This is a shared effort of the [@seedlatam](#) [delegation](#) composed by [AxlVaz](#), [CryptoChica](#), [Jadmat.Eth-DefiLatam](#), Joxes and [Netrim](#).

Summary

Optimism Token House has been active for 1 year going through five seasons facing numerous changes throughout each season pursuing the best interest for the Optimism ecosystem. From the season 0 to 4, Optimism governance has established different processes for managing governance funds, protocol updates and other decisions to which delegates have had to adapt, even making the process more complex to guarantee; for example, the correct allocation of funds, with the introduction of committees, and later, the Grant Council. Over time, it has been possible to demonstrate the heavy workload that the delegates have had to face. For season 4, less than half of the delegates (>0.25%) had an active participation during the feedback and approval to vote process. In order to align the work of delegates and broaden the desire to participate, we believe that the path is to improve the incentive system aka rewards, as a way to increase the quality and fulfillment of the final goals.

1. Introduction

The launch of Optimism Governance marked a new phase in Web3 financing and Public Goods within the Layer 2 scaling solutions ecosystem on Ethereum.

During this period, the Governance Fund has funded numerous projects, and many OP tokens have been injected into the ecosystem. These achievements have been made possible thanks to the hard work of the delegates in Seasons 1 and 2 and the management of the Grants Council in Seasons 3 and 4.

Given the level of maturity achieved by Optimism Governance, it's essential to consider not only the [injection of OP](#) tokens into the ecosystem but also to plan and execute incentives for delegates and other decision-making roles within the ecosystem.

Because of the nature of this governance [and expected future](#), it's critical to continue to keep current known delegates active and to attract new delegates from both the Web3 ecosystem and [qualified individuals](#) and groups who can be aligned with the optimistic vision (universities, ONG, foundations, etc.).

2. Optimistic Heart and Hands-on Work (Workload Volume in Optimism Governance)

Optimism Governance stands out not only for granting grants to a large number of projects but also for its agile iteration and flexibility to drive the constant growth of the ecosystem. This generates a considerable workload for the delegates, who must manage a dense feedback process to approve proposals.

To contextualize the above, let's examine the work carried out by delegates in previous seasons, with a special emphasis on the current season.

2.1 Previous Seasons

2.1.1 Season 1

[The system was open this season](#), and anyone could request a grant through a proposal in the forum. For a proposal to proceed to vote, it needed the support of at least 1 delegate with >0.0005% of the voting power (no data could be retrieved on how many delegates had this voting power).

- [Cycle #1:](#) 24 proposals

- [Cycle #2:](#) 17 proposals

- [Cycle #3:](#) 9 proposals

- [Cycle #4:](#) 9 proposals

- [Total:](#) 60 proposals

- OP Tokens: 42,630,770.0

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Note: only proposals posted on Snapshot are counted.

Season 1 presented the challenge of handling many applications and the need for a transparent process to bring proposals to a vote. Changes were implemented in Season 2 to address these issues.

2.1.2 Season 2

In this season, 5 committees were introduced, specialized working groups consisting of 5 delegates each, which provided qualified recommendations on how to vote on each proposal. These committees received OP tokens for their work at the end of the season. For a proposal to proceed to vote, it needed the support of at least 2 delegates with >0.5% of voting power (about 36 delegates throughout Season 2).

- Cycle #6: 10 proposals

- Cycle #7: 14 proposals

- Cycle #8: 18 proposals

- Total: 42 proposals

- OP Tokens: 13,118,611.0

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- OP Tokens: 13,118,611.0

Note: Only proposals posted on Snapshot are counted.

While the committees alleviated some of the delegates' workload, their role could have been more precise, leading to conflicts between proponents and committees and among the committees themselves. In Season 3, the Grants Council was introduced to address these issues.

2.1.3 Season 3

In this season, the Grants Council was established, a group of 9 delegates elected by the governance to manage the Governance Fund grant process under the direction of an individual from the Optimism Foundation. Each council member receives OP tokens at the end of each season.

