

## BACKGROUND



# Climate Change at the G8 Leaders' Summit in L'Aquila, Italy (July 8–10, 2009)

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## Introduction

With the deadline to reach a new global climate deal now less than six months away, climate change is expected to form a significant part of the agenda at the G8 Leaders' Summit in Italy this July. The leaders of the world's largest economies can provide real momentum to the UN climate talks by agreeing to (1) set a science-based limit on global warming; (2) adopt adequate mid- and long-term target ranges for industrialized countries' greenhouse gas (GHG) emissions; and (3) provide the financial support that poorer countries need to take action on climate change.

Global warming has been a top agenda item at several recent G8 summits, including the 2007 summit in Heiligendamm, Germany and the 2008 edition in Hokkaido, Japan. But the UN climate negotiations currently underway will almost certainly give the climate discussions in Italy this year an extra sense of urgency, as countries have agreed to wrap up the current two-year UN negotiation process at a meeting in Copenhagen that runs from December 7 to 18, 2009.

This backgrounder covers the major climate issues on the table at this year's G8 Leaders' Summit. It includes three sections: (A) context, (B) expectations of G8 countries, and (C) Canada's role as host of the 2010 G8 summit.

- ▶ **See also the Appendix of key questions to consider when reviewing a potential summit declaration on climate change (back page of this backgrounder).**

## A. Context

At a June news conference to present the G8 Leaders' Summit, Italian Prime Minister Silvio Berlusconi listed climate change as one of the summit's four priorities, along with the international economic crisis, food safety and security, and the deregulation of world trade. Berlusconi called the leaders' climate discussions "a crucial step in the preparatory work paving the way for the UN conference in Copenhagen this December."<sup>1</sup>

The Italian G8 Presidency has set up a two-stage plan for the climate talks at this year's G8 meeting. The eight member countries will meet "alone" on the first day, July 8. On the second day of the summit, July 9, they will be joined by nine other countries — Australia, Brazil, China, Egypt, India, Indonesia, Mexico, South Africa, and South Korea.<sup>2</sup> With the exception of Egypt, this larger group of countries make up the membership of the Major Economies Forum (MEF), a U.S.-led initiative that has the goal of generating political leadership for a successful outcome at

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<sup>1</sup> Government of Italy, "Prime Minister Berlusconi Presents L'Aquila G8 Summit in Naples," news release, June 29, 2009. Available online at [http://www.g8italia2009.it/G8/Home/News/G8-G8\\_Layout\\_locale-1199882116809\\_1199899240938.htm](http://www.g8italia2009.it/G8/Home/News/G8-G8_Layout_locale-1199882116809_1199899240938.htm).

<sup>2</sup> Ibid.

Copenhagen in December.<sup>3</sup> (The Leaders' Summit in Italy is currently scheduled to be the final meeting of the MEF process, but it is possible that countries could agree to extend it.)

Political leadership from G8 countries is indeed urgently needed at the UN climate talks. The most recent negotiation session — held in Bonn in June 2009 — moved ahead at the “process” level, as countries worked from draft treaty text for the first time. But they remain far apart on the substantive issues, notably the overall level of ambition, the targets and actions countries will take to reduce their emissions, and the financing that poorer countries need to cut emissions and adapt to global warming.

Government officials will meet at three more negotiation sessions scheduled before December, but politicians will not join the UN climate talks formally until the final days in Copenhagen.<sup>4</sup> This means that a strong outcome from the G8 Leaders' Summit and the MEF Leaders' meeting could make a vital contribution to a success in Copenhagen.

And it's hard to exaggerate the importance of success there. Climate science tells us that global GHG emissions need to peak and start to decline before 2020.<sup>5</sup> The Copenhagen deal will cover, at a minimum, the years from 2013 to 2017 — in other words, the key period in which global emissions must plateau and start falling. A too-weak deal in Copenhagen could lock in drastic impacts on human health and security, the environment, and the world's economy.

