

# Title: [ARFC] Updated Aave Grants Continuation Proposal

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The Snapshot vote for the [\[TEMP CHECK\] Updated Aave Grants Continuation Proposal](#) received overwhelming support with 635K YAE votes representing 99.9% of all votes.

Thank you to everyone who has participated in the conversation and supported Aave Grants so far. Also of note, [@AaveLabs AIP for Events Funding](#) successfully passed. We wish all the best to Aave Companies and are looking forward to continuing to collaborate.

After receiving feedback following the TEMP CHECK, the requested ARB portion of the budget has been removed.

Thank you to [@MarcZeller](#) & Skyward for assisting with the governance process.

## Summary

An opportunity to continue Aave Grants DAO (AGD) for 6 months by preserving the current AGD treasury holdings and increasing AGD's GHO allowance by \$328,000.

This proposal will enable AGD to deliver and improve upon the top tier grants program the Aave ecosystem has had over the past 2+ years and continue being a gateway for new contributors to the ecosystem. AGD will fund \$500,000 in developer grants per quarter, drive Aave's culture and GHO adoption, and set the groundwork for the next chapter of the continued evolution of AGD.

Figures and calculations based on asset prices have been updated from the TEMP CHECK to reflect the current market conditions.

## Overview

Throughout the previous proposal, AGD has:

- Awarded 50 new grants and made 15 payments to grantees based on milestone completion.
- Engaged builders and the community at five events, including four hackathons where AGD awarded a total of 19 Aave and GHO specific bounties and inspired 58 teams to hack with Aave and GHO.
- Proliferated the ghost by hosting 1 rAAVE to strengthen Aave's culture, bring the community together, and cultivate an ecosystem with the best contributors.
- Exercised prudence with the treasury by decreasing the average grant size awarded by 52.8% and maintaining average reviewer compensation at ~22% of the monthly maximum budget.

This proposal outlines renewing AGD for the next 6 months by:

- Increasing AGD's GHO allowance by \$328,000.

## History

Since its inception in May 2021 to September 2023, AGD has awarded \$4,852,753 across 249 grants.

From the last AGD proposal in January 2023 to now, AGD has awarded 50 grants and awarded 19 Aave and GHO specific bounties across four different hackathons.

\*Note: All \$ cost amounts are calculated at time of payment, pre/post token value fluctuations are not included unless otherwise specified. Pending payments are not included.

This is the fifth proposal for AGD:

- The [initial proposal](#) launched AGD in May 2021 with \$1 million of total funding over two quarters.
- The [second proposal](#) was executed at the end of December 2021 and funded AGD for three months with \$2 million of funding.
- The [third proposal](#) was executed at the end of May 2022 and funded AGD for six months with \$3 million per quarter.
- The [fourth proposal](#) was executed at the end of January 2023 and funded AGD for six months with \$1.625 million per quarter.

## Mission

AGD is a community-led grants program that supports the growth of the Aave ecosystem by:

(1) Funding innovative projects backed by strong teams with creative ideas that benefit and strengthen the Aave ecosystem through products and initiatives which:

- Increase TVL or other protocol metrics
- Expand the capabilities of the platform and utility of Aave
- Empower the community with accessible and novel insights
- Engage new users and enhance retention of current users
- Grow GHO by stimulating demand, expanding its utility, and accelerating its transactional velocity

AND

(2) Fostering a strong and inclusive culture around Aave. Aave's culture leads to:

- Attracting and retaining the best contributors, and
- Encouraging the development of new and creative solutions to key areas in the Aave protocol and Aave DAO.

## Metrics

Grants Provided:

- May 2021 - September 2023: 249 grants worth \$4,845,753
- Jan 2023 - September 2023: 50 grants worth \$885,020
- Breakdown of grants by category:
- Category - \$cumulative cost - number approved
- Applications and integrations - \$2,664,556 - 108 grants
- Code audits - \$82,000 - 3 grants
- Committees & DAOs that serve Aave's ecosystem - \$703,780 - 18 grants
- Community (marketing and educational) - \$698,550 - 52 grants
- Developer tooling - \$415,000 - 13 grants
- Events / Hackathons / Sponsorships - \$185,000 - 14 grants
- Other - \$294,900 - 12 grants
- Protocol development - \$474,200 - 21 grants
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Status of all Grant Projects Awarded:

- Complete/Live - 67.6%
- In-progress - 24.8%
- Inactive - 7.6%

Growth in Community Engagement Since Last Renewal Proposal (Jan 2023):

- Substack subscribers: 1,748 → 1,805 (+ 3%)
- Twitter followers: 13,300 → 13,400 (+ 0.75%)
- Telegram members: 643 → 719 (+ 12%)
- Lens followers: 2,828 → 8,801 (+ 211%)
- Mirror subscribers: 169 → 546 (+ 223%)

Key Stats Since Inception:

