



# *Environment Program* Request for Proposal: Mobilizing climate change mitigation capital through retail banking

*April 2, 2018*

## KEY DATES

*Week of April 2:* Release Request for Proposal. Preliminary Proposal form available on website.

*April 9 - 9:00-10:00 AM PST:* Informational call to answer questions. **Please RSVP to [climatefinance@hewlett.org](mailto:climatefinance@hewlett.org) to receive dial-in information.** We strongly encourage all applicants to participate, as we will not conduct one-on-one conversations with applicants.

*May 1:* Preliminary proposal due by 11:59 PM PST

*June 1:* RFP review complete; request for full proposals sent to selected applicants.

*July 1:* Full proposals due. (Please note that the full proposal will be a different document than preliminary proposal form.)

*September:* Decisions finalized; 2018 grant(s) awarded thereafter.

## PURPOSE

The purpose of this Request for Proposal (RFP) is to generate ideas and initiate a new set of grantmaking in support of climate finance: sustainable retail banking. While the Hewlett Foundation has previously supported a number of initiatives to mobilize capital towards solving climate change, such as the establishment of green banks, the issuance of green bonds, the deployment of patient first-loss capital to clean energy funds, and the Taskforce on Climate-Related Financial Disclosures (TCFD), we seek to expand the levers by which we can do so.

One such lever lies in mobilizing the deposits of both business and consumer savers through the retail banking sector. Estimates vary, but a significant amount of capital resides in the checking and savings accounts of consumers, for example \$12 trillion in the United States and \$1 trillion in India. If \$1 trillion is needed globally and annually to meet the Paris Climate Accord by 2050, then the retail banking sector may provide part of the capital needed.

For the purposes of this RFP, the Hewlett Foundation defines retail banking broadly. While retail can sometimes be limited to individuals, we use the word retail to mean consumer-facing; these consumers can be both individuals and organizations (institutions, businesses, etc.). While retail banking generally connotes certain types of transactions such as checking and savings, we include any type of investment instrument in which the consumer can have direct input. Examples of retail banking solutions that mobilize capital to solve climate change include innovations through financial technology (e.g., Aspiration Bank in the U.S. offers virtual, online, climate friendly interest checking; PensionBee in the U.K. offers virtual, online climate friendly pension options) and



innovations that serve as proof points to existing financial structures (e.g. the Clean Energy Credit Union in the U.S. and green tagging in financing real estate).

Organizations across the retail banking sector are invited to apply and articulate how they can drive investments into climate change solutions. Both supply-side and demand-side initiatives are welcome. Supply-side initiatives may include encouraging retail banks to provide 100% sustainable banking (divestment from fossil fuels and investment in climate change mitigation solutions such as solar and wind energy), de-risking the ability for retail banks to provide climate finance, scaling the size and number of sustainable retail banks, and improving the capacity for sustainable banks to reach a larger number of consumers. Demand-side initiatives may include increasing the awareness of sustainable retail banking options among business and household consumers, facilitating the switch to climate-friendly options through financial technology, and effective communication that leads to a shift in consumer action.

As a result of this process, we aim to:

- Promote a sustainable retail banking movement that drives real capital into solving climate change;
- Encourage catalytic investment in climate change solutions through the retail banking sector;
- Avoid funding duplicative efforts.

## WHO SHOULD APPLY

- 1) Organizations that engage in, research, analyze, and/or pursue the practical applications of climate change friendly banking (e.g., divestment from fossil fuels, investment in climate change solutions) and/or encourage the use of sustainable banks.
- 2) Organizations located in and focused on at least one of the following regions: China, European Union, India, United States.

**Note about multi-organization applicants:** The Hewlett Foundation strongly encourages organizations to apply in partnership with other organizations if they 1) do very similar work (e.g. use a similar approach with a similar audience), or 2) are too small to apply alone but could scale through a partnership with other organizations. Organizations applying in partnership will each submit the same proposal but each organization will get its own grant. Grants to organizations applying as a partnership will take into account and offset the added cost of working in partnership.

