

PROJECT D.E.S.A

Re-Imagining NEAR Community Fund's
Governance Process Using Quadratic
Voting and a Hybrid Council

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A project for:



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Open Web Hackathon Challenge Prompt

Re-imagine the NEAR Community Fund. NEAR's Community Fund is a 5M \$NEAR / 1.5M USD fund that supports DAOs, councils, and communities building on NEAR; it's also the main entity funding this hackathon. It's currently run by a council of ~7 people using simple up/down voting on Discourse proposals. In this challenge area, teams will propose improvements and/or completely new mechanisms for making distributions from the Community Fund. We're especially interested in proposals that can make the process more decentralized and more participatory.



Current and Proposed State of Community Fund

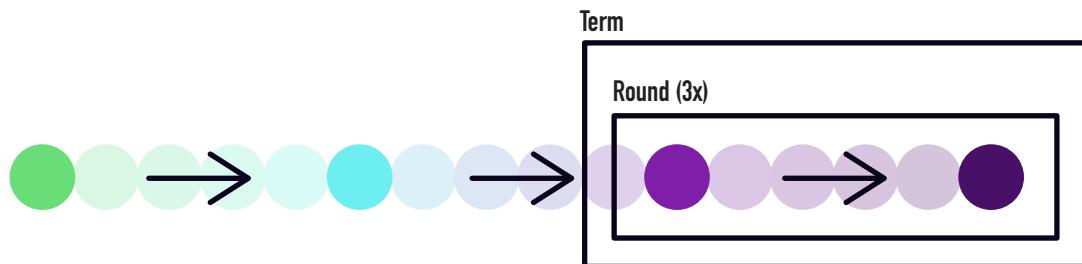
Signal Corps' proposal, D.E.S.A. (Delegate | Elect | Signal | Award), is a governance model for how the NEAR Community Fund can be redesigned to make more community-informed collective decisions in how it awards funding to support the NEAR ecosystem of communities, DAOs, and Guilds.

CURRENT STATE	D.E.S.A PROPOSAL
Open submission window. Grant applicants able to apply anytime.	Monthly round-based system with alternative Fast Track option.
Relatively static/centralized governing body through Community Council.	Dynamic credit delegation process that allows expanding levels of decentralization over time.
7 Community Council Members.	7 Executive Council Members + 2 Elected Council Members. Elected Council members will grow over time from 2 --> 4 --> 6.
Open community poll on discourse. Simple one person one vote. No impact on actual funding decisions.	Community-based quadratic voting of different grant proposals within rounds.
Simple up/down voting with additional voting/quorum thresholds.	Up/down council voting with a twist. Based on a proposal's relative vote ranking revealed in the community-based voting stage, the council voting threshold to award funding will adjust (i.e. simple or +/- 1 majority council votes based on vote position).
	A <i>Fast Track</i> process allows applicants to submit anytime, but the proposal will be held to the most difficult threshold (i.e. simple majority + 1 of council votes to be approved).



Review Process: D.E.S.A

The review process will consist of four stages Delegate, Elect, Signal, Award.



Delegate

Credit distribution/delegation. This step is used to define the 'community' for the round/term (* a term is expected to be quarterly and each round will be monthly). The # of credits an individual is delegated will determine voting weight in the Elect stage and how many credits are able to allocate in the Signal stage.

Elect

Voting to elect the community-based representatives to the council.

Signal

Community-based quadratic-voting of different grant proposals submitted for the present round.

Award

Hybrid Executive + Elected Council voting to determine whether a proposal is awarded funds. Threshold for approving funds impacted by proposals' relative

Example Timeline

Month	Term 1	Term 2	Term 3
December 2021	Round 0: Delegate + Elect		
January 2022	Round 1: Signal + Award		
February 2022	Round 2: Signal + Award		
March 2022	Round 3: Signal + Award	Round 0: Delegate + Elect	
April 2022		Round 1: Signal + Award	
May 2022		Round 2: Signal + Award	
June 2022		Round 3: Signal + Award	Round 0: Delegate + Elect
Etc.			Etc.

Community Fund Participants



Executive Council

The seven (7) Community Council members currently overseeing the NEAR Community Fund.



Delegate

These are persons given credits by either an executive council member or existing delegate.



Elected Council

A subset of delegates. These are delegates chosen among the overall delegate pool to represent the community as elected council members to the Funding Council.

