

The Algorand Governance Program

A Detailed Exposition

High-Level Description

The main tenet of the Algorand governance program is that any Algo holder can sign up to serve as a governor by committing (some of) their Algos to the program for three months and participating in voting during this time. Governors are rewarded for their service to the Algorand community at the end of the three-month period. Importantly, the Algorand Foundation will yield to the governors the decision-making power over the Algorand Ecosystem Resource Pool (AERP), a pool of Algos that was identified in the initial announcement and currently has more than 3 Billion Algos. The program can be roughly divided into three processes:

- **Governors recruitment and rewards.** This process will allow governors to sign up at the beginning of every three-month period by committing some of their Algos to the program and collect their rewards at the end of the period. Governors are considered compliant (and hence eligible for rewards) if they maintained their committed Algo balance throughout the period and participated in all the votes during this time.
- **Voting.** This process encompasses the Foundation collecting topic proposals, announcing the topics to be voted on in each voting session, the governors voting on these proposals, and the finalization of the results of the votes.

These processes are described in more detail in the rest of this document. The description below pertains to the inception phase of the program, which is expected to start in Q4 2021. Some of the operations of this program will still be handled off-chain during this inception phase. They will be migrated to on-chain implementation later, when the final system is deployed, which is expected in 2022.

Governors Recruitment and Rewards

The rewards pool. Just prior to each governance period of three months, the Foundation will establish and fund an on-chain escrow account to hold the governance rewards for that period. The rewards pool for the first governance period (Q4 2021) will be 60 million Algos.

Governors sign-up. Once the rewards pool is in place, Algo holders can sign up to serve as governors in this period by committing some of their Algos. During the inception phase, any Algo-holding account can sign up by sending a zero-Algo pay transaction to a designated sign-up address, with the committed number of Algos encoded in the Notes field.

The Algorand Foundation will work with our partners to provide support for these sign-up transactions in the official Algorand wallet and other leading wallets. In addition, during the inception period the Foundation will provide a web portal that enables anyone to generate a

sign-up transaction with the right format, this transaction can then be ported to and submitted from virtually any Algo-supporting wallet.

Governance tracking system and dashboard. The Algorand Foundation will maintain a system that keeps track of the Algo commitments from all the governors' accounts in each period. The Foundation will provide a public dashboard that lists all the governors' accounts and their commitment for the period and indicates whether each account has maintained its Algo commitment and whether it participated in the votes so far. This dashboard will also list the total number of Algos committed and the total rewards pool available in this period. The Foundation will also provide a RESTful API for obtaining the same information.

Claiming Governance Rewards. Once the governance period is over, the Algorand Foundation will prepare and sign a list of all the compliant governors' accounts, namely those who maintained their committed Algo level throughout the period and participated in all the voting sessions. The rewards rate for governors in that period will be calculated as the ratio between the rewards pool for the period and the number of Algos committed by compliant governors' accounts.

The signed list will be used by compliant governors' accounts to claim their rewards. The rewards for a compliant governor will be claimed via a smart-contract call to the escrow account that holds the rewards pool. *For the benefit of governors whose wallets do not support smart-contract calls, the Foundation will work with our partners to establish a service that can make those smart contract calls on their behalf.* Governors will be able to login to the service and click a simple Claim-my-rewards button, which will make the appropriate smart-contract call and have the rewards sent to their account.

Voting

Voting measures. One measure that will be brought to a vote at least once per year is allocation of funds from the Algorand Ecosystem Resource Pool (AERP) to various activities in the Algorand platform, including the governance rewards themselves. More details on the budgeting aspects of the governance program will be provided separately.

Announcing voting sessions. The Algorand Foundation will announce each voting session ahead of time, including a full list of the measures that are included in this voting session. Once announced, the voting session will be open for governors to vote for at least three days, but not more than a week. The length of the voting period will be announced when it is opened.

Together with the voting session details, the Foundation will also announce its own recommendation for all the measures in this voting session. The governance dashboard will provide information on all the voting sessions, past, present, and future.

Voting in a session. A compliant governor's account can vote in any voting session, and in fact is required to vote in all of them to remain compliant. Except for unusual circumstances, it is expected that there will be a single voting session per three-month period.

In the inception phase, compliant governors will vote by sending a zero-Algo payment transaction from their governor's account to a designated voting address, with the details of the vote encoded in the Notes field. The weight of this vote will equal to the number of Algos that this governor's account committed to for the current period.

