentation and application of new innovations. In contrast, the traditional automotive industry has production cycles of seven years, involving high fixed costs, and costs for changes and innovation are huge. How disruptive these differences will turn out to be in years to come has to be seen.
Collaborative finance

Collaborative finance seems to develop into another game changer. We distinguish between crowdfunding, crowdinvesting and crowdlending. All variants provide people with new opportunities to raise money and to bypass banks. The $5.1 billion of worldwide collaborative finance raised in 2013 were still negligible peanuts for the banking industry. The $1,000 billion Forbes Magazine predicts for 2020 however will not feel like peanuts anymore.

A look at the Top 11 crowdfunding campaigns to date shows that each of the hardware, video game, or real property projects has raised multiple millions. Even a joke campaign to make a potato salad managed to raise $55,000.

Collaborative learning and knowledge

Due to time constraints I can’t dig into the potential of the vast disruptive force of this fourth field of the collaborative economy. For the sake of completeness I just want to emphasise the fact that the free online encyclopaedia Wikipedia managed to make proprietary versions – like the 200-year-old Britannica or the highly funded Microsoft Encarta – obsolete within a few years.

The collaborative economy is on the rise and increasingly sinks into the public awareness as many front-page covers of numerous magazines illustrate. As the Economist puts it on one of its front pages (March 9, 2013): “It’s time to start caring about sharing.”

To sum up the first part – the collaborative economy is changing not only how we live, travel and move around, how we learn, work, produce and finance, but also how we experience our environment and communal life, as well as how we think and act. As Charles Eisenstein, the US social philosopher says, “every system is built upon values and a story. If you want to change the system you have to change the underlying values and the story that upholds it.”

This leads us to take a look at the systems: old economy versus new economy. As mentioned at the beginning, the assessment will be schematic and, at times provocative.

3.3 Old Economy vs. New Economy

To give a first overview of the old economy and society: they are characterised by the two main players, that is the state and private enterprises looking for power and for profits. Both players are organised in hierarchical pyramids and function in a top-down manner.
Dominant features of the old economy are competition, order and control achieved by means of extrinsic motivation via rules, punishment or incentives. The state and corporations function as intermediaries, which try to insure, control and secure scarcity via access barriers, access control and monopolies in order to guarantee (high) profit and (unchallenged) power. Accompanying inefficiencies and intransparencies are accepted or even desired.

Personal property is of the highest value allowing exclusivity and status, also echoing the underlying worldview of the *homo oeconomicus* trying to maximise personal benefit.

A first overview of the new economy and society draws a different picture: people have become players themselves. Peers organise the satisfaction of their needs among each other – beyond market and state. They are organised in peer networks that show horizontal structures like a pancake.

Dominant features of the new economy are collaboration, trust, self-organisation and intrinsic motivation. Old divisions between producer vs. consumer or employer vs. employee are blurring or merging into one: People become prosumers and microentrepreneurs. Peers interact directly with each other – bypassing intermediaries and thus creating more transparency and efficiency.

Personal property is valued less as access to property and participation in the commons allows for inclusion and belonging, also echoing the underlying worldview of the *homo collaborans* wanting to do what benefits his/her surroundings.

Elaborating on this first overview, the juxtaposition of the old and new economy will continue under six headings.
The old economy is a market or trade economy, but what should we call the new one: Collaborative? P2P? Care? Solidarity? Or civic economy? This is open to debate.

The focus of the old economy is on the material world, on objects and products that have to be pushed into the market. Success is expressed and measured in GDP performances. As a greed economy people try to take as much as they can and give as little as possible. Internalising profits and externalising costs, it is egocentric and extractive as well as exploitative in nature.

The focus of the new economy is people and the immaterial world. Success is expressed in a Gross National Happiness Index or other forms of measurements capturing social values and ecological as well as personal material and psychological needs. As a need economy people give as much as they can and take what they need (like in families and circle of friends). It is eco-centric and additive as well as contributive in nature.

The old economy shows a tendency to create inequality, the new economy more equality.

We have already mentioned the *homo oeconomicus*, the lonely fighter separated from nature, which he treats and exploits as commodity and separated from other human beings with whom he competes for resources in a world perceived as full of scarcity. Focus is on quantity, transactions, products and objects. Success is measured in absolute and relative aggregation of private ownership.

The *homo collaborans* considers himself as part of nature, which he tries to sustain. He feels connected with his fellow humans with whom he col-
laborates and shares goods and experiences in a world perceived as full of abundance. He focuses on quality, connectedness, people and relationships. Success is measured in felicity, usefulness and meaning.

*The old economy shows a tendency to exclusion and enclosure; the new economy is more inclusive, open and transparent.*

The old economy regards and treats nature and natural resources as commodities, fit for exploitation. It is a sales-oriented economy based on accelerating product-in trash-out cycles, increasingly accumulating waste and toxic residues. Depletion of the resources finally creates scarcity and conflict.
The new economy considers itself an inseparable, interdependent and symbiotic part of nature. The decelerated need oriented economy is organised in closed cycles, avoiding disposal or use of toxic components. Circular arrangements and fair distributions avoid scarcity and conflict.

The old economy creates monocultures and degenerates the natural basis of existence. The new economy has a stronger inclination to (bio)diversity and sustaining the natural livelihood.

People in the old economy tend to have a more static position, usually fulfilling one role (like one profession, one job, or a certain task). Often this role is defined and directed by others and expresses a dependency relationship. Regulations, control, punishment and incentives become means for extrinsic motivation.

People in the new economy find themselves in more dynamic settings. They tend to have multiple roles and thus increasing options and chances for more autonomous and active lifestyles. Which will not necessary make life easier or more enjoyable as we have to relearn to deal with regained freedom and self-determination.

In the old economy people predominantly act in response to extrinsic motivation. In the new economy intrinsic motivation becomes increasingly important.

The old economy deals with independent, isolated entities. Independence and dependence are the prevailing relationships. Competition is the dominant
pattern causing entities to work against each other creating a dog-eat-dog society where exploitation, exclusion and monopolisation are rewarded with a competitive advantage. Regulations, laws and control have to keep mutual mistrust in check and balance.

The new economy consists of networks of connected entities. Interdependence is the prevailing relationship. Collaboration is the default, fostering a trust-enhancing society where sharing, exchange, network effects and the activation of the full potential of the people achieve better results.

*The interaction in the old economy is dominated by competition, while in the new economy collaboration prevails.*
In the old economy organisations are fairly static units with rigid borders and hierarchical top-down rule. Goals and processes as well as responsibilities and liabilities are often well defined. Tasks and responsibilities are clearly separated. Both tend to specialisation and entrenched habits. Established structures often involve a great deal of fix costs, causing inflexibility and immobility.

In the new economy units tend to be more dynamic, flexible and created ad hoc, often cross-border and involving P2P self-organisation. Goals and processes are formulated ad hoc or as needed. Tasks and responsibilities are less separated, leaving more space for serendipity and innovation. The units are often lean and can therefore be very flexible and mobile.

Typical activities of the old economy are: control, direct, manage, plan ahead, aggregate, budget, execute. Typical activities of the new economy are: coordinate, ad hoc building and evaluation, enable, improvise, and experiment.

The old economy tends to centralisation and bureaucratisation, the new one towards decentralisation and self-organisation.

### How to get to the other side

There is growing awareness that our current economic system, the old economy, and the direction it is heading in is neither sustainable nor desirable. A questionnaire of the German Bertelsmann Foundation revealed that 88% of Germans and 90% of Austrians desire a new economic order: one that bears
in mind the environment, sustainable resource usage and social balance in society. A staggering result! Now the question is how to get to the other side. And what will happen next?

Here are two voices: Jeremy Rifkin, economist and head of the Foundation on Economic Trends, and Charles Eisenstein, visionary and social philosopher.

Jeremy Rifkin dares to make a quite precise prediction: he currently sees a parallel flourishing of both systems partially cooperating, partially competing. Nevertheless he dates the eclipse of capitalism around the year 2060 and predicts that the old model will cease unilaterally to determine the economy. Reasons for this development are on the one hand the increasing substitution of the old system through barter, do-it-yourself and a co-operative structure. People will have their own solar panels instead of buying electricity, will share cars instead of buying their own and will exchange spaces among each other instead of renting hotel rooms. He sees another reason for the decline in a paradox deeply embedded in capitalist theory and practice, margin costs, which turn problematic if they reach zero.

Eisenstein also expects a collapse of the old system, but he says that it will be difficult to say when and where this will happen — most likely triggered through some sort of crisis or disaster. He compares the old system to a big rope, difficult to cut if it’s loose, but as it tightens a small cut can be enough to snatch it. When and where this will happen he considers unpredictable.

I want to close this article with a quotation from Indian author and activist Arundhati Roy, who said: “Another world is not only possible, she is on her way. On a quiet day, I can hear her breathing.” Around the world we hear stories of people, projects and initiatives that express this spirit of another possible world. They are popping up everywhere, growing, extending and multiplying. People increasingly notice them and above all fear them less and less and want them more and more. It is time to get ready for the new economy, a new society. And to name the newborn “civic economy” or “civic society” (where the separation between the economy and society has been lifted) feels like a good choice.

In reality, of course, there is no sharp juxtaposition or strict geographical or temporal separation of the two economies. Both forms are present and do coexist, compete or collaborate. There are many mixed forms — within economies in general as well as within companies and other entities in particular. Both forms are influencing and changing each other. We are living in times of transition and transformation now. Exciting times for some, but frightening ones for others. Questions of the day are: will the old economy swallow the new one and thus even enlarge its reach and dominance further or will it transform or even die by the intent of doing so — or by not changing and
adjusting at all? And, of course, governments will continue to play an important role. Like other traditional intermediaries they surely will also have to reinvent themselves, and new forms, focus, and alliances will evolve. Nevertheless, setting the playing field and the crash barriers through regulation and deregulation, promotion and prohibition, taxation and right targeting will determine where the journey will go. Different outcomes are imaginable and the road ahead will surely be bumpy at times, and yet I am optimistic that a civic economy and society where governance and resources are wider and more equally distributed will prevail. The only way to predict the future is to invent, to shape and to create it. As Charles Eisenstein says, “There is a story beneath every system, if you want to change the system you have to change the story.”
CHAPTER 4

The Civic Economy: challenges and opportunities for governments and policymakers

By Kathleen Stokes, Nesta
How do people improve their communities, fulfil their needs and improve social capital? Between the realms of informal civic engagement and established public, private and third sectors, intriguing configurations are emerging.

Across Europe, over 7,000 local communities have created Food Assemblies1 to buy directly from local food producers and farmers. People are using community workshops like FabLabs, hackspaces and makerspaces to collaborate on innovative projects like Smart Citizen2—an open source kit and platform that enables citizens to collect and share data on their local environment. In towns like Todmorden, small guerrilla gardening projects have evolved into major local food campaigns with projects led by local government, businesses and community organisations.3 Charities like GoodGym have made it easier for runners to come together and get fit by helping their communities. Even major corporates like DIY conglomerate B&Q are creating projects like Streetclub to help neighbours share tools and plan community projects.

Looking at these (and many other) examples, it’s clear that something is happening in communities across the UK, Europe and more widely. But are these merely isolated incidents or the signs of a wider shift-change? If the latter, how can policymakers and governments make sense of it and ensure it fulfils its potential?

4.1 Making sense of the civic economy

In 2011, Nesta partnered with 00;/, trancityxvaliz and the Design Council to publish A Compendium for the Civic Economy.4 Drawing upon previous research, new lessons and a selection of leading case studies, we defined the civic economy as:

“...comprising people, ventures and behaviours that fuse innovative ways of doing from the traditionally distinct spheres of civil society, the market and the state. Founded upon social values and goals, and using deeply collaborative approaches to development, production, knowledge sharing and financing, the civic economy generates goods, services and common infrastructures in ways that neither the state nor the market economy alone have been able to accomplish.”

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1 https://thefoodassembly.com
2 https://www.smartcitizen.me/
3 www.incredible-edible-todmorden.co.uk/
4 www.nesta.org.uk/publications/compendium-civic-economy
Quite simply, the civic economy brings together new configurations of people, organisations and tools, which are seeking out different ways to satisfy their needs and develop their communities. This definition still holds, yet a variety of complementary and overlapping terms have crept into public discourse since then. Today, headlines and commentators weigh the risks and merits of the sharing (or collaborative) economy, marvel at the organisational structures supporting the peer-to-peer (P2P) economy, and seek to connect wider socio-technical transformations with broader titles like the digital economy, or “mesh”. Proliferating terminology shows us how much this space has evolved in recent years. Still, across these different terms, we can identify some common features.

For one, the civic economy and its counterparts are not one sector or type of organisation. The proverbial church is broad. Initiatives span the realms of consumption, production, learning and finance in order to produce goods, services, or even infrastructures. Participants include start-ups, communities, corporates, governments, cities and charities—not to mention different configurations and partnerships between such groups. They also are willing to experiment with and make use of innovative approaches and tools.

Despite these commonalities, the civic economy does have one defining feature, which is not always found in other complementary economies: participants are primarily driven to provide some form of social benefit. From social enterprises to informal local collaborations, civic economy initiatives can take a number of forms, but they are created and operate to deliver social aims. Initiatives within the sharing, collaborative or digital economies can also offer social or environmental benefits; however, some companies may simply be driven by the business opportunity—for instance, platforms where people buy unneeded household goods or pay for a lift in someone’s car do create financial value.

