

# Now is the time to include an environmental focus in grantmaking strategies in Africa

 By [Reana Rossouw](#), issued by [Next Generation](#)

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The devastating health, social and economic impact of the Covid pandemic will have long-term impact on the funding strategies of grantmakers, corporate social investors, and philanthropists in Africa for many years to come.



The last two years – 2020 and 2021 saw large funding pledges for climate change: in February 2020, Bill and Melinda Gates revealed, in a letter marking the 20th anniversary of their foundation, that they now considered climate change as one of their top priorities. A few days before that, Jeff Bezos announced a \$10-billion gift to combat climate change. And in January 2021 Tesla chief and billionaire entrepreneur Elon Musk promised a US\$100-million prize for development of the “best” technology to capture carbon dioxide emissions.

If there is anything the current health pandemic has made us aware of, it is that we will have to be prepared for more pandemics and specifically pandemics brought about by the climate crises.

But, what really prompted me to write this article is an awareness after Trialogue published their research around spending trends at the end of 2020 that in South Africa we have not even began to include a climate focus in our CSI budgets. According to the research - the environmental sector was supported by only 38% of companies and environmental portfolios received an average of 4% of total CSI expenditure in 2020. Typically, the kind of initiatives funded within environmental portfolios included: wildlife conservation, environmental awareness programs, water conservation and wetlands management, waste management and recycling, urban greening, biodiversity and alien clearing, with only five corporate social investors considering climate change initiatives.

Alliance magazine recently reported that despite a growing interest, climate is still a minor theme in philanthropy. Globally, only two percent of philanthropic funds target climate action. Currently, environmental funders usually favor a systemic approach, which leads them to intertwine modes of action. The way they resort to specific strategies vary depending on their specialisation, which can lean towards social issues or towards energy and environmental issues, and their political

sensitivity, which can go from moderate reformism to a desire for radical social and environmental change.

## **Investing in climate action**

Pathways to change in areas like climate action require many different interventions beyond mere cash-giving, such as advocacy and pressure from social movements, bold political reforms, and shifts in investing patterns. In practice, these categories overlap and complement each other: political advocacy requires the establishment of coalitions, regulatory changes are necessary for the private sector to adapt, and the construction of grassroots movements is essential to put pressure on both public and private actors and support overall change.

## **Where to start**

For philanthropists, foundations and corporate social investors which are not climate-oriented, starting with what they know best is probably the best way to get involved.

Without creating a new dedicated program, they can strive for synergies between their existing programs and climate action. The incentive to do so is two-fold: making the most of their expertise to contribute to tackling a global and complex issue, but also addressing the risks that they face in accomplishing their own mission. As organisations, foundations and grantmakers are exposed to 'transition risks' similar to businesses and local governments, but the vulnerable populations that they serve often face greater risks of being deeply affected by climate change.

Social purpose organizations, foundations and social investors can also have a substantial impact through their investments and their daily operations. Foundations eager to contribute to the fight against climate change should thus align their processes with their climate goals. This requires them to be systematic in developing low-carbon operations, including sustainable procurement, limitation of air travel, overall minimising the emissions of their activities and offsetting the rest.

## **How to progress**

There are four main strategies that philanthropists and social investors can use to positively influence the climate evolution.

1. They can shape the political debate on climate.
2. They can act as connectors between different players through field-building actions.
3. They can influence market dynamics through well-targeted investments.
4. They can contribute to build strong civil society movements through grassroots organising.

Understanding these topics and their interdependence requires a technical expertise which is often quite distant from philanthropists' skills, traditionally honed in the fields of education, health, or poverty.

High-tech solutions for energy supply and energy efficiency are fast evolving; the paths to a low-carbon economy are many and they all involve economic, social and geopolitical stakes. While systemic and cross-sectoral mitigation strategies could be the most cost-effective, they are also much harder to achieve than targeted actions.

## **Why it is urgent**

Global warming is an existential threat. In future, the impacts of climate change will impact all other work of philanthropists, social and venture philanthropists and particularly, social purpose organisations dramatically.

From public health to migration, from poverty to inequality, from education to unemployment and everything in between. Unless checked, and soon, climate change will aggravate and intensify all these problems, and its effects will undercut if not fully swamp any solutions the humanitarian ecosystem may come up with. Climate change is everyone's problem.

The fight against climate change will require all populations to be aware of climate issues, to change their own behaviours, to invent climate solutions and to push for changes at all levels in society.

Philanthropy, with its independence and long-term horizon, can play an important role in supporting climate initiatives that foster awareness and the development of innovative climate solutions by local non-profit organizations. In addition, the Covid-19 pandemic provides a unique moment for a transformational shift in how environmental and social goals are linked to build a more just and resilient future.

Philanthropic funding is precious, and funders need the best research and analysis to make strategic investment decisions that yield the highest impact.

## ABOUT REANA ROSSOUW

Reana Rossouw is the owner of Next Generation, a specialist management consultancy that focuses on impact strategies, impact management and measurement, social innovation and sustainable development. Over the past 20 years Next Generation have assisted numerous Foundations, Trusts and Corporate Social Investors across Africa to develop, implement and measure their impact.tic.

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