On the heels of the <u>ARB Staking Working group's recent recommendations</u> I want to propose a new program, made possible by ARB staking which would further push the same goals.

TL:DR

Using the new ARB governance staking system the DAO can maintain 100% ownership over ARB tokens in the treasury while delegating them to different contributing members of the DAO. We should pilot a program that rewards our top 25 most active contributors who have small delegations with responsibility and 200k ARB delegation each.

Number of active ARB voters is going down consistently

882×700 50.5 KB

](https://canada1.discourse-

cdn.com/flex029/uploads/arbitrum1/original/2X/d/d5484c1687897466bafa01232d11dbbb97924420.png)

#### **Problems:**

- 1. Active participants in Arbitrum governance continues to goes down. (ARB staking intends to address this, and I won't discuss why this is bad here since its been expanded on in the linked thread^)
- 2. It's basically impossible for new delegates to rise naturally, without massive subsidy from major institutions like wintermute, no matter their individual contributions.

We need both delegate engagement RETENTION (1) but also GROWTH (2)

.

### An anecdote

As a personal example, I've made several public posts about Arbitrum governance that have gotten well over 100k views each, I've been cited about arbitrum governance debates in dozens of news articles over a few years. In each post I ask folks who agree with me to delegate their ARB. Not a single person ever has. I've personally DM'd over 200 ARB holders with personal messages, after writing scrips that pull all ARB balances and cross reference with twitter/ENS/telegram to those who have not delegated their ARB holdings. I've never been able to convince anyone to care enough to spend a moment to delegate this way. I have participated in IRL Arbitrum events... no dice. Maybe it's me, but I have heard the same complaints from 6 other contributors whom I asked while working on this proposal. Or maybe there's just no upside to ever doing it (for now) and holders don't care enough.

### **Solutions**

Part of the solution should be rewards for active delegates and the people delegating to them, as the ARB Staking project is working hard towards. But that's only part of it.

We also need to bring up contributors and give more voting power to active participants who deserve it. The graph above (stolen from <a href="mailto:odennison">odennison</a>) not only shows voting participation falling, but power concentrating in the hands of a few. Bad news for the future security and vitality of the DAO. So the other part of the solution is to use

the new staking features to build up and boost our top contributors and give more power to more good actors who want to see Arbitrum flourish.

# **Proposal**

- 1. While keeping this ARB in the treasury control, delegate 200,000 ARB each to the top 25 contributors of Arbitrum who currently have less than 100k total delegation, as the existing delegates see fit. (5M ARB total).
- 2. This 5M delegation will be updated every 6 months, via new onchain votes, based on who continues to contribute in good faith according to the other existing delegates (ie no council should decide this).

This gives us the chance to show off some new features the are available to ARB holders, and also give more temporary power to top contributors who are doing a lot. With a foot in the door I suspect it will be easier to convince more ARB holders to decentralize and diffuse their delegations.

A certain expiration date for the delegation is trivial to setup technically. Example:

// Function to remove delegation after 6 months function removeDelegation() external { require( block.timestamp >= delegation.timestamp + 180 days, "Delegation cannot be removed before 6 months");

```
// Clear delegation
ARBStaking.withdraw(...);
ARBToken.safeTransferFrom(address(this), DAOTreasury, ARBtoken.balanceOf(address(this)));
emit DelegationRemoved();
```

## Target recipients shared here for inspiration.

Here's some of the top contributors to Arbitrum DAO in recent months who have extremely little governance power despite doing significant work for the DAO.

- @paulofonseca paulofonseca.eth's Delegate Profile
- @Immutablelawyer Immutablelawyer's Delegate Profile
- myself (my own horn: toot toot) Cupojoseph's Delegate Profile
- @jameskbh 0x714D...4296's Delegate Profile
- · @thedevanshmehta
- · Many more.

### **Feedback**

Looking for initial feedback on:

- Size of delegations and total
- Number of contributors
- · Length of time the delegation should be active for
- technical implementation for how to automatically remove delegation after 6 months

One other note: the redelegation campaign earlier this summer was a fantastic idea, but I don't think it had the high impact I had hoped for it. And this idea has been <u>discussed several times before</u>, however, governance staking was not part of the equation. Now that it is, we should reassess because new mechanisms are possible.

Thanks for reading and your feedback!