Congrats to the DAO and the Foundation for (almost) getting to the next steps! Now the real work begins.

We have the opportunity to lead the industry, to have Vitalik writing about how cool what we are doing is, and to prove the dream that DAOs can be a better way of organizing network governance. This can be a lot of fun.

The Problem with DAOs

We are about to see a flood of proposals. The problem is that without the DAO creating some frameworks for giving out the funding, there are certain dynamics that play out naturally unless there is some level of mindful intervention.

The pattern we've seen from other DAOs looks something like this:

1. Crazy spending spree with no concerns about outcomes

2. 3-12 months in (and a ton of wasted funds later) people start asking for accountability

3. DAO centralizes control to show stewards it is accountable

4. Voter apathy starts and no innovation (or fun) is happening

(I'd be happy to go into why each of these stages happens and why I'm sure this network dynamic will play out here, but for brevity's sake will avoid details here. Please ask if you'd like a separate post on this.)

The problem with this cascading pattern of reactivity is that at each stage, the individual actors are "doing the right thing" at the moment - at the cost of the future. Now let's explore how we could intervene in a way that changes our future.

What We Can Do About It

This potential proposal has a few goals and corresponding signals to know we've achieved them

- Help us avoid the above pattern (Signal: People are buying $ARB to use in governance)

- Establish the most innovative grant program in existence (Signal: Vitalik writes an article saying "They set out to create the most innovative and high performing grants program in existence and I believe they have done just that!" before 12/31/24.

- Create a pluralistic funding framework (Signal: We establish concurrent frameworks for funding by 12/31/23)

- Consider the potential for mechanisms to ensure the longevity of the DAO (Signal: Treasury is diversified to 10% stablecoins & on-chain guarantees of at least 10 years of budget availability for the DAO by the end of 2023)

Now that I have visited you with the Ghost of the Arbitrum DAO future and presented some easily executable ways to alleviate the problems, let's dive a little deeper into each solution.

Help us avoid the above pattern

Signal:

People are buying $ARB to use in governance

Doing this requires a pluralistic funding framework and some principles to establish the collective desires of the DAO. A great tool for finding the interest groups in the DAO is Polis, a software using advanced statistics to find non-polarizing agreements for passing proposals.

Perhaps a principle would be that we split the proposal stage from the voting/decision-making stage in a way that creates the best possible version of a proposal prior to voting???

[Here is a Polis I created just for this exercise](.)

Create a pluralistic funding framework

Signal:

We establish concurrent frameworks for funding by 12/31/23

Most DAOs have made the mistake of trying to find the single best way to fund work. This is difficult because some work is high context and requires low turnover and the DAO should expect efficiency from the executing team.

Other work, such as research and development, is designed to innovate. This means that setting an accountability metric might be counterproductive. For this work, an agreement to spend x% of the total budget over y months with an output of the expert council rating their work as high quality might be a better method.

Another consideration is the funding mechanism and timing. A direct grants program takes a lot of work from a few people. Its centralization is what makes it good at giving out large amounts to contributors with proven track records. Quadratic Funding is great for the community to find new projects to add to the landscape. Quadratic Voting is good at taking a fixed budget and allocating it between vetted projects. Retroactive funding is great because you already know what impact was made.

We could use other DAO tools like JokeDAO contests, HATS protocol, and Govrn. We can experiment with projects using DAOhaus MolochV3s with Proposal Inverter. We could partner with Otterspace for badging and Token Engineering Academy for designing economic games they use with small portions of the total budget.

The point is that it isn't about using one mechanism, curator, or authority. It is about using many different ones for what they are best at.

Establish the most innovative grant program in existence

Signal:

Vitalik writes an article saying "They set out to create the most innovative and high-performing grants program in existence and I believe they have done just that!" before 12/31/24.

We can do this. Gitcoin just launched its grants protocol. This provides a liquidity network of supporters and projects/grantees sharing open data in a standardized format. Metadata on-chain, data on IPFS, Graph subgraphs… the timing is perfect.

They currently only have Quadratic Funding available, but they have a product development goal to have quadratic voting AND direct grants programs available on the Allo protocol & GrantStack in the next 5 months!

Open data is a game changer. It allows us to crowdsource analysis about how well each funding round does, how we can defend from fraud, and anything else that data science can answer.

For a small amount, we could have the biggest grants program on Gitcoin. For a little more we could own a significant amount of Gitcoin governance tokens and help guide development to include us as a design partner in building the most innovative grants program in existence.

Consider ideas to ensure the longevity of the DAO

Signal:

Treasury is diversified to 10% stablecoins & onchain guarantees of at least 10 years of budget availability for the DAO by the end of 2023

This would likely be a separate proposal, but it is worth considering together here before this becomes a proposal (or three). Here are three ways we could establish a DAO longevity strategy.

- Put out an RFP to find a treasury manager

- Set up a balancer pool to sell $ARB for stables at a slight discount over time

- Create contributor agreements to clarify the legal contracting status

- Put 50% of DAO funds in an issuance curve to ensure longevity if the price is stable

- Have the issuance curve go directly into our grants program pool - end-to-end issuance to work being executed!

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Why Do I Care

I've been full-time in crypto since 2017 when my Chicago Blockchain Project meetup grew to almost 4,000 members. I joined Gitcoin in 2020 where I ran the grants program operations rounds 8, 9, and 10. From there, I was the first person to voluntarily leave the company into the uncertainty of the DAO when it launched in May of 2021.

For the last 2 years, I've been leading the Fraud Detection & Defense workstream for Gitcoin. With the launch of our protocols, it is a good time for me to step down from leadership and [wind down the FDD workstream](). The open-source tools and the techniques we learned to prevent fraud are something I can provide ecosystems in the future.

What I'm saying is that I'm heavily biased that I can help us to execute this plan and I'd love to have Arbitrum as an early partner for my endeavor.

However, I'm a purist. I want to do it through and with the DAO. I want to prove that DAOs can be what we all think they could be. I usually put my blinders on and work on the one project in front of me (while shitposting). Leaving Gitcoin is a great opportunity to learn to be a good steward of another ecosystem - and I chose Arbitrum.

The Ask - Next Steps

As AIP 1.1 & 1.2 pass and you see a bunch of proposals start to pop up, some good like @0x_Buidler hackathon rewards here… (and some less good), I would like you to ask yourself,

"Is the pattern Joe brought to light going to happen here?"

If you think that even maybe, yes it will - If you think we should start with some discovery work on principles and laying out goals before approving huge swaths of tokens, then please engage with this post:

1. Give your opinion on the Polis - It only takes a couple minutes!

2. Highlight a paragraph that stuck out to you and comment on how you feel

3. Directly claim your support or approval for this general direction in the replies

4. If you're so inclined - reach out to co-author an actual proposal(s)

I'd be especially grateful for input from @Arbitrum @Cornell_Blockchain @BlockworksResearch @TreasureDAO @olimpio @PlutusDAO @ChainLinkGod and it only lets me tag 10!