

Project name

: Essence Finance

Author name and contact info

(please provide a reliable point of contact for the project): Mohammad Alam info@essencefinance.io

I understand that I will be required to provide additional KYC information to the Optimism Foundation to receive this grant

: Yes

I understand that I will be expected to following the public grant reporting requirements outlined [here](#)

: Yes

L2 recipient address

: 0x6E72A3AaCfCA463f1B221ef5Ff5e10c5212c6894

Which Voting Cycle are you applying for?

: 10

Which sub-committee should review your proposal? (Builders Grants, Growth Experiment Grants)

: Growth Experiment Grants

Project description

(please explain how your project works): We are creating a decentralized scalable stablecoin focused on optimism. Users can mint (or redeem) a stablecoin (CHI) with USDC and the volatile token (Elixir). The percentages are governed by the CR (collateral ratio) [a 90 % CR would mean all CHI is backed by atleast 90 cents of USDC]

The Protocol will leverage Automated Market Operation to utilize idle collateral. This can have many forms, but one which allows for long term sustainability is

the Liquidity Operation which allows the USDC to be paired with minted CHI and deployed to a DEX (preferable one that has additional features for stale-stable pairs (such as velodrome or curve).

This allows protocols to earn revenue in a sustainable way which can then be passed on to users, providing hugely increased price stability for the CHI token and reduces reliance on external liquidity providers which often leads to huge inflation for other protocols.

Website

: essencefinance.io

Twitter

:

Discord/Discourse/Community:

Other relevant links

(including any demos):

Additional team member info

(please link): .

Please link to any previous projects the team has meaningfully contributed to

: none

Relevant usage metrics

(TVL, transactions, volume, unique addresses, etc. Optimism metrics preferred; please link to public sources such as Dune Analytics, etc.): Havent launched yet

Competitors, peers, or similar projects

(please link): <https://www.liquity.org/>

<https://dforce.network/>

<https://abracadabra.money/>

<https://velodrome.finance/>

Is/will this project be open sourced?:

Yes

Optimism native?

: Yes

Date of deployment/expected deployment on Optimism

: 2/28/2023

What is the problem statement this proposal hopes to solve for the Optimism ecosystem?:

The lack of a major decentralized scalable stablecoin

How does your proposal offer a value proposition solving the above problem?

: We are creating a decentralized scalable stablecoin that is native to and runs on optimism

Why will this solution be a source of growth for the Optimism ecosystem?

: Increased user activity from people using our decentralized scalable stablecoin in a range of ways such as on DEXs, Lending Protocols and general usage

Has your project previously applied for an OP grant?

: no

Number of OP tokens requested

: 250000

Did the project apply for or receive OP tokens through the Foundation Partner Fund?

: No

If OP tokens were requested from the Foundation Partner Fund, what was the amount?

: N/A

How much will your project match in co-incentives?

(not required but recommended, when applicable): 100%

How will the OP tokens be distributed?

(please include % allocated to different initiatives such as user rewards/marketing/liquidity mining. Please also include a justification as to why each of these initiatives align with the problem statement this proposal is solving.): 100% of OP tokens will be used to bribe on velodrome to bootstrap Liquidity for our stablecoin (CHI) and also our volatile token (Elixir)

This will create increased stability for the protocol in general and price stability for our stablecoin (CHI)

It also benefits the Essence Finance in sense of exposure as our tokens will be seen by velodrome users

Over what period of time will the tokens be distributed for each initiative?

Shorter timelines are preferable to longer timelines. Shorter timelines (on the order of weeks) allow teams to quickly demonstrate achievement of milestones, better facilitating additional grants via subsequent proposals: 4 weeks

Please clearly define the milestones you expect to achieve in order to receive milestone based installments. Please consider how each milestone relates to incentivizing sustainable usage and liquidity on Optimism. Progress towards each milestone must be trackable:

CHI (stablecoin) market cap of 2 million

Total liquidity on Velodrome for CHI of 1.5 million

Why will incentivized users and liquidity on Optimism remain after incentives dry up?

: We will build up our holding of velodrome token which will allow us to direct liquidity to our pools

Plus as the pools gain increased volume the fees will automatically be used as bribes which will attract more velo votes

Please provide any additional information that will facilitate accountability

(smart contracts addresses relevant to the proposal, relevant organizational wallet addresses, etc.): not launched yet

Confirm you have read and agree to the Eligibility Restrictions

([here](#)): I have read the Eligibility Restrictions and agree to abide by their conditions