Tokenomics for the Curation DAO

Adelina Shaydullina, Lisa Minaeva

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Abstract

Today culture workers have to meet the official government and institutional discourse, permanently care about funding, and manage all operating activities on their own, loosing their key focus of research and art. At the same time the culture community is divided into small local groups and isolated from each other belonging to specific geographies and institutions.

In this paper we offer an organisation mechanic that will reunion representatives of four culture branches in one common space of MetaVerse and provide the favourable landscape, both in terms of funding and operations, for cooperation to research, product, display and publish. We describe the 7-stage DAO lifeflow and review key risks including the issues about possible collusions and plutocracy, protection for personal identity and free-rider problem.

With such structure culture workers can lead their own projects and contribute to the projects they'd love following their own discourses, values and research proposals.

1. Definitions and key problems of modern culture workers and constraints of culture institutions

We divide culture into four branches: art, science, religion, education, that can both interact or develop internally. By culture workers we mean all people engaged in culture aimed at both performing [tangible results] and research [processing], regardless of institutional education or official belonging to any parties.

As the key problems of modern culture workers activity we define:

- Social
    - Cultural workers have to meet the official key discourse of the political institutions of the country they were born in or studied to be able to operate and get funding [and not to be banned or censored] even though this discourse does not resonate with their values and statements
    - There are very few international institutions organizing cross-culture experience that leads to single-culture isolation for most culture workers

- Financial
    - Need for funds for both research and production for each new project: lack of fundraising skills, social connections and emotional resources to succeed in fundraising
    - Culture workers have to make a living with other jobs [often with unqualified professions] just to be able to pay the bills

- Operating
    - Each cultural project is followed by plenty of management, producer, financial and legal work that cultural workers have to carry out on their own loosing quality, time and professional execution. And when it comes to art managers they face the financial resources on one hand and lack of professionals in the market on another hand

To illustrate the collaborative principles described above we consider a case when an artist has an intention of bio-art performance. To prepare a sufficient basement for future development he/she goes to biology science representatives and ask for support at the research stage. And education representatives organise the research results in a simple and understandable form to introduce the audience into the research question [that is in this example education reps take the function of curators].

While designing DAO's tokenomics and governance mechanics we relied on these problems trying to define the way to handle them and to create a world without borders, institutional corruption and nepotism.

2. Introduction of DAO

In culture workers case the key DAO's functions are:
- Build up a framework providing culture workers with independence of official culture and government institutions in terms of values, censorship, finances, etc.
- Organise environment for cultural and disciplinary exchange
- Redistribute financial, human, labor, professional and other resources between DAO participants, mitigate ethical obstacles: no politics, less restrictions, no statuses and hierarchy, that design favourable environment for horizontal relationships when different culture branches representatives cooperate instead of exploring each other
- Get rid of third parties [art management, publishers, etc.] between creators and their audience [or at least to diminish their role]

Curation DAO operates as a traditional Decentralised Autonomous Organisation meaning that its governance, decision making, financial and other mechanics are fixed in smart-contracts.

Curation DAO is supposed to be a commercial organisation meaning that it can [but is intended to make money and distribute the earnings to DAO's needs [according to the transparently defined rules] and free funds can be also distributed between DAO participants as scholarships.

DAO set up consists of 7 stages.
However, the general workflow is not strictly divided into calendar seasons, it can consist of topic season, separate projects or any other time units that work for participants.

- Stage 1: First contributors gathering
- Stage 2: White paper writing
- Stage 3: NFT campaign
- Stage 4: Pitch-day
- Stage 5: Research and production
- Stage 6: Show, display, perform, and act
- Stage 7: Sale of pieces in MetaVerse
- Stage 8: Review of results to be implemented in the next round
- Stage 9: opportunity of additional cash flow streams

3. Detailed description of DAOs operating mechanics and tokenomics

a. First contributors get together

As it was mentioned in section I there are four culture branches. To start DAO's operating activity the amount of participants from each branch should equal 20, that means 20 people [or teams] from art, 20 people [or teams] from science, etc.

In this framework we strongly recommend to avoid any official requirements such as previous experience or special education, as the creation process as a rule has nothing to do with formal approach. That's why our suggestion is to have 10 people [or teams] with already existing background of meta verse experience [at least trials and experiments] and 10 people who have never tried before but feel strong desire to give meta verse a chance as a culture medium.

