



PO Box 1659-80108 Kilifi  
+254-707-628-499  
grassrootseconomics.org

# Sarafu Network

## Voucher Creation Application

(English) Draft: July 16 2021

### Preamble

Sarafu Network is a network of people and organizations that seek to exchange goods and services using digital vouchers (also known as Community Inclusion Currencies) that represent obligations for the redemptions of designated goods and services of the members.

We \_\_\_\_\_ [Organization/Group name]  
(herein called the Applicant which includes members of the Applicant organization/group) seek to join the Sarafu Network and develop our own voucher to support our local economy and community.

Voucher Name: \_\_\_\_\_ (Maximum 32 characters)

Voucher Symbol: \_\_\_\_ \_\_\_\_ \_\_\_\_ \_\_\_\_ \_\_\_\_ \_\_\_\_ (Maximum 6 characters used for display)

### Agreements

1. **Voucher Allocation:** Vouchers are allocated to the Applicant as digital points into an account (herein called the Group Account) provided by the Service Provider. The Applicant may use the vouchers and commits to redeem the vouchers for a specific quantity of goods and services. (See Applicant Group Membership Table).
  - a. **Allocation Limits:** The total amount of vouchers allocated to the Applicant will be no greater than 10% of the Applicant's audited annual sales capacity or one month of the applications audited sales capacity (See Validator).

2. **Voucher Value:** The Applicant must accept the vouchers at parity with Kenyan Shillings for their committed goods and services. The value of goods and services will always be the current market value in Kenyan shillings.
3. **Kenyan Law:** Using vouchers does not exempt users from paying taxes or any other Kenyan laws.
  - a. Trades are to be agreed between a willing Buyer and a willing Seller under Kenyan law. Both parties must satisfy themselves that all trade is lawful.
4. **Accounts:** All accounts are made accessible through user phone numbers. Users must have a sim card and access to a phone to access their accounts.
  - a. **Group Account:** The group account is designated as the voucher group holder for the purposes of initial allocation, fines, savings and other group holdings. (*See Official Signatories*)
5. **Holding Fees:** Any user holding your voucher will be subject to a holding fee of 2% of their balance monthly. This fee will be deducted automatically from all accounts continuously. Collected fees will go into the *Group Account* and are used by the group to promote the healthy flow of their vouchers and support community programs.
  - a. 50% of these holding fees will go to the Village Admin signed below in order to support the group and the flow of vouchers.
6. **Service Provider:** The vouchers as well as software for trading vouchers are provided by Grassroots Economics, a non-profit foundation based in Kenya (*herein called the Service Provider*). In order to trade and hold accounts of vouchers, the Applicant and any user, utilizes the Sarafu Network exchange wallet (via their phones by dialing \*384\*96# on Safaricom or \*483\*96# on other networks) and abides by all Terms and Conditions (<http://grassrootseconomics.org/tos>).
  - a. **Reporting:** The Service Provider will provide the *Applicant and Mediators* with the balance and trade history upon request (with a one month waiting period). Note that anonymous data for transaction data and user information is publicly available.
  - b. **No Guaranteed of KSH Exchange or Donations:** The service provider will not guarantee exchange of vouchers for Kenyan shillings, any goods or services or guarantee donations to the Applicant. The applicant bears sole and full responsibility to use and redeem their vouchers as per this agreement.
7. **Validator:** A validator assigned by the Service Provider must approve this agreement, and Applicant voucher redemption commitments. After the contract is approved, the Validator must be given access to audit the commitments of Applicant (*See Applicant Group Membership Table*). The validator must vouch for the ability of the Applicant to accept vouchers for specified goods or services up to the amount committed over one year. (*See Official Signatories*)
8. **Mediators & Dispute resolution:** All disputes are mediated by a designated Village Admin specified in this agreement. (*See Official Signatories*). The Applicant agrees to accept the decisions of the Mediators as final arbiter in cases of disagreement.
9. **Non-Performance:** Should the Applicant not be able to honor stated commitments they will be considered non-performing.
  - a. A non-performing Sarafu Network member agrees to local arbitration with the assigned Mediator and a fine of up to the amount of Vouchers they have not redeemed in Kenyan Shillings, payable to the Mediator.