- Cycle #10: 73 proposals

- Cycle #11: 79 proposals

- Total: 152 proposals

- OP Tokens: 4,538,130.0

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- OP Tokens: 4,538,130.0

The Grants Council have resolved the main governance issues:

- Unclear processes

- Workload for delegates

- Conflicts among delegates

In the meantime, a portion of delegates accepted the responsibility of being part of the Citizen House for retroPGF 2. In numbers:

- 10 were selected via governance nomination and voting

- Other few via other badgeholders nomination

- 195 projects analized

- 2 weeks for revision + several others for preparation and onboarding

While this represents a significant achievement for governance, Season 4 has reintroduced new workloads per unit of time for delegates through missions.

2.2 Season 4

This [season](), missions have been introduced, consisting of proposals for specific initiatives to achieve short-term objectives ([Intents]()). Any individual, team, or company can submit a mission proposal through a post on the forum, following predefined rules. For a mission to proceed to vote, it must have the support of at least 4 delegates with more than 0.25% of voting power (63 delegates with enough voting power for the first month of Season 4).

A total of [49 mission]() requests were received, out of which only [31 proposals]() went to voting. Despite having established rules for missions, they have reintroduced a workload for delegates and a low level of participation has been observed among them.

A [table]() has been prepared by manually extracting data from the forum during the proposal pre-selection stage.

Delegate Support Intent #1:

[

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](https://global.discourse-cdn.com/business7/uploads/bc41dd/original/2X/d/d6e66a38f20806ad89e6ee32bb1a3823f36611de.png)

Delegate Support Intent #3:

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Delegate Support Intent #4:

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Total support from participating delegates:

[

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2.3 Current Participation and Voting Data

Based on the data presented in the previous section, the following figures can be extracted:

- To date, Optimism Governance has a total of [1,125 delegates]().

- Only [63 delegates]() possess more than 0.25% of the voting power.

- Of these, only 27 delegates supported missions.

- 7 delegates (violet) are current members of the Grants Council.

- 5 delegates (yellow) belong to the [Protocol Delegation Program Season 4]().

- Delegates [@mastermojo]() and [@mattl]() (red line) supported missions with the [same]() address, as clarified in their delegate statement, and could be considered a single delegate for the purpose of this assessment

- 13 delegates (white) are independent or have no additional duties or external incentives.

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- Delegates @mastermojo and @mattl (red line) supported missions with the same address, as clarified in their delegate statement, and could be considered a single delegate for the purpose of this assessment

- 13 delegates (white) are independent or have no additional duties or external incentives.

- 12 delegates supported less than 5 missions.

- 5 delegates supported only 1 mission.

- 5 delegates supported only 2 missions.

- 1 delegate supported 3 missions.

- 1 delegate supported 4 missions.

- 5 delegates supported only 1 mission.

- 5 delegates supported only 2 missions.

- 1 delegate supported 3 missions.

- 1 delegate supported 4 missions.

Note: If any delegate is missing or errors are detected, please report it here in the post for correction.

Additionally, it's worth noting that the following behavior could be evidenced among the delegates in the forum:

- Out of the 27 delegates, 13 only supported proposals without providing feedback to the proponents.

- Delegates with a low number of supported missions maintained constant activity during the feedback stage, such as @jackanorak, @MinimalGravitas, joxes team group, and others.

- Delegates who did not reach the 0.25% VP threshold actively participated during the mission feedback period, such as @opuser, @lee0007, @brichis, @itublockchain.

Summary reflextions

The granting of subsidies generates significant interest in Optimism's governance from teams, builders, protocols, communities, grant seekers, and others. This results in a high volume of requests on the forum. Such many requests imply a heavy workload for delegates, who must filter, provide feedback, vote, and communicate.

The constant interaction and workload make it difficult to onboard new delegates to governance and exhaust those who have been present since the beginning. Having active and committed delegates is crucial to eliminate or disincentivize malicious actors within the governance.