To get together these people or teams at the beginning [even before DAO is set up] we need a volunteer [or several] who will be ready to set up organisation. Any physical person or a company or a non-commercial organisation [or any combinations of them] can act as a volunteer at the beginning. They have purely organising function and do not have any real power.

Their key goal is to reach out culture workers interested in and using Meta Verse as a medium and share the idea to set up DAO. We also put on them setting up several starting online meet-ups.

The first stage is over when there are at least 20 participants from each culture branch ready to be DAO members.

b. White Paper Writing

When 80+ DAO participants get together — they are asked to describe their projects' ideas shortly [a couple of pages per project with some kind of illustrations where possible] to create a "white paper" [or a to teaser] of future DAO activity that can be catchy for external participants [spectaculars, viewers, observers, etc.]

*at this stage instead of projects can be described research proposals as a final point of specific work period

c. NFT Campaign

When the DAO teaser is ready — it's shared and shown to potential audience and the offer for them is to buy a one year ticket [issued as an NFT] providing access to all DAO events, displays, papers.

A substantial part of DAO activity results is available for everyone [that's crucial for total awareness development] but the specialties, the unique and unusual experiences will be available for NFT holders only. NFT drops take place on a regular basis [for example, once a quarter] and NFT can be sold and bought in the secondary market. NFT provides access to all DAO's closed activities during a year [but it does't guarantee that some specific events will take place].

NFTs are sold for ETH as the predictable and backed cryptocurrency that at the same time can be multiplied using DeFi instruments. That is from the moment of NFT drop and to the moment of funds distribution the DAO's funds can be staked in ETH earning modest but still tangible interest for DAO participants.

Funds distribution:

• 50% for DAO participants projects funding
• 5% MetaVerse building and support

- 35% scholarships funding [assign equally to each DAO participants to cover core living costs in such a way that DAO participants can focus on their culture work with no need to make a living]
- 10% contingency reserve

Together with NFTs we also introduce the utility governance token [let us name it DAO_TOKEN] a unlimited supply utility token that can be earned and spent while participating in DAO's development. At the beginning 10M tokens are issued and equally distributed between DAO participants. For all new participants [that will join further] the starting number of tokens is x = 10M/starting _number_of_DAO_participants.

Let us say that each DAO participant gets x DAO_TOKEN. Then there are two issues when DAO_TOKEN works:

The first issue of governance token is funds distribution. Once a period [for example once a quarter] DAO has a meeting where funds are distributed to applied projects by participants voting. And the share of held tokens reflects the vote's weight.

To avoid frustration and obligation to finalise projects the funding is always divided into three tranches and the project can be stopped after the first tranche for any reason without any questions. And if the project's team wants to interrupt the project after the second tranche — each participant has to pay 0.01-0.05x penalties [in DAO_TOKEN] and if that happens after the third tranche — the penalties will be as high as 0.3-0.5x.

The second issue is new DAO participants invites. DAO is equally open for everyone: the application form is available in the website. But each new member should be approved by four DAO participants [three from the specific branch and one from any other branch, for example if Alex applies as a religion worker he/she should be approved by three religion workers and one any other [non-religion] worker]. While approving DAO member spends t = 0.02x DAO_TOKEN but when the new participant delivers his/her first project those DAO participant who he/she was approved by gets 3t DAO_TOKENS, that on one hand encourages DAO participants to look at new potential culture workers joining DAO but on another hand the decision should be rather thorough and mature.

Additional opportunity to earn governance tokens:

To avoid the case when everyone is trying to play solo and push personal projects only and encourage collaborations, we offer the rewarding mechanism for collaborating and DAO operating processes participation

- When one comes up with an idea of a new project in a pitch day, he/she is required to prepare a list of resources he/she needs including the request for collaborations from other culture branches side [for example if Kate is an artist and her new project is going to be connected with modern mental health she can require help from a neuroscientist and psychotherapist for the research stage
- In case of successfully launched project its initiator gets p = 0.5x DAO_TOKENS and those DAO participants who collaborated get 2p DAO_TOKENS and those DAO participants who helped with operating, administrative and production stages get 3p DAO_TOKENS

Additional source of funds for DAO participants and audience attraction mechanism

When it comes to NFT campaign, DAO participants will be rewarded for each new NFT holder [NFT drops will be regular and there will be an open waiting list] if the NFT holder was invited personally by specific DAO participant [and NFT holder wrote the name of DAO participant while minting his/her NFT]. In this case DAO participant gets 25% of NFT price available for funding his/her further projects [with no approvals needed] or 10% of NFT price as his/her personal one-time scholarship.

d. Pitch day

Each period the pitch day takes place when everyone has an opportunity to pitch his/her project with detailed description, roadmap with key milestones, funds needed and requests for specific community help and support.

