Aergo yield farming

Plum Protocol

Introduction

Liquidity and Total Value Locked (TVL) are key indicators of a network's credibility. Ethereum boasts a TVL of $23 billion, while Tron and Solana have $6.8 billion and $6 billion, respectively. These figures reflect high levels of user and developer activity on these networks.

Aergo can leverage its bridge to Ethereum—the hub of DeFi activity—to attract capital to its own network. To achieve this, Aergo needs to offer compelling incentives for users to engage.

Plum Protocol enters the scene alongside Yum Protocol to attract users through yield farming with Yum's LP tokens, offering sustainable APRs. Additionally, it introduces an innovative service: Yield Farm as a Service (YFaaS).

Design Concept

In addition to seamless integration with Yum Protocol, Plum will feature a farm generator that enables developers from other projects to create yield farms on their own tokens by paying a fee in AERGO to the Yum Protocol.

Yield Farm as a Service (YFaaS):

YFaaS represents an innovative business model for blockchain networks. In most networks, each project typically develops its own staking and liquidity incentive system, which can be time-consuming and may even hinder community growth if implemented with poor parameters or malicious code.

With YFaaS, projects on the Aergo network will only need to pay a fee to the protocol to create their own yield farm, whether for a single token or an LP token from the pool they wish to incentivize. The heavy lifting is already done, and with just a code snippet, projects can integrate a custom frontend for their farm, making it a streamlined process for developers to offer staking rewards and incentivize liquidity effectively.

The revenue generated from these operations will be used to buy back PLUM, the governance token of the Plum Protocol. This approach helps avoid reckless token inflation while maintaining a sustainable ecosystem.

Technical Implementation

Plum consists of three smart contracts:

1. **Farm Factory:** This contract allows for the creation of new farms upon request, after paying a fee to Plum's treasury. It provides flexibility in setting parameters for each farm, such as the duration, reward rates, and withdrawal conditions.
2. **Farm Contract:** An individual, deployed on demand farm contract that will manage the tokens deposited by users and generate yield according to the parameters defined during its creation via the Farm Factory. The farm contract can be configured in two ways:
    a. **Fixed-Term:** The farm operates for a specified number of days, and early withdrawal incurs a penalty fee. This setup encourages users to commit for a fixed period to maximize their returns.
    b. **Flexible-Term:** Users can deposit and withdraw tokens at any time, earning yield continuously. To encourage long-term deposits, a decreasing retention fee is applied, which gradually lowers over time, rewarding users who keep their assets in the farm longer.
3. **Plum Treasury:** A dedicated contract for managing buybacks of PLUM tokens from the appropriate pool in the Yum Protocol, funded by fees collected from the Farm Factory and other protocol operations.

Additionally, a governance contract could be introduced to facilitate the community's decision-making process. Governance decisions could include adjusting PLUM's inflation rate, modifying the fees for creating new farms in the Farm Factory, determining the timing and amount of token buybacks, and other key parameters to ensure the protocol's sustainability and growth.

Governance will be exercised exclusively by long-term members of the PLUM community. To ensure this, only users who have staked PLUM in a dedicated, single-asset farm (i.e., a farm with only PLUM) for more than a specified amount of time will be eligible to vote. This staking period will be determined by the community itself at the time of the Plum Protocol's launch.