

Sarafu Network

Membership Application

(English)

Draft: May 13 2021
Grassroots Economics Foundation

Preamble

Sarafu Network is a network of people and organizations that seek to exchange goods and services using a Community Inclusion Currency (CIC) called Sarafu. The Sarafu tokens as well as software for trading Sarafu are provided by Grassroots Economics, a non-profit foundation based in Kenya (*herein called the Service Provider*).

We _____ [Organization name] (*herein called the Applicant or Applicant Group which include members of the Applicant organization*) seek to join the Sarafu Network and use Sarafu to support our local economy and community.

Agreements

1. **Sarafu Allocation:** Sarafu is allocated to the Applicant as digital vouchers into an account on a blockchain (*herein called the Group Account*). The Applicant commits to redeem the vouchers for a specific quantity of goods and services, and in return is able to use the vouchers for trade.
 - a. **Allocation Limits:** The total amount of Sarafu allocated to the *Applicant* will be no greater than 10% of the *Applicant's* audited annual sales capacity.
 - b. **Sarafu Allocation:** The total allocation of Sarafu given to the Applicant will be based on an audit of the Applicant's annual Sarafu sales capacity.
 - i. The amount of: _____ Sarafu will be sent by the Service provider to the Group Account upon completion of this agreement.
2. **Sarafu Value:** The Applicant must accept Sarafu at parity with Kenyan Shillings for their committed goods and services
3. **Kenyan Law:** 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 or any other Kenyan laws.
4. **Non-Performance:** Should anyone in the Applicant group not be able to honor stated commitments they will be considered a non-performing member.

- a. A non-performing member agrees to local arbitration with the Applicant and the assigned mediators and a fine of up to the amount they have not returned in Kenyan Shillings, payable to the Group Account.
 - b. The Applicant unanimously agrees to filling any gaps in commitments or debts that cannot be fulfilled by non-performing members.
5. **Accounts:** All accounts are held on a blockchain and 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 Sarafu group holder for the purposes of fines, savings and other group holdings. (*See Official Signatories*)
6. **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. **Reporting:** The Service Provider will provide the *Applicant and Mediators* with the balance of all the Applicant members upon request (with a one month waiting period). Note that anonymous data for transactions data and under information is publicly available.
 - b. **No Guaranteed of KSH Exchange or Donations:** The service provider will not guarantee exchange for Sarafu for Kenyan shillings or guarantee donations to the Applicant.
 - c. **Holding Fees:** All Sarafu accounts are subject to a holding fee of 2% of the balance monthly by the service provider which will be taken automatically. Collected fees are used by the Service Provider to promote the healthy flow of Sarafu and support community programs. As a non-profit, the Service Provider, will donate all profits beyond program costs.
7. **Validator:** A validator assigned by the Service Provider must approve this contract, and member commitments. After the contract is approved, the Validator audits the commitments of members. The 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*)
8. **Mediators & Dispute resolution:** All disputes are mediated by two designated elder mediators specified in this contract. (*See Official Signatories*)
9. **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.
10. **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 the service provider must also agree.
11. **Renouncing Commitments:** Should the Applicant wish to terminate this contract and end their membership they must return all Sarafu issued to them to the Service Provider minus holding fees or pay an equivalent amount in Kenyan Shillings.

Applicant Group Membership Table A

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>
1				
2				
3				
4				
5				
6				
7				
8				
9				
10				
11				
12				
13				
14				
15				
16				
17				
18				
19				

Applicant Group Membership Table B

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>
20				
21				
22				
23				
24				
25				
26				
27				
28				
29				
30				
31				
32				
33				
34				
35				

- Additional pages may be added as needed

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				

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 a clear agreements on the following:

1. **Distribution:** Establish how the Sarafu will be used by the Applicant, including distribution/loaning to members and for group projects.
2. **Loans and Repayment:** If Sarafu 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 much as they spend Sarafu 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.
 - a. E.g. Using Sarafu as a community support fund for vulnerable households and community gardens.
5. **Yearly Cycle:** There should be a period yearly where all Sarafu should be returned to the Applicant, debts cleared and Sarafu and reissued.
6. **Meeting Days:** Meeting days should be mandatory where members meet to discuss and compare Sarafu balances and attempt to reduce high balances and increase low balances.
7. **Balance limits:** Members should have clear limits to how much Sarafu they will hold at any given time.