



# **STAKEBORG DAO**

The Transition: From Infrastructure to Culture

Vlad Mercori, Razvan Dumitrascu, Mihnea Dobrescu-Balaur, Matei Virsta

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*If we can make something decentralized, out of control and of great simplicity, we must be prepared to be astonished at whatever might grow out of that new medium.*

**Tim Berners-Lee, Web's inventor**

## **Abstract**

Stakeborg DAO is a membership club where intellectual & financial capital go hand in hand to foster the digital creativity of its members. We don't shy away from bold experiments, we embrace challenges and we strongly believe that IRL experiences enhance the relationships between the members of our community and consequently the DAO itself.

We aim to become a vibrant incubation community, cultivating a Web3 ecosystem of sub-DAOs and guilds, with a strong focus on DeFi applications.

The first 4 months were all about building the infrastructure. We are now laying the foundation for sub-DAOs, through which we can transition our focus over to the next stage: building **the culture of Stakeborg DAO**.

Focusing on infrastructure is a key milestone since we tend to forget that DAO stands for Decentralized Autonomous Organization, a concept which needs a strong & healthy basis before anything else. We need to make sure that all our efforts are pointed towards being **truly decentralized** in a reasonable amount of time and **as autonomous as possible** with the current DAO tooling available.

## **Why?**

Because we strongly believe in the mission of DAOs in the context of a fast-developing Web3 world. If we consider Chris Dixon's definition a starting point for a better understanding of what we should expect in the years to come, "Web3 gives us the chance to upgrade networks into crypto asset centered economies, and build systems where the incentives of network owners, network participants, and third-party developers are fully aligned" we think that DAOs will become important vehicles for this alignment in incentives that will stimulate digital creativity.

## 1. Cities, neighborhoods & open source software

Haseeb Qureshi came up recently with a metaphor highlighting that blockchains are cities, each with its own specifics. If you say Paris you say Tour Eiffel, Louvre or Notre-Dame but at a macro scale, a city is defined by the people who live there. If you move everyone to Rome and people from there to Paris, France's capital will be very different in a matter of years.

Contributors will define DAOs and DAOs will shape the cities. As we speak there is a competition between blockchains to attract developers because we are in the terraforming phase, but once those will be fully functional from a technical point of view, the competition will move to attracting creative people who will make the neighbourhoods more attractive and the cities, which are the sum of all neighbourhoods, a lot more interesting.

The main question to be answered is: what gives people skin in the game? What keeps them motivated to spend time in this new plot of land which is pretty far from being a nice & cosy neighbourhood?

Diran Li from Messari observed in a recent podcast that we had to answer the same questions with open-source software. Linux was an example of an initiative which became a public good through the efforts and passion of some people who decided that Linux matters. Java was possible because a big company bankrolled it while another reason why people would work on open-source software is related to the collateral benefits they would get ( like personal branding) if that was to succeed.

DAOs are built around a token, so individual contributors can benefit from financial incentives more so than in the Linux case, can have more freedom and access than people who contributed to Java and can dramatically generate strong personal branding as long as they bring serious value to the table.

DAOs can align incentives for everyone involved in an interesting manner which will benefit the entire population of the city. Because a contributor has skin in the game, the pie is growing so the community becomes more valuable, more good people join the party and there is a growing sense of ownership in terms of governance and what should be built.

The three membership tiers (member, contributor, ambassador) and the three types of structures we will include with this paper (sub-DAOs, incentivized professional guilds and recreational/leisure guilds) play a key role in our vision for the future of Stakeborg DAO.

### **1.1. What is a good DAO? How do we measure success?**

DAOs should be simple, but effective simplicity is achieved only once we test multiple hypotheses and eliminate what is redundant. We believe that good DAOs are wealthy neighborhoods & strong social layers for their cities. Here is how we plan to achieve that:

**1.** It's mandatory to put together a flexible initial infrastructure that encourages future decentralization, governance participation and that allows the community to build on top of it. The first steps were taken: the Dapp & the pools, the airdrops, Discord with all of its activity, The community reports, ILSI and Community Compass to name just a few. In this transition phase, we are aiming to further cement the base infrastructure layer and smoothly shift gear to building the culture.

