Hi all,

If I come to you today, it is to talk about the treasury of the Aave protocol.

The various Liquidity Mining programs on Polygon, Ethereum and now Avax have significantly helped to increase the TVL on the protocol as well as the funds raised on the treasury contract ([Aave: Aave Collector V2 | 0x464c71f6c2f760dda6093dcb91c24c39e5d6e18c](#))

It cannot be denied that this is a good thing, but it comes at a cost for the protocol concerning the LM on Ethereum. A little too expensive since already nearly a third of the reserve ecosystem has been spent between the LM and stacker rewards (SM and aBPT).

Of course, the part of this sum distributed to reward the Safety Module stackers is a good expense, but the sums collected on the treasury contract are not sufficient to ensure total autonomy of the protocol in the short term.

If we compare the sums spent on LM for incentives which are in the order of several hundred of thousand Aave, these grants are awfully expensive.

According to my estimates and the various discussions I have had on this subject, if we arrive at a minimum treasury of $ 50 million for the protocol, the returns generated by the work of this treasury should be able to make the protocol financially self-sufficient.

Today, we are still far from those 50 millions (~ 17 millions at the moment) and the ecosystem reserve is emptying at great speed. (I have already addressed the LM's concerns with Aave as rewards and the concentration of these incentives in Aave in few hands as well as the selling pressure on the token price that this induces …)

This is why I would like us to have a more in-depth reflection on how to quickly get to a minimum of 50 million stablecoins in the protocol treasury.

There are several solutions I am sure, and I will suggest one but that is obviously not the only possibility.

Can we imagine creating bonds worth at least $ 35 million?

The funds thus collected would be paid directly into the protocol treasury.

These bonds would be NFTs (erc 721) allowing to instantly redeem the same amount plus a bonus payable in Aave by the reserve ecosystem ([Aave: Ecosystem Reserve | 0x25f2226b597e8f9514b3f68f00f494cf4f286491](#)), we can imagine 15% of incentives by example, once the fee distribution mechanism has been fully operationnal.

The participant would deposit an amount directly in stablecoins on the treasury contract and in return would receive a redeemable NFT in Aave from the ecosystem reserve.

We could, once the fundraising is over, do the job to activate the distribution of fees return for the holders of Aave and start to share the revenues of the protocol between Aave holders (even if these were to be quite reduced, it is a matter of principle and direction.)

By putting in place a system allowing the protocol autonomy to be achieved as quickly as possible, we would not only gain credibility and traction, but also, we would reduce the risk of seeing Geist.finance-type competition eating away at our TVL.

In addition, the amount of just over 30 million needed does not appear unrealistic when you consider the number of Aave to be distributed in exchange.

Here I have exposed my thoughts on the subject and although I am sure that it remains incomplete and perfectible, I hope that it will have the advantage of triggering a reflection on a problem which begins to persist in what concerns the remuneration of Aave holders for the direct operation of the protocol.

Thanks for reading me.