Sankofa: A Next-Generation Blockchain

Abstract:

The Sankofa project presents a groundbreaking tokenomics framework designed to address economic and social disparities within Black communities by leveraging blockchain technology to create a self-sustaining financial ecosystem. Central to this initiative is a reparations distribution model that equips Black Americans with digital assets engineered for long-term economic empowerment. The platform fosters economic growth by incentivizing Black-owned businesses to accept and circulate a community-specific cryptocurrency, establishing a scalable, sustainable model for wealth creation.

Beyond financial tools, Sankofa nurtures a developer ecosystem for creating decentralized applications (dApps) tailored to the unique needs of Black communities, including solutions for everyday transactions, community engagement, and business development. By integrating allies, such as non-Black businesses, into the ecosystem, Sankofa broadens its impact through inclusive token adoption and circulation.

This paper explores the transformative potential of blockchain in converting reparations into enduring economic resources while promoting financial inclusion and empowerment. Through its innovative approach, Sankofa aims to build a resilient, equitable economic system that drives sustainable growth and generational wealth for marginalized communities.

1. Introduction

Blockchain technology has revolutionized the financial and governance sectors, providing trustless solutions to key challenges. However, most existing blockchains focus on financial gains while neglecting opportunities for social impact for historically marginalized groups like Black Americans.

Sankofa aims to fill this gap by combining the scalability, transparency, and efficiency of blockchain with mechanisms that address social inequality. By empowering the Black community with a token that supports everyday transactions, reparations, and decentralized financial tools, Sankofa serves as a next-generation blockchain with an ethical mission at its core.

2. Problem Statement

The blockchain ecosystem faces several fundamental challenges that Sankofa aims to address:

- **Wealth Inequality**: Many marginalized communities, particularly Black Americans, have been historically disenfranchised. Blockchain offers a way to address these systemic issues through decentralized financial models.
- **Scalability**: Blockchains like Bitcoin and Ethereum struggle with transaction volumes, leading to slower confirmations and higher fees.
- **Lack of Social Impact**: Few blockchain initiatives prioritize mechanisms that directly benefit underprivileged communities.

Sankofa seeks to provide an equitable and scalable platform that not only offers decentralized financial tools but also integrates social impact features as core utilities.

3. Vision and Mission

Vision: Sankofa envisions becoming a hotbed for blockchain innovation, driving technological advancements while fostering a decentralized cryptoeconomy specifically tailored to empower the Black community. We aim to create a platform that not only fuels cutting-edge development in decentralized applications (dApps) and financial tools but also addresses historical injustices by integrating solutions that promote financial inclusion, wealth redistribution, and economic empowerment for Black Americans. Sankofa seeks to merge innovation with social responsibility, positioning

itself as a leader in both blockchain technology and real-world impact.

Mission: Sankofa's mission is to empower Black Americans through a blockchain that incorporates reparations, financial education, and decentralized financial services. Sankofa aims to:

- Provide a scalable, efficient blockchain for decentralized applications (dApps).
- Distribute a reparations-based token that fuels an everyday economy for Black Americans.
- Offer financial inclusion tools through decentralized finance (DeFi).
- Create social impact by linking token use to education, entrepreneurship, and wealth-building initiatives.

4. Core Architecture

4.1 Forking from Cronos

Sankofa is built as a hard fork of Cronos, inheriting Cronos' Ethereum Virtual Machine (EVM) compatibility and bridging the ecosystems of Ethereum and Cosmos. By maintaining compatibility with these ecosystems, Sankofa allows developers to deploy existing Ethereum-based decentralized applications (dApps) while providing enhanced scalability, lower fees, and native support for social impact-driven functionalities.

4.2 Proof of Authority Consensus

The Sankofa blockchain operates on a Proof of Authority (PoA) consensus mechanism. PoA improves on traditional consensus methods such as Proof of Work (PoW) and Proof of Stake (PoS) by assigning consensus authority to a limited number of validators. These validators are selected based on trust and reputation rather than computational power or staked tokens, ensuring faster transaction finality and lower energy consumption.

