

Changing Climates: Philanthropy, Environmental Policy, and Climate Change

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“It is the greatest environmental challenge of our time.”

In a brief phrase in 2006, UN Secretary General Kofi Annan simultaneously elevated climate change to a global priority and relegated it to an externality—“a consequence of economic activity that is not addressed by the market”—and therein lies our dilemma. In the past four decades, U.S. environmental policy has been grappling with local and global questions, but none has been more intractable than climate change. This analysis examines U.S. philanthropy’s response to the planetary crisis since 1988.

In the twentieth century, U.S. philanthropy played a vital and important role in our civic, social, and cultural landscape—and continues to do so. Philanthropic investments advanced science, educational opportunities, civic awareness, and the arts. Strategic grant-making mobilized the U.S. public behind human rights internationally, civil rights domestically, and transformed our nineteenth century conservation movement into environmental activism in the 1970s. Nonprofit advocacy, focused on species preservation, urban renewal, and elimination of land mines, achieved major victories, engaging more citizens over longer periods of time than ever before in history.¹

Yet, as philanthropic investments mirror the broader values in the society, they invariably will not only be an instrument for social and civic change. Individual charitable contributions also sustain many groups with differing concerns and agendas. The success of liberal coalitions in environmental and social policies has promoted a response from others, creating groups committed to advancing restraints on a powerful federal system. The demographic, political, and economic transformations in the United States has shaped many new forces to counter the 1970



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2 Earth Day impulse to “Save the Planet.” In the case of climate change, this “counterrevolution” has gained significant strength and effectiveness over time even as progressive groups have invested more in a response to this threat.

Melinda Kimble

Another imperative for philanthropy is to leverage public resources to support the objective. Philanthropic investments may advance ideas, support research, and sustain civic action, but changing policy invariably requires legislative action and ultimately public sector investment in people and institutions. In the cases noted above, public sector investment ultimately tremendously exceeded philanthropic resources. Philanthropy’s role is essentially catalytic.

ENVIRONMENTAL ACTIVISM AND U.S. POLICY

Major U.S. environmental organizations serve as environmental advocates. Their analyses, organizational structures, publications, and activities provide information, tools, and resources for individuals and groups that want to undertake specific environmental action. These nonprofit operations use their resources strategically to address varied and complex environmental problems.

Philanthropy remains essential to sustaining environmental organizations. In 2011, the Environmental Defense Fund reported that 50 percent of its revenue came from foundations: The National Resource Defense Council and the World Resources Institute reported 20 percent and 29 percent, respectively. The National Wildlife Federation and the World Wildlife Fund respectively reported 21 percent and 6 percent of revenues from foundations; these latter two organizations also raise significant amounts from members and individual donors. Of these five organizations, only the World Resources Institute and the World Wildlife Fund report significant revenues from government sources.

Early U.S. environmental policy, however, shaped how we conceived both environmental problems and their solutions. Severe industrial pollution prompted the passage of the National Environmental Policy Act of 1969 and the establishment of a Council on Environmental Quality in the White House. Using executive authorities, President Richard Nixon reorganized and consolidated public health and regulatory agencies, establishing the Environmental Protection Agency (EPA) to implement the Clean Air Act. Chemicals in air, water, and soil proved a threat to human health, and the public demanded action.

Creating a federal agency, however, was only the first step; within the first six months, the EPA established rules for reducing air pollution, and the new administrator banned the use of the pesticide DDT by administrative order. This approach signaled a commitment to banning

toxics where possible and mitigating damage that arose from economic activity. The EPA's powers, reinforced by further legislation, put the agency in conflict with states, municipalities, and a variety of industry groups. The first tool of new regulation was monitoring and reporting. Baselines for air and water quality were established. Enforcement often required a second tool: litigation against corporations, state, and local governments. The EPA developed a regional structure to pursue compliance and enforcement. States and municipalities followed the federal approach by establishing environmental agencies or bureaus. Success reinforced the approach, even though it was an experiment in process.

Public support for environmental protection and bipartisan cooperation in Congress strengthened the regulations. These regulations, however, concentrated on mitigation, remediation, and conservation. Public policy addressed environmental problems as externalities—in economic terms, “a consequence of productive economic activity that was not addressed by the market.” These problems would be solved by fines (“the polluter pays” principle) levied by a court; regulation (that imposed costs on an industry that would likely be passed on to the consumer); or through taxes (an exceptionally unpopular mechanism). Within a decade, the EPA was both a powerful and a controversial political actor—and mitigation on a substance-by-substance basis was proving both effective and costly. Internalizing costs before a new process or chemical was used or an action was taken turned out to be exceptionally difficult for a growing industrial sector. Costs would eventually slow down the public sector's ability to act; but the EPA proved adaptable.

THE OZONE RESPONSE AND THE CLIMATE OPPORTUNITY

This domestic political struggle began in earnest as scientists raised concerns about two new environmental threats: the destruction of the stratospheric ozone layer and the prospect of climate change. The theory that chlorofluorocarbon (CFC) compounds were destroying the fragile ozone layer was gaining credibility. A newly energized public recognized the dangers despite industry claims to the contrary. In response to public concern, environmental organizations promoted a widespread consumer boycott of cosmetic aerosols. The S.C. Johnson Company announced a plan to phase out CFC use in aerosol products in 1975. The EPA followed with an order banning the nonessential use of CFCs in 1978.

These actions demonstrated the rapid changes that could occur with public support for environmental action. The ozone issue, however, also led to public awareness that environmental threats were global, rather

4 than national, and required more international cooperation. The U.S. government, having been an active supporter of global environmental cooperation on monitoring and reporting since 1972, encouraged research and supported the UN Environment Program's 1980 initiative to promote a Framework Convention on Protection of the Ozone Layer—a decision that coincided with a change in U.S. administrations from Presidents Jimmy Carter to Ronald Reagan.

