

ENVIRONMENTAL GIVING

Foundations Say Climate Change Is Urgent but Still Fail to Fund Solutions

By [Jim Rendon](#)

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Nearly 90 percent of foundation leaders say that climate change is an urgent problem, yet they are doing little to help stop it, according to a [report](#) released Tuesday from the Center for Effective Philanthropy.

No matter the possible approaches, foundations are sitting on the sidelines, the report found. Only about [2 percent](#) of all foundation giving goes to help curb climate change.

And even now with so many dire warnings about the urgent need for action, foundations are not making climate change's implications part of grant-making programs focused on, say, housing or immigration, nor are they funding community organization and advocacy groups seeking local solutions to climate change. What's more, very few are divesting their fossil-fuel holdings.

Foundation leaders are well aware of climate change's sweeping impact — about 82 percent said it will negatively affect the causes they support, and 72 percent said it will affect grant makers' ability to achieve their goals. Ninety percent said that in the coming decade, climate change will negatively affect the people they serve. Nonprofits are also concerned about the issue, but a bit less than the grant makers — 60 percent said it would negatively affect the missions they seek to advance.

Despite these high levels of concern, only 10 percent of both grant makers and nonprofits said it was the most important issue to address right now. The study was based on responses from 188 foundations that give out more than \$3 million a year and 120 nonprofits.

Most foundation leaders in the study said they did not address climate because it was not part of their missions, noted Phil Buchanan, president of the Center for Effective Philanthropy. But they also cited a lack of interest from board members and a general sense that the problem is just too big.

Nonprofits and foundation also looked to each other to take the lead on the issue. Foundations were more likely to say that nonprofits can play a significant role in addressing climate change, and nonprofits were more likely to say foundations were.

Among foundations that make no grants to climate or environmental causes, discussion of the problem is rare: Less than 15 percent of leaders of those philanthropies had talks with their board of directors about the impact of climate change on the foundation's ability to achieve its goals, and less than 10 percent communicated with grant recipients about how climate change could affect the grantee's work. Few leaders of nonprofits that do not work on climate discuss the issue with their board or even consider its impact on their work.

The fossil-fuel industry is largely responsible for perpetuating the idea that climate change is overwhelming and too complex to address, says Lee Wasserman, director of the Rockefeller Family Fund, which finances research into the fossil-fuel industry's disinformation efforts on climate change and supports small groups that oppose new drilling, coal mining, and pipeline projects. Too many grant makers see it as a scientific and policy issue best left to the experts. But, he says, that is far from the truth. "We have more than enough policies to deal with the problem," he says. "It's an issue about power. Only an energized civil society can change the conversation."

Some foundation leaders who participated in the survey said they have been too busy with the crush of urgent problems that have emerged in the past few years to turn to climate. "They said, 'We see the urgency of climate change, and unfortunately we just have more pressing issues at hand, like Covid and the fight against systemic racism,'"

says Katarina Malmgren, a senior analyst at the Center for Effective Philanthropy and an author of the report.

Small but Growing

The William and Flora Hewlett Foundation funded the report, which aimed to understand attitudes among grant makers. (*The Hewlett Foundation is a [financial supporter](#) of the Chronicle of Philanthropy.*)

While giving on climate is tiny, it has grown in recent years — doubling from 2015 to 2020 — and is likely to continue to do so. The Bezos Earth Fund alone has given about \$1.5 billion since 2020 to advance conservation. This survey shows that about 40 percent of foundation leaders that already give to environmental causes plan to increase their climate-related giving. And 45 percent of grant makers are still open to funding climate-related causes.

That is a very encouraging finding, says Shawn Reifsteck, vice president of strategy, collaborations, and brand at ClimateWorks. He says it shows that grant makers outside of those who fund climate are interested in understanding how climate affects their missions. They may just be struggling to determine how to get started.

“No sector, no organization, no individual is untouched by climate,” he says. “We should take that as an opportunity because there are many ways in which philanthropy and nonprofit leaders can meet their missions while also supporting work that helps to address climate change.”

Fossil-Fuel Investments

Recently some grant makers have begun to [move their investments](#) away from fossil-fuel stocks as part of a broader effort to match their investments to their grant-making goals.