3. Pursuing better incentives to strengthen governance

As mentioned earlier, the Grants Council has resolved governance issues faced in Seasons 1 and 2. This is partly because the delegates participating in the council are aligned with the Optimistic Vision and receive appropriate incentives for their work, considering it a job.

[FINAL] Season 4: Council Intent Budget Proposal

Council Budget: 285k OP

- 9 Reviewers = 25,000 OP (+10k from Season 3)

- Comms, Ops, RPGF managers (additional 5k OP per manager)

- 1 Lead = 35,000 OP (unchanged from Season 3); in addition, 10k OP for preparation work in the weeks between Season 3 and Season 4

Thanks to this, we now have a competitive and efficient team capable of processing many requests.

However, this doesn't mean that the same Grant Council model is applicable for the rest of the missions and resolves the season 4 problems automatically. It would be impractical to create a new council for each initiative of the Optimism Collective, with its own rules and members. Instead, we must focus on establishing the necessary incentives for delegates to maintain consistent activity and participation in governance.

In each season, incentives have been given to delegates, but those don't seem attractive enough to keep their commitment to governance:

- [Retroactive Delegate Rewards for Season 1 & 2](#)

- [Retroactive Delegate Rewards: Season 3](#)

Therefore, we should establish a continuous payment system, by example, per voting cycle or other more predictables, that allows delegates to focus on governance. Additionally, we should implement a system in which those who don't meet minimum pre-established requirements, related to expected grade of involvement, will lose their token allocation, allowing another delegate interested in governance to take their place.

[Retroactive Delegate Rewards: Season 3](#)

Delegate rewards will continue to be allocated retroactively. Once governance has further stabilized, an ongoing delegate rewards policy may be implemented, subject to a governance vote. This round of retroactive delegate rewards will be allocated from the "Unallocated" portion of the Ecosystem Fund, not the Governance Fund (and is therefore not subject to Token House approval).

Delegates are a critical part of Optimism governance. Without delegates, we cannot effectively execute on the Optimistic Vision. We know being a delegate requires a serious time commitment and we are grateful for your engagement in building the governance system of the Collective.

Next steps and open questions

Approaching the path to have an established policy and more coherent with the work of delegates who are 100% committed to the Optimistic vision, a new system should be established and raise the requirements that lead to a more professionalized and diverse work on those who are already active and potential new ones. For this, it's important to define what type of attitudes to reward and where to direct the focus for greater success. This means that we must be prepared to answer these questions:

1. How to attract new delegates?

2. How to catch the attention of delegates who have lowered their participation?

3. How to define the quality of a dedicated delegate?

4. How can the delegate be encouraged to share the Optimistic vision and bootstrap more participants and elevate the quality?

5. What other activities of a delegate to evaluate besides participation in on-chain voting?

6. Who monitors delegate activities?

7. Based on previous experience, what is the direction to take for the reward allocation reassessment?

8. What is the reward mechanism that best suits the current state of Optimism Foundation operations?

This and other considerations are aspects that we continue to evaluate based on this analysis that leads to a design that entails an improvement in processes and incentives, and that we invite delegates and community members to contribute in the discussion spaces.

4. Conclusion

As we found in this analysis, mainly focused on season 4, heavy workload and rewards are not leading to growth in engagement and diversity when it's critical to have it. In order to best allocate governance funds to achieve the proposed goals, we must propose new incentives that are attractive for delegates to start working in a more committed way with diverse opinions and minimizing the effect of individual interests in specific decisions.

From [SEED Latam](#), we have been observing the current situation, having internal discussions that lead to the solution of this problem that can encourage a large number of committed delegates; and meanwhile we keep working on, now we want to raise the discussion with the entire community.

At the end of the day, the final goal is to achieve more committed delegates, improve the quality of the discussions and deal with the diversity of opinions. Only in this way, Optimism governance and protocol will reach the state of maturity that the entire Ethereum community wants to see and perpetually benefit from its technology: in favor of public goods, open-source movement and all of the aspects behind the Optimistic vision that we all share.