

VeBetterDAO Tokenomics 2.0 - Proof-of-Value Model (Revised)

Executive Summary

This proposal presents a comprehensive redesign of VeBetterDAO's tokenomics to address the structural sell pressure on B3TR caused by the weekly X-Allocation cycle. The core problem is that dApps receiving B3TR allocations must sell these tokens to fund fiat-denominated operating costs, creating a predictable weekly sell event that no existing holding incentive (GM NFTs, VOT3 conversion, Vote2Earn) can offset. B3TR has declined to approximately \$0.0078 with a market cap of roughly \$3.4M on a circulating supply of ~437M tokens.

The current trajectory is unsustainable for dApps as well as for the token. As B3TR price continues to decline, the dollar value of allocations shrinks, requiring dApps to sell larger quantities of tokens to cover the same operating costs. The subsidy model is self-liquidating.

The redesigned model — "**Proof-of-Value Tokenomics**" — replaces the binary subsidy-loop architecture with a **Tiered Adoption Model** that gives dApps a gradual, incentive-aligned path from subsidy dependence toward sustainability. It introduces six interlocking mechanisms: tiered allocations, ramped Proof-of-Sink requirements, time-locked vesting, dynamic emissions, Protocol-Owned Liquidity, and revenue-sharing incentives. Critically, it includes a **24-cycle grandfathering period** and a **5,000,000 B3TR Transition Bridge Fund** to ensure no existing dApp is forced into insolvency.

The outcome is not dApp starvation. It is a system where dApps that contribute to B3TR demand earn more operating capital than they do today, while dApps that only extract value face gradually tightening constraints — exactly the incentive structure the current system lacks.

1. Problem Statement & Diagnosis

1.1 The Structural Sell Pressure Loop

The current X-Allocation system operates as follows:

1. Approximately 1.4–1.8 million B3TR are emitted weekly into the X-Allocation Pool (after decay from the initial 2M/week).
2. Governance voters (VOT3 holders) allocate these emissions across approved dApps using quadratic or linear voting.
3. dApps receive their allocation as a single undifferentiated lump sum each cycle.
4. Most dApps have real-world operating costs — server infrastructure, API access fees (e.g., Smartcar for EVeearn), developer stipends, and marketing — denominated in fiat currency.
5. To cover these costs, dApps sell their B3TR allocations on the open market.
6. This creates consistent, predictable sell pressure every single cycle.

1.2 Why Existing Holding Incentives Are Insufficient

VeBetterDAO has introduced several mechanisms to encourage holding, each with structural limitations:

Mechanism	Purpose	Why It Is Not Enough
GM NFT Staking	Lock B3TR for reward multipliers	One-time lock; creates no recurring buy pressure. Once staked, no further demand signal.
VOT3 Conversion	1:1 swap B3TR → VOT3 for governance	Removes tokens from circulation but is a one-directional sink with no ongoing demand generation.
Vote2Earn Rewards	Earn B3TR for voting	Increases circulating supply; rewards are often sold by recipients, compounding the problem.
GM Rewards Pool (5%)	Bonus B3TR for GM NFT holders who vote	Modest relative to total weekly sell pressure from dApp operations.

The fundamental gap: **no mechanism creates recurring, non-speculative demand for B3TR that matches the recurring supply from emissions.** Every existing sink is voluntary. Every source of buy pressure is speculative.

1.3 The Subsidy Trap and Why It Hurts dApps Too

The current architecture is a subsidy system, not an economy. Its trajectory is:

Emissions fund dApp activity → dApps sell tokens → price declines → dollar value of allocations shrinks → dApps must sell more tokens for the same fiat → price declines further → participation falls → fewer quality dApps join → ecosystem contracts

This is not a governance failure. It is a **design failure**. Governance can decide *who* receives emissions but cannot manufacture the *demand* that absorbs them.

Critically, **this path also leads to dApp starvation**. A dApp that needed 50,000 B3TR/week to cover \$500 in operating costs six months ago now needs approximately 65,000 B3TR for the same \$500. If B3TR halves again, they will need 130,000 B3TR. Eventually, the emissions pool literally cannot cover their costs even if they sell every token they receive. The subsidy model is self-liquidating for everyone involved.

