



Cross-program Impact on Climate Change

*A report on strategies for sustainability
commissioned by The McKnight Foundation*



Foreword

Everyone on our planet is affected by climate change, and we all have a stake in efforts to mitigate or adapt to its effects. This report, commissioned in 2011 from Arabella Advisors, helped The McKnight Foundation's staff and board document and reflect upon our cross-program impacts on climate change mitigation and adaptation. Pursuing our mission through a broad lens of "sustainability," McKnight's interests include sustainable agriculture, land use and development, renewable energy, and regional growth — each aiming for a singular core goal, with notable secondary impacts on climate change efforts.

As background, in 2008 McKnight's board of directors announced an unprecedented commitment of \$100 million over five years to accelerate the transition to a low-carbon future and mitigate catastrophic levels of climate change. Internationally, we joined with the Hewlett and Packard foundations to launch the ClimateWorks Foundation, an innovative global network of policy and technical experts in countries with the highest emissions of greenhouse gases. Domestically, we support our longtime partner the Energy Foundation to work on national and state energy policy solutions. Regionally, we provide support to an innovative network of funders and NGOs called RE-AMP for related efforts to help the Midwest region contribute to our nation's sustainable, low-carbon energy supply. These three core partners each have developed pragmatic strategies directed to yield the greatest impact on mitigating climate change on a variety of fronts. But to tell the full tale of McKnight's grantmaking in support of broad climate-related goals and strategies, this paper digs even deeper.

In their research, Arabella Advisors conducted a series of discussions with key McKnight staff and reviewed grants data from 2009 to 2011. On a related engagement focused on direct climate change grant making, they also interviewed dozens of foundation leaders, climate policy experts, and leading non-governmental organization thinkers from around the country. Each report section summarizes efforts to date and points out other opportunities for the Foundation to consider if we wanted to better align these efforts with McKnight's broader climate change goals.

In the past three years, McKnight's non-climate programs have made nearly \$40 million in additional grants that benefit climate change efforts in some way. While advancing goals specific to each program, our environment, region and communities, and international programs also each employ strategies that help mitigate or adapt to climate change to some extent. Such multiple-bottom line benefits help us to maximize the outcomes of our investments.

To be clear, this paper does not signal the addition of a new "climate focus" within McKnight's longtime program goals. We commissioned the research simply because we want to know more about how our existing strategies intersect

with the issue, including a better understanding of the climate co-benefits of our non-climate program work. We are sharing the report now because we believe other foundations and colleagues may benefit from considering ways their work in chosen fields can advance or hinder efforts to address climate change — regardless of whether they have articulated an explicit “climate change strategy.”

Although many of the report’s key points are specific to McKnight’s own program interests, we hope they might inspire meaningful discussions among our colleagues about their own cross-program impacts and alignment. With an issue as globally important and sweeping as climate change, those multiple-bottom lines we hit today may make all the difference tomorrow.

Kate Wolford
President, The McKnight Foundation

MEMORANDUM

TO: The McKnight Foundation
FROM: Bruce Boyd, Arabella Advisors
DATE: August 9, 2011
RE: Climate-Related Grantmaking by the Environment, Region & Communities, and International Programs

As the McKnight Foundation charts a path forward for its climate grant making, it has a significant opportunity to better align and more fully reflect its strategies and messaging across its program areas with respect to climate. By better understanding the full range of ways the Foundation is addressing climate change, the Board and staff will be better positioned to communicate the Foundation's work in this area and make decisions about climate grant making going forward.

The Foundation has made a significant commitment to climate change through its support of ClimateWorks, the Energy Foundation and RE-AMP. These institutions have developed regionally based strategies which, they believe, will yield the greatest impact on mitigating climate change. The high impact mitigation strategies they are pursuing include preventing the burning of coal while promoting renewable energy, energy efficiency, and sustainable land use and development; all while advocating for national climate legislation and an international agreement to cap emissions. ClimateWorks, the Energy Foundation and RE-AMP do not currently focus on adaptation.

