

## Summary

- We propose Arbitrum foundation launch Arbitrum grants program with a budget of \$1M spread across 2 quarters to fund a wide variety

of teams building apps on top of Arbitrum in a transparent manner. Questbook is leading [Compound](#) grants program through [delegated domain capital allocation model](#), a community-run grants program

- We additionally propose that this budget be managed by 4

individuals called Domain Allocators - chosen from the community and by the community

- . These domain allocators would manage grants for a domain
- . These domains are strategic areas of focus for which Arbitrum wants to disburse grants
  - The performance of each of these domain allocators

will be publicly viewable and auditable using rich dashboards. At the end of the quarter, the Arbitrum community can vote to replace, continue domain allocators or increase budgets for each domain allocator.

- We ([Questbook.xyz](#)) will help facilitate setting up these domain allocators

and provide the tooling to run the grants program in an efficient and transparent way

- . We have previously set up or currently setting up the grants process for Compound, Polygon, Solana, Celo, and Aave

## Motivation

As we continue to experience the depth of the bear market, it is increasingly important for Arbitrum to retain the mindshare of key ecosystem contributors and incentivize builders to build on top of it. Grants program is a great way to attract high-quality builders and grow the ecosystem more quickly

- . This proposal details the benefit to all the stakeholders involved - token holders, builders and DAO members.

## Benefits to Arbitrum

Giving the selected domain allocators the capital and decision-making powers can increase the efficiency of the grants program, without compromising on accountability:

- Individual expertise instead of collective blindspots
- Distributed load instead of committee backlogs
- Accountability instead of diffusion of responsibility

The proposed structure will lead to the following outcomes:

1. Aligned allocation of funds:

By leveraging the Delegated Domain Allocator (DDA) model, Arbitrum foundation can ensure that funds are allocated to projects that align with the domain (selected by the Arbitrum community), promoting efficient and effective use of resources. This approach aligns with Arbitrum's goal of enabling the distribution of grants and empower the community to build and participate in the future of the Arbitrum.

1. Increased transparency:

The Delegated Domain Allocator approach provides a clear and transparent process for allocating funds, ensuring stakeholders understand the decision-making process and building community confidence. Questbook, a decentralized grant management platform, provides a transparent space for teams to showcase their backgrounds and experience. In addition, Questbook's reporting features will allow Arbitrum to quickly generate monthly reports on the allocation of funds, with the details for each grant proposal.

1. Increased accountability:

With a dedicated group of stakeholders responsible for allocating funds, the Delegated Domain Allocator approach promotes increased accountability, ensuring that the funds are used effectively and efficiently. Domain allocators can be replaced through a community vote if their performance is not up to the standards accepted by the community.

1. Lower

Turnaround Time (TAT):

The Delegated Domain Capital Allocation model will help improve proposals' turnaround time and overall outcomes for the ecosystem. An example of this is Compound who's already leveraging the DDA model and has a communication TAT of less than 48 hours.

The performance of domain allocators will be measured using objectives and key results (OKRs) to ensure goals are achieved efficiently and effectively.

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#### 1. High Brand Recognition

: The Delegated Domain Allocator model will play a crucial role in boosting developer engagement with Arbitrum, as well as forming strategic partnerships with important ecosystems to jointly fund grants in mutually beneficial areas.

## Specification & Implementation

The program structure focuses on having community members as domain allocators

. Arbitrum foundation \*\*will be required to set a budget of \$1M to be disbursed by 4 domain allocators and for committee compensation.

Each domain allocator

will be elected by the community. Interested community members can self-nominate themselves

to be considered for becoming a domain allocator. The domain allocator for each domain will be selected via a community-wide Snapshot vote. Domain allocators will run their domain on-chain for full transparency. The data and performance across key metrics will be visible to the community

in order to evaluate the domain allocator's performance.

