**Program Information**

- [PoolTogether](#)
- Governance Fund Season/Cycle
- Partner Fund: 450K OP
- [Season 2 Cycle 8](#): 550K OP
- Partner Fund: 450K OP
- [Season 2 Cycle 8](#): 550K OP
- Dates Funded
- Partner Fund: [July 20, 2022](#)
- Governance Fund: [November 28, 2022](#)
- Partner Fund: [July 20, 2022](#)
- Governance Fund: [November 28, 2022](#)
- [Wallet](#) Funded

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# Key Takeaways

- A rise in transactions, addresses, and network fees corresponds to the beginning of the[Galxe quests](#). However, the modest growth in TVL suggests that numerous small depositors primarily drove the surge in activity.

- While the Galxe quest program explains part of the surge when excluding the 300,000 addresses that minted the Galxe NFTs, the governance fund incentives still attracted nearly twice as many total transacting addresses (285,000) as the Partner Fund (149,000).

- The Collective along with proposing protocols should explore better metrics and objectives (i.e.[milestones/KPIs](#)) that account for retention and long-term sustainability. A better milestone for gauging effectiveness would display long-term sustainability following incentives, not a one-time accolade. An example of this would be 'Increase TVL from $35M to $40M, and remain above $30M for 3 months after incentives end'.

- We believe that the Collective should begin considering the Governance impact of incentive programs, and begin discussing ways to increase the 'Votable OP' with the OP distributed through the Governance Fund.

# Distribution

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Phase one of PoolTogether's OP incentive program began with a formal[announcement](#) on July 22, 2022. PoolTogether's OP Incentive Program was initially funded via a 450,000 OP Partner Fund distribution on July 26, 2022. The program was extended in November by an additional 550,000 OP distribution from the [Governance Fund](#). Incentives were active from July 26, 2022, to March 28, 2023.

# Program Overview

PoolTogether launched on Optimism on July 8, 2022, just 18 days before the beginning of their OP incentive program. The proximity of these events introduces additional nuance to the attribution of protocol growth due to incentives. That said, PoolTogether's meteoric growth on Optimism and its subsequent post-program decline still provides insight for the Optimism community.

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## Total Value Locked

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PoolTogether launched just weeks before the start of its incentive program, making it difficult to attribute its growth to one specific factor. That said, PoolTogether's TVL rose significantly, increasing from under $5 million to over $35 million in weeks.

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In the 30 days following the program, the average TVL plummeted to $17 million, marking a $23 million decrease from its all-time peak. As of July 5, 2023, the TVL of the protocol on Optimism stood at $5 million, representing a decline of $35 million from its highest point and a $3.3 million increase from its pre-program average.

## Daily Transactions

Because the PoolTogether protocol is a savings account complemented by a lottery mechanism, it stands to reason that transactions occur less frequently than that of a DEX, or even a lending protocol, where users might interact with the protocol frequently. However, the transaction activity during the incentive period was notably high. Our analysis found transactions surged in September and completely dropped off in January.

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This phenomenon was explained when we observed that thePoolTogether Quest launched on Galxe on September 19, 2022, and rewarded users with an NFT in exchange for depositing a minimum of $20 into PoolTogether on Optimism and maintaining the deposit for at least 3 days. The issuance of over 300,000 PoolTogether NFTs indicates that more than 300,000 addresses successfully completed this quest (source).

## Daily Transacting Addresses

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734,000 total PoolTogether transactions occurred during the incentive program period, with the Governance Fund experiencing significantly higher transaction volumes than the preceding Partner Fund program. Around 80% of the total transactions occurred during the Governance Fund program.

## Daily Network Fees Generated

Network fees play a crucial role in incentive programs and have a significant impact on the Collective's ability to achieve the Optimistic Vision. They are and will continue to be, one of the most vital measurements to consider.

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Combined, the Partner and Governance Fund programs generated 60 ETH in network fees, however, the Governance Fund timeline significantly outperformed the Partner Fund by generating 48 ETH (80%). When comparing the average daily fees, we observed a significant jump from 0.11 ETH during the Partner Fund to 0.36 ETH during the Governance Fund incentives.

# TVL & Daily Transaction Comparison

PoolTogether's OP incentives had a clear impact on usage metrics, presumably driven by participants engaged in the Galxe quests. Interestingly, despite PoolTogether's TVL reaching all-time highs, the quests seemingly did little to impact its growth.

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We observed a large surge in the number of daily addresses when the quests kicked off, but TVL was less affected. Prior to the quests, the average daily transacting addresses amounted to 326, but during the quests, it skyrocketed to 5,268—a 1,516% increase. Similarly, the average daily TVL before the quests was around $21 million, and it rose to an average of $33 million during the quests, indicating a 57% increase. While the TVL increase wasn't as substantial, it's worth noting that after the quests, the average daily addresses dropped to 834—an 84% decrease—while the average TVL only fell to $30 million, a more modest 9% decrease.

