

# **Asset-based community development**

A concept for developing a project with limited resources  
based on a digital currency (Blockchain)

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## **Bachelor thesis (Proposal)**

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## Introduction

The Assets Based Community Development (ABCD) approach describes a concept of empowering community-members by focusing on their resources, skills and knowledge to find ways of solving problems based on what is already available within the community. The key principle in this theory is that communities can drive the development process by themselves by identifying and mobilizing existing but often unrecognized assets [Kretzmann & McKnight, 1993]. These unrecognized assets do not consist only of personal skills, but also include the relationships among the people within and outside the community [Mumtaz et al, 2015]. Recognizing and empowering such “social assets” offer opportunities not limited to monetary resources of a project or idea, which is the main driving factor of a needs-based approach and often decides the success or failure of a project. Dating back to 1970 the Asset-Based Community Development (ABCD) approach became popular due to significant changes of industrial jobs. The economy shifted to highly professionalized or low-paying service jobs, limiting the poor and uneducated from well-paid jobs. To address the growing issues of poverty, public health, human services, education and criminal justice, a new approach was needed to provide new opportunities to the citizens in need (Kretzmann & McKnight, 1993; Walker, 2006). In opposite to the needs-based approach, McKnight and Kretzmann from the Institute for Policy Research introduced a positive approach with the “glass half full” mentality. By talking directly with the community and recognizing existing assets they aimed to strengthen the available resources and skills of the community instead of becoming dependant on for example debt loans [McKnight and Kretzmann, 1993; Mathie and Cunningham, 2003]. Essential to the ABCD approach is the available and development of the social capital which includes time, skills, energy, and vision [Russell, 2005].

## Motivation and Objective

New projects and startups face several problems when introducing new ideas or products to the public. The biggest issue for young and small groups is the funding. Salaries need to be paid in order to hire required workforce, advertisement campaigns require a budget, software licenses or servers need to be rented, there are many reasons to spend money. Another factor is the question of the success of the product or the idea. Without proper research, market analysis and finding the target audience, even the most innovative ideas will not come to life.

With the introduction of Blockchain and digital currencies, monetary and economic aspects are decided and agreed upon by all participating individuals. While it comes with risks like price manipulation and money laundering, it also offers unprecedented opportunities for projects seeking to develop ideas without being limited by monetary regulations and funding. The people using the currency are becoming the people developing the currency, which was always limited to a few delegated politicians and regulators. Thanks to the open-source nature of the blockchain, it's possible for any developer with decent programming skills to copy an existing digital currency and release it with his own financial rules. With the rules written in code, transactions are publicly visible and agreed upon by a consensus mechanism, which eliminates the risk of potential manipulation. Furthermore, a blockchain is decentralized by nature, it's replicated by each participant in the network, which makes attacks from outside the network nearly impossible as the attack and manipulation of single participants of the network does not influence the replicated Blockchain by all other participants, which are able to locate and exclude misbehaving participants from the network. In the recent past, many cryptocurrency-based projects have failed due to lack of usability, misbehaving leadership, the mismanagement of raised capital or simply by not being transparent to shareholders.

A valuable and exchangeable digital currency can solve the funding dilemma of new projects and startups, as salaries could be paid this way. Also, a huge and growing community provides indicators for the success of the idea or product. With many people showing interest, providing feedback and suggestions, the community can be

seen as the first target audience, which is not only the consumer of the product, but also the developer and manager of the product.

The thesis aims to combine the benefits of asset-based community development with the creation of a cryptocurrency in order to conceptualize an approach, which resolves existing issues arising from projects with limited resources and digital currencies which lack usability or proper management. This concept should be scalable for any scenario as the term “community” is broad and may be applied on various groups or organizations.

The goal is to provide a working example of the asset-based community development approach based on a digital currency to benefit all members of a defined group or organization and conceptualize a framework, which can be applied to a broad range of scenarios.

## Approach

### Initial situation / The Problem

Asset-based community development in combination with a digital currency offers an approach, which could solve the issues stated above. In order to test and evaluate this theory a community and a digital currency is required. Since this thesis aims to create a concept which is applicable on any group or scenario, the purpose and interests of the designated community or group are not the primary focus of this thesis. Using various methods for incentivization and developing usecases for the digital currency within the community, the primary focus is the organic growth of the community and the value of the digital currency.

## Cryptocurrency development

In 2018 a cryptocurrency called Domocoin (DOMO) has been created in the context of the bachelor thesis. Presented as an experiment without initial funding or a roadmap, the focus of the cryptocurrency is a completely community-oriented development with an open end. The codebase for the blockchain have been replicated and modified from an existing cryptocurrency in order to minimize the initial effort of developing a blockchain. Tutorials and wallets for Windows, Mac and Linux have been provided in order to minimize the effort for individuals to participate in the network (blockchain). The specifications of Domocoin have changed several times since its creation and after several voting's the cryptocurrency exists with the following specifications:

**Total Supply:** 1.000.000 DOMO

**Current circulating supply:** ~ 600.000 DOMO

**Block rewards:** Staking: 0.075 DOMO; Masternode: 0.875 DOMO; Reserve: 0.05 DOMO

**Block time:** 60 seconds

**Masternode collateral:** 1000 DOMO

**Algorithm:** Proof of Stake (POS) + Masternodes

## Community creation

After creating the cryptocurrency, it was presented on several social networks and forums. Since there are no directly visible incentives for individuals to get Domocoin and join the community, the growth rate was comparably slow. By giving away Domocoins in several competitions, for example "create a logo for 1000 DOMO", "design website banners for 250 DOMO", actual work by individuals for the community was paid in the currency of the community. This approach was also used to make advertisements for the community and get into partnerships with services like listing Domocoin on cryptocurrency exchanges or shared server hosting. Currently the size of the community based on data from telegram, discord and twitter is estimated at 100 individuals owning the cryptocurrency.

## Asset-based community development

Currently the main driving factor for the community is the author of this thesis. Based on what is currently needed and what people offer to him, he decides how and what is developed for the community or for people seeking the skills of the community. However, if the community members do not get in touch as they think their skills may not be needed, there is no way to recognize the talent for the community. In order to achieve an asset-based community development, the community-members need to be visible in the community to further motivate communications among the individuals and discover hidden skills.

During the thesis a platform will be developed, which will be restricted to the community only. By verifying the ownership of at least 1 Domocoin the individual will be eligible to register and login on the platform. A user profile will be provided, where each individual can provide his skills and resources. People from outside the community need to get at least 1 Domocoin before being able to see all available skills and resources of the community. This principle provides a growing value for Domocoin as with a growing community, less coins are available for purchase, benefiting all current Domocoin owners. The focus is to raise the value of Domocoin by providing usability for the currency and apply various other techniques outlined in the thesis.

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  - 2.5. Community management
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  - 3.5. “The DOMO network” – Introducing a community platform
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  - 4.4. Survey
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  - 5.3. Introducing an idea to the public
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  - 5.5. Tools & Approaches for motivation and growth
  - 5.6. Raising the value of a digital currency
  - 5.7. Intrinsic value of a Community
  - 5.8. Benefits and drawbacks
  - 5.9. Summary
6. Conclusion
7. Appendix
  - 7.1. Community contributions
  - 7.2. Quotations
  - 7.3. Testimonials



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