

BGIN Block #4 | Meeting Report

November 2-4, 2021 | Nairobi, Lome, & Accra (Virtual)

The following document was created to summarize the Blockchain Governance Initiative Network's (BGIN) fourth block meeting. The event took place virtually over the course of 3 days and the theme was "Blockchain in Developing Countries".

Day 1 - November 2, 2021 (12-15:00 UTC)

12:00-13:00 Opening Plenary

1. Summary:

Nii Quaynor began the meeting by introducing the Block #4 Meeting and welcoming participants and observers, as well as introducing the theme of the meeting, which was blockchain adoption in developing countries and emerging economies. Then, professor Shin'ichiro Matsuo (Co-chair of BGIN) delved into detail about the BGIN organization, offering insight into the structure, goals and scope of the organization as well as a basic outline of the blockchain environment. Two presentations were given introducing working groups, smaller groups within the larger BGIN organization with specific and streamlined functions. Ryosuke Ushida introduced the IAM, Key Management and Privacy working group and Leon Molchanovsky introduced the Decentralized Treasury working group. Both speakers described the structures and goals of their working groups and outlined the specific working group discussions to be held on day 2 of the BGIN Block #4 meeting.

2. Introduction

- a. BGIN (Blockchain Governance Initiative Network) introduction - Dr. Shin'ichiro Matsuo (Co-chair of BGIN)
 - i. Identities of blockchain stakeholders (regulators, engineers, businesses, consumers), their working relationships, and the challenges they face
 - ii. Key activities of BGIN
 1. Providing neutral, global forum for discussion and cooperation
 2. Outreach to stakeholders
 3. Contribution to public policy
 - iii. Benefits of BGIN for stakeholders
 1. Gaining common understanding
 2. Increase in inter-stakeholder influence, regulation, and transparency
- b. IAM, Key Management and Privacy Working Group - Ryosuke Ushida (On behalf of the Sakimura Co-chair)
 - i. Purpose
 1. Discussion of inter-stakeholder conflicts including identity, privacy, key management issues
 2. Promotion of inter-stakeholder understanding and dialogue
 - ii. Scope
 1. Covers centralized & decentralized systems, permissioned & permissionless systems, public & private consortium networks
 - iii. Current Projects
 1. NFT study reports, case studies, research in Ransomware & relevant tech
 2. Documents in progress to be discussed on Day 2

- c. Decentralized Treasury Working Group - Leon Molchanovsky (Co-chair)
 - i. Purpose
 - 1. Gather interested stakeholders
 - 2. Explore decentralized financial environments & associated benefits
 - ii. Introduction of Steering Committee (tentative)
 - 1. Goals/Functions:
 - a. BGIN strategic direction review, community development plan, liaison strategy, tentative funding policy

13:00-14:00 Invited talks: Adoption of blockchain for development in emerging markets and developing economies (EMDE)

1. Presentations:

- a. The Crypto Ecosystem and Financial Stability Challenges - Nobu Sugimoto
Special focus on stablecoin market growth rates
- b. FATF (Financial Action Task Force) - Kenneth Mentz
Discussion of virtual assets, stablecoin, international adoption of FATF regulation standards
- c. Situation in Africa - Bitange Ndemo
Discussion of status quo blockchain adoption in African countries and subsequent effects on national economies & markets
Prioritization of stablecoin and CBDC
- d. Bank of Ghana - Kwame Opong
Exemplification of BGIN progress in espousing narrative of blockchain as inclusive, sustainable. Potential for blockchain to develop smart economies
- e. World Bank Group - Eric Feyen
Importance of global framework for crypto assets
Opportunities, adoption, challenges of crypto

2. Presentations Summary:

Speakers representing the IMF, FATF, the Bank of Ghana, and the World Bank Group spoke on behalf of their organizations on the separate issues of blockchain and technological development in Africa, as well as on the intersection of the two topics. Many of the presentations paid special attention to stablecoin, a form of cryptocurrency which attaches its market value to an external reference and which has become a fast-growing and relevant aspect of the crypto ecosystem in recent years. Nobu Sugimoto's presentation focused on the market growth rates of stablecoin, and the FATF presentation continued the discussion of stablecoin in conjunction with the BGIN theme of international blockchain regulation. Bitange Ndemo's presentation tied the blockchain discussion to the current situation in Africa, and suggested that stablecoin could be a valuable and effective crypto asset to the African continent. The Bank of Ghana's presentation praised BGIN's work in making blockchain more attainable for developing countries, and looked to the potential future of blockchain-fueled smart economies in Ghana. The World Bank group closed the presentation period with an overview of the crypto ecosystem and a reiteration of BGIN's emphasis on the importance of a global framework

for crypto usage.

