

# [ARFC] Onboard ggAVAX to Aave V3 Avalanche Instance

**Author: ACI**

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## Summary

We propose to add ggAVAX, a liquid staking AVAX token issued by the Gogopool protocol, to the AAVE V3 Avalanche market. The reason why we publish this proposal as ARFC is because [\[ARFC\] Onboard ggAVAX to Aave V3 on Avalanche](#) was previously posted but didn't pass in that occasion.

## Motivation

GoGoPool is one of the largest Avalanche DeFi protocols. It is ranked number 6 on the Avalanche C-Chain in terms of TVL chain and currently has ~1.1m in AVAX deposits (~800k from LST depositors and ~300k from the minipool operators).

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The amount of AVAX deposited into GoGoPool grew more than 50% in the last 6 months (from 720k to 1.1M) while consistently providing the highest LST yields on Avalanche.

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This yield is achieved through a combination of no fees being charged to users, prioritisation of direct validation (rather than delegation, which carries a minimum 2% performance fee on Avalanche), and MEV yield from positive market interactions (i.e., backrunning)

We believe that there is a significant demand from ggAVAX holders to leverage that yield, but no venue is available for users to do so.

At the time of the writing, there is more than 300k AVAX in ggAVAX-AVAX liquidity available under 1% price impact, primarily on Pharaoh and LFJ (formerly known as Trader Joe).

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Besides the deep on-chain liquidity, ggAVAX allows users to redeem ggAVAX for underlying AVAX at an internal rate and with no fees. These redemptions are instant for as long as there is enough AVAX in the smart contract (either from new user deposits or from validation periods ending). At the time of the writing, more than half of AVAX supply backing ggAVAX can be available in less than 2 weeks.

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GoGoPool is backed by the Avalanche Foundation and industry-leading investors. In 2022, It raised \$7.5M in two rounds [led by Framework Ventures and Coinfund and](#) with participation from Silverstone Ventures, Fintech Collective, and Avalaunch.

The protocol has been [audited by Zellic](#) and [Kudelski Security](#) with an additional [Code4rena](#) audit contest. It also has an ongoing [bug bounty program with Immunefi](#)

## Benefits of Listing

Listing of ggAVAX on AAVE would create additional demand for borrowing AVAX (in E-Mode) from those seeking larger exposure to native Avalanche yield. Since ggAVAX generates consistently higher yields than other LSTs, borrowers can tolerate higher interest payments, leading to AVAX utilisation and revenue for the DAO.

Currently, AVAX utilisation sits well below the Optimal Utilisation Rate. More than \$20M in borrow demand is required to bring utilisation from 48% to 65%.

The same can be said about other borrowable assets - listing ggAVAX as collateral will help create additional borrowing demand across AAVE markets, driving utilisation rates higher while sustaining higher APRs for liquidity providers and higher income for the AAVE Ecosystem Reserve.

## Proof of Liquidity

GoGoPool has earmarked 10k GGP tokens (worth ~90K USD at the time of writing) for incentivising ggAVAX deposits into AAVE over the first three months of the listing to help bootstrap the adoption of this new asset as collateral.

## Specification

Risk Parameters will be provided by Risk Service Providers and ARFC will be updated accordingly.

## Useful Links

[Website](#)

[Github](#)

[Flipside](#)

[Twitter](#)

[Docs](#)

[Panopticon](#)

## Disclaimer

The current proposal is powered by Skywards. ACI is not affiliated with Gogopool Protocol or Avalanche, and did not receive payment for the creation of this proposal.

## Next Steps

1. Gather feedback from the community.
2. If consensus is reached on this ARFC, escalate this proposal to the Snapshot stage.
3. If Snapshot outcome is YAE, an AIP will implement proposal.

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