Unfortunately, the 2008 G8 summit in Hokkaido failed to produce a climate breakthrough. Instead, G8 countries agreed to a goal of “achieving at least 50% reduction of global emissions by 2050,” and noted that making progress towards this goal “will require mid-term targets and national plans.”<sup>6</sup> But the leaders failed to agree on a mid-term target, and the long-term global 50% emissions reduction goal did not specify a base year. This prompted South Africa's then-Minister of Environmental Affairs and Tourism, Marthinus van Schalkwyk, to condemn the G8's long-term goal as “an empty slogan without substance.”<sup>7</sup>

The 2009 Leaders' Summit features a different cast of characters and a changed political context. President Obama has made clean energy and global warming a priority for his administration, offering a marked contrast to the U.S. record of inaction and obstruction under President Bush.

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<sup>3</sup> U.S. Department of State, “Major Economies Forum on Energy and Climate,” news release, April 23, 2009. Available online at <http://www.state.gov/r/pa/prs/ps/2009/04/122097.htm>.

<sup>4</sup> It should be noted that UN Secretary-General Ban Ki-moon has also invited all Heads of State and Heads of Government to participate in a one-day summit on climate change in New York City on September 22, 2009. See “Mayor Bloomberg, UN Secretary-General Ban Ki-Moon and The Climate Group Announce ‘Climate Week NYC’ to Be Held This September During the UN General Assembly,” news release, June 24, 2009. Available online at [http://media-newswire.com/printer\\_friendly\\_1093318.html](http://media-newswire.com/printer_friendly_1093318.html).

<sup>5</sup> This is to have a chance of not exceeding 2°C of average global warming above the pre-industrial level. For the peak date for global emissions, see Intergovernmental Panel on Climate Change, “Summary for Policymakers,” in Bert Metz et al., eds., *Climate Change 2007: Mitigation. Contribution of Working Group III to the Fourth Assessment Report of the Intergovernmental Panel on Climate Change* (New York, NY: Cambridge University Press, 2007), 15. Available online at <http://www.ipcc.ch/pdf/assessment-report/ar4/wg3/ar4-wg3-spm.pdf>. See also UNDP, *Human Development Report 2007/2008* (New York, NY: Palgrave Macmillan, 2007), 49 Available online at <http://hdr.undp.org/en/reports/global/hdr2007-2008/>.

<sup>6</sup> *G8 Hokkaido Toyako Summit Leaders Declaration*, paragraphs 23 and 24 (Hokkaido Toyako, July 8 2008). Available online at [http://www.mofa.go.jp/policy/economy/summit/2008/doc/doc080714\\_en.html](http://www.mofa.go.jp/policy/economy/summit/2008/doc/doc080714_en.html).

<sup>7</sup> South African Ministry of Environmental Affairs and Tourism, “Response by Marthinus van Schalkwyk, South African Minister of Environmental Affairs and Tourism, to the G8 Declaration on Climate Change,” news release, July 8, 2008. Available online at <http://www.info.gov.za/speeches/2008/08070815151001.htm>.

The economic crisis had not yet hit a year ago; it is one of the top issues on this year's agenda. However, in a series of statements since the crisis hit, world leaders have assured their citizens that global warming remains an urgent threat that demands strong action despite the economic downturn.<sup>8</sup> Many countries have also sought to solve the two problems in tandem, by focusing their stimulus dollars on building a clean, low-emissions economy.

## **B. Expectations of the G8 and MEF Leaders' Meetings**

To give political momentum to the countdown to December's UN conference in Copenhagen, the 2009 G8 and MEF Leaders' meetings need to make progress on three major areas: (1) a science-based limit on global warming; (2) adequate mid- and long-term target ranges for industrialized countries' GHG emissions; and (3) financial support for climate action in developing countries.

### **1. A Science-Based Limit on Average Global Warming**

In 2007, G8 leaders meeting in Heiligendamm agreed to "consider seriously the decisions made by the European Union, Canada and Japan which include at least a halving of global emissions by 2050."<sup>9</sup> As noted above, the 2008 G8 declaration achieved agreement on this goal, this time expressed as "achieving at least 50% reduction of global emissions by 2050," but with no base year specified.

It is likely that this year's G8 and MEF will again take up the question of a global limit on GHG emissions and the climate change they cause. In 2009, the leaders could take an important step forward by agreeing on a clear limit on global warming that is aligned with climate science.

