# Treasury Withdrawal - Intersect - OSC Budget Proposal - Paid Open Source Model for Sustainable Development

## **Title**

Withdraw ₳5,885,000 for OSC Budget Proposal - Paid Open Source Model…

## **Abstract**

This treasury withdrawal funds **OSC Budget Proposal - Paid Open Source Model for Sustainable Development** which will provide the following services:

The Open Source Committee in conjunction with the Open Source Office (OSO) seeks to enact a Paid Open Source Model for Sustainable Development in Cardano. A budget proposal of ₳5,885,000, designed to ensure the long-term sustainability of open-source development within the Cardano ecosystem. This initiative will be managed by the Open Source Committee (OSC) pending approval by the DReps, and seeks to address the critical funding gaps that hinder the maintenance, security, and growth of essential open-source projects.

This Treasury Withdrawal is submitted by Intersect on behalf of the Open Source Committee. The following sections; Abstract, Motivation, Rationale and Vendor Profile have been sourced from the approved proposal submitted by the Vendor as part of the Intersect budget process.

This treasury withdrawal funds one of 39 proposals to give effect to the approved budget info action for ₳275,269,340, administered by Intersect via gov\_action1u9x73kwufaxa70lfy59g4ynwyrcsaxdcd0gxzzmh67s9fxq4j8hqqk2phgh. The information provided herein is intended to fulfill the spirit of the constitutional requirement for a treasury withdrawal info action by also providing the details of the proposed solution, alignment to the budget, and amount to be withdrawn from the Cardano Treasury.

**Motivation**

This proposal aims to solve the following problem: Cardano’s open-source ecosystem is critical to the network’s long-term success, yet it lacks structured funding to support its growth. Unlike other blockchain ecosystems that provide clear financial backing for maintainers, contributors, and security efforts, Cardano’s open-source projects often rely on ad-hoc funding or volunteer efforts.

This has led to several challenges:

- Unmaintained Core Infrastructure: Key open-source repositories, including those used by dApp developers and the broader ecosystem, lack dedicated funding for long-term maintenance.

- Loss of Contributors: Without clear incentives, experienced developers leave for other ecosystems, making it harder to sustain projects and onboard new talent.

- Security Risks: A lack of structured funding for bug bounties and incident response leaves Cardano exposed to vulnerabilities that could otherwise be proactively addressed.

- Slower Ecosystem Growth: The absence of stable funding for new tools, developer education, and strategic project support makes it difficult to keep pace with industry advancements.

\*Why This Matters\*

If Cardano wants to remain a competitive, developer-friendly blockchain, it must invest in the sustainability of its open-source infrastructure. Without structured funding, key projects will stagnate, developer engagement will decline, and security risks will increase.

A well-supported open-source ecosystem ensures:

- Reliable infrastructure for wallets, dApps, and developer tooling.

- More engaged developers who have clear pathways to contribute and earn.

- Stronger security with funding for bug bounties and incident response.

- A faster-growing ecosystem where teams can build with confidence, knowing key tools and services are actively maintained.

## **Rationale**

### Project Solution

\*The Solution: The Paid Open Source Model\*

This budget proposal introduces a Paid Open Source Model to ensure that essential open-source projects receive structured funding. It includes:

- A Maintainer Retainer Program to fund developers maintaining critical repositories.

- Bug bounty and security initiatives to identify and fix vulnerabilities.

- Developer advocacy and engagement programs to onboard and retain contributors.

- An incubation framework to support promising open-source projects and help them scale.

By implementing this model, Cardano will create a predictable, transparent, and sustainable funding mechanism that supports long-term open-source development, improves security, and accelerates ecosystem growth.

\*Key Objectives & Strategic Impact\*

- Sustainable Open-Source Development: Funding for 50+ key projects via the Maintainer Retainer Program ensures continuous innovation and maintenance of mission-critical repositories.

- Developer Onboarding & Retention: Programs like Cardano Summer of Code, Code For Us, and Developer Advocates provide clear pathways for new and experienced contributors to engage in Cardano development.

- Security & Infrastructure Reliability: Investments in Bug Bounties, Incident Monitoring, and Tooling Sustainability safeguard the network and strengthen ecosystem resilience.

- Commercialization & Ecosystem Growth: The Accelerator Research Program and Expanded Project Support Services transition promising projects from incubation to sustainable businesses.

- Community Engagement & Governance: The OSC ensures transparent fund allocation, performance monitoring, and open participation for contributors across Cardano.

### Vendor Profile

Intersect is a non-profit member-based organization incorporated in Wyoming, USA. The team at Intersect represents a broad mix of experience and domain expertise, spanning open source, governance, infrastructure, fintech, and decentralized systems. Many of our team members are long-standing contributors to Cardano and are deeply embedded in the ecosystem - both professionally and as community participants.

This proposal will be facilitated and coordinated by Intersect, with the Open Source Committee and our dedicated Open Source Program Office supporting the execution.

### Contract Management

A written off-chain Legal Contract will be created between the Vendor and the Cardano Development Holdings (CDH), as mandated by the constitution, and will be administered by Intersect. This will include details of the project delivery schedule and dispute resolution.

### Project Delivery

A written off-chain Legal Contract will be created between the Vendor and Cardano Development Holdings (CDH), as mandated by the Constitution. Intersect will administer the contract on behalf of its members and in alignment with governance actions approved by DReps. This includes coordinating project delivery schedules, reporting progress transparently to our members and the community, and escalating any disputes to the Governing Board and membership for resolution in accordance with established procedures. Members of the elected Open Source Committee will provide the necessary checks and assurance on milestone acceptance.

