

Citizen sourced finance for tackling the climate emergency

“When thinking about finance the social value of different types of money matters”

“Citizen investors do not just value the financial return on an investment they are often motivated by a blended return including improvements to their place or region as well as broader social value.”

Prof. Mark Davis, Financing for Society, University of Leeds 2020

Abundance Background

- UK's first regulated crowdfunding platform
- Arranged £150m for public and corporate sector
 - Corporate Finance – green social housing, energy generation
 - Municipal Finance – Local Climate Bonds
- Enable anyone to invest with as little as £5
- Enable people to invest via an ISA or Pension, maximizing accessibility

Municipal Investment – Local Climate Bond



- Municipal Investments (MIs) offer an alternative to the PWLB for councils looking to finance their Net Zero plans. They provide a mechanism through which councils raise money from their residents.
- MIs are treated, from a council perspective, identically to PWLB borrowing.
- MIs consistently beat the PWLB Certainty Rate (including fees), while the innovation of crowdfunding means the mechanism is efficient to use.
- They fund any climate or green project in the capital programme
- No credit rating or additional audit requirement
- Model sits alongside PWLB, becoming a simple way to build a local finance market over time.

Social Value Creation

- **Communication / Engagement**
 - New tool for communicating and engaging with residents
 - Increases transparency and engagement with specific Council initiatives
 - Supports citizen participation in Council processes
 - ISA eligible
- **Money Back Donation**
 - Provide option for investors donate some or all their interest back to the council.
 - Wealthier citizens supporting community as a whole
- **Local Economic Benefits / Philanthropy**
 - Retention of money locally
 - Useful new low risk savings product

Municipal Investment Pricing

	Average saving on the Certainty Rate (after fees), as money became payable to the council (%)
West Berkshire	0.47
Warrington	0.48
Islington	0
Camden	0.83
Cotswold	0.41
Telford & Wrekin	0.82
Average	0.50

Donation Scheme

	% of interest donated	Effective interest rate reduction (%)
West Berkshire	8.5	0.10
Warrington	5.5	0.07
Islington	9.45	0.15
Camden	-	
Cotswold	-	
Telford & Wrekin	-	
Average	7.8%	0.11

2023 - Alignment with the Green Loan

Principles

- Framework for generating global alignment and investor credibility relating to green finance
- Loan Market Association & Capital Market Association custodians of the GLP & GBP
- UK Government Green Gilt and Green NS&I aligned with the principles, but also aligned with the Green Taxonomy (been led by GFI).

Transport for Greater Manchester: Iduna



- TfGM procured a concession contract that was won by our partner Iduna (a spin off from Amey)
- Contract is to install, maintain and operate EV charging infrastructure across the region. Iduna pay a fee to TfGM for the benefit of the contract, but Iduna and investors take all performance risk.
- Raised total to date of £8m from the general public and users of the network.

