

## Proposal Discussion Topic

This proposal is created on behalf of Blockchain at Michigan, and in partnership with the [Celo Foundation](#) and the [Celo Climate Collective](#).

Deploy Uniswap V3 on Celo to Launch “Green Asset” Liquidity Pools and expand access to Uniswap to the 6B smartphone users around the world

## Description

We propose to authorize the deployment of the Uniswap protocol to Celo on behalf of the community.

Celo is a mobile-first, carbon-negative, EVM-compatible blockchain. Specifically, we propose launching Uniswap on the Celo platform to:

- Increase Uniswap’s influence through \$10M in financial incentives to Uniswap users, as well as additional grant funding provided by the Celo Foundation to utilize Uniswap as a financial building block
- Bring Uniswap V3’s increased capital efficiency to the 6B smartphone users around the world
- Create green asset liquidity pools with natural capital backed assets such as tokenized carbon credits (e.g. MCO2 and TCO2) and future nature backed assets issued on Celo like land and forests
- Use Uniswap as a decentralized mechanism to rebalance the Celo Reserve with nature backed assets rather than relying on centralized exchanges
- Foster pathways for future green use cases on Uniswap

Overall, we believe the Uniswap community’s mission of creating a trustless and decentralized financial infrastructure accessible to anyone aligns with Celo’s vision of tackling climate change and achieving prosperity for all.

## About Celo

Celo’s mission is to build an open financial system that creates the conditions of prosperity for all. To execute this mission, Celo’s technology features include:

- A mobile-first EVM-compatible layer 1 blockchain that is accessible to anyone with a smartphone
- Carbon negative by allocating 0.1% of epoch rewards to offset carbon—to date [2,942](#) tons of carbon has been offset, [which is over 8 times Celo’s carbon footprint](#)
- Algorithmic Celo stablecoins (currently cUSD, cEUR, and cREAL) with a smart-contract based expansion and contraction platform called Mento
- An overcollateralized basket of crypto assets called the [Celo reserve](#), currently made up of CELO, the network’s native asset, as well as BTC, ETH, DAI, and MCO2

Celo is one of the fastest growing DeFi ecosystems with [2.6M addresses, up to 1.1M daily transactions, and over 103M transactions](#). Additionally, Celo [has been chosen by Kickstarter](#) for its upcoming decentralized product (to date, Kickstarter has successfully supported over [214,000 projects with over \\$6B in funding and 20M backers](#)) which will attract new users to the ecosystem

The Celo Reserve includes almost \$1M of MCO2 tokens, and Celo community members have proposed to add more natural capital assets moving forward as part of the [Climate Collective](#). By including more natural capital assets, the Celo community has the vision of creating natural capital backed currencies. If, as a society, we were to denominate our economic activity in natural capital backed currencies, any economic growth—increase in money circulation—would lead to a growth in preserved natural resources. Celo aims to be the layer 1 blockchain for natural capital assets, and Uniswap can be the natural capital DEX for these assets on Celo.

## Proposal

Blockchain technology can help address limit greenhouse gas emissions and promote sustainable practices by tokenizing carbon-sequestering assets such as rainforests. Those tokenized assets can then be purchased by individuals and businesses to democratize carbon offsetting and increase funding for environmental protection projects. We believe that together, Uniswap and Celo can lead the path to growing natural capital assets.

Uniswap on the Celo platform will:

- Allow for the launch of green asset liquidity pools: With the launch of the [Climate Collective](#), Celo community members proposed to allocate up to 40% of the reserve over time towards natural capital backed assets. A natural capital

backed asset (also known as “green” or “regenerative finance” asset) is a tokenized representation of natural assets in the “real” world. An example of a green asset is a non-fungible carbon-negative initiative quantified in terms of fungible CO2 sequestered (e.g. tokenized carbon credits).

- Advance the use of natural capital backed currencies: The Celo Reserve grows as demand for Celo stable currencies grows. And as the reserve grows, so does the allocation towards green assets. This creates a feedback mechanism: with increased adoption of Celo stable currencies the reserve programmatically generates demand for additional green assets, preserving rainforests, and other carbon-sequestering assets.
- Use Uniswap as a decentralized mechanism to rebalance the reserve: The Celo reserve will not only need to rebalance its BTC, ETH, etc. holdings but also a variety of natural capital backed assets, such as tokenized land, forests, and carbon credits. If approved by Celo’s community governance, a 40% allocation at current reserve values would correspond to natural capital assets worth 200M USD held by the reserve alone, requiring an efficient and liquid trading counterpart. Currently, the reserve rebalances via centralized exchanges. Green assets are not held by centralized exchanges, and so a decentralized exchange is needed in order to rebalance the Celo reserve as demand for stable currencies increases.
- Increase capital efficiency: Uniswap v3’s concentrated liquidity mechanism will be especially important for Celo’s stablecoins that trade within a small price range.
- Create pathways for future green use cases: Market participants are actively exploring other use cases on Celo. A list of current projects is available on <https://climatecollective.org/>.

The Celo Foundation will commit \$10M of CELO in Uniswap-specific user incentives & grants on Celo. In addition to the \$10M in financial incentives for Uniswap specifically, the Celo Foundation will also focus on broader adoption of natural capital backed currencies and link this to ongoing efforts to making DeFi and crypto more accessible to the 6B smartphone users around the world through the following:

- Promote the development of a mobile-first ecosystem through developer programs such as hackathons with Uniswap as a financial building block
- Lead pilots and users research to help make Uniswap more accessible, especially in markets that lack access to basic financial tools and services.
- Co-grant program to support projects that are launching and driving the growth of “green assets”

We propose a transparent measurement of this project’s success through the following success criteria and long-term goals:

- % of Celo Reserve allocated to green assets: 40% of the Celo Reserve (at current Celo Reserve levels this would correspond to \$200M USD in green assets)
- \$ total TVL and TVL of associated green assets: 10x of Celo Reserve green asset holdings in circulation as LP
- Impact of green assets in Celo Reserve: 17M tons of CO2 avoided or removed from the atmosphere (assuming an average price of \$12 per ton and current Celo Reserve levels) , including all associated benefits (e.g. increase in biodiversity through protection of forests). This corresponds roughly to the annual absorption capacity of 1.7M hectares of forest area, or roughly the amount of [forest area lost in Brazil in 2020](#)

## Conclusion

Celo and Uniswap together can serve as the foundation for the proliferation of natural capital assets across Web3. We believe that the vision to advance climate and regenerative finance on Celo aligns with the Uniswap community. Thank you for your consideration and we welcome questions and suggestions.

Link to [Snapshot](#)