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Simple Summary

This proposal introduces gas rebates for delegates' onchain voting costs based on their participation metrics to retain current delegates as well as lower the entry barrier to participate in Uniswap DAO to cultivate a more decentralized environment.

We propose a total budget of $50K in ETH to reimburse active

Uniswap Delegates.

Abstract

This proposal aims to reimburse Uniswap delegates' onchain voting gas costs based on delegates meeting a set participation threshold. Using UMAs Optimistic Oracle, active Uniswap Delegates can enjoy automatic gas rebates paid out to delegates every quarter without any manual effort or additional admin costs to the DAO.

Motivation

The two recent proposals(Delegation of UNI to active but underrepresented Delegates[Passed] & Lower onchain Proposal Threshold [Passed] aimed to increase the decentralization of Uniswap DAO by enabling more participants and enabling more of them to take action. This proposal builds on top of those to create a more decentralized environment where Uniswap DAO retains current active delegates and attracts new delegates to actively participate in Uniswap DAO.

Specification

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2. Current Expenditure
3. Other Reimbursement Programs
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Background

A key part of a DAO is enabling a stakeholder to voice their opinion, no matter how small or large their voting power is. However, the gas of onchain voting can deter long-term participation due to the unsustainable practice of having to front the cost yourself.

Delegate compensation is still a rarity in the space and so are gas rebates. It costs to voice your opinion. This isn't a sustainable practice if DAOs want to retain and attract new delegates, especially if they want to increase the diversity of the voters. This proposal aims to encourage the long-term participation of active UNI holders.

Current Expenditure

Examining the data in the table below, it's clear that gas consumption is elevated, resulting in a substantial financial burden for participants in the DAO. It is imperative to cultivate an environment conducive to the retention of proficient and engaged delegates within the Uniswap DAO.

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Source: Onchain vs Offchain voting

Uniswap delegates have spent over $150,000 on onchain voting. With 37 proposals, this comes to an average of $4,071 spent per proposal. Furthermore, looking at the participation ratio of the proposal to voters, Uniswap has an average of 463 voters; leading to an average cost of $8.86 per onchain vote. If a voter participated in all of Uniswap DAO votes, this would have totaled $327.82.

Besides companies or independents who can afford these expenses, this can prevent those with lower capital from participating in Uniswap DAO.

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Notably, the gas costs for two of these proposals escalated to over $14,000.

To cultivate an environment in which delegates can engage continuously and viably in the Uniswap DAO, it is ideal for the DAO to establish a gas rebate program. This initiative aims to safeguard its members' long-term sustainability and active participation.

Other Reimbursement Programs

Aave

Aave Governance V2 incurred an expenditure of 87.96 ETH, equivalent to $167,131, attributed to a higher volume of proposals and comparatively lower voter participation. To mitigate these gas costs, Aave DAO implemented a reimbursement policy for its delegates contingent on their onchain voting activities, provided they meet or exceed the 80% voting participation threshold. Aave launched their Governance V3 in December 2023 which further mitigates the gas cost of voting by moving governance votes to cheaper L2s and sponsoring the gas costs.

May 2023 & August 2023 reimbursement

Dune Table to identify eligible delegates for reimbursement

Reimbursement Eligibility

We encourage the community to give their specific feedback about the requirements to be eligible for reimbursement.

A potential criterion for delegate gas rebate eligibility could be a UNI voter holding a minimum amount of UNI voting power, coupled with maintaining a minimum of 75% voting participation.

Other ideas could include:

- All delegates are reimbursed for their voting participation
- Only recognized delegates are eligible for reimbursement

How it works?

Integration Steps

1. UMA Team: create a new Safe with OptimisticGovernor module and rules defining criteria of the gas rebates program (eligibility of addresses, frequency, etc). This module would allow anyone to propose transaction batches that meet the rules. Proposals that are verified to meet the rules by the optimistic oracle can be executed.
2. UMA Team: transfer Safe ownership to a Uniswap designated multi-sig. The multi-sig is only intended to act as a fallback or method to transfer funds if the program is shut down.
3. Uniswap DAO: fund Safe with $50,000 worth of ETH.

Due to the Treasury containing mainly UNI, we will transfer UNI to the multisig and complete a swap of UNI to ETH to fund this program.

As mentioned, a new multisig will be setup for this program. The $50,000 will only be used to refund Uniswap delegates. There are no other costs associated with this program as it will run automatically via UMA's Optimistic Oracle.

It's hard to anticipate how long this $50K ETH will last for reimbursements since it depends on various factors; the number of onchain proposals, number of eligible delegates, rising gas costs etc.

Gas Rebate Execution

1. UMA bot (or anyone else) proposes gas rebate transactions quarterly. These transactions are proposed to the optimistic oracle contract.
2. Initiating a transaction requires the proposer (UMA bot) to post a bond of 2 WETH for a 1-day challenge period.
3. Oracle participants review the proposed transactions using the public script.
4. If not disputed, gas rebate transactions can be executed via UMA Bot (or anyone else) who covers the gas costs
5. If disputed, the proposal is escalated to UMA's DVM which facilitates the dispute resolution between the proposer and disputer. UMA only determines the bond settlement between the proposer and disputer, not if the proposed transactions should be executed by the Safe.
6. Uniswap DAO tops up Safe balance as needed

UMA has already built bots that automatically propose transactions and we recommend utilizing these bots in the program for ease of use and to ensure prompt rebates.

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UMA will develop a gas rebate script depending on Uniswap DAO requirements to reimburse delegates. We will also develop a dune table so the Uniswap community, delegates, optimistic oracle proposers, and disputers to easily verify gas rebate transactions.

Dispute process

- Anyone can dispute by navigating to https://oracle.uma.xyz/ and finding the Uniswap gas rebate proposal to initiate a dispute by posting a bond.
- UMA token holders vote to resolve the dispute, with the correct party rewarded from the opposing party's bond. This bonding and dispute mechanism punishes incorrect proposers and disputers and incentivizes honest disputes.
- Any proposal that was incorrectly disputed can be re-proposed to the oracle for execution without requiring revoting. It is important to note, the dispute resolution decided by UMA token holder votes are not deciding if the transactions can be executed or not, only the bond allocation between the proposer and disputer.

Reporting

UMA will provide a quarterly report on the Uniswap forum to provide transparency into processes such as the amount of funds disbursed, the number of eligible addresses, etc.

Other

The OptimisticGovernor contract has been audited by Open Zeppelin and has over $1B of TVS through UMA's OO. The module will only be connected to the newly made gas rebate Safe. This limits any unlikely security issues to only the funds within that Safe.

The proposed optimistic workflow is better suited to ongoing gas rebates than the current Uniswap governance process. The optimistic workflow allows for ongoing rebates without a governance vote each time, it is better at verifying transaction data than governance voters, and it can go from proposal to execution in 24 hours compared to the typical 23 days for a governance proposal under the current process, as seen below.

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Next Steps

1. Incorporate community feedback
2. Present a forum poll to identify the eligibility requirements & identify relevant multisig signers
3. Move to a snapshot vote