


**JUNE 2023**

# **LATAM CIP 1694 WORKSHOPS**

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**LATAM  
CARDANO  
COMMUNITY**





# IMMORTALIZING THE VOICE OF LATAM IN CIP-1694

# INDEX

<b>Introduction</b>	<b>03-04</b>
---------------------	--------------

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<b>MVG1 non-negotiable parameters</b>	<b>05-08</b>
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<b>Treasury Management</b>	<b>09-10</b>
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<b>General Parameters</b>	<b>11-14</b>
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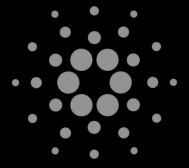
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<b>Tooling</b>	<b>15</b>
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<b>Acknowledgments</b>	<b>16-18</b>
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As we collectively embark on the dawn of the Voltaire era, announced in November 2022, our vibrant community of Cardano stands at the threshold of an era-defining initiative. We, the Latam Cardano Community, hold a steadfast resolve to be an integral part of this pioneering venture – the establishment of the world's first Decentralized Government on a Blockchain.

Our journey began when we congregated around the CIP 1694, a Cardano Improvement Proposal that was presented as a base to discuss this new paradigm for our collective digital future. Our excitement was palpable, yet we found ourselves pausing to take note of the conspicuous silence from the Latin American corners of our global conversation.

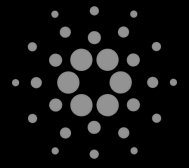
In a decentralized government, success lies inherently in inclusion, diversity, and the harmonious symphony of a myriad of voices, minds, and cultures. Recognizing this, we took it upon ourselves to bridge this gap, sparking an initiative to engage as many voices as possible from Latin America.

We sent out a call to the entire region, and the response was an inspiring affirmation of the Latam spirit, when pioneers from eleven vibrant cities in our region responded: from Buenos Aires' bustling avenues to Mexico City's ancient charm, Caracas' tropical fervor to Bogota's highland allure, La Cumbre's tranquility and Manizales' verdant beauty to Tlaxcala's cultural heritage, Puerto Madryn's coastal charm to Santiago's historic majesty, La Plata's eclectic appeal to Sao Paulo's metropolitan dynamism.

137 people participated into those workshops, from beginners to the Blockchain and the Cardano Ecosystem, to long time veterans, from teachers to engineers. All willing to contribute, collaborate and be protagonists of these historical times.



# INTRODUCTION



In June 2023, we brought together a remarkable delegation: one representative from each city, culminating in a Pan Latam workshop in the enchanting setting of Punta del Este, Uruguay.

The goal was to draft our collective wisdom, our unique perspectives, and our shared aspirations into a comprehensive document, penned in English, and ready to contribute to the global conversation, representing the region.

We offer you not just conclusions, but the fruits of our labor, the embodiment of our unyielding spirit, a testament to our tireless passion, and a reflection of the rich tapestry of Latin American culture.

We share with you our collective commitment to creating a better world and a glimpse into a brighter future inspired by the distinct voice and perspective of Latin America in this extraordinary journey.

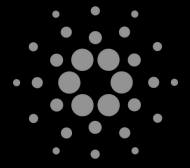
It is with profound pride and heartfelt gratitude that we present to you the results of our initiative.

**LATAM CARDANO COMMUNITY**

**Punta del Este, Uruguay**

**30 de Junio de 2023**





## **CONTEXT:**

There was a consensus between all the representatives that even though it is ok that the CIP does not defines the Constitution and the details of the Government bodies, there are some definitions that we call "non-negotiable parameters" that the CIP should address, so the community can discuss and define them as principles and values for the MVG1.

## **PROPOSAL:**

The CIP document does not seek, nor will it seek, to define a constitution or the organization of the Government bodies. However, it is essential to establish non-negotiable parameters that set and clarify a path with clear rules for the proper implementation of the MVG1 and the drafting of that future constitution.

We believe that these parameters make a Minimum Viable Government (MVG) possible, avoiding the development of unnecessary discussions and preemptively addressing issues that need to be anticipated and resolved.

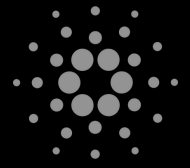
Based on the foregoing, we consider that:

1. The CIP must explicitly and clearly state that the constitution should be constructed with the active participation of the Cardano community. Involving the community in the writing of the constitution, will generate transparency, a shared purpose and values, and a stronger ownership over the rules and principles that will guide the MVG1.

Community participation from the outset builds legitimacy through the process, facilitating adherence and adoption.