1.4 Quantified Impact

Metric	Value (July 2026)
B3TR price	~\$0.0078
Market cap	~\$3.4M

Metric	Value (July 2026)
Circulating supply	~437M B3TR
Weekly X-Allocation emissions	~1.4–1.8M B3TR
Estimated weekly dApp sell pressure	~\$11,000–\$27,000
Sink-to-Emission Ratio (estimated)	< 0.2

2. Design Principles

Before presenting the specific mechanisms, the proposal is guided by five principles that address the concern of dApp viability directly:

- No Forced Insolvency.** Existing dApps are never forced into a model they cannot survive. Grandfathering and bridge funding ensure continuity.
- Incentives Over Mandates.** dApps should *want* to move up the tier system because the economics are superior, not because they are forced.
- Gradual Constraints.** Restrictions ramp over time. A dApp that cannot meet a 10% Proof-of-Sink today has 24 cycles to adapt before facing the full 25% threshold.
- Revenue Rewards, Not Punishments.** The system rewards dApps that generate external revenue and contribute to B3TR sinks – it does not punish those that cannot. The baseline tier preserves lean operations.
- Protocol Absorbs Transition Costs.** The Treasury, not individual dApps, bears the cost of the transition via the Bridge Fund. The ecosystem invests in its own restructuring.

3. The Tiered Adoption Model

Rather than a binary switch that would force dApps to immediately adapt or die, the proposal introduces a three-tier system. dApps self-select into the tier that matches their maturity, and each tier provides a different balance of operating capital, obligations, and rewards.

3.1 Tier Overview

	Tier 1: Baseline	Tier 2: Builder	Tier 3: Champion
Incentive / Operating Split	80% / 20%	65% / 35%	50% / 50%
Proof-of-Sink Required	5% of Incentive Budget	15% of Incentive Budget	25% of Incentive Budget
Operating Budget Vesting	2 weeks (2 cycles)	3 weeks (3 cycles)	4 weeks (4 cycles)
External Revenue Share	None required	5% to Treasury	10%+ to Treasury
Emissions Multiplier	1.0×	1.5×	2.0×

	Tier 1: Baseline	Tier 2: Builder	Tier 3: Champion
Effective Operating Budget	~20% of baseline allocation	~52.5% of baseline allocation	~100% of baseline allocation
POL Yield Access	No	Partial (50%)	Full (100%)
Bridge Fund Eligible	Yes (full)	Yes (partial)	No
Efficiency Vote Protection	No	Partial	Full

How Effective Operating Budget is calculated:

- Tier 1: $20\% \times 1.0\times = 20\%$ of baseline
- Tier 2: $35\% \times 1.5\times = 52.5\%$ of baseline
- Tier 3: $50\% \times 2.0\times = 100\%$ of baseline

A Tier 3 dApp receives the same dollar-value operating budget as a current dApp receiving 100% of its allocation – but it also earns POL yield, keeps 90% of its own external revenue, and benefits from a rising B3TR price. The math makes migration rational.

3.2 Tier Selection and Mobility

- **Default entry:** All new dApps onboard at Tier 1.
- **Tier changes:** dApps may submit a tier upgrade request once every 12 cycles. Upgrades require demonstrating compliance with the target tier's Proof-of-Sink threshold for the preceding 4 cycles.
- **Downgrades:** A dApp that fails to meet its current tier's Proof-of-Sink threshold for 3 consecutive cycles is automatically downgraded one tier. This prevents gaming while giving dApps a buffer for temporary issues.
- **No forced downgrade below Tier 1.** Tier 1 is always available as a floor.

4. Detailed Mechanism Specifications

4.1 Segregated dApp Allocations

Every dApp's X-Allocation is split into two streams according to their tier:

Tier	Incentive Budget	Operating Budget
Tier 1: Baseline	80%	20%
Tier 2: Builder	65%	35%
Tier 3: Champion	50%	50%

Incentive Budget rules:

- Must be distributed to end-users as rewards for verified sustainable actions, OR directed into approved B3TR sinks.
- Cannot be sold for fiat or stablecoins by the dApp.

