



CharityDAO Puerto Rico

A scoping report on Puerto Rico's Path to collaboration and transformative impact with a federated non-profit and women lead decentralized autonomous organization

BY STRATEGY.TECH

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Table of Contents

Reimagine The Future of Governance with Charitable DAOs

Introduction

A HISTORICAL PERSPECTIVE DECENTRALIZATION & THE DAO

UNDERSTANDING CHARITABLE DAOs

DECENTRALIZED DECISION MAKING IN CHARITABLE DAOs

DESIGNING INNOVATION ECOSYSTEMS: EQUITY IN TECH ACCESS

Causes of the problem

EQUITY IN TECH

ADDRESSING THE DIGITAL DIVIDE

Effects of the Problem

POLICY CONSIDERATIONS FOR CHARITABLE DAOs

Solutions to the problem

ANTI-CORRUPTION POLICIES FOR CHARITABLE DAOs

EDUCATION AND TRAINING FOR CHARITABLE DAOs

ONBOARDING NEW MEMBERS

Conclusion

ACKNOWLEDGMENTS

FOR OPENING DOORS TO A **FUTURE**, I DID NOT KNOW EXISTED.
I CAN CLEARLY SEE.

THANK YOU

MR. TIM LEWIS

SPECIAL APPRECIATION TO

PAUL, TIMOTHY, DAVID, DOC, DOCTOR GOERGEN, HAYLEY

Designing innovation ecosystems to reimagine a future that exponentially improves human achievement and collaboration across cultures and clarifies the role of decentralization in enhancing access to information, strengthening democracy, and creating a positive impact with measurable results on human life is essential. However, as technology exponentially increases, accelerates change in humanity, and institutional decentralization occurs, the designers and developers of the future must consider equity in technology access. Creating an inclusive and fair digital world is a society where everyone has access to equitable opportunities and benefits, and information is not only structured for first-world eyes. Developing innovation responsibly means ensuring technology is designed and deployed in a way that does not perpetuate or amplify existing societal inequalities, injustices, and inequities. Providing equitable access to tech design and deployment means:

- Developing access to technology and digital infrastructure
- Having mindful representation and diversity in technology companies and decision-making processes that affect communities of color, and
- The responsible use of artificial intelligence, data, and algorithms in vulnerable communities.

Developing tech with equity in mind involves addressing the digital divide and the unequal distribution of technology and digital resources across different communities, especially marginalized or historically disadvantaged persons. By promoting equity in technology, we can foster innovation, increase economic opportunity, and improve the quality of life for all.

It is essential to have policies and initiatives that prioritize equity in technology to ensure that technological advancements benefit everyone, not just a privileged few. For more than 35 years, the concept of decentralized development has been an idea humans have touted. However, though the idea was prevalent worldwide, the execution of decentralization was always in question. The hurdle of implementing accountability systems for decentralization between 1960 – 1980, when internet connectivity and computing power were not available to everyone, was no easy feat. [In 1983, The World Bank published a working paper](#) showcasing the attempts of developing countries that had tried to decentralize development planning and management responsibilities for over a decade. According to the World Bank:

"IN MOST DEVELOPING COUNTRIES, DECENTRALIZATION MUST BE AN INCREMENTAL PROCESS OF BUILDING THE CAPACITY OF NONGOVERNMENTAL AND LOCAL ORGANIZATIONS TO ACCEPT AND CARRY OUT EFFECTIVELY NEW FUNCTIONS AND RESPONSIBILITIES. THE PROCESS MUST BE CAREFULLY NURTURED FROM THE CENTER AND ACCOMPANIED BY A SHIFT IN THE ORIENTATION OF CENTRAL BUREAUCRACY FROM CONTROL TO FACILITATION AND SUPPORT. "

Island communities can benefit from global participation through technology integration. In places like Latin America or Puerto Rico, a US colonial hybrid where technology equals unveiling of corruption, building capacity is an endeavor of patience and determination for those looking to raise the island's standards. In Puerto Rico, technology for banking, healthcare, education, and government has yet to make an equitable leap to US standards. Tech is an ominous word on the island; citizens and government have collectively resisted its effects.

Why? Because tech has the power to unveil and abolish the island's establishment of greed served by the inefficiency of a municipal and state government riddled with corruption. But language barriers, low technology acumen, limited access to information, poor literacy and numeracy, and little education on [ECONOMIC LIBERATION TECHNOLOGIES](#) keep places like Puerto Rico and much of Latin America slowly depending on a controlled drip of technology advances, benefitting just the privileged few, because every day citizens don't have access to information that can make their lives better.

Building capacity from a top-down governance model is nearly impossible in Puerto Rico. The island's long history of corruption, language barriers, and resistance to technology within government agency personnel and the public education department have hampered the hopes and aspirations of anyone attempting to galvanize, design and launch a dignified future for Puerto Rico. The opportunity to position Puerto Rico as the center of innovation in the Western Hemisphere through a federated Charitable Decentralized Autonomous Organization (CharitableDAO Puerto Rico) focused on elevating social causes affecting the lives of all people on the island to pave the way for empowered citizenship in the future. Capacity and capability must be built from the grassroots level, capacity must be built from peer to peer, by charitable organizations, working together as one Decentralized Autonomous Organization to solve problems affecting the lives of everyday islanders.

