Leaning into Funder Collaboration at the 2019 CEGN Conference

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It was a big number or, more precisely, a yawning gap.

In 2010, parties to the Convention on Biological Diversity (CBD) adopted a 10-year strategic plan with 20 targets, one of which called on signatories to protect at least 17% of all terrestrial areas and inland waterways, as well as 10% of marine areas, within their jurisdictions.

When federal officials and land conservancy advocates turned their attention to this so-called Aichi Target 11 in early 2017, they estimated Canada could point to protected areas covering only 10.5% of the country's 10 million sq. km land mass. Getting the rest of the way, to 17%, meant finding the resources and territory to protect another 600,000 sq. km – an area roughly the size of Saskatchewan.

The dilemma, recalls Grant Hogg, a director at Environment and Climate Change Canada (ECCC), was that, until 2017, "not a lot of action was happening." So in March of that year, ECCC officials scoped out a strategy to move the proverbial needle, branding the accelerated plan as Canada Target 1. "We felt there was space for things to happen."

Traditionally, governments manage these kinds of large-scale initiatives. But Catherine McKenna, the Liberal environment minister, wanted to pursue a different approach. In consultations with leading environmental grantmakers and conservancy foundations, says Peter Kendall, executive director of The Schad Foundation, McKenna asked them to not only back a substantial ask, but also press MPs in all parties to sign on.

Yet the emerging CBD compliance strategy wasn't just about savvy pre-budget lobbying. The landmark plan that took shape through 2017 and early 2018 involved a unique and admittedly complex collaboration between the feds, some provincial and territorial governments, Indigenous organizations, conservation non-profits, and environmental foundations. A “third way” approach, as Kendall described it during the 2019 Canadian Environment Grantmakers’ Network (CEGN) conference, held outside Toronto this spring.

The Liberals’ 2018 federal budget set aside $1.3 billion for conservation and at-risk species protection. The government also established the Canada Nature Fund – a land and water conservancy funding pool established with a $500 million federal endowment, to be matched up to $500 million by contributions from foundations, land trusts, corporations, non-profits, and other orders of government.

According to Hogg, the Target 1 Challenge proposal call has received 148 applications, totaling more than $800 million in proposed projects. (Decisions were expected this summer.) They came from national land trusts, like the Nature Conservancy of Canada and Ducks Unlimited, as well as regional and Indigenous-led organizations. Two years on, moreover, the hybrid approach succeeded in closing Canada’s Target 1 gap, with 11.8% of all lands and inland waterways now protected, up 1.3 percentage points from 2010 levels. While that number may seem modest, Hogg puts it into context: in a concentrated period, this ambitious collaboration ended up protecting new areas that are collectively as large as Greece.

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Ever since the *Stanford Social Innovation Review* published a widely-read essay in 2011 about the case for “collective impact” strategies, a growing number of philanthropic organizations and non-profits have looked to pooled funds, so-called “moonshots,” and innovative collaborations as a means of denting seemingly intractable problems ranging from poverty and sub-standard working conditions to climate change. The Canada Nature Fund and the accompanying Canada Target 1 advocacy fall squarely into this category of philanthropy.

Darcy Riddell, the McConnell Foundation’s director of strategic learning, characterizes such approaches as “working at the scale of the problem.” Perhaps in no other domain is that approach more relevant than with global warming, particularly in light of the grave urgency expressed in last fall’s “special report” issued by the International Panel on Climate Change, which concluded that the earth will reach the 1.5-degree Celsius warming level within 12 years.

For all the urgency, only 4-6% of Canadian philanthropy goes to environmental causes, says CEGN Executive Director Pegi Dover. “Engaging funders who can help address the health, social justice, and economic impacts of the climate issue needs to be a priority going forward.”

While Alberta Premier Jason Kenney’s inquiry into alleged foreign funding for environmental advocacy groups could cast a chill on their ability to raise revenues from philanthropic sources, there’s nonetheless ample evidence of movement on other fronts. Eric St. Pierre, executive director of the Trottier Family Foundation, cites the example of a $183 million, seven-city, multiple-agency funding network called Low Carbon Cities Canada (LC3). Created last year with support from the federal government, the collaboration aims to connect big cities like Montreal, Toronto, and Edmonton with non-profits, start-ups, and community organizations to make real advances in municipal climate change policy, as well as ramping up energy efficiency initiatives.