- Unused Incentive Budget at cycle end returns to the X-Allocation Pool for the following cycle.

Operating Budget rules:

- Can be sold for operating costs, but only after meeting Proof-of-Sink requirements.
- Subject to time-locked vesting.
- A 3% fee on all Operating Budget claims funds the Protocol-Owned Liquidity pool.

This separation ensures the core mission — rewarding sustainable behaviour — continues uninterrupted, while the Operating Budget gives dApps a structured path to sustainability.

4.2 Proof-of-Sink Requirement (Ramped)

Before a dApp can claim any Operating Budget B3TR, it must demonstrate that in the previous cycle it directed at least its tier's required percentage of its Incentive Budget into approved B3TR sinks.

Ramp schedule for Proof-of-Sink thresholds:

Cycles After Launch	Tier 1 Threshold	Tier 2 Threshold	Tier 3 Threshold
Cycles 1–12	2.5%	5%	10%
Cycles 13–24	5%	10%	17.5%
Cycles 25+	5%	15%	25%

This 24-cycle ramp (approximately 6 months) gives every dApp time to accumulate capital, adjust operations, and build sink capacity before facing the full thresholds.

Approved B3TR sinks:

1. **GM NFT Staking:** dApps stake B3TR into GM NFTs, receiving reward weight and earning from the GM Rewards Pool and POL yield distributions.
2. **VOT3 Conversion & Active Governance:** Converting B3TR to VOT3 and casting votes in both governance and X-Allocation rounds during the cycle. VOT3 held from previous conversions counts if the dApp votes in the current cycle.
3. **Liquidity Provision:** Providing B3TR liquidity on approved VeChain DEXs with minimum lock periods of 90 days. LP tokens must be verifiably held by the dApp.
4. **B3TR Burn:** Direct and permanent burning of B3TR tokens, verifiable on-chain.
5. **Treasury Contribution:** Returning B3TR to the DAO Treasury for community-governed reallocation.

Verification: The Proof-of-Sink is verified on-chain via the **ProofOfSinkVerifier** contract. dApps submit a **submitSinkProof** transaction referencing their sink activity from the previous cycle. The contract validates sink transactions against the VeChainThor blockchain and calculates the sink ratio. If the threshold is not met, the dApp's Operating Budget for the current cycle is redirected to the Protocol-Owned Liquidity pool.

Anti-gaming protections:

- Minimum 30-day lock on any staked or LP positions counted toward Proof-of-Sink (except burns and Treasury contributions, which are permanent).
- Sink activity is verified programmatically — self-dealing transactions (e.g., dApp sending B3TR to itself) are excluded.
- Community auditors can challenge sink attestations; successful challenges earn a bounty from the

forfeited Operating Budget.

4.3 Time-Locked Vesting for Operating Budget

Operating Budget allocations that pass the Proof-of-Sink check vest linearly according to tier:

- **Tier 1:** 50% per cycle over 2 cycles
- **Tier 2:** 33.3% per cycle over 3 cycles
- **Tier 3:** 25% per cycle over 4 cycles

A Tier 1 dApp with a 20,000 B3TR Operating Budget would receive 10,000 B3TR claimable immediately and 10,000 B3TR claimable the following cycle. A Tier 3 dApp with a 100,000 B3TR Operating Budget would receive 25,000 B3TR per cycle over 4 cycles.

This spreads sell pressure over time, gives the market room to absorb, and incentivizes dApps to build treasury management strategies rather than panic-selling each cycle.

4.4 Transition Bridge Fund

A one-time **Transition Bridge Fund** of 5,000,000 B3TR is allocated from the DAO Treasury. This fund exists to ensure no existing dApp faces insolvency during the transition.

Eligibility:

- Any dApp that has participated in at least 4 of the last 8 X-Allocation rounds.
- dApp must opt into the tiered model (not remain grandfathered indefinitely – see Section 5).

