

Sciences, Publics, Politics

Climate Philanthropy and the Four Billion (Dollars, That Is)

At the 2018 Global Climate Action Summit in San Francisco, thousands of delegates representing local governments, businesses, philanthropies, and nonprofits gathered to send a message to the world. With Washington, DC, and other national capitals paralyzed by political disagreement and besieged by populist movements, the “real action is happening in cities, states, and the private sector,” declared billionaire Michael Bloomberg, the summit’s co-organizer.

Globally, more than 9,000 cities and municipalities along with 245 state and regional bodies have pledged their commitment to the goals of the 2015 Paris climate agreement. These subnational governments are joined by 6,000 companies and 1,400 multinational corporations that have factored a price for carbon into their business plans. In the United States, even as the Trump administration planned to withdraw from the climate treaty and to roll back federal pollution regulations, the leaders of states and cities were “positioning the U.S. to uphold our end of the Paris Agreement, no matter what happens in Washington,” Bloomberg noted.

A few dozen US-based foundations are the main force behind this surging coalition of civil society leaders. By framing the challenges and defining the priorities, funders have promoted a specific way of thinking about climate change, focusing otherwise disconnected advocates and experts on shared approaches to the problem. In this decades-old rendering, climate change is primarily an environmental pollution problem, solvable by setting a price on carbon and by deploying other market forces. These actions, in the words of an influential 2007 report from a group of major philanthropies, titled *Design to Win*, will “prompt a sea change that washes over the entire global economy,” accelerating the transition toward solar and wind power, energy efficiency practices, sustainable agriculture, and clean transportation.

As endowments at the world’s biggest foundations rapidly grow, and as wealth continues to concentrate among a few politically active billionaires, philanthropists are likely to surpass national governments in their ability to define the

agenda on climate change. At the 2018 Climate Action Summit, 29 of the world’s largest foundations pledged \$4 billion in grant funding over the next five years to accelerate efforts to limit greenhouse emissions and to transition to clean energy.

Yet with big philanthropy moving to the center of influence on climate change and similarly intractable problems, we are heading toward a future in which a few hundred unelected trustees, families, and individuals seek to exercise global power in a manner that is accountable to no one. Current laws allow foundations as nonprofit charities to operate without transparency, making decisions at closed-door meetings, under the cover of opaque announcements and press releases. The only legal obligation for US foundations is that they spend 5% of their net assets annually, file a financial statement with the Internal Revenue Service, and conduct an annual audit.

In the past, when scholars and journalists have focused on climate change-related philanthropy, they have justifiably written about the efforts of the conservative donors Charles and David Koch to block policy action and spread doubt about climate science. But such efforts have largely ignored the need to also shine a spotlight on the actions of left-of-center foundations and donors.

One reason is that grant makers and donors on the left are among the major patrons for academics and their work and are the main supporters of the rapidly growing nonprofit journalism sector. Many scholars and journalists therefore have reason to be cautious in their assessment. Another reason is that as funders have invested in a common road map for tackling climate change, their preferred framing has become so pervasive, so deeply embedded in consciousness, and so invisible to critical analysis that most advocates, journalists, and academics no longer perceive the road map as a set of imperfect and incomplete ideas, or that there might exist alternative interpretations and courses of action to consider.

The lack of scrutiny enjoyed by climate-change funders has allowed them to take bold risks that are beyond the scope of governments or corporations, to make these big bets without political interference from outside groups, and to stay the

course with their decisions over many years. But the insularity of these same funders has also fostered group think, leaving civil society at risk of a dangerous path dependency, prioritizing the funding of renewable energy and the support of carbon-pricing policies to the exclusion of a wide range of other technological and policy tools that could not only help decarbonize the world economy, but also expand the range of interests who would see benefit in doing so. Insularity has also cultivated a bunker mentality among some funders in which legitimate criticism and challenging ideas have at times been met with open hostility.

