

CGP 2.0 by Questbook

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Forum Post

Forum post is present here: [Forum Post](#)

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Proposal Text

CGP 2.0 by Questbook

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A community-run grants program for Compound using delegated domain allocation. For a better reading experience, please read [here](#). Most recent COMP price at the time of proposal submission: \$36.22

Token Tracker:



Compound (COMP) (@\$36.22)

Action: `Transfer 27609.05 COMP to 0x8524B12CB7710C75B53bAa9ca72B420542d24C13`

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Summary

- This proposal was shaped based on the [feedback, voting, and insights](#) received from the Compound Community.
 - We propose a Compound Grants Fund of \$800K USD (22087.24 COMP), spread across 2 quarters, to find and fund a wide variety of teams building on Compound. We also propose \$200K USD (5521.81 COMP) to compensate the grants committee for running the program. Therefore total requested fund is going to be \$1M USD = **27609.05 COMP** (calculated as per the most recent COMP price at the time of proposal submission: \$36.22)
- We additionally propose that this budget be managed by 4 individuals called Domain Allocators - each managing \$200K (5521.81 COMP). These domain allocators would manage grants for a domain. These domains are the strategic areas of focus for which the foundation wants to disburse grants.
- The performance of each of these domain allocators will be publicly viewable and auditable using rich dashboards.
- At the end of every quarter, the Compound community can vote to replace, continue or increase budgets for each domain allocator.
- We ([Questbook.xyz](#)) will help facilitate setting up these domain allocators and provide the tooling to run the grants program in an efficient and transparent way. We have previously/currently set up the grants process for Polygon, Solana, Celo, and Aave.

Purpose

An active grant program is a great way to attract and incentivize builders to build on Compound. The goal of this proposal is to benefit all the stakeholders - the builders, the token holders, and the people running the grants operations.

Problems

Traditionally, most grant programs have a central committee that disburses grants. They typically run into the following issues:

- *Committee blind spots* - It is unfair to expect any grant committee member to have expertise across various domains. It becomes impossible or inefficient to judge projects that may lie outside the committee's expertise and may still be valuable to the Compound ecosystem.
- *Manager burnout* - A single committee can handle only so many applications at any point in time. By not delegating and decentralizing the capital allocation, the grant program has a bottleneck/single point of failure.
- *Inadequate Tooling* - Lack of tools and resources to effectively manage an on-chain governance process. Lack of tools and resources to effectively manage the grant's workflows on-chain. Most of the grant programs currently use spreadsheets to manage their workflows with hardly any transparency on the fund disbursements and application reviews.

Solution

Giving domain allocators the capital and decision-making powers can increase the efficiency of the grants program:

- *Individual expertise instead of collective blindspots*
- *Distributed load instead of committee backlogs*
- *Accountability instead of diffusion of responsibility*