Bridge grant structure:

Tier	Bridge Coverage	Duration	Taper
Tier 1	80% of operating gap for first 6 cycles	12 cycles max	Tapers 25% every 3 cycles
Tier 2	50% of operating gap for first 6 cycles	12 cycles max	Tapers 25% every 3 cycles
Tier 3	Not eligible	—	—

Operating gap is defined as:

Operating Gap = (Previous Model Average Weekly Revenue from B3TR Sales) – (New Model Effective Operating Budget After Vesting)

Example: A dApp previously selling 100,000 B3TR/week for operations opts into Tier 2. Under Tier 2, with a 1.5× multiplier, their effective Operating Budget after vesting is approximately 52,500 B3TR/week. The gap is 47,500 B3TR. For the first 6 cycles, the Bridge Fund covers 50% of that gap – 23,750 B3TR/week. For cycles 7–9, coverage drops to 37.5% (17,812 B3TR/week). Cycles 10–12: 25% (11,875 B3TR/week). After cycle 12, bridge funding ends.

Fund governance:

- Bridge Fund claims are verified against on-chain data by the **BridgeFundController** contract.

- The **PROPOSAL_STATE_MANAGER_ROLE** can pause the Bridge Fund in case of exploitation.
- Unused Bridge Fund B3TR returns to the Treasury after 24 cycles.
- If the fund is fully depleted before 24 cycles, remaining eligible dApps receive pro-rata distributions.

4.5 Dynamic Emissions Based on Protocol Health

Introduce a **B3TR Stability Mechanism** that adjusts weekly emissions based on two on-chain metrics:

Factor 1: Price Stability Index (PSI)

- Calculate a 4-week moving average (4WMA) of B3TR price using a time-weighted average price (TWAP) oracle.
- If current TWAP < 80% of 4WMA: emissions reduce by 20% for the next cycle.
- If current TWAP < 60% of 4WMA: emissions reduce by 40% for the next cycle.
- Reduced tokens are **burned**, permanently removing them from the total supply.
- If TWAP > 120% of 4WMA: emissions remain at scheduled levels (no increase – the schedule already provides ample supply).

Factor 2: Sink-to-Emission Ratio (SER)

- Calculated each cycle: (Total B3TR sunk via Proof-of-Sink + GM NFT staking + VOT3 conversion + burns + LP locks) ÷ Total B3TR emitted.
- If SER < 0.3: emissions reduce by 15% (burned).
- If SER > 0.6: the original scheduled emissions cap increases by 10% for the following cycle (the system rewards strong absorption).
- Target equilibrium: SER ≥ 0.5.

Combined formula:

$$\text{Adjusted Emissions} = \text{Base Scheduled Emissions} \times (1 - \text{PSI Factor}) \times (1 - \text{SER Factor})$$

Governance override: The DAO can vote to suspend dynamic emissions adjustments for up to 4 cycles in exceptional circumstances (e.g., broader market crashes unrelated to VeBetterDAO fundamentals).

4.6 Protocol-Owned Liquidity (POL) & Buyback Engine

Establish a **B3TR Protocol-Owned Liquidity Pool** funded by multiple revenue streams that scale with ecosystem activity.

Funding sources:

Revenue Source	Allocation to POL
3% fee on all Operating Budget claims	100%
Redirected Operating Budgets (failed Proof-of-Sink)	100%
1% fee on all Incentive Budget distributions	100%
10% of weekly Treasury emissions	Until POL reaches target size
Revenue share contributions from Tier 2 and Tier 3	50% (remaining 50% to Treasury)

Revenue Source	Allocation to POL
dApps	

POL operations, executed each cycle:

1. **Automated Buyback:** 50% of POL inflows market-buy B3TR on available DEXs.
2. **Liquidity Pairing:** The purchased B3TR plus the remaining 50% of inflows are deposited as B3TR/VET and B3TR/USDT LP positions.
3. **LP Tokens Held in Treasury:** Protocol-owned LP tokens are never sold. They provide permanent, deepening on-chain liquidity.
4. **Fee Accrual & Distribution:** Trading fees earned by POL LP positions are split:
 - 50% reinvested into POL (compounding buy pressure).
 - 30% distributed to GM NFT stakers (making GM NFTs yield-bearing).
 - 20% to Treasury for operational reserves.

