Cocoa Finance

Litepaper (V1.0)

Introduction

One of the oldest civilizations were the Mayans, they used **Cocoa** beans as a form of currency to exchange for food or clothes, as well as for preparing a bitter drink known as Xocoatl which is currently known as hot chocolate. The bean became one of the most used forms of currency among the pre-columbian american people for day to day transactions.

But why did a seed become sufficiently rare for it to be somehow desirable by people and merchants? Cocoa owes its value to the difficulties in growing the cocoa tree and producing more cocoa beans. It's low, but consistent yield made it an expensive commodity.

While it's not possible to grow money on trees nowadays, we can put our assets to work to get passive income or yield. Cocoa Finance is a decentralized platform focused on getting passive income or yield on your assets. Whether you prefer low or high risk on your investments, the ecosystem offers an opportunity to reach your financial goals in an always growing ecosystem collateralized by compounding assets.

Decentralized Finance

In 2020 the DeFi ecosystem has grown to the point that we have a great catalogue full of financial products and assets out there for anyone looking to invest. From lending, to adding liquidity to pools, to borrowing or trading anyone is able to participate in this Decentralized Ecosystem.

While the ecosystem brings a lot of advantages, there also exist a few problems. Users who decide to participate in some form of DeFi need to be in constant research of the best APY returns which they change almost every day if not every hour or minute and with the

constant crypto volatility in the markets, investors are being exposed to uncertainty by price drops or spikes if they aren't actively managing their assets.

Cocoa Finance's purpose is to create an ecosystem where both, long term investors and short term yield farmers benefit from the positive effects of a product while reducing uncertainty and management time for long term investors while maximizing returns for short term investors.

The Cocoa DAO

In order to achieve all the goals mentioned before, the solution that we are proposing is divided in 2 parts, the **COCOA** token for short term yield farmers who are looking actively to participate in the DAO proposals in order to maximize returns, vote and govern different mechanisms of the ecosystem and the **NIB** token for long term investors who are looking to get a constant but safe yield on their holdings.

Cocoa Token (COCOA)

The COCOA token is a high risk, high reward token focused on the governance of the COCOA ecosystem but it also works as a collateral asset if the ecosystem fails to pay the NIB holders the correct yield.

Some applications of the token utility are, but not limited to:

- Define yields for NIB holders
- Participate and Vote on the addition or removal of yield assets / strategies.
- Stake COCOA as a collateral and earn profits if the voted strategies were successful

COCOA token holders and participants benefit from an increase of the Total Value Locked on COCOA Yield Pool by paying good returns to NIB owners. It is highly advisable to stay away from COCOA tokens if you don't intend to actively participate in the governance of the ecosystem or stake your tokens.

NIB Token (NIB)

NIB is a small part of the COCOA bean, but in terms of the COCOA Ecosystem a NIB is an asset paired with ETH on a 1 ETH = 1,000 NIB ratio at the redemption moment. NIB is a collateralized asset protected by multiple yielding strategies and COCOA staked tokens.

NIB tokens will be initially obtained by locking aTokens from Aave platform into the ecosystem, aTokens are ERC20 tokens obtained by lending an asset to Aave lending platform. By providing aTokens to the COCOA ecosystem you'll be able to redeem NIB at the current ratio, obtained by oracles and stake them to get a consistent yield on your investment.

It is advisable to obtain NIB tokens after reviewing the current strategy defined by the COCOA DAO and only if you want to increase your position against ETH, otherwise if an asset provided to the Yield Pool increases its price you will lose your position against the asset.

The goal of the Cocoa Ecosystem is to provide the NIB holders a better return than the one they would by lending an asset. This would be achieve by distributing the risk into different products and strategies.

