

Abstract

- The ArbitrumDAO Procurement Committee (ADPC) is tasked with facilitating & administering various procurement frameworks within the Arbitrum Ecosystem, creating new procurement frameworks for DAO Ratification & creating a proposal for security-service subsidies.

Motivation

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Implementing the ArbitrumDAO Procurement Committee (ADPC) and its associated frameworks is essential for the Arbitrum community as it ensures a transparent, efficient, and accountable approach to procurement, benefiting the ecosystem by securing high-quality service providers via a preemptive quality assurance mechanism which is the procurement framework.

Rationale

- the ADPC will play a pivotal role in achieving further organization within the ArbitrumDAO. The mandate of the ADPC aims to create an optimal organizational framework for service procurement while also creating a marketplace for service providers that would have gone through preemptive quality assurance.

Steps to Implement

- The AIP will move to Snapshot on the 20th of December 2023. Following the conclusion of the Snapshot vote, the AIP will then proceed to the on-chain voting stage so as to ratify the funding & process for the ADPC. Once the forecited steps are concluded the election process will commence.

Specifications & Timeline - Specifications & timeline can be found in the following sections.

Overall Cost

- For a 6-month term, \$8,000 per month (payable in ARB at the applicable conversion rate at the end of the respective month) & 1,000ARB per Multi-sig member [per month]

The Funding Request from the on-chain vote will be 200,000ARB (a buffer has been added so that, in the case of ARB depreciation, the ADPC Multi-sig is still able to satisfy payments to procurement committee members. Unutilized ARB will be returned to the ArbitrumDAO Treasury)

Non-Constitutional

TL;DR

- The ADPC (ArbitrumDAO Procurement Committee) has the immediate mandate of overseeing the 'Procurement Framework for Security Service Providers' recently ratified by the ArbitrumDAO.
- The ADPC may add additional procurement frameworks that will be ratified through Snapshot.
- The committee will research and propose a subsidy fund for security-oriented services within the Arbitrum Ecosystem. A 'Means Test' will be implemented to determine project eligibility for security service-fee subsidies.
- The ADPC will establish procurement frameworks for various verticals and service types within the ArbitrumDAO.
- Three members will be elected to the ADPC through Snapshot's weighted voting system.
- Eligibility criteria for members include experience, integrity, conflicts of interest disclosure, industry knowledge, analytical skills, financial acumen, communication skills, negotiation skills, project management abilities, ethical conduct, teamwork, technology proficiency, and decision-making skills.
- The election process involves application submission, KYC/KYB review, and member election via Snapshot.
- The ADPC's term is 6 months, with a monthly stipend of 7,500ARB for elected members.
- Operational parameters include meeting minutes, monthly reports, bi-weekly calls, and a public dashboard.
- The ADPC's Multi-Sig will be a 3/5 with signers receiving 1,000 ARB per month for their services. Signers cannot be Procurement Committee members.
- Streaming of funds and clawback capabilities are implemented for multisig accountability.
- The ADPC will be regulated via an Agreement with the Arbitrum Foundation.
- The Agreement will cover appointment, conflict of interest, mandate, record-keeping, duty of impartiality, recusal, self-dealing prohibition, and ethical trading standards for ADPC members.

Executive Summary

This proposal intends to formalize a structured group within the ArbitrumDAO (the 'ArbitrumDAO Procurement Committee' or 'ADPC') responsible for overseeing and managing Procurement Frameworks that are ratified by the ArbitrumDAO from time to time depending on the needs of the organization. The ADPC's primary purpose is to ensure that procurement activities are conducted efficiently, transparently, and in compliance with the applicable framework/s.

Overview

The ADPC's immediate mandate will be that of facilitating & administering the recently ratified 'Procurement Framework for Security Service Providers' [REF:[Proposal \[Non-Constitutional\]: Procurement Framework \[Security Service Providers\]](#) & [Snapshot](#)]. This mandate can be supplemented by virtue of a Snapshot vote whereby the ArbitrumDAO may add another procurement framework that the Procurement Committee will be responsible to administer & facilitate.

