

Introduction

Context and Reasoning

[@PhoenixLabs](#), a contributor to the development of [Spark](#), made an [announcement](#) on the Aave governance forum in February and expressed Maker's willingness to share a portion of income with the Aave community in the light of permissionless innovation and open source development. According to the proposal, Phoenix Labs is a proponent of permissionless innovation and understands the problems behind the funding of public goods.

The proposal was then reconfigured in terms of specifics and incorporated into the MakerDAO's Atlas/Scope Artifacts MIP set. The agreement was formalized in an amendment of the [Support Scope](#), under the name [9.4.1: Spark Protocol Aave Revenue Share](#) via [MIP102c2-SP16](#), which was ratified on Sep 25 2023 16:00 UTC.

Active Ecosystem Agreement Elements

According to the Support Scope MIP106 9.4.1, the SparkLend ETH Instance is subject to an Active Ecosystem Agreement with Aave Protocol with the following elements:

- SparkDAO must pay 10% of the income it generates from the Aave codebase. Note that this is specific to the SparkLend portion of flows and not Maker Core
- The Ecosystem Agreement lasts for 2 years since the MIP106 9.4.1 amendment was ratified on Sep 25 2023 16:00 UTC
- The payment amount accrues only when SparkDAO revenue is greater than 1m DAI per year (revenue generated by the borrowing and lending features using the Aave codebase)
- Before the launch of SubDAO tokens, Maker Governance is responsible for paying out a "virtual revenue share"
- Virtual revenue share assumes that 1% of DAI supplied by the D3M as "virtual income", which is used for the revenue share calculation of 10%
- Virtual revenue share only accrues when the D3M supplies more than 100m DAI into the protocol
- Payments must be done quarterly and sourced from the surplus buffer
- Payments must be sent to a smart contract under the control of Aave Governance. The initial proposal suggested [Aave: Collector V2: 0x464C71f6c2F760DdA6093dCB91C24c39e5d6e18c](#)

This means that before SubDAOs and corresponding tokens are launched, the Active Ecosystem Agreement will assume the virtual revenue share for determining payment amounts.

Payment Amount Formula

SparkDAO Virtual Income = 1% * DAI Supplied by D3M

Virtual Revenue Share = 10% * SparkDAO Virtual Income

Payment Amount = 0.001 * DAI Supplied by D3M (when DAI Supplied by D3M > 100m)

Accrued Amount in Q3 & Payment Amount #1

BA Labs – as a member of the Stability Scope Advisory Council, and as an Ecosystem Actor that is closely collaborating with Phoenix Labs in regards to Spark economic risk, data, and dashboard development – has collected the necessary data and calculated the payment amount for Q3, 2023. Since the accrual was enacted on Sep 25 2023 16:00 UTC, a time period of 5 days and 8 hours was included in the calculation.

We divided 0.001 with seconds per year and got Virtual Revenue Share percentage per second (RPS), which is 3.170979198376458650431253171E-11

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In the observed period, the DAI supplied by the D3M was 191369603.284

for a duration of 307271

seconds and 210338180.077

for a duration of 153528

seconds.

Total Payment Amount for Q3 is therefore $1864.609 + 1023.997 = 2888.607$

As described above, this payment only considers a few days of Q3, 2023. When the amount is extrapolated to an annual basis, the figure is significantly higher. Based on the observed duration it would amount to 197.7k DAI per year. The payment which covers only a few days is being done in order to show to the Aave community that Maker is committed to the revenue share agreement. In addition, MIP106 language also dictates that payments must be done on a quarterly basis.

Support Scope Language Based Proposal For Q3, 2023: Payment #1

According to the language in the [Support Scope MIP106 9.4.1](#), Maker Governance must execute a payment from the Maker Surplus Buffer to a smart contract under the control of Aave Governance. Based on the calculations and other related factors we suggest the following parameters to be included in one of the executive votes:

- Payment Amount: 2889 DAI
- Payment source: Surplus Buffer
- Payment receiver address: [0x464C71f6c2F760DdA6093dCB91C24c39e5d6e18c](#)

The payment is subject to confirmation and formal proposal by the Support Scope Responsible Facilitator. Since the elements are Support Scope defined, this proposal does not require a governance poll and can be included directly in an executive vote.