Greenhouse Gas Reduction Fund (GGRF)
Best Practices for Equity and Governance
A Guide for NCIF and CCIA Applicants

By the GGRF Equity and Governance Best Practices Alliance

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Introduction

Background

The Greenhouse Gas Reduction Fund (GGRF) is a new program created by the passage of the Inflation Reduction Act that will provide $27 billion in competitive grants to finance clean energy and climate projects that reduce greenhouse gas emissions and other air pollutants.

The Environmental Protection Agency (EPA) will distribute the $27 billion through 3 competitions:

- **$14 billion for a National Clean Investment Fund (NCIF) competition** – Funding for 2-3 national nonprofits to partner with private capital providers for clean energy projects;
- **$6 billion for a Clean Communities Investment Accelerator (CCIA) competition** – Funding for 2-7 hub nonprofits to build clean financing capacity to provide increased access to low-income and disadvantaged communities; and
- **$7 billion for a Solar for All competition** – Funding for up to 60 grants, in every state and territory, “to expand the number of low-income and disadvantaged communities that are primed for investment in residential and community solar.”

What this Means for Environmental Justice Communities

We still do not know who will be awarded the funding for each of these competitions, but we do know that applicants for the National Clean Investment Fund and Clean Communities Investment Accelerator will likely include coalitions of different types of nonprofit financial institutions such as community development financial institutions (“CDFIs”), credit unions, or green banks.

This means that a small number of awardees will be responsible for regranting this funding to community lenders or directly financing projects that benefit low-income and disadvantaged communities. The awardees chosen by the EPA will largely determine whether this program is implemented justly and equitably.

To better ensure equitable implementation, the GGRF Equity and Best Practices Alliance developed a pledge in spring 2023, calling on applicants for the NCIF and CCIA competitions to publicly commit to robust governance structures and processes that center equity and provide meaningful accountability to local communities and the public. Environmental justice and community-based organizations, representing and made up of frontline communities, should have decision-making power in how and where these funds are deployed to ensure that impacted communities directly benefit.

Overview of the Guide

This guide was built to operationalize the Pledge that was endorsed by 60 organizations in spring 2023. Based on detailed competition guidance that has since been released, this document maps the overarching principles in the pledge to recommendations for key application sections within the NCIF and CCIA. Listed below are recommendations that NCIF and CCIA applicants should incorporate into their applications and if awarded, the processes and overall structure of their organizations. Some recommendations appear multiple times for different sections of the application due to overlapping components among application sections. In addition to these recommendations, applicants should commit to publishing their applications after submission to demonstrate their commitment to upholding these principles and practices.
National Clean Investment Fund (NCIF): Key Application Sections

Total Application Points Available: 1000 pts

Note: “Community lender” refers to institutions such as community development financial institutions, credit unions, green banks, housing finance agencies, minority depository institutions, farmer-owned cooperatives, community banks, and mission-driven investors.

Community Engagement and Accountability

1.2.1.1 Community Engagement Plan (30 pts)

Application Section Purpose: Describe your plan to engage communities in a manner that is comprehensive, frequent, accessible (e.g., to persons with limited English proficiency and persons with disabilities), and tailored to their priorities. Also describe any engagement activities that you have completed for the purposes of developing your application. Describe past, present, and future engagement with geographically diverse communities (10 pts), Tribal communities (10 pts), and low-income and disadvantaged communities (LIDACs) (10 pts).

Recommendations:

- Describe your partnerships with organizations that have a demonstrated track record of working in and collaborating with LIDACs. Lay out your organization’s approach to sustaining these partnerships for the long term and forming additional partnerships as needed.
  - Example: Commit adequate financial and staff resources to support authentic engagement with community-based organizations that are trusted in LIDACs, and build shared strategies with them to lead engagement processes and invest in local leadership development. See SPARCC’s Inclusive Investment Starts With Equitable Engagement for more examples of equitable community engagement practices.
- To engage LIDAC communities, contract with community-based organizations (CBOs) that already work with LIDACs locally and have trust with them.
  - Example: ACT LA required Metro station planning processes to contract with local CBOs to lead participatory planning exercises in order to meaningfully incorporate community input and build community ownership.
- Create funded community positions in planning, implementation, and monitoring.
- When developing a robust community engagement plan, ensure alignment with existing community-identified priorities from previous community engagement and planning.
• See Emerald Cities Collaborative’s Anchor-Community Engagement Workbook and Elemental Excelerator’s Square Partnerships Toolkit for examples of how to approach community engagement.

• Reserve funding to **compensate community members for their engagement and expertise**, which may be used for stipends, childcare, providing meals, transportation, meeting attendance if necessary, etc.

• **Offer multiple modes of engagement** for community members, in-person or online. Specify how you will **ensure these modes center access and equity**:
  
  o In-person locations should be accessible via public transit. Prioritize meeting people where they are at, holding events in locations and at times where the community regularly gathers.
  
  o Make online platforms user-friendly and available in multiple languages, including American Sign Language (ASL) as well as other languages prevalent among limited English-speaking households in the local community. Have simultaneous interpretation available for in-person engagements. Consider having engagements conducted in another language.

• **Conduct iterative targeted outreach** to LIDACs to receive input and feedback on governance structures, processes, and criteria.

• **Describe how feedback received from community engagement processes is utilized** beyond simply informing the community of what is happening.
  
  o Describe how community engagement factored into the selection of named subrecipients in your application.
  
  o Describe how community engagement is incorporated into your project investment strategy and review.
  
  o Consider opportunities to move from engagement to ownership, utilizing the Movement Strategy Center framework.
  
  o See requirements from the Transformative Climate Communities program related to community engagement in Appendix C of the Program Guidelines.

1.2.1.2 Community Accountability Plan (30 pts)

**Application Section Purpose:** Describe your plan to maintain accountability to communities in the program. Discuss transparency mechanisms (10 pts) as well as participatory governance structures and other tools/commitments, such as independent advisory committees and community benefits agreements (20 pts), that you will implement in the program.

**Recommendations:**

**Transparency Mechanisms (10 pts)**

- Develop transparent, publicly-accessible, and meaningful **accountability criteria**, based on CDFI Fund’s accountability criteria.
• Describe your **accountability mechanism** for community members to report issues related to projects funded, whether in place or planned. Detail steps taken to ensure the channel is accessible and clearly outline your procedure and timeline for responding to complaints. **Commit to making complaints publicly accessible** and explaining how they were addressed in your quarterly performance reports. Anonymize complaints when publicly reporting.
  

• Describe how you will **collect data and report to EPA on a quarterly basis on impacts of your investments and benefits conferred to LIDAC**, including clean energy and energy efficiency, clean transportation, housing affordability and sustainability, climate and air pollution reduction, legacy pollution reduction, clean water, health, energy security and cost savings, and creation of high-quality jobs and workforce development opportunities.
  
o  Make this reporting publicly available.
  
o  Make sure data is easily accessible and understandable to the average person.

• **Disaggregate your reporting on impacts** of qualified projects, including demographics of the borrower and where the project is located.

• **Disaggregate your reporting on the types of financial products** the NCIF awardee provides to community lenders, including demographic data on leadership of community lenders and where they are located.

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**Participatory Governance Structures (20 pts)**

• Ask your subrecipients to require a **binding and publicly disclosed community benefits agreement (CBA)** and **anti-displacement plan** or strategy for any project that exceeds an appropriate level of scale and potential economic, environmental, or social impact to the community (threshold informed by community engagement):
  
o  **Community benefit agreements** (CBAs) between project developers and impacted community members, labor leaders, and local government officials should ensure accountability to the local community. This is only made possible if CBAs are developed through community leadership and meaningful participation.
  
o  See Emerald Cities Collaborative’s [sample CBAs](#) for examples.
  
o  **Anti-displacement plan or strategy** should describe what steps will be taken to ensure a project does not lead to inadvertent displacement of current residents.
  
o  See examples of anti-displacement strategies in Appendix C-2 of the Transformative Climate Communities Program Guidelines.

• **Reflect representation and accountability to LIDACs in the board** and additional specific structures, processes, decision-making bodies, and criteria. Develop these through community engagement where applicable.
o Includes decision-making committees/teams that review community lender applications for capitalization funding and technical assistance subawards, determine technical assistance services and related investments, interface with NCIF awardees, and audit committee.
  o Audit committee should consider equity and justice impacts in evaluations.

- Provide **timely updates** on investments in qualified projects and financial assistance to community lenders, and **offer opportunities for community participation and feedback on investment decisions**.
- Commit to **making the processes and outcomes of community engagement public**.
- Commit to **centering community input in the design of financial products** and investment policies. Describe how this practice is being incorporated throughout the performance period via governance structures.
  o E.g. Establish a community oversight board that reports on whether and how community input was incorporated, or create funded community positions in planning, implementation, and monitoring (See [community oversight committee example in Portland CBA](#)).
Defining Benefits

1.2.2.1 Climate and Air Pollution Benefits (20 pts)

**Application Section Purpose:** Identify your program’s goals and targets for delivering climate and air pollution benefits.

**Recommendations:**

- Include **clear, measurable, and publicly available goals and targets for improving air quality** and impacts related to greenhouse gases and other hazardous air pollutants.
  - See California Air Resources Board [Community Air Protection Resource Center](http://example.com) for examples.
- Require community lender subrecipients to **demonstrate that projects do not increase environmental burdens**, particularly in LIDACs.

1.2.2.2 Equity and Community Benefits (20 pts)

**Application Section Purpose:** Identify your program’s goals and targets for delivering equity and community benefits, including which types of benefits you will deliver and who will receive those benefits. Discuss your goals and targets for benefits that will accrue to LIDACs, geographically diverse communities, Tribal communities, communities with environmental justice concerns, energy communities, and persistent poverty communities.

