Algorand™
FOUNDATION

TRANSPARENCY REPORT

OCTOBER 1, 2023 – DECEMBER 31, 2023

MESSAGE FROM THE CFO

Welcome to the Q4 2023 Algorand Foundation Transparency Report. This report covers the period from October 1, 2023, to December 31, 2023.

In Q4 2023, transactions on the blockchain grew by over 50%, and the number of new accounts[1] opened increased by over 75% compared to the prior period. Overall, we have seen an increase in most metrics, further detailed in the appendix. The increase in transactions is broadly based, with especially strong usage by TravelX and World Chess. More specifically, TravelX has now issued more than 2M NFT plane tickets, of which 1.5M were issued in this period.

Major events that took place in Q4 2023 included the Algorand global virtual hackathon, Build-A-Bull, and the Algorand Impact Summit in Delhi, India, where we gathered a broad range of policymakers, developers, and business leaders to develop connections and drive Algorand adoption.

We also made significant improvements to AlgoKit and released the developer preview of Python on Algorand ahead of its official launch as part of AlgoKit 2.0, scheduled for Q1 2024. Each of these activities is detailed under "Notable Activities & Achievements."

Since I joined the Foundation, I have enhanced financial controls around cost management and treasury more generally. At the start of 2023, I introduced a formal budget process that has been continuously monitored since. During Q4 2023, I spent additional time reflecting on the controls and procedures more holistically to evaluate what worked and what can be enhanced going forward. I am excited for 2024!

From a treasury perspective, two significant events took place in Q4 2023. First, Arrington Capital decided to unwind its Algorand Growth Fund, in which the Foundation had invested in early 2022. Going forward, we will dramatically reduce or eliminate our reliance on third-party investment funds, and make deployment decisions in-house or, increasingly, via the community Governance and xGov processes. Second, as part of the comprehensive agreement with DWF Labs announced previously, and following the successful completion of the Token Purchase Agreement, a 75M Algo loan facility entered its availability period and was drawn down. Both of these events are detailed further under "Investments, Grants & Loans."

As ever, please feel free to reach out to askthecfo@algorand.foundation with any questions.

---

[1] In previous reports, we referred to "accounts" as "wallets." However, in the interest of precision, we will use the term "accounts" going forward. The decision to standardize on "accounts" acknowledges that a single wallet can house and manage multiple distinct accounts.

FOUNDATION HOLDINGS & RECONCILIATION

At the end of the reporting period, the Foundation had a balance of 1,972M Algo. This can be verified on chain via our published account addresses page on the Foundation website.

The breakdown that follows provides an explanation of both Algo and USD movements during the period, organized by the major categories of Foundation responsibilities and broken down into three areas:

- Spending allocated towards incentives, historically used to reward Governance participation and increasingly redirected by the community in more targeted ways.
- Direct spending on the development of the ecosystem via Foundation equity / token investments, loans, investments in third-party funds, etc.
- Funds used by the Foundation in its mission to develop and support the Algorand ecosystem.

Reference to USD throughout the report, where applicable, includes fiat and stablecoins. Investments are shown at cost, and those in Algo are translated using the spot price at the time of the transaction.

BALANCE SHEET HOLDINGS ('000)

	Sep 30, 2023	Dec 31, 2023	Movement
Investments (USD)	99,169	37,334	(61,835)
Foundation Holdings (Algo)	2,108,572	1,972,084	(136,488)

RECONCILIATION ('000)

	USD 3 months to Dec 31, 2023	Algo 3 months to Dec 31, 2023
Structured & OTC Selling	-	-
Spend Allocated by the Community		
Governance Rewards	-	(40,857)
Ecosystem Support, xGov, DeFi Rewards, NFT	(1)	(8,044)
Investments, Grants & Loans		
Investments & Associated Income	(113)	907
Grants, Bursaries, Bounties & Champion Payments	(56)	(3,798)
Loans	2	(75,154)
Algorand Ventures Operations	(441)	(17)
Algorand Foundation Expenditures		
Business Development & Access	(719)	(469)
Ecosystem Support	(216)	(253)
Communities	(833)	(17)
Marketing, Events & Partnerships	(3,345)	(508)
R&D, Education, Platform Infrastructure & Tooling	(2,754)	(2,732)
Core Foundation Operations	(3,191)	(5,546)
Net Movement	**(11,667)**	**(136,488)**

STRUCTURED SELLING

The structured selling program was paused on June 6, 2023, and remained inactive throughout Q4 2023.