Additionally, it is important to establish a clear and accessible process for all Cardano participants to collaborate in the construction of the constitution. This can include the creation of representative working groups, holding open meetings, and regularly publishing drafts and proposals to receive feedback from the community (building on top of this successful process we are following now).





2. It is of explicit public interest that, in accordance with the correct application of constitutional provisions and principles, the CIP recognizes the supremacy of the constitution over any other document preceding or following its enactment, as upheld by Hans Kelsen's Pure Theory of Law.
3. The constitution should require qualified majorities with exceptional requirements when proposing a change to a substantial provision or concept that is integral to the spirit of Cardano, such as values or principles.

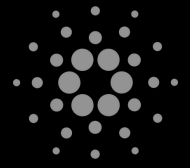
When minor parameters need to be changed, the reform should be more flexible and require a lower quorum and voting threshold.

So we have discussed on how to achieve this, and even though we did not arrive to a practical solution fit for the CIP stage, we agreed that there should be, at least the indication within the CIP that the Constitution shall address this. As there is no mechanism to reform the CIP1694, the constitution shall take over any definition and changes to the governance parameters, and this shall be explicitly indicated within the CIP.

For example, the amount of epochs and the maximum amount to be withdrawn from the treasury could need to evolve as parameters, so it is not only about setting their values, but rather their purpose and meaning. But also we shall be cautious on how to change these parameters, as it could leave the door open to the violation of a fundamental principle.

4. A Constitutional Committee cannot be elected without a promulgated constitution nor establishing a definite duration and precise method for selecting the provisional Constitutional Committee until that requirement is achieved. Building governance means combating any behavior that may result in despotism.

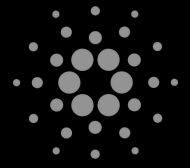




5. The future constitution should establish the necessary requirements for the formation of the Constitutional Committee, promoting decentralization, inclusion, and diversity (in terms of origin, culture, demographics, age, language, etc.) in representation. It is the community's duty to define how.
6. Members of the Constitutional Committee cannot, at any time during their tenure, be dReps, SPOs, or hold any similar position related to governance. They must recuse themselves when conflicts of interest arise and must provide a sworn statement declaring the absence of conflicts of interest, upon their candidacy is accepted.
7. The CIP should address some guidelines on Constitutional Committee member's removal. We don't have an agreed proposal for this, but we do have concerns: Would it be appropriate to take action to remove a single member, or is it preferable to remove them all (action of no-confidence)? Could a member resign? if so, does it automatically generates a state of no-confidence?
8. The Constitutional Committee must meet periodically with the aim of reviewing and analyzing government actions proposed by the community, assessing their relevance and necessity for approval, taking into account the best interest of the Cardano community and the constitution.
9. Likewise, it is the obligation of the Constitutional Committee to deliver a written report at the end of its tenure through an Info Action, using clear and simple language that can be understood by all members of the Cardano community. That report should include issues detected during the Constitutional Committee period, so the community can decide to address them. If the Constitutional Committee has been removed by an approved action of non-confidence, then this report is optional.







10. Every time the CC issues a decision and/or opinion regarding the constitutionality or unconstitutionality of a governance action, they must be articulated and justified in written to avoid confusion and lack of transparency. Those justifications should be communicated through an Info Action.

11. Inactive registered stake for voting should be avoided proactively, so dReps should have a clear resignation/removal mechanism. To address the aforementioned issue, if a dRep is inactive for a period of Epochs (we suggest 36 Epochs for the MVG1), any standing delegated stake for that dRep will be automatically redelegated to the Abstain dRep. Same situation shall be considered for a resigned dRep.

12. The current constitution shall be subject to evaluation by the community at regular intervals (to be defined). This will allow for proper analysis and consideration of planned important non-urgent reforms, that helps the Constitution to evolve with the times and the needs and culture of the upcoming generations.

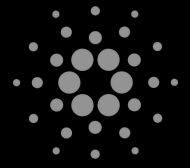
This regular evaluation mechanism shall not conflict nor avoid the possibility of a Constitution Update Action; Any member can propose a reform action whenever they desire.

13. A possible suggested expiration (review) period for the constitution can be considered. This way, the community can get involve into rational and positive consideration of the Validity or not of the current constitution and can update it if necessary.

