

From Engagement to Rewards: A Comprehensive Analysis of Participation and Incentives

This is the first report we present on the Delegate Incentive Program. As an added value, we include in this report an in-depth analysis of voting and participation within Arbitrum DAO.

Summary

The Delegate Incentive Program was officially launched on [March 1](#) and has been operational for nearly four months. In this report, we aim to demonstrate its impact so far and the behavior of the delegates participating in it.

Additionally, we include an analysis of voting and participation on both Tally and Snapshot in ArbitrumDAO. We believe this context is essential for delegates to understand not only the program itself but also the overall governance dynamics we consider.

We hope this analysis is useful. If you prefer a summary, our conclusions are:

TL;DR

- Participation Rate of delegates participating in the program has increased by 12% on Snapshot and 13% on Tally compared to the previous three months.
- Arbitrum DAO activity is exceptionally high, even excluding the incentive program votes, which account for the majority of the voting activity. As of May 31, 2024, we had an average of 9 proposals per month, or roughly 1 proposal every 3 days.
- The average Voting Power on Tally exceeds Snapshot by 14 million tokens, but it has decreased by 10 million compared to last year. Governance proposals have the lowest average Voting Power at 136 million tokens, while council or committee member elections have the highest average at 160 million tokens per vote.
- There is a significant number of voters with less than 1k VP, while the majority of VP is concentrated in approximately 50 addresses.
- We must be mindful of the quorum required for each vote, which increases as more tokens are put into circulation.

Navigating ArbitrumDAO

ArbitrumDAO has existed for approximately one year and two months, officially launched in March 2023 along with the ARB token. It is currently the only Layer 2 governance that is 100% on-chain.

We conducted a review of the historical voting data up to this point.

Voting History

- To account for proposals on both Snapshot and Tally, we considered the following parameters:
- We included proposals from the start of governance until May 31.
- We used the closing date to count the metrics for each month.
- We did not count test proposals, deleted proposals, or those that were incorrectly submitted.

Snapshot:

- 273 total proposals, averaging 19.5 proposals per month.
- 131 proposals in 2023, averaging 14.5 proposals per month (9 months operational)
- 97 of these proposals are from the STIP incentive program.
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- 142 proposals in 2024, averaging 28.4 proposals per month (5 months operational).
- 76 of these proposals are from the LTIPP program.
- 15 are from the LTIPP PCF program.

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Tally:

- 25 total proposals, averaging 1.7 proposals per month (14 months operational).
- 11 proposals in 2023, averaging 1.2 proposals per month (9 months operational).
- 14 proposals in 2024, averaging 2.8 proposals per month (5 months operational).
- 17 are Non-Constitutional.
- 8 are Constitutional.
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- 14 proposals in 2024, averaging 2.8 proposals per month (5 months operational).
- 17 are Non-Constitutional.
- 8 are Constitutional.

ArbitrumDAO has a high level of activity, with approximately 1 proposal every 2 days last year. So far in 2024, we are averaging 1 proposal per day.

To understand what has been voted on so far in ArbitrumDAO, we have classified the 298 proposals into the following types:

- Governance

: Any proposed changes to the governance process described in the constitution or changes to any DAO-driven programs.

- Incentives

: Any proposal where tokens end up in the hands of users (Incentive Programs).

- Funding

: Any program or project funded by the DAO, i.e., sending tokens to an EOA or multisig wallet.

- Technical

: Any proposal requiring technical knowledge, such as protocol updates (generally Constitutional).

- Election of Members

: Elections of members for committees, councils, or service providers.

Note: We aimed to introduce the fewest number of types possible, and we acknowledge that this classification may not be

the most adequate.

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It is important to note that the majority of proposals, approximately 206, correspond to the STIP and LTIPP incentive programs (and their various versions). We calculated how many proposals per month we would have without these programs:

Out of 92 proposals:

- 45 in 2023, averaging 5 proposals per month (9 months operational).
- 47 in 2024, averaging 9.4 proposals per month (5 months operational).

Arbitrum DAO is one of the most active DAOs in the ecosystem. This is evident both in the number of votes that take place and the number of incentives presented to collaborate within the ecosystem. The existence of a program like the one we implemented is necessary as it encourages governance members' participation, aids in the professionalization of the ecosystem, and consequently improves the quality of discussions within the DAO.

Number of Voters

Following data has been extracted from Snapshot and Tally.