Since the 1990s, major foundations have distributed several billion dollars in grants intended to influence US federal, state, and international policy. The most notable priorities have been the failed effort in 2010 to pass federal cap and trade legislation, and the years of negotiations that eventually led to the 2015 UN Paris treaty. They have also spent heavily on influencing the direction of specific geographic regions and industry sectors, including backing efforts to pass renewable energy mandates in dozens of states; supporting the growth of the wind sector in the Midwest; nurturing the West Coast solar industry; and promoting the adoption of renewables and efficiency practices among utilities, municipalities, and companies.

To achieve their goals, foundations have spent their money on behalf of policies and practices that shift markets, industry, and consumers in the direction of renewables and efficiency practices. They have bet heavily on market-driven engineering solutions, relying on economic signals that make carbon-energy sources more expensive in order to achieve cuts in emissions.

My analysis of \$556 million in US-focused grants awarded between 2011 and 2015 by 19 influential foundations shows that they continued to invest in efforts to shape federal climate and energy policy but redirected much of their funding to support actions at the regional, state, or municipal level, prioritizing the West Coast, Midwest, and Northeast regions. The largest environmental grant makers remained committed to their decades-old policy and technology road map on climate change, investing in familiar approaches, strategies, and goals. In this case, one out of every four dollars invested (\$140.3 million) was dedicated to promoting renewable energy and efficiency-related actions across states and various industry sectors, with an additional 27% (\$151 million) going to communication and mobilization efforts, much of this focusing on influencing public sentiment in politically strategic Midwest states.

Funders also responded to past critics who had argued for investment in climate change resilience, and for greater financial resources devoted to opposing the fossil fuel industry. More than \$55 million was dedicated to building

sustainable and resilient cities and local economies, with \$17.2 million focused on the needs of low-income and minority communities. Philanthropists were also aggressive in targeting the fossil fuel industry, spending \$69.4 million to limit coal power, ban or restrict fracking, and hold the industry accountable for pollution and legal violations.

Foundation investments and strategies have led to several important successes. Many of the market and social forces propelling renewable energy today are a result of the decades-long road map pursued by major climate funders. The 99% decline since the early 1990s in the cost of solar panels, concludes a recent study published in *Energy Policy*, would not have happened without the types of market-stimulating policies long favored by philanthropies. But early spending by governments on research and development was also essential, as were the enormous economies of scale achieved by Chinese overproduction and dumping of cheap panels on US markets.

Although the grant investments intended to influence voter opinion in Midwest states did not pay off during the 2016 presidential elections, the efforts have likely altered consumer and opinion-leader sentiment across several major cities and municipalities in favor of renewable energy. In 2018, one of the Midwest's largest utilities announced plans to cut carbon emissions from electricity production by 80% over the next dozen years and to rely on 100% zero net carbon electricity by mid-century.

Yet California is the brightest philanthropic success. Influencing the direction of the world's fifth biggest economy has been a top priority for foundations. Not only have statewide improvements in energy efficiency decreased the demand for electricity in California even as the economy and population have grown, but the sharp drop in the price of solar panels combined with state renewable energy mandates have accelerated the transition from reliance on natural gas plants to clean energy sources. At the 2018 Climate Action Summit, outgoing Governor Jerry Brown announced the signing of an executive order committing the state's entire economy to net zero carbon emissions by 2045.

Many challenges, however, remain for California, according to a 2018 *Los Angeles Times* analysis of state agency data, challenges that also apply to most other states. Emissions from cars and trucks, already the biggest source of carbon pollution in the state, continue to increase. Lower gas prices have not helped, nor has consumer preference for bigger, less-efficient cars and the relatively slow adoption of electric vehicles. The scheduled shuttering of California's last remaining emissions-free nuclear power plant may also shift some electricity generation back to natural gas, with renewables currently not able to take up the slack. Similarly, at the national level a glut of cheap natural gas also threatens the country's 100 nuclear power plants, which generate

20% of all US electricity and 50% of the country's carbon-free electricity. In most states, solar and wind power will not be able to make up for lost nuclear generation. Instead, emissions-free nuclear will be replaced by carbon-polluting natural gas or in some cases coal.