Funding Council

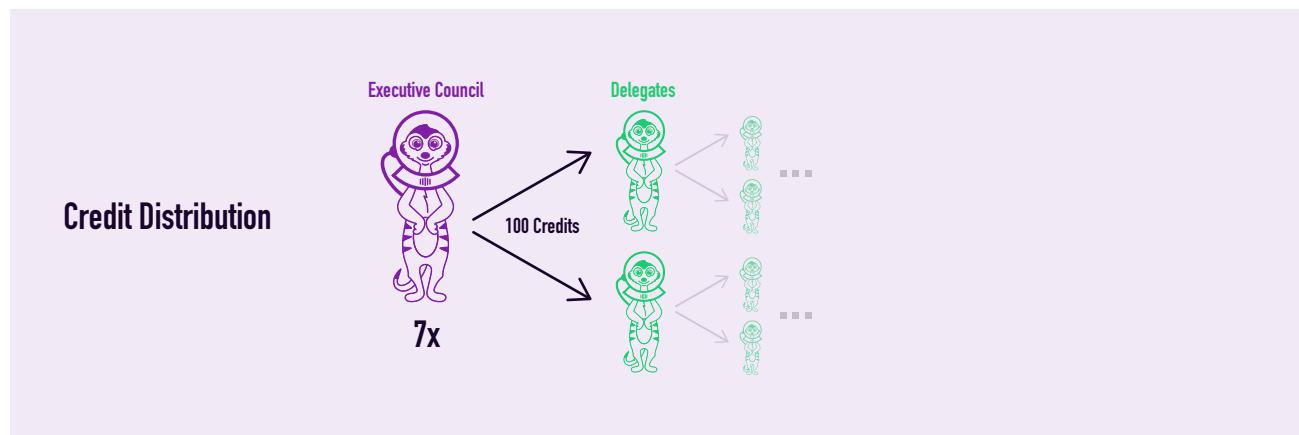
The Funding Council is the governing body in the Award stage that makes the final decision to approve/deny funding. It will consist of executive council members (i.e. the 7 existing community council members) and elected council members.

Delegate

Summary: credit distribution/delegation used to define the 'community' for the term.

Significance: the # of credits an individual is delegated will determine voting weight in the Elect stage and how many credits are able to be allocated in the Signal stage.

HOW IT WORKS	
Inception (Term 1)	<p>Assign 200 credits to each existing council member ($n = 7$).</p> <p>The council members must distribute 100 of their credits to 1 to 2 additional persons.</p> <p>Therefore, the potential final number of delegates will be between 14 to 21 after the first term of delegation.</p>
Terms 2, 3, etc.	<p>In subsequent delegation terms, the existing delegates may distribute any # of credits up to a maximum of 2 additional persons that round.</p> <p>A delegate may also distribute credits to another existing delegate.</p>

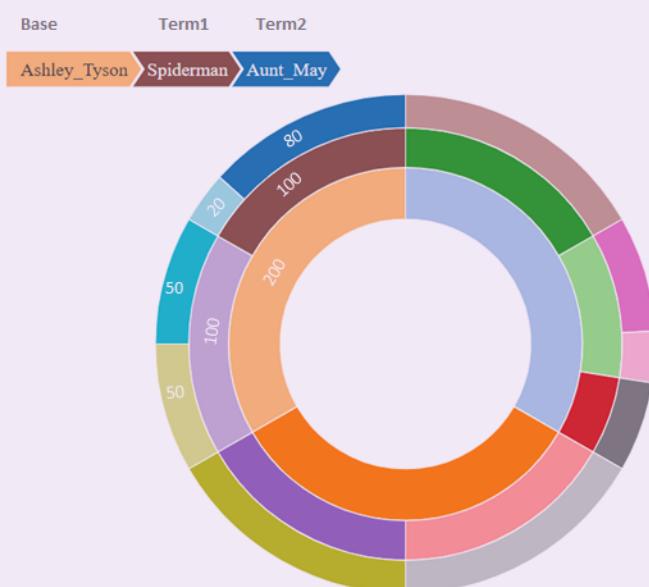


Mock Delegation Table Over First Two Terms

Base		Term1		Term2	
Name	Credits	Name	Credits	Name	Credits
NiMA Asghari	200	NiMA Asghari	100	NiMA Asghari	100
		Batman	65	Batman	45
				Robin	20
		Wonder Woman	35	Wonder Woman	35
Matt Lockyer	200	Matt Lockyer	100	Matt Lockyer	100
		Flash	100	Flash	100
Ashley Tyson	200	Ashley Tyson	100	Ashley Tyson	50
				Green Lantern	50
		Spiderman	100	Spiderman	20
				Aunt May	80
...

