Note: this thread will encompass only my personal voting reasons, and does not represent the opinions of any protocol or entity that I might be part of, partner with or contribute in any form. Remember, I'm just a cow.

Inspired by a lot of talking, both in telegram and here at ETHcc with protocols and delegates, I thought it could have been interesting to write some random ideas after participating to STIP round 1 on the side of protocol, managing questbook season 1+2 as domain allocator (80+ proposals), being part of UAGP as committee member (100+ proposals), participating to STIP.b on the side of protocol being an advisor on LTIPP + STIP (80+ proposals).

Now that the shill is over, we can try to understand a bit more who is involved, what are the desires, and what is not appreciated.

We have three stakeholder here: the DAO

, the protocols

and the users

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DAO wants to

- stimulate growth of the ecosystem

- help good protocols

- have easily digestible evaluation of programs and protocols

DAO doesn't want to

- throw money away

- have to deliberate too much on single grants

Protocols want to

- have more freedom in incentive usage

- have less friction in applying/renewing

- have help to understand rules and establish mechanisms

Protocols don't want to

- have to negotiate every time to get in a program

- feel treated unevenly compared to peers and competitors

Users want to

- know what protocols have incentives and how to participates

Users don't want to

- have their time wasted in participating in a protocol

- have to jump from one protocol/chain to another to chase incentives

Let's try to see for which of these we have a possible solution and what are the open problems

DAO

Problem:

DAO wants to stimulate growth of the ecosystem.

This is (partially) done through incentive program. But the answer will be as correct as possible only if we establish what growth looks like, and what we want to achieve in arbitrum in 1 year, 3 years, 5 years and 10 years. This is an open question for which there has never been a proper discussion; at the same time, i firmly believe we can't just look for this answer and wait in the meantime due to the competitive landscape and how fast crypto is.

Possible solution:

work on short/mid/long term vision, in the meantime keep doing (at least some) incentives, and tailor when there is an

answer.

Where are we on this?

Mostly unsolved: I personally don't think we have ever analysed this properly.

Problem:

DAO wants to help good protocols.

This can mean a lot of things. One interpretation is to either be more punitive with bad protocols, or rewards good ones, or both. But, beside malicious behaviours, it means tapping into previous question: when you know what you want arbitrum to be in 1/3/5/10 years, you can better understand which protocols are a driver. You also need proper way to measure protocols and data to literally read results.

Possible solution:

work on short/mid/long term vision + being able to monitor behaviour and analyse data to tailor incentive programs.

Where are we on this?

Same as previous problem.

Problem:

DAO wants to have easily digestible evaluation of programs and protocols.

This translates in having an entity able to monitor data almost in real time, digest this data, present it in a way that is easy to understand. This also relies on the short/mid/long term vision you have, plus a normalisation of the data compared to the market (again: absolute numbers don't mean anything).

Possible solution:

work on short/mid/long term vision + data analysis entity/service provider at constant service of the DAO.

Where are we on this?

Partially done: we introduced data analysis entities (OBL, Blockworks), but we need a stronger mandate and a more robust method for the analysis.

Problem:

DAO doesn't want to throw money away.

This is a generic statement, and to me still means understanding the cost of incentives vs the returns, either in metric or in assets. This could mean a few thing: understand KPI growth through alignment of programs with short/mid/long term vision + data analysis entity + constant monitoring of protocols, and potentially enable a fee sharing model with protocols, in which protocol share a portion of the excessive returns generated through the program. On top of this, a "sense check" on how much the DAO wants to spent per year.

Possible solution:

all of the previous + DAO budget with a bucket for incentives + profit sharing model between DAO and protocols.

Where are we on this?

Mostly unsolved: only now we are starting to talk about DAO budget, and we never look into profit sharing.

Problem:

DAO doesn't want deliberate too much on single grants.

This is about creating a mechanism in which there are important, informed decisions every 6 months / 1 year, in which the DAO relies on "experts" (service providers, elected people, others) and just comes when is time to evaluate data + a veto process on single entities.

Possible solution:

optimistic voting framework + an entity (council/advisors/others) constantly working with protocols.

Where are we on this?

Partially done: during STIP.b/LTIPP we used both the voting method and the council/advisors, but we definitely need to

refine it.

PROTOCOLS

Problem:

protocols want to have more freedom in incentive usage.

They need to be more agile in using grants, either cause competitive landscape changes or cause narrative changes or others. While the main north start so far has been using incentives for users, protocols also need to sometime rely on external service provider to properly operate. Mature protocols (—> amount of participations in previous incentive programs for example) should have higher freedom in changing structure of incentives, tunnel up to a certain portion to third parties that are not users and others.

