

# **The Grantcoin Foundation Policy on Grantbanks**

## **Version 1.0 – Adopted April 22, 2015**

### **ARTICLE I. DEFINITION AND PURPOSES**

1. A *Grantbank* shall be defined as an incorporated non-profit organization, or its equivalent in any country or jurisdiction, which is in a relationship of affiliation with The Grantcoin Foundation for the purposes described hereinunder and according to the policies enumerated in this document.
2. Grantbanks shall study technological, legal, humanitarian, environmental, and economic issues pertaining to the distribution and use of Grantcoin and related infrastructure within the respective geographical areas and jurisdictions they serve.
3. Grantbanks shall securely store and distribute Grantcoin to qualified applicants according to the Grantcoin Foundation's Mission and Policy.
4. Grantbanks shall represent and promote the Grantcoin movement for monetary democracy and sustainability within the respective geographical areas and jurisdictions they serve, and shall have authority to engage with, enter into and maintain official relationships with institutions in those areas and jurisdictions on behalf of said movement.
5. Grantbanks shall not perform the functions of banks as traditionally understood, such as lending money to debtors or holding accounts of depositors.

### **ARTICLE II. NATIONAL AND LOCAL LEVELS**

1. Grantbanks shall be formed at both the national and local levels. The "National" level may refer to any independent country or dependency listed in the Grantcoin Foundation Bylaws.
2. Local Grantbanks may not be formed in a country or dependency unless and until there is a National Grantbank in said jurisdiction.
3. Local Grantbanks must be affiliated with and are subject to the policies of both the National Grantbank of the country or dependency in which they are located and the Grantcoin Foundation at the international level.
4. Local Grantbanks may serve multiple jurisdictions in close geographical proximity, such as a metropolitan area consisting of a city and surrounding suburbs, or a rural region consisting of multiple towns or counties.
5. The area that each Local Grantbank serves shall be determined by the National Grantbank with which it is affiliated, in consultation with and with the approval of the Grantcoin Foundation.
6. No geographical area may be served by more than one Local Grantbank and one National Grantbank simultaneously.

### **ARTICLE III. PROVISIONAL BODIES**

1. A Provisional Grantbank is a recognized potential affiliate of the Grantcoin Foundation consisting of one or more persons in the process of enrolling members and preparing to meet the criteria for affiliation as a Grantbank in their geographical area, who are working with the Foundation to accomplish this goal.
2. Any person or group of people residing in a particular country or dependency in which there is not yet a National Grantbank in existence may apply to the Grantcoin Foundation to be recognized as a Provisional Grantbank in said jurisdiction.
3. Any person or group of people residing in a particular local jurisdiction or geographical area in a country or dependency in which a National Grantbank exists as a recognized affiliate of the Grantcoin Foundation may apply to the National Grantbank to be recognized as a Provisional Grantbank in said locality or region.
4. Any group of at least five people residing in a particular jurisdiction within the area of service of an existing Local Grantbank which serves multiple jurisdictions may apply to their National Grantbank to be recognized as a Provisional Grantbank in said locality. If their application is denied, they may appeal to the Grantcoin Foundation for a final decision.

### **ARTICLE IV. AFFILIATION**

1. Any Provisional Grantbank may apply to affiliate with the Grantcoin Foundation as a National Grantbank, where one does not yet exist, by meeting these conditions:
  - a. At least five adults residing in the country or dependency, the majority of whom are not related to each other by marriage or by any degree closer than second cousin, must declare themselves as members of the group and submit their names and addresses to the Grantcoin Foundation.
  - b. The group must submit to the Grantcoin Foundation an exact copy of the articles of incorporation or equivalent legal document that they intend to file to become an incorporated non-profit or equivalent type of organization.
  - c. The group must submit to the Grantcoin Foundation an exact copy of their bylaws.
  - d. The group must submit to the Grantcoin Foundation the names and titles of their founding directors and officers.
  - e. The group must submit a written statement, signed by all of its founding directors and officers, affirming their intention to abide by the Mission and Policy of the Grantcoin Foundation.
2. The Grantcoin Foundation may impose additional or more extensive conditions and qualifications on any Provisional Grantbank applying for affiliation as a National Grantbank, on a case-by-case basis.
3. National Grantbanks shall require a similar procedure for affiliation of Provisional Grantbanks wishing to become Local Grantbanks; and all new Local Grantbanks must also be approved by the Grantcoin Foundation.

