Summary

We propose launching Arbitrum Grants DAO, a community-run grants program that aims to build a thriving developer community around Arbitrum. We propose allocating $10 million worth of ARB to grants for developers, community contributors, developer-focused events, and sponsorships. We would love to get feedback from the community on this proposal. It is structured as a 6 month pilot program, after which the DAO will once again vote on whether or not it should continue.

For context, I'm Shreyas, a cofounder at Llama and previously started and led Aave Grants, one of the first and most successful protocol grants programs. We'd love to get input from community members and also recruit interested members to be part of Arbitrum Grants DAO.

Strategic Priorities

Most protocols have slowed down spending due to the latest bear market. Arbitrum has $4.1B in ARB in its treasury, so it can take advantage of this opportunity by spending to attract and retain developers who can help grow Arbitrum.

Grants will be divided into standard grants (prospective grants) and retroactive grants, with approximately 70% allocated to standard grants and 30% allocated to retroactive grants. Note that retroactive grantees who have added value can also apply for standard grants.

While Arbitrum's airdrop distributed ARB tokens to many projects that have positively served the ecosystem, it focused only on projects that were DAOs or had tokens. We believe there are several projects that have had a positive impact on Arbitrum that didn't fall under the criteria initially outlined in the Arbitrum token distribution. We hope to reward them for their work.

Arbitrum's strategic priorities include:

- Bring growth to Arbitrum's Nova chain

- Developer tooling for Arbitrum

- Games and social applications on Nova

- Community, media, and educational initiatives

- These include ETHGlobal-style hackathons focused on projects building on Arbitrum, educational initiatives to onboard web2 engineers to web3 through Arbitrum, content creation and tutorials related to Arbitrum, improved documentation and translation of documentation, and building developer communities in different regions

- These include ETHGlobal-style hackathons focused on projects building on Arbitrum, educational initiatives to onboard web2 engineers to web3 through Arbitrum, content creation and tutorials related to Arbitrum, improved documentation and translation of documentation, and building developer communities in different regions

We will target the following general categories for grant funding:

- Protocol development, including upgrades to Arbitrum One and Arbitrum Nova

- Developer tooling

- Liquidity incentives

- Community, including marketing, media, and educational content

- Committees, sub-committees, and DAOs that serve the Arbitrum ecosystem

- Code audits

- Events and hackathons

- Bounties

- Public goods

Arbitrum Grants DAO

Existing protocol grants programs are siloed programs run by a few people on a multisig. Arbitrum Grants DAO is a one-of-a-kind structure in protocol grants: it aims to bring effectiveness and rigor to grants while still involving the community in a lightweight way.

- Start with 8 reviewers who are members of Arbitrum Grants DAO

- When a new grant is issued, the grantee is added to the Grants DAO with the permission to approve new grants

- Grants will be approved in the following manner:

- Grants below $20k requires two of the original 8 members to approve

- Grants between $20k and $100k require 20% the Grants DAO to approve

- Grants above $100k requires ARB tokenholder approval

- Grants below $20k requires two of the original 8 members to approve

- Grants between $20k and $100k require 20% the Grants DAO to approve

- Grants above $100k requires ARB tokenholder approval

Evaluation Criteria

The evaluation of grants will be qualitative, as the best grants often don't have obvious metrics. For example, when the Ethereum Foundation funded Uniswap, there weren't immediately measurable metrics for that grant, but Uniswap led to the birth of DeFi, which is of immense value to Ethereum.

Evaluation criteria for standard grants:

- Team: Is the team trustworthy, reliable, and do they have the ability to execute on the grant?

- Project: Is the project useful, interesting, and unique?

- Impact: Will the project have a positive impact on Arbitrum's strategic priorities, including growth in revenue, users, retention, contributors, or governance participation?

It is a requirement that projects should be open-source to apply for an Arbitrum grant, though rare exceptions can be made on a case by case basis.

Evaluation criteria for retroactive grants:

- Active users

- Retention of users

- Growth in users and volume

- Reputation and goodwill of projects

KPIs

Over 6-12 months, we will evaluate if these projects have positively impacted Arbitrum with the following KPIs:

- Growth in users

- Growth in volume

- Growth in revenue

- Increase in contributors

- Growth in events

- Growth in developer activity

- Increase in governance participation

Process

Our goal is to ensure that grantees have a world-class experience in terms of speed, responsiveness, and quality of communication from Arbitrum Grants DAO. Additionally, we will make sure that grants, especially larger ones, have sufficient diligence before approval.

