

Summary

This Temp Check proposes the development of a series of innovative solutions and strategies designed to position Aave at the forefront of DeFi innovation for the upcoming years. Building upon the market-leading technologies of Aave V3 and GHO, these ideas, as a conceptual framework, aim to significantly boost the adoption of the Aave ecosystem and scale DeFi to reach the next billion users. Aave Labs suggests a scope for a technical contributor grant to cover the next three years, with an annual review and renewal.

Motivation

Introduction

Aave Protocol has evolved into a leader in decentralized finance recognized for its wide array of assets, conservative liquidation and collateral system, and decentralized governance. Aave has reached this position by continuously implementing risk management and other feature improvements. As a non-custodial liquidity protocol governed by the Aave DAO, Aave has 450k+ token holders who can participate in governance, deciding on all proposed changes to the protocol.

The Aave Protocol has reached an average of [50% market share](#), thanks to Aave's continued innovation, increased brand awareness and the committed participation of its community.

To remain leaders in DeFi, we welcome the community to discuss, ratify and build together a plan based on a vision for 2030 and beyond.

Aave to 2030 and Beyond

The crypto ecosystem is ever-evolving and growing to attract new users and financial institutions. While currently Aave is the leading Non-LST DeFi protocol in TVL, it cannot be understated how important innovation and brand awareness are for Aave ecosystem's continued success in the future. It's exciting to see how in the past two years many contributors have participated in the growth of the Aave DAO, introducing new technologies that have drastically improved the experience for Aave users and community members. A few notable examples include a.DI and Aave Governance V3 by BGD Labs, Skyward and Merit by ACI risk management by Chaos Labs, security contributors including Certora and treasury management contributors TokenLogic and karpatek.

In line with the steady advancement of new technologies such as ZK networks, Superchains, and non EVM L1s, Aave Labs is proposing a few key solutions to enhance the Aave Protocol. Given the competitive DeFi landscape, we believe the key to staying ahead is through continued innovation, building and shipping excellent solutions that address the ongoing requirements of the Aave community. The suggested ideas are looking to position Aave at the forefront of DeFi in 2030 and beyond. In the spirit of decentralization, this Temp Check proposes a path and relies considerably on feedback from the community and the participation of contributors for its execution.

We aim to implement this plan together with the community over the next three years. The structured approach that includes regular community check-ins and renewals is designed to ensure that every step aligns with Aave DAO's objectives and receives community feedback and support.

Aave Labs involvement is confined to a three-year grant, wherein our role is that of a technical contributor to the DAO, providing expertise and solutions in alignment with the goals as approved by the DAO for the grant. Any extended vision beyond this period serves only as a conceptual framework, helping the Aave governance visualize the broader trajectory of progress beyond our specific contribution. Aave Labs does not guarantee any involvement beyond the scope of any approved governance proposal, and to prevent reliance on Aave Labs by the DAO, we will seek to reduce our technical contribution progressively throughout the grant period, empowering the community members to continue owning the future of the Aave ecosystem.

Solutions

Aave Protocol V4

The cornerstone of the 2030 vision is the introduction of Aave V4 – the next iteration of the protocol. We are proud of what the previous versions have accomplished and cannot wait for Aave V4 to showcase the massive step forward the technology will be for the community and the DeFi space.

Given the number of innovations built into V4, the full explanation is presented in a separate Temp Check [here](#). We are excited to unveil the innovations behind the V4 proposal, and we look forward to discussion and feedback from the community.

Cross-Chain Liquidity Layer (CCLL)

When Aave Protocol V3 was initially introduced, one of the main features was [Portals](#) - the concept of Aave becoming a chain-agnostic, borderless liquidity protocol. Although the idea was ahead of its time, it initially required significant trust assumptions to function effectively. However, technology has evolved rapidly. With the adoption of CCIP, the concept of superchains, and V4's Unified Liquidity Layer feature, Aave can soon scale to become a fully cross-chain liquidity protocol. This will allow borrowers to access instant liquidity across all supported networks. These improvements have the potential to evolve Portals into the de facto fast lane bridge, leveraging this new infrastructure as a potential revenue source for the protocol.

GHO and RWAs

Another important development is the emergence and adoption of Real World Assets (RWAs). We believe GHO is the perfect candidate to accommodate the introduction of RWAs within the Aave ecosystem. After the release of Aave Protocol V4, Aave Labs (together with other Aave DAO contributors) would like to focus on innovating solutions around adoption of RWA-based products built around GHO, which will help to scale GHO further as an infrastructure.