**Recommendations:**

- **Describe how benefits will be direct, meaningful, and assured to priority communities.**
  - Describe the methodology you will use to evaluate projects for potential financing based on the direct benefits they can deliver. This methodology should incorporate geography (targeting LIDACs), how projects meet community-identified needs, and various co-benefits the project may deliver in addition to greenhouse gas emission reduction.
  - Describe the methodology you will use to ensure community lenders assess the direct benefits their proposed projects will deliver.
  - Describe anti-displacement and anti-gentrification methods you will implement to keep legacy residents in the community.
  - Clearly identify communities of color that you are planning to work with.
  - Describe opportunities to maximize community ownership and wealth-building opportunities via projects.
  - Consult the examples of Justice40 benefits listed in the White House’s [Interim Implementation Guidance](http://example.com) for the Justice40 Initiative and follow the community’s lead on what project benefits are the highest priority.
• **Partner with, fund, and finance community development organizations, Minority, Women, and Disadvantaged Business Enterprises (MWDBEs), cooperatives, labor, and technical assistance community-based organizations (CBOs)** that have proven track records working with or representing local LIDACs.
  
  o Prioritize business partnerships with MWDBEs and cooperatives with high-road economic inclusion standards for workers and contractors that allow for shared prosperity, environmental sustainability, and efficient democracy.
    
    ▪ **Example Goal:** Build community wealth through high-road jobs.
      
      ⇒ **Example Target:** 40% of projects are installed by MWDBEs/cooperatives with high-road standards.
      
      ⇒ **Example Target:** 40% of entities supported in a workforce capacity are MWDBEs, cooperatives, CBOs, etc.
    
    ▪ **Example Goal:** Prioritize projects that include on-the-job training and pre-apprenticeship and apprenticeship opportunities.

• **Describe how you will collect data and report to EPA on a quarterly basis on impacts of your investments and benefits conferred to LIDACs**, including clean energy and energy efficiency, clean transportation, housing affordability and sustainability, climate and air pollution reduction, legacy pollution reduction, clean water, health, energy security and cost savings, and creation of high-quality jobs and workforce development opportunities.
  
  o Make this reporting publicly available.
  
  o Ensure data is easily accessible and understandable to the average person.
Financial Products and Transactions

1.2.4.1 Financial Products (40 pts)

**Application Section Purpose:** Describe the financial products that you plan to offer and how those financial products will help you achieve the portfolio allocation. Provide specific details on the financial products (15 pts) and how those details are tailored to achieve the portfolio allocation, such as incentivizing projects based on their climate and air pollution benefits and/or equity and community benefits as well as improving affordability for certain types of counterparties (25 pts). Where relevant, include any financing vehicles and structures you will use to deliver these financial products. Include a projected allocation of grant funds across financial products.

**Recommendations:**

- Provide clear **guidance to subrecipient community lenders on options for how to use financial assistance** provided by the NCIF awardee to create financial products that support the development of a national transaction pipeline of qualified projects to deliver benefits to LIDACs.
- Have a clear **strategy for the design and implementation of financial products that is co-created with community members to explicitly deliver benefits to LIDACs.** Clearly articulate how these products will be structured in ways that maximize benefits to LIDACs and meet the goal of using 40% of award funding to provide benefits in LIDACs.
- Describe **consumer protection principles** that will be upheld in the development of financial products.
- For direct investments in qualified projects, **demonstrate how those investments will provide economic** (e.g. reduced costs) and **non-economic benefits for the impacted community** and avoid causing inadvertent harm such as displacement.
- Prioritize **long-term cost-effectiveness** accounting for holistic benefits from the perspective of communities over short term returns on investment.

1.2.4.3 Transaction Partnerships Plan (30 pts)

**Application Section Purpose:** Describe your plan to use partnerships to build and execute on a robust, national transaction pipeline. Propose an effective operating model and include existing and/or planned partnerships to deploy financial assistance to qualified projects by working with intermediating institutions, including community lenders and other similar institutions, non-profit organizations, for-profit businesses, private capital providers, and others (15 pts). Provide clear evidence that this operating model will materialize (15 pts).
Recommendations:

- Describe your strategy to partner with non-profit organizations, private capital providers, and other intermediating institutions besides community lenders, to develop a national transaction pipeline of qualified projects that serve and deliver benefits to LIDACs while avoiding extractive practices that can harm LIDACs. Include criteria to ensure that letters of commitment from community-based organizations are based in meaningful partnerships.

- Describe how you will assess partnerships with CCIA awardees and community lenders based on their experience and ability to develop a pipeline of qualified projects that serve and deliver benefits to LIDACs. Include criteria such as track record and reputation of working in and delivering benefits in LIDACs, LIDAC-related experience and representation in board and senior management, community engagement practices, and equity policies and practices.
  - Describe how your processes will promote accessibility and be inclusive of potential partners that may be less established or weaker in overall experience but better equipped to serve and deliver benefits in LIDACs.
  - When selecting community lender subrecipients, include evaluation criteria in the underwriting process focused on how those community lenders conduct community engagement (or incorporate existing engagement in their operational process) and how lenders will ensure underwriting will not explicitly or implicitly exclude historically marginalized communities.

- Describe how you will evaluate the business models of community lenders to understand how their use of financial assistance provided by the NCIF awardee will maximize benefits to LIDACs.

- Provide clear guidance to community lenders on options for how to use financial assistance provided by the NCIF awardee to create financial products that support the development of a national transaction pipeline of qualified projects to deliver benefits to LIDACs.

- Provide clear guidance and technical assistance to community lenders on how to build their capacity in different areas (e.g. lenders with less experience in LIDACs but strong green lending track record, vice versa) to support the development of a national transaction pipeline. Describe how you will engage with community lenders to understand technical assistance gaps and offer support where needed.

- The committee or team reviewing transaction partnerships should have members that represent LIDACs, deep experience working in LIDACs, diverse regional representation, and no conflicts of interest.
Market Development

1.2.5.2 Market-Building Plan (20 pts)

**Application Section Purpose:** Describe your plan to generate market-wide demand for qualified projects, especially in low-income and disadvantaged communities, such as through customer education and engagement, community outreach, contractor engagement, workforce development, and other non-financial market-building activities that are not directly tied to projects you intend to finance (10 pts). Also describe your plan to build a more supportive financial market for providing financial products to qualified projects, especially in low-income and disadvantaged communities, such as through standardization of documentation, development of financial products, and other financial market-building activities that are not directly tied to projects you finance (10 pts).

**Recommendations:**

- Have a clear **strategy for the design and implementation of financial and non-financial market-building activities that is co-created with community members to explicitly deliver benefits to LIDACs**. Clearly articulate how these products will be structured in ways that maximize benefits to LIDACs.
- Describe **strategy for educating and engaging traditional financial institutions and other market participants on the priorities of the NCIF** and how they may align with other priorities (e.g. Community Reinvestment Act obligations).
- Describe **strategy for engaging secondary market partners and ensuring NCIF priorities are uplifted** in the growth of such markets.
- Describe how you will **partner with CCIA implementing partners** and other efforts to build pipelines of projects eligible for NCIF funding.

1.2.5.3 Labor and Equitable Workforce Development Plan (20 pts)

**Application Section Purpose:** Describe your plan to ensure that projects that are ultimately financed as a result of your program generate high-quality jobs with a diverse, skilled workforce (10 pts). Also describe your plan to comply with the requirements of the Build America, Buy America Act and Davis-Bacon and Related Acts (10 pts).

**Recommendations:**

- **Partner with, fund, and finance community development organizations, Minority, Women, and Disadvantaged Business Enterprises (MWDBEs), cooperatives, labor, and technical assistance community-based organizations (CBOs)** that have proven track records working with or representing local LIDACs and high-road economic inclusion standards for workers and contractors.
Prioritize business partnerships with MWDBEs and cooperatives with high-road economic inclusion standards for workers and contractors that allow for shared prosperity, environmental sustainability, and efficient democracy.

- **Example Goal:** Build community wealth through high-road jobs.
  - **Example Target:** 40% of projects are installed by MWDBEs/cooperatives with high-road standards.
  - **Example Target:** 40% of entities supported in a workforce capacity are MWDBEs, cooperatives, CBOs, etc.

- **Example Goal:** Prioritize projects that include on-the-job training and pre-apprenticeship and apprenticeship opportunities.

- Ask subrecipients to require that their projects pay stable and family-sustaining wages and benefits, support collective bargaining, ensure safe and healthy working conditions, benefit local communities, properly evaluate and monitor subcontractors, recruit diverse workers, incorporate high-quality and equitable workforce training, and partner with labor organizations and unions.
  - See requirements from the Transformative Climate Communities program related to workforce development and economic opportunity in Appendix C-3 of the Program Guidelines.
Policies and Governance

1.2.6 Investment Policies (90 pts)

Application Section Purpose: Describe the investment policies that will govern your investments, such as transaction-level screening and decision-making policies (15 pts) as well as portfolio-level diversification, risk management (20 pts), and governance policies (10 pts). Integrate housing affordability protection into the investment strategy (10 pts). In particular, include investment policies to align with the requirement that at least 40% of grant funds be used for the purposes of providing financial assistance in low-income and disadvantaged communities—and to ensure that this financial assistance also delivers benefits to low-income and disadvantaged communities (20 pts).

