Token Mechanics Across Blockchains - Solana and Ethereum

Duration: 2-3 hours

Objective:

- 1. Understand and implement token systems on two major blockchains: Solana and Ethereum.
- 2. Compare the differences in approaches, tooling, and implementation between the two ecosystems.
- 3. Gain practical experience in token creation, interaction, and use-case design through a real-world scenario.

Decentralized Rewards System - "ChainRewards"

Imagine you're tasked with developing a decentralized rewards platform called **ChainRewards**. The system will reward users with tokens for completing specific tasks, such as making purchases or engaging in eco-friendly activities.

- Users earn **REWARD tokens** for their actions.
- These tokens can be transferred between users or redeemed for rewards.
- The goal is to ensure the system is secure, transparent, and abuse-resistant.

You will implement ChainRewards on:

- 1. Solana using SPL tokens and Programs.
- 2. Ethereum using ERC-20 tokens and Smart Contracts.

Part 1: Solana Token Mechanics (80 minutes)

Sub-Part 1.1: Understanding the Use Case and Problem Statement (15 mins)

Guidance:

- 1. Breakdown the Use Case:
 - Why do we need tokens?
 - How do tokens enable rewards and transfers in ChainRewards?
- 2. Define Key Requirements:
 - o Minting: Tokens are issued based on user actions.
 - o Transfer: Tokens must be transferable between accounts.
 - Constraints:
 - Limit the maximum tokens per user.
 - Prevent unauthorized minting or double transfers.

Challenge:

- · Write down the potential security risks and abuse cases.
- Suggest solutions for ensuring fairness and transparency.

Resource:

• Solana SPL Token Overview.

1.2: Environment Setup and SPL Token Creation (15 mins)

Guidance:

- 1. Set Up Environment (should already be done in the previous TP):
 - o Install Solana CLI, Rust, and Anchor.

o Set up a local validator or connect to the Devnet.

2. Create an SPL Token:

- · Use the Solana CLI to create an account
- o Then, use SPL-TOKEN create and mint a token
- o Transfer tokens between accounts.

Bonus Challenge:

• Write a script using Solana's JavaScript SDK to automate token minting.

Resources:

- Solana CLI Docs.
- Spl-token Command-line.

1.3: Writing a Solana Program for Tokens (45 mins)

Guidance:

1. Program Features:

- Automate token minting based on user actions.
- o Allow users to transfer tokens programmatically.

Tasks:

- Write a Solana Program in Rust:
 - o Define user actions that trigger minting (e.g., completing a task).
 - Validate inputs to prevent abuse.
- Test your program using the Anchor testing framework.

Challenge:

- Add constraints to the program:
 - o Require users to reach a minimum threshold of actions before tokens are minted.
 - o Log all transactions for auditing purposes.

Resources:

- Anchor Framework Docs.
- Solana Program Examples.

Sub-Part 1.4: Testing and Deployment (30 mins)

Guidance:

- 1. Write Unit Tests:
 - o Test minting logic with valid and invalid inputs.
 - o Verify transfer functionality.
- 2. Deploy the Program:
 - Use the Solana CLI to deploy the program to Devnet.
 - o Interact with the deployed program using scripts or CLI commands.

Bonus Challenge:

• Extend the program to support burning tokens when they are redeemed.

Resources:

• Testing Solana Programs.

Part 2: Ethereum Token Mechanics (80 minutes)

Sub-Part 2.1: Problem Translation to Ethereum (15 mins)

Guidance:

1. Compare SPL vs ERC-20 Tokens:

- SPL Tokens: Managed by the token program on Solana.
- o **ERC-20 Tokens**: Fully custom smart contracts on Ethereum.
- 2. Discuss the differences in mechanics, such as:
 - Gas fees.
 - Ecosystem tooling.

Resource:

• ERC-20 Standard.

2.2: Environment Setup and ERC-20 Token Creation (15 mins)

Guidance:

- 1. Set Up Environment:
 - o Install Node.js, Hardhat, and Ganache.
 - o Configure MetaMask for a local Ethereum network.
- 2. Create ERC-20 Token:
- Write an ERC-20 contract:

```
// SPDX-License-Identifier: MIT
pragma solidity ^0.8.0;
import "@openzeppelin/contracts/token/ERC20/ERC20.sol";
contract RewardToken is ERC20 {
// complete the code here
}
```

Task:

• Deploy the contract using Hardhat.

Challenge:

• Add minting logic that only allows specific addresses to mint tokens.

Resources:

- Hardhat Docs.
- OpenZeppelin Contracts.

2.3: Testing and Interaction (30 mins)

Guidance:

- 1. Write Unit Tests:
 - o Test minting, transferring, and burning tokens.
 - $\circ\,$ Verify constraints such as maximum supply.
- 2. Deploy and Interact:
 - $\circ\,$ Deploy the contract to a local or test Ethereum network.
 - o Use Hardhat Console to interact with the contract.

Challenge:

• Extend the contract to include a **redemption function** for burning tokens.

Resources:

• Testing with Hardhat.

2.4: Comparison and Deployment (20 mins)

Guidance:

1. Discussion: $\,\circ\,$ Compare your experience with Solana and Ethereum. o Discuss trade-offs in terms of: Development complexity. Ecosystem tooling.

- 2. Deploy to Public Testnets:
- Performance and cost.

- $\circ\,$ Deploy the ERC-20 contract to Goerli.
- Share contract addresses with the class for interaction.

Bonus Challenge:

• Build a minimal frontend for interacting with both Solana and Ethereum tokens.