**2.** A powerful economy. DAO tokens should go beyond the immediate utility which is governance & voting. We aim to make \$STANDARD the fuel of the entire Stakeborg DAO ecosystem by making it the centerpiece of the future sub-DAOs.

**3.** More than any other narrative in crypto but similar to B2B, DAOs' success will be strongly correlated to how well they manage to work with other similar structures. Strong DAO-2-DAO partnerships, token swaps and cross-product utilization are some of the strategies we will deploy in this direction.

**4.** Because the human element will continue to play a significant role moving forward, while we strive to push decision-making as close to the "A" in DAO, we understand that IRL meetings will contribute to the cohesion of the community and consequently cement the relationship between the Stakeborg DAO members.

**5.** We will run the early stage of governance with a community-first approach. Even with the best intentions from the bootstrappers, it's too easy for a young DAO to fall into a narrow-minded plutocracy. The team will make proposals but will not vote until we reach a decent distribution of at least 1500-2000 token

holders. It's important for everyone to understand that participation is an important characteristic of a DAO moving forward. This is a statement of the trust the core team has in the early members of the DAO.

It's important for everyone to understand that low participation levels tend to generate even lower levels in the future and alienate most of the members & contributors. If you manage to disseminate the token but you can't stimulate participation, you failed as a DAO.

## 2. DAO, sub-DAOs and guilds

Having outlined the vision for the Stakeborg DAO ecosystem, it is now time to define its structure. In doing so, our aim is to maintain a healthy balance between the social and financial aspects - we should develop a vibrant, inclusive environment that gives a strong sense of belonging to its members, while also growing its economy through strong projects and DAO partnerships.

On the social side, we count on the community and its guilds to maintain and further develop the base layer that keeps members, old and new, together. In-person meetings and online events are great examples of the social layer of Stakeborg DAO.

To balance the scale, we need to be just as strong on the financial side. Borrowing from the traditional world, we envision Stakeborg DAO as a **democratized Y Combinator**. We aspire to enable builders in the DeFi space through DAO bootstrapping, mentorship, networking and investments, all while maintaining a well-capitalized treasury, ready to weather the volatile periods that we have come to expect in Crypto.

We feel that this mix of decentralization and autonomy, together with the ecosystem that we are building will foster the next generation of digital creativity - if the hybrid post-COVID setups unlocked new kinds of collaboration, the absolute freedom of DAOs will take everything to a whole new level.

This section covers the main entities in our ecosystem, as well as the relationships between them.

## 2.1 DAO & sub-DAOs

- a. If DAOs are neighbourhoods, then what's a good metaphor for sub-DAOs?
- b. If you eliminate speculation, how can you make a token desirable in the long run?
- c. Considering the two questions from above, can we have sub-DAOs without cannibalization?

The tl;dr answers are incomplete and subject to change (as most of today's DAO theory):

- a. Sub-DAOs could be seen as local businesses that thrive together with the economic level of the people who live in the neighborhood.
- b. A token expands its utility via strategic moves to diversify the treasury & if the products built by the DAO and sub-DAOs have traction and generate revenue.
- c. Cannibalization can be avoided as long as we properly understand the process behind launching a sub-DAO and we don't rush the next ones before we properly assess their value within the entire ecosystem.

If we want to come up with creative answers and non-linear outcomes to complex problems like the questions mentioned above, we need to dig deeper and see how we can apply first principles thinking to build a community.

### Defining the relationship between Stakeborg DAO and sub-DAOs

We consider splitting the initiatives inside the DAO ecosystem into three categories based on how well these are aligned with Stakeborg DAO's mission and whether the initiatives have their own token-fueled economy.