Delegation Graphic

For simplicity, the sunburst chart only features credit delegation using three executive council members rather than the entire 7 members. The credit split is based on the mock table above.



BENEFITS	
Trusted Seed	Borrowing terminology from the Commons Stack ¹ , this delegation process starts from an initial set of community members aligned with the mission of NEAR's Community Fund.
Permissioned Participation	Delegation serves as social proof by which an existing trusted member explicitly admits a new delegate to the governing body through allocation of credits.
Progressive Decentralization	The term based delegation allows for an incremental approach to more decentralized and participatory governance.

Elect

Summary: Approval voting by delegates to elect community-based representatives to the Funding Council.

Significance: Delegates elected in this stage will be one the Funding Council will have significant decision making authority regarding funding.

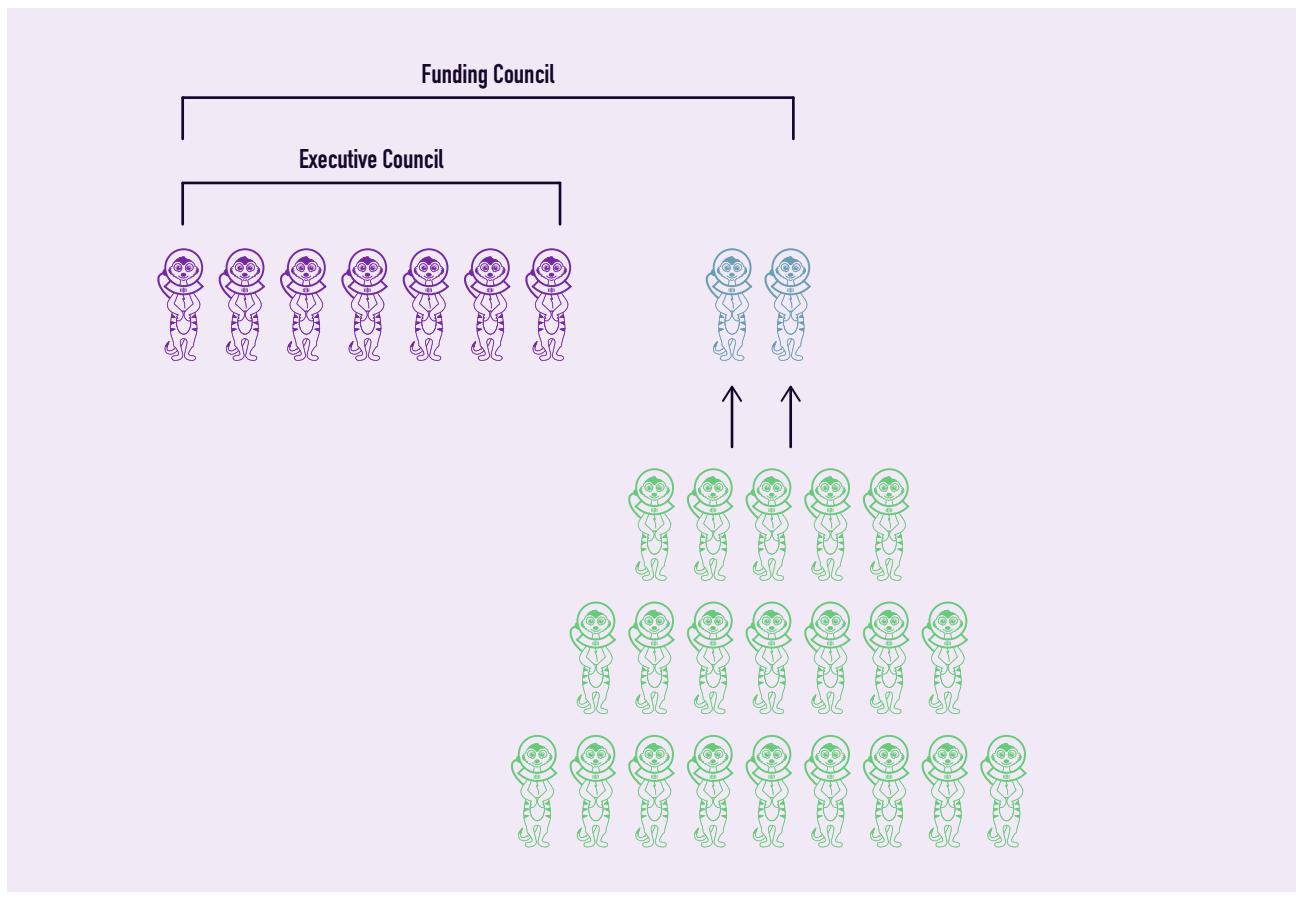
FUNDING COUNCIL PRIMER

The Funding Council is the governing body in the Award stage making the final decision to approve/deny funding. It will consist of executive council members (i.e. the 7 existing community council members) and elected council members.