SPEND ALLOCATED BY THE COMMUNITY

In Q4 2023, the community-allocated spend amounted to 48.911M Algo. As usual, the major way in which this spend is distributed is via Governance rewards and incentives. The table below explains the breakdown of rewards rolled forward from prior Governance periods, those allocated and distributed in the current Governance period, and those rolled forward to future Governance periods.

Nature of Reward	Opening Balance from Prior Periods Algo '000	Allocation for this & Future Periods Algo '000	Extinguished / Reallocated Algo '000	Spent in Period Algo '000	Closing Balance For Future Periods Algo '000
Governance Period 6 (Q1 2023)					
xGov Community Funding Pilot	2,000	-	-	(54)	**1,946**
Community Curated NFT Collection	250	-	-	-	**250**
Governance Period 7 (Q2 2023)					
xGov Term Pool 1	-	-	2,139	-	**2,139**
					-
Governance Period 8 (Q3 2023)					
Governance Rewards	24,500	-	(1,143)	(23,357)	**-**
DeFi Rewards	17,500	-	-	(17,500)	**-**
xGov Term Pool 2	-	-	1,143	-	**1,143**
Governance Period 9 (Q4 2023)					
Governance Rewards	-	14,500	-	-	**14,500**
DeFi Rewards	-	17,500	-	-	**17,500**
Targeted DeFi Rewards	-	7,500	-	(7,500)	**-**
NFT Rewards Program	-	500	-	(500)	**-**
xGov Term Pool 3	-	-	-	-	**-**
Total	**44,250**	**40,000**	**2,139**	**(48,911)**	**37,478**

Please note that given the structure of the Algorand Governance program, there is a lag between community voting decisions and the release of funds by the Foundation. The nature of each rewards program determines when and how rewards are distributed. In addition, please note:

- For Governance Period 8 (GP8), a total of 40.857M Algo were distributed for Governance and DeFi Rewards.
- The xGov Community Funding Pilot distributed a total of 54K Algo through Voting Session 1, of which 10K Algo was converted to USDC at the time of the payment. Information on the grantees can be found on the xGov Portal.
- For Governors who opted into xGov in GP8, 1.143M Algo have been segregated into a separate account named xGov Term Pool 2. These rewards will be distributed to the xGovs who remain eligible at the end of the one-year lockup period, and therefore their distribution will be accounted for in a future Transparency Report.
- For GP9, a total of 8M Algo were distributed for Targeted DeFi (7.5M Algo) and NFT Rewards (500K Algo) programs. The amounts distributed to each project are provided below.

Targeted DeFi Reward Recipients	Algo
Folks Finance	1,875,000
Pact	1,875,000
Tinyman	1,422,475
Algomint	754,583
AlgoRai Finance	556,790
Meld Gold	515,340
Humble	154,898
Wormhole	137,562
xBacked	116,505
Messina.one	91,846
Total	**7,500,000**

NFT Reward Recipients	Algo
Rand Gallery	175,000
EXA Labs	173,516
Shufl	92,825
Algogems	58,659
Total	**500,000**

The NFT Governance Rewards Program, which was enacted by the community with the objectives of increasing the number of traders, NFT sales, new users, and creators in the marketplaces, continues to have a positive impact. Marketplaces that designed initiatives for attracting new users and creators to the ecosystem saw an increase in new listings as well as NFT sales. During the Rewards period in November 2023, Algorand NFT volume exceeded 2M Algo, a 76% increase over the prior month.

Looking forward, an exciting proposal for rewarding consensus has now been issued, and detailed discussions within the community have begun. This change represents a seismic shift in how rewards spending is allocated, effectively replacing the bootstrapped Governance participation, DeFi participation, and NFT incentives with a compensation for the work done by node runners to keep the Algorand network secure. Learn more in the "Algorand Consensus Incentivisation" discussion paper.

INVESTMENTS, GRANTS & LOANS

ALGORAND VENTURES INVESTMENTS

In Q4 2023, Algorand Ventures executed investments in both fiat and Algo. Total investments were in the amount of 4.561M Algo and 160K USD. These include:

- HesabPay, a digital payments platform built on Algorand that enables secure digital payments, bill pay, and remittance services in Afghanistan, with ambitions for geographic expansion.
- Gora, an oracle service that enables on-chain smart contracts to access information about the real world via data feeds from 10 trusted providers.
- Defly Wallet, an Algorand wallet tailored specifically for seamless access to DeFi protocols in the Algorand ecosystem.
- Fracctal Monsters, a pet taming and training game built on Algorand that delivers fun, entertainment, engagement, and plenty of rewards.

