

Title

: [TEMP-CHECK] Further Decentralising the Aave Grants DAO

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Summary

This proposal seeks to start a discussion around further decentralizing the Aave Grants DAO through elections run by the Aave Community. By enabling the Aave DAO to elect the Grants Lead and Reviewers, the Aave Grants DAO will enhance its accountability and transparency to the Aave Community.

Motivation

Since its establishment in [April 2021](#), the Aave Grants DAO (AGD) has been managed by [Shreyas Hariharan](#), and more recently by [0xBill](#). The AGD has successfully awarded [\\$8M](#) to grants and events to help grow and develop the Aave ecosystem.

As the Aave DAO continues to decentralise, it is crucial to introduce greater community oversight and participation in the operations of the AGD. To achieve this, we propose granting the community the power to elect a Grants DAO Lead and the seven reviewers who will form the AGD.

By implementing this election process, the DAO will be able to hold the Committee members more accountable based on their performance and effectiveness in their respective roles.

To ensure this power is retained, the community must have two things:

1. Power to vote in and also remove members of that committee through an election process.
2. Insight into how the committee conducts its day-to-day operations, as this enables the community to have the necessary information on their current and past performance.

Creating a more open and transparent grant process should be a priority for Aave DAO in order to invite more community participation and increase the effectiveness of the grant program. Other DAOs such as ENS, Compound, Optimism, Arbitrum etc. are leading this charge holding community elections to select which individuals are responsible for allocating the DAOs resources in order to further the mission of the DAO.

Proposed Changes

- The electoral process

: We propose the current grants committee be dissolved at the end of this quarter and thereafter conduct elections for the next set of Aave Grants DAO members.

These elections would be conducted every six months on Snapshot using the weighted voting method, accounting for the seven reviewers and the grants lead, this election would select the seven highest-voted candidates as members of the Grants Committee. While the head of the Aave Grants DAO will be selected in a separate election that will focus on electing the most qualified individual to lead the Aave Grants DAO.

Before nominees are brought forward before the DAO for an election each of the nominees must in a nomination thread on the Aave Forum, give an overview of their expertise in one or more of the following areas: Developer Tooling, Security Analysis, Protocol Improvement Strategy, Risk Management, Community Education and Event Planning & Management.

- Clearly defined compensation

: It is important that Grants Committee Members have clearly defined compensation. We propose retaining the \$9k monthly salary for the Grants Lead, while the seven reviewers take home \$6k monthly with a minimum 25hr/monthly commitment. The Grants Committee will hire a Program Manager to take over the role of the Operations Associate, and the Program Associate will be compensated \$7k monthly. We propose retaining the role of an Events Coordinator who would be compensated with \$3k monthly.

- Transparent Review Process and Tooling

: The Aave Community currently does not have adequate insight into the Aave Grants Committee's request pipeline. Considering that all DAO members are stakeholders in ensuring that the Aave DAOs resources are well allocated through grants, we believe it is important that the community has as much transparency as possible into how grants are processed and considered. To enable this, we propose using web3 native grants platforms such as Questbook.

[Questbook](#) is a decentralised grants orchestration tool used by various projects and ecosystems across the web3 space. Questbook is leading the grants program for [Compound](#) using [a Delegated Domain Capital Allocation Model](#). Questbook's

experience includes successfully facilitating the disbursement of approximately \$1M in grants for Polygon. Additionally, Questbook has been involved in establishing the grant process for various other ecosystems such as Arbitrum, Celo, Perpetual, and TON.

Although this proposal primarily uses Questbook to illustrate how adding a transparent software component to the Aave Grants DAO is beneficial, this proposal is open to utilising other grant tools based on community inputs to enhance transparency and community participation in the capital allocation process

Why is our initial preference Questbook?

- Being an Aave grantee, Questbook is already familiar with the ecosystem
- Questbook has been trialled and tested across many reputable ecosystems such as Compound, Arbitrum, Polygon, and TON.

How would Questbook improve the Aave Grants DAO's Transparency?

- Aligned allocation of funds

: By using Questbook for reviewing proposals and disbursing grants, the Aave community can directly monitor if the funds are allocated to projects that align with Aave's roadmap, promoting efficient and effective use of resources.

- Increased transparency

: Questbook will empower the AGD team to review proposals in a transparent process, ensuring stakeholders understand the decision-making process and building community confidence. Questbook provides a transparent space for teams to showcase their backgrounds and experience.

- Increased accountability

: With a dedicated group of stakeholders responsible for allocating funds, a transparent review process will promote increased accountability, ensuring that the funds are used effectively and efficiently. Members of AGD team can be replaced through a community vote if their performance is not up to the standards accepted by the community.

- Pseudonymity / Anonymity

: Builders can use Questbook and apply for funding without doxxing themselves. Questbook provides a transparent space for teams to showcase their backgrounds and experience, fulfilling the proposal's requirement for team member descriptions.

- Turnaround Time (TAT)

: Evaluating proposals in a transparent manner will significantly improve proposals' turnaround time and overall outcomes for the ecosystem. An example of this is Compound who's already leveraging the DDA model and has a communication TAT of less than 48 hours

- Increase in the number of high-quality proposals

: Supplementing AGD's organic proposal pipeline, Questbook's organic builder traffic of 30,000+ builders/month will enable Aave Grants DAO to source and fund a significantly greater number of high-quality proposals in a transparent manner.

How much does Questbook cost?

After negotiations with Questbook, the team will charge a 5% fee of the total disbursements made to Grantees monthly, this fee is capped at a maximum of \$9k/month.

Rationale

Questbook's approach of charging a percentage of the grants disbursed is designed to align their incentives with delivering value as against product usage. Funding a project signifies that Aave grants DAO has identified a project worth investing in, which further indicates that various steps in the funding process, such as attracting quality builders, establishing evaluation rubrics, and ensuring successful milestone-based payouts, have been executed effectively by the grants committee. They intend to charge based on the successful completion of all these steps, rather than just product usage, to align the pricing with the value delivered through the entire grant disbursement cycle.

Product Flows

1. Posting a grant - [Link](#)
2. Reviewing and Funding Proposals - [Link](#)

3. Settings - [Link](#)
4. Communicating with Builders - [Link](#)
5. Funding Builders - [Link](#)

Specification

If community sentiment leans towards decentralizing the Aave Grants DAO and making it more transparent, we would actively take steps to implement the various aspects of this proposal at the end of this quarter.

Next Steps

All members of the community are invited to take the poll below to express their sentiments and also engage in active debate in the replies.

- Decentralise Aave Grants DAO
- Make no changes

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voters

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