This is a draft of the program for funding Lido ecosystem development with grants from the Lido Treasury. The program has different frameworks for different kinds of contributions.

The goal of the Lido Ecosystem Grants Organisation is to allow fast and unimpeded resolutions on small-sized grants while maintaining efficiency and accountability for big developments. The program starts small but will grow over time.

Purpose of LEGO

The mission of the Lido Ecosystem Grants Organization (LEGO) is to provide valuable resources to contributors who help to improve Lido. By rewarding talent early with developer incentives, bounties, and infrastructure support, LEGO acts as a catalyst for growth and helps to maintain Lido as a leading and most useful liquid staking protocol in the whole space.

Improvement classifications

Grants administration is a subjective process that cannot be easily automated, and thus I propose an Organization that balances nimbleness with accountability.

Improvements should be sorted into four different piles by expected size and impact:

a. Sand grain

This category combines all contributions that are nice to have, yet not detrimental, whilst also not being too costly and whose quality can be easily evaluated by a single person.

An improvement is a sand grain if:

- it is something nice to have for Lido

- it's no big deal if it doesn't get delivered at all

- grant won't cost Lido more than 150 RAI (~$500 atm)

- it can be specced and evaluated by a single person in the course of two days in total

An example of a sand grain is a Dune Analytics dashboard that compares day-over-day deposits of various liquid staking protocols.

b. Pebble

Pebbles are non-critical, small things that are beneficial for Lido but not so trivial to call a sand grain.

An improvement is a pebble if:

- it doesn't fit into a sand grain

- it's not a big deal if it gets delayed or abandoned to a different contributor

- it won't cost Lido more than 1500 RAI (~$5000 atm)

- it's a few days total across a few persons to spec and evaluate at most

An example of a pebble is a StakingRewards-like smart contract that would allow incentivizing stETH deposits into Maker.

c. Boulder

Boulders are big, important things that are imperative to be carried out by experts and thoroughly evaluated by core contributors.

An improvement is a boulder if:

- it doesn't fit into a pebble

- it should be delivered on time and with good quality

- it should be supported by Lido over a long period of time

- it won't cost Lido more than 10000 RAI (~$35000 atm), excluding audits

- spec and evaluation alone are significant undertakings

- it requires an external audit

An example of a boulder is an implementation of withdrawal protocol for stETH.

d. Mountain

Mountains are critical improvements to Lido that have a significant impact on its growth, security, operations, etc.

An improvement is a mountain if:

- it doesn't fit into a lake

- it offers a significant change in growth, security or operations of Lido

An example of a mountain is the liquid staking protocol for Polkadot.

LEGO committee

My proposal is to delegate six people to act as LEGO committee members (reffered below as LEGO persons). They will have a significant autonomy over grants up to a boulder size, as long as they stay within allotted budget, but will have to clear mountains and overdrafts with the main governance body.

Three-month budget:

The LEGO will have a max quarterly aggregate budget of up to 240000 LDO, divided into individual budgets of 15000 LDO for each LEGO committee member, and 150000 LDO of shared budget for the full LEGO committee voting as a body. Budget and caps to be reassessed after the end of a quarter.

While the goals and priorities of the grant program will be thoroughly discussed and reviewed by the community through public discourse, the decision to start LEGO by operating as a small committee is to ensure that the application and decision process will be efficient and predictable, so applicants have clear objectives and timely decisions.

All LEGO persons are equal in power and workload, but have different specialties (e.g. there's a BI-focused LEGO person, incentive programs-focused LEGO person, etc).

At the end of three months committee makes a report on the grants program and a retrospective on how to improve it.

Methodology

- Sand grains

can be handled by a single LEGO committee member out of their personal budget as they see fit.

- Pebbles

require a second LEGO committee member to agree to the grant approval and participate in the evaluation of the results.

- Boulders

require majority approval of the LEGO committee.

- Mountains

should be applied for using a regular governance process.

If a LEGO committee member exhausts his or her individual quarterly budget, they can still propose to the full committee that sand grains and pebbles receive grants out of the shared portion of the budget, but will need to obtain approval of a majority of the LEGO committee members. If the committee runs out of a shared budget, they can request an extension from the governance.

Committee Compensation

We propose every LEGO committee member be compensated 35 LDO/hr capped at 20 hours/week

unless they agree to operate pro bono. This compensation, along with the budget, will be allocated to the LEGO multisig from the Lido treasury. In keeping with the committee's commitment to the community, compensated hours and duties will be logged publicly and transparently.

Priorities

Initially, the program aims to start narrow in scope, funding peripheral ecosystem initiatives, such as targeted bounties, hackathon sponsorships, and other low-stakes means of building out the Lido dev ecosystem. Over time, if the program proves effective, the grant allocations can grow in scope to include, for example, core protocol development.

Applications and ongoing grants

LEGO maintains a list of bounties (things that are nice to have for Lido, along with an estimated class), and a list of ongoing grants in [this spreadsheet](#).

If you have an idea that would like to be funded that is not on the bounties list, contact a LEGO committee member who is on point for your idea. They will talk to you about your contribution and help you to fill out the application, which will consist of answers to the following questions:

- Title: What is the grant application about?

- Author(s): Who will be working on the proposal?

- Purpose: How will it aid the Lido ecosystem? Why is it important?

- Perceived classification: What do you think the classification should be?

- Summary: A brief summary of the grant application

- Details: Detailed description of the grant application, timelines, expenses estimates, grant payment schedule.

If it's a sand grain or pebble, it's likely you will get a grant quickly and efficiently.

For boulders and beyond you'll have to work with the committee and/or larger Lido governance, which takes time and effort. LEGO will try to make sure it chooses the best teams for grants of this size.

Life after application

After a grant application is submitted, LEGO committee members will evaluate and discuss the application and ultimately be responsible for determining whether the application should be supported. For sand grains and pebbles that process is very simple and frictionless, involving one or two members at most, while bigger grants will require some back and forth.

The LEGO committee members will determine the details of the application, those being:

- Classification

- Funding/costs

Funding:

LEGO committee members will determine the fair evaluation for the costs of funding for a grant application. The funding costs will be correlated to the classification of the grant application, larger-sized applications will be funded more than smaller-sized applications.

Conclusion

If this proposal is successfully approved, LEGO will start accepting applications beginning on the date it gets voted in.

This program is meant to be the most nimble MVP of a LEGO initiative. While the multi-sig committee comes with trust assumptions about the members, our hope is the community will approve this limited engagement to get the ball rolling in an efficient structure.

A signal vote for the LEGO is now live on Snapshot!

Honorary mentions

Uniswap grants program for inspiration and structure.

Netlify code review process for inspiration on issue importance classification.