23/29/23: UPDATE

: We're renaming this proposal as a [TEMP CHECK]. We will run the delegate election on Monday April 3 2023 using Snapshot.

02/22/23: UPDATE

: We're delighted to announce that this proposal has received a $15K grant from Aave Grants DAO

.

We'll use the funds to bootstrap delegate compensation using a simpler implementation of the pilot described below, as detailed [here](). This version won't use staking; interested voters manually delegate to the election's winner. We're accepting applications from [today]().

Title:

[TEMP CHECK] - Incentivized Delegate Campaign (3-month)

Author:

[@noturhandle]() - [Butter]()

Date:

2023-02-11

Summary

This Temperature Check has been created to enable the Aave community to select a delegate for the three-month incentivized Delegate Campaign organized by Butter.

The campaign will be funded by a $15k grant received in AAVE from the Aave Grants DAO, which will be used to compensate the winning delegate for the duration of the three-month campaign.

Eleven candidates have applied, and they will be presented as options in the Snapshot proposal from which voters will choose.

The 3-month Incentivized Delegate Campaign

During the three-month term of the Delegate Campaign, the winning delegate is expected to perform governance duties on behalf of the DAO. To ensure maximum alignment between the elected delegate and the voters, each candidate has been asked to produce a Delegate Initiative, which can be found on the [Butter website]().

The Butter team will monitor the elected delegate and report on goals and KPIs related to the Delegate Initiative to help voters evaluate the delegate's performance.

For the first pilot version of Butter's Delegate Campaign program, the compensation mechanism is not yet permissionless. However, Butter will provide compensation on at least a monthly basis (or more frequently). More updates on this will be available soon.

The Candidates

The candidates for the vote are listed below, in reverse alphabetical order. The election will be implemented as a Weighted Vote, allowing voters to support multiple candidates equally:

- [Wallfacer Labs]()
- [StableLab]()
- [Oxytocin]()
- [OnChainCoop]()
- [FranklinDAO]()
- [Flipside Governance]()
- [Fireyes]()

- [Diego Ortiz](#)

- [DAOStewards](#)

- [Curia](#)

- [ConsenSys](#)

Original post below:

Hey, everyone. I'm [@noturhandle](#) from

[Butter](#). First-time poster, long-time reader, many-time rAAVEr.

Website

: [buttery.money](#)

Twitter

: [@butterymoney](#)

Discord

: [Click Here](#)

Butter is a vote delegation protocol

. We extend one-token, one-vote governance to align decisions produced by DAO governance to DAO objectives.

DAOs like Aave represent an innovation in institution design. They have the potential energy to address global coordination problems, especially those concerning public goods, and we're committed to accelerating their development and adoption.

Summary

Temp check on a 3-month incentivized delegate pilot

for Aave DAO operated by [Butter](#) to determine:

- the impact of incentives on delegate candidates

- the impact of incentives on DAO governance

- tokenholder interest in compensating delegates

- the impact of incentives on voter participation

N.B.

Temp Check invites comments

from AAVE tokenholders and expressions of interest

from AAVE tokenholders and delegates (current or prospective). The Temp Check does not request authorization, and the DAO need take no formal action for the pilot to take place.

Description

- Voters elect a delegate to work on a strategic initiative in Aave DAO for a fixed term of 3 months in exchange for rewards

- Delegate is elected via a time-bounded competitive process, i.e., single-choice vote delegation, where the most popular delegate is elected (single-winner plurality voting)

- Rewards are generated via:

- Aave Safety Module staking and distributed to delegates as compensation at the end of their term

- (Optional) AAVE Tokens granted to the pilot via AAVE Governance are also distributed to delegates as compensation at the end of their term

- A small % (TBC) of rewards are retained and split between voters and Butter

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Rationale

Professional, full-time delegates such as [FireEyes/Wildfire](), [Flipside Governance](), [GFX Labs](), and [Llama]() regularly participate in DAO governance.