In addition to its climate grant making through ClimateWorks, the Energy Foundation and RE-AMP, the McKnight Foundation is making a significant number of climate-related grants in its non-climate programs. Since 2009 the Foundation's non-climate programs have made nearly \$40 million in grants that benefit climate change efforts in some way.¹ The Environment, Region and Communities, and International Programs each employ strategies that help mitigate and adapt to climate change while also advancing the individual program's goals and objectives.² While these climate-related strategies

¹ Our grants estimates are based on an exercise in which each program sought to categorize their grants based on whether they benefited climate mitigation, adaptation, or both. These numbers are a rough approximation and are not intended to be exact.

² In addition to these programs, The McKnight Foundation has made a number of additional climate-related grants through its Minnesota Initiative Foundations program. The Foundation granted \$500,000 to support community ownership of wind farms, which helped reduce emissions while supporting local economic development. Last

were not chosen due to their potential benefit to climate mitigation (in contrast to the strategies employed by ClimateWorks, the Energy Foundation, and RE-AMP), the strategies have a multiple bottom line impact that advance each program's goals while having an impact on climate change. The suite of climate and climate-related grants being made by the Foundation offers an important opportunity to link and leverage that grant making.³

The following memo examines:

- The extent of the McKnight Foundation's climate-related grant making in the Environment, Region and Communities, and International Programs;
- The themes that exist across the programs' climate-related grant making; and
- Opportunities for enhancing collaboration and climate impact.

In preparing this memo, Arabella Advisors conducted a series of discussions with the heads and staff of the Environment, Region and Communities, and International Programs, and reviewed grants data from 2009 to 2011. Each section summarizes efforts to date and highlights opportunities to better align these efforts with the Foundation's broader climate change goals, opportunities and current investments. We conclude by highlighting climate-related themes that are present across the programs surveyed.

year, the Foundation supported the Youth Energy Summit, which engaged youth leaders conducting local renewable energy and conservation projects.

³ The climate-related investments of the Environment, Region and Communities and International programs have been driven by their programmatic priorities and not by selecting investments that can yield the greatest climate mitigation or adaptation outcomes. Moreover, a deeper understanding of this climate-related grant making and the development of more robust messaging around climate impact across the Foundation is not meant to diminish or undermine the strategic focus of each program area - whether that be conservation, livable communities or food security.

CURRENT CLIMATE-RELATED GRANT MAKING

Overview of Client-related Grant Making (2009-2011)				
Program	Adaptation	Mitigation	Adaptation and Mitigation	Total Program Grants
Environment				
Protect and Expand Wetland Areas	\$494,000	\$2,852,000	\$2,920,000	\$6,266,000
Reduce Farm Pollution	\$0	\$3,204,000	\$4,625,000	\$7,829,000
Achieve Cross-boundary and Interagency Coordination	\$0	\$0	\$1,050,000	\$1,050,000
Subtotal	\$494,000	\$6,056,000	\$8,595,000	\$15,145,000
Region and Communities				
Sustainable Regional Development	\$0	\$1,555,000	\$8,344,000	\$9,899,000
Neighborhoods	\$0	\$345,000	\$425,000	\$770,000
Housing	\$0	\$1,200,000	\$0	\$1,200,000
Subtotal	\$0	\$3,100,000	\$8,769,000	\$11,869,000
International				
Collaborative Crop Research Program	\$1,164,000	\$0	\$7,003,000	\$8,167,000
Southeast Asia	\$230,000	\$1,987,000	\$0	\$2,217,000
East Africa	\$242,000	\$1,671,000	\$0	\$1,913,000
Subtotal	\$1,636,000	\$3,658,000	\$7,003,000	\$12,297,000
Total Climate-related Grants	\$2,130,000	\$12,814,000	\$24,367,000	\$39,311,000

Environment Program –Mississippi River

The strategies guiding the Environment Program’s work to maintain and restore a healthy Mississippi River basin promote both mitigation and adaptation to climate change. Since 2009, the Environment Program has made approximately \$20.6 million in grants. Of that amount, \$15 million supports advocacy and implementation projects that have clear climate co-benefits. The largest portion of these grants, \$8.5 million, simultaneously benefit both climate mitigation and adaptation, while those projects that solely benefit mitigation account for \$6 million.