Of particular note is Algorand Ventures strategic investment in HesabPay. The Foundation has been supporting HesabPay's growth for almost two years—first, in 2022, with a grant that enabled it to move its activities to the Algorand blockchain, and second, with additional investment in 2023 to accelerate growth. Learn more about the recent HesabPay investment in the press release.

ARRINGTON CAPITAL ALGORAND GROWTH FUND INVESTMENT

As detailed in the October 2021 - March 2022 Transparency Report, the Foundation subscribed 50M Algo into Arrington Capital's Algorand Growth Fund in early 2022. A similar investment was made by Algorand Technologies in 2021. During Q4 2023, the fund was placed into liquidation.

To date, the Foundation has received only 2.737M Algo and 22K USD in proceeds from this investment. The Foundation also has an interest in illiquid investments (i.e. SAFEs and SAFTs) that were marked by Arrington Capital at a value of 744K USD as of November 30, 2023. These will be distributed to the Foundation at a future date.

This outcome is deeply disappointing to the Foundation, not only for financial reasons, but because the fund did not make meaningful investments in our ecosystem. Unfortunately, we are unable to give additional detail, as the arrangement was bound by an NDA. However, we have released Arrington Capital from the NDA from our part, and we encourage interested community members to reach out to Arrington Capital directly for further information on their investment of our community funds.

Given that the fund was denominated in USD and that the Algo price at the time of investment was 1.27 USD, the fund's closure has been reflected in Q4 2023 by crediting 62.756M USD (50M Algo x 1.27 USD - 744K USD illiquid investments) from the Investments in "Balance Sheet Holdings" to reflect the remaining illiquid investments to be distributed.

GRANTS PROGRAM

The Foundation wound down and closed its AlgoGrants program at the end of 2022. We are still in the process of settling all legacy grant payments. In Q4 2023, the Foundation disbursed 2.747M Algo for milestones met under legacy grant agreements.

Payments made to grantees in the period include:

- Rand Labs for prolonging operation of MyAlgo Wallet[2] and AlgoExplorer.[3]
- ICON Foundation for integration of Algorand into the open-source ICON Bridge.

LOANS MADE & REPAID

As noted above, conditions precedent were met and a 75M Algo loan to DWF Labs was drawn down. The loan is interest-bearing and has a one-year tenor. The loan was part of a comprehensive package that also included a 50M USD Token Purchase Agreement and a MOU to invest in ecosystem projects.

[2] Note that MyAlgo Wallet shut down on January 30, 2024.
[3] Note that AlgoExplorer shut down on January 31, 2024.

NOTABLE ACTIVITIES & ACHIEVEMENTS

TECHNICAL UPDATES

ALGOKIT

Q4 2023 was a busy quarter for the team working on AlgoKit. We released:

- An automated testnet dispenser that enables developers to programmatically receive and return testnet Algo for their test suites.
- An extremely powerful AVM debugger for Visual Studio Code that provides developers with a convenient way to debug any Algorand smart contracts written in TEAL.
- A TypeScript library that allows for simple but flexible and configurable subscription and indexing of Algorand transactions (without the need to run an indexer).

Additionally, we made improvements to the core command line interface (CLI), with added support for customizable localnets and a tasks command that allows users to perform common tasks such as minting assets, creating vanity addresses, wallet aliasing, signing and sending transactions, opting in/out and transferring assets.

PYTHON DEVELOPER PREVIEW

We launched the developer preview of Python on Algorand in December 2023. This is part of our efforts to simplify and streamline the intricacies of smart contract development by giving developers tools - in this case, a simple, powerful language - to ease the development process and reduce the cost of engineering and maintenance. With this initial release, we sought qualitative feedback to help guide us as we work towards the public release at the end of Q1 2024.

Marketing promoted this beta launch to raise awareness among Algorand developers and drive testing and feedback. The marketing strategy included email, social media, on-site banners and video to encourage testing of the preview release. This engaged hundreds of developers who downloaded the preview and shared their feedback on Discord. This ongoing campaign builds towards a larger integrated marketing push that will accompany the full public release.

INFRASTRUCTURE

We actively pursued valuable opportunities for remote procedure call (RPC) providers, discontinuing non-cost-effective contracts and reallocating resources to impactful projects and new market entrants. Regarding peripheral tools, we opted for optimal value-for-money solutions. We replaced our previous alerting and metrics provider with a more comprehensive and cost-effective alternative.

