RESEARCH REPORT

Beyond 2%

From climate philanthropy to climate justice philanthropy

EDGE FUNDERS ALLIANCE
ENGAGED DONORS FOR GLOBAL EQUITY

UNRISD
United Nations Research Institute for Social Development

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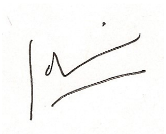
Foreword

I would like to begin by extending my heartfelt gratitude to everyone who contributed to this report, to all the funders and social movement leaders that shared their time and wisdom with us through interviews and who participated in EDGE Funders Alliance's COP26 Working Group. Special thanks to its author Edouard Morena, and to the Working Group's Co-chairs Asad Rehman and Alejandra Martin, for their leadership and brilliance and without whom this report would not exist. Thank you also to Dunja Krause and UNRISD for their partnership.

We realize that, even though philanthropy has long been involved in the climate space, there is a need to reflect on the role it has played and, more importantly, on the role it needs to play in light of the multiple crises we are currently facing. We invite those funders who have been working for a long time in this space to think differently about their portfolios and approach; and for those who do not define themselves as climate funders, to see new connections and identify how to support the climate justice movement.

There is space and opportunity for everyone to take action, and action is needed now. Philanthropy can play a critical role in supporting a just transition towards alternative systems that support people and planet, but to do this, the sector needs to challenge itself and shift its approach. We hope this report sparks conversations that will ignite our collective power for change so together we can stand for climate justice everywhere.

In solidarity,



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The need for a qualitative shift

It is 15 years since the publication of the landmark report *Design to Win: Philanthropy's Role in the Fight Against Global Warming* (California Environmental Associates 2007). Sponsored by the David and Lucile Packard Foundation, the Doris Duke Charitable Foundation, Energy Foundation, Joyce Foundation, Oak Foundation, and the William and Flora Hewlett Foundation, the report spurred an unprecedented level of philanthropic funding towards climate change and helped lay the foundations for contemporary philanthropic efforts in the climate field. Intended as the philanthropic sector equivalent of the 2007 Stern Review on the economics of climate change and the Intergovernmental Panel on Climate Change (IPCC)'s Fourth Assessment Report, *Design to Win* identified priority policies, sectors and geographies for stabilizing global emissions at 2°C. It acted "as a blueprint to guide the investment strategies of the sponsoring foundations as well as the broader philanthropic community" (Nisbet 2011:33) and was "a catalyst for an unprecedented outpouring of funding on energy and climate issues" (Bartosiewicz and Miley 2013:30). The report directly inspired the launch of new specialized foundations and philanthropic initiatives, most notably the ClimateWorks foundation (in 2008) that continues to occupy a key position in the contemporary climate philanthropy landscape.

We argue that only focusing on the amount of funding distracts us from important questions relating to the quality of climate philanthropy.

In addition to highlighting foundations' comparative advantages when compared to governments and businesses, the report set out a clear ambition—to reduce annual emissions by 30 gigatons by 2030—and laid out a strategy to get us there. Most notably, it identified a series of high-potential sectors (power, industry, buildings, transport, forests) and regions (United States, China, India, Europe, and Latin America) in which to focus philanthropic efforts for greatest impact. Particular attention was given to energy efficiency and renewable energies, as well as more controversial options such as carbon capture and storage (CCS). In all regions, the authors called for the establishment of cap and trade systems, which, they believed, would "help spark innovation and the clean technology markets needed to prevail in the long term" (California Environmental Associates 2007:6).

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The *Design to Win* report was significant in that it laid out a clear and ambitious plan of action for foundations to leverage their comparatively limited resources and meaningfully contribute to climate change mitigation. While significant in terms of its scope and ambition as well as its influence on the culture of climate philanthropy, the report was neither the first nor the last attempt by philanthropic actors to engage in the climate debate (Morena 2021). Nor were its prescriptions set in stone. In fact, its strategy was subsequently amended to account for contextual changes relating to science, emissions trajectories, technology, and the shifting politics of climate change. Following the failure of the Waxman-Markey bill (American Clean Energy and Security Act, 2009) in the United States and the Copenhagen Climate Change Conference (COP15, 2009), climate funders revised their approach. Most notably, they extended their efforts beyond narrow policy, technocratic and elite economic circles, and began to focus on society as a whole and the wider politics of climate change. A priority became of "[moving] society as a whole along the political path to economic change across the world, acting to incentivise sustainable decisions and close-off the many diversions […] slowing down progress and threatening our vitally important 2020 goals" (ECF 2011:5). Generating "momentum", sending "signals" and shifting the overall narrative around climate action were regarded as essential in order to get policy makers, businesses and investors to raise their levels of ambition (Aykut et al. 2020).

While more philanthropic dollars went to strategic communications and awareness-raising campaigns (including some, albeit moderate, support to movement-building efforts), the overarching theory of change and worldview remained the same (Morena 2016). The idea was not to empower social actors but to strategically use them to exert outside pressure on political leaders, businesses and investors in the hope that they would (finally) take the appropriate action. To this day, a significant portion of philanthropic foundations continues to prioritize an elitist, supply-side, market-centred, technocratic and techno-friendly approach to climate action that celebrates corporate and policy "leaders" as the key drivers of the low-carbon transition. As one foundation representative put it, "if we are going to win this fight it is because of a small band of committed individuals" (interview with former foundation executive, July 2015).

What impact?

15 years later, what did the climate philanthropy movement born out of the *Design To Win* strategy actually achieve? According to Larry Kramer (Hewlett Foundation), contemporary climate philanthropy is "one of the most successful philanthropic movements in history". As he explains, "in 2007, the globe was on track for say 5 to 6 degrees of warming by the end of the century which is civilization ending. We are now, between what has been done and pledged, on track for 2.7 to 3.2 [degrees]" (Climate One 2019, 07:40). On the back of the 2015 Paris Climate Change Conference, the European Climate Foundation (ECF) was also convinced of climate philanthropy's central role in securing a global deal. "Although we should be careful not to overstate our role", ECF explained, "it is important to recognize that the climate philanthropy community's activities prior to and at the [Paris] COP helped to lay the basis for the outcome" (ECF 2016:2). As Sonia Medina of the Children's Investment Fund Foundation (CIFF) wrote in a recent special issue of *Alliance Magazine*, "[philanthropy] galvanised civil society efforts in the run-up to Paris in 2015 and the historic agreement that set the world on a better path to decarbonisation" (Medina 2021:46). She goes on to write that "last year, in spite of the pandemic, we saw big commitments with the EU, Japan and South

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Korea pledging to reach net zero by 2050 and China before 2060. Philanthropy supported the strategies and funding that was needed to push for these things to happen" (Medina 2021:46-47).

