Summary

Distribute voting weight between recognised delegates who have been active but under-represented in voting weight to further the decentralisation of the DAO.

Motivation

AAVE is one of the top DeFi protocols today, boasting one of the highest TVLs in the industry, yet in terms of governance, the picture could be more precise. According to Boardroom, most delegates are inactive or ghost delegates, while the top 10 barely participate in voting.

On average, <6% of governance tokens participate in governance, which begs the question, is the AAVE token a governance token?

While the recent Orbit initiatives have motivated several new participants to be active in governance, the entry barrier for anyone needing more capital remains high. Delegates who may otherwise satisfy the conditions for being a Recognized Delegate can only attract delegation from token holders over time if they are well-connected in the industry or have sufficient capital.

It is in the best interest of the DAO to help underrepresented but dedicated and active delegates increase their voting weight over time.

The redelegation of tokens has three distinct advantages:

1. A clear path for new participants to join the DAO and become active governors.

2. Increase the proportion of tokens participating in voting.

3. Decentralise the AAVE DAO further.

B: DAO delegation. Enable underrepresented delegates to reach 57765 AAVE in voting weight

Specification

Eligibility

- According to the recognised delegate framework, the delegate must have fulfilled the requirements for being a Recognised delegate.

- The delegate must have fulfilled the other conditions from Orbit renewal, such as

- Not an Aave Service Provider

- Minimum 120 days since delegate platform creation

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- The voting power is less than the average voting power of an active, recognised delegate (as of the date this proposal passes snapshot)

Delegate List:

Based on our analysis, there are 12 active delegates with an average voting weight of 57765. The complete list of delegate analyses can be found here.

Hence, we suggest the following delegates be delegated the remaining AAVE tokens from the DAO treasury.

Delegate Name

Voting Weight

Voting weight to be delegated

Wintermute Delegate Platform

42,871

14894

23587

34178

24,394

33371

21,400

36365

2

57763

1

57764

This would imply delegating 234334 AAVE (25.4% of native tokens in the treasury) from the treasury between 6 delegates for 1 year.

Implementation

Timeline:

Delegation will be valid for one year from the date of the on-chain vote.

Option 1:

Deploy a non-transferable voting token, AVT (AaveVoting Token), which is only mintable and burnable through the DAO governance vote to delegate addresses.

The token should only contain voting and proposal power.

1AVT = 1AAVE(votingpower+ Proposal power)

1AVT ≠ 1 $AAVE (No monetary value as it's non-transferable)

The Aave Governance V3 [voting strategy](#) contract should be updated to count the newly deployed AVT tokens.

Need

1. AVT token deployment

2. Coordinate with [@bgdlabs](#) with voting strategy specifications.

3. Deploy a new voting strategy.

Risks

- A voting strategy contract upgrade that needs a new audit

- Development of the Aave Voting Contract (Even though it's a valueless token mintable using Governance and can't be transferred.

Option 2:

This option uses the [FranchiserFactory](#) contract, which Uniswap Foundation recently used, but in this case, it can be customised to distribute AAVE from the treasury.

The FranchiserFactory deploys individual Franchiser contracts for each delegate funded by the number of tokens defined.

Aave governance [PayloadsController](#) will be the owner of all Franchiser contracts deployed from this vote and can recall the tokens by calling the recall function (via a subsequent on-chain vote) on each contract at any time.

Risk

:

1. Transfer of value: The tokens must be sent to a different contract for this to work.

2. Even though no voting strategy contract upgrade is required, the new contracts should be audited.

Delegate selection

The eligible delegates will be shortlisted and temp-checked on the snapshot.

Delegate Votes

- Number of additional votes to be received by each delegate.

- Specify that either option 1 or 2 will only delegate a number of tokens to each corresponding delegate according to the proposal's specifications.

Disclaimer

This proposal is neutrally presented based on current community sentiment.

DAOplomats are not compensated for this proposal in any manner. We are not associated with any parties mentioned in the proposal above.

Given the evolving nature of DAOs, there's no assurance that the proposed changes will yield the intended results.

The author(s) and associated parties are not liable for any outcomes or damages from this proposal's implementation or lack thereof.

Next Steps

- Gather feedback from the community

- Work with current service providers for contract writing and deployment

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