Melinda Kimble

The Reagan administration arrived in 1981 with a determination to curb the role of the federal government, reduce regulation, and limit international engagement. With earlier laws and implementing regulations advancing the EPA's authority already in place, however, the courts became the battleground for advancing environmental protection. Citing cost and poor science industries, the Chamber of Commerce and agriculture and trade groups mounted opposition to EPA regulations. The Reagan administration allied itself with industry, slowing implementation and reversing some decisions. Environmental organizations countered, deepening their grassroots networks and expanding their expertise. U.S. foundations helped underwrite this litigation against the federal government's lax enforcement. Ultimately, public protest against Reagan's conservation and environmental policies led to the resignation of several appointees, including Interior Secretary James Watt and EPA Administrator Anne Gorsuch Buford. Misuse of Superfund monies led to the dismissal of other appointees at the EPA. The Reagan administration responded by asking William Ruckelshaus, the second EPA administrator, to return to "restore" the agency.

Despite the domestic policy struggle at the EPA, the ozone negotiations continued and concluded an agreement in 1985 to expand cooperation on researching the problem, just as the March 1985 discovery of the ozone hole over Antarctica changed the game dramatically. The confirmation of ozone layer destruction spurred further action by governments, including the U.S. and Nordic countries that were already limiting CFC production. Industry opposition was ultimately reversed, and twenty-four countries signed the Montreal Protocol in September 1987.² In a space of fourteen years, international environmental cooperation had moved from monitoring, reporting, and involving national action to signing a binding treaty that ensured developed countries would finance developing country remediation of an environmental threat.

A CAUTIONARY NOTE

Ratification of the Montreal Protocol in 1989 also raised congressional concerns that "common, but differentiated, responsibilities" in the

new treaty would impose future costs on the United States, where such payments were subject to congressional appropriations. In the United States, treaties become the law of the land, and new legislation is often required to “conform” to the new agreement. Congress, however, jealously guards its annual appropriation authority. Thus, the implications of agreeing to future, recurring payments to developing countries troubled legislators, who inevitably stressed that appropriations for one purpose could reduce funds for domestic constituencies. This concern would be raised again in the context of the Kyoto negotiations.

The Montreal Protocol Multilateral Fund has raised nearly \$3 billion since its inception in 1991; the United States has contributed 23 percent of that total. While \$3 billion is a modest amount relative to the incalculable costs of losing the ozone layer, the U.S. budgetary process never gets easier. Moreover, ozone control was essentially a narrowly defined problem; climate change is much broader, and transforming the current energy system much more complex and costly. Importantly, too, the prospect that climate funding would be directed at our competitors—China, India, Mexico, and Brazil—to invest in clean energy was and remains a controversial idea.

ADVOCACY, SCIENCE, PUBLIC POLICY, AND THE ECONOMY

The speedy conclusion of the ozone agreements convinced both advocates and scientists that this formula was the best option for dealing with climate change. The international stage was set for the next engagement, and U.S. regulatory policy was seen as the instrument for managing carbon dioxide, or CO₂. This approach not only had limits but also held the potential for greater opposition than the environmental movement had faced to date. Industrial support for the Montreal Protocol had ultimately turned on the opportunity to grow market share with new propellants and refrigerants and improve profitability as older chemicals were phased out under EPA regulations and the treaty. The unique opportunity in the ozone effort could not be guaranteed with a policy to reduce greenhouse gas emissions that resulted from power generation, automobile and air travel, agricultural chemicals, and virtually every activity in modern life.

Climate change posed a unique challenge to both philanthropists and regulatory advocates. In the case of philanthropy, the relatively broad range of issues that were popular with institutional donors and their boards could not be ignored. Climate change was viewed as an environmental problem that demanded a solution. For environmental

organizations and activists, the Montreal Protocol formula—where science defined the problem (too much CO₂) and a solution (reduce the use of fossil fuels)—offered a quick remedy for a complex challenge. The bipartisan political support for environmental action and the success to date encouraged the adoption of an approach that had worked in the past.

This rationale also offered an ideal way to incorporate dealing with climate change into a host of environmental problems without significantly sacrificing other activities. Both donor funding and organizational activity expanded in this area over the last two decades, but the U.S. political environment was already undergoing changes that would make a quick resolution on climate change beyond reach.

Scientists had theorized about the potential for industrial fossil fuel emissions contributing to the greenhouse effect for decades, but a complete data set measuring the concentration of carbon dioxide in the atmosphere was unavailable until the early 1980s. Charles David Keeling, a climate scientist who designed a measurement tool and had established an observatory on Mauna Loa in Hawaii in the 1950s to measure atmospheric carbon dioxide,³ published a time series of CO₂ and temperature in the early 1980s. These measurements over decades demonstrated that CO₂ was increasing, tracking the growth of global industrialization. Other data, including ice core research, suggested that civilization had evolved during a period of relatively stable CO₂ concentrations and that we had very little understanding of the impact that a doubling of atmospheric concentrations would have on the climate. The next step was to create a scientific network to share global knowledge on the research, much as had been done successfully on the ozone problem in the course of the 1980s with the negotiation of the Vienna Convention for the Protection of the Ozone Layer.

With the support of the United Kingdom and the United States, the UN Environment Program and the World Meteorological Organization launched the Intergovernmental Panel on Climate Change (IPCC) in 1988 to review and present governments with an assessment of scientific research on what was happening to the world's climate.