Key Features of PoA:

- **Energy Efficiency**: PoA drastically reduces the environmental impact compared to PoW, with minimal computational requirements.
- **Faster Finality**: Transactions are confirmed within seconds, making Sankofa ideal for real-time applications.
- **Enhanced Security**: Validators are incentivized to act in the network's best

interests, as their reputation and stake in the network depend on their behavior.

5. Tokenomics

5.1 KOFA Native Coin

- **Initial Supply:** 1.5 billion tokens with an initial distribution of 216 million.
- **Use Cases:** Staking, governance, credit pools, rewards, fees, and fractional ownership.
- **Burning Mechanisms:** Reduces supply over time, increasing token value.

The native utility token of Sankofa is **KOFA (aka The Black Dollar)**. KOFA tokens are essential for transaction fees, staking, governance, and validator rewards. The platform incorporates two key features to ensure token sustainability: a burning mechanism and social impact airdrop functions.

Our platform will have a stable coin pegged to US dollar and a native token. The stable coin will be used in transactions and for lending and borrowing to ensure price stability and improve trust among entities involved for broader appeal and risk mitigation. Our native token $KOFA, will have total supply of 1.5 Billion, with an initial supply of 216 million. It follows an inflationary model with a cap, where the inflation is set to be dynamic based on network activity. Deflationary mechanisms like burning will be integrated into the model.

Our KOFA token has a core value in our platform and can be used in governance, staking, credit pools, and reward mechanisms. KOFA tokens can be swapped to our stable coin if and when necessary. The token serves as both a utility token and a governance asset, driving incentivization, value generation, and community participation. Below is a detailed explanation of how KOFA tokens are integrated into the ecosystem:

- Shops using our stable coin will get a lower transaction fee for 5 transactions and will be rewarded a fixed amount of KOFA tokens. Also, shops can give token holders some discounts or premium subscriptions.
    - Incentive Mechanism: By reducing the transaction fees for early adopters, we encourage shops to adopt the Stablecoin as a primary form of payment.
    - KOFA Token Reward: After completing five transactions, the shops will be

rewarded with a fixed amount of KOFA tokens. This reward mechanism incentivizes merchants to accept Stablecoin and contribute to the growth of the ecosystem.

- Validators and delegators can stake their native KOFA tokens and obtain staking rewards
- KOFA tokens will act as credit tokens, whereby the users can stake tokens as secondary collateral to secure loans from pool. Lenders will obtain interest via KOFA tokens. Based on the users' re-payment and their network activity (participation in governance, no.of transactions made, etc), a reputation system is designed. Based on their reputation score, tokens are rewarded.
- The KOFA token enables fractional ownership, allowing users to hold shares in communal assets such as real estate, businesses, and other community-based ventures. This token functions as a form of equity, providing users with the ability to co-own valuable assets collectively. These communal assets will be tokenized, and the ownership will be represented in the form of KOFA tokens. Token holders are entitled to:
    - **Share of Profits/Dividends**: As part owners, KOFA token holders are entitled to receive a portion of the profits generated from these communal assets, similar to traditional dividends received by shareholders.
    - **Voting Rights**: Token holders will have the ability to participate in decision-making processes regarding the management and direction of these communal assets. This allows the platform to offer a **decentralized, community-driven approach** to asset ownership and governance.
- Rewards for
    - Referral programs: Users can refer new members to the platform and earn KOFA tokens as rewards for successful sign-ups or actions taken by the referred users. The rewards structure will encourage users to actively grow the platform's user base by offering incentives for network expansion.
    - Liquidity mining: Users who provide liquidity to the platform's pools (such as Stablecoin, KOFA token pairs, or others) will receive rewards in the form of KOFA tokens. This incentivizes users to contribute liquidity to decentralized exchanges (DEXs), enabling better price discovery and more efficient markets. The more liquidity a user contributes, the greater the share of KOFA tokens they will receive as rewards. This creates an incentive for users to lock in their tokens, supporting market liquidity and price stability.

5.2 Burning Mechanism

To maintain a healthy, deflationary economy, Sankofa introduces a **burning mechanism** that reduces the token supply over time. This deflationary model ensures that as transaction volumes grow, the total supply of KOFA tokens decreases, driving value appreciation for token holders.

