

Project Name: Qi Dao

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Number of OP tokens to claim: 750,000 OP

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DefiLlama TVL on Optimism: \$3.61M

Proposal for token distribution: Distribute OP tokens to QiDao to grow the protocol on Optimism.

Rationale:

QiDao is a decentralized collateralized debt position stablecoin protocol where users can deposit tokens as collateral to issue MAI, the protocol's decentralized stablecoin. It is the largest stablecoin protocol on Polygon, Fantom, Gnosis Chain, Moonbeam, and Moonriver. QiDao was deployed on Optimism two months ago and has seen explosive growth in relation to other chains the protocol is operating on. The goal of this proposal is to explain how to use this grant to increase the growth of QiDao and the Optimism Ecosystem.

QiDao is well integrated into the Optimism DeFi ecosystem, having sizeable liquidity on all major DEXs and bridges. MAI has also been accepted into Aave V3. Future integrations include Beefy, with whom QiDao has a multichain strategy with, Arrakis, and Optimism token (adding OP as collateral for MAI).

Additionally, QiDao has a community within its DAO that is committed to growth on Optimism. They call themselves the Optimism Alliance. They have been bribing QI voters weekly to vote in favor of Optimism vaults to receive borrow incentives. That has earned Optimism an added \$10,000 of incentives per week!

How will the OP tokens be distributed?

20% for bounties on teams building on top of QiDao on Optimism

20% for borrow incentives

60% for MAI liquidity on Optimism (spread between Velodrome and Curve over the course of a year)

Breakdown on incentives QiDao is currently providing to Optimism users:

- Beethoven/Balancer pool: 15,000 QI per week
- Curve pool: 3,000 QI per week
- Borrowing incentives: 40,590 QI per week

Total QI incentives: 3,046,680 QI annualized (\$761,644).

Total OP incentives requested: 750,000 OP annualized (\$457,844).

Not only is QiDao matching incentives, we're exceeding proposed incentives on Optimism by 1.7x.

Supporting MAI liquidity on Optimism will encourage users to lock value on Optimism in the form of collaterals. Since MAI charges a repayment fee and no interest, locked value has a longer lifespan than it does on other lending and stablecoin platforms. This is due to users being incentivized to keep their debt positions open.

How will this distribution incentivize usage and liquidity on Optimism?

QiDao has voted to add OP as collateral for MAI (for 0% interest loans). This will allow OP hodlers to mint stablecoins against their OP instead of selling. If Optimism supports MAI liquidity, then more users will choose to borrow against OP rather than selling it.

MAI has consistently been a top volume provider for Curve on Fantom and Polygon, where MAI is the largest stablecoin protocol. This is because MAI pools have a higher volume to TVL ratio than most native stablecoins outside of Ethereum.

Growing MAI's liquidity will allow more users to bridge value from other chains. MAI is currently one of the most crosschain tokens in crypto, with 20 chains available. As a result, it functions as an effective transfer of value across chains.

MAI's 0% interest and repayment fee model encourages users to lock tokens on their home chain and keep loans open. This creates a resilient TVL for Optimism.

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

For the past few months, QiDao has operated on a net profit (revenue has exceeded emissions). This shows that QiDao has built a durable model that can thrive without outsized emissions.

After OP incentives end, QiDao will continue to incentive usage on Optimism as it has for the past several weeks.

Over what period of time will the tokens be distributed?

- Liquidity Incentives : 6 to 12 months depending on OP token price.
- Borrow Incentives: 6 to 12 months depending on OP token price.
- Grants Incentives: 3 to 6 months depending on the OP token price.

How much will your project match in co-incentives?

All incentives will be exceed by our emissions to Optimism users. Currently, QiDao will give \$1.7 for every \$1 of OP incentives.

OP token vaults will receive borrow incentives based on a bi-weekly community gauge.