Research grant request in response to LEGO cfp #15

(Community-driven analysis of Lido token design, economics and governance).

Based on a [DAO Vulnerabilities](#) research piece by the [Blockscience](#) research team, we were in touch with Lido CTO Vasiliy

Shapovalov regarding applying for a grant to do a resilience

assessment of Lido liquid staking protocol governance. We are interested in assisting Lido in guiding the development of their governance processes to ensure both social and technical resilience of the decentralized staking mechanisms and governance that secure layer 1 protocols. Lido is a very significant project for the broader ecosystem, with governance requirements to be both adaptable, and stable. We are aligned with the Lido goal for decentralized, liquid staking and would like to support the Lido community and ecosystem by engaging in research.

Proposed Research Plan

Goal:

Map the current state of governance in Lido to understand current goals, dynamics, and risks. The aim of this mapping exercise is to inform future work on designing for resilience as a systems engineering and research team.

Method:

Ethnographic research to understand social dynamics (interviews, observation of governance processes, or "who, how?"), and analyze the technical governance dynamics (understand liquid staking in Lido, governance mechanisms, layer 1 dependencies, incentives, controllable parameters, and sensors, or "what/why?").

Refer to DAO Vulnerabilities piece for further details on this social and technical, multi-scale approach to mapping DAO threats, vulnerabilities, and opportunities (linked above).

The aim of this research exercise is to produce a conceptual model of governance (map) of the current system (both social and technical), how the governance process allows stakeholders to control and observe that system, and the threats, vulnerabilities, and opportunities that arise as a result. This will create a foundation for future work to design a system more adapted to the goals, risks, and context Lido needs to operate in, where governance is stable and predictable, but also adaptable.

Research Questions:

1. Why does governance exist in Lido?

2. Who can govern and how does governance currently operate in Lido?

3. What are the vulnerabilities in Lido governance? (bi-directional between stakeholders. Resilience with respect to goals of different stakeholders).

Research Process:

Phase 1:

- Interviews with core stakeholders (approximately 10)

- Simultaneous observation (via participation if possible) in governance flows

(social and coin voting)

Phase 2:

- Internal (Blockscience team) discussions and mapping.

Phase 3:

- External (with Lido stakeholders) discussion to reflect and refine map.

Deliverables:

1. Milestone: A high level summary of Lido current state (approx. 1 page synthesis. Target audience is BlockScience / Lido interviewees).

2. Milestone: A condensed report of initial findings and map (approx 2-3 pages. Target audience is BlockScience / Lido interviewees).

3. Final report (in the form of a long-form research blog post on Lido / BlockScience Medium. Key audience is Lido stakeholders, governors, and community). The view is to assess resilience opportunities, threats, and requirements

based on this output.

Report to include:

a. Description of current state

b. Map of the Lido governance ecosystem

c. Analysis of the vulnerabilities in the Lido governance ecosystem

Team Resources:

1 x Senior Researcher / Project Lead, 1 day a week

1 x Researcher, 1 day a week

1 x Chief Engineer, 1 day a month

1 x Community Expert, 1 day a month

Timeline:

2 months of work estimated, with a delivery date of 3 months from start date (to allow for end of year slow down in access to research participants)

Grant Amount Requested:

34,800 USD in USDT. 50% up front and 50% on delivery.