While the greenhouse effect of carbon dioxide in our atmosphere was accepted scientific theory, the policy debate can be charted from congressional hearings in 1988 (during a record breaking summer heat wave) where Dr. James Hansen of the National Aeronautics and Space Administration's (NASA) Goddard Space Center and a senior government scientist testified that the climate "is warming rapidly" and that human activity, primarily the burning of fossil fuels, is intensifying this trend.⁴ Hansen's testimony confirmed the "environmental" character of

the problem, but the solution required transforming modern industrial society in a systemic way—a change that would necessitate greater public consensus on taking action than did any previous issue.

Hansen's testimony, combined with the newly organized IPCC, prompted a major industry response and the creation of a new nonprofit group—the Global Climate Coalition.⁵ This group sought to counter the assumptions that (1) global warming posed serious environmental risks, and (2) human activity (particularly in the modern energy sector) was the cause. In addition, conservative think tanks such as the American Enterprise Institute, the Heritage Foundation, and the newer CATO Institute, joined the U.S. Chamber of Commerce in criticizing climate science. In most cases, the arguments focused on cost and uncertainty. The debate, however, would evolve to focus on science. The battle lines were drawn, and the nonprofit sector on both sides of the issue was ready to engage.

The UN General Assembly also addressed climate change in 1988, adopting a resolution (forty-three to fifty-three) declaring climate change to be “a common concern of mankind.” Then, the release of the IPCC's First Assessment Report in 1990⁶ prompted the United Nations to launch negotiations on a Framework Convention on Climate Change. These negotiations were completed just ahead of the June 1992 Earth Summit in Rio de Janeiro, Brazil, where the convention opened for signature. President George H.W. Bush signed the convention at Rio—again a remarkably short period for international action.

Domestically, the first Bush administration worked with a Democratic Congress on the reauthorization of the Clean Air Act and set up a new emissions trading program to curb sulfur dioxide (SO₂) emissions from power plants—the cause of “acid rain” that was producing forest die-off in the northeastern states. This approach, known as “cap-and-trade,” offered utilities an option: invest in retrofits to lower emissions, or buy permits to continue emitting. The EPA established monitoring systems in regulated industrial plants and made the initial market, but the way the system worked, permits soon were trading on the Chicago Commodities Exchange. This system lowered the cost of compliance to a fraction of what was projected. With a new mitigation tool and the Montreal Protocol formula, reducing greenhouse gas emissions appeared to be a manageable problem.

Climate change, to the extent the public saw it as a problem, was still considered long term. One problem with taking action was the cost. A debate ensued around the issue of why act now? Moreover, we were operating on the basis of one IPCC assessment report, where nothing comparable to the ozone hole had come to light. Even proponents of action

8 Melinda Kimble recognized that a foundation needed to be put in place for a policy shift that incorporated a solution.

PROMOTING THE BENEFITS OF GLOBAL ACTION

As the opportunity for international action on climate change emerged in 1989, the U.S. environmental movement and its philanthropic supporters advanced initiatives to inform and promote an energy transition. Organizations that had emerged with new U.S. environmental policies developed climate change expertise, building on experiences in implementing the Clean Air Act. The National Resource Defense Council, the Environmental Defense Fund, the World Resources Institute, and other policy groups created action networks and advanced ideas for new approaches. A number of more liberal think tanks—the Brookings Institution, the Center for Global Development, and the Carnegie Endowment—have reinforced the environmental organizations in promoting action on climate change. International negotiations proved a platform for proponents to showcase the potential benefits of global action—and for opponents to condemn the effort as overreach. The environmental movement, however, believed the public would have little hesitancy about facing the environmental threat, so much of their effort concentrated on ensuring that the cost of mitigation would be reasonable.

In support of this idea, an alliance of foundations launched the Energy Foundation⁷ in 1990 to focus on climate change mitigation strategies for the United States and China, as the top two emitters of greenhouse gases. This targeted philanthropy stressed the risks of climate change and the benefits of clean technology. The Energy Foundation, in partnership with Chinese national and provincial governments, other U.S. environmental organizations, and academics, sought to promote energy policy approaches that highlighted deployment of renewable energy (solar, wind) and the adoption of energy efficient standards (building codes, machinery, appliances) as a route to reducing emissions.

With a budget of \$100 million a year, the Energy Foundation has also funded analytic work to prove the economic viability of climate-smart policies. It developed key linkages among Chinese and U.S. policymakers to promote energy efficiency and lower carbon action plans, and to educate the policy elite about climate change and its potential impacts. Clearly, information and analysis is crucial to policy formulation and change, but an underlying assumption of this strategy was that the costs of fossil fuels would continue to rise. It was believed that, given the growing consumer economy and pressures to remain competitive, clean energy solutions would be rapidly adopted. As this shift occurred, more aggressive action could be pursued. Ironically, though, global en-

ergy prices fell during the 1990s—eliminating an economic rationale for reducing energy consumption.

The free-market, conservative think tanks, including the American Enterprise Institute, the Heritage Foundation, and the Cato Institute (all of which operate as public charities), accelerated their effort to mobilize opponents of action on climate change, building on the message of the Global Climate Coalition: “It hurts the economy.” Since the adoption of the UN Framework Convention, advocacy on both sides of the debate has intensified. In 1984, three new nonprofits, the George C. Marshall Institute, the Heartland Institute, and the Competitive Enterprise Institute, were established to promote Ronald Reagan’s lower taxes, less regulation agenda. Of these, the George C. Marshall Institute was established to lobby for the “Strategic Defense Initiative,” and three well-known scientists were put in charge—Fred Seitz, Robert Jastrow, and William Nierenberg. All three were concerned about the shift in environmental activism that suggested technology would be insufficient to solve global challenges. Within three years, they published their first report on climate change, critiquing the science. Today, the Heartland Institute may be best known for its “Unabomber” ad campaign, implying that climate change was a “terrorist” threat, but it cooperates closely with larger conservative groups that attack both the science and the scientists. These groups also run active websites, critiquing many analyses and challenging the science. Early on, opponents of the immanence of climate change understood that the more voices from the more institutions, the more controversy would emerge. These three groups became an essential part of the anticlimate change network.⁸

The polarization of the agenda, however, has only energized philanthropic efforts on both sides.

