

Summary

- We propose that dYdX launch a community grants program

with a budget of \$1 million spread across 2 quarters through [delegated domain capital allocation model](#). The proposed grants program will be a pilot to fund proposals that are aligned with dYdX's roadmap in a transparent, accountable and community led manner.

- To ensure efficient fund utilization, we propose that the budget allocated to these domains be managed by community members with expertise

in that domain. The selection of the domains as well as their allocators will be done from the community, by the community

- The performance of every domain allocator

will be publicly viewable and auditable using data rich dashboards. At the end of the quarter, the dYdX community can vote to replace or retain domain allocators or increase the budget for each domain

- We ([Questbook.xyz](#)) will facilitate & provide domain allocators

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

. We have previously set up or are currently setting up the grants process for Arbitrum, Compound, Polygon, TON, etc

- We believe that dYdX community should adopt a pluralist approach to grants funding

and experiment with different funding approaches. This will play a crucial role in promoting experimentation, decentralized decision-making, and improved measurement of the impact of allocated resources

Motivation

- As we move closer to the launch of dYdX v4, it's important that the dYdX ecosystem attracts and retain high quality contributors as well as support initiatives that leads to a successful v4 launch. A community led grants program will enable dYdX to identify these initiatives and attract, fund proposals in a transparent manner.
- The proposed model ensures that the domains are aligned with dYdX priorities and roadmap and that the proposals are funded in a transparent and accountable manner. Furthermore, the proposed model minimises diffusion of responsibilities and consensus-based decision-making.
- A transparent evaluation process and grant disbursal system will ensure that the domain allocators are accountable and allow active community participation in the grants program. Moreover, at the end of two quarters, community can vote to replace, continue the tenure of domain allocators or increase budgets for each domain

based on the performance of the domains and respective domain allocators.

- We believe that dYdX will benefit from running multiple grants programs simultaneously.

This approach will enable a better assessment of impact of allocated capital as well as operational efficiency under various funding models.

Rationale

Adopting the Delegated Domain Allocation (DDA) model will empower respective domain allocators the capital and decision-making powers to fund quality proposals in high priority focus areas efficiently without compromising on community participation, transparency and accountability.

Some of the many advantages of the proposed model are:

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

The proposed model will lead to the following outcomes:

1. Aligned allocation of funds

: By leveraging the DDA model, dYdX can ensure that funds are allocated to projects that align with the domain (selected by the dYdX community), promoting efficient and effective use of resources. Questbook will also support the domain allocators with sourcing, engagement and review of draft proposals before they are submitted to ensure a high quality, impact focused & cost effective proposal pipeline.

1. Increased transparency

: Echoing Antonio's [words to decentralise through transparency

](<https://antonio-dydx.medium.com/the-dydx-community-values-cb6b690712fa>), we believe that a transparent review process and funds disbursements will lead to enhanced community participation and better assessment of the impact of the grants program. 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 the dYdX community to generate monthly reports on the allocation of funds along with the funding outline for each grant proposal.

1. Increased accountability

: With a dedicated group of stakeholders responsible for allocating funds, DDA model 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 mark.

1. Lower Turnaround Time (TAT):

The Delegated Domain Capital Allocation model will help improve proposals' turnaround time and subsequent quality of resubmissions. 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 to ensure goals are achieved efficiently and effectively.

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1. High Brand Recognition

: Questbook is a desired destination of 20,000+ builders each month. We will also assist the domain allocators in marketing the grants program & sourcing high quality proposals.

Specifications

The program structure focuses on having community members as domain allocators. dYdX 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 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.

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 rubric. Domain allocators will take independent decisions for their respective domains based on their evaluation rubric. If deemed necessary, they may choose to consult the dYdX core team and members of the foundation to ensure alignment with the dYdX roadmap and gain additional insight into the considered proposal.

The grants committee & the dYdX community can evaluate the performance of each domain and domain allocator using publicly available data. The various decision flows 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 through an on-chain vote. 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

Please find below Questbook's product screens that demonstrate how the community can seamlessly oversee & actively engage in the grants program in a transparent manner:

Invite proposals to grants program

Community members can view and comment on the proposals freely

Invite community members to review proposals based on an evaluation rubric

Make milestone-based payouts directly from the multi-sig through Questbook

Track the performance of the grants program

Steps to Implement

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The committee will consist of

1. A Program Manager
2. 4 Domain Allocators

A 3/5 Grants multi-sig wallet that includes the program manager & domain allocators will be set up. We will consequently have 4, 2/2 multi-sig wallets set up for each domain between the program manager and the respective domain allocator. The purpose of using this multi-sig wallet flow is to guarantee that capital is not siphoned.

Interested community members can self-nominate themselves via a separate domain allocator nomination forum post after this proposal is successfully passed. The domain allocators will be selected via a community-wide vote. The program manager will be responsible to update the community about approved proposals and their details through community calls and reports over community forum.

We have identified the following domains based on our thorough research and the feedback from the dYdX team, foundation and active community members. We're open to adding more domains, alterations to the suggestions and prioritisation :

Domain

Credentials Needed

Why it is relevant

Protocol Infrastructure

Experience in protocol development

This initiative will fund essential infrastructure & tooling efforts that eases the transition to dYdX v4.

Trading Solutions & Tooling

Experience building trading solutions & tooling/core contributor to dYdX protocol

This will fund integrations that help solidify the user experience of traders using the dYdX platform & attract traders away

from CEXs.

New Asset Listings

Experience with asset listings dev support

Experience with risk management research & tooling

Core contributor to dYdX protocol

This will help dYdX sustain interest & engagement of traders & LPs till the launch of v4.