Specifically, this program aims to

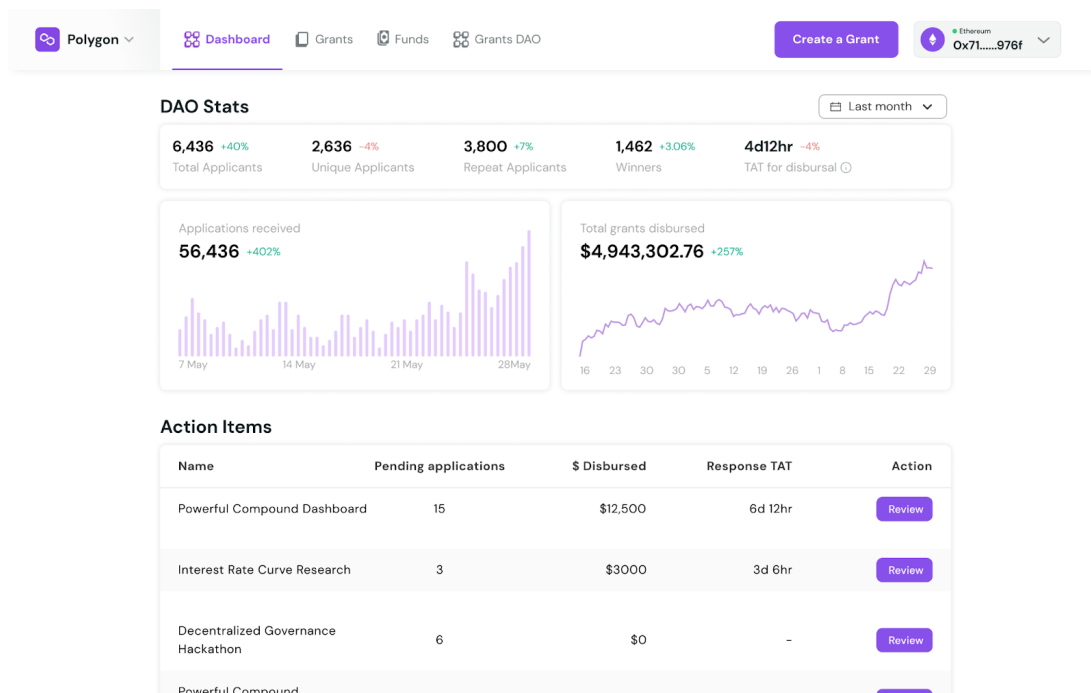
- *Grow Compound's grants program - measured by the number of builders applying and building on top of Compound*
- *Delegate capital allocation - to identify, attract and fund projects/builders that the grants program would otherwise not have funded, by delegating the capital allocation to members of the community rather than a central committee.*
- *Strengthen the builder community in the bear market - a crucial component of the community is to keep the builder activity alive even during the bear market. The building keeps innovation and optimism in an otherwise grim market condition. It also drives participation and transparency for the broader community.*

Program Design

"We also believe that more decentralized funding is important for the future of the Ethereum ecosystem. We continuously try to allocate resources to third parties that we believe can make better decisions than us within certain domains." - Aya Miyaguchi, Executive Director at Ethereum Foundation [\[link\]](#).

This program focuses on getting the community to participate in the process of delegating capital allocation. The program disburses \$800K (22087.24 COMP) through 4 domain allocators. Each domain allocator chosen will be an expert in their specific domain and someone involved in the Compound community.

Each domain allocator runs their respective grants program on-chain for full transparency using Questbook. The data and performance across key metrics will be visible for the community.



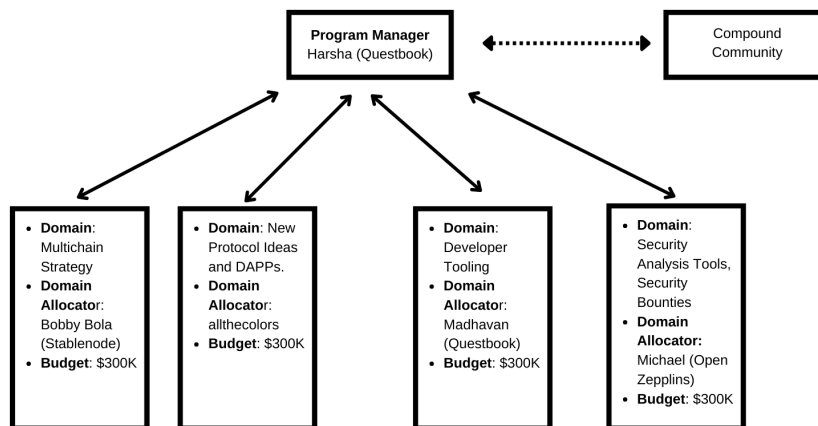
The disbursement of the grant happens on-chain from a multi-sig wallet controlled by the program manager & the domain allocator. The domain allocator approves or rejects the application based on their evaluation. The program manager will then coordinate with the compound community to ensure that the application is aligned with the Compound growth before signing the disbursement. The sole purpose of the multi-sig is to make sure capital is not being siphoned. However, the allocators are encouraged to make independent decisions regarding the approval of the application based on their expertise.

Every quarter, the grants committee and the Compound community shall evaluate the performance of each domain using publicly available data. The outcomes could be as follows:

1. Change the domain
2. Change the allocator/program manager
3. Change the budget

The community members can also initiate a no-confidence motion to initiate a review off-cycle. The program manager can coordinate this, if the situation arises, along with the community. The unused funds from every domain will be returned to the treasury at the end of 2 quarters.