Protecting and expanding wetlands in the Mississippi River. The Environment Program’s strategy to protect and expand wetland areas in the Mississippi River supports climate change goals by reducing greenhouse gas emissions and helping to make human and natural systems more resilient to extreme climate conditions. Restoring wetlands and floodplains creates important habitat that sequesters

carbon while helping to manage flood waters. Enhanced natural protection from flooding and augmented flood storage capacity through habitat restoration and sustainable agricultural practices also make the ecosystem and those who rely on it more resilient, and therefore better prepared for a future with more rainfall. Advocacy to protect wetlands has also been a key component of the Environment Program’s strategy, accounting for \$4.5 million of its \$15 million in grants that have climate co-benefits. One example of this advocacy is the McKnight Foundation’s investment in The Mississippi River Collaborative, which works within the Mississippi River basin to promote and enforce water quality laws. The Foundation has further supported wetland protection efforts with climate benefits, providing a \$6.5 million loan (as a program related investment) to a conservation organization’s revolving loan fund for the purpose of acquiring and restoring valuable wetlands in Mississippi River corridor states.

Reducing agricultural pollution. The Environment Program’s strategy to reduce agricultural pollution in the northern half of the Mississippi River also has clear benefits to climate mitigation and adaptation. Projects targeted to reducing farm pollution that also contribute to climate goals account for over \$7.8 million of the river program’s grant making. Sustainable and organic farming practices promoted by the Program to reduce fertilizer and pesticide use also reduce greenhouse gas emissions generated through their manufacture. In addition, the use of cover crops and green manures, as well as the conversion from annuals to perennials for pastures, has been proven to reduce emissions and to increase the storage of carbon in agricultural soils.⁴ These sustainable farming systems help prepare farmers for a future with less predictability and more extreme highs and lows in temperature and rainfall. The Program has a strong focus on advocacy, supporting organizations such as the National Sustainable Agriculture Coalition, which works to secure sound implementation and adequate funding for the conservation and sustainable agriculture programs authorized in the 2008 Farm Bill.

Enhancing impact. There are clear opportunities to increase the climate impact of the Environment Program without fundamentally shifting its strategies. For example, the McKnight Foundation could more closely align the work of its climate grantees, supported through the Energy Foundation and RE-AMP, with the sustainable agricultural work of the Environment Program. Members of the RE-AMP network have already begun exploring the mitigation opportunities that exist in rural agriculture and are using RE-AMP to coordinate on climate-related policies in the Farm Bill. The McKnight Foundation could play an important role in this work, leveraging the Environment Program’s extensive expertise and legitimacy in the sustainable agriculture space. This would help address a significant need in the Midwest to reduce the emissions from our food system and to help farmers adapt to climate change.

The Foundation could also give greater consideration to Environment Program grant requests that have clear mitigation and adaptation benefits. One example would be research on the benefits of converting farming systems from annuals to perennials – including plants and grasses – which help capture carbon. This is an area where the Environment Program has done only limited grant making but it could be increased if the Foundation considered both the sustainable agriculture and the climate benefits of the

⁴ National Sustainable Agriculture Coalition. “Agriculture and Climate Change: Impacts and Opportunities at the Farm Level” (2009). www.sustainableagriculture.net/publications/

work. Using adaptation benefits as a lens when weighing projects would also create new opportunities, such as joining the Climate Adaptation Knowledge Exchange (CAKE), which aims to build a shared knowledge base for managing climate adaptation.

Region and Communities Program

Many of the Region and Communities Program's strategies to encourage efficient development and livable communities in the Twin Cities region also help reduce greenhouse gas emissions and make human communities more resilient to climate change. Since 2009 the Program has made almost \$12 million (of approximately \$55.5 million) in grants to support local projects with climate components. This work has largely focused on implementing projects to support sustainable community development and energy efficiency efforts.