TWO ADMINISTRATIONS AND THE KYOTO PROTOCOL

With the election of Bill Clinton in 1992, the prospective climate negotiations presented an opportunity for resuming U.S. environmental leadership—and the president and Vice President Al Gore were committed to moving the issue. Experts from the Montreal Protocol negotiations assumed key roles in the new administration to work on climate change issues. Environmental groups, recognizing the global nature of many new challenges, organized to build constituent support and raised funds from key foundations. The assumption was that climate change—and CO₂ emissions—could be addressed in the same fashion as the ozone problem, but in retrospect, domestic consensus for global action on major environmental questions was eroding, and surprising resistance

came from the new president's own party.⁹ An early effort to adopt an energy tax as part of a deficit reduction plan failed because political power brokers in coal-mining states, including Senate Majority Leader Robert Byrd (D-WV), saw the initiative as a threat to coal production.

Unlike CFCs, CO₂ emissions impacted major sectors of U.S. economic power—automobile manufacture; energy (oil, coal, and natural gas) production, refining, and distribution; public utilities; and agriculture. Reducing energy consumption was thought to have major implications for U.S. economic growth. Moreover, the public was not convinced of the urgency of such reductions.

In March 1995, with the entry into force of the UN Framework Convention on Climate Change, the first Conference of Parties convened in Berlin. The first task was to review progress on the voluntary commitments by developed and former Soviet bloc countries to reduce their greenhouse gas emissions to 1990 levels by the year 2000. The assessment of the models was not encouraging; the European Union (EU), the United States, and Japan were still increasing emissions, and even with the collapse of the Soviet Union in 1991, there was no way the 1992 goal could be achieved. The treaty mandated that “should an independent assessment demonstrate developed country parties were off track to meet their voluntary target,” then the parties should open negotiations on a “legally binding” amendment or protocol. The IPCC provided such an assessment. After days and nights of negotiation, the Conference of Parties agreed to establish the Ad hoc Working Group on the Berlin Mandate to negotiate a protocol that would apply only to developed countries.

As the negotiations proceeded, the Global Climate Coalition launched a major advertising campaign that highlighted the “unfairness” of any potential agreement that regulated U.S. emissions and not those of newly emerging competitors—Mexico, China, India, and Brazil, among others.

In December 1997, the Ad hoc Working Group on the Berlin Mandate completed its work at Conference of Parties 3 in Kyoto, Japan, with the adoption of the Kyoto Protocol. The “legally binding” framework established targets for developed countries, including Eastern European countries that would join the European Union, Russia, and several other states that were once part of the Soviet Union. The next step for the United States was ratification; but the U.S. Senate had already signaled in the summer of 1997¹⁰ that it would not ratify a treaty that did not commit to climate mitigation actions in the same compliance period adopted for Organization for Economic Cooperation and Development (OECD) countries. The resolution, a clear response to the Global

Climate Coalition campaign, also warned against imposing higher costs on the U.S. economy through such action. Moreover, another domestic political battle was shaping up in January 1998 as the Republicans' impeachment campaign against President Clinton accelerated. Quick domestic action on climate change was no longer on the table. With the election of George W. Bush in 2000 and the 2001 decision that the United States would not ratify the Kyoto Protocol, many assumed the international effort was doomed.

U.S. philanthropic and environmental organizations had to convince the public of two things (1) the issue was urgent, and (2) the cost was manageable. The judgment was that preventing serious climate change would be worth the cost and that if the investments could be made over a long period, the impact on the economy would be minimal. Twenty years later, this debate continues to stall action on mitigating climate change.

U.S. PHILANTHROPY AND THE POST-KYOTO POLITICAL ENVIRONMENT

Given the uncertainties in the political landscape, new groups that sought to build support for action on climate change emerged.

In 1997, the Pew Trusts provided an initial grant to establish the Pew Center on Climate and Energy, a policy-oriented think tank focused on informing the U.S. public about the science of and potential policy solutions to the problem of climate change. Led by Eileen Claussen, a Clinton administration appointee and the key EPA negotiator on the Montreal Protocol, the new center also secured the support of major corporations to promote independent, market-based solutions to climate change. CNN founder Ted Turner also launched the UN Foundation under the leadership of former Colorado Senator and Undersecretary of State for Global Affairs Timothy E. Wirth, with climate and energy issues among its top priorities.

These groups recommended policies to spur deployment of alternative energy, establish a national cap on greenhouse gas emissions, and set stringent energy efficiency standards. In the wake of 9/11, the UN Foundation and others established the Energy Future Coalition,¹¹ a bipartisan dialogue to explore practical action on both energy security and climate change. Each of these efforts emphasized the need for a U.S. policy change, and progressive donors remained engaged. In 2003, John Podesta founded the Center for American Progress, adding a new, progressive think tank to Washington. The groups advancing these recommendations looked toward the 2004 election as an opportunity; but it was not to be. These groups were reinforced by the National Commis-

sion for Energy Policy,¹² which called for a federally mandated plan to reduce carbon emissions through permit trading and other policies. The Bush administration, having rejected the Kyoto Protocol and secured reelection, ignored these efforts, including the international campaign of former Vice President Al Gore to educate the U.S. public and others about the science and urgency of climate change. Gore turned his climate advocacy into an Oscar-winning movie. Russia ratified the Kyoto Protocol, bringing the legally binding targets for developed countries into force.

