

## CHAPTER 05

# FINANCE



Anya Schoolman, Executive Director of Solar United Neighbors, is helping communities take advantage of the Inflation Reduction Act of 2022 to help them incentivize and finance residential solar.

The world has many solutions to help transform the energy, food, and health systems—but only additional capital can provide the access and scale necessary. In 2023, the Foundation’s Finance team worked to close the global climate financing gap—which stands annually at \$3.5 trillion—by working to tap private and public sources while also seeking to ensure that important legislative action helps families and communities adapt and prosper.

### By the Numbers

In 2023, the Foundation and its grantees and partners helped:



**4M**

**households supported** to navigate their tax refunds

**300+**

**U.S. communities reached** with clean energy projects

**\$1B+**

**capital mobilized** for fully-funded Zero Gap Fund of 12 program-related investments—a 35x total leverage

**\$1B+**

**in new deposit commitments** for Community Development Financial Institutions (CDFIs) and Minority Depository Institutions (MDIs)

**\$40B**

**mobilized** for IMF Resilience and Sustainability Trust

**\$100B**

**total Special Drawing Rights reallocation commitments**

**\$50B**

**additional World Bank lending unlocked** through Capital Adequacy Framework reforms

# UNLOCKING U.S. CLIMATE FUNDING

The Inflation Reduction Act, which provides a dramatic increase in federal funding in the United States, is historic legislation that will help many of our partners expand work within communities that are already suffering the most due to climate change. Through the Invest in Our Future (IOF) platform, we are helping our partners leverage this funding along with other philanthropic investments. To date, IOF has deployed \$103M to 71 grantees to support technical assistance in workforce development, project development and field building.

IRA implementation furthers the impact of RF grantees. Residential Retrofits for Energy Equity provided technical assistance to introduce clean energy in more than 300 communities, resulting in 60 funded projects

These partners also leveraged grant support to secure an additional \$14.5 million in philanthropic investment and unlocked more than \$30 million in federal funding beyond the IRA.

The 30 Million Solar Homes Coalition is advocating for change in policy so that everyone can access clean energy; for example, a new law in Minnesota requires state utilities to use 100% clean energy by 2040 with provisions to streamline permitting, set minimum wage standards and prevent waste incineration plants in communities from counting towards targets.

>300

of our grantee partners provided technical assistance to introduce **clean energy**, resulting in 60 funded projects

+\$14.5M

million in **philanthropic investment** leveraged by these partners to secure grant support in philanthropic investment, going beyond the promise of IRA funding

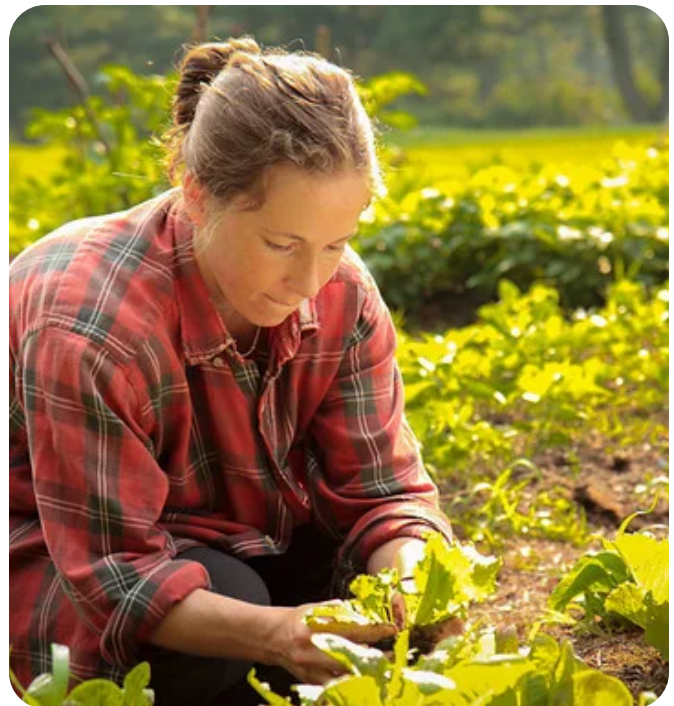
>50

projects with **16 organizations** in six states are developed by Working Power

## STORIES FROM THE FIELD

**Anya Schoolman's oldest son was 12 years old when he urged his mom to go solar.** Schoolman found it would be both expensive and complex. But instead of saying no, she said, let's bring in our neighbors and do it together. This was 2007, and the start of what would become Solar United Neighbors (SUN), now one of the most experienced groups serving low-income single families. It has helped more than 9,300 homes link up to solar panels, with over 74,000 kW installed—and is still going strong.