The number of elected council members will start at 2 and increase over time.

Therefore, the initial Funding Council in the Award stage will have 9 total members, the 7 existing + 2 elected members.

Over time, additional elected council members will be included. For example, 7 existing + 4 elected = 11 total voting council members in the Award stage and then 7 existing + 6 elected = 13 total voting council members.



HOW IT WORKS

Eligibility	Only Delegates (i.e. non-executive council community members with credits) are eligible to become elected council members.
Participation	Further, only Delegates are allowed to participate in the election of elected council members (i.e. excludes executive council members).
Proxy	A Delegate may assign another Delegate as a proxy to vote on their behalf.
Voting	The election will be based on weighted approval voting. A Delegate's voting weight will be based on their number of credits.
Election Results	The Delegates with the highest weighted vote count will be elected to the Funding Council used in the Award stage.

STANDARD BALLOT <i>Vote for <u>One</u></i>		APPROVAL BALLOT <i>Vote for <u>All You Approve Of</u></i>	
<input type="checkbox"/>	Wonder Woman	<input checked="" type="checkbox"/>	Wonder Woman
<input checked="" type="checkbox"/>	Batman	<input checked="" type="checkbox"/>	Batman
<input type="checkbox"/>	Superman	<input checked="" type="checkbox"/>	Superman
<input type="checkbox"/>	Green Lantern	<input checked="" type="checkbox"/>	Green Lantern
<input type="checkbox"/>	Lex Luthor	<input type="checkbox"/>	Lex Luthor

Source: Clay Shentrup

BENEFITS	
Scaling Democracy	Democratic representation can scale with the community as the ecosystem matures.
Proxy Voting Advantages	Proxy voting gives flexibility to delegates to either vote directly or select a trusted delegate. This reduces the cognitive load necessary from all delegates (thus mitigating potential poor voter turnout) while still preserving representation.
Approval Voting Advantages	Approval voting is simple yet expressive. It tends to elect more consensus candidates, results in fewer spoiled ballots, and provides a more accurate measure of support for alternate candidates. ²

Signal

Summary: All delegates and executive council members allocate their assigned vote credits to grant proposals in the current round. Quadratic voting provides a mechanism to better capture the intensity of the community's relative preferences between proposals.

Significance: A proposal receiving more votes from the community will have a lower voting threshold needed from the Funding Council in the Award stage to be approved community funds.

How it works

Step 1: Every delegate and executive council member are assigned their number of credits.

Step 2: A list of grant proposals for the current round is presented.

Proposal	a	b	c	d	e	f	g	h

Step 3: A delegate may allocate credit(s) upvoting/downvoting to any particular proposal.

An individual delegate may allocate multiple vote credits to a single proposal, but the cost of every marginal vote will increase according to a quadratic voting design. For example, 1 vote will only cost 1 credit, but 2 votes will cost 4 credits in total ($2^2 = 4$), 3 votes will cost 9 credits in total ($3^2 = 9$), etc.

