FLOURISH
BLOCKCHAIN

EXECUTIVE SUMMARY

The stable coin landscape is dominated by USDT and USDC, which are pegged to the US Dollar and are not entirely decentralized. The USDC has a market cap of over 44.2 billion and USDT over 78.4 billion respectively and together they strengthen the US economy despite the fact that high trade volumes and transactions come from countries like Kenya and Nigeria (CoinMarketCap, 2022).

In May 2021, Nigeria accounted for a trade volume of about 2.4 billion US Dollars in the crypto space (The Guardian, 2021). On the other hand, Kenya, which happens to be one of the early adopters of peer-to-peer cryptocurrency transactions ranks No.1 for the total value of peer-to-peer transactions (CoinGeek, 2021). Despite their contributions, the fiat currencies of these countries are not receiving equal representation in the stable coin landscape, nor is their economy benefiting from their respective fiat currencies being held as reserves, which is very much the case with the US Dollar.

The current stable coin model does not serve the purpose because it is neither decentralized nor does it have a global appeal. It largely relies on the US Dollar as a peg despite the fact that it has no intrinsic value and is solely backed by the word of the US government and that is not something the rest of the world should be expected to rely on. It is worth noting that in the 1960s, the US Dollar ceased to be redeemable against gold, silver, or any other commodity (The Federal Reserve, 2021). This is why the Flourish Protocol aims at creating country-specific stable coins that are pegged to the local currencies and strengthen the respective economy through segregated treasury management.

The US Dollar continues to be the peg for most mainstream stable coins like Tether, USDC, DAI, BUSD, and several others despite the fact that the Swiss Franc is the most stable currency in the world. While the world’s strongest currency is the Kuwaiti Dinar followed by the Bahrain Dinar, Oman Rial, Jordan Dinar which are much stronger in value than Western Currencies like the US Dollar and The British Pound (Clacified, 2021). This highlights the absence of equal representation and the most neglected are 3 | P a g e the smaller economies which have greatly contributed to the overall growth of the crypto industry.

INTRODUCTION

For decades, the US Dollar has dominated the money market and has been used as a yardstick to measure the strength and stability of other fiat currencies. This is not because the US Dollar is the most valuable, because that pedestal has long since belonged to the Kuwaiti Dinar. In fact, there are several currencies like the Bahrain Dinar, Oman Rial, Jordan Dinar which are much more valuable than the US Dollar and The British Pound (Clacified, 2021). Yet, the US Dollar has remained a reliable yardstick because of its controlled supply which accords stability to it.

This reliance was placed largely due to the US Dollar's stability and that seemed alright until the 1960s when the currency was redeemable against Bullion, but then that practice was discontinued (The Federal Reserve, 2021). In fact, none of the present-day fiat currencies are backed by gold or any other type of valuable commodity which means they have no real intrinsic value and are solely representative of the respective government's promise.

For this reason, the world of decentralized finance and particularly, the stable coins evolved. As a matter of fact, one of the core objectives of the blockchain industry is to create an inclusive economy, but that was hindered to an extent by the monopolization of stable coins like the USDT and USDC which are pegged to the US dollar — as of today, the USDC has a market cap of over 44.2 billion and USDT over 78.4 billion respectively (CoinMarketCap, 2022). Unfortunately, they strengthen the peg because for each stable coin minted, the peg is held as reserve and deposited in the treasury.

As an over-collateralized, decentralized capital-efficient stable coin protocol for personal finance, the Flourish Blockchain aims at ensuring an inclusive environment, particularly for the smaller economies, often labeled as third-world countries. With a calibrated approach, the project makes use of liquidity providers and a strategically structured protocol to ensure full convertibility between stable assets and collateral without the borrowers losing out their ownership rights. As a result, it would facilitate swapping of collateral against stable assets, and stable assets against collateral — at oracle value but without the loss of ownership and in an interest-free ecosystem.

The Road Ahead

The Flourish Protocol was designed to enable the issuance of stable coins pegged to literally any fiat currency in the world. It would open the doors to limitless possibilities and that would start with the launch of a stable Naira Coin (NGNC) on the mainnet. That would result in the first liquid stable coin that is backed by Crypto, but it does not end there

The goal of Flourish Blockchain is to create stable coins for almost all Forex currencies, especially for economies that have little or no access to decentralized finance. Also, to provide an investment avenue for those who live in countries where cryptocurrencies are either restricted or banned. For instance, countries like Bangladesh, Morocco, Egypt, Nepal, and certain others have entirely banned cryptocurrencies (Investopedia, 2021).

These countries have crypto enthusiasts who need an avenue to invest in cryptocurrencies and that is precisely what the Flourish Blockchain aims at facilitating. In this whitepaper, we shall elaborately discuss the need for equal representation and how the Flourish Blockchain aims at facilitating that through its highly structured protocol. Furthermore, the noble mission of this project is backed with high potential that shall be demonstrated with facts and figures.