PERA

The Foundation has been working closely with the Pera team to support its growth and development. Downloads of the Pera app grew by over 45% in Q4 2023 compared to the previous quarter, and new accounts opened grew by 70% over the same period. The Pera team continues to release new features to the wallet; highlights from Q4 2023 include:

- Implemented significant infrastructure upgrades for connectivity and performance improvements.
- Added support for WalletConnect version 2.0 on both iOS and Android, and opened Pera's WalletConnect servers to all wallets.
- Added support for key registration transactions.
- Enabled support for signing arbitrary data.
- Added a new integration with Vestige for swap transactions.
- Made improvements to user onboarding flow and swap user interface.

In order to deliver best-in-class products, the Pera team also made the decision to consolidate and sunset its web wallet, which switched to read-only in mid-January 2024.

EVENTS & COMMUNITY

Build-A-Bull and the Algorand Impact Summit were the key events of Q4 2023, but we also had a major presence at LABITCONF and attended many industry events, including Web Summit in Lisbon, European Blockchain Convention in Barcelona, the Crypto and Digital Assets Summit in London, and Blockchain Summit Latam in Bogotá.

The communities team supported and ran activations globally to support builders and projects, with many in partnership with the events and marketing teams. This included nearly 50 virtual and in-person meetups and side events that attracted over 12K attendees.

BUILD–A–BULL

The Algorand global virtual hackathon, Build-A-Bull, ran from October 2023 to mid-December 2023 and was sponsored by AWS, Circle, Folks Finance, Unity, and Wormhole. The competition consisted of five tracks: DeFi, Consumer, Interoperability, Impact, and Gaming. Each track awarded first, second, and third prizes (25K, 10K, and 5K USDC, respectively), and teams that placed first were invited to present their projects on Grand Prize Demo Day for the community to decide the grand champion through an on-chain vote. The grand champion received an additional 10K USDC, and student teams that took part were also eligible to win a 5K USDC university prize.

The hackathon generated a significant level of interest from new developers and existing teams within the ecosystem. Notable metrics from the event include:

- Over 2,000 people registered to participate.
- 178 projects were submitted across the five tracks.
- 17 winning projects received over 200K USDC in prizes, including special awards from sponsors and partners.

The winning project for each track is as follows:

- DeFi: CompX, a one-stop DeFi platform with a comprehensive suite of DeFi tools under one roof.
- Consumer: Aurally, a decentralized Web3 ecosystem with fair monetization of creative work and rewards for fan engagement.
- Interoperability: Janus, a cross-chain account abstraction system that aims to onboard users from other chains seamlessly, allowing them to operate on Algorand without leaving their favorite wallet.
- Impact: DAOWakanda, a decentralized autonomous organization designed to create a vibrant Algorand ecosystem in Nigeria where contributors and developers are incentivized and rewarded for their contributions.
- Gaming: TameQuest, a fully decentralized pet-battling game that implements procedural creature generation using an Algorand randomness beacon.

After a tightly-contested vote, Aurally was crowned the grand champion of Build-A-Bull. The winner of the university prize was Janus, a project from students at the Università degli Studi di Milano (University of Milan). For a full breakdown of the teams that placed, read the blog post.

ALGORAND IMPACT SUMMIT

The Foundation's first dedicated Impact Summit took place from November 30, 2023, to December 1, 2023, in New Delhi, India, led by the social impact and AlgoBharat teams. The purpose of the Summit was to elevate and amplify the work being done on the Algorand blockchain by entrepreneurs in India and around the world, educate decision-makers, foster collaborations, and engage developers. These objectives collectively contributed to enhancing the visibility, impact, and sustainability of Algorand and its ecosystem on a global scale.

The Summit attracted representatives from the highest offices in the Indian Government, along with senior UN officials, leaders of international NGOs and high-level executives from a wide variety of businesses. Members of over 30 Algorand Blockchain Clubs from universities across India traveled to attend the Summit and packed the developer workshops that took place over the two days.

The Summit saw the finale of the "Creating Impact! Pitch Competition" where 10 semi-finalists picked from 175 entries pitched their projects live. Those who placed received prize money totaling over 20K USD.

The Foundation secured significant press coverage for the Summit across several major news outlets, including CNBC, CoinDesk, Financial Express and the Economic Times. The CoinDesk livestream of key sessions received 17K+ total views. Social media content garnered 26M+ impressions with 99% positive sentiment.