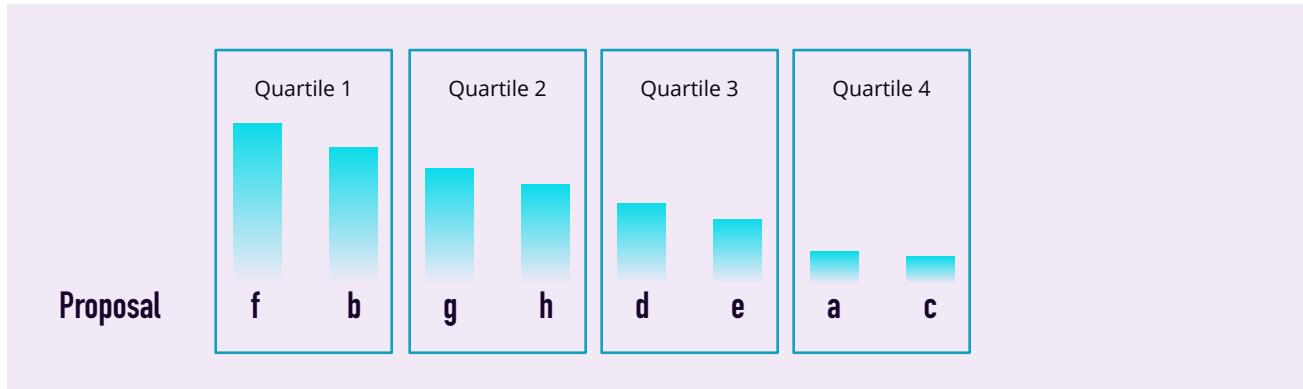
VOTE PRICING EXAMPLE	
Number of votes	Vote credit cost
1	1
2	4
3	9
4	16
5	25



Step 4: The grant proposals in the same round will be ranked according to the number of total [quadratic] votes it received.



Step 5: The grant proposals will be divided into quartiles based on relative number of [quadratic] votes.



BENEFITS	
Preference Revelation	Quadratic voting better reveals community's preferences and prioritization of different proposals.
Meaningful Voice	The community's participation in voting is not just performative, as community voting impacts the council voting thresholds needed for a proposal to be funded. This allows for easier passage of proposals most favored by the community.

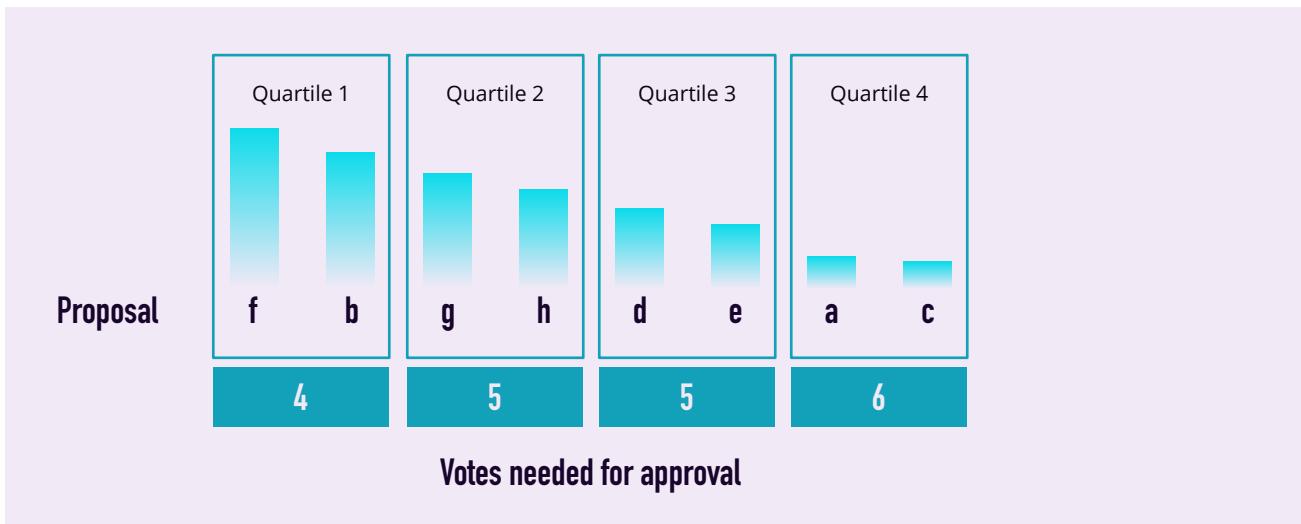
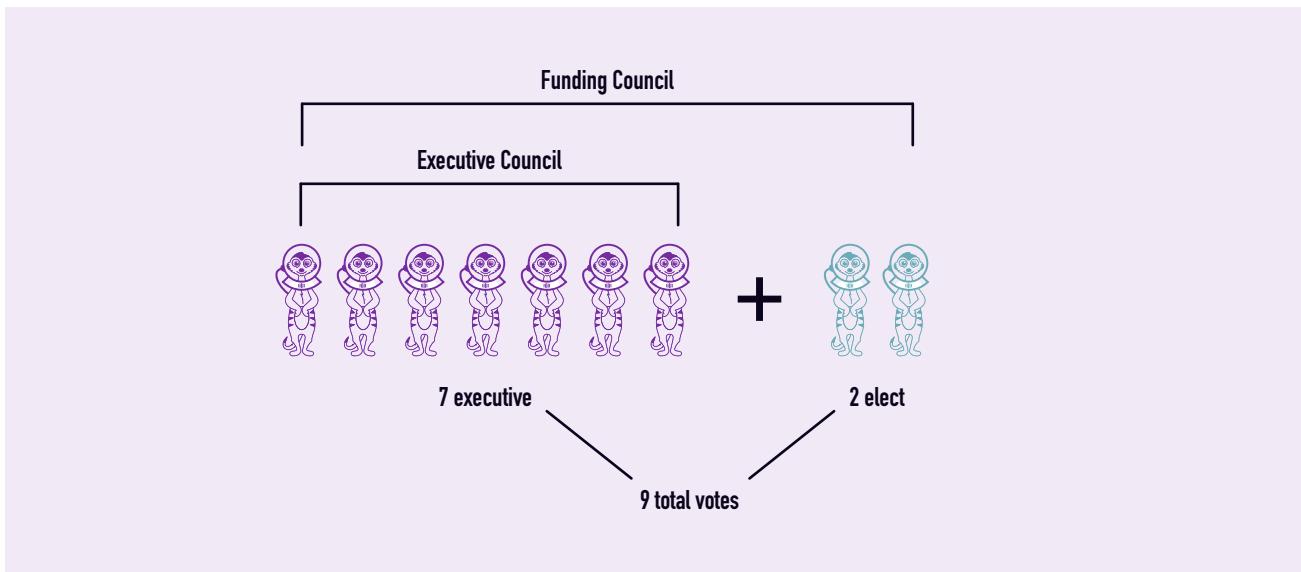
Rebasing: Over time after multiple cycles of delegation there would be a tendency for a large number of delegates to only have a limited number of credits (e.g. 5). This would limit how expressive those delegates could be in the Signal stage. One potential solution would be to rebase all credit counts so that all credit holders maintain the same % of the total pool of credits, but the # of credits are increased.