POL targets:

Milestone	Target	Effect When Reached
Phase 1	POL = 2% of circulating supply	Buyback fee on Operating Budget claims reduces from 3% to 2%
Phase 2	POL = 5% of circulating supply	Buyback fee reduces to 1.5%; Treasury allocation to POL halts
Phase 3	POL = 10% of circulating supply	Buyback fee reduces to 1%; POL becomes self-sustaining from trading fees alone

4.7 dApp Revenue-Sharing Incentives (Tier 2 & 3)

Tier 2 and Tier 3 dApps are expected to share a portion of external revenue with the ecosystem. In return, they receive emissions multipliers that make Tier 2 and Tier 3 economically superior to Tier 1.

Tier	Revenue Share to Treasury	Emissions Multiplier	Additional Incentives
Tier 1	None required	1.0×	Bridge Fund eligible
Tier 2	5% of external revenue	1.5×	Partial POL yield access (50%)
Tier 3	10%+ of external revenue	2.0×	Full POL yield access, promoted governance UI placement, reduced Proof-of-Sink requirement (see ramp)

What counts as external revenue:

- Fiat or cryptocurrency payments from users or enterprise customers for dApp services.
- Sponsorships, advertising revenue, and partnership payments.
- API licensing fees, data sales, or white-label deals.
- Grants from external organizations (not VeBetterDAO Treasury grants).
- Does NOT include: B3TR emissions, VeBetterDAO Treasury grants, token sales of the dApp's own token.

Verification: Revenue sharing is verified through on-chain payments to the Treasury contract. dApps submit quarterly revenue attestations with links to verifiable payment transactions. Community auditors can challenge attestations; successful challenges earn a bounty.

Rationale: This directly incentivizes dApps to build real business models. A dApp generating \$5,000/month in external revenue that opts into Tier 2 shares \$250/month with the Treasury and receives a 1.5× emissions multiplier. If their baseline allocation was 200,000 B3TR/month, they now receive 300,000 B3TR/month — and at a stable or appreciating B3TR price, the dollar value of their allocation grows rather than shrinks.

4.8 Enhanced GM NFT Economics

Upgrade the GM NFT system with three new value-accrual mechanisms:

4.8.1 POL Fee Yield Distribution

- 30% of all POL trading fees are distributed to GM NFT stakers each cycle, proportional to their reward weight.
- This transforms GM NFTs from pure emissions-receivers into yield-bearing productive assets.
- Yield is paid in B3TR and compounds when re-staked.

4.8.2 Efficiency Voting Power

- GM NFT holders at Venus level and above can participate in a monthly "Efficiency Vote."
- This vote determines whether dApps that consistently fail Proof-of-Sink receive reduced emissions for the following 4 cycles.
- Voting weight follows the GM NFT reward weight schedule.
- Quadratic voting is enabled by default for efficiency votes to prevent concentration.

4.8.3 Tiered Ecosystem Benefits

- Higher-tier GM NFTs unlock premium features, boosted rewards, and discounts across ecosystem dApps.
- These are negotiated individually between dApps and the DAO but are recorded on-chain for transparency.

GM NFT Level	B3TR Required	POL Yield Weight	Efficiency Vote Weight	Ecosystem Tier
Moon	5,000	1×	—	Basic
Mercury	12,500	2×	—	Basic
Venus	25,000	4×	1×	5% reward boost
Earth	50,000	8×	2×	10% reward boost

GM NFT Level	B3TR Required	POL Yield Weight	Efficiency Vote Weight	Ecosystem Tier
Mars	125,000	16×	4×	Premium features
Jupiter	250,000	32×	8×	15% reward boost
Saturn	1,250,000	64×	16×	Priority access
Neptune	2,500,000	128×	32×	20% reward boost
Galaxy	12,500,000	256×	64×	Co-governance rights

5. Transition & Grandfathering

5.1 Grandfathering Period for Existing dApps

Existing dApps (those that have participated in at least 4 of the last 8 X-Allocation rounds prior to this proposal's execution) receive the following protections:

- **24-cycle grandfathering period (approximately 6 months).** During this period, existing dApps may remain on the current (pre-V12) allocation model with no changes — 100% lump-sum allocation, no Proof-of-Sink requirement, no vesting, no segregated budgets.
- **Voluntary early opt-in.** At any point during the 24 cycles, a grandfathered dApp may voluntarily opt into any tier of the new model. Once opted in, the transition is permanent.
- **Mandatory migration at cycle 25.** All grandfathered dApps must select a tier at or before cycle 25. Those that do not actively select are defaulted to Tier 1.
- **New dApps (onboarding after proposal execution) enter directly into the tiered model with no grandfathering.** They select their tier at onboarding.