In a 2018 opinion piece for *The Chronicle of Philanthropy* written during the Trump presidency, Mark Gunther offers a far less enthusiastic reading of climate philanthropy's impact. "If philanthropy is to be judged by its outcomes, climate philanthropy has failed" (Gunther 2018a). In particular, he argues, "the US government is further from acting to curb climate change than it was a decade ago" (Gunther 2018a). One critique he makes relates to climate philanthropy's failure to foster "a robust, broad-based political movement for climate action, even though their critics have urged them to do so for years" (Gunther 2018b).

So, is the glass half full or half empty? Given its global reach and multipronged approach, it is impossible to draw a clear causal link between climate funders' efforts and observed impacts in the field. It is incredibly hard to either substantiate or dispel the claims made by Kramer, Gunther, Medina and ECF about philanthropy's role and impact. This points to a fundamental contradiction within contemporary climate philanthropy. On the one hand, mainstream climate funders insist on the validity of their strategic, impact-orientated, metrics-based and metrics-driven approach to grant making (which they also impose on their grantees), but at the same time they are quite incapable of demonstrating a clear and unequivocal causal relationship between their actions and the evolution of the climate debate.

As we will see, however, mainstream climate philanthropy is inextricably linked to the green capitalist approach that currently dominates the international climate conversation. This means that any assessment of existing climate policies is also an assessment of mainstream climate philanthropy, and vice versa. In other words, if climate philanthropy is to be credited with any "successes", then it should also be scrutinized for notable shortcomings. And if the 2021 and 2022 reports from the IPCC Working Groups I and II, the extreme weather events of 2021—extreme heat in the US Pacific Northwest, deadly flooding in Germany, Belgium, Bangladesh and China, uncontrollable wildfires in Siberia and California to name just a few—and their disproportionate impacts on low-income households, on workers, on women, on children, on indigenous communities, on racially marginalized groups in the global North and South, are anything to go by, climate elites (what Kevin Anderson refers to as the "climate glitterati" (Wallace-Wells 2021)), *including* mainstream climate philanthropy, have a lot to answer for.

Our ambition through this report is to generate a critical conversation on philanthropy's role and responsibility, on its "rightful place" in the international climate debate. The conclusions of the IPCC's Sixth Assessment Reports by Working Groups I and II are unequivocal (IPCC 2021, 2022). So are the lived realities of millions of people on the frontlines of the climate crisis. A radically different approach to climate action is urgently needed, and this means radically rethinking philanthropy's role in the climate debate. One that breaks with predominant framings and with the "one-size-fits-all" strategy that still dominates the climate philanthropy space (and the climate policy space more broadly). One that builds on the lessons learnt during the last 15 years of philanthropic engagement. An approach that acknowledges the connections between climate change, extractive capitalism, inequality and injustice. And finally, one that foregrounds and combines humility and ambition, respecting and mobilizing the climate justice principles of solidarity, cooperation and equity as the only reasonable course of action.

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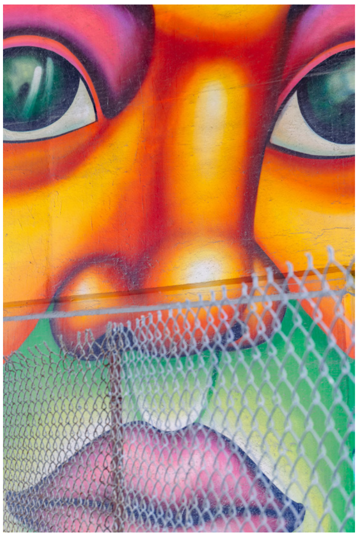

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In October 2021, ClimateWorks Global Intelligence published the second edition of its landmark report on the current state of climate philanthropy (Desanlis et al. 2021). According to the report, titled *Funding trends: Climate change mitigation philanthropy*, philanthropic giving for climate change mitigation totalled between 5.9 and 9.9 billion USD in 2021. Of these 5.9 to 9.9 billion, less than 2 billion USD (1.9 billion) originated from philanthropic foundations or climate-focused programmes within philanthropic foundations (the rest originated from individual donors). The report places particular emphasis on the relatively small size of climate philanthropy when compared to total philanthropic giving. While the report's authors acknowledge a steady increase in the amount of philanthropic giving towards climate change mitigation, they lament that "in 2020, still less than 2% of global philanthropic giving was dedicated to climate change mitigation" (Desanlis et al. 2021:3).

The 2% figure has and continues to be regularly referred to by many climate philanthropies and philanthropic networks in their effort to enroll new funders in the climate field. As Sonia Medina from CIFF recently wrote, "there is simply not enough money going to the fight against climate change. Less than 2 per cent of global philanthropy goes to mitigating climate change and while it isn't the only source of funding, we know that it can play an essential role in catalysing the trillions of dollars of public and private funds that are needed to transition to a low-carbon future" (Medina 2021:47). Similarly, Johannes Lundershausen from Active Philanthropy writes "it is incredible that, given the scale of the challenge, less than 2% of global philanthropy is deployed to this most existential issue" (Lundershausen 2022). Back in April 2015, in the lead-up to COP21 in Paris, Larry Kramer (Hewlett Foundation) and Carol Larson (Packard Foundation) had already expressed concern that "currently less than 2 per cent of all philanthropic dollars are being spent in the fight against climate change" (Kramer and Larson 2015). A few months later, in the June 2016 edition of *Alliance Magazine*, the 2% figure was once more referred to in an attempt to mobilize foundations in the post-Paris Agreement context (Bassey et al. 2016:26).

The priority, according to Kramer, Larson, Medina, ClimateWorks and others, is one of quantity. Mirroring broader discussions around climate finance, the focus is on the amount of money being spent by philanthropies and not on its origins, allocation or effectiveness. In the process, "climate philanthropy" is presented as inherently a force for good. Through an exercise in linear thinking, more philanthropic dollars—and therefore more philanthropy—is equated with better action on the climate crisis, and therefore more chances of limiting global temperature increases to acceptable levels.

