

Summary of Findings from Climate Change Strategic Scan (National)

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Background

- First scan of climate change opportunities focused on opportunities in the Boston metro area consistent with historical grantee investments.
- At the June 18 Trustee discussion, Trustees indicated a willingness to consider a grant making strategy that extends beyond the Foundation's traditional geographic focus.
- We agreed that it made sense to conduct a scan of national climate change funders to understand what they are doing and where they perceive the opportunities to be for a new funder in the field.

Individuals and Organizations Interviewed

FOUNDATIONS (15)	
Person	Foundation
Chris DeCardy and	Packard Foundation
Andrew Bowman	Doris Duke Foundation
Joe Ryan	Hewlett Foundation
Gretchen Bonfer	McKnight Foundation
Lois DeBacker and John Nordgren	Kresge Foundation
Mark Burget and Zack McDonald	ClimateWorks Foundation
Ramsay Ravenel	Grantham Foundation
Michael Northrup	Rockefeller Brothers Fund
Luis Ubinas	Ford Foundation
Shawn Reifert	Sea Change Foundation
Nancy Youman	Open Society Institute
Ruth Hennig	John Merck Fund
Arlene Rodriguez	San Francisco Foundation
Nick Turner and Christina Rumbaitis Del Rio (scheduled)	Rockefeller Foundation
Leslie Hurroun (scheduled)	Oak Foundation

NATIONAL ORGANIZATIONS (15)	
Person	Organization
Paige Brown	Energy and Climate Funders Group
Maria Blair	White House Council on Environmental Quality
Manik Roy	Pew Center for Global Climate Change
Kevin Knobloch	Union of Concerned Scientists
Bill Roberts	National League of Conservation Voters
Adele Simmons	Global Philanthropy Partnership
Kim Lundgren	ICLEI – Local Governments for Sustainability, USA
Julia Parzen	Urban Sustainability Directors Network
Mary Harris & John Kadyzewski	Winrock International
Dan Kreeger	Association of Climate Change Officers
Diana Williams	Funders Network for Smart Growth
Stockton Williams	Living Cities
Steve Nicholas	Institute for Sustainable Communities
Michael Elliot	Georgia Tech
Darin Dinsmore	Regional Planning Partners

Summary Observations

Area	Observations
No “Right” Answer	There is no obvious single strategy for highest impact. There are, instead, multiple opportunities for impact through a variety of strategies. Choices will depend on the foundation’s “personality”, assets and competencies.
Wide Variety of Approaches	Current climate funders have taken a very diverse set of approaches to their funding strategies. There are several funding “types” that emerge from this pattern.
Opportunity for Significant Impact	Everyone interviewed agreed that an investment in climate change by Barr in the \$4-5 million a year range would put the foundation in the top 20 funders globally and have a significant impact on the field. Most big philanthropy investments have occurred in the last five years.
Urgent Time Frame	The time for “avoiding lock in” and making progress on interim and long-term emissions goals is short – a maximum of two decades by most people’s estimates. This argues for some “front ending” of investments. (Many funders have made big commitments to climate change above and beyond their normal grant making.)
Many Organizational Choices	There are many different ways foundations can organize to support climate change work, including building internal capacities; working through intermediaries; or a combination.

Choices in Strategy Design

Geographic Scope

- International
- National
- Regional
- Local

Approach

- Scientific Research
- Policy Advocacy
- Awareness & Education
- Technical Solutions & Innovations
- Practice Implementation

Content Areas

- Carbon Markets
- Transportation
- Power
- Buildings
- Forestry and Agriculture
- Adaptation

Design to Win and ClimateWorks

Design to Win Analysis (2007)

Key Elements:

- The report recommends targeting a reduction of 30 Gt of carbon emissions (75% of the current base of 40 Gt) by 2030.
- 80% of this reduction can be accomplished with existing technologies.
- Avoid “lock-in” by aggressive action in the next decade
- Focus on key sectors
- Concentrate efforts geographically
- Policy reform is key to driving market innovations
- Philanthropic investment is low (\$200 million per year) and needs to be increased by \$600 million per year

Key Sectors:

- Power
- Industry
- Buildings
- Transportation
- Forestry

Key Regions:

- US
- EU
- China
- India
- Congo, Brazil, Indonesia (for forests)

Funders:

- Packard
- Hewlett
- Duke
- Joyce
- Oak

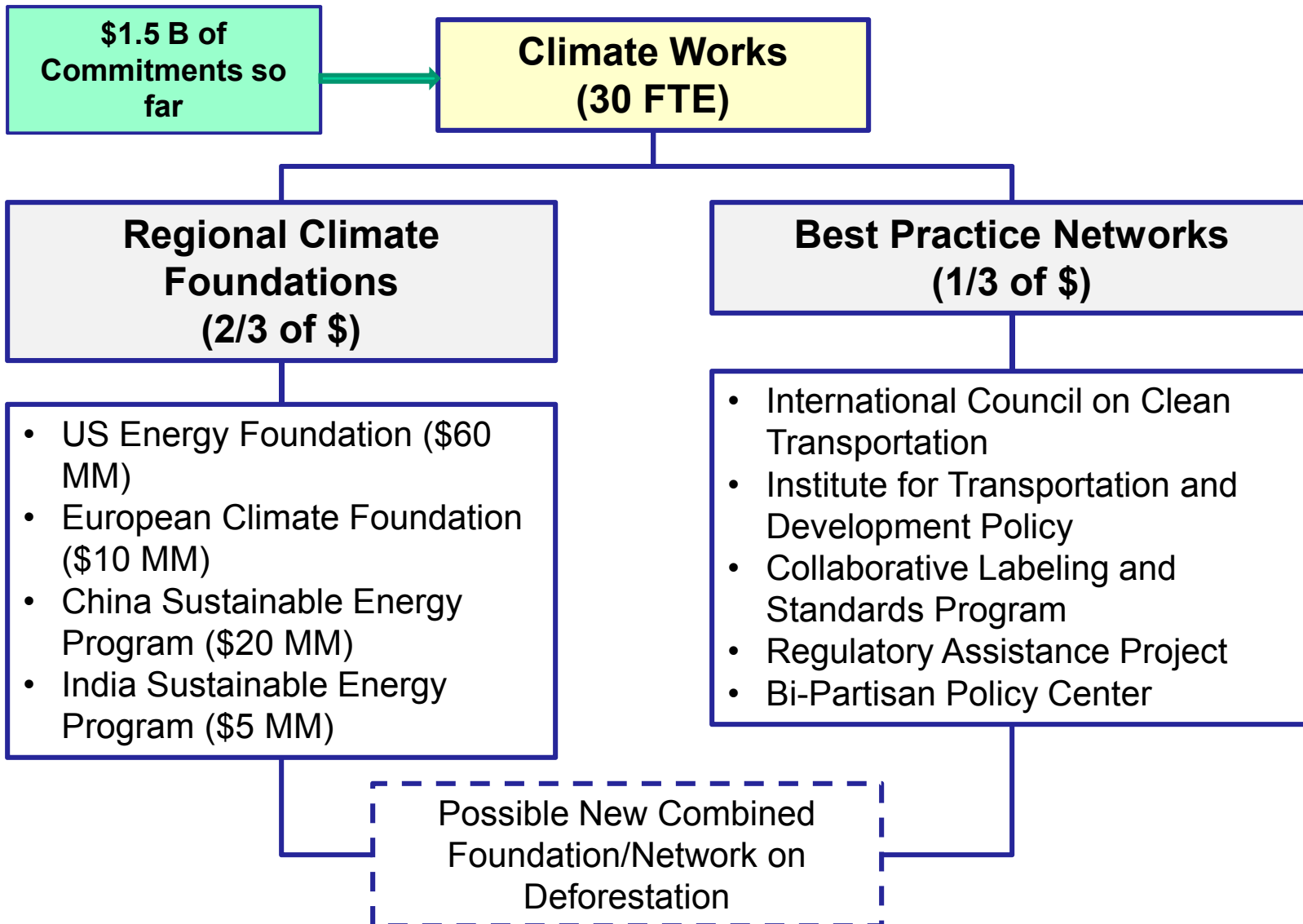
“Our investigation produced a chilling conclusion: if we don’t act boldly in the next decade to prevent carbon lock-in, we could lose the fight against global warming. Decisions made in the next 5 to 10 years will alter the Earth’s climate for generations to come...New coal plants are the most troublesome source of lock-in.”