Research on this topic is already underway, and we will be working closely with Chainlink to build the necessary technologies.

Aave Network

Aave Labs suggests the introduction of the Aave Network that can serve as the primary hub for Aave and GHO, while remaining multichain and network-agnostic. The network can serve a variety of uses that fulfill requests frequently expressed by Aave users, for example, democratizing access to the Safety Module by lowering cost. The Network can serve as the main voting network for Aave Governance V3 developed by BGD Labs. It can also serve as the primary hub for the Aave cross-chain strategy.

While Ethereum would remain the home of the Aave DAO and the Aave governance, the network can bring unprecedented growth to Aave and GHO by opening up unexplored markets. We believe there are some key features that should be considered:

- Using GHO for fees: with the use of Validium on top of Aave Network, enables cost-effective and micro payments and improves the UX.
- Aave V4 integrated at the network level: Aave V4 will become the main network liquidity hub, with simple integration access for developers.
- AAVE as main staking asset for decentralized validators/sequencers
- Governance control of the Aave Network interfaces to Ethereum through the Aave Governance V3
- Extensive usage of Account Abstraction
- Inheriting the network security from Ethereum

Aave Labs will be monitoring the evolution of both L1 and L2 networks with the goal of assisting the DAO in choosing the best technology for this fundamental piece of infrastructure and to make sure key features above are integrated.

Updated Aave Protocol Visual Identity

To bring together our ideas for the future of the Aave Protocol, we recognize the need for a cohesive and updated visual identity to carry the Aave Protocol into this new chapter. We propose streamlining the Aave visual mark to make it more modern and distinctive within and outside the DeFi space. It is essential that Aave have a distinctive visual mark that reinforces awareness as well as builds brand loyalty. This update is pivotal in propelling the community towards the idea of Aave 2030, ensuring that the visual identity effectively represents the ambitions and supports the community's strategic goals.

This proposed change and its rationale have been described in a separate Temp Check[here](#), where it can be evaluated, discussed, and if approved by the community, immediately implemented. We welcome feedback on this key element in the associated governance proposal.

Note: The proposed new Aave Visual Identity will be irrevocably licensed to the Aave DAO. This license will grant the community the broad rights to reproduce, distribute, perform, display, and communicate the visual identity for the benefit of the Aave Protocol, the Aave ecosystem, the Aave DAO, and related activities. The use of the visual identity will be strictly prohibited for malicious activities, including but not limited to phishing scams and impersonation. This identity will be separate from that of Aave Labs, which will have its own distinct identity. For the purposes of this proposal, we are using the newly proposed visual identity in an effort to showcase the vision for the brand.

Additional Ideas

The following ideas are projects that Aave Labs will commit to exploring during the three-year-period, but will not form part

of the compensation for this proposal.

New Products Built Around Aave

Aave Labs is planning, in the same three year timeframe, to introduce entirely new DeFi products. While these will be new and independent products, Aave Labs is planning to provide the Aave DAO with significant exposure to these new products and their governance, because these technologies are capable of further propelling the growth of Aave and GHO. However, Aave Labs will work independently to determine the terms and technical implementations of these products until they are ready to be shared with the community.

Expanding Aave Protocol to non-EVM chains

2023 and 2024 have been amazing years of growth in the crypto space. While the EVM ecosystem leads the way, there have been a number of emergent, non-EVM networks that have gained considerable user traction. The Aave ecosystem's homebase is (and should be on) Ethereum. However, given the Protocol's network-agnostic position, we at Aave Labs believe the opportunity to expand to other networks cannot be ignored.

This aligns with the internal research conducted by the Aave Labs. We are pleased to announce that we are prepared to submit a specific proposal to the DAO shortly. If the proposal is adopted by the DAO, we can move forward swiftly and aim for implementation of the proposal by the end of 2024.

Specification

To effectively manage and implement the ideas outlined in this Aave 2030 Temp Check, we propose the following approach, broken down into specific goals and timelines.