We argue that only focusing on the amount of funding distracts us from important questions relating to the quality of climate philanthropy: where do funds originate and where are they going? How are endowments invested? What is the place and function of philanthropy in the climate debate? What qualifies as climate philanthropy (and what does not)? What theories of change and worldviews drive philanthropic giving in the climate field? These important questions must be addressed if philanthropy is to become a force for climate justice.

Looking at the *quality* of climate philanthropy enables us to not only identify the shortcomings of existing philanthropic approaches but to chart new, innovative and meaningful avenues of engagement for philanthropy in the climate debate; avenues that contribute to delivering a just, post-extractive transition. This, we believe, invariably means breaking with forty years of "win-win" solutions (most notably carbon markets) that have not delivered the required results. As emissions continue to surge and extreme weather events grow in intensity and frequency, vulnerable groups remain disproportionately affected. As Asad Rehman explains, "warming of just 1°C has been enough to unleash killer floods, droughts and famines. In every corner of the world climate violence has already been exacting a heavy toll on the poorest and most vulnerable. [...] The most conservative estimates are that each year close to a million lives in the global south are already being claimed by the violence of climate change with countless many more millions losing their homes and livelihoods. The climate crisis also fans the existing flames of economic inequality and poverty, resulting in a deepening crisis of hunger, increased conflict and deepening existing racial and gender inequalities. All of which determine the very ability of people to survive climate impacts and to adapt to, and respond to, the realities of the climate crisis" (Rehman 2019).

There can be no successful low-carbon transition without justice. The priority for foundations should therefore be to engage in a *qualitative* shift away from mainstream climate philanthropy and towards climate justice philanthropy.

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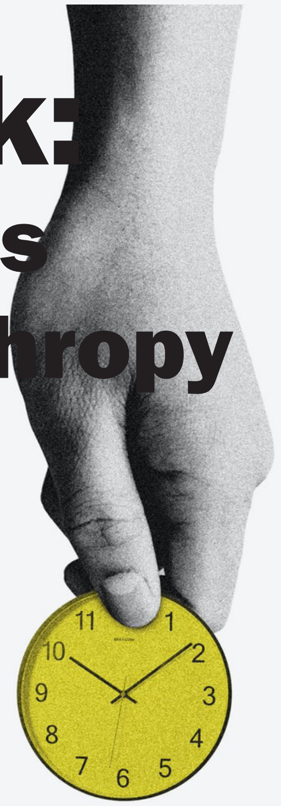
Looking back: The characteristics of climate philanthropy



SOLELY FOCUSING ON THE AMOUNT OF philanthropic dollars spent tells only a fraction of the story. In this section, we will shed a different light on climate philanthropy. One that presents climate philanthropy as more than a percentage (2%) or a depersonalized, unbiased and impartial source of funding for climate action. One that emphasizes its role in the international climate debate and its specific understanding of what a low-carbon world should look like, how it should be achieved and who is best positioned to get us there, and who pays the price for the transition. As we will see, mainstream climate funders (which dominate the climate philanthropy landscape) by and large adhere to a shared "strategic" theory of change and elite-driven green capitalist worldview. Their perspective is centred on the idea that innovation, corporations, investors, market-based solutions and, increasingly, "successful-entrepreneurs-turned-philanthropists" (rather than movements, communities or the state) will solve the climate crisis.

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A concentrated and aligned sector

According to a 2010 Foundation Center report on US foundation responses to climate change, in 2008, a mere 25 foundations accounted for over 90 percent of all philanthropic climate change funding (Lawrence 2010:2). A more recent analysis estimated that in 2012 just six foundations—Oak, Packard, Hewlett, Sea Change, Energy, and Rockefeller—accounted for approximately 70 percent of climate change mitigation funding globally (Fern et al. 2015:11). The Hewlett and Packard foundations alone accounted for 48 percent of that total. In addition to being dominated by a handful of large foundations, the climate philanthropy space is characterized by its quest for alignment. Instead of following their own distinct approaches to addressing the climate challenge, the most active climate funders develop common strategies and align their grant making. In short, the climate philanthropy landscape is not only dominated by a small number of large foundations, but these foundations are, for the most part, working in concert.

The climate philanthropy landscape has certainly evolved since 2012 with the arrival of new funders and increased climate commitment by more established philanthropies. Yet, while the pool of large climate funders continues to grow, the dominant approach to grant making and the climate issue remain largely the same. Far from upsetting the climate philanthropy landscape, most newcomers choose to align their strategies with those of incumbent funders, and to allocate their funds to the same, small group of well-funded initiatives and organizations. Upon its creation, the Bezos Earth Fund, for example, made a series of large grants to business- and market-friendly organizations that already receive the lion's share of philanthropic funding: World Resources Institute (WRI), National Resource Defense Council, The Nature Conservancy, Worldwide Fund for Nature (WWF), and Rocky Mountain Institute, among others. It is also worth mentioning that Andrew Steer, the Fund's CEO, is the former head of WRI, and Charlotte Pera, its Vice President for Strategy and Programs, is former President and CEO of ClimateWorks, further signalling Jeff Bezos's inclination to adopt a "business-as-usual" approach.

This alignment and interpenetration are further heightened by the fact that large climate funders channel a substantial amount of funding through a handful of regionally-based foundations which specialize in re-granting—known as pass-through foundations—such as the Energy Foundation, Energy Foundation China, the Climate and Land Use Alliance, the European Climate Foundation, the Iniciativa Climatica de Mexico or the Instituto Clima e Sociedade in Brazil. This further concentrates power within the hands of a small group of foundations and towards a single strategy.

In addition to sharing the same funders, these regional foundations form part of the ClimateWorks network. Launched in 2008 with initial funding from the Hewlett, Packard and McKnight foundations (Bartosiewicz and Miley 2013:30), the ClimateWorks Foundation and network were a direct outcome of the *Design to Win* report discussed above. With initial funding pledges of USD 515 million, ClimateWork's mission was to coordinate international philanthropic efforts to achieve the goals laid out in the *Design to Win* report (Spero 2010: 21). While its role evolved over time, ClimateWorks continues to act as a global hub for climate-related philanthropy. Most notably, it coordinates the work of the Climate Funders Table, an informal platform of large climate philanthropies whose role is to identify priorities, share intelligence, and develop joint initiatives.