But the Center on Effective Philanthropy survey shows how small that effort is. Only 20 percent of the foundations and 10 percent of the nonprofits in the survey had divested from fossil-fuel companies. Some of those who have not divested thought that doing so would not make a difference. Others were concerned that they would lose out on investment income if they changed strategies.

But that has not been the case for the 39 foundations surveyed that had divested. Not one of them said that their investments performed worse than those that included fossil fuels. And about half said their assets had achieved better results than investment benchmarks that included fossil fuels.

The Rockefeller Family Fund divested from fossil fuels in 2016, and its investments have fared better than those with fossil-fuel holdings until this year when share prices of fossil-fuel companies increased due to the high price of gas, says Wasserman.

More foundations should avoid investing in these companies, he says.

“As organizations committed to the public interest, foundations should be taking a principled stand that they’re not going to associate themselves with an industry that is committed to a business model that is creating enormous harm to citizens around the world and will continue to do so in an accelerating fashion,” he says. “There just are some businesses that I would hope people decide they don’t want to be a part of.”

‘Uniquely Vexing’

Climate has been a tough issue to make progress on. Despite U.N. agreements and big advances in renewable-energy technologies, carbon emissions continue to climb. Even those foundations that fund climate-related causes do not feel that they are doing a good job.

Only 11 percent of grant makers that fund climate causes said their strategies were effective. Among nonprofits, it was even worse — only 4 percent said they were effective.

“Climate is a uniquely vexing problem because there are so many contributors to the problem. There are so many actors that need to act to address the issues,” says Buchanan.

Many of the needed changes require actions by governments and businesses, and grant makers may not feel confident they can influence those spheres. “It’s a multidimensional issue, and it’s not as simple as pull this lever and get this resolved,” he says.

But that is the wrong way for grant makers to think about the problem, says Wasserman. Policy-based approaches that received the vast majority of funding for decades have failed.

“We would have been so much further ahead if we had spent resources to help constituencies anxious to engage and build and strengthen the power of civil-society organizations and authentic community organizations to organize and mobilize and go directly after those responsible,” he says.

Such advocacy work is an area of climate funding that has been neglected. In 2019 only \$60 million went to grassroots community groups led by people of color that seek to take a local approach to developing solutions to climate problems, according to [Candid](#).

Giving to Small Groups

Despite the tiny amount of funding those community organizations get, many foundations said supporting these local groups — often referred to as climate-justice organizations — is important. Many grant makers are trying to bring equity and diversity into all the efforts they support. Of those that fund climate work, 65 percent said they fund climate-justice groups. Grant makers led by people of color were more likely to say that they supported climate-justice groups.

So much of climate funding suffers from the mentality that white people are going to ride in with their perfect solutions and save communities of color from this impending catastrophe says Elizabeth Yeampierre, executive director of Uprose, a multiracial, community group in Sunset Park, Brooklyn. Instead, grant makers would be more successful if they looked to the people most affected by change and supported their often very successful local efforts to solve their own problems.

“The solutions are led by the very people that they don’t see,” says Yeampierre, who is also on the board of the Climate Justice Alliance, a coalition of more than 70 such groups.

Many foundations fail to see how climate issues affect a broad range of their grant making. She says that grant makers can learn a lot from talking to other organizations that have had great success integrating climate into a broad range of their grant programs.

She points to the Kresge Foundation, which sees climate as a key factor in determining health-care needs, particularly for low-income communities, and includes the support of community groups in its grant making and the Solutions Project, which is giving 95 percent of its grants to groups led by people of color and 80 percent to nonprofits led by women, as well as the Hive Fund for Climate and Gender Justice, the Libra Foundation, and others.

“The planet is on fire,” she says. “It’s going to force people out of their comfort zone, whether they want to or not. It’s better if they can come willingly and lovingly to start really learning about what we need to do collectively to address this threat.”

Buchanan hopes foundations are now starting to see more ways that climate can become part of their grant making.

“Climate cuts across everything. There is that potential to ask yourself, even if you don’t consider yourself a climate funder, what is the relationship between what we’re doing in housing or in our poverty work and climate?” Buchanan says. “I hope that the data in the report prompts people to think about those questions, even if they’ve never imagined themselves as a climate funder.”

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