- Participated in 14 hackathons, awarding \$150,000 in Aave and GHO specific bounties to 58 teams.
- Many of these teams have continued building or contributing to Aave and GHO, including five projects that went on to receive grants.
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- Achieved a Net Promoter Score, a measurement to gauge the experience of grantees, of 83 based on 77 responses.
- Average response to "How likely are you to recommend AGD?" is 4.8/5.
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- Processed 1,944 applications with an average turnaround time from application submission to grant decision of 9.6 days, shrinking over time.
- Consistently accepted applications and awarded grants to builders:

[

AGD Proposal Received Since Inception - As of Sept 4 2023

2289x422 71.5 KB

](https://europe1.discourse-cdn.com/business20/uploads/aave/original/2X/a/a133dd79436249f344c212e8973e4f5ad573ffff.jpeg)

[

Grants accepted by quarter - As of Sept 4 2023

2288x425 84.7 KB

](https://europe1.discourse-cdn.com/business20/uploads/aave/original/2X/f/f670b2c8c39389a2f140e83a54960648c4d971d6.jpeg)

## Since the Last Proposal

The community has been kept up to date with AGD's [activity in @0xmigi's monthly governance updates](#), the [Halfway](#)

[Update](#), and through AGD being added to [Llama's treasury dashboard](#). The [AGD website](#) houses a running list since inception of grants awarded, event and sponsorship spend and other information.

The GHO release was an exciting launch for the Aave community and was a prioritized focus throughout AGD's last proposal. AGD began to spread awareness about GHO's launch and encouraged early development with GHO across the four hackathons that were sponsored. AGD also funded multiple GHO related grants and supported development with the introduction of 'Request for Grants', inviting projects that help to stimulate GHO's demand and increase its utility to apply for a grant.

## AGD Budget

AGD has exercised prudence with the treasury, while continuing to fund high quality builders and drive growth and experimentation in the Aave ecosystem. The current AGD treasury, including token allowances and OP, is roughly \$1,435,042. Please note: despite continuing to operate and distribute grants, the dollar value of the treasury has remained relatively flat since the TEMP CHECK due to the appreciation of AAVE and OP.

Part of the reduced spend is because of a reduction in the average size of grants awarded. The average grant size awarded so far in 2023 is 52.8% lower than the average grant size awarded during 2022, currently at \$13,936.

Here is AGD's spend over the course of the previous proposal:

## Other Initiatives

- Increasing Grantee Accountability.

There has been an influx in grantees (e.g. recently [Defi Simulator](#), [Projection Finance](#), and [Aave Alarm](#)) posting directly on the forum to introduce themselves, explain their grant, and to keep the community updated as they progress. Most of these posts are the result of an initiative from AGD to better increase grantee accountability and engagement with the community.

- 'Requests for Grants' (RFGs).

[A pilot project has been introduced](#) to better direct builders to apply for grants in certain high impact areas. Going forward, AGD will look to expand the list of RFGs to target high impact areas and community needs by better communicating with different contributors and encouraging anyone to make suggestions.

- AGD Operations and Best Practices.

Over the last two years of operations, AGD's values and best practices have been refined and adopted. It is a priority for AGD to clearly define and share these values and best practices with the community. Here is an overview of AGD's current process:

## Grantee Highlights

Since AGD's last proposal to September 2023, 50 new grants have been awarded and 15 follow up milestone payments have been made. Of the 50 new grants awarded, 22 are complete, live or have reached notable milestones at the time of writing. Each grant has positively impacted different aspects of the Aave ecosystem.

Here are some recent highlights from grantees:

### [Dullahan](#)

Designed and launched a hub for GHO to drive adoption. Dullahan produces passive income for stkAAVE holders and provides GHO borrowers with access to reduced interest rates and reached over 3,000 AAVE in deposits a few weeks after launch.

### [Sommelier Finance](#)

Enables the creation of state-of-the-art DeFi strategies that leverage Aave V3 and GHO with the development and audit of a Aave V3 adaptor used by Sommelier strategies. As of July, their Aave V3 integration has allocated a net of \$4M to Aave V3.

### [AAVE based CIAN Strategies & Automation Tools](#)

Expands access to Aave V3 with open source vaults and advanced automation tooling, allowing strategists to generate strategies and users to easily access yield. As of August 2023, CIAN has generated \$55M in TVL across Aave V2 and V3 on Polygon, Arbitrum, Ethereum Mainnet, Avalanche and Optimism via its leveraged staking strategies.

Other applications include: [DeFi Simulator](#), [Aave Alarm](#), [Projection Finance](#) and [Karma HQ's Delegate Dashboard](#).

[IntoTheBlock Risk Radar for GHO](#)

Helps the community understand GHO's activity with 20 dedicated risk indicators including peg performance, collateral distribution and whale credit history.

#### [Xenophon Labs](#)

Performed an analysis on the Safety Module proposing an increase in the slashing percentage with the intent of saving the Aave protocol ~\$2.1M per year

#### [Butter](#)

Facilitated an incentivized delegate initiative which kickstarted paying Aave delegates, encouraged participation in Aave governance from new community members and sparked TokenLogic to start their delegate platform.

#### [Flexible aToken Voting](#)

#### ScopeLift

Unlocks the potential for new deposits by enabling protocols to allow users to retain voting power with tokens that are active in DeFi like Aave.