Delegate roles are, in most cases, unpaid positions. Without adequate compensation, the quality, quantity, and diversity of delegates is constrained by the number of resources they have spare to commit to the DAO, hence many delegates are Service Provider Delegates or Investor Delegates. In this situation, where monitoring by voters is almost impossible, delegates also have an incentive to accept payments (bribes) for making decisions that may harm tokenholders—an example of [moral hazard]().

Delegators, especially large tokenholders, hold influence over their chosen delegates. They can force delegates to make decisions that benefit themselves over ones that benefit token-holders broadly under threat of removing their delegation.

Minority tokenholder voting power is redundant whenever large wealthy holders participate in governance or are the largest delegators. These stakeholders have no voice in governance.

Thus, DAOs are kneecapped by principal-agent problems that are yet to be addressed by their governance, including:

- Self-dealing

- Plutocracy

- Free-riding

- Resource-wasting

Butter introduces incentives for delegates, periodic elections, and a competitive election process to improve guarantees that delegates represent the preferences of all tokenholders, gain influence based on merit and performance, and have the resources to deliver on their goals.

Pilot Overview

- Delegates publish their delegate platform to Butter as part of an Aave Molten Campaign

, including: * target strategic initiative

- implementation plan

- voting policies

- delegate address

- target strategic initiative

- implementation plan

- voting policies

- delegate address

- Tokenholders select a delegate by staking their AAVE

- Once voters stake over the threshold amount (5000 AAVE) with any single delegate, a 24-hour cooldown period begins, reset by any further AAVE staked

- AAVE stakes can be reassigned between delegates during this period

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- Once cooldown is completed without any further AAVE staked:

- delegate staking is disabled

- AAVE staked with non-winning delegates is made available for stakers to claim

- AAVE deposited is staked in the Aave Safety Module

- stkAAVE is delegated to the winning delegate

- mAAVE is issued to voters

- delegate staking is disabled

- AAVE staked with non-winning delegates is made available for stakers to claim

- AAVE deposited is staked in the Aave Safety Module

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Campaign

During the campaign:

- If less than 80,000 AAVE staked:

- Delegates can vote on proposals with delegated stkAAVE + any AAVE voting power available outside this campaign

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- If greater than 80,000 AAVE staked:

- Delegates can submit AIPs

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90 days after the campaign begins:

- AAVE unstaked and rewards claimed from Staked AAVE contract following 10 days cooldown

- AAVE + Rewards claimable from delegate contract by delegates, mAAVE holders

Model

AAVE price: $80 (theoretical)

Addressable Voting Power

Rewards

Staked (AAVE)

Staked (USD)

Total Rewards (AAVE)

Total Rewards (USD)

Reward Rate (%)

Annualized Reward Rate (%)

5000

400,000

76.85602

6,148

1.54%

6.23%

10,000

800,000

153.66082

12,292

1.54%

1.54%

25,000

2,000,000

384.28008

30,742*

1.54%

6.23%

*MakerDAO's maximum recognized delegate compensation is [12,000 DAI per month](#)

Target Market

We expect participant voters to fall into two categories:

1. Minority Holders:
2. Tokenholders hold AAVE not staked in the AAVE Safety Module
3. Tokenholders are minority holders
4. Tokenholders hold AAVE not staked in the AAVE Safety Module
5. Tokenholders are minority holders
6. Minority Stakers:
7. Tokenholders hold stkAAVE and have staked in the AAVE Safety Module
8. Tokenholders are minority holders
9. Tokenholders hold stkAAVE and have staked in the AAVE Safety Module
10. Tokenholders are minority holders

We believe participants will be motivated either to pay delegates with staking revenue they already receive or to pay delegates with staking revenue they have decided not to claim themselves.

Poll

Do you support a 3 month pilot to test incentivizing delegates in Aave?

- Yes, I am an AAVE holder
- Yes, I am a stkAAVE holder
- Yes, I am a delegate (current or prospective)

- No

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voters