

Hello all,

#### The Problem:

The Community Pool as a resource has been heavily drained over the past two years because of many different problems propagating across the ecosystem. This ranges from:

- People who have touted a “growth mindset” to just chuck money at everyone (which has resulted in instances of the Community Pool being rugged);
- The inability of validators to make a decision on contentious matters that often results in large swathes of “abstain” votes; and
- Funds from the Community Pool being approved to spend by people purely by the amount of SCRT staked as opposed to any experience or expertise in the relevant field.

Unfortunately, Wayback Machine wasn't too kind so I can't give a proper data point, but I am confident that the Community Pool has spent over 1,000,000 SCRT over the past two years with little to be proud of.

The Community Pool has a very finite amount of resources and unless we are more efficient with how these funds are deployed, the Community Pool will deplete and be spoken about as one of the many failures within this ecosystem.

I believe the Network currently has positive actors that receive funding from the Community Pool but there is still a need to optimise this further. These conversations don't happen in the normal governance process because governance usually results in very binary answers with “yes, we fund” and “no, we do not fund” with nothing in between.

#### The Proposal:

It is my opinion that Secret should transition away from using the Community Pool directly to fund proposals and move towards a Kujira Senate-like implementation where a small number of individuals are nominated to review and adjudicate proposals.

For reference, Kujira can have up to nine senators and the passing of a proposal requires more than half of the senators to support a proposal with a quorum of 75%.

Under such a proposal, the Community Pool would make a transfer of funds to the DAO that represents the Secret Senate. The Community Pool would continue receiving funds from inflation, but it is expected that spend proposals will go through the Senate and the Community Pool will make periodic transfers to the DAO. See the section on accountability for my thoughts on this piece.

This will be presented as a signalling proposal to understand whether the community supports a transition towards a Senate, with later proposals to nominate those initial members to the Senate.

#### Accountability:

As stated in the above section, I do not believe it is appropriate to yet remove the Community Pool module in its entirety. Before we get there, I envision the interim step as periodic sweeps from the Community Pool to the Secret Senate to support operations. This is because this will be a material change and it is important that the Community continues to support this change long-term.

The Senate will be responsible for communicating spend proposals each quarter to the community to maintain transparency. This should not be an opaque organisation and all funding distributed to each proposal should be clearly communicated to the community, with the exception of those that require NDAs.

Note that I think with the current state of the ecosystem, the vast majority of spend proposals should be entirely directed towards those that are building on the L1 (or the wider constellation subject to economic alignment with Secret).

If the Senate fails to meet its obligations with respect to transparency, or if the community believe that the Senate is failing to be a better allocator of resources, then this can always be wound down and back in the control of the Community Pool entirely.

#### Items to Resolve:

Upon the passing of this proposal, there will be a number of items to clarify:

- Agreeing on the number of members in the Senate;
- A series of governance proposals voting in/out members. These proposals should all occur concurrently. I expect that more people than the capacity of Senate will be voted “yes” to, so there will be another exercise in determining how these are chosen (potentially the highest “yes” voted members); and
- The creation of the necessary infrastructure, i.e., DAO tooling, something that has evaded the Network for a

significantly long period of time.

Feel free to poke and prod on the idea and I shall do my best to communicate my thoughts better so we can shape this into something better than I have conveyed!

OJ