ChainSights

Aave DAO

Executive Summary

Aave DAO shows strong governance participation with 629 unique voters and robust voting power deployment, but faces critical centralization risks with top 5 delegates controlling 54.2% of power and a concerning Gini coefficient of 0.970. Many high-power delegates show extremely low participation rates (0.06%), creating governance efficiency concerns. Immediate priority should focus on delegate accountability measures and broader power distribution incentives.

4/10

Decentralization Score

New

-

Category Rank

Top Priorities

- Implement delegate participation requirements with minimum voting thresholds to address low participation rates among high-power delegates
- Create incentive mechanisms for broader delegation distribution to reduce top 5 delegate concentration from 54.2%

Governance Truth Report

Aave DAO

Decentralization Score

4/10

Aave DAO demonstrates strong participation with 629 unique voters and high voting power engagement, but faces significant centralization concerns with a Gini coefficient of 0.970 and top 5 delegates controlling 54.2% of voting power. The delegation-heavy structure shows healthy representative democracy but needs better participation incentives for lower-tier delegates.

Power Distribution at a Glance

16.2%
Top 1 Wallet

54.2%
Top 5 Wallets

88.6%
Top 20 Wallets

629
Unique Voters

5
Nakamoto Coeff.

Participation Analysis

Strong overall participation with 629 unique voters across analyzed proposals, ranging from 112-456 votes per proposal. However, participation is heavily skewed toward high-stakes proposals, with the contentious AAVE token alignment proposal drawing 456 voters while routine proposals average 120-140 voters.

- High voter turnout of 456 participants on controversial AAVE token alignment proposal indicates strong community engagement on critical issues

- Routine proposals maintain consistent 120-140 voter participation, showing stable governance engagement

- Voting power utilization is strong with over 1M voting power deployed on most proposals (up to 1.8M on contentious votes)

Power Distribution Analysis

Power distribution shows extreme centralization with a Gini coefficient of 0.970 and Nakamoto coefficient of only 5. Top 5 delegates control 54.2% of voting power, while top 20 control 88.6%, indicating concerning concentration despite the delegation structure.

- Nakamoto coefficient of 5 means only 5 entities need to collude for majority control
- All top 20 voters are delegates (not whales), indicating a functioning delegation system but concentrated delegate power
- Significant power gap: top delegate has 333,000 voting power while #20 has only 19,666 - a 17x difference

Key Governance Participants

Delegates (Trusted with Delegated Power)

Address	Type	Voting Power	% of Total
0xEA0C12...De6B5A	DELEGATE	333,000	16.23%
0x57ab7e...112922	DELEGATE	312,453	15.23%
0x8659D0...207d0E	DELEGATE	161,218	7.86%
0x7F4a59...8cd1E1	DELEGATE	156,000	7.60%
0x2764f4...261FAa	DELEGATE	149,919	7.31%

Voting Patterns

Voting patterns show strong consensus-building with most proposals passing as 'YAE' except for the controversial AAVE token alignment proposal. Participation spikes dramatically on contentious issues, with voting power deployment scaling appropriately with proposal importance.

Observed Trends

- High consensus rate with 9/10 recent proposals passing successfully
- Voting power deployment scales with proposal importance (500K to 1.8M range)

Potential Concerns

- Many high-power delegates show extremely low participation rates (0.06%)
- Power concentration risk with top 5 delegates able to determine most outcomes

Recommendations

Implement minimum participation requirements for delegates with voting power above 50,000 to address the 0.06% participation rates among top delegates

Create delegation incentive programs to encourage broader distribution and reduce the 54.2% concentration among top 5 delegates

Establish delegate performance transparency dashboards showing participation rates, voting rationale, and community engagement metrics

Methodology

Analysis based on 10 recent proposals with 629 unique voters. Power distribution calculated using maximum voting power observed per wallet across all analyzed proposals.

Classification Rules:
- WHALE: Wallet with significant direct token holdings (directTokenPower > 0 AND directTokenPower > delegatedPower)
- DELEGATE: Wallet deriving voting power primarily from delegation (directTokenPower = 0 OR delegatedPower > directTokenPower)
- WHALE-DELEGATE: Whale who also receives significant delegations
- TOP VOTER: Significant voting power but source unknown (voting strategy data unavailable)

Note: Some DAOs use voting strategies that don't provide breakdown between direct tokens and delegations. In these cases, top voters are classified as "TOP VOTER" rather than making assumptions about their power source.

All addresses and voting power figures are sourced directly from Snapshot governance data. Gini coefficient measures inequality where 0 = perfect equality and 1 = maximum concentration.

Historical Trends Analysis

' Governance is new

- No historical data available for trend analysis
- Current snapshot shows established governance with 915 total proposals indicating mature system

Notable Changes

- No weekly data available for analysis

' Governance is new

Peer Comparison

No peer comparison data available

Strengths vs Peers

● Cannot determine relative strengths without peer data

Areas for Improvement

! Cannot determine relative weaknesses without peer data

Peer Insights

- No peer DAOs available for comparison
- Analysis limited to internal governance health assessment

Strategic Recommendations

HIGH Medium

Implement delegate participation requirements with minimum voting thresholds to address low participation rates among high-power delegates

Example: Compound has implemented delegate participation tracking and community accountability measures

HIGH Long-term

Create incentive mechanisms for broader delegation distribution to reduce top 5 delegate concentration from 54.2%

Example: Uniswap has implemented delegation incentives and education programs

MEDIUM Quick Win

Establish delegate performance dashboards and regular accountability reports to increase transparency

Example: MakerDAO publishes regular delegate scorecards and participation metrics

MEDIUM Medium

Consider implementing minimum participation requirements for maintaining large delegated positions

Example: Some DAOs have automatic re-delegation mechanisms for inactive delegates

About ChainSights

ChainSights provides identity-first Web3 analytics. We help DAOs understand who actually controls their governance by analyzing wallet behavior, voting patterns, and power concentration.

Questions about this report? Contact us at hello@chainsights.one

Wallets lie. We don't.