BLUE PAPER
MosaicChain. SmartCountry Project

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Concept

MosaicChain is a project of digitalizing public relations on the basis of the blockchain technology and artificial intelligence under the jurisdiction of a modern UN member state.

The level of development of new technologies is in advance of that of social processes, with some of these processes already starting to lag behind societal requirements. Today people could be settling the majority of their problems with the help of a mobile or computer provided they had access to the Internet. Actually they do perform in this way in many areas of life – by far not everywhere though. Besides, many computer-aided processes are still inconvenient in use. While simplifying some process elements, automation often complicates others and brings about new ones. The existence of a large number of systems unable to integrate into each other satisfies just part of societal requirements.

Digital transformation differs from automation in that it does not only transform processes into online-regime, but also modernizes them and opens pathways for making them far more convenient.

In order for digital transformation to be successful and yield workable results it needs to be simultaneously carried out in several spheres in a coordinated fashion. Excessive regulation in such spheres as public administration, financing, MSM, charity, etc. may be said to be the major obstacle to qualitative digital transformation. Before the technological breakthrough of the 2010s such excessiveness in regulation was atoned for by the necessity to protect citizens' rights. With new technologies in place legislative rules may be well replaced with software algorithms. The MosaicChain project is aimed to settle the task.

Under the above project, a wholly digitalized jurisdiction in one separately taken small state will be established aiming to enhance computer-aided processes, accelerate vital processes around the globe, simultaneously reducing their cost, creating a universal jurisdiction, raising the level of involvement of people all over the world in political management, simplifying business registration and business management procedures, attracting investments, and sponsoring social, cultural, and ecological projects.

A virtual state will be endowed with all the attributes of a real state, viz., citizenship, registration, currency, private property, inheritance, entrepreneurship, investment environment, voting, charity, cultural, ecological and public activities, and social protection measures. Such virtual state will be based on share ownership, with every citizen being a shareholder. Thus, conditions will be created to subsequently implement the idea of guaranteed income. The project is intended to be carried out under the jurisdiction of an existing UN member state.

The functioning of a virtual state will be based on a digital mosaic, that rests on the blockchain technology and artificial intelligence due to which features automation of all processes, transparency and openness, information security, sustainability and scalability will be insured.

The legal requirements are as follows:

- Conclusion of an agreement with a UN member state, and
- Creation of a digital mosaic system allowing to exercise all kinds of relations, involving citizens, commercial organizations, non-commercial entities and a national government.

Formally, a digital jurisdiction will resemble a mosaic system, embedding interconnected blockchain platforms, intended to answer the basic social needs. A nation's physical territory will serve as grounds for international recognition, as a kind of nominal legal address. There is a strong belief that the national government will be much interested in launching the MosaicChain project, as it is national citizens that will be the first to benefit from the project launch.

Structurally, MosaicChain will consist of the following units:

- User's personal account (the same for all platforms)
- One-stop solution
- Voting platform
- Business platform
- Development platform (social, charitable, cultural and ecological issues)
- Instruction platform, and
- Other platforms, depending on the national development strategy.
  The following digital tokens will be in circulation on MosaicChain:
- Personal token share
- Payment cryptocurrency
- Tokens of companies
- Tokens of social, charitable, cultural, ecological and educational projects, and
- Token of the service company (Skeincoin)

Each token will be rooted in a Ricardian smart-contract, i.e., a smart-contract, functioning as a written document and a code. In such a format it may be both machine- and user-readable. The above format will provide all the parties to a smart-contract with double protection.

Peering joint-stock co-operative society

MosaicChain will be a peering joint-stock co-operative society (hereinafter referred to as "PJSCS"). Each of its participants (a digital citizen) will possess an ownership in PJSCS, confirmed by a personal token share. On the one hand, the personal token share is analogous to a passport, as it contains all personal data of its owner, and makes it possible for the owner to create a

personal account on MosaicChain, to receive governmental services and to participate in administrative procedures. On the other hand, the personal token share guarantees receipt of dividends from MosaicChain's profits, and that makes it similar to a security. A personal token share provides a participant a possibility to take part in voting on any issue (crowdreferenda) and sign documents.

User's personal account will serve as a visualized presentation of the personal token share. The number of personal token shares will correspond to the number of people living on the planet. Aiming to lay a universal decentralized foundation of a new social paradigm, digital jurisdiction will reach out to all inhabitants of the planet.

