Case Profiles of Decentralized Autonomous Organizations

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Acknowledgements

Maxwell Kanter, Scott Moore, Josiah Tullis, Honn K, Devin Walsh, Drew Coffman, Jonah Erlich, Eric Gilbert-Williams, Scott Fitsimones, Alona Shevchenko, Todd White, Matthew Bunday, Azeem Khan, Deniz Yilmaz, Layer0, Thale Sonnemans, Steph Alinsung, Core Contributors from KimaDAO
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About the Technology and Public Purpose Project (TAPP)

The arc of innovative progress has reached an inflection point. It is our responsibility to ensure it bends towards public good.

Technological change has brought immeasurable benefits to billions through improved health, productivity, and convenience. Yet as recent events have shown, unless we actively manage their risks to society, new technologies may also bring unforeseen destructive consequences.

Making technological change positive for all is the critical challenge of our time. We ourselves - not only the logic of discovery and market forces - must manage it. To create a future where technology serves humanity as a whole and where public purpose drives innovation, we need a new approach.

Founded by former U.S. Secretary of Defense Ash Carter, the TAPP Project works to ensure that emerging technologies are developed and managed in ways that serve the overall public good.

TAPP Project Principles:

- Technology’s advance is inevitable, and it often brings with it much progress for some. Yet, progress for all is not guaranteed. We have an obligation to foresee the dilemmas presented by emerging technology and to generate solutions to them.

- There is no silver bullet; effective solutions to technology-induced public dilemmas require a mix of government regulation and tech-sector self-governance. The right mix can only result from strong and trusted linkages between the tech sector and government.

- Ensuring a future where public purpose drives innovation requires the next generation of tech leaders to act; we must train and inspire them to implement sustainable solutions and carry the torch.

For more information, visit: www.belfercenter.org/TAPP
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Introduction

Decentralized Autonomous Organizations (DAOs) can be defined as global, digitally-native organizations which enable people to coordinate and govern shared resources and activities through the use of smart contracts on blockchains.¹ The explosive growth of DAOs since 2020 has led to experimentation, speculation, and investment in this emerging organizational framework.² There are an estimated 6,000 DAOs as of June 2022,³ with participation from contributors around the world and an aggregate treasury value of an estimated $25 billion.⁴

This series of case profiles seeks to compile a few examples of DAOs to illustrate the applications and current use cases of these emergent organizations. Below is the product of semi-structured interviews with 13 DAOs and 22 DAO contributors, combined with digital ethnography research which includes analysis of forums, group chats, on-chain activity, voting records, and documentation. The selection of DAOs took into account a variety of objectives and operating activities based on criteria including influence, team size, maturity, and treasury size. This report does not endorse any organization profiled, but seeks to showcase current examples of DAOs in practice. The information in this report was collected from September 2022 to May 2023, and therefore reflects the current state at the time of writing.

Common Themes

Throughout the research of this sample of DAOs, the team observed that many of these organizations face similar challenges or have established similar operational practices.

Common challenges:

1. Balancing accountability and engagement. There was a constant push amongst many organizations to continue to push decision-making out to the edges and keep the community engaged. Although for many DAOs, when too many decisions were pushed to the community, they observed community members experienced voter fatigue and apathy. To counterbalance this phenomenon, many DAOs proceeded to set up
a delegation structure to represent the interest of the community. There seems to be a push and pull of how dispersed decision-making can be in practice.

2. **Lack of legal clarity.** Many DAOs face challenges with the options for legal entities that exist today—often choosing to remain entityless, register as a foreign foundation, or to leverage new legal wrappers such as the Wyoming DAO LLC. Some who interface with a DAO have concerns about their personal liability. DAOs also may struggle to interact with real-world assets as there is no common way to represent physical property or assets on-chain.

3. **Scaling down.** While scaling up and growing the organization is often exciting and results in less conflict from the community, scaling down the organization can be incredibly difficult. Community members may turn against one another when deciding who to let go as a full-time contributor, or when faced with external pressures and challenges when things don’t go as planned.

4. **Token voting.** Many of the DAOs interviewed were moving away from a 1 token to 1 vote structure and towards other approaches such as quadratic voting. Most DAOs faced decisions around how to separate ownership and voting rights, as well as if the tokens should be allowed on secondary markets.

5. **Shadow hierarchies.** While DAOs may structurally be set up for decision-making to be in the hands of the community, often shadow hierarchies and other social dynamics may emerge that make power less visible. This may show up as the original founders, early team, or big personalities becoming influencers within the organization—while not as explicit as a company org chart, these players can be equally as powerful.

**Common observations:**

1. **Progressive decentralization.** Several DAOs, particularly larger projects building software, started as a foundation or traditional company and progressively decentralized into a DAO with community ownership. (e.g. MakerDAO, Gitcoin)
2. **Venture Capital investment.** Many DAOs have received significant investment from venture capital funds and traditional institutions. In some cases, venture capital firms may control a significant amount of an organization’s token supply and have outsized influence on a vote which has been a source of friction amongst many projects.