Looming over the momentum achieved by philanthropists and their grantees are the conclusions of the 2018 Intergovernmental Panel on Climate Change (IPCC) report. The authors of the report estimate that in order to meet the Paris climate treaty's more ambitious goal of limiting global temperature rise to 1.5 degrees Celsius this century, world carbon dioxide emissions would need to be cut 50% by 2030 and entirely by 2050. To achieve this historically unprecedented societal shift, most of the IPCC scenarios along with numerous other expert projections call for not only the massive expansion of renewable energy, but also major investments in nuclear energy, carbon capture and storage, negative emissions technologies, and research evaluating geoengineering options.

Such scenarios directly challenge the foundation world's deeply institutionalized patterns of spending. In the years leading up to the 2016 elections, funders almost exclusively backed grantees that aligned with their long-standing commitment to renewable energy, channeling more than half of the \$556 million in grants distributed to just 20 organizations. As a consequence, only \$1.3 million in grants supported development of carbon capture and storage. And out of 2,502 grants, not a single one focused on keeping existing US nuclear energy power plants open or on boosting development of advanced nuclear technologies. Nor did a single grant finance efforts to establish federal funding for geoengineering research or negative emissions technology.

Over the next few years, foundations will also face difficult political choices in their grant making. Campaigns waged by their grantees among environmentalists and progressives opposing natural gas fracking, oil and gas pipelines, and nuclear energy plants, along with new "intersectional" causes related to race, ethnicity, and gender, are likely to amplify political polarization and serve as potent rallying points for Republican donors and activists opposed to climate change action. These issues also divide liberals and centrists and will be a major source of contention during the 2020 Democratic presidential primaries and national convention.

Within the Democratic-controlled House of Representatives, the progressive caucus has proposed a Green New Deal legislative agenda that has sparked widespread excitement among liberal activists, thinkers, and donors. The package of proposals tying together greenhouse gas emissions cuts with a government job program, infrastructure spending, universal health insurance, income inequality, and antidiscrimination efforts has elevated the political agenda status of climate change, yet each of these causes has proven to be politically divisive in its own right. The New Green

Deal also calls for a transition to 100% renewable energy within the span of a decade, a transition that almost every expert believes is technically impossible. In line with IPCC projections, experts see a path for US states and utilities to shift to 80% renewable energy for electricity production by 2030, but the final 20% is likely to rely on other technologies such as nuclear energy and carbon capture, which progressive House Democrats tend to oppose. A highly implausible decade long timeline is also proposed for decarbonizing the transportation sector, which accounts for nearly 30% of US emissions.

There are, however, important signs of change among a few influential funders, acknowledging the realities and challenges ahead. The William and Flora Hewlett Foundation has over the past few years provided grants to the Energy Reform Innovation Project and similarly focused groups to work "on energy solutions that resonate with center-right interests, including mitigation technologies such as carbon capture and storage and advanced nuclear." Larry Kramer, the president of Hewlett, is on record as saying he takes seriously criticism that past investing on climate change has been too narrow. "We are in a position of spreading our bets," he told *Inside Philanthropy*. Hewlett is also working to diversify the types of funders committing money to the problem. Despite the billions spent by philanthropy on climate change, this funding still only accounts for 1% of all foundation giving, noted Kramer.

Similarly, in 2018, the president of the MacArthur Foundation, Julia Stasch, in a coauthored statement with the chief executive officer of the Exelon Corporation, the largest operator of nuclear power plants in the United States, announced that her organization would begin to support work related to nuclear energy and carbon capture and storage. The two leaders urged greater collaboration between environmentalists and the energy industry. "The climate challenge is so steep and urgent that we will need to be prepared to deploy all available tools to reduce carbon in the atmosphere, not just renewable energy," they wrote.

The question moving forward is whether other philanthropists will join Hewlett and MacArthur in recognizing not only the need for a broader set of technological options, but also the need to build a broader political coalition that seeks out nontraditional allies and welcomes challenging ideas. Much of the climate philanthropy world remains fiercely partisan. Absent the checks and balances of democratic institutions or even the competitive marketplace, who will scrutinize this insulated world's activities, shining a critical light on its decisions, evaluating its successes and mistakes?

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