- b. The Applicant agrees to fill any gaps in commitments or debts that cannot be fulfilled by its own staff and members' inability to accept vouchers for committed goods and services.
10. **Duration and renewal of contract:** This agreement is considered renewed each year unless a quorum (2/3rds) of the signed members object in writing or a new agreement nullifies this agreement. *(See Applicant Group Membership Table)*
  11. **Changing this agreement:** This agreement may be altered at any time given a quorum (2/3rds) of the signed members agree in writing.
  12. **Termination:** The Applicant or Service Provider may terminate this agreement for convenience at any time upon 60 days advance written notice of termination to the other party. It is especially understood that in the case of termination, the Applicant and Service provider shall comply with the obligations in effect at the time termination unless mutually agreed upon in writing.
    - a. Should the Applicant wish to terminate this agreement and end their membership they must return all Vouchers issued to them in this agreement, to the Service Provider minus holding fees or pay an equivalent amount in Kenyan Shillings.
    - b. Should the Service provider wish to terminate this agreement all Applicant balance records will be transferred to the Applicant by the date of termination.
  13. **Indemnification:** The Applicant and anyone signing this Agreement for themselves and their officers, directors, agents, servants, members and employees agrees to indemnify and hold harmless the other party and its employees, agents, directors, and officers from and against any and all claims, losses, liens, liabilities, fines, penalties and causes of action of all kinds however so caused, and costs thereof, including without limitation, damage, to or loss of profits, property and injury, illness or death, arising out of or in any way connected with the performance or failure of performance of the Applicant or Service Provider under this Agreement.
  14. **Entirety:** This document contains the final and entire agreement between the parties, and all future projects and/or contracts shall be in a separate writing based upon agreement of the parties, and neither they nor their agents shall be bound by any terms, conditions, statements, warranties, or representations, either oral or written, not herein contained.
  15. **Notices:** Any notice given by the applicant or service provider shall be sufficient only if in writing and delivered to the respective representatives of each party listed below.
    - a. For the Applicant:  
 Name: \_\_\_\_\_  
 Phone: \_\_\_\_\_  
 Address: \_\_\_\_\_
    - b. For the Service Provider: Grassroots Economics Foundation +254757628885 PO Box, 1659-80108 Kilifi Kenya [info@grassecon.org](mailto:info@grassecon.org)
  16. **In WITNESS WHEREOF**, the duly authorized representatives of the Applicant, mediators, validator and Service Provider sign this agreement in two (2) originals for equal content and validity on the dates indicated below, and agree to abide by the terms stated in this agreement.





# Official Signatories

| <b>Position</b>              | <b>Full Name</b> | <b>Phone</b> | <b>National ID</b> | <b>Date</b> | <b>Signature</b> |
|------------------------------|------------------|--------------|--------------------|-------------|------------------|
| Village Admin                |                  |              |                    |             |                  |
| <i>Applicant Chairperson</i> |                  |              |                    |             |                  |
| <i>Applicant Secretary</i>   |                  |              |                    |             |                  |
| <i>Applicant Treasurer</i>   |                  |              |                    |             |                  |
| Group Account Holder         |                  |              |                    |             |                  |
| Validator / Auditor          |                  |              |                    |             |                  |
| Service Provider             |                  |              |                    |             |                  |

# Addendum

## Best Practices

While this agreement establishes the relationship with the applicant, mediators and the service provider - It is recommended that the Applicant group have clear internal agreements and documentation on the following:

1. **Distribution:** Establish how the vouchers will be used by the Applicant, including the usage of any fees for distribution or loaning to members or group projects.
2. **Loans and Repayment:** If vouchers will be given out as loans, there should be a clear productive purpose for those loans, a repayment period and clear fines for delinquency.
3. **Trade Balance:** Members should be required to accept as many vouchers as they spend in a timely manner and be subject to fines.
4. **Projects:** Any group projects should be well planned and a designated manager put in charge. (E.g. Using vouchers as a community support fund for vulnerable households and community gardens.)
5. **Cycles:** There should be a period where all vouchers should be returned to the Applicant group account, debts cleared and vouchers reissued. If the group is a chama this can match their loaning cycles.
6. **Market/Meeting Days:** Regular meeting and/or market days (e.g. weekly) should be mandatory - where members meet to trade, discuss and compare voucher balances openly and attempt to reduce high balances and increase low balances.
7. **Balance limits:** Members should have clear limits to how many vouchers they will choose to hold at any given time in order to maintain their businesses and not accumulate too many vouchers.