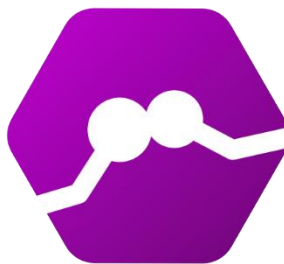


# Using Purpose Bound Money as a tool to help achieve Sustainable Development Goals



Adri Wischmann  
IoT Nederland for [www.PBTkn.com](http://www.PBTkn.com)



## Introduction

In the quest for sustainable development, financial innovation plays a crucial role. Among these innovations, purpose-bound money (PBM) emerges as a transformative tool, offering new pathways to address the world's most pressing challenges. This concept, while relatively novel in mainstream economics, holds immense potential in steering financial resources towards meaningful, impactful causes.

The United Nations' 17 Sustainable Development Goals (SDGs) provide a global blueprint for dignity, peace, and prosperity for people and the planet, now and in the future. These goals, ranging from eradicating poverty to combating climate change, demand not only global attention but also a dedicated and strategic allocation of resources. Purpose-bound money as facilitated by MultiKnip, in this context, becomes a beacon of hope, offering a targeted approach to funding initiatives that directly contribute to these goals.

In this article we explore the intersection of purpose-bound money with each of the 17 SDGs. It delves into how PBM, as a concept and practice, can be meticulously aligned with each goal to maximize impact. Through a detailed examination of each SDG, we will unravel the potential of purpose-bound funds to act as catalysts for sustainable development, highlighting how strategic financial commitments can lead to tangible, long-lasting change across diverse sectors. From poverty alleviation to promoting sustainable cities, the role of purpose-bound money is dissected, offering insights into how this innovative financial approach can transform aspirations into tangible outcomes, thus steering us closer to realizing the 2030 Agenda for Sustainable Development.

## Summary

Purpose Bound Money (PBM) is a very broad spectrum powerful tool which benefits nearly all of the 17 SDG's (we included many real-world-examples in this report).

In comparison with the conventional system it:

- lowers administrative burden
- drastically decreases fraud and misuse
- stimulates local economy
- it gives very precise control over WHO gets how MUCH, to spend WHERE on WHAT and WHEN.
- enforcing rules is very easy

When done right:

- it can be done in a very cost effective and efficient way
- it can be done in a very eco-friendly way (the energy to process a transaction takes less energy than a bank transaction).

## The Intersection of Purpose-Bound Money and Sustainable Development

In an era where sustainable development is not just a goal but a necessity, the intersection of financial strategies and global development agendas has become increasingly crucial. Purpose-bound money (PBM) stands at this crossroads, representing a financial mechanism uniquely poised to drive meaningful change. At its core, PBM is money allocated for specific, often socially beneficial purposes, ensuring that funds directly contribute to predetermined objectives and targeted stakeholders. This specificity is what sets PBM apart in the realm of sustainable development.

### Defining Purpose-Bound Money

Purpose-bound money is characterized by its targeted allocation and use. Unlike general funding, funds designated as PBM are tied to specific outcomes, such as environmental conservation, social welfare, or technological innovation for public good. This earmarking ensures that the financial resources are not only invested but are also utilized in ways that align with particular sustainable objectives.

### Relevance in Modern Economics

In contemporary economics, the role of PBM is becoming increasingly significant. As public and private sectors seek to address complex global challenges, the need for directed, impactful investments grows. PBM offers a structured approach to funding, ensuring that capital is not merely spent but is invested in a manner that yields measurable benefits aligned with the SDGs.

### PBM and Sustainable Development Principles

The principles of sustainable development — economic viability, environmental protection, and social equity — align seamlessly with the concept of PBM. By directing funds towards initiatives that encapsulate these principles, PBM becomes a potent tool for sustainable progress. It ensures that economic activities do not come at the expense of environmental degradation or social disparity. Instead, it promotes a balanced approach where economic growth is achieved alongside, and in support of, ecological sustainability and social well-being.

### Driving Targeted Funding

The strength of PBM lies in its ability to channel funding into specific sectors and projects that directly contribute to the SDGs. For instance, funds bound for clean energy projects support SDG 7 (Affordable and Clean Energy), while investments in educational initiatives advance SDG 4 (Quality Education). This targeted investment approach ensures that each dollar spent is a step towards achieving a specific sustainable goal.