Agenda of pitch days includes:

• New DAO participants projects funding [if one comes up with the project the application fee is 0.1x, only the project initiator is charged]
• Considering applications for increased scholarships [in case of health or other specific needs [there is no special fund for increased scholarship but it can occur by redistribution scholarships through voting from supported the specific application to those who applied]
• New DAO participants approval
• Other operating, strategic and financial issues that need to be discussed

d. Research and production

The research and production period varies from project to project.

After the pitch day and funds distributions the research and production period takes place. While personal project have no official requirements and rules, all DAO members are required to participate in special part created for NFT holders only. That includes a number of projects [at least 2 per year] for each culture branch [art, science, religion and education]. The activities take place in DAO MetaVerse [that can be set up in an already existing MetaVerse such as SandBox and Decentraland, or a separate DAO MetaVerse can be built, this question should be clarified by DAO participants in one of the first pitch days based on what format will meet the needs of DAO better]

The formats of special NFT community events can vary, but the key requirement is that they should be available for wide audience in order to support DAO funding. As an example we offer to conduct special experiences, performances and displays from art branch, MetaVerse sermons in MetaVerse from religion branch, educative lectures from education branch and advisory assistance from science branch. These activities can vary based on DAO participants interest and opportunities and NFT holders impressions, feedback and interests.

e. Show, display, perform and act

When the project is ready the final point takes place [it can be a display or research presentation, public or private]. This point describes shortly the results of the project and [in case of display, event, etc.] the show-case itself. There is no special period for projects presentation, teams can present when they are ready.

f. Sale of pieces in MetaVerse

As DAO targets at MetaVerse interested culture workers from the very beginning a part of projects will exist in the MetaVerse. These objects can be then sold to NFT holders [or other external audience] in order to increase the DAO's funding for further projects and initiatives.

g. Review of results to be implemented in the next round

After the first round [one year] the annual meeting takes place. The annual meeting is the point where any ideas and changes can be voted and put to the vote.

The goals of annual review are:
• Make sure governance mechanism works in a right way, review all the offers about it and make decisions about changes and improvements of governance mechanism
• Discuss any operating and strategic issues and problems defined during last year and come up with ideas how to handle them

- A display or open event can take place as well if some DAO participants have a need or desire of such a representation form
- Have fun and celebrating party, share impressions and feelings, be together

e. Opportunity of additional revenue streams

If there are any commercial activities that fit in core DAO workflow and can increase DAO treasury — they are welcome. DAO can create environment for commercial services however the participation is fully up to each participant.

One of such initiatives can be on-demand research conduction by science branch participants.

4. Critique: possible challenges and risks and how to handle them

a. Risk of concentration of DAO participants and their activities around several specific institution and **risk of turning into one more ordinary NFT project**: despite one of stated DAO values is independence from institutions in terms of funding, values and core discourse, DAO is still interested in good relations with as many different institutions as possible [this is an important point for start as to launch DAO as a sustainable and anti-fragile body it should cover various cultures, various institutions representatives, various mediums, traditions and forms from the very beginning [that is from the first potential DAO participants outreach].

And while DAO is developing it should draw attention of more and more various institutions as the base to deliver DAO participants projects to for further displaying and exploring on one hand and to engage in DAO activity representatives of new cultures, traditions and discourses on another hand. Finally, that will permanently rebalance number of participants relating to a specific institution.

That will contribute to permanent DAO movement, development and transformation and NFT will serve as a functional tool not as a final goal [as thousands of other NFTs in the market].

b. Prevention from one culture branch occupation: there is such a risk that finally DAO will include more representatives of one culture branch [for example, art branch] and less representatives of another branch for example, religion branch]. And if this difference accounts for dozens times that can lead to the predominance of one branch's interests of all other participants' interests.

To mitigate this risk [but not implying any formal restrictions for number of participants] we suggest the following mechanics:

- As MetaVerse implementation as an environment is more obvious and usual for artists and less obvious and usual for religion, DAO can come up with their own ideas, offers and experiments how MetaVerse can be applicable for goals and needs of modern religion, science and education.