Digital citizenship will be acquired through purchasing a personal token share. This however will not be applicable with regard to nationals, founders, project team members and investors who will get such citizenship automatically and gratuitously after MosaicChain comes into existence. The process of token share price formation will be described further. All non-distributed tokens will be allocated to a special fund promoting MosaicChain in the global market (hereinafter referred to as "the Promotion Fund") that will derive profits from such tokens and will further channel them into MosaicChain's marketing promotion campaigns. The above model is logically justified, since the larger the number of digital citizens will be, the less marketing activities will be required to be carried out. Children born of two digital parents will not have to purchase personal token shares as they will be admitted to citizenship on a gratuitous basis.

Additionally, the status of a digital resident, which will be a truncated status acquired at capitalized value, may be applied for. Digital residents will be empowered to register companies on the business platform and to draw profits from them; however, they will not be entitled to collect MosaicChain dividends and to participate in voting as well as in sociable, charitable, cultural, ecological, and educational projects.

Digital jurisdiction will be based on a document known as the Blue Book, which is actually a Ricardian smart-contract, regulating the fundamental rules of a newly-created state. When purchasing a token share, a digital citizen is to confirm that they have familiarized themselves with the rules and have accepted them. This done, the said digital citizen becomes a party to the above contract. They may introduce alterations in the Blue Book by way of voting; however, the Blue Book's fundamental articles specifically marked will remain intact.

Payment cryptocurrency

Payment cryptocurrency will be used either within the MosaicChain system or outside it to effect settlement with counteragents willing to accept it onto their electronic purses. The exchange rate of payment cryptocurrency will

be established depending on MosaicChain's capitalization and the number of users. A credit platform is planned to be created on MosaicChain later, which will allow digital citizens and digital companies to grant P2P (*peer-to-peer*) credits in payment cryptocurrency to MosaicChain's citizens and residents as well as to any other person concerned. Payment cryptocurrency will be emitted by way of mining, with the first emission of it to be distributed among founders, project team members and investors. It is quite possible to emit several types of currency, if necessary, on MosaicChain.

Business platform

A digital jurisdiction will be deemed to prosper due to a universal business platform, which, based on the blockchain technology and artificial intelligence, will do the following without involving a single person:

- Registering a legal person
- Issuing and placing a legal person's tokens on the internal stock exchange (attracting investments), and
- Carrying out support activities, such as: bookkeeping, making payments, doing legal work, registering employees, concluding agreements, distributing dividends, paying salaries and carrying out management accounting. It is worth mentioning that with reference to the above processes it will not be enough to simply say that they will be automated. The point is, all of them will be robotized – none of the processes in question will require human resource involvement as all the functions will be performed by appropriate software.

Apart from creating conditions for establishing trust between an investor and a project initiator, the business platform will also make it possible to do without often heavily bureaucratized accompanying processes (such as bookkeeping, taxes, personnel, planning, legal issues, etc.) which frequently distract entrepreneurs form their major task – making a product. Instead, producers are forced to dive into the niceties of each and every wording, and to slow down deals and decision-making processes. Sometimes redundant red tape prevents would-be dealers from doing business at all.

A complicated character of business support activities might have possibly arisen from the necessity to ensure highly transparent commercial relations, embracing business owners, counteragents, investors, employees, and governmental bodies. However, already now currently employed complicated procedures can be well replaced with simplified ones, involving technological solutions.

Besides boosting entrepreneurship, the business platform will attract a certain number of foreign investments. Moreover, the digitalized business platform will make it possible for foreign citizens and companies to place their

projects within a digital jurisdiction in order to ease the problems of financing / additionally financing those projects of theirs.

All companies listed on the business platform will be tokenized which means that tokenized stock will be distributed among them proportionally to the number of token shares. A company may be founded by digital citizens and digital residents, while any inhabitant of this planet may become an investor. When there is a considerable amount of business entities on the business platform, functioning in different spheres, a functional allowing for holding tenders and setting up a stock exchange may be installed in the business platform. Within the framework of the business platform MosaicChain participants will conclude agreements, handle transactions and offsets, conduct auctions and exchange useful information (crowdsourcing). On the crowdsourcing subplatform there will be organized discussions of projects and other issues, related to the functioning of the business platform. Crowdsourcing will provide a forum for exchanging valuable information, among other things, at the cost of a project share, thus leading to a better functioning of separate businesses as well as of the business platform as a whole.