Looking at this definition, it’s important to remember that these traits are not new. From the Rochdale Society of Equitable Pioneers (considered one of the pioneers of the modern consumer co-operatives in the UK)5 to the rise of co-operative agricultural approaches of the Mesopotamians, humans have a long history of collaborating to solve problems and satisfy their needs. Still, we can appreciate that new relationships, tools and organisational models are being developed and employed in response to changing technological, social, and political contexts. For example, platforms like Peerby and Streetbank have used Internet technology to make it easier for neighbours to share and borrow things from one another, thereby improving upon the local noticeboard. These features are what distinguish the “new” civic economy from more established social models and initiatives. As they develop, they also un-

5 www.rochdalepioneersmuseum.coop/
cover questions and issues for incumbents, participants and policymakers alike.

4.2 Challenges for policymakers

While the civic economy carries a great deal of excitement and possibility, it also introduces challenges and difficult questions. The overlapping sharing, or collaborative, economy has publicly highlighted many of these tensions in recent years.

On the one hand, many initiatives can appear informal or innovative — not quite fitting within existing organisational or legal structures. For instance, does a community-run meal-sharing platform require the same type of insurance as a restaurant? If so, who should be responsible for providing it — the space where the meal takes place, the group or platform facilitating the meal, the chefs, or those eating? Lighter regulation may make it easier for people to participate and develop new collaborative economy initiatives, but it can leave them open to greater risk and liability should something go wrong. Likewise, the trust and informality underpinning these initiatives can also be abused — as seen with bogus letting agents using Airbnb properties to scam deposits out of would-be tenants.

Sometimes, new models gain enough traction that they disrupt incumbent institutions and systems. The commercial success of Uber and other ridesharing platforms has opened up debate around the regulation of rideshare platforms, spurring taxi strikes, increased regulation and outright bans in a number of cities. Others have argued that the rise of certain civic and collaborative models masks a failing economy — particularly when it comes to initiatives that encourage informal labour or facilitate tax avoidance.

Some pundits have suggested that regulation for sharing economy models should start from scratch, or that self-regulation through rating and review mechanisms could replace government intervention. Others have responded to these claims by arguing that total freedom or exemption from existing laws

7 www.independent.co.uk/news/uk/home-news/uber-signups-increase-850-as-black-cab-drivers-stage-london-taxi-protest-9530061.html
and regulations may erode the protections gained for consumers, workers and citizens over recent centuries. While these debates are far from settled, all parties can acknowledge that these initiatives are part of the wider political landscape — making governments and policymakers important stakeholders in shaping their future.

Policymakers and governments have a choice in how they react to these issues. While some have taken steps to respond to these challenges, proactive actions have been more an exception than a rule. Many have either tried to ignore the civic economy, or squeeze it into existing legal and regulatory frameworks without considering their applicability. Thankfully, this appears to be changing. Making sense of a challenge is the first step to proactively anticipating and responding to it. The challenge here is to remember that we are not looking at one business model, organisational structure, sector or technology, which needs to be identified and addressed.

To begin addressing such challenges within the civic economy, it is important to begin with a clear understanding of the issue at hand — what is the problem, who is involved and how does it relate to wider contextual factors? To date, several issues have been particularly common: taxation, insurance, land use and planning, legal form, and licensing. In many cases, these issues will have already been considered by other localities. Such cases can offer lessons and point to potential responses. Likewise, sector can be a helpful lens for contextualising an issue when it arises. For example, problems with insurance for a civic economy initiative involved in transport will have to grapple with an entirely different set of institutions, regulations and precedents from one involved in food production, or housing.

Taking time to consider the specific challenge and sector also makes it easier to determine which level(s) of government need to be involved. Certain issues may fall under local or regional jurisdiction while others may require the involvement of national or European bodies. Some may even fall under the jurisdictions of multiple levels of government. Along with government, it is important to identify and reach out to relevant businesses, public institutions, third sector organisations, citizen groups or civic entrepreneurs. In essence, convening all relevant stakeholders is the crucial first step to devising any effective response to the civic economy.

4.3 How can governments and policymakers react?

Once the relevant stakeholders are present and ready to engage, how can they react? This question has already preoccupied many government offi-
cials and policymakers, and will probably continue to do so in the years to come. With no shortage of possible tactics, finding the right approach can be difficult.

Identifying effective responses starts with understanding your desired outcomes. Are you looking to encourage greater prosperity among residents? Are you perhaps hoping to guarantee provision of local services despite dwindling budgets?

As one of many stakeholders within the civic economy — including citizens, existing sectors, civic economy initiatives and entrepreneurs, and other governance and regulatory bodies — policymakers will rarely, if ever, be the sole drivers of any initiatives. Instead of attempting to lead or develop the civic economy directly, governments and policymakers can focus on helping to create conditions in which civic entrepreneurs and initiatives can flourish and all citizens can benefit. At times, this may mean managing competing interests or helping specific groups to overcome barriers. At other times, this role will be more proactive and creative — finding ways to encourage wider awareness and participation, or even supporting initiatives directly. So what does this look like?

A range of tactics are available to governments and policymakers looking to engage with and support civic economy initiatives. Along with creating new policies and regulatory frameworks, amendments to and exceptions from existing ones may be necessary at times. For instance, governments in a number of countries (including the UK, France) have been compelled to review existing legislation to address the increasing popularity of short-term housing rentals through platforms like Airbnb.\(^\text{10}\)

Other civic economy initiatives are looking to complement and supplement existing services, such as “meals on wheels” schemes. In the UK, Casserole Club\(^\text{11}\) has been started in four localities, so people can cook an extra portion of dinner for an elderly or isolated neighbour. Alternatively, governments might adopt traits of the civic economy to supplement or inform their own decision-making processes. In Iceland, Better Reykjavik\(^\text{12}\) has helped to make policymaking more participatory by creating a platform where local residents can propose ideas and priorities for others to vote on and respond to.

Likewise, governments can look for opportunities to work directly within the civic economy by entering partnerships or rethinking procurement.


\(^\text{11}\) https://www.casseroleclub.com/

\(^\text{12}\) https://betrireykjavik.is/
and commissioning procedures. For example, UK-based timebank Spice13 has partnered with different housing associations and local authorities to implement time-credit schemes, which encourage more people to volunteer for public services and organisations. In exchange for contributing time, people receive credit that can be used to access support from other people, or resources and activities from local partners.

At other times, governments may seek to stimulate more innovation or participation in civic economy initiatives by providing incentives, seed funding, or business support. Going further, some may even choose to promote aspects of the civic economy in a holistic way. The city of Seoul, South Korea, has recognised the sharing economy and adopted a more holistic strategy to encourage it to flourish across the city. Under the banner of **Sharing City Seoul**, the local government has undertaken and supported an impressive number of activities fostering greater citizen action and sharing. This has included providing financial, training and incubation support for sharing economy initiatives, while also opening up physical space for local activities and an online hub.14

For Seoul — and an increasing number of local, regional and national governments — the civic economy is attractive because it presents several opportunities. Initiatives can identify new ways of addressing pressing local issues — from rising costs of living to providing quality care for an ageing population. More ambitiously, a thriving civic economy might improve, support and complement public services. It can also create alternative providers who fuse commercial and social interests in order to benefit their users and local communities. As more people choose to participate in civic economy initiatives, social capital and trust among residents can also improve. Quite simply, it offers the potential to do more with the resources we have available.

While this kind of promise is encouraging more governments to engage with the civic economy, it is also important to critically evaluate their ambitious claims. Governments and policymakers can also help initiatives understand their social, environment and economic impacts. Helping civic economy initiatives to measure and evaluate their impact can help to improve what’s already in place. Likewise, sharing this knowledge more widely can inform other localities and innovators as they embark up on their collaborative economy initiatives.

These approaches and examples are a small sample, but point to a wealth of possibility. Whether inviting, recognising, connecting, legitimising, seed-funding, guaranteeing, co-investing, legislating, procuring, or reflecting — governments and policymakers can be proactive and useful stakeholders

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13 www.justaddspice.org/
14 http://english.sharehub.kr/
in the collaborative economy. As this space evolves, we expect the range of examples and opportunities to increase. However, this is only possible if governments and policymakers demonstrate a willingness to acknowledge and interact with the civic economy.

4.4 Conclusions

The civic economy can benefit localities and address issues they face by applying new tools, relationships and organisational structures to longstanding human activities and aspirations. While these many civic economy initiatives hold great promise, many don’t neatly fit within existing legal frameworks or institutional structures.

Governments and policymakers have an important role to play addressing these challenges, as well as creating conditions to encourage and develop a vibrant civic economy. The question is not whether they should engage, but how.

Pam Warhurt of Incredible Edible Todmorden offered some poignant advice at the 2011 launch of the *Compendium for the Civic Economy*:

“Say to policymakers: What are you going to do to make it easier for the next generation? What are you going to do in terms of the way you think about spending your money? Take some small steps and create a positive framework. Stop thinking from the top down...”

Definitions have evolved, new initiatives and models have proliferated, but this advice remains profoundly relevant. Governments have the opportunity to acknowledge and support the talent, energy and resources being invested into communities through the civic economy. To do so effectively, officials and policymakers need to understand which aspects of the civic economy are within their jurisdiction, clarify the outcomes they wish to support and (perhaps most importantly) think creatively about the approaches they take.
CHAPTER 5

Faster forward – Financing the Civic Economy

By Joost Beunderman
There are many terms to describe the new forms of collaborative entrepreneurship that have recently made remarkable impact on both debate and practice. From the “sharing economy” to “mission-driven entrepreneurship”, and from “collaborative consumption” to various interpretations of “social enterprise” or “citizen collectives”, it is clear that there is an increasing number of collaborative entrepreneurial actors that are focused on new ways to unlock underutilised resources and potential within the places, people and products we already have — for social, environmental or commercial purposes. Whether volunteer-driven initiatives to plant edible trees and plants in public spaces or neighbourhood enterprises that provide care, workspace and apprentice restaurants.

The recent rise in such new economic actors has been described in a wide range of writings both academic and journalistic, and has become somewhat of a beacon for politicians and policymakers across Europe (Beunderman et al. 2011; De Moor 2013; Griggs 2014; Government of the Netherlands 2013). The *do-ocracy* is a term used in the Netherlands for a democracy where people exercise their citizenship beyond voting, complaining and responding to statutory consultation exercises; the Big Society is the famous albeit increasingly out-of-fashion term used by David Cameron; and the Civic Economy is the term my colleagues and I at 00 introduced to emphasise that this is about more than volunteering or “responsible citizens” — it has great potential to change the very structures of our economy too.

But this potential is not to be taken for granted — there are plenty of examples of how promising initiatives in the civic economy are rather vulnerable, or how ill-considered projects or policies can actually lead to failure to achieve positive outcomes, or to new patterns of social exclusion. In this chapter I will focus on one particular challenge in making sure the civic economy can live up to its potential to generate positive change in cities, neighbourhoods, towns and villages across Europe. I will highlight how I think much of this depends on reconsidering how we think about finance and investment in this civic domain, and, as a precondition for that, how we think about data and social outcomes.

**5.1 Civic venturing and impact finance — two worlds apart**

Already in 2015, we are seeing a growing understanding of the benefits of civic entrepreneurship to people and places. Increasingly it is being recognised how the hybrid ventures springing up between the market, the state and the traditional organised third sector are able to generate outcomes that neither
the state nor the market, nor traditional foundations or trusts, have been able to achieve — in particular in “wicked” policy domains such as care for older people, preventive healthcare, renewable energy or the food system. They do this by mixing and meshing various approaches from new types of volunteerism or smart use of social media to co-operative finance — and by being collaborative and open to the inputs of a wide range of people in unique local contexts.

**Growth in social impact investment**

A report by the Boston Consulting Group anticipates potential demand for social investment funding to reach £750 million by 2015. That’s a 38% p.a. rise from the £165 million invested in 2011.” (Institute for Government 2013); “…a growing market, with respondents planning to commit $9 billion to impact investing in 2013, up from a total commitment of $8 billion in 2012. …Expected commitments of $12.7 billion expected by survey participants in 2014, up from $10.6 billion committed in 2013, a 19% increase.” (J. P. Morgan Chase & Co 2014); “Impact investing … was the fastest growing strategy in Europe, exhibiting +132% growth since 2011.” (Eurosif 2014)

This growth, combined with the global growth in social enterprise more generally, is mirrored in clear growth in the world of impact investing — from the report published by the Social Impact Investment Taskforce (established by the UK’s presidency of the G8) to the remarkable growth predictions across Europe and beyond (See textbox: Growth in social impact investment). The 2014 Social Impact Investment Taskforce report describes the global market for investment in “impact-driven organisations” (“Organisations that hold a long-term social mission, set social outcome objectives and measure their achievement, whether they be social sector organisations or impact-driven businesses”) as one of rapidly moving from a conversation about 100s of millions to billions to trillions (Social Impact Investment Taskforce 2014). Clearly, the civic ventures I am describing here are but one in a spectrum of many “impact-driven organisations”, but the point stands: whilst at ground level lots of distributed activity is generating tangible social impacts, we are now witnessing how in the boardrooms of philanthropic organisations, mission-driven investors, government-backed and even mainstream private investors, more and more money is lining up to support such activity through investment rather than as grant or subsidy.