With a solid Democratic win in the 2006 congressional elections, the stage was set for concerted progressive action on climate and energy policy in the United States and internationally.

- January 1, 2007: Korean Foreign Minister Ban Ki-moon replaces Kofi Annan as UN Secretary General; stresses the imperative of taking international action on climate change.
- January 2007: Major climate-focused environmental groups and corporations announce the formation of a U.S. Coalition for Climate Action¹³ to promote a mandatory “cap” on greenhouse gas emissions.
- February 2007: The UN Department of Economic and Social Affairs and the UN Foundation release *Confronting Climate Change: Managing the Unavoidable and Avoiding the Unmanageable*, highlighting potential climate “tipping points”¹⁴ to inform the debate at the UN Commission on Sustainable Development.
- March 2007: Speaker of the House Nancy Pelosi (D-CA) establishes a Select Committee on Energy Independence and Global Warming chaired by Congressman Edward Markey (D-MA).
- August 2007: *Design to Win*, a report funded by six foundations,¹⁵ provides a strategy for addressing climate change through promoting policy, energy efficiency, and clean energy in key economic sectors and advocates prioritizing low-carbon investments in long-lived, capital-intensive infrastructure.
- Resources for the Future and Harvard’s Belfer Center for Science and Technology launch an academic network to explore policy approaches that could support an international climate agreement.¹⁶
- September 2007: The UN General Assembly holds a special session on the topic as a prelude to the upcoming UN Framework Convention on Climate Change Conference of Parties in Bali, Indonesia, in December.
- November 2007: the Intergovernmental Panel on Climate Change releases its 4th *Assessment Report*. The assessment con-

cluded that global warming is “unequivocal” and that there is “very high confidence” in the theory that the increase in greenhouse gas concentrations in the atmosphere is a result of human activity.

PROGRESSIVE PHILANTHROPY GEARS UP

The new energy behind the climate debate would suggest that new policies might be adopted soon; after all, the Montreal Protocol was a four-year exercise from the discovery of the ozone hole to the entry into force of a new, binding, international agreement, and key U.S. philanthropies, nongovernmental organizations (NGOs), and think tanks were investing new resources in the agenda. *Design to Win* offered a targeted strategy¹⁷ for philanthropic engagement, as follows:

- Policy change was essential.
- Energy efficiency standards were the most cost-effective early action to take.
- Five economic sectors must be addressed: power, industry, buildings, transport, and land use.
- International collaboration on best practices could accelerate action.
- More research in critical areas was vital.

In response to this strategy, the William and Flora Hewlett Foundation joined with the David and Lucille Packard Foundation and the McKnight Foundation in 2008 to establish the Climate Works Foundation, a group focused on advancing the best solutions to the climate challenge, with a combined commitment of \$800 million. Climate Works, in turn, launched Project Catalyst in partnership with McKinsey & Company to identify globally, and among major greenhouse gas-emitting countries, a menu of investments that could accelerate emission reductions. From its base in San Francisco, Climate Works also established regional foundations in Europe, China, and India. Hal Harvey, then at the Energy Foundation, assumed the foundation’s leadership. The goal was to promote an agreement that would not only change U.S. energy policy but also lead to a new, more comprehensive, international agreement that would leverage these philanthropic investments through greater public and private investment in a new energy paradigm.

Policy work accelerated at the progressive think tanks. The UN Foundation joined with the Club of Madrid (a network of former presidents and prime ministers) to create Global Leaders for Climate Action, a program designed to encourage new political leaders to identify the most effective approaches and take action.

14 THE RIGHT PREPARES AND RESPONDS

Melinda Kimble

Several factors, however, weighed against taking rapid action. In 2001, a Danish economist and statistician, Bjorn Lomborg, wrote *The Skeptical Environmentalist*, challenging the conventional wisdom that the global environment was getting worse.¹⁸ The World Economic Forum named Lomborg as a 2001 “Global Leader for Tomorrow,” with international celebrity status. More recently, by modifying his position on climate change (“There are practical solutions; we don’t need to go bankrupt”), he maintains something of a reputation as a pragmatist. He offered an alternative view from Europe, which fed the controversy in the United States. As the decade progressed, Lomborg became a new voice for the conservatives and joined several Heartland Institute conferences along with Czech President Vaclav Klaus, one of several Eastern European leaders who complained that “old Europe” was compromising the economic prospects of new EU members with their Kyoto Protocol policies. While neither changed European policy, they offered additional ammunition for the U.S. debate.

In the United States, the proliferation of talk radio, Fox News, and networks of conservative nonprofits were available not only to caution about the costs of a regulatory system that would impact the entire economy but also was now prepared to argue about the science. The presumptions of “two sides” to every issue meant both new and mainstream media showcased differing views.

SHIFTING LEADERSHIP: BAN KI-MOON IN NEW YORK; DEMOCRATS IN CONGRESS

The combination of a new UN secretary general and a Democratic Congress changed the odds for progress on this issue in 2007. The new secretary general made clear that climate change would be among his top priorities, given the paralysis in moving the Kyoto Protocol. Moreover, with Democratic gains in Congress and a 2008 presidential election, the timing seemed excellent for reengaging on the issue. The first internationally scheduled meeting was the December 2007 Conference of Parties in Bali, Indonesia, and the secretary general started to lay the groundwork for a breakthrough in the climate talks.

