

Proposal to form reWARDS Committee

We are renewing our focus on policy & governance at Lido, and are asking the community (we need a name) to discuss and vote on a rewards committee. As we get used to proposing more of these structures, a framework will be needed to standardize the process going forward.

Lido is a DAO. DAOs are by definition supposed to be decentralized. It is paramount the community behind a DAO increasingly make all key decisions. However, as a DAO grows and becomes complex, there will be an increased need to delegate minor or highly specialized tasks to reduce operational burden. This way, we hope to reduce voter fatigue on matters they might lack the time, interest or technical expertise to carefully consider.

All DAOs face this challenge. A balance between direct community involvement and delegating responsibilities.

There will be a snapshot vote 3 days after posting or when community discussion has resolved to an optimal outcome.

Thanks in advance for reading and commenting on the rewards committee proposal.

Summary

Create a governance committee dedicated to managing, deploying, tracking and reporting incentives for Lido assets.

Allow the committee autonomy to deploy allocated rewards budget as they see fit with monthly reporting on the decision-making process and community feedback. There will be broad categories around each of the initiatives as well such as 'maintain liquidity', 'increase usage in DeFi', 'facilitate trading volume' etc. These will come with category breakdowns.

Motivation

Currently Lido is allocating ~\$15M(USD) \$LDO rewards across a number of different pools each month with more coming online. The current process is cumbersome and lacks proper clarity on the efficacy of the programs.

Sushi, 1inch, Curve, Balancer, Saber, Raydium, Mercurial and Orca. These are only AMMs. There will be additional needs to allocate incentives to lending platforms, aggregators, new DeFi protocols and new ecosystems as we increase our integrations.

The current process requires a community proposal to add new incentives to a pool, snapshot vote to pass, and then on-chain voting to disburse the funds.

This is slow at times while also increasing voter fatigue in governance.

The weekly Omnibus was a great first step of bundling operational expenses into a single vote. After this came [LIP-3 Easy Track Motions](#) to streamline routine voting decisions which this proposal will build on top of once fully implemented.

Proposal

I propose a founding committee of current members already working on the rewards distribution and a member from the community to start. Later it might be prudent to have a representative from each protocol Lido is built on added (this might become burdensome).

Proposed starting wards

- jbeezy from Lido, business development
- GrStepanov from Lido, has been managing technical integrations
- kadmil from Lido, has been managing incentives and on-chain omnibus
- Alex Beckett from community, has been an active and engaged supporter
- Felix from Chorus One, managing stSOL go to market
- Kai, currently building stLuna for Terra

Governance

The reWARDS committee should be considered part of the Financial Operations Team along with the LEGO committee. The Financial Team will be proposed at a future date.

Use of Easy Track [Rewards Executors](#) to initiate funds. This guarantees rewards are only sent to whitelisted addresses ensuring all funds are accounted for.

All new whitelisted addresses are voted on by the committee before being added. Initial candidates are listed below in

breakdown. All whitelisted addresses eligible for rewards are listed along with corresponding amounts in the monthly report.

Rewards distribution will start with 4/6 signatures and move to a higher security threshold with new members within 3 months.

Accountability

At the end of each month, the committee will publish a report on locations, amount and efficacy of incentives for each platform distributed. This report will also request a tentative budget for the following month in \$LDO to be allocated as they see fit within that budget and with community feedback taken into consideration on each reporting period.

A reporting period will be 3 days of community feedback followed by a snapshot vote only if feedback is contentious or changes outcomes.

The \$LDO will be managed by a public multi-sig controlled by the wards without the need to actually hold them.

With easy track the multi-sig wallet is able to pull funds out as needed and can only send them to approve whitelisted addresses.

Change Management

I propose an initial committee member review within the first 6 months pending proposal approval to discuss change management and/or areas for improvement.

Initial Budget

Due to specifically how easy tracks works there is not a 'real' cap on budget but accountability and oversight will ensure the committee is not sending excessive funds to a whitelisted address.

For Solana addresses, there is a slightly different process due to the bridging via Wormhole so the ETH side address will be whitelisted to start.

6,000,000 \$LDO is the proposed budget for the first calendar month following a successful vote. This allows for room to grow incentives and flexibility for unknowns.

The additional ~1,800,000 LDO over current spend is earmarked for expansion of rewards on Solana with the addition of new pools and protocols. This will be accounted for and added to the whitelist as they come online pending approval of the whitelist additions.

Breakdown and starting whitelist

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image

1710x896 131 KB

](https://europe1.discourse-cdn.com/business20/uploads/lido/original/1X/68e1e7ab775cdf13ba2e99548b20536963d05e88.png)

[LDO Incentives dashboard on Dune](#)

Benefits to Lido

- Streamline routine voting around the rewards program which is a critical part of Lido strategy
- Increase transparency about efficiency of the rewards program with reporting
- Lower the operating overhead for initiating new rewards or continuing existing ones
- Allow flexibility to try new rewards strategies
- Increase community feedback
- Decrease spend on lower utilization pools

Related Threads

[Rewards Committee composition for Easy Track](#) [The LIP - Lido Improvement Proposal - Process

](/c/proposals/lip-process/11)

Easy Track: The Rewards Committee composition The Omnibus voting to enable Easy Track [has been started](#). If passed, two roles will be granted to the EVMScriptExecutor smart contract:

'CREATE_PAYMENTS_ROLE' to allow LEGO committee and Rewards Committee to handle fund allocations (top-up LEGO program and top-up whitelisted reward programs); 'SET_NODE_OPERATOR_LIMIT_ROLE' to allow node operators to increase their staking limits.

In the [Easy Track release announcement post](#) we have mentioned the Re...

[Continue Curve and Sushi LP rewards](#) [Proposals

](/c/proposals/9)

By mid-December, the 30-days reward periods both for Curve stETH/ETH and Sushi wstETH/DAI liquidity pools will expire (on 11th and 16th of December respectively).

Curve stETH/ETH LP rewards For almost a year, Curve pool used to be the foothold of stETH/ETH peg and keeps maintaining it steadily. It's also the deepest pool across DeFi at around \$5 billion TVL at the moment. Keeping it stable and safe is of paramount importance to the protocol, so we propose continuing the LP rewards with the sam...

[Continue LDO rewards for 1inch stETH<>DAI LP](#) [Proposals

](/c/proposals/9)

The second 30-days period of 1inch stETH<>DAI LP rewards is set to expire on November 24th. The second period of rewards for the 1inch stETH<>DAI liquidity pool was different from the first one. Since it has only been incentivized with 200,000 LDO (and not with 200,000 1INCH), we expected it to lose some TVL over its second month, and that is what essentially happened – the pool has lost half of its liquidity and stabilized at around \$33mil TVL. Pool APY is currently around 35%, and it still ap...

[Continue LP rewards for Sushi DAI<>wstETH pool](#) [Proposals

](/c/proposals/9)

LP rewards for Sushi DAI<>wstETH liquidity pool are set to expire on November 16th. It's time to decide on what would be the next month of this pool in terms of LDO incentives. From [analytical dashboard](#) it looks like the pool is operating normally. Pool TVL was relatively steady over the past 30-days period except for one significant withdrawal of around \$10m on October 29th. However, TVL decrease is not unexpected at current ETH price fluctuations, because the assets in the pool are exposed t...