  That process can be structured as three stages: the first one — interview/workshop stage when there is an opportunity to listen to modern religion, science and education representatives and define their daily needs, goals, working streams, mediums used and interests. The second stage can have a form of laboratory aimed at search and experiments to find new forms, formats and processes for religion, education and science based on MetaVerse. The final stage is the merging of some laboratory flows with DAO is some laboratory participants will have a desire to work with MetaVerse further [it doesn't mean that they should develop the ideas found in lab, that means that MetaVerse was found out to be an interesting medium for them]

- Another way to handle the inequality between branches is funding distribution. While the number of projects applying for funding is unlimited, the funding allocation can be restricted by formal numbers: for example the funding of each culture branch should be not less than 20% of total allocated treasury. In this case DAO participants from prevailing branches will have an incentive to cooperate with other branches and be engaged in the projects on their side

c. Free-riders problem: if someone commits to participate in a projects but does not deliver anything [or his/her pace and capacity don't coincide with the team's pace and capacity] we should suggest a mechanic to overcome this divergence.

The problem can be defined either by the free-rider or by other team participants. At the first stage team can try to review the initial timeline and key milestones if the free-rider still wants to participate on his/her own and just overestimated his/her capacity at the beginning. If the team doesn't agree with the new timeline for such a situation is recurring] it

can find a new contributor to help the previous one with his/her work or to ask the free-rider to leave the project and to find a new contributor. All the decisions are taken by voting where all team members have equal vote weight. The team should give the free-rider a chance to try again at least twice before excluding him/her [except for personal free-riders desire to leave the project].

d. Shield for the plutocracy: there is no plutocracy risk as when it comes to fiat — it provides no real power and when it comes to governance DAO_TOKEN it is equally allocated from the very beginning and there are no ways to earn a substantial amount of tokens easily. DAO_TOKEN is the reward for time-consuming contribution and even though one has 5x more tokens than the others [and his/her vote accounts for 10x more that the other votes] his/her vote is still less than 5% and can not influence on final decisions.

e. Institutions identity and inherent values protection: despite the key DAO participants are people institutions still have a significant role in DAO's workflow. First of all they have an opportunity to enter DAO [as an institution] and participate in all DAO activities, however they participate on an equal basis with individuals. That is they have no opportunity to dominate or get any special benefits but at the same time have an opportunity to represent their interests and contribute to specific projects.

When it comes to external relationships with institutions they are not obliged to accept DAO participants pieces even though the specific institution is a DAO participant too or has initiated this DAO. That means that all the participating institutions are free to follow their own way [goals and values] and contribute or not to the general DAO way.

f. Enter and exit mechanics: that is absolutely normal that DAO participants will leave DAO for various reasons. And each DAO participant can leave DAO anytime without any limitations or penalties. It will be great if he/she completes all the processes he/she was engaged in but the voluntary nature is a significant principle for DAO

If so happened there are four possible solutions and the only responsibility of DAO participant is to choose a specific exit strategy and share his/her solution with DAO.

Exit strategies:

- Leave DAO but fully complete all the processes that the DAO participant was engaged in [either as an initiator or a collaborator, including operating activities]
- Complete the current stage of all the processes the DAO participant was engaged in
- Leave all the processes but for each of them find proper contributors who will continue his/her streams
- Just leave. In this case it's project team's responsibility to search for new contributors who will take over the work from the moment it was stopped

5. Conclusion

The above suggested mechanics are just first steps and should be deeply reviewed by first dozens of DAO participants to fit their own values and goals. A lot of trials to create horizontal systems with self-funding took place, and DAO is not the only way to provide culture workers with more degrees of freedom to choose what to work on and in what dimensions. The DAO structure and tokenomics design we describe above is just a one possible way that should be reviewed and iterated many times until it will work in a right way providing all the participants with the fair opportunities and environment they'd like to have.

However, many challenges and open questions remain. How to make MetaVerse environment as engaging as offline hubs? Where is a fair trade-off in relationships with institutions, to cooperate on one hand and to follow own way on another hand? How to maintain wide diversity in terms of countries, cultures, branches, mediums, gender, age, etc.? How to organise the workflow of joining, leaving, escaping, freezing, free-riding (either inside the project or inside general DAO)? How to set up and manage the operating branch of DAO? How to find Curators DAO place in total DAOs & NFTs landscape? How to introduce it into global web3 society?

But in the world permanently moving towards decentralisation, it's essential for culture workers to navigate through possible ways to independence from official institutions to take the place in the upcoming Decentralised Society along with engineers, developers, etc. And there is no hope that official institutions will handle this challenge, that's fully on the culture workers, to design and program their future today to unlock the fair opportunities for creation tomorrow.