The Foundation announced several new partnerships at the Summit, as detailed in "Partnerships" below. Key Algorand projects like URECA, a carbon credit platform, and Wholechain, a supply chain traceability platform, also took the opportunity to announce important initiatives. Birina Handmade, Sow & Reap, and EKO unveiled new projects being built on the Algorand blockchain. Read about the full list of announcements in this blog post.

LABITCONF

At LABITCONF, which took place November 10, 2023, to November 12, 2023, in Buenos Aires, our activations were a booth at the event, AlgoDevs Open Developer Workshop, Community Happy Hour, Women's Breakfast Club, and Algorand Hacker House. The event proved a successful opportunity to showcase our robust LATAM community engagement program, foster a strong digital presence, and nurture strategic relationships with key stakeholders in the blockchain and Web3 domains. We also welcomed a large number of projects and ecosystem partners, including Koibanx, Agrotoken, TravelX, Rand Labs, Gunny Games, CoinFabrik, and the University of Buenos Aires.

COMMUNITY CHAMPIONS PROGRAM

The Community Champions program continues to grow and mature, with over 25 regional and digital champions helping to spread awareness of Algorand technology and projects building in the ecosystem. Regional Telegram and X channels experienced steady quarter-on-quarter follower growth. In the APAC region, there was a 5% increase, while the Americas and EMEA regions both saw a 16% increase.

PARTNERSHIPS

UNITED NATIONS DEVELOPMENT PROGRAMME (UNDP)

The Foundation announced the launch of a blockchain academy to provide UNDP staff with knowledge and insights into the applications of blockchain technology. The Algorand Blockchain Academy will launch in 2024 and is designed to bolster UNDP staff capacity through education and training in blockchain technology and its practical applications for sustainable development. The curriculum will consist of recorded lectures, interactive workshops and hands-on assignments and will be made available to all 22,000+ UNDP employees in over 170 countries. Learn more about the partnership in this blog post.

INDIA PARTNERSHIPS

The Foundation also announced significant India-based partnerships at the Summit:

- T-Hub: Partnering with T-Hub, a Telangana government-led prominent tech incubator, to launch Startup Labs, a 12-month program that will offer end-to-end mentorship for 20 high-potential Web3 startups. All 10 semi-finalists from the "Creating Impact! Pitch Competition" will be included in the Startup Labs program.
- TiE Bangalore: Partnering with TiE Bangalore with the key objective of fostering the Indian Web3 ecosystem through strategic educational and training initiatives. This partnership will help Algorand establish its foothold with the startup, investor and tech communities in Bangalore.
- NASSCOM: Partnering with NASSCOM, through its FutureSkills Prime skilling hub, to provide modular-based training content and assessments to support the training and employability of students and professionals building out their Web3 developer capabilities.
- SEWA: Launching the first pilot with SEWA (Self-Employed Women's Association) to empower women to earn high value carbon credits through a blockchain-based solution that captures data on the production of renewable gas from biogas digesters.
- Mann Deshi: Collaborating with Mann Deshi to develop a blockchain-based credit score card and identity system for Mann Deshi Foundation's women entrepreneurs. The project, which aims to address the challenges created by lack of formal credit histories and limited access to loans, is being rolled out in a phased approach with a select group of women entrepreneurs.

It is important to highlight that Algorand is the first blockchain protocol to partner with each of these premier Indian organizations.

ACCESS

We continued to improve access to Algo and ASAs during this period which include:

- Bitmama, a leading off/on ramp, brought Algorand stablecoin access to Nigeria by completing an integration to add support for USDCa & USDTa to its platform.
- Swipelux completed an integration that allows dApp users to onboard and purchase ASAs using a credit/debit card checkout flow.
- Quantoz, an electronic money institution based in the Netherlands, was authorized by the Dutch central bank to issue EURD tokens on the Algorand blockchain. Learn more in this blog post.

