Project name:

Abracadabra Money (abracadabra.money)

Author name and contact info:

@0xEdwardo, Romy

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

Yes

L2 recipient address: Abracadabra OP Multi-sig (0x4217AA01360846A849d2A89809d450D10248B513)

Grant category:

Phase 1

Is this proposal applicable to a specific committee?

DeFi Committee A

Project description:

Abracadabra is one of the leading decentralized lending platforms in DeFi. We provide loans in our collateral-backed stablecoin, Magic Internet Money (MIM), against a wide variety of collateral (e.g., LP tokens, ERC-20 tokens, Yearn vault tokens, etc.) to unlock maximum capital efficiency. We can help Optimism kickstart an active and robust DeFi ecosystem by introducing MIM to the chain and providing our battle-tested lending services.

Project links:

* Website: https://abracadabra.money/
* Twitter: https://twitter.com/MIM_Spell (123K Followers)
* Discord: Abracadabra money (3K+ DAU)

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

Popsicle Finance

Relevant usage metrics:

* $400M TVL
* 10K+ outstanding CDP positions
* $210M of circulating $MIM, our decentralized stablecoin
* One of the highest yielding pools on Curve ($170M TVL) @ boosted yield of 10.5%
* Analytics page

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Competitors, peers, or similar projects:

We are the leading lending protocol for DeFi strategies and have been the inspiration for several protocols. Some projects that are similar to us:

* Vesta Finance (https://vestafinance.xyz/)
* Yeti Finance (https://yetifinance.co/)
* MAI Finance (https://www.mai.finance/)

Is/will this project be open sourced?

Yes. Much of our Solidity code has already been audited, open sourced, and battle-tested. Code base can be found here: [Abracadabra · GitHub](#)

Date of deployment/expected deployment on Optimism:

We're already deployed the requisite contracts on Optimism. We have created 2

cauldrons so far. Now, we're focused on seeding initial liquidity for $MIM…

Velodrome OP/USDC Cauldron: [0x68f498C230015254AFF0E1EB6F85Da558dFf2362](#)

Stargate USDC Cauldron: [0x0981a77C825CBF9fced939e05f12387Ef1955b90](#)

$MIM: [0xb153fb3d196a8eb25522705560ac152eeec57901](#)

$SPELL: [0xE3AB61371ECc88534C522922a026f2296116C109](#)

Velodrome pool:

- Currently bribing 5M $SPELL per week

- 6th largest pool on Velodrome with $4.7M TVL (at 9.65% APY)

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Ecosystem Value Proposition:

We can help Optimism kickstart an active and robust DeFi ecosystem by introducing $MIM to the chain and providing our battle-tested lending services to grow overall TVL. Given that we already have tremendous traction on other EVM chains, we think we'll have an outsized impact in bringing users to Optimism. For many of our followers / existing use base, this will be the first time they have interacted with Optimism.

We can also help increase capital efficiency for various protocols (and for Optimism itself) by letting folks borrow against their LP tokens. We have already launched an OP/USDC LP cauldron, which means that LPers will not only be able to boost the liquidity of the OP token, but also mint stablecoins against their positions instead of selling / unstaking. This will ultimately create more long-term holders of OP and long-term providers of liquidity.

Has your project previously applied for an OP grant?

No.

Number of OP tokens requested:

800K $OP ($560K)

We are basing this number on the following previous successful asks from other DeFi protocols incentivizing activity on their platforms (e.g., borrowing / lending / liquidity).

- [QiDao](#) received 750K OP on $50M TVL (across all chains)

- [Tarot](#) received 540K OP on $17M TVL (across all chains)

- [Yearn](#) received 1,000K OP on $500M TVL (across all chains)

- [Abracadabra](#) asking 800K OP on $400M TVL (across all chains)

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

No.

How much will your project match in co-incentives?

: We are currently matching the grant 102%

. We are prepared to deploy up to 12M (~$11K) $SPELL tokens to hit our stated goal of 15% APY. Over the course of a year, this will equate to $570K+ of SPELL incentives (vs. the $560K of $OP grant).

We have been conducting liquidity / bribe tests on Velodrome. With just 5M $SPELL bribes per week, we have $4.5M+ TVL are the 6th largest pool.

As we ramp up to 12M $SPELL per week, we should expect the TVL to increase to ~$12M. If we add $OP incentives on top of that, we should expect to hit $18-$20M of TVL. This will allow us to support 1-2 medium sized cauldrons, or, alternatively, 5-10 small sized cauldrons (which, frankly may be more appropriate given current TVL and access to DeFi protocols).

As mentioned earlier, we have a long-term outlook and after $OP rewards run out, we will continue funding incentives from our treasury. We currently have 2+ years worth of incentives allocated for liquidity emissions.

Proposal for token distribution:

Liquidity Mining (50% of grant):

50% of the $OP tokens will go towards liquidity mining (which acts as our major form of marketing). While these are being deployed via liquidity incentives. Liquidity sits at the heart of our leverage protocol and without it, we will be unable to operate on a new chain.

Development (40% of grant):

40% of the $OP tokens will be allocated to developing our NFT borrowing platform called Potion. We are excited about introducing NFT lending to Optimism and think this could be a breakthrough development for protocols / users that possess Velodrome veNFTs.

Community Participation (10% of grant):

10% of the $OP tokens will be allocated to encouraging members of the Abracadabra community to identify and work with protocols to develop new strategies and cauldrons. We want to use this portion of the grant to encourage and fuel the process of decentralization.