Greening the built environment. The Region and Communities Program's climate-related grant making stems from its built environment strategy, which recognizes the impact of public infrastructure, land use, and buildings on climate change as well as the ability of communities to adapt to change. A principal Program strategy is to promote smart growth strategies which reduce greenhouse gas emissions by reducing Vehicle Miles Traveled (VMT). McKnight Foundation grantees seek to reduce VMT through increased public transit options and other alternatives to automobile use, as well as employing more efficient land use to reduce the need for auto-oriented transportation. In addition to transportation, the Region and Communities Program helps reduce the emissions of Twin Cities buildings by promoting energy efficiency. The Program has made a significant investment in the Enterprise Foundation's Green Communities agenda in Minnesota (MN). Through the Family Housing Fund, Greater MN Housing Fund, and the MN Housing Finance Authority, the Green Communities effort has established baseline requirements for all affordable single and multi-family homes (new or rehabbed) to meet Green Community Standards. All affordable housing financed with MN Housing resources currently meet these energy, water, and health standards. Additional climate components of the Region and Communities Program include the preservation of green, open spaces which help store carbon. The Region and Communities Program also, as a community development strategy, is exploring local food system work which produces fewer carbon emissions than industrial food production and makes local communities more economically and ecologically resilient.

Enhancing Impact. The McKnight Foundation has an opportunity to leverage its current climate investments and extensive knowledge and experience in the Twin Cities to bring more resources to bear on green buildings and transportation in its home region. The Energy Foundation and Climate Works currently employ different but complementary strategies to those promoted by the Region and Communities Program. The Energy Foundation, for instance, supports alternative energy and fuel standards for vehicles, while the Region and Communities Program addresses vehicle miles traveled and alternative transportation, land use, infrastructure, and energy efficiency in the built environment. There are opportunities to link and better integrate these related strategies. In addition, the Region and Communities Program sees opportunities to enhance climate impact through continued emphasis on

land use and transportation strategies, and expansion of its efforts to promote energy efficiency in commercial, industrial and residential buildings.

International Program

The McKnight Foundation's International Program reduces carbon emissions and helps human communities adapt to climate change by promoting sustainable rural livelihoods and food security in the developing world. Over \$12 million of the Program's grants (of approximately \$26 million total) have climate benefits through its Collaborative Crop Research Program and projects in Southeast Asia and East Africa. The majority of the International Program's climate-related grants have supported projects that help prepare small holder farmers for a harsher climate.

Sustainable Agriculture and Land Use. The International Program's strategic focus on agriculture and land use helps reduce emissions while building resiliency within communities in the developing world that will bear the brunt of climate change. The McKnight Foundation works with local organizations in Laos and Cambodia to protect forests while also protecting the rights of indigenous peoples to inhabit them. Conserving forests helps capture carbon while protecting indigenous peoples' land rights reduces emissions from the slashing and burning of industrial agriculture. The Collaborative Crop Research Program (CCRP) is helping farmers adapt to extreme conditions by developing crops that are more resistant to drought and flooding, improving pest control, and promoting soil and water conservation. CCRP and other grants that promote climate adaptation account for over half of the International Program's climate-related grant making. In Tanzania and Uganda, McKnight Foundation grantees seek to reduce the use of petroleum-based farming products and promote no-till farming methods which mitigate climate impact. These practices mitigate climate change both by promoting sustainable practices and by avoiding the use of more carbon intensive practices .

Enhancing Impact. There are a number of opportunities to expand the International Program's climate related efforts and better align the Program's work with the McKnight Foundation's climate-specific grants. While the focus of ClimateWorks is different from the International Program, the Program would benefit from increased information sharing about elements of ClimateWorks' international work. For instance, each has an interest in land use (ClimateWorks houses the Climate and Land Use Alliance) and other grantees of ClimateWorks are pursuing strategies from which the International Program might benefit if the Program were familiar with those grantees and their strategies. The Foundation could also expand on the International Program's climate-related efforts. There is a significant need for research to better understand the impact climate change is having and will have on agriculture, and to help articulate a vision for addressing future food needs. In addition, the Foundation could expand the Program's work to link scientific knowledge about climate change with more local knowledge on weather patterns and seasons.

