In Season 7, the Collective is experimenting with a “metrics-driven, humans in the loop” approach to Retro Funding. In this model an Evaluation Algorithm defines how impact is measured and rewarded. Voters express their preferences by selecting the Evaluation Algorithm to be applied. Continuous feedback by humans with domain specific knowledge informs the refinement of the evaluation algorithm. Read more about it here.

# Governance Process in Season 7

Season 7 serves as an experimental phase to refine the governance of a more modular approach to Retro Funding. We aim to test whether this approach enhances the accuracy of impact evaluation, compared to previous methods, and hope to generate insights that can inform the design of the broader gov system

Process Summary:

Multiple Evaluation Algorithms are proposed. Badgeholders vote on which Evaluation Algorithm to apply usingapproval voting. The creator of the selected algorithm is responsible for iterative improvements, informed by expert feedback.

## Evaluation Algorithm Vote

Badgeholders select an Evaluation Algorithm which will be continuously refined and applied throughout the Season. The initial vote on the Evaluation Algorithm sets the strategic direction for impact evaluation.

1. Multiple Evaluation Algorithms with distinct objectives and allocation strategies are proposed. Data and metrics used within the evaluation algorithm and algorithm results are public, while the weights within the evaluation algorithms will remain private and are revealed at the end of the season to prevent against gaming the algorithm.

2. Badgeholders select the Evaluation Algorithm via approval voting, Initially requiring a quorum of 30% and an approval threshold of 51%. Approval thresholds will be subject to iteration over time.

3. The Evaluation Algorithm Vote for the Onchain Builders and Dev Tooling Missions will take place during the Citizens’ House: Veto period #33

from Feb 27th - March 5th.

In Season 7, algorithm proposal rights are restricted to contributors who previously implemented metrics within Retro Funding 4: Onchain Builders. Metrics proposals during Retro Funding 4 were open to the public, with bounties offered for metric creation. Currently, the only contributor who meets these requirements is OpenSource Observer. In the future we plan to expand proposal rights to a broader set of contributors.

## Evaluation Algorithm Feedback

The Evaluation Algorithm evolves to optimize the measurement and rewarding of impact. Rapid iteration loops are essential to refine metrics and counteract potential gaming (see Goodhart’s Law).

1. Feedback-Driven Iteration:

Iteration is informed by the feedback from humans with domain-specific knowledge. In Season 7, this process is informal and open, encouraging broad participation across the Collective. This can include Qualitative Inputs, such as written statements or suggestions, as well as Quantitative Inputs, such as preference rankings from participants. More details about the avenues to provide feedback will be shared soon.

1. Collaboration:

While a single party will be responsible for proposing and implementing iterations of the evaluation algorithm, many people can support the development of these algorithms. Besides providing feedback, you can contribute by 1. Proposing metrics: metrics must be sourced from public datasets and calculated using open source code (eg, SQL and Python). OSO has documentation and many examples of metrics for data scientists to experiment with.

1. Add support for required data sources: new data sources can also be added to OSO’s data lake for community analysis. There are a variety of ways that data engineers can connect or replicate their data on OSO.

2. Analyses of eval algorithm performance: as algorithms are developed, there’s a need to do backtesting and causal analysis to evaluate performance. Data scientists are encouraged to share research that can improve eval algorithms or their own proposals for upgrades.

3. Proposing metrics: metrics must be sourced from public datasets and calculated using open source code (eg, SQL and Python). OSO has documentation and many examples of metrics for data scientists to experiment with.

4. Add support for required data sources: new data sources can also be added to OSO’s data lake for community analysis. There are a variety of ways that data engineers can connect or replicate their data on OSO.

5. Analyses of eval algorithm performance: as algorithms are developed, there's a need to do backtesting and causal analysis to evaluate performance. Data scientists are encouraged to share research that can improve eval algorithms or their own proposals for upgrades.

## Evaluation Algorithm Iteration

The creator of the selected evaluation algorithm is responsible for iteration based on expert feedback. Iterations do not require governance approval unless they substantially alter the strategic direction

of impact evaluation.

1. Iteration cycles

: Initially, we expect the evaluation algorithm for Retro Funding Missions to be updated on a monthly basis.

1. Failsafe:

If results for the median project vary heavily between measurement periods, the evaluation algorithm creator can pause the application of the evaluation algorithm. This policy aims to protect against gamification of the algorithm or individual metrics.

## Application Review

In the spirit of governance minimization, Retro Funding aims to eliminate the need for human review of applications in Season 7. Instead, metrics will be used to enforce eligibility.

If unforeseen circumstances arise that require human review, the Foundation will ask the govNERDs to assist.

## Budget allocation

The approved budget for Retro Funding Missions will be distributed evenly across the designated measurement dates. In future iterations, it may be advantageous to dynamically adjust budget allocations based on the impact achieved within each measurement period.