3. **Emergent best organizational practices.** Once many DAOs reach a certain size, they begin to set up working groups or sub-DAOs which each have a specialized focus and degree of autonomy to do their work. Many DAOs also organize into “seasons” or quarters in order to set, track, and achieve measurable goals.

4. **Common tooling.** Most DAOs used the same tooling to run their organization. Discord and Twitter are used for community discussion, Snapshot is used for voting on governance proposals, Discourse is used as a forum to propose and discuss proposals, Notion or a native site is used for documentation, and Gnosis Safe is used for the wallet (treasury) of the organization.

5. **Modularity of the ecosystem.** The DAO ecosystem is closely linked as many projects are forked from one another (e.g. KlimaDAO is a fork of OlympusDAO) and people will spin out additional DAOs, staying involved in multiple projects.

While still very experimental, DAOs demonstrate a unique combination of advances in online governance, innovative potential, and scale in coordinating people and capital around the world. The following DAO case profiles illustrate at a high-level various activities, controversies, and missions of these novel organizations.
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Gitcoin

Impact  Protocol  $GTC

Background

Gitcoin’s focus is on building and funding digital public goods (e.g. open-source software). Originally co-founded by Kevin Owocki and Scott Moore with the goal of creating a platform to enable open source communities to receive compensation for their efforts, Gitcoin has shifted its focus to creating a grant protocol that allows any community to make an impact and ‘fund their shared needs’ in a participatory and democratic fashion. In order to live by its own principles, Gitcoin has progressively decentralized itself from being a centralized company to a decentralized, community-governed, and internet-native organization (a DAO).

Structure, Governance, and Operations

Gitcoin’s protocol allows communities to spin up their own three-sided marketplaces—funders bring in money to the matching pool, grantees seek funds, and community members make small donations. More critically, by contributing funds donors essentially vote on projects and help to distribute the total pool of resources according to their own preferences (using a method called quadratic funding or ‘QF’). In the grants protocol, various funding mechanisms like QF, retro-active funding, etc. will be pre-coded with an option for anyone to propose and build a new funding mechanism.

GTC governance tokens (a fork of COMP/UNI system) with no inherent financial value were initially airdropped in May of 2021, officially launching the DAO and forming the core of its governance. GTC tokens can be delegated, which allow Stewards to emerge whom the community trusted with their decisions.

The DAO is operationally organized into workstreams with independent budgets, self-approved performance metrics, and project-delivery plans. Each workstream coordinates using a variety of tools that span web2 and web3—Google Docs for internal collaboration, Discourse for governance posts to gauge the sentiment of the DAO and its Stewards, Snapshot to undertake voting on a proposal, and Tally
to codify voting and decisions on chain. For community expansion, they run various activities such as branding/outreach, events, content creation, hackathons, community calls, and working groups for ongoing engagement.

To foster informed delegation, Gitcoin created Steward Health Cards which tracked on-platform steward contributions. More active Stewards became a part of Steward Council that oversaw critical budgeting and operational decisions within the DAO. Later, these health cards were dropped for being non-representative since Stewards contributions didn’t capture offline activity. Pushing out decision-making to the edges is a constant effort, which has included novel approaches such as offline engagement of non-Gitcoin community members in governance by delegating them GTCs.

**Impact**

To date, Gitcoin has helped raised funds for 3,715 projects with $3.8M unique donations amounting to more than $50M being distributed. Across its 15 quadratic funding rounds, they have seen $17.4M in matching funds distributed. The overall Gitcoin community now has 270,000 unique members.

**Resources**

Website: https://www.gitcoin.co/
Grantmaking Platform: https://grants.gitcoin.co/
Governance forum: https://gov.gitcoin.co/
Snapshot: https://snapshot.org/#/gitcoindao.eth

**VitaDAO**

DeSci  Impact  $VITA

**Background**

VitaDAO funds primarily early-stage research and drug discovery in the space of longevity science. While funding of projects often takes traditional forms, VitaDAO
has been the first organization to leverage the IP-NFT framework, developed by Molecule AG, to encapsulate and secure traditional IP elements such as patents, research data, and legal agreements such that these elements can be monetized and transacted using blockchain technology. This framework solves the problem in existing IP structures that (a) prevent the public and patients from having any real ownership in biopharma IP, (b) disincentivize transparency and collaboration by preventing open research data sharing, and (c) addresses the illiquidity of biopharma IP. VitaDAO acquires, supports, and finances new therapeutics and associated IP rights, and fractionalizes those rights which can then be offered to members of their community who wish to participate in developing the assets.

**Structure, Governance, and Operations**

People contributing to VitaDAO’s research, be it researchers, funders, data or IP providers, or patients, become members of the DAO and are allocated VITA tokens. These governance tokens enable them to have a role in directing the operations of the DAO, as well as managing its IP portfolio. VitaDAO uses an agent-centric model to act as counterparties for IP portfolio management—this includes a Canadian not-for-profit partner as well as a Swiss *verein* (i.e. association) for managing its soft IP.

VitaDAO has multiple working groups focused on various functions such as legal, project evaluations, operations, governance, tokenomics, and more.