*In the words of Thomas Jefferson, "We may consider each generation as a distinct nation, with a right, by the will of its majority, to bind themselves, but none to bind the succeeding generation, more than the inhabitants of another country."*







## CONTEXT:

The Cardano's treasury is one of the unique characteristic of our blockchain that has the potential to fuel incredible innovation and a thriving ecosystem. Therefore its management and purpose shall be part of our Constitution, but also, as per its importance, the MVG1 shall address it and its approved ways to be spent, in order to protect it for the future.

## PROPOSAL:

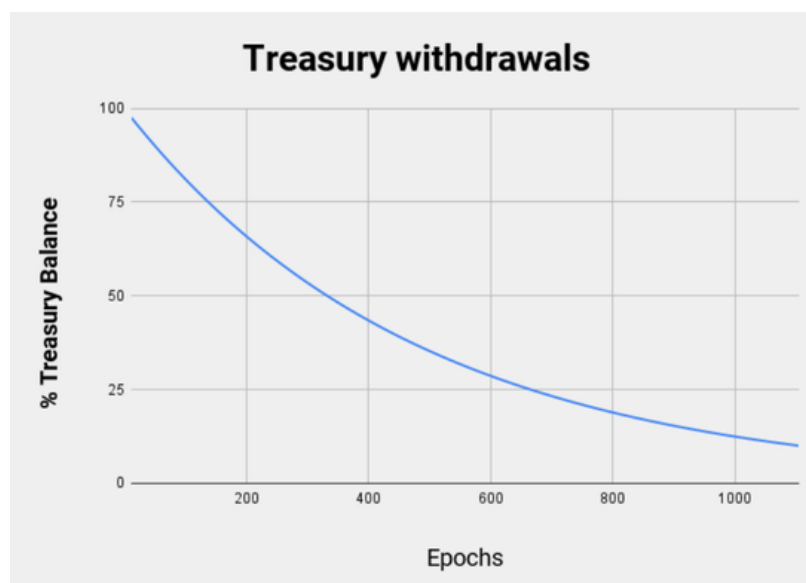
1. There must be a limit on how much the total balance of the Treasury can decrease within a specific time period (Epochs). This limit is defined by two parameters, 'a' and 'b', which values shall be determined for the MVG1.

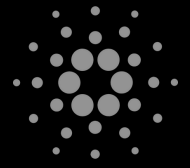
Parameter 'a' represents the maximum percentage by which the total balance can decrease in any single period of epochs.

Parameter 'b' represents the length of time period, measured in epochs.

Overall, the idea ensures that the treasury's total balance is protected.

Our suggestion: For each withdrawal period, the total treasury balance should not decrease by more than 2,47% (a) in 12 Epochs (b).





**2. Treasury withdrawals limits shall give priority to the category of the expense, to better achieve and secure the Cardano operation for each of its components. We propose the following hierarchy:**

1. Voters Rewards (Individual dReps).
2. SPOs Rewards (when they are generated from Treasury and not new emissions).
3. dReps Rewards & Constitutional Committee withdrawals.
4. Rest of the withdrawals submitted and approved.

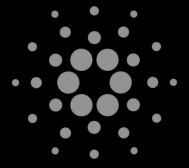
Withdrawals shall be done in the chronological order in which they were approved.

Accountability of the audit & compliance of the Treasury movements is placed on the Constitutional Committee. And they must hire a professional external auditor as well.

### **3. Constitutional Committee & dReps incentives during the MVG1.**

- The total dReps incentives to be paid in a certain Epoch, shall be capped at 3% of the Ada that has entered the treasury in the previous Epoch. If the total dReps incentives surpasses that cap, it shall be split into further Epochs, respecting that limit.
- The incentives for each dRep will be variable and defined by: Amount of "K" dReps, delegated Adas, amount of wallets and % of proposals voted in that Epoch.
- The incentives for the Constitutional Committee will be capped at 3 million Adas per year (upon budget submission and approval by the community); approximately 41,095 Adas each epoch.





**4. The deposit required to submit Governance actions shall be the equivalent in ADA to 500 USD during the MVG1. Because of the expected volatility of the ADA, setting an amount in ADA now could create wide discrimination and barriers for many people.**

## **5. Penalty model for "Rejected" submitted actions**

In order to discourage malicious behavior and system abuse or attempts to paralyze Cardano, we propose a penalty model.

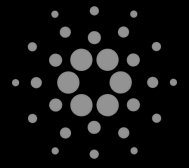
- Malicious behavior, being understood as the intention to send governance action proposals with the intention of corrupting the system.
- This model is based on the possible subsequent attempts that the potential malicious actor might make in its proposal submission process.
- A Rejected proposal is one that was downvoted by more than 50% of the Active voting stake. A non-approved proposal is one that did not achieve approval threshold or quorum but was not downvoted by more than 50% of the Active voting Stake
- Attempt 1:  
2% deposit deduction if rejected
- Attempt 2:  
5% deposit deduction if rejected
- Attempt 3:  
10% deposit deduction if rejected

After 3 rejected submission attempts there will be no more possibilities to resubmission.