The Algorand Foundation will work with our partners to provide support for these voting transactions in the official Algorand wallet and other leading wallets. In addition, during the inception phase the Foundation will provide a web portal that enables governors to generate a voting transaction with the right format. This transaction can then be ported to and submitted from virtually any Algo-supporting wallet.

The governance dashboard will track and display the partial results as they accumulate during the voting session.

A Vote-with-the-Foundation option. The UI provided by the web portal for governors will include a simple vote-with-the-foundation checkbox. Governors can check this box, and this will generate a voting transaction that agrees with the Foundation's recommendation on all measures.

Finalizing the results of a voting session. Once the voting session is concluded, the dashboard will display the final results of this voting session. The results will become official a few days after the voting session is concluded, and will consist *only of the vote of the governors who remain compliant at this time*. This cooling period will be between three and seven days. Governors who violate their Algo commitment before the end of this cooling period will have their vote rescinded. (The duration of the cooling period for each session will be announced when the session opens.)

Technical design: transaction format

The transactions in the inception phase will be simple pay transactions, with data encoded in the notes field. We use the following simple convention for encoding data in the notes field:

```
af/gov1:j<data-in-JSON>
```

The data itself will contain only the necessary data for the given action, in particular:

- When signing up, the data will have the format: `{"com":<nnn>}`, where the commitment `<nnn>` is a number of microAlgos. This will commit the sender to maintaining at least that balance during the upcoming governance period.
 - The governance period is specified by unix timestamps for beginning and end, and it covers all the blocks with timestamps between these two numbers, inclusive.
 - The sign-up window begins two weeks (1209600 seconds) before the start of the governance period, and ends at the start of the governance period.
 - Any pay transaction to the designated governance account during the sign-up window with the correct notes field format will be considered a commitment. If an account sends multiple commitments during this time, only the latest will count.

- *Governors should NOT commit the entire balance of the governance account, since they will have to send a few transactions from the account and pay transaction fees for them.* It is recommended that governors leave at least 0.1 Algo uncommitted in the governance account to pay these transaction fees.
- When voting, the data format will have the form `[idx, <A1>, <A2>, ...]`, where `idx` is the index of the voting session within the current period (indexing starting at 1), and the type of answers `<A1>, <A2>, ...` will depend on the ballot measures.
For example, if there are two measures on the first ballot, the first a Yes/No question and the second choosing between options a/b/c, then a vote of No on the 1st measure and 'b' on the second measure, will have the format `[1, "n", "b"]`. The format of the answers will be announced together with the ballot measures themselves.

Since the data is encoded in JSON, then white spaces in it will be ignored. But there are no white spaces allowed elsewhere in the notes field. (For example no white space between the `\:` and `j`.) Moreover, the format emitted by our UI will have no white spaces.

For some complete examples, an account that wants to commit 9,999,999 Algos for governing in the next period can send a zero-Algo pay transaction to the designated governance account with the notes field `af/gov1:j{"com":9999999000000}`. Similarly, a vote as above will have notes field `af/gov1:j[1,"n","b"]`.

Timeline

Each governance period is specified by unix timestamps for the beginning of the sign-up window, start of commitment, and end. While the period is considered *active* from the beginning of the sign-up window, governors' Algos are only committed for the blocks with timestamps between the commitment start and end, inclusive. The period ends when the commitment window ends.

- The sign-up window begins two weeks (1209600 seconds) before the start of the commitment, and ends at the start of the commitment. Any pay transaction to the designated governance account during the sign-up window with the correct notes field format will be considered a commitment. If an account sends multiple commitments during this time, only the latest will count.
- For the inaugural period, the sign-up window begins at unix timestamp **1633017600** (October 1st, 12am SGT) and ends at unix timestamp **1634227200** (October 15, 12am SGT). The corresponding commitment period begins when the sign-up period ends, and ends at unix timestamp **1640966400** (January 1st, 12am SGT).
- The sign-up window for the 2nd governance period will begin at unix timestamp 1639756800 (December 18, 12am SGT) and end at unix timestamp 1640966400 (January 1st, 12am SGT). The corresponding commitment period begins when the sign-up period ends, and ends at unix timestamp 1648742400 (April 1st, 12am SGT).
- Subsequent periods will follow the same pattern, with the sign-up window of the next period starting two weeks before the end of the current period. The sign-up window for

the next period will end when the current period ends and the commitment of the next one begins.

- Voting sessions will only be held during the commitment period, typically at the beginning of each one.