Drawing on many expert conversations among progressive professors and think tanks, the secretary general moved to identify a handful of key issues that could be pressed forward with a view toward accelerating agreement. This strategy included:

- Mitigation actions by all countries that would accelerate investments in alternative energy, and other actions;

- Energy efficiency policies that would sharply curb fossil fuel use;
- Land use planning that would conserve and expand forests and encourage climate sensitive agriculture;
- Recognition that many developing countries, especially the poor and most vulnerable, need investments in adaptation to protect against their unique vulnerabilities to climate change;
- New public-private partnerships that would significantly expand financial resources available to developing countries.

These ideas underpinned an interim agreement in Bali—the Bali Roadmap—that established a two-year negotiating timeline to make progress on the outstanding issues and open the door to a new engagement with the United States. For the international community, this meant that the next major event would be Conference of Parties 15 in Copenhagen, Denmark, which was scheduled to occur at the end of the next U.S. president’s first year in office. The Conference of Parties 14, slated for Poznan, Poland, was designed to be a placeholder, where member states could work out details that could support a stronger agreement in Copenhagen and breathe new life into mitigation commitments by developed countries.

PROJECT CATALYST TO “SEAL THE DEAL”

The progressive nonprofits moved to support the UN secretary general’s leadership with stronger scientific evidence from the release of the 4th IPCC Assessment Report and more advanced work by McKinsey and other experts on how the costs of an energy transformation could be reduced. Project Catalyst provided new analyses for major developing country emitters—China, India, Brazil, Mexico, and South Africa—along with projections for developed country mitigation actions. The United Nations campaigned for countries to “Seal the Deal” in Copenhagen in 2009. The UN Foundation, with the Club of Madrid and the Center for American Progress, continued to offer a “building blocks” approach to action, which, like Project Catalyst, offered countries a menu of lower-cost policy options (energy efficiency, land use practices) and strategic investments to shift the business-as-usual approach to energy. The U.S. Congress started work on energy and climate legislation that would advance a cap-and-trade system to reduce greenhouse gas emissions. As this work proceeded, however, the U.S. financial crisis came to a head.

Once again, U.S. efforts slowed as the Copenhagen meeting approached. Differing legislative packages in the Senate and House could not be reconciled. Financial system bailouts and a presidential priority to advance comprehensive health care complicated the picture. Advocates

16 and progressive philanthropies sought to identify a way to salvage the Copenhagen process, which would convene ahead of a new U.S. consensus, building on all the post-Bali work that offered a new vision.

Melinda Kimble

OBAMA BREAKS THE MOLD

President Barack Obama made plans to arrive in Copenhagen in December 2009 with all the issues still on the table. Secretary of State Hillary Rodham Clinton had sought to break the logjam by offering the outlines of a new financing proposal—\$30 billion in fast-start funding between 2009 and 2012 and a concerted effort by developed countries to expand “climate finance to \$100 billion” annually from all sources by 2020. This offer was designed to offset the U.S. demand that any “legally binding framework must include major developing country emitters” and the facts that mitigation commitments from the OECD had not progressed nor was the United States any closer to joining the Kyoto regime. Factors that underscored the problems facing the negotiators certainly included the economic weakness of the United States and the rise of China: A global power shift was underway.

The stalemate continued, despite the president’s arrival, and an East Coast snowstorm threatened the president’s return to the United States. President Obama, with a few knowledgeable negotiators, interrupted the Group of 77 (G-77) consultations. In unprecedented fashion, the U.S. president hammered out an “accord” that reflected the changing dynamics of the international negotiation and announced an agreement among the newly emerging BASIC group (Brazil, South Africa, India, and China) and key G-77 countries, with the European Union sidelined. The UN process, however, took time to adjust and only took “note” of the effort. Copenhagen ended without decisions on many issues, and the next Conference of Parties was COP scheduled for Cancun, Mexico.

MEXICO CRAFTS A NEW APPROACH

Mexico had long held an ambiguous position in the climate negotiations. First, it was an OECD member with no binding commitment under Kyoto; second, it could not participate as a G-77 country. As the new millennium unfolded, Mexico was determined to amplify its voice in the process. It joined the Environmental Integrity Group with South Korea (another OECD country without commitments) and Switzerland (a non-EU country with Kyoto obligations). This group pressed actively for the strategies developed by the progressive think tanks and NGOs working with both Project Catalyst and the Global Leaders for Climate Action. In the “collapse” of the Copenhagen Conference of Parties, Mexican President Felipe Calderón saw an opportunity to advance

the “building blocks” that underpinned the Copenhagen Accord. In Cancun, through the skilled actions of Calderón and his foreign minister, they neutralized the few opponents and the Copenhagen Accord elements were turned into Conference of Parties decisions, officially becoming elements of the UN Framework Convention. Mexico’s own proposal for a “Green Climate Fund” was approved, along with new commitments on adaptation and developed country support for technology transfer. Two other important decisions came out of this process (1) recognition of the need to limit climate change to 2°C (Celsius), and (2) that all countries had obligations to take actions to mitigate climate change. For a UN Framework Convention on Climate Change process that had made little progress over a decade, the Cancun process crossed a major threshold; but much was left to debate.