NEED FOR FLOURISH PROTOCOL

Over the past decade, the decentralized finance landscape has emerged as a strong alternative for centralized institutions like banks, money exchangers, lenders, etc... Due to its many benefits, the cryptocurrency market has expanded exponentially and empowered seamless international transactions.

As their value is pegged to an external asset like a fiat currency, they are one of the most stable crypto asset classes. Therefore, Traders and other crypto enthusiasts use them as a hedge against the sharp upward and downward movements which are rampant in the crypto market. Their stability comes from the peg that the stable coin uses, which is usually a fiat currency — predominantly, the US Dollar.

The Flourish Protocol aims at driving that change by enabling the use of other fiat currencies as pegs, particularly those representing developing nations. This is a much-needed change for the cryptocurrency markets to remain a decentralized global marketplace. In fact, smaller nations that have greatly contributed to the growth of this industry deserve equal representation.

Nigeria

Despite the fact that 1 USD is equal to about 414.5 Nigerian Naira, this nation has the second highest cryptocurrency trade volume in the world. In May 2021, Nigeria traded over 2.4 billion US Dollars despite the government's restrictions (The Guardian, 2021). According to experts, it is hard to procure US Dollars in Nigeria, a reason why Nigerians have been using cryptocurrencies for cross-border exchanges despite the official disapproval (Reuters, 2021).

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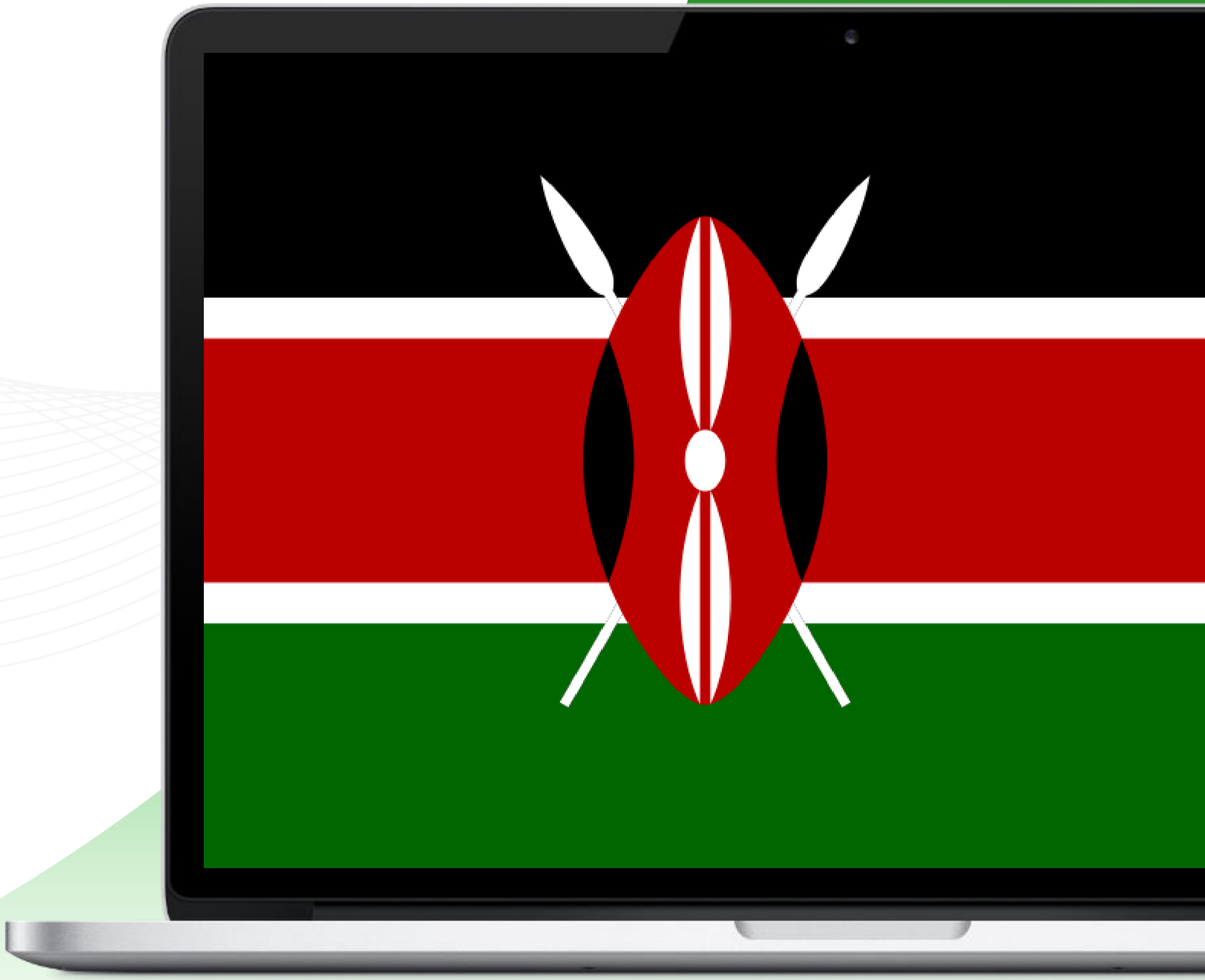
Kenya