Composition of the ADPC [Mandate, Eligibility, Election Process, Funding, Operational Parameters]

[i] MANDATE

1. The primary mandate of the ArbitrumDAO Procurement Committee (ADPC) is to oversee and facilitate the recently ratified procurement framework for security-oriented service providers within the Arbitrum Ecosystem, as per the following reference: [Snapshot Proposal Link: [Snapshot](#)]. In this capacity, the ADPC bears the responsibility of diligently executing the steps essential to implement the aforementioned procurement framework in a manner characterized by transparency and efficiency.
2. The ADPC will be tasked with researching & drafting a proposal to the ArbitrumDAO to set up a subsidy-fund for security-oriented services that will be used to subsidize the costs for security-services for smaller projects within the Arbitrum Ecosystem.
3. The ADPC will be tasked with researching & implementing a framework that will establish a set of qualitative & quantitative metrics that will be utilized so as to assess a project's eligibility for the 'Subsidy Fund' referred to in point [b] above. This 'Means Test' (as referred to in traditional administrative practices), will be bundled in with the proposal that will set up the subsidy fund referred to in [b]. The Means Test will be used to assess whether a project is eligible for security service-fee subsidies. Initially, this methodology will only be applied to security-oriented services. However, this does not preclude the application of this same concept to other verticals within the ArbitrumDAO.
4. The ADPC will be tasked with establishing procurement frameworks for a myriad of verticals/service-types that the ArbitrumDAO could need in the foreseeable future. This proactive approach towards procurement will naturally aid in ensuring that projects within the Arbitrum Ecosystem have immediate access to high-quality whitelisted service providers when the need arises. In this regard, all procurement frameworks developed by the ADPC will need to be ratified through a Snapshot vote by the ArbitrumDAO.
5. The ADPC will be tasked with creating & communicating guidance notes & circulars that will substantiate & provide additional detail in relation to any procurement framework that is ratified by the ArbitrumDAO from time to time. The aim of these guidance notes & circulars is to provide prospective applicants going through the procurement process with the necessary information that would enable them to satisfactorily complete the steps of the corresponding procurement framework.

Steps [2], [3] & [4] of the mandate will necessarily have to be coupled with a 14-day consultation period pre-structuring so that input is solicit from the ArbitrumDAO and other relevant third-parties. The input collated during the public consultation period will necessarily need to be made public.

The ADPC will be composed of three [3] members that will facilitate & administer procurement frameworks as ratified by the ArbitrumDAO from time to time. The appointment of ADPC members will be effected via an open election process via Snapshot's weighted voting system; wherein the first three [3] ranked members in the vote will be elected to the ADPC. Albeit not legally binding, when voting for prospective members of the ADPC, delegates & token holders alike should prioritize the following eligibility criteria so as to properly equip the ADPC to carry out its mandate.

[ii] ELIGIBILITY CRITERIA

Albeit not being legally binding, prospective voters looking to assess election applicants should in-principle conduct their assessments in light of these criteria.

Experience

- A demonstrated knowledge of procurement principles & best practices;
- In-depth knowledge of procurement frameworks as ratified by the ArbitrumDAO from time to time;
- At least 3 years experience in Legal, Operations or Administrative role.

Integrity

- Disclosure of any involvement in ethical breaches, fraud, manipulation, or other forms of misconduct, whether in the past or present.
- Failure to provide accurate and complete disclosure of such information will result in the forfeiture of the applicant's eligibility upon the discovery of this information.

Conflicts of Interest and Independence of Mind

- Disclosure is required for any actual or potential conflicts of interest that may emerge upon being selected for the role applied for.
- This includes any factors that may impair one's ability to carry out decisions with sound, objective, and independent judgment.

