Title: [TEMP CHECK] Aave V3 MVP deployment on Neon EVM Mainnet

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Summary

This TEMP CHECK proposes the deployment of Aave V3 MVP on the NEON EVM Mainnet, expanding Aave's presence and enabling access to unaddressed users, liquidity, community and ecosystem of Solana.

Background

Neon EVM is a fully compatible Ethereum environment solution built on the Solana blockchain which makes it the first parallelized EVM with direct access to Solana liquidity. Neon EVM allows developers to deploy Ethereum dApps on Solana and access its native ecosystem and network benefits: low fees, high transaction speeds, and parallel transaction execution capabilities without changing their codebases. Neon EVM currently has interoperability with Solana SPL tokens and the plan is to develop full interoperability with Solana smart contracts as well in 2024.

Solana is a thriving blockchain with a strong DeFi ecosystem and a large user base. Solana ecosystem took a hit due to market conditions and FTX situation last year as TVL fell from all-time high of +$9b to +$250m in July 2023 but since then it has shown strong growth and it's the fastest growing ecosystem across major blockchain networks. Current TVL is over $1.5b making it the fifth-largest chain by TVL.

Motivation

Aave has emerged as a prominent player in DeFi lending across various EVM (Ethereum Virtual Machine) networks, including Ethereum, alt L1s, and L2s. Neon EVM wants to further support the mission of a multi-chain Aave and proposes deploying Aave v3 on the Neon EVM Mainnet to expand lending to the Solana ecosystem. Aave's expansion to the largest non-EVM ecosystem will further reinforce its place as the top liquidity market on-chain and open up possibilities for growth and collaboration between the Aave, Solana, and Neon EVM communities.

Aave V3 deployment on Neon EVM will enable Aave to access the deep liquidity on Solana and enables Solana ecosystem users to get access to the premier lending protocol through Neon EVM. The platform will allow Aave to deploy on Solana without any reconfiguration of the Aave v3 codebase and hence without incurring major development efforts and costs to the Aave DAO. Also, a third-party team has already deployed Aave V3 fork on Neon EVM Devnet which implies the full compatibility of Aave V3 codebase with Neon EVM.

These benefits of Neon EVM combined with Aave's impressive push for a cross-chain future, provide an exciting opportunity to capture the market share of Solana's DeFi ecosystem and grow the user base and community of the protocol, increase TVL, and protocol revenue. At the same time, Neon EVM would benefit from having a trusted, flagship DeFi project like Aave on its platform, further diversifying and growing the DeFi options available to its users and wider Solana ecosystem.

The deployment of Aave v3 on the Neon EVM would enable Aave to tap into the Solana DeFi market and make a unique and significant contribution to the decentralized finance movement. This deployment is expected to substantially reduce costs and better scalability in comparison to EVM networks, while also providing users with access to Solana's liquidity and the overall ecosystem. As Solana gains momentum as a prominent blockchain platform, the integration of Aave's advanced lending and borrowing protocol could further catalyze the DeFi ecosystem on Solana and Neon EVM.

There have been significant concerns around the Downtime of Solana blockchain in the past but continuous innovation is happening within the ecosystem and new tools are rolling out on a continuous basis to make the network more resilient, efficient and scalable. For e.g. Firedancer by Jump Crypto.

Furthermore, the idea of Aave v3 deployment on Neon EVM was also recently mentioned by Stani and contributing teams like Aave Chan Initiative (ACI). Tweet by Stani, Tweet by Marc Zeller

Additionally, Neon EVM also recently announced the launch ofNeon Points Program to attract users and builders to accelerate the adoption of the network. We will include Aave in our points program to incentivize user activity on Aave v3 on Neon EVM with boosted points.

Specification

This proposal suggests deploying Aave V3 on Neon EVM Mainnet with limited deployment of initial assets and conservative risk parameters.This approach will enable Aave to strategically establish a presence in the Solana ecosystem while minimizing risk exposure.

The proposal suggests three collaterals (SOL, mSOL, jitoSOL) and one borrowable asset (USDC) with no isolated mode, e-mode enabled for correlated assets (SOL, mSOL, jitoSOL), conservative LTV and supply, borrow caps. If this proposal is to pass, we will conduct a comprehensive technical risk assessment for the suggested assets at the ARFC phase to determine their risk parameters. We also invite risk service providers and community members to provide their analysis.

Infrastructure

Documentation:

Neon EVM Docs

Compatibility with Ethereum RPC endpoints:

Neon EVM supports almost all standards. Here is the link to supported JSON-RPC -Neon EVM Docs

Indexers:

theGraph

Oracles:

Chainlink, Pyth

Wallets:

Metamask, Ledger and support other EVM network wallets.

Block explorers:

NeonScan, Blockscout

Address formatting:

It is the same as the standard Ethereum address.

On-chain multi-signature infrastructure:

Friendly fork of Gnosis Safe.

Cross-chain Interactions:

deBridge (announcement, expected to go live on Mainnet in January)

NeonPass:

NeonPass links Solana and Neon EVM to provide a smoother EVM-compatibility experience for end users (https://neonpass.live/). NeonPass is the revolving door of liquidity between Solana and Neon EVM. NeonPass is not a bridge connecting two separate blockchain ecosystems. Rather, it acts as a two-way transfer tool for bringing assets in and out of the Neon EVM platform, which itself is a Solana smart contract directly connected to the network.

Disclaimer

This proposal is powered by Skywards. The Aave Chan Initiative is not directly affiliated with Neon Foundation and did not receive compensation for creation this proposal.

The co-author is a team member of Neon Foundation and holds SOL, NEON tokens.

Next Steps

1. Temperature Check: Gather community feedback and assess sentiment towards the proposal of deploying Aave V3 on Neon EVM and proceed with Snapshot if positive.

2. ARFC: If the Temperature Check Snapshot indicates positive sentiment, proceed to the ARFC stage for further discussion, risk parameter evaluation network analysis and finalization of the proposal.
3. AIP: If the ARFC stage Snapshot is successful, submit the proposal as an AIP for voting and on-chain governance approval.

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