Decentralized Autonomous Organization (DAO) allows groups of people with similar interests to operate their organization without a hierarchal authority figure and, instead, through decentralized governance. The DAO’s members can cooperate and run the entity with full transparency. The organization’s rules are encoded into a transparent computer program and members can control the code without the worry of outsiders influencing it.

But Most existng DAOs use variants of token-based governance or reputation-based governance, with some seeing problems like low participation or plutocratic power distribution.

**Mechanisms for better DAO's participation**

Using Uniswap as a case study.

Uniswap did not start as a DAO . it launched its governance token UNI in September 2020. 60% of the token supply was reserved for community members, and 15% was distributed to past users.

Henceforth, UNI token holders would have voting power over key decisions and assets such as:

(a) changes to the Uniswap protocol, including code modifications, new integrations, partnerships and more

(b) UNI community treasury, or fund usage of the unallocated community UNI tokens, now over $3bn

(c) where to send or use Uniswap protocol revenue, which takes a fee from each transaction on the Uniswap protocol

(d) other assets such as the Uniswap ENS domain

In order to participate in the DAO governance, the Uniswap team has put together a series of documents and resources outlining the governance process, which is significantly simplified and summarized here:

* **Discussion / Community.**Community members interact, post and comment about governance proposals on the Uniswap Discourse forum.
* **Snapshot Test.**Community members send ideas or proposals for a snapshot test, which is like an off-chain litmus test vote to see if a proposal has serious traction or engagement. There are a series of these lightweight votes before a formal governance proposal is allowed.
* **Formal Proposal.**If a proposal passes all snapshot tests, it is submitted as a formal governance proposal in the form of written (and audited!) code submitted to the Uniswap governance smart contract. UNI token holders vote **on-chain**for the proposal (binary options – yes or no). If a proposal fails, the attached code is not executed. If a proposal succeeds the vote threshold, it is automatically executed after a two-day timelock.

**All DAOs essentially mirror the same building blocks**:

* **Constitution**. What is the purpose of this DAO? What does the DAO govern – how does the governance process work?
* **Community.**What are the community’s ideas and participants?
* **Proposal Process.**How does the community follow a multi-step process for creating, gathering support for, and crafting governance proposals?
* **Voting.**How does voting take place, and what rules constitute a “yes” vote or a “no” vote?
* **Implementation.**How do the results of the vote get implemented? Are there failsafes (e.g. Curve’s Emergency DAO that can overrule DAO decisions) or other “meta-governance” structures?