

DAO MVP Pilot Governance Plan

- *Testing Governance for a Decentralized Water Treasury*



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Executive Summary

Aquara is launching a focused and low-cost DAO simulation to test its governance model. This pilot will use a lightweight MVP with voting simulations—either on the Cardano testnet or in an off-chain environment that works like a blockchain but without using real funds.

Over 3–5 months, and with a ₢15,000 ADA budget, we'll test the key parts of our governance system, involve early community members, and gather feedback to improve. This will help prepare for a full DAO launch with treasury and real assets in 2026.

The pilot includes:

- Clear user roles
- Token-based incentives to encourage participation
- A feedback loop to refine the system
- Open and transparent documentation

Goal: Test participation and validate our governance approach before introducing real funds or backing.

1. Introduction

- **Purpose of the DAO pilot:** Stress test Aquara governance and treasury management logic with early community members.
- Why simulation: Real treasury assets (water & BTC) come later; simulations reduce risk and allow iteration.

2. Pilot Scope & MVP Budget

- **Duration:** ~3–5 months (Q3–Q4 2025)
- **Target users:** Early Aquara holders, Catalyst community, strategic advisors.
- **Budget allocated:** ₢15,000 ADA (for MVP dev: basic interface, voting logic, smart contract support)
- **Token contract dev:** Separate budget of ₢25,000 ADA



The full breakdown of the total Fund14 proposal budget is available in our GitHub repository and on the official Catalyst submission. This section outlines only the DAO simulation pilot portion.

About Budget Allocation

A ₲15,000 ADA budget is appropriate for the MVP and DAO simulation pilot, as long as the scope remains focused on:

- Avoiding over-engineered UI elements
- Using existing Cardano wallet connectors (e.g., **Nami**, **Eternl**) – *wallets that allow users to interact with Cardano-based dApps*
- Prioritizing essential voting flows and proposal lifecycle
- Implementing lightweight smart contracts or **off-chain simulations** – *voting mechanisms not directly processed by the blockchain*
- Running tests on **testnet** – *a parallel Cardano network for safe experimentation*
- Enabling iterative development with rapid community feedback loops

More advanced features (like managing multi-token treasuries or complex voting types) may need extra funding or be set as stretch goals.