But equally, it is becoming clear that in 2015 these two worlds don’t yet align, for a number of reasons. Firstly, the many civic ventures we see emerging — I am leaving the primarily commercial “sharing economy” examples
like Airbnb and Uber outside this argument — are exploring, testing and developing a wide range of business models, not all of which are predominantly driven by commercial revenue; in this, they need support as well as actual cash. As many have argued, without fine-grained support many of these ventures will not be ready to receive any investment at all; secondly, without the finance sector actually reaching out and adapting its expectations and language to the reality of social and civic ventures, the two worlds will not meet in a viable middle ground (e.g. Shanmugalingam 2011; Van der Heijden & Beunderman 2014). As the Institute for Government blog put it “...However, the ability of existing organisations to utilise that funding, is far from certain. In short, there are too few social enterprises with a business model capable of generating the returns required to warrant investment. As a result the social investment market is not suffering from a lack of capital, but a lack of places to allocate it. Eventually, something will have to give...” (Institute for Government 2013). But there is another point: the scale of many civic initiatives is well below what large funders can recognise. Many of the micro-initiatives may well forever choose to stay without investment — but even those that could benefit from it may often be too small to appeal to grant-givers and investors alike.

What we are struggling with is the development of finance models for such initiatives in ways that truly suit this increasingly diverse sector. In a world where funding is scarce, investment models that slap the need to generate revenue on fledgling initiatives could well kill off the energy and motivation of the people involved. This risks actually killing off their potential to increase their reach and impact. Not every citizen-driven project can or needs to become a revenue-driven social enterprise; in fact, in the past year we have seen some bold projects fold, such as Southwark Circle, which was originally included in the Compendium, because their presumed set-up as self-financing social enterprise did not stack up once the initial public sector grant ran out. But equally, continued grant dependency evidently isn’t a viable prospect; recent data from the UK for example show a continuing trend of declining grant funding for “voluntary & community sector” organisations since 2003, well before the crisis; and even public sector service delivery contracts have declined. In other words, a different model is needed.

5.2 Financing social outcomes

Better, then, to fund projects on the basis of their outcomes. Already, we sense that investing proactively and preventatively in re-building trust be-
tween people and that bridging between different demographic groups is worth it. We have some evidence that it can reduce the social isolation that leads to depression amongst older people and thus to high medical costs. The logic is increasingly compelling: projects that prevent or resolve not just the human but also the financial cost of various social issues from spiralling out of control, enable us to avoid enormous cost. The G8 Taskforce’s report cites that in the UK, for example, “the annual cost to the government of a convicted youth offender is around £21,268. The cost of a successful intervention that prevents reoffending may be as little as £7,000 making it very attractive for the government to fund prevention in this area” (Social Impact Investment Taskforce 2014, 14). The equivalent annual cost for a child taken into care is £64,819. Where such costs are known, and causal links between early intervention and better outcomes firmly established, the concept of Social Impact Bonds now has increasing traction. This is clear progress, but we need to be clear about its limits. As the same G8 Taskforce recognises, “So far, despite the buzz around the idea of SIBs, the amount of capital raised remains tiny relative to their potential, at around $100 million [globally — JB]. That compares with £250 billion of social service delivery by government in the UK alone” (Social Impact Investment Taskforce 2014, 15).

Open-endedness

One of the particular limitations of Social Impact Bonds is the fact that for its financial mechanism to work and for upfront investors to be paid back, there needs to be a clear causal trail between interventions, outputs, outcomes and “cashable savings”. That makes them very useful for funding very structured and often large-scale “corporate” social enterprise projects, but less compatible with local citizen-led activities, which tend to be quite open ended in the type of outcomes they create — outcomes which are moreover multifaceted rather than highly singular and targeted as is required by Social Impact Bonds. If we truly want a civic economy led by the many, SIBs, useful though they are, will often not be the answer. Investing in citizen-driven activity is best done without prescribing all too tightly exactly what these outcomes ought to be, lest we fall into the trap of over-bureaucratised outcomes contracts that constrain what are often very open-ended, multiple value-creating initiatives, which grow through constant iteration and through their ability for lateral development based on new opportunities. Who could have predicted when “Incredible Edible Todmorden” started around 2005 as an environmental initiative, that nearly 10 years later it was becoming a real engine for self-confidence and economic growth in this previously depressed northern English milltown?
It's worth digging deeper into projects like “Incredible Edible Todmorden”, especially as it exemplifies the huge diversity in how civic ventures are set up and subsequently evolve. Incredible Edible functions largely as a volunteer network of people just getting on with growing fruit and vegetables in the public domain. They have set up an organisation to deal with some modest grants and gifts, but it remains largely a “cash-free” citizen initiative – one, however that has spawned a wide range of social enterprise spin-offs such as the Incredible Farm and an aquaponics-based learning and growing initiative, each with its own business model and diversified income streams. Elsewhere, we see the civic economy span the wide range from cashless or barter-based projects through to fairly traditional majority grant-based models to revenues from diversified products or services, service delivery contracts, utilities suppliers or sophisticated online platforms and so forth. Where some stay hyper-local, non-commercial initiatives, many will grow into productive local ventures or even scalable propositions.

5.3 Speaking for themselves

The real shift I hope to see is that we find new ways to make these activities – this rich social mesh – speak for themselves in terms of their diverse, multiple social environmental and economic impact. By doing so, we can unlock a new type of outcomes-based investment that works with the grain of citizen activities rather than wishing that, as I heard a senior UK Local Authority recently quoted, “if only we could bend all that citizen activity around our outcomes framework”. For this to happen, we need to find ways to develop an effective and authentic language through which the many activities of civic entrepreneurs – if they wish – can speak to government, to foundations and grantmakers, to business partners and most of all to each other. So that they explain what they do not just in terms of great case studies and headline indicators but also in terms of detailed and systemic outcomes; and so that we learn to discern the collective impact of a wide range of projects in a local area on the well-being of people and a place. In turn this will create fresh space for endless local, contextual innovation within this unpredictable mesh network of diverse and dynamic protagonists – and ultimately, this would enable the fine-grained allocation of capital to that mesh – as opposed to pre-packaged allocation of money through service-based procurement, large grants, calls-for-proposals or real-estate based grants.
The big step for the social finance market

That is a big shift — but it is necessary. Our current ways of funding are increasingly out of sync with how the protagonists at the coalface act: they are still too top down, static, cumbersome, don’t fully understand the wide range of (often non-financial) support needs amongst fledgling civic initiatives, and come with a cost of overhead preventing smart and agile working. We see this most clearly in the mainstream banking sector and the public sector, but equally amongst grant-making foundations and even accelerator programmes. What we lack is high-resolution finance for the civic economy. Changing this would open up huge opportunity.

Take Akron, Ohio, where the Knight Foundation is currently investing to restore the physical fabric of this post-industrial town, block by block. Wouldn’t it be great if in a few years’ time we were able not just to measure the effects of the Knight Foundation’s large-scale investments but also the impact of a myriad of citizen’s actions? The Better Block project’s philosophy is great — focusing on a great number of modest, low-cost improvements that can lead to transformative changes — instead of expensive plans — achieving that “people work together to accomplish small things that they can actually see and touch”. But how to prove their impact. Or take West Norwood in London, a neighbourhood where my colleagues from Civic Systems Lab are using an empty shop for the Open Works and have built a year-long open platform where local people have been inspired and received practical support to develop a range of initiatives to improve the local area and generate social outcomes.

Remarkably, this open-ended project is funded by local government, explicitly as an alternative to the commissioning and procuring of prescribed public services — a truly bold step. It recognises that social good can come from this mesh of civic initiatives — from lots of highly interactive micro interactions, rather than big single actors or services. Ultimately, persisting with these approaches will require proving their cumulative and sustainable impact on the local Council’s strategic policy priorities. The UK-based Lankelly Chase Foundation is currently supporting the evaluation of the Open Works to assess exactly whether and how this impact has occurred.

It is precisely these seemingly mundane everyday interactions that have often been eroded, and current trends show a clear appetite amongst citizens to rebuild the best of them. But it is all too difficult for allocators of capital to decide how to fund the projects that nudge us towards new local behaviours — let alone to procure or commission smartly. Funds sit often in large endowments and miles removed from the local knowledge that should inform decision-making. Thus too often we fund what we understand, not what carries
most promise. The civic future does not need massive capital inputs so much as it needs a working economy at the heart of it. We know such newly reinvigorated everyday interactions would create tremendous new common goods; now we need the civic economy to become much more specific in developing the collective outcome frameworks and local data capture capabilities to “put a number” on this common good, and make it investable even at the smallest scale.

In sum, we have only started to grasp how a wide range of civic initiatives, actions, ventures, projects and behaviours could be shown to have a collective impact in localities. We are still struggling to define exactly how these myriad civic initiatives, of established organisations as well as new protagonists, can show their cumulative impact on people and places. And because of the difficulties in proving causal links and collective outcomes, we have trouble supporting and funding projects and initiatives at the very fine grain where it matters most. But this is a fast-moving field. Social and civic ventures, social scientists and investors alike are rapidly developing new insights and methodological capability, not least because of the incredible potential of big data. For example in his 2014 book Social Physics, MIT Media Lab professor Alex Pentland shows how even the most intricate patterns of behaviour change can be shown to derive from varying patterns of social contact between people (Pentland 2014). He opens up various methodological possibilities as well as ethical questions that need discussion. But it is because of this type of new capabilities that, fast forward to 2020, my hopeful prediction is that this rich mesh of civic entrepreneurship can speak for itself, and thus generate a whole host of sustainable and financially sound business models.

This holds an incredible promise: if we can democratise the systems underlying social finance, we could much better support and finance the myriad initiatives of citizens and civic entrepreneurs in our towns, cities, neighbourhoods as they tackle access to healthy food, local renewable energy, or worklessness. (Or social isolation, or improving life chances early on — all the everyday challenges facing us.). But this is a big if: the world of social finance is rapidly developing, and this requires a series of deliberate steps.

5.5 **Five domains of activity**

To get there, we have to work together in five parallel domains.

1. Firstly, we need to talk about evidence: what is useful evidence, how to generate it without burdening project initiators too much, and how to
communicate it. A much more intricate data capture architecture is needed to use technology smartly to validate multiple, unpredictable and micro-scale outcomes in a transparent way. Open and big data show us the way. It’s time to translate Alex Pentland’s “social physics” to the civic sphere: how do we enable ongoing data capture from a wide range of everyday interactions? A sector that’s often averse to the bureaucracy of evaluating and reporting has a long way to go.

2. Secondly, the rapidly evolving world of impact investment needs to attune itself to this equally rapidly evolving domain of hybrid civic ventures. We have social impact bonds and collective impact projects — when will we see collective impact bonds that work with the multiple outcomes of local projects? How will they deal with questions about geographical scale, causal inference and critical mass? We predict this will be a dynamic field of debate and invention in the years to come.

3. Thirdly, we need to talk governance. The very dynamism and diversity of new civic initiatives raises questions about how they will evolve over the years to come. How do we ensure they will not fizzle out, and how do we make sure that new funding models be open and transparent? This is not so much a question as to how government deals with that (important though democratic accountability is in this domain) as about multi-actor, web-enabled civic governance with real distributed ownership: how do civic ventures — and civil society at large — hold each other to account? This is crucial not just at the level of individual ventures: it plays out at the level of the many platforms that we now use across the sharing economy (where people like Michel Bauwens have long argued that democratising platform ownership and governance is crucial in ensuring a truly civic outcome, an issue which is increasingly being understood in the furore over sharing economy platforms like Airbnb) (E.g. P2P Foundation 2012) but also in the need for new ways for citizens and initiatives to hold each other accountable about the type of collective impact metrics we have been discussing, to avoid this becoming the exclusive domain of the state or private consultancies. How do we govern collective impact?

4. Fourthly, we still need to get smarter at seeding the new civic economy. How do we create viable structures that accelerate the incredible potential for citizen-initiated ventures? The Open Works project does this at a neighbourhood scale. In parallel, Civic Systems Lab is doing this at a city-regional scale with the UK Government-backed Civic Foundry accelerator programme in Birmingham in the UK’s West Midlands. These programmes are part of a growing range of local civic incubators, accelerators and other infrastructures; it is now essential that we articulate what works and what doesn’t and where the civic economy follows similar or
totally different logics than the tech sector where the “acceleration” model originated.

5. Lastly, government at all levels is evidently still finding out what its role is in addressing these questions. Though there are many different ways in which the public sector can play a role, it tends to come down to one thing: by creating fertile ground for a wide range of new civic protagonists, from often unexpected backgrounds, to emerge, develop their models of impact and value over time, and prove their value. This *could* mean: supporting “open challenge” programmes that explicitly invite a wide range of innovators to develop ideas; investing in or hosting the kind of platforms or programmes that provide the support which emerging civic ventures need; bringing together private sector partners and social investors to reduce the distance between them and the civic ventures; being a critical friend to such ventures in terms of their data capture or governance. To undertake any or all of these roles — and there may be many others — the public sector will have to learn from the new practitioners, whether social investors or those running neighbourhood-scale ventures. The civic economy cannot be controlled or easily steered, and does not “just” want to be subsidised or given heavily specified contracts. It needs to be valued for what it really is creating.

