

Engaging citizens' money as a source of finance for green infrastructure and companies in Cumbria

Charlotte Eddington, Investments Director

12th July 2021

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

abundance.

Introduction to Abundance

- The big idea behind Abundance was to enable anyone, from as little as £5, to invest their money (including ISA and pension) in things they can feel engaged with whilst making an appropriate financial return.
- People understand how their money is being used and for what purpose.
- They can see both a financial benefit and a non-financial benefit.
- Our mission is to engage the public and their money in accelerating the transition to 'net-zero'.
- Abundance is regulated by the FCA and acts as an Arranger and Agent.
- We arrange debt not equity.
- We host a secondary market.



Swindon – project finance bond

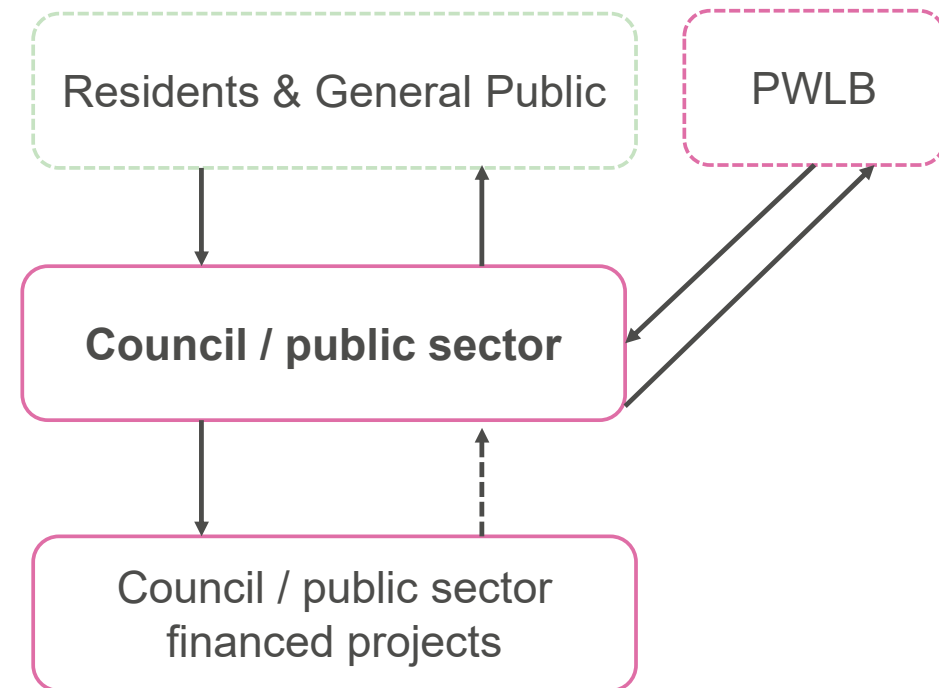


- Council was looking to build, own, operate two solar parks and share project financing risk
- Abundance structured two 20-year debentures and raised £4.3m
- 33% of investors came from Swindon and immediate postcodes
- 18% invested less than £100
- The result was greater local understanding and engagement with the council's Net Zero plans
- This project led to the Financing for Society Project funded by DCMS's Inclusive Economy Unit.



Key Principles: Community Municipal Bonds

- Undercut PWLB borrowing rates
- **Emulate**, as far as possible, the ease of use of PWLB
- Platform for communicating with residents and building trust as well as driving additional social and local economic value
- **Accessible** to ordinary investors; low minimum, helps improve financial security



Community Municipal Bond – Climate Bond



- Councils were planning to borrow from PWLB to finance projects in their Net Zero / Climate Emergency strategy
- Abundance structured a Climate Municipal Bond – which beat PWLB by 0.5% (including fees).
- Using the innovation of crowdfunding the bond is efficient to issue and manage
- Model sits easily alongside PWLB, so becomes simple way to build a local finance market over time
- Both Bonds reached £1m target ahead of schedule
- 25% of investors investing £100 or less
- Created a communication platform and mechanism for receiving Interest Donation
- Circa 10% of interest donated back to each council from investors

Key green finance messages

- To meet the challenges of climate, inequality and sustainability, a combination of political leadership, public will and private capital is needed - £400bn will need to be put into the green economy in the next decade alone
- In order to make a just transition to net-zero, we need to take everyone with us on the journey
- Over 60% of Brits put money aside regularly. Every year £60bn is invested and saved in ISAs and UK private pension funds were valued at over £6tn in 2018.
- Crowdfunding opens up opportunities for more people to invest directly in the projects they care about (locally or in a specific place) at a scale that is meaningful and accessible

“When thinking about finance, knowing the social value of different types of money matters. Assuming the overall 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.”

Financing for Society, University of Leeds, 2019