Rationale: This eliminates the risk of forced insolvency. No dApp is pushed into a model it cannot survive. The 24-cycle window gives every team time to evaluate, plan, build revenue models, and accumulate the capital needed to meet Proof-of-Sink thresholds.

5.2 Bridge Fund Access During Transition

Grandfathered dApps that voluntarily opt into the tiered model during the first 12 cycles are eligible for the Transition Bridge Fund as described in Section 4.4. dApps that wait until cycles 13–24 receive reduced bridge coverage (50% of the standard amounts). dApps that wait until cycle 25 receive no bridge funding.

This creates a soft incentive to opt in early while preserving the freedom to wait.

6. Technical Specification

6.1 New Smart Contracts Required

Contract	Purpose
TieredAllocationSplitter	Splits X-Allocation emissions into Incentive and Operating Budgets based on dApp tier; applies emissions multipliers
ProofOfSinkVerifier	Validates on-chain sink activity (GM NFT staking, VOT3 conversion, LP provision, burns, Treasury contributions); calculates sink ratio; approves or rejects Operating Budget claims
OperatingBudgetVester	Manages time-locked vesting schedules for approved Operating Budget claims per tier
DynamicEmissionsController	Calculates PSI (via TWAP oracle) and SER each cycle; adjusts emissions parameters; executes burns of reduced emissions
ProtocolOwnedLiquidityPool	Receives fees from claims and distributions; executes automated buybacks on DEXs; manages LP positions; distributes trading fee yield
RevenueShareRegistry	Records dApp revenue attestations; calculates emissions multipliers; enables community challenges
BridgeFundController	Manages Transition Bridge Fund eligibility, claims, tapering, and pro-rata distribution
GMYieldDistributor	Calculates and distributes POL yield to GM NFT stakers each cycle
TierManager	Manages dApp tier registration, upgrade requests, downgrade logic, and tier metadata

6.2 Modified Existing Contracts

Contract	Modification
Emissions	Add dynamic adjustment hooks from DynamicEmissionsController ; add burn mechanism for reduced emissions; route X-Allocation through TieredAllocationSplitter
XAllocationPool	Route distributions through TieredAllocationSplitter instead of direct dApp transfer
XAllocationVoting	Add tier metadata to app registry for voter visibility
Treasury	Add POL fee receiver; add revenue share receiver; add Bridge Fund allocation; grant GOVERNANCE_ROLE to ProtocolOwnedLiquidityPool and

Contract	Modification
	BridgeFundController
B3TRGovernor (V12)	Add new proposal types for efficiency votes, parameter adjustments, and tier management

6.3 Key Governance-Adjustable Parameters

Parameter	Initial Value	Description
tier1IncentiveRatio	80%	Tier 1 Incentive Budget percentage
tier2IncentiveRatio	65%	Tier 2 Incentive Budget percentage
tier3IncentiveRatio	50%	Tier 3 Incentive Budget percentage
tier1SinkThreshold	5% (ramped from 2.5%)	Tier 1 Proof-of-Sink threshold
tier2SinkThreshold	15% (ramped from 5%)	Tier 2 Proof-of-Sink threshold
tier3SinkThreshold	25% (ramped from 10%)	Tier 3 Proof-of-Sink threshold
tier1VestingCycles	2	Tier 1 Operating Budget vesting period
tier2VestingCycles	3	Tier 2 Operating Budget vesting period
tier3VestingCycles	4	Tier 3 Operating Budget vesting period
tier2Multiplier	1.5×	Tier 2 emissions multiplier
tier3Multiplier	2.0×	Tier 3 emissions multiplier
tier2RevenueShare	5%	Tier 2 required external revenue share
tier3RevenueShare	10%	Tier 3 required external revenue share
polClaimFee	3%	Fee on Operating Budget claims funding POL
polIncentiveFee	1%	Fee on Incentive Budget distributions funding POL
polTreasuryAllocation	10%	Treasury emissions directed to POL
polYieldGMShare	30%	POL trading fee yield to GM NFT stakers
polYieldReinvestShare	50%	POL trading fee yield reinvested

