

[Based on Round 3 learnings](#), Retroactive Public Goods Funding (Retro Funding) is transitioning from broad scoped rounds to more narrowly scoped rounds; you can find out more about this transition [here](#).

To provide more transparency into the Retro Funding design process, in line with [Optimism's path towards Open Metagovernance](#), we're sharing plans and considerations for Retro rounds for all of 2024. You can find the announcement of upcoming rounds [here](#).

Scoping & Sizing retro rounds

Scoping retro rounds

[The scope of a retro round](#) outlines the type of impact that is being rewarded. [Feedback from Retro Funding 3](#) suggests that narrowly scoped rounds can lead to significant improvements of the builder and voter experience. In scoping retro rounds in 2024, the Foundation aimed to identify the types of contributions which are most impactful to the Collective and where Retro Funding is best suited to support. The detailed scope of each retro round will be announced 8-12 weeks before its start.

Sizing retro rounds

The aim for sizing round rewards is to provide OP rewards which accurately reflect the impact within the scope of a retro round and provide a strong incentive for contributing to the Collective. The amount of rewards for each round will be announced 8-12 weeks before its start.

The Foundation will size Retro Funding 4 & 5, and will propose round sizes for Retro Funding 6 & 7 to be ratified by the Citizens' House. In the future, the goal for this process will be to gradually transition to be more community-led, which may involve the creation of a Budget Board, or similar, in future Seasons.

Citizen workload

While the number of retro rounds is increasing, the goal is for individual citizen workload to not increase and possibly be reduced. In previous retro rounds, citizens' provided feedback on the time intensive labor of participating and shared concerns that increasing the number of rounds will increase the required time commitment of individual citizens. Retro Funding is actively exploring designs & experiments which enable an increase in the number of rounds while not impacting individual citizens workload.

More rounds, more experiments

Running multiple types of rounds allows us to run different experiments on the best ways to scale and improve Retro Funding. Below you find an overview of the experiments planned for 2024.

Measuring impact

[One of the obstacles citizens faced in Retro Funding 3](#) was the challenge of evaluating different types of impact using the same approach. Not all impact is the same, and different types of impact are best measured via different approaches. Below you find a summary of the framework which the Foundation applies to explore appropriate approaches to measuring different types of impact.

Contributions to Optimism can be categorized as either upstream or downstream of Optimism blockspace.

- Upstream contributions improve Optimism itself, this includes improvements to the OP Stack and Optimism Governance
- Downstream contributions improve the experience of Optimism users, such as builders and consumers.

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Upstream impact is measured via the aggregate utility of Optimism users

To evaluate impact which is upstream, we need to understand how the contribution has increased the aggregate utility of all users of the Optimism Platform. With the goal of understanding how a particular contribution has increased the aggregate usefulness of the Optimism Platform. Measuring this utility, and proving causality, poses a significant challenge.

Example: how do you measure the impact of a particular protocol update of the OP stack?

Downstream impact is measured via the utility derived by individual Optimism users

To evaluate impact which is downstream, we can gather and analyse signals from individual users which express the utility derived from a contribution. E.g., how has the contribution benefited builders and consumers?

Gathering and analysing these signals presents significant challenges, such as sybil resistance and vanity metrics.

Example: see [downstream impact](#), a metric in which dev libraries are evaluated based on the output of the builders on Optimism which use them

Upcoming Retro Funding experiments are designed to best address the different nature of upstream and downstream impact:

Experiment 1: Impact Juries

- Thesis #1:

By sorting badgeholders into smaller groups dedicated to evaluating a specific set of applications, impact measurement is improved.

- Thesis #2

: Sortition, the selection of public jurors by using a random representative sample, allows us to effectively scale citizenship

In Retro Funding 3, citizens [requested a more focused evaluation experience](#). Sorting citizens and projects into groups has been a popular suggested solution. Impact Juries will be used to reward upstream impact, as this category can benefit from a qualitative approach to measuring impact.

Experiment 2:

Metrics-based Evaluation

- Thesis #3

: By leveraging quantitative metrics, citizens are able to more accurately express their preferences for the types of impact they want to reward, as well as make more accurate judgements of the impact delivered by individual projects.

In Retro Funding 3, badgeholders voiced that non-standardized impact metrics added difficulty to the voting process and expressed desire to directly vote based on metrics. Examples of this approach include Buidl Guidl's [impact calculator](#) and OpenSource Observers [impact vectors](#). Metrics-based evaluation will be used to reward downstream impact, as this category can benefit from a quantitative approach to measuring impact.

Upcoming Retro Rounds

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Retro Funding 4: Onchain Builders

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- Scope: Reward onchain builders for driving the adoption of Optimism
- Timeline: May 2024

- Impact category: downstream
- Experiment: Metrics-based evaluation

The Collective is focused on growing the number of [active onchain builders](#). Onchain builders introduce new users to Optimism, drive protocol usage and network effects. In the Superchain vision, onboarding a new user to an OP chain benefits the Collective as a whole. By rewarding these contributions, Retro Funding can further differentiate Optimism's offering for developers in the highly competitive market of EVM blockspace. This scope is closely aligned with [Collective Intent 2 "Grow the Superchain"](#).

Retro Funding 5: OP Stack

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- Scope: Reward contributions to the OP stack
- Timeline: Aug 2024
- Impact category: upstream
- Experiment: Impact Juries

The Optimism Collective must continue to make progress on its core value proposition to provide resilient, decentralized, scalable compute. By setting the right incentives, many companies, teams and individuals can join the mission of building the most OverPowered Stack.

Rewarding contributions to the OP Stack is closely aligned with [Collective Intent 1 "Progress towards technical decentralization"](#)

Retro Funding 6: Governance

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- Scope: Reward contributions which improve the capture resistance and resource allocation of Optimism Governance.
- Timeline: Aug 2024
- Impact category: upstream
- Experiment: Impact Juries

Optimism Governance secures Optimism blockspace, via the Security Council and Protocol Upgrade votes, as well as allocates resources, via Retro Funding and Token House Missions. Thus improvements in governance are core to improving the quality, and driving the adoption, of Optimism blockspace. Rewarding contributions to Optimism Governance is closely aligned with [Collective Intent 4 "Improve Governance Accessibility"](#)

Retro Funding 7: Dev Tooling

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- Scope: Reward developer tooling for supporting Optimism builders.

- Timeline: Oct 2024
- Impact category: downstream
- Experiment: Metrics-based evaluation

The Collective aims to empower onchain builders by providing a world class developer experience. Equipping builders with the relevant tools and resources is key to achieving that vision and has been one of the key focus areas of Retroactive Public Goods Funding from the very beginning. Rewarding contributions to Optimism Governance is closely aligned with [Collective Intent 2 “Grow the Superchain”](#)

Please note that timelines are subject to possible changes and adjustment.

Outside of retro round scope

Contributions which fall outside of the scope of upcoming retro rounds include consumer facing tools, education initiatives and events. The Collective can still support these contributions via [Token House Missions](#).

Whats next?

For each retro round more details on scope, timeline and governance design will follow. As, always, these considerations will be shared with the community for feedback as well as with the [Feedback Commission](#).