Cross-posting this from our Grants blog here:[Guidelines for Retroactive Funding Eligibility](#)

Typical grants funding, also known as proactive funding, rewards contributors working on protocol needs or problems identified by the grants team, with funding amounts and goals agreed upon ahead of time. Retroactive funding, on the other hand, rewards contributors for already completed projects that have directly benefited the protocol in a measurable manner.

Although DGP is by design a proactive funding program, we also believe contributors should be eligible for retroactive funding when they meet certain criteria. The proactive funding approval process, where prospective grantees submit applications to work on projects outlined by the DGP, remains our preferred method for funding contributors. However, we also feel that builders should feel incentivized to pursue their projects, knowing that a positive impact on dYdX will potentially result in reward consideration from the Grants team.

But retroactive funding can be tricky. It's not as easy as agreeing to an amount and paying out the funds when the goal has been met. Instead we look at the project's impact and estimate a reasonable value for the work done, not always knowing all the facts on complexity, resources deployed, and time allocated. There is a certain degree of information asymmetry when evaluating retroactive grants.

With this in mind, we think it's important to provide some guidelines for retroactive funding so that future contributors are aware of our process. Below, we outline the criteria we use to determine eligibility for retroactive funding and evaluate projects for that purpose.

Retroactive Evaluation Criteria

- Impact

: has the project had a direct, measurable, beneficial impact on the dYdX protocol and community?

- KPIs:

can the contributor provide metrics of success (e.g. users, comments, views)?

- Complexity:

does this require expertise, time, and/or resources?

Valuation System

To determine the value of a retroactive grant, the team will make comparisons to similar funded projects and determine the value created from prior work done. Where no similar grant exists, standard web3 compensation figures will be applied. Ultimately, the grant should fairly reward the contributor for the value created and effort put in.

Eligible Projects

- Tooling, Applications, and other Engineering projects
- Protocol, Technical, and Community Research

Contributors not eligible for retroactive funding

- Active grantees (any team or individual currently working on a funded project)
- Active members of the DGP team, dYdX Foundation team and/or dYdX Trading team

These limits prevent conflicts and abuse from contributors already receiving funding, helping us avoid extractive efforts that bleed grants funding.

While this post can be used for general guidance on our retroactive funding program, it's by no means binding and all decisions will be made independently by the Grants team. The system used for funding retroactive grants may be amended in the future to meet new conditions.