One of the founding organizations, The Atmospheric Fund, has demonstrated the viability of that notion by working closely with Toronto City Council on the city's 2050 green plan. The City of Toronto set up the Toronto Atmospheric Fund in 1991 with a $23 million endowment from a land sale. For years, the organization has used the income to fund policy research, finance certain green building projects, and provide start-up grants to other early-stage low-carbon ventures, such as a pioneering auto-share co-op. In 2017, the organization rebranded itself as The Atmospheric Fund, and longtime Executive Director Julia Langer began cobbling together support for a network of similarly endowed municipal organizations rooted in several of Canada's largest metropolitan regions.

Several had connections to funders such as Trottier, which had worked with the City of Montreal on its climate strategy, as well as the Alberta Ecotrust Foundation (AEF), a 28-year-old non-profit whose partners include both environmental groups as well as oil and chemical giants. The LC3 group eventually pitched officials in the prime minister's office to establish a national endowment for urban low-carbon projects; the most recent federal budget included $165 million for the venture, which the Federation of Canadian Municipalities will administer.

The process of constructing LC3 took a lot of time because of the diversity of the partners, observes Rod Ruff, AEF program director. And, he adds, the outcome was never a foregone conclusion. "It could have been a hard `no.'"

Yet it has also become clear that ambitious funding partnerships – especially those involving private and public entities, and large sums of money – are far easier to espouse than to execute. Beyond the organizational complexity, not all grantmakers are comfortable with big schemes. What's more, the environmental NGOs recruited to deliver the programming goods can find themselves facing greater pressure to demonstrate impact. As Riddell points out, foundations still have a lot to learn. "Is there a secret sauce for funder collaboration?" The answer: no one's really sure, yet.

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The meandering path that produced the Canada Nature Fund started with a dinner in Ottawa, where the attendees included McKenna and senior figures from the environmental NGO world. It was a feel-good session: "The trust we established at the beginning made all the difference," says Kendall. Despite that, the business of persuading foundations and conservancies from across Canada to ante up commitments for a combined half billion, to match the federal contribution, was never going to be a straightforward task.

To manage the logistics, some of the core members put up funding to hire a coordinator to keep the bus moving forward. Kendall adds that they also established networks of regional funder groups to "make sure we weren't having to hold hands all the time."

But when it came to determining the policy parameters for the grants, points of friction began to emerge, recounts Hogg. Federal officials wanted to assert control over the public dollars committed to this project, but the funders weren't prepared to merely take direction. During some sessions, the two sides warily faced each other on opposite sides of a table, probing for insights about what kinds of resources their counterparties were prepared to commit. As Hogg points out, funders are far more accustomed to negotiating with small environmental NGOs and local communities than with large government bodies.

The proposed outreach to provincial governments proved even more elusive, and the non-partisan make-up of the funder network didn't make much difference, says Kendall. But, he adds, the partners had agreed on "a flexible model," so the CNF came into being without provincial dollars.

Compared to the United States, such large-scale undertakings are relatively rare in Canada, says Joanna Kerr, a longtime Greenpeace organizer who recently moved to head up Tides Canada. But there are a growing number of somewhat smaller scale examples. She points to the Clean Economy Fund, a multi-million collaboration venture established in 2016 by several funders (Ivey, McConnell, Donner, Trottier, Echo, Chisholm-Thomson, Jarislowsky and more) with a mandate to fund low-carbon solutions, innovations in clean economy and green energy, sustainable finance, and building-related energy efficiency projects. "It's looking at systemic barriers to the low carbon economy and how to remove them," says Kerr.

As the number and size of these partnerships grows, new questions emerge: Are they effective? And in the realm of something as vast as climate change, what constitutes impact?

In the past few years, a Université du Quebec à Montreal (UQAM) research team led by Jean-Marc Fontan has been delving into the issue of whether grantmakers have impact. The $3.4 million/six-year initiative involves a network of researchers and grantmakers in North and South America as well as Europe. "We don't know much about the grantmaking culture," says Fontan, a sociologist. His group is unpacking issues such as what kinds of theories of change inform grantmakers' choices. "What we would like to see is how the philanthropic sector is adding value to work being done in public policy."

Riddell is also in the midst of a broad review of what does and doesn't work in funder collaborations generally (the funding for this review comes from McConnell and the Hewlett Foundation). The case for more partnerships, she says, is grounded in a range of assumptions: that more money will produce more change, and that dealing with fewer granting bodies makes life easier for the NGOs delivering the programs. In theory, Riddell adds, large collaborative ventures should also bring a broader geographical reach, engage funders with diverse perspectives, produce new alliances, and increase clout.

