

2.0 Fundamental

Prime Rating Report V2.0

Protocol: Harvest Protocol (FARM)

Version: There is no information, so v1 it seems.

Previous Report: None

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Instructions

Please go to files and make a copy of this template.

Fill in all questions with a written explainer, any relevant links and score per variable. Insert the scores in the scorecard at the end of the report. Please follow the process as laid out in the Medium announcement and submit the report through the form.

Please include your sources into the text (as a link), so others can follow your trail of thought.

1. Value Proposition

The Value Proposition section describes the value a protocol delivers to its users. Based on the proportion of the problem the protocol aims to solve and the potential of the protocol to effectively solve the problem - better than other industry solutions - a Value Proposition rating is created.

a) Novelty of the solution (15 points)

This score evaluates the novelty (uniqueness) of the protocol. Has the protocol introduced any new innovations that help solve user's problems more efficiently? Is the project a fork? To what extent did they copy/fork the original?

Answer: Harvest Finance is just another yield optimizer. Looking to automate farming and minimize gas costs for its users. *"The team at Harvest Finance cites Andre Cronje as inspiring their fledgling project. Harvest smart contracts [are](#) open source and are designed from the ground up. They are not forks of existing contracts."* Looking at their project offerings now, close to a year after launching, the project has not introduced any tangible innovations, despite not being a fork. One different feature is the Council of 69, where users can suggest investments, it goes through a vote and later on profits are shared with 'humble farmers'.

Score: 4

b) Market fit/demand (15 points)

This score evaluates the degree to which the protocol satisfies a strong market demand. The market

fit evaluates if the protocol is able to satisfy the needs of a specific market (can also be measured by user adoption/ #of users). To what extent has the protocol proven to meet the demand of a specific market? Is the timing of the product right for the market? Is the protocol targeting the right market?

Answer: Harvest is one of the many yield optimisers in town. They have been able to maintain a TVL of 300M, but compared to its competitors (many 1B+), it has clearly strayed behind. It is making revenue ([330K](#) per week, at least this week that is), has 8000 FARM holders and according to their dashboard 27k unique addresses that interacted with the protocol. With no roadmap, and a clear downtrend of deposits, I can only give this project a 3.

Score: 3

c) Target market size? (10 points)

The target market size evaluates the current and future size of the problem the protocol is aiming to solve. The category of the Open Finance solution can be used as a reference to the target market (for example: Lending). Because Open Finance is by definition global, the global market for a specific problem equals the target market size.

Answer: Yield optimization is a billion dollar industry with some projects raking in millions in revenue (yEarn). With DeFi only heating up recently, the sector of optimization will surely grow further.

Score: 10

d) Competitiveness within market sector(s) (10 points)

This score evaluates the competitiveness of the protocol within the market sector(s) it operates in. This score offers a relative comparison of the protocol and other protocols operating in the same market sector(s).

Answer: As explained above, Harvest has failed to maintain a large position within the sector. It has branched out to BSC and has a wide range of farms. After its [exploit](#), it seems the project lost confidence in the bigger market, but its farms are able to keep a bottom of 300M TVL.

Score: 4

e) Integrations & Partnerships (15 points)

Due to crypto's open-source nature, the code of most protocols can easily be forked. This score represents a piece of "unforkable value". Some indicators to look at are the number of applications built on top of the protocol (vertical integration), other entities integrating the protocol's services (horizontal integration) or the number of relevant partnerships (be careful of logo collections/ partnerships without much purpose).

Answer: Harvest isn't known for its major partnerships and integrations. If you dig, you can find some low level ones ([SnowSwap](#)). Their discord also has a defi-collaborations channel. Nothing is listed on their website.

Score: 5

2. Tokenomics

The Tokenomics section of the review assesses the function of a protocol's token. This includes the token distribution, functionalities of the token, the ability of the token to incentivize positive behavior in the protocol, and the ability of the token to capture a portion of the value created.

a) Is the token sufficiently distributed? (15 points)

The token distribution can be an indicator of a healthy protocol. When the protocol tokens are widely distributed among different stakeholder groups and contributors, this genuinely improves the coordinating capability of the token and strengthens the resiliency of the protocol. Was the initial distribution balanced between relevant stakeholders? Are the tokens distributed over sufficient participants (10, 25, 100 largest addresses)?

Answer: As mentioned earlier there are [8000 FARM holders](#) and according to their [dashboard](#) 27k unique addresses that interacted with the protocol. The project started out without a premine and is distributed through liquidity mining rewards. Most of the supply is locked in the staking contract. With four addresses in the top 10 being non-contract ones, the biggest two around 6% of the supply. A typical distribution for a medium sized DeFi project. With FARM having been distributed as rewards for usage, 1/3 the size of holders compared to users shows plenty of users farmed and dumped. There was no treasury allocation, no team allocation, no investor allocation. This gives whale risk.

