Join the veBAL war on Balancer

Abstract

Balancer is one of the pioneer and innovative DEXs which have been deployed on Ethereum, Polygon and Arbitrum. Lido DAO collaborated with Balancer on wstETH-WETH pool boosted in 2021. Now it is one of the most advanced liquidity pools among all DEXs. Balancer has many advantages and weighted pools (https://docs.balancer.fi/products/balancer-pools/weighted-pools) is one of its unique features, which empower LPs more flexibility on exposure control with lower impermanent losses.

On April 7th 2022, Balancer updated it's tokenomics and liquidity incentive mechanism. The new mechanism has a similar model as Curve(veBAL and Gauges - Balancer). Anyone can lock their BAL-ETH(80:20 weight) lp token on Balancer Vault for a fixed period of time and have the right to vote on the distribution of $BAL among all gauges. They also have the right to share 70% of all protocol gained fees.

There are two Lido DAO related pools joined the incentive gauges.

wstETH-WETH:
https://app.balancer.fi/#/pool/0x32296969ef14eb0c6d29669c550d4a0449130230000200000000000000000080

LDO-WETH: https://app.balancer.fi/#/pool/0xbf96189eee9357a95c7719f4f5047f76bde804e50002000000000000000000087

Notes: LDO-WETH pool is an 80:20 weight pool, which enables $LDO holders to hold more $LDO token positions than regularly 50:50 weight pool.

Proposal

The stETH liquidity incentive is the cornerstone of Lido ecosystem building since the protocol was established on Ethereum. We have distributed about 100M $LDO since the very beginning. As we know, this kind of incentive plan will continue until the ETH2.0 merged and staked ETH can be withdrawn freely.

I think Lido is still in its early stage and $LDO is one of the most undervalued tokens among all DeFi protocols. I think many community members have the same view as I have. $LDO was defined as the governance token of Lido DAO, and we still need more time for chemical coalesce to happen. Before that, we need more strong hands participated in our community with lower cost of DAO treasury.

Based on all above, I propose that we use 20% of the flow income(1% of staking rewards, not including the historical rewards) on Ethereum owned by DAO treasury to join the 'Balancer War', invest in BAL-ETH lp token and lock for 1 year, frequently(monthly or once every two weeks) increase our holding and use the voting power to support the following pools:

1. wstETH-WETH pool with 50% of votes.

2. LDO-WETH pool with 50% of votes.

Glad to have a full discussion on this proposal with all communities.