So there are plenty of open questions to resolve. In the meantime, people are getting on with practice. We are seeing new city networks and engaged citizens undertaking numerous unpredictable initiatives everywhere, inspired by timeless ideas of living well, but enabled by deeply 21st-century tools, cultures and technologies. This is a phenomenal asset for the common good. If we learn to understand it better and support it by a flexible range of impact finance products, this will create the fertile ground for a future to look forward to. Let’s get there faster.
CHAPTER 6

Amsterdam Sharing City

by Pieter van de Glind
The rise of the collaborative economy offers both significant challenges and opportunities to local governments. The traditional lines between the public and private spheres are blurring. It is increasingly unclear where private activity turns into entrepreneurial activity, as consumers can at the click of a button become hoteliers, sellers, lenders, transporters and producers. This has consequences for many important pillars of our society such as taxation, insurance and regulation. First of all, there are potential advantages, such as a growth of civil participation in the creation and consumption of public goods and services, as well as an assumed positive environmental impact because existing resources are used more efficiently. Secondly, there are risks such as unfair competition between “old” and “new” companies. When people start to produce, consume and trade more among one another on peer-to-peer marketplaces, there will be an impact on existing industries. Thus the challenge for local governments is to grasp the opportunity and promise of the collaborative economy, while smoothing the transition by safeguarding public interest and different stakes that exist in our society. One of the ways in which local governments can deal with these challenges and grasp the opportunities is by becoming a “sharing city”.

6.1 Sharing Cities around the world

By the year 2012 Seoul had reached breaking point, according to the Seoul Metropolitan Government. With an ageing population, high youth unemployment, pollution issues, 25 million inhabitants in the Seoul metropolis and a population density five times that of New York City, something needed to change. Accumulating more goods, cars and building even more roads was no longer an option. A fundamental switch in urban policies occurred from focusing on tangible infrastructure such as roads, schools and car parks, to the more intangible online infrastructure that enables a more efficient use of existing resources such as space, objects and talent. The Seoul Metropolitan Government explains the sharing city concept as a “new alternative for social reform that can resolve many economic, social, and environmental issues of the city simultaneously by creating new business opportunities, recovering trust-based relationships, and minimizing wastage of resources”.

By September 2012, mayor Park Won-soon officially declared Seoul the world’s first sharing city. The main policy directions are promoting and supporting private sector and civilian sharing programmes by providing the infrastructure for a sharing city. The “Seoul Metropolitan Government Act on
the Promotion of Sharing” was enacted in order to provide the legal grounds for supporting sharing organisations. Both start-ups and established companies received help to build sharing services. The Act includes key provisions such as principles for sharing public resources, designating sharing Non Profit Organisations (NPOs) or sharing corporations, providing administrative or financial support, and organising a sharing promotion committee. Early in 2015 Seoul’s sharing city ambitions are well underway with the recently launched “Open Data Plaza” as one of its highlights. At this “plaza”, more than a thousand data sets have been opened to the public, so that citizens can develop their own applications to enable more sharing. However, creating awareness remains one of the main obstacles in becoming a sharing city.2

6.2 Lessons from Seoul

The challenge of creating awareness goes much further than Seoul alone. The decision of Seoul local government after 30 months to re-focus on promoting collaborative economy services could be a warning for any city that wants to embrace the collaborative economy. Findings from a research project involving 1330 Amsterdam citizens confirm this too.3 Even though the willingness to take part in the collaborative economy is significant, 90 per cent of respondents were not aware of existing marketplaces. Seoul’s answer to this challenge is to go hyperlocal. Schools, churches and community centres are being activated to promote sharing through information and events. Dutch sharing economy developer, Juul Martin, realised his own version of a “sharing shop” in the city of Nijmegen early in 2015. In this “shop” people are welcome to start sharing, both online and offline.4 Developing more of such shops could become a part of any sharing city programme, and lead to more awareness and thus boost adoption of collaborative economy services.

Seoul acknowledges that there are aspects of the collaborative economy that conflict with existing industries or contradict existing laws. Seoul aims to establish the “sharing economy ecology” in order to vitalise the collaborative

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3 www.collaborativeconsumption.com/2013/09/24/study-the-consumer-potential-of-collaborative-consumption/
4 www.juulmartin.nl/deelwinkel/
The city is reviewing the individual ordinances that hinder sharing activities, and is working with the relevant departments to revise such laws. The city will also take a closer look at taxation and is examining the incorporation of an insurance system suitable for collaborative economy services. As this is work in progress, real lessons are to be learned from ongoing experiences in Seoul. Translated to the context of Amsterdam, there are positive developments around the negotiations between the Amsterdam city council and short-stay marketplace Airbnb. While the challenge of integrating these new services into the city in a way that is acceptable for all stakeholders remains an ongoing and difficult task, the philosophy not to ban, but rather experiment with collaborative economy marketplaces is promising. This cooperation should be an example for other policy areas. Given the fact that the collaborative economy is still young, experimentation is the way forward.

Dutch insurance companies have developed an interest in the collaborative economy during the past two years. Possibly there is no need for government intervention in this field as proper insurance policies are already being developed by the market. In terms of taxation there is a lot of work to be done. In this sense the solution of Airbnb, where the marketplace collects tourist tax, is only the beginning.

Sharing public assets is one of Seoul’s success stories. Since the launch of the sharing city programme, 970 public spaces have been rented out 23,000 times. Instead of using fixed prices, rates depend on the turnover of the particular organisation. This program has led to more awareness among policymakers of the sharing city programme. On the other hand it increased access of entrepreneurs and organisations alike to office space that would otherwise be underutilised. Deelstoel.nl is a Dutch collaborative economy platform where public civil servants can share work spaces among one another. This service could be extended to the general public.

Seoul has actively kick-started collaborative economy services by providing subsidies, office space and consultancy. It is unclear to what extend this programme is responsible for the current state of collaborative economy platforms in Seoul. However, in a few years many sharing markets have started and are growing significantly. Parking places, private homes, books, cars, children’s clothing, rides, knowledge and food are among the sectors where tens of thousands of Seoul citizens have started to participate. The extent to which such a stimulation programme is necessary for start-ups to thrive is unclear, as many start-ups elsewhere are still in their early stages. However, support from the government is also a way of confirming that collaborative econo-

5 www.slideshare.net/cckslide/sharing-cityseoulenglish
6 www.dutchamsterdam.nl/3326-no-amsterdam-Airbnb-ban
7 http://co-up.com/share/archives/32498
my marketplaces are of value to society. This in turn could boost confidence among citizens in these marketplaces and thus remove barriers to entry.

Progress made in Seoul has not been paralleled by any other city around the globe. The possibilities of the “sharing city” however, have spread widely. One of the accelerators is grassroots organisation Shareable, which is a “non-profit news, action and connection hub for the sharing transformation” (Shareable.net, 2015). This organisation has kick-started “sharing activists” all around the globe to start making their cities more shareable. This was done through events, a policy guide and a sharing cities toolkit, which is an evolving compilation of resources comprised of a mix of how-tos, project guides, sample policies and tried and true models and advice.8 Thus far, people from 54 cities around the globe (35 from the USA) have started to develop their “sharing city”. However, due to the grassroots approach it is unclear if, and when other stakeholders, including local governments, in those cities will take steps to join the initiative to develop a sharing city together. European-based grassroots organisation OuiShare has developed a similar toolkit called “Sharitories”. The focus of this toolkit is more on regions than cities and offers local policymakers who wish to implement collaborative or sharing initiatives in their local areas the tools to do so. Last but not least, the United States Conference of Mayors signed a resolution in support of policies for shareable cities at their annual conference in June 2013.9

Collaborative economy marketplace Airbnb has started its own “shared city” scheme by partnering with Portland in March 2014. As part of this partnership, Airbnb will be “expanding its community’s positive impact in Portland by collaborating on campaigns to attract sustainable forms of tourism, send visitors to local businesses, and support disaster relief programs. Airbnb will also collect and remit taxes to the city of Portland on behalf of its hosts and make it easy for Portland hosts to donate the money they earn from Airbnb to a local cause, matching those donations as a percentage of its fees.”

Even though the idea of a sharing city has spread widely and both grassroots organisations and governments are making an effort, no other city has followed the example of Seoul hitherto, except for Amsterdam.

### 6.3 Why Amsterdam wants to become a Sharing City

From our experience at ShareNL, the Dutch knowledge and network organisation for the collaborative economy, we noticed an increased interest among

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8 [www.shareable.net/sharing-cities-toolkit](http://www.shareable.net/sharing-cities-toolkit), 2015
very different stakeholders in the collaborative economy in the Netherlands in general, and in Amsterdam in particular. Insurance companies, banks, investors, and other private sector institutions are looking for projects to experiment with, and learn from, the collaborative economy; knowledge centres too are looking for projects to investigate; local governments are looking for ways to determine how to deal with the phenomenon. Amsterdam has a well-developed digital infrastructure and its citizens are tech savvy. There are a number of leading start-ups active in the collaborative economy based in Amsterdam. Last and most important, citizens are up for it too. During the summer of 2013, together with the Research and Statistics Department of the municipality of Amsterdam, we surveyed a non-representative sample of 1330 Amsterdam citizens. The survey looked at seven different collaborative economy services (gardens, goods, rides, cars, houses, skills, meals). On average 43 per cent of the citizens would like to use these services as a user; and 32 per cent as a provider; and 84 per cent of respondents would like to take part in at least one example of the collaborative economy.10

The city of Amsterdam has declared the ambition to become a sustainable metropolis and acknowledges the collaborative economy as an important aspect of a more circular economy. Within the city there exists a well-developed network of businesses, the local government and knowledge institutions capable of working together towards sharing city goals. Thus far, Amsterdam has been welcoming to the collaborative economy. The collaboration with Airbnb is a good example of this. The collaborative economy is part of the city’s roots. Amsterdam historically flourished by co-operatively creating a playing field in which the individual can flourish. The collaborative economy is a contributor to this ethos. Last but not least, a European Sharing City did not yet exist. Taking the lead not only helped the city itself, but potentially many other cities around the world as well. A presentation shows several reasons why Amsterdam should become a sharing city.11

6.4 Amsterdam Sharing City initiative

The rise of the collaborative economy offers both significant challenges and opportunities to the city of Amsterdam. In this section, challenges are described, followed by opportunities and how the Amsterdam Sharing City project deals with both of them.

10 www.collaborativeconsumption.com/2013/09/24/study-the-consumer-potential-of-collaborative-consumption/
11 https://www.youtube.com/watch?v=uamnHLBiLnU&noredirect=1
Challenges and opportunities

One of the challenges the collaborative economy offers us is laws and regulations that do not apply seamlessly to new organisational models, such as the peer-to-peer marketplaces of the collaborative economy. Several pillars that we are using to organise our society are likely to function suboptimally when looking at the changes we are faced with. One of the main difficulties is the increasingly blurred line between individual and entrepreneurial activities. When does someone who occasionally rents out his house become an entrepreneur? What does this mean for taxation? This blurred line also affects zoning regulations, governments used to create different areas for commercial, residential or industrial purposes. These zoning systems are becoming outdated as areas are becoming multifunctional. The same issue creates difficulties around licensing and insurance. As a society we need to redefine how we organise ourselves. An immediate challenge is the likelihood of unfair competition between the new organisational models and the older regulated models. Whenever independent actors offer services through online marketplaces that are similar to services offered by those older regulated models, an unlevel playing field might emerge. Another important challenge is the lack of empirical evidence around the impact of the collaborative economy. We simply need much more research on environmental, social and economic impacts of different collaborative economy services. This is of great significance for governments and companies in order to be able to develop a comprehensible vision and strategy.

Inherent to the collaborative economy there are promises and opportunities for environmental, social and economic sustainability. When looking through a pair of collaborative economy glasses, the city looks quite different, because suddenly an abundance of unused goods and capital is visible. The collaborative economy beholds the promise of having a problem solving capacity in many public tasks such as housing, mobility, waste, healthcare, jobs, etc. Technology is now rapidly making the unused goods and capital not only visible, but also available. In this way, rides, cars, rooms, offices, skills, equipment, time, knowledge, money, energy, etc. are increasingly exchanged through online collaborative economy marketplaces. Cities are the prime beneficiary of this new digital infrastructure placed on our societies. Because of the high density of people in cities, transaction costs are lower, and “wants” and “needs” can easily find each other, leading to increased social cohesion and assumed environmental benefits as existing assets are used more efficiently. Additionally there are assumed economic benefits, based both on more solid social cohesion as well as an increase in local transactions that could boost entrepreneurship. This contributes to resilient local econom-
omies. However, attracting collaborative economy start-ups will also boost local creative and technological industries. Ultimately the technological layer can create a better liveable city. “Cities that can take advantage of platforms available for collaborative consumption [sharing platforms] will tap into vast new opportunities to create jobs, attract talent, promote local investment and community-building, and offer a healthier place to live” — Young Global Leaders Sharing Economy Working Group.12

ASC vision, pathways and stakeholders

The objective of Amsterdam Sharing City (ASC), is to enable the city to deal with both the challenges and the opportunities of the collaborative economy. This is based on the vision that we are best able to effectively deal with the challenges and grasp the opportunities by facilitating cooperation between all stakeholders that are affected by the rise of the collaborative economy. This has resulted in a two-way approach: one way directed at informing the local government and creating awareness among local policymakers, the other way directed towards all other stakeholders within the city of Amsterdam.