How the Burning Mechanism Works:

- **Transaction Fees**: A portion of each transaction fee (e.g., 1%) is burned, permanently removing it from circulation.
- **Validator Penalties**: Validators that act maliciously or fail to uphold network standards face penalties, which can include burning a portion of their staked tokens.
- **Event-Based Burns**: The community can vote to trigger special burn events during governance decisions, providing additional supply control when necessary.

The burning mechanism provides long-term value appreciation for KOFA token holders and ensures sustainable growth by limiting supply over time.

Token Distribution:

Supply Breakdown

The total token supply for the ecosystem is capped at **1.5 billion tokens**, distributed between the **Native Coin (KOFA)** and the **Memecoin**, with allocation details as follows:

1. Native Coin (KOFA)

Represents **79.43% of the total supply** (*1.1 billion tokens*). These coins are integral to the Sankofa ecosystem, driving key functionalities such as staking, rewards, and ecosystem growth.

Breakdown:

Category	Percentage	Amount (KOFA)
Public Sale	15%	216 million
Treasury Fund	14%	210 million
Staking/Rewards	15%	225 million
Ecosystem Growth	10%	150 million
Liquidity/Reserves	10%	150 million
Team & Advisors	5%	75 million
Community Fund	4%	60 million

Purpose of Native Coin Allocation

- **Public Sale:** Distributes KOFA to investors and users who want to participate in the network.
- **Treasury Fund:** Ensures long-term sustainability, funding grants, and emergency reserves.
- **Ecosystem Growth:** Funds protocol improvements, dApp development, and infrastructure expansion.
- **Liquidity/Reserves:** Supports exchange listings, liquidity pools, and market-making activities.
- **Team & Advisors:** Rewards the core team and strategic advisors who contribute to project success.
- **Community Fund:** Funds developer grants, hackathons, and user-based incentives.

2. Memecoin

Represents **20.57% of the total supply** (*308.55 million tokens*). The memecoin complements the ecosystem by engaging the community, incentivizing participation, and supporting partnerships and marketing efforts.

Breakdown:

Category	Percentage	Amount (KOFA)
Presale	15%	46,282,500
Public Sale	55%	169,702,500
Liquidity for DEXs	10%	30,855,000
Partnerships & Collaborations	5%	15,427,500
Marketing & Community Incentives	10%	30,855,000
Team	5%	15,427,500

Total Supply

Category	Percentage	Amount (KOFA)
Native Coin	79.43%	1.1 billion
Memecoin	20.57%	308.55 million

Conversion Rate and Transition Plan

- **1 Memecoin = 1 Native Coin (Base Rate)**
  During the initial transition phase, we'd offer a 1:1 ratio; 50% would be allocated to the liquidity pool for the native coin (KOFA)
- **Bonus for Early Adopters -** A 15% bonus for memecoin holders who convert in the first 15 days and 10% bonus between the 15th day and 30th day
- **Conversion Window:** 120 days

Purpose of the Memecoin

The memecoin serves a strategic role within the Sankofa ecosystem, providing both practical utility and a powerful marketing tool to drive awareness and liquidity. Its introduction is designed to complement the Native Coin (KOFA) by addressing the following objectives:

1. Raising Liquidity

The memecoin is a crucial mechanism for generating liquidity to support the ecosystem's growth and sustainability. Through presales, public sales, and liquidity pool allocations, the memecoin enables:

- **Access to Capital:** Funds raised through the memecoin sales will be allocated to development, partnerships, and scaling the ecosystem.
- **Liquidity Provisioning:** Allocating a portion of the memecoin to decentralized exchange (DEX) liquidity pools ensures smooth trading, price stability, and

accessibility for users.
- **Support for Ecosystem Expansion:** Resources generated will help drive further adoption of the Sankofa platform and its Native Coin, KOFA.

2. Marketing and Awareness

The memecoin is a high-impact tool for building brand recognition and engaging a broader audience through:

- **Community Growth:** Memecoins naturally appeal to wide-ranging demographics due to their lighthearted and approachable nature, creating excitement around the project.
- **Viral Marketing:** Memecoins have a proven track record of leveraging social media and online communities to generate buzz and attract interest.
- **Incentives and Rewards:** Allocating memecoins for community incentives and marketing initiatives motivates participation, strengthens community engagement, and spreads awareness of the Sankofa mission.