Known to be an early adopter of cryptocurrencies, this East African country now leads the pack when it comes to peer-to-peer transfer of digital currencies. It ranks before the US, China, Brazil, and other early adopters of cryptocurrency (CoinGeek, 2021). In fact, in the year 2021, Kenya reportedly led 880% of the global crypto market growth (CryptoSlate, 2021).



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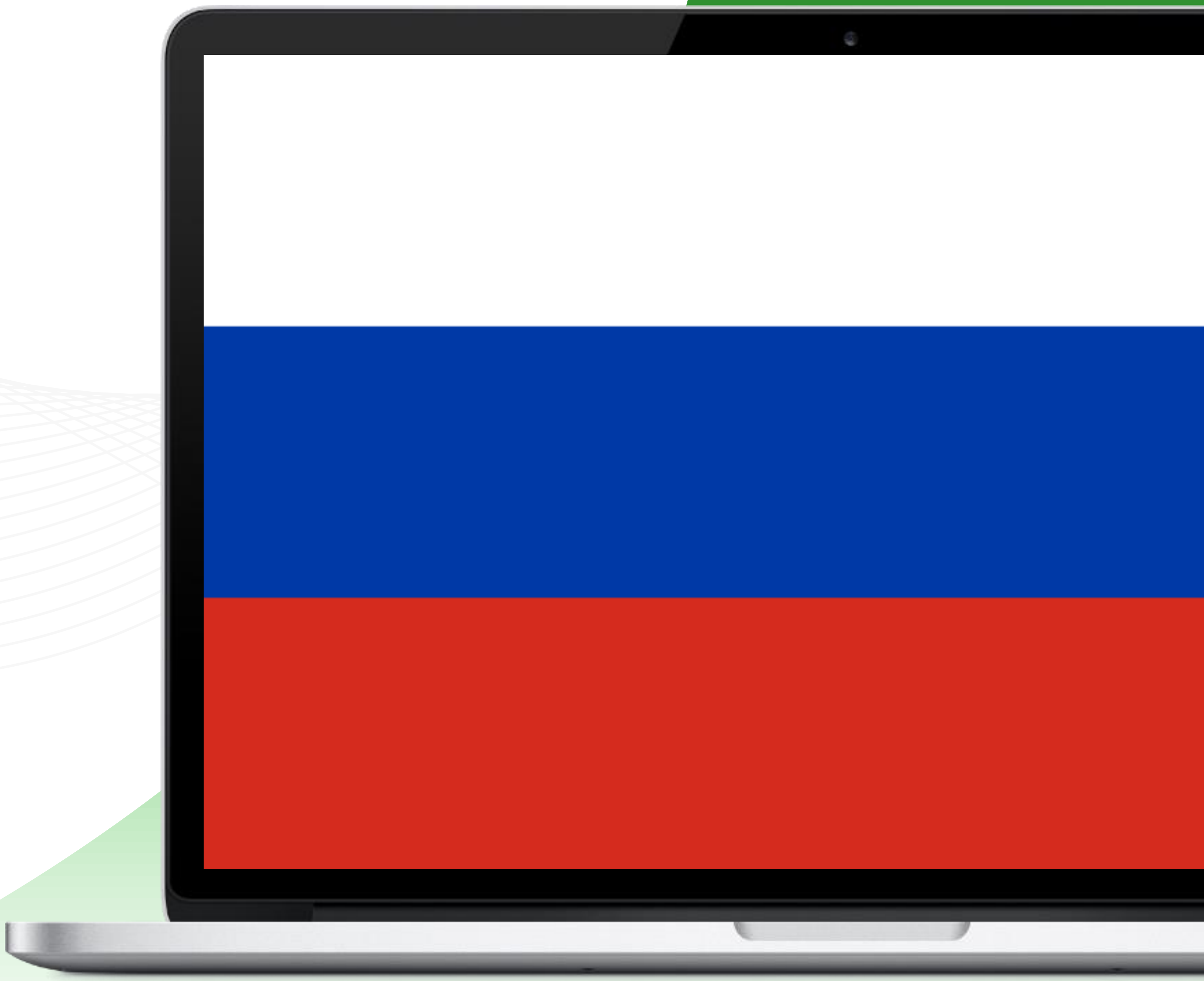
India

Despite the regulatory deadlock, WazirX, an affiliate of the Binance Cryptocurrency Exchange is witnessing tremendous growth and registered an annual trade volume of $43 billion US Dollars in 2021 (CoinDesk, 2021).