The “local government pathway” started with a presentation by shareNL in front of a room full of policymakers during the annual conference of the city’s Research and Statistics department in November 2013. This event led to a collaboration with the Amsterdam Economic Board. In this institution, representatives from governmental agencies, research institutes and the business world have jointly taken responsibility to work towards strengthening the economy of the Amsterdam Metropolitan Area. The Board strives to stimulate and support sustainable collaboration, innovation and growth in the region, and strengthen international competitiveness. With support from the Board, shareNL was able to write a comprehensive sharing city report (in Dutch). This report is used within the government to define its strategies towards the collaborative economy. The main lesson for those wanting to make their city a sharing city is that it is crucial to work together with governmental organisations. Otherwise it is difficult to have an impact as the government is not only an important stakeholder in creating a level playing field, but in addition, the government represents “the public”, and thus it makes a lot of sense to work with it when reshaping a city into a sharing city. In the end, all public assets should be shared as much as possible.

The “social pathway” is an ongoing process in which shareNL invites relevant partners from its network to become sharing city ambassadors. In order to welcome as many ambassadors as possible, a rather low threshold is applied to join the sharing city ambassadors programme. All ambassadors

are asked to fill in a form that asks them three questions that are explained in more detail in the following paragraphs: *why does [ORGANISATION] align itself with the vision and mission of ASC? How does ASC connect with the stakes of [ORGANISATION]? What will [ORGANISATION] do to make ASC happen?*

The vision of ASC is the assumption that we are living in a transitional time. Consumers, governments, industry and other organisations are going through fundamental transformations. Technological advancements are changing complete industries/sectors, natural resources are getting scarcer and people are becoming more dependent on one another. The collaborative economy is a significant driver of this transition, and thus holds a way of understanding and possibly influencing the transition. The mission of Amsterdam Sharing City is to develop the collaborative economy into an integral part of the city, by uniting the forces of all stakeholders to create “playgrounds” where the collaborative economy, and thus the city can flourish. But also by learning from these playgrounds to be better able to deal with its challenges. Based on the vision and mission, we define ASC as follows:

*Amsterdam Sharing City recognizes the sharing economy as a vital driver towards a sustainable, rich in social capital and economically resilient future, and acknowledges the need to consider and incorporate sharing economy principles [such as access instead of ownership] when re-creating the political, economic and social landscape.*

The stakes of the different ambassadors are important as they are a precondition for active participation. Examples of why existing companies are connecting to the idea of a sharing city are: optimisation of customer knowledge, resilience, reputation, finding new revenue models, testing new products, contributing to a healthy business climate and knowledge gathering. Citizens’ organisations’ motivations for participation are: better access to goods and services, lower thresholds to entrepreneurship, more social and safer neighbourhoods, more local, air quality improvement and more time for family and direct environment. For knowledge institutions the sharing city project offers a living lab where real life lessons can be learned. Among the stakes for the local government are: growth in local investments, more efficient use of public assets and services, sustainable and affordable transport, innovation, boosting of creative industries, jobs, more efficient use of resources, increasing citizens’ social participation, safety, decreasing the number of socially isolated citizens and opportunities for new public private partnerships.

Thus far (April 2015) more than 30 organisations have become ambassadors of Amsterdam Sharing City. From community centres to multinationals, from start-ups to knowledge institutions, and from media to the local government. Together, the ambassadors will harvest much of the already existing
energy by cooperating in several projects that contribute to making Amsterdam a sharing city. The official launch of Amsterdam Sharing City took place on 2 February 2015 in the presence of all ambassadors, including counsellor Kajsa Ollongren, Alderman for Economic Affairs and vice-mayor of the City of Amsterdam, who took the stage on behalf of the city government. “The consumer has in recent years become increasingly powerful. The sharing economy is a huge opportunity. It just fits well with Amsterdam. That’s why we want to be known as a Sharing City.”

Amsterdam Sharing City: the view of the Amsterdam Economic Board

In an interview with Ger Baron, the Amsterdam Economic Board’s ICT/e-Science Cluster Manager, the relationship between Amsterdam and the collaborative economy was discussed.

Is there a real need for Amsterdam to respond to the upcoming collaborative economy?

I would not call it a real need, but Amsterdam definitely sees a lot of opportunities and challenges regarding the collaborative economy. Sharing is of all time, we have always shared our knowledge and goods with our families and friends. The difference is that due to the recent technologies, there are more possibilities. You can reach more people, the sharing economy is a worldwide trend. For the city this provides opportunities, more effective use of products can lead to a more liveable city. Sharing can be a trigger for community building as well.

What will the city government contribute to Amsterdam Sharing City?

At the moment the city is following this trend closely. We are looking at the opportunities and how to stimulate these, but also at the challenges and how we have to cope with these. Sometimes the city will stimulate and facilitate, for instance if a social sharing business wants to start in Amsterdam. We want to provide start-ups with a great start in Amsterdam.

Sometimes we have to enforce, but at the same time we will have to check if rules and regulations are still accurate. Who and what is being stimulated or protected by these rules and what is the contribution of this new business in this context?

We say: “practise what you preach”. We want to make an inventory of our goods. What can the city share with the city?

13 https://www.youtube.com/watch?v=wwQZhMWg9iw – Video on Amsterdam Sharing City
14 www.collaborativeconsumption.com/2015/02/04/amsterdam-europes-first-sharing-city/
What are its best opportunities and greatest threats?

The opportunities:
- Increase in innovation (possibilities)
- More efficient and sustainable use of resources
- More and easier and cheaper access to services and products
- Increase in social cohesion
- Opportunities for local businesses and new businesses, e.g. creative start-ups, this can lead to growth in local investment and
- Anyone can be an entrepreneur.

Challenges:
- As a government we have to focus on quality, safety and a just market.
- Innovation is always disruptive, which can be both positive and negative. We have to make sure there is a level playing field, and prevent some business creating a monopoly, with no room for other companies.
- Determining when it is sharing and when it is business, and then other rules are applicable.

6.5 Now the real work starts

The official launch of Amsterdam Sharing City marks the milestone of having gathered a unique group of stakeholders who support the mission and vision of Amsterdam Sharing City. It is the starting point of a new phase in which the coalition of stakeholders aims to turn the ambition into real-life projects. The goal is to realise at least three of those projects within 2015. The initial focus will be on projects that raise awareness among citizens about what the collaborative economy offers, as well as more research on its impacts. We hope that enthusiasm of the stakeholders, synergy between stakeholders, together with serendipity will produce innovative and previously unthought-of projects and initiatives. The lessons learnt and knowledge resulting from the first projects will be shared through the “Amsterdam Sharing City Model”. By the end of 2015 we intend to have set a new example that is followed by at least a dozen other cities across Europe and the world.
CHAPTER 7

Civic Economy Examples
7.1 Introduction

The civic economy refers to an array of civic enterprises and social ventures. This chapter presents some examples of civic ventures with the aim of providing deeper insight into the trends, opportunities and challenges related to these initiatives. It focuses on some areas in which these civic enterprises operate that are highly relevant from a (local) government perspective, including co-operatives at the cutting edge of housing, care and welfare, local currencies and citizens’ initiatives to provide community facilities such as green spaces and that engage in area development in cities. Inspiring examples can be helpful in developing practical action perspectives for local governments.

This chapter presents four examples. Meera Chadha discusses people-powered public services in the UK. Budget cuts on public services across Europe have increased demands on volunteers to fill these gaps. Also in the UK, citizens are increasingly engaged in the delivery of services. The challenge is to engage citizens to improve outcomes and services for people. This is the field in which Nesta, a British “innovation charity with a mission to help people and organisations bring great ideas to life”, operates.

The Bristol Pound is another example. It is one of the many local, alternative and complementary currencies that have emerged across Europe. With the growing problems with the financial and monetary system, doubts and mistrust increase as well as their negative, local effects. Local money, complementary to our current currencies, can contribute to a strong and resilient local economy and “has the potential to strengthen local communities, by enhancing relationships, and offering an alternative reward for services, and by enhancing a local identity” (Boonstra et al. 2013: 5). However, implementing and maintaining a complementary currency requires a lot of work, as the example of the Bristol Pound shows.

The SEISMIC project, funded by the European Commission, is an example of social engagement, mutual learning and co-creation in investigating and tackling urban challenges. The SEISMIC project intends to advance social innovation on urban issues in Europe by engaging citizens, so that researchers and citizens can learn from each other in the search for innovative approaches to urban problems.

The last example is Holzmarkt. It is an example of collaborative area development in action. This Berlin case exemplifies the shifts in society and the economy of empowerment of citizens and the rise of environmental and social consciousness.
7.2 People-powered public services: people helping people

by Meera Chadha, Nesta

Introduction

How can governments and public services better engage and make use of people power to have a greater impact on social challenges?

In the UK, we are facing challenging times when it comes to delivering effective public services and our story will be familiar to many across Europe: budgets are being squeezed whilst demand and expectations are increasing. Epitomised by the “graph of doom” we are seeing a growing gulf between resources and demand when it comes to traditional public services such as adult social care, or parks and recreation. In the UK alone, the Local Government Association predicts an expenditure gap of £14.4 billion for local councils by 2020, equivalent to a fall in income of over 27 per cent in real terms against an increase in expenditure of over 14 per cent (LGA 2013). This is forcing public services and governments to rethink what they deliver and how.

Figure 1 The “Graph of Doom”, Local Authority Income against Expenditure 2010/11 to 2019/20 (source: LGA 2013)

Whilst this does create a number of challenges for local and national government, it also comes at a time when city councils are looking for ways to engage citizens more proactively. The Co-operative Council Network has been supporting councils to find better ways to work with and for the community.
since 2011.\(^1\) Much of this change is stimulating new models of service delivery that unlock human, social and community capital outside of the current system.

At Nesta, we help individuals and organisations design and grow ideas, which can improve the quality of many peoples’ lives.\(^2\) A key part of this has been championing for public services that do things \textbf{with} people, not \textbf{to} people: from our early work on co-production five years ago, where we extolled the virtue of bringing users into the delivery of services through co-production, to the launch of People Powered Health in 2011, a programme which put people at the heart of health service delivery.\(^3\) The response has been very positive, as local authorities and clinical commissioning groups explore ways in which they can empower service users in design and delivery.

\(^1\) www.coopinnovation.co.uk/
\(^2\) Nesta is a UK-based charity supporting ideas that improve the quality of people’s lives, with activities ranging from early stage investment to in-depth research and practical programmes. www.nesta.org.uk/about-us
\(^3\) People Powered Health was an eighteen-month programme run by Nesta and the Innovation Unit to test a range of healthcare innovations. www.nesta.org.uk/project/people-powered-health#sthash.TlpGo5q2.dpuf
More recently, with our work in the Centre for Social Action Innovation Fund in partnership with the Cabinet Office, we are scaling programmes that use social action or “people helping people” to deliver improved outcomes and services for people across the UK. We all want access to world-class doctors and professionals in a time of need; but some challenges are better served by a combination of support and peers. For example, people with long term health conditions tend to rely on the day-to-day support of friends and family rather than continual clinical care; a volunteer mentor can offer real-time life experiences to help young people navigate major milestones supplementing the role of a paid careers service. As such, we think sometimes volunteers can offer a better relationship and outcome than relying on paid services alone, and recent research estimates that people power in or alongside public services can be valued at £34 billion annually in the UK (Gabriel and Clarence 2014).

There are already many established models of where citizens have an active and integrated role in the delivery of services. Every state-funded school in the UK has school governors who are accountable for setting and delivering the strategic direction for the school — totalling 300,000 across the UK. Special Police Constables offer additional support for law enforcement in many countries around the world. Many of the innovative programmes we see today which put people at the centre of delivery may well become the school governor or special constable of the future, and it is now time to see these principles applied more widely.

How can citizens get involved?

Citizen-focused models can be applied in many public service contexts and in different forms.

For example, peer support programmes can offer a useful boost to clinical services that support people with long-term health conditions. For instance, the British Lung Foundation’s peer support network of Breathe Easy Groups⁴ and Diabetes UK’s peer support model have combined peer group sessions with input from specialist nurses and trained volunteers to help patients manage their conditions more effectively. These programmes harness the power of personal experience to offer insight and support in a way that helps build connections and offers reassurance.

We’ve seen effective, scalable programmes that focus on skills sharing. Code Club is a network of volunteer-led after school coding clubs, teaching young people aged 9-11 how to build digital products like websites, anima-

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⁴ Launched by the British Lung Foundation, Breathe Easy Groups offer advice and support for people with respiratory diseases (and their families and carers). www.blf.org.uk/BreatheEasy
tions and computer games. Its vision is to be in half of all UK primary schools by 2018. While some clubs are led by teachers, more than half are currently led by volunteers who visit their local primary school for an hour a week. Similarly, StreetDoctors aims to change lives by giving teenagers — particularly ex-offenders and those involved in violent crime — the skills and confidence to deliver life-saving first aid. The sessions are taught by volunteer medical students and junior doctors, who can play the role of near-peer mentors. In both of these programmes, volunteers make use of their own skills to help equip young people with the skills and knowledge they need to improve their future prospects.