3. Enhancing Ecosystem Accessibility

The memecoin lowers the barrier to entry for individuals who might initially engage with the project through its fun and approachable nature, eventually leading them to explore the broader utility and impact of the Sankofa platform.

Vesting and Release Schedule

To maintain token stability and prevent inflationary pressures, a structured vesting schedule is implemented:

- **Team & Advisors:** 12 month cliff, followed by linear vesting over 3-4 years.
- **Treasury & Reserves:** Gradual release based on governance decisions.
- **Community & Ecosystem Funds:** Deployed progressively to maintain long-term sustainability.
- **Staking Rewards:** Distributed periodically based on participation rates.

Economic Incentives & Stability Mechanisms

Inflationary Model with Deflationary Mechanism

The KOFA token follows an inflationary model but incorporates deflationary mechanisms such as token burns when necessary. This ensures a dynamic supply model that adjusts based on ecosystem needs.

Stablecoin Rebates

Users who transact using the platform's stablecoin will receive rebates in native tokens. This incentivizes stablecoin adoption and improves ecosystem liquidity.

Stability Rewards

To maintain price stability during fluctuations, users holding and transacting in the native token will receive rewards in native tokens. This program helps mitigate volatility and sustain long-term value.

Merchant Incentives

Shop owners and institutions accepting the platform's stablecoin will benefit from:

- Reduced transaction fees for up to five transactions within a six-month period.
- A fixed amount of native tokens as a reward, which can be staked to earn additional rewards.

These economic incentives foster ecosystem growth, enhance adoption, and ensure a self-sustaining token economy.

Token Utilities

Transaction Fees

The KOFA token will be used for transaction fees across the ecosystem, ensuring network security and sustainability.

Automated Market Maker (AMM) & Liquidity

KOFA will be utilized for:

- Token pair liquidity provisioning.
- Swaps and bridges to enhance network traction and usability.

Rewards Mechanisms

- **Shops:** Merchants using the platform will receive discounts and priority transaction processing.
- **Users:** Users earn loyalty points, which, upon reaching a certain threshold, convert into fractional KOFA tokens. Higher tiers unlock additional benefits, including governance participation.
- **Validators:** Validators stake KOFA tokens for node operations and receive tiered rewards based on their contributions to the network.

Lending & Yield Farming

- KOFA tokens will be integral to lending protocols, yield farming strategies, and liquidity mining opportunities.
- A credit and savings pool will be established to enable financial growth for users.

NFTs for Cultural Preservation

The ecosystem will support NFTs focused on cultural heritage and historical preservation, ensuring their accessibility through blockchain technology.

Tokenized Business Opportunities

Entrepreneurs can tokenize assets and business models within the ecosystem, creating new avenues for innovation and investment.

Mentoring & Educational Workshops

A subscription-based model will be implemented where users can access mentoring programs and educational workshops using KOFA tokens, fostering knowledge-sharing and skill development.

6. Utility Functions

Sankofa's token offers a range of practical and impactful utility functions designed to create a robust ecosystem and drive real-world adoption:

1. **Reparations Distribution**: The Sankofa token will play a central role in our reparations initiative, distributing tokens to Black Americans as part of a broader effort to address wealth inequality and historical injustices.
2. **Everyday Payments**: The Sankofa token will be used for everyday transactions, allowing individuals to make purchases and payments seamlessly within our ecosystem, especially in Black-owned businesses and communities.
3. **Transaction Fee Mechanism**: A small percentage of each transaction will be deducted as a fee, paid in Stablecoin. This fee structure ensures that the platform remains sustainable, while the use of Stablecoin keeps costs stable for users.
4. **Developers Build dApps**: Developers will be able to use the Sankofa blockchain to create decentralized applications (dApps) tailored to meet the needs of the Black community, whether for financial services, social platforms, or more specialized applications.
5. **Extra Benefits for Staking Tokens**: Users who stake their Sankofa tokens will receive extra benefits, such as higher rewards, governance rights, and participation in special programs aimed at furthering community-driven initiatives.
6. **Storage**: The Sankofa blockchain will offer secure, decentralized storage

solutions, enabling users and enterprises to store data and digital assets on the network, paid for in Sankofa tokens.