**Impact**

VitaDAO has deployed over $4M in more than 17 projects and gathered 9000+ community members. Recently, VitaDAO closed a funding round which included investment from Pfizer Ventures.⁶

**Resources**

Website: https://www.vitadao.com/
Governance forum: https://gov.vitadao.com/
Snapshot: https://snapshot.org/#/vote.vitadao.eth
Ukraine DAO

Impact

Background

Ukraine DAO started self-organizing a few days before the full-scale Russian invasion of Ukraine in February 2022. What began as Alona Shevchenko’s group chat turned into an online collective with thousands of members from around the world. With the National Bank introducing limits on currency transfers in and out of Ukraine to stop the run on the Ukrainian hryvnia, supporters of Ukraine flocked to platforms such as Patreon to donate. Patreon, however, suspended fundraising campaigns to the Ukrainian army, citing violation of the platform’s terms of service. Ukraine DAO auctioned off an NFT of the Ukrainian flag raising over $7M.

Structure, Governance, and Operations

The organization continues to balance its needs to be transparent by offering accountability metrics and the need to protect its contributors from doxxing. The community is open but its members need to be vetted given the sensitivity of the war relief operations.

The DAO uses a multi-sig wallet with three out of five signers needed to approve any transaction. The DAO is organized into multiple pods of working groups which focus on various efforts such as fact-checking and media literacy, legal resources, and mental health.

Impact

Ukraine DAO has donated over $7M in crypto, including making donations to the Ukrainian government, Come Back Alive, and OutRight Ukraine Fund.

Ukraine DAO has since transitioned into other work that supports Ukrainians and acts as a mutual aid network for those impacted by the war. Key efforts have since included organizing a wartime hackathon Kyiv Tech Summit, translating
hundreds of articles and videos about Russia’s war against Ukraine, and developing a national web3 course launched by Ukraine's Ministry of Digital Transformation. The Ukraine DAO team in Kharkiv has collected evidence which Starling Lab (Stanford, USC) has submitted to the International Criminal Court as part of the first cryptographic dossier submission in the world.

Resources

Ukraine DAO: https://ukraine-dao.notion.site/
Starling Lab: https://www.starlinglab.org/

MakerDAO

De-Fi Protocol $MKR

Background

MakerDAO was created by Rune Christensen and Nikolai Mushegian in 2014 on the Ethereum blockchain. MakerDAO governs the Maker Protocol which allows users to generate a stablecoin called Dai. A stablecoin is a cryptocurrency token that pegs its value to another entity e.g. $1 USD. MakerDAO’s goal is to create a stable, collateralized, unbiased, decentralized, censorship-resistant cryptocurrency that anyone in the world can use.

Structure, Governance and Operations

The Maker Foundation built and launched the Maker Protocol. It managed the protocol until late 2021 when it was dissolved and protocol governance was taken over by MakerDAO. MakerDAO members vote on governance issues using its governance token ($MKR). One MKR token equals one vote. The Dai Foundation, based in Denmark, houses Maker community’s intangible assets and its purpose is to safeguard what cannot be technologically decentralized (eg. trademarks).
MakerDAO was the first major DAO to successfully transfer governance responsibilities\textsuperscript{12} from a foundation to the community. Maker Foundation was dissolved in 2021 after MakerDAO became decentralized and its governance and operations were delegated\textsuperscript{13} to Core Units (ie. independent contributor teams). On May 3, 2021, 84,000 MKR\textsuperscript{14} was returned from the foundation to the DAO. Today, \textasciitilde15\% of MKR supply is delegated by 222 wallet addresses of which 24 are recognized delegates and 92 are shadow delegates. Recognized delegates receive compensation proportional to their voting weight–up to $10K per month.

MakerDAO was organized as Core Units that were managed by Facilitators who can access a budget to fulfill the Core Unit’s Mandate. There were 20 units, with roughly 100 full-time equivalent contributors. However, this led to a problem that is common across DAOs– proposers (in this case Core Units) were not effectively held accountable to completion of the work set out in the proposal.

On March 27th, 2023, MakerDAO accepted\textsuperscript{15} a new “Constitution” that reorganized the DAO. MakerDAO is undergoing a governance overhaul. First, MakerCore will govern the stablecoin, core governance processes, and oversee independent contractors and subDAOs. 75\% of the total workforce will become contractors. Second, subDAOS will take over all Dai generation. They will run independently, generate revenue, and handle operational risk in lending, and innovate new products and strategies. Third, a clear division of labor is laid out in Scope Frameworks that divide work into 5 broad categories that are detailed in 12 scope frameworks. MKR holders can delegate their voting power to Voter Committees based on their ideological positions about the protocol. These Committees will negotiate internally to lay out future work which will be implemented by specialized roles within MakerCore called Facilitators.

Opponents favor reforming the Core Units themselves and following a project based funding approach to increase accountability to outcomes. They oppose the idea that each subDAO can determine its own collateral which could lead to a race to the bottom, increasing risk, as subDAOs compete to provide Dai to the ecosystem.