Russia

Although the Bank of Russia remains skeptical about Bitcoin, the Russian central bank estimates that over 5 billion US Dollars or 350 billion Rubles worth cryptocurrencies are transacted each year in Russia (Coin Telegraph, 2021). From the above mentioned, it is clear that the phenomenal growth in the cryptocurrency market is the result of a global investor base and that includes traders and investors from developing countries too. For their massive participation, these third-world nations also deserve equal representation which is only possible when their native currencies are used as a peg by stable coins. That is exactly what Flourish aims at enabling. Now that we have discussed the need for equal representation, let us move forward and discuss why the Flourish protocol is important and the changes it can bring about.



FLOURISH VS OTHER CURRENCIES

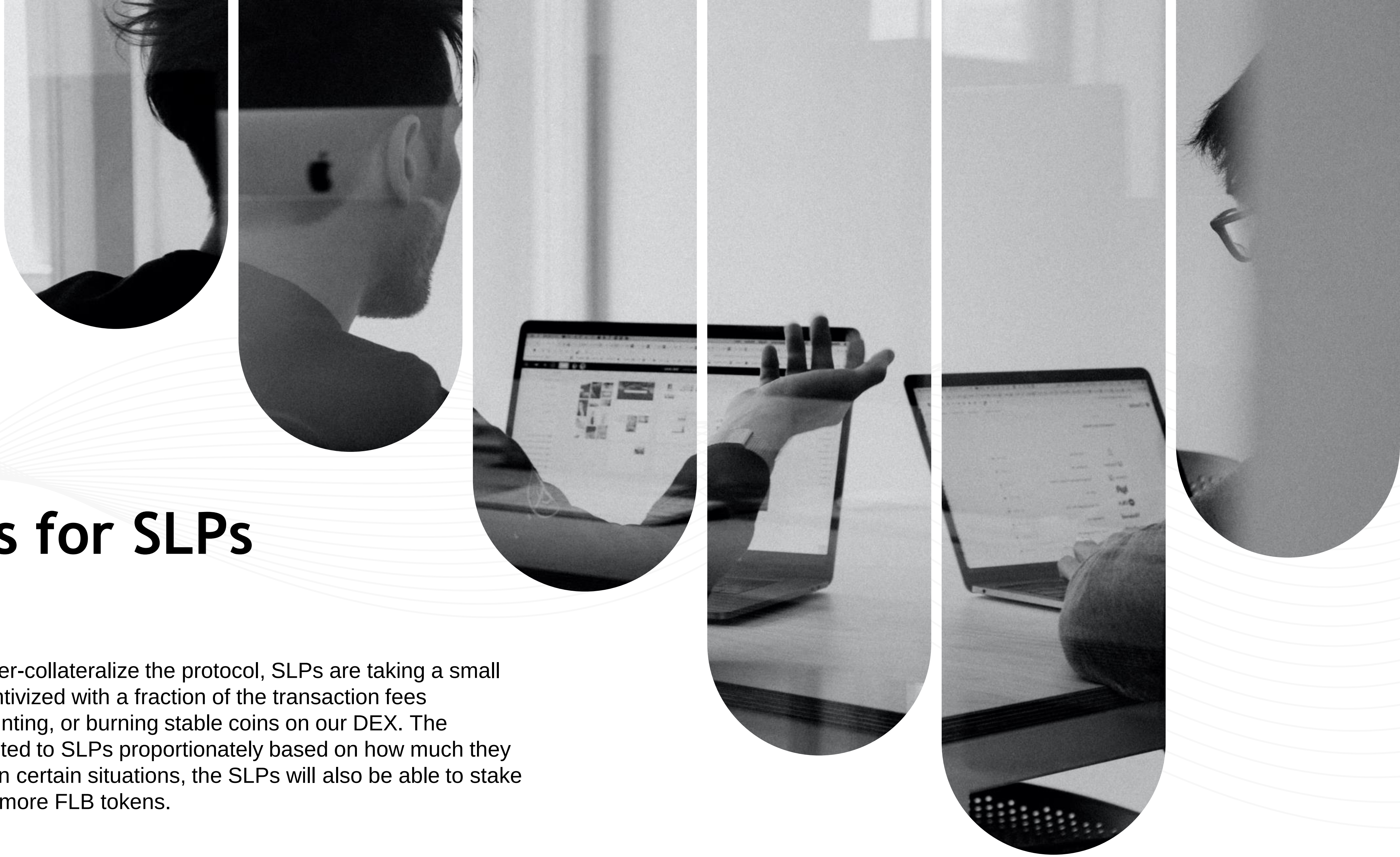
Flourish is on a mission to replace not just fiat currencies but to also overcome the current concerns around existing stable coins which are expensive, inefficient, and pegged to the US Dollar only. As we discuss and architect Flourish, one might wonder if there was the need for yet another stable coin protocol to hit the crypto market. The answer to this is in affirmative because from technical and commercial perspectives, there is enormous scope for improvement. By converging cutting-edge protocols, Flourish aims at steering clear most of the reservations connected with stable coins such as collateralization, liquidity, and more. Let us now dive deeper into some of the key strengths of Flourish over other currencies, both fiat and crypto.