- (1) **Sub-DAO:** a project that acts as the driver of the DAO's economic value, is in line with its aspirations and is tokenized.
- (2) **Incentivized professional guild:** a project that acts as the driver of the DAO's economic value, is in line with its aspirations, but is not tokenized.
- (3) **Recreational/leisure guild:** an initiative that does not directly bring economic value, but strengthens the social layer, for example.

We envisage a healthy, growing and nurturing ecosystem built around Stakeborg DAO, with the community's values and interests being the driving force behind

its innovation and expansion. Stakeborg DAO will represent the infrastructure rails for the various community initiatives to be built upon. Its role is akin to a layer-1 blockchain by providing all the necessary framework, support, human capital and tooling in order to enable and empower community members to form sub-DAOs. The layer-1 also sets the tone of the music, the culture, the social glue.

We consider that one central pillar for the smooth development of the Stakeborg DAO ecosystem is having a central core dev team that would be at the forefront of all initiatives that require dev work. This would not limit new entrants in the dev team, but would ensure that all future processes would be built using a similar framework, which is easily accessible and scalable. Proper working group dynamics would be central to the team's organization and, most probably, would be present in other working groups as well.

We welcome to see all proposals for sub-DAOs that have our DAO's mission at heart. In order to streamline a sub-DAO proposal process, we have put together a number of guidelines for potential proposers:

- We recommend the proposal to follow the standard mechanics for any such initiative - gathering community feedback via [Agora](#), snapshot voting and on-chain voting (for more details: [link](#)).
  - The proposal should outline a number of items:
  - Sub-DAO vision and mission.
  - The problem it is trying to solve.
  - Competitive advantages.
  - Overview of scaling plans and indicative roadmap.
  - Overview of sub-DAO team / proposers.
  - Tokenomics.
  - Type of support and funding needed from the DAO.
- Stakeborg DAO will retain a reasonable stake in the sub-DAO depending on the level of involvement required.
- The bootstrapping team or other designated community members can assist with any necessary guidance throughout the process.

Community members, our neighbourhood dwellers, have strong incentives and responsibilities as part of Stakeborg DAO: actively participate in the Web3 economy, protect the culture of the DAO and its mission, build a social profile in Web3, have ownership and decision power through voting, provide feedback on proposals and initiatives, gather knowledge, build relationships, collaborate with like-minded members in guilds, and others.

## Defining \$STANDARD token utility

\$STANDARD has two main utilities: governance token and fuel token for the Stakeborg DAO ecosystem. In its first role, the \$STANDARD token can be used by community members to cast their preference on whether a specific proposal would bring additional value to their community. In its second but equally important role, \$STANDARD helps power exchanges inside the Stakeborg DAO ecosystem. These exchanges take various shapes and forms, including exchanges of value, services, contributions and incentives.

Stakeborg DAO will provide support in bootstrapping all sub-DAOs through liquidity mining and/or yield farming incentives that stimulate building long-term membership and participation. In our view, there should be an **alignment of incentives and timeframes**: we aim to provide support to long-lasting sub-DAOs and the community that chooses to be onboarded from the main DAO would have a similar time horizon in mind. The economic incentives will be subject to vesting schedules with appropriate cliff periods that encourage stable and durable community membership.

\$STANDARD token holders will have preemptive rights in a number of the sub-DAOs' activities, for example, access to airdrops or participation in whitelists.

### 2.2. Sub-DAOs and guilds

We believe that a DAO's backbone is formed of community and human capital expressed through unencumbered creativity. In a place where one's values are aligned with those of the community, where one feels part of and, at the same time, feels the ability to meaningfully contribute to the DAO culture, human creativity can be the central resource to building various initiatives.

Sub-DAOs and both forms of guilds are key in order for Stakeborg DAO to thrive. They score at different levels on a culture - management - ecosystem economy three-dimensional spectrum. Cooper Turley highlighted that "You do not need a blueprint to put top contributors into a group chat and decide what to tokenize. Just DAO it.". DAOs come with a flattening of the old corporate hierarchical structure; however, for practical and organizational purposes, a small level of closely connected functions still exists when forming guilds inside a DAO. Working groups have defined functions and positions in order for them to better coordinate and collaborate. Existing DAO tools on the market may also provide an answer to questions on how to better align tasks and incentives and we encourage the community to experiment and find the best options that suit their needs.