Clearly, any effective global target must be ambitious enough to prevent dangerous climate change: this is a responsibility that all G8 countries accepted by ratifying the 1992 UN Framework Convention on Climate Change (UNFCCC).<sup>10</sup> Based on scientific projections of the impacts of climate change, many jurisdictions have concluded that an increase in the global average temperature of 2°C, relative to the pre-industrial level, constitutes dangerous climate change and must be avoided. For example, G8 member states France, Germany, Italy and the United Kingdom recognize the 2°C limit as members of the European Union.<sup>11</sup> Many of the world's leading climate scientists have also endorsed the 2°C limit.<sup>12</sup>

And G8 countries have already discussed the 2°C limit as part of the preparatory process for this year's summit. The Chair's Summary of the April meeting of G8 Environment Ministers notes

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<sup>8</sup> See, for example, paragraphs 27 and 28 of the London G20 communiqué, "Global Plan for Recovery and Reform," April 2, 2009. Available online at <http://www.londonsummit.gov.uk/resources/en/news/15766232/communique-020409>.

<sup>9</sup> *Growth and Responsibility in the World Economy, Summit Declaration (7 June 2007)*, 15. Available online at [http://www.g-8.de/Content/EN/Artikel/\\_g8-summit/anlagen/2007-06-07-gipfeldokument-wirtschaft-eng.templateId=raw,property=publicationFile.pdf/2007-06-07-gipfeldokument-wirtschaft-eng.pdf](http://www.g-8.de/Content/EN/Artikel/_g8-summit/anlagen/2007-06-07-gipfeldokument-wirtschaft-eng.templateId=raw,property=publicationFile.pdf/2007-06-07-gipfeldokument-wirtschaft-eng.pdf).

<sup>10</sup> The "ultimate objective" of the UNFCCC is the "stabilization of greenhouse gas concentrations in the atmosphere at a level that would prevent dangerous anthropogenic [human-caused] interference with the climate system."

<sup>11</sup> Council of the European Union, "2826th Council meeting — Environment," news release, October 30, 2007. Available online at [http://www.consilium.europa.eu/ueDocs/cms\\_Data/docs/pressData/en/envir/96961.pdf](http://www.consilium.europa.eu/ueDocs/cms_Data/docs/pressData/en/envir/96961.pdf).

<sup>12</sup> See the *2007 Bali Climate Declaration by Scientists*, available online at <http://www.crcr.unsw.edu.au/news/2007/Bali.html/>.

that “[s]ome Ministers emphasized the need to limit the average increase temperature to below 2°C”.<sup>13</sup>

In Italy, the G8 and MEF can take an important step forward by **formally adopting the goal of keeping global average temperature increases as far below 2°C as possible, relative to the pre-industrial level.** This would move the G8 decisively beyond the vague, long-term global emissions goal that members agreed to in 2008 to a goal that has real meaning for near-, mid- and long-term emissions.

#### ► **Where Canada Stands on the 2°C Limit:**

Despite advice supportive of a 2°C limit from officials at both Environment Canada and the Department of Foreign Affairs, the Government of Canada has never publicly stated what level of global warming it considers to be “dangerous.”<sup>14</sup> However, in a March 6, 2009 speech in Calgary, Canada’s Environment Minister took a step toward acknowledging the 2°C threshold. Minister Prentice stated:

“beyond temperature increases of 2.5 degrees extreme climate is not only possible, but frankly, based on all of the science that we are seeing, for some of the world’s citizens it will be both probably and catastrophic in its consequences [sic].”<sup>15</sup>

Minister Prentice’s statement is an initial recognition of the consequences of crossing the 2°C threshold. This year’s G8 summit is an important opportunity for Canada to build on this beginning by endorsing a strong and unambiguous 2°C limit for average global warming.

## **2. Emissions Targets Aligned with the 2°C Limit**

The Intergovernmental Panel on Climate Change (IPCC), the world’s most authoritative climate science body, assessed a range of global long-term targets in its 2007 Fourth Assessment Report. The IPCC found that global emissions of carbon dioxide (the most important long-lived GHG) would have to be cut by 50–85% relative to the 2000 level (equivalent to about 43–83% below the 1990 level<sup>16</sup>) by 2050 to have a chance of staying within the 2°C limit.<sup>17</sup> The IPCC also noted that, en route to the 2050 emission reduction, global emissions would have to peak by 2015 and decline thereafter. More recent analysis done for the UN Development Programme

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<sup>13</sup> *Chair’s Summary: Siracusa Environmental Ministerial Meeting, Castello Maniace, Siracusa, 22–24 April, 2009*, 5. Available online at <http://www.g7.utoronto.ca/environment/env090424-summary.pdf>.