Parameter	Initial Value	Description
<code>polYieldTreasuryShare</code>	20%	POL trading fee yield to Treasury
<code>bridgeFundTotal</code>	5,000,000 B3TR	Total Bridge Fund allocation
<code>bridgeFundMaxCycles</code>	24	Maximum cycles bridge fund operates
<code>grandfatheringPeriodCycles</code>	24	Cycles existing dApps may remain on old model
<code>psiLowThreshold</code>	80%	Price Stability Index lower bound
<code>psiCriticalThreshold</code>	60%	Price Stability Index critical bound
<code>serTargetMinimum</code>	0.3	Minimum viable Sink-to-Emission Ratio
<code>serTargetOptimal</code>	0.5	Optimal Sink-to-Emission Ratio
<code>sinkLockMinimumDays</code>	30	Minimum lock period for sink positions

7. Implementation Plan

Phase 1: Development & Audit (Weeks 1–10)

- Complete smart contract development for all 9 new contracts and 5 contract modifications.
- Commission two independent security audits from separate firms.
- Deploy full system to VeChain testnet.
- Run 8-cycle simulation using historical X-Allocation, price, and sink data.
- Publish all audit reports and simulation results.
- Open 2-week community review and feedback period.

Phase 2: Governance Ratification (Weeks 11–12)

- Submit formal governance proposal for V12 Governor upgrade.
- Community temperature check via Discourse (minimum 3 days).
- On-chain vote with 30% quorum requirement.
- If passed: queue Timelock execution (standard delay).
- Bridge Fund allocation approved via separate Treasury proposal.

Phase 3: Mainnet Deployment & Soft Launch (Weeks 13–20)

- Deploy new contracts and upgrade existing contracts via Governor.
- Initialize all parameters at conservative ramp values.
- 8-cycle "soft launch" period:
 - New dApps onboard directly into tiered model.

- Existing dApps remain grandfathered unless they voluntarily opt in.
- Bridge Fund begins accepting applications for early opt-in dApps.
- POL pool begins accumulating from fees but buyback operates at 25% intensity.
- Dynamic emissions monitoring runs in observation mode (no adjustments yet).
- Monitoring dashboard goes live with PSI, SER, POL, and per-dApp metrics.
- Weekly community calls during soft launch for feedback and Q&A.

Phase 4: Full Operation (Week 21+)

- All parameters at full values.
- Dynamic emissions adjustments activate.
- POL buyback intensity increases to 100%.
- First efficiency vote held (cycle 25).
- Monthly community review of ecosystem health metrics.
- Quarterly governance votes on parameter adjustments based on accumulated data.
- First comprehensive ecosystem health report published at cycle 36 (9 months).

Budget Request

Item	Amount (B3TR)	Notes
Smart contract development (9 new + 5 modified)	600,000	Includes AllocatorSplitter, ProofOfSinkVerifier, Vester, DynamicEmissions, POL Pool, RevenueShare, BridgeFund, GMYield, TierManager, Governor V12
Independent security audits (2 firms)	350,000	Two separate auditors for defense in depth
Testnet simulation infrastructure	150,000	Historical data indexing, TWAP oracle simulation, scenario testing
Public monitoring dashboard	150,000	Real-time PSI, SER, POL, dApp tier, and Bridge Fund dashboards
Community education & documentation	100,000	Guides for dApps, voters, and GM NFT holders; migration documentation
Transition Bridge Fund	5,000,000	Allocated from Treasury reserve; unused funds return after 24 cycles
Total (development + audit + infra)	1,350,000	Drawn from Treasury
Total (including Bridge Fund)	6,350,000	Bridge Fund is a separate