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Considering the significant increase in addresses compared to the relatively minor change in TVL, we can assume that the addresses incentivized by the quests didn't contribute significantly to protocol deposits. It's even plausible to speculate that these addresses were primarily focused on farming the next OP airdrop.

# Governance Impact

Regarding incentives, it's essential to consider their impact on governance (I.e., 'Votable OP'). PoolTogether provides an excellent example for future programs by directing reward claimants to the OP delegation portal and offering educational material on Optimism's governance.

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To begin analyzing the impact of OP incentive programs on governance, we created a query using the OP Token Transfer Mapping tables. This query first compiles all addresses that have claimed OP from a program and then compares these addresses to a list of addresses that have historically delegated OP. As a result, upon claiming this OP, the addresses would have impacted the 'Votable OP' amount, even if they sold shortly after. As this query is an experimental first iteration, it does not trace current balances sourced from various programs. The amount is an estimate displaying the absolute maximum amount of OP that was delegated from the program. We intend to build on this in the future to display a more granular governance impact.

### Governance Impact: The Numbers

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Out of the total 3,451 OP claimants, around 58% (1,998) had previously delegated OP. Surprisingly, only 200,000 OP out of the 870,000 claimed was obtained by addresses with a delegation history. Consequently, the maximum potential amount of OP eligible for voting (or 'Votable OP') from the PoolTogether OP incentives is estimated to be 200,000 OP, representing approximately 23% of the total OP distributed by the program. It's worth noting that claimants from Pooltogether who are still

OP holders could still delegate OP in the future, as well.

## PoolTogether Aave USDC: Percentage of Deposits

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Whenever users deposit USDC into PoolTogether, the deposited USDC is supplied to Aave to begin earning yield. The chart above displays the USDC deposited in Aave from PoolTogether as a percentage of all USDC deposited in Aave (on the Optimism Network). PoolTogether dominated this metric early on, reaching a high of 82% of all circulating aUSDC, but lowered significantly with the deposits that came along with Aave's OP incentive program that began on August 5th, 2022. However, once Aave's incentives ended on November 5th, 2022, PoolTogether's share of total aUSDC once again throughout the end of the PoolTogether Governance Incentives.

## Reward Claimer Analysis

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The Top 25 claimants claimed over 385,000 OP from PoolTogether rewards, amounting to 44% of all rewards distributed. Out of the top 25, only four claimants had delegated OP.

## Proposed Next Steps

1. Despite PoolTogether's protocol design, which doesn't demand high transaction volumes, the OP incentives led to a dramatic increase in both the level of transactions and the amount of fees generated. The Galxe Quest program appeared more effective at driving transactions than OP incentives. The final days of the Quest program drove the highest volumes of fee generation seen throughout the observed time period. As such, Optimism might consider some form of attestation or NFT characteristic of future incentive programs for protocols with similar design characteristics as PoolTogether.

2. The Collective and proposing protocols should explore better metrics and objectives (i.e.,milestones/KPIs) that account for retention and long-term sustainability. In PoolTogether's Governance Fund proposal, one of the stated milestones was to increase their TVL from $35 million to $40 million. This milestone was achieved, however, only one month following the conclusion of incentives the TVL had already declined to $8 million. A better milestone for gauging effectiveness would display long-term sustainability following incentives, and not a one-time accolade. An example of this would be 'Increase TVL from $35M to $40M, and remain above $30M for 3 months after incentives end'.

## Closing Remarks

The PoolTogether wallet currently retains approximately 178,000 OP tokens, designated forbuilder grants, which we are unable to assess the impact of. The PoolTogether team (@Leighton, @Tjark) has established commendable practices for future incentive programs, emphasizing funding transparency (E.g., PoolTogether Grant Update) and governance education. We hope to see more protocols embracing these trends in upcoming programs, guiding reward recipients towards the Optimism delegation portal, and providing education on effectively utilizing their claimed OP tokens.

**Additional Resources**

- OP Analytics Repo

- Incentive Program Performance Summary - Dune @oplabspbc

- [@optimismfnd / Optimism Mainnet Project Deep-Dive

(OP Mainnet)](https://dune.com/optimismfnd/optimism-project-deep-dive)

- [@oplabspbc / Optimism Quests - App Growth on Optimism After Quests

(OP Mainnet)](https://dune.com/oplabspbc/optimism-quests-project-usage-growth)

- [Incentive Program Performance Summary - Dune @oplabspbc](#)

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- [@oplabspbc / Optimism Quests - App Growth on Optimism After Quests

(OP Mainnet)](https://dune.com/oplabspbc/optimism-quests-project-usage-growth)

- PoolTogether - [Multiple Blog Posts](#)

- [Grant Update from PoolTogether](#)

- PoolTogether Data:

- [PoolTogether V4 Dune](#)

- [PoolTogether Weekly OP Claims Dune Dashboard](#)

- [PoolTogether Grant Update](#)

- [PoolTogether Optimism Analysis](#)

- [PoolTogether V4 Dune](#)

- [PoolTogether Weekly OP Claims Dune Dashboard](#)

- [PoolTogether Grant Update](#)

- [PoolTogether Optimism Analysis](#)