Given that sufficient legal basis is available, all companies doing business within the existing system, will be gradually transferred onto MosaicChain's business platform.

The business platform will provide MosaicChain with profits equaling commission amounts, charged by the business platform on the turnover of listed companies' funds, plus sums collected on the investment platform.

In addition, MosaicChain will initiate its own projects on the business platform, purposed to create its own infrastructure. These will include insurance projects (in the sphere of medicine, transportation, and property), a digital agrarian co-operative society, and goods and services delivery applications. All this will be aimed at expediting the process of digital transformation and creating additional income items for MosaicChain.

Integrated artificial intelligence will provide all necessary services required to create legal entities, among them being as follows: making up a standard charter, registering a legal entity, and developing a business plan. While creating the above documents, users' answers to the questions posted on the business platform will be taken into consideration. When setting up a new business, the business platform will offer a registered user to choose a line of business, or to undergo training in acquiring necessary skills, or to get advice from other users. Afterwards, artificial intelligence will assist a user in wrapping up their project and in completing state registration of their company. The whole set of documents of association will constitute a smart-contract between founders and investors (in case there are such). Physical persons, users of the business platform, will be able to register new companies alongside with accrediting the existing ones. Digital jurisdiction will allow for registering on the business platform those companies that are already registered within the

boundaries of the physical territory of a jurisdiction as well as companies from other countries.

To attract investments the blockchain technology will be used, with the whole process based on crowdinvestment. For a stake of 100 per cent of each legal entity there will be issued an appropriate quantity of token shares of a certain par value, which quantity will be defined by founders. Founders may choose to either keep the token shares in question in their possession or to put them up for public sale. During such sales tokens will be offered to an unlimited or a limited number of persons at the will of the project founders. As it appears, there may be different types of investments within the business platform, which may be as follows:

- Own financing
- Financial investments made by physical persons from any part of the world and by legal entities being residents of digital jurisdiction
- Property investments
- Investments in the form of intellectual and/or labour contribution
- MosaicChain own investments
- Mortgage-backed purchase of tokens, and
- Mixed forms of investment

There will be a variety of company tokens; they will include token shares, token bonds, commodity tokens, utility tokens, etc.

It is suggested that special taxation regulations should be introduced within the business platform. The idea is that by lowering taxes in parallel with introducing reliable methods of their collection, the volume of tax revenues will be increased.

Development and instruction

The development platform will be a crowdfunding platform on which digital citizens will place their own charitable and ecological projects and will also apply for the satisfaction of their own needs (medical treatment, enrollment at university, etc.). People from all over the world will be able to contribute funds convertible into crowdfunding tokens with coded target use. Besides financial backing, the development platform will enable one to get advice and moral support, which then will be evaluated by a receiver. Based on such evaluations, everyone who has rendered such kind of assistance will be given bonus points, further converted into tokens of different types.

Within the development platform, socially beneficial activities will also be stimulated. A digital citizen rendering gratuitous assistance to the needy, or going in for sports, or contributing to the development of nature and ecology, may ask the community for assistance in starting their own crowdfunding

company. This kind of company may be started by a digital citizen in favour of any other digital citizen, carrying out similar activities.

The interest charged on crowdfunding operations on the development platform will be of a minimal size. The collected funds will be used to support charitable projects outlined in the Blue Book.

Each and every digital citizen will have an opportunity to study at specialized courses. Before deciding on which course to apply for, one will be able to take a free test for proneness to some spheres. If passed, tests however do not oblige one to study a certain course, though they enable one to make an informed choice and serve as a ground for receiving benefits when purchasing courses. Based on tests, an individual course programme may be drawn up for one by artificial intelligence. One may take an indefinite number of tests during their life.

All specialized courses will be provided on a reimbursable basis. However, there will be envisaged lots of options, allowing for purchasing such courses without own financial investments. Digital companies and MosaicChain will raffle off educational grants for most talented people. Granting companies may either instruct a person for their own needs with their further tenuring or get commission benefits on the business platform. Anyone may launch their fund-raising campaigns for training on the development platform. Such campaigns will rank in priority to other campaigns in visualized presentation on a web-based version or on an application. Besides, operating in a competitive environment, some courses striving to include in their alumni portfolios most prominent people and simultaneously raise customer loyalty, will offer free and half-paid options.

