

# Sarafu Unlimited

## Kibuyu Member Application

(English) Draft: October 17 2021

### Preamble

**Sarafu Unlimited** is an open association of people and organizations with the aim of issuing, assigning and redeeming (“Clearing”) in exchange for goods and services, Sarafu provided by Members. (“Community Inclusion Currencies”).

**Sarafu Network** is a digital platform that enables members of Sarafu Unlimited to view, and transfer ownership of their Sarafu and is maintained by a Service Provider assigned in this application.

**Sarafu** are assignable credit obligations issued by a provider of goods and services in exchange for value received from an acceptor and is redeemable or returnable by the ultimate acceptor in exchange for value provided by the issuer.

A **Kitabu** is a shared ledger system that maintains information about Sarafu, including this agreement.

A **Kibuyu** is an association of Sarafu Unlimited Members with a common location and/or interest.

We \_\_\_\_\_ [Organization/Kibuyu name] (*herein called the Applicant which includes members of the Applicant organization/Kibuyu*) hereby apply to become a member of Sarafu Unlimited and to support local economies and communities through Kibuyu agreements including but not limited to mutually assuring provision of goods and services and mutual acceptance of Sarafu. We further seek to create a Sarafu with the following properties and constraints as per this agreement:

**Sarafu Name:** \_\_\_\_\_  
(Minimum 3 and Maximum 32 characters)

**Sarafu Symbol:** \_\_\_ \_\_\_ \_\_\_ \_\_\_ \_\_\_ \_\_\_  
(Minimum 3 and Maximum 6 characters used for display on Sarafu Network)

All further mention of Sarafu in this Application will refer to the Kibuyu’s unique Sarafu to be created and named above as per this agreement.

# Agreement

1. **Sarafu Issuance:** the Applicant's issuance of Sarafu will be registered in a shared ledger ("Kitabu") and he will be bound to accept Sarafu when presented in payment for their goods and services.
  - a. **Issuance Limits:** the Applicant's capacity to issue Sarafu will be no greater than one month or 10% of the Applicant's validated sales capacity (*See Validator*).
2. **Sarafu Acceptance:** the Applicant undertakes to accept Sarafu up to the agreed level of commitment (*See Applicant Kibuyu Membership Table*).
  - a. **Non-convertibility to national currency:** the Applicant bears full sole responsibility for Sarafu issuance, assignment and redemption.
3. **Sarafu Denomination:** Sarafu are denominated in national currency of the country they are issued in and the Applicant commits to accept Sarafu at current market value in KSH for specified goods and services.
4. **Local Law:** Applicants are bound by local law generally and tax laws specifically:
  - a. Trades are agreed between willing Buyers and willing Sellers who must satisfy themselves that all trades are locally lawful.
5. **Kitabu:** Sarafu issuance, validation claims, transactions and balances of each Kibuyu will be recorded in a shared ledger ("Kitabu").
  - a. **Kibuyu Account Holder:** is used for the purposes of initial Sarafu allocation, fines, levies, savings and other group holdings. (*See Official Signatories*)
6. **Levies:** Applicant Kitabu balances will be subject to an automatic and continuous community levy accruing to 2% a month, the proceeds of which will automatically go to a Kibuyu Account Holder (*See Official Signatories*) for the purpose of promoting liquidity and supporting the Kibuyu's greater community.
7. **Service Provider:** Applicants may use the Sarafu Network digital platform, provided by Grassroots Economics, a non-profit foundation based in Kenya (*Service Provider*) for Kitabu registration, assignment and clearing of Sarafu.
  - a. Once a Kibuyu's Sarafu is created on a Kitabu they may use any means or interfaces to access it with or without the Service provider.
  - b. Under this Agreement the Service Provider has no obligation to exchange Sarafu for national currency, to provide goods or services upon demand or to make donations in national currency or in kind.
8. **Sarafu Network Services** – when using Sarafu Network the Applicant agrees to the Terms and Conditions of Grassroots Economics Foundation (<http://grassrootseconomics.org/tos>) generally and to:
  - a. **Kitabu Access:** All Kitabu accounts are accessible via Sarafu Network. Sarafu Network may migrate to an alternative Kitabu and Kitabu interfaces at any time with warnings for foreseeable network outages.
  - b. **Public Access:** anonymous transaction data and user information will be generally available to Researchers and Members and (subject to a one month waiting period)

individual balances and trade history will be provided to individual Members and Mediators upon request