Grants Program Org Structure



The program will consist of

1. A Program Manager
2. 4 Domain allocators

There will be a [Grants SAFE](#), with 3/5 multi-sig, between the program manager and the 4 domain allocators. We will then have 4 SAFEs for each of the domains with a 2/2 between the program manager and the specific domain allocator.

Grants SAFE is where all the initial funds for grants program flow from the treasury. This SAFE holds funds related to operational costs, committee compensation, and the grants budget initially. The domain level SAFEs will have funds only for the disbursement of the approved applications.

As mentioned by @adam [here](#) and as per the [guidelines](#) of the Compound Labs team, the onus is on the program manager to update the community about approved projects through bi-weekly community developer calls and reports over discord.

Based on the [votes](#) from the community we've selected the top 4 domains to pilot CGP 2.0 with. Thanks to the [tweet](#) from @robertleshner, we had 20+ applications for the domain allocators. Post a thorough evaluation, the following domain allocators have been chosen. Attached are one-pagers for each Domain Allocator to know more details about them.

- Domain: New protocol ideas and dapps, Miscellaneous
 - Allocator: allthecolors
 - [Details](#)
- Domain: Security Analysis Tools & Security Bounties
 - Allocator: Michael from Openzeppelin
 - [Details](#)
- Domain: Developer Tooling
 - Allocator: Madhavan, Questbook's CEO (Pro-bono basis)
 - [Details](#)
 - P.S: Madhavan is operating as an interim Domain Allocator for "Developer Tooling" since we did not find any qualified applicants yet. This role is still open for applications.

- *Domain: Multichain Strategy*
 - *Allocator: Bobby Bola from Stablenode*
 - [Details](#)

Domain Allocator Roles & Responsibilities:

The roles and responsibilities would be similar to the ones used in [CGP 1.0](#), incorporating the learnings posted by the CGP 1.0 team [here](#)

- 1. Time commitment per week: Estimated 25 hours per week for the program manager and 15 hours per week for the domain allocator, which might vary based on the number of applications. The program manager ensures that the load is well distributed.*
- 2. Program Manager:*
 - 1. Communication:*
 - 1. Coordinate with the Compound team and the community regarding the required funds.*
 - 2. Communicate regarding the approval/rejection of projects to the Compound community on a regular basis.*
 - 3. Attend bi-weekly community developer calls, keep the community updated and take their feedback on the program.*
 - 4. Regularly update the Compound community over discord regarding the progress of the grants program.*
 - 2. Grants Program:*
 - 1. Source good-quality applications from developer communities.*
 - 2. Sign the transactions for the approved projects.*
 - 3. Ensure a quick turnaround time for the applications regarding their approval.*
 - 4. Coordinate between the domain allocators to ensure that the work is well distributed and take their feedback to ensure the program.*
- 3. Domain Allocator:*
 - 1. Reviews the applications received in their domain based on the rubrics set by the domain allocator.*
 - 2. Approve/Reject the applications and coordinates the same with the program manager.*
 - 3. Source applications by reaching out to the developer communities in their network.*
 - 4. Discuss with the other domain allocators and the program manager to improve the grants process during scheduled meetings.*

Legal Compliance:

We're working with [BLG](#) - Blockchain Lawyers Group for the CGP 2.0 legal compliances. Among the founding members of this group are:

- [eaglelex](#): Law Professor and EU licensed Attorney, Polygon Technology Advisor, Legal advisor for the Polygon Grants Program.
- [MDLawyer](#): Corporate and Venture Capital Lawyer in London
- [ByianMiener](#): Crypto Lawyer, first-ever Ph.D. written on DAO law
- [LarryFlorio](#): GC Delphia; Corporate Lawyer with Securities expertise

The BLG independent Legal Advisors will support CGP 2.0 for the contractual drafting, the application of KYC standards, and every legal issue that may arise during the grant disbursement phase. They will also be available for early-stage legal support to the selected projects.