<sup>14</sup> Official advice in support of a 2°C limit on global warming was contained in briefing notes obtained by the Pembina Institute through the *Access to Information Act*. These notes are available on request from the author.

<sup>15</sup> From “Speech: Notes for an address by The Honourable Jim Prentice, P.C., Q.C., M.P., Minister of the Environment, To the Institute of Corporate Directors on March 6, 2009”. Available online at <http://www.ec.gc.ca/default.asp?lang=En&n=6F2DE1CA-1&news=62019CBE-CD6C-4282-A9E9-AEE1754E9314>.

<sup>16</sup> Our recalculation of this reduction relative to the 1990 level is based on a 13.3% increase in global CO<sub>2</sub> emissions (including international bunkers but not land-use change and forestry) between 1990 and 2000. This increase was calculated from the Climate Analysis Indicators Tool Version 4.0 (Washington, DC: World Resources Institute, 2007), <http://cait.wri.org>.

<sup>17</sup> Intergovernmental Panel on Climate Change, “Summary for Policymakers,” in Bert Metz et al., eds, *Climate change 2007: Mitigation. Contribution of Working group III to the Fourth Assessment Report of the Intergovernmental Panel on Climate Change* (New York, NY: Cambridge University Press, 2007), 23. Available online at <http://www.ipcc.ch/pdf/assessment-report/ar4/wg3/ar4-wg3-spm.pdf>.

(UNDP) found that global GHG emissions need to be cut by 50% below the 1990 level by 2050, with a peak before 2020, to have only a 50% chance of staying within the 2°C limit.<sup>18</sup>

Thus, if the G8 summit agrees on a the need to stay within the 2°C limit, it follows that leaders would also **adopt a global long-term goal of at least 50% below the 1990 level by 2050, with a peak in global emissions before 2020.**

It is important to note that this goal would represent a target for *global* emissions, not a binding target for any one country's national emissions. By their nature, long-term targets create far less urgency for policy development than near- or mid-term targets. While they are not sufficient on their own, long-term targets are useful in helping countries plan a trajectory toward the deep emission reductions that are needed. Thus, G8 leaders should increase the impact of a 2050 global goal with an endorsement of a mid-term (2020) target range for industrialized countries that represents a fair share of the global emission reduction effort.

A *global* GHG emissions target has implications for both industrialized and developing countries. Under both the UNFCCC and the Kyoto Protocol, industrialized countries agreed to take the lead in reducing emissions, in recognition of their higher per-capita emissions, higher per-capita wealth and share of historical responsibility for global warming. The IPCC's analysis shows that if *global* emissions are to be reduced to at least 50% below the 1990 level by 2050, *industrialized* countries will have to make much deeper emission reductions.

In its 2007 Fourth Assessment Report, the IPCC concluded that industrialized countries need to reduce their GHG emissions by **25–40% below 1990 levels by 2020, and by 80–95% below 1990 by 2050**, to have a chance of avoiding a 2°C temperature increase.<sup>19,20</sup> At the UN climate conference in Bali in December 2007, all the G8 countries except the U.S. agreed that the science-based range of 25–40% below 1990 in 2020 should guide negotiations on future industrialized country targets, although Canada did so under protest.<sup>21</sup>

If G8 countries accept a 2°C limit on global average warming this July in Italy, it follows that they would also accept the long-term and mid-term (2020) national emission target ranges for industrialized countries that the IPCC has identified. Again, this leadership would help to move the UN negotiations forward, and would also represent substantial progress relative to the low bar of the 2008 G8 summit declaration on climate change.

It is important to note that even meeting the 2020 and 2050 industrialized-country target ranges above does not guarantee that the planet will avoid 2°C of global warming. Developing countries will need to reduce the growth in their emissions as well, beginning with a “substantial deviation

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<sup>18</sup> UNDP, *Human Development Report 2007/2008* (New York, NY: Palgrave Macmillan, 2007), 49. Available online at <http://hdr.undp.org/en/reports/global/hdr2007-2008/>.