THE BIRTH OF DAOs

A DAO is a new organization designed to leverage the benefits of blockchain technology to achieve greater transparency, accountability, flexibility, and inclusivity in the efficient management of funds and projects. The concept of DAOs was first introduced in 2013 by a group of developers who created "The DAO," a decentralized venture capital fund. The founders of "The DAO" were a team of programmers, including Christoph Jentzsch, the lead developer. The DAO was programmed with an algorithmic code that powered the decentralized venture capital fund intending to invest in impact-oriented grants. In addition to Christoph Jentzsch, who served as the lead developer, there were several other key contributors to the project. Some of the other people who were involved in coding The DAO included:

[SLOCK.IT](#) a German blockchain startup that provided technical support and development services for The DAO. They were responsible for developing the smart contracts that governed how investments were made and how funds were allocated.

[MARTIN KÖPPELMANN](#), co-founder of Gnosis, a decentralized prediction market platform built on top of Ethereum. Köppelmann was an early supporter of The DAO and provided technical expertise and support to the project.

[STEPHAN TUAL](#), former Chief Operating Officer of Slock.it and served as the spokesperson for The DAO. He was responsible for communicating with the community and the media and was a key figure in promoting the project to investors.

ALEX VAN DE SANDE, a developer at the Ethereum Foundation and was responsible for designing the user interface for The DAO. He worked on creating a user-friendly interface that would allow investors to participate in the project and make investment decisions easily.

The DAO venture capital fund was coded in SOLIDITY programming language, a high-level programming language designed to write smart contracts on the Ethereum blockchain. Smart contracts are self-executing programs that can automatically enforce the terms of an agreement, such as the terms of an investment contract. The code for The DAO capital fund was decentralized across a network of computers rather than being hosted on a central server. This decentralized architecture allowed anyone to participate in The DAO and make investment decisions, regardless of their location or level of expertise. The DAO's code development team structured its mechanisms around rules and procedures governing collective investments and DAO voting decisions. One of the key features of The DAO was its voting system, which allowed token holders to vote on which projects to invest in and how to allocate funds. Token holders could submit investment proposals, which were voted on by The DAO capital fund community. Once a proposal was approved, funds were automatically transferred from The DAO's account to the approved project's account following the terms of the investment contract. The code for The DAO also included various security features, such as MULTI-SIGNATURE WALLETS and TIME-LOCKS, to prevent unauthorized access to funds and ensure that The DAO made secure and transparent investments.

The DAO investment fund code was designed to be transparent, decentralized, and secure to create a new model for venture capital funding that was democratic and inclusive. "The DAO"

operated for over a month before it suffered a [major hack](#) in June 2016¹. The hack resulted from a vulnerability in the code that allowed an attacker to drain funds from the DAO.

The attacker exploited a loophole in the code to create a recursive function that allowed them to repeatedly call for a refund of their tokens while still receiving the rebate in Ether. In total, the attacker was able to steal approximately one-third of the funds held by "The DAO," totaling [OVER \\$50 MILLION](#) in value at the time.

While Slock.it was involved in developing The DAO's smart contracts, they did not write the code responsible for the vulnerability exploited in the hack. In the aftermath of the hack, Slock.it worked with the Ethereum community to address the theft issue and develop a fund recovery plan. Slock.it was one of the key players in the effort to recover the stolen funds, proposing a "White Hat" attack that would have involved using a similar exploit to drain the remaining funds from The DAO's accounts and return them to the rightful owners. While this proposal ultimately did not move forward, it demonstrated Slock.it's commitment to finding a solution to the problem and recovering the funds for investors. The hack of The DAO caused significant controversy in the world of cryptocurrency and blockchain technology, as it raised questions about the security and reliability of decentralized systems. Some argued that the hack resulted from poor coding practices, while others saw it as an inherent flaw in the DAO model. Ultimately, the hack led to a [HARD FORK OF THE ETHEREUM BLOCKCHAIN](#), which

¹ [\\$50 MILLION HACK JUST SHOWED THAT THE DAO WAS ALL TOO HUMAN](https://www.wired.com/2016/06/50-million-hack-just-showed-dao-human/)
<https://www.wired.com/2016/06/50-million-hack-just-showed-dao-human/>

resulted in the creation of two separate versions of the Ethereum blockchain - one that continued to support the DAO and one that did not. The Ethereum network was split into two separate chains immediately after the hack. One chain, Ethereum Classic, continued to operate on the original version of the network, while the other chain, Ethereum, implemented a hard fork to undo the effects of the hack and return the stolen funds to their rightful owners.

As part of the hard fork, a new version of The DAO, known as The DAO Withdrawal Contract, was created to allow investors to withdraw their funds from the project. The Withdrawal Contract allowed investors to exchange The DAO tokens for Ether at a fixed rate, and it was designed to operate independently of the main Ethereum network. While the hard fork successfully returned the stolen funds to investors, it also sparked a heated debate within the Ethereum community over the merits of a blockchain-based system that could be altered in response to a hack or other security breach. Some community members argued that the hard fork violated the decentralization principles and immutability underpinning the Ethereum network, while others saw it as a necessary response to a severe security issue.