When a sub-DAO applies for a grant / financing, there will most of the time be an exchange of sub-DAO <-> DAO tokens (plus stablecoins) between the two treasuries. A DAO may be able to exercise its governance rights in the sub-DAO voting system mechanism in proportion to the sub-DAO tokens it owns via a multi-sig wallet that obtains delegation power from the DAO. The multi-sig wallet would act as an Investment Committee on behalf of Stakeborg DAO. In order to have voting power, the sub-DAO tokens allocated to the Parent DAO treasury would need to be staked (even locked to align incentives). These actions (staking, locking and delegating voting rights) could be executed as part of the successful pass of the original proposal.

While recreational / leisure guilds are entities which fly freely inside a DAO, the incentivized guilds ask for a higher level of commitment and it's the easiest way in which a member (tier 1) can become a contributor (tier 2) and start "working" for a DAO. We believe it's important to consider [Brooks's Law](#) when expanding each of the membership tiers mentioned in this document and go for a step-by-step approach even if it might seem slow and frustrating.

There is one significant concern around making these guilds to be as effective as possible: how do you retain talent for the long term. There is an iron rule when it comes to communities that says: a mix between low barriers to entry, little effort to leave and no sense of ownership will eventually stop being sexy for valuable members. If we plan to have a DAO packed with superstars we need to work on every level and make sure these individuals find a strong dosage of incentives and healthy culture.

You cannot attract movers and shakers just because you name yourself a DAO and you can pay them in tokens. Relatively frictionless environments require the culture to act as a high barrier to exit in order to retain skillful contributors.

### **3. Ambassadors Program**

There is no DAO without a strong community and there is no community without influential leaders. Historically, even revolutions succeeded only if there was someone to lead them. We have a bootstrapping (core) team in place, but we need to slowly decentralize the activities where the members of the community have already started to contribute.

The AP (Ambassadors Program) will be a construct that will be structured based on the initial proposals from the core team and adjusted based on the suggestions from the community.

Similar to diplomatic missions in real life, the AP is about reputation building. We've seen the first IRL meetings generate a lot of enthusiasm and we feel that the newly appointed (soon to be voted) ambassadors (tier 3) should be the ones to keep the ball rolling.

[StakeborgDAO.xyz](https://StakeborgDAO.xyz) & [Discord](#) are the places where our community lives and where the future ambassadors will have to do their main work. Soon after the Governance will be launched we will make the proposal to establish the Stakeborg DAO capital for a period of 6 months and the ambassador from that city will officially become TGA (The Grand Ambassador); The TGA will participate at the core team's strategic discussions on how to expand the DAO in the future, elaborate and implement plans along with his fellow ambassadors and represent Stakeborg DAO Community at IRL events.

The appointed ambassadors will work closely with the team to prepare the first elections which will take place in the first part of Q2 2022.

### **4. What's next?**

The road paved in the initial version of the Stakeborg DAO Whitepaper has served as the foundation for forming the digital colony, building the infrastructure and setting the initial direction for travel. The current roadmap takes into account the key elements of culture and sub-DAO while also maintaining the flexibility of being updated based on how the community evolves and expresses its interests through voting.