Overcoming Liquidation Concerns

As we have discussed the triggering of liquidation when a certain level is hit, one may wonder if that can really happen when stable coins are used as collateral. A straightforward answer would be a big yes because although stable coins/fiat currencies are fairly stable in relation to each other, things can still go downhill. For instance, if a user deposits USDT to mint NGNC and the US Dollar falls by 18% against the Naira, then the position would be liquidated at the remaining 7%.

Introducing Standard Liquidity Providers - Insurance of the Insurance

The solution proposed by Flourish to remain over-collateralized is to resort to Liquidity Providers (LPs), that is, extra agents that bring in additional collateral to the protocol and help manage its risk. To achieve this objective, the protocol relies on Standard Liquidity Providers (SLPs). The SLPs provide liquidity like any other liquidity providers one finds on other protocols like Compound, Uniswap, Aave, etc... In return for their efforts, they automatically accrue interests on the assets they brought into the ecosystem. Throughout the process, their risk is limited to slippage which only occurs when the protocol is not well collateralized, and they want to cash out. This is referred to as impermanent loss. Let us now delve deeper into how the SLPs are incentivized and also get an understanding of their risks.



Incentives for SLPs

When lending money to over-collateralize the protocol, SLPs are taking a small risk for they would be incentivized with a fraction of the transaction fees generated while trading, minting, or burning stable coins on our DEX. The transaction fee is redistributed to SLPs proportionately based on how much they contribute to the protocol. In certain situations, the SLPs will also be able to stake their positions and receive more FLB tokens.

THE FLOURISH ECOSYSTEM

The Flourish Protocol is a fork of the Fantom Blockchain and therefore possesses its inherent traits and adds some more of its own to create a comprehensive ecosystem capable of ensuring equal representation. The reason for us to choose Fantom was because of its Delegated Proof of Stake feature and its ability to process up to 20,000 transactions per second

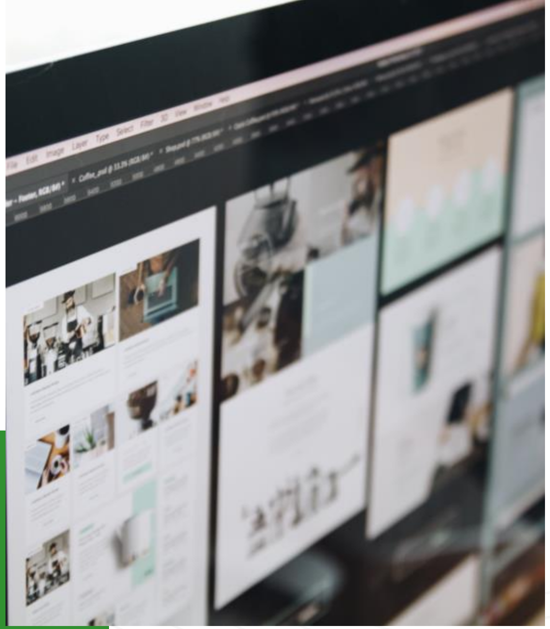
Rewards from the Validation Node will be apportioned into three portions — first one for the validator node, the second for stakers, and the third goes to the treasury of each country's node. So, each Validation Node will maintain a treasury from the pool of rewards it generates. So, the value locked is expected to be used for advancement of that particular economy's stable coin's progress and growth like listing on various exchanges and other activities as voted by the users in that country. The goal is to vest control of each validation node to the developer community and contributors from that particular region. We firmly believe this will truly decentralize the process and ensure equal participation by all the economies.

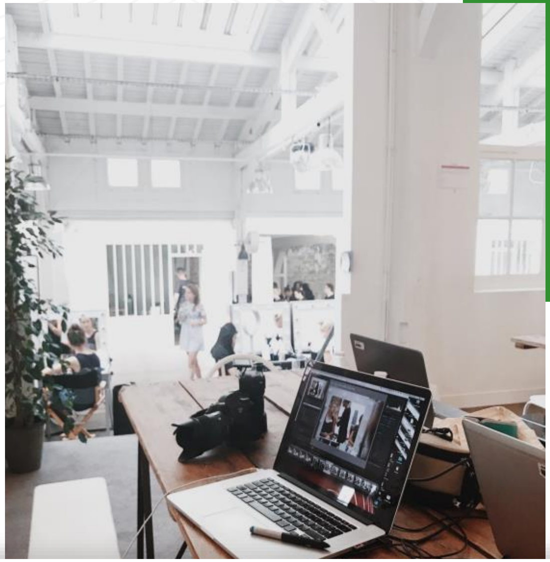
The Stable Seekers

The stakeholders in the Flourish ecosystem are mainly the token owners or stable seekers and the liquidity providers. As we have already discussed the SLPs, let us now move forward and talk about how the other stakeholders fare on this platform. It is worth recollecting that the goal of the Flourish protocol is to facilitate the minting of stable assets tradable on the blockchain. This is achieved by issuing country-specific Flourish tokens against whitelisted collateral like FLB or USDT.

