



Time for an end to business as usual

Stephen Heintz

Global warming is now at the top of almost every social, political and economic agenda around the globe, and the non-profit sector deserves much of the credit for this. In the face of powerful special interests, our community has succeeded in elevating the issue to prominence.

With relatively modest funds but effective strategies, philanthropy has been able to empower agents of change to make the issue a fundamental and overarching global concern. Thanks to their efforts, global warming is now finally understood as one of the transcendent global challenges of our time.

But comprehension is only the beginning, which is why this special issue of *Alliance* devoted to global warming is timely and important. The ensuing pages will celebrate the progress philanthropy has helped provoke – but the point is not self-congratulation. On the contrary, our intention is to sound an urgent alarm and point the way towards what we must now achieve. We are at a crossroads, facing a dire emergency. Our political cultures, so largely beholden to narrow interests and given to short-sighted thinking, will not respond adequately unless we, and others, insist on genuine solutions.

The danger of failure through half measures is still great. Indeed, it is imperative for donors that have not as yet found a way to engage directly with global warming to approach the challenge afresh and find a relevant point of entry. Opponents of meaningful action – and there are still many – are working hard to weaken the regulations and laws being devised in response to the climate crisis.

Business as usual means doing nothing

There is a terrible euphemism that those in the global warming arena commonly deploy: business as usual. You'll even find its acronym, BAU, on space-constrained charts and graphs, and everybody in the field has come to know what it stands for. Unfortunately, I'm not sure we are fully cognizant of what it means. Business as usual, in the face of global warming, means doing nothing. It is a fundamentally unthinkable and immoral option, but when reduced to a line on a chart marked BAU, we forget what it implies. It is the steepest line at the top, rising sharply out of control towards catastrophic global double-digit temperature increases within the lifetime of our young children.

I won't rehearse the litany of climate change impacts, nor deploy the massive scientific evidence to counter those who still deny the reality of global warming. We have been inundated both with dire prognoses and with large bodies of undeniable evidence, and they are readily available for reference with a few clicks of a mouse. (See, for example, the work of the Intergovernmental Panel on Climate Change at www.ipcc.ch.)

More important to highlight is something that has not penetrated our rational and emotional awareness, and it is this: that despite all the concern and the evidence, the conferences and the concerts, the plans and the targets, we have not budged from the trajectory of business as usual. We are still pumping carbon dioxide into our already over-saturated atmosphere at an ever-accelerating pace. We have yet to apply any real pressure in the wheelhouse to turn our human-made, carbon-spewing juggernaut in a different direction.

This is a deeply disturbing fact, one we need to bring home. BAU is not something that applies only to institutions or activities that generate atmospheric carbon, not only a reference to smokestacks and

Guest editors for the *Alliance* special feature, 'Tackling climate change'



Stephen Heintz has been President of Rockefeller Brothers Fund since 2001. Prior to that, he was Founding President of Demos, a public policy organization working to promote economic equity and enhance the vitality of American democracy. Before that he was with the East West Institute. He served 15 years in Connecticut State Government
Email sheintz@rbf.org



Changhua Wu is the Greater China Director of the Climate Group, based in Beijing. Before that, she was Executive Director of China Operations of ENSR, working with multinationals to support their business development in China and compliance with Chinese regulations. Email cwu@theclimategroup.org

tailpipes and thermostats. It refers to any individual or institution that will conduct its business tomorrow in the same way as yesterday. It's not hard to see that coal utility executives must re-imagine their realities in light of global warming. But what is the commensurate effort that we donors must make? What are our habits of business as usual that make us incapable of responding to climate change in this present moment of unparalleled need?

Three major challenges

The need can be categorized into three primary challenges. The first is forcing legislators to take aggressive action to reduce greenhouse gas emissions in the United States. US policy must be utterly transformed from denial and inaction to urgent measures and global leadership. The second is solving the predicament of developing countries with burgeoning populations and explosive but carbon-intensive growth, whose long-awaited prosperity cannot fairly be delayed. The third is successfully negotiating and establishing an international regime that moves us permanently and securely beyond the shortcomings of the Kyoto Protocol.

Donor support is needed to meet each of these challenges, and we are fortunate that we have available to us the full array of philanthropic assets and strategies. Up to now, the sensible dedication to a broad agenda of other long-term concerns has precluded the engagement of many of the largest philanthropic institutions on climate change. Moving forward, it is precisely this diversity of perspective that can now be transformed into our community's greatest asset.

