The following is a destructured post that tries to highlight what protocols need and what the DAO could do for them, with a focus on grants. Would like to remark: this post is focused on the builders point of view, from people that don't do governance, or that don't do governance only, but that are trying everyday to build and innovate something in the Arbitrum ecosystem. So for sure is missing some more stuff.

First, a very brief, personal view of the L2 landscape. The landscape of L2s is getting competitive as time goes by. While fundamentals for Arbitrum are here, cause the tech stack is awesome, fundamentals matter only up to a certain point in competing products (and who says this is not true has never been building anything in life, sorry). So the key is all about making the Arbitrum stakeholders perceive and realise that Arbitrum is the best place to be.

Who are the stakeholders here? From a builder standpoint: builders and users, either on Arbitrum or outside Arbitrum.

How do you align everybody about Arbitrum being the goto place to be in? This is a strategic question that could be answered in several ways. My personal take: the simplest way, which also not the one most cost efficient, is that you do here AT LEAST what competitors do, plus some more. To be more specific

- give users a good experience and an economic reasons to be on arbitrum —> means good products (owners: protocols), good UX (owners: protocols/OClabs), incentives (owner: DAO/protocols)

- give builders a reason to build in Arbitrum, or keep building in Arbitrum, instead of doing it somewhere else —> means tech support (owner: OClabs), marketing support for reach (owner: Arbitrum Foundation), economic support to bootstrap, build and sustain products (owner: DAO).

We can try to focus on what the DAO can do of the above, which is

- providing incentives for usage

- providing support to build new products or migrate existing ones in Arbitrum

- provide support to bootstrap new, smaller products.

Below I have tried to give a raw overview of what that should mean in term of grants' programs.

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Pasted Graphic

1358×1066 113 KB

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DEVELOPMENT GRANTS

This is the biggest gap of the DAO. So far we have subsidizied to third parties (the foundation, questbook and others) this role, but the DAO should create a pilot development program and iterate on it up to the point in which almost any async request from protocols can be satisfied. The program should be complementary to the one currently managed by the foundation, and have clear rules that avoid abuses (re: all protocols asking for a grant to build every new vault). The biggest hurdle are objective ways to evaluate milestones: if i get a grant to build a car, I could build a tractor or a ferrari. Needs specifications and use cases among others.

INCENTIVE GRANTS

Probably the field in which as a DAO we have more experience. With LTIPP going live, idea could/should be not only to enhance what we saw in STIP, but also gun for a constant program, organised in epoch/seasons, that can constantly provide incentives, with specific rules to avoid abuse. We might be on the right road for this.

BOOTSTRAP GRANTS

These grants are actually a mix of the previous, with a big difference in the size of the needed grant (usually needs a lot less) and also a few specific needs (support in marketing, support in guidance, support in networking). Some of the programs currently live partially fill this gap. If we find a way to have a robust incentive and development grant, the bootstrap grant can actually be created as a subset of the two above.

CONCLUSION

The above is a non comprehensive, high level view of what protocols needs, and what we could do as a DAO to satisfy this needs. To me, the next steps moving forward are pretty clear

1. find a way to turn the past STIP and the upcoming LTIPP in a continuous program with fair rules

2. deploying a pilot for a development program

3. deliver the above in the span of a few months, not quarters or semesters.

Again, there is ton to say here, ton to discuss and ton that is missing: audits and security, what to do with both good and mercenary protocols coming from other chains, how to create rules that are just not the equivalent of a state sponsored subsidisation but that also can let any good protocol spin up better and faster a new product, segmentation of programs through not only scope but also size, etcetera. I am also pretty sure I missed some programs that are live (like UAGP or others).

I really hope that nobody here gets offended by any lack of info in this post, because the goal here is: let's start having a real public

discussion on the next steps regarding what our DAO can do to favour builders.

Because without builders there is no Arbitrum.