SOCIAL MEDIA

In addition to driving awareness through the aforementioned activities, the marketing team continued to nurture ecosystem projects and increase social media following across Foundation channels. The team also started laying the groundwork for priority 2024 initiatives.
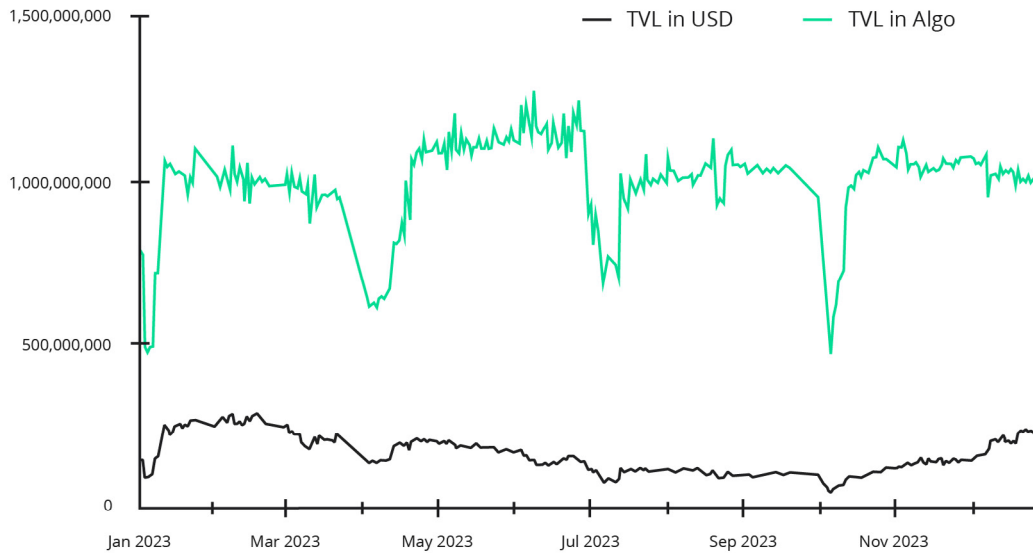
The Algorand Developers YouTube channel is a key channel for engaging and nurturing prospective Algorand developers. In Q4 2023, the channel grew by 1375%, amassing 20.5K+ subscribers. It received its highest number of views from India and its highest average view duration from viewers in Nigeria. This correlates well with the Foundation's developer efforts in India and Nigeria.

On December 29, 2023, we published "Algorand 2023 Wrapped," a video that celebrated the ecosystem's achievements and aimed to drive broader awareness of Algorand among other blockchain communities. It garnered 1.5M social media impressions and 500K video views. Take a look if you haven't seen it!
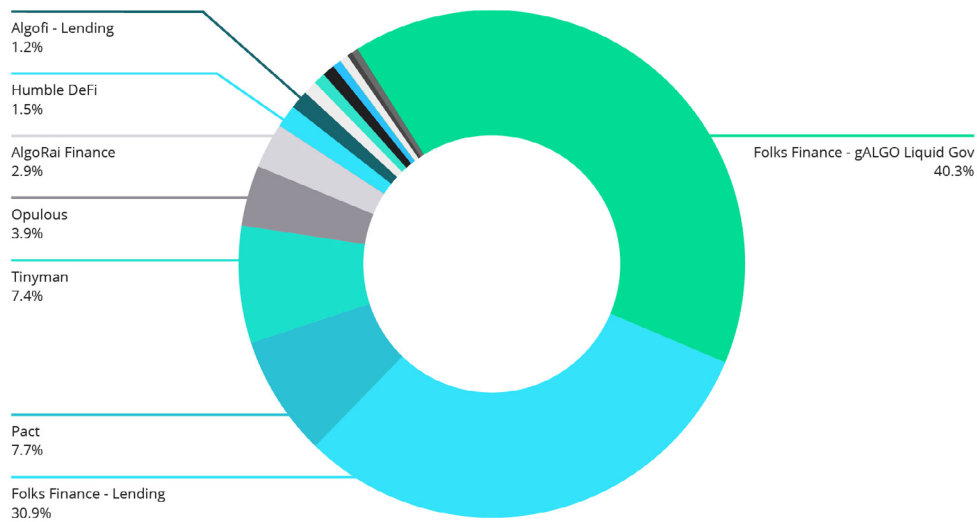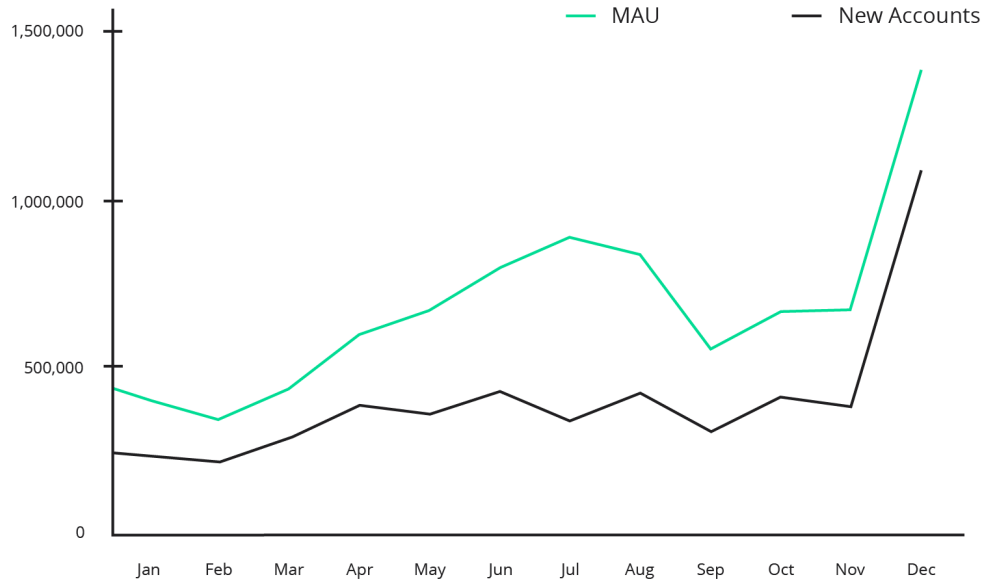
APPENDIX: KEY ACTIVITY INDICATORS