Yet Riddell, like Fontan, observes that not a lot is known about whether these pooled funds deliver more than the sum of their parts, or how to ensure chemistry between the collaborators. However, surveys undertaken for her research show that grantmakers tend to be far more upbeat about ambitious collaborations than grantees. While 92% of grantmakers felt the benefits exceeded the costs, only 80% of grantees agreed, according to one US study. In fact, the NGOs surveyed expected a substantial reputational boost and better results, but often ended up dealing with more constraints because the grants were larger in dollar terms. The expectation gap raises pointed questions. "We have work to do," Riddell says. "Grantees won't always tell the truth about what they're experiencing."

However, some preliminary conclusions have emerged from her work: Successful funder collaborations are typically characterized by clear and focused investment theses; shared expectations between the partners; and operational structures designed to deliver the high-level goals identified by the collaboration. Things go off the rails, she notes, when objectives are ill-defined, governance structures are inflexible, and there is no clear pathway to success.

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For all the talk about high-profile philanthropic joint ventures targeted at climate change, plenty of funders prefer a low-key approach, with fewer partners, smaller grants, and a less ambitious philosophy of change. In 2016, for example, the Peter Gilgan Foundation – a $160 million endowment set up by a Greater Toronto homebuilder, best known for making eight-figure contributions to hospital capital campaigns – decided to dip its institutional toe in the climate change space. The Foundation offered up $50,000 to a Centre for Social Innovation (CSI) green innovation accelerator that invests in cleantech start-ups and fellowships.

“What makes the boards of family foundations feel good are small things,” observes Donner Canadian Foundation Executive Director Helen McLean. “It’s easier for most foundations to work at a smaller scale.”

At the same time, a growing number of foundation boards are looking to their investment advisors and investment committees to find ways of greening at least parts of the asset base. This impact investing trend has been gathering momentum over the past decade yet remains a bit of a maze of nomenclature.

John Cook, president of Greenchip Financial, says his firm adopts a value investing approach, eschewing hot cleantech stocks in favour of well-established but under-valued firms in low-carbon sectors such as renewable energy. “This is becoming really mainstream,” he adds, noting that the Caisse de dépôt et placement du Québec’s move to “stewardship investing” across all its asset classes two years ago prompted smaller funds to follow suit

Despite such examples, many other investment committees and advisors still opt for companies touting mainstream environmental, social and governance (ESG) credentials, but not a specific track record in actual carbon reduction (i.e., with more focus on the S and the G than the E). “There’s a tendency for group think, and investment advisors give conventional advice,” says Shannon Rohan, chief strategy officer for Shareholders Association for Research and Education (SHARE). “There’s a lot of self-censorship on governing boards,” she adds. “It’s a huge challenge.”

In still other cases, very large multinational corporations opt to go it alone, aligning their own CSR activities with climate/environment-related improvements in their operations instead of underwriting large climate change projects carried out by environmental NGOs. At the CEGN conference, Darcy Winslow, founder of the Academy for Systems Change and a longtime Nike executive, described the company’s 2014 decision to launch its sustainability “moonshot.”

Winslow, who has been credited with kick-starting Nike’s sustainability campaign, recruited large suppliers, including Dupont Chemical, as well as the sportswear giant’s vast network of subcontractors, to drive sustainability improvements in its materials and manufacturing processes. The goal, Winslow says, was to generate less waste, waste less water, and use fewer petrochemicals, even while doubling-down on Nike’s top-line growth. Some of the techniques developed were shared with other footwear manufacturers, she adds. Nike has also been collecting and publishing key environmental metrics since 2016, which it reports publicly. Not all show improvements, a detail that suggests the data is more than just a public relations exercise.

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In a world that’s producing shocking new evidence of the symptoms of global warming on an almost daily basis, both environmentalists and sustainability-minded philanthropists find themselves facing ever more demanding questions about how to create lasting change.

Is it by promoting such large-scale collaborative ventures that governments simply can’t afford to look away? Should funders stick with more traditional forms, such as backing potentially transformative clean technologies, working with large companies to reduce their environmental footprints, or lobbying for updated rules governing political activity to advocate for better climate policies?

Dover argues that combining forces has become an increasingly viable tactic. “Funder collaboration is definitely not a panacea and is only one tool in the philanthropic tool kit,” she observes. “But collaboration is increasingly an important avenue by which funders can increase their learning and their impact.” The advantages, she says, include efficiencies gained from shared learning and strategy development. Measuring impact can also become more feasible if multiple funders share evaluation costs.

“Collaboration is challenging,” adds St. Pierre. “It’s not always easy, but it is satisfying.”