**Tokenized Impact Bonds(TIBs)**

**Mission Summary**

Measuring meaningfully the financial impact of disruptive reporting that includes but is not limited to combatting corruption, grievance redressal and more as the ecosystem grows. Partner organizations like the Organized Crime and Corruption Reporting Project (OCCRP), Video Volunteers (VV) and CGNet Swara have been using models to measure the financial impact of their journalism for more than a decade.

***Case Study:*** *For every dollar that funds OCCRP, a staggering 560 USD is returned to public treasuries as a direct outcome of their investigations, which is a net return of 56000%[[1]](#endnote-1). The cascading effect of deterring organized crime and corruption leads to a compounding benefit for society at large, apart from the funds returned to public treasuries through their investigative reporting.*

We believe measuring the outcome of impactful reporting outside the scope of our collective organizations will bring balance to the ecosystem at large.

**Summary of Objectives**

Create an inclusive and sustainable model that enables journalists, newsrooms, governments, philanthropies, NGOs, brands, advertising agencies, civic activists, researchers, and universities to achieve their collective goals.

There is a need to record historical reputation of stake holders for building a trust-based ecosystem where good actors are rewarded, and bad actors are penalized. A 2019 Gallop poll found that Americans trust in media has steadily declined by 14% over the last 20 years to only 41%[[2]](#endnote-2). Consistency, reliability, and diligence in tracking outcomes can help new entrants build and leverage their reputation to empower their careers or grow their organisations.

Integrating a Decentralized Autonomous Organisation model (DAO), we can provide the opportunity to leverage the commercial value of impactful investigative and citizen reports, while severely restricting or eliminating the possibility of censoring or compromising the integrity of stories.

Issuing social outcome backed financial and synthetic instruments that quantify the monetary impact resulting from reporting, bringing more transparency in the employment of funds.

***Case Study:*** *A social impact bond (SIB) is results-based financing where an investor provides upfront capital for better social outcomes, which is repaid (usually by government) with returns depending on success of the social services program. In 2010, the Ministry of Justice in the United Kingdom issued the first SIB, giving investors a return directly proportional to the amount saved from reduced recidivism of released inmates at Peterborough Prison[[3]](#endnote-3). In 2017, authorities announced that the Peterborough SIB had reduced reoffending of short-sentenced offenders by 9%, surpassing the bond's target of 7.5%.[[4]](#endnote-4)*

So far, SIBs have primarily been issued by the public sector; however, private sector organizations and individuals can also issue them. SIBs have not yet been successfully implemented in the media space; we believe that tokenizing the impact of their reporting is the best path to reifying this funding model.

Integrating ethically sourced revenue streams by implementing a strong governance model that creates a media brand around impactful journalism. Utilizing the network benefits of these stories to create datasets that are of value to businesses, think tanks, governments, universities, and innovators to ideate novel solutions for unconventional problems.

**Benefits to Society at Large.**

Society stands to benefit from factual and outcome driven reporting. An ever-increasing amount of misinformation and polarization, combined with a need for government accountability, have resulted in a dire need for business models that support reporting in the public interest. Legacy media outlets and local newspapers dependent on advertising or print subscriptions have been mauled by the growth of social media and digitization. Attempts to commercialise internet-based news models have led to walled gardens, conflicts of interest or clickbait journalism. This stifles investigative reporting and skews the incentives against outcome-based solutions.

***Case Study:*** *In 10 years, CGNet Swara has had over 100,000 unique phone numbers calling their IVR server (using Asterisk and hooked up to PRI digital phone lines) to report or listen to stories. About 150,000 stories have been reported by more than 35,000 contributors, of which nearly 15% cleared the fact-checking stage and appeared on CGNet’s website, social media handles and email lists, thus taking online the hitherto offline voices of communities to poor to upgrade their feature phones or purchase data packs, too remote to access the internet or too low-literate to navigate textual interfaces (those with internet can WhatsApp their story to the same number, which is linked to the WhatsApp Business API). There have been more than 1800 impact stories where contributors close the loop by reporting that the grievance lodged earlier – such as unfinished roads, need for clean water, etc - had been satisfactorily resolved. One of the organization’s goals is having editors selecting stories for broadcast be elected by reporters in periodic elections, thus creating a model of representative media democracy. Many of CGNet’s biggest donors, as well as Video Volunteers (having a similar impact driven model based on video reporting) link their funding to these impact stories based on outcomes.*

**Why Decentralised Autonomous Organisation?**

Permissionless: building distributed models that are strongly resistant to censorship, gives a voice to the silenced.

Immutable Accountability: Data once recorded on distributed networks is immortalized and cannot be lost. Recording reputation lowers the barrier for individual and small reporting outlets to collaborate without the need to rely purely on trust.

Enhancing Privacy: Leveraging technologies like Ring Signatures and Zero Knowledge Proofs to protect sources and content that is sensitive in nature.

Transparency: A publicly auditable ecosystem bridges the trust gap amongst participants and promotes ethical practices.

**Token Economics Overview**

Our approach consists of utilizing a token model that balances governance and commercial viability of outcome driven reporting.

***Case Study:*** *Civil was an attempt to implement a decentralized, self-sustaining and censorship resistant ecosystem for journalism. It allowed token holders to create newsrooms and pledge civil tokens to support journalism in exchange for future revenues. However, they were unable to find a sustainable model beyond advertising or philanthropy for their network of newsrooms.*

Grant-based and eyeball advertising driven models do not solely provide the right incentives and structure for sustainably reporting in the public interest. By measuring, recording, and verifying the positive externalities of impact reporting, we want to use a novel approach consisting of Tokenized Impact Bonds (TIBs) to revolutionize the economics of journalism.