Ecosystem

In this section we will define the specific actions and functions of each component inside the COCOA Ecosystem
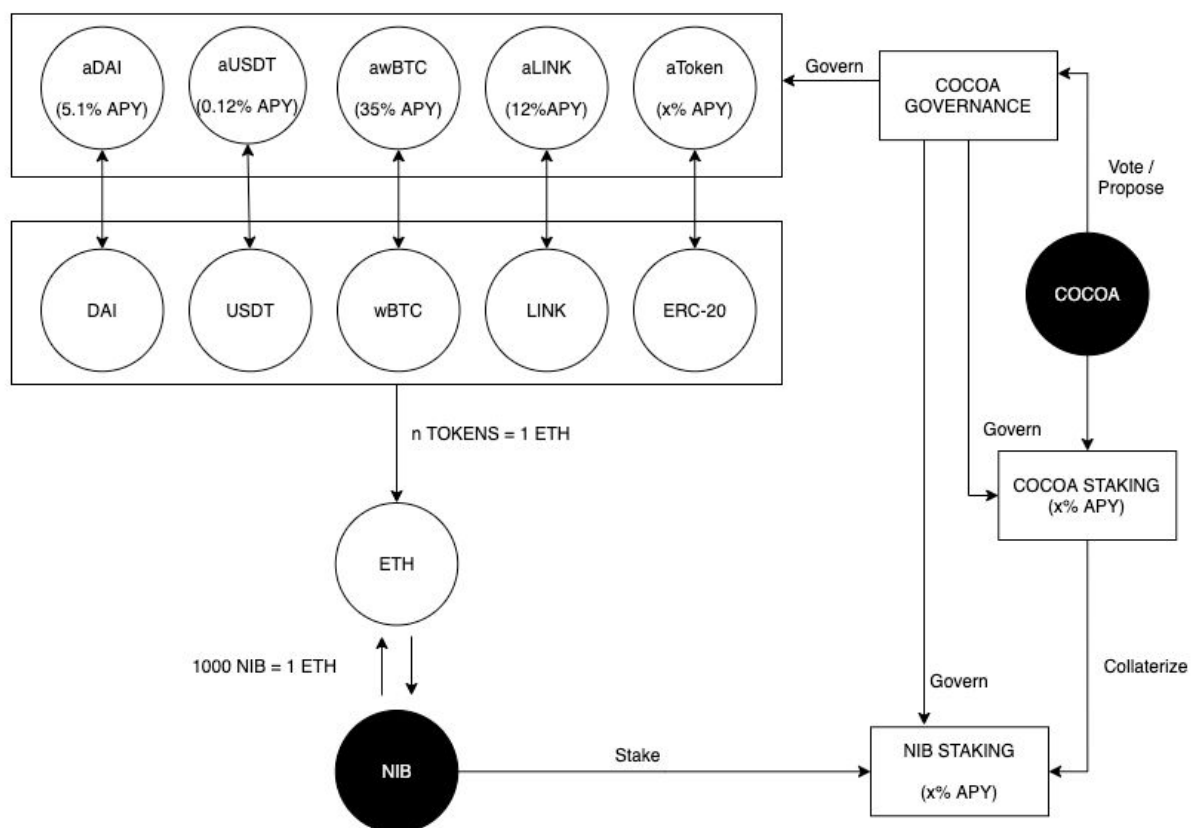
Yield Pool

Initially the Yield Pool will be composed by aTokens, each aToken will be generating real-time yield. These aTokens are redeemable in Aave platform on a 1:1 radio. Users looking to obtain NIB will be able to obtain it by sending aTokens to the Cocoa Router which will check the current rate of the asset against ETH using Aave oracle and return the correct amount of NIB to the sender account. To unlock tokens from the Yield Pool the user needs to send back the correct NIB amount at the current ratio. NIB sent to the pool will be burned.

NIB Staking

The NIB staking contract will be responsible for locking NIB and earn rewards in real time, the staking contract will be governed by the COCOA DAO governance. The user will be able to unstake the NIB tokens + the yield obtained and redeem it to the aTokens provided or sell the NIB directly to the market.

Cocoa Staking

The Cocoa Staking component allows users to stake their tokens and earn more Cocoa Tokens by providing them as a form of collateral warranty in case the Yield Pool can't repay the NIB staking users, in this case a proportional amount of the staked tokens will be liquidated using AMM markets. If the Yield Pool can successfully sustain the staking yield proposed by the Cocoa DAO, the account will be able to collect the staked tokens.

Cocoa Governance

The Cocoa Governance is the heart of the Cocoa Ecosystem and DAO, COCOA holders will be able to submit proposals and votes. Each proposal and vote will burn tokens. The rate will be decided before the launch to the mainnet by on-chain voting.

Distribution

The COCOA Finance team will held a presale for the **COCOA** tokens in order to:

1. Fund development including security audits.
2. Increase the initial collateral for NIB tokens
3. Add liquidity to **COCOA** / **ETH** pair markets

Breakdown

Total Supply: 42,000 **COCOA**

- 10% AMM Liquidity (4,200 **COCOA**)
- 15% Team funds (6,300 **COCOA**)
- 10% Collateral Staking (4,200 **COCOA**)
- 25% Presale (10,500 **COCOA**)
- 40% Staking rewards (16,800 **COCOA**)

Important Notes

- 80% (5,040 **COCOA**) of the team funds will be locked for 3 initial months, and will be released at a 5% rate each month.
- 15% (945 **COCOA**) will be released at the beginning to fund initial development, but it will be locked in an escrow so it can't be sold at once *
- 5% (315 **COCOA**) will be locked via a smart contract and will serve the only purpose for participating in the Cocoa DAO governance.

Roadmap

The Cocoa Finance team is focused on growth and long term sustainability of the ecosystem. The main goals of the roadmap are to build and deploy a functional ecosystem to the network and create the necessary tools to provide insightful information to the Cocoa DAO and NIB investors.

Q3 2020

- Launch the Cocoa Finance Presale
- Detailed Roadmap with the participation of COCOA holders
- Provide Liquidity to an Automated Market Maker (AMM) such as uniswap or mooniswap
- Release the initial smart contracts to github
- Deploy Alpha net for Yield Pools and NIB staking

Q4 2020

- Deploy Alpha net for COCOA Staking, Oracle and Governance
- Deploy Mainnet for Yield Pools and NIB Staking
- Deploy Mainnet for COCOA Staking, Oracle and Governance
- Cocoa DAPP
- Provide UI Dashboards for NIB and COCOA holders

Q1 2021

- Deploy Mainnet for for governing native Cocoa yield assets

    - Propose new assets / strategies
    - Vote on new assets
    - Remove assets