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The disbursement of the grant will take place on-chain from a multi-sig wallet for each domain controlled by the program manager & the domain allocator. The domain allocators will approve or reject proposals based on their evaluation. The program manager will then coordinate with the Arbitrum team and the community to ensure that the proposal is aligned with Arbitrum's roadmap before making the disbursement

. The sole purpose of the multi-sig is to make sure capital is not being siphoned. However, the allocators are encouraged to make independent decisions in consultation with the Arbitrum team regarding the approval of the proposal based on their

expertise.

The grants committee and the Arbitrum community shall evaluate the performance of each domain and domain allocator using publicly available data. The outcomes could be as follows:

1. Change the domain
2. Change the allocator/program manager
3. Change the budget

Active community members can also initiate a no-confidence motion to initiate a review off-cycle. This can be initiated by one of the active delegates on Snapshot. The program manager can coordinate this, if the situation arises, along with the active community members. The unused funds from every domain will be returned to the treasury at the end of the quarter.

## Product Screens

Invite proposals to your grants program

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Anyone from the community can view and comment on the proposals

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Invite community members to review proposals based on an evaluation rubric

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Make milestone-based payouts directly from the multi-sig

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Track the performance of the grants program

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Arbitrum Grants Committee

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The program will consist of

1. A Program Manager
2. 4 Domain Allocators

A Grants SAFE, with 4/6 multi-sig, between the program manager and 4 domain allocators will be setup. We will then have 4 SAFEs for each of the domains with a 2/2 between the program manager and the specific domain allocator.

The funds for the grants program will flow from the treasury into the Grants SAFE. This SAFE will hold the funds related to the grants budget and committee compensation. Funds that will be disbursed to the proposers will reside in the domain-level SAFEs. The program manager will be responsible to update the community about approved proposals and their details through bi-weekly community calls and reports over discord.

We have identified the following domains based on our research and the feedback from the Arbitrum team and community. We invite delegates and community members to self nominate themselves.

Domain

Credentials Needed

Why it is relevant

Gaming

Experience in game development or a deep understanding of Web3 gaming industry.

This will help Arbitrum encourage more developers to create innovative gaming experiences and thus onboard new users to its ecosystem

Developer Tooling on NOVA

Core contributor to Arbitrum and popular L2s in Web 3

This will help Arbitrum build essential infrastructure, tooling for Arbitrum Nova

New Protocol Ideas

Core contributor to Arbitrum protocol

This will encourage more contributors to propose and run experiments for improving the Arbitrum protocol

Education, Community growth and events

Experience in builder community growth and technical bootcamps

This will help Arbitrum attract quality builders through community growth activities such as education courses, bootcamps, hackathons and sponsoring events

## Domain Allocator Roles & Responsibilities:

The following will be the roles and responsibilities of the selected domain allocators.

1. Time commitment per week: Maximum of 15 hours per week for the program manager and 10 hours per week for the domain allocator, which might vary based on the number of applications. The program manager will ensure that the workload is evenly distributed
2. Program Manager:
3. Communication:
4. Work with the Arbitrum team and the elected domain allocators to create and list out the necessary RFPs

5. Identify key areas and relevant ecosystem partners who will co-fund grants alongside Arbitrum
6. Create marketing content for communicating RPFs to the builders
7. Coordinate between Arbitrum team and the community regarding cohort announcement and funding requirements
8. Communicate the information regarding approval/rejection of proposals to the Arbitrum community regularly
9. Attend community calls, actively participate in the community forum, and keep the community updated and take their feedback on the program
10. Regularly update the progress of the grants program to the Arbitrum community over Discord and community calls
11. Bi-weekly reporting of key metrics of the grants program and each selected project such as:
12. Work with the Arbitrum team and the elected domain allocators to create and list out the necessary RFPs
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Metric

Details

Names and summary of accepted proposals

Total number of proposals that have been accepted by each domain allocator along with the proposal summary

Grant Amount Disbursed

Names of the proposal that have been awarded a grant amount along with the proposal summary and grant amount

Milestone Completion Rate

Each team should have a clear set of milestones and deliverables that they need to achieve. Program manager will share the status on milestone completion for each project