3. Simulation Features

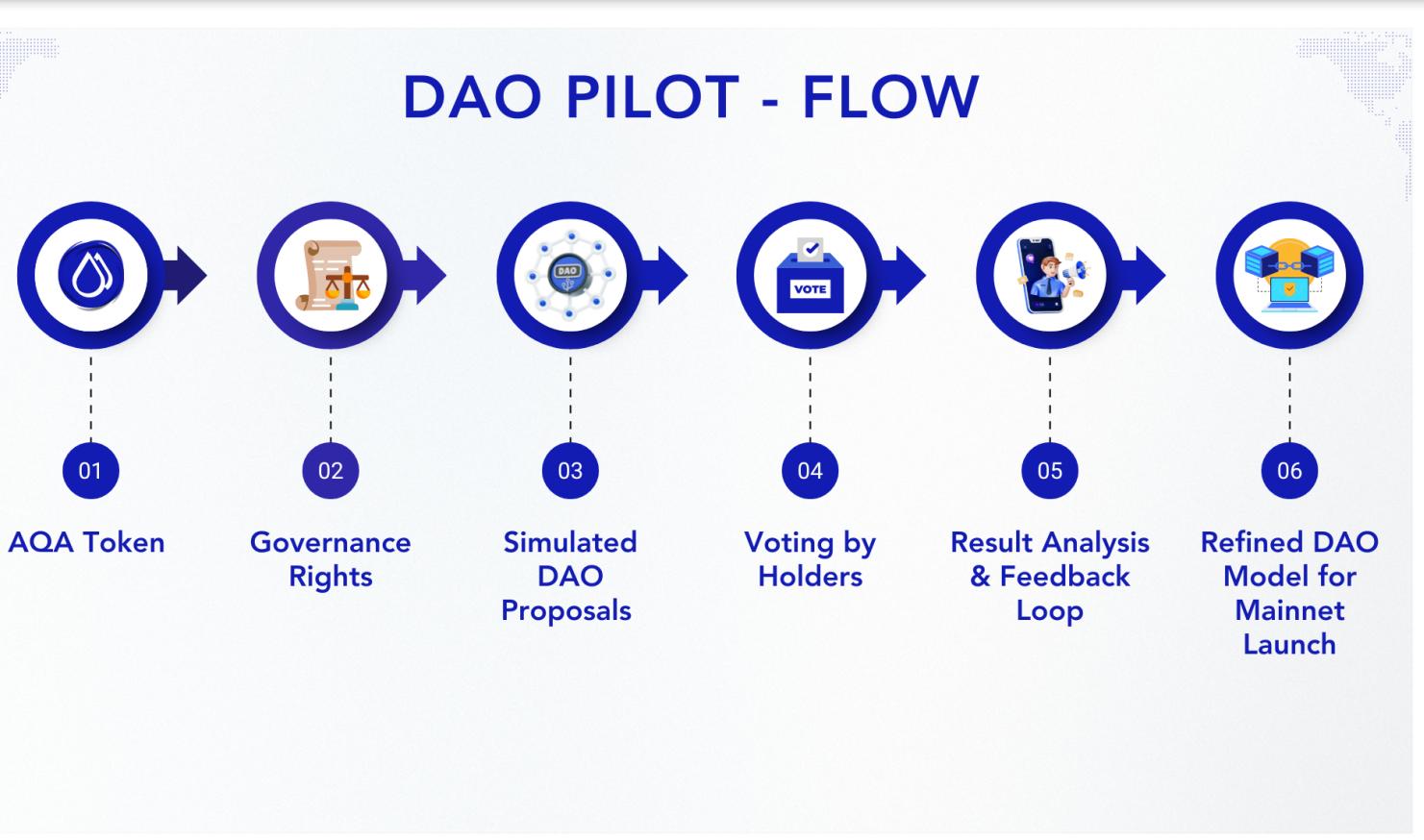
a. Governance MVP

- Users connect wallets (Nami, Eternl, etc.)
- Proposal interface simulating treasury decisions like:
 - Choosing water tech investments
 - Prioritizing water asset purchases
 - Simulated donations of small treasury revenue to NGO partners
- Voting options: Yes / No / Abstain or **ranking voting** (users rank choices by preference)



b. Voting Simulation

- Voting runs on **Cardano testnet** or **off-chain** via signed messages (*cryptographic proof of vote without submitting on-chain*)
- Votes tallied and displayed transparently
- Proposal flow: create → discuss → vote → show results → gather feedback



c. Treasury Simulation

- Virtual treasury balance, no real funds at this stage
- Yield simulations on BTC & water-backed assets, only “profits” allocated
- Small simulated disbursements to NGO partners



4. User Roles & Participation

- **Holders:** Vote, suggest proposals, test system
- **Core Team:** Manage simulation, moderate proposals, gather feedback
- **Advisors & Catalyst users:** Review, suggest improvements, guide iterations

Incentives for Participation: Participants in the DAO simulation **will earn a small AQA reward (e.g., 50–100 AQA per voting cycle) at mainnet launch.** These tokens recognize early involvement, support DAO learning, and help grow a strong community. Wallets will be collected during the pilot for later distribution.

4.1 Pilot DAO Rules

- Each participant is allowed **one vote per wallet address** during each of the pilot proposals.
- Proposals will be **pre-loaded** and **curated** by the core team to ensure clarity and prevent spam or malicious submissions.
- Voting options will include **Yes, No, Abstain**, or **ranked choices** depending on the proposal.
- The core team will moderate proposals and votes to maintain fair and secure participation.
- **Wallet addresses will be collected** solely to enable post-launch distribution of AQA rewards to active participants.
- All participant data will be handled in accordance with privacy best practices and used only for pilot-related activities.

4.2 DAO Proposal Lifecycle (Pilot Phase)

Each governance proposal in the simulation will follow a clear, time-boxed lifecycle to mimic real DAO decision-making while keeping the process focused and efficient:

- **Proposal Submission:** Team-curated proposals published (Week 1)
- **Discussion Period:** Participants review and debate tradeoffs (1–2 weeks)
- **Voting Period:** Community votes using on-chain testnet or signed off-chain messages (2 weeks)



- **Results & Reporting:** Outcomes are published and discussed (1 week)
- **Iteration:** Feedback from each cycle informs improvements in the system and proposal design

DAO Proposal Lifecycle

Review Simulated Proposals

Community members review pre-made proposals (1 week)



Voting Period

AQA holders connect wallets and cast votes through a simulated interface (2 weeks)

Feedback

Feedback is collected to improve future proposals and processes (ongoing)

Discussion Period

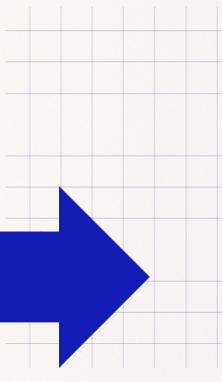
The community discusses tradeoffs, benefits, and risks openly (1-2 weeks)

Count Results

Votes are counted and results published transparently (1 week)

Improve

Learnings inform future DAO model iterations before a mainnet launch.



5. Feedback & Iteration Process

- Regular surveys after voting cycles
- Bi-weekly community calls / AMAs for discussion
- Github issue tracker for bugs and feature requests
- Updates and improvements rolled out during pilot



We've created a public GitHub repo with our Fund14 proposal, simulation plan, and budget. If funded, we'll expand it to include all code, governance templates, and test results under an open-source license. The community will be welcome to audit, contribute, and improve the project together.

6. Expected Outcomes

- Validate core governance and voting logic
- Identify UI/UX improvements
- Measure community engagement and participation rates
- Prepare codebase and infrastructure for mainnet launch with real treasury
- Build trust through open-source practices, ensuring all simulation steps, voting logic, and outcomes are publicly verifiable and auditable.

7. Risks & Mitigation

Risk	Mitigation
Low participation	Conduct targeted outreach through Catalyst and Aquara channels; offer small AQA token rewards (50–100 per cycle) to incentivize early engagement.
Technical bugs	We will conduct structured internal testing before launch and introduce a small bug bounty program post-MVP to identify and resolve technical issues.
Governance abuse	Proposals will be team-defined and simulated, with moderation by the core team to ensure fair results and prevent malicious voting patterns.
Unrealistic treasury simulation	Treasury simulations will use conservative financial assumptions and be modeled after real-world water-related assets, such as the IH2O ETF.

8. Timeline (Post Fund14)

- **Oct–Nov 2025 (Months 1–2):** Finalize MVP design & smart contract prototypes
- **Dec 2025 – Jan 2026 (Months 3–4):** Launch pilot, run 2–3 voting cycles, gather feedback



- **Feb 2026 (Month 5):** Analyze data, publish transparency report, plan full launch

9. Example Simulated Governance Proposals

To run a useful simulation, Aquara will prepare several governance proposals in advance. These proposals will help test how voting works, how decisions are made, and how feedback is handled. They are just examples and won't have real effects, so the process is safe and low-risk.

1. NGO Partner Selection

Proposal: "Which of the following NGOs should Aquara *simulate* a partnership with for a future water initiative?"

Purpose: To test how the community evaluates impact partners.

Options:

- Water.org (global reach, strong reputation)
- charity: water (clean water focus, strong transparency model)
- Local Water NGO (test community preference for grassroots efforts)

Goal: Simulate partner evaluation and observe decision criteria.

2. Water Project Type Prioritization

Proposal: "Which type of water initiative should Aquara prioritize funding in future simulations?"

Purpose: To test how values (e.g., sustainability vs. scalability) influence governance outcomes.

Options:

- Rainwater harvesting systems
- Filtration & purification technologies
- Water education and community training

Goal: Evaluate how the DAO makes choices around real-world resource allocation.



3. Participation Reward Structure

Proposal: "How should the DAO reward pilot participants who vote and contribute to discussions?"

Purpose: To simulate treasury-based incentive mechanics.

Options:

- Fixed 100 AQA per voting cycle
- Tiered rewards based on engagement level
- Bonus rewards for constructive feedback

Goal: Understand community preference for fair and motivating incentive design.

4. Simulation Success Metrics

Proposal: "Which metric should be most important in judging the success of the simulation?"

Purpose: To crowdsource what 'success' looks like from a community POV.

Options:

- Voter turnout
- Feedback quality
- Community learning & engagement

Goal: Use input to shape how post-simulation analysis is conducted.

10. Conclusion

Aquara's DAO simulation is a practical first step toward launching our full DAO. By testing the model with the community and improving it through feedback, we're building a strong foundation for decentralized, water-focused treasury management in 2026. The entire process will be open-source and transparent to build trust and invite contributors from the start.