

Sarafu Network

Membership Application

(English)

Draft: May 11 2021 Grassroots Economics Foundation

Preamble

Sarafu Network is a network of people and organizations that seek to exchange goods and services when Kenyan Shillings are scarce using a Community Inclusion Currency (CIC) called Sarafu. The issuance of Sarafu as well as software for trading Sarafu is provided by Grassroots Economics, a non-profit foundation based in Kenya (*herein called the Service Provider*). **Note that all trade between members of the Sarafu Network is subject to taxation as if it were done using Kenyan Shillings. Using Sarafu in no way exempts users from paying taxes under Kenyan law.** There is no exchange for Sarafu to Kenyan shillings and no expectation of donor funds or donor projects associated with Sarafu.

I/We _____ [individual, organization or chama Name] (*Herein referred to as the Applicant*) seek to join the Sarafu Network and utilize the CIC named Sarafu to support our local economy and community.

- a. **Commitment Limits:** The total amount of Sarafu allocated to the *Applicant* should be no greater than 10% of the *Applicant's* annual sales. To be approximated before signing the Commitment Table.
 - b. **Sarafu Distribution:** The Sarafu allocated to the Applicant is first distributed to project managers described in the Project Fund table and the remaining Sarafu (if any), is divided among Committed Members based on their relative percentage of commitments. (see Sarafu Distribution Table)

5. **Trade Balance:** Is defined by the total amount of Sarafu spending (as well as fees) subtracted from the total amount received (as well as fee redistribution) by each committed member. The initial distribution or previous Sarafu balances does not count towards the trade balance for this contract.
 - a. By signing this document members commit to redeeming Sarafu for their committed goods and services annually up to the amount they have spent after the Initial Disbursement. All members must reach zero trade balance by a term specified in this document or be fined. (*See Official Information for fines*).
 - b. **Non-Performance:** Should any Committed Members not be able to honor stated commitments by not reaching zero trade balance in the specified time period, they will be considered a non-performing member.
 - c. A non-performing member agrees to local arbitration with the group and the assigned mediators and a fine of up to the amount they have spent but can not redeem, payable to the Group Accounts.
 - d. The chama members unanimously agree to filling any gaps in commitments that cannot be fulfilled by non-performing members.

6. **Group Account:** The group account is designated as the Sarafu group holder for the purposes of fines, savings and other group holdings. (*See Official Signatories*)
7. **Market / Meeting Days:** All Committed Members must attend regular meeting/market days (at least monthly) or be fined. Members will trade or make agreements to trade goods and/or services at such events. (*See Official Information*)
8. **Mediators & Dispute resolution:** All disputes are mediated by two designated mediators specified in this contract. [This can include the chief, subchief, village elders.] (*See Official Signatories*)
9. **Service Provider:** In order to trade and hold accounts of Sarafu, the Applicant utilizes the Sarafu Network exchange platform (via USSD *384*96# or *483*96#) and abides by all Terms and Conditions (<http://grassrootseconomics.org/tos>). Grassroots Economics Foundation (GE) will perform the Distribution of Sarafu as outlined in this contract after an audit of the *Applicant*.
 - a. **Validator:** A validator assigned by the Service provider must approve this contract, projects and member commitments. After the contract is approved, the Validator audits the commitments of members as well as trade balance yearly. A validator must vouch for the ability of each member to accept Sarafu for their specified goods or services up to the amount committed over one year. (*See Official Signatories*)

- b. GE will provide the *Applicant, Mediators* and *Validators* with the trade balance of all the committed members upon request (with a one month waiting period) and yearly via SMS. Note that anonymous data for transactions data and under information is publicly available.
- c. Cost incurred via service provision is supported by holding fees as well as donations. As a non-profit, GE the Service Provider, will donate all profits.

10. Holding Fees and Redistribution: All Sarafu accounts are subject to a holding fee of 2% of the balance monthly. Collected fees are redistributed to all Sarafu users across Kenya that have made at least one transaction for every week of the previous month. This is to ensure that people are not hoarding Sarafu and it is being used as a medium of exchange and not for savings.