U.S. ADVOCACY AND PHILANTHROPY POST-CANCUN

For progressive U.S. philanthropy and the advocacy groups they supported, Cancun was a step, but regaining U.S. leadership on this major international agenda remained out of reach. Republicans regained control of the U.S. House of Representatives, and climate legislation was put off the table. The 2007–08 financial crisis had impacted economic activity (also lowering U.S. greenhouse gas emissions), and the U.S. financial stimulus bill had advanced domestic investment in clean energy technology. But sustaining these positive trends would require more effort. The Climate Works Foundation launched an endeavor on curbing short-term climate forcers—methane gas and black carbon—that gained the support of the U.S. administration. The UN Foundation, in coordination with the United Nations, continued its work on energy efficiency, methane gas abatement, and alternative fuels promotion and started exploring ways to expand energy access in developing countries through aggressive deployment of clean energy. Other groups worked actively on land use change, forestry, and agriculture. Collaboration among key OECD countries, including the United States, stimulated new climate investment as part of fast-start financing commitments. Bloomberg’s New Energy Finance division reported continued growth in clean energy investments. While EU emissions trading and the low carbon price remained a concern, other players sought to look for concrete steps that could move the process. These factors provided positive reinforcement for the next UN Framework Convention on Climate Change meeting in Durban, South Africa. The science debate continued to fester, however, but climate change itself would begin to challenge the climate change deniers.

18 POLITICAL, ECONOMIC, AND PLANETARY SIGNALS

Melinda Kimble

While progress on climate action could be cited, financial uncertainty seemed to limit momentum. As the U.S. economy showed small signs of progress, new economic concerns arose within the European Union. A strong tsunami and a related nuclear crisis shook Japan in 2011, and stress emerged even within the developing country economies. Volatile food and commodity prices impacted developing and developed countries. And another U.S. presidential election was taking shape. Despite environmentalists' insistence that leaders focus on the challenge of climate change, politicians found there were few long-term issues they could address without a growing economy to back up financial concerns. Republican gains in Congress meant that U.S. negotiators had limited maneuvering room in Durban.

Yet some progress was made. With Europe still limited to reducing greenhouse gas emissions by another 20 percent by 2020, the Conference of Parties agreed that the second budget period of the Kyoto Protocol would be extended to that date. Europe's lead negotiator, Connie Hedegaard, stressed that the European Union would leave the door open to a higher emission reduction target should other countries adopt comparable goals. With these issues resolved, the Conference of Parties also adopted the Durban Platform for Enhanced Action, which further defined the operationalization of the Green Climate Fund and the Climate Technology Center and Network. The parties at Durban also agreed to establish a separate negotiating track that would create a new structure for implementing the objectives of the UN Framework Convention on Climate Change by 2015, calling on parties "to adopt a protocol, legal instrument or agreed outcome with legal force that applies to all parties." The envisioned outcome would come into effect by 2020.

Concurrently, the UN secretary general sought to advance deployment of clean technologies and energy efficient practices through his Sustainable Energy for All Initiative. Ban Ki-moon underscored that development required further investment in energy if countries were to have a stake in addressing climate change. With the support of the UN Foundation, he issued several key reports on how to advance universal access to sustainable energy, clean energy investment, and energy efficiency in concert with action on climate change. Since Copenhagen, many countries had adopted national, low-carbon development plans and registered them with the United Nations. This registry served as the best guide to the potential for investing in clean energy. With the leadership of India and African countries, the UN General Assembly moved to make 2012 the Year of Sustainable Energy for All, and the secretary general urged that his initiative become a key component of the

outcome at the June 2012 UN Conference on Sustainable Development. This approach aimed at ensuring that practical actions would continue as climate negotiations labored through a variety of political and economic challenges.

In this same period, the Intergovernmental Panel on Climate Change launched two additional reports:

- The Special Report on Renewable Energy, which reinforced the secretary general's initiative by highlighting how alternative energy technologies could accelerate the transition to a low-carbon economy; and
- The Special Report on Extreme Weather Events, which examined the increased incidents of volatile weather around the globe and linked these events with the evidence of climate change.

The second report increased public attention on the impact extreme weather was having on agricultural production and commodity prices. Australia figured prominently in the analysis, as the country had abandoned rice production in the last decade due to a combination of recurrent droughts and limited irrigation resources.

But 2010 and 2011 saw devastating fires, floods, and droughts from Russia to China and southern Asia, to Latin America, and in the United States. Arctic melting and sea level rise are accelerating, according to many studies. Weather extremes in grain-growing regions pressured grain prices. In the United States, consecutive losses of corn and soybeans over two growing seasons—first to flooding and then to drought—are slowing changing perspectives in some states. Ironically, floods in Queensland, Australia, in late 2010 not only impacted agriculture but also suspended Australian coal exports to Asia. Extreme weather, especially snowstorms and floods, have impacted infrastructure severely as the United States and Europe experienced power losses, transport disruptions, and coastal destruction. Yet, the 2012 U.S. presidential election took little note of climate change until Hurricane Sandy hit New Jersey, New York, and Connecticut ten days before the election. The reelection of President Obama and the losses for many conservative candidates offered some hope for new action, but the political process could not respond in time for positive action at Conference of Parties 18 in Doha, Qatar, where negotiators made minimal progress despite the visible destruction of a typhoon in the Philippines.

BACK TO THE FUTURE

Progressive philanthropy and aggressive advocacy have helped keep climate change and practical action on the international and U.S. domestic agenda, but the ongoing political paralysis in Washington limits what

can be expected in the near term. In fact, the stage could be set for a resumption of the 2008–09 interaction, where expectations expanded beyond the capacity of the U.S. political system to respond. Republicans still control the House and continue to strive to make legislative action to counter domestic spending a priority. The White House has made clear its interest in pursuing more regulation through executive order.

Conservative philanthropists and advocacy groups are laying the foundation for pushing back against further constraints on fossil fuels. The Heritage Foundation, the American Enterprise Institute, and other think tanks are actively promoting reduced regulation on offshore drilling, approval of the Canadian-U.S. Keystone pipeline, and possible investments to export U.S. natural gas as they continue to discourage strong, effective action on climate change.