**On Longhaul Farm in Garrison, New York, Jason Angell and Jocelyn Apicello—co-directors of the Ecological Citizen's Project—believe countering global warming is urgent—but also not enough.** They formed a partnership with the Foundation's grantee Working Power to create locally owned solar power with a resulting revenue stream to support community priorities. Working Power is developing more than 50 projects with 16 organizations in six states. Once completed, these projects will provide a carbon offset equal to planting and maintaining 520,000 trees for ten years, and generate \$92 million in community benefits.



Jocelyn Apicello at Longhaul Farm.





# MAKING U.S. TAX POLICY MORE JUST

The U.S. tax code fundamentally shapes economic outcomes and mobility across all tiers of American society. The Foundation is collaborating to inform policies that will help American workers achieve economic stability, as well as improve how they navigate and access the tax system. For example, the [U.S. Pro-Working Families Tax Policy Initiative](#) supports organizations and collaborations to build the public demand, expertise, and capabilities to effectively leverage fiscal policy to reduce economic inequality in the U.S. This portfolio has also generated adjacent climate benefits by working on implementation of the Inflation Reduction Act, which is using the tax code to steer U.S. climate policy. Additionally, Code for America through [GetYourRefund.org](#) and [GetCTC.org](#), helped more than 4 million households navigate their tax situations, including helping more than 167,000 file and claim the Earned Income Tax Credit (EITC), Child Tax Credit (CTC), and Economic Impact Payments (EIP).

From 2021 to 2023, we also worked with coalitions across the political spectrum to advance the benefits to families and workers resulting from tax policies. The work helped fill gaps in the national tax policy ecosystem by using flexible funding to support organizations and projects pushing specific solutions, including the Emerging Voices Pooled Fund at Public Private Strategies, Fair Share for America, and Better Taxes for a Better America.

# THE ECONOMIC OPPORTUNITY COALITION

The Economic Opportunity Coalition (EOC) is designed to accelerate opportunity to create wealth in low income underserved communities across the United States. This initiative—housed within [Rockefeller Foundation Catalytic Capital](#)—strengthens [Community Development Financial Institutions \(CDFIs\)](#) and [Minority Depository Institutions \(MDIs\)](#) so that underserved people can access capital for business opportunity. To date, the initiative has secured more than \$1.3 billion in new deposit commitments for CDFIs and MDIs.

# ZERO GAP FUND

The Foundation's Innovative Finance portfolio aims to find new ways to mobilize private capital for public good in the US and globally. For example, its Zero Gap Fund deploys flexible, patient, and risk-tolerant capital to catalyze private investment into strategies that address the UN Sustainable Development Goals. This impact investing is done in collaboration with the John D. and Catherine T. MacArthur Foundation and its Catalytic Capital Consortium. Through this fund, we provide catalytic capital to demonstrate new products; in parallel, the Innovative Finance team identifies grant opportunities to build pipeline for future investment and strategic field building.

One example of this is [Blue Forest](#), a conservation finance organization bringing together communities, finance, and science for high-impact forest restoration and wildfire risk reduction in the Western US. The work, initially seeded by a Foundation grant, is financed through a unique financing mechanism known as a [Forest Resilience Bond](#). In connection with its first Forest Resilience Bond, Blue Forest has returned all investor capital in line with expectations and restored and protected over 8,000 acres of forest and more than 27,000 acre-feet of water supply, and avoided over 27,000 megatons of wildfire carbon emissions across multiple Western States. More information on this and our other investments focused on climate is available in the most recent portfolio [report](#).