Open the Ambassadors Program	Q1 2022
2nd Index	Q1 2022
Launch 1st sub-DAO	Q1/Q2 2022
Deliver the Stakeborg DAO Constitution	Q2 2022
3rd Airdrop	Q2 2022
Open the \$STANDARD Grants Program	Q2 2022
Stakeborg DAO Summit	Q3 2022
Stakeborg DAO App Launch	Q3/Q4 2022
Deliver Whitepaper 2.0	Q4 2022

#### **4.1. 2nd Index**

The second Stakeborg-backed index will be a construct including select and curated DAO projects. One of the pillars of Web3, DAOs have started to become an expression of the will and culture of their respective communities. Some of these DAOs have gathered enough experience and have some traction while many others are in their initial phases or will be formed in the future. A DAO index would give potential investors a multi-asset exposure to this narrative. Similar to ILSI, the DAO index will be built via TokenSets, a product developed on top of Set Protocol, an on-chain asset management solution. It will enjoy the same features of the protocol highlighted in version 1 of the Whitepaper, namely being non-custodial, trustless, decentralized and fully-collateralized. More details regarding the launch, breakdown and other information would be provided in due time via the Stakeborg DAO Community Compass website. The DAO index will channel the management fees to Stakeborg DAO.

After careful consideration and taking into account the pool of available RO projects listed on DEXes and their respective level of liquidity, we have decided to postpone for the moment the RO-power index (“RPI”).

#### **4.2. Treasury Management**

The overarching theme of a DAO ought to be maximizing long-term token holder value. This suggests that each dollar a treasury owns or receives as an

income stream should be allocated to its most value-added use, discounted to the present day.

We believe that having a resilient treasury with multiple assets should be one near-term goal. One approach highlighted also by Roberto Talamas from Messari is through mean-variance optimization based on modern portfolio theory. This framework encourages DAO treasury management with the aim of building an asset allocation strategy that is in line with the DAO's risk appetite while also maximizing expected returns hence, placing the portfolio on the efficient frontier. Stablecoins are part of the asset allocation strategy given the multiple different use cases these can serve: de-risk treasury reserves, maintain sufficient level of reserves in light of short-term cash burns (e.g. have sufficient liquidity for 1-2 years in case of market downturns), collaborate with stablecoin issuers, participate in yield strategies or have the necessary ammunition to pursue various investment strategies. These unique benefits have to be weighed against opportunity costs and potential devaluation through inflation.

Taking into account that Treasury management will be fluid and will depend on future activities (e.g. token swaps, sub-DAO and guilds activities), we are ready to join the community in collectively making decisions on how to best pursue this goal. Treasury management could take into account the following:

- Matching the currency of on-chain revenue and expenses.
- Have the necessary token reserves in order to sustain short-term on-chain cash burns.
- Enable a degree of active management through DeFi 1.0 / DeFi 2.0 solutions.
- Build a war chest for targeted activities or investments.
- Risk/reward levels, treasury diversification and better asset management.

### **4.3 Treasury activation and vesting schedule**

Upon reaching the 5% \$STANDARD staked threshold, Stakeborg DAO would be ready to be activated. Its treasury and voting mechanics would be live and the community involvement would be enticed to step up to the next level. At T0, the full amount of treasury funds would be available for the community to govern; however, there are options available through voting to introduce a vesting schedule for the unlockable amount of the \$STANDARD tokens for the treasury, if the community sees this path as a more viable strategic fit.

#### 4.4 KPI-based Airdrop(s)

Ownership is powerful but mixed with accountability and expanded to a group of people who share the same vision, it becomes unstoppable. The first 2 vested airdrops were well-targeted and the small amount of claims is solid proof in this direction. According to our roadmap, in Q2 2022 we have the final airdrop from our tokenomics. We will run a small experiment and if all goes according to how we envision, we might consider a proposal where a 4th airdrop could happen, by sacrificing a small number of tokens from what was reserved initially for yield farming.

There are many things to be learned from [what UMA tried last year](#), but without making it too complicated, the 3rd vested airdrop will target all DAO members who have staked their tokens for at least 2 months before certain community-related goals will be achieved. Some examples:

- a. \$STANDARD holders
- b. Stakeborg DAO Twitter account
- c. Stakeborg DAO Discord server

Stakeborg DAO will win when the community wins and vice versa so the KPI airdrops should be seen as a fine-tune in aligning those incentives.

If the metrics are not reached before Q2 ends (will be announced before Mar 1) we will have to revisit the whole experiment and use the governance tools for proper adjustments.

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