Note

: The following is the complete text of the Regenerative Finance Aligned Voter Committee's Quarterly Aligned Governance Strategy for Q3 2023. It is set forth here as a Forum Post for better visibility and legibility in the broader community of internal and external stakeholders. We welcome engagement and discussion here by all, as well as at our weekly Subcommittee meetings in Discord.

Please bookmark this THREAD for regular announcements about meetings and other governance business of the ReFi AVC.

ReFi Aligned Governance Strategy Q3 2023

Regenerative Finance Aligned Voter Committee (ReFi AVC)

AVC Profile

We are MKR holders and guardians of the public good.

We shape Maker governance through a Balanced lens valuing innovation & the discerning stewardship of funds.

We prioritize the provisioning of a decentralized, permissionless and globally available "Unbiased World Currency."

Executive Summary

Over the course of several quarters, the Regenerative Finance AVC will develop this Aligned Governance Strategy document through an iterative process of:

(A) synchronous community gathering at scheduled Subcommittee meetings;

(B) incorporating asynchronous knowledge work and comments from our Aligned Delegates;

(C) engagement with DeFi and TradFi participants outside of our particular governance bubble, including MakerDAO Ecosystem Actors, counterparties and other stakeholders; and

(D) publishing an updated and revised version of this Governance Strategy at the conclusion of every calendar quarter.

The ReFi AVC Governance Strategy is framed by the following three broad priorities:

1. Resiliency through Legitimacy and Social Consensus.

2. Defining "Regenerative" Finance, or ReFi, for our purposes as both organizational (decentralized) and technological (crypto-native) change empowering ordinary people with permissionless access to financial services that are anti-fragile, transparent and corruption-resistant.

3. Advocating for research and development of alignment-based incentive structures and mechanisms for subDAO adoption and use.

Over the course of Q4 2023 (and beyond), we will explore:

(A) How should the 3 ReFi AVC priorities be further defined and articulated?

(B) What are specific elements within the Maker Endgame organizational and governance design that bear on the ReFi AVC priorities?

(C) Based on where organizational resources are being directed along the Endgame 5 Phases roadmap, where would the focus and activities of the ReFi AVC provide the greatest positive contribution in support of the work being undertaken by the whole? Why and How?

(D) How should AVC Members and Aligned Delegates allocate their time and make decisions in the short-term so that priorities are achieved in the longer-term?

ReFi AVC Priorities: Discussion Resources

To reiterate from the Executive Summary above, the Regenerative Finance AVC is setting out 3 AVC priorities that MKR holders and Aligned Delegates (ADs) should use in determining their interest in supporting the ReFi AVC (including how

ADs make their own determinations on voting decisions that align with ReFi AVC).

#1

Resiliency through Legitimacy and Social Consensus.

References:

[The Most Important Scarce Resource is Legitimacy by Vitalik Buterin](#)

"To understand the workings of legitimacy, we need to dig down into some game theory. There are many situations in life that demand coordinated behavior: if you act in a certain way alone, you are likely to get nowhere (or worse), but if everyone acts together a desired result can be achieved."

[Rethinking Legitimacy in DAOs by Mangrove DAO](#)

"For societies, legitimacy is like the air we breathe. We take it for granted. We don't notice it. But if it disappears, everything can collapse. This is why it is so important to understand how legitimacy is established in DAOs."

#2

Defining "Regenerative" Finance ("ReFi") for our purposes as both organizational (decentralized) and technological (crypto-native) change empowering ordinary people with permissionless access to financial services that are anti-fragile, transparent and corruption-resistant.

Example: EDSR, sDAI and subDAO Multichain Strategies - prioritizing innovations that bring the savings and wealth accumulation potential of a U.S. money market account to everyone, anywhere in the world regardless of national origin, economic status or access to traditional banking.

References:

[AMBCrypto – 26 Sep 23](#)

[How MakerDAO plans to reap benefits from interest bearing stablecoins](#)

MakerDAO's sDAI is gaining traction in the surging interest-bearing stablecoin arena, while the protocol's strategic expansion into zero knowledge technology signifies its ambition for growth.