Intermediary Example -- ClimateWorks

- Create as a result of the foundation supported strategy document: “Design to Win”
- Funding intermediary, not an endowed foundation; global in scope
- Focused primarily on achieving key policy changes in major emissions regions (US; EU; China; India)
- Approximately \$1.5 billion in commitments over a 5 year period
- Primary funders are Packard, Hewlett, Duke, McKnight and Sea Change
- Work through a combination of regional climate foundations and global best practice networks

GHG Reduction Targets by 2030	
Energy Efficiency Standards	14 Gt
Low Carbon Energy Supply	12 Gt
Forest Conservation	12 Gt
Total	36 Gt

ClimateWorks Structure



Benefits of ClimateWorks Design

- Concentrates climate change expertise
- Leverages capital and coordinates strategy
- Provides funders with a global reach
- Donors don't have to build specialized capacity
- Focused on very specific outcomes (30 gigatons of GHG reductions by 2030)
- Evaluate funding decisions based on ability to influence metrics:
 - Sector strategy in a region
 - Tons of GHG affected
 - Likelihood of success

Deforestation Strategy Development

- Prompted by Design to Win analysis of GHG reduction potential
- Done in collaboration with multiple other funders (Ford, Hewlett)
- Based on a 30-page strategy document
- Proposes a collaborative five-year investment strategy

The *Design to Win analysis* estimated that reducing deforestation and forest degradation has the potential to reduce expected emissions of greenhouse gases in 2030 by approximately 2 GtCO_{2e} emissions.

Proposed Deforestation Strategies

1. Reform forest tenure and governance
2. Eliminate incentives for overexploitation
3. Promote markets and incentives for ecosystem services
4. Influence markets to favor environmentally sustainable forest products
5. Build sustainability criteria into private and public sector financing

Feedback on Field Opportunities

Feedback On Field Opportunities

- There is an urgent need for action in the very near future.
- A foundation like Barr making a significant commitment to climate change would provide high value added to the field.
- There are multiple aspects of the climate change field where there are funding gaps and Barr could have an important impact.
- There are good structures in place for funder collaboration and intermediaries through which funders can work effectively on an international basis if they choose to.
- The strategy pursued by a foundation will depend on a number of factors. There is no “right” answer.
- Barr’s historical assets and relationships would support a focus on local/regional implementation and adaptation.

Urgent Need for Action

- There is a short time horizon in which to make progress on mitigation strategies.
- The focus needs to be on avoiding “lock in” of future emissions.
- This work tends to be policy & standards work at the state, regional, national and international level.
- This urgency led many foundations to “front load” their investments.

“I would really encourage Barr to think about the urgency of this issue. The new scientific data is terrifying. We have a very short window in which to act.”

“There is a lot of money starting to flow into climate work, but it is a drop in the bucket compared to what is needed. There is no bigger issue, and it will affect any other issue you care about – whether it is immigration; democratic governance, health, whatever. If you’re not working on climate change, you are kidding yourself.”

“Climate change is a problem that is distinctly different from many other problems foundations work on. The consequences of failure are incredibly dramatic, and we have very little time to make the right choices. If there was ever a situation in which collaboration should dominate, this is it.”

Barr Would Be Welcomed as a Significant New Player

- While the amount of philanthropic funding is increasing, the field is far from “saturated.”
- Existing players would particularly welcome a funder that approached the issue strategically and learned from the experience of others.

“There is still a lot of room in this field. A multimillion annual commitment from a strong strategic partner like Barr could be extremely beneficial – particularly if focused in some of the areas where there are gaps – development of the climate economy; communications/media; and local implementation.”

“An investment at the level of \$5 million or so a year would be a very significant level of investment and could have a big impact if invested wisely.”

“A commitment by Barr of several million per year would be a very significant investment in the field.”

“A lot of money is being poured into this sector. But a strategic focus by Barr on it could bring tremendous value and leadership to the field.”

“This is a great time to enter the field. It would be fabulous to have another funder in this niche. If Barr was putting \$4-5 million into climate change, they would be among the top 20 funders internationally. It would be a significant new player in the field.”

Many Funding Gaps

Funding gap areas most frequently mentioned:

- **Local implementation**
- **Adaptation**
- **Communications and media**
- **Clean energy economy**
- **Coal**

Funding Gaps – Local Implementation

There is a big gap in the field in terms of funding for place-based designs. ClimateWorks and the Energy Foundation have filled the national and regional policy/technology niche well. What is less well developed are adaptation and place-based strategies that link to broad-based behavior changes. There is a whole space on how you engage communities and build this into the local culture.

“There are plenty of people working on policy – but there is a huge gap in implementation of the policy on the ground in communities. You can pass building codes – but who is going to enforce them? You can create plans for building retrofits and you can pass incentives, but how do you get adoption?”

“There are those that focus on doing the policy work (“planning for the future”) and there are those that do the work of implementation (“making the future happen”). We’re in the latter category. Successful policy eventually depends on successful implementation. Without implementation, the policy promises are empty.”

“Implementation at the state and local level will be critical. So Barr’s roots in the region are a good platform to proceed from. It is at this level that the GHG emissions reductions will actually occur, and the jobs will be created.”