CLIMATE THEMES AND OPPORTUNITIES ACROSS PROGRAMS

Climate Themes: Not only is the Foundation supporting substantial climate-related activity in its non-climate programs, there are a number of climate-related themes prevalent across the Environment, Region and Communities, and International Programs. The following themes capture those issues in which the Foundation is most heavily engaged in climate-related grant making in its non-climate programs:

- **Supporting sustainable agriculture and food systems.** Each of the programs surveyed has made a strategic decision to focus on a component of sustainable agriculture –supporting research to develop more resilient crops, sustainable and organic farming methods, and urban gardens. In addition to promoting sustainable livelihoods, these projects – conducted locally in the Twin Cities, regionally in the Mississippi River valley, and internationally in Asia, Africa, and Latin America – are helping to reduce the emissions of the agricultural sector and to prepare food systems for the shock of climate change.
- **Promoting sustainable land use and land conservation.** Each of these programs in some way encourages the conservation and sustainable use of land through strategies that reduce the need for transportation or protect open space and vital forests and wetlands. These programs promote cleaner air and livable communities, reduce emissions from the transportation sector, provide natural buffers to flooding, and help retain what remains of the planet’s open space and ability to capture and store carbon.
- **Addressing climate change through advocacy and policy change.** The Foundation utilizes advocacy as a tool to secure policy change on a range of climate-related issues across its programs, including promoting public transportation and reducing agricultural pollution, among others. This is an important component to the many ways in which McKnight supports climate efforts, and provides an opportunity to consider a shared advocacy agenda around the Foundation’s broader climate change goals.

Enhancing Impact. The Environment, Region and Communities, and International Programs’ climate-related work can lay realistic claims to impact through place-based strategies that mitigate climate change and support adaptation while also providing economic and community benefits. There are several opportunities to better align and expand on the climate-related work in which the McKnight Foundation is engaged. For example, the Foundation could consider articulating the climate themes that cut across its programs as a shared framework for communicating climate impact and advocating policy change. In addition, while the Energy Foundation, ClimateWorks, and RE-AMP are squarely focused on climate mitigation strategies, there is some opportunity to better integrate the climate-related strategies being pursued by the Environment, Region and Communities, and International Programs with the Foundation’s climate grant making. Some potential examples include:

- Leveraging McKnight Foundation contributions to the Energy Foundation to support the Region and Communities’ green buildings strategy in the Twin Cities

- Playing a greater role in RE-AMP and the Energy Foundation to promote support for pollution reduction in the agricultural sector
- Exploring alignment of the Foundation’s grant to ClimateWorks with the land use priorities of the International Program
- Leveraging ClimateWorks , Energy Foundation, and RE-AMP policy work in the Foundation’s place-based metropolitan and rural grant making

Opportunities for collaboration also exist between and among programs. Enhanced information sharing across programs would highlight the climate-related work each is doing and suggest areas where programs can collaborate and better support each other.

ABOUT FOOD FOR THOUGHT

This publication was commissioned by The McKnight Foundation as part of the Food for Thought Series – a collection of third-party reports that inform our program strategies and are shared with the fields we support. This publication is available for download at www.mcknight.org.

ABOUT THE McKNIGHT FOUNDATION

The McKnight Foundation, a Minnesota-based family foundation, seeks to improve the quality of life for present and future generations. Through grantmaking, collaboration, and encouragement of strategic policy reform, the Foundation uses its resources to attend, unite, and empower those it serves. Founded in 1953 and independently endowed by William and Maude McKnight, the Foundation had assets of approximately \$1.9 billion and granted about \$96 million in 2010.

ABOUT ARABELLA ADVISORS

Arabella Advisors helps philanthropists and investors find innovative ways to maximize the impact of their resources. They provide a full range of services from strategy to implementation to evaluation. For more information, visit www.arabellaadvisors.com.

PHOTO CREDITS

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