

Author(s):

Bernard (Areta)

Related Discussions:

- Initial program proposal: [On-chain vote](#)
- Last updates: [Program Update](#), [Update Cohort 1](#)
- [UAGP Info Hub](#)

Submission Date:

March 15 2024

Table of contents

- Executive Summary
- Topic 1: ARB to USDC Swap
- Topic 2: Extension of the Uniswap-Arbitrum Grant Program
- Next steps

Executive Summary

TL;DR on the thread and discussion.

From the inception of the UAGP, we were the benefactors of a significant price increase in our allocated ARB tokens, which nearly doubled our capacity to fund projects that fell into our scope.

Given the positive price action and the fact that our program denominates costs in USD to align with our grantees' budgeting, we propose extending the program for another 3 months to utilize the extended runway.

This discussion started at the GovSwap in Denver and we received positive feedback on the decision. This thread is meant to capture more community sentiment around this.

Within this thread, we have 2 objectives:

- 1. Inform you on runway extension:

Operationally, the UAGP swapped our treasury ARB to USD to secure runway and mitigate currency risk impacting our ability to fund projects.

- 1. Align with you on program extension:

With our extended runway, we propose to extend the core program to a maximum of 3 more months.

Topic 1: ARB to USDC Swap

Off the back of discussions at GovSwap and aligning internally, the UAGP committee has decided to secure our program's runway by converting a large proportion of the ARB in our treasury to USD to hedge against currency risk with ARB price fluctuations.

Key reasons for the decision are:

- Our guiding objective for the UAGP is to enable builders to build, and provide value, for the Uniswap and Arbitrum ecosystems.
- As such, we made the decision to swap a large portion of the ARB in our treasury to USDC, extending our runway and enabling us to fund almost twice as many projects as initially budgeted for at inception. This decision was made after initial discussions with delegates in Denver and after careful consideration of the potential impact of price volatility stemming from systemic risk and resulting from specific events (eg. ARB token unlocks).

Transaction in detail:

- On February 29th, we swapped 599k ARB within our treasury to USDC, which was executed at around ~\$2/token, amounting to 1.195m USDC.
- All in all, a slippage of 0.25%, of which effectively the slippage was 0.17% and the rest was just price fluctuation/spread/others.
- See the discussed transaction here:
<https://arbiscan.io/tx/0xa15eb0dda7189e1e46e920e833a4da4373f66ac05b1d25b4c793f64c636b61dd>
- A portion representing <15% of our initial ARB allocation remains in the treasury to cover continued operational expenses of the UAGP committee and allow for potential program extension in the future (details below).

Given the price of ARB around the time of the UAGP's inception, the program was allocated roughly ~\$1.1m in USDC terms to direct towards funding projects that fit within our scope of core objectives. From that period, ARB token price has nearly doubled and our treasury has increased to ~\$1.8m in USD terms (excl. amounts already paid out).

Topic 2: Extension of the Uniswap-Arbitrum Grant Program

Proposed extension

As described previously, the positive price action of ARB and our decision to secure our coffers has enabled us to fund almost 2x as many projects as initially anticipated.

The increase in projects funded brings with them an extended period of assessment and tracking required, and as such:

- We'd like to extend the UAGP operation for up to a maximum additional 3 months depending on the quality of inbound applications (extending from ending in April '24 to July '24)
- Similarly, we want to block budget for an additional 6 months at 20% of full capacity for milestone-tracking and reporting, should that be necessary.

It is important to note that an increase in funding capacity does not necessarily equate to a proportional increase in program length due to the benefit of having already initiated and established a well-running program. More simply, the doubling in runway does not require a doubling in operational time/costs, given the biggest chunk of set-up costs and momentum creation has already been done.

UAGP Financial Overview

The UAGP has been operating for 4 months, and in that period has accepted 7 projects out of 93 applications. This resulted in reserving 586k USDC to accepted projects to pay-out via milestones (103k USDC already paid out).

Given the first month of operation was largely process initiation and set-up, we've averaged a rate of assessing ~31 applications per month and funded the selected ones with an average grant size of ~84k USDC.

We plan to cease the committee's operations once the final funds are distributed, or at that juncture, reassess and potentially request additional funding from Arbitrum based on the community's perception of the program's success.

What does that mean in practice?

- Considering the remaining unallocated ~998k USDC in our treasury, we are now in the position to be able to fund a larger number of projects with an extension of the program, while maintaining the current assessment speed, we propose an extension for 3 months for all subsequent projects. This of course is not set in stone and will be educated by the quality level of applications.
- For the continuation of the operational management, we aim to reserve a maximum amount 109k ARB for the committee. This amount would be spent if all committee members would stay on board for another 3 months and work the maximum amount of hours (78k ARB), and includes another 6 months term to stay on with reduced capacity of 20% (31k ARB). We have been paid 100 ARB/hr since the beginning of the program bearing the up and down side for incentive alignment.
- In reality, as described above, we hope to meet the finalization of the program earlier and with less capacity needed considering our existing momentum and the rate of deal inflow we presently see.

Upon completion

When the UAGP committee is moving to an end we will either:

- Pathway A:

Propose extending the program and request additional funding from Arbitrum, provided the committee desires to proceed and the community views the initiative as successful.

- Pathway B:

Close down operation of the full committee and maintain a minimal capacity (20%) to see through tracking and reporting of existing Grants with a longer timeline, reporting at predefined periods to the DAO. In case this option is taken and there are excess funds (likely scenario) in the treasury, these funds will be sent back to the Uniswap Treasury / Airdrop contract, and the DAO can decide how to allocate those funds.

Timeline and Next Steps

We aim to provide ample time for feedback and discussion. While we have done significant pre-discussion on the ground in Denver we appreciate the importance of getting a wider consensus on this and your input, whether it's voicing concerns, posing questions, or simply agreeing, would be valuable for our decision-making on topic 2.

We plan to keep this discussion open for two weeks. While this isn't a strict deadline, as significant discussion needs may extend, we intend for this timeframe to maintain operational efficiency.

You can find us here, or directly via @bmitte

on telegram.

Thank you for your time and mind space!