

Community Inclusion Currencies (CICs)

Frequently Asked Questions (FAQ)

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Draft

User FAQs

→ What are Community Inclusion Currencies (CICs)?

- ◆ CICs are tradable **tokens or vouchers, backed by funds (reserves) and goods and/or services** of participating organizations, schools, shops, groups, farms, and clinics. CICs act as **a local means of trade and exchange** that does not replace but rather supplements (tops-up) lacking national currency. Through increasing trade by matching unmet local needs with under-utilized local resources CICs enable sustainable economic, environmental and social development. While CICs are backed in National Currency they are also **backed in part by the user or group issuing and accepting them**, i.e. individual members' own commitment in goods and/or services.

→ How do I enroll?

- ◆ Anyone with any phone (no internet needed) can register Call 0757628885 (Monday - Saturday 9-5pm) You will automatically get 400 Sarafu and for each referral you get 100.

→ How do you create a CIC?

- ◆ People, groups (chamas) and organizations can issue or create a CIC by storing national currency in a reserve fund (Gala) which they own. That reserve fund is leveraged into shares - and these shares are represented as tokens (CICs) which are unique to your reserve on a transparent public ledger system.
- ◆ As a standard on the CIC platform a leverage of 4x is applied to underlying reserve to create your CICs meaning that 10,000 KSH of reserve creates 40,000 CIC Tokens starting with an exchange value of \$1Kenyan Shilling. For a 1:1 conversion rate your reserve of National Currency must be 25% of your CIC supply.

→ What is my CIC's exchange rate to National Currency?

- ◆ The exchange value (P) is always equal to four times the reserve (R) divided by the supply (S) of CICs that are currently in circulation that is $P=4R/S$.

- ◆ Note that when a CIC is first created the Supply is always four times the Reserve. Meaning that initially the exchange price $(P) = 4R/4R = 1$. Meaning that a CIC, first when created, has an exchange value of 1:1 with the national currency.
- ◆ The exchange value will go down the more CIC holders pull out Reserve. This happens anytime you use CICs to buy from someone holding a different CIC (e.g. Mombasa CIC or Nairobi CIC) or when you cash out your CICs for national currency.
- ◆ The exchange value will go up the more people put in more Reserve. This happens anytime someone makes/mints CICs or when people holding different CICs buy from you

→ How do you get a CIC that has already been created?

- ◆ **Trade:** By allowing users to buy your goods or services using CIC, this is considered barter trade as you should be able to spend the CIC you receive back at other users in the community. This doesn't change the CICs exchange value.
- ◆ **Creating/Minting:** By adding additional reserve in National Currency to that CIC's reserve you create/mint more of that CIC for yourself at market rates. This increases the CICs value since less CICs are minted the more money that is put in reserve.
- ◆ **Supporting:** Donor may mint/create CICs as a donation for positive community action, volunteering or emergency response. CICs can be created and distributed by donors in order to reward social service work and other charitable purposes. This increases the CICs value.
- ◆ **Become a user or refer to new users:** CIC issuers may promote their CICs by giving CICs to new users (sign up bonus) and also as a reward for referring to a new user (referral bonus). In Kenya, Grassroots Economics Foundation gives 400 Sarafu (a CIC created by them) to every new user as a form of donation.
- ◆ **With Mpesa:** To double (for next 90 days) your money or donate send mpesa to paybill (631685) and under account say where (what phone number) we send double the Sarafu. 100 KSH receives 200 Sarafu (maximum 20k ksh a week)

→ What are the benefits of using CICs?

- ◆ **Meet basic needs:** enable people and their community to meet daily needs during the hard times of the month or year or during a crisis.
- ◆ **Increase trade:** increase your daily sales and customers; and to save more National Currency for needs outside the community.
- ◆ **Strengthen local markets:** create a strong community network and market (allowing people to meet, share ideas, trade goods and services and to launch group programs and initiatives).
- ◆ **Community participation:** enable greater participation in community events

→ What are the benefits of creating CICs?

- ◆ **Leverage:** By investing national currency to a CIC reserve fund, you can leverage them 4x one time, into a circulating medium of exchange (Community Inclusion Currency). You are storing some National Currency in order to partly back the issuance of more CICs and multiply your purchasing power..
- ◆ **Share holders:** Because CICs derive their value from both a reserve in National Currency as well as social backing (acceptance of goods and services) - by holding CICs users hold a share of a common reserve pool and the social backing. This gives holders a stake in the local economy.
- ◆ **Traceability:** Since donors can see anonymous trading data they can choose to support a CIC that is supporting a community in need.

→ Why is it important to keep CICs circulating?

- ◆ The faster CICs as a medium of exchange among users, the more it helps develop the local economy. If it stops circulating, it stops helping people trade. As much as anyone spends a CIC they should also be accepting CIC for any goods or services to support the community.
- ◆ The impact a CIC has on the local community and economy is higher the more CICs are used.

→ **How do I top-up my CIC once I have used it?**

- ◆ Try to buy using your CIC each day and try to sell your goods with CIC each day. Balance your purchases and sales.
- ◆ Mint/create CICs by investing National Currency into a CICs reserve. This is done using eMoney.
- ◆ Get CICs for volunteer work from supporting organizations.

→ **How do I cash-out my CIC to get National Currency?**

- ◆ A CIC holder can cash out a percentage of their balance once a month by sending their CIC to an agent and receive national currency via eMoney or bank transfer.

→ **Who is a CIC Issuer?**

- ◆ Anyone can issue a CIC by storing some Kenyan Shillings in a Reserve. They can do this via e-money or bank transfer on the CIC platform.

→ **Who are CIC holders?**

- ◆ Anyone can have a CIC account via mobile phone, smart phone or card. The CICs stored in your account are yours alone and represent an investment you hold in an economy made up of other CIC holders

→ **How much CIC should I keep?**

- ◆ Your balance may go up and down but on average you should match your spending with your income of CICs.
- ◆ If you decide to hold CICs long term you are investing in the growth of the economy they represent (markets and businesses using the CIC).

→ **What should I do if I have too many CICs?**

- ◆ If you receive more CIC than you are able to spend, you can solve this problem by:
 - Finding workers or businesses to buy from using CICs (use the Sempo marketplace)
 - Enrolling businesses that you want to spend CICs at and get a referral bonus!
 - Giving CIC as change to your customers or as top ups or salary advances to your workers.
 - Contact the CIC issuer or group and explain the situation - they may choose to buy the CICs off you.

→ **What should I do if I have too little CICs?**

- ◆ By spending your CICs you have received goods and/or services from other users. You must accept CICs back for your goods and services.
- ◆ You need more customers with CIC. Have your customers register and advertise yourself to more members.
- ◆ If no one is buying your goods and services using CIC
 - Contact the CIC issuers or chama
 - Enroll your clients and get a referral bonus
 - Buy goods and services from members in Kenyan Shillings and accept change in CICs.

→ **What is the directory or market place and what are its benefits?**

- ◆ The directory or market place is a list of all active members using and accepting CICs. It helps people know where to spend CICs and for members to know each other. Users need to ensure their information is up to date and accurate.

→ **What should I do if other members are not accepting CICs 1:1 with national currency?**

- ◆ Make sure the member understands the program; they might not understand how to price their items using CICs
- ◆ Give the person a chance to explain why they are not accepting it and try again later.
- ◆ If the member has too much CIC already, help them find a way to spend it.
- ◆ If all else fails, report the user to the CIC issuer or chama.

→ **How should I price my goods and services in CICs?**

- ◆ price of goods or services should be that same price in CICs as that used for National Currency
- ◆ In general accept as much as you think you can use or cash-out. It is your responsibility to make sure that you can use spend or cash-out all the CICs you receive.

→ **What happens if a CIC Issuer stops accepting back CICs?**

- ◆ Then CIC holders will cash it out for reserves, or, in the case of multiple CIC systems, exchange their CIC for CICs of other issuers. This will lower the value of that CIC.

→ **If I buy stock and my supplier isn't a member, how can I buy my supplies and stock with CICs?**

- ◆ If your supplier isn't a member explain to them the benefits of the program and refer them to get a bonus.
- ◆ If your supplier refuses to become a member, you will make sure to accept as much Kenya Shillings as you need in addition to CIC to buy your stock.
- ◆ Ultimately it is up to the CIC user to make appropriate business decisions.

→ **How are CICs regulated?**

- ◆ CICs are being considered for regulation in Kenya under Sempo Ltd.
- ◆ On August 23rd 2013, Bangla-Pesa which is a CIC was deemed by the Director of Public Prosecution in Kenya to not have broken any laws.

→ **Do CICs expire and are they taxable?**

- ◆ Currently CICs do not expire but their exchange value can go up and down. Note that since CICs are shares of underlying reserves in National Currency they should be considered taxable.

→ **How does a Savings Group (Chama) use CICs?**

- ◆ Chama members can register for an account and begin to save and loan CICs just like they do with National Currencies.
- ◆ One chama member account is designated as the Chama account where members store their savings.
- ◆ After starting to trade with CICs a chama account can apply for support of 10,000 KSH be put into its reserve and 40,000 CIC tokens will be created with a name unique to that chama. (note that the Chama can decide to put more National Currency into its reserve to get more initial leverage)
- ◆ Those 40,000 unique CIC tokens have an initial total exchange value of 1:1 with the national currency in the reserve and can be distributed to the members of the chama and used for paying people inside or outside the chama for goods or services.
- ◆ Any CIC holder can remove National Currency from the Reserve fund based on how much of the CICs they are holding and for how long.

- ◆ The Chama should demand weekly deposits as well as loan repayment in CICs in order to increase their Reserve (Gala) fund and also to increase their CIC exchange rate.

→ **Why would someone hold CICs long term?**

- ◆ Users are expected to use the CIC mainly as a means of exchange in the local business community, and to keep the KSH to build up savings or buy “imported” products. However, someone who believes that the demand on CICs and hence the local economy will grow might decide to hold CICs in order to use them or cash them out in the future when the exchange rate is higher. This is similar to holding stock in a company - where the stock price is based on both reserve and community acceptance - which can represent the local economy in a typical village using CICs.
- ◆ Public anonymous transaction data - such as the amount of CICs being used for health or education or the environment, may encourage an impact investor or donor to put National Currency into the reserve of a CIC and hold the tokens in order to support that economy with a larger reserve and encourage it to grow further.

→ **How do I check for balance?**

- ◆ Dial *384*96# on Safaricom or *483*46# on Airtel then select option #3 for My Account

→ **Where is it accepted what are the requirements to be a member?**

- ◆ There are no requirements for membership anyone can join.
- ◆ It can be accepted anywhere. The users are the key people to sensitize businesses to accept it.

→ **Can Sarafu be used to pay school fees? At clinics?**

- ◆ Yes, as long as the school or clinic accepts it. If they don't please call us at 0757628885

→ **Can Sarafu be exchanged for shillings?**

- ◆ Only Chamas can exchange Sarafu for Kenyan Shillings and they can only cash out 50% of their balance once a month and must be using Sarafu for payment and loans.

→ **How does GE stand to benefit?**

- ◆ We are a non-profit foundation that receives support based on our impact. We employ a support team to help spread awareness and address user needs.

→ **Who do I call for help? Customer service issues?**

- ◆ 0757628885

What is Sarafu network?

Sarafu-credit is a **voucher for goods and services** of participating organizations, schools, shops, farms, and clinics. Sarafu-credit acts as a **local means of exchange (money)** that does not replace but rather supplements (tops-up) lacking Kenyan Shillings. Through increasing trade by matching unmet local needs with under-utilized

local resources Sarafu-network enables sustainable economic, environmental and social development programs.

What are the benefits of Sarafu network to the user?

- Local economy is improved
- More customers meaning more profits
- Saves Kenya shillings
- One is able to get basic needs

How do you get Sarafu credit?

- a) As a **zero-interest credit** - Sarafu-Credit may be offered to businesses and members of local organizations. Potential members fill out a detailed registration form after they are deemed credit-worthy by running a local business. You can use the Sarafu-Credit to trade goods and services among members. **You need to accept Sarafu-Credit for your goods or services, in order for the Sarafu-network to benefit the community.**
- b) **Community Service work** - Participating non-profits, NGOs and other organizations may wish to support their activities by **rewarding volunteer efforts with Sarafu-network**. Organizations may support needy children with school fees, or encourage youth to plant trees and protect the environment.
- c) As **payment or change for goods and services** - anyone may use Sarafu-Credit to pay for goods or services or offer Sarafu-Credit as change. This is considered as a form of barter and should circulate around the community to increase trade.

Is Sarafu credit legal?

Sarafu-Credit does not attempt to replace the National Currency and is therefore not illegal

On August 23rd 2013, a court ruling was made in this regard by the Director of Public Prosecution in Kenya determining the legality of community currency (Bangla-Pesa in specific) in Kenya.

How does the company benefit from the whole process?

The company has donors and they want to see livelihoods of people in a marginalized company has been improved. They are interested to see that pupils are going to school and parents are getting jobs and basic needs regardless of not having enough of Kenya shillings.

Can one save Sarafu credit?

NO: The faster Sarafu-Credit moves between members, the more it helps develop the local economy. If it stops moving, it stops helping people trade.

What is the value of Sarafu credit in comparison to Kenya shillings?

A Sarafu-Credit voucher is **worth the same amount in Kenyan Shillings**. Sarafu-network is a **mutual credit**, which means that it is **fundamentally backed by the community**, i.e. individual members' own goods and services. As an additional collateral source cooperative business are developed, which also allows for the growth of the trade network.

What should I do if people are not accepting Sarafu credit?

- Make effort to network with other local businesses trading with Sarafu-credit
- Ensure that you let people (publicly advertise) that you are trading with Sarafu-Credit
- Buy goods and services from members in Kenyan Shillings and accept change in Sarafu-Credit

Advantages of Digital system over the paper currency?

1. It is convenient to transact on the phone as opposed to always having to carry the hard currency.
2. You can now trade with people in other communities. You just convert your tokens.
3. It is much easier to enroll more members.
4. The more the businesses

Test your Knowledge with the User CIC Quiz below

QUIZ

1. How much CICs do new members get?

(a) 100 (b) 200 (c) 400 (d) 500 (e) depends on the member's activity, type and size of businesses

2. How many CICs will be created if I create a 10,000 Kenyan Shillings reserve?

Hint: CIC initial supply = 4x the Reserve

(a) 0 (b) 10,000 (c) 20,000 (d) 40,000 (e) or more

3. How many CICs will be created if send 10,000 Kenyan Shillings into an existing reserve of 10,000 Kenyan Shillings with a CIC supply of 40,000 and the current exchange rate is 1 Kenyan Shillings (i.e. 1 CIC = 1 Kenyan Shillings)?

Hint: The more money sent to the reserve the less CICs are minted.

(a) 0 (b) 10,000 (c) 7,568 (d) 20,000 (e) 40,000

4. When can a group account exchange CICs for Kenya Shillings?

- (a) End of the month and only 50% of their balance
- (b) When you have more than 10,000 CICs
- (c) Never

5. What is the value behind 50 CICs if the CICs reserve has 10,000 Kenyan Shillings and there are 40,000 CICs in circulation?

(a) roughly Ksh.50 (b) More than Ksh.50 (c) Much less than Ksh.50

6. What does it mean if you have too much CIC? (mark all that apply)

- (a) I have much more CICs than I started with
- (b) I need to sell more products for CICs
- (c) I should be buying more goods and services with CICs.

7. What does it mean if you don't have enough CICs? (mark all that apply)

- (a) I should be spending CICs it as fast as possible

- (b) I have spent CICs with other members.
- (c) I need to sell more products for CICs.

8. How do non-members use CICs? (mark all that apply)

- (a) Receive it as change
- (b) They never get to use it
- (c) They can accept it voluntarily as payment for work or community services.
- (d) They need to register for an account

User Quiz Answers: 1.) c 2.) d 3.) c 4.) a 5.) a 6.) a, c 7.) b, c 8.) d

Technical FAQs

→ What is the technology behind CICs?

- ◆ CICs are digital tokens residing on the public xDAI blockchain. The reserves of CICs are based on a stable token pegged to national currency.
- ◆ CICs accounts can be accessed through USSD on feature phones - and soon an app and web interface.
- ◆ The CIC platform was built using Python and Flask

→ Teknologia ipi inafanikisha CIC?

- ◆ CICs ni tokeni za kidigitali kwenye teknolojia ya xDAI blockchain. Hifadhi ya hizi CIC ni kwa utulivu wa kokeni kwenye sarafu ya kitaifa.
- ◆ Akaunti za CICs zinaweza patikana kwenye huduma za simu kwa USSD na kwenye interface ya wavuti
- ◆ jukwaa ya CIC iliundwa kutumia Python na Flask

→ How is National Currency added to reserve?

- ◆ National Currency when sent to the reserve is first used to purchase a USD based stable coin called DAI. This DAI is used to make a stable Kenyan Shilling token which is then added to the reserve - after which CICs would be created based on this addition.

→ Sarafu ya kitaifa inaongezwaje kwenye hifadhi?

- ◆ Sarafu ya kitaifa ikitumwa kwenye hifadhi inatumika kununua sarafu yenye utulivu wa dollar iitwayo DAI. Hii DAI inatumika kutuliza shillingi ya kenya yenye inaongezwa kwenye hifadhi. baadaye CIC inatengenezwa kutokana na huo mwongezo.

→ How is the leverage and other system parameters determined?

- ◆ Currently it is kept at a safe standard of 4 by the CIC platform. A higher leverage would lead to increased volatility in CIC exchange rates and a low leverage produces less impact.
- ◆ We are working with BlockScience to model these parameters as well as getting feedback from Grassroots Economics' pilots to develop standards on initial reserve size, leverage, cash-out and cash-in limits and more.

→ Ukuaji na uboreshaji unapimwaje?

- ◆ Kwa sasa imewekwa kwenye kiwango cha nne kwenye jukwaa ya CIC. Ukuaji ukiongezeka unaweza changia uongezevu wa uchambuzi kwenye viwango vya kubadilisha CIC.
- ◆ Tunafanya kazi na Block science kufanisha hizi vigezo pamoja na kupata majibu kutoka kwa waendeshaji wa Grassroots Economics kutengeneza viwango katika hifadhi ya kwanza, ukuaji, kutoa na kurudisha viwango vilivyo ekwa na vinginevyo

→ **Is the technology open source?**

- ◆ Yes all docs and code can be found here: <https://github.com/GrassrootsEconomics/CIC-Docs>

→ **Teknologia hii ina uwazi?**

- ◆ Ndio. hati na stakabathi zote zinapatikana hapa <https://github.com/GrassrootsEconomics/CIC-Docs>

→ **How do you prevent a run on the reserves of a CIC?**

- ◆ We restrict how much and how fast CICs can be redeemed for their reserve.
- ◆ We encourage purchasing CICs when their exchange rate is low to fill back up reserves.

→ **Utazuiaje kuisha kwa hifadhiya CIC?**

- ◆ Tuko na mikakati ya kuzuia kiwango kinachoweza kutolewa kwenye hifadhi
- ◆ Tuna himiza ununujaji wa CICs wakati kiwango cha kubadilisha kiko chini ili kujaza hifadhi