Despite the controversy surrounding the hard fork, The DAO Withdrawal Contract was ultimately successful in allowing investors to recover their funds. However, the project could never recover from the damage caused by the hack and the subsequent controversy. While the concept of a decentralized venture capital fund remains attractive, the failure of The DAO

demonstrated the need for greater mindfulness in development, caution, [and attention to security in the development of blockchain-based projects](#)²

ONE DECENTRALIZED CHARITABLE DAO

In the mission to preserve democracy and peace and increase economic opportunity in a hyper-connected future, the concept presented henceforth, a CharityDAO Puerto Rico, is proposed as a method to solve the inefficiencies in governance, give center stage to nonprofit organizations, and improve the tenets of human sovereignty and freedom with a vehicle to forge a new kind of government accountability by all citizens. Compared to traditional nonprofits, the CharityDAO Puerto Rico proposed offers several advantages to achieve a mission-based approach to solving everyday life issues non-profit organizations are working to address. The CharityDAO Puerto Rico is a decentralized autonomous organization formed with the specific purpose of carrying out philanthropic activities and advocacy for the betterment of civil society.

As of 2021, the United States has not implemented specific policies or laws regulating Decentralized Autonomous Organizations (DAOs). However, the legal classification of DAOs under US law remains to be seen, and different regulatory agencies may have differing views on how the government should evaluate these new organizations. CharityDAO Puerto Rico can be a marshal of innovation for other island entities seeking to organize in a decentralized manner, from inception. In July 2021, Wyoming [recognized DAOs](#)³ as entities that can operate similarly

² [What is blockchain security?](https://www.ibm.com/topics/blockchain-security) <https://www.ibm.com/topics/blockchain-security>

³ [State of Wyoming SF0038 Decentralized autonomous organizations](https://www.wyoleg.gov/Legislation/2021/SF0038)
<https://www.wyoleg.gov/Legislation/2021/SF0038>

to traditional limited liability corporations. However, CharityDAO Puerto Rico can have a legal wrapper in Wyoming, so it seems more feasible to wrap this proposed entity in [DAO friendly, Marshall Islands](#), for CharityDAO Puerto Rico will then be subject to the US and Great Britain System, which could be advantageous once the organization begins scaling throughout the Caribbean⁴. CharityDAO Puerto Rico can have a lasting impact on society, for it can be measured, benchmarked, and recorded everywhere across cyberspace. How? The effects of CharityDAO are seen in the real world, transcending generations to come when it begins following a specific protocol from the start with the intention to transcend generations to come.

WHY DOES CHARITYDAO PUERTO RICO MERIT TO EXIST?

As of the 2020 United States Census, there are 1,719,593 women in Puerto Rico⁵. The island has one of the highest femicide rates in the world. In the first quarter of 2021, 60 women were murdered. According to the United Nation's regional organization on Gender Equality Observatory⁶

⁴ [Marshall Islands legally recognizes DAOs as domestic limited liability companies](https://cointelegraph.com/news/marshall-islands-legally-recognizes-daos-as-domestic-limited-liability-companies)
<https://cointelegraph.com/news/marshall-islands-legally-recognizes-daos-as-domestic-limited-liability-companies>

⁵ [United States Census 2020](https://census.gov/programs-surveys/decennial-census/decade/2020/2020-census-results.html) <https://census.gov/programs-surveys/decennial-census/decade/2020/2020-census-results.html>

⁶ [4,091 Women Were Victims of Femicide in 2020 in Latin America and the Caribbean, Despite Greater Visibility and Social Condemnation](https://www.cepal.org/en/pressreleases/eclac-least-4091-women-were-victims-femicide-2020-latin-america-and-caribbean-despite-greater-visibility-and-social-condemnation) <https://www.cepal.org/en/pressreleases/eclac-least-4091-women-were-victims-femicide-2020-latin-america-and-caribbean-despite-greater-visibility-and-social-condemnation>

“Almost 5,000 women were victims of femicide in 26 countries, 17 in Latin America and 9 in the Caribbean. The highest feminicide rates were reported in Honduras, the Dominican Republic, and El Salvador. In the English-speaking Caribbean, for every 100,00 women, 5 were murdered. 357 children and adolescents and dependents, were under the care of the feminicide victims accounted for.”

In addition to poor survival conditions for women in Puerto Rico, the Caribbean, and Latin America, it is important to note the additional stressor women on the island have as a standing foundation to face an interconnected future and professional opportunities. Fair and equitable wages in Puerto Rico do not match that of the United States for the same labor before inflation.

- A quarter of the 1.7 million women in Puerto Rico have a college education, but the median salary is just \$19,000.
- 44% of women on the island live below the poverty line, and 64% of those women living below the poverty line are single mothers.

The island’s long history of corruption, feminicide, and a ruling class that is not gender diverse or aware, has demonstrated that Puerto Rico’s economic, health, and education policies intentionally debilitate women economically due to gender based social constructs and ideas that have long permeated throughout Latin America:

women must be kept impoverished without education, economic influence, autonomy, personal sovereignty, or force to be controlled by a voting majority.