Recommendations:

Screening and Decision-Making Policies (15 pts)
- Develop a robust process for project screening and due diligence to ensure potential projects meet all six eligibility requirements for “qualified projects” and do not contribute to worsening local air and water quality.
- When selecting community lender subrecipients, include evaluation criteria in the underwriting process focused on how those community lenders conduct community engagement (or incorporate existing engagement in their operational process) and how lenders will ensure underwriting will not explicitly or implicitly exclude historically marginalized communities.

Governance Policies (10 pts)
- Investment team and credit committee should have experience providing financial assistance to LIDACs.

Housing Affordability Protection (10 pts)
- Deploy loan programs for affordable multifamily housing with conditions that protect tenants. Ensure potential outcomes such as displacement, eviction, or rent or utility increases are mitigated up front in loan documents and easily understandable disclosures to residents, as well as when borrowers complete predevelopment work.
  - Incorporate anti-displacement strategies in your underwriting and project selection and provide support to community lenders on specific actions they can take to do the same.
    - E.g. Connect with affordable housing and other community development organizations, include anti-displacement provisions in planning, and collect data from affordable housing owners and nonprofits to understand financial needs of these buildings (see Enterprise Community Partners case study). Make sure this data is easily accessible and understandable to the average person.
- **Have a binding and publicly disclosed** anti-displacement plan or strategy that describes what steps you will take to ensure projects do not lead to inadvertent displacement of current residents.
- **See** California Solar on Multifamily Affordable Housing (SOMAH) Handbook for details regarding restrictions on rent and utility increases.
- When providing financial products to community lenders, **evaluate lenders on their commitment to ensuring housing affordability protection and anti-displacement** in their underwriting and project selection.

**LIDAC Alignment (20 pts)**

- Explicitly detail how you will create financial products that serve LIDACs to meet the program requirement of using 40% of grant funds for financial assistance and to deliver benefits in LIDACs, and **detail how those projects will be subject to different underwriting principles and risk management practices** compared to market rate projects. Provide mitigants to the risks you identify and ensure risk management practices are not unintentionally discriminatory.
  - The NCIF awardee and the community lenders it supports via financial assistance should **focus on ability to repay** as a primary underwriting standard, where applicable, and avoid reliance on credit scores for LIDACs. Examine borrowers’ payment history including non-traditional credit.
    - E.g. Illinois People’s Action negotiated a home purchase pilot program with Fannie Mae that didn’t use credit scores. Underwriting focused on actual borrower payment history and resulted in lower default and delinquency rates than traditional lending programs.
  - **See** Beneficial State Foundation’s Underwriting for Racial Justice and Equitable Bank Standards for guidance.

- Clearly show in your investment strategy proposal **what the costs will look like on the ground** for qualified projects and community lenders serving LIDACs.
- For direct investments in qualified projects, **demonstrate how those investments will provide economic** (e.g. reduced costs) and non-economic benefits for the impacted community and avoid causing inadvertent harm such as displacement.
- Prioritize **long-term cost-effectiveness** accounting for holistic benefits from the perspective of communities over short term returns on investment.
2.2.1 Governance Plan (45 pts)

**Application Section Purpose:** Describe your organization’s plan for ensuring strong board oversight and monitoring of management as well as stewardship of the organization’s long-term success. Include information on board size and composition (20 pts), board committee structures (10 pts), board member independence (15 pts), and other relevant board policies and procedures.

**Recommendations:**
- Consistently maintain a **board with multiple members that have deep experience working in and delivering meaningful benefits in LIDACs**. Experience can include demonstrated experience working in LIDACs, lived experience, a proven track record of positive relationships with LIDACs and organizations representing LIDACs, among others.
- Investment team and credit committee should **have experience providing financial assistance to LIDACs**.
- **Describe how various structures and committees are accountable** to one another and to the community. See [Transformative Climate Communities Collaborative Stakeholder Structure](pg. 27) as an example.
  - In the case of any advisory council or similar body, clarify how its feedback and other outputs will be used. Note whether it is authorized to contribute to decision-making and the scope of such authority.
- Conduct **iterative targeted outreach** to LIDACs to receive input and feedback on your governance structures, processes, and criteria.

2.2.2 Management Plan (45 pts)

**Application Section Purpose:** Provide your organizational structure or planned organizational structure; a list of key existing or proposed senior management and staff (25); the actual or projected number of employees and staffing plan (10); management conflict of interest policies and procedures; management succession plan; and other relevant management policies and procedures (10).

**Recommendations:**
- Consistently maintain an **investment team with members** (ideally a Chief Investment Officer) **that have deep experience working in LIDACs**. If C-suite is not in place yet, job descriptions should place a strong emphasis on experience working in and delivering benefits to LIDACs. Experience can include demonstrated experience working in LIDACs, lived experience, a proven track record of positive relationships with LIDACs and organizations representing LIDACs, among others.
• Reflect representation and accountability to LIDACs in additional specific structures, processes, decision-making bodies, and criteria, and develop these through community engagement where applicable.
  o Includes decision-making committees/teams that review community lender applications for financial assistance, determine technical assistance services and related investments, interface with CCIA awardees, and audit committee.
  o Audit committee should consider equity and justice impacts in evaluations.
• Create funded community positions in planning, implementation, and monitoring.

2.3.1 Consumer Protection Plan (30 pts)

Application Section Purpose: Describe your organization’s plan for ensuring consumer protection across any entity that interacts, transacts, or contracts with a consumer as part of your proposed program as well as your organization’s other business activities (10 pts). Explain in detail how you will comply with applicable consumer protection laws which prohibit creditors from discriminating against consumers who apply for or receive credit (20 pts).

Recommendations:

• Articulate principles for consumer protection. Describe how products will be designed to avoid predatory activity and ensure fairness and affordability, while remaining accessible to target communities.

• Describe your accountability mechanism for community members to report issues related to projects funded, whether in place or planned. Detail steps taken to ensure the channel is accessible and clearly outline your procedure and timeline for responding to complaints. Commit to making complaints publicly accessible and explaining how they were addressed in your quarterly performance reports. Anonymize complaints when publicly reporting.
2.3.2 Equity Policies and Practices (30 pts)

Application Section Purpose: Describe your organization’s policies and practices to advance equity. Include policies and practices that integrate equity into your operational and investment activities (15 pts) and governance (15 pts).

Recommendations:

- Describe **steps your organization is taking to avoid replicating historical patterns of racial bias** in investment activities. How will underwriting and due diligence processes be created and assessed to overcome past inequities?

- Attach a document **detailing your equity policies and practices** in hiring and staff retention.
  - E.g. Targeted recruitment strategies for hiring from LIDACs or residents of target project areas, embedding equity in organizational mission and values.
  - See guidance for equitable hiring processes and policies in the Greenlining Institute’s [Making Equity Real in Climate Adaptation and Community Resilience Policies and Programs](#).

- Describe how you will **collect data and report to EPA on a quarterly basis on impacts of your investments and benefits conferred to LIDACs**, including clean energy and energy efficiency, clean transportation, housing affordability and sustainability, climate and air pollution reduction, legacy pollution reduction, clean water, health, energy security and cost savings, and creation of high-quality jobs and workforce development opportunities.
  - Make this reporting publicly available.
  - Ensure data is easily accessible and understandable to the average person.

- **Disaggregate your reporting on impacts** of qualified projects, including demographics and geographies of communities served.

- **Disaggregate your reporting on the types of financial products** the NCIF awardee provides to community lenders, including demographic data of leadership of community lenders and where they are located.

- Consistently maintain a **board with multiple members that have deep experience working in and delivering meaningful benefits in LIDACs**. Experience can include demonstrated experience working in LIDACs, lived experience, a proven track record of positive relationships with LIDACs and organizations representing LIDACs, among others.
Clean Communities Investment Accelerator (CCIA): Key Application Sections

Total Application Points Available: 1000 pts

Note: “Community lender” refers to institutions such as community development financial institutions, credit unions, green banks, housing finance agencies, minority depository institutions, farmer-owned cooperatives, community banks, and mission-driven investors.

Community Engagement and Accountability

1.2.1.1 LIDAC Engagement Plan (30 pts)

Application Section Purpose: Describe how your mechanisms for engagement are comprehensive, frequent, accessible, and tailored to community priorities (15 pts). Describe how you will use those mechanisms (or have already used those mechanisms to prepare the application) for engagement across diverse low-income and disadvantaged communities (LIDACs) (15 pts).

Recommendations:

- Describe your partnerships with organizations that have a demonstrated track record of working in and collaborating with LIDACs. Lay out your organization’s approach to sustaining these partnerships for the long term and forming additional partnerships as needed.
  - Example: Commit adequate financial and staff resources to support authentic engagement with community-based organizations that are trusted in LIDACs, and build shared strategies with them to lead engagement processes and invest in local leadership development. See SPARCC’s Inclusive Investment Starts With Equitable Engagement for more examples of equitable community engagement practices.
- To engage LIDAC communities, contract with community-based organizations (CBOs) that already work with LIDACs locally and have trust with them.
  - Example: ACT LA required Metro station planning processes to contract with local CBOs to lead participatory planning exercises in order to meaningfully incorporate community input and build community ownership.
- Create funded community positions in planning, implementation, and monitoring.
- When developing a robust community engagement plan, ensure alignment with existing community-identified priorities from previous community engagement and planning.
• See Emerald Cities Collaborative’s Anchor-Community Engagement Workbook and Elemental Excelerator’s Square Partnerships Toolkit for examples of how to approach community engagement.

• Reserve funding for community lenders to **compensate community members for their engagement and expertise**, which may be used for stipends, childcare, providing meals, transportation, meeting attendance if necessary, etc.