- c. **Validation:** a validator appointed by the Service Provider shall assess Sarafu redemption commitments and Applications and shall be given access to audit commitments (*See Kibuyu Applicant Membership Table*) and shall verify the Applicant's capacity to sustainably redeem their issued Sarafu for one year's worth of specified goods or services. (*See Official Signatories*)
9. **Mediation & Dispute Resolution:** all disputes will be mediated by a designated Kibuyu Mediator as specified in this agreement. (*See Official Signatories*) and in cases of disagreement or disputes the Applicant agrees to accept the decision of the appointed Mediator as final.
10. **Non-Performance:** should the Applicant be unable or unwilling to honour stated commitments he will be designated as non-performing subject to the following:
  - a. a non-performing Sarafu Unlimited Member agrees to local Kibuyu mediation with the assigned Kibuyu Mediator and to a levy payable to the Kibuyu Mediator in national currency up to the amount of unredeemed Sarafu .
  - b. any material shortfall in commitments or obligations by Kibuyu Members individually or collectively shall be made good following review and recommendations by the Service Provider and subject to the agreement of Members generally.
11. **Membership Term:** Membership is annually renewed automatically unless a quorum (2/3rds) of Members object in writing or a new agreement nullifies this agreement. (*See Kibuyu Applicant Membership Table*)
12. **Amendments:** the Sarafu Unlimited agreement may be amended at any time subject to the consent of a quorum (2/3rds) of Members attending a meeting for the purpose.
13. **Termination of Membership:** the Applicant may terminate Membership at any time upon 60 days advance written notice of termination and shall comply with the obligations in effect at the time of termination unless agreed upon in writing with the Service Provider subject to Member oversight.
14. **Termination of Services:** The Service provider may terminate services for any reason given 60 days notice to the applicant.
  - a. Upon termination, the application's Sarafu will still exist on the Kitabu but be delisted on the Sarafu Network interfaces and all Applicant records will be transferred to the Applicant by the date of termination.
  - b. All Sarafu holders will be given 60 days to transfer their Sarafu balances to a new account outside the Sarafu Network.
15. **Liability:** the Applicant enters into this Agreement in good faith and holds harmless the Service Provider and individual Members in respect of issuance, registration assignment and clearing of Sarafu subject to the provisions of the Sarafu Unlimited agreement.
16. **Entirety:** this application represents consent to the entirety of a mutual agreement between Sarafu Unlimited Members to the expressed common purpose and no other.
17. **Notices:** Any notice given by the Applicant or Service Provider shall be valid only if made 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)

18. In **WITNESS WHEREOF**, the duly authorized representatives of the Applicant, Mediator, 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 of this agreement.

## Official Signatories

Position	Full Name	Phone	National ID	Date	Signature
Kibuyu Mediator					
<i>Applicant Chairperson</i>					
<i>Applicant Secretary</i>					
<i>Applicant Treasurer</i>					
Kibuyu Account Holder					
Validator					
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 Kibuyu have clear internal agreements and documentation on the following:

1. **Kibuyu cohesion:** Ensure your Kibuyu membership has a clear vision, aims & objectives and community statement.
2. **Needs assessment:** Identify and prioritise the pressing needs of the community.
3. **Partners:** Identify local stakeholders, partners and programs in alignment with the Kibuyu aims and objectives.
4. **Distribution:** Establish how the proceeds of Sarafu issuance will be used, including any fees or levies, distribution or loaning to members or group projects.
5. **Loans and Repayment:** If Sarafu are subject to redemption at a specified date or rate, there should be a clear productive purpose for the resulting debt, a repayment period and a clear mechanism including levies for non-performance.
6. **Trade Balance:** Members should be required to accept as many Sarafu as they spend in a timely manner and be subject to levies.
7. **Projects:** Any Kibuyu funded projects should be well planned and a designated manager put in charge. (E.g. Issuing Sarafu to fund community support for vulnerable households and community gardens.)
8. **Cycles:** There should be a clearing cycle wherein all Sarafu are returned to the Applicant group account, debt obligations settled and a new Sarafu issuance made. If the Kibuyu is a chama this can match their loan funding cycles.
9. **Market/Meeting Days:** Regular meeting and/or market days (e.g. weekly) should be mandatory - where members meet to trade, discuss and compare Sarafu balances openly and attempt to reduce high balances and increase low balances.
10. **Balance limits:** Members should have clear limits to how many Sarafu they hold for business purposes and should not accumulate excessive Sarafu reserves.

## Additional Materials

1. CIC Training Guide:

[https://gitlab.com/grassrootseconomics/cic-docs/-/blob/master/CIC\\_Training\\_Guide\\_Kenya.pdf](https://gitlab.com/grassrootseconomics/cic-docs/-/blob/master/CIC_Training_Guide_Kenya.pdf)

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