User Engagement

Number of users onboarded by a grantee onto their project

TVL

TVL (if applicable) of selected projects

Project Completion Rates

Number and names of projects who have completed all milestones

Growth in community engagement

Measured by number of followers of the project across different social media platforms, Discord community members

External Funding

Number of projects that have raised follow on capital after getting a grant from Arbitrum

1. Grants Program:
  2. Source good-quality proposals from developer communities
  3. Sign the transactions for the approved projects
  4. Ensure a quick turnaround time for proposers regarding their proposal decision
  5. Coordinate between the domain allocators to ensure that the workload is evenly distributed and take their feedback consistently
  6. Source good-quality proposals from developer communities
  7. Sign the transactions for the approved projects
  8. Ensure a quick turnaround time for proposers regarding their proposal decision
  9. Coordinate between the domain allocators to ensure that the workload is evenly distributed and take their feedback consistently
10. Domain Allocator:
  11. Review proposals received for their domains based on the rubrics set by the domain allocator
  12. Reject/Approve proposals and coordinate consistently with the program manager
  13. Source applications by reaching out to developer communities in their network
  14. Discuss program improvements with the other domain allocators and program manager during scheduled meetings.
  15. Review proposals received for their domains based on the rubrics set by the domain allocator
  16. Reject/Approve proposals and coordinate consistently with the program manager
  17. Source applications by reaching out to developer communities in their network
  18. Discuss program improvements with the other domain allocators and program manager during scheduled meetings.

Compensation :

The grant budget will be \$1M with \$200k for each domain. The committee compensation will be \$160K for 4 domain allocators and one program manager for 6 months. Questbook : 5% of all disbursements made through Questbook as product fee. Note that this is the proposed budget. All unused funds from every domain and committee compensation will be

returned to the treasury.

| Role | Per hour cost

(USD) | Number hours per week (Total number of hours: 24) | Total |

| — | — | — | — |

| Program Manager | 125 | 15 | 45,000 |

| Domain Allocator | 100 | 10 | 96000 |

| Miscellaneous (including operations cost) | N/A | N/A | 19000 |

| | | Total amount required | 160000 |

P.S

1. We are inviting applications for the domain allocator role for all the domains mentioned above. All interested community members and delegates can apply in the comments section of this post.

## Conclusion

### What does success look like?

- Objective
- The prime objective of this model is to have domains that align with Arbitrum's priorities. This way the contribution of the projects as part of the grants program is directly adding value to the DAO and the token holders.
- Increase in the number of builders, proposals, and funded projects
- Number of partners who are co-funding grants alongside Arbitrum in mutually beneficial areas
- Increase in the homegrown leadership to run grant programs (measured by the number of people running grant programs)
- Increase in the community members' participation to keep grant programs accountable (measured by the number of people looking at the dashboard and participating in the program)
- Diversity in projects being funded across technologies, geographies, and demographics, to name a few. We encourage the community to regularly review the project domains during Arbitrum's community call
- Increased engagement in builder community's
- Discourse
- Discord, Telegram
- Social media (Twitter, Reddit)
- GitHub
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- Subjective
- Improved community involvement in the grants program
- Strengthened builders' sentiment towards Arbitrum
- Enhanced Arbitrum's brand recognition in builder circles
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- Strengthened builders' sentiment towards Arbitrum
- Enhanced Arbitrum's brand recognition in builder circles

## KPIs

- Each domain allocator is required to work alongside program manager and come up with

domain-specific rubrics similar to the following in order to evaluate the proposals. If the identified rubrics are not in line with the domain or Arbitrum's roadmap, anyone from the community can openly suggest changes or question them on the forum

### Score

0

1

2

3

4

### Developer Reach

No project developer team. No developer attraction.

No dev team. Small attraction plan (1 to 5 devs).

Yes team dev.

Yes team dev. Small attraction plan (1 to 5 more devs).

Yes team dev. Big attraction plan (+5 more devs).

