

Summary

This proposal outlines a process for the DAO to allocate resources to strategic projects, issue a public call for bids, and select the most suitable provider. This isn't a replacement for existing procedures for requesting funds.

Abstract

The 'Tendering Procedure' looks towards community-driven problem-solving by enabling delegates to identify needs, share context, and collaboratively develop requirements/specifications for external service solutions through fair competition.

Motivation

In practice, what happens in most DAOs is that a member or organization identifies a problem, proposes a solution, and simultaneously offers their services to resolve it. This means the DAO must vote on the issue, the solution, and the service provider within a single proposal.

Generally, the DAO agrees with the problem—since these tend to be real issues—and the solution might be suitable; however, it is always the only option. As a result, the current process tends to monopolize problem-solving with a single provider, which can lead to unnecessarily high costs, limit more innovative alternatives, and repeatedly rely on the same service providers.

With this in mind, we propose to introduce an open bidding process as an optional system alongside the current one (not as a replacement). This would allow the DAO to resort to a public tender process if it so desires. This process would enable any service provider or candidate to submit proposals not only to address specific problems but also to perform roles within a DAO committee.

This proposal is based on three key principles commonly evaluated in such systems:

1. Competition and cost efficiency:

The DAO will have access to a variety of more competitive pricing options.

1. Diversity of solutions:

Evaluating proposals from different service providers (SPs) allows the DAO to select the most suitable and efficient solution.

1. Quality and skills:

New teams and candidates will be able to compete in both quality and skills, as well as pricing, with top providers and individuals in the ecosystem. This will attract the attention of new participants within the DAO.

This system is neither innovative nor new. Similar RFP and RFT processes are standard in traditional organizations worldwide and have proven effective in fostering transparency, competition, and efficiency in resource allocation.

Specification (step-by-step)

1. Identification of Needs
2. Any delegate can identify a need or problem that requires resolution through an external service provider.
3. The problem and its potential solution are discussed and debated by the DAO community in the forum through a RFC or "pitch proposal".
4. The requirements/specifications for the solution are defined and finalized through discussion.
5. Cost Estimation by Accountability Committee or other trusted body
6. The responsible body estimates a range of the costs associated with the proposed solution.
7. The body establishes a preliminary budget cap based on the requirements/specifications.
8. Tender Proposal Submission
9. A formal tender proposal is created. This includes:
10. Finalized requirements/specifications.
11. A predefined budget.
12. Finalized requirements/specifications.

13. A predefined budget.
14. The proposal is presented to the DAO via Snapshot for approval by any delegate.
15. Call for Proposals (Bidding Phase)
16. Upon approval and based on the complexity of the requirements, the proposer will define the duration of the call for proposals.
17. A 7-14 day call for proposals is announced, inviting external service providers to submit bids.
18. Proposals are submitted to a trustworthy body (e.g., Accountability Committee, dedicated Procurement MultiSig, or the Uniswap Foundation).
19. The body acts solely as a secure inbox to ensure that proposals remain private until the submission deadline.
20. Another 7-day extension may be granted if there are less than two bids.
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22. Another 7-day extension may be granted if there are less than two bids.
23. Revealing and Voting
24. After the submission period ends, all bids are revealed simultaneously.
25. A Snapshot proposal is created, listing all valid bids.
26. DAO members vote on the proposals (ranked-choice voting or single-choice voting)
27. Awarding the Contract
28. The proposal with the highest votes is selected and a voting in Tally is created to ratify the tender's final result.
29. The winning bidder receives the allocated funds to implement the solution through a vesting schedule against pre-defined milestones.

This is what the proposed flow chart would look like. You can see it in good quality [at this link](#).

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image

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](https://us1.discourse-cdn.com/flex016/uploads/uniswap1/original/2X/f/fdc79ddf883b1b4bf612cc7aaf1b22c61f44d343.jpeg)

Other considerations

- Accountability:

The Accountability Committee, dedicated Procurement MultiSig, Foundation or any other designated trusted body serves as a neutral intermediary, ensuring privacy during submission and fairness during the review.

- Future Optimizations:
 - Automating the bidding process via a DAO-integrated UI if the process becomes attractive and useful.
 - Exploring on-chain mechanisms for bid submission, verification, and ranking.
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Other potential use cases

The proposed framework could also be applied to other specific use cases beyond procurement, such as Council/Committee Member Elections: these elections often become popularity contests because compensation is predefined. In this context, the DAO tends to choose the most popular or well-known candidate, as the system does not allow for competition among applicants. If an open system existed that allowed candidates to offer different prices for providing the service the DAO needs, the competition would be fairer and more balanced. This approach could enable the DAO to prioritize candidates who may be less “popular” but offer greater cost-effectiveness.

Community Feedback

This document outlines, at a high level, what we believe to be a fairer process for selecting service providers and committee members. Before developing a more detailed proposal, we are seeking feedback from the DAO to ensure alignment and confirm that this is truly the right path forward.

Finally, we would like to thank [@PGov](#) [@Tane](#) [@AranaDigital](#) [@Areta](#) and [@WintermuteGovernance](#) for their valuable feedback. And also, we extend our thanks to everyone who shared their ideas during the last community call.