

Lvls – a proposal for a novel rewards framework for web3 contributor growth, retention, and progression.

Lvls is a framework for creating contributor incentives that encourage self-directed contributions, increase contributor retention, and form the basis of a reputation system, allowing for DAO contributor progression, also known as levels.

Web3 ecosystems today

DAOs currently take a top-down approach to ecosystem growth and retention, where the decision to pursue an ecosystem opportunity is typically made at the top. In general, proposals bubble up to DAO leaders, and those leaders then decide if a proposal is worthy or not of being pursued. The broader community often helps nudge close decisions in a particular direction.

There are no clear incentives for self-directed contributions and pathways for growth in web3 communities. Most rewards for making positive contributions to an ecosystem are first pre-approved by the DAO leaders. There are not many ways for contributing community members to grow in an ecosystem, without being socially given or voted into an assigned role within a community.

The way we fix this

Lvls provides DAOs and web3 communities with a way to provide reputation budgets using bonding curves to periodically reward contributions with tokens. We shift the contribution impact perspective by using a notion of retained reputation for contributions.

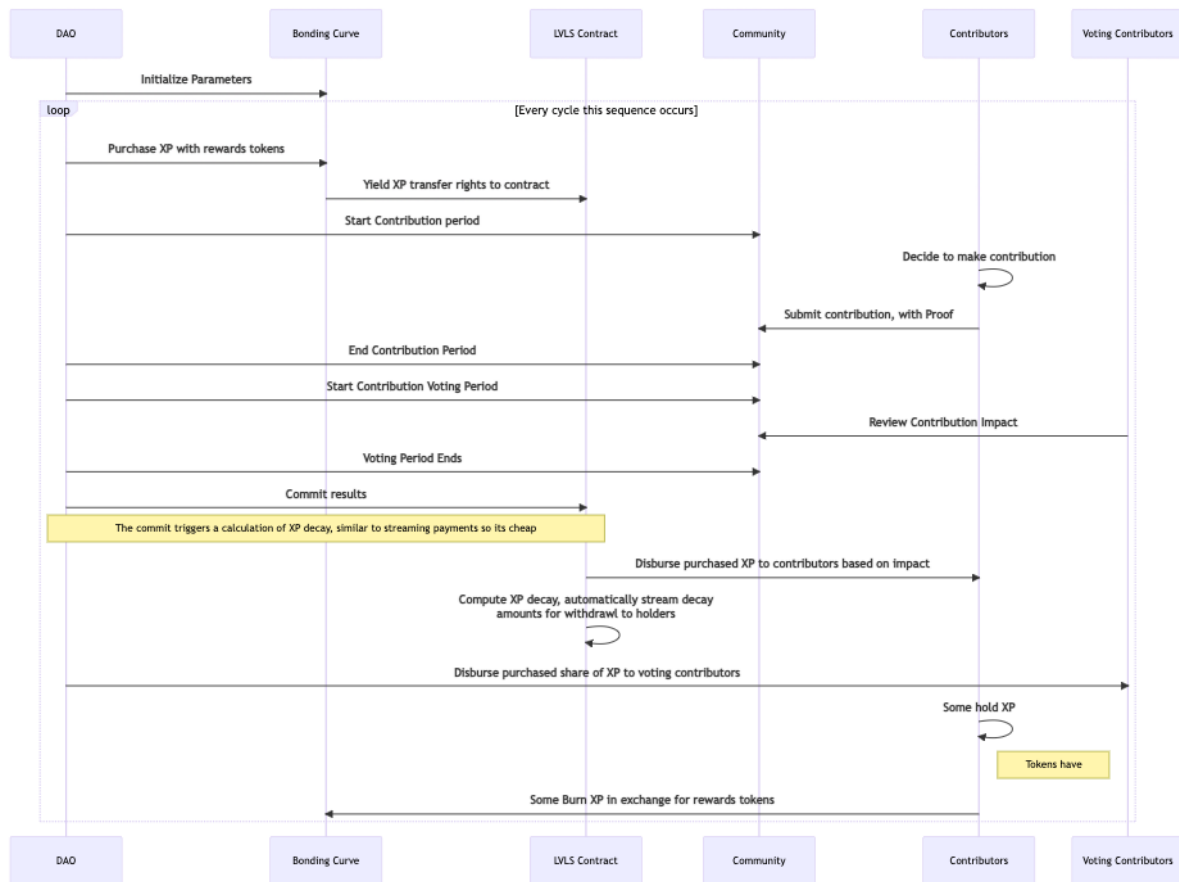
We call this retained reputation *XP* and *LXP (lifetime XP)*. Contributors can earn these tokens as a measurement of the impact that they've had on the ecosystem. These soulbound tokens allow people or sub-daos to signal about the impact they've been making in the ecosystem.

XP has a half-life. Contributors can hold the *XP* until it decays to 0 or burn their *XP* back into the rewards token bonding curve in exchange for rewards tokens. This allows community members to assess how much of a current active stake a member has in their community while providing incentives for having contributed to the ecosystem.

The way forward

Lvls enable DAOs and web3 organizations to provide incentives for doers, by creating a system that rewards self-directed contribution and builds community reputation. We will transform communities of holders into communities of active participants. Building a self-directed ecosystem furthers community ideals, producing more intrinsic and extrinsic value for ecosystems.

A slightly more detailed look



A quick overview of how the system [works](#)

A DAO or community sets a periodic budget, monthly or bi-weekly, a bonding curve for minting *XP*, and a minimum contributor *XP* threshold for voting privileges. Every period the community will vote to purchase *XP* from the curve to support community-driven contributions.

The resulting pool of *XP* is what's rewarded to contributors that contribute during that period. The *XP* that is rewarded has a half-life. It is used to represent the current reputational stake in the community. As the *XP* decays, a portion of the *XP* is computed to decay and burn back into the curve. So instead of long-term holders seeing their *XP* eventually decay to 0, they instead will be rewarded with the tokens that were used to originally purchase the *XP* from the curve.

A contributor submits a contribution to be assessed by other contributors for impact, at the end of the contribution period the contribution is assigned an impact score between 0(least) - 5(most). The blind median score assigned by other contributors in the ecosystem is then used to determine the distribution of rewards between contributors, weighted by overall impact.

The contributor then at the end of the period receives *XP* proportional to their impact from the *XP* budget during their submission period. The *LXP* the user receives is exactly the same as the *XP*, only the *LXP* may not be exchanged for rewards tokens. *LXP* serves as a long term non-decaying marker of the lifetime *XP* that a contributor has gained.

The *XP* that users gain works on a decay function and serves to allow the community to decide the levels of active meaningful involvement in the ecosystem. This serves as a way for the community to order active contributors from inactive ones and provide incentives for users to become top contributors. These incentives can be streaming payments regardless of contributions, access to treasury rewards, or additional non-monetary status.

The *LXP* serves as a long-standing representation of how much reputation a contributor has achieved within an ecosystem. *LXP may* also serve as a reputational staking mechanism. Community members may use this as a way to allow the broader community to trust them more, by allowing the members to risk their reputation for certain actions. This is an alternative to staking capital.

Lvls provides a much-needed lever for communities in web3 to be able to offer contribution incentives that come from the bottom up. Lvls does not have to be implemented solely at the top level but can be implemented by community members themselves in small groups. They can apply Lvls to distribute or tackle difficult projects and reward the smaller group with their own sets of *XP* and *LXP*, specific for that group.