Accepted grant applicants of CGP 2.0 will sign a contract ([sample](#)) post the KYC to ensure that the grant fund isn't misused. BLG will receive a contribution of \$3K USD (82.82 COMP) for the above-mentioned tasks, payment will be made from the operating fund budget received as part of this program. We are working with [Synaps](#) for the KYC/KYB of the grant applicants.

Compensation:

Please find the voting results for the committee compensation [here](#).

The grant budget is \$800K (22087.24 COMP) with \$200K(5521.81 COMP) for each domain. The committee compensation is \$200K(5521.81 COMP) for 4 Domain Allocators and one Program manager for 6 months.

Role	Per hour cost (USD)	Number of hours per week (Total Number of weeks:24)	Total
Program Manager	100	25	60,000
Domain Allocator	80	15	120,000
Miscellaneous	NA	NA	20,000
Total Amount Required			\$200,000

P.S:

1. Madhavan from Questbook is operating as an interim Domain Allocator for "Developer Tooling" since we did not find any qualified applicants yet. He will be operating on a pro-bono basis.
2. All payout amounts will be done in COMP and are calculated as per the most recent COMP price at the time of proposal submission: \$36.22

Conclusion

What does success look like?

- **Objective**
 - The prime objective of this model is to have domains that align with Compound's priorities. This way the contribution of the projects as part of the grants program is directly adding value to the DAO and the token holders.
 - Increase in the number of builders & projects being funded.
 - Increase in the homegrown leadership to run grant programs (measured by the number of people running grant programs).
 - Increase in the community members' participation to keep grant programs accountable (measured by the number of people looking at the dashboard and participating in the program)
 - Diversity in projects being funded across technologies, geographies, and demographics, to name a few. We encourage the community to regularly review the project domains, during the Compound developer call and also comment on the initial post [here](#).
 - Increased engagement in builder community's
 - Discourse
 - Discord, Telegram
 - Social media (Twitter, Reddit)
 - GitHub, Radicle
 - DAO Tools - gnosis, etc.
- **Subjective**
 - Improved community involvement in the grants program
 - Strengthened Builders' sentiment towards Compound.

- Enhanced Compound's brand recognition in builder circles

About Questbook:

Questbook's role in CGP 2.0

- Sriharsha Karamchati, co-founder of Questbook will be the first program manager. Thereafter, the program manager will be elected from the community.
- Questbook Grants tool will make sure the workflows are systematic and transparent.
- Madhavan Malolan, co-founder of Questbook will be involved with the Dev Tooling grants domain.

Questbook Product:

Questbook is a decentralized grants orchestration tool. The tool is used majorly to

1. Create your grants program: [Demo](#)
2. Create application evaluation rubric: [Demo](#)
3. Approve/Reject an application: [Demo](#)
4. Milestone Approval of each application: [Demo](#)
5. Send Funds to the applicant: [Demo](#)
6. View detailed analytics of the domain: [Demo](#)

Product Wiki: <https://questbook.notion.site/Product-Wiki-0ecad7a7884a451e94892814f76bf40c>

Demo Video: <https://www.loom.com/share/730e631e2930447db8b2605823211a2f>

Detailed Product Flows: <https://www.notion.so/questbook/All-Flows-Loom-6415ce8c16634587b3574bcc1f5aee4f>

Credentials

- Questbook (YC-W21) is a decentralized grant orchestration tool, currently being used by Polygon, AAVE, Celo & Solana.
- Sriharsha Karamchati (co-founder, Questbook) will initially take the role of the grants manager till we find a manager from the community. He has previously set up the Polygon Grants program from scratch to help DAO disburse \$600K USD across 70+ applications and he was one of the signatories for the Polygon Grants Fund.

Questbook Product Compensation:

- We are willing to share the tool for free with Compound Grants Program 2.0.
- However, for any specific ask from the grants team, to run the process more smoothly, we charge for the additional features based on the development overhead.

Checks

Checks Compound Proposal Details  Passed

Info:

1-  Transfer **27,609.05 COMP** to [0x8524B12CB7710C75B53bAa9ca72B420542d24C13](https://etherscan.io/address/0x8524B12CB7710C75B53bAa9ca72B420542d24C13).