In other instances, services focus on developing a regular long-term relationship, which contributes to better outcomes. For example, City Year UK trains young adults from diverse backgrounds to spend 11 months volunteering full-time in schools in deprived urban areas. The results are mutually beneficial: by being embedded within a school volunteers (aged 18 to 25) develop personal and professional skills, while struggling pupils have the opportunity to engage with learning in a variety of ways. Data from three primary schools in the UK for the 2012/2013 academic year showed that pupils receiving focused attention made an average point score progress of 5.2 for English and 4.4 for maths, compared with the average expected progress of 3 points per year. Through the Access Project, pupils receive weekly one-to-one tutoring sessions from volunteers to help improve their academic attainment. On average Access Project students make two-thirds of a grade more progress than their peers.

Other citizens’ initiatives can be even more intense in their giving. Shared Lives Plus is a radical form of care that centres on sharing “home, family and community life”. Its innovative approach sees Shared Lives carers share their own home and family life with an older or disabled person, as an alternative to traditional care services. As well as helping isolated and vulnerable people lead active and fulfilling lives, Shared Lives arrangements are a boost to local authorities and the NHS, with the project offering potential savings of over £50m per year to council and care services.

5 https://www.codeclub.org.uk/about
6 http://streetdoctors.org/what-we-do
7 Calculated by comparing the KS2–KS4 “Best 8” Value Add scores of The Access Project students with students not on The Access Project in pilot school www.theaccessproject.org.uk/impact/results#results
8 Find out more at: www.sharedlivesplus.org.uk/about-us/shared-lives-about
What are the conditions for success or failure?

The examples of people-powered public services are diverse, demonstrating that there is no single model for how citizens can play an active role in supporting others in their community and improve their public services. Instead, citizen-led initiatives can be shaped to suit the different needs of volunteers and beneficiaries depending on the outcome desired.

The best don’t just sound good, but have evidence to back up the claims that the patients or students or community members involved have better outcomes when they have access to both a high-quality professional and the support of their community or peers. If the initiative can demonstrate value through improved outcomes, such as people recovering faster from illness, students having improved academic results or people having a better quality of life, and/or you can demonstrate a cost saving, the case can be made to invest in the right models to replicate and scale. Placing a stronger emphasis on testing and evaluating social action initiatives allows for consistent focus on what’s working, what can be improved and what should be discontinued.

Real value can be generated when the voluntary and community sectors work with public services to create a more joined-up service and experience. The Cities of Service model, originally developed by Mayor Bloomberg in New York City in 2009, focused on ways to harness citizen power alongside public services to address key city challenges, such as reducing the carbon footprint or strengthening communities. Cities of Service is now a coalition of more than 190 mayors representing nearly 50 million Americans, and is now expanding internationally with 8 UK cities and Madrid taking on the model as well. The model focuses on developing a Service Plan that identifies citizen initiatives that address a city challenge and is often led by a Chief Service Officer based in the city council. By placing leadership within the council, but engaging the voluntary and community sectors to identify the issues and the methods to address them, cities are able to create more effective outcomes that can make the best use of public services and people power.

It is important to integrate the volunteer’s role with that of the paid professional to ensure a seamless experience and get a better outcome. In 2010, King’s College Hospital in London asked staff what they would like to do for patients but didn’t have the time to do. This generated a list of simple acts of human kindness — from welcoming patients to holding their hands during operations — which volunteers are now responsible for deploying. In contrast to many other hospitals, where volunteers perform in back-office functions

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9 Cities of Service is a coalition of cities in the US that use citizen power to have a measureable impact on city challenges. www.citiesofservice.org/content/about-us
10 www.nesta.org.uk/project/cities-service-uk
or run shops, over 60% of volunteers in King’s College Hospital are based in wards, integrating them into the frontline (Gabriel and Clarence 2014). The King’s Fund estimates that this volunteering service generated a return on investment of between £5.40 and £16.40 for every £1 spent and offers a huge increase in the human capital available to deliver a better service for patients.

One of the main challenges is often about planning for scale: to do so, you need to engage with the system, the commissioning framework, the financial flows and workforce issues to really understand how to create a programme that integrates with the system. More importantly, the business model counts – you will need to create sufficient demand for the service to justify people’s time and energy.

There is also a need to make sure volunteers and citizens are properly supported – volunteer magic dust won’t solve a problem on its own. There have been criticisms and concerns about the level of pressure on volunteers, friends and family, particularly in the care and welfare sector, and a need to ensure that there are appropriate safeguards in place for the young and vulnerable. In the examples outlined above, a key part of scaling has been to build the infrastructure to support larger numbers of volunteers through paid staff and investment in systems and technology.

What are the implications for the changing roles of and boundaries between government and citizens?

There is broad consensus that public services will look very different in ten years’ time. Austerity and fiscal constraint are not going to change anytime soon and increasingly citizens are demanding services that are personalised and available on demand, mirroring what they have come to expect in other parts of their lives.

To create services that are more personal with less funding available will require delivery models that embrace citizens more actively. Engaging citizens in public services is about unlocking their knowledge, skills and personal experience. When combined with the training and expertise of professionals, volunteers can create better experiences for service users. Successful public services will increasingly find their role as creating connections between people, rather than reinforcing divisions. This awareness is already being seized. The successful bid from Kirklees Council for the Mayor’s Challenge run by Bloomberg Philanthropies11 was to create an open platform for the council and community to share their assets and create greater connections.12

11 http://mayorschallenge.bloomberg.org/
The successful local and national governments of the future will be the ones that can best find ways to enable access to services rather than those that expect to deliver and fund those services alone.

In the People Helping People report (Gabriel and Clarence 2014), we outline that to truly embrace the role of citizens, local and national governments will need to place a greater focus on relationships in the way services are delivered. It’s important to acknowledge that this is not a panacea and that it will require negotiation and testing between government and citizens on what is appropriate for citizens and what requires professional and infrastructure support. When Norman Lamb, the Care Minister in the UK, said there was an “overwhelming case” for volunteers to fill the gap in caring for the elderly, many raised concerns about the burden on the volunteer and the impact on quality without specialist care. The starting point needs to be how we can incorporate the role of the citizen to improve rather than replace the service and make sure that volunteers are properly supported.

This will be a significant culture shift, which requires an open dialogue between government and citizens on the intended outcome, the roles citizens can take, and the support needed to achieve it. It will be challenging and require a shift in mind-set and skills for both public servants and citizens as they negotiate which assets — citizen, government, private sector — should be deployed for any given situation. It will be controversial, as citizens will be required to take an active part in a service that has previously been delivered by others and require some trial and error based on evidence of who and what is most effective. But, if it can be managed effectively to leverage the knowledge and personal experience of citizens to enhance rather than simply replace government services, then the prize will be well worth it.

7.3 The Bristol Pound and Bristol Prospects. Regional money and SME credit to support the local economy

By Ciaran Mundy, Director of the Bristol Pound

The context of the creation of the Bristol Pound

The modern banking and monetary system is in trouble. The system is dominated by large international banking organisations seeking profit, and allows money to move very quickly into and out of any market in the world. How-
ever this system is prone to periodic crisis and collapse. It is highly dependent on economic growth to manage arising debt obligations of nations and other entities. At the same time the focus of much investment has become increasingly international with a loss of expert knowledge and economic information on a local to regional scale. International supply chains have been developed that offer access to very large markets, but access to these markets comes with major dependencies including cheap fossil fuels and stable geo-political alliances within which to operate. It is increasingly becoming clear that this system is unsustainable. Dependence on cheap fossil fuels\(^\text{13}\) is destabilising the environment, and since the great banking collapse of 2008 there has been a decline in the amount of money available to the vast majority of businesses, with a destabilising effect on local to national economies and on international relations. The financial problems remain despite massive injections of money from central banks. Not only is there less money in deposit accounts in most economies, the willingness of deposit holders to spend and invest remains low and the rate of transactions has declined.\(^\text{14, 15}\) The same banking system acts to support international chain companies that typically take a much bigger proportion of their revenue out of the “main street” economy, with a tendency to pay low wages to workers in the locations where they take revenue while paying very high executive salaries and dividends for shareholders. In addition, larger companies use offshore bank-

\(^\text{13}\) “Too Good To Be True? The UK’s Climate Change Record”, Professor Dieter Helm et al, Oxford University: PNAS 10th December 2007

\(^\text{14}\) “BIS: The Impact of the Financial Crisis on Bank Lending to SMEs”. Dept of Business Innovation and Skills July 2012

\(^\text{15}\) SME Finance Monitor, Wave 12 – Q1 2014, An independent report by BDRC Continental, May 2014
ing to avoid tax in the countries where they operate, which further depletes the wealth in these locations.

Alternatively, complementary currencies can partly remedy these problems. The Bristol Pound is one of the best-known British alternative currencies. The Bristol Pound scheme was devised in conjunction with the Bristol Credit Union (a co-operative providing financial services to its members) as a not for profit scheme to help address the issues with the modern banking and monetary system at a very local level. In short the proposal is that traders and individuals accept lower global liquidity with a portion of their money for the wider economic, social and environmental benefits that come from local inter-trading and greater diversity of locally-owned businesses. The Bristol Pound encourages greater connection with surrounding communities building a base of loyal customers and also makes greater use of the money that exists in the city region as it is spent repeatedly within the local economy between businesses and individuals. This is known as the local multiplier effect. But not only is a greater amount retained in the region, it is also spent with increasing velocity increasing the multiplier effect further. Bristol Pound money is largely digital and is a purely voluntary scheme for both businesses and individuals.

**Key characteristics of the Bristol Pound**

The Bristol Pound approach can be summarised by three concepts:

1. *A Values lead scheme*: People care about the place they live in and look for practical ways to express their values. We bring values of community and the common good to the fore along with independence and creativity.

2. *Active membership*: Our members make it happen. Without their day-to-day engagement and activity the scheme is just a nice idea. What they tell us changes what we do.

3. *Strategic partnerships* with Bristol Credit Union, Technology partners STRO, local authority, public transport, food wholesale and catering and Green Agenda, business networks.

Before the Bristol Pound launch in 2012, other currencies emerged in the UK in recent years, including Totnes, Lewes, Stroud and Brixton Pound schemes. However all were paper-based and backed by sterling. Paper currencies are readily recognisable as money and feel familiar to people, making the concept easy to grasp. However, building a significant local money supply in the modern economy requires digital deposits and the ability to provide credit based on the capacity of local firms to trade.
The model we have adopted is split into two phases, which are both run in partnership with Bristol Credit Union:

1. The Bristol Pound as launched in September 2012 is in effect conditioned sterling, where both individuals and organisations can exchange GBP sterling for Bristol Pounds at a rate of 1:1. The resulting Bristol Pounds can be either a digital deposit or paper pounds issued by various cash point traders across the city. The digital Bristol Pounds can be transacted via a Bristol Credit Union account (Cyclos technology) offering online and mobile phone sms text payments TXT2PAY.

2. Bristol Prospects planned for launch in 2015 is a business loans scheme based on mutual credit. The level of each loan is either based on a standard credit rating or secured against invoices issued to local institutions such as the local government. The loans will be interest free, and after maturity credit units can be traded into sterling at or close to par, making it attractive to a wider range of businesses than typical mutual credit schemes. The attraction to join the scheme is not only zero interest loans
but also the extra business activity for all members, especially those with spare capacity looking for new sales at low marginal cost.

Some key aspects of Bristol Pounds paper make it worth doing despite the high costs of printing and managing them and risks of counterfeiting: Firstly, the beautifully designed paper pounds can be used by anyone and build a common understanding that Bristol Pounds are money and provide an easy way for the idea to spread by word of mouth. Secondly, seigniorage results from retirement every 3 years—a condition agreed with FCA and Bank of England so as to distinguish them from regular bank notes. In effect many of the paper pounds issued will be lost, destroyed or taken out of the area. We estimate around 30%-40% of paper pounds issued will not be returned to sterling or swapped for new editions. This amount becomes revenue to the scheme.

**Consultation with stakeholders and strategic partners**

To build confidence before launch, development of the final scheme was guided by listening to the interests and concerns of the independent businesses we hoped would benefit from the scheme. We attended business fairs across the city and had many face-to-face discussions with decision makers and operational people to ensure an in-depth understanding of likely concerns. We built a substantial set of FAQs, which we continue to develop.

The attractiveness of the Bristol Pound is related to the reputation and local economy of Bristol. Inhabitants of Bristol identify strongly with Bristol and its reputation for being independent, rebellious and creative. It is well known worldwide for its music scene, street art and creative industries. And Bristol has one of the greatest concentrations of independent retail traders in the UK. It is in these pockets of independent retailers where the Bristol Pound is so far adopted most widely.

