

Suggestion on sharing grants proportionally in the future

As we wrap up the review phase for the first round of Arbitrum STIP, it's truly heartening to witness over 100 protocols enthusiastically submitting their grant proposals and sparking vibrant discussions within our community.

Nonetheless, based on the 50M budget set by the community voting previously, only a small portion of the proposals will get the funding with the current framework proposed by [@tnorm](#). Funding will be allocated based on the number of votes in favor of the proposal

if the 50M budget threshold is exceeded, which means that proposals with the most yes votes will get funded first, and the list keeps going down.

In light of this, for future grants, we suggest a proportional distribution of grants based on the amount requested by each proposal in relation to the overall sum of approved requests

. This approach aims to ensure that every project receives a fair share of support, aligning with the community's intentions and maximizing the impact of our grant program.

Quote from [@tnorm](#) in FAQ

We do not expect applications to exceed the funding budget of 50M ARB. However, if requested grants do exceed the allocated budget, funding will be allocated based on the amount of votes in favor of a proposal, and secondly (if there are any exact ties) on a first-come, first-serve basis dependent upon the time the proposal was submitted to the Arbitrum Forum.

Current Situation

As of the figures on 3rd of October, the total grant request from the top 10 projects (According to their grant request size) has already exceeded 50m. Larger protocols are likely to receive all the grant allocation with advantage in receiving more votes and garnering recognition from delegators. Given the current framework, it leaves limited opportunity for smaller scale protocols to benefit from the grant even with much smaller grant requests.

In fact, more than 70% of the protocols are applying for a grant less than 1mil ARB. Each of these protocols introduce innovative solutions and add diversity to the Arbitrum ecosystem. Protocols like GoodEntry and Stella pioneer with new investment strategies and incentive mechanisms for users, and there are numerous more protocols diligently working on innovative solutions, collectively enhancing our ecosystem.

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image

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](<https://global.discourse-cdn.com/standard17/uploads/arbitrum1/original/2X/3/37ca64822b9e0df1eaf13ea9e077c1b412d42de6.png>)

Suggestion

Given the tight schedule and the advanced stages we in, we understand that suggesting a new grant distribution method for the STIP program may not be the most suitable. Nevertheless, looking ahead to future grant proposals, we'd like to suggest an alternative approach: Distributing grants in proportion to the size of each passed-voting applicant's request.

The voting quorum will serve as a safeguard against malicious actors seeking to receive funds. Applicants would need to strike a balance between requesting substantial amounts in case the total request exceeds the budget, while receiving votes from delegators.

Using the STIP grant as an example, if ultimately there are 80M grant requests passing the minimum voting requirement (71M quorum and over 50% favor votes), where 5mil of that are from smaller scale protocols requesting less than 1m, this suggestion can release 6% (3mil ARB tokens) of the budget to support smaller scale protocols. This would not only foster diversity within the Arbitrum ecosystem but also empower smaller projects, further enriching our community.

We welcome discussions and suggestions from fellow protocols and the community, as we believe in collaboratively strengthening the Arbitrum ecosystem.