

Wrapped eNaira
A CBDC decentralised onto public blockchains to
foster Decentralised Finance

Boom DAO

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1 Introduction

A Central Bank Digital Currency (CBDC) is the digital form of a country's paper currency that is issued and backed by the Central Bank, to enable the general public to make digital payments. As of May 2023, 13 countries have launched their CBDCs, while 114 other countries, representing over 95 percent of global GDP, are exploring creating their own CBDCs. Australia, Thailand, Brazil, India, South Korea and Russia intend to continue or begin pilot testing in 2023. The Bank of International Settlements is piloting retail CBDCs via its Rosalind project while the European Central Bank is likely to start a pilot in 2024. In 2021, Nigeria launched its CBDC, the eNaira.

2 The Problem

(a) **Centralisation:** The eNaira, like all CBDCs, resides within a centralised blockchain, controlled solely by the Central Bank of Nigeria.

(b) **Lack of Transparency:** As a result of the fact that CBDCs reside within private blockchains, eNaira transactions are not accessible nor visible to the public.

(c) **Limited Utility:** Despite the relentless effort of the Nigerian Government to drive up the utility of the eNaira, less than one percent of active bank accounts have activated an eNaira wallet.

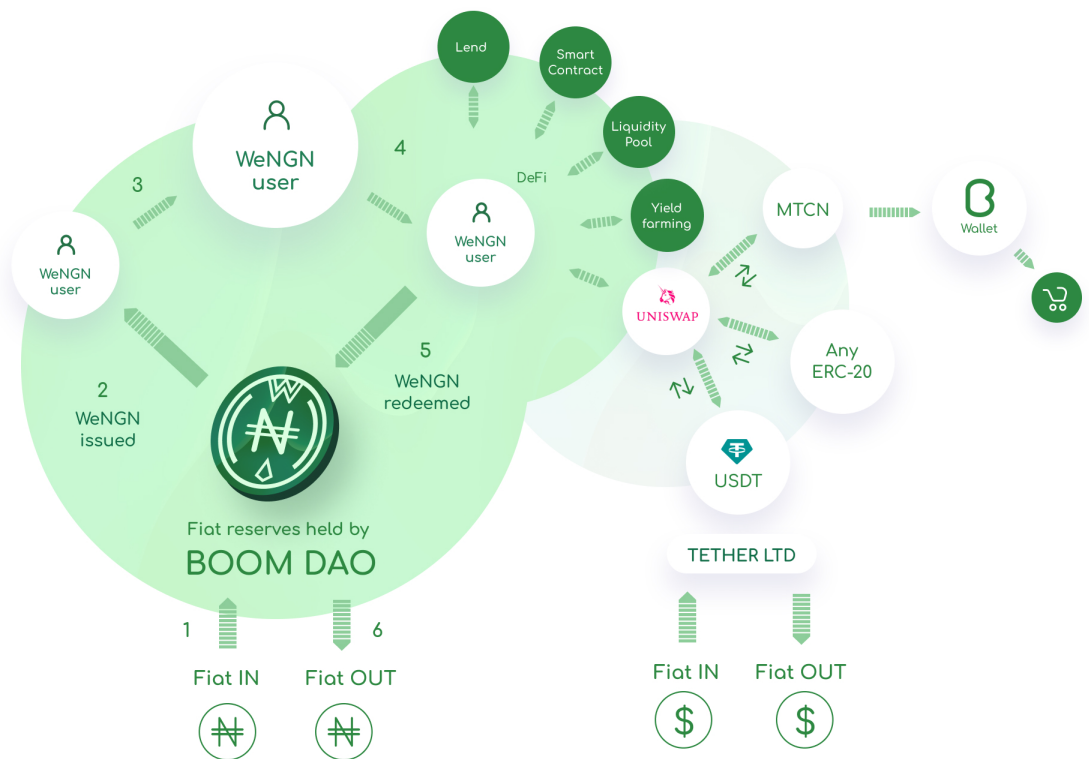
3 The Solution

On 27 May 2023, Boom DAO, as the custodian, launched Wrapped eNaira (WeNGN) on the Ethereum mainnet, as an open-source, seizure-resistant and permission-less ERC-20 tokenised version of the Nigerian Central Bank Digital Currency, the eNaira. Wrapped eNaira (WeNGN), which is pegged 1:1 to the eNaira, brings fiat-level liquidity from Africa's largest economy and most crypto-centric population, into the Ethereum ecosystem, from where it can be integrated into DeFi smart contracts, lent, borrowed, swapped, yield-farmed, and used in liquidity pools.