This will also fund initiatives that enable resilient, community driven risk management frameworks & tooling that bolsters the launch of v4.

Community Run Initiatives For Ecosystem Growth & Engagement

Rich experience in DeFi and in running builder community growth and technical bootcamps

This will aid dYdX maximize engagement with developers through initiatives such as hackathons, workshops, bootcamps etc.

This domain will also fund initiatives that support the onboarding of new users to the dYdX ecosystem through:

a) Educational Offerings b) Events

Committee Roles & Responsibilities

The following will be the roles and responsibilities of the selected Domain Allocators and the Program Manager.

1. Time commitment per week

: Maximum of 25 hours per week for the program manager and 15 hours per week for the domain allocator, which might vary based on the number of proposals. The program manager will ensure that the workload is evenly distributed

1. Program Manager

:

A. Communication:

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

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 on boarded 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 dYdX

b. Operations:

1. Source high quality proposals
2. Sign multi-sig transactions for approved projects
3. Ensure quick turnaround time for proposals
4. Coordinate with domain allocators to ensure that the workload is evenly distributed and iterate operations based on their feedback

Domain Allocator Responsibilities:

1. Review & accept/reject proposals received in their respective domains based on rubrics set by the domain allocator
2. Source applications by reaching out to developer communities in their network
3. Discuss program improvements with the other domain allocators and program manager
4. The domain allocators & the program manager will be required to actively engage with high-quality builders and share actionable feedback. This will involve key activities such as guided sessions, workshops, and demo days.

Legal Compliance Duties

We propose that the [BLG](#) - Blockchain Lawyers Group undertake all legal compliance efforts for the pilot grants program. BLG has provided invaluable legal compliance support at [Compound Grants Program 2.0](#). BLG will provide their expertise in contractual drafting, application of KYC standards, and address any potential legal issues during the grant disbursement phase.

Compensation Plan

To effectively support and fund exceptional teams, domain allocators and program manager will need to invest significant time in activities such as marketing, project research, calls with proposers, preparing reviews, exchanging info/feedback with other DAs, tracking teams' progress, and coordinating milestone based payouts. These activities demand significant expertise and time commitment.

It is crucial for dYdX ecosystem to attract top talent for the role of domain allocator, program manager and adopt transparent tooling to ensure that exceptional projects are funded.

1. Domain Allocators :

\$5,000/month for each domain allocator

1. Questbook will provide the Program Manager along with its decentralised grants orchestration product - \$10,000 per month
2. Operational activities facilitated by the Program Manager. We propose using [Synapse](#) for KYC services and [DocuSign](#) for all contractual agreements, as we have been using these services for running CGP 2.0 - \$20,000

All non-allocated funds will be returned to the treasury

at the end of two quarters.

Conclusion

What does success look like?

The prime objective of this model is to find and fund high quality proposals aligned with dYdX roadmap and priorities:

Objective

- Increase in number of builders, proposals, and funded projects for these domains
- 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)
- Number of projects directly contributing to infrastructure & tooling efforts for dYdX
- Number of new users and assets onboarded to dYdX.
- Increased engagement in builder communities
- Discourse
- Discord, Telegram
- Social media (Twitter, Reddit)
- GitHub
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- Subjective
- Improved community involvement in the grants program
- Strengthened builders' sentiment towards dYdX
- Enhanced dYdX's brand recognition in builder circles
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KPIs

- Each domain allocator is required to work alongside the program manager and come up with domain-specific rubrics. If the identified rubrics are not in line with the domain or dYdX roadmap, anyone from the community can openly suggest changes or question them on the forum.
- Further KPIs that will be assessed are: 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
- The Questbook platform is a decentralized on-chain grants orchestration tool. Anyone from the community can view the data and create custom dashboards using on chain data relevant to the proposed grants program in a permissionless manner.

The proposed grants program will be the first ever community run grants program for dYdX

, and we aim to ensure that the allocated funds are deployed in an efficient, responsible and prudent manner. We will request a larger budget if the proposed model is successful based on the key metrics specified in our proposal and community inputs.

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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Third Party Audit

Questbook is open to having the performance and procedures of the grants program audited by the community members or a credible third party auditor

at the end of the proposed grants program. Moreover, we encourage community members to actively participate in the process of delegating capital as the entire allocation process will be run by the domain allocators in a transparent manner on-chain.

About Questbook

- [Questbook](#) will be the program manager for the proposer grants program. Questbook has successfully led [Compound Grants Program 2.0](#) through [Delegated Domain Capital Allocation model](#). In addition to this, Questbook was the Program Manager of Polygon Grants Program, where they facilitated the disbursement of approximately \$1 million in grants. Questbook team has received grants from Solana and IoTeX to establish its grant program. Questbook team is well-versed with the demands and needs that contribute to the success of a grants program. Their team has spoken to more than 200 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 (YC-W21) is a decentralized grant orchestration tool, currently, previously used by Compound, Polygon, TON, Aave, Celo & Solana Ecosystem

Timeline

We welcome any comments on our proposal from the dYdX community and seek their suggestions. After incorporating

feedback from the community, we will share the proposal for community voting. Once this proposal is passed, community members can self-nominate themselves on a different forum post. Subsequently, domain allocators will be elected by the community members

from the pool of nominees through an on-chain vote.

Community Feedback & Next Steps

We believe that the Delegated Domain Allocator model, offered by Questbook, will be a highly effective solution that aligns with the dYdX community's values of transparency, decentralization, and accountability. We welcome any comments on our proposal from the community and would love to seek suggestions/answer any questions.