#### [AwesomeQA](#)

Streamlined the community support process with their Discord bot that automatically and quickly responds to user questions. In the past 3 months, the bot has answered over 55% of all questions, with 30% of those answers voted up by users indicating the response was very helpful.

## Operational Focuses for this Proposal

The path to a decentralized and sustainable AGD is a long journey. Here are some initiatives planned for this proposal to continue working towards an effective and sustainable AGD:

#### Finish Establishing Legal Entity

Establishing a legal entity allows AGD to begin operating more independently and with more protection and certainty for contributors by providing a legal structure for members and the ability to operate with the traditional financial world. As it currently exists, AGD is not able to even sign a contract. Transitioning to an entity is a big step for AGD's maturity by providing clarity and protection to contributors, along with increasing operational effectiveness.

AGD is currently finalizing the process of establishing a Cayman Foundation Company. The grants process will continue to operate as it does today and there will be no noticeable changes to AGD's current processes or operations for the community.

#### Revamping Review Committee

AGD will update the processes and structure around the review committee. [One idea AGD will explore](#) is introducing a rotating committee of community experts to serve short (3-6 months) time frames as grant reviewers. This will further involve the community in AGD while bringing expertise from different community members.

#### AGD and Service Provider Alignment

With the increased number of Service Providers, there is a need to create better alignment between AGD and the work being done across the Aave DAO. Introducing simple activities like regular touch points would enable AGD to better (de)prioritize areas for grants based on feedback and insights from service providers. Where appropriate, AGD can also better work with service providers on helping to define the scope of related grants.

#### Measuring Impact

AGD aims to enhance the way it measures impact from grants by further developing internal resources and working with teams such as [Spindl](#) to better track the impact effectiveness of grants.

Starting with specific categories of grants like quests, AGD will better visualize activity driven by grants and gain insights into the effectiveness of different spend. Over time, AGD will extend similar tracking to other grant categories and impact metrics. This will enable the community to better track impact from grantees and empower AGD to make better review decisions.

## People

AGD now has ten members.

- Lead. Bill oversees the growth of the team, the distribution of grants, and making sure AGD meets the strategic needs

of Aave DAO.

- Review Committee. The Review Committee is made up of:
- Corbin Page - Paymagic, ex-ConsenSys
- Calvin Chu - Impossible Finance
- Francis Gowen - Flipside Crypto
- Lawrence Mosley - Omni Analytics
- Kakashi - Symphony
- Andrew Allen - Coinbase
- David Truong - [x23.ai](#), ex-Aave Companies Genesis team dev
- Operations Lead. Neil has streamlined the application process, manages payments, KYC, and other administrative tasks.
- Analyst. Migi is the main touch point with current and future grantees. He finds opportunities where AGD can support grantees and track the returns generated. Migi also provides monthly updates on the governance forum.

#### Compensation:

- Lead: \$9k/month
- Review committee: \$150/hr, capped at 10 hrs/week
- Reviewer pay per month has averaged \$1,273/month per reviewer since May 2021. We will look to modify this as part of the overall revamp of the review committee.
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- Analyst: \$5k/month
- Operations lead: \$150/hr capped at 20 hrs/month
- Designer and other roles: one-off based on specific design engagements

The roles and compensation will be reviewed and iterated on in line with the focuses outlined above.

## Proposed Budgets

This proposal's total budget will be split between a Grants Budget and an Operations Budget. In total across budgets the total ask for the next 6 months is:

- \$328,000 increase in AGD's GHO allowance

This would make AGD's treasury, including allowances: 72.2% in stables, 18.7% in AAVE, and 9% in OP

\$292,000 that was previously allocated to 'Digital Marketing' spend has been reallocated to this budget.

Notably for the stablecoin portion of the treasury, AGD has started to explore further driving GHO adoption and grantee alignment by collaborating with [@TokenLogic](#) to [swap AGD's DAI allowance with GHO](#). AGD will look to continue to do this with other stablecoin holdings in the future based on similar style governance proposals.

## Grants Budget

Carry Forward

Ask

Tokens for Ask

Developer Grants

\$614,980

\$300,000

Stables

\$133,000

\$0

OP

Grants Total Budgeted Cost

\$747,980

\$300,000

The OP is based on the 100,000 OP [allocated to AGD during the previous proposal](#)

AGD will introduce a new \$20k max grant size for all grants and double down on kickstarting the growth of new teams building on top of Aave and GHO.

## Operations Budget

Carry Forward

Ask

Tokens for Ask

Compensation

\$20,150

\$300,000

Stables

Maintenance: Tooling, subscriptions, gas reimbursements

\$526

\$20,000

Stables

Legal Buffer

\$69,984

\$0

Operations Total Budgeted Cost

\$90,660

\$320,000

Increasing the overall amount allocated to operations, especially compensation, is necessary for AGD to grow its resources and operate more independently.

## Next Steps

- Get community feedback on TEMP CHECK
- Snapshot vote
- Post ARFC followed by Snapshot vote

← we are here

- If Snapshot is successful then move to AIP