Est. reading time: 2 minutes

[Spark Multichain Strategy V2](#) [Spark SubDAO

](/c/spark-subdao/84)

1. Background This is the second iteration of the[Spark Multichain Strategy](#) in preparation for launching the NewStableToken (NST) rebrand. Phoenix Labs is releasing this to guide L2s and sidechains on how best to support the Maker ecosystem in the Endgame era. 2. Overview Phoenix Labs believes that the road to growth is by going where the users are, and that is L2s + other chains. We propose a framework for expanding to other chains compatible with the new AllocatorDAO system. First, some guid…

https://x.com/BlockAnalitica/status/1706693323992571933?s=20

#3

Advocating for research and development of alignment-based incentive structures and mechanisms for subDAO adoption and use.

Reference:

[Abundance Protocol White Paper - Regenerative Economics](#) by [@Abundance](#) DAO (a member DAO of [ACRE DAOs](#))

"The advent of blockchain-based smart contracts, bolstered by their success in spinning off new forms of financial and social organization mechanisms, sparked interest in applying the new technology to creating new funding mechanisms, solving coordination failures, and redirecting some of the great wealth generated in the crypto space toward public goods.

These efforts brought much innovation and excitement to the otherwise stagnant field of public goods funding. Some of the most notable progress has been made in developing network effects to boost crowdfunding of public goods, decentralizing and democratizing funding decision-making, and creating potential investment funnels in public goods based on retroactive funding.

Quadratic Funding

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QF is an application of quadratic voting that is designed to optimize the distribution of matching funds according to the preferences of the community. This is achieved by giving more weight to the number of people who support a cause over the total monetary amount going toward the cause. By democratizing the fund matching process QF incentivizes small donors to participate in the process and get an outsized influence over which projects get more funding. Meanwhile, large donors get social capital for funding the projects that the community wants to support.

Retroactive Funding

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Since it's much easier to determine the impact of a public good after the fact instead of predicting expected impact, the idea of RF is to guarantee funding for successful public goods projects retroactively — once the impact is already assessed. By guaranteeing funding, an organization can create a market for VCs and individuals to invest in public goods based on their expected impact (instead of expected profitability).

Impact Certificates

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While both Quadratic Funding and Retroactive Funding require an external source of funding that can later create network effects around public goods funding, impact certificates attempt to create a market for public goods through speculation on the expected value of an NFT representing the impact of a public good. At the time of writing, this mechanism is still in early stages of development, and questions remain regarding the demand for such certificates (and whether market forces will drive investment based on actual impact, instead of distorting that market) but it shows how far the thinking in the field of regenerative economics has advanced compared to traditional funding models."

Conclusion

As ReFi AVC Members develop and refine this Governance Strategy over time and with input from both experienced and new participants in the MakerDAO ecosystem, we will need the support of Aligned Delegates (ADs) who stand out in two important respects:

(1) as ReFi cultural ambassadors

in their interactions internally and through any external platform or social media they control under their AD brand. This means communications will have a hallmark of professionalism and neutrality that is both welcoming and constructive in tone.

(2) active participants in the work of developing

the next generation Atlas and Governance AI tools by attendance at the relevant weekly meetings

and performing related activities.

Views on Aligned Delegate (AD) Participation Requirements

We appreciate and welcome the optional additional participation by ADs of creating and sharing weekly Ecosystem Intelligence and Scope-in-Focus reports. ADs should feel free to modify and shape the reports going forward in a manner that suits their internal preference. Sharing the news of (and links to) updated reports in the ReFi AVC Discord channel is requested on Fridays or before noon Mondays Eastern U.S. time.

ReFi AVC is not in favor of adding additional ReFi-specific participation "requirements" at this time considering the abundance of work that needs AD attention. We do not wish to constrain the business and strategic decisions ADs need to make for how best to thrive and shine in their role. Their first commitment is to faithfully uphold the Atlas, protect the path to aligned governance equilibrium and safe-guard the MakerDAO ecosystem at large.

Endnote

: ReFi AVC Members (@goodnews @fhomoney) are co-authors of the Regenerative Finance AVC Q3 Aligned Governance Strategy and Aligned Scope Proposals with support from ACRE DAOs member @Abundance. The related required end-of–quarter AVC Decisions and on-chain verified signatures will be shared in separate posts on the ReFi AVC Creation thread.

cc @votewizard @JanSky @Le_Bateleur