

Encounter Retroactive Proposal

(reworked)

Encounter is a common-good chain on Kusama laying the foundation of a more democratic and more inclusive web3. Its secure and decentralized sybil-resilience protocol enables local communities everywhere to generate their own, autonomous local currency, and use it to stimulate the local economy.

The last retroactive KSM proposal to cover the operational costs from Jan-Jun 2024 (6mt) was rejected after being in a confirming state for the third time with 50.4% ([Ref 420](#)).

Previously, a KSM proposal covered the operational costs from September until December ([Ref 335](#)). The new lean team is well settled and still performing - even if at a slower pace.

This **updated proposal** addresses the two primary reasons for the rejection of Referendum 420.

- The first concern was the assumption of duplicated spending by different ecosystem participants. The Encounter team attempted to clarify these allegations through comments, but the misunderstanding persisted throughout the decision period. To rectify this, a video together with [Will from ParaNodes](#), the author of the Proposal for Top-Up Funding of Kusama System Parachain Collators ([Ref 419](#)), has been produced. [This video](#) explains the different proposals and confirms that no duplicated spending occurred.
- The second concern was the perceived high treasury expenditure, given the current state of the treasury. To address this, the Encounter team is offering to officially [waive 50%](#) of the team members' salaries, reducing the total treasury request significantly.

With the changes the retroactive proposal to the Kusama Treasury shall cover the **operational costs from Jan-Jun 2024 (6mt)**.

The amount of the proposed spend is CHF 49'350 ≈ 59'809 USD ≈ 3'036 KSM

Contents

Encounter focuses on building a resilient, decentralized network through proof of personhood, enabling Sybil-resistant, human-verified interactions and legitimate governance.

By emphasizing local communities and inclusive payment systems, Encounter drives economic growth while introducing the longtail to the Kusama ecosystem through tools like faucets and fractional reserve community currencies.

Rooted in a belief in one-person one-vote systems inspired by Swiss governance, Encounter adds variety to web3 decision-making frameworks and showcases voting capabilities linked to personhood attestations in its Democracy Prototype.

In this document, we present the achievements in a summarized manner as they remain unchanged. We focus on updates and adjustments related to finances. For extended context visit the previous proposal ([420](#)) and for detailed history, please refer to our earlier proposals:

- Jan - Jun 2024 proposal	(KSM) retroactive, minimal effort	declined
- Sep - Dec 2023 proposal	(KSM) retroactive, minimal effort	approved
- Sep - Dec 2023 proposal	(DOT) with CHF 50k burn rate	declined
- Sep - Dec 2023 proposal	(DOT) with CHF 100k burn rate	declined
- Jul - Aug 2023 proposal	(KSM) with CHF 100k burn rate	approved
- Q1 and Q2 proposal	(KSM)	approved

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Introduction

Over the past six months, Encointer refocused due to tighter budgets, halting community and ecosystem development for our Zurich pioneer community. This allowed us to prioritize two areas: the growing Nyota community in Tanzania and key system developments. The first milestone was launching the faucet, expanding it with a community reserve, and testing it off-chain in Zurich. We also introduced a personhood-based voting prototype to decentralize and empower communities. Nyota's rapid growth showcased increased participation, feature adoption, and community cohesion. We thank Jukumu and Chatafisha leadership for their dedication and support within the Kusama ecosystem.

Community Updates

Encounter halted Zurich LEU development due to budget constraints, despite unresolved challenges. At its peak, Zurich LEU had 155 reputables, 332 active accounts, and over 30 businesses accepting the currency. Clear communication and a buy-back program covering 50% of outstanding LEU balances helped ease the transition, allowing the community to continue cycles and explore independent growth.

Simultaneously, the Nyota community in Tanzania, launched after a meeting at Polkadot Safari, is rapidly expanding with support from the Jukumu organization. Nyota empowers the Mbuharati district through local trade, with the KSM faucet proving effective for onboarding into the Kusama ecosystem. Transparent collaboration and workshops have built a strong foundation for further growth.

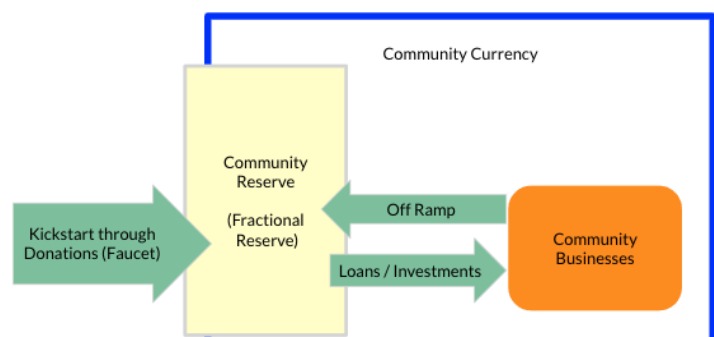


Key Milestones and Events:

