

January 2024 Governance Report

[Boardroom's](#) monthly governance reports are a compendium of key governance updates for the preceding month. In addition to our weekly governance updates, we are glad to provide monthly updates to the Aave community. This monthly update covers the key governance topics for the first month of 2024.

Please feel free to drop comments, suggestions, or feedback for next month's report.

I. Overview

A. Project Status

- **Ongoing Goals for this Period:**

- Expansion into New Chains

: There's a significant focus on deploying Aave V3 on various blockchains. Notable among these are NEON EVM on Solana, Scroll mainnet, and Kava EVM. These moves are aimed at leveraging the distinct features of these blockchains, such as Solana's high transaction speed and low fees, to enhance Aave's lending services.

1. Introduction of New Assets and Collaterals

: The Aave community has been actively considering the addition of new assets and collateral types. Proposals include adding assets like sFRAX, fdUSD, ggAVAX, PAX Gold (PAXG), and gmETH on different versions of Aave across various chains. This diversification of assets is part of Aave's strategy to broaden its service offerings and appeal to a wider user base.

1. Risk Management and Protocol Optimization

: There's a strong emphasis on risk management and protocol optimization. For instance, Gauntlet, a simulation platform for market risk management, has been proposed to continue its engagement with Aave for proactive risk management. This includes measures like insolvency refunds and detailed risk parameter updates, underlining Aave's commitment to maintaining a secure and efficient lending environment.

1. Governance and Community Engagement Improvements

: Initiatives like establishing the Aave Protocol Embassy (APE) and proposals for technical maintenance indicate a focus on enhancing governance structures and community engagement. These efforts are directed towards streamlining operations and empowering the Aave governance process, ensuring it remains transparent, inclusive, and efficient.

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- **Milestones Achieved:**

- Activation of Aave Governance V3

: The Aave Governance V3 activation was a major milestone, marking a significant step forward in Aave's governance model. It entered an embargo stage, with a soft lock suggested until early January 2024, to allow delegates to rebuild voting power.

1. Launch on Kava EVM

: The Aave V3 deployment on Kava EVM was approved through a Snapshot vote. This move opens up possibilities for Aave to access Cosmos assets and is supported by the Kava Foundation.

1. Deployment on Scroll Mainnet

: Aave V3's deployment on the Scroll mainnet, a zk-rollup platform, was proposed to enhance Ethereum scalability. The plan included a limited set of assets and conservative risk parameters.

1. Aave Grants DAO Continuation

: A proposal to continue the Aave Grants DAO (AGD) was presented, focusing on adjusting its treasury and increasing GHO allowance. It also included plans for quarterly developer grants and new initiatives to support community engagement and development.

1. Aave V3 Proposal on BNB Chain

: The Aave community voted on a proposal to launch Aave V3 on the BNB Chain. This proposal, which listed significant assets such as CAKE, WBNB, and ETH, marked a key step in Aave's expansion in the DeFi ecosystem.

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II. Insights and Observations

A. Governance Participation

- Summary of the DAO's governance participation trends:
- For the period, the number of active voters for proposals averaged at ~1100, while some proposals managed to get an activity of 2000+ voters
- The lifetime participants in Aave Governance are 73K voters, casting total votes at 1,594,212, averaging at 2,935 voters per proposal
- The last high in the total number of voters was in November end when a proposal for [Asset onboarding framework](#) managed to attract 12,311 voters
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You can find additional governance participation data for Aave using the [Boardroom API](#).

B. Community Dynamics

- The Aave community sentiment can be summed up in three words - positive, exploratory, and welcoming. Observing 300+ DAOs, especially DeFi projects, makes the Aave DAO very proactive and vibrant. The service provider activities also provide the community key actionable insights to keep the platform on its best footing.

The overall proposal activity for January 2024 remained at par with December 2023. We expect that the on-chain governance activity will soon pick up as well.

- Restarting the Aave Community Calls:
- Boardroom held an Aave Governance Community call early January where multiple stakeholders and service providers presented details about their proposals and shared their rationale behind different decisions. The transcript of the call can be found [here](#). These will be continued on a monthly basis.
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III. Key Metrics

A. Governance Metrics

- Success rates:
- On-chain votes: The On-chain proposals witnessed a 100% success rate for January. A total of 13 proposals were pushed on the chain this month.
- Off-chain: Off-chain proposals (Snapshots) also enjoyed significant success rates. Of the 30+ proposals submitted on Snapshot, only one was defeated, and one received most of Abstain votes.
- [Browse all of the proposals here](#)
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- Community:
- Twitter: 556K Followers ([Link](#))
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IV. Challenges and Opportunities

Challenges

- Challenges Encountered:

As the community shifted from V2 to V3 governance, some minor challenges were expected. But the process went without any major challenges. A few delegates did mention being unable to vote as delegations needed to be set again for V3.

- Mitigation Strategies:

No strategies or actions are recommended; the V3 activation is a one-time process that will elevate the Aave Governance process. A clearer communication to the stakeholders that may be impacted is expected.

V. Conclusion

The January 2024 report highlights Aave's focus on implementing Aave V3 across various blockchains, including NEON EVM on Solana, Scroll mainnet, and Kava EVM, and the introduction of new assets and collaterals like sFRAX, fdUSD, and PAX Gold. It emphasizes Aave's commitment to risk management, protocol optimization, and governance improvements. Key achievements include the activation of Aave Governance V3, deployment on Kava EVM and Scroll Mainnet, and the continuation of the Aave Grants DAO.

We want to highlight high participation in governance, positive community dynamics, a 100% success rate for on-chain proposals, and the successful management of minor challenges during the transition to V3 governance.