Mint Transactions

To generate a stable asset, a user just has to send a whitelisted collateral to the protocol and then an oracle determines how many Flourish stable coins the user can be allowed to mint. Each Flourish stable coin is a country-specific token pegged to the currency of that particular nation and is named after it like, for instance, Nigerian Naira Coin (NGNC). So, whoever wants to purchase those coins may do so by providing collateral and availing the tokens against it at oracle value and with minimal fees.





Illustration

If the oracle price for a USDT is 500 NGNC, with a transaction fee of 0.3% of the total transaction value, then a stable seeker depositing 100 USDT in the Flourish Protocol will receive 36,375 newly minted NGNC for it.

The Breakdown

For USDT as collateral, the user will over-collateralize their position by 25%. $100 USDT = 50,000 NGNC $25 USDT = 12,500 NGNC is held as over collateralization. $75 USDT = 37,500 NGNC - 0.03%(fees) $72.75 = 36,375 NGNC

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Burn Transactions

Just like the minting process which we have already discussed, the Flourish Stable coin holders can burn their coins to get the whitelisted stable asset back from the protocol. The amount is released based on the collateral price specified by the oracle minus the transaction fees. The stable coins received by the protocol are then burnt. However, if a user deposits USDT as collateral but requests for some other whitelisted collateral like FLB while burning their stable coin, Flourish will only send the requested asset but for an amount equivalent to the initial USDT deposited.

Illustration

If the oracle price for FLB is $1000, and the transaction fees are 0.3%, then a user giving Flourish one FLB will receive in exchange 242,500 NGNC 1FLB = $1000 = 500,000 NGNC $500 = 250,000 NGNC is held as over collateralization. $500 = 250,000 - 0.03%(fees) $485 = 242,500 NGNC

Strategies

The platform's strategy to lend a part of the protocol's reserves to other lending platforms makes it highly lucrative for the SLPs and also benefits the protocol as the surpluses are accumulated in the treasury. It allows Flourish to offer interesting yields and also to accumulate some of the surpluses. We decided on this approach after studying the immense success of Yearn.

Therefore, Flourish relies on strategies that handle Lender contracts interacting with lending and other yield farming protocols. Just like on Yearn, Flourish would gradually add new strategies to generate yield on the protocol's collateral based on governance votes. Each strategy can also support multiple lending platforms or protocols. The first implemented strategy would be derived from examining different lending strategies and picking one with the best APY

Launching Stable coins

Flourish aims to be a protocol that lets users mint synthetic tokens pegged to an asset of their choice —something that would always be a communitydriven decision. Soon after the launch of FLB, the project aims to kick start with only a few synthetics like NGNC and USDT.

FLOURISH PROTOCOL'S GOVERNANCE MODEL

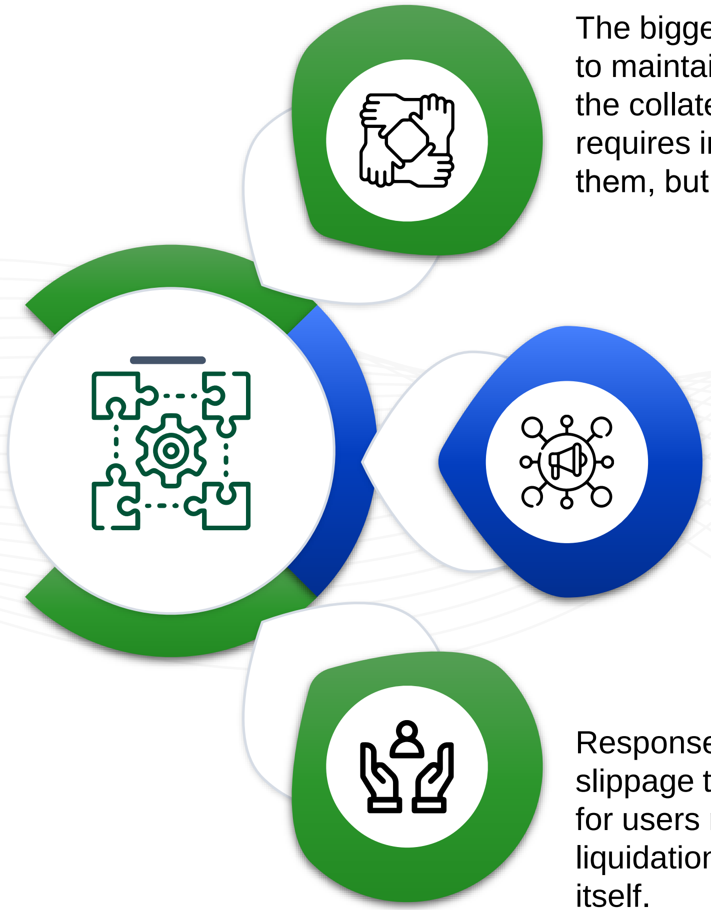
The Flourish protocol is a community-driven Decentralized Autonomous Organization (DAO) that relies on the voting mechanism to make critical decisions. However, the long-term goal is to minimize the need for active governance and to turn it into a fully autonomous self-running machine that runs based on predefined algorithmic calculations without the need for human intervention.