- a. 10% of the collected holding fee is distributed to the Service Provider

11. Duration and renewal of contract: This document is considered renewed each year unless a quorum (2/3rds) of the signed members object in writing or a new agreement nullifies this contract. Note that all signed members should have a zero trade balance upon ending the contract.

12. Changing this document: This document may be altered at any time given a quorum (2/3rds) of the signed members agree in writing. Note that all signed service providers, officials and mediators must agree unanimously.

13. Renouncing Commitments: Should a Committed Member wish to terminate this contract and end their membership they must have a Trade Balance of 0 . This means their Sarafu account balance must be equal to their initial Distribution amount.

- a. Committed Members must additionally pay any outstanding fines to terminate this contract
- b. If a Committed Member has more Sarafu than the Initial Distribution Amount, that excess amount must be spent or sent to the Group Account.

Commitments Table

| Full Name | Phone no. | Committed Goods and Services | The value of the commitments (ksh) to be accepted for Sarafu. | Signature |
|------------------------|-------------------|------------------------------|---|--------------|
| <i>E.g Sally Kamau</i> | <i>0727889961</i> | <i>water</i> | <i>10,000/= KSH</i> | <i>XXXXX</i> |
| <i>1</i> | | | | |
| <i>2</i> | | | | |
| <i>3</i> | | | | |
| <i>4</i> | | | | |
| <i>5</i> | | | | |
| <i>6</i> | | | | |
| <i>7</i> | | | | |
| <i>8</i> | | | | |
| <i>9</i> | | | | |
| <i>10</i> | | | | |
| <i>11</i> | | | | |
| <i>12</i> | | | | |
| <i>13</i> | | | | |
| <i>14</i> | | | | |

*additional pages can be added for more members

Project Manager Name and Title: _____

Project Account Phone Number: _____

Project Sarafu Budget: _____

Project Manager Signature _____

**additional pages can be added for more projects*

Sarafu Distribution Table

A. **Total Commitments (Total Sarafu to Issue) =** _____

B. **Total Project Sarafu =** _____

C. **Total Sarafu remaining after project allocation =** _____

This amount will be distributed as per the percentage each member committed.

| Member Name | Phone Number | Percentage % of Commitments Asilimia ya ahadi | Sarafu Distribution (% multiplied by Line C) |
|-------------------------|-------------------|--|---|
| <i>E.g. Sally Kamau</i> | <i>0727889961</i> | 10% | 10,000 |
| 1 | | | |
| 2 | | | |
| 3 | | | |
| 4 | | | |
| 5 | | | |
| 6 | | | |
| 7 | | | |
| 8 | | | |
| 9 | | | |
| 10 | | | |
| 11 | | | |

| | | | |
|----|--|--|--|
| 12 | | | |
| 13 | | | |

*additional pages can be added for more members

Official Information

Trade Balance Period (e.g. 1st Friday of each month) _____

How often are people expected to reach zero trade balance:

Balance Fine (E.g. 100% of the outstanding amount in Kenyan Shillings or 50 Kenyan Shillings and 50 Sarafu.)

Failure to reach a zero trade balance during a cycle will result in the above fine.

Market Location: (e.g. Social Hall) _____

Market Cycle: (e.g. Every Saturday) _____

Time of Day: (e.g. Noon to 3 pm) _____

Market Fine (E.g. 50 Kenyan Shillings and 50 Sarafu.)

Failure of committed members to attend will result in the above fine.

Official Signatories

| Position | Full Name | Phone | Title | Signature |
|------------------------------|-----------|-------|-------|-----------|
| Elder Mediator A | | | | |
| Elder Mediator B | | | | |
| <i>Applicant Chairperson</i> | | | | |
| <i>Applicant Secretary</i> | | | | |
| <i>Applicant Treasurer</i> | | | | |
| Group Account | | | | |
| Validator | | | | |
| GE Director | | | | |