Industry Knowledge

- A comprehensive grasp of industry-specific service procurement challenges, procurement frameworks, and prevailing best practices.
- Previous experience drafting governance proposals.

Analytical Skills for Service Contracts

- Robust analytical capabilities for evaluating and negotiating service contracts, including service-level agreements (SLAs) and performance metrics.
- The ability to identify and assess risks associated with service procurement decisions.

Financial Acumen (Service Costs)

- A firm grounding in financial aspects of service procurement, including budgeting, cost analysis, and financial implications.

Communication Skills

- Exceptional communication abilities, both oral and written, for interactions with service providers, stakeholders, and fellow committee members.
- The capacity to convey complex service procurement information clearly and effectively.

Negotiation

- A high degree of proficiency in negotiating service agreements and SLAs to secure favorable terms, pricing structures, and quality standards with service providers should the need arise.
- The ability to build and maintain positive relationships with service providers.

Project Management Abilities

- Proficiency in project management related to service procurement, including project planning, execution, and performance monitoring.
- The capability to manage timelines, resources, and deliverables effectively for service projects.

Ethical Conduct

- An unwavering commitment to ethical conduct in all service procurement activities, ensuring transparency and fairness in service provider whitelisting & facilitation.

Team Player

- The ability to function effectively as a team player within the committee and collaborate with other organizational departments, stakeholders, and service providers.
- Willingness to consider diverse perspectives and reach consensus on service procurement decisions.

Technology Proficiency

- Familiarity with service procurement software and tools for managing service procurement processes, data analysis, and reporting.
- Previous experience with Asana/Airtable.

- Previous experience with Multi-Sigs.

Decision-Making Skills

- Sound judgment and decision-making skills to make informed and strategic service procurement choices aligned with the organization's service procurement strategy.

[iii] ELECTION PROCESS

We propose adapting section 4 of the ArbitrumDAO Constitution & optimizing it to apply to the election for ADPC Members [REF: [The Amended Constitution of the Arbitrum DAO | Arbitrum DAO - Governance docx](#)]. Hereunder, we propose an adapted model of Section 4 of the ArbitrumDAO Constitution to implement in the ADPC Elections.

The ADPC election process is scheduled to begin 3 business days from the ratification of the on-chain proposal that will secure the funding for the ADPC.

The date chosen for the first election will form the basis for all future elections. Every election should begin 6 months after the previous election has been finalized.

All ADPC committee members are expected to serve their term unless terminated by the ArbitrumDAO through Snapshot as stipulated in the Agreement regulating the ADPC [Further details below re. the Agreement & Defining provisions in the Checks & Balances section].

There will be one election with the first three [3] ranking members in the weighted voting Snapshot being elected to the ADPC.

[iv] PROCEDURE & ELECTION TIMELINE

1. Application Submission (T+7 business days):

Anyone may submit an application on a dedicated page on the ArbitrumDAO Forums in conformity with the application template stipulated hereunder;

1. KYB/KYC + Delegate Review Period (7 business day period following the end of Application Submission Period):

Applicants who would have validly submitted their applications in conformity with the application template will then be required to undergo KYC/KYB processes. All candidates will cooperate with the Arbitrum Foundation and complete the compliance process. The Arbitrum Foundation is responsible for removing any candidates who fail the compliance process. Only applicants who pass KYB/KYC will be eligible for the ADPC election.

1. Member election (7 business day period following the end of KYB/KYC + Delegate Review Period):

A Snapshot with weighted voting will be put up, including the list of all eligible candidates. The three [3] highest voted candidates will be elected to the Procurement Committee.

The ArbitrumDAO may approve and implement a Non-Constitutional AIP to change the rules governing future ADPC elections, but the AIP process may not be used to intervene in an ongoing election.