## AN EXAMPLE OF WORK FROM OUR ZGF INVESTEEES

[LeapFrog](#), an emerging market fund manager focused on health and financial inclusion, through its Emerging Consumer Fund III, cumulatively provided over 185 million emerging consumers and over 43 million unique female customers with affordable access to healthcare or financial services.

[Women's Livelihood Bond II](#), a credit fund providing seed capital loans to intermediaries and other assistance to women-owned businesses in Southeast Asia (which matured in January 2024) cumulatively reached over 114,000 women in emerging markets at a social return on investment (SROI) of \$3.57.

>8,000

acres of forest restored  
across multiple Western States

185M

emerging consumers  
with affordable access  
to healthcare or financial  
services

114K

women reached in emerging  
markets at an SROI of \$3.57



# CAPITAL ADEQUACY FRAMEWORKS

Our Global Economic Recovery work is focused on building a global financial architecture that can mobilize substantially more, and better quality, financing to support development and climate solutions for countries around the world. Within that portfolio, we helped develop the Bridgetown Initiative—led by Barbados Prime Minister Mia Mottley—which is advancing reforms to provide capital and fiscal space to developing countries.

One key element of the Bridgetown Initiative is the reforms to the capital adequacy frameworks (CAF) of the World Bank and other multilateral development banks (MDBs)—which are aimed at changing risk management to dramatically increase the amount of lending at these banks. This work, which grew out of a G20 independent experts panel supported by RF, has been advanced by collaborative RF advocacy and coalition-building efforts.

In the spring, the World Bank expanded its lending capacity by \$40 billion and, in the fall, the Asian Development Bank unlocked another \$100 billion in new lending—both through implementation of CAF reforms. There is still much implementation to do, but the coalition of like-minded governments that RF helped build around the Bridgetown Initiative continues to advocate for these CAF and other innovative finance reforms for MDBs.

Another result of the energy and advocacy around the Bridgetown Initiative was the Summit on a New Global Financing Pact, which was hosted by French President Emmanuel Macron in June 2023. Attracting heads of state from around the world, the summit created excitement around multilateral reform and the shortage of financing for climate action and other development priorities in low- and middle-income countries. The Foundation was proud to support the summit and participate. Of course, the forum's outcome also reflected some of the limits of today's multilateral summitry. Though issues like developing economy debt and the climate finance gap gained attention—and concrete progress was made in the Paris Pact for People and Planet (4Ps) on MDB reform, country platforms, and private capital mobilization—countries themselves still drive much of the support for development finance and guide the actions of multilateral institutions.

At a time when global cooperation is decreasing and domestic populism rises, the summit and RF's work in this space underscores that those seeking to make an impact for vulnerable people and communities today must push for international institutions and initiatives as well as work within nations to seek change.



National leaders speak at the Summit on a New Global Financing Pact, which gathered participants from over 100 countries to tackle global financial inequities and mobilize resources for developing countries facing climate change, debt, and poverty.



# LESSONS LEARNED FROM OUR FINANCE WORK



As we seek to scale capital needed to advance opportunity and slow the climate crisis, the Foundation will leverage lessons learned over the last year, including:

## **Impact diligence is as critical as financial viability.**

In impact investing, we often see the impact challenge described in detail. Yet it is essential that the implementation of the investment approach be well analyzed from both financial and impact generation angles.

## **Long term view needed.**

Even when investment strategies are gaining traction, it can take time to build the necessary track record and performance data for a unique product. Our learnings from the [Zero Gap Fund](#) have shown that even with some of our more innovative structures, we may need to wait several years to see whether the market is responding favorably to these new strategies and structures or not.

## **Implementers and advocates must work together.**

Coalitions made of implementation partners and advocacy organizations create positive feedback loops that deliver inclusive impact.

## **Sector and focus matter.**

The climate finance opportunity set is quite expansive. In order to leverage the Foundation's unique resources for high impact and effectiveness, it is important to focus on specific impact themes and markets where RF can add value and leverage Foundation expertise.

## **A solution doesn't have to be novel to be transformational.**

Instead, it needs to focus on a specific need and be accessible and understood to deliver impact—like the extension of the Earned Income Tax Credit and Child Tax Credit in support of low wage workers.