“From funders’ perspective, there is a yawning gap around the capacity of state and local players to influence how transportation money is spent in their communities. If you are going to go ‘toe to toe’ with transportation engineers, you need to know the technicalities of the field. People who can do this from the advocacy world are few and far between. Most states and regions don’t have anything like that kind of technical competence.”

Overall, there is a need for a focus on implementation mechanisms. The primary focus of the Energy Foundation is policy and policy change. There is little focus on practice implementation. The practice/policy relationship is synergistic however. In some cases, policy with drive practice; in others, demonstrated practice will create the rationale for policy changes.

“There is a huge gap between setting policy and getting actual reductions in greenhouse gas emissions. Strong implementation is key especially in energy efficiency. And implementation happens at the city and state level.”

Funding Gaps -- Adaptation

“Not a lot of people are working on adaptation. It is so important to link adaptation and mitigation work together. Communities have to have strategies to increase resilience. And they need to address potential conflicts – like when adaptation increases emissions.”

“There are large opportunities in adaptation, and it is a part of the climate change puzzle that is very poorly funded.”

“I could imagine a really interesting place-based mitigation/adaptation play for Barr, especially around how to transform the economy to a low/no carbon economy.”

“Focus on local and regional adaptation – with real world solutions that are tested, applied, monitored. Engaging people in solving how climate affects them makes them more aware of the problem and supportive of the mitigation policies that are needed. Nationally, funding for adaptation is miniscule compared to funding for mitigation.”

“There are already a lot of people working on mitigation – probably 90% of the money – adaptation is an area ripe for picking.”

“There is a big need for local institutions (such as water authorities) to start to focus on adaptation issues, and use that focus to push both mitigation strategies, and support for federal policy changes.”

Funding Gaps – Coal; The Economy

“If you don’t stop some of the big emission sources – such as new coal plants – all the gains in NE can be wiped out. This makes a good case for being involved in geography beyond New England.”

“The more I learn about climate change, the more I believe I’d be putting more money into the fight against coal. Beating coal is key to avoiding “lock in.” “Coal is dirty from beginning to end –from mining to burning.”

“The fight against coal is not that well funded, given the importance of the issue.”

“All the concerns about acting on climate change disappear when people can see the future economic opportunity.”

“A critical angle on climate change is the building of the new clean energy economy. It is absolutely clear that there is a giant new economy to be built. The enviros are not really comfortable in this area and business groups don’t want to take the lead because of competitive advantage. There is an important piece of work to be done on deeper analysis of the economic opportunities and communication to a broader public. Hardly anyone is going after this in a systematic way.”

“I think it would be a huge value to make the metro area of Boston a show case for tying jobs to energy efficiency.”

“I could imagine a really interesting place-based mitigation/adaptation play for Barr, especially around how to transform the economy to a low/no carbon economy.”

Funding Gaps -- Communications

“Lots of people are trying to do this, and no one is doing it well – making the case to the public about the importance of climate change action. It is killing us right now. The average citizen has a low sense of urgency, and puts climate change way below other immediate concerns.”

“I would really love to figure out how to change the public perception and dialogue around climate change. We are all still focused on how we are going to pay the rent next month. And there is this huge looming issue threatening us. We need to get public consensus on the urgency for change.”

“There is a big gap on the communications/media side. No one has picked up the reins here. It’s sad.”

“We have a long way to go before we have civil society clamoring for a climate solution.”

Structures Enable Broad Action

“Don’t be afraid of the international work. There are good mechanisms to plug into. We have forced ClimateWorks to provide regular funder updates. It is an incredibly useful resource that keeps you educated.”

“Combating climate change is a massive undertaking. ClimateWorks is establishing partnerships and initiatives in multiple realms. Investing in them is an opportunity to build on investments that have been made, and the caliber of people they have in place, including the credentials of the international board. For \$2 million, you can invest in an entity whose reach and capacity is far beyond anything you can do.”

“Don’t be afraid of operating in DC on the policy front. We have had to get deeply involved in what is going on in DC. I guess it depends on the risk level tolerance of your Board – but it can be done safely and legally.”

“What funders get with CW or the Energy Foundation is that they become part of a group of investors. They get reports 2-3 times a year and briefings on key issues and progress. They get access to concentrated expertise in the field, and the ability to leverage a global network. We basically staff their giving in a particular region.”

Strategy Map – “Fill in the Blanks”

Geography	Approach	Content
International	Scientific Research	Carbon Markets
	Policy Advocacy	Transportation
National		Awareness & Education
	Buildings	
	State/Regional	Technical Solutions & Innovation
Adaptation		
Practice Implementation		Clean Economy
		Other