Score: 5

b) What is the extent of the token's capabilities? (10 points)

Is the token useful within the protocol? Does the token allow the holders to participate in governance or influence the protocol in any way? Does it serve any other purposes?

Answer: The token is used for snapshot voting and for staking to earn protocol revenue. The token itself has no other utility within the protocol.

Score: 7

c) Is the issuance/distribution model able to improve the coordination of the protocol? (10 points)

To what extent does the issuance of the token support the advancement and function of the protocol? Are the tokens justifiably being issued? Does the issuance model incentivize the right behavior? Are all relevant stakeholders benefiting from the issuance model?

Answer: The token is being distributed over a four year schedule (sound similar? Correct! Just like Convex, the project I reported on yesterday). This is done through farming. There are no dev mining allocations. But there are buybacks of FARM with revenue made. *"The protocol [will](#) collect transaction fees from swaps. Harvest can use these funds for bug bounties, security audits, and also for new projects."* This helps a bit. It is unclear how large this treasury is, but it can be assumed snapshot voting decides on it.

Score: 4

d) Is the value capture model able to accrue and distribute value? (10 points)

A value accrual and distribution mechanism can help improve the utility of a token and its ability to be used as an effective coordination mechanism. Does the protocol have mechanisms to distribute some of the value created to the token holders?

Answer: When users stake FARM, [iFARM is given](#), which is the yield bearing version and gives rights to revenue distributions. There are no vote rewards (Kyber) and no dev rewards (Index Coop), outside of votes through snapshot. This makes the token quite simple compared to other projects.

Score: 4

e) Is the token sufficiently liquid to enable active use and trade? (10 points)

Is the token widely available and is there sufficient liquidity available to facilitate all protocol functionalities?

Answer: Harvest's FARM token is a small size DeFi token. [Market Cap \\$34,906,807. 24 Hour Trading Vol \\$440,312](#). It is traded on multiple DEXs and CEXs however. With most of the volume coming from Hotbit, Hoo.com and AEX.

Score: 5

f) Are there any extrinsic productivity use cases for the token? (10 points)

Besides the protocol's value distribution model as described in 2. d), can the token be used productively on other protocols (e.g. as collateral, for lending, LPing, yield farming, etc.)?

Answer: FARM is not a well sought after token within the space. It actively tries to get whitelisted on certain projects, like [Bancor](#). But this is due to their own lobbying, not due to FARM being so attractive.

Score: 3

3. Team

The Team section describes the quality of the team behind the protocol. The current version of Prime Rating favors teams that are publicly identifiable. In the case of an anon team, the track record of the specific anons involved can be taken into account

a) Is the team credible and public? (15 points)

Are the identities of the core contributors and team publicly identified? In the case of anon team members, is there any way to track their background/record?

Answer: The Harvest Finance launch team is anonymous ([5-2021](#)). And has been [accused](#) of taking part in their main exploit of 11-2020. They are not clearly shown within their Discord either.

Score: 0

b) Does the team have relevant experience? (10 points)

Are there any documents or trails available to showcase the track record of the team? Do the team members have relevant backgrounds and skill sets?

Answer: The Harvest Finance launch team is anonymous ([5-2021](#)).

Score: 0

c) Does the team participate and help shape the public debate? (5 points)

To what extent do the protocol contributors participate in the public debate around open finance? Are the team members giving presentations, sharing their thoughts and opinions, and do they help raise the collective intelligence of the industry?

Answer: The Harvest Finance launch team is anonymous ([5-2021](#)) and is not known for being part of debates.

Score: 0

d) Is the team able to effectively attract and coordinate resources? (10 points)

How effective is the team at attracting and coordinating resources for the benefit of the protocol? Has the team raised sufficient funding or are there mechanisms in place to attract resources when needed?

Answer: The project has launched seemingly without any investment. There are also no known investment rounds after launch. The protocol does create revenue (330k this week as mentioned earlier), however the protocol treasury gets only funded with swap tx. This is tiny compared to the rest of the protocol revenue. Seeing that the project has no clear roadmap but does have a Council of 69 which invests with protocol funds, it is unclear how well it does. The [investments](#) of the Council have all been minor (\$260k in total), so this gives an indication. If the project wants to become a dominant player in its sector, it needs more funding.