Currently SIBs are used for verified delivery of social services amounting to a total market capitalisation of $421 million from the issue of 194 impact bonds[[5]](#endnote-5). Disrupting even 1% of the current social impact bond market capitalization, can sustain a robust newsroom for an entire year. This enables reporters to move away from grant-based, output driven models to commercially viable, outcome-based ones.

TIBs provide the following solutions to challenges faced by SIBs:

Creating network benefits by aggregating cumulative impact across different organisations; using highly divisible tokens maintains a low barrier for investors, diversifying the funding pool and limiting donor influence.

Building liquid markets for SIBs to attract more participants and spread the risks of outcome financing across a larger market.

Lowering monitoring costs by tracing, verifying, and measuring outcomes through community efforts, reputation, and accountability.

Limiting public responsibility through more decentralized solutions that align economic incentives between various stakeholders. Encouraging innovation and localised solutions for diverse issues.

**DAO Governance Tokens**

The governance tokens that are the foundation of the DAO ecosystem; a token holder will have the benefits of:

***Staking Rewards –*** A portion of IBT generated from measuring investigative outcomes are given as rewards to the governance token holders for locked staking of governance tokens.

***Voting –*** Bringing together a network of investigative reporters, media outlets, citizen journalists, civic activists, philanthropists, and other stakeholders to build a governance model that upholds integrity and supports sustainability as a collaborative endeavour. Governance token holders can also upvote and downvote the reputation of participants.

***Treasury –*** Acting as a financial buffer when marginalized stakeholders are unable to sustain costs. The treasury funds are accumulated and reserved overtime and can only be unlocked when specific criteria or consensus have been met amongst all actors. The treasury funds can also be invoked when reporters or whistle blowers require legal assistance and protection.

**Impact-Backed Tokens (IBT)**

The utility tokens are required for employing services that can be leveraged from the DAO and act as a proof of impactful outcome for reporters in the network.

Our approach is to use IBT as the exclusive mode of payment for getting access to data feeds, license fees for reports, non-intrusive advertising and to be a service provider for impact bonds. In the process, we want to bring together a network of solutions journalism media outlets that produce quantifiable and verifiable impact.

Minting: The tokens are issued after measuring financially quantifiable outcomes of reporters. When a story results in a positive, financially measurable and verifiable outcome, the network mints tokens backed by the value of these outcomes that is then distributed across the network based on the prevailing governance model.

**Utility of IBT and NFT Ecosystem**

Stakeholders must burn IBT to mint NFTs for journalists, newsrooms, NGOs, civic activists and relevant parties focusing on outcomes instead of outputs.

NFTs can be used to book the issuing party for their provided services or loyalty programs.

NFT holders passively earn a fraction of IBTs that are minted when the issuing parties’ investigative reports leads to a financially measurable, positive outcome.

Auctioning NFTs of reports to generate additional revenue.

***Case Study:*** *South China Morning Post (SCMP) is tokenizing their historical news reporting over 118 years. Their news stories, photos or video clips of significant events are made into NFTs -referred to as ARTIFACTs – to facilitate discoverability, connectivity and collectability. Revenue is to be obtained from primary sales of ARTIFACTs, royalties from their secondary transactions and a fee if traded on their marketplace.*

Issuing Tokenized SIBs with IBTs serving as a verified proof of outcome significantly reduce the trust barrier between stakeholders. These tokens can be instrumental in replacing intermediaries with decentralised models, thus bringing scalability and inclusivity to the SIB model.

The IBTs are also used as a fuel to pay for services provided by DAO ecosystem to create revenue streams such as data feeds, advertising visibility and other services.

**Use of Funds**

BUIDLing Smart Contracts to implement and test a DAO model and NFT ecosystem to validate concepts.

Exploring the extent to which the process of verifying impactful outcomes and determining its monetary value can be automated and decentralized.

Validating the integrity of the mechanisms for measuring and verifying outcomes.

Recording the past corpus of stories and their outcomes from OCCRP, VV & CGNET to distribute initial allocation of tokens.

Dev Costs 60%

Network Development 20%

Reserves 20 %

**Roadmap for Overcoming Foreseeable Challenges**

Issue Governance token for launch of DAO

Build and test algorithms and consensus models for quantifying and peer-verifying Impactful outcomes.

Expand network and deploy production for Beta Launch

Issue SIBs for non-government entities and individuals for validating their success through Proof-of-Concept.

Approach public sector SIB models for implementing a more scalable solution for decentralised community and peer verified, Tokenised Impact Bonds.

1. https://ijnet.org/en/story/investigative-journalism-great-investment [↑](#endnote-ref-1)
2. https://news.gallup.com/poll/267047/americans-trust-mass-media-edges-down.aspx [↑](#endnote-ref-2)
3. Ministry of Justice(UK) report on SIBs: https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment\_data/file/217375/social-impact-bond-hmp-peterborough.pdf [↑](#endnote-ref-3)
4. https://www.civilsociety.co.uk/news/peterborough-social-impact-bond-investors-repaid-in-full.html [↑](#endnote-ref-4)
5. Brookings Report: https://www.brookings.edu/research/what-is-the-size-and-scope-of-the-impact-bonds-market/ [↑](#endnote-ref-5)