

aip: TBA

title: Claim Aave Liquidity Farming Rewards & Send to Aave Grants DAO

status: Proposal

Author: 3SE Holdings, [@0xbilll](#), [@ItsFreeRealEstate](#), [@oneski22](#)

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## Simple Summary

This ARC presents (1) a plan for claiming and deploying liquidity mining rewards earned and sitting unclaimed in the Ecosystem Collector addresses on the V2 Ethereum, Polygon and Avalanche markets and (2) a policy for handling liquidity mining rewards earned by the treasury going forward.

As of July 24th, there is ~\$116,500 worth of claimable liquidity mining rewards across the V2 Ethereum, Polygon and Avalanche markets. Specifically, there is ~561.63 stkAAVE, ~54,259.74 WMATIC & ~724.80 WAVAX claimable in the Aave V2 Collector addresses, due to supplying liquidity to the respective markets. The addresses and real time values can be seen here: [at this Zapper bundle](#).

The authors are proposing that Aave DAO sets a policy whereby liquidity mining rewards earned by the Aave DAO's aToken holdings are periodically claimed and sent to Aave Grants DAO. The liquidity mining rewards will then be put towards grants promoting development on that network or protocol.

This proposal includes Aave DAO taking the first of these actions, with governance claiming all currently earned liquidity mining rewards (~561.63 stkAAVE, ~54259.74 WMATIC & ~724.80 WAVAX) and sending them to Aave Grants DAO. This will be done with the explicit direction that they be used on grants for projects building on the network they were earned on.

Going forward, liquidity mining rewards should be claimed when either the program has ended on a market and it is not likely to resume, or when a certain dollar value of rewards has been accrued. The amount is open for discussion, but given the lift of creating an on-chain proposal or engaging the guardians, \$50k is reasonable.

## Background

The Aave DAO holds its treasury assets in aTokens. When liquidity mining rewards were active for depositing into the Aave V2 markets, the Aave treasury earned a part of these rewards. Currently, the liquidity mining programs on Aave V2 and Polygon V2 have ended and the Avalanche liquidity mining program has moved from V2 to V3. As such, no more rewards are being accrued.

The liquidity mining programs were started by the different ecosystem funds to incentivize activity on the respective markets. In this spirit, instead of adding the funds to the Aave treasury, the rewards should be redistributed in the respective ecosystems to further support growth and development. Given its track record and established structure, Aave Grants DAO is in the best position to do this.

## Motivation

The Aave DAO has accrued ~561.63 stkAAVE, ~54259.74 WMATIC & ~724.80 WAVAX in liquidity mining rewards from supplying liquidity to the Aave V2 markets on Ethereum, Polygon and Avalanche, which are currently sitting unclaimed and unused. With the respective liquidity mining programs ending or switching to the V3 markets, there is no benefit in keeping the rewards unclaimed. This AIP would call for deploying these funds. Furthermore, the AIP would signal to other projects considering liquidity mining programs on Aave that assets accrued by the DAO will be used in a responsible and beneficial manner, to both Aave and the network.

## Specification

If passed, 2 AIPs will be proposed for an on-chain vote. The first AIP will target the V2 Ethereum market, and the other will target the V2 Polygon market. The payload will claim the accrued rewards and send them to the Aave Grants DAO. Additionally, if passed, the Aave Guardian will be called upon to execute the same actions on the V2 Avalanche network.

## Note:

Aave DAO additionally has ~855.43 wCFG claimable from its aToken holdings in the RWA Market. As of now, this is too small for a grant. However, in a future claim, wCFG holdings would be sent to Aave Grants DAO for the purposes of funding

projects working on bringing real world assets to Aave.