There are three types of grants that interested grantees can apply to:

- Fast grants

- Grants below $20k

- Grantees can expect a quicker turnaround; interview is not needed but could be requested if additional information is needed

- Two reviewers can approve this grant after reading the application

- Grants below $20k

- Grantees can expect a quicker turnaround; interview is not needed but could be requested if additional information is needed

- Two reviewers can approve this grant after reading the application

- Medium grants

- Grants between $20k and $100k

- At least one interview is required with the grantee, potentially multiple interviews for projects with a larger scope that involve verifying information with different stakeholders

- 20% of the Grants DAO is required to approve this grant

- Grants between $20k and $100k

- At least one interview is required with the grantee, potentially multiple interviews for projects with a larger scope that involve verifying information with different stakeholders

- 20% of the Grants DAO is required to approve this grant

- Large grants

- Grants above $100k

- At least two interviews are required, potentially also a public community call or Twitter spaces for the grantee to present their project to the Arbitrum community

- A standard tokenholder approval via Arbitrum governance is required to approve this grant; we will shepherd grantees through this process

- Grants above $100k

- At least two interviews are required, potentially also a public community call or Twitter spaces for the grantee to present their project to the Arbitrum community

- A standard tokenholder approval via Arbitrum governance is required to approve this grant; we will shepherd grantees through this process

Background

I'm a cofounder of Llama and previously led Aave Grants, one of the first and most successful protocol grants programs. Llama has contributed to Aave, Uniswap, Nouns, Lido, and Maker.

Llama has built a lightweight governance system for onchain organizations, designed for use cases like running a protocol grants program. Through Llama, Arbitrum Grants DAO can issue permissions to members to allocate grants, set rules for how allocations are approved, and display a live dashboard to the Arbitrum community of grant allocations.

Reporting and Analytics

We will have a real-time dashboard to show how Arbitrum grants are being allocated, similar to the examples shown below.

[

1600×745 103 KB

](https://global.discourse-cdn.com/standard17/uploads/arbitrum1/original/2X/6/6c6a1bacaec68af6fff55c339a2b581850b3a22b.png)

[

1600×724 44.6 KB

](https://global.discourse-cdn.com/standard17/uploads/arbitrum1/original/2X/7/78c3352f42a43d0a4885a1e8f589f0010972ab27.png)

[

1600×722 116 KB

](https://global.discourse-cdn.com/standard17/uploads/arbitrum1/original/2X/d/d01e3a6cbe1fe4625e9d82c725c179156cae8e09.jpeg)

[

1600×726 60.2 KB

](https://global.discourse-cdn.com/standard17/uploads/arbitrum1/original/2X/d/daa6dae0b669d2b53e456665accafc520ef4ac16.png)

[

1600×723 123 KB

](https://global.discourse-cdn.com/standard17/uploads/arbitrum1/original/2X/5/55732be5ca1ab24d3091e6f7a40fde18010ec5c3.png)

[

1600×729 77.8 KB

](https://global.discourse-cdn.com/standard17/uploads/arbitrum1/original/2X/d/d60033c8f13c599114fc5a91a3c1e2ea34218cba.png)

[

1600×720 106 KB

](https://global.discourse-cdn.com/standard17/uploads/arbitrum1/original/2X/e/e1aea0c1ae28482071205313bfc392364dcdb5ca.png)

Grants DAO Composition

There will be 8 initial reviewers in Arbitrum Grants DAO. Shreyas from Llama will be one of the members of the Grants DAO and the process to be a reviewer will be run openly via the governance forum.

Arbitrum community members can apply to be reviewers in the Grants DAO by replying to this forum post. If you're interested, please respond with a comment indicating your interest in being a reviewer. Briefly share your background and why you are interested. We would like to have reviewers from a range of backgrounds, including engineering, risk, analytics, DeFi, and governance.

Budget

We propose to run the pilot grants program over two quarters. We request a max grants budget of $10 million and a max operating budget of $350k. Since Arbitrum is a core infrastructure protocol with one of the largest community treasuries, it makes sense to strategically allocate grants to grow the ecosystem. For comparison, Optimism's current and planned spending on grants till date total over $100 million. The operating budget will be used to pay for the members of the Grants DAO, software services, legal expenses, and administrative costs to set up the grants program. The operating budget is 3.5% of the total grants budget, which is well below standard norms of 15-20%. Any unused ARB from the grant or operating budget will be returned to the Arbitrum treasury.

Conclusion

Arbitrum Grants DAO aims to build a thriving developer community around Arbitrum. Let us know if you have any questions or feedback on this proposal! If you are interested in being part of Arbitrum Grants DAO as a reviewer, please comment below. We'd love to have thoughtful people involved in the grant allocation process.