• **Ensure that community lenders offer multiple modes of engagement** for community members, in-person or online. Specify how you will **ensure these modes center access and equity**:
  - In-person locations should be accessible via public transit. Prioritize meeting people where they are at, holding events in locations and at times where the community regularly gathers.
  - Make online platforms user-friendly and available in multiple languages, including American Sign Language (ASL) as well as other languages prevalent among limited English speaking households in the local community. Have simultaneous interpretation available for in-person engagements. Consider having engagements conducted in another language.

• Ensure that community lenders provide **timely progress updates and opportunities for community members to participate** in review and selection of projects.

• Conduct **iterative targeted outreach** to LIDACs to receive input and feedback on governance structures, processes, and criteria.

• **Describe how feedback received from community engagement processes is utilized** beyond simply informing the community of what is happening.
  - Describe how community engagement factored into the selection of named subrecipients in your application.
  - Describe how community engagement is incorporated into your investment strategy and review.
  - Consider opportunities to move from engagement to ownership, utilizing the Movement Strategy Center framework.
  - See requirements from the Transformative Climate Communities program related to community engagement in Appendix C of the Program Guidelines.
1.2.1.2 LIDAC Accountability Plan (30 pts)

**Application Section Purpose:** Describe your plan to maintain accountability to LIDACs. Discuss transparency mechanisms (10 pts), as well as participatory governance structures and other tools/commitments, such as independent advisory committees and community benefits agreements, that you will implement in the program (20 pts).

**Recommendations:**

*Transparency Mechanisms (10 pts)*

- Develop transparent, publicly-accessible, and meaningful **accountability criteria**, based on CDFI Fund's accountability criteria.
- Describe your **accountability mechanism** for community members to report issues related to projects funded, whether in place or planned. Detail steps taken to ensure the channel is accessible and clearly outline your procedure and timeline for responding to complaints. **Commit to making complaints publicly accessible** and explaining how they were addressed in your quarterly performance reports. Anonymize complaints when publicly reporting.
- Describe how you will **collect data and report to EPA on a quarterly basis on impacts of your investments and benefits conferred to LIDAC**, including clean energy and energy efficiency, clean transportation, housing affordability and sustainability, climate and air pollution reduction, legacy pollution reduction, clean water, health, energy security and cost savings, and creation of high-quality jobs and workforce development opportunities.
  - Make this reporting publicly available.
  - Make sure data is easily accessible and understandable to the average person.
- **Disaggregate your reporting on impacts** of qualified projects, including demographics and geographies of communities served.
- **Disaggregate your reporting on the types of financial products** the CCIA awardee provides to community lenders, including demographic data on leadership of community lenders and where they are located.

*Participatory Governance Structures (20 pts)*

- Ask your subrecipients to require a **binding and publicly disclosed community benefits agreement (CBA)** and **anti-displacement plan** or strategy for any project that exceeds an appropriate level of scale and potential economic, environmental, or social impact to the community (threshold informed by community engagement):
- **Community benefit agreements** (CBAs) between project developers and impacted community members, labor leaders, and local government officials should ensure accountability to the local community. This is only made possible if CBAs are developed through community leadership and meaningful participation.

- See Emerald Cities Collaborative’s [sample CBAs](#) for examples.

- **Anti-displacement plan or strategy** should describe what steps will be taken to ensure a project does not lead to inadvertent displacement of current residents.

- See examples of anti-displacement strategies in Appendix C-2 of the Transformative Climate Communities [Program Guidelines](#).

- **Reflect representation and accountability to LIDACs in the board** and additional specific structures, processes, decision-making bodies, and criteria. Develop these through community engagement where applicable.

  - Includes decision-making committees/teams that review community lender applications for capitalization funding and technical assistance subawards, determine technical assistance services and related investments, interface with NCIF awardees, and audit committee.

  - Audit committee should consider equity and justice impacts in evaluations.

- **Provide timely updates and opportunities for community participation and feedback on investments in community lenders and technical assistance services**: Ensure that updates are given on a regular and reasonable basis on the status of investment awards and progress toward investment strategy goals. Provide opportunities for community members to participate in the selection of community lender subrecipients.

- **Commit to making the processes and outcomes of community engagement public.**

- **Commit to centering community input in the design of financial products** and investment policies. Describe how this practice is being incorporated throughout the performance period via governance structures.

  - E.g. Establish a community oversight board that reports on whether and how community input was incorporated, or create funded community positions in planning, implementation, and monitoring (See [community oversight committee example in Portland CBA](#)).
Defining Benefits

1.2.2.1 Climate and Air Pollution Benefits (25 pts)

Application Section Purpose: Identify your program’s goals and targets for delivering climate and air pollution benefits.

Recommendations:

- Include **clear, measurable, and publicly available goals and targets for improving air quality** and impacts related to greenhouse gases and other hazardous air pollutants.
  - See California Air Resources Board [Community Air Protection Resource Center](http://example.com) for examples.
- Require community lender subrecipients to **demonstrate that projects do not increase environmental burdens**, particularly in LIDACs.

1.2.2.2 Equity and Community Benefits (25 pts)

Application Section Purpose: Identify your program’s goals and targets for delivering equity and community benefits to LIDACs, including which types of benefits you will deliver and who will receive those benefits. Discuss your goals and targets for benefits that will accrue to LIDACs that are also geographically diverse communities, Tribal communities, communities with environmental justice concerns, energy communities, and persistent poverty communities.

Recommendations:

- **Design a subaward process** for community lenders applying to CCIA capitalization funding and technical assistance subgrants that **prioritizes maximizing benefits to LIDACs and includes meaningful engagement of LIDACs**.
- **Describe how you will ensure community lenders deliver benefits that are direct, meaningful, and assured to priority communities.**
  - Describe the methodology you will use to ensure subrecipient community lenders assess the direct benefits their proposed projects will deliver to LIDACs. This methodology should incorporate geography (targeting LIDACs), how projects meet community-identified needs, and various co-benefits the project may deliver in addition to greenhouse gas emission reduction.
  - Describe opportunities to maximize community ownership and wealth-building opportunities.
  - Consult the examples of Justice40 benefits listed in the White House’s [Interim Implementation Guidance](http://example.com) for the Justice40 Initiative and follow the community’s lead on what project benefits are the highest priority.
- Partner with, fund, and finance community development organizations, Minority, Women, and Disadvantaged Business Enterprises (MWDBEs), cooperatives, labor, and technical assistance community-based organizations (CBOs) that have proven track records working with or representing local LIDACs.
  - Prioritize business partnerships with MWDBEs and cooperatives with high-road economic inclusion standards for workers and contractors that allow for shared prosperity, environmental sustainability, and efficient democracy.
    - **Example Goal:** Build community wealth through high-road jobs.
      - **Example Target:** 40% of projects are installed by MWDBEs/cooperatives with high-road standards.
      - **Example Target:** 40% of entities supported in a workforce capacity are MWDBEs, cooperatives, CBOs, etc.
  - **Example Goal:** Prioritize projects that include on-the-job training and pre-apprenticeship and apprenticeship opportunities.
- Describe how you will **collect data and report to EPA on a quarterly basis on impacts of your investments and benefits conferred to LIDACs**, including clean energy and energy efficiency, clean transportation, housing affordability and sustainability, climate and air pollution reduction, legacy pollution reduction, clean water, health, energy security and cost savings, and creation of high-quality jobs and workforce development opportunities.
  - Make this reporting publicly available.
  - Ensure data is easily accessible and understandable to the average person.
Pass-Through Strategy

1.2.3.1 Capitalization Funding and TA Subaward Design (25 pts)

Application Section Purpose: Describe your proposed design for the parameters of capitalization funding (15 pts) and technical assistance subawards (10 pts) to achieve the investment objectives. Provide details on parameters for capitalization funding and for technical assistance subawards.

Recommendations:

- Describe how your design for capitalization funding and technical assistance subawards is directed by community priorities and provides the greatest assistance to the communities with the greatest need and historic challenges in accessing capital.
- Provide a framework for making limited exceptions to the $10 million cap on capitalization funding and $1 million cap on technical assistance subawards (if planned) that is directly connected to maximizing benefits to LIDACs.
- Provide clear guidance and technical assistance to community lenders on options for how to structure the capitalization funding award received to create financial products that maximize benefits to LIDACs.
  - See Beneficial State Foundation’s Underwriting for Racial Justice and Equitable Bank Standards for guidance.
- Provide clear guidance and technical assistance to community lenders on how to build their capacity in different areas (e.g. lenders with less experience in LIDACs but strong green lending track record, vice versa).
- Describe how pre-development and technical assistance resources will be leveraged to support the development of pipeline of projects eligible for future funding.

1.2.3.4 Evaluation Process (65 pts)

Application Section Purpose: Describe how you will assess a community lender’s planned use of capitalization funding and technical assistance subawards to achieve the investment objectives (35 pts) as well as its capacity to carry out that plan (20 pts), in addition to any evaluative bodies and/or other processes that will support the evaluation process (10 pts).

Recommendations:

Assessing Planned Use of Capitalization Funding and TA Subawards (35 pts)

- Ask community lenders to explicitly detail how they will create financial products that serve LIDACs and how those projects will be subject to different underwriting principles and risk management
practices compared to market rate projects (if applicable). Lenders should provide mitigants to the risks they identify and ensure risk management practices are not unintentionally discriminatory.

- **Focus on ability to repay** as a primary underwriting standard, where applicable, and avoid reliance on credit scores for LIDACs. Examine borrowers' payment history including non-traditional credit.
  - E.g. Illinois People’s Action negotiated a home purchase pilot program with Fannie Mae that didn’t use credit scores. Underwriting focused on actual borrower bill payment history and resulted in lower default and delinquency rates than traditional lending programs.

