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STRATEGIC PHILANTHROPY INITIATIVE at NYUAD

Climate Philanthropy Forum

Strategic Philanthropy in Climate Change Solutions

Monday, 16th October 2023, NYU Abu Dhabi

In collaboration with the Strategic Philanthropy Initiative (SPI) at NYU Abu Dhabi

Summary:

This half-day forum began with a panel session featuring esteemed speakers and thought leaders Laila Abdullatif, Director General, Emirates Nature-WWF and Ayla Bajwa, Senior Vice President Sustainability, DP World, and was moderated by Antonios Vouloudis, Director of Sustainability and Stewardship, NYU Abu Dhabi. The discussion focused on exploring the critical role of private capital in driving strategies for climate mitigation and adaptation.

The panel session was followed by three parallel breakout workshop sessions led by expert facilitators. The workshops allowed for multi-sectoral philanthropic actors and climate-professionals from the region to come together and share knowledge as well as engage in deep dialogue around the role of strategic philanthropy in the global movement to mitigate climate change.

The forum overall, provided a platform for raising awareness, sharing best practices, building relationships, and inspiring future action and further investment in climate solutions that leverage finance, technology, and innovation, and ensure inclusivity to safeguard frontline communities. After the workshop sessions, attendees had the opportunity to network more informally over lunch and carry forward conversations and connections made during the day.

Key Takeaways – Panel Discussion:

- Climate change is moving faster than we are. The number of climate change related natural disasters has more than doubled in the last decade as compared to the 1980s. According to the World Economic Forum, more than half of the world's GDP is either moderately or highly dependent on nature and therefore is currently at risk due to nature loss, biodiversity loss, ecosystem degradation -- all as a result of climate change.
- Nature-based solutions (NbS), sometimes called “natural climate solutions” involve conserving, restoring, or better managing ecosystems to remove carbon dioxide (CO_2) from the atmosphere. Examples of NbS include allowing forests to regrow, restoring coastal wetlands, and switching to restorative agricultural practices, such as cover crop rotation, that support healthy soils. These solutions are imperative in the journey towards climate adaptation and mitigation. Creating structures to fund climate-related initiatives and nature-based solutions is key.
- Blended finance has the power to catalyse climate finance towards innovative solutions with a strong potential to scale. Philanthropic capital can de-risk investments to help them become commercially viable and attractive enough for commercial investment.

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Key Takeaways – Workshop on *Barriers and Opportunities for Climate Philanthropy: Lessons from Asia*, facilitated by [Aravindan Srinivasan] from AVPN and [Jagjeet Sareen] from Dalberg:

- The philanthropic community has an important role to play both as a source of capital, and as leadership in efforts to address the climate crisis. Governments can find it challenging to take on the higher risks attributed to climate investments due to their more immediate social welfare concerns. As such, philanthropic capital can act as a catalyst for climate action by funding innovations and solutions to support a sustainable transition to a low carbon economy. However, government engagement, endorsement and support are critical to incentivising philanthropists to invest in climate initiatives in Asia. The government must be engaged whether it is at a local level or central level.
- The effects of the climate crisis on one sector will often drive adverse spillovers in other sectors. There is a strong imperative for a decisive and collective climate change response from philanthropies, and collaboration across sectors will be key. There is an emerging business case to use philanthropic funding as 'catalytic capital' to take on the early-stage /risk in climate related investments or to stimulate early-stage innovation.
- The major climate philanthropy initiatives in Asia are led by European and American organisations with limited examples of initiatives led by Asian philanthropists. To have meaningful impact, it is important for local funders to be at the forefront.
- Social investors and philanthropists are integrating climate adaptation and nature-based solutions in their portfolio, but these still remain secondary to fundamental development areas such as healthcare, education, and livelihoods. Climate issues intersect with essentially any environmental and social issues that are already being funded – it is important to find this overlap with climate.
- There are a number of opportunities for the social investment community in Asia to be mobilised for climate action. For example, AVPN is currently working on:
    - Setting up blended finance facilities for climate investments in Asia and the MENA region
    - Developing a facility to accelerate the transition to regenerative agriculture
    - Creating a knowledge exchange hub to incorporate climate research into policy making
    - Building a digital infrastructure platform for scaling climate-resilient health systems
    - Facilitating cross-border energy projects to export clean energy
    - Creating a philanthropic alliance to facilitate global-domestic partnerships in the climate sector
    - Promoting novel innovations for gender-inclusive climate-tech solutions
    - Developing a Just Transition platform for vulnerable communities

Key Takeaways – Workshop on *Innovative Finance in Philanthropy: Scaling Nature-Based Solutions*, facilitated by [Paul Ronalds] from Save the Children Global Ventures:

- Opportunities for accelerating SDG progress and climate solutions: global private investors are estimated to hold over $410 trillion in financial assets, with $20.5 trillion alone in low- and middle-income countries. These private pools of capital are arguably the most underutilised resource globally. Practically 1.4% of private sector financial assets would dramatically advance climate and SDG financing.