Item	Amount (B3TR)	Notes
		allocation

8. Expected Outcomes

8.1 Short-Term (Cycles 1–24, ~6 Months)

Metric	Current State	Target
Weekly dApp sell pressure	~\$11K–\$27K/week	Reduced 20–30% via vesting (grandfathered dApps still selling; early adopters smoothing)
Sink-to-Emission Ratio	< 0.2 (estimated)	≥ 0.30
POL size	\$0	\$75,000–\$150,000
dApps voluntarily opted into tiered model	0%	≥ 30% of active dApps
Bridge Fund utilization	N/A	≤ 60% (healthy sign if dApps need less than expected)
dApps with verifiable external revenue	~0–1	≥ 3

8.2 Medium-Term (Cycles 25–48, ~6–12 Months)

Metric	Target
B3TR price stability	Establish consistent support level; 50% reduction in 12-week volatility
POL size	≥ 5% of circulating supply
Sink-to-Emission Ratio	≥ 0.5
dApps at Tier 2 or Tier 3	≥ 50% of active dApps
POL trading fee yield to GM NFT stakers	≥ 2% APY in B3TR
External revenue-generating dApps	≥ 5 with verifiable on-chain revenue sharing
GM NFT total value locked	≥ 100% increase from current levels

8.3 Long-Term Vision (Cycles 49+, ~12+ Months)

- B3TR transitions from a subsidy-distribution token to a **productive, yield-bearing asset** that captures value from ecosystem activity.
- dApps compete on sink contribution and revenue generation, not vote-farming.
- POL becomes self-sustaining: trading fees fund ongoing buybacks without Treasury allocation.

- External revenue-sharing creates a flywheel: dApp revenue → Treasury & POL → buy pressure → price stability → more dApps attracted → more revenue.
- The tiered model naturally sorts dApps: lean experimental apps at Tier 1, growing apps at Tier 2, mature revenue-generating apps at Tier 3.
- VeBetterDAO becomes the reference architecture for sustainable X-to-Earn tokenomics.

9. Risk Assessment & Mitigations

Risk	Probability	Impact
Existing dApps leave rather than adapt	Low-Medium	High
Proof-of-Sink gaming (wash sinking, self-dealing)	Medium	Medium
Bridge Fund depleted before transition completes	Medium	Medium
POL buyback insufficient at low ecosystem volumes	High (early)	Medium
Dynamic emissions create planning uncertainty for dApps	Medium	Medium
Tier 3 dApps dominate governance and entrench advantages	Medium	Medium

Risk	Probability	Impact
Smart contract vulnerability or exploit	Low	Critical
Revenue share attestation fraud	Medium	Medium

10. Conclusion

The current VeBetterDAO tokenomics do not fail because dApps are greedy or governance is captured. They fail because the system was designed as a distribution engine without a corresponding absorption engine. Emissions create supply; nothing creates commensurate demand. The result — a declining token price, a shrinking dollar value of allocations, and an ecosystem increasingly dependent on belief rather than economics — hurts dApps and token holders equally.

This proposal does not ask dApps to stop needing operating capital. It does not force them into insolvency. It provides a **graduated, incentive-aligned path** from subsidy dependence toward sustainability:

- **Tier 1** preserves lean operations with minimal obligations for early-stage and experimental dApps.
- **Tier 2** offers enhanced capital for dApps beginning to generate revenue and contribute to sinks.
- **Tier 3** makes full participation economically superior to the current model, rewarding mature dApps that generate external revenue, contribute to B3TR demand, and share value with the ecosystem.

A **24-cycle grandfathering period** and a **5,000,000 B3TR Bridge Fund** ensure no existing dApp faces a cliff. The ecosystem invests in its own restructuring.

The mechanisms — segregated allocations, ramped Proof-of-Sink, time-locked vesting, dynamic emissions, Protocol-Owned Liquidity, and revenue-sharing incentives — work together to create what the current system lacks: **recurring, structural demand for B3TR that scales with ecosystem activity**.

The goal is not to restrict dApps. It is to build a system where holding B3TR is more valuable than selling it, where contributing to the ecosystem earns more than extracting from it, and where the token's value reflects the genuine economic activity it enables rather than the speculation it attracts.

A token that must be held is stronger than a token that must be sold. A system that rewards contribution outlasts one that subsidizes extraction.