TVL in Algo & USD for the Last 12 Months

TVL Breakdown by Project as of December 31, 2023

Algofi - Lending
1.2%

Humble DeFi
1.5%

AlgoRai Finance
2.9%

Opulous
3.9%

Tinyman
7.4%

Pact
7.7%

Folks Finance - Lending
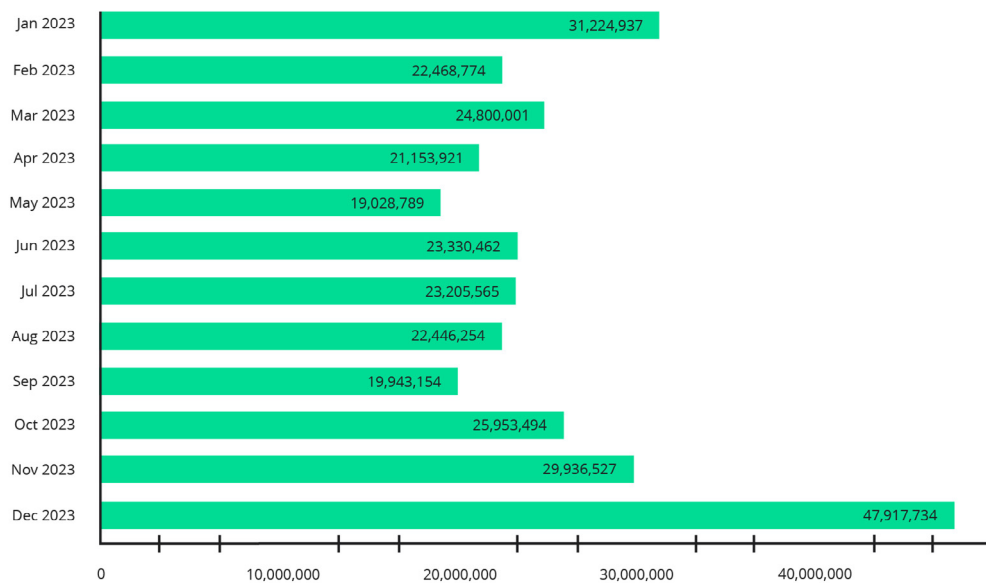30.9%

Folks Finance - gALGO Liquid Gov
40.3%

Number of New Accounts Opened & Number of Monthly Active Users in the Last 12 Months

Note, monthly Active User (MAU) is defined as an account which sent at least one transaction during a month

Total number of open accounts from inception to December 31, 2023, is 34.2M

**Number of On-Chain Transactions in the Last 12 Months**

Month	Transactions
Jan 2023	31,224,937
Feb 2023	22,468,774
Mar 2023	24,800,001
Apr 2023	21,153,921
May 2023	19,028,789
Jun 2023	23,330,462
Jul 2023	23,205,565
Aug 2023	22,446,254
Sep 2023	19,943,154
Oct 2023	25,953,494
Nov 2023	29,936,527
Dec 2023	47,917,734

Total number of on-chain transactions from inception to December 31, 2023, is 1.3B