- Incorporate a “second look” review by a lender on staff for denied loans generated by automated underwriting mechanisms. Have a lender review the application for other possible sources of income, payment history, or loan terms while in discussion with the borrower to see if the loan can be made.

- See Beneficial State Foundation’s [Underwriting for Racial Justice](#) and [Equitable Bank Standards](#) for guidance.

- Describe how you will **evaluate the business models of community lenders** to understand how their use of capitalization funding and technical assistance subawards for financial products will maximize benefits to LIDACs.

### Assessing Capacity to Carry Out Investment Objectives (20 pts)

- Describe how you will **assess community lenders’ experience and ability to serve LIDACs**. Include criteria such as track record and reputation of working in and delivering benefits in LIDACs, LIDAC-related experience and representation in board and senior management, community engagement practices, and equity policies and practices.
  - Describe how your processes will promote accessibility and be inclusive of potential subrecipients that may be less established or weaker in overall experience but better equipped to serve and deliver benefits in LIDACs.
  - When selecting community lender subrecipients, include evaluation criteria in the underwriting process focused on how those community lenders conduct community engagement (or incorporate existing engagement in their operational process) and how lenders will ensure underwriting will not explicitly or implicitly exclude historically marginalized communities.

### Evaluative Bodies (10 pts)

- Have an **evaluative body composed of members that represent LIDACs, deep experience working in LIDACs**, diverse regional representation, and no conflicts of interest.
1.2.3.6 Management and Oversight Plan (25 pts)

Application Section Purpose: Describe how you will manage and oversee capitalization funding (15 pts) and technical assistance subawards (10 pts) after you make selections to achieve the investment objectives.

Recommendations:

- Describe **how subrecipient community lenders will be required to report to the CCIA awardee** and any mechanisms to course-correct if lenders are not complying with CCIA priorities.
- Describe your **accountability mechanism** for community members to report issues related to projects funded, whether in place or planned. Detail steps taken to ensure the channel is accessible and clearly outline your procedure and timeline for responding to complaints. **Commit to making complaints publicly accessible** and explaining how they were addressed in your quarterly performance reports. Anonymize complaints when publicly reporting.
- Describe how you will **collect data and report to EPA on a quarterly basis on impacts of your investments and benefits conferred to LIDAC**, including clean energy and energy efficiency, clean transportation, housing affordability and sustainability, climate and air pollution reduction, legacy pollution reduction, clean water, health, energy security and cost savings, and creation of high-quality jobs and workforce development opportunities.
  - Make this reporting publicly available.
  - Make sure data is easily accessible and understandable to the average person.
Technical Assistance and Implementation

1.2.4.1 Targeted Community Lender Support Plan (30 pts)

Application Section Purpose: Describe your plan to provide community lenders with technical assistance services in the form of targeted support activities. Describe your plan to provide support for lenders after they receive capitalization funding and TA subawards (15 pts), as well as your plan to provide targeted support to establish new and support existing community lenders that have not received funding (15 pts).

Recommendations:
- Provide clear guidance and technical assistance to community lenders on options for how to structure the capitalization funding award received to create financial products that maximize benefits to LIDACs.
  - See Beneficial State Foundation’s Underwriting for Racial Justice and Equitable Bank Standards for guidance.
- Provide clear guidance and technical assistance to community lenders on how to build their capacity in different areas (e.g. lenders with less experience in LIDACs but strong green lending track record, vice versa).

1.2.5.1 Community Lender Outreach and Accessibility Plan (20 pts)

Application Section Purpose: Describe your plan to conduct outreach to ensure that community lenders in your specific network(s) are aware of your program and how to take advantage of its resources (10 pts). Describe a thorough accessibility plan to make the program accessible to all community lenders in the network(s) (10 pts).

Recommendations:
Outreach Plan (10 pts)
- Describe how you will leverage existing networks of community lenders, especially those serving LIDACs, to ensure awareness and engagement of the program.
- Describe how you will work in partnership with environmental justice organizations to identify potential community lenders in rural communities, energy communities, and persistent poverty counties.
- Have dedicated staff for community lender outreach purposes and provide resources for community lenders to conduct their own outreach.
  - E.g. DC Department of Energy and Environment employs four full-time staff whose role is to engage underserved and underrepresented communities).
Accessibility Plan (10 pts)

- Describe your plan to **provide pre-application assistance** for community lenders applying for capitalization funding and technical assistance subawards. Ensure your application process is accessible, especially for first-time applicants.

1.2.5.2 Labor and Equitable Workforce Development Plan (20 pts)

**Application Section Purpose:** Describe your plan to ensure that projects that are ultimately financed as a result of your program generate high-quality jobs with a diverse, skilled workforce (10 pts). Also describe your plan to comply with the requirements of the Build America, Buy America Act and Davis-Bacon and Related Acts (10 pts).

**Recommendations:**

- **Partner with, fund, and finance community development organizations, Minority, Women, and Disadvantaged Business Enterprises (MWDBEs), cooperatives, labor, and technical assistance community-based organizations (CBOs)** that have proven track records working with or representing local LIDACs and high-road economic inclusion standards for workers and contractors.
  - Prioritize business partnerships with MWDBEs and cooperatives with high-road economic inclusion standards for workers and contractors that allow for shared prosperity, environmental sustainability, and efficient democracy.
    - **Example Goal:** Build community wealth through high-road jobs.
      - **Example Target:** 40% of projects are installed by MWDBEs/cooperatives with high-road standards.
      - **Example Target:** 40% of entities supported in a workforce capacity are MWDBEs, cooperatives, CBOs, etc.
    - **Example Goal:** Prioritize projects that include on-the-job training and pre-apprenticeship and apprenticeship opportunities.

- Ask subrecipients to require that their projects pay stable and **family-sustaining wages and benefits**, support **collective bargaining**, ensure **safe and healthy working conditions**, benefit local communities, properly evaluate and monitor subcontractors, recruit diverse workers, incorporate high-quality and equitable workforce training, and partner with labor organizations and unions.
  - See requirements from the Transformative Climate Communities program related to workforce development and economic opportunity in Appendix C-3 of the **Program Guidelines**.
Policies and Governance

1.2.5.3 Consumer Protection Plan (20 pts)

**Application Section Purpose:** Describe your plan for ensuring consumer protection across any entity that interacts, transacts, or contracts with a consumer as part of your proposed program, such as through the sales and marketing of consumer products/services and financial products.

**Recommendations:**

- Articulate **principles for consumer protection**. Describe how products will be designed to avoid predatory activity and ensure fairness and affordability, while remaining accessible to target communities.
- Describe your **accountability mechanism** for community members to report issues related to projects funded, whether in place or planned. Detail steps taken to ensure the channel is accessible and clearly outline your procedure and timeline for responding to complaints. **Commit to making complaints publicly accessible** and explaining how they were addressed in your quarterly performance reports. Anonymize complaints when publicly reporting.
  - See International Finance Center Compliance Advisor’s [Guide to Designing and Implementing Grievance Mechanisms](https://example.com) or Accountability Counsel’s [Guiding Practice from the Policies of Independent Accountability Mechanisms](https://example.com) for further guidance.

1.2.5.4 Housing Affordability Plan (15 pts)

**Application Section Purpose:** Describe your plan to ensure that the pass-through strategy and technical assistance services strategy integrate housing affordability protection into the program, including but not limited to maintaining affordability of existing housing stock, minimizing displacement, and preventing rapid cost increases.

**Recommendations:**

- When awarding capitalization funding, **evaluate subrecipient community lenders on their commitment to ensuring housing affordability protection and anti-displacement** in their underwriting and project selection.
  - **Require a binding and publicly disclosed anti-displacement plan or strategy** that describes what steps community lenders will take to ensure projects do not lead to inadvertent displacement of current residents.
- Require community lenders to **deploy loan programs for affordable multifamily housing with conditions that protect tenants.** Ensure potential outcomes such as displacement, eviction, or rent or utility increases are mitigated up front in loan documents and easily understandable disclosures to residents as well as when borrowers complete predevelopment work.
  - See [California Solar on Multifamily Affordable Housing (SOMAH) Handbook](#) for details regarding restrictions on rent and utility increases.

- **Provide support to community lenders on specific actions they can take to incorporate anti-displacement strategies** in their underwriting and project selection.
  - E.g. Ask community lenders to connect with affordable housing and other community development organizations, include anti-displacement provisions in their planning, and collect data from affordable housing owners and nonprofits to understand financial needs of these buildings (see [Enterprise Community Partners case study](#)). Make sure this data is easily accessible and understandable to the average person.

### 2.1.3 Equity Policies and Practices (30 pts)

**Application Section Purpose:** Describe your organization’s policies and practices to advance equity. Include policies and practices that integrate equity into your operational and investment activities (15 pts) and governance (15 pts).

**Recommendations:**

- **Describe steps your organization is taking to avoid replicating historical patterns of racial bias** in investment activities. How will underwriting and due diligence processes be created and assessed to overcome past inequities?

- Attach a document **detailing your equity policies and practices** in hiring and staff retention.
  - E.g. Targeted recruitment strategies for hiring from LIDACs or residents of target project areas, embedding equity in organizational mission and values.
  - See guidance for equitable hiring processes and policies in the Greenlining Institute’s [Making Equity Real in Climate Adaptation and Community Resilience Policies and Programs](#).

- **Disaggregate your reporting on capitalization funding and technical assistance subawards** the CCIA awardee provides to community lender subrecipients, including demographic data on leadership of community lenders and where they are located.

- **Require community lender subrecipients to disaggregate their impact reporting on investments** in qualified projects, including demographics and geographies of communities served.

