

# Citizen Financing of Net Zero

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Abundance is authorised and regulated by the Financial Conduct Authority (525432)

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## Who we are

- Crowdfunding platform established to enable anyone to invest from as little as £5 in order to help accelerate the delivery of NetZero
- Regulated by the Financial Conduct Authority and the first crowdfunding platform to secure authorisation from the FCA
- Raised £110m for UK green infrastructure including wind, solar and tidal energy projects, green social housing and Council Climate Bonds

## Communities hold the power to change

- On average every 150,000 people hold £6bn of investments and savings accessible through crowdfunding – (HMRC & ONS, 2020)
- Rebuilding local savings market will take time, but potential is huge. 5% equals £300m – which is enough to decarbonize most communities within the UK.
- 72% of people across UK want to lend money to councils to help deliver Climate Emergency Plans (One Poll Survey, 2020)

# Community Municipal Investment

- Developed through the Financing for Society project and SocialRES (Horizon 2020) – working with Leeds, Bristol, Warrington and West Berkshire Council.
- The CMI aims to bring back the old council resident bond idea but using the innovation of crowdfunding. In the process, as far as possible, emulating the ease of use of PWLB, while undercutting the PWLB Certainty Rate.
- Process is delivered via templated legal documents and online administration. The ambition is that after the set up Bond 1, repeat issuance can be effectively automated.
- Product competes with low-risk savings and investment products such as National Savings & Investments and Annuities

## Social Value Creation

- **Communication / Engagement** – shine a light on council activities, demonstrate leadership, provide a new route for telling your story
- **Convert support into donations**, building a more engaged base of supporters could translate into donation of interest payments to support hard to fund elements of a council's NetZero plan.
- **Lead the rebuilding of local savings and investment market**, data shows people want to invest / save locally this opens up numerous benefits. Councils are well placed to lead this change

# The first CMI - Climate Bond



- Councils were planning to borrow from PWLB to finance their Net Zero strategy
- Abundance structured a Climate Municipal Bond – which beat PWLB by 0.5% (including fees).
- Both Bonds reached £1m target ahead of schedule
- 25% of investors investing £100 or less
- 22% of money from local area in West Berks, in Warrington it was less
- Introduced the Interest Donate mechanism

When thinking about finance, **knowing the social value of different types of money matters**. Assuming the cost of capital to be equivalent, if there is a higher social value in one form of capital than another, we would prefer to see this option selected.

**Dr Mark Davis, Financing for Society, University of Leeds, 2019**