Open discussion: What regulatory environment for blockchain and crypto assets development in EMDE:
AML/KYC/FATF/risks/financial security?

1. Panel Discussion:
Regulatory Environment for Blockchain and Crypto Assets in Emerging Markets and Developing Economies with Emphasis on Anti-Money Laundering
2. Overall consensus:
Blockchain and crypto assets hold valuable potential for emerging markets, have already shown promising growth, and should not be dismissed due to a lack of data and information available at present. However, risks of crypto must be heavily weighed and evaluated to make responsible progress.

Day 2 - November 3, 2021 (12-16:00 UTC)

12:00-13:00 Bylaw-Task Force (Co-chairs: Nii Quaynor and Ryosuke Ushida)

1. Ideas discussed:
 - a. BGIN should have a narrow focus to differentiate itself from similar organizations.
 - b. The preliminary bylaws should contain the minimum necessary items and are flexible enough to be changed afterwards.
 - c. Sponsor benefits should be restricted so as to ensure the neutrality of the discussion and outputs.
 - d. Sort out the relationship between BGIN and BN in consideration of lessons from the IETF-ISOC governance model.
2. Summary:

Ryosuke began with explaining the task force as a group that meets to create a minimum set of bylaws for BGIN. Then Nii Quaynor presented governance models from the internet (specifically internet society and the internet engineering task force). He discussed how the organizations structured their governance and what can be applied and learned for BGIN. BGIN has members that are individuals and organizations, thus he talked about how BGIN can structure itself to enable both groups as members. Ryosuke then took over again and talked about BGIN specifically, noting that the core value of BGIN will always be multistakeholderism. He also went into the key activities of BGIN such as creating study reports and technology/operational standards.

3. Call for resolution: Tentative document publication/finalization process.
4. Join the mailing list.

13:00-14:00 Decentralized Treasury Working Group
(Co-chairs: Leon Molchanovsky and Ali Nejadmalayeri)

1. Ideas discussed:
 - a. Create a decentralized research platform that will carry out research into topics of interest to BGIN stakeholders and be funded from multiple sources.
 - b. Is BGIN interested in Algorand's ACE program to fund Centers of Excellence related to blockchain? It can be a source of platform funding.
 - c. Raising the topic of potential governance models for the Tonga treasury.
2. Summary:

The session was led by Leon Molchanovsky. This working group discusses current decentralized treasury frameworks, studies best practices and lessons learned, identifies strengths and weaknesses of various implementations, and proposes alternative frameworks or solutions to address shortcomings of the current models. He began by giving a brief background on decentralized treasury (ICOs, DAO, STO, IICO, etc.) Next, he talked about specific projects like Tezos and Ethereum and how they structure their treasury. Then Ryan Taylor (the CEO of the Dash Core Group) talked about the Dash investment foundation and their DAO. The way it works is that everyone can make a proposal to the DAO for funding and the master node operators make decisions regarding how that funding is to be allocated.
3. Proposed Research Topics
 - a. Continue the ransomware research (by Jessica Mila Schutzman and Omar Hamwi).
 - b. CBDCs on public blockchains (of interest to Hedera Hashgraph).
 - c. Post quantum security in blockchains and crypto (led by Alexandre Zagoskin).
 - d. Decentralized Network Information Propagation and Decision Making (proposed by Ali Nejadmalayeri).
 - e. Math and Computer Science Early Education for Blockchain World (proposed by Ali Nejadmalayeri).
 - f. Identity and Key Management.
 - g. Regulatory Implications of Decentralized Treasury (proposed by Brett McDowell)
4. Agenda for the following meeting: discuss the results of the Block 4 meeting and draft a plan of activities until the next Block 5 event.
5. Join the mailing list.