- Consistently maintain a **board with multiple members that have deep experience working in and delivering meaningful benefits in LIDACs.** Experience can include demonstrated experience working in LIDACs, lived experience, a proven track record of positive relationships with LIDACs and organizations representing LIDACs, among others.
2.2.1 Governance Structure (75 pts)

**Application Section Purpose:** Describe your organization’s structure for ensuring strong board oversight and monitoring of management as well as stewardship of the organization’s long-term success. Include information on board size and composition (25 pts), board committee structures (15 pts), board member independence (10 pts), and other relevant board policies and procedures (25 pts).

**Recommendations:**

- Consistently maintain a board and executive team in which a *majority have deep experience working in and delivering meaningful benefits in LIDACs*. Experience can include demonstrated experience working in LIDACs, lived experience, a proven track record of positive relationships with LIDACs and organizations representing LIDACs, among others.

- **Describe how various structures and committees are accountable** to one another and to the community. See [Transformative Climate Communities Collaborative Stakeholder Structure](pg. 27) as an example.
  - In the case of any advisory council or similar body, clarify how its feedback and other outputs will be used. Note whether it is authorized to contribute to decision-making and the scope of such authority.

- Conduct *iterative targeted outreach* to LIDACs to receive input and feedback on your governance structures, processes, and criteria.

2.2.2 Senior Management and Staff Capabilities (75 pts)

**Application Section Purpose:** Describe your organization’s senior management (35 pts) and staff (25 pts) capabilities to execute the program plan. Describe relevant management policies and procedures (15 pts).

**Recommendations:**

- Consistently maintain *senior management with representation from LIDACs and deep experience working in LIDACs*. If C-suite is not in place yet, job descriptions should place a strong emphasis on experience working in and delivering benefits to LIDACs.

- **Reflect representation and accountability to LIDACs in additional specific structures**, processes, decision-making bodies, and criteria, and develop these through community engagement where applicable.
  - Includes decision-making committees/teams that review community lender applications for capitalization funding and technical assistance subawards, determine technical assistance services and related investments, interface with NCIF awardees, and audit committee.
  - Audit committee should consider equity and justice impacts in evaluations.

- Create *funded community positions* in planning, implementation, and monitoring.
Appendix A: Best Practices for Equity and Governance Pledge

GGRF Awardee Best Practices for Equity and Governance Pledge

We call on all applicants to the Greenhouse Gas Reduction Fund General and Low-Income and Disadvantaged Communities Competition to publicly commit to robust governance structures and processes that center equity and environmental justice and provide meaningful accountability to local communities and the public, and specifically, the practices described below.

Our objective is to ensure that environmental justice and community-based organizations, representing and made up of frontline communities, are able to have decision-making power in how and where these funds are deployed so that impacted communities are directly benefited.

1. **Prioritize direct benefits to low-income and disadvantaged communities.**
   a. Ensure that the **communities, households, and small businesses with the greatest need receive and benefit the most from GGRF-supported assistance.**
   b. Projects must **demonstrate benefits** to the local community beyond being sited within the community.
      i. **Define and maximize benefits through meaningful engagement of local communities.** During the project application process, the awardee or sub-recipient lender shall assess potential benefits based on information related to project impacts. (See Section 2 below for more on community engagement.)
      ii. Examples of direct benefits include: reductions in energy and housing burden, increases in energy efficiency, resilience, and community-owned renewables, jobs created and wealth-building opportunities from local hire and procurement, extended housing affordability, and reduced toxic air pollution from replacing natural gas with electric appliances in affordable housing or community facilities.
   c. **Minimize administrative burden on project applicants seeking GGRF financing and funding** to ensure accessibility to entities serving or rooted in low-income and disadvantaged communities.
      i. Provide significant technical assistance and administrative support to project applicants.
      ii. Where appropriate, awardees should assume the burden of meeting necessary administrative requirements from the EPA to lessen the burden on smaller sub-recipient lenders.
d. **Partner with, fund, and finance community development organizations, Minority, Women, and Disadvantaged Business Enterprises (MWDBEs), cooperatives, labor, and community-based organizations** that have proven track records working with or representing local low-income and disadvantaged communities.
   i. Prioritize business partnerships with MWDBEs and cooperatives with high-road, economic inclusion standards for workers and contractors that allow for shared prosperity, environmental sustainability, and efficient democracy.

e. **Provide capacity building support and technical assistance to community-based organizations** so that in the long term, communities can sustain and expand successful practices in the future.

f. Prioritize **long-term cost-effectiveness** accounting for holistic benefits (such as those listed in 1.b.ii above) from the perspective of communities over short term returns on investment.

g. **Develop and adhere to a business plan and model that clearly demonstrates how awarded funds will flow into projects that benefit low-income and disadvantaged communities.**
   i. Awardees shall make appropriate consideration and meaningful investment in technical assistance and capacity building at the community, project, and sub-recipient lender level.
   ii. Providing benefits to low-income and disadvantaged communities, households, and small businesses shall be incorporated into each awardee’s mission, by-laws, and other instruments of governance.

2. **Require community engagement.**

   a. All community engagement must be **culturally competent**, ensure **language access**, and be based on **transparent information**.

   b. Awardees shall reserve a share of awarded funds to **provide meaningful resources for community members to participate** in community engagement (e.g., stipends for individuals and grants for community-based organizations).

   c. All online platforms for community engagement and information-sharing should **center access and equity in the user experience**.

   d. **Institutional**: Awardees must incorporate **community engagement as part of their overall governance structure and business plan**, including application to the practices of sub-recipient lenders.

   e. **Project level**: Apply the following **specific community engagement requirements to projects (“qualifying projects”)** that exceed an appropriate level of scale and potential economic, environmental, or social impact to the community. Determining the appropriate threshold must be informed by community engagement and take into consideration concerns including cumulative pollution burdens. For example, utility-scale projects, retooling an oil refinery, or establishing a county-wide solar and storage program would likely require robust community engagement, while retrofitting a single-family home would not.
i. Qualifying projects shall be subject to a **community-led community benefit plan**.
   1. **Require binding community benefit agreements** (CBAs) that ensure accountability to the community, between project developers and impacted community members, labor leaders, and local government officials to ensure that projects are responsive to the community’s needs and community members do not suffer negative impacts from project implementation. CBAs should also include terms enforceable by the community, compliance monitoring provisions, i.e. a stakeholder advisory committee or a project monitor, and sanctions for noncompliance, i.e. penalties or fines.

ii. In the case of developers of potential qualifying projects, community engagement must be facilitated by **third-party professionals, preferably from community-based organizations**, with expertise in equity, environmental justice, shared identities, and the ability to communicate in native languages to ensure accessibility and greater trust for all community members.

iii. Qualifying projects shall provide **multiple opportunities** for community engagement throughout the process, starting at the planning stage and through implementation, monitoring, and evaluation.

iv. Qualifying project applicants shall **develop a community engagement plan or align with existing community-identified priorities from previous community engagement and planning** that aligns with the community engagement principles identified above.
   1. Identify community members they are already working with, who they plan to invite or engage, and how and when they plan on engaging with them (i.e. roundtables, town halls, etc.)
   2. Ensure communities are resourced to meaningfully engage and develop the community engagement plan.

3. **Accountability to local and impacted communities, especially low-income and disadvantaged communities.**
   a. **Representation at the awardee’s governing board and leadership levels**: both the governing board and leadership should include members that have a demonstrated understanding and track record of financing, funding, and delivering projects that provide benefits to low-income and disadvantaged communities and households. (See 1.b above for discussion of benefits.)
   b. Additional specific **structures, processes, decision-making bodies, and criteria should similarly reflect representation and accountability to low-income and disadvantaged communities, and be developed through community engagement where applicable.**
      i. Through community engagement, develop **accountability criteria** based on CDFI Fund’s [accountability criteria](#).

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**GGRF Best Practices for Equity and Governance**
ii. Awardees should consider creating a paid position for a representative from low-income or disadvantaged communities, or other accountability structure to participate in the awardee’s decision-making, including deciding:
   - *Where projects will be located:* Which communities will projects be sited in? Are they the communities with the greatest need?
   - *Who receives financial assistance and indirect investments:* Impacted communities should have a voice in who is receiving financial assistance and indirect investments. They should be represented in the committees and boards that make such decisions.
   - *Prioritization:* The awardee’s priorities must be aligned with the priorities of impacted communities.

iii. Conduct iterative targeted outreach to low-income and disadvantaged communities to receive input and feedback on its structures, processes, and criteria.

4. **Operate with transparency.**
   a. Data collection and reporting should be accessible and aligned with broader equity policy goals.
      i. Benefits metrics and methodologies should be compatible with J40 (e.g. DOE’s J40 general guidance).
      ii. Recommended metrics (including % of total funds/projects used to reduce cost of energy projects; average interest rates of loans by recipient race, income, FICO score, etc.; total energy savings and energy savings from specific programs/projects).
      iii. Publish accessible and transparent information on project selection and anticipated impacts of those projects on low-income and disadvantaged communities.
   b. Provide timely updates on project selection: Ensure that updates are regularly given on the status of project decisions, when decisions are expected to be made, and opportunities for community members to participate before a final decision.