7. **Company Discounts for Using Our Token**: Companies and businesses accepting Sankofa tokens will offer exclusive discounts to users who pay with the token, encouraging widespread adoption across a variety of industries.

8. **Rewards Program for Supporting Black-Owned Businesses**: Users will earn Sankofa tokens as rewards for shopping at Black-owned businesses, stimulating economic growth within the community and encouraging support for local entrepreneurs.

9. **Collateral Value Protection**: The Stablecoin's inherent stability provides an advantage over more volatile assets, offering users a safer and more reliable form of collateral.

10. **Collateral Usage**: Users can lock Stablecoins in smart contracts to secure loans, participate in staking, or provide liquidity to decentralized exchanges (DEXes) or other financial protocols within the platform.

11. **Primary Collateral:** The Stablecoin will also function as **primary collateral** for any financial services that require collateral on the platform, such as lending, staking, and liquidity provision. The value of Stablecoin remains pegged to a stable asset (e.g., USD), ensuring that the collateral remains reliable and predictable.

DeFi Ecosystem on Sankofa

In addition to social impact functions, Sankofa aims to provide a robust DeFi ecosystem that supports decentralized financial products and services. These DeFi applications are seamlessly integrated with Sankofa's core architecture and tokenomics to enhance both community empowerment and financial inclusion.

6.1 Yield Farming for Social Good

Sankofa enables users to participate in **yield farming** protocols where stakers can earn KOFA tokens. What makes Sankofa unique is its option to allocate a percentage of the yield to social causes. Yield farmers can opt to direct their earnings, or part of them, to fund airdrop initiatives supporting global causes.

6.2 Charitable Staking Pools

Sankofa introduces **charitable staking pools**, where users can stake their KOFA tokens not only for personal rewards but to contribute to social impact funds. Users who stake

in these pools have the option of earning reduced staking rewards in exchange for the network donating a portion of the rewards to pre-selected social impact investments.

7. Governance Model

Sankofa employs a decentralized governance structure where KOFA token holders can participate in decision-making. Governance decisions may include validator selections, token burn events, and funding allocations for social impact initiatives.

Through an on-chain voting system, KOFA token holders can propose and vote on major protocol upgrades, community projects, and how social impact funds are distributed. This ensures transparency and community-driven control over the future of the Sankofa network.

8. Use Cases

8.1 Ecosystem Features:

1. **Developer Platform:** Build dApps addressing community-specific challenges.
2. **Financial Inclusion Tools:** Yield farming, staking, microfinance, and fractional asset ownership.
3. **Circular Economy:** Token incentivization for Black-owned businesses and allied enterprises.

8.2 Social Impact Applications

Sankofa's blockchain ecosystem enables communities to create and manage community investment funds, fostering local economic development and collective wealth-building. By utilizing the KOFA token, communities can pool resources transparently and securely, investing in projects like housing, education, and small businesses. With features such as fractional ownership, staking rewards, and decentralized governance, Sankofa ensures that every participant has a voice in decision-making and benefits from the fund's growth. This innovative model transforms local communities into empowered, self-sustaining ecosystems, driving long-term

impact and financial resilience.

9. Conclusion and Roadmap

Sankofa's unique blend of innovative blockchain technology and a strong focus on social impact presents a compelling opportunity for both developers and communities alike. The project aims to address scalability, efficiency, and sustainability challenges in the blockchain space while fostering a sense of global responsibility through decentralized finance.

Future Roadmap:

- **Phase 1**: Fork from Cronos and launch mainnet with full PoA consensus and token-burning mechanisms.
- **Phase 2**: Implement social impact airdrop function and staking pools.
- **Phase 3**: Expand the DeFi ecosystem, with a focus on yield farming, NFT platforms, and microfinance lending.
- **Phase 4**: Establish partnerships with global charities, NGOs, and social enterprises to fully leverage Sankofa's social impact functions.