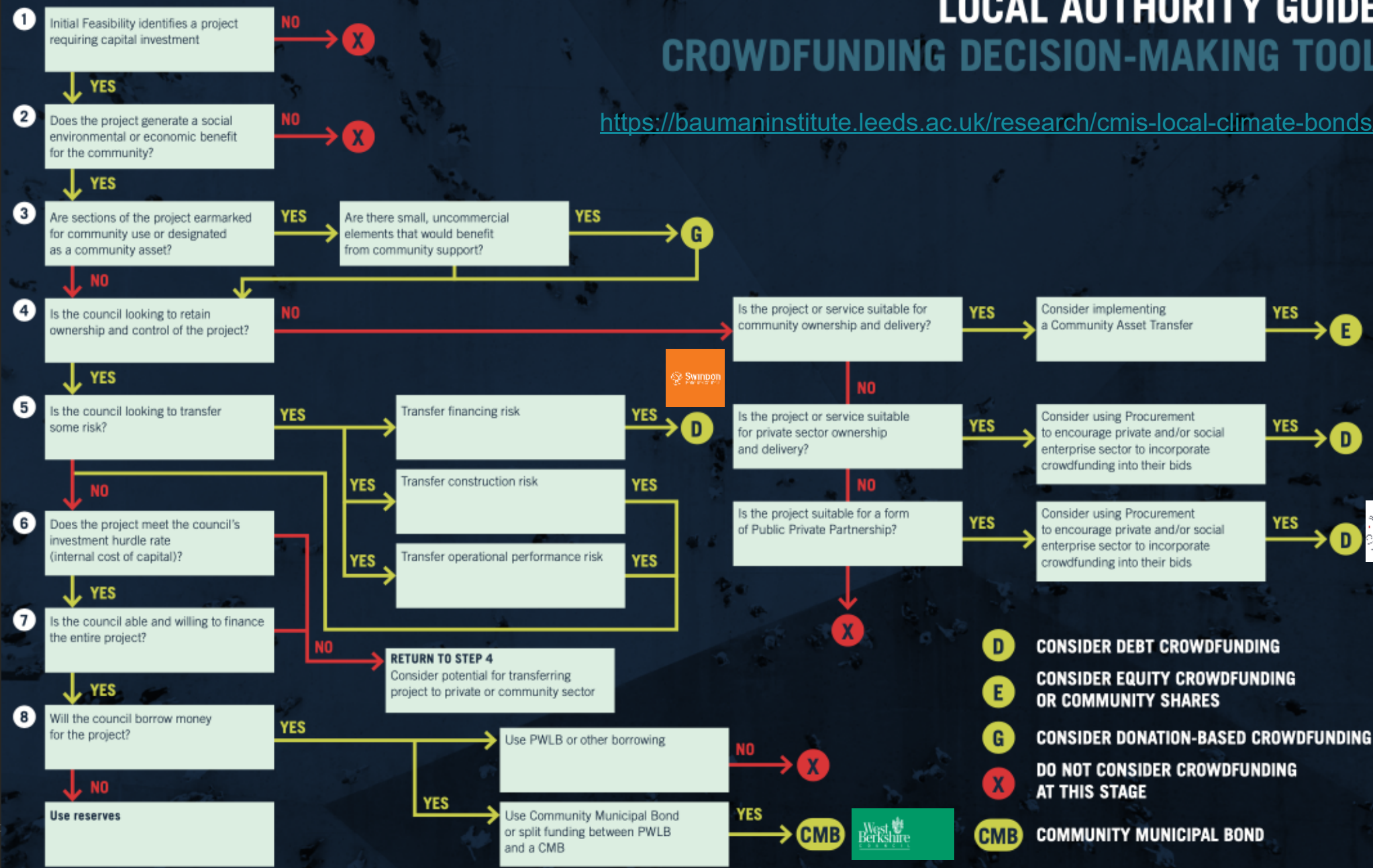
Bristol City Leap: PPP



- Council tendering for a 20-year JV partner - to decarbonize the city (providing expertise and finance)
- Abundance approached by bidders to incorporate citizen investment into their bids
- Complement traditional finance and fill gaps where traditional finance can not play – “local finance” first
- Our Bid explains how we will grow the local investment market to 100+ million
- Create a Bristol Place Based Investment Platform & Green ISA
- Our consortium won the bid in April 2022, expected first fund raise in 2023

LOCAL AUTHORITY GUIDE CROWDFUNDING DECISION-MAKING TOOL

<https://baumaninstitute.leeds.ac.uk/research/cmis-local-climate-bonds/>



- D** CONSIDER DEBT CROWDFUNDING
- E** CONSIDER EQUITY CROWDFUNDING OR COMMUNITY SHARES
- G** CONSIDER DONATION-BASED CROWDFUNDING
- X** DO NOT CONSIDER CROWDFUNDING AT THIS STAGE
- CMB** COMMUNITY MUNICIPAL BOND

