# Treasury Withdrawal Catalyst 2025 Proposal by Input Output: Advancing Decentralised Community Innovation Funding & Infrastructure

## **Title**

Withdraw ₳69,459,000 for Catalyst 2025 Proposal by Input Output: Advancing Dec…

## **Abstract**

This treasury withdrawal funds **Catalyst 2025 Proposal by Input Output: Advancing Decentralised Community Innovation Funding & Infrastructure** which will provide the following services:

This proposal lays out a coordinated plan to provide reliable ecosystem funding and to future-proof Catalyst through a set of transformative upgrades that supports the Cardano 2025 Roadmap and community-validated priorities across three core workstreams:

1. \*\*Catalyst Interface Design and Development for Diversified Funding Streams\*\*

2. \*\*Production-Grade Decentralised Catalyst Infrastructure via Hermes\*\*

3. \*\*F14-F16 Catalyst Funding Rounds, Retroactive Public Goods Funding (RetroPGF), Fund Operations\*\*

This Treasury Withdrawal is submitted by Intersect on behalf of the vendor. 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info action by also providing the details of the proposed solution, alignment to the budget, and amount to be withdrawn from the Cardano Treasury.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:

As participation increases and the demands of funding and governance become more complex, this proposal aims to address five key challenges necessary for Cardano’s continued growth, competitiveness, and decentralization:

1. \*\*Operational inefficiencies:\*\* Catalyst currently depends on substantial manual oversight and coordination across its funding cycles. Without targeted investment in tooling and automation, operational overhead will remain high. Streamlining systems now lays the groundwork for a leaner, more cost-effective operation once this development roadmap concludes in 2026.

2. \*\*Low voter engagement:\*\* While Catalyst sees higher voter engagement than most blockchain ecosystems, participation remains disproportionately low relative to the total ADA in circulation. This imbalance raises questions about how representative funding decisions truly are of the broader Cardano community.

3. \*\*Software limitations:\*\* Fragmented tools and inconsistent user workflows create friction across the entire Catalyst journey - from proposal to review to vote to ongoing project-funding administration and transparent outcomes. This complexity deters newcomers and reduces the system’s inclusivity and scalability.

4. \*\*Voting power concentration:\*\* A small number of high-stake wallets have the potential to dominate decision-making, leading to concerns around fairness and influence. Planned reforms like Quadratic Voting and DRep delegation are essential steps toward more equitable governance.

5. \*\*Catalyst’s early-stage focus:\*\* While Catalyst excels at incubating early-stage ideas and pilot programs, its role is sometimes mistaken for a long-term funding source. Clarifying Catalyst as a launchpad for experimentation and industry adoption, while encouraging mature projects not focused on partnerships to seek alternative treasury channels—will help align expectations and optimize resource allocation

## **Rationale**

### Project Solution

This proposal addresses the need for reliable ecosystem funding to support hundreds of Cardano builders and startups, alongside upgrading the core structural and operational limitations facing Catalyst, laying the foundation for its long-term sustainability and decentralization. Through these three interlinked workstreams: Catalyst Interface Development, Hermes Decentralized Infrastructure, and the execution of three Funding Rounds the return on investment for this proposal is measured in tangible, ecosystem-wide outcomes, including:

1. \*\*For the Ecosystem:\*\* Significant reduction in operational costs, with potential savings of up to 50% in future Catalyst cycles from 2026 onward and broader and more meaningful community participation by strengthening Cardano’s decentralized innovation funding infrastructure with expanded governance functionality and funding flexibility, with support for multiple voting mechanics and the ability to participate using Cardano Native Tokens beyond ADA.

2. \*\*For Cardano Developers, Entrepreneurs, and Community Builders:\*\* Continued assurance of community-led funding, giving hundreds of community builders the confidence to plan and scale their projects, supported by a trusted, experienced, and committed Catalyst operations team. ₳61 million to be deployed across three funding rounds, including the launch of a Retroactive Public Goods Funding (RetroPGF) initiative, designed to reward high-impact contributions that have already been delivered - even if not initially funded through a Catalyst vote. The results are increased support for early stage R&D, open-source, regional, and community-led initiatives, guided by more equitable and representative voting mechanisms.

3. \*\*For End Users :\*\* Seamless, scalable, and accessible Catalyst infrastructure delivered through unified, device-agnostic interfaces lowering barriers to participation, particularly in mobile-first regions, enabled by enhanced user interfaces and experience and production-grade decentralized infrastructure powered by Hermes, replacing legacy federated systems with peer-to-peer architecture. The sum of these parts aligns directly with Cardano’s broader goals of decentralization, transparency, and system resilience. Plus the introduction of optionality between delegated and direct voting that improves governance legitimacy, with greater transparency, auditability, and resilience across funding and decision-making processes due to investment in interfaces and infrastructure.

### Vendor Profile

The Catalyst Team brings over four years of experience delivering the Catalyst program. Since 2021, the Catalyst Team has processed over 3 million governance decisions, allocated ₳290 million to 2091 projects from 114 countries in 6 continents, and operated 13 successful funding rounds with a well-established governance, compliance, technology, transparency and accountability framework. Catalyst’s Fund Operations team has facilitated more than 12,000 individual payments to grantees, totaling ₳180,274,235 in addition to tens of thousands more payments for incentivised community roles demonstrating its commitment to operational and financial compliance integrity. The Catalyst technical team has pioneered decentralized voting solutions, including privacy-preserving voting, quadratic voting, and the development of a prototype Hermes engine in Cardano. The team remains committed to engaging the community to enhance the program’s capabilities and to furthering Cardano’s ecosystem growth and development.

### 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

All milestones, acceptance criteria, payment amounts and expected delivery dates will be agreed between the Vendor and Intersect, acting on behalf of the CDH. The vendor will deliver according to the agreed-upon project schedule within the Legal Contract, of which the necessary information will be made public via the budget management platform via transaction metadata.

Defined by the milestones within a Legal Contract, the vendor will submit and attest milestone acceptance to the community, Intersect or 3rd Party Assurer.

Project progress will 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 knowledgebase.

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**

Input Output Catalyst Innovation 2025 Budget Proposal v1 (PDF)

* ipfs://bafybeifpic3ufrheqvhdoxjzafqn2viqfw5argebz4foi6ew7ecrhhtzty

Project Proposal In Ekklesia

* <https://2025budget.intersectmbo.org/ballots/680d1b63565577986442d123/proposals/680d1b63565577986442d244>

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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