



CIRCULAR MODELS LEVERAGING INVESTMENTS
IN CULTURAL HERITAGE ADAPTIVE REUSE

**Blockchain as a cultural
heritage investment tool**

CLIC T4.2 – Development of circular
business models



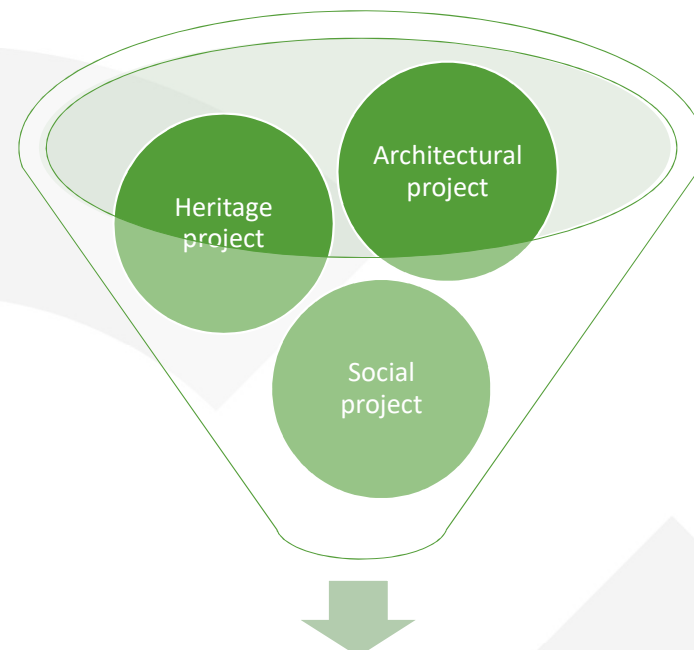
This project has received funding from
the European Union's Horizon 2020
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◆ CHARITABLE DONATIONS ARE NON-CIRCULAR

- Large number of potential projects
- Limited supply of donations
- Donations require expensive fund raising



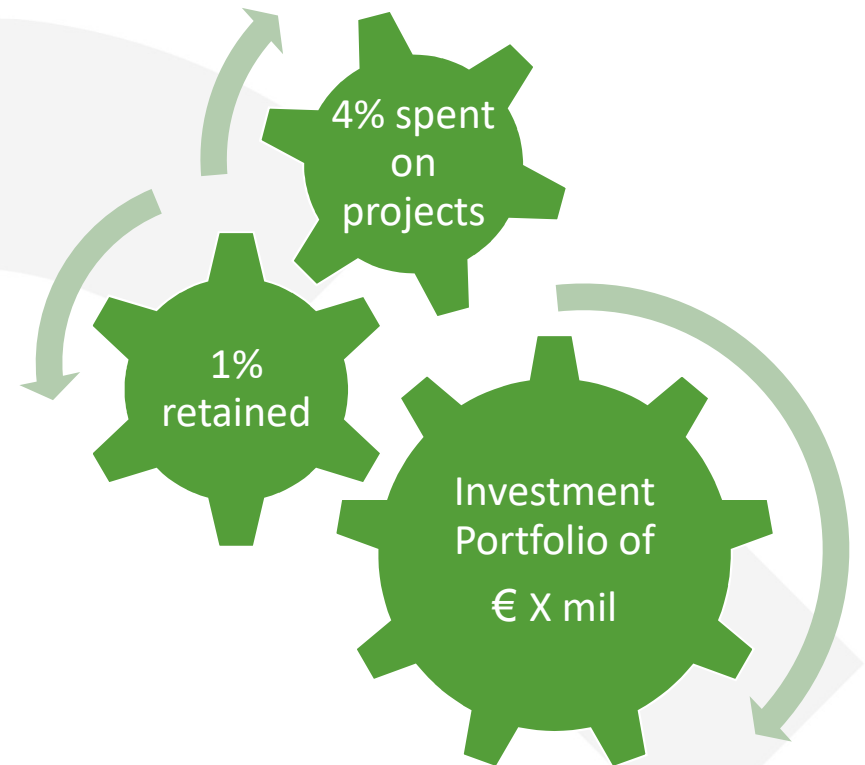
Low proportion of socially beneficial projects funded by non-recurring donations



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- If a foundation's objective is to be permanent, it will typically spend one Euro in twenty of their fund value
- If they wish to grow their spending every year, then the easiest way is to spend less than its income and retain some fund growth
- DAFNE¹ estimated €60bn of spending on €511bn of assets i.e. 11.7% (NB includes that years inflow of donations)



- In 2017, the 300 largest foundations in the UK had £65bn in assets and made £3.3bn in grants (total spending £4.5bn or 7% of assets). These foundations represent 90% of total assets from a universe of 10k foundations
- Clear variation between perpetual foundations and those that are either spending all incoming donations or spending down to zero
- These are social assets seeking circularity via investment returns

