

The Problem

After attending several Arbitrum Working Group and Open Governance calls for the past several weeks we wanted to flag a concern that has come up various times. Despite the size and activity level of the Arbitrum ecosystem, the DAO itself has a small number of active participants. As of Feb 9, the last 10 Arbitrum Snapshot proposals saw an average 27,598 wallets participate. This is in light of the 921,457 ARB holders (895,477 on L2, 25,980 on L1). This results in an average participation rate <3%. Retail is not voting.

This strikes us as a problem. Granted, this is a problem insofar as we accept the following:

Axiom

: A democratic system is more robust the more opinions are heard.

We can motivate this assumption by recognizing that while 99% of new ideas might fail, a crucial competitive edge is likely to come from that 1%. Over 97% of ARB holders are currently sidelined, likely due to the unfortunately rational conclusion that their small retail holdings won't move the needle in a governance vote and aren't worth the hassle. But it's also likely true that that 1% of winning ideas is currently sitting idle in the head of a member of that long tail distribution of retail ARB holders.

tl;dr

: Our suggestion is that we brainstorm more ways to increase the variance of idea generation in the Arbitrum DAO, to increase voter participation. Let a 1000 blossoms bloom.

Constraining the solution space

Whenever the topic of grants comes up, it's important to remain grounded.

[@SeriousPeople](#) underscored this in their [Forum post on KPIs](#). They argued (with broad community support) that we ought to pay closer attention to how Arbitrum Grants benefit the ecosystem. Some formulae were thrown around before [@danielo](#) wisely pointed out, with the support of others including [@DisruptionJoe](#), the danger of being wed to measurables.

The space of possible beneficial projects to the ecosystem is significantly larger than the space of measurable beneficial projects. Not everything can be reduced to a KPI, and KPIs are often [gameable](#). In short, "not everything that can be counted counts, and not everything that counts can be counted."

Does this mean we throw caution to the wind? Of course not. Thankfully, when considering boosting retail participation, there is a no-cost way of doing so: delegation, not grants.

Without having to emit any ARB tokens, the DAO can reward active retail participants with governance authority. One advantage to this approach is that it attracts governance-interested folks, not capital-chasing mercenaries as can be the case with outright grants.

Delegation is already a common solution for getting knowledgeable parties to vote with meaningful authority in the ecosystem. But we view delegates as just one part of the three major stakeholders (the other two being team/investors and retail). Of these three pillars, all are well represented except retail, so to that end we want to open up a conversation about how we can leverage delegation in novel ways to bring more retail to the table.

We took a stab at some initial ideas, but would love to brainstorm up some more ideas worth pursuing. Some initial ideas include:

- Retroactive delegation en masse: finding the most active, but smallest voters on the DAO and rewarding them with more authority. To make a dent on participation rates we would have to agree to some hurdle rates (number of votes taken, earliest vote, etc). Uniswap recently did [something similar](#), albeit on a much smaller scale than we envision
- Delegating to a publicly accessible governance pool: delegating to a sub-DAO where retail can freely or easily join to vote with an increase voice than they otherwise would be able to (disclaimer: this is a solution we're actively working on)

Conclusion

It's in Arbitrum's best interest to bring more retail voices to the table. The best way to do that is by increasing the scope of delegation to active participants. Some preliminary ideas include retroactive delegation en masse, and delegation to a sub-DAO. Delegation, not grants, provide an easy, no-cost solution to the problem of low voter turnout. But this is just our initial thoughts. We're looking forward to hearing from the rest of the community about other interesting ways to leverage delegation as a means of bringing more retail voices to the table thereby empowering hitherto now neglected 3rd pillar of DAO governance.