## HEWLETT FOUNDATION OBJECTIVE

Climate models tell us we must drastically reduce emissions. To keep the rise in global average temperatures to “well below” two degrees Celsius (as called for by the Paris Agreement), we must cut global GHG emissions by 50 percent by 2050—something that cannot realistically happen without cutting emissions in developed countries by more than 80 percent over the same period.

The goal of the Climate Initiative at the Hewlett Foundation is:



*To limit global warming emissions enough to keep global average temperature increase below 2° C above pre-industrial levels, in order to protect the planet from the worst effects of human-induced climate change and help promote human prosperity and health around the world.*

We want, in short, to build clean, low-carbon economies.

**This Request for Proposal focuses on retail banking oriented work that helps achieve the goal outlined above.**

We think about our grantees as an ecosystem, with individual actors adding value in complementary ways.

## CRITERIA FOR DECISION-MAKING

The Hewlett Foundation will assess the strength and relevance of programs/projects from eligible applicants based on the following three criteria:

### **1) Vision of success and path to achieve it**

Successful initiatives balance short-term tactical work with long-term vision and a path to achieve it. Applicants will be assessed on clear articulation of:

- Unique ability to reach and persuade target audiences;
- Short- and long-term success of the initiative, and the organization's contribution to success.

### **2) Scalability**

The Hewlett Foundation is prioritizing scalability because of its relationship to impact: in order to have the greatest impact, organizations need to scale. This can take many forms in addition to geography and people reached. Network effect, force multiplication, influence on media narrative, access to influential actors (both people in power and important constituencies), level of influence, and access to resources are all dimensions of scaling that directly relate to impact. Depending on where in the ecosystem an organization sits, the path to scaling will look different.

The expectation is that over time, this funding will lead to increased scale and impact of both the institution (or partnership) and the movement. Applicants will be assessed on clear articulation of:

- A path to scaling (e.g. through its own structure, networks, formal partnerships, etc.);
- How the organization will measure increase in scale, such as number of people, number of accounts, influence of audience, or engaging new constituencies;
- Ability to achieve quantifiable impact in one year after the grant is issued.

### **3) Climate impact**

The goal of the climate finance work is ultimately to mitigate climate change and thereby preserve the environment—mobilizing the resources, both human and financial, needed to achieve environmental solutions. As such, the expectation is that we can measure the climate impact of our funding. In the context of developing scale in order to achieve climate impact leading up to 2050, applicants will be assessed on clear articulation of:

- Climate impact goals (tons of CO2 equivalent or similar metric);



- Financial mobilization goals (amount of capital mobilized or similar metric).

All organizations should also submit their IRS determination letter to demonstrate 501(c)(3) tax status, if applicable.

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## FREQUENTLY ASKED QUESTIONS

**How long will grants be?** Program/project grant(s) made in connection with this RFP will be awarded in 2018 for a period of two years (subject to renewability in 2019 pending the satisfaction of the grant award terms).

**What geographies will be covered?** This RFP is limited to organizations located and operating in the United States, the European Union, India, or China.

**What sectors are covered?** The main climate change sectors of focus are energy, industry, and transportation; a secondary focus is on agriculture and land use.

**Why does the RFP not ask for a grant amount?** The size of each grant will depend on the number and range of potential grants, the size of your organization or project budget, and the total amount of funds available. If your organization/partnership is invited to submit a full proposal, we will invite a program/project proposal for a specific grant amount.

**Can we apply for a single-organization and multi-organization grant?** Yes, but please limit the total applications to three (one organization should appear in no more than three separate proposals). Also, keep in mind our priority is to fund work that can scale. In some cases, scaling will be more likely as a partnership than as an individual organization.

**How many organizations can be in a multi-organization applicant?** No more than four.

**Can we apply if our organization is not *only* focused on retail banking?** Yes.

**Does the organization need to be a non-profit to apply?** No. The work proposed must be charitable in nature and without excess private benefit. Organizations such as CDFIs, credit unions, consumer interest groups, communication campaign firms, non-profit banks, and benefit corporations may consider applying.