	Accounting year	Grants (£m)	Net assets (£m)	Grant rate
Wellcome Trust	Sep-17	844.7	21,877.00	3.9%
Children's Investment Fund Foundation	Dec-16	170.1	3,825.40	4.4%
Comic Relief	Jul-16	99.5	93.5	106.4%
Leverhulme Trust	Dec-17	75.1	3,255.70	2.3%
Garfield Weston Foundation	Apr-17	62.3	9,905.70	0.6%
BBC Children in Need Appeal	Jun-17	61.3	45.1	135.9%
Arcadia	Dec-17	54.6	12.4	440.3%
Esmée Fairbairn Foundation	Dec-17	40.5	996.9	4.1%
Gatsby Charitable Foundation	Apr-17	36.3	396.8	9.1%
Monument Trust	Apr-17	35.3	35.2	100.3%
Wolfson Foundation	Mar-17	30	774.5	3.9%
Grace Trust	Jun-16	30	15	200.0%
Henry Smith Charity	Dec-16	28.1	952.8	2.9%
Gilmoor Benevolent Fund Ltd	Mar-17	26	91	28.6%
Ahmadiyya Muslim Jamaat International	Dec-16	23.6	14.1	167.4%
United Talmudical Associates Ltd	Mar-17	22.9	1.5	1526.7%
Lloyd's Register Foundation	Jun-17	22.8	306.7	7.4%
Barnabas Aid International	Apr-17	22.5	0 N/A	
The Sackler Trust	Dec-16	21.1	37.8	55.8%
The Basil Larsen 1999 Charitable Trust	Apr-17	21.1	30.3	69.6%



CHARITIES OFTEN CREATE VALUE THROUGH THEIR INVOLVEMENT

- Marketing of project no one else is willing to pay for
- Investments in people and capital
- Positive social externalities
- Private benefits produced but not appropriated

Historically
important
building

Charitably
funded
restoration

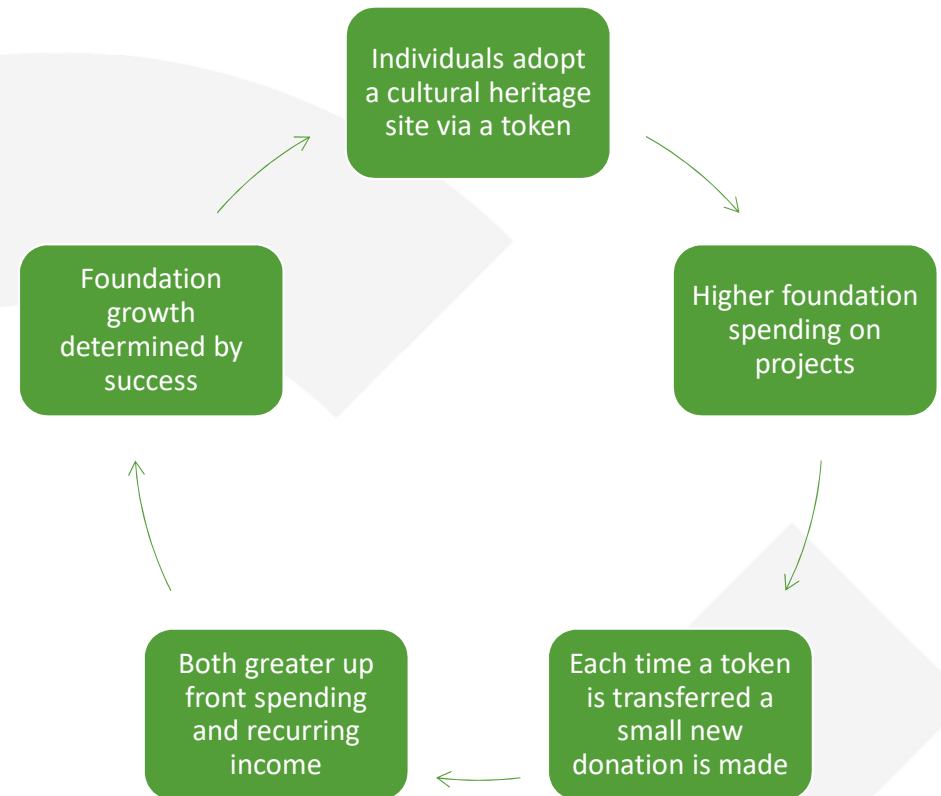
Enhanced
cultural and
physical
asset



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- Using blockchain tokens to enable charitable foundation to invite individuals to adopt a site of cultural heritage
- The token splits the cash donation and the income stream, encouraging investment today
- Each transfer of token sees a small new donation to the cultural site
- Part of the social assets that are currently invested in financial markets could be redirected to social projects





THE CASE FOR TOKENIZATION

What is happening in the charitable sector?

- ◆ Donations are made for a purpose. In boosting circularity and impact, charitable foundations are placing these funds not in social projects but in financial markets
- ◆ These assets total €511bn across Europe. These are social funds invested in financial assets

How can tokenization assist this?

- ◆ Individuals are donating to organizations. They may not realize that only a fraction of their donation is being spent in any given year
- ◆ Tokens, whether centrally issued or via blockchain, can encourage donations and importantly create a framework that enables foundations to spend more of the funds they control
- ◆ Tokenization could:
 - ◆ Enable individuals to adopt cultural heritage sites
 - ◆ Create a future stream of donations
 - ◆ Move funds from assets to projects



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CAN WE DOUBLE GRANTS FROM €60BN TO €120BN?

THE BLOCKCHAIN USE CASE

- Infrastructure exists to launch a blockchain token in 30 minutes.¹ Non-blockchain tokens would require significant upfront investment
- Decentralisation as a way to break a rule 'you may not sell your donation'
- Transparency
- Ability to use multi signature technology so issuer can 'disapprove' certain 'adopters'
- Incentivize foundations to finance important projects



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1

<https://news.bitcoin.com/launching-an-ico-token-on-ethereum-in-less-than-thirty-minutes/>



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THANKS FOR YOUR ATTENTION!!!

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