- **Innovative finance** refers to a range of non-traditional solutions and mechanisms that create scalable and effective ways of channelling both private money from the global financial markets and public resources towards solving pressing global problems. Different types of innovative financing models have different levels of financial return and social impact such as Overseas development assistance (ODA), donations, grants, conditional funding, catalytic funding, impact investing, ESG investing, commercial investing.
- **Results-based financing (RBFs)** is the name given to a broad range of approaches where the payment of at least a portion of the development assistance is dependent on verified achievement of results. RBFs are sometimes called outcomes-based contracts and include development impact bonds and social impact bonds.
- **Blended finance** is the use of 'catalytic' capital from public or philanthropic sources to increase private sector investment in sustainable development.
- **Impact investment funds** provide a patient source of capital to take innovation to scale. Impact funds make investments with the intention to generate positive, measurable social and environmental impact alongside a financial return. The Global Impact Investing Network estimated that more than $1 trillion was invested in impact funds globally in 2022.
- **Loan mechanisms** enable us to reduce the time gap between the availability and need for funding. Examples range from designating a pool of donated funds to be used for internal loans to hybrid funding pools created with a mix of donated funds and investments from impact investors to commercial debt instruments issued in the general market. Save the Children has been using internal loans to support fundraising for a number of years. Save the Children's Energy Transition Fund will provide a pool of funding for country offices and Save the Children local partners to invest in more energy-efficient operations with the loan repaid through cost savings.
- **Climate finance** is local, national, or multilateral funding that seeks to support climate change adaptation and mitigation. It includes funding from the Green Climate Fund, the Global Environment Facility and from the sale of carbon credits. According to McKinsey, global demand for voluntary carbon credits could increase by a factor of 15 by 2030 and a factor of 100 by 2050.

Key Takeaways – Workshop on *Integrating Inclusion in Climate Philanthropy*, facilitated by Suparna Mathur and Nancy Gleason from NYU Abu Dhabi:

- Climate mitigation is fighting the greenhouse gases that are emitted and which cause global warming. Climate adaptation is learning to live with the changes to the climate and environment. For example, vulnerable island nation populations being moved to higher ground due to sea level rise, although this is not their preference.
- COP28 is a milestone COP – it is the first time there will be a global stocktake since the Paris Agreement. COP conferences discuss climate mitigation, adaptation, loss and damage, and climate finance and involve negotiations which are done by state actors. The role of non-state actors is to keep an eye on the negotiations to then be able to turn policy into action.
- Under 2% of all philanthropic giving is allocated to climate mitigation. We need an estimate of $3-4 trillion annually to reach net zero targets by 2030. The good news is that climate finance has tripled in the last 3 years. The current trends in climate philanthropy are that foundations

are newly donating large amounts to climate. Donor collaboratives are becoming popular – where various ecosystem partners come together, which is powerful.

- There is an emerging climate refugee crisis. The North and South poles are melting and if the Himalayas (known as the third pole) were to melt then it would mean the displacement of 2 billion people. "It's not that climate is more important than everything else, it is inextricably connected to everything else. So, if we fail in climate, we fail in everything else."
- Unlocking the inclusion potential: we must recognise that those that are least responsible for the climate crisis are most vulnerable to it. The African continent only contributes 3% of the global carbon footprint and women are 80% of the population that is at risk of being displaced due to climate change. Frontline communities should be the critical leaders and changemakers. Climate funding is predominantly driven by Western players. Less than 2% goes to women and less than 1% goes to youth.
- Converging disruptions: we can use technologies from the fourth industrial revolution to disrupt inertia around climate action. A McKinsey report from 2017 stated that 50% of agriculture industry workers work in jobs that will be automatable by 2050. This can also be seen in manufacturing and the garment industry which almost exclusively made up of women workers. The same people at risk of losing their jobs are the ones being hit by climate change the hardest. So, there is an immediate need for re-skilling, particularly for these populations. The World Economic Forum estimates that in the next 5 years, 44% of workers skills will need to be updated or changed. The issue of re-skilling and the issue of climate change are overlapping and oftentimes so are the affected populations, so the solutions should also overlap.
- Philanthropy can be used to create quality jobs for the green economy and skill people to do them. Philanthropy can also fund organisations who build metrices for climate appropriate success and can hold people accountable. Climate change may seem like too big or too systemic, but the best solutions are always local and regional. We just need to increase scale and pace.