First Year

Agreement Scope:

- Introduction of a New Aave Visual Identity
- Aave V4 Prototype (Q4 2024)
- Aave V4 Code Completion (Q2 2025)

Additional Efforts:

- Integration with a minimum of one new, innovative GHO facilitator
- Support on the integration of one non-EVM chain

Second and Third Year:

- Aave Network
- CCLL (Cross Chain Liquidity Layer)
- Research and introduction of RWA product
- Integration with a minimum of one additional non-EVM chain
- A minimum of one Aave Labs product that is intended to propel growth of Aave/GHO

We will assess priorities on an annual basis at renewal of this proposal.

Funding

Historically, Aave Labs sought retroactive funding from the DAO following the development of Aave Protocol V3. This method had its merits and allowed us to innovate and prove success before presenting the accomplishments to the community for compensation. However, the community requested a more proactive engagement model that states and seeks approval for costs in advance.

We have thus shifted towards proposing a model where we outline the grant roadmap and associated budget in advance. This approach ensures mutual understanding in advance of the proposed work and agreement on the objectives and timeline with sharing and discussing with the community updates along the way.

Requested Budget

For the execution of the first year of this three-year plan, Aave Labs requests a grant with a budget of 15M GHO and 25,000 stkAAVE to cover the following costs:

- R&D
- Technical Engineering Resources
- Non-Technical Resources
- Audits (excluding community's existing agreements with security contributors)

Terms

The roadmap to realize our ambitious ideas spans three years, underscoring Aave Labs' long term commitment. To ensure ongoing satisfaction and alignment with the Aave DAO's expectations, we commit to an annual renewal and review of the agreement. We propose a three-year scope with annual checkpoints for feedback and adjustments, ensuring responsiveness to the DAO's evolving needs.

- Funding for the First Year:
- \$3 million GHO up-front
- \$12 million GHO streamed over the first year
- 25,000 stkAAVE streamed over the first year
- \$3 million GHO up-front
- \$12 million GHO streamed over the first year
- 25,000 stkAAVE streamed over the first year

Why a Three-year Scope?

We propose a three year scope to accomplish this series of far reaching technological innovations for the Aave DAO. Although we recognize that space is ever-changing, and 6-12 month plans are typical in the ecosystem, to successfully achieve this ambitious plan, a longer timeline is required to really push the boundaries of what is possible and to build towards the Aave of tomorrow.

Aave Labs is committed to this proposed three year grant roadmap and to full accountability on results and achievements throughout this journey, in accordance with the DAO development guidelines already in place and with the goal of building technology with the community, for the community.

Upon completing the three-year grant roadmap, Aave Labs will, with community approval, continue to look ahead and determine further steps necessary to advance Aave towards 2030.

Evaluation Metrics

From the DAO's experience with service providers, we suggest the following metrics and measures of performance:

- Track and document monthly contributions to the Aave DAO, detailing progress across various aspects of the scope.
- Provable participation and/or delivery of the projects described in the scope.
- Direct or indirect participation in projects of other fields of contribution.
- Solicitation of feedback from other contributors and DAO members.
- Direct and transparent engagement with the DAO via the governance forum.

Principles

- Aave Labs acts only as a technical contributor; the Aave DAO remains in charge of all deployments of the code bases that Aave Labs or other contributors produce. Aave Labs engages with the DAO like all other contributors would within the established working relationships and procedures within the Aave DAO.
- All the proposed solutions shall undergo Temp Checks with objectives and specific strategies for each initiative for the Aave DAO to evaluate and approve. All improvements will be built in public together with community feedback and contributions.

- Success requires active community participation. We extend an open invitation to all developers to join us in realizing the ideas for Aave 2030 by collaborating with Aave Labs and the wider community. Participants contributing under this proposal should align with the high-level technical implementation and decisions proposed by Aave Labs.
- Any production ready code written in the scope of the proposals' funding will be moved to the AaveDAO GitHub repository.
- Aave Labs will not manage the deployment of any written software. Instead, we suggest the DAO engage [Catapulta](#), a service provider specializing in smart contract deployments.
- We are stronger together; harnessing our collective expertise and perspectives to propel the Aave Protocol to the next level.

Next Steps

1. Engage with the community and service provides to refine the detailed proposal
2. Gather feedback on associated Temp Checks (i.e. Aave Protocol V4, New Visual Identity)
3. Incorporate stakeholder feedback and escalate proposal to ARFC stage
4. Development begins

Copyright

The text of this TEMP-CHECK is released under the CC0 license. The visuals and the New Visual identity are subject to and governed by the license specified in the approved governance proposal by the DAO (to be included in the ARFC at a later date).