A shared "strategic" and entrepreneurial mindset

Mainstream climate funders' high level of alignment and interconnectedness reflects a shared approach to philanthropic giving. They adopt a "strategic", "mission-driven", "effective" or "venture" mindset and are committed to moving beyond foundations' "traditional, relatively passive role as grant givers to become catalysts, brokers, information resources, and civic entrepreneurs through strategic investments" (Rimel 1999: 230). This involves adopting and projecting business values, principles and practices to all levels of philanthropic activity, from first ideas to final evaluations. Foundations are run like businesses and grant proposals are judged based on their ability to provide a clearly defined and ambitious outcome, an evidence-based roadmap or business plan, achievable scenarios, plans for long-term financial sustainability and proof of their competitive advantage over other similar organizations and projects.

From the moment that foundations treat their grants as investments with expected social returns, they are prone to adopt a more proactive approach to their grant making (Rimel 1999). This means foundations actively contribute to the various stages of a given initiative—from its drafting to its realization—by offering grantees expertise, insights and direction to "think ambitiously and draw up a credible business plan" (Bishop and Green 2008: 85). Throughout the project lifecycle, foundations and grantees are expected to measure real outcomes and impact (Brest 2012). Mainstream climate foundations regularly refer to their "results-oriented" mentality and approach without always being clear about who decides what is and is not a "good result". In other words, a "good result" for a funder can be at odds with that of a frontline community or grassroots movement, and can in turn contribute to further normalizing the dominant worldview that is responsible for the climate and ecological crisis.

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This approach to philanthropy has had major repercussions on the climate movement space. By making grants conditional on the provision of data-driven targets and business plans, foundations have contributed to spreading managerial and corporate inspired practices and modes of organization amongst grantees. And this, to the detriment of other forms of organizing that are more attuned to both the realities on the ground and the climate justice goal. To justify their adoption of a managerial, evidence-based, metrics and data-driven approach, foundations emphasize the scale and urgency of the climate crisis, the limited aggregate resources available to address it, and philanthropy's unique status and position. Since climate philanthropy represents less than 2% of philanthropic giving, strategic leverage, it is argued, becomes not only justified but essential.

The adoption of this strategic approach also serves to justify philanthropy's engagement in the climate debate—and more generally their existence. In addition to highlighting their efficient use of resources and results-oriented mindset, they also insist on their comparative advantage when compared to the private sector or government. They see themselves as "shielded both from the political cycles that interrupt policy continuity and coherence and from the market barriers that get in the way of readily available solutions like energy efficiency upgrades in buildings. This means that foundations can often build bridges over tricky waters that governments and firms hesitate to cross" (Polk and Heller 2009). Unlike governments or corporations, foundations, it is argued, "can test innovative approaches, take risks, be nimble and react quickly to windows of opportunity, [and] use [their] relatively small resources to play a catalytic role to create transformational change by opening pools of capital, being a catalyst to climate policy, helping to speed up innovation, motivating finance ministers" (Medina 2015). Foundations' lack of accountability and strategic approach become unique selling points and desirable assets in the broader effort to tackle climate change.

In some instances, the adoption of an entrepreneurial, evidence-based and data-driven approach also serves to legitimize the "successful-entrepreneurs-turned-philanthropists" who are active in the climate philanthropy space, upholding the idea that they are ideally positioned to address the climate crisis. Deliberately merging business and philanthropy, they mobilize their personal life-stories as self-made (overwhelmingly white, middle-aged) men and their supposedly extraordinary "business acumen, ambition, and 'strategic' mindset" (Jenkins 2011:756) to justify their incursions into the climate space, and through this, their social legitimacy to operate (Morvaridi 2015; Guilhot 2006). By emphasizing climate-conscious philanthropist-entrepreneurs' unique individual qualities, they contribute to blur the divide between selflessness and self-interest. As Linsey McGoey writes, "not only is it no longer necessary to 'disguise' or minimize self-interest, self-interest is championed as the best rationale for helping others. It is seen not as coexisting in tension with altruism, but as a prerequisite *for* altruism" (McGoey 2015:20). Instead of being a problem, the intersection of philanthropy, business and elite interests becomes "desirable" and further proof of one's unyielding commitment to the climate cause.

In the process, climate philanthropy becomes more than just a means of addressing the climate crisis. It acts as a tool to legitimize corporate interests and a global superclass (Boykoff and Goodman 2009) whose accumulated wealth and carbon footprints have reached record highs (see Harvey 2020). Behind certain climate philanthropists' claims—that they are simply "following the science" and adopting a business-inspired, non-partisan and data-driven approach to addressing the climate problem—lies an effort to shape the low-carbon transition in their image and in a way that legitimizes extreme wealth. Viewed in this way, climate philanthropy epitomizes the current phase of late capitalism where billionaires play an increasingly proactive role in world politics (Hägel 2020).

Pushing a green capitalist agenda

In the age of climate emergency on the one hand and megayachts on the other, legitimizing the current economic system requires constructing and pushing a narrative that acknowledges capitalism's shortcomings, while simultaneously reaffirming its supremacy and the centrality of those who benefit most from it. Jesse Goldstein, in his stimulating book on the cleantech sector (knowledge- and technology-based products and services which aim to reduce negative environmental impacts), has dubbed this new mobilizing discourse the "new green spirit of capitalism". As he explains, it involves acknowledging capitalism's limitations while simultaneously providing "moral legitimacy and affective force for proposals to irrevocably transform capitalism into a more environmentally virtuous economy; still capitalism, just a better, greener version" (Goldstein 2018:30). Proponents of what has alternatively been dubbed "natural capitalism" (Hawken et al. 1999), "sustainable capitalism" (Gore and Blood 2011) or "green capitalism" (Berghoff and Rome 2017) argue that, given the right signals, policies and incentives, "negative externalities" can be corrected and market forces unleashed to deliver a low-carbon transition. It fits into the broader belief that existing political and economic institutions "'can internalize the care for the environment' (Hajer 1995:25). Techniques and practices related to this discourse make environmental degradation calculable and thus governable at the same time. In the end environmental protection becomes (only) a management issue and does not require radical changes" (Stephan 2011:8).

Through its combination of market-based solutions (such as carbon markets) and foregrounding "non-disruptive disruptions" (technologies that deliver "solutions" without undermining the root causes of the problem), the knowledge economy and the figure of the "activist entrepreneur", the new green spirit of capitalism glorifies the "Silicon Valley experience" and a "win-win-win" narrative built on the idea that technological and market innovation will not just benefit the economy, but society and the climate (Durand 2020).