<sup>19</sup> Sujata Gupta et al., “Policies, Instruments and Co-operative Arrangements,” in Bert Metz et al., eds, *Climate change 2007: Mitigation. Contribution of Working group III to the Fourth Assessment Report of the Intergovernmental Panel on Climate Change* (New York, NY: Cambridge University Press, 2007), 776. Available online at <http://www.ipcc.ch/pdf/assessment-report/ar4/wg3/ar4-wg3-chapter13.pdf>.

<sup>20</sup> The IPCC's analysis applied to stabilization of the atmospheric concentration of GHGs at 450 parts per million of carbon dioxide equivalent. This will be necessary to have a better than 50 percent chance of limiting average global warming to 2°C relative to the pre-industrial level. See Bill Hare and Malte Meinshausen, “How Much Warming are We Committed to and How Much can be Avoided?,” *Climatic Change* 75, nos 1–2 (2006): 111.

<sup>21</sup> UNFCCC Secretariat, *Report of the Ad Hoc Working Group on Further Commitments for Annex I Parties under the Kyoto Protocol on its resumed fourth session, held in Bali from 3 to 15 December 2007* (FCCC/KP/AWG/2007/5), 5. Available online at <http://unfccc.int/resource/docs/2007/awg4/eng/05.pdf>.



from baseline” in some regions by 2020, according to the IPCC.<sup>22</sup> In addition, these calculations are projections that are dependent on assumptions and require continual updating and fine-tuning. Indeed, more recent scientific observations show that some climate indicators are changing near the upper end of the range indicated by the IPCC’s projections or, as in the case of sea level rise, at even greater rates than projected by the IPCC.<sup>23</sup>

### ► **Where Canada Stands on Emissions Targets:**

The Government of Canada has agreed to the need to cut global GHG emissions by at least 50% by 2050,<sup>24</sup> but has never specified a base year for this goal. In the absence of a base year, it is impossible to determine what level of global emissions Canada believes would be acceptable in 2050, and what the consequent level of global warming would be.

In addition, Canada’s current targets for national GHG emissions fall far short of the reductions described in the IPCC’s 2°C scenario. In 2007, the Government of Canada adopted targets of reducing national GHG emissions to 20% below the 2006 level in 2020 (equivalent to **3% below the 1990 level**) and to 60–70% below the 2006 level in 2050 (equivalent to **51–63% below 1990**).<sup>25,26</sup>

At the most recent UN climate talks, held in Bonn in June 2009, Canada’s negotiators again failed to accept the aggregate target range of 25–40% below 1990 in 2020 for industrialized countries, and also rejected a number of even more ambitious scenarios. Instead, Canada proposed an option of “x%,” which is presumably in order to keep the door open to a lower aggregate target than would be consistent with the science.<sup>27</sup>

However, a majority of Canadian MPs have shown support in recent months for more ambitious emission reductions than the government’s targets. This April, the House of Commons voted at second reading on Bill C-311, a private members’ bill known as the *Climate Change Accountability Act*. This bill, tabled by NDP MP Bruce Hyer, would legislate a target for Canada’s emissions of 80% below the 1990 level in 2050, with an initial mid-term target of 25% below 1990 in 2020. A majority of MPs, including all members present from the three opposition parties, voted in support of this legislation and the targets it contains. This second reading vote sent the bill to a House of Commons committee for further study, a process that began in June and is scheduled to continue after the House of Commons’ summer recess, in September.

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<sup>22</sup> Gupta et al.

<sup>23</sup> Katherine Richardson et al., *Synthesis Report from Climate Change: Global Risks, Challenges & Decisions, Copenhagen 2009, 10–12 March* (Copenhagen, Denmark: University of Copenhagen, 2009), 8. Available online at <http://climatecongress.ku.dk/pdf/synthesisreport/>.

<sup>24</sup> See, for example, UNFCCC Secretariat, *Ideas and proposals on the elements contained in paragraph 1 of the Bali Action Plan: Submissions from Parties, Addendum Part I* (FCCC/AWGLCA/2008/Misc.5/Add.2 (Part I)), 109. Available online at <http://unfccc.int/resource/docs/2008/awglca4/eng/misc05a02p01.pdf>.

<sup>