[v] ELECTION APPLICATION TEMPLATE

Applicant Information:

Name of Applicant & Applicant's Representative [If Applicable]:

Email Address:

Telegram Handle (if applicable):

LinkedIn Profile (if applicable):

Primary languages spoken:

Disclosure of other time commitments:

Experience

[Refer to Eligibility Criteria] Please provide a brief overview of your experience in the digital asset industry and, more specifically, the Ethereum & Arbitrum Ecosystems. Include any relevant projects, contributions, or roles within the ArbitrumDAO, if applicable. (400 words max)

Objectives & Motivation

Explain how you envision contributing to the primary mandate of ADPC (300 words max)

Integrity

Disclose any past or present involvement in ethical breaches, fraud, manipulation, or other forms of misconduct. If you have no history of such activities, please explicitly state this. (300 words max)

Skills and Experience

[Refer to Eligibility Criteria] Provide details about your relevant skills and experience in Legal, Operations & Admin, including any previous work or contributions related to the mandate of the ADPC (300 words max)

Industry Knowledge

Explain your understanding of the specific industry or sector related to the services in which the ADPC will operate, especially in the context of procurement. (300 words max)

Financial Acumen (Service Costs)

Describe your experience and capabilities in budgeting, cost analysis, and understanding financial implications related to service procurement. (300 words max)

Negotiation

Highlight any previous experience in negotiating service agreements, securing favorable terms, pricing structures, and quality standards with service providers. (300 words max)

Project Management Abilities

Provide examples of your project management skills related to service procurement, including planning, execution, and performance monitoring. Include references to any relevant tools that you've utilized in this regard. (300 words max)

Technological Proficiency

Kindly detail your experience with service procurement software and tools, focusing on key insights gained from your prior use of platforms such as Asana/Airtable and Multi-Sigs. Additionally, list any other relevant software and tools that you might have utilized or consider pertinent in this domain. (300 words max)

SUMMARY

In summary, please highlight your key qualifications and what you believe you can bring to ADPC. (400 words max)

Feel free to attach any relevant documents, portfolios, or links to previous work or contributions.

[vi] FUNDING, TERM & OPERATIONAL PARAMETERS

FUNDING

Elected members of the ADPC will receive a comprehensive compensation package as part of their service during their 6-month term. This package includes a monthly stipend of \$8,000 per month (payable in ARB at the applicable conversion rate at the end of the respective month) to support them in their roles and responsibilities within the ADPC.

TERM

The duration of the ADPC's mandate will be of 182 days [6 months] from the moment the on-chain proposal that funds the ADPC is approved by the ArbitrumDAO.

OPERATIONAL PARAMETERS

- Meeting minutes will be taken for every meeting and published on a public Notion site for review by the ArbitrumDAO;
- Monthly report detailing performance of the ADPC;
- Bi-weekly calls with the community in relation to the ADPC;
- Public Asana/Airtable dashboard to be utilized by ADPC members to submit updates on specific tasks and sub-tasks and thus, keeping the ArbitrumDAO in the loop.

We believe this eliminates information asymmetry while allowing ADPC members to conduct their work in the most efficient possible manner. For token holders and the community, they can quickly go to these operational dashboards and see ADPC progress. These dashboard will also grant applicants going through the procurement process insight into internal timelines & progress, thus ensuring a high degree of transparency operationally.

ADPC [Multi-Sig]

The ADPC's 3/5 multisig is being created. The funds in the multisig belong to the ArbitrumDAO and the signers act as Multi-Sig administrators on behalf of the ArbitrumDAO in coordination with the Arbitrum Foundation. Signers will receive 1,000 ARB per month for their contribution. Funds held in the multisig are explicitly banned from usage in ArbitrumDAO governance including delegation. The multisig includes:

- DisruptionJoe [Plularity Labs]
- [@dk3](#) [Premia Finance]
- [@limes](#)
- [@KlausBrave](#)
- Dan [Vela]

The ADPC multisig includes two features to ensure accountability of signers and grantees:

The ADPC multisig includes two features to ensure accountability of signers and members elected:

- Streaming of funds to elected members through Hedgey on a monthly basis. The ArbitrumDAO will maintain control over this stream and have the ability to cut it off with an on-chain vote as the ArbitrumDAO will be made the Grant Admin on the Hedgey module.
- Clawback capability as explained hereunder.