A number of prominent climate philanthropies have embraced and promoted this approach and narrative, including many whose endowments and boards are closely associated with tech and/or venture capital. They have backed (and continue to back) organizations and initiatives associated with market-based solutions (carbon markets or carbon offsets) and so-called negative-emissions technologies that, once sufficiently developed, would allow us to remove CO_2 from the atmosphere and store it away (see CarbonBrief 2016). In the national and international climate policy fields, they have, through their grant making and outreach activities, pushed a voluntary and non-legally-binding approach that foregrounds "bottom-up" action by corporations, investors and

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cities which are celebrated as the true drivers of climate action. In short, climate philanthropy has contributed to legitimizing and normalizing what some call a hegemonic project that ultimately upholds (and even reinforces) the current economic system.

A hint of climate justice

In late 2020, the recently launched Bezos Earth Fund announced that it would allocate USD 151 million to five climate and environmental justice groups. The announcement generated a lot of attention and prompted difficult conversations amongst movements and the progressive philanthropies that historically fund them.[1] Some legitimately argued that, as one Climate Justice Alliance activist put it, since "all money is dirty money", the climate justice movement cannot afford to turn it down. Others argued that receiving money from Bezos goes against all that they stand for, given that his personal fortune rose by a staggering USD 86 billion between January 2020 and April 2021 (Peterson-Withorn 2021) and that his company, Amazon, increased its emissions by 15 percent in 2019 compared to 2018 (Arcieri and Tsao 2020) and it consistently stifles efforts by its low-paid workers to organize and defend their rights (BBC 2021). Both positions are legitimate and reflect competing and concurrent movement priorities: meeting the short-term material needs of chronically under-resourced organizations and movements, while staying true to your beliefs.

"Climate justice", "just transition" or "systems change" must not become buzzwords, easily appropriated and emptied of their transformative potential.

The Bezos Earth Fund's announcement follows an incipient trend towards increased attention to, and funding for, climate justice efforts by mainstream climate philanthropies. Interestingly, and relatedly, a growing number of mainstream funders are also supporting efforts to develop an alternative model to neoliberalism. In the face of rising inequality and climate breakdown, foundations (Hewlett, Omidyar Network, Ford, Open Society and Laudes Foundations to name a few) are backing efforts to "replace neoliberalism" (Lohr 2022) and "deliver a new economic system" (Clark 2022). This awakening to climate justice concerns and to the systemic roots of inequality and the climate crisis coincides with a period of growing political and social unrest, partially fuelled by the climate crisis. The election of right-wing climate-sceptic nationalists, the popular uprisings and growing expressions of defiance towards liberal elites (Yellow Vests in France; *Estallido Social* in Chile), Indigenous-led anti-extractivist uprisings (Idle No More, Standing Rock and the Dakota Access Pipelines protests in North America), feminist mobilizations (#MeToo, *Ni Una Menos* in Argentina), youth-led climate strikes, and the largest racial justice protests in the US since the civil rights movement, to name a few, signal the need for a new eco-social contract (UNRISD 2021).

Do mainstream climate funders' increased references to climate justice and just transition, and to the need to transcend neoliberalism, signal a genuine desire to break with the orthodoxy of green / natural / sustainable capitalism? Or do they merely signal a form of "justice-washing" aimed at giving green capitalism a climate justice veneer? To answer these questions, we must go beyond the media announcements and declarations of intent. We must examine foundations' underlying theories of change, the coherence and alignment of their grant portfolios, as well as their internal structures and practices. Answering these questions will also be contingent on our ability to establish a shared definition of climate justice philanthropy: its key features and how they relate to climate justice demands and movements more broadly. "Climate justice", "just transition" or "systems change" must not become buzzwords, easily appropriated and emptied of their transformative potential.[2] Any reference to them by foundations should reflect a full-fledged commitment to a radical break with the green capitalist orthodoxy that has dominated and shaped climate philanthropy so far. "Climate justice" is neither an option nor an "add-on".

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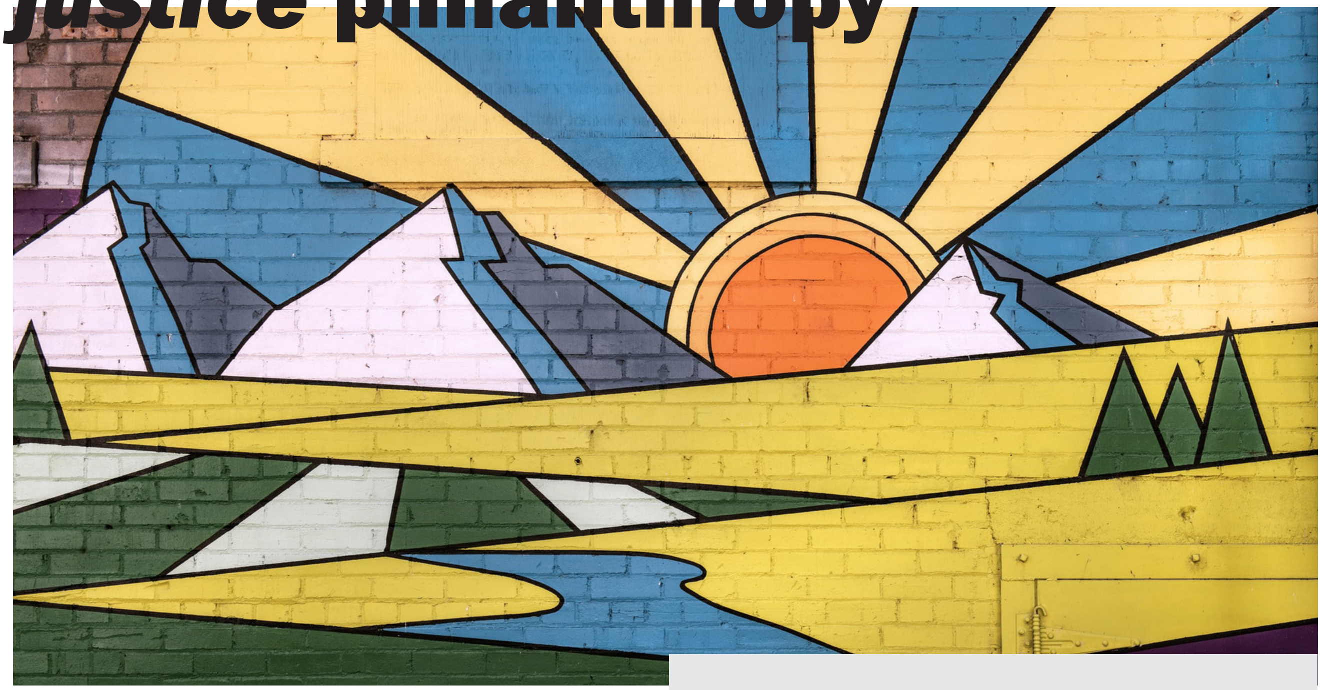
Looking forward:

Shifting towards climate *justice* philanthropy



In the previous sections we have both highlighted mainstream climate philanthropy's core characteristics and its historical role as promoter of a new green spirit of capitalism. Mainstream climate philanthropy has, by and large, played a supportive role for green capitalism, using its grant making to ensure that green capitalism is the norm in national and international policy circles and wider society.

Shifting from climate philanthropy to climate justice philanthropy will require more than just tweaks to existing practices or more references to "climate justice" or "just transition" in reports, op-eds and public events. Foundations must collectively and strategically embark on a wholesale transformation and alignment of their funding priorities, internal structures and processes, endowment management and grantee-grant maker relations, at both the individual foundation and philanthropic sector levels. There is neither the time nor the room for half measures. A just transition of climate philanthropy is urgently needed.

Box 1. What is climate *justice* philanthropy?

- A philanthropy that acknowledges that there can be no low-carbon transition without justice
- A mindful and non-elitist philanthropy that does not confound organizational success with collective progress towards climate justice
- A learning philanthropy that critically reflects on what has been done, that learns from its mistakes, that is ready to take the lead from social movements, and that is prepared to shift its practices accordingly
- A committed philanthropy that aligns its actions to its discourse
- A systems-minded philanthropy that fosters an intersectional approach to its work and understands the interconnectedness between crises and the efforts to address them

In the following section, we suggest and introduce three areas for further reflection and action in order to bring about a qualitative shift towards climate justice philanthropy.

Individual foundation level

Organizing within foundations

We need to radically rethink the way in which foundations function and shift away from a business-inspired and management consultancy driven organizational model to one that is adapted to a climate justice framework. Various studies have analysed the negative influence of managerial and entrepreneurial approaches on organizations and movements, and have suggested new forms of political organizing that break with "easy oppositions between 'verticalism' and 'horizontalism'"; between a more traditional and hierarchical mode of organizing and one that values individual agency and self-management (Nunes 2021). Foundations should build on this work to imagine new organizational structures that are more attuned to their climate justice objectives and attentive to the needs and aspirations of their own staff. They should also give more voice to "activist-funders" within their own organizations; programme officers who, in many cases, have backgrounds in organizing and working in the environmental/climate justice movement. They constitute a precious resource for progressive philanthropy.

Supporting "activist-funders" in their efforts to organize within the sector and shift their foundations' grant making practices and priorities can play an important role in both changing the culture of mainstream philanthropy and moving more funds to climate justice efforts. As Building Equity and Alignment for Environmental Justice (BEA) points out, "activist-funders working within large, well-endowed foundations may be uniquely positioned to work within the philanthropic community in order to organize fellow program officers and foundation leadership who can advance more systemic change within their respective foundations and across the sector" (Baptista and Perovich 2020).

Providing programme officers with a "safe space" for information sharing and joint strategizing, making learning opportunities available and creating informal support networks for foundation staff such as those developed through the EDGE Global Engagement Lab[3] can all play an important role in changing the sector from within. This, as Farhad Ebrahimi (Chorus Foundation) writes, involves "[taking] the question of power seriously, not only as the lens for what we fund or for how we fund it but for how decisions get made within our own sector, including our own organizations" (Ebrahimi 2021). Encouraging workplace organizing within philanthropy can also play an important role by better aligning internal practices with social justice principles, and encouraging new solidarities with other workers inside and outside the sector.

Finally, getting more individuals with a background in climate/environmental justice and movement organizing into philanthropy will be key. As various interviewees for this report highlighted, the climate philanthropy space tends to be dominated by white people with similar educational and professional backgrounds, contributing to a form of groupthink that reinforces the dominant green capitalist framing.

Changing relationships between foundations and grantees

Efforts are needed at the individual foundation level to shift grant maker-grantee relations and distribute roles and responsibilities more equitably. Justice Funders calls for an "[end to] the paternalistic and controlling behaviours towards grantees that are based in risk-aversion, and moving towards authentic partnership where grantees retain the right to design the solutions for their lives rather than have approaches imposed on them" (Justice Funders 2019). Drawing on the example of the Peery Foundation, they also insist on the need for funders to "acknowledge privilege as funder and work to lessen the burden on grantees". The priority, as The Whitman Institute (2014) puts it, should be to foster "trust-based philanthropy".

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Very concretely, this can involve travelling to grantee offices for meetings rather than making them come to foundations, recognizing grantees' time constraints and reducing grantee workload, and minimizing grant application requirements. In doing so, grantees have more time to focus on what matters rather than addressing funder requests. Multi-year, unrestricted grants also play an important role in fostering long-term relationships. Finally, more participatory approaches to grant making decisions, by, for example, inviting stakeholders outside the foundation to identify potential grantees, to shape funding strategies, and even to make funding decisions, can also contribute to shifting power relations between funders and climate justice groups. According to a recent BEA report, investing in capacity building through grants to support "administrative, communications, and development functions" can also significantly contribute to "the long term sustainability of the environmental justice movement and relationship building between the two sectors" (Baptista and Perovich 2020). Professional development training, media support, the provision of office and meeting space, technical assistance and other in-kind support can also play an important role in strengthening the climate justice movement.

Intermediary organizations[4] are increasingly presented as an important instrument to increase the amount of mainstream philanthropic funding going to climate justice efforts. As the BEA report explains, "by creating a shared set of standards for transparency and funding to flow directly to local [environmental justice] organizations, these intermediaries can help fill a critical role between the two sectors" (Baptista and Perovich 2020). Noteworthy examples of intermediary organizations working on climate justice include the BEAI Fund and the Climate Leaders in Movement Action Fund (or CLIMA Fund) launched by Thousand Currents in partnership with Global Greengrants Fund, Grassroots International, and the Urgent Action Fund for Women's Human Rights.