This comes after the controversial “Endgame” proposal by its founder which proposes that Dai’s collateral be invested in real world assets and money markets to increase revenues and protect Dai against sanctions and censorship. However,
opposing voices state that this diversification is antithetical to the essence of decentralization as these assets are fundamentally centralized. This is an ongoing development as of the writing of this report.

MakerDAO’s primary output is Dai, which was introduced in December 2017 through a whitepaper. Dai is issued by Maker Protocol in exchange of collateral approved by Maker Governance. Maker Governance is the community organized and operated process to manage Maker Protocol. In May 2017, Maker Protocol released Sai (Singe Collateral Dai), a precursor to its current Multi-collateral Dai which was released in November 2019. Maker Protocol issues Dai in exchange for multiple forms of collateral approved by Maker Governance. MakerDAO votes to set the Risk Parameters for each type of collateral asset. The collateral asset is locked in smart contracts on the Ethereum blockchain called Maker Vaults within the Maker Protocol.

Dai can be locked in DSR contracts and earn a return at the Dai Saving Rate (DSR) which is set by Maker Governance. When the demand for Dai is high and the price is higher than $1 USD, the Dai Saving Rate is reduced, incentivizing people to sell Dai locked in DSR contracts, thus increasing supply and reducing the price back to $1 USD. The Dai Saving Rate is increased when Dai is priced lower than $1 USD. In this way, the Maker Protocol acts like a central bank, maintaining the value of its currency. In November 2022, the Parameter Proposal Group, informally called the Maker DAO Open Market Committee, proposed increasing DSR from 0.01% to 1% with 71% of votes supporting the decision. The diversification of MakerDAO revenue streams allowed for this hike in DSR which would keep revenues unchanged while encouraging deposits from other lending protocols like Compound or Aave.

**Impact**

According to the World Bank's Global Findex Database 2021, worldwide adult bank ownership is at 76% and 71% in developing economies. Roughly 1.3 billion adults remain unbanked. Maker aims to make financial independence accessible to anyone with an internet connection.

As per daistats.com on April 18, 2023, $9.9 billion worth of assets were locked in Maker Vaults with a collateral ratio of 196%. $5 billion of Dai is in circulation with
a maximum possible Dai of $7.6 billion that could be issued given the existing assets (called the Debt Ceiling). This makes Maker one of the largest protocols in the cryptocurrency landscape.

**Resources**

Website: https://makerdao.com/
Governance Forum: https://forum.makerdao.com/
Voting: https://vote.makerdao.com/

**CityDAO**

*Shared Ownership*  *Citizen NFT*

**Background**

CityDAO aims to build the world’s first blockchain-native “network state” or city of the future, which is collectively owned and governed by their community. The eventual aim is to have CityDAO legally and politically recognized in the future by other traditional cities or states.

The DAO began as an experiment to collectively purchase, own, and govern land after the Wyoming DAO LLC legislation was passed.

**Structure, Governance, and Operations**

CityDAO is registered as a Wyoming DAO LLC.

Governance in CityDAO is executed using Citizen NFTs, after having initially started with a one token one vote system. These Citizen NFTs can be earned either by joining a guild or by purchasing from secondary markets. These NFTs do not grant ownership of land or the income therefrom; it only provides voting power and special privileges such as access to developed facilities, citizen-only Discord channels, and land-drops. Since Citizen NFTs can be purchased as well,
it can potentially lead to concentration of decision-making in a few hands and hence, they have recently shifted successfully to Quadratic Voting. Therein, (a) a minimum quorum of votes on a proposal first has to be met for it to be considered, and then (b) for counting of Yes/No votes, Quadratic Voting mechanism is used. Additionally, they have also explored proof-of-humanity solutions to enforce one vote per person.

Operations within the DAO are mainly organized in two categories of guilds—functional and resource guilds. There is a planning and operations team for supporting CityDAO’s endeavor to build a physical city by scouting for land, managing legal processes, and other land development activities. Members can also organize themselves as project teams and put up proposals for specific land-based activities for voting. Lastly, financial accountability, critical to their operations, is ensured by the treasury team within the Finance Guild.

**Impact**

CityDAO has acquired Parcel 0, 40 acres of land in Clark, Wyoming. It was a monumental NFT project to buy and put land on-chain that was followed by the purchase of their next piece of land in Colorado (Baby Parcel project). Parcel 0 is largely a historical step and hence, has a separate NFT to ensure control and governance.

One of the next big proposed projects is t0wn, which aims to acquire a large land parcel with hundreds of acres in the US. However, for t0wn, they have decided that instead of selling thousands of tokens to individuals, they will target only high-level DAOs (20-30) to sell high-priced tokens. Currently, they have over 10,000 citizen token owners spread across over 100 cities, exemplifying global co-ownership of a network city of the future.

**Resources**

Website: https://www.citydao.io/
Governance forum: https://forum.citydao.io/
Snapshot: https://snapshot.org/#/daocity.eth
ConstitutionDAO

Background

ConstitutionDAO was a crowdfunding initiative aimed at acquiring a rare, original copy of the U.S. Constitution in an auction at Sotheby’s. While ConstitutionDAO eventually lost the bid, by raising $47M in donations within just 7 days, it demonstrated the speed and scale of community orchestration DAOs are capable of. The DAO faced controversy when a large fraction of their refunds were subsumed by high transaction fees (gas fees) due to congestion and high usage of the Ethereum blockchain. This was largely an ecosystem wide bottleneck as Layer 2 blockchains (cost and energy efficient secondary blockchains) were nascent at that time.

