AIP-24 [DRAFT]

Background:

- The current ALPACA Governance Vault follows a decay model where users must choose the period they want to lock their token (from 1 week up to 1 year.) The remaining locked duration determines the xALPACA balance for users, which incentivizes and rewards users to lock ALPACA for the long term.

Rationale:

- As raised by community members, the current Governance Vault model might no longer be suitable for the current state of Alpaca Finance and the market conditions. With zero emissions and relatively low yields, users are less incentivized to lock for a long time which makes locking ALPACA in the current vault less attractive.
- An alternative Governance Vault staking model is proposed in this AIP

Implementation:

The new vaults will have the following features and structure:

- Users no longer need to specify how long to lock the tokens for. Users can stake / withdraw anytime. However, there will be a “cooldown” period after choosing to withdraw before user can claim the token
- Users don’t need to withdraw the entire staked amount. They can choose to withdraw a partial amount.
- During a cooldown period, those tokens is not considered to be staked and users will not receive staking rewards for those portion of the ALPACA being withdrawn
- During a cooldown period, users can choose to cancel withdraw and re-stake the tokens
- No time decay, 1 ALPACA locked always = 1xALPACA
- Protocol revenue allocation to Governance Vault stakers will remain unchanged
- Rewards will be fed weekly to the vault, but will be distributed linearly over the week.

If passed, the transition to the new Governance Vault will be done by:

- Set up the new Governance Vault
- Redirect weekly rewards to the new Vault
- Allow users to withdraw from the current Governance Vault without incurring the early withdrawal penalty

Development Effort:

- The estimated effort for the new vault is ~1 month. The team can also work on other small initiatives (e.g. UX/UI initiatives) in parallel while working on the Governance Vault
- Based on the current backlog, we expect to be able to start working on this initiative in October

Voting:

This AIP will be conducted in a series of votes

The first vote will be a simple YES or NO vote on whether to change the Governance vault model

- A **YES** vote would change the Governance vault to the new format as proposed in this AIP
- A **NO** vote would keep the current Governance Vault model

If the first vote passes, we will have subsequent votes to decide on the various design parameters

Topic1: Determining the Unlocking Period

This would be a single-choice voting format with the following choices

- 21 days
- 28 days