Snapshot:

- 3,380,028 votes cast in 2023
- Average: 25,801 votes
- Average: 25,801 votes
- 1,722,161 votes cast in 2024
- Average: 12,127 votes
- Average: 12,127 votes

Tally:

- 366.085 votos ejecutados en 2023
- 33.280 average
- 33.280 average
- 150.803 votos ejecutados en 2024
- 10.771 average
- 10.771 average

Note: There is a significant difference in the number of voters between Snapshot and Tally. This could be due to various reasons, such as the need for more knowledge about on-chain voting, the cost of voting (although Arbitrum is very cheap), user interface issues, and [airdrop farmers](#).

On-Chain Votes

Tally Votes are the most important as they are binding or execute protocol updates.

For this analysis, we divided voters into ranges based on their %VP:

- 0 - 1
- 1 - 1K
- 1K - 50K

- Over 50K

The following graph shows the percentage of voters according to the VP range in each vote:

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We can observe that the majority of voters fall within the 0-1 (red)

and 1-1K ranges (blue)

. This pattern is consistent across all votes. However, despite the number of voters, these participants do not determine the outcomes. Approximately 97% of the total VP in each vote is concentrated among voters in the Over 50K range (green)

, followed by 1.5% from voters in the 1K-50K range (yellow)

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As we can see, delegates with over 50K ARB VP are essentially responsible for the effective functioning of the DAO. They play a crucial role in ensuring the quorum is met and good practices are implemented. This is why we ultimately decided against lowering the threshold from 50K to 25K. Currently, Arbitrum DAO relies on these approximately 60 addresses that hold the majority of the Voting Power, determining the direction and decisions within the DAO. Expanding the incentive program could increase participation from smaller delegates. While adding new voices is always positive, it's essential to support, incentivize, and continue creating tools for the ongoing professionalization of those delegates who significantly contribute to the quorum.

VP Participation

Distribution of Voting Power in 298 Proposals

Snapshot:

- From 273 proposals:
- 146.96M is the average Voting Power.
- 42.38M is the minimum: [Time Management in Arbitrum's Governance](#)
- 241M is the maximum: [The Arbitrum Coalition](#)
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- 42.38M is the minimum: [Time Management in Arbitrum's Governance](#)
- 241M is the maximum: [The Arbitrum Coalition](#)
- In 2023, for 131 proposals:
- The average Voting Power was 143.14M.
- The votes with the maximum and minimum Voting Power are as mentioned above.
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- In 2024, for 142 proposals:

- The average Voting Power increased to 150.04M (+7M compared to the previous year).
- 80.75M is the minimum: [Proposal \[Non-Constitutional\]: Establish the ArbitrumDAO Procurement Committee](#)
- 230.7M is the maximum: [Arbitrum DAO Proposal: ARDC Research Member Election](#)
- The average Voting Power increased to 150.04M (+7M compared to the previous year).
- 80.75M is the minimum: [Proposal \[Non-Constitutional\]: Establish the ArbitrumDAO Procurement Committee](#)
- 230.7M is the maximum: [Arbitrum DAO Proposal: ARDC Research Member Election](#)

Tally:

- From 25 proposals:
- 160.8M is the average Voting Power.
- 125.5M is the minimum: [Tally | Arbitrum | AIP - 3 \[Non-Constitutional\] Fund the Grants Framework Proposal Milestone 1](#)
- 187.5M is the maximum: [The Arbitrum Coalition](#)
- 170.23M is the average for Constitutional proposals.
- 155.96M is the average for Non-Constitutional proposals.
- 160.8M is the average Voting Power.
- 125.5M is the minimum: [Tally | Arbitrum | AIP - 3 \[Non-Constitutional\] Fund the Grants Framework Proposal Milestone 1](#)
- 187.5M is the maximum: [The Arbitrum Coalition](#)
- 170.23M is the average for Constitutional proposals.
- 155.96M is the average for Non-Constitutional proposals.
- In 2023, for 11 proposals:
- The average Voting Power was 166.47M.
- The votes with the maximum and minimum Voting Power are as mentioned above.
- The average Voting Power was 166.47M.
- The votes with the maximum and minimum Voting Power are as mentioned above.
- In 2024, for 14 proposals:
- The average Voting Power decreased to 156.4M (-10M compared to the previous year).
- 129.95M is the minimum: [Grant Request - Curve Finance](#)
- 186.59M is the maximum: [AIP: ArbOS 20 "Atlas" - Arbitrum Support for Dencun + Batch Poster Improvements](#)
- The average Voting Power decreased to 156.4M (-10M compared to the previous year).
- 129.95M is the minimum: [Grant Request - Curve Finance](#)
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Quorum

It's really important to start paying attention to the quorum. Since a large number of tokens have been put into circulation

since the DAO began, the required quorum has been increasing significantly.

