

Activate the Community Pool

Cryptium Labs

May 3, 2019

Abstract

A two-percent tax on inflation & fees was specified in the Cosmos whitepaper and implemented on the Cosmos Hub. Details for how these funds were to be spent to better the network were left unspecified. We propose that a new proposal type be created that allows governance to send funds from the community pool to an arbitrary Cosmos Hub account. The community pool could be used to fund public goods such as, but not limited to, interchain infrastructure development, user interfaces to the Cosmos network, security audits, and developer / validator tooling — this proposal does not spend any funds or enact any particular set of guidelines for how they might be spent, but rather leaves the space of possibilities as open as possible.

Synopsis

In the Cosmos Network whitepaper (1), a 2% “ReserveTax” was outlined, which has been implemented as the “community pool” in the Cosmos Hub. The community pool receives 2% of inflation and collected transaction fees in a dedicated account, the current balance of which can be queried with:

```
gaiacli q distr community-pool
```

At the time of writing, the balance of the community pool is 37,878 Atoms.

Details for how these funds were to be spent were mostly left unspecified by the initial whitepaper — they were to be “distributed in accordance with the decisions made by the governance system” .

We propose that a new proposal type be created that allows governance to send any amount of funds from the community pool to an arbitrary Cosmos Hub account, which will then be able to use them as it desires.

The community pool could be used to fund public goods such as interchain infrastructure development, new & improved user interfaces, tooling for developers and validators, or other creations of common benefit which may not have clear revenue models.

This proposal does not spend any funds or enact any particular set of guidelines as to what process should be followed (e.g. evaluation of development teams) for spending them — that task is intentionally left to future proposals, and the process will likely evolve over time.

Technical Specification

New proposal type

A new proposal content type, `CommunityPoolSpendProposal`, will be added in the `x/distr` (fee distribution) module. The proposal content will include a title, a textual description (to describe the rationale for spending funds), the recipient address, and the amount to be spent:

```
type CommunityPoolSpendProposal struct {
    Title           string
    Description     string
    Recipient      sdk.AccAddress
    Amount         sdk.Coins
}
```

The description should explain the purpose for which the funds will be used and provide proof that the recipient address is owned by the intended recipient entity (e.g. via a signed message or link to an external commitment).

A proposal handler will be added to the `x/distr` module to handle `CommunityPoolSpendProposal` proposals, which will deduct the funds from the community pool and disburse them to the recipient if such a proposal passes.

Git inclusion strategy

During the voting period for this proposal, a pull request will be written against the Cosmos SDK repository (2) adding the new proposal type as described above, with appropriate testcases and simulation additions. If this proposal passes, subject to the consent and review of the All in Bits development team, that pull request will be merged into the next main-line Gaia release, to which the network can upgrade in a future software upgrade proposal.

References

[1]: [Cosmos Network whitepaper](#)

[2]: [Cosmos SDK repository](#)