### *Clarifications:*

- These deductions will go directly to the Treasury.
- There will be no penalty if the proposal is "not approved" or if it simply expires.





## 6. Deposit to register as dRep:

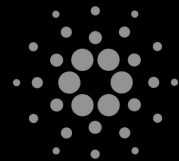
A distinction must be made to distinguish types of dReps:

- dReps whose objective is to vote only on behalf of their own delegation: Individual voters or self-represented dReps. For this type of voters the only requirement to be able to register is to hold in its wallet 2.17 ADAs, the minimum amount to pay fees and deposit. These voters will not receive any rewards for their vote.
- dReps whose objective is to vote on behalf of others (added to their own): For this type of voters, the required deposit will be 5000 ADAs. To ensure transparency in the custody of this refundable deposit, a Smart Contracts mechanism should be used.

## 7. Expiration of a Government Action:

We consider 6 epochs (1 month) as a reasonable time for a governance action to be evaluated and voted, before expiring.





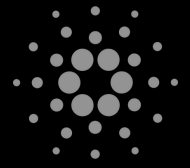
## 8. Quorums and Thresholds for Treasury withdrawals:

Withdrawal Levels	Quorum	Threshold
$\leq 100K$	33%	$> 50\%$
$> 100K$ $\leq 1MM$	50%	$> 50\%$
$> 1MM$ $\leq 10MM$	50%	$> 65\%$

We consider that these values allow a democratic process to take place, but at the same time protect the Treasury from being drained at an accelerated rate.

Note: Quorum refers to the total number of ADAs stake registered to vote.





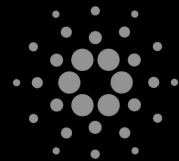
## 9. Quorums and Thresholds for Government Actions:

Action	Quorum	Threshold
Motion of no confidence	60%	75%
New Committee (Normal)	33%	50%
New Committee (No confidence)	33%	50%
Updates to the Constitution	80%	75%
Hard-fork initiation	50%	50%
Changes in protocol parameters	40%	50%
Treasury Withdrawals	See above	
Info	10%	50%

Note: Quorum refers to the total number of ADAs registered to vote.

- We value as indispensable the intensive use of statistical and mathematical methods in the monitoring of voting results.





Tools will be a key topic within our MVG1, I we been discussing and reviewing many, but none of them has all the requirements that the Decentralized Governance Bodies and the parties involved will have. So, we summarize here the concept tools that the LATAM Cardano community considers necessary for the proper development of the MVG1:

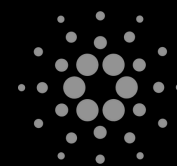
- dReps and Constitutional Committee directory
  - A tool that allows to search for the specific individuals performing these roles.
  - A way to look for what each individual has done, their reputation and ideas.
  - Current and past roles, dates and KPIs.
- Easy-to-use voting platform, integrated with existing wallets.
  - Catalyst recently announced a full architecture devoted to this matter, it would be great to leverage all or part of it for the MVG1.
  - dRep registration, voter actions, reports and general KPIs of the MVG should be fully accessible and easy for the average person of the Cardano Community.
- Voting dashboard where it is possible to visualize everything that is happening with the proposals: proposals subscribed, in the process of voting, approved, rejected, expired, etc.
  - Could be a specific section of the Voting app or a specific site of the MVG1 (could be shared with the directory described above)
- Education and mentoring platform, similar to the one created by the Cardano Foundation.

Important aspect: we consider all the tools mentioned above should be multilingual.





# ACKNOWLEDGMENTS



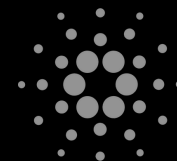
As any community we can achieve whatever we dream to be, because of the time, effort, collaboration and passion of the people that forms the community.

We would like to publicly acknowledge all the bright, generous, unique and talented people from LATAM that participated actively in this initiative, both on the ideation phase, the local city workshops and the Pan Latam workshop. Our debt and gratitude goes to all of them and our continued efforts to achieve the impact we are looking for by leveraging the results of our joint creations.