Disabling women is a disservice to civil society for innovation cannot thrive when the burden of ensuring personal survival is carried by women from birth. The opportunity to create a legacy of new and emboldened civic engagement with actionable votes from women-led nonprofit organizations who have a proven record of community impact in Puerto Rico, can transform the future of birth for all girls, not just ensure survival, but the thriving of all women who are rearing children, resulting in improvements to the economy, and reducing health and social issues that are inflicted on women in Puerto Rico as a result of poverty. CharityDAO Puerto Rico is the vehicle to shift and break with the narrative of poverty and disenfranchisement affecting women on the island. The results of a philanthropy-focused decentralized autonomous organization can have a powerful catalytic effect in Puerto Rico and throughout the Caribbean and Latin America. A federated CharityDAO Puerto Rico encompasses the collective efforts of nonprofit organizations dedicated to solving problems affecting our island population in education, health, poverty, femicide, the environment, food security, and economic opportunities throughout Puerto Rico, Vieques, and Culebra.

HOW TO DAO

CharityDAO Puerto Rico is designed to be more flexible and adaptable than a traditional nonprofit. The members of CharityDAO Puerto Rico can make swifter decisions about allocating funds and resources efficiently through smart contracts and decentralized decision-making mechanisms. Members of CharityDAO Puerto Rico will interact with smart contracts through a decentralized application (dApp) built specifically for the federated organization. Some dApps useful for CharityDAO Puerto Rico are:

- Aragon: A platform for creating and managing decentralized organizations, including charitable DAOs.
- Giveth: A decentralized platform for creating and tracking charitable donations.
- Colony: A platform for creating decentralized teams and organizations valid for a charitable DAO.
- OpenZeppelin: A library of smart contracts and tools for building secure dApps, which could be helpful for a charitable DAO.
- MyEtherWallet: A wallet and dApp browser for Ethereum-based tokens to interact with a charitable DAO's smart contracts and manage donations.
- Gitcoin: A platform for crowdfunding open-source crypto projects adaptable for charitable fundraising.
- Unlock Protocol: A dApp for creating and managing paid memberships, which a charitable DAO could use to offer rewards and perks to its members.

- BrightID: A decentralized identity platform used to verify the identities of charitable DAO members and prevent fraud.
- Trustlines Network: A blockchain-based platform creating and managing social currencies to facilitate donations and incentivize charitable behavior.

The dApp would provide a user interface for CharityDAO Puerto Rico members to propose and vote on decisions, track project progress, and manage funds. When a member submits a new proposal, a smart contract is created to execute the CharityDAO Puerto Rico member-approved decision on a submitted proposal. The smart contract has specific rules and conditions for implementing the decision, including a directive on the distribution of funds and what actions should follow each decision.

Smart contracts are disseminated on a blockchain, such as Ethereum. CharitableDAO Puerto Rico members will interact with the smart contracts through a web-based interface like Trustlines Network or Gitcoin. CharityDAO Puerto Rico can use various smart contract systems for its federated membership to record its behavior, depending on the organization's specific operational needs and voting requirements. The smart contract systems CharitableDAO Puerto Rico can create and manage are as follows:

- EOSIO - an open-source blockchain platform designed for high-performance decentralized applications; it provides smart contract functionality to develop a DAO.
- Hyperledger Fabric - a blockchain framework to build private, permissioned blockchain networks. It provides smart contract functionality through its Chaincode programming model.

- Polkadot - a sharded blockchain that allows for interoperability between different blockchain networks; it provides smart contract functionality through its Substrate framework.
- Corda - a blockchain platform specializing in managing financial contracts; it provides smart contract functionality through its Contract DSL programming language.
- Tezos - a self-amending blockchain platform that uses a proof-of-stake consensus algorithm; it provides smart contract functionality through its Michelson programming language.

Smart contract systems like EOSIO, Hyperledger Fabric, Polkadot, Corda, and Tezos are primarily designed for enterprise use cases and focus on private, permissioned blockchains.

They offer high scalability, interoperability, and customizability critical for enterprise-grade blockchain applications. These systems require significant upfront investment and expertise in blockchain development and infrastructure management. However, for CharityDAO Puerto Rico, cost-effective smart contract systems like the following should be considered:

- Aragon: A platform for creating and managing decentralized organizations, Aragon allows DAOs to manage voting, fundraising, and budgeting through customizable smart contracts.
- DAOstack: A platform for building and managing decentralized organizations, DAOstack uses a reputation-based system to facilitate decision-making and governance.
- Colony: A platform for creating decentralized organizations, Colony allows DAOs to manage tasks, finances, and decision-making through smart contracts.

- Gnosis: A prediction market platform that allows DAOs to make collective decisions through a decentralized voting system.