However, the growth of ARBs in voting has not increased at the same rate. This can be seen in the following graph:

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Delegate Incentive Program in Numbers

Sources

The program began on March 1 and reached the halfway point of its first iteration on May 31. Considering this period, we will measure the impact this initiative has had on Arbitrum DAO through this document.

Before the program started in March, SEEDGov produced three test reports to prepare for the program's launch, which will be used for this report:

- [December Delegate Incentive Test #1](#)
- [January Delegate Incentive Test #2](#)
- [February Delegate Incentive Test #3](#)

In addition to the public results from the three months the program has been active:

- [Delegate Incentive Program March Results](#)
- [Delegate Incentive Program April Results](#)
- [Delegate Incentive Program May Results](#)

Proposals

We'll consider:

- 139 proposals from March, April, and May 2024:
- 130 Snapshot proposals (from "Proposal [Non-Constitutional]: Establish the ArbitrumDAO Procurement Committee" to "Kwenta x Perennial: Arbitrum Onboarding Incentives") with an average VP of 150.7 million.
- 9 Tally proposals (from [AIP: ArbOS 20 "Atlas" - Arbitrum Support for Dencun + Batch Poster Improvements to Grant Request - Curve Finance](#)) with an average VP of 159.8 million.
- 130 Snapshot proposals (from "Proposal [Non-Constitutional]: Establish the ArbitrumDAO Procurement Committee" to "Kwenta x Perennial: Arbitrum Onboarding Incentives") with an average VP of 150.7 million.
- 9 Tally proposals (from [AIP: ArbOS 20 "Atlas" - Arbitrum Support for Dencun + Batch Poster Improvements to Grant Request - Curve Finance](#)) with an average VP of 159.8 million.
- 23 proposals from December 2023, January, and February 2024:
- 17 Snapshot proposals with an average VP of 151.93 million.
- 6 Tally proposals with an average VP of 155.5 million.
- 17 Snapshot proposals with an average VP of 151.93 million.
- 6 Tally proposals with an average VP of 155.5 million.

Participating Delegates

For the program, the following registrations were recorded:

- 40 in March, with 38 meeting the requirements.

- 44 in April, with 42 meeting the requirements.
- 48 in May, with 44 meeting the requirements.

The requirements to participate in the program are:

- +50,000 ARB Voting Power.
- 25% Participation Rate (Data collected from historical Tally votes).

The following number of delegates met the requirement of +60% Total Participation:

- 25 in March.
- 30 in April.
- 29 in May.

Note: No data was recorded for these criteria during the test months.

Delegate VP and Participation

Accumulated Voting Power of delegates with +60% Total Participation per month:

We calculated the participation rate of registered delegates each month in Snapshot and Tally votes using the following formula:

- %Snapshot: $(SV(Rn) / SV(Tn))$
- %Tally: $(TV(Rn) / TV(Tn))$

With the cumulative VP and the participation rate, we can calculate the actual VP contributed by the delegates and the percentage they represent of the average VP each month.

We can observe that the Participation Rate of delegates participating in the program has increased by 12% on Snapshots and 13% on Tally during the three months the program has been active

, compared to the three months prior.

Communication Rationales

During the three months of the program, all contributions made by the delegates enrolled in the program were manually collected from the forum.

We have observed an increase in the number of forum contributions made by delegates.

From the outset, we decided to use forum contributions as a metric. The forum serves as an agora where proposals that shape the direction of Arbitrum DAO are presented, discussed, and defined. We are pleased to see a sustained increase in this metric.

Note: This graph only includes Communication Rationales. We decided not to count high-impact comments as there are cases where the voting rationale is communicated along with a valuable contribution to the proposal. If we included these high-impact comments, the percentage of Collected Comments would be even higher.

Final Conclusions

The Arbitrum DAO Delegate Incentive Program has proven effective in increasing both participation and the quality of discussions within the community. The data reflects significant growth

in the number of proposals and delegate participation. This comes in a context where activity in Arbitrum DAO has been high, averaging nine proposals per month, even excluding proposals related to the various incentive programs approved by the DAO.

We observed that the participation rate of VP from delegates in the program increased by 12% on Snapshot and 13% on Tally during the three months the program has been active

, compared to the three months prior. However, it is important to note that the average Voting Power on Tally has decreased

. While most voters fall within the lower VP ranges, the data indicates that the majority of VP is concentrated in a small number of addresses, which are crucial for achieving quorum.

Delegates who participated in the program showed a high rate of participation in voting and forum contributions

. The number of collected comments and participation in forum discussions increased significantly, demonstrating greater engagement from incentivized delegates. It's encouraging to see the quantity of discussions rise in the forum.

While there is still room for improvement, we believe we are on the right track.