MosaicChain will also promote the creation of special investment crowdfunds (educational funds) which will not invest directly in a project; instead, they will invest in training a future team. People will be picked up on a determined basis, they will be tested for proneness to different types of work and compatibility with each other. When the team composition is finally approved, each team member will undergo training in their specialism, participating alongside in seminars and workshops. As a result, there will appear a made startup, further placed on the business platform to attract investments. Each team member and the educational fund, too, will hold shares in the said company.

There will be a wide range of courses on the educational platform. Any instructor engaged in trade will be able to place their courses on this platform, which will verify these courses employing artificial intelligence. Within the verification process course programs will be analyzed, instructors' curricula vitae and certificates will be checked up. The verification process over, courses will be rated in accordance with the 100-point scale. Those courses whose rating will make less than 30 per cent, will be removed. Courses that will stay

within the system may either raise or lower their rating, depending on recalls and successes of their trainees.

Comparative analysis

At the present time there is no analogue to MosaicChain for the reason that in all other similar products only half of the needed functional has been implemented so far.

The concept of e-residency is accepted in Estonia, Azerbaijan and Lithuania. Lithuania will not do for comparative analysis, as there e-residency will start functioning from 2022. In Estonia e-residency is used by foreign residents to remotely register businesses.

Unlike MosaicChain e-residency in Estonia allows only for registering a company, purchasing certain services, signing documents, furnishing reporting documents, and choosing service providers (bookkeeping, legal services, and banking). In other words, functionally e-residency in Estonia may be compared only with a unit of the business platform. Besides, the Estonian version does not contain a functional to attract investments and the level of automation of business support activities is not sufficiently high (which means that human factor is not entirely excluded). One may mention various private projects (for example, Xolo), that are aimed at automating subsequent business activities, but they mainly embrace freelancers and microbusiness.

In Azerbaijan e-residency is implemented as a mobile residency project, making it possible for Azerbaijanian residents to receive up to 600 government services in a simplified format requiring no additional papers. This, however, is only part of the functions implemented in MosaicChain.

In a certain sense the business platform of MosaicChain bears a similarity to a technological park or a free economic zone that nowadays are often created and become embedded in developing countries. The major differences are as follows:

Classic technological park, FEZ	MosaicChain
Sometimes has an extraterritorial dimension, though within the boundaries of a certain jurisdiction	An extraterritorial dimension functioning all over the world
Narrow target audience – restrictions by type of activity for residents	Residents may engage in any legal activity
In the majority of technological parks and FEZs compliance with criteria and/or written business plans is required for getting the status of a resident	No admission criteria exist

The investment functional of the business platform is similar to crowdfunding and ICO; the development platform may be compared with crowdfunding. However, MosaicChain is more reliable due to the fact that after investments/donations have been collected, an investment project will be still in operation on the business platform, and this iteratively reduces the risk of scam.

There is no point in comparing MosaicChain with different products intended for document circulation, legal bases, platforms for freelancers, etc., as they cover MosaicChain's functional pointwise.

Speaking about the main distinguishing features of MosaicChain, which make it different from any other currently existing products, one should mention as follows:

- Simultaneous digitalization of several areas in a coordinated fashion
- Absence of boundaries, and
- Availability of a guaranteed income scheme.

Investments

By now about 2 million US dollars have been invested in the project. As a result,

- Research has been conducted and consultations with experts have been held
- The technical development of the business platform has been finished by 70 per cent, and
- The service company's token has been designed.

To fully implement the project the following funds are required:

Expense item	Investment sums in US dollars
Business platform	1,000,000
Voting platform	500,000
Development platform	2,000,000
Instruction platform	500,000
Marketing promotion of the project	2,000,000
Legal backing of the project	500,000
Other accompanying expenses	250,000
Total	**6,750,000**

These figures are approximate; they have been calculated based on team man-hours and the number of specialists required (at average market prices). A specific financial investment plan will be worked out after an agreement with a state-partner covering the latter's functional-related demands has been signed.

The above sums will be necessary to create workable units. Any further project development financing will be effected at the expense of profit.