Aragon, DAOstack, Colony, and Gnosis are explicitly designed for DAOs and community-driven organizations. They offer a more user-friendly and accessible approach to creating and managing decentralized organizations. These platforms also have built-in functionalities for decentralized governance, tokenization, voting mechanisms, dispute resolution, and more. In CharityDAO Puerto Rico, smart contracts are crucial in automating decision-making, record-keeping, and transaction processing. Once CharityDAO Puerto Rico members approve a decision, the smart contract would automatically execute the decision, distributing funds and performing other actions according to the predefined rules programmed by the needs of CharityDAO Puerto Rico. The execution of the smart contract would be transparent and verifiable, ensuring that all members can see how a specific voted decision is implemented and funds are distributed. In addition to decision-making, members of CharityDAO Puerto Rico would also interact with smart contracts for other tasks, such as managing membership, voting on proposals, and tracking project progress. Smart contracts would enable high automation and transparency in CharityDAO Puerto Rico, reducing the need for intermediaries and ensuring that decisions are executed reasonably and efficiently. The smart contracts automatically enforce CharityDAO Puerto Rico rules and regulations, providing a transparent and auditable record of the organization's behavior.

HOW TO DAO VOTE

CharityDAO Puerto Rico must decide the how-to of voting mechanism to regulate behavior and decision-making mechanisms. For example:

- Token-weighted voting: Each federated CharityDAO Puerto Rico member is assigned a certain number of voting tokens based on their level of involvement or contribution. The weight of their vote is proportional to the number of tokens they hold. For CharityDAO Puerto Rico, there are better mechanisms than token-weighted voting.
- Quadratic voting: This method allows each member to distribute a limited number of votes across a set of proposals, but the cost of each additional vote increases quadratically with the number of votes already cast. Quadratic voting can prevent a small group of members with the most significant number of tokens from dominating the decision-making process. For CharityDAO Puerto Rico, quadratic voting is not efficient.
- Futarchy: This method involves using a prediction market to determine the outcome of a decision. Members can buy and sell prediction shares based on their beliefs about the likely development of each proposal. The proposal with the highest market price is selected, and the outcome is determined based on the prediction market results. For CharityDAO Puerto Rico, futarchy voting is not optimal.
- Conviction voting: This method allows members to allocate a certain number of tokens to each proposal based on their level of conviction. The more belief a member has in a bid, the more tokens they allocate. The submission with the highest total number of

tokens is selected. Conviction voting is optimal for CharityDAO Puerto Rico; however, all members are already voting on a set of pre-determined issues in the first run of votes.

- Delegative voting: Members can delegate their voting power to another member they trust to make decisions using their vote. This can reduce the influence of members with many tokens and prevent a small group from dominating the decision-making process.

For CharityDAO Puerto Rico, delegative voting is not optimal.

INCENTIVES REQUIRE PRESENCE, COMMITMENT, AND VOTES

CharityDAO Puerto Rico's end-of-year non-profit member reward for participation depends on participant member interaction, engagement, initiatives, behavior, and votes. Regulating engagement and behavior through robust mechanisms recording decision-making can help CharityDAO Puerto Rico, remain flexible and agile to respond more effectively to emerging needs and changing circumstances. An end-of-year nonprofit reward without missed votes and active engagement will be \$5000 this amount will be reduced for every vote missed. Due to the nature of nonprofit needs, a portion of this treasury should be invested in a growth fund with trustworthy crypto banking organizations like Blockfills to allow growth and payouts similar to royalties, where nonprofits can grow their impact while having access to traditional impact.

CONTRAST OF CHARITYDAO PR & TRADITIONAL NONPROFITS

In traditional nonprofit settings, a fiscal board makes decisions they consider economically beneficial for the organization. The board steers the executive director to marshal decisions voted by the board through directives that an in-ground team must follow. Is this top-down method of organizational operations effective for impact work? Not always. A nonprofit's board is removed from day-to-day operations and services the non-profit organization's staff delivers to vulnerable communities. Although the nonprofit's board may financially support, promote, and care about a non-profit organization's mission, executive boards are not directly involved in the physical, emotional, and spiritual work a nonprofit's staff is exposed to while executing the board's governance for the nonprofit. When a nonprofit board makes choices on behalf of the nonprofit team, these choices have the power to affect the most vulnerable at-risk communities. It takes time to plan, operate, and execute humanitarian services. The top-down decision approach nonprofit boards demand from the doers of good is void of democracy and thoughtfulness, nor is there consideration for everyone involved in human impact work. However, with CharityDAO Puerto Rico, the top-down management and decision-making model is replaced by a clearly defined, new order of decisions distributed in equitable nodes meant to design and create CharityDAO Puerto Rico as a sustainable, honest, and fair mechanism from its inception because the who, what, when where and why and the action is clearly defined.

Members of CharityDAO Puerto Rico vote on the predetermined set of advocacy-related topics their organizations align and care about deeply. However, unlike a traditional nonprofit steering committee, CharityDAO Puerto Rico will not be intrusive to the mission of each participating nonprofit. CharityDAO Puerto Rico members are allowed liberty and autonomy from meddling in their organization's operations from CharityDAO Puerto Rico's governance, apart from strict adherence to anti-corruption policies, which all members must abide by. CharityDAO Puerto Rico recognizes the voice of nonprofits and organizations' autonomy and independence, we shift the responsibility of delivering human services to patch civil society and government shortcomings by bringing light to the root of the problems to demand sustainable accountability not from the wound, but from the cause of the wound. CharityDAO Puerto Rico is called forth to serve as a voice for the unheard by taking the results of non-profit impact work and transforming it into a public advocacy campaign to create an ecosystem that paves the way to eradicate poverty in all its forms. We must design a future where the narrative of exporting poverty, violence and illness from Puerto Rico is harnessed by those who have long battled the conditions created by poor governance and the weight of corruption.