Donors concerned with corporate environmental responsibility, government policy, social movements, international peace and security, agriculture, poverty reduction, biodiversity, energy, social justice, concern for the built environment – the list goes on – can all advance their commitments by incorporating a global warming dimension into each specific strategic focus. It is simply no longer possible to avoid the issue, for the problems we are trying to correct in every one of these areas will be exacerbated by global warming.

The barriers to donor action

Even so, there are still the barriers of business as usual to be confronted. In the US in particular, the foremost barrier has been risk aversion. Until very recently,

Donors can all advance their commitments by incorporating a global warming dimension into each specific strategic focus. The problems we are trying to correct will all be exacerbated by global warming.

global warming has been a controversial and politically contentious issue, as the media persisted in giving undue coverage to a handful of sceptics despite overwhelming consensus in the scientific community about the certainty of global warming. In a time of bitterly polarized politics, many foundations declined to engage in the climate change debate. The European philanthropic context presents specific challenges of its own – most notably that laws restrict the activity of many foundations within national borders.

Further, the positive economics of taking action were as yet unclear. It was widely believed that responding to climate change would be tremendously costly and damaging to financial security and economic development. Now, we have the benefit of evidence that overturns this fallacy. It is now clear that the cost of inaction will outstrip the cost of implementing solutions; that there is great potential for economic development and job creation through investment in a clean energy future; and that there is an abundance of low-hanging fruit ready for profitable harvest in the pursuit of greater energy efficiency.

Changing attitudes

Board members of foundations, many of whom are business leaders, are careful stewards, highly skilled in risk management and sensitive to controversy. They are reluctant to steer foundations into waters they would not navigate themselves. Yet with the change in public awareness and a better understanding of the true parameters of financial risk, the appetite for action is clearly changing. I have witnessed this myself.

At the Rockefeller Brothers Fund, I have been particularly fortunate. A commitment to sustainable development and global warming pre-dated my assumption of the Fund's presidency in 2001. In fact, it was a non-negotiable condition of my employment, as Steven Rockefeller, then board chair, clearly articulated the family's unshakable commitment to this pillar of RBF's strategic focus. Still, this did not mean that all RBF trustees were convinced of the urgency of tackling global warming, and our programme staff continued to invest time in various educational efforts. We held climate retreats and invited outside experts to speak. We developed written materials and worked in other ways to deepen our institutional understanding. This effort strengthened RBF's commitment to combating global warming, which is now our single largest portfolio.

It also led to another welcome and unexpected result. Inspired at least in part by his experience on the RBF

board, one trustee helped guide development of a bold climate-related business strategy at AIG, the largest international insurance company, where he serves as vice chairman. We are seeing AIG's experience more broadly reflected in the changing attitudes of a fast-growing community of leading business executives and investors. They are coming to recognize that contending with global warming is part of their fiduciary duty.

Time for the foundation world to catch up

It is rather astonishing how quickly the risk profile for engaging with global warming has changed, but the foundation community has yet to sufficiently catch up with these developments and the opportunities they present. Our institutions are focused on results. We have learned to be disciplined in choosing areas of programmatic focus and to stick with them over the long term as the best guarantee of good performance. We take on new challenges only after careful deliberation. This attention to focus has served foundations quite well, but in the case of global warming it seems also to have constrained philanthropic action. But perhaps now, it may be time to break this successful mould of business as usual.

The articles which follow in this special issue have been commissioned to provide guideposts for donor engagement with climate change. They elucidate both strategic and tactical opportunities for engagement and provide evidence of the huge social returns that even modest investments have made.

Responses from the developing world

Changhua Wu, my co-guest editor, in her piece explains why 'China is key to the world's response to climate change' and points to the opportunities for engagement created by the release in June of the National Climate Change Program. Senior government leaders for the first time publicly embraced the concept of a low-carbon economy, a fact that went largely unnoticed in the Western press. In a country where the carbon footprint of the average citizen is still barely one-sixth of the average American's, private donors can have an important impact supporting innovative ideas and solutions that steer economic development along a cleaner path. The entry points for engagement – through public education and

Developing countries are prepared to show the world that a low-carbon path to development is possible, but they need technical and financial support to adjust their development models and avoid exacerbating a race to secure global resources.

awareness-raising, the promotion of technology transfer, or the expansion of clean development opportunities, for example – have been created.