14:00-15:00 IAM, Key Management and Privacy Working Group (chair: Nat Sakimura)

1. Overview of documents in progress:
 - a. Present and Future of a Decentralized Financial System and the associated Regulatory Considerations
 - b. Key Management of Centralized / Decentralized Custody
 - c. NFT Study Report
 - d. Ransomware Reaction
 - e. Presentation on AML Oracles
 - i. Presented by Barbra Halasek (head of regulatory efforts at Coinfirm).
 - ii. They created a risk scoring system that can look through the whole history of a blockchain address and analyze risks.
 - iii. The system is embedded in smart contracts and can be used to flag or stop transactions.
 - f. DeFi study report: to be published after the public review due November 5th, 2021.
 - g. Agenda for the following meeting: work to polish the 5 documents in progress for publication.
 - h. Join the mailing list.

15:00-16:00 Unconference Session (2 breakout rooms discussing NFTs and Decentralized Treasury)

1. NFTs
Further discussed current and future use cases for NFTs, their position in the metaverse, and technical aspects regarding trust, privacy, securitization, and standards.
2. Decentralized Treasury
The discussion focused on the decentralized funding of research and potentially creating a research platform for BGIN funded from multiple sources.

Day 3 - November 4, 2021 (12-15:00 UTC)

12:00-13:00 Presentations from local blockchain community

1. Introduction
 - a. Ideas Discussed
 - i. Inevitability of blockchain: growing relevance, international usage and adoption
 - ii. Parallels between blockchain technology and internet technology
2. Presentation:
 - a. Blockchain Adoption in Africa: Technical Perspectives - Alain P. AINA
 - i. Challenges of blockchain adoption in Africa
 1. Comparison to slowness of internet adoption in Africa, fragility of African internet ecosystem
 2. Failure to meet 80/20 goal outlined in ISOC report
 - ii. Goals of blockchain adoption in Africa
 - iii. Mainstreaming Digital Payments through Enabling Merchant Regulatory Framework- Clarence Bay
 - iv. Discussion of merchant payments and regulatory framework
 - b. Blockchain Governance Landscape, Challenges and Opportunities - Roselyne Wanjiru
 - i. Discussion of the blockchain ecosystem, vision casting, and blockchain adoption challenges specific to Africa (e.g. internet connectivity and smartphone access)
 - ii. Hope for intercountry collaboration and skill transfer that will lead to economic growth across the African continent

13:00-13:30 Talk: Adoption of Cryptocurrency to Developing Countries

1. Representatives from El Salvador (Elly Ohene-Adu) and Tonga (Lord Fusitu'a) and discussion moderated by Prof. Matsuo (Co-chair of BGIN)
2. Presentation and discussion summary
 - After Bitcoin became legal tender on September 7 in El Salvador, some results were achieved. For example, profits from Bitcoin have been used to establish an animal hospital and several other public projects. These are things that serve the public interest.
 - Tonga is also considering making Bitcoin legal tender because it would help reduce the cost of remittances, which account for about 40% of its GDP.
 - Questions raised during the discussion included what specific data would be available for analysis and research on making Bitcoin legal tender.

13:30-14:15 Administrative Matters and Future Roadmap

1. Need to determine a document finalization/publication process. The BLTF proposes that the process will consist of reaching consensus with all contributors and participants of the group. Unanimity is not required to reach consensus.
2. all for volunteers: meeting planning, bi-weekly meeting logistics, internal communications, internal communications, and a logo.
3. Potential future work items:
AML/KYC (like AML Oracle), cryptographic agility, privacy protection, education, others?

14:15-15:00 Closing Plenary

1. Presented summaries of sessions from Day 2.
2. Block #5 meeting will be in February or March of 2022 in Tokyo, Japan. It will hopefully be held in hybrid mode.
3. Please visit <https://bgin-global.org/join/> to join the bi-weekly working group meetings.