## **ARTICLE V. MEMBERSHIP AND GOVERNANCE**

1. Each Grantbank shall be a democratic organization governed by a Board of Directors elected by the Members of the organization.
2. Any adult, as defined in the jurisdiction where a Grantbank is located, who resides in the geographical area that said Grantbank serves, shall be eligible to become a Member thereof.
3. The Board of Directors of a Grantbank must be composed of no less than five and no more than 15 people, all of whom must be Members of said Grantbank.
4. Any Member of a Grantbank shall be eligible to run for a seat on its Board of Directors.
5. Elections for the Board of Directors of a Grantbank must be held annually.
6. Elections must be held in a manner which is secure, anonymous, and produces a verifiable public record of results.

## **ARTICLE VI. CURRENCY ALLOCATION**

1. The portion of currency from the Grantcoin reserve (i.e. created before the launch of Grantcoin) which is reserved for Grantbanks shall be distributed to them according to the following formulas:
  - a. For National Grantbanks:  $(10\% * \text{population of country or dependency}) / \text{total population of the world}$
  - b. For Local Grantbanks:  $(90\% * \text{population of area it serves}) / \text{total population of the world}$
2. The currency from the Grantcoin reserve described in section 1 above may be distributed to each Grantbank gradually over a period of up to five years, at the discretion of the Grantcoin Foundation.
3. Currency created through inflation and held by the Grantcoin Foundation for distribution to Grantbanks (hereinafter called "the inflation allocation") shall be allocated to the Grantbanks in each country or dependency according to the following formula:  $((100\% - \text{percentage owed as Dues}) * \text{population of country or dependency}) / \text{total population of the world}$
4. The inflation allocation to the Grantbanks in each country or dependency shall be divided among them according to the following formulas:
  - a. For the National Grantbank:  $(10\% * \text{percent of country or dependency's population served by a Local Grantbank}) + \text{percent of country or dependency's population not served by a Local Grantbank}$
  - b. For each Local Grantbanks:  $90\% * \text{percent of country or dependency's population residing within the area served by the Local Grantbank}$
5. The inflation allocation shall be distributed quarterly by the Grantcoin Foundation to each Grantbank.

## **ARTICLE VII. GRANTMAKING**

1. No more than 5% of the currency allocated to any Grantbank may be spent on administrative expenses; at least 95% must be distributed as grants or reserved for this purpose.
2. No more than half of the currency allocated to any Grantbank may be reserved for granting more than one year later; at least half must be distributed as grants within one year of its being received by the Grantbank, or returned to the Grantcoin Foundation.
3. Any currency allocated to any Grantbank which is not distributed as grants, or spent on administrative expenses within the limit set in section 1 above, within five years, must be returned to the Grantcoin Foundation.
4. Up to 10% of currency distributed by a Grantbank each year may be granted to charitable, scientific and educational non-profit organizations whose mission and activities are consistent with the values of the Grantcoin Foundation. Organizations of a primarily political or religious nature are excluded from consideration.
5. At least 90% of currency distributed by a Grantbank each year must be granted to incorporated or legally recognized businesses or organizations that produce products or services for sale. This may include for-profits, non-profits, benefit corporations, co-ops, or any other type of legally established entity that has a primarily business purpose.
6. Potential recipients of business grants as defined in section 5 above must submit to the Grantbank an application detailing its value or success in all three aspects of the triple bottom line: humanitarian value (positive effect on people and community), environmental value (positive effect on the planet and ecosystem), and economic value (profitability). This may include descriptions of business practices and policies, certifications received, financial data, and other relevant information. At minimum, the applicant must address these areas:
  - a. Humanitarian:
    - i. Degree of ownership by employees, and opportunities to earn equity or participate in decision-making in the organization, if any.
    - ii. Presence of labor unions, if any, and policies in that regard.
    - iii. Employee compensation and benefits compared to similar businesses in the same or similar locations.
    - iv. Degree of inequality of pay scale and benefits for highest and lowest employees.
    - v. Degree of reliance on temporary or part-time labor without benefits.
    - vi. Steps taken to source inputs through fair trade imports, if applicable.
    - vii. Steps taken to source inputs from companies with humanitarian practices, e.g. avoiding or reducing inputs produced by child labor or other forms of exploitation of workers.
    - viii. Participation in community service and charitable donations and activities.
  - b. Environmental:
    - i. Steps taken to reduce carbon footprint.
    - ii. Steps taken to reduce pollution and industrial or consumer waste.
    - iii. Policies and practices regarding agriculture, forestry, or animal husbandry, e.g. organic, sustainable, non-GMO, cruelty-free, etc., if applicable.
    - iv. Steps taken to source inputs from environmentally responsible companies.
    - v. Charitable donations and activities to help the environment.
  - c. Economic:

- i. Current revenue, expenses, and profitability (at least breaking even?).
  - ii. Revenue trend (growing or declining?).
  - iii. Profitability trend (growing or declining?).
7. The Board of Directors of a Grantbank shall review and score all grant applications on all three aspects of the triple bottom line, and decide which applicants shall receive grants and how much they shall each receive. Factors in decision-making shall include:
  - a. Total score of each applicant.
  - b. Satisfactory score in each of the three areas.
  - c. Diversity of applicants, e.g. different types of corporate entities, different industries and fields, different locations, etc.
  - d. Perceived impact of a grant to one applicant relative to others.

## **ARTICLE VIII. REPRESENTATIVES**

1. Each National Grantbank shall elect one Representative to the Grantcoin Foundation for every 100 million people or fraction thereof that comprise the population of the country or dependency said Grantbank serves. (Examples: The National Grantbank of China would elect 14 Representatives, since China has a population of 1.37 billion. The National Grantbank of Tokelau would elect one Representative, since Tokelau has a population of less than 100 million.)
2. Each Local Grantbank shall elect one Representative to the Grantcoin Foundation for every one million people or fraction thereof that comprise the population of the jurisdiction(s) said Grantbank serves.
3. Representatives shall be elected by the Members of each Grantbank annually, in a manner as described in Article 5 section 6.

## **ARTICLE IX. DUES**

1. Dues owed by Grantbanks to the Grantcoin Foundation is set at 5% of the inflation allocation to each country or dependency and shall be automatically deducted from the amount of currency they receive from the Foundation as described in Article VI section 3.

## **ARTICLE X. ETHICS AND TRANSPARENCY**

1. All grants, expenditures, and transactions of Grantcoin by Grantbanks must be made using specific wallet addresses provided by the Grantcoin Foundation.
2. Grantbanks shall publicly disclose their Articles of Incorporation (or equivalent legal document), Bylaws, written Policies, Board Members, Officers, corporation meeting minutes (e.g. annual meetings of Members), Board meeting minutes, budget, grants, and currency reserve.
3. A Grantbank may not make grants to any company or organization that any of its Board Members are affiliated with as an employee, paid consultant or contractor, board

member, officer, or majority owner, unless it applies for and receives a special exception from the Grantcoin Foundation. Suggested exceptions will be considered on a case-by-case basis.

4. Approximately 10% of all Grantbanks will be randomly selected each year for a routine audit by the Grantcoin Foundation.
5. The Grantcoin Foundation may selectively audit any Grantbank that is accused of misconduct.

## **ARTICLE XI. PROBATION AND REORGANIZATION**

1. If an audit produces evidence of misconduct, such as violation of ethics rules, grantmaking procedures and standards, or other Policy, the Grantcoin Foundation may place a Grantbank on Probation for a period of time, not to exceed one year before said Grantbank shall be reevaluated for compliance and possible reinstatement as a Grantbank “in good standing.”
2. While on Probation, a Grantbank is considered to be “not in good standing” and its Representatives may not vote in Grantcoin Foundation elections.
3. While on Probation, a Grantbank may not directly make grants or expenditures without prior review and approval from the Grantcoin Foundation.
4. If a Grantbank fails to comply with the Grantcoin Foundation’s requirements during a period of Probation, it may be disaffiliated by the Foundation.
5. If a Grantbank is placed on Probation more than once, it may be disaffiliated by the Foundation.
6. If a Grantbank is disaffiliated, the Grantcoin Foundation shall attempt to organize a new Grantbank in the same area of jurisdiction, to replace it as the recognized and affiliated Grantbank for that area.