### Maximizing Impact

The focused nature of PBM allows for maximized impact. Since the funds are earmarked for specific objectives, their effectiveness can be closely monitored and measured against set targets. This not only ensures accountability but also facilitates a deeper understanding of the impact of these investments, allowing for adjustments and improvements in strategies over time.

### Facilitating Innovation and Collaboration

Purpose-bound money also fosters innovation and collaboration. By clearly defining funding purposes, it encourages creative solutions tailored to specific challenges. This specificity can stimulate partnerships across sectors, as organizations align their efforts towards common goals. Public-private partnerships, in particular, stand to benefit from this approach, combining governmental oversight with the efficiency and innovation of the private sector.

### Trust is key

By using modern technology like the 3<sup>rd</sup> generation blockchain we use at PBTokn we supercharge PBM. Trust is one of the main factors to achieve your goals when it comes to SDG's. Transparency, decentralization and immutability are the main ingredients we deploy to generate trust. Trust in the system, trust in the process and trust in the numbers will generate trust in the outcome of the project.

### Blockchain in a practical and positive way

By using the IOTA-protocol as our distribute ledger technology we ensure we use all the positives of blockchain without the negatives (zero transaction fees and eco-friendly because less energy usage per transaction than a bank transaction).

### Conclusion

The intersection of purpose-bound money and sustainable development represents a pivotal juncture in modern economics and global development strategies. By ensuring that financial resources are meticulously directed towards sustainable objectives, PBM holds the promise of driving meaningful, impactful change. As the world strives to achieve the 17 SDGs, the role of purpose-bound money as a catalyst for sustainable development becomes increasingly indispensable. Through its strategic application, we can not only envision a sustainable future but actively invest in its realization.

## Circular money versus Digital Community Coins

MultiKnip is based on the principal of circular money, this differs a lot from so called Digital Community Coins. Circular money is issued by a municipality, corporation or organization to distribute subsidies/grants/budgets. In the MultiKnip-case they are the ones that will give the end-users a QR-code to load the issued funds into the wallets on their phones (it is actually stored on an blockchain). The fiat money (representing the collateral for the issued funds) stays in the bank account of the issuer. Only a pre-approved (whitelisted by the issuer) retailer can convert the circular money into fiat money by sending them to the issuer, thereby requesting a payment in fiat money directly from the bank account of the issuer. There is no way, no path that an end-user can convert the funding in his/her wallet into fiat money directly. In fact, transactions can only be initiated by retailers. End users can only approve or reject a payment making it impossible to transact omg end-users.

Circular money is restricted in its use, but with MultiKnip we turned that into a major feature. 90% of all conventional money flow is conditional: you receive a salary **when** you work, you receive child support **when** you have children, you pay a retailer **when** you receive goods.. In MultiKnip we enhanced circular money with conditionality (by making it programmable) resulting in a very broad spectrum in use-cases.

Another feature of circular money as implemented in MultiKnip is the fact that it can be used to help more than one party with only one amount of money. Meaning: by deploying the money the issuer can stimulate the local economy while helping end-users. Both parties can be targeted very precise, sometimes the emphasis lays on the end-user sometimes on the retailer (like in the case of the German Kulturpass where the German minister of Culture set aside 200.000.000€ to help the culture-sector which suffered a lot during Covid. She gave every 18 year old citizen 200€ (over 2 years) which could only be spent on theatre, music, books, etc Helping the sector to survive and helping the 18 year old youngsters to sniff up some culture with the same Euro's.

DCC can flow from end-user to end-user, mimicking our current conventional money system and inheriting with that all the problems like money laundering and terrorist financing risks (this is the main reason that National banks require KYC-rules to be in place and DCC are considered problematic). Its use is to keep the money local to stimulate the local economy. In most systems the users are charged a fee when they hold their coins in their wallet to long. This "holding cost" combined with the lack of broad acceptance (not everyone accepts being paid in these local coins) and the strict rules and regulations make setting up and maintaining a DCC a very challenging task.

## PBM and Individual SDGs: A Targeted Approach

In general..