COLLABORATION & ADVOCACY = ACCOUNTABILITY

CharityDAO Puerto Rico will seek to forge an empowered community of citizens and civic engagement across Puerto Rico. CharityDAO Puerto Rico will be the first-ever nonprofit lead organization in the history of the Caribbean, focused on promulgating a transformative ecosystem of sustainable, conscious decisions to yield strong high economic, and social impact.

CharityDAO Puerto Rico will place the future of the island's development in the hands of people who are most disenfranchised and live impact every day: [WOMEN](#). This women-focused decentralized autonomous organization will be an experiment in governance, voice, autonomy, and public accountability to solve the problem of access to vital and ethical decision-making under the iron fist of deeply rooted corruption. CharityDAO Puerto Rico seeks to yield maximum civic involvement from women-led nonprofit organizations working on eradicating all forms of poverty across Puerto Rico. Through the deployment of quantified, measurable, and impactful community resources using the Blockchain as a contracting system, CharityDAO Puerto Rico will seek to demonstrate how civic involvement led by women can transform a failed government response to improve infrastructure, education, energy, climate change, food systems, and other social challenges island citizens face in their everyday lives.

MECHANIZING AN IDEA INTO REALITY

CharityDAO Puerto Rico will empower nonprofit organizations to vote and advocate for issues that affect the island. The Charitable DAO votes on issues as a federated collective, and it is the responsibility of the government to execute the vision and mission of the voted issue. The Charitable DAO serves as a voice for citizen advocacy on implementing Amber Alerts, ending femicide, advancing children's rights, halting human trafficking, and improving Puerto Rico's education system. Citizen engagement in civics is low on the island due to disheartenment before excessive corruption, but a united voice from the nonprofit sector advocating for issues that can change government policies can result in a multitude of voices united. With advocates

to marshal these issues from the nonprofit to the government sector, Puerto Rico can design a robust economic and sustainable ecosystem for the future.

CharityDAO Puerto Rico will hold the State Government accountable for the votes made by their members, advocate to enact laws that benefit civil society and establish clear communication channels and mutual agreements between CharityDAO Puerto Rico and the island's state government. CharityDAO Puerto Rico will set regular meetings between members and the relevant government agencies to discuss the progress and implementation of the issues voted on by the DAO and have a public reporting mechanism to continue the follow-through of these issues to the general citizenry.

CharityDAO Puerto Rico will assemble the experts required to implement the roadmap outlined herein. Additionally, CharityDAO Puerto Rico will leverage its network of nonprofit organizations CharityDAO will amplify its advocacy efforts and apply pressure on the government to act on items nonprofit members voted on. By partnering with like-minded organizations, CharityDAO Puerto Rico will create a united front to advocate for change and hold the government accountable for its actions (or lack thereof) on the issues. Finally, CharityDAO Puerto Rico will leverage its access to media outlets and social media to raise awareness about the problems it is attempting to solve by marshaling advocacy forward. By creating a public discourse around these issues, CharityDAO Puerto Rico can ensure that discussions remain in the spotlight and that the government is held accountable for its promises and commitments to the people of Puerto Rico. CharityDAO Puerto Rico will foster a unique management method that empowers freedom for participating nonprofits to execute a charitable mission without CharityDAO Puerto

Rico interfering in each nonprofit's operations. This means participating nonprofits remain free from clouded judgment or undue pressure to render their vote. Vote protection is something every organization in the human assistance ecosystem can benefit from in the long term.

CREATING VALUE INCENTIVES THROUGH COLLABORATION

But what of traditional value distribution for CharityDAO Puerto Rico members? Compared to private entity DAOs, organizations whose members are incentivized by the distribution of fiat or cryptocurrency as value for their time and efforts, nonprofit organizations participating in CharityDAO Puerto Rico would be incentivized through an end-of-year monetary reward after achievement badges earned for every vote are recorded.

"SUCCESS DEPENDS HEAVILY ON CAREFUL PLANNING AND IMPLEMENTATION. THE MOST SUCCESSFUL CASES OF DECENTRALIZATION ARE THOSE IN WHICH THE DECENTRALIZATION PROGRAMS WERE SMALL IN SCOPE, GIVEN ADEQUATE TIME TO PROVE THEMSELVES, CENTERED AROUND SPECIFIC FINANCIAL OR MANAGERIAL FUNCTIONS, AND INCLUDED A TRAINING COMPONENT⁷".

A charitable DAO can be more inclusive and participatory than a traditional nonprofit. By giving each member organization an equal vote on issues related to childhood advocacy, citizen governance, and infrastructure improvement on the island, the DAO ensures that everyone has

⁷ Decentralization in Developing Countries: A Review of Recent Experience World Bank Staff Working Paper Authorized Public Disclosure
<https://documents1.worldbank.org/curated/en/868391468740679709/pdf/multi0page.pdf>

a voice and a stake in the decision-making process. A charitable DAO can foster greater collaboration and cooperation among member organizations and create a stronger sense of ownership and commitment to the DAO's mission.