Award

Summary: The Funding Council, consisting of executive and elected council members, votes to approve or deny funding for a proposal.

Significance: Final decision making process to approve or deny funding for a proposal.

How it works



Which quartile group an individual proposal is positioned from the Signal stage will impact the threshold needed to be approved in the Award stage.

- The interquartile (i.e. 2nd and 3rd Quartile, 25th to 75th percentile) will require a simple majority of voting council members to be awarded grant funding. If there are 9 total funding council members, then 5 votes will be required.
- The 4th quartile with higher vote counts will be privileged by being favored by the community, as it will only require 4 of 9 voting council member votes to be approved (i.e. simple majority of 5 minus 1).
- The 1st quartile with lower vote counts will be penalized, as it will require 6 of 9 voting council member votes to be approved (i.e. simple majority of 5 plus 1)

Quartile	Funding Threshold Assuming 9 Funding Council Members	Threshold Formula <i>n = Count of Funding Council Members</i>
4th Quartile (Higher Signal Votes)	4/9	$(n+1)/2 - 1^*$
3rd Quartile	5/9	$(n+1)/2$
2nd Quartile		
1st Quartile (Lower Signal Votes)	6/9	$(n+1)/2 + 1^*$

*When additional elected advisory members are used (i.e. from 2 to 4), then the same simple majority +/- 1 vote will apply. When the funding council is further increased (e.g. 7 executive council + 6 elected council), then it may make sense to increase the reward/penalty from +/-1 to +/-2 votes from the simple majority.

BENEFITS	
Incorporates Community Feedback	<p>Quartile based voting thresholds add weight to decision making in Signaling stage</p> <p>Supermajority needed by Funding Council if proposal ranked low by community. Alternatively, only a qualified minority vote needed if ranked high by the community.</p>
Progressive Decentralization	As more elected council members are added to the Funding Council, this gives progressively more weight to community-based representatives.

NOTE: A Fast Track process allows applicants to submit anytime, but the proposal will be held to the most difficult threshold (i.e. simple majority + 1 of funding council votes to be approved).

Recognition

Our D.E.S.A proposal was inspired by RadicalxChange Foundation's **RxC Voice** platform used to democratically determine the Foundation's yearly strategic priorities with broad participation from the community. We encourage all readers to check out more of RxC Voice at the [original blog post](#) and [video teaser](#).

*Please note that Signal Corps is not affiliated with the RadicalxChange team.



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