

Title: [TEMP-CHECK] Create an Aave Financial Management Working Group

Author: [@Kene\\_StableLab](#)

## Simple Summary

This proposal aims to establish a Financial Management Working Group (FMWG) at Aave DAO with the goal of enhancing financial reporting and auditing, GHO stablecoin management, treasury management as well as Safety Module management. The FMWG will be composed of up to five service providers elected through an RFP process outlined below. The approved service providers will each be responsible for one of the key areas/scopes within the FMWG.

## Motivation

We propose a collaborative-first approach involving multiple service providers to help manage the various core aspects of Aave DAO's financials. With this, we hope to achieve more optimal outcomes by leveraging the strengths and experience of several service providers.

To ensure accountability and progress tracking, a Project Management scope will also be introduced that ties together the various scopes.

Regular reports published on the Forum and dashboards that allow community members to check in on key aspects of the DAO's financial performance round out the picture.

Establishing this working group, sets a precedent for excellence in the DAO space and further underlines Aave's position as an industry leader. It also ensures its long-term survival and makes sure token holders are set up in the best way possible.

## Working Group Scope

The FMWG will consist of the following scope(s):

- Project Management and Accountability
- Financial Reporting and Accounting
- GHO Stablecoin Management
- Treasury Management
- Safety Module Management

## Financial Reporting and Accounting

Currently, numerous Aave DAO proposals deal with capital allocation. However, the DAO often lacks a comprehensive understanding of the financial impact and intrinsic value of these propositions.

To address this, the DAO would greatly benefit from a dedicated service provider focused solely on Financial Reporting and Accounting. This would empower governance participants to make decisions based on the best possible data and analysis.

Applicants should cover the following:

- Provide insights into on-chain financials
- Develop a DAO-wide budget so the impact and performance of governance output can be tracked
- Produce regular financial reports, either monthly or quarterly, to ensure transparency
- Create and maintain up-to-date dashboards reflecting key parameters for the community
- Analyze the DAO's finances, including grants and operational expenses
- Provide feedback on the financial impact of major proposals
- Collaborate closely with other key stakeholders in the DAO

## GHO Stablecoin Management

Ensuring GHO gets back to peg and maintains there is Aave DAO's current top priority.

This scope encompasses initiatives aimed at ensuring both the stability of GHO and its widespread adoption. These efforts

include, but are not limited to:

- Advise on GHO peg management with specific, actionable and timely proposals
- Advise on GHO adoption and work towards implementation with key stakeholders
- Assist in the creation and running of a committee to further GHO asset allocation
- Create monthly reports on progress and measures

Candidates should apply with a tentative plan to stabilize GHO and should ideally have relevant experience in growing demand and supply of stablecoins.

## **Treasury Management**

The Aave DAO Treasury should be managed with utmost care to ensure long-term sustainability while conservatively maximizing returns.

Applicants should cover the following:

- Improve the real, measured risk adjusted return of the DAO's treasury portfolio
- Improve capital efficiency
- Manage strategic assets
- Model proposed strategies so that the community can vote with confidence
- Collaborate with key stakeholders in the DAO
- Explore and implement protocol owned liquidity strategies

## **Safety Module Management**

With recent efforts to enhance the resilience and diversity of the Aave Safety Module, it is important to entrust its management to a specialized service provider with proven experience in designing and maintaining similar mechanisms.

We invite proposals from service providers who can focus on maintaining and preparing for a shortfall event. Their expertise would enable constant improvements in the safety module's resilience through thoughtful design changes and various parameter iterations.

Applicants should cover the following:

- Model, analyze, and enhance the stability module performance during shortfall events
- Develop a dashboard providing the community with a holistic view of these models.
- Forecast the emission budget
- Eliminate or diversify circular dependencies to ensure the SM functions optimally in all scenarios
- Collaborate with key stakeholders to ensure relevant information is disseminated
- Regularly produce monthly reports to update the community on the progress achieved

## **Project Management and Accountability**

With various service providers working together to cover these scopes, the Project Management and Accountability scope is there to ensure that deliverables are created on time and within budget.

Another important aspect of this scope is to ensure that service providers get what they need from DAO stakeholders. For example, the Financial Reporting and Budgeting scope would be directly affected by proposed changes to Treasury Management.

Applicants should cover the following:

- FMWG service provider onboarding
- Interface service providers with DAO stakeholders
- Track progress of deliverables

- Ensure progress is visible in the forums
- Organizing presentations of results
- Offboard of non-performant service providers
- Alert the DAO to issues with services provided
- Facilitate communication between service providers

## Budget

This proposal does not have a budget attached. It contains the scope of work and the selection process for finding the best suitable candidates.

Individual budgets must be confirmed by Aave token holders when voting on RFP applicants.

## RFP Selection Process

Should this proposal be approved by Aave Governance, the following process is required to onboard a service provider with a defined scope.

- Each prospective service provider must submit an RFP to the Aave Forum.
- The RFP must contain the following:
  - Scope to which the Service Provider is applying. One proposal must be posted for each scope the provider is applying for.
  - Name and Overview of Service Provider: Here, the service provider must give a broad overview of their organization.
  - Documentation of scope expertise: The service provider must in clear terms document their expertise in the specific scope. This can be as an organization or on an individual basis.
  - Track Record: The service provider must demonstrate a track record of experience and valuable outcomes within the given scope. This could be best demonstrated with metrics showing valuable outcomes as a result of valuable contributions.
  - Proposed Compensation: Compensation must be clearly defined in each RFP, with all compensation specified to be paid in GHO. Service providers are required to include a breakdown of their cost of services.
- Every RFP to be considered by Aave Governance must be posted within one week after this proposal passes through the [TEMP-CHECK] stage of Aave Governance.
- After the deadline, there will be a snapshot vote using the approval voting process. Each scope will have its own poll.
- Finally, the top three applicants of the snapshot poll for each scope will enter into an on-chain poll to determine the best-suited candidate.

## Rationale

The FMWG will equip Aave DAO with a best-in-class selection of service providers working within their respective fields of specialization to produce a holistic, accurate and up-to-date view into its financials. It will enable governance to gauge the impact of decisions in a more realistic way, and allow better planning and forecasting.

Employing multiple service providers discourages vendor lock-in and allows for individual members of the FMWG to be easily replaced without major disruptions. Aave's Finances contains a wide variety of topics. As such, each domain should be covered by specialized entities that have proven themselves in their respective fields.

## Specification

If this TEMP CHECK is passed on Snapshot, the RFP process will proceed as outlined. Applications can be submitted as a reply to this post, and should make sure to start with [Name of Scope Applied] for ease of sorting.