### Developer Commitment

No commitment attraction

Mercenary commitment attraction (stays until benefits end)



Commitment attraction (1 to 3 months )

Commitment attraction (1 year)

Commitment attraction (3 year)

Developer Quality\*

Project does not have a reasonable chance to attract high-quality devs

Project has a possibility of attracting high-quality devs

Project has a reasonable possibility of attracting high-quality devs and/or has high-quality devs

Project is likely to attract high-quality devs

Project is highly likely to attract high-quality devs

Likelihood of success

Clear flaw in design that cannot be easily remedied

Difficult to see the project continuing for more than a year

Reasonable chance that the project has intermediate-to-long-term success (+1 Year)

Project is likely to generate long-term, sustainable value for the ecosystem

Project has substantial likelihood to generate long-term, sustainable value for the ecosystem

Grant size

Grant size significantly outweighs projected benefit

Grant size is considerably larger than expected benefit

Grant size is proportional to expected benefit

Expected benefit outweighs grant size

Expected benefit meaningfully exceeds grant size

Team assessment

Team does not substantiate ability to deliver on plan

Team does not show significant ability to deliver on plan

Team shows reasonable ability to deliver on plan

Team shows significant ability to deliver on plan

Team exceeds what is required to deliver on plan

Milestone Assessment

Milestones do not significantly hold proposer accountable

Milestones are unlikely to hold proposer accountable

Milestones are reasonably likely to hold proposer accountable

Milestones are significantly likely to hold proposer accountable

Milestones are very likely to hold proposer accountable

Demo included (binary yes/no)

No demo included

Demo included

Score

-2

-1

0

1

2

Discretionary Factors (comment required)\*\*

- Total number of proposals received, number of proposals received for each domain, number of proposals funded, turn around time to take a decision and for disbursement, milestone and project completion rates
- The program manager will share reports and conduct AMAs once every two weeks to ensure transparency and accountability.
- We welcome any suggestions for additional qualitative or quantitative metrics not included above
- Questbook product is a decentralized on-chain grants orchestration tool. Anyone from the community can view the data and create custom dashboards using the on chain data relevant to Arbitrum Grants Program in a permissionless manner.

Track the performance of the grants program

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Anyone from the community can track the number of proposals, funding available for builders for a particular domain, and accepted proposals from the Homepage.

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## About Questbook:

Questbook's role in Arbitrum's Grant Program

- Saurabh from Questbook will be the program manager. Thereafter, the program manager will be elected from the community. Saurabh was previously working very closely with the Program manager of Polygon, where he facilitated the disbursement of approximately \$1 million in grants. Saurabh has received a grant from IoTeX to establish their grant program, and he works closely with the Program Manager of Compound Grants Program 2.0. Saurabh has spoken to more than 100 builders and teams over the last 6-8 months and understands what it takes to make a grant program successful - from both program manager and builder perspectives.
- Questbook Grants tool will make sure the workflows are systematic and transparent.

## Product Flows

1. Posting a grant - [Link](#)
2. Reviewing and Funding Proposals - [Link](#)
3. Settings - [Link](#)
4. Communicating with Builders - [Link](#)
5. Funding Builders - [Link](#)

## **Credentials**

- Questbook (YC-W21) is a decentralized grant orchestration tool, currently being used by Compound, Polygon, AAVE, Celo & Solana Ecosystem
- Saurabh from Questbook will be the program manager. Thereafter, the program manager will be elected from the community. Saurabh was previously working very closely with the Program manager of Polygon, where he facilitated the disbursement of approximately \$1 million in grants. Saurabh has received a grant from IoTeX to establish their grant program, and he works closely with the Program Manager of Compound Grants Program 2.0. Saurabh has spoken to more than 100 builders and teams over the last 6-8 months and understands what it takes to make a grant program successful - from both program manager and builder perspectives.

## **Community Buy - in and Next Steps**

We welcome any comments on our proposal from the Arbitrum community and would love to seek suggestions/answer any questions.