DEVELOPING A DAO CULTURE

If people cannot see or imagine technology, it will be challenging and nearly impossible to drive next-generation digital transformation in Puerto Rico. CharityDAO Puerto Rico will be a hub of innovation, human development, diversity, inclusion, cooperation, and community empowerment to demonstrate how active community engagement can transform the future of a socially stunted and economically distressed island. This is an opportunity for CharityDAO Puerto Rico to set itself apart from traditional behaviors of competing or warring nonprofits and operate under the auspices of collaboration, innovation, and advocacy for the sake of good. Puerto Rico is the blockchain capital of the Americas, but many of the island's inhabitants need more exposure to cutting-edge technological developments happening on the island. The island needs an implementation of technology that becomes a beacon for innovation where people can witness the future of Web 3 unfolding before their eyes. CharityDAO Puerto Rico will showcase this next-generation technology through local media, videos, and social media platforms.

CharityDAO Puerto Rico will bridge the gap between those who design, launch, and witness innovation and those who cannot even imagine the reality of an advanced future. The goal of CharityDAO Puerto Rico will be to [ERADICATE THE DIGITAL DIVIDE](#) and democratize access to citizen information. CharityDAO Puerto Rico emphasizes a clearly defined set of plans

in both English and Spanish as essential to its operation. The lack of available information and insufficient educational resources in Spanish, coupled with a cultural gap between fear, knowledge, and innovation, has acted as a barrier for people across Latin America to access and participate in economic liberation technologies. CharityDAO Puerto Rico will operate vocally, transparently, and openly to transform the decades-old information void affecting the economic and social well-being across the island. By doing so, we will engage with people, build trust, and empower them to take advantage of technological innovations to drive viable and sustainable economic prosperity.

PREVENT CORRUPTION FROM THE START

Since Hurricane María, Puerto Rico has had two disgraced Governors fall from grace. The first one, Ricardo Rosselló was voted out by the largest citizen campaign and protest the world has ever seen. The person charged with filling the empty Governor's seat, Wanda Vazquez, former Secretary of Justice for Puerto Rico, was arrested and charged for bribery from a Venezuelan general interfering in the island's elections with illegal campaign funding. Thus, given the collective trauma and political distrust in the island, it is vital for CharityDAO Puerto Rico's success to achieve its mission from the start by addressing anti-corruption policies and oligarchic hierarchies in decision-making. This requires careful consideration of the governance structure and processes by its members. For example, by using transparent governance, Charitable DAOs empower all members to understand the decision-making process and how their votes are counted. The governance process should be open and accessible to all

members, and the decision-making mechanisms should be clearly defined and communicated.

Some of these practices include:

- Open-source code means the CharityDAO Puerto Rico code will publish its code on open-source platforms, allowing anyone to inspect and verify it.
- Transparent voting process makes the voting process is transparent and CharityDAO Puerto Rico will publish details of each vote, including who voted, when they voted, and how they voted.
- Regular audits to ensure regular audits to ensure that the voting process is secure and free from manipulation.
- Decentralized decision-making to ensure equitable decision-making power among all members rather than centralized in a small group.
- Fair voting mechanisms such as quadratic voting or liquid democracy ensure members have an equitable say in decision-making.
- Clear internal communication with members to ensure everyone understands how the voting process works and what effects decisions can have. Transparent governance practices prevent internal corruption and ensure a fair and democratic decision-making process within CharityDAO Puerto Rico.
- Decentralized decision-making mechanisms to prevent oligarchic hierarchies. One way to do this is to use a liquid democracy system, which allows members to delegate their voting power to other members they trust on specific issues. However, delegation of

voting power is prohibited in CharityDAO Puerto Rico, for conviction voting is required for the nonprofit member to receive disbursement for participation.

CharityDAO Puerto Rico will operate a decentralized decision-making machine via decentralization. Instead of a traditional hierarchical structure where a small group makes decisions of leaders, decisions occur by the votes from members of the charitable DAO—collective organizational decisions are made through a voting system where each member has a certain amount of voting power. The voting process will be transparent and auditable, ensuring all members have an equal opportunity to participate and have their voices heard. Some DAOs may have mechanisms to prevent the concentration of power or influence among a small group of members. Regarding policy around DAOs, it is vital to consider the potential benefits and risks of this decentralized decision-making model.

On the one hand, a decentralized decision-making model can lead to more inclusive and democratic decision-making processes. On the other hand, it may be more difficult to hold individuals accountable for decisions made by the collective, and there may be potential for manipulation or coercion in the voting process. As such, policy should balance supporting innovation and experimentation while ensuring adequate safeguards and protections for participants and the public. Safeguards may include requirements for transparency and disclosure, as well as dispute resolution and accountability mechanisms.

