

Resource Allocation Framework

The Resource Allocation Framework establishes the rules governing how a DAO's treasury is funded, held, segmented, disbursed, and recovered. It translates the treasury-allocation decision rights from c9-decision-rights-matrix into operating policy: budget ceilings per category, milestone gates that condition disbursement on delivered proof, retroactive-reward rules for contributors who delivered before a budget existed, and reserve floors that prevent the treasury from being voted to zero. A DAO without explicit treasury policy either hoards capital (proposal paralysis) or drains it opportunistically (governance capture). This framework closes both failure modes by making allocation rules machine-checkable, not a matter of interpretation at vote time.

1. Treasury Structure

The treasury is segmented into tranches. Each tranche has a ceiling, a floor (reserve that may not be allocated), a governance class that unlocks it, and an evidence requirement for disbursement.

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treasury:
  currency: <token symbol or fiat ISO code, e.g. USD | ETH | USDC>
  total_balance_source: <on-chain address or off-chain account reference>

tranches:
  - id: <kebab-case, e.g. operations>
    label: <human label>
    purpose: <one-sentence description of what funds in this tranche pay for>
    ceiling_pct: <max % of total treasury allocable to this tranche per period>
    reserve_floor_pct: <min % that must remain unallocated at all times>
    period: <annual | quarterly | rolling-12-month>
    decision_class_required: <from c9-decision-rights-matrix, e.g. treasury-allocation>
    disbursement_gate: <milestone | approval | automatic>
    max_single_disbursement: <hard cap per proposal in currency or pct>
```

Reserve rule: The aggregate reserve floor across all tranches must total at least 20% of the treasury. No combination of passed proposals may reduce the treasury below the reserve floor in a single period. The Treasurer must reject execution of any disbursement that would breach the floor, even if the proposal passed; the correct path is a new proposal that accounts for the current balance.

2. Budget Categories and Ceilings

The following standard categories apply. Instantiate with the specific tranche IDs and ceilings for the governed DAO. Categories that are not used in a period are not rolled over automatically; any carryover requires a treasury-allocation proposal.

Category	Purpose	Typical Ceiling	Decision Class	Gate Type
infrastructure	Physical and cloud infrastructure (servers, networking, hosting, sensors)	30% of annual budget	treasury-allocation	Milestone

Category	Purpose	Typical Ceiling	Decision Class	Gate Type
contributor-rewards	Salaries, contractor fees, bounties for ongoing contributors	35% of annual budget	treasury-allocation	Approval (recurring)
retroactive-rewards	One-time rewards for past contributions	10% of annual budget	retroactive-reward	Approval (no self-vote)
grants-and-partnerships	Outbound grants, co-investment, partnership costs	10% of annual budget	platform-partnership	Approval + Board gate
reserve-building	Deliberate additions to the reserve floor	No ceiling	treasury-allocation	Automatic on pass
emergency	Unforeseen obligations (legal, safety, critical repair)	5% of annual budget	emergency-ratification	Immediate; retroactive vote within 24 hrs
governance-operations	Tooling, audits, legal opinions for governance itself	5% of annual budget	treasury-allocation	Approval
unallocated	Funds not yet assigned to a category	Remainder	N/A (must be proposed)	N/A

3. Milestone-Based Disbursement

For infrastructure, large contributor rewards, and grants exceeding a defined threshold, funds are released in milestones rather than as a single disbursement. This prevents allocation of funds to work that is never delivered.

3a. Milestone Structure

Each milestone-gated proposal defines:

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proposal_id: <kebab-case>
total_amount: <currency amount>
milestones:
  - id: <M1, M2, M3...>
    label: <human description>
    deliverable: <specific, observable output – not "progress on X">
    evidence_required: <what the Executor must submit to unlock the tranche>
    tranche_amount: <amount released on completion>
    tranche_pct: <% of total>
    reviewer: <role who signs off; may not be the Executor>
    deadline: <ISO 8601 date or "within N days of prior milestone">

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3b. Disbursement Trigger Rules

- The Treasurer may not release a milestone tranche before the milestone reviewer signs off. Sign-off is recorded as a C11 event in c9-execution-accountability.
- If a milestone is missed by its deadline, the unspent tranche reverts to the unallocated pool. The funded team may propose a new allocation for the remaining work; they may not extend the timeline unilaterally.
- A proposal that fails to define specific, observable deliverables (e.g., "continue development") is rejected at the proposal-review gate (see c9-proposal-design-template).

4. Retroactive Rewards

Retroactive rewards recognize contributions made before a formal budget existed or before a contributor was formally contracted. They prevent the DAO from free-riding on early work while maintaining the no-self-vote protection.

