

# Governance and Funding Reform: On Establishing The Everscale Treasury

## Preamble

In March 2022, Everscale transitioned to a new governance model. We moved from self-managed sub-governances, which proved inefficient, to a decentralized autonomous organization (DAO). This shift rendered the network governance system transparent and inclusive by empowering all holders of EVER tokens to put forward and vote for ideas through an open and simple procedure.

Several funding projects aimed at ecosystem development were approved through Ever DAO. These included the total [allocation](#) of 340 million EVERs for core developers, DeFi Alliance and EverX, with the condition that these tokens will be unlocked upon meeting specific business KPIs.

However, we must admit that such a governance and funding model in Everscale has not met expectations in current market conditions. As a result, in over two years, the number of significant network contributors has not grown but even declined. Barely a few independent community members submitted proposals through DAO. Voting activity has also been low, similar to most of other blockchain networks. Everscale also weathered a “perfect storm” where a worsened economic landscape coincided with a series of adverse events.

Through a joint effort, we’ve managed to keep the network afloat. However, the existing financial incentives are insufficient for further substantial advancement. Moreover, we have discovered that a lack of transparency in treasury management prevents large market players from entering the Everscale ecosystem. To address these issues, we propose a new governance reform.

## The Proposal

### Abandoning Vesting Commitments

We propose abandoning previous vesting commitments intended for primary network participants. Having the largest allocation, the DeFi Alliance and EverX will be the first to fulfill this. As the market has drastically changed, vesting can no longer result in the added value to Everscale.

## Governance Board

We propose replacing the existing Global Governance with a new Governance Board, comprising EVER holders who will provide a pledge of 3,000,000 EVERs each to guarantee their motivation to contribute to network development. Should a Governance Board party harm Everscale with its actions, it may be excluded from the Board (subject to a simple majority voting of the Board), with its pledge returned per regular routine.

The Governance Board will also be appointed to operate the previously approved Crystal Hands programs. It has the right to appoint its representatives to sign legally binding agreements with the purchasers. All previously signed legal agreements remain intact. The Governance Board will manage proceeds from Crystal Hands deals under the general Treasury procedures.

The Governance Board modus operandi:

1. **No advance financing.**
2. **Commitment-based incentives:** Anyone seeking funding from the Everscale treasury must first place an insurance deposit equal to 10% of the requested amount in EVER cryptocurrency or approved stablecoins. This deposit and the reward are released once the majority of the Governance Board treasury keyholders confirm that the commitment has been met. The insurance deposit is burned if the initiator fails to hold to his promise.
3. The Governance Board approves every decision by a **simple majority vote**.
4. A simple majority of the current Governance Board will **add or exclude members** quarterly. The EverDAO will approve the initial composition of the Governance Board, accompanied by proof of candidates' sending pledge EVERs to the intermediary multisignature Governance Board wallet.
5. **Release of pledged EVERs** belonging to excluded members occurs one year after the exclusion date.
6. The Governance Board may use pledged EVERs for **staking or EverDAO voting** purposes, subject to a simple majority vote.
7. **EverDAO decisions** relating to the Governance Board, its modus operandi, and its budget **are mandatory** for the Governance Board.

## Single Treasury

We propose creating a single treasury in the form of a multisignature address to fund all further network-wide initiatives and projects. This treasury will be governed by 11 custodians, elected by the Governance Board on a simple majority basis.

All funds from existing treasuries must be transferred to a new unified one.

The Governance Board will manage at its discretion 10% of the total Treasury tokens (according to the snapshot made on June 1st, 2024) to fund its operations, including, but not limited to, running costs, business development, Everscale promotion, and legal representation.

## Transparency

The treasury address and the composition of the Governance Board will be public and continuously updated. We anticipate the initial number of the Governance Board to be at least 15, including newcomers members.

## Conclusion

The introduction of a single treasury in Everscale, accompanied by the establishment of the economically active Governance Board, will create economic stimuli for significant development, all while ensuring complete transparency with no EVER wasted.

The Governance Board is not a replacement for Ever DAO, which continues its operations without any changes, so our community could introduce and vote on new ideas.