The DAO will work towards enabling the protocol to reach its full potential through prompt and timely improvements. This includes strategic decisions such as parameter tuning, protocol upgrades and integrations, and even growth and expansion strategies like launching new Flourish Stable Coins across various geographies.

The Governance Reward

The DAO shall use the FLB token for governance purposes also, which would position it for growth by increasing its utility and demand. This is further complemented by the fact that the supply of FLB tokens is capped at 1 Billion out of which 50% will be locked for future purposes.

Emergency Modules



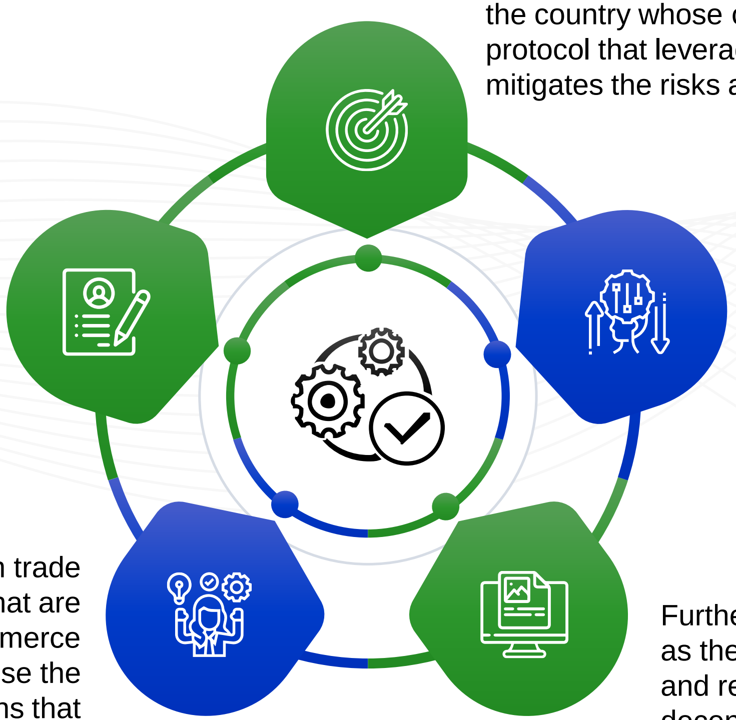
The biggest fear of any stable coin protocol is to be unable to maintain the convertibility between its stable coins and the collateral. In such cases, the Governance model usually requires increasing fees on exit transactions to discourage them, but that can hurt the platform's reputation.

As long as the protocol remains over-collateralized, this risk is mitigated and therefore it is essential to have enough SLPs and accumulated surplus from transaction fees and lending yield. This may not always happen and therefore the protocol has a set of predefined actions to manage crises.

Responses include what we have already discussed like slippage to prevent SLPs from exiting, dynamic transaction fees for users minting and burning stable coins, and the last resort — liquidation of collateral to enable the protocol to re-collateralize itself.

CONCLUSION

The Flourish protocol is a Fantom fork that lays down the foundation for stable coins pegged to respective fiat currencies and in a capital-efficient manner. The validation node of each Flourish Stable coin is named after the country whose currency it represents. As an over-collateralized protocol that leverages SLPs and DEX liquidity providers, Flourish mitigates the risks associated with under-collateralization.



Also, it has a strategy in place to leverage over-collateralization and associated downsides by lending part of the reserves to other lending platforms. This not only ensures proper utilization of resources, but also paves the way for attractive returns. Such a mechanism is very much necessary to draw the attention of SLPs in the highly competitive cryptocurrency marketplace.

Furthermore, the Flourish Protocol segregates the treasury function as the proceeds of Flourish Stable coins go towards the development and reserves of that particular node only. This makes it a truly decentralized model that ensures equal representation for fiat currencies belonging to smaller nations.

As discussed, countries like Nigeria and Kenya account for high trade volumes and that highlights the need for stable assets that are pegged to their local currencies. This facilitates trade and commerce because users accustomed to a particular currency can use the corresponding stable coin and do not have to run computations that may turn out to be erroneous. Also, they don’t have to lose out on transaction fees or succumb to bad exchange rates offered by centralized institutions like the banks and money exchangers.