Structure, Governance and Operations

ConstitutionDAO used JuiceBox, a crowdfunding platform, to raise $47M worth of Ethereum and in turn, redeem a governance token called $PEOPLE at a rate of 1 million $PEOPLE tokens per 1 ETH donated. Had the DAO succeeded in the auction, the holders of $PEOPLE would have been able to vote on the management and custodial decisions that pertained to this artifact. $PEOPLE was only to be used as a governance token and did not provide any legal claim to the partial ownership of the artifact. $PEOPLE would also be available on secondary markets. However, at the outset, ConstitutionDAO did not define how voting rights would be apportioned and the voting mechanism that would be followed.

Impact

ConstitutionDAO’s impact on the DAO ecosystem was two-pronged: (a) demonstrative effect of a DAO’s ability to raise large sums of money at high speed and scale, and (b) the community building involved with garnering donations from more than 17k people, one-third of whom had created their crypto wallets for the first time, exemplified its impact on public awareness. While the experiment faced challenges in issuance of refunds in the form of high gas fees,
overall within the DAO ecosystem, it demonstrated the superior speed and scale of orchestration DAOs were capable of. In that context, the organization played an important role in inspiring other DAOs.

**Controversy**

Firstly, because of the lack of clarity on governance mechanisms at the DAO design stage, the post-auction loss period was marred with chaotic decision-making. Initially, administrators unilaterally announced refunding through a new “We the People” ($WTP) token which would also govern future projects. This questioned their original stated ‘single-purpose’ intent. Later, they reversed their decision without consulting the community and went back to issuing refunds through Juicebox.

Secondly, high Ethereum gas fees meant that every user ended up spending $120-180 in the process of donating and receiving refunds, which for a median contribution of $200 (as per Constitution DAO’s Discord) exhausted 60-90% of the contributed value. Essentially, about half of all the people who donated to ConstitutionDAO either lost everything they put into Ethereum network fees or were locked into a token for a disbanded organization.

**Resources**

Website: https://www.constitutiondao.com/
JuiceBox: https://juicebox.money/p/constitutiondao
ConstitutionDAO FAQs: Google Drive Link

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**Merit Circle**

**Gaming** $MC

**Background**

Merit Circle’s mission is to shift the paradigm in gaming and create a new economy in the metaverse. Going against the grain of the traditional web2
gaming ecosystem of studios, publishers, and distributors, Merit Circle empowers gamers to own games and to receive payouts in tokens. By incentivizing players, Merit Circle creates a new gaming economy where gamers can earn income while playing games. Merit Circle was launched in 2021 and incubated through Flow Ventures.

**Structure, Governance, and Operations**

Merit Circle is governed by Merit Circle DAO which uses the token $MC to vote on proposals.

The governance forum is the home of all proposals and related discussions required to coordinate on the governance of Merit Circle. Once a proposal has been discussed, it will go to an on-chain vote for all $MC token holders using Snapshot. Token holders can also stake their tokens, the parameters of which were decided on by the DAO.

Operationally, the DAO organizes itself into multiple guilds which are working groups funded by the shared treasury.

**Impact**

In July of 2021, Merit Circle DAO began offering scholarships where the organization would lend Axies or NFTs to scholars in the Philippines, Venezuela, and Nigeria. At the height of COVID, many were left without a job, and in emerging countries, gamers were locked out of play-to-earn web3 opportunities because of the high cost of entry. With the mission of financial inclusion particularly in low-wage countries, Merit Circle rewarded over 850 scholars across the world, allowing scholars to play-to-earn in games. Merit Circle operates on the 70-30 split model where the DAO earns 30% of the profit and the player receives the remainder.

With its roots in scholarships, Merit Circle has since expanded into four main verticals including Merit Circle Investments that serves to manage and maximize its token treasury, Studio which seeks to publish successful gaming projects, Gaming that engages gamer community in the play-to-earn industry, and Marketplace where in-game assets are traded. So far, Merit Circle has invested in
more than 30 projects with millions in profits. With over $115M in Merit Circle’s treasury, the organization stores NFTs and other in-game assets that are utilized to earn additional income.

Resources

Website: https://www.meritcircle.io
Gaming platform: https://gaming.meritcircle.io
Governance forum: https://gov.meritcircle.io/
Snapshot: https://vote.meritcircle.io/#/

BitDAO

Investment $BIT

Background

BitDAO invests in projects and initiatives that build the underlying infrastructure and tools that power the web3 ecosystem. Founded in June of 2021 and funded initially by the derivatives exchange Bybit, as well as supported by Peter Thiel and the Founders Fund, BitDAO has one of the largest and most diverse treasuries. As of May 2023, BitDAO holds $2.5B in its treasury. The treasury is funded through regular contributions from Bybit, the value of underlying assets held, and inflows through the products the organization has invested in.

BitDAO’s primary activities include investment grants, token swaps with various projects it wants to support, and working closely with a handful of autonomous entities. The collection of autonomous entities includes Mantle, game7, zkDAO, and EduDAO. Membership in each of the autonomous entities is composed of people who were external to BitDAO and submitted a proposal to create the entity.

Structure, Governance, and Operations

BitDAO operates using the $BIT token, which currently has over 20,000 token holders. Token holders will submit soft proposals on its forum or submit official
proposals on Snapshot through their Governance Module. Token holders can delegate their voting power to themselves or others. Accountability and “strings attached” covenants are often deployed in initial agreements to allocate funds to projects.

BitDAO organizes itself into multiple working groups, and each of the autonomous entities is also composed of multiple working groups.

Impact

As of March 2022, BitDAO has allocated $633M in funding to projects in the web3 ecosystem.²⁴

Resources

Website: https://www.bitdao.io/
Treasury monitor: https://treasurymonitor.bitdao.io/bitdao
Governance forum: https://discourse.bitdao.io/
Snapshot: https://snapshot.org/#/bitdao.eth

Friends With Benefits

Social   $FWB

Background

Friends with Benefits (FWB) focuses on offering its members a place to gather in community. Like the web2 business models that came before FWB, such as Soho House or other membership only communities, the value and benefit of such communities is underpinned by its members. The idea that tokenizing a social club encourages everyone to contribute and invest in the community catalyzed the creation of FWB in 2020. To join, each member submits an application and joins the communications platform, Discord. If the application is approved, each member then acquires the necessary number of $FWB tokens to officially join
FWB and is added to gated channels. FWB has also raised $10M in venture capital, including from Andressen Horowitz.25

FWB balances building community online and in real life events from Holiday Gift Exchanges with NFTs to weekend retreats, as well as regular content and community products such as their recently launched mobile app. Operating at the intersection of web3 and the arts, FWB includes those who are web3 natives as well as encourages traditional artists to experiment with this suite of new digital tools.

**Structure, Governance, and Operations**

Structurally, FWB operates in specialized and localized communities designated by cities. Events are hosted in a decentralized manner by members of each city, who are encouraged to propose, organize, and plan events that they think the community is missing. Each member of the community also has the ability to vote on proposals or ideas that can have broader impacts on the organizations. For example, proposals suggesting grant funding for web3 musicians or changes to the membership structure are voted on by the community.

While the token stake is equivalent to membership dues of a Soho House in web2, the one time FWB buy-in encourages the community to increase the market value of the $FWB token collectively. The fluidity between paid contributors and members means that members interested to be more involved have the ability to become paid contributors. Contributors operate within various working groups and “seasons” which outline quarterly goals.

**Impact**

FWB currently has over 3,000 members in their community.

**Resources**

Website: https://www.fwb.help/
Profile: https://www.nytimes.com/2022/03/02/technology/friends-with-benefits-crypto-dao.html
Decentralized Governance Patterns: A Study of “Friends With Benefits” DAO: https://cse.umn.edu/cbi/interfaces
Uniswap

De-Fi Protocol $UNI

Background

Uniswap, created by Hayden Adams in 2018, is an open-source protocol for providing liquidity and trading ERC20 tokens on Ethereum. Its development was initially funded by a grant from the Ethereum Foundation. The protocol aims to eliminate trusted intermediaries and rent extraction, allowing for safe, accessible, and efficient exchange activity. It allows users to continue to exchange one token for another without forgoing the custody of the tokens that centralized exchanges require.

Structure, Governance, and Operations

Uniswap is governed by its token holders who can propose and vote on governance actions. The protocol’s treasury holds $2.9B, of which $2B is liquid. The Uniswap Foundation, and Uniswap Labs are part of the Uniswap DAO and play a role in the governance of the Uniswap protocol. The Uniswap DAO is responsible for proposing and voting on changes to the protocol, while the Uniswap Foundation supports the protocol’s decentralized growth and serves as an advocate for the protocol. Uniswap Labs hires full-time employees and contributes to the Uniswap protocol and is one of my such teams contributing to the protocol. They also run the most popular interface for Uniswap’s decentralized exchange

Uniswap’s treasury was created in September 2020 with the launch of the $UNI token. The Uniswap Grants Program was first discussed on the forums in December 2020 and passed through a vote. The Grants Program was initially set up as a multi-sig wallet. However, the Grants Program could not legally enter into contracts, hire full-time employees, or diversify its treasury, so a legal entity was needed to host it. The Uniswap Foundation, which was formed by a Uniswap DAO governance vote and funded by its treasury, currently runs the Uniswap Grants Program.
Uniswap’s governance process was updated on December 21, 2022, and leverages several platforms including gov.uniswap.org, Snapshot, and the Governance Portal. The current process has three phases.

- In the first phase, Request for Comment, a Governance Forum post is posted and the community gets a minimum of seven days to discuss the proposal.
- In the second phase, Temperature Check, the community’s sentiment is gauged through a 5-day Snapshot Poll with a 10M $UNI quorum.
- In the final phase, Governance Proposal, the proposal is created (if the proposer has a minimum of 2.5M $UNI tokens delegated to them) based on the winning outcome from the Temperature Check. After a 2 day waiting period, a seven day voting period begins. If it passes with a minimum of 40M UNI votes, a two-day timelock is activated before the proposed code is executed.

In September 2020, Uniswap gained a new competitor called Sushiswap, which “forked” the Uniswap code and offered greater returns to holders of the $SUSHI token. For decentralized exchanges like Uniswap, liquidity providers furnish their tokens into liquidity pools so that users of the exchange can make swaps. The Uniswap Protocol by design only compensated liquidity providers as a share of the transaction fees and other participants of Uniswap were not compensated. This allowed Sushiswap to enter the market and reach $1 billion in Total Value Locked within a few days. Some claim that Uniswap launched its $UNI token as a response to the threat posed by Sushiswap. After the launch of the $UNI token, the Total Value Locked in Uniswap quickly reached $2 billion, outpacing Sushiswap. This possibility of decentralized finance protocols being forked creates a uniquely competitive landscape compared to traditional financial firms.

**Impact**

Uniswap has achieved a daily trading volume comparable to Coinbase’s centralized exchange and accounts for 20-25% of transactions on Ethereum on any given day. The project has $2 billion in its treasury for grants to spur development. Uniswap currently does not take a cut of transaction fees but may monetize the protocol in the future, potentially generating additional revenue.
KlimaDAO

Impact  $KLIMA

Background

KlimaDAO’s original mission was to make carbon offsetting expensive by channelizing crypto liquidity into carbon markets. This was to be enabled by allowing $KLIMA tokenholders (each backed by on-chain verified carbon credits) to stake them in the DeFi markets and earn returns. This in turn would make it relatively cheaper for companies to invest in operational efficiency improvements and carbon sequestration projects instead. However, after an initial post-launch skyrocketing of $KLIMA token prices, prices have fallen and remained too low for this larger vision to materialize. Consequently, their current focus remains accelerating the shift of traditional carbon markets to blockchain to overcome the market’s underlying issues of illiquidity, opacity, and inefficiency.

Structure, Governance, and Operations

$KLIMA is a fungible (ERC20) token backed by 1 tonne of tokenized verified carbon offsets (typically a BCT token by Toucan or a MCO₂ token by Moss. Earth) locked in the KlimaDAO treasury. Technically, it is a fork of OlympusDAO ($OHM), which allowed KlimaDAO to easily create their token and leverage the wider Polygon ecosystem.

Envisioned economics of $KLIMA: BCT or MCO₂ token prices typically hover near real-market carbon offsets. By bonding $KLIMA to a BCT/MCO₂, it exchanges $KLIMA for a BCT/MCO₂ at an x% discount that is decided based on

Resources

Website: https://uniswap.org/
Governance Forum: https://gov.uniswap.org/
Voting: https://app.uniswap.org/#/vote
the amount of bonding that is optimal for the protocol’s growth. The difference in the market price of $KLIMA and BCT/MCOs is the value community members can stake in the system to earn returns. This staking prevents the arbitrage of $KLIMA and drives liquidity towards it. To balance out this inflow of liquidity, KlimaDAO purchases BCT/MCOs for its treasury as per its reserve ratio policy. These purchases not just accelerate the on-chain transition of carbon credits but also suck out carbon offsets from the market. This worked well in the initial few months after launch amidst a bull market. However, since then $KLIMA prices have remained very low and the envisioned goal of channelizing significant liquidity into $KLIMA tokens, making carbon offsetting expensive, seems to be a distant one. The voting based on the $KLIMA token drives several key decisions such as fixing the value of ‘x’ (monetary policy), finalizing the carbon credit standards to be accepted, selecting the nature and type of carbon credit projects to be supported with treasury capital, and adjusting the fees on KlimaDAO products, among others. Recently, their focus has shifted to helping companies procure and burn $KLIMA efficiently to enable them to meet their voluntary emissions reduction pledges. Traditionally, carbon credit markets have had a heavy presence of middlemen who have led to its fragmentation thereby causing illiquidity, lack of transparency, and inefficient custodial and retirement processes.

Since its launch, core team has retained access to contracts and wallets behind 3-out-5 Gnosis safe multisig wallets driving the execution of policy adjustments like reward rates, AKR, and payments. Decisions are voted on in a one token one vote system by $KLIMA token holders. To progressively decentralize the governance, KlimaDAO is implementing a multi-step governance process wherein both external proposals by a third-party of community member as well internal proposals by core contributors are first discussed informally on Discord, brought up as request for comments (RFCs) on the KlimaDAO forum, and then converted into a Klima Improvement Proposal (KIP) before being formally voted upon on Snapshot.

KlimaDAO includes a 12-member core team working on Klima (subset of core team holds multisig control), functional stewards translating core team’s strategic vision into actionable projects, policy team responsible for economic modeling, full-time internal contributors, and external bounty contributors and third-party contractors.
Impact

A key metric used to track their performance is the percentage of total existing credits that had been brought on-chain (market share). Across the ecosystem, 1.09B off-chain credits have been created, with 549M retired. Of these, only 25.4M credits have been brought on-chain, with 1.03M retired. Of these balance ~24M credits on chain, KlimaDAO is holding 17,854,391 carbon assets, making them the largest single holder of tokenized carbon assets.

Resources

Website: https://www.klimadao.finance/
Governance forum: https://forum.klimadao.finance/
Snapshot: https://snapshot.org/#/klimadao.eth

SeedClub

Investment  $CLUB

Background

Seed Club was originally started by Jess Sloss as a Telegram chat. Today, it is an incubator for web3 communities and a network of DAO builders and operators. Their accelerator program is running its sixth iteration and aims to support new crypto native communities. Seed Club raised $2M from angel investors and IDEO CoLab Ventures on July 15, 2021. They have also raised $15 million from strategic institutional investors for 1 million $CLUB, their governance token, making up 10% of supply. In March 2023, the organization launched its venture arm, Seed Club Ventures, with a $25 million fund.

Structure, Governance, and Operations

The $CLUB token was launched on December 23, 2021, and retroactively distributed the token to prominent members and contributors. The community
treasury received 67.25% of token supply and early contributors received 25% of supply. The token is for governance purposes only and is not traded publicly.

The DAO is operationally organized into specialized working groups that are overseen by four Stewards. The pods have a quarterly budget that is approved by the Stewards. The high-level budget is posted on the discussion forum and is voted on off-chain using Snapshot after a discussion period. The DAO currently employs 15 full time people, 7 part-time employees, and 5 compensated collaborators.

The accelerator is a 12-week cohort where DAOs allocate 3% of tokens to Seed Club for long-term alignment with their incubated communities. Select DAOs from each cohort receive an allocation of $CLUB tokens. Seed Club also has a Studio program that provides bespoke support to emerging community-governed networks. Graduates of the accelerator who provide mentorship and advice to newer cohorts are called “Collaborators”.

Seed Club Ventures plans to invest in web3 creator economies where the value is shared by creators in the communities, as opposed to web2 platforms where the platform accrues most of the value generated by the platform. It is also structured as a DAO with a community for 60 members which include venture capital firms as well as individuals.

**Impact**

Seed Club’s treasury holds roughly $15 million across 1,400 token holders. Notable DAOs that have gone through the accelerator include Poolsuite, Krause House, Cabin, Water & Music, and Metalabel.

**Resources**

Website: https://www.seedclub.xyz/

Seed Club Ventures: https://seedclub.ventures/
PleasrDAO

Investment

Background

PleasrDAO is an organization that primarily focuses on art curating and investing, that often acquires and enhances art pieces that have cultural significance. PleasrDAO was formed as an initiative of Jamis Johnson to purchase artwork by the artist pplpleasr, who created a one-of-a-kind NFT animation titled “Uniswap V3”. The NFT commemorated the launch of the new version of Uniswap, which is a prominent decentralized exchange. Jamis and others formed a DAO, using the $PEEP governance token to manage their collective ownership and decision-making process. $PEEP is not sold publicly.

Structure, Governance, and Operations

The DAO invests in art that is culturally significant to internet or crypto history. For example, in December 2021 the DAO acquired an NFT that commemorated the first edit “Hello World” made on Wikipedia by its founder Jimmy Wales.

The governance of the DAO has evolved over time. Initially all actions were voted on including operational decisions such as salaries of employees, but as the DAO grew they were able to find a balance where some decisions would be taken by the advisory council and some decisions like the purchase of large new art pieces would be voted on as a DAO.

The DAO has a core team of full time contributors split into projects with their own mandates. A core leadership team supervises all teams and a seven member advisory council functions like a board. It currently has over 100 members and 8 full-time employees. The DAO is closed to the public and new members are only added by invitation. All employees who join automatically become members of the DAO are allocated $PEEPS tokens which vest over time.

Few of the art pieces purchased by the DAO have been spun off into independent projects with their own tokens. For example, the $DOG token which represents
fractional ownership of the Doge meme NFT has a market capitalization of $8 million. PleasrDAO also owns physical art like the Wu-Tang Clan’s one-of-a-kind album Once Upon a Time in Shaolin which was acquired for $4 million. The DAO also created a new DAO called Free Ross DAO to help raise $6 million for the legal defense fees of Ross Ulbricht.

**Impact**

PleasrDAO owns several NFTs that are culturally significant in internet culture, pop culture, and crypto culture. The organization has an estimated $32 million in its treasury.  

**Resources**

Website: https://pleasr.org/
Endnotes

1 There is no single, widely accepted definition of DAOs as of today, but for the purposes of this report, we define DAOs accordingly.
5 Impact Results | Gitcoin. (n.d.). Retrieved April 17, 2023, from https://impact.gitcoin.co/
20 CityDAO. (n.d.). Retrieved April 17, 2023, from https://www.citydao.io/ImPTBVoJtcq-UfbiC8Q-hcM4MhRqU2yp6om7JjBMHcA/