Charitable DAOs should have anti-corruption policies to prevent the misuse of funds or other resources. Conduct policies can include regular audits, financial transparency, and strict fund allocation guidelines. CharityDAO Puerto Rico must lead by example and prevent the misuse of

funds and resources by maintaining clear and transparent financial reporting. Regular financial and voting reports will be published online and accessible to all members and the public. The author has selected an independent auditor specializing in law and tax to audit the DAO's financial statements regularly. Members must disclose any conflicts of interest and recuse themselves from decision-making processes where conflicts exist. If a member is found to have omitted conflict of interest information, they will lose their membership. CharityDAO Puerto Rico will offer its members a safe and anonymous way to report unethical or illegal behavior. A firm policy against bribery and corruption will be established for CharityDAO Puerto Rico. Since the island's present culture has a history of corruption, member organizations need training from an ethics specialist on what bribery and corruption mean. A code of conduct will be established and agreed upon by all members. All potential members will undergo a full background check (Puerto Rico Law 300) to ensure they do not have a history of unethical or criminal behavior. Additionally, all members must sign a no-tolerance sexual harassment policy that expels the violating voting nonprofit from the charitable DAO. An asset register will detail all assets the CharityDAO Puerto Rico owns, including the value of a specific item of real and personal property and its location. CharityDAO Puerto Rico should review all policies regularly to ensure they are practical and up to date.

To report the results of the above anti-corruption policies to supporters and donors, CharityDAO Puerto Rico will publish an annual report detailing its financial performance, any significant decisions made, and progress toward achieving its goals. The annual report will also include a section on the effectiveness of the anti-corruption policies, any incidents reported

under the whistleblower policy, and the results of any audits conducted. This annual report will be made public and accessible to all stakeholders, including supporters and donors, to demonstrate the progress and impact of nonprofit collaboration. CharityDAO Puerto Rico will strive for diversity and inclusion in their membership to prevent the concentration of power among select members. CharityDAO Puerto Rico non-exclusion policy will include outreach and education initiatives to attract members from diverse backgrounds and perspectives.

CharityDAO Puerto Rico will have write and publish policies promoting diversity and inclusion, such as affirmative action policies encouraging recruiting and enabling people from diverse backgrounds. To encourage their participation, the DAO should actively reach out to underrepresented communities throughout Puerto Rico, not just in the San Juan metropolitan area. Engaging with unrepresented communities and nonprofits includes attending events, engaging with community groups, and partnering with organizations that serve underrepresented populations.

CharityDAO Puerto Rico will ensure the membership requirements are not unnecessarily restrictive or exclusionary. For example, CharityDAO Puerto Rico charges a membership fee of \$150, but the fee can be sponsored by another organization for those experiencing a barrier to entry for whomever cannot afford the fee. The DAO should actively seek out and encourage diverse viewpoints in decision-making processes, including soliciting feedback from members with diverse backgrounds or perspectives.

Management of CharityDAO Puerto Rico will not have voting roles. CharityDAO Puerto Rico will have a management council board charged with advisory roles. This management council will

be comprised of, at most, three highly qualified professionals who receive a stipend for their role as advisors to all voting nonprofits. CharityDAO Puerto Rico will regularly monitor its diversity metrics to ensure that it is making progress toward its diversity and inclusion goals.

Such metrics should include:

- tracking the demographics of its membership,
- surveying members on their experiences, and
- tracking the diversity of its leadership.

CharityDAO Puerto Rico will also provide education and training on best practices for governance, decision-making, and anti-corruption policies from various speakers and experts. Education will help members understand their roles and responsibilities and prevent mistakes or misbehavior.

ONBOARDING NEW MEMBERS

Membership is by invitation only. CharityDAO Puerto Rico will identify and send and send invitations to potential members who align with its mission and values. Thus far, the author has identified organizations who will be extended invitations upon the inception of CharityDAO Puerto Rico. When potential members are identified, CharityDAO Puerto Rico extends an invitation to orientation to educate the potential member on the mission, vision, values, and structure. CharityDAO Puerto Rico will provide emerging technology education to all new members on how to participate in DAO governance, including how to use the voting system, the decision-making process, and how to propose and vote on proposals. CharityDAO Puerto Rico will integrate new members by assigning them to a working group or committee that

aligns with their skills, interests, and values. CharityDAO Puerto Rico will gather feedback from new members on their onboarding experience and use it to improve the onboarding process for future members. How can we ensure this new collaborative ecosystem of non-profits, CharityDAO Puerto Rico, launches as a strong and trusted entity? With clearly defined rules with internal and external audit programs that allow accountability of partners in data audit and audit of fiscal systems, and making CharityDAO Puerto Rico's launch successful in Spanish language everyone across the island can understand.

CONCLUSION

In January 2024, the establishment of CharityDAO Puerto Rico is set to commence with the enthusiastic support of the Puerto Rico Community and Education Service Corps (IslandCorps). IslandCorps, a women-led 501(c)(3), 1101.01 non-profit organization dedicated to eradicating poverty in all its forms, revolutionizing K-12 education, and enhancing pediatric health and wellness throughout Puerto Rico, Vieques, and Culebra, will actively participate as a member of CharityDAO Puerto Rico. This initiative embarks on the creation of a comprehensive network of non-profit organizations, a vision that can only be realized through collaborative efforts and the potential of decentralization to enhance democracy, foster opportunities, promote equity, and ensure inclusivity for those who have long been marginalized and silenced. Together, we aim to shape a future where no one is left behind.

ESTIMATED COSTS TO OPERATE CHARITYDAO PUERTO RICO

Please see ancillary excel document attached separate from this file.