Buenos Aires	Mexico City	Caracas
<b>Lucas Macchiavelli</b> <b>Alejandro Pestchanker</b> Juan Manuel Castro Pippo Federico Weill Jose Otegui Mercedes Ruggeri Mauro Andreoli Elias Aires Jorge Nasanovsky Ulises Barreiro Martin Ochoa Facundo Lopez Vanina Estrugo Luca Pestchanker	<b>Donovan Riaño</b> Cristian Jair Rojas Victor Hernández Ramón Aceves Sergio Andrés Cortés Isaías Alejandro Galván Abigail Guzmán Jorge Fernando Murguía Luis Guillermo Santana	<b>Jean Carlo Aguilar</b> <b>Wilmer Varón</b> José Erasmo Colmenares David Jaén Félix Dávila Yaneth Duarte Nando Vitti Wilmer Rojas Andreina García Carmen Galban Osmarlina Agüero Ender Linares Carlos A. Palacios R Dewar Rodríguez Lennys Blanco Francys García Davidson Arenas
Bogota	La Cumbre	Manizales
<b>Jose Miguel De Gamboa</b> <b>Daniel Vanegas</b> <b>Jaime Andres Posada</b> Nicolas Gomez Alvaro Moncada Sebastian Pabon Juanita Jaramillo Luis Restrepo Manuel Fernando Briceño Carlos Eduardo Escobar Ernesto Rafael Pabon	<b>Ulises Barreiro</b> <b>Daniel F. Rodriguez</b> Dominique Gromez Leandro Chialvo Claudia Vogel Guillermo Lucero Funes, Brian Carrasco Melisa Carrasco Carlos Carrasco	<b>Juanita Jaramillo</b> <b>Sebastian Pabon</b> Yaris Cruz Yaneth Duarte Ciro Gelvez Kevin Chacon Juan Sierra Caue Chianca Ernesto Rafael Pabon Moreno Sonia Malagon Facundo Ramirez Mercedes Ruggeri Hope R.



# ACKNOWLEDGMENTS

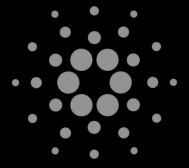


Tlaxcala	La Plata	Puerto Madryn
<b>Victor Hernández</b> <b>Cristian Jair Rojas</b> Miriam Mejía Josmar Cabañas Lizbet Delgado José Alberto Sánchez Fátima Valeria Zamora Julio César Montiel Jesús Pérez José Adrián López Lizbeth Calderón Zayra Molina Nayelhi Pérez Josué Armas Diego Talavera Darían Gutiérrez	<b>Mauro Andreoli</b> Rodolfo Miranda Agustin Francella Federico Sting Elias Aires Lucas Macchiavelli Pablo Hernán Mazzitelli	<b>Andres Torres Borda</b> Federico Ledesma Calatayud Maximiliano Torres Federico Prado Domingo Torres Floriana Pérez Barria Martin Real Florencia García Roberto Neme

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<b>Rodrigo Oyarsun</b> <b>Sebastián Aravena</b> Musashi Fujio Geo Gavo Lucía Escobar Juan Cruz Franco Natalia Rosa Cristian M. García Alejandro Montalvo	<b>Otávio Lima</b> Rodrigo Pacini Maria Carmo Cauê Chianca Daniela Alves Jose Lins Dias Felipe Barcelos Rosana Melo Johnny Oliveira Lucas Ravacci Cristofer Ramos Weslei Menck Leandro Tsutsumi Izaias Pessoa Gabriel Melo Yuri Nabeshima Alexandre Fernandes Vinicius Ferreiro Lucas Fernandes Alessandro Benicio Mario Cielho Lory Fernandes Lima Larissa Nogueira



# ACKNOWLEDGMENTS



**Latam Cardano Community** is a decentralized alliance that inspires and empowers individuals, organizations, initiatives and governments with interest in Latin America, to collaborate to expand Cardano adoption and facilitate its real impact in and from the region to the world.

The community has been born in November 2021, and since then we have tirelessly created more and more spaces for the community to participate and lower the adoption and language barriers, so more people can see the value of the Cardano ecosystem and the humongous impact it will bring to the world.

There are a few key individuals that work each day, to make this a reality, each one with its unique perspectives, roots, reality and talent, and we want to say **THANK YOU** for making this community what it is, and to lead it forward to what it will be!

**Lucas Macchiavelli.**

**Juanita Jaramillo.**

**Mauro Andreoli.**

**Jaime Andrés Posada.**

**Jaime Martinez.**

**Sebastián Pabón.**

**Rodolfo Miranda.**

**Alex Pestchanker.**

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