Possible solution:

a categorisation of protocols based on maturity levels, with promotions/retrocessions based on meaningful events (ie malicious behaviours + rubric aligned with short/mid/long term DAO goals) + data analysis. Potentially, different programs to which you can apply based on the criteria above.

Where are we on this?

Never discussed

Problem:

protocols want to have less friction in applying/renewing.

This is about having protocols not having to lose their time with infinite discussions, template and compiling data; or, at least, to have to do it once per year or when there are meaningful changes.

Possible solution:

incentive program with optimistic renewal (ie: 1 month duration, optimistic opt-in for 6 months as long as you have a virtuous behaviour backed by data).

Where are we on this?

Never discussed

Problem:

protocols want to have help to understand rules and establish mechanisms.

This is about supporting programs constantly, not only during the draft of the proposals, in the lifecycle of the grant.

Possible solution:

supporting entity (council/advisors/others).

Where are we on this?

Strangely at a decent point. Protocols were mostly happy about the new structure compared to stip 1 and backfund, but there is a lot of margin for improvement. And we definitely need way more people.

Problem:

protocols don't want to have to negotiate every time to get in a program.

This is about not having to do the same thing over and over (the goal of protocols is attracting users, not to fill the arbi forum) for the sake of doing it; even tho, partially, some compliance is and will always be required.

Possible solution:

optimistical opt-in, more streamlined KYC process and data process

Where are we on this?

Only partially done with the optimistic vote, but a lot of margin for improvement.

Problem:

protocols don't want feel treated unevenly compared to peers and competitors.

This is about have clear rules about who can participate to a program(s), why you might get rejected, and also knowing that even if you got rejected now there will be another possibility in a relative short term time (1 month?) to reapply + knowing what to do to reapply successfully.

Possible solution:

seasoned programs with very short cycles (1 month) and clear rules, plus support also after a rejection

Where are we on this?

Never discussed, and we partially fumbled the bag during LTIPP on this, but we could solve it with better advisor/council/rubric structure.

USERS

Problem:

users want to know what protocols have incentives and how to participates.

Users want to have clear info on who will stream incentives, when they will start and end, what are the mechanisms. This doesn't mean having to lurk in the obscure arbitrum forum and reading applications that are as long as an essay, but potentially have a central hub for info, updated, clear.

Possible solution:

central website, constantly updated, with all the info, + marketing around these initiatives.

Where are we on this?

Only partially done. We are moving to arbitrumgrants website, but we need a better structure. And we lack marketing, in general, in our DAO.

Problem:

users don't want to have their time wasted in participating in a protocol.

This means that if, as a user, i take time to study the landscape, to try a protocol, with also a mechanism for incentives as per the description/proposal, I want to effectively have a result coherent with my expectations.

Possible solution:

a watchdog of the DAO able to analyse, in almost real time, if the mechanisms advertised by a protocol are effectively the one implemented

Where are we on this?

Mostly unsolved: as of now we are analysing protocols' behaviours post results. It likely requires a lot of time/energy/resources.

Problem:

users don't want to jump from one protocol/chain to another to chase incentives.

This means knowing that not only, as a user, i can be in arbitrum as my preferred chain, and use that protocol as my preferred one, but also know that incentives, even if in small amount, will always be streamed there (as long as that protocol is aligned with the ecosystem).

Possible solution:

smaller but constant grant programs.

Where are we on this?

Never discussed.

I'll stop here and leave with a list of possible solutions/improvements, knowing that this is not only a very subjective list, but also something that can be done in a single day or in a single program. At most, is something to grow into.

- Define short/mid/long term vision of the DAO and the arbi ecosystem

- Properly monitor data and behaviour of protocols and users, in a way that is not in absolute numbers but as reflection

of the above vision

- Reduce friction in incentive program for DAO, protocols and users through optimistic votes and opt-in, support structure, checkpoints for the DAO to analyse or veto

- Manage protocols expectation through guidance with supporting structure, frequent renewal, and support in case of rejection

- More freedom based on protocol maturity levels

- Watchdog(s) able to detect malicious behaviours almost in real time

- Data analysis available for DAO and users in a clear way and in a focal point that is not our forum

- Smaller but potentially constant grant programs, in cycles, with very frequent application windows

- Fixed yearly budget on initiatives.

I am interested in hearing your

thoughts: users, delegates and arbi enjoyers.