Eligibility rules:

1. The contribution must have been delivered in full before the reward proposal is submitted.
2. The proposer must supply evidence of delivery (commit hashes, published work, recorded output, third-party confirmation).
3. The nominee must not vote on their own reward. The c9-decision-rights-matrix enforces this; any vote cast by the nominee's address is discarded from the tally.
4. The reward amount must be grounded in a stated rate or market benchmark. "We feel this is fair" is not sufficient evidence; a comparable rate table or prior approved comp structure is required.
5. No retroactive reward may exceed the retroactive-rewards tranche ceiling in a single period; proposals above that ceiling require a tranche-ceiling amendment via treasury-allocation.

5. Grant Income and External Funds

When the DAO receives external funds (public grants, partnership revenue, donations), those funds must be classified before they can be allocated:

Source Type	Required Action	Restriction
Government grant	Record grant terms; flag restricted-use conditions	Restricted funds may only be allocated to purposes the grant permits; any reallocation requires grantor approval
Partnership revenue share	Record partnership agreement; confirm revenue split	Allocate per partnership agreement terms before general treasury use
Donation (unrestricted)	Record donor and amount; confirm no string attached	Enters general treasury; standard allocation process applies

Source Type	Required Action	Restriction
Donation (restricted)	Record donor intent; confirm governance acceptance	Treated as a restricted tranche; must be used for the stated purpose or returned

Restricted funds are segregated as a named tranche in the treasury structure and cannot be co-mingled with general operating funds for disbursement purposes.

6. Worked Example — PP DAO Annual Budget Cycle

The PP DAO (Point Preserve DAO, Santa Rosa Beach, FL) holds a combined treasury funded by STR revenue share and AI campus membership fees. The following is an illustrative annual allocation for planning year 2026.

Starting treasury balance: \$240,000 (illustrative)

Reserve floor (20%): \$48,000 — may not be allocated

Allocable pool: \$192,000

Category	Amount	Tranche %	Gate	Lead Proposal
infrastructure — AI inference hardware refresh	\$52,000	27%	Milestone (3 tranches)	pp-dao-prop-2026-003
contributor-rewards — Site manager, tech lead, ops Q1–Q4	\$64,000	33%	Quarterly approval	pp-dao-prop-2026-004
retroactive-rewards — 2025 pre-DAO platform build	\$18,000	9%	Approval; no-self-vote	pp-dao-prop-2026-005
grants-and-partnerships — EcoGuardian.AI data-share pilot	\$12,000	6%	Board + ratification	pp-dao-prop-2026-006
governance-operations — Legal opinion, audit tooling	\$9,000	5%	Approval	pp-dao-prop-2026-007
reserve-building — Additional reserve buffer	\$18,000	9%	Auto on pass	pp-dao-prop-2026-008
unallocated — Held for mid-year proposals	\$19,000	10%	—	—

All figures are (illustrative). The AI inference hardware refresh is the largest single allocation and uses a three-milestone structure:

- M1 (\$18,000): Hardware ordered and delivered to 725 J D Miller Road — evidence: delivery receipt + asset tag.
- M2 (\$22,000): Infrastructure operational, AI campus load test passed — evidence: benchmark report signed by Technical Lead.
- M3 (\$12,000): 90-day uptime target met — evidence: monitoring dashboard export.

If M3 is not met within 120 days of M2 sign-off, the \$12,000 reverts to unallocated.

7. Treasury Health Indicators

The Treasurer reports the following indicators at each governance review cycle (per c9-governance-mechanisms-spec):

Indicator	Target	Warning Signal	Escalation
Reserve ratio	≥ 20% of treasury	< 20%	Freeze all non-emergency disbursements until restored
Unallocated %	8–15%	< 5% (over-committed) or > 30% (under-deployed)	Treasurer flags at next review; proposal required to correct
Overdue milestone rate	< 10% of active milestones	> 20%	Steward Council review; affected proposals may be suspended
Retroactive-reward overspend	0 proposals exceed tranche ceiling	Any ceiling breach	Proposal void; must be re-submitted under correct tranche

8. Cross-Reference Summary

Artifact	Relationship
c9-decision-rights-matrix	Defines the decision class and executor for each allocation type
c9-proposal-design-template	Milestone tables and evidence requirements are embedded in proposal templates
c9-execution-accountability	C11 producer; records each disbursement as a provenance event
c9-governance-mechanisms-spec	Defines quorum rules that govern treasury-allocation votes

Usage Notes

Populate the treasury tranche YAML block before the first proposal cycle opens. The reserve floor is a hard policy rule — tooling should check the post-disbursement balance before execution, not after. Any change to the reserve floor percentage or to the budget category ceilings requires a treasury-allocation proposal with a full-tranche impact statement; a change to the reserve-floor rule itself (the 20% minimum) requires a contract-change proposal because it is a governance-level policy constraint, not an operational parameter.