No less important is the position of India, as Uday Khemka makes abundantly clear in his interview. What if changing weather patterns transform the Punjab – India's bread basket – into desert? Or if disappearing glaciers dry out the big river systems? He is haunted by the thought of a billion people without food and water on a subcontinent assailed by rising seas. He explains how his family foundation – the only private philanthropy in India addressing climate change – is responding with national and international initiatives, including the Climate Change Philanthropy Action Network.

Andrew Milner's contribution provides a sobering survey of the developing world. In a nuanced piece, Milner teases out the local issues and obstacles unique to different regions – the Arab world, Africa and, again, China and India. The developing world will suffer most from the consequences of global warming, yet is the least equipped to deal with them. Developing countries are prepared to show the world that a low-carbon path to development is possible, but they need technical and financial support to adjust their development models and avoid exacerbating a race to secure global resources.

Communicating and investing

Closer to home, four articles suggest how foundations can engage. Ben Tuxworth makes a case for philanthropic organizations to adopt a sustainable development framework in all their grantmaking strategies. He calls it a 'joined up approach' that can deliver results on issues, like climate change, that simultaneously touch people, economics and nature. Bernard Mercer looks at why the environment arouses confusion and misunderstanding among donors, and offers a framework for improving donor engagement. Jon Cracknell surveys the ways in which donors can work on values systems, motivations and the framing of global warming issues, while Mark Campanale offers a roadmap for harnessing the power of investment strategies. 'Perhaps the most important of foundation initiatives,' he suggests, 'is the investigation of how to deploy capital from the corpus rather than the grants.'

Supporting local efforts

Tom Peterson's article on state-level climate action in the US demonstrates the huge return on investment that grantmaking funds can achieve. It is no exaggeration to point to the policy development work he

describes as providing a leading wedge of hope for action in the US, and the most advanced models of comprehensive action contemplated anywhere in the world. This, too, is a story hidden from view by the public face of recalcitrance that the federal government projects globally. The patient, diligent work of policy planning state by state is on the brink of exerting national and global impact through positive example, and illustrates what donors can cost-effectively help to accomplish in just a few years' time on a problem of such apparently daunting scope. It also provides a model suitable for export to states and provinces the world over – including many in China and India – where local action can outpace and inform the needed national effort.

These next few years are vitally important. Only by abandoning the inertia of our own forms of business as usual will philanthropy succeed in this project and help put the earth on a trajectory towards a sustainable future.

Turning off the carbon tap

For many years already, the notion of capping emissions has been at the forefront of thinking and experimentation with solutions. Yet, as Peter Barnes shows in his provocative essay, the question of where to place the cap on carbon is far from settled. Reflexively, we think capping emissions means diminishing them at the smokestack or the tailpipe. But what if we turn off the tap upstream, not where carbon escapes into the atmosphere but where it enters the economy? Donor support for researching and debating questions relating to the design, development and negotiation of cap-and-trade mechanisms would be of great help in unlocking one of the most important solutions now being contemplated.

There are still other examples of good investments to read about. Jane Gray tells the tale of the province of Manitoba, Canada, which in 2002 committed itself to a comprehensive climate change plan. The many aspects of the plan are not only reducing Manitoba's carbon footprint. They are tying the province's economic future to clean development. One measure will even phase out its last remaining coal plant.

Cities leading the way

London's metropolitan vision is no less bold – targeting a 60 per cent reduction in emissions by 2025. Deputy Mayor Nicky Gavron explains how Londoners won't have to reduce their quality of life to achieve the radical action plan aiming to make London a 'model sustainable world city'. Philanthropic support for the London Climate Change Agency was crucial to its

successful start-up. Deputy Mayor Daniel Doctoroff describes the two-year effort to develop a plan to prepare New York for a sustainable future. The result? A 127-point plan of action that aims to reduce carbon emissions by 30 per cent by 2030. In May, the city hosted a summit that brought together mayors from 35 of the world's largest cities to discuss climate change. Municipal partnership is proving infectious.

These leading global capitals have the ambition, the foresight and the capacity to look 50 years into the future and plan for it, but other cities around the world are not as fortunate. With 75 per cent of global emissions originating in cities, cities are where many solutions will have to be implemented. Michelle Wyman's piece describes the role that local governments are playing around the world in helping to solve climate change, and the establishment of the Climate Action Fund to help their efforts.

A key partner in this effort is the Clinton Climate Initiative, and in her article Kathryn Murdoch describes the unique model of problem-solving that CCI is applying to global warming. As it did with HIV/AIDS medications, CCI is brokering global climate solutions. Its first major programme brings together large energy companies, five of the world's largest banks, and 16 of the world's largest cities in a \$5 billion energy efficiency programme centred on building retrofits. It's a strategy for mobilizing financial resources and jump-starting the market.