The Multi-Sig will grant the ArbitrumDAO the function to clawback funds from the ADPC Multi-Sig via the [Zodiac Governor Module via the created ArbitrumDAO ADPC](#).

In addition, after the ADPC Elections & thus, member appointment, the ADPC Multi-Sig members will utilise Hedgey to stream the respective funds to the elected members with the ArbitrumDAO being the Grant Admin thereof. The ArbitrumDAO's Grant Admin role thus gives the DAO the ability to halt any streaming of funds to any member via governance.

CHECKS & BALANCES

The ADPC will be regulated via an Agreement entered into by all elected ADPC Members with the Arbitrum Foundation serving as a counterparty to the Agreement.

The Agreement will be made public & include, but will not be limited to the following provisions:

Appointment & Termination: ADPC Members will be appointed via the forecited election process in accordance with ArbitrumDAO Consent by the Arbitrum Community.

- Arbitrum Community will be defined as follows:

"Arbitrum Community" means those persons who have the right to propose and vote on proposals ergo, the token holders of the ARB token with the following contract address [0x912CE59144191C1204E64559FE8253a0e49E6548] from time to time visible at [\[\\$2.03 | Arbitrum \(ARB\) Token Tracker | Arbiscar\]](#).

- ArbitrumDAO Consent will be defined as follows:

"ArbitrumDAO Consent" means a vote of the ArbitrumDAO Community in favour of a proposal satisfying the minimum requirements set forth at [The Amended Constitution of the Arbitrum DAO | Arbitrum DAO - Governance docs](#) (as such minimum requirements set forth therein on the date hereof may be revised from time to time with ArbitrumDAO Consent) taken by any of the following means:

1. [Snapshot](#) (or any successor thereto); or
2. another mechanism, whether on or off a blockchain, that ensures only and all people voting hold or have been delegated blockchain-based tokens known as ARB.

Conflict of Interest Provision: ADPC Members will be bound to act in absolute good faith, utmost honesty, refraining from deriving unauthorized profits from their position & disclose conflicts of interest. ADPC members should always disclose any potential or actual conflicts of interests to other ADPC members who will then proceed to mitigate the respective ADPC Member's involvement in the task in relation to which such ADPC Member is conflicted.

To sum up, all ADPC Members must declare the nature and extent of any interest, direct or indirect, which the ADPC Member is aware that she, he or it has in a proposed task at hand.

Mandate & Purpose of the ADPC: The ADPC members are pivotal in executing the purposes of the ADPC, ensuring that the activities thereof align with the ADPC Mandate objectives and the stipulations of ratified proposal.

Record-keeping and Reporting: Comprehensive and precise record-keeping is imperative. ADPC Members will be required to maintain detailed accounts and documentation of the ADPC's internal operational workflow together with meeting minutes. Furthermore, periodic reporting is essential so as to keep the ArbitrumDAO updated re. Task-specific progress & internal ADPC Administration.

Duty of Impartiality: ADPC Members will have an obligation to act in an impartial manner in relation to their tasks & workflow, ensuring that the ADPC is not compromised by personal interests or external influences.

Obligation of Recusal: ADPC Members with a conflict of interest involving a service provider being reviewed by the ADPC should recuse themselves from participating in the evaluation, facilitation & administration of the applicable procurement process.

Prohibition of Self-Dealing: Participants should refrain from voting on sending funds to themselves or organizations where any portion of those funds is expected to flow to them, their other projects, or anyone they have a close personal or economic relationship with.

Ethical Trading: Members are required to follow ethical trading standards concerning ARB and any other relevant digital assets.

VOTING

- Option A: Fund the ArbitrumDAO Procurement Committee
- Option B: Do not Fund the ArbitrumDAO Procurement Committee
- Option C: Abstain