- Communication LEU with [acceptance points](#) and [the community](#)
- [Community Event](#) in March to look back and discuss the future
- Insights and learnings of [2 years LEU \(presentation\)](#)
- Nyota holds [Ifar](#) and [street walk](#) event
- 54 reputables and 84 members meeting at 18 [gatherings organized](#)
- [Materials in Kiswahili](#) to grow the 21 Nyota acceptance points
- Nyota reaches [Milestones II and III](#)

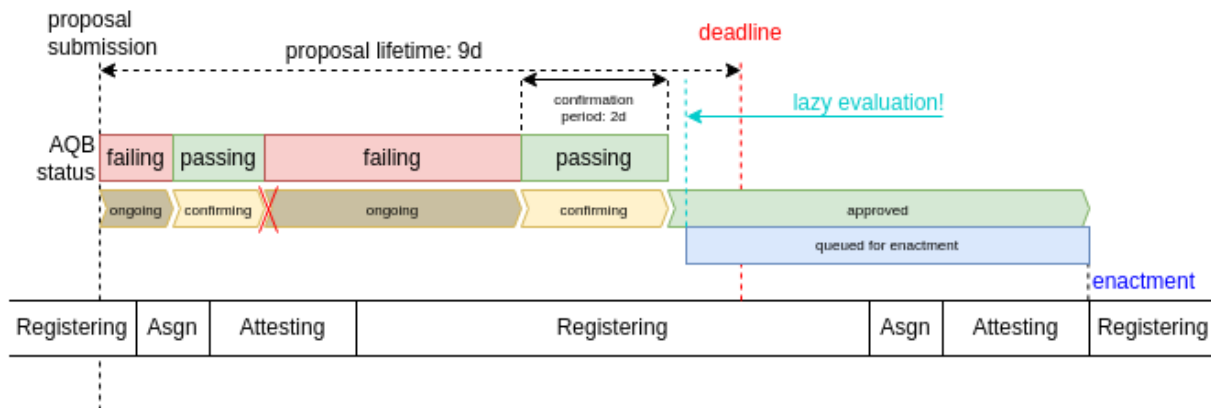
Fractional Reserve Community Currency

Encounter's local currency efforts in Zurich and Dar-es-Salaam highlight the potential to boost local economies, but closing economic loops remains a challenge, particularly ensuring businesses can effectively spend the currency they earn. Success depends on broader adoption and trust in the system. A community reserve offers a solution by providing liquidity and enhancing trust, acting as a fractional reserve for businesses. This concept, initially tested in Zurich, will now be implemented in Nyota, with 50% of faucet drips allocated to seed the reserve. The aim is to build trust, support early adopters, and drive growth, attracting interest from development actors.



Achievements

Encointer has introduced its first **one-person-one-vote democracy prototype**, combining features from Polkadot Gov1 and OpenGov to empower communities in deciding protocol parameters. The prototype, partially funded by a Web3 Foundation grant, integrates adaptive quorum biasing and allows anyone to submit proposals through the Encointer Wallet app.



Additionally, the **KSM faucet**, launched in March 2024, has gained traction, particularly in the Nyota community, where each drip significantly supports daily living expenses. The faucet's dual impact lies in onboarding users to Kusama without traditional financial barriers and acting as a leveraged cash transfer tool. Education efforts have led to 15% of participants teleporting KSM to the Kusama relay chain, indicating a growing interest in deeper engagement with web3 opportunities.

Encointer upgraded its network for **collator selection**, reserving seats for active communities to maintain network autonomy. Further, Encointer now operates Kusama and Polkadot validators through the 1kv program, generating income covering the infrastructure costs. Encointer also launched nomination pools (**Encointer Plankton** on Kusama and **Encointer Copepod** on Polkadot) to nominate its validators.

Outlook

The team is prioritizing democracy and fractional reserve features while ensuring system stability. The focus remains on expanding Nyota and supporting the Leu community. Efforts are underway to secure funding from the philanthropy sector for development and growth.

Finances including Adjustments

Total Expenses Jan - Juni 2024

Development	Maintenance and Development of System Chain	27'000 CHF
Development	Frontends Mobile app "Encontre Wallet", Accounting Tool, Explorer	13'000 CHF
Marketing and Communication	Global and local communication	2'800 CHF
Community	pioneer community project management, communication, businesses accepting Leu	3'700 CHF
Ecosystem	Building economic circles, testing revenue streams	3'000 CHF
Operations	planning, organization, fundraising, global growth	5'000 CHF
Infrastructure	Technical infrastructure to run nodes and collators	13'200 CHF
Community support	Direct support of global and pioneer communities: LEA, Nyota	14'300 CHF
Expenses	licenses, rent, lawyers, accountants	3'500 CHF
Taxes and fees		1'000 CHF
total		86'500 CHF