This strategy has been reinforced by the rapid growth in U.S. natural gas production due to hydraulic fracturing technology. Moreover, the price differential between the global oil market and the domestic natural gas market has pushed drillers to produce oil first. In fact, the inability of the U.S. pipeline system to absorb and distribute all the natural gas in production has led to flaring the gas, encouraging producers and others to call for permitting the export of natural gas. Power plants have shifted as rapidly as possible to gas, and new investments are likely. New studies have forecast that U.S. oil imports could end in the next five years and that the United States could be energy independent by 2020. Market signals are clearly failing to take into account the climate externalities involved in fossil fuel use. This unanticipated energy shift makes the campaign for a rationale energy policy—less fossil fuels, more energy efficiency—even more difficult.

Yet, at the end of 2013, the Intergovernmental Panel on Climate Change will release the 5th International Assessment Report, which will incorporate elements of the two special reports and other studies that underscore that the overall situation is worsening. By 2012, global atmospheric concentrations had reached 398 propylenimine (ppm)—a level not seen in centuries and one that virtually ensures a 4–8°C rise in average global temperatures in this century. The IPCC report and the evident shift in U.S. public opinion since Hurricane Sandy may offer an opportunity to reframe the discussion from taxes and regulation to how much climate change we can sustain without new action. Governor Andrew Cuomo of New York has demonstrated a willingness to engage on how New Yorkers use the disaster funds for rebuilding and to underscore that these types of disasters are likely to be more common. He has called for new federal policies on flood insurance and other steps that could provide a start for gearing up to adapt to climate change.

Yet the public has shifted focus to other issues, and it is hard to regain its attention. More investment in advocacy and evidence is essential to move the debate. Are we prepared to rebuild on flood plains where infrastructure might be destroyed every five years? Are we ready to invest in coastal defenses despite our federal budget deficit? Would these actions change the political dynamic? Are these the right questions to explore?

U.S. progressive philanthropy has a window to possibly change the discussion, but only time will tell if it will succeed.

ENDNOTES

1. Philip Shabecoff, *A Fierce Green Fire: The American Environmental Movement* (Washington, DC: Island Press, 2003) discusses this evolution in more depth.
2. An extensive treatment of this negotiation is found in Richard E. Benedick, *Ozone Diplomacy* (Cambridge, MA: Harvard University Press, 1998).
3. Spencer R. Weart, *The Discovery of Global Warming* (Cambridge, MA: Harvard University Press, 2008), includes an extensive discussion of work by Roger Revelle at the Scripps Institute of Oceanography and his student, C. D. Keeling, whose measurements of CO₂ over decades created the “Keeling curve” or the “hockey stick,” which demonstrated the rapid increase of CO₂ in the atmosphere.
4. *New York Times*, “Global Warming Has Begun Expert Tells Senate,” June 24, 1988.
5. Although the Global Climate Coalition ceased operations in 2002, original members included major petroleum companies (Exxon, BP, Mobil, Shell, and Texaco), the American Highway Users Alliance, the major U.S. automakers, and the Aluminum Association. The group was hosted by the National Association of Manufacturers.
6. Intergovernmental Panel on Climate Change, “First Assessment Report.” (www.ipcc.ch.)
7. Initial supporters of the Energy Foundation included the John D. and Catherine T. MacArthur Foundation, the McKnight Foundation, the Joyce Merz-Gilmore Foundation, the David and Lucille Packard Foundation, the Pew Charitable Trusts, and the Rockefeller Foundation.
8. Clive Hamilton, *Requiem for a Species* (Earthscan, 2010), offers an extensive discussion of this effort.
9. The Marshall Institute, www.marshall.org outlines the history of the organization and its role in policy debates. As interest in the Strategic Defense Initiative waned, GMI took on other issues, including climate policy.
10. The non-binding Byrd-Hagel Resolution was adopted in July 1997, ninety-five to zero.
11. The first Energy Future Coalition’s report, *Challenge and Opportunities: Charting A New Energy Future*, was issued in 2003. Founding members of the coalition included Senator Timothy E. Wirth; the Honorable C. Boyden Gray; and John Podesta, former White House chief of staff. The report is available at http://www.energyfuturecoalition.org/files/webfmuploads/EFC_Report/EFCReport.pdf
12. The National Commission for Energy Policy’s report, *Ending the Energy Stalemate: A Bipartisan Strategy to Meet America’s Energy Challenges*, was issued in Decem-

ber 2004 and is available at www.climateactionproject.com.

13. Founding members of the U.S. Coalition for Climate Action included Alcoa, BP America, Caterpillar, Duke Energy, DuPont, FPL Group, General Electric, PG&E, PNM Resources, the Environmental Defense Fund, the National Resources Defense Council, the Pew Center on Global Climate Change, and the World Resources Institute. Within four months, twelve more members joined the coalition, including Shell, General Motors, Johnson & Johnson, the Nature Conservancy, and the National Wildlife Federation.

14. This report was prepared by Sigma Xi and chaired by Dr. John Holdren of Harvard University.

15. The foundations included the William and Flora Hewlett Foundation, the Energy Foundation, the David and Lucille Packard Foundation, the Doris Duke Charitable Foundation, the Joyce Foundation, and the Oak Foundation. *Design to Win* text available at www.climateworks.org.

16. This project was partially funded by the Doris Duke Charitable Foundation.

17. The report, *Design to Win*, prepared by California Environmental Associates, can be found at www.climateactionproject.com.

18. Bjorn Lomborg, *The Skeptical Environmentalist: Measuring the Real State of the World* (Cambridge University Press, 2001).

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