The purpose of intermediaries is to help larger funders to reach grassroots work. In addition to lacking the contacts and relationships with grassroots organizations, larger philanthropies often lack the capacity to administer many, often smaller grants, or to deal with burdensome reporting requirements. They also often have funding policies that limit their ability to make grants to non-formally registered organizations. The advantage of intermediaries is that they "aggregate and communicate insights, priorities, and needs from the grassroots to larger funders" (CLIMA Fund 2020). They are also better positioned to "take on the risk of bold investments" that larger, more traditional funders are sometimes unwilling to take.

Philanthropic sector level

Making climate philanthropy more accountable to grantees and society

Foundations, by and large, distribute too little of their endowments and are reluctant to increase their spending beyond the legal minimum required by their respective national legislations. In the United States, for example, an overwhelming majority of foundations see the 5 percent requirement imposed by the Internal Revenue Code as a ceiling rather than a floor. Campaigning and lobbying for changes to national laws and regulatory regimes governing philanthropic activities represents an interesting avenue of work for climate justice funders. So do efforts to implement fairer tax systems.

Efforts to impose higher spending should be coupled with mechanisms through which to ensure overall coherence in the grant making portfolio and transparency when it comes to who benefits from the funding. In this regard, one interesting initiative is the Donors of Color Network (2020) Climate Justice Funders Pledge that challenges large climate funders to publicly commit to greater transparency and to providing at least 30 percent of their climate funding to BIPOC-led groups fighting the climate crisis. Foundations should be more accountable, not only to their grantees, but to society as a whole. In their report on *Environmental Justice and Philanthropy: Challenges and Opportunities for Alignment*, BEA identifies the philanthropic sector's limited transparency as a major source of misalignment between movements and funders—a trend that has been further accentuated by the rise of donor-advised funds (Baptista and Perovich 2020).

Greater accountability should not be restricted to grant making activities but should also apply to endowment management. Endowment managers should be actively involved in conversations on climate justice philanthropy. We must ensure that their investment decisions are aligned with the climate justice goal. The issue of endowments and how they are managed and invested has already been put on the table through the Divest-Invest movement, which encourages investors to divest from fossil fuels, and invest in climate solutions. However, while a lot

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of attention has been paid to divesting, there needs to be more focus on where foundations re-invest their endowments and the extent to which these re-investments are truly aligned with a climate justice agenda. Priority should be given to investments and investment vehicles that support economic ventures that not only reduce greenhouse gas emissions but also transform ownership, empower workers, help build community wealth and well-being, and contribute more broadly to the development of local, regenerative and democratic economies.

"Occupying climate philanthropy": Funder organizing for new joint strategies

Organizing progressive funders to ensure that climate justice voices are heard, and their approaches are represented, within the climate philanthropy space will be key. Unlike many climate justice groups, philanthropic foundations have privileged access to formal and informal spaces of power and influence. Through their involvement in funder networks or more informal circles and networks of high net-worth individuals, progressive philanthropic foundations can contribute to "normalizing" climate justice concerns and shift the broader culture within climate philanthropy. This can be done through individual initiatives but also collective efforts.

As we have highlighted, mainstream climate philanthropy plays an important "soft-power" role, funding and orchestrating efforts to normalize green capitalism as the only way forward. Shifting the international climate conversation away from "climate action" and towards "climate justice" will require progressive foundations to more forcefully and collectively engage in the philanthropic spaces where dominant narratives are shaped and promulgated, and to impose climate justice as the only reasonable way forward.

System level

Identifying philanthropy's "rightful place" in the climate debate

By being framed as an issue of quantity (more climate philanthropy is good) rather than quality, contemporary debates within climate philanthropy have diverted our attention from the importance of identifying how and where philanthropy can meaningfully contribute to a just low-carbon transition without supplanting the efforts of more legitimate and effective actors (democratically elected governments, local communities, movements). Embracing such a qualitative shift may ultimately imply "divesting" philanthropic dollars from certain initiatives and organizations and reallocating them elsewhere.

Determining whether or not foundations should engage in a particular climate-related issue area requires first identifying foundations' spheres of engagement in the international climate debate. Any conversation on philanthropy's "rightful place" must consider their multiple functions in the international climate debate. In addition to their grant making role, philanthropic foundations take part in UN climate conferences, produce knowledge and expertise, push narratives, and act as facilitators and convenors.

In addition to their support for movements and initiatives, a growing number of climate funders are engaging in "impact" or "mission" investing, "the practice of foundations that invest to advance their missions and programmatic goals while also generating financial returns that can then be reinvested" (ClimateWorks Foundation 2022). Through their endowments, foundations (and the high-net-worth individuals who provide the initial endowments and sit on the boards) are also stakeholders in the financial system, and therefore the all-important climate finance debate. As Judith Rodin and Saadia Madsbjerg point out, "globally, philanthropic foundations hold $1.5 trillion [in endowments]" and high-net-worth individuals detain an estimated "$70 trillion in investable assets globally" (Rodin and Madsbjerg 2021:25-26). While this will inevitably involve a trade-off between financial return and climate justice impact foundations and the high-net-worth individuals associated with them can, through their endowments and investable assets, exert tremendous influence on the asset managers who invest their funds, and through this on the real economy.

Acknowledging philanthropy's historical role and responsibilities

As we have shown through this report, successfully transitioning towards climate justice philanthropy will require critically revisiting philanthropy's historical role as promoter of a new green spirit of capitalism. But beyond this, there must be an acknowledgement of philanthropy's deeper history as a product of extractive capitalism and settler colonialism, and its original purpose as a tool to "save capitalism from itself" (White 2015:210) and to "maintain an economic and political order, international in scope, which benefits the ruling-class interests of philanthropists" (Arnove 1980). Acknowledging this is an essential first step to any effort aimed at rebalancing the relations of power that currently exist within the sector and between foundations and their grantees.