One WeNGN equals one eNaira which equals one Naira, making the WeNGN a stablecoin.

4 Wrapped eNaira Use Cases

- WeNGN can be used in DeFi for lending, burrowing, token-swapping, yield-farming, and in Liquidity Pools.
- WeNGN onboards eNaira into the ERC-20 format making it possible to integrate it into Ethereum smart contracts.
- WeNGN can be used by foreign companies operating in Nigeria and other African countries, to repatriate their earnings abroad without relying on banks.
- WeNGN allows holders of it to participate in Ethereum’s growing Decentralised Finance (DeFi) ecosystem.
- WeNGN allows holders of it fund and defund their wallets on Boom for commercial transactions worldwide.



5 The Technology

(a) **Ethereum**

Ethereum is a decentralized open-source blockchain with smart contract that was conceived in 2013 by Vitalik Buterin et al. Ethereum allows anyone to deploy permanent and immutable decentralized applications onto it, with which users can interact. Decentralized finance (DeFi) applications provide financial instruments which do not directly rely on financial intermediaries like brokerages, exchanges, or banks. This facilitates borrowing against cryptocurrency holdings such as WeNGN or lending them out for interest.

(b) **ERC-20**

The ERC-20 (Ethereum Request-for-Comments no.20) Token Standard allows for fungible tokens on the Ethereum blockchain. The standard, proposed by Fabian Vogelsteller in November 2015, implements an API for tokens within smart contracts. The standard provides functions that include the transfer of tokens from one address to another, getting the current token balance of an address, and getting the total supply of the token available on the blockchain. Smart contracts that correctly implement ERC-20 processes are called ERC-20 Token Contracts, and they keep track of created tokens on Ethereum.

Wrapped eNaira is an ERC-20 token with the symbol WeNGN.

(c) **WeNGN Minting and Burning**

Wrapped eNaira is pegged 1:1 to the eNaira and all minting, distribution and burning of it, occurs transparently on-chain on the Ethereum blockchain. When a consumer requests for 1 WeNGN, it is minted (or deployed from a pre-minted pool) by Boom DAO, the custodian, and delivered to the consumer, via a merchant, in exchange for 1 eNaira (or 1 Naira which is swapped into eNaira) which the consumer deposits with the merchant. To redeem the 1 eNaira, the consumer returns the 1 WeNGN to the merchant who initiates the token burn and issues 1 eNaira to the consumer.

6 Acquiring Wrapped eNaira

Retail and institutional traders, corporates and merchants can acquire Wrapped eNaira via the following channels:

- **via Decentralized Exchanges:** A Liquidity Pool will be activated on Uniswap on 31 May 2023 for the following trading pairs of WeNGN from where they can be acquired: WeNGN/USDT, WeNGN/MTCN, WeNGN/ETH
- **via WeNGN Merchants:** Anyone with eNaira (or Naira) can acquire

WeNGN by depositing the equivalent 1:1 amount with a WeNGN Merchant.

7 Proof-of-Reserves

Boom DAO will publish its real-time proof-of-reserves online in the interest of transparency to guarantee 100 percent asset redeem-ability 24/7.

8 References

- 1) Atlantic Council, “CBDC Tracker”, 2023.
- 2) International Monetary Fund, “Nigeria’s eNaira, One Year After”, 2023
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- 5) Hayden Adams, “Uniswap”, 2018
- 6) Wrapped eNaira, “The World’s First DeFi CBDC”, 2023
- 7) Central Bank of Nigeria, “eNaira”
- 8) Wrapped eNaira Press Release