Other sources of income of the Encontre team (*efforts not included in our table, FYI only*)

- @pifragile has concluded a [recent web3foundation grant](#) level 1: 8'320 CHF
- Fellowship salaries in the period of Jan-Jun 2024
 - @brenzi has [received 2'499 USDT](#)
 - @clangenb has [received 833 USDT](#)
 - @pifragile has not claimed a fellowship salary yet

Salary Waiver by Encontre Team

Encontre team waives 50% of all salaries to reduce the financial load on the treasury. This changes the expenses as follows:

Adjusted Expenses Jan - Juni 2024

Development	Maintenance and Development of System Chain	13'500 CHF
Development	Frontends Mobile app "Encontre Wallet", Accounting Tool, Explorer	6'500 CHF
Marketing and Communication	Global and local communication	1'400 CHF
Community	pioneer community project management, communication, businesses accepting Leu	1'850 CHF
Ecosystem	Building economic circles, testing revenue streams	1'500 CHF
Operations	planning, organization, fundraising, global growth	2'500 CHF
Infrastructure	Technical infrastructure to run nodes and collators	13'200 CHF
Community support	Direct support of global and pioneer communities: LEA, Nyota	14'300 CHF
Expenses	licenses, rent, lawyers, accountants	3'500 CHF
Taxes and fees		1'000 CHF
total		58'350 CHF

Treasury Proposal

For Jan until Jun 2024 according to the expenses [outlined above](#)

Retroactive Proposal	58'350 CHF
Realized Loss on ref 389	1'000 CHF
Realized Gain on ref 319	-10'000 CHF
total amount requested	49'350 CHF

Liquidity Strategy and Exchange Rate Risks

We will liquidate the needed funds roughly monthly on a need basis.

Should this lead to a realized loss, we may need to request the next round of funds sooner and we will list the realized loss as a position, as we did with this proposal.

Should this strategy lead to a realized gain, we will postpone our request for the next round of funding and use the funds according to our goals, as we are obliged to by our statutes as a Swiss non-profit association.

Payment Conditions

The rate will be applied at the time when the proposal is filed, based on [EMA7](#) 7-day moving average for the KSM/USD rate (**19.039** USD/KSM). The CHF/USD rate shall be the daily rate on the day of submitting the proposal (**1.1714** USD/CHF)

The beneficiary address shall be:

DggTJdwWEbPS4gERc3SRQL4heQufMeayrZGDpjHNC1iEiui ENCOINTER/RESERVE

owned by:

Encounter Association
8000 Zürich
Switzerland
CHE-288.701.841

Appendix

Liquidity

as per July 15th, 2024

This represents the state after covering the June expenses.

Assets Onchain

KSM wallets (1 , 2)	1'367 KSM	~26'000 CHF
DOT wallets (0 , 1 , 2 , 3)	5'337 DOT + 500 DOT	~31'500 CHF
ETH wallet	1.1 ETH plus 2'200 in USD stable coins.	~5'000 CHF

Assets Offchain

Exchange Accounts	50% in FIAT	~3'000 CHF
Bank Accounts	ABS: 1'500 CHF	1'500 CHF
	PF: 18'200 CHF	18'000 CHF

Total on-chain assets are at CHF 62'500.

Total offchain assets are at CHF 22'500.

Total liquidity CHF 85'000.

Liabilities

- Community Grants CHF 7'200 (3.4k USD + 4.6k USD)
- Invoices July CHF 8'900
- Yet unclaimed deferred salaries CHF 52'000

Resulting liquidity **CHF 16'900**.

Realization of Grants from Former Proposal

The realized loss from Grant 235 and parts of Grant 319 was settled with proposal 389. The remaining 319 Grant resulted in a realized gain of CHF 10k. The realization of Grant 389 so far resulted in a loss of CHF 1k. Both are listed in the table of the [Treasury Proposal](#) section.

A total of 956 KSM and 4'159 DOT are remaining from Grant 389.

Grants for Early International Communities

Beneficiaries so far were:

GreenBayDollar	Steeber Solutions, Green Bay, Wisconsin, USA • grant 1 54 KSM. on 4.11.2022 • grant 2 150 KSM. on 15.2.2023	6'300 CHF
Aslah	Kigali, Rwanda • grant 1 2000 USDC on 27.10.2022	1'800 CHF 2'000 USD
Nyota	Dar es Salaam, Tanzania • grant 1 1/2 2000 USDT on 08.06.23 • grant 1 2/2 1000 USDT on 18.08.23 • grant 2 1/2 3000 USDT on 14.11.23 • grant community leadership Q124 1200 USDT • grant 2 2/2 2000 USDT on 02.02.24 • grant community leadership Q224 1800 USDT • grant 3 1/2 1500 USDT on 27.03.24 • grant community leadership Q324 1800 USDT • grant 3 2/2 1500 USDT on 08.07.24	14'200 CHF 15'800 USD
total granted		22'300 CHF

