ABSTRACT

THE PROBLEM:

proposals receive 100% of funding upfront with no obligation to set KPIs (Key Performance Indicators) and report back to DAO with progress updates.

ISSUES THIS CREATES:

1. Voters reject proposals that don't appear bulletproof b/c 100% of proposal funding is at risk.

2. Voters have to over-rely on team's existing reputation, which means that newer and lesser-known community members are less likely to have their proposals approved.

3. If a proposal turns out to be a scam, all of approved amount is lost.

4. If the team experiences a force majeure event (illness or death of the founder(s), extreme market changes/volatility, etc), all of approved amount is lost.

THE SOLUTION:

make funding milestone-based.

Give some funding upfront, some in the middle, and some at the end, and require proposal authors to both define KPIs as part of their proposals and to regularly post progress updates. Progress updates unlock continued funding. Discourse Facilitators can pause funding if major red flags arise; however, teams can appeal up the chain, including a DAO-wide vote if all other options fail.

EXPECTED BENEFITS:

1. "On the fence" proposals are more likely to pass due to reduced risk per proposal (allowing us to give proposals the benefit of the doubt without risking all the coin).

2. Team's delivery/execution becomes more important than their initial fame/reputation, which opens the door wider for newer community members.

3. The DAO doesn't have to reach out to teams for progress updates; the teams are instead required to bring regular updates to the DAO on a predictable cadence. Voters can always look up the progress and status of every approved proposal.

4. If a proposal is a scam or the team incurs a catastrophic event, some or most of the funding is recovered.

EFFECTS ON PROPOSALS

(tl;dr version):

- Small and short projects

(see below): no change from current system (projects get all funding at once). It doesn't make much sense to split up funding for a cheap 2-month project, for example.

- Bigger/longer projects

: a portion is funded upfront, the remaining funding goes out in pieces after every progress update posted.

- Failing projects

: funding may be paused by a discourse facilitator, but the project can appeal and the community can override to continue funding.

- Abandoned projects

- funding is reclaimed by the DAO.

(Detailed definitions for "small," "short," "failing," and "abandoned" are provided in Specifications section.)

EXCEPTIONS

A proposal requesting under US $500,000 can

ask for an exception and to receive most or all of the funding upfront. If this occurs, they must quote the entirety of this 'Exceptions' section in their proposal immediately preceding the ask for an exception. DAO voters should question such exceptions with high skepticism while understanding that no single rule can cover every possible case and so exceptions will

occasionally exist. Valid exceptions will always rely on a specific business case and limitations, and they will never revolve solely

around "trust me bro" type of arguments. Proposal author(s) must show clearly that breaking up funding into smaller chunks will make their project impossible or hurt its execution and chances of success significantly.

Motivation

Codify progress update process, better align DAO and project incentives, remove the responsibility from the Secretary's shoulders to keep bugging projects for updates, help teams think in terms of milestones and deadlines (which is just good business sense), and (potentially) save the DAO millions of $ape.

Rationale

This helps voters: voting on millions of dollars based on a single deck/presentation is hard, stressful, and risky in ever-changing markets.

This helps projects: thinking in milestone terms helps break down bigger vision into smaller goals, which uncovers issues and reduces risk. Deadlines, too, are very important ingredient of success.

This helps the treasury: rugged projects and force majeur events will not cost us 100% of funding.

This helps record-keeping: DAO members will always know where to find status of any given project.

Everyone wins, except for those who will have to authorize payments more often now. That seems like a small price to pay for what is a far more robust system that may also save us millions.

Specifications

GENERAL MECHANISM

- Proposals costing over $40K or taking 5 months or longer to execute will now be funded in multiple parts, with a payment due every 3 months.

- Proposals will be required to include KPIs for every 3 months of project's development time. The KPIs are self-defined by the author/team, and they must be externally verifiable by DAO admins.

- Once a proposal is approved, the project team is required to post progress updates every 3 months from the day they receive funding (updates can be submitted up to 20 days before the 3-month mark). Progress updates must be submitted both via a form (link to which will be posted on the forum for all to have access to) and as a reply to the original AIP.

- When a progress update is posted, if the project is meeting at least 50%

of self-established KPIs, the next leg of funding is unlocked automatically.

- If a progress update is posted and the project is only meeting 25% to 50%

of their own KPIs, then a discourse facilitator may

flag the project to pause funding. The project can appeal the pause.

- If the project fails to achieve at least 25%

of their KPIs, the funding is paused automatically.

- If the funding had been paused for 90 days, and there's no new progress update showing sufficient improvement in KPIs AND there was no appeal submitted, a discourse facilitator then submits a request to Ape Assembly (if such sub-governing body exists) or creates an AIP for DAO-wide vote (if no Ape Assembly-like governing body exists) to ask for funding to be cancelled so that the unsent funds can be reclaimed by the DAO. If this is an AIP, it goes straight to Draft stage.

- If no progress update is posted for 90 days past the deadline, the project is considered abandoned and the funds are reclaimed by the DAO. No appeal is possible at this point and the team would have to get a new AIP approved to receive more funding.

CALCULATING PAYOUT AMOUNTS

Often, projects need a larger first payment to kick things off, or a smaller one if they want to first do some R&D.

The smallest initial payment will be 7.5% of the total requested amount.

The largest initial payment will depend on project size and duration as specified below:

Below US $40,000 and

shorter than 5 months: up to 100%.

Below US $100,000 (any duration): up to 65%.

Below US $250,000 (any duration): up to 50%.