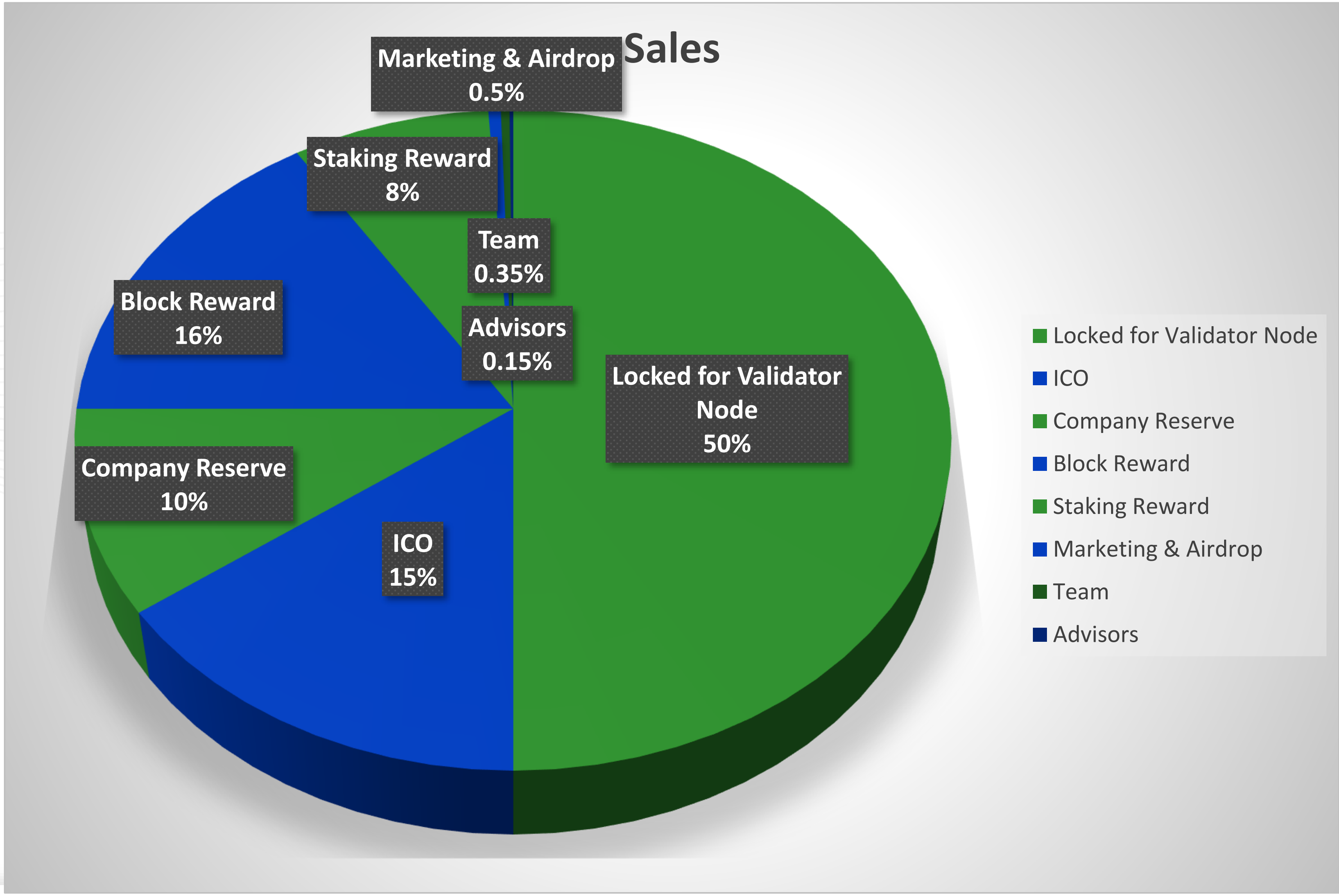
Overall, the protocol strengthens the local currency of a particular nation from the proceeds which come from it. Also, it acts as a store of value for digital asset enthusiasts who wish to receive or trade without bothering about running exchange rate calculations. With an elastic supply of collateralized tokens, the Flourish protocol truly decentralizes the world of stable coins and offers massive growth opportunities.

TOKENOMICS

Tokenomics	Vesting Period	
Maximum Supply	1 Billion	
Locked for validator Node	50%	N/A
ICO	15%	10% Monthly Release
Company Reserve	10%	1 Year
Block Rewards	10%	N/A
Staking Reward	8%	N/A
Marketing & Airdrop	0.5%	N/A
Team	0.35%	N/A
Advisors	0.15%	2 Years

TOKENOMICS

Maximum supply 1Billion



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THANK YOU!