

A Grants Program for Funding Middleware Service Development on EigenLayer

Based on my understanding, EigenLabs (the EigenLayer core team) is planning to bootstrap the EigenLayer protocol by launching EigenDA—a data availability service built on top of EigenLayer—simultaneously with the launch of the EigenLayer base smart contracts on Ethereum Mainnet. There is also clearly interest from the Ethereum community at large both to restake and support the EigenLayer protocol as well as to build on top of it. With that, there seems to be potential to engage the Ethereum community with an opportunity to help decide what new services they want to see built on top, and in turn, to further accelerate the development of third-party middleware services (i.e., not developed by EigenLabs) prior to the Mainnet launch. This post is intended to get discussion started on this topic of funding third-party service providers and fueling engagement of the EigenLayer community through a Grants Program.

Proposal for a Grants Program to Fund Middleware Service Development

I am proposing a pre-launch EigenLayer Grants Program to kickstart a developer ecosystem on EigenLayer, with a focus on encouraging diverse and high-quality middleware solutions while also empowering the EigenLayer community to voice their preferences prior to Mainnet launch, using a transparent and community-driven governance model to allocate resources and funding to what they deem as the most promising ideas.

There are a number of critical questions that require more in-depth discussion among the community prior to implementation of an EigenLayer Middleware Developer Grants Program to bootstrap third-party development on EigenLayer. Below are just a few (but I look forward to more in the replies!)

1. How does this Grants Program get funded? By whom?

The two most obvious options for funding the Grants Program are:

- Funder Option A: Obtain funding from ETH restakers who intend to opt into the proposed services that they are funding. While this may be the more value-aligned option, it does open the door to concerns around securities law. For example, in order to incentivize ETH stakers to contribute funds to the Grants Program, there may be an expectation of early access to the funded middleware service or an expectation of revenue sharing after launch. These perks may be construed as a “reasonable expectation of profit” for their contribution to the fund that ultimately relies on the “efforts of others”.
- Funder Option B: Obtain funding from EigenLabs. While this may be the less regulatorily ambiguous option, it may not be feasible for EigenLabs to incur such an expense, especially at such an early and pivotal stage of the EigenLayer project.
- Who should be eligible to receive governance powers over the Grants Program funds, and how should such governance powers be distributed among those eligible to participate?

I'd propose one of two (or a combination of both) of the options below:

- Governance Option A: All addresses having staked ETH assets—natively staked ETH and liquid staked tokens like rETH and stETH, and staked ETH LP tokens—are eligible to claim an ERC-20 tokens in a quantity equal to the amount of staked ETH asset held by the address on Ethereum Mainnet (and layer 2s?), as determined by a Snapshot. Then, after claiming their new ERC-20 tokens in exchange for a fee (say 0.1% of the total value of their staked ETH assets) which would be deposited into the Grants Program Treasury, the owner of those tokens can stake them on proposals submitted by third parties. Governance Option A would be well suited for use in conjunction with Funder Option A (i.e., if the Grants Program is funded by ETH restakers).
- Governance Option B: All addresses having Restaking Points on EigenLayer's Goerli Testnet are eligible to vote with governance powers proportional to the number of Restaking Points they have accumulated at the time of voting. Governance Option B would be well suited for use in conjunction with Funder Option B (i.e., if the Grants Program is funded by EigenLabs). This is not to say that EigenLabs could not also give governance power to holders of staked ETH assets as well, similar to Governance Option A, but this would seem like a good opportunity to give perks to people who are using the Testnet, since EigenLabs could incentivize more use of the Testnet by giving Testnet restakers governance power over the Grants Program.

It would be great if quadratic funding could be introduced, but that is beyond the scope of this proposal at this point.

1. How would developers go about seeking funding from the Grants Program?

Developers would submit proposals detailing the proposed service and would include relatively detailed specifications for consideration. Anyone could propose a specification for a new middleware service to be built on EigenLayer.

1. How should developers who receive funds from the Grants Program be held accountable for delivering on what they proposed?

Ideally, proposers who receive funding from the Grants Program would be allocated funds in a way that ensures continued progress, only receiving funds that are held in escrow after specific predetermined milestones are hit and after deliverables are delivered.

1. Why not just use Gitcoin?

It could be argued that a grants program sponsored and coordinated directly by the EigenLayer team would achieve more direct value alignment since 1) we could tap directly into only ETH stakers and/or restakers on the Testnet and 2) since such a program would give funded projects more direct access to the EigenLayer team for assistance in development and auditing of their contracts.

1. What should this Grants Program be called?

I have no idea, but I fed the above information to ChatGPT, and it recommended that we call it the Middleware Advancement & Resource Vault for EigenLayer, or MARVEL for short. Thank you AI!

On that note, let's see what kind of discussion we can get going around this topic of funding and governing a Grants Program—whether it's MARVEL or whatever other name we want to give it!

Cheers!