Below US $500,000 (any duration): up to 40%.

Below US $1M (any duration): up to 35%.

Below US $2M (any duration): up to 30%.

Below US $3M (any duration): up to 25%.

$3M+ (any duration): up to 20%.

The remaining payouts shall be equal in size.

Example: A $300K, 9-month proposal may ask for 40%, 30%, 30% -or- 20%, 40%, 40%.

CALCULATING NUMBER OF PAYMENTS

Divide number of months into 3 and round up. If the result is 1 but the asked amount is $40,000 or higher, change it to 2 (so two payments).

Examples

- 7 mo project: 7 / 3 = 2.33 → rounds up to 3 payments (one upfront, then at 3 months, then final payment at 6 months)

- 1-year project: 12 / 3 = 4 payments (one upfront, then at 3 months, then at 6 months, then final payment at 9 months)

PRIVACY

If a team must keep certain details private for business reasons, it may post simplified progress update to the DAO and request that the discourse facilitator reviewing the update privately messages the team about proof of KPIs. The facilitator shall review the proof and then publicly confirm approximate findings. The details sent privately will be kept private even if the facilitator decides the funding must be paused due to the project failing on its commitments (as defined elsewhere in this AIP). However, during the appeal process the team will obviously have to disclose what they feel is necessary, and if the project team directly contradicts a discourse facilitator's statements, then the facilitator will have the right to reveal the relevant piece of information previously sent in private in order to defend their integrity and show that they're not lying. Basic ethics and honor system should be followed by the team to prevent such a scenario.

APPEAL PROCESS

Level 1: DAO admins

A project whose funding was paused may submit an appeal package to the facilitator who paused it. The facilitator shall share it with all other facilitators and a majority vote will decide the appeal (if for some reason there's an even number of facilitators, any governance steward or special council member can break the tie). A different

facilitator will then message the project team about the result of the vote.

From here, if the appeal is denied, the project team may choose to get back to work and get their KPIs to acceptable levels within the next 90 days in order to unlock the next leg of funding, or they may choose to escalate the appeal.

Level 2: Ape Assembly

If Ape Assembly exists (regardless of what it may be called at the time, we're referring to a DAO-approved sub-governing body that includes some but not all of the voters), the team may next submit their appeal to such a sub-governing body.

Level 3: DAO-wide vote

If the team is not happy with the decision of the sub-governing body, they may then submit an AIP to appeal this decision with DAO as a whole. This AIP shall skip the Ideas stage and be promoted to Draft right away. It will be subject to Special Council's regular review process re: legal and regulatory concerns; however, Special Council will not be weighing in on the appeal decision itself, similar to how they don't weigh in on other AIPs.

DEADLINES

Authors/teams are encouraged to submit progress updates up to 20 calendar days before their progress update due date in order to help with timely flow of funds. Facilitators will have 10 calendar days to review/follow-up. Teams will have 7

calendar days to answer and can request a one-time 7-day extension.

If a facilitator does not respond to the progress update within 10 calendar days of it being posted, project team can request a governance steward or a treasury steward to look into the matter. If no response again within 10 calendar days, the progress update is considered auto-approved and funding is unlocked.

OVERSIGHT

This proposal does not allow facilitators to outright cancel funding; only community can do so. In case of any personal differences between a facilitator and project founder(s), at worst the funding may be delayed for a few weeks.

The appeal process was designed such that no single point of failure or corruption is possible, and there's always a path back to a DAO-wide vote if an override is necessary.

PROGRESS UPDATE FORMAT

Project teams can post progress updates in any format they like. However, each update must

include a simple, unadorned list of every KPI applicable per original AIP and the current progress towards that KPI in the following format:

KPI # (KPI name): quantity / total (percentage)

'Quantity' and 'total' can be skipped if such enumerations are not applicable (for example, if the project only needs 1 smart contract, then they can just put % of completion of the contract).

For example, for a proposal that finances a comic book:

KPI 1 (Converting script to panels): 50/50 (100%)

KPI 2 (Number of pages drawn in pencil): 20/50 (40%)

KPI 3 (Number of pages colored): 15/50 (30%)

KPI 4 (Cover design): 0/1 (0%)

KPI 5 (Website progress): 40%

KPI 6 (Smart contract progress): 60%

KPI 7 (Social media accounts setup): 2/3 (66%)

Steps

Changes to Discourse

1. When posting an AIP, authors should add "reserved for progress update #X

by [date]" posts for each milestone applicable to the AIP (per rules outlined here). Once funding is received, "[date]" placeholders should be updated with exact dates. Later, these forum posts can be edited with post progress updates.

1. AIP threads are unlocked after AIP is approved so that those updates can be posted and the community can discuss the progress updates.

Changes to AIP Draft

- Add section for expected KPIs (authors can only post final KPIs for finished project if they assume linear project execution, or they can post custom KPIs for every milestone i.e. for every 3 months ahead).

- Add instruction to for them to add reserved posts under their AIP draft when they post it.

- Specify in 'Cost' section that proposal authors must pick their preferred payout amounts in percentages per "Calculating Payout Amounts" if they want their upfront (first) payment to differ from the rest.

Timeline

This new process is to go into effect 45 days after this proposal passes.

This gives the facilitators time to prepare the progress update form (e.g. a google form teams must use to submit progress updates), update AIP draft template, and figure out internal changes to handling payments in smaller chunks.

Cost

$0 (part of salaries and responsibilities of existing roles, no new roles proposed)