Box 2. Three levels of reflection and action

At the individual foundation level

- Organizing within foundations. Shifting power relations within philanthropic foundations at all levels
- Changing the ways in which individual foundations engage with their grantees and society more broadly

At the philanthropic sector level

- Making climate philanthropy more accountable to grantees and society as a whole
- "Occupying climate philanthropy": Developing new joint strategies and alignment through funder organizing that is centred on climate justice and just transition

At the system level

- Identifying philanthropy's rightful place in the climate debate
- Not only embracing and mainstreaming climate justice and just transition narratives, but acknowledging philanthropy's historical role and responsibilities

Endnotes

1 Three intermediary organizations that specialize in regranting funds to grassroots organizations—the Climate and Clean Energy Equity Fund, The Solutions Project and The Hive Fund for Climate and Gender Justice—received 43 million USD each. The NDN collective, founded in 2018 by a diverse group of Native American activists to support Indigenous-led campaigns and sustainability initiatives, and Green for All, a non-profit that focuses on criminal justice reform, tech sector equity and mobilizing for the Green New Deal, were granted a further USD 12 million each.

2 On the mainstream reappropriation of "just transition", see the work of the Just Transition Research Collaborative (JTRC): https://www.unrisd.org/en/research/projects/just-transition-research-collaborative-just-transitions-to-a-low-carbon-world.

3 For more information, see https://www.edgefunders.org/global-engagement-lab/

4 For a useful list of grassroots intermediaries, see https://reocollaborative.org/grassroots-centric-intermediaries/

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Glossary

C

Carbon capture and storage
The process of capturing and storing carbon dioxide formed during power generation and industrial processes before its release into the atmosphere.

Cap and trade system
Refers to government regulatory programmes designed to limit (cap) the total level of emissions of carbon dioxide by allowing the market to determine a price on carbon. Businesses are imposed an upper limit on the amount of emissions they can produce but have the possibility of increasing their capacity by purchasing allowances from organizations that have not used their full allowances.

Climate capitalism
Jean Philippe Sapinski defines climate capitalism as “a regime of capital accumulation founded on climatically benign production technologies and increased energy efficiency. Developed within the bounds of neoliberal environmentalism, climate capitalism is founded on market mechanisms, mainly carbon trading and carbon taxes” (Sapinski 2016:89-90).

Climate justice
A term, and more than that, a movement that acknowledges the systemic nature of the climate crisis, and its differentiated effects on vulnerable, marginalized and underprivileged groups.

COP15
Usually refers to the 2009 United Nations Climate Change Conference held in Copenhagen, Denmark. The conference included the 15th Conference of the Parties (COP15) to the United Nations Framework Convention on Climate Change (UNFCCC). An international framework for climate change mitigation beyond 2012 was to be agreed there. COP15 is generally considered as a failure given that Parties to the UNFCCC were unable to agree on a legally binding agreement or legally binding commitments for reducing emissions.

D

Divest-Invest
Usually refers to “a commitment to sell investments in fossil-fuel companies and invest instead in companies providing solutions to climate change” (DivestInvest 2018).

F

Frontline communities
Refers to groups of people who experience the most immediate and worst impacts of climate change.

G

Grassroots movements
An organized effort that mobilizes people at the local level to effect change.

J

Just transition
A unifying vision and set of principles, processes and practices that empower communities and workers so that the transition towards a low-carbon, regenerative economy is fair and inclusive.

M

Market-based climate solutions
Policy interventions that use price signals and similar market incentives to shift consumer and producer behaviours toward more resource efficient and less carbon intensive ones.

Mitigation
Climate change mitigation refers to efforts to reduce or stabilize the levels of heat-trapping greenhouse gases in the atmosphere.

N

Negative-emissions technologies
(also known as Greenhouse Gas Removal technologies)
Technologies that are intended to remove and sequester greenhouse gases from the atmosphere. Bioenergy with carbon capture and storage (BECCS) is widely regarded as the negative emissions technology that offers the most promise.

Net zero
Refers to a target whereby the amount of greenhouse gases going into the atmosphere is balanced by removal out of the atmosphere.

S

Systems change philanthropy
An approach to philanthropy which recognizes that solving the world's biggest problems will require addressing their root causes (rather than the symptoms) through collaborative efforts and changes to the policies, power dynamics, norms, mind sets and practices that underpin them.

T

Trust-based philanthropy
According to the Trust-Based Philanthropy Project, "trust-based philanthropy is about redistributing power—systemically, organizationally, and interpersonally—in service of a healthier and more equitable nonprofit sector. On a practical level, this includes multi-year unrestricted funding, streamlined applications and reporting, and a commitment to building relationships based on transparency, dialogue, and mutual learning" (Trust-Based Philanthropy Project).

Abbreviations and Acronyms

BEA	Building Equity and Alignment for Environmental Justice
BIPOC	Black, Indigenous and People of Colour
CCS	Carbon capture and storage
CIFF	Children's Investment Fund Foundation
COP	Conference of the Parties
ECF	European Climate Foundation
EDGE	Engaged Donors for Global Equity
IPCC	Intergovernmental Panel on Climate Change
JTRC	Just Transition Research Collaborative
WRI	World Resources Institute
WWF	World Wide Fund for Nature

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The EDGE Funders Alliance organizes within philanthropy to raise awareness and deepen understanding of the interconnected nature of the social, economic and ecological crises threatening our common future. EDGE works to increase resources for communities and movements creating systemic change alternatives for a transition to a society that supports justice, equity and the well-being of the planet.

EDGE is a community of approximately 300 individuals: donors, foundation officers, trustees and advisors working for 120 philanthropic organizations in over 20 countries, passionately engaged in local, national and international grant making with differing priorities and strategies, but a shared belief that equity and justice are critical to furthering sustainable, global well-being. Our community works closely with social movements and funds greater equity and sustainable practices, while exploring and supporting strategies that address systemic challenges and contribute to transformational change over the long term.

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Beyond 2%
From climate philanthropy to climate justice philanthropy

2%—that is the estimated share of philanthropic dollars allocated to climate-related issues. Yet numbers can be misleading. Focusing on the amount of philanthropic funding distracts us from important questions: Where do these funds originate, and to what and to whom are they allocated? What is the place, function and legitimacy of philanthropy in the climate debate? What qualifies as climate philanthropy (and what does not)? And what theories of change and world views drive philanthropic giving in the climate field?

In addressing these questions, this report argues that the approaches to climate philanthropy, and the strategies that currently underpin the 2% figure, are outdated and ineffective. For climate philanthropy to make effective and meaningful contributions to a just low-carbon transition, a qualitative shift is urgently needed to ensure that climate justice is at the centre of all philanthropic efforts to address the climate crisis.

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Scan the QR code to discover more and stay engaged with the Climate Justice Working Group at EDGE.