Expenses History

Expenses 2020 - Aug 2023

Developers	mobile app "Encointer Wallet"	395'000 CHF
Developers	core protocol	460'500 CHF
Technical	other (testing, devops, infrastructure)	221'000 CHF
Operations	planning, organization, fundraising	140'000 CHF
Marketing	global	141'000 CHF
Marketing	pioneer community marketing	122'000 CHF
Community	pioneer community building	180'000 CHF
Ecosystem	Building ecosystem	46'000 CHF
Expenses	Travel, lawyers, buybacks, community support	75'900 CHF
taxes and fees		38'300 CHF
total		1'819'700 CHF

Expenses Sep-Dec 2023

Development	core protocol	27'000 CHF
Development	mobile app "Encointer Wallet"	32'000 CHF
MarcCom	global and local communication	15'000 CHF
Community	pioneer community	12'000 CHF
Ecosystem	Building economic circles, testing revenue streams	20'000 CHF
Operations	planning, organization, fundraising, global growth	15'000 CHF
Infrastructure	Technical infrastructure to run nodes and collators	8'000 CHF
Community support	Direct support of communities: LEA, Nyota	23'000 CHF
Expenses	licenses, rent, lawyers, accountants	5'000 CHF
Taxes and fees		1'000 CHF
total		158'000 CHF

A total of 52'000 CHF of salary payments were deferred.

Funding History

As of June 2024

Date	source	funding amount	value at time
22.9.2020	web3 foundation grant M1	20'000 DOT (vesting 2y)	pre-listing
16.10.2020	web3 foundation grant M2	10'000 DOT (vesting 2y)	pre-listing
3.9.2020	DOT Treasury Grant Encointer parachain development	7'000 DOT	42'000 CHF
21.9.2021	KSM Treasury 113 Grant for Pre-Launch expenses of common good parachain	98.1 KSM	35'800 CHF
28.3.2022	KSM Treasury 139 Grant for operation expenses Q1 2022	302 KSM	42'300 CHF
1.6.2022	Google NPO Grant (only applicable for ads in Google search)	10'000 CHF / month	60'000 CHF
11.7.2022	KSM Treasury 186 Grant for operation expenses Q2&3 2022	6'271.63 KSM	340'000 CHF
10.11.2022	KSM Treasury 226 Grant for operation expenses Q4 2022	7'773.55 KSM	257'500 CHF
23.12.2022	KSM Treasury 235 Grant for operation expenses Q1&2 2023	22'089 KSM	610'000 CHF
31.05.2023	KSM Treasury 319 Grant for operation expenses Jul & Aug 2023	9'078.7 KSM	213'000 CHF
13.02.2024	KSM Treasury 398 Grant retroactive expenses Sep-Dec 2023	2'706.0 KSM	89'000 CHF
2020-now	total amount of private donations so far (June 20th)	13 ETH (2'782USD) 200 DOT (800 USD) 105'830 CHF	109'412 CHF
2020-now	<i>estimation of pro-bono work</i>	2'500h	

Over time, Encontre has sold some tokens and paid most of its employees in tokens at a 7-day moving average exchange rate. The appreciation of the DOT/KSM tokens so far resulted in realized amounts as follows:

means of realization	primary asset	cumulated realization
salaries paid in DOT 2020-May 2022	15'586 DOT	241'000.- CHF
Exchange trades DOT until May 2022	8'994 DOT	339'000.- CHF
Exchange trades KSM until May 2022	110 KSM	18'000.- CHF
Exchange trades KSM Grant 186	6'011 KSM	270'000 CHF
Exchange trades KSM Grant 226	7'773.55 KSM	178'000 CHF
Exchange trades KSM Grant 235	22'089 KSM	600'000 CHF
Exchange trades KSM Grant 319	8'460 KSM	172'000 CHF
Exchange trades remaining KSM Grant 319	618 KSM	27'400 CHF
Exchange trades KSM Grant 389	794 KSM	25'100 CHF
Exchange trades DOT Reserves	1'834 DOT	9'800 CHF
Exchange trades KSM Reserves	316 KSM	7'700 CHF
total		1'835'500 CHF

Realized loss on

- Grant 186 is CHF 58k (Settled with Grant 235)
- Grant 226 is CHF 72k (Settled with Grant 235)
- Grant 235 is CHF 10k (Settled with Grant 389)
- Grant 319 is CHF 27k (Settled with Grant 389)
- Grant 389 is CHF 1k

Realized gain on

- Grant 319 (remaining) is CHF 10k

A total of 956 KSM and 4'159 DOT are remaining from Grant 389.