Score: 2

4. Governance

The Governance section evaluates how the protocol is governed and who the governors are. The different governance functionalities and processes are evaluated to determine to what extent the Protocol will be able to self-govern in a way that ensures the development of the protocols while respecting the needs of all current and future stakeholders.

a) Admin Keys (20 points)

Admin Keys allow some critical functionalities of a protocol to be controlled by an admin. This allows the developers to react to potential bugs, but also creates a risk as the developers could potentially misuse the admin keys to exploit the protocol. Does the protocol have admin keys and how are they managed?

Answer: The protocol [has been under scrutiny](#) by Chris Blec for having 1 admin key with god mode powers, including a rug pull possibility. Since then, the only [documentation](#) available mentions a 12 hour timelock. A timelock is good, but since the rest of the information is not available it scores a 3.

Score: 3

b) Extent of Governance capabilities (15 points)

Distributed governance allows the token holders to participate in the governance of open finance protocols. How much influence does the governance mechanism have? Are the votes affecting on-chain changes or do they function solely as signals to the team?

Answer: Token holders vote through snapshot. On what they can vote on is not [documented](#).

Score: 6

c) Active Governance contributors (5 points)

Governance is a process that can be rather resource-intensive if executed well. To ensure good governance is practiced by the protocol, it's important to have a sufficient number of governors allocate resources to the governance process of the protocol. How many individuals participate in the debate around the protocol? How active are voters?

Answer: There have been a [couple of votes](#), some more active than others. The Discord dedicated to voting is reasonably active.

Score: 3

d) Governance technology/infrastructure (10 points)

The Governance infrastructure relates to the technology, software, and models used by the protocol's governance. Does the protocol have a reliable and usable voting mechanism? Are there channels for governance debate? Is there sufficient documentation available?

Answer: The project uses Snapshot and Discord, the two main avenues used by most projects. It

could add a forum for more clarity. Now discussions are lost within the Discord channel. There is also no clear documentation on the process.

Score: 4

e) Robustness of Governance process (10 points)

This score requires documentation specifically on the governance process that sets the basic framework in terms of agreements, norms, and language for governing the protocol and to create social consensus. Does the protocol have a formal governance process? How robust is the governance process and does it promote good governance?

Answer: There is basically [none](#). Snapshot is not even mentioned on their website.

Score: 0

5. Regulatory

The Regulatory section describes the extent and quality of the regulatory environment that affects the Protocol. To be able to guarantee functionality, security, and legality the protocol should comply with regulatory requirements, or limit itself to facilitating services to users who are willing to operate outside of the traditional regulatory environment.

a) Does the protocol have any legal accountability? (15 points)

Does the protocol have any form of legal accountability? Can users and partners hold the protocol accountable in case of a breach of the agreement?

Answer: There is no clear company behind the team and the team is anonymous.

Score: 0

b) What is the quality of the legal jurisdiction? (10 points)

If the protocol has a legal entity, what is the quality of the jurisdiction the entity is established in? Will the jurisdiction be able to facilitate the legal framework for the protocol to expand while remaining accountable.

Answer: There is no clear company behind the team and the team is anonymous.

Score: 0

Scorecard

1. Value Proposition	Points
a) Novelty of the solution	4 / 15
b) Market fit/demand	3 / 15
c) Target Market Size	10 / 10
d) Competitiveness within market sector(s)	4 / 10
e) Integrations & Partnerships	5 / 15
Total Points - Value Proposition	26 / 65
2. Tokenomics	Points
a) Is the token sufficiently distributed?	5 / 15
b) What is the extent of the token's capabilities?	7 / 10
c) Is the issuance model able to improve the coordination of the protocol?	4 / 10
d) Is the value capture model able to accrue and distribute value?	4 / 10
e) Is the token sufficiently liquid to enable active use and trade?	5 / 5
f) Are there any extrinsic productivity use cases?	3 / 10
Total Points - Tokenomics	28 / 60
3. Team	Points
a) Is the team credible and public? (No, Partly, Yes & Anon , Yes & Public)	0 / 15
b) Does the team have relevant experience?	0 / 10
c) Does the team participate and help shape the public debate?	0 / 5
d) Is the team able to effectively attract and coordinate resources?	2 / 10
Total Points - Team	2 / 40
4. Governance	Points
a) Admin Keys	3 / 20
b) Extent of Governance capabilities	6 / 15
c) Active Governance contributors	3 / 5
d) Robustness of Governance process	4 / 10
e) Governance infrastructure	0 / 10
Total Points - Governance	16 / 60

5. Regulatory	Points
a) Does the protocol have any legal accountability?	0 / 15
b) What is the quality of the legal jurisdiction?	0 / 10
Total Points - Regulatory	0 / 25
Total	98 / 250

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