5. **Apply robust safeguards.**
   a. No worsening pollution burdens.
      i. Projects that include combustion, such as biomethane or certain hydrogen projects, should be categorically excluded.
      ii. The awardee should not provide assistance to projects that worsen pollution burdens on low-income or disadvantaged communities, including water pollution or chemical exposures.
   b. No worsening economic burdens.
i. For projects that are likely to cause economic impacts beyond a single residence, require an analysis of how the project will provide economic (e.g., reduced costs) and non-economic benefits for the impacted community.
   - With projects that would shift costs for low-income communities, the awardee should only approve projects that show either reduced or neutral costs for low-income communities.

c. No exacerbating disparities.
   i. Ensure a fair and equitable distribution of investments across low-income and disadvantaged communities, without worsening existing differences, e.g., racial disparities in solar deployment or home ownership.

d. Projects that are likely to affect tenants and housing conditions must apply robust tenant protections and anti-displacement measures, including the consideration and use of affordability covenants, eviction protections, legal assistance, and/or temporary relocation assistance where applicable. GGRF funds should not be a tool that leads landlords to increase rents or permanently displace existing tenants who have low incomes.
**Initial Organizers:**

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<thead>
<tr>
<th>Just Solutions Collective</th>
<th>Americans for Financial Reform Education Fund</th>
<th>Center for Biological Diversity</th>
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<td>Center for Popular Democracy</td>
<td>Climate + Clean Energy Equity Fund</td>
<td>Climate and Community Project</td>
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<td>Emerald Cities Collaborative</td>
<td>Natural Resources Defense Council</td>
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<th>7 Directions of Service</th>
<th>A Just Harvest</th>
<th>Action for the Climate Emergency</th>
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<td>Advance Carolina</td>
<td>Alliance for Affordable Energy</td>
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<td>Asian Pacific Environmental Network</td>
<td>Black Hills Clean Water Alliance</td>
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<td>California Environmental Justice Alliance</td>
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<td>Friends of the Earth U.S.</td>
<td>Front and Centered</td>
<td>Future Nexus</td>
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<td>Georgia Conservation Voters</td>
<td>Georgia Interfaith Power and Light</td>
<td>Grassroots Global Justice Alliance</td>
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<td>Green &amp; Healthy Homes Initiative, Inc</td>
<td>Green New Deal Network</td>
<td>Hip Hop Caucus</td>
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<td>Institute for Local Self-Reliance</td>
<td>Interfaith Power &amp; Light (DC.MD.NoVA)</td>
<td>ISAIAH</td>
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<td>Kinetic Communities Consulting</td>
<td>Local Clean Energy Alliance</td>
<td>Long Island Progressive Coalition</td>
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<td>Micah Six Eight Mission</td>
<td>Michigan Environmental Justice Coalition</td>
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<td>National Consumer Law Center</td>
<td>National Partnership for New Americans - Climate Justice Collaborative</td>
<td>NDN Collective</td>
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<td>Network for a Sustainable Tomorrow</td>
<td>New Urban Mobility Alliance (NUMO)</td>
<td>People’s Action</td>
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<td>People’s Solar Energy Fund</td>
<td>Progressive Maryland</td>
<td>PVEC Member Voices</td>
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<td>Rewiring America</td>
<td>Solar United Neighbors</td>
<td>Southsiders Organized for Unity and Liberation (SOUL)</td>
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<td>TakeAction Minnesota</td>
<td>Taproot Earth</td>
<td>The Greenlining Institute</td>
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<td>Toxic Free NC</td>
<td>Unidos MN</td>
<td>United Women in Faith</td>
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Appendix B: Mapping Best Practices to Application Sections

In creating the GGRF Best Practices for Equity and Governance guide, we started by mapping elements of the pledge to relevant sections of the NCIF and CCIA applications. In instances where an element of the pledge only mapped partially to an application section, the points listed for the section are only a portion of the full points, representing the points for the relevant part of the application section. Please reference the map below if you may find it helpful in building out your application.

<table>
<thead>
<tr>
<th>Objective</th>
<th>Best Practice</th>
<th>Relevant NCIF Application Section</th>
<th>Total Points (NCIF)</th>
<th>Relevant CCIA Application Section</th>
<th>Total Points (CCIA)</th>
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</table>
| 1. Prioritize direct benefits to low-income and disadvantaged communities (LIDAC). | a. Ensure that the **communities, households, and small businesses with the greatest need** receive and benefit the most from GGRF-supported assistance.                                                                 | 1.1 Program Vision (40)  
1.2.1.1 Community Engagement Plan (30)  
1.2.1.2 Community Accountability Plan (30)  
1.2.2.2 Equity and Community Benefits (20)  
1.2.6 Investment Policies – LIDAC Alignment (20) | 140 | 1.1.1 Community Lender Network Strategy (55)  
1.2.1.1 LIDAC Engagement Plan (30)  
1.2.1.2 LIDAC Accountability Plan (30)  
1.2.2.2 Equity and Community Benefits (25)  
1.2.3.4 Evaluation Process – Assessing Planned Use (35)  
1.2.3.6 Management and Oversight Plan (25) | 200 |
|                                                                           | b. **Demonstrate benefits** to the local community beyond being sited within the community. Define and maximize benefits through meaningful engagement of local communities, assessing potential benefits based on information related to project impacts. | 1.2.1.1 Community Engagement Plan (30)                                                                 | 120 | 1.2.1.1 LIDAC Engagement Plan (30)                                                                 | 140 |
| c. **Minimize administrative burden on project applicants seeking GGRF financing and funding** to ensure accessibility to entities serving or rooted in LIDAC. |
| i. Provide significant technical assistance and administrative support to project applicants. |
| ii. Where appropriate, awardees should assume the burden of meeting necessary administrative requirements from the EPA to lessen the burden on smaller sub-recipient lenders. |
| | 1.2.1.2 Community Accountability Plan (30) |
| | 1.2.2.2 Equity and Community Benefits (20) |
| | 1.2.6 Investment Policies – LIDAC Alignment (20) |
| | 1.3.1 Reporting Plan (20) |
| | 1.2.5.1 Predevelopment Plan (15) |
| | 1.3.1 Reporting Plan (20) |
| | 1.3.2 Reporting Capacity (10) |
| d. **Partner with, fund, and finance community development organizations, Minority, Women, and Disadvantaged Business Enterprises (MWDBEs), cooperatives, labor, and community-based organizations** that have proven track records working with or representing local LIDAC and high-road, economic inclusion standards for workers and contractors. |
| | 1.2.5.3 Labor and Equitable Workforce Development Plan (20) |
### GGRF Best Practices for Equity and Governance

#### Provide capacity building support and technical assistance to community-based organizations

- e. Provide capacity building support and technical assistance to community-based organizations so that in the long term, communities can sustain and expand successful practices in the future.

#### Prioritize long-term cost-effectiveness


<table>
<thead>
<tr>
<th>1.2.5.1 Predevelopment Plan (15)</th>
<th>1.2.5.2 Market-Building Plan (20)</th>
<th>1.2.5.4 Coordination Plan (20)</th>
<th>1.2.4.1 Targeted Community Lender Support Plan (30)</th>
<th>1.2.4.2 Financial Market-Building Plan (20)</th>
<th>1.2.5.1 Community Lender Outreach and Accessibility Plan (20)</th>
<th>1.2.5.5 Coordination Plan (20)</th>
<th>1.2.2.3 Market Transformation Benefits (20)</th>
<th>1.1.1 Community Lender Network Strategy (55)</th>
<th>1.2.2.3 Market Transformation Benefits (20)</th>
<th>1.2.4.1 Targeted Community Lender Support Plan (30)</th>
<th>1.2.4.2 Financial Market-Building Plan (20)</th>
<th>1.1 Program Vision (40)</th>
<th>1.2.2.3 Market Transformation Benefits (20)</th>
<th>1.2.5.1 Predevelopment Plan (15)</th>
<th>1.2.5.2 Market-Building Plan (20)</th>
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<td>2. Require community engagement.</td>
<td>a. All community engagement must be <strong>culturally competent</strong>, ensure <strong>language access</strong>, and be based on <strong>transparent information</strong>.</td>
<td>1.2.1.1 Community Engagement Plan (30)</td>
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<td>1.2.1.1 LIDAC Engagement Plan (30)</td>
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<td>b. Awardees shall reserve a share of awarded funds to <strong>provide meaningful resources for community members to participate</strong> in community engagement (e.g., stipends for individuals and grants for community-based organizations).</td>
<td>1.2.1.1 Community Engagement Plan (30)</td>
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<td>1.2.1.1 LIDAC Engagement Plan (30)</td>
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<td>c. All online platforms for community engagement and information-sharing should <strong>center access and equity in the user experience</strong>.</td>
<td>1.2.1.1 Community Engagement Plan (30)</td>
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<td>1.2.1.1 LIDAC Engagement Plan (30)</td>
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<td>d. <strong>Institutional</strong>: Awardees must <strong>incorporate community engagement as part of their overall governance structure and business plan</strong>, including application to the practices of sub-recipient lenders.</td>
<td>1.2.1.1 Community Engagement Plan (30)</td>
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<td>1.2.1.1 LIDAC Engagement Plan (30)</td>
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e. **Project level**: Apply the following **specific community engagement requirements to projects that exceed an appropriate level of scale and potential economic, environmental, or social impact** to the community. Determining the appropriate threshold must be informed by community engagement and take into consideration concerns including cumulative pollution burdens.

i. Qualifying projects shall be subject to a **community-led community benefit plan**.

   1. **Require binding community benefit agreements** (CBAs) that ensure accountability to the community, between project developers and impacted community members, labor leaders, and local government officials to ensure that projects are responsive to the community's needs and community members do not suffer negative impacts from project implementation. CBAs should also include terms enforceable by the community and compliance monitoring provisions, i.e. a stakeholder advisory committee or a project monitor, and sanctions for noncompliance, i.e. penalties or fines.

ii. In the case of developers of potential qualifying projects, community engagement must be facilitated by **third-party professionals, preferably from community-based organizations**, with expertise in equity, environmental justice, shared identities, and the ability to communicate in native languages to ensure accessibility and greater trust for all community members.

iii. Qualifying projects shall provide **multiple opportunities** for community engagement throughout the process, starting at the planning stage and through implementation, monitoring, and evaluation.
iv. Qualifying project applicants shall develop a community engagement plan or align with existing community-identified priorities from previous community engagement and planning that aligns with the community engagement principles identified above.