Building the right diversity of membership with strategic partners is a major challenge as the scheme attracts more retail businesses than businesses supplying or serving the retail trade. In addition we wanted to have close involvement and support from the city council without it looking like a local government scheme. To address this we continually seek contact with businesses from key sectors such as professional services, construction, catering and the leisure industry.
Headline figures:

- 1700+ account holders
- 750 registered businesses
- £B6 30,000 created to date

**Figure 2** Bristol Pounds in circulation

**Figure 3** Membership: numbers of individuals and businesses with accounts
Is it working and what next?

The scheme launched in 2012 with about 250 traders agreeing to take paper Bristol Pounds and 150 able to process TXT2PAY and online payments. The headline figures have been promising so far with consistent growth in the membership and deposits. By August 2014 there were over 1200 individuals and over 460 businesses with accounts and many more who simply use Bristol Pounds in their paper form. However, to ensure deposits are used and accounts do not become dormant, we have adopted a highly active strategy consisting in direct contact with members over the phone and at regular social events, and attendance of public festivals, to support the use of the Bristol Pound. This requires a well motivated team and a lot of support from volunteers in the community.

In addition to the standard economic measures however, we have started to measure social impacts and the extent to which Bristol’s profile has been raised in the UK and internationally.

We are using our high profile to build connections with an international network of similar organisations, sharing knowledge and resources. In the UK alone over 20 new and emerging initiatives have approached us to help them develop their own currency system. We have fostered the emergence of the Guild of Independent Currencies serving the UK and the Real Economy Co-operative, which supports direct sourcing of locally grown organic food to people on all income levels in Bristol.

We anticipate UK-based funding to enable the Bristol Pound team to support others to develop their own models informed by what we have learned and also to monitor our impact better. In the EU we are part of the DigiPay-4Growth project, part funded by the EC CIP. Our EC project partners include organisations in the Netherlands, Catalonia, Sardinia and Poland.

The social impacts have also been very positive. Our own survey work indicates that the act of using Bristol Pounds typically makes people feel more connected to their community and the city. A report by Mark Perry from Brunel University\textsuperscript{16} observed that improved social interactions resulted from TXT2Pay transactions: “I think what’s really interesting and unexpected in the data that we have is the way that the Bristol Pound is not just a currency that’s used locally, it’s also a means of building richer, deeper connections across local communities.”

People talk to each other more as a consequence of using Bristol Pounds and we think this is a very significant part of what the Bristol Pound is about.

Social innovation. Seismic: shake up your city!

By Paul Erian, Seismic

In today’s times cities are facing a wide range of different challenges such as climate change, demographic change and resource scarcity. Further, the limited financial means cities have to deal with lead to austerity measures which ultimately can lead to significant changes in public services and quality of life in urban areas. On the other hand, the number of civic initiatives, projects and movements is rising, indicating the need for change. If city leaders explore the potential of social engagement and the civic economy, co-creation and mutual learning between cities and its inhabitants is possible. This is where SEiSMiC comes in.

Urban policy development: Mobilising citizens

The SEiSMiC project tackles Europe’s biggest urban challenges by identifying research needs and mobilising citizens to contribute to get more out of this research. SEiSMiC is a mutual learning action plan — with city residents and urban actors on one side, urban researchers on the other, and a shared goal of sustainable, vibrant, inclusive cities at its heart.

Its objectives and ambitions are to:
- Create a platform for dialogue and mutual learning between citizens, urban actors and leaders in social innovation;
- Mobilise a wide range of urban actors, especially in civil society;
- Stimulate projects between stakeholders in the SEiSMiC networks; and
- Introduce a social dimension to the research and innovation agenda of the Joint Programming Initiative (JPI) Urban Europe and to the development of European urban policies.

It’s all in the mix

SEiSMiC is about connecting urban populations to research and policymaking. To forge these connections, the project has set up civil society networks in 10 countries, creating opportunities for 400 activists, artists, academics, policymakers, social workers and community initiative leaders and practitioners to learn from and inspire one another. Many participants had never met before, much less worked together. A teacher from a technical college swapped stories with a city neighbourhood manager; an innovator in sharing-economy experiments traded ideas with an architect; a civil servant
working on urban regeneration gained new insights from a street performer. The mix of participants in the SEiSMiC networks is unique.

SEiSMiC is a coordination and support action funded by the European Commission under its Science in Society Programme. It contributes a social dimension to the EC’s Strategic Research & Innovation Agenda and supports the Joint Programming Initiative JPI Urban Europe. Established in 2010 by several EU member states and associated countries, JPI Urban Europe seeks to coordinate and strengthen urban research and innovation across Europe.

The 10 countries in which SEiSMiC is building a network are: Austria, Belgium, Czech Republic, Germany, Hungary, Italy, Netherlands, Norway, Sweden, Turkey and the United Kingdom.

Social Innovation

Today’s greatest urban challenges cannot be separated from the societies they afflict. Current complex problems stem from a few profound trends such as climate change, economic threats and demographic change. Arising challenges such as more extreme weather events, (youth) unemployment, social and ethnic tensions, ensuring basic needs, empowering locals, etc. can’t be solved solely by implementing technologies and innovations. Cities need to involve civil society in solving the upcoming challenges they are facing. Creating new and innovative tools and approaches within society, that is what Social Innovation is all about.
Smart, sustainable and inclusive

Each national SEiSMiC network has identified urban challenges and possible fields for action on a national level. Participants want cities with a high quality of life for themselves, their children, their neighbours, and are determined to put ideas into action.

Over the next two years, the national networks will split into smaller working groups, which network transnationally, and share best practice examples. Consortium partners will regularly consolidate results and pass on recommendations to European researchers and policymakers.

This section is concluded by presenting two examples of projects within SEiSMiC.

Collaborative mapping

An example of a project that is currently developed within SEiSMiC is called ‘Collaborative Mapping‘. The main objective of Collaborative Mapping is to map culture and art initiatives in urban areas that are not being mapped at the moment. Besides that more pressing civic issues are mapped such as accessibility of urban space for handicapped people. It uses Open Street Maps (google maps) to build a new urban geography, sharing ideas and concepts, using social media and creating a networking platform. This map based plat-
form could be used as an instrument for information and data exchange. Expected impacts are the revitalisation of unused, abounded and vacant urban spaces and the empowerment of people to get active in their city and put their ideas into practice. From a city government point of view, collaborative mapping indicates which areas in the city are being creatively used and/or reused and where adjustments and changes in the built environment need to be addressed.

Closing the gap between the civic economy and public authorities

Within SEiSMiC we discovered that there is a gap between society and social initiatives on the one hand and European, national or city authorities on the other hand. This gap derives from different perceptions, changing needs and the challenging task for public bodies to communicate their actions and strategies to civil society. The SEiSMiC working group aims to close this gap by identifying new tools or processes for cooperation between the public sector and civil society. A multi-level stakeholder approach has been set up in order for public authorities and society to work together and generate a common understanding of each other’s priorities. By discussing with a wide range of stakeholders, SEiSMiC is empowering them and helps to break down the walls between authorities and civil society. Thus questions such as “how to get funding for a project” and “how knowledge and best practice examples can be shared transnationally” are addressed. This citizen involvement should be seen as a new path towards solving current urban challenges. SEiSMiC is addressing the task of making the potential of the civic economy visible to cities as well as its inhabitants.

7.5 Holzmarkt

By EUKN

Bottom-up initiatives for the “temporary use” of disused urban sites are emerging in many European cities, sometimes in response to the mobilisation of the so-called “creative class” and residents’ protests against commercial redevelopment plans for such areas (Colomb 2012).

De Ceuvel in Amsterdam is an example of this type of participatory urban planning and collaborative area development. A collaboration of organisations and individuals won an area development challenge (tender) to turn the heavily polluted former shipyard in the north of Amsterdam into a re-
generative urban oasis. Secured by a 10-year lease with the City of Amsterdam, they built a sustainable community with a public café and restaurant and workplaces for creative and social enterprises in redundant, retrofitted houseboats, placed around a winding wooden walkway and surrounded by a landscape of soil-cleaning plants. The De Ceuvel site is intended to “serve as a new blueprint for urban development, where decentralized technologies and full recycling of local resources empowers urban areas to be self-sufficient”.18

Berlin is another city where local authorities are open to bottom-up area development (Colomb 2012). Holzmarkt is a good example of collaborative area development in action. This initiative of neighbours and entrepreneurs demonstrates the potential when citizens decide to take matters into their own hands. It has become a creative village in the middle of Berlin. It exemplifies the shifts in society and the economy of empowerment of citizens and the rise of environmental and social consciousness.

Holzmarkt in Berlin19

Following the fall of the Berlin wall, a vacant space along the Spree River attracted developers wanting to build commercial and residential properties. The realisation of the Media-Spree project — the development of an office area specifically for media companies — evoked massive criticism from local residents, because of forced displacement, gentrification and neglect of the interests of residents, favouring those of investors. The initiators of the Holzmarkt project hope to counter the process of gentrification by promoting the city’s original alternative life style.20

Residents of Friedrichshain-Kreuzberg voted against the redevelopment plan for their area, with the result that that borough has retreated from some of its Media-spree plans. With this negative vote, they made it clear that in their opinion this area should remain accessible to everyone. Local communities set up a co-operative and proposed an alternative plan.

The Swiss “Stiftung Abendrot” (Abendrot Foundation)21 was won as a partner. As a sustainable pension fund, this foundation invests the entrusted retirement savings in accordance with ethical, environmental and social

17 http://deceuvel.nl/
18 Ibid.
19 This section is based on various sources, including the Holzmarkt website: www.holzmarkt.com/?lang=en
21 www.abendrot.ch/de/00-00.php
criteria. It acquired the Holzmarkt area in October 2012 in a bidding process. The fund has given the land on loan to the project of the Holzmarkt in order to enable the co-operative to develop its plans at the site. The Holzmarkt co-operative takes over part of the land on leasehold, to develop it as an urban quarter.

The vision of the co-operative is to revive the old Holzmarkt (literally: wood market) in harmony with nature. The only building along the river will be a restaurant offering local products. A village square will form the centre of the development. An important part of the village will be a Kidzclub for children to play. Various local entrepreneurs, such as designers, wine producers and craftsmen can use the place for their workshops. There will be function rooms on three floors, which will serve as venues for festivals or different cultural events. Since the start in 2013, the new Holzmarkt project has counted on local volunteers. Several festivals and cultural events as well as markets have already been held.

The Holzmarkt project will provide residential, working, leisure and recreation areas. It should become a hub of cultural, social, and demographic diversity by offering a workspace where start-ups, inventors, students, and scientists can exchange ideas and start projects. Furthermore, the Holzmarkt project furthers sustainability and ecological objectives, by using ecofriendly material. Holzmarkt dedicates an enormous part of its area to public use, including public urban gardening, shared green spaces, accessible rooftops and public access to the riverside.22

By means of organisational tactics and a sharing and collaborative approach to investment and technology, various change-makers tackled a pressing local and social challenge. It will result in the regeneration of a vacated area in a sustainable and beneficial way for the local community. The vision of the Holzmarkt is reflected in its co-operative model. In a co-operative network together with Mörchenpark eV, it ensures the creative freedom

and provides interested citizens and supporters with a voice through the Mörchenpark\textsuperscript{23} forum. Investors gather expertise and capital in the Genossenschaft für urbane Kreativität (GuK)\textsuperscript{24} (Co-operative for urban creativity). User involvement through participation is central during processes of planning and realisation of the project.

\textsuperscript{23} www.moerchenpark.de/
\textsuperscript{24} www.gukeg.de/en
CHAPTER 8

Conclusion

By Alfons Fermin and Brigid McAleer, EUKN
As shown by the contributions in this book, the civic economy represents much more than a hyped trend. This publication has showcased recent developments in Europe and intends to give an interpretation of the civic economy together with offering practical perspectives for policymakers. This conclusion summarises the key findings with regard to three questions:

- What is going on and what is new? How do we interpret the current and future development of the civic economy in Europe?
- What are the main challenges faced by the civic economy?
- What challenges are there for (local) governments? And what are the practical perspectives for (local) governments facing the civic economy?

The interpretation of the civic economy in Europe

Stakeholders, including local government, have to make sense of the civic economy before they can develop visions and practical perspectives on it. What is the civic economy, in what sectors are civic ventures emerging, with what consequences for and impact on the community and the economy, and how will it develop further?

The authors of this publication have presented various interpretations. The civic economy has to be understood as highly diverse and complex. Its diversity is exemplified by the range of issues, sectors, initiatives and types of organisations encompassed under umbrella concepts such as the sharing, collaborative or civic economy.

This publication opts for the concept of “civic economy”. Some of the authors in this publication support this term as a suitable one. It refers to the blurring of the boundaries between the spheres of private enterprise and civil society while underlining that these initiatives are driven to provide some form of social benefit for the local community. However, the alternative concepts of the “sharing economy” and the “collaborative economy” are and will remain more widely used. They refer more clearly to some distinctive features of these initiatives: the sharing of goods and the collaborative nature of initiatives. Different terms can be used for different purposes. Increasing insight into the characteristics and diversity of these initiatives will produce more accurate classifications and definitions.

Characteristics and drivers

What characterises the civic economy? General consensus recognises the collaborative and co-operative nature as a strong starting ground in identifying key characteristics of typical forms of civic ventures. It is customary to distinguish between collaborative forms of production, consumption, learning and
financing. Other means of understanding would look to the socially focused ideology enhanced by technology and community participation, marking a clear shift from the norm in terms of business models and motives. The aim is the delivery of goods, services and infrastructures for the common — often local — good. Some other guiding principles for sharing, collaborative and civic economy ventures are “unused value is wasted value” and “access not ownership”, and unlocking new levels of value out of things we call “waste” (related to the concept of the circular economy). This is linked to the environmentally sustainable motives behind many of these ventures.