It should be noted that the project is planned to be implemented at the expense of investment funds, so a state-partner's budgetary means will not be liable to project investment.

Profits of MosaicChain

How will MosaicChain's profits be generated?

MosaicChain's profits generated through the functioning of the business platform will be distributed as follows:

- 25 per cent to be allocated for MosaicChain's maintenance and development
- 25 per cent to be contributed to the innovation fund which will be financing own and other projects, and projects on the development platform, and
- 50 per cent to be distributed among holders of personal token shares, including the Promotion Fund.

The cost of token shares will be formed based on MosaicChain's level of capitalization, the number of digital citizens and MosaicChain's level of sophistication (availability of necessary services).

It is envisaged that MosaicChain's business platform will attract annually around 6 per cent of the global venture capital investments, i.e., approximately 24 milliard US dollars (for comparison: the total volume of global venture capital investments in 2017 made 175 milliard US dollars; in 2018 – 255 milliard US dollars; in 2019 – 281,6 milliard US dollars; in 2020 – 300,5 milliard US dollars). Assuming that the amount of commission fees from each transaction equals 1 per cent, in this particular case the average sum will make at least 80 million US dollars per year.

Legal model

The service company is the company MosaicChain OÜ, registered in Estonia; the registration number is 16323136. The company in question elaborates the whole project on its own account; it also maintains and develops it.

25% of the project's profit will go to MosaicChain OÜ. Within the framework of this budget, the project will be updated and serviced, and the rest will be distributed between the founders and private investors of the company.

The main tokens of the project will be coins issued on Ricardian smart contracts on a single platform. SkeinCurrency is a coin with its own blockchain. It will act as a separate investment tool. The funds collected during the offering of this token will be used for the development of the project.

SkeinCurrency will be listed on the MosaicChain business platform, as well as on leading crypto exchanges, which will allow it to be speculative. SkeinCurrency has a limited supply of 21 million coins. In addition, SkeinCurrency holders will be granted digital residency, digital citizenship in a simplified manner.

Roadmap

1. Choice of jurisdiction

Choosing a state within the bounds of which a digital jurisdiction to be created. In order not to additionally seek international recognition, it is recommended that a UN member state be chosen. It is also necessary to adhere to the following criteria: a small territory and/or population; lack of negative reputational references on the international arena; observance of human rights; and complete or relative democracy. Withdrawn from the list should be those countries which are stated to be offshore countries by the European Union and which are considered to be highly risky according to FATF classification.

A letter describing the project should be sent out and a meeting should be appointed.

According to research done a number of countries are claimed to be priority states, among them being as follows: Cabo Verde, Costa Rica, the Marshall Islands, Tonga, the Federal States of Micronesia, Nauru, Kiribati, Sao Tome and Principe, Iceland, Suriname, Guyana. and East Tumor.

2. Concluding an agreement

Upon achieving consensus, an agreement among a national government, investors and founders will be signed entailing the launch of the project.

3. Issuance of token shares

Initially, a basic supraplatform will be created and personal token shares will be issued. Part of the token shares will be distributed among investors, founders and nationals as is envisaged by a Ricardian smart-contract; another part of the token shares will be put up for public sale at a low cost to encourage the arrival of digital citizens.

4. Development of the business platform

Creation of the business platform will make it possible for MosaicChain to gain profits, therefore the said creation is categorized as a primary task. Fulfillment of this very point and the point above will not require national budgetary means, with all related expenses to be borne by investors and founders.

5. Launch of priority projects on the business platform

Priority projects on the business platform will be those of investors and founders as well as national projects. This will allow for increasing the business platform profits, testing its operation, demonstrating its potential to would-be users, and creating a truly digital environment for entrepreneurship, capable of solving a wide range of tasks.

6. Marketing campaign

As at first the majority of personal token shares will belong to the Promotion Fund, immediately after a project launch there will be a possibility to unroll a wide marketing campaign during which as many effective promotional tools as possible may be used, such as SMM, SEO, contextual advertising, placement of analytical articles in large publications, translation of MosaicChain's digital resources into foreign languages, informing foreign citizens through embassies, to mention just a few.

7. Development of other platforms

As soon as MosaicChain starts to generate considerable profits, those funds that have been allocated for the system maintenance and development will be used for designing other (non-economic) instruments – political, social, cultural, educational, and ecological.