1. Identify community members they are already working with, who they plan to invite or engage, and how and when they plan on engaging with them (i.e. roundtables, town halls, etc.)
2. Ensure communities are resourced to meaningfully engage and develop the community engagement plan.

3. Accountability to local and impacted communities, especially low-income and disadvantaged communities.

a. Representation at the awardee’s governing board and leadership levels: Both the governing board and leadership should include members that have a demonstrated understanding and track record of financing, funding, and delivering projects that provide benefits to low-income and disadvantaged communities and households.

b. Additional specific structures, processes, decision-making bodies, and criteria should similarly reflect representation and accountability to low-income and disadvantaged communities, and be developed through community engagement where applicable.

i. Through community engagement, develop accountability criteria based on CDFI Fund’s accountability criteria.

ii. Awardees should consider creating a paid position for a representative from low-income or disadvantaged communities, or other accountability structure to participate in the awardee’s decision-making, including deciding:

| 2.1.2 Organizational Experience (20) | 95 |
| 2.2.1 Governance Plan (20) | 2.2.2 Management Plan – Senior Management and Staff (25) |
| 2.1.3 Equity Policies and Practices (30) | 2.3.2 Equity Policies and Practices (30) |
| 1.2.1.1 Community Engagement Plan (30) | 1.2.1.2 Community Accountability Plan (30) |
| 2.2.2 Management Plan (25) | 2.3.2 Equity Policies and Practices (30) |
| 1.2.1.1 LIDAC Engagement Plan (30) | 1.2.1.2 LIDAC Accountability Plan (30) |
| 2.1.3 Equity Policies and Practices (30) | 2.2.2 Senior Management and Staff Capabilities – Senior Management (35) |
- **Where projects will be located**: Which communities will projects be sited in? Are they the communities with the greatest need?
- **Who receives financial assistance and indirect investments**: Impacted communities should have a voice in who is receiving financial assistance and indirect investments. They should be represented in the committees and boards that make such decisions.
- **Prioritization**: The awardee’s priorities must be aligned with the priorities of impacted communities.

  iii. Conduct **iterative targeted outreach** to low-income and disadvantaged communities to receive input and feedback on its structures, processes, and criteria.

### 4. Operate with transparency.

a. Data collection and reporting should be **accessible and aligned with broader equity policy goals**.
   
   i. Benefits metrics and methodologies should be compatible with J40 (e.g. DOE’s [J40 general guidance](#)).
   
   ii. Recommended **metrics** (including % of total funds/projects used to reduce cost of energy projects; average interest rates of loans by recipient race, income, FICO score, etc.; total energy savings and energy savings from specific programs/projects).
   
   iii. Publish accessible and transparent information on **project selection and anticipated impacts** of those projects on low-income and disadvantaged communities.

b. Provide **timely updates on project selection**: Ensure that updates are regularly given on the status of project decisions, when decisions are expected to be made, and opportunities for community members to participate before a final decision.

### 5. Apply robust safeguards.

a. No worsening **pollution burden**.
   
   i. Projects that include combustion, such as biomethane or certain hydrogen projects, should be categorically excluded.
   
   ii. The awardee should not provide assistance to projects that worsen pollution burdens on low-income or disadvantaged communities.

<table>
<thead>
<tr>
<th>Table</th>
<th>Column 1</th>
<th>Column 2</th>
<th>Column 3</th>
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<tbody>
<tr>
<td>4. Operate with transparency</td>
<td>a. Data collection and reporting should be <strong>accessible and aligned with broader equity policy goals</strong>.</td>
<td>1.2.1.2 Community Accountability Plan (30)</td>
<td>60</td>
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<td>i. Benefits metrics and methodologies should be compatible with J40 (e.g. DOE’s <a href="#">J40 general guidance</a>).</td>
<td>1.3.1 Reporting Plan (20)</td>
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<td>ii. Recommended <strong>metrics</strong> (including % of total funds/projects used to reduce cost of energy projects; average interest rates of loans by recipient race, income, FICO score, etc.; total energy savings and energy savings from specific programs/projects).</td>
<td>1.3.2 Reporting Capacity (10)</td>
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<td>iii. Publish accessible and transparent information on <strong>project selection and anticipated impacts</strong> of those projects on low-income and disadvantaged communities.</td>
<td>1.2.1.2 Community Accountability Plan (30)</td>
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<td>b. Provide <strong>timely updates on project selection</strong>: Ensure that updates are regularly given on the status of project decisions, when decisions are expected to be made, and opportunities for community members to participate before a final decision.</td>
<td>1.2.1.2 LIDAC Accountability Plan (30)</td>
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<tr>
<td>5. Apply robust safeguards</td>
<td>a. No worsening <strong>pollution burden</strong>.</td>
<td>1.2.2.1 Climate and Air Pollution Benefits (20)</td>
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<td></td>
<td>i. Projects that include combustion, such as biomethane or certain hydrogen projects, should be categorically excluded.</td>
<td>1.2.2.1 Climate and Air Pollution Benefits (25)</td>
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<td>ii. The awardee should not provide assistance to projects that worsen pollution burdens on low-income or disadvantaged communities.</td>
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<td>1.2.2.2 Equity and Community Benefits (20)</td>
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<td>1.2.2.2 Equity and Community Benefits (25)</td>
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<td>b. No worsening <strong>economic burdens.</strong></td>
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<td>i. For projects that are likely to cause</td>
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<td>economic impacts beyond a single</td>
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<td>residence, require an analysis of how the</td>
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<td>project will provide economic (e.g.</td>
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<td>reduced costs) and non-economic benefits</td>
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<td>for the impacted community.</td>
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<td>ii. With projects that would shift costs</td>
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<td>for low-income communities, the awardee</td>
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<td>should only approve projects that show</td>
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<td>either reduced or neutral costs for low-</td>
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<td>income communities.</td>
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<td>c. No <strong>exacerbating disparities.</strong></td>
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<td>i. Ensure a fair and equitable distribution</td>
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<td>of investments across low-income and</td>
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<td>disadvantaged communities, without</td>
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<td>worsening existing differences, e.g.,</td>
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<td>racial disparities in solar deployment or</td>
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<td>home ownership.</td>
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<td>d. Projects that are likely to affect</td>
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<td>tenants and housing conditions must apply</td>
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<td>**robust tenant protections and anti-</td>
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<td>displacement measures**, including the</td>
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<td>consideration and use of affordability</td>
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<td>covenants, eviction protections, legal</td>
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<td>assistance, and/or temporary relocation</td>
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<td>assistance where applicable. GGRF funds</td>
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<td>should not be a tool that leads landlords</td>
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<td>to increase rents or permanently displace</td>
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<td>existing tenants who have low incomes.</td>
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Appendix C: Climate Justice Alliance Lending Best Practices and Criteria

Climate Justice Alliance (CJA) has put together this Lending Best Practices & Criteria addendum, from CJA staff, Our Power Loan Fund members, People’s Solar Energy Fund, and Seed Commons. The GGRF Equity and Best Practices Alliance recommends this as a resource for ambitious and visionary lending practices.

Lending Best Practices & Criteria:

a. We will be radically inclusive lending to and facilitating lending to those who have typically been excluded from access to finance and working to assure that all people equitably share in the wealth generated from land, labor, gifts and talents.

b. The projects we work with will prioritize the leadership and voices of those who are most harmed by the extractive economy and its legacy.

c. We will prioritize people and the planet over profit when providing financial resources and technical assistance. We will treat each other with justice and respect, both on an individual and an organizational level in order to develop relationships of solidarity, mutuality and support.

d. We will utilize regenerative approaches to providing loans that create, support, and invest in cooperative businesses and economies for maximum community benefit. The repayment of loans and returns on investments will come from the benefit provided by the financing as increased net surplus. It will not be extracted from prior existing business assets nor the personal assets of the people who make up the enterprise.

e. We will support the sustainable sharing of resources over time through principles, processes and practices that are clear, transparent and that have systems of mutual accountability.

f. We will use every opportunity to encourage and support shared learning, shared services and shared capital through the lending process and the projects funded.

g. Provide regenerative loans to projects that are community controlled, which provide dignified, productive and ecologically sustainable livelihoods; democratic governance and community resilience.

h. We will use the model of non-extractive finance to collaborate with our borrowers, providing technical assistance and support to ensure their projects succeed, and only begin collecting returns once their projects are successful. Key aspects of this model include:
i. **No repayments greater than profits:** Borrowers are not required to make interest or principal repayments until they are able to cover operating costs, including market-rate salaries

ii. **No personal guarantees:** Financing agreements never use assets for security unless the asset has been purchased with the financing agreement proceeds

iii. **No credit scores:** Instead of credit scores, develop close relationships between local loan officers and potential loan recipients to establish a borrower's reliability

iv. Risk is mitigated by:
   1. Rigorously assessing the business plans of prospective borrowing enterprises
   2. Improving business plans in conjunction with the prospective borrower
   3. Working with the borrower after the financing is extended to ensure that the borrower receives the technical assistance they require to succeed

This approach puts the borrower and the lender on the same side of the table, as both are deeply incentivized to do all they can to help the enterprise succeed, and this partnership creates a strong mitigant to risk.