

Community Municipal Bond / Loan (CMB)

Grant & Pilot Plan

Background

Abundance has secured two grants to support the piloting of Community Municipal Bonds / Loans (CMBs) in 2020. The grants are from SocialRES, which will supply subgrants to individual authorities piloting a CMB; and PCAN, which provides Abundance with funding to conduct detailed research with pilot communities ahead of a CMB launch.

This paper details the conditions, benefits and outputs of the grants for pilot councils, as well as, the timetable we are hoping to work to in order that we satisfy the conditions of each grant.

We are looking for feedback from potential pilot authorities on the proposed timeline, so if there are significant challenges with meeting the timetable we can plan accordingly.

Grant 1 SocialRES / EU - Horizon 2020 (<http://socialres.eu>)

SocialRES is a Horizon 2020 funded project that started in May 2019. SocialRES is focused on understanding the social and cultural elements which drive the adoption of social / financial innovation linked to sustainability across Europe. Abundance's role in the project is to generate 4-6 case studies. Abundance has agreed with the project consortium to focus its case studies on the CMB concept. Trinity College Dublin, who are also part of the consortium, will research the impact of the various case studies. Specifically, for Abundance case studies the research will identify changes in attitude of resident investors to the bond issuing council and climate change post an investment in a local CMB.

This project enables us to provide sub-grants of £15-25k to 4-6 local authorities who pilot a bond in 2020 (or latest by Q1 2021), details of this grant are included in the Grant Engagement Letter and the grant payments are staged in line with the EU payment schedule for the project.

There are also certain project milestones for SocialRES which shape our overall project plan (see timetable below).

All research will also be shared with pilot authorities (minus residents' views on their own councils).

Conditions of receipt of SocialRES funding

SocialRES is focused on understanding the impact of the "social / financial" innovation on individual citizens views of the environment and climate change.

Our obligation within the SocialRES project is therefore to generate case studies of actual bond raises, so that the wider project team can research changes in resident investors' attitudes post investment.

We therefore need to ensure as far as possible that pilot authorities will issue a bond within the project timelines.

Therefore, to release the grant the following commitments are being asked from pilot councils:

- Confirm legal and finance team support.
- Confirm the council has the appropriate internal sign offs to pilot a CMB (subject to final legal due diligence)
- Confirm there is a sustainability project with a borrowing event that the CMB can be linked to by the end of 2020
- Confirm procurement approach
- Agree a high-level project plan with Abundance for delivering the bond
- Complete and sign the Grant Engagement Letter

Grant 2 PCAN / Economic and Social Research Council ESRC (<https://pcancities.org.uk/>)

The PCAN grant is to fund research with potential resident investors in 3-4 pilot communities ahead of the bond raise. This grant provides budget for Abundance to carry out detailed research in each pilot community including focus groups, online surveys and market testing of propositions. This is designed to ensure the local articulation of the CMB proposition is engaging to residents, but also to ensure we are aware of local priorities. Amongst other things, the process will enable us to test different ideas for the “interest donation mechanism” to see what ideas are motivating for resident investors to donate against. Other outputs will be insight into residents’ attitudes to climate change, the local council and the council’s role in tackling climate change, as well as insight into how to engage residents with climate change action.

The grant commits us to reporting back to PCAN by April 2020 on the research findings. All research will be shared with pilot authorities (minus residents’ views on their individual councils). 3-4 of the recipients of the SocialRES grant will benefit from the PCAN grant.

Timelines

Our aim is to work on each phase of the project with the full group of pilot authorities, in order to share insight and drive efficiencies.

The two key phases of work pre-launch are as follows:

- **Finalisation of template legal documentation**, we have created draft legal documents and received some initial feedback from pilot authorities. However, we intend to finalise these documents over a specific period (detailed below), so that any feedback can be shared within the group and a final document produced. In addition, we expect pilot authorities to seek a legal opinion on the documentation and use some of the grant money for this. There will be cost efficiencies if these opinions are secured at a single point in time from the same firm.
- **Local market research**, we intend to carry out the local market research during a specific period (detailed below) so that commonalities and differences between communities can be more easily identified. We are looking to identify elements of the proposition which are universal, while working out which elements have specific local contexts.

High Level Project Plan and Grant Deliverables (X)

We are aiming to kick off the project with the first group of authorities in February 2020 but understanding different timelines for sign off we expect that 1 or 2 authorities may drop into the process after this.

The first group will get the greater proportion of the EU grant money, this is on the basis that they will drive the finalisation of the template legal documentation. In addition, because of the short timeline on the PCAN grant the first group will also benefit from the local community research. Due to the PCAN grant only providing budget for up to 4 communities not all the authorities who receive a SocialRES grant will benefit from the PCAN grant. If there is a full set of pilot authorities confirmed by 31 January, we will select where we conduct the local research so that we maximise the diversity of communities.

HIGH LEVEL PROJECT PLAN	Jan-20	Feb-20	Mar-20	Apr-20	May-20	Jun-20	Jul-20	Aug-20	Sep-20	Oct-20	Nov-20	Dec-20	Jan-21	Feb-21	Mar-21	Apr-21	May-21	Jun-21	Jul-21	Aug-21	Sep-21	Oct-21	Nov-21
Group 1 - Council grant engagement letter signed																							
Group 1 - Councils receive first installment of the SocialRES Grant																							
Group 1 - Kick off meeting - detailed project plan agreed with Councils																							
<u>Social RES Deliverable</u> - Summary & project plan for each case study (Abundance prepares)			X																				
Legal documentation review and document completion																							
Local Community Research																							
<u>PCAN Deliverable</u> - report to PCAN on research results						X																	
Bond launches and close																							
Post investment - resident investor research (SocialRES led)																							
<u>Social RES Deliverable</u> - analysis of research and dissemination of findings																			X	X	X	X	X