The business models vary and are still in development. The overview of European developments in Chapter 2 showed that many sharing or civic economy initiatives are based on a “two-sided market”, a platform maintained by a third party to enable sharing economy activities, often enabled by new technologies of connection. The ventures may differ between for-profit and not-for-profit social enterprises and from centralised platforms (like Uber) to local, informal grassroots organisations. Most of the contributions in this publication focused on not (only) for-profit and grassroots organisations. As underlined by Joost Beunderman, the civic economy is dominated by initiatives that are still in the process of exploring, testing and elaborating a wide range of business models. Although many of them fail, there are also many successful ventures, improving their business models and their funding.

Not everything is new to the civic or collaborative economy. Co-operatives and civic ventures have a long history. Kathleen Stokes refers to the Rochdale Society of Equitable Pioneers, founded in 1844, as one of the pioneers of the modern co-operative movement in the UK. Co-operatives have a long tradition in other European countries as well. They are referred to as the “social economy” at EU level. However, as Kathleen Stokes underlines, many of the current collaborative initiatives are developing “new relationships, tools and organisational models”, and they are “employed in response to changing technological, social and political contexts”.

Civic ventures that were inconceivable in the past are made possible by new technological developments. Technological developments enable the development of new forms of collaborative consumption, production, learning and finance. Technological innovation and expansion is at the same time one of the main drivers of the (further) development of the civic economy. The Internet and the mobile phone, together with the ease of trust facilitated by social networks, have boosted the spread and use of civic economy ideas and practices. Transparent and open data are crucial for this economy, for many sharing models are based on network-enabled sharing of information. Habitually, Internet technologies are used “to connect distributed groups of people to communicate and share information, making it possible to gener-
ate trust and meaningful interactions” (Stokes et al. 2014). Technology offers opportunities for acceleration and the wider spread of developments than has ever been possible before. The online platforms push the growth of networks to achieve a critical mass, allowing for a better match between supply and demand and decrease in transaction costs. And reputation management systems facilitate the functioning of sharing or collaborative networks by enabling trust between strangers.

New traits of the civic economy are also related to the changing relationships and boundaries between governments, citizens and private initiative. Many of the civic initiatives are filling gaps or opportunities that are created by fundamental changes in the economy and welfare state. They are pushed to the fore by lack of trust in big industry and banking as well as by governments’ austerity measures. As a consequence of a global financial crisis, gaps in the market and public services are being uncovered, be they of social necessity or economic opportunity. Citizens are empowering themselves to serve their own and local needs and interests collaboratively.

The impact and future of the civic economy

The impact of the civic ventures in the economic domain is still difficult to evaluate. Little is known about the actual size of all these ventures collectively. They typically start on a very small scale, and it still remains a niche market. Many of these initiatives stay small, often with a short lifespan, and with little or no impact on the economy. However, well-known platforms such as Uber and Airbnb have a clearly disruptive effect on the economy in many European countries, and provide for heated debate and protests (e.g. taxi drivers). But there are also local initiatives with a clear economic impact, for instance alternative, local currencies. There are signs that the Bristol Pound scheme is succeeding in keeping more of the local money in the city and strengthening the local economy by supporting local businesses.

The social impact of the civic economy is considered more important by the authors of the contributions. That is understandable, given its social goals. Many civic initiatives and social enterprises are set up to tackle local, social challenges and needs. This is also the idea behind social Impact Bonds: performance-based investments to finance enterprises for social outcomes. As Joost Beunderman argues, these bonds are a solution only for some civic ventures. Many civic initiatives are informal and open-ended, and thus too ambiguous and uncertain for “traditional” funding institutions. Therefore, there is a need to agree on useful evidence of the social impact of enterprises and initiatives and to develop appropriate methods to measure this.

The economic and social impact of the civic economy will increase with
the growing importance of these initiatives in the future. At least that is what all the authors are convinced of. This positive outlook is based on their confidence in the increasing empowerment of citizens and the growing opportunities offered by technological developments. However, lack of knowledge precludes bald statements about its future development and the structural changes it will engender.

Thomas Doennebrink offers a view on possible fundamental changes in the economy, by juxtaposing the “new” economy with the “old” economy. The collaborative or civic economy is not identical to the “new” economy, but only one of the bridges to it. He refers to Jeremy Rifkin, who has elaborated ideas on disruptive innovation. This he calls the Third Industrial Revolution, and it implies the end of the old economy, powered by fossil fuels, and the rise of a new economy fuelled by internet technology, renewable energy and prosumers.1

Challenges and potentials of the civic economy

What are the current challenges of the civic economy? This will depend on what position or perspective you take: that of civic entrepreneurs, customers, “traditional” businesses or public authorities. Although the governmental perspective is central in this publication, a governmental vision first and foremost requires knowledge of the civic economy itself and the challenges and opportunities as viewed by the initiators and the local or wider communities to which they are directed.

Problems of adequate business models, funding and other obstacles to the growth and spread of civic initiatives are considered the key challenges by all of the authors. When looking to enhance and accelerate the impact of civic enterprises, new business models as well as financing and funding models are required. Joost Beunderman’s contribution makes it clear that most collaborative civic initiatives prefer a lean and quick start-up, but many of them have a short life span. However, from anarchistic business models new models of business and financing are emerging. Traditional financing institutions lack knowledge of these new types of enterprises and useful evidence of their social impact, while the civic entrepreneurs are in want of know-how and networks to advance their initiatives. Thus, knowledge is lacking both on the demand and the supply side of financing. Intermediaries like Nesta can bridge this gap by offering new forms of financing and by recognising both financial and social returns on investments. Governments have to find out how they can play a role in creating fertile ground and support for the wide range of civic ventures.

The authors emphasise the advantages of civic initiatives: their promises of inclusiveness, equality, diversity, sustainability, decentralisation and the promotion of local, social values (see for instance the contribution by Thomas Doennebrink). The last mentioned promise is a driving force of many of the civic ventures presented in this publication. The aim behind civic economy enterprises is often not only financial return but also social return on investment. The utilisation of unused capital and goods, the creation of community initiatives and the making of new relationships instigated by trust have delivered goods and services that would otherwise have proved inconceivable. A major challenge is to make its social impact visible, with appropriate evidence for local communities, funders and local governments.

The risks and downside of the civic economy receive less attention in this publication. However, in public and political debates there are concerns of exclusion and increasing inequality and competition in some sectors of the collaborative or civic economy. A note of concern is for instance the potential of the civic economy becoming a largely middle-class led movement, emphasising already prevalent divisions in society. Issues of inclusiveness must be addressed, as the digitally illiterate, mainly the elderly, are left behind, and the lower classes and those without personal assets may be pushed aside. Enterprises are not automatically “good” because they are labelled as part of the civic economy; this economy may reinforce the same inequalities and exclusions that exist in the regular economy.

The civic economy is also criticised as involving unfair competition and tax avoidance. Due to their innovative and often informal nature, initiatives may circumvent all kinds of regulations and operate in a legal grey area. This becomes a problem when they acquire critical mass, like Uber and Airbnb in many European cities. Furthermore, these initiatives lack worker protections like worker safety and minimum wages. This is a characteristic of increasing labour market flexibility in general, but this weighs more heavily on the civic economy, given its social values. Others criticise the civic economy for turning every citizen into a micro-capitalist. The huge diversity of initiatives precludes a general judgment on its downsides. Some disadvantages are only applicable to centralised, for-profit sharing platforms such as Uber and Airbnb. Still, Airbnb and Uber also pave the way for smaller initiatives. In any case, precisely here there are tasks for policymakers.

**Challenges and practical perspectives for policymakers**

Governments — local, but also on a national and European level — have an important role to play in addressing the challenges mentioned in the previous section. However, governments are struggling to keep up with events. Gov-
ernments’ proper role is still at the trial and error stage. Some governments have responded actively, by means of regulating, setting policy, seeking initiators and experimenting with new partnerships. Other governments have reacted more passively, ignoring the signs of economic and civic change, or assuming that the trend will pass.

Public authorities and other stakeholders can help civic initiatives to flow-er by giving support and removing barriers. Standard solutions of how government actions can support or fund civic initiatives however do not exist. At the same time, policymakers must consider the tensions between promises of the civic economy and its risks.

Some practical perspectives for policymakers are offered by the contributors, including Kathleen Stokes. A first step for local policymakers facing the emergence of the civic economy is to acknowledge that a civic movement is taking place that goes beyond neighbourliness and that — collectively — will have a social and economic impact. What is an important aspect of the characteristics of civic entrepreneurs is that motivation is complex. Civic initiatives and enterprises are generated by deep personal and social incentives. These local initiatives must not be ignored or filed as unimportant by local policymakers. Citizens are becoming empowered and are taking ownership and responsibility of their immediate surroundings, communal and local spaces. This requires local authorities to create space for further development and give the kind of practical support that is within their powers. Social initiatives are often vulnerable and they may be in need of engagement by governments.

A next step to make sense of the civic economy and its challenges. This is no easy task, because of the informal and innovative character of many initiatives. Therefore, these initiatives do not fit within existing organisational or legal structures. At present there are simply too many unanswered questions that stem from a lack of knowledge or proven measurable impact. Gathering knowledge is thus a necessity at local, national and European level. Local government needs to know what and who is at play. Locating the community organisation or civic entrepreneur and making a point of contact is a necessity. Open dialogue between citizen and government is a crucial part of this relationship.

Next, the challenges have to be contextualised: what are the challenges and opportunities of the civic economy per sector and what values are at stake? Which levels of government need to be involved? This also requires understanding of the desired outcomes in society, and how they can be furthered. However, there is not always an active role for government. Sharing unused goods, such as power drills, is not an issue for stakeholders. How can
government and other stakeholders create conditions for the acceleration of initiatives with a desired social, economic and environmental outcome? This is the key element of the Amsterdam Sharing City approach. Here an external institute is bridging the gap between the stakeholders and the civic economy. The relationship between civic entrepreneurs and policymakers implies a certain amount of risk taking and experimentation, and above all trust across both sides.

A further step is the division of tasks between stakeholders and the development of a shared vision of the civic economy and strategies to deal with it. Whether action should be taken and whom the development of the civic economy will benefit are issues that all governments face. Effective responses of policymakers and officials presuppose an understanding of “which aspects of the civic economy are within their jurisdiction, clarify the outcomes they wish to support and (perhaps most importantly) think creatively about the approaches they take” (Kathleen Stokes in her contribution). Vision development by the government is required to make a reasoned choice between whether or not to support certain initiatives. At the same time, Joost Beunderman’s warning should be kept in mind: “The civic economy cannot be controlled or easily steered, and does not ‘just’ want to be subsidised or given heavily specified contracts. It needs to be valued for what it really is creating.”

Protection of the general interest and of the rules and regulations of the market is a key task for governments. Here important economic and social values are at stake. Issues have arisen across policy sectors regarding tax, insurance, land use and planning, legalities and licensing. How do we support sharing platforms without creating unlevel and unregulated playing fields in the process? How is government to play its role in maintaining fair competition, regulating worker environments and customer protection, and combating tax avoidance? Some developments have to be reconsidered in broader contexts, such as new forms of worker security in a labour market becoming more and more flexible. Care needs also to be taken, so that the digitally illiterate, typically the elderly, or lower classes that do not possess assets are included in the spread of the civic economy. However, this is also a responsibility of the civic entrepreneurs themselves; they have to hold each other accountable.

A viable government strategy is to invest in understanding of what already exists, engaging and facilitating if needed, experimenting and learning from other governments, and assessing the impact of the initiatives supported. Sometimes, further distance between civic enterprises and local government is created as internal departments fail to address civic needs with a more integrated approach. From this perspective a more holistic approach is needed, whereby departments work together across the board as well as
partnering up with local enterprises. In this way local government can also help, by coordinating and possibly combining small initiatives typically made up of volunteers, so that the ultimate impact on the economy is greater.

In implementing support policies, governments can use various instruments and tactics to promote desired outcomes, including updating regulations, creating exemptions, incentives, partnerships and reconsidering procurement procedures. Governments should experiment and learn from each other. Knowledge institutes and networks (e.g. Nesta in the UK and the EUKN in Europe) can support knowledge exchange, policy development and policy implementation.

Finally, to aid further development the impacts need to be measured. Making the outcomes visible is a major challenge for all involved. This requires new techniques to measure and evaluate the impact of initiatives. A trial and error approach must be closely monitored in order to build more robust frameworks that will encourage and facilitate future initiatives.

How do we move forward?

To conclude, it is still too early to provide an interpretation of the civic economy in Europe in its full breadth, as much is still unexplored and only just emerging. Examining the impact of the civic economy is difficult, as there is a lack of knowledge and data. By definition, much of the civic economy remains unknown and hidden from official eyes.

The EUKN publication and conference have provided a glimpse of the enormous diversity of initiatives. They have made clear that there is an urgent need for more knowledge and exchange of experiences between cities, within countries and across Europe. Governments and other stakeholders can learn from each other. There is a need for research and data, as well as platforms to exchange knowledge and experience on the civic economy. However, governments cannot wait until more knowledge is available. They have to engage in a dialogue with stakeholders and develop relevant policy perspectives. The development of the civic economy can no longer be ignored. Its importance for society will only continue to grow.
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