The way ahead

In none of these stories will you find an acceptance of business as usual, and each in its own way points the way forward for confronting climate change, the transcendent global challenge of our time. For almost two decades, the non-profit sector has been leading on this issue. It has now brought it to an important crossroads, to the brink of a first phase of resolution.

These next few years are vitally important. We can count on antagonistic interests to mount renewed efforts to derail progress and on established political processes to deliver only half-measures and inadequate solutions. We would be naive to expect otherwise. Only by abandoning the inertia of our own forms of business as usual will philanthropy succeed in this project and help put the earth on a trajectory towards a sustainable future. @

Go to *Alliance Online* for a selection of the available resources on climate change, including organizations, networks, publications and websites.

Action now for our planet

Stephen Heintz and Changhua Wu

There are no more profound manifestations of global interdependence than the single atmosphere that encircles our planet and the one-climate system that sustains all life on earth. But geopolitics and global economics condition us to conceive of the world as populated by developed and developing nations, and this dichotomy creates a very difficult context for efforts to combat global climate change. In this simplistic context, global warming is often seen as an aspect of global economic competition rather than an urgent matter requiring global cooperation.



Stephen Heintz is President of Rockefeller Brothers Fund. Email sheintz@rbf.org



Changhua Wu is the Greater China Director of the Climate Group. Email cwu@theclimategroup.org

Take the recent bit of headline news that China has now surpassed the US in greenhouse gas emissions. For some pundits and politicians, this provides ammunition to deflect consideration of critical US policy choices while shifting responsibility to China. But, as is often the case, the data, taken out of context, hides more than it reveals.

In fact, the average American still produces six times more greenhouse gas emissions than the average Chinese, while a very large percentage of Chinese emissions are produced manufacturing the flood of goods destined for American consumers. At the same time, the gap between rich and poor has been increasing in many developing countries, with the rich now consuming as much as or more than people in most developed countries. In a global economy, who bears ultimate responsibility?

There are no borders in our atmosphere, nothing to constrain the global distribution of CO₂ molecules, no matter where they enter. The only sensible course is collaboration between developed and developing nations. Here is an area where the philanthropic community can build the necessary bridges. But how?

As this issue of *Alliance* goes to press, a new report provides some answers. *Design to Win: Philanthropy's role in the fight against global warming* outlines a compelling strategy for winning the fight against global warming. 'Philanthropists have a strong tradition of filling gaps,' the authors write, 'spurring step changes in technology and pursuing programming that transcends both national boundaries and economic sectors. Such capacities are exactly what are needed to tackle global warming.'

The report reinforces a central theme of this special issue of *Alliance* – that the present moment is crucial. If we don't act boldly in the next decade, the authors conclude, we may lose the fight. What we do over the next five to ten years will permanently determine earth's climate future. It seems that we have no choice but to depart from the trajectory of business as usual immediately. As the report puts it, we must obey 'the First Rule of Holes: when you are in one, stop digging.'

Equally striking is the authors' recommendation that philanthropies concentrate their global warming efforts geographically. The report identifies the US, the EU, China and India as the key targets. It also stresses the importance of preserving remote jungles in the Amazon, Congo and Indonesia because of their impact on carbon absorption. The authors present a well-reasoned strategy for these choices. Fundamental to it is close collaboration between developed and developing nations.

Their survey also took the measure of the financial resources philanthropy will need to commit in order to win the fight against global warming. Currently, they estimate that \$200 million is devoted annually to climate issues. Additional funding of about \$600 million a year is needed.

We can expect to see a heated international debate about the shape and scope of a post-Kyoto global mechanism. How will the US engage with the treaty? What will it take for large developing countries like China and India to make serious commitments to climate action? It will most probably require a combination of both obligatory and voluntary commitments, and also conditional commitments. Developing countries are sure to make steeper reductions if developed nations provide financial and technological support. Engaging in a discussion of conditional solutions has an added benefit: it would allow the parties to step away from a focus on thorny issues like per capita emissions and move everyone towards a more constructive international dialogue.

In this issue of *Alliance* we have endeavoured to show how philanthropic investments in climate work have yielded outsized results. Our authors have argued that the present moment is a turning point: what we do now will determine the fate of the planet. *Design to Win*, issued almost simultaneously with this issue, provides an extremely useful roadmap that makes action that much easier, and inaction that much more difficult. @

Go to *Alliance Online* for more on *Design to Win* and other climate change resources.