NFT Sales in Algo & USD in the Last 12 Months
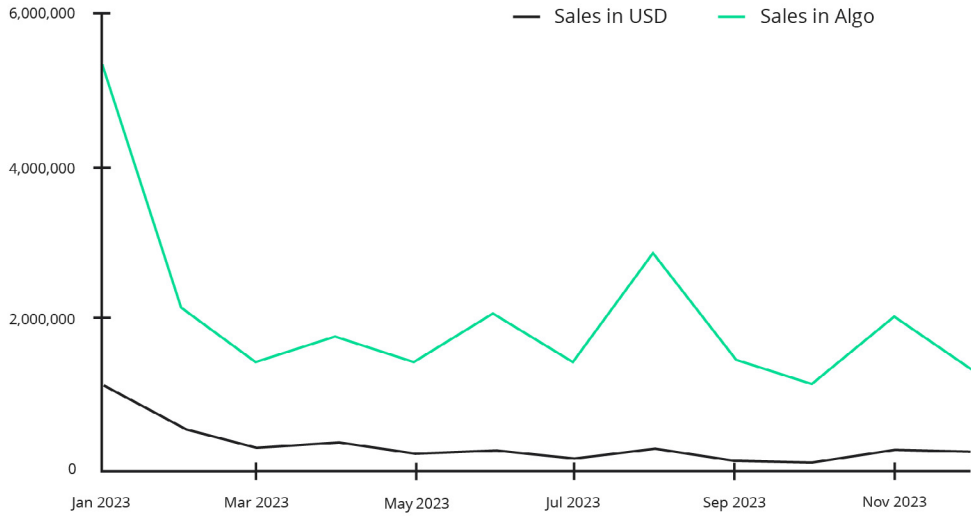
Value of Stablecoins on the Algorand Blockchain over the Last 12 Months
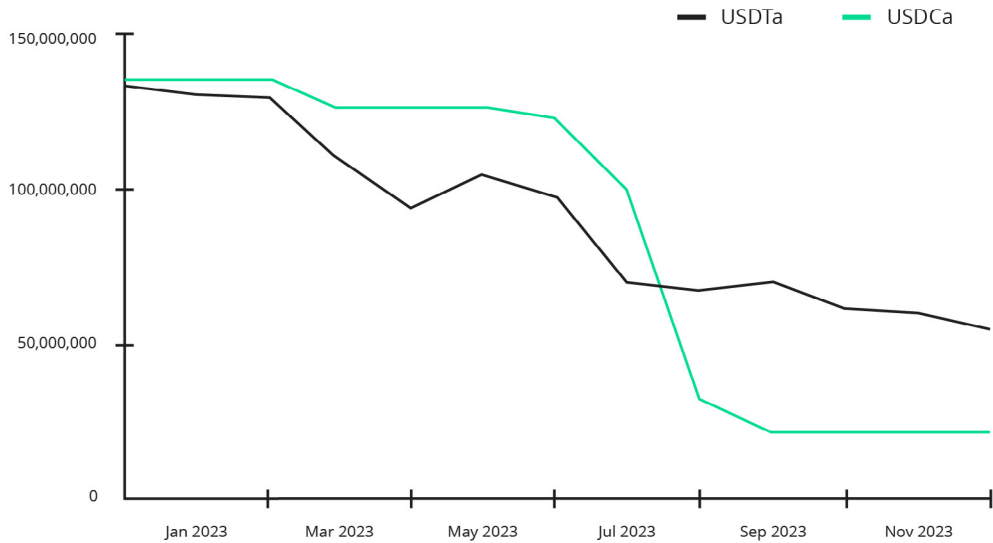
DISCLAIMERS

The information provided herein is for informational purposes only and should not be construed as financial, legal, or investment advice. It is the responsibility of any person who accesses the information herein to observe all applicable laws and regulations of their relevant jurisdiction. By proceeding to obtain the information, you are representing and warranting that all the applicable laws and regulations of your jurisdiction allow you to access such information. Algorand Foundation and our affiliates make no representations or warranties of any kind, express or implied, regarding the accuracy, completeness, or reliability of the information contained herein. Algorand Foundation and our affiliates assume no liability for any losses or damages that may result from reliance on the information contained in this report.

This report may contain forward-looking statements that are subject to risks and uncertainties that could cause actual results to differ materially from those expressed or implied by such statements. Forward-looking statements in this report represent the judgment of Algorand Foundation and our affiliates as of the date of the report. We do not undertake any obligation to update or revise any forward-looking statement to reflect new information or future events. You should not place undue reliance on forward-looking statements contained in this report.