Project progress will also be monitored via Intersect’s delivery assurance function which will be communicated to the community.

Acceptance of the above work is expected to be supported by a 3rd Party Assurer, who will be responsible for reviewing and signing off the work completed at each project milestone against the corresponding milestone deliverables detailed within the Legal Contract. This work is funded from a portion of this treasury withdrawal.

### Budget Management Tooling

To administrate treasury funds on-chain, Intersect will utilize the treasury management smart contract framework developed by Sundae Labs. The smart contracts have been [extensively tested](https://github.com/SundaeSwap-finance/treasury-contracts/tree/main/offchain/tests) including audits from TxPipe and MLabs. Examples of the usage of these contracts can be seen across mainnet described across Intersect authored [Blog 1](https://www.intersectmbo.org/news/smart-contract-mainnet-demo-a-step-toward-on-chain-treasury-withdrawals), [Blog 2](https://www.intersectmbo.org/news/smart-contract-mainnet-demo-day-two-update) and [Blog 3](https://www.intersectmbo.org/news/smart-contract-mainnet-demo-day-three-update).

Final mainnet validation test can be seen via the Disburse action within transaction: 0f591dc544ae14102dbb4a74d5311a6acffc1772b163d8b7a9656b9525950b17

With the confirmed treasury reserve contract address being: stake17xzc8pt7fgf0lc0x7eq6z7z6puhsxmzktna7dluahrj6g6ghh5qjr

#### Specifics

Intersect will utilize a single Treasury Reserve Smart Contract (TRSC), with many Project-Specific Smart Contracts (PSSC), managed by Intersect. Intersect’s management consists of three ‘admin’ and two Intersect ‘leadership’ roles. An Oversight Committee consisting of five external, independent third-party entities will provide checks and balances on Intersect, and safeguard against errors and unilateral control. The administration of both TRSC and PSSCs will be managed by Intersect, with external oversight on certain actions from the Oversight Committee.

The Oversight Committee consists of Sundae Labs, Cardano Foundation, Dquadrant, Xerberus and NMKR. Their role is to independently verify key administrative actions using on-chain logic, ensuring accuracy and consistency without exercising discretion over governance decisions.

For all details on Intersect’s configuration please see the [**Smart Contract Guide**](https://docs.intersectmbo.org/cardano-facilitation-services/cardano-budget/intersect-administration-services/smart-contracts-as-part-of-our-administration) on the knowledge base.

The high level permissions are as follows:

* TRSC Fund and PSSC Modify
  + Two of the three Intersect admins, two of the five trusted entities and one of the two Intersect leadership sign-off must authorize
* TRSC Disperse
  + Two of three Intersect admins, three of five trusted entities and two of two Intersect leadership sign-off must authorize
* TRSC Pause and Resume
  + Two of three Intersect admins, and one of two Intersect leadership sign-off must authorize
* TRSC Sweep
  + One of three Intersect admins, and one of two Intersect leadership sign-off must authorize
* TRSC Reorganize
  + Two of three Intersect admins and three of five trusted entities must authorize

#### Processes

Upon enactment of this governance action, funding for this project will be directed into the TRSC’s stake account. All instances of TRSC and PSSC can not be staked with a SPO and will be delegated to the auto-abstain predefined DRep. From here funds will be withdrawn into a UTxO remaining at the TRSC.

When the Legal contract is prepared and the vendor is ready, funding for this project will be transferred using the Fund action to a PSSC. All milestones will be outlined within the metadata.

A dashboard will be available for the community to audit the TRSC or PSSC and track metrics related to this withdrawn ada as well as being immutably verifiable on chain.

The subsections; Contract Management, Project Delivery, and Budget Management Tooling described above cover the constitutional requirements specified in Article IV section 4 and 5.

## **References**

Paid Open Source Model Whitepaper (PDF)

* ipfs://bafybeifv465wm3qzlarvosjlmlbokjdfvweny77ohcvip37gzofxwboqtu

The Paid Open-Source Model Concept (Youtube)

* <https://www.youtube.com/watch?v=j4PgqaPWNT4&list=PLRiBopPuugERP0EzNVZNwK6fes4i5NRs4&index=3>

Open Source Committee Knowledge Base

* <https://committees.docs.intersectmbo.org/intersect-open-source-committee>

Project Proposal In Ekklesia

* <https://2025budget.intersectmbo.org/ballots/680d1b63565577986442d123/proposals/680d1b63565577986442d262>

Approved Budget Info Action submitted by Intersect via GovTool

* https://gov.tools/outcomes/governance\_actions/e14de8d9dc4f4ddf3fe9250a8a926e20f10e99b86bd0610b77d7a054981591ee#0

Details of all successful proposals (CSV)

* ipfs://bafybeicwrop4q7xvnyjdd5drumbe56sqtm5lbe2ul3c262zt4hgguzdycm

Automating Accountability: Cardano’s Smart Contract Framework Blog

* ipfs://bafybeihqx4ae72z7suqfnxrpqpqithp43cai7o2uuewnqtezgaoyc3ptyq

Sundae Labs Budget Management Smart Contracts Github Repository

* https://github.com/SundaeSwap-finance/treasury-contracts

Budget Management Smart Contracts TxPipe Audit Report

* ipfs://

Budget Management Smart Contracts MLabs Audit Report

* ipfs://bafybeihx2onjtlyyj5pqmpmi2z56vbhe365vhvthk2lqp57bhk4nuxyuea

## **Authors**

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