Achieving goals when it comes to SDG's is for a large part depending on getting the right (financial) resources to the right people in the right places, to help implement appropriate actions that contribute to the goals. While this can even be challenging (to say the least) in western countries it can be nearly impossible to do in less developed countries. More often than not factors like bureaucracy, fraud, misuse and corruption play a big role and will cause large parts of the resources to be "diverted elsewhere". Sometimes the lack of transparency is such a large stumbling block that investors are to hesitant to fund improvements in the first place. PBM can solve the largest part of this problem while decreasing administrative burden and since PBTkn records every single transaction on a blockchain the records can be trusted and used as proof.

### SDG 1: No Poverty

PBM can play a pivotal role in poverty alleviation by funding programs that provide direct financial assistance, create job opportunities, and support small businesses in impoverished communities. By targeting investments towards microfinance institutions and social enterprises, PBM can empower individuals economically, thereby making a substantial dent in poverty levels. But also in a more direct way PBM can alleviate burden: MultiKnip was successfully deployed (2023) in the south of The Netherlands to fight Energy-poverty: 5.000.000€ was distributed to 20.000 families that got into financial problems because of the skyrocketing energy prices (in a way that these families could only buy energy saving products to lower their energy bill -so also contributing to SDG 7-).

### SDG 2: Zero Hunger

Addressing hunger requires funding in agricultural productivity, food security, and nutritional programs. PBM can support sustainable farming practices, improve food distribution networks, and finance initiatives that address malnutrition, especially in vulnerable populations. As simple example for this is giving children from underprivileged families "lunch money" (that can only be used in school canteens and is not valid at fastfood companies) also contributing to SDG 3 and since there is a correlation between healthy nutrition and the results of tests you could also count it toward SDG 7.

### SDG 3: Good Health and Well-being

Investing in healthcare infrastructure, research, and disease prevention programs is crucial. PBM can be strategically used to pinpoint funding in these areas, but also to incentivize (good) healthy behavior, and stimulate exercise. Contributing significantly to global health and well-being. MultiKnip can also easily be deployed on a corporate level: giving employees a budget they can only spend on fitness center admission and for paying for personal trainers or pay for healthy lunches.

#### SDG 4: Quality Education

PBM can contribute to quality education by funding school infrastructure, teacher training programs, and educational technology. Investments can be directed towards scholarships and financial aid for underprivileged students, ensuring inclusive and equitable quality education. A simple example of this can be the funding process of a school laptop for children whose parents are on minimum income: just provide them with a MultiKnip wallet with laptop coins and they can buy the technology they need (but not spend the money on alcohol and lottery tickets). On a corporate level PBM can be used to give employees personal education budget consisting of pre-approved money that can only be spent on certain courses from certain vendors. Decreasing the threshold for life-long-learning in a significant way

#### SDG 5: Gender Equality

Investments through PBM can be channeled into programs that promote gender equality, support women's economic empowerment, and protect women and girls from violence. Funding can also support initiatives aimed at increasing women's participation in political and economic decision-making processes. A simple example on a local level (but also related to SDG 1 and indirect SDG 4): provide girls with a MultiKnip wallet to buy women's hygiene products and/or medication (so the number of absentee days in school for girls will decrease). For the safety of young girls/boys one could provide a wallet with PBM that can only be spent on taxicab fare: if they have to travel late at night and public transport does not feel safe they can pay with the taxi-coins to get home safely.

#### SDG 6: Clean Water and Sanitation

PBM can be crucial in financing infrastructure for clean water and sanitation, particularly in developing countries. Investments can be directed towards water purification technologies, sanitation facilities, and community education programs about hygiene practices. PBM can be deployed to finance water saving measures and incentivize water saving behavior.

#### SDG 7: Affordable and Clean Energy

Investing in renewable energy projects and technologies is essential. PBM can fund solar, wind, and hydroelectric power projects, contributing to the global transition towards sustainable and clean energy sources. The very first version of MultiKnip (EnergyKnip) was deployed in Emmen, The Netherlands (deployed in jan. 2022). 50.000 wallets were distributed (making it the largest public service blockchain project in the country) so citizens could only buy energy saving products with the money. It resulted in a win-win-win-win-situation for the Municipality, the citizens, the retailers and the environment. More recently MultiKnip was used in the city of Groningen to make the buildings of SME's more energy efficient. MultiKnip is currently looking into an application where wallets are going to be used to distribute profits from energy (electricity) generating projects (solar & wind) to surrounding villages (this could be in money but also as kWh's) to compensate for the inconvenience and stimulate the local economy and social cohesion.

#### SDG 8: Decent Work and Economic Growth

PBM can support sustainable economic growth by funding small and medium-sized enterprises (SMEs), creating job opportunities, and investing in industries that offer decent work conditions. It can also

support vocational training programs that equip individuals with skills for the modern job market. With MultiKnip there are many ways of incentivizing people who are unemployed by rewarding them for visiting companies (or even job interviews). The mechanism behind MultiKnip allows the “issuer” of the coins to define where and on what they can be spent. This provides a way to very efficiently stimulate the local economy with every transaction that is done (people cannot use them on Amazon or Zalando).

#### SDG 9: Industry, Innovation, and Infrastructure

Investments can be made in sustainable industrialization, infrastructure development, and innovation. PBM can fund research and development in sustainable technologies and support the building of resilient infrastructure that fosters innovation and industry.

#### SDG 10: Reduced Inequality

Reducing inequality requires strategic investments in social programs and policies that address income disparities. PBM can support programs that provide equal opportunities for marginalized groups, including people with disabilities, indigenous communities, and racial and ethnic minorities. PBM can be an enabler for many inclusion projects, ensuring the money is deployed where it is really needed. Example: MultiKnip can be used to give international students who arrive at a, to them unfamiliar, city a wallet with welcome coins enabling them to explore the city enjoy a few drinks on a terrace and integrate with local society (this mechanism can also be used to help them with housing, cost of living, etc.).

#### SDG 11: Sustainable Cities and Communities

Investments can be directed towards urban planning projects that promote sustainable cities. PBM can fund public transport systems, green building projects, and initiatives that improve urban resilience against climate change and natural disasters. Example: Currently a plan is being written to use MultiKnip to incentivize (pay for) citizens to buy rain barrels to store rainwater (also related to SDG 6) decreasing pressure on the sewer system and the water purification plants.

#### SDG 12: Responsible Consumption and Production

PBM can support the development of sustainable consumption and production patterns. This includes funding for waste reduction initiatives, sustainable supply chain management, and consumer education on sustainable practices. MultiKnip can be used to promote buying SDG approved products: rewarding employees with coins they can only spend at fair-trade shops or eco-friendly products.

#### SDG 13: Climate Action

Investments through PBM can be pivotal in funding climate change mitigation and adaptation projects. This includes supporting renewable energy projects, funding research in climate science, and investing in disaster risk reduction strategies. In Groningen the city is looking into providing companies with a MultiKnip with green-roof-coins to make the roofs of their buildings into gardens that store rainwater and save on air conditioner cost (and energy).



### SDG 14: Life Below Water

PBM can be directed towards marine conservation projects, sustainable fishing practices, and initiatives aimed at reducing ocean pollution. Funding can also support research and conservation efforts focused on marine biodiversity.

### SDG 15: Life on Land

Investing in land conservation, reforestation, and the protection of biodiversity is essential. PBM can fund national parks, wildlife conservation projects, and initiatives that combat deforestation and desertification. MultiKnip can be used to distribute funding to buy seeds and other products for forestation.

### SDG 16: Peace, Justice, and Strong Institutions

PBM can support projects that promote peace, justice, and strong institutions. This includes funding for the rule of law, support for democratic processes, and initiatives that fight corruption and support good governance. MultiKnip can play a major role in fighting corruption by making a large part of many processes “cashless”, registering all involved parties, having a paper trail on every transaction and by making it possible to only do business with whitelisted parties.

### SDG 17: Partnerships for the Goals

PBM can be used to foster partnerships at all levels. This includes funding collaborative projects between governments, the private sector, and civil society that aim to achieve the SDGs, as well as supporting international cooperation on sustainable development issues. As shown in the examples of many above mentioned SDG's; there is very often an overlap of SDG's within a project. MultiKnip makes it possible to combine funding but still separate the measurable outcomes and report in a convenient way.

### Conclusion

Purpose-bound money provides a targeted, effective way to address each of the SDGs. By channeling funds into specific areas aligned with these goals, MultiKnip can significantly contribute to sustainable development across multiple sectors. This strategic approach ensures not only that funds are used efficiently but also that their impact is maximized, bringing us closer to achieving the 2030 Agenda for Sustainable Development.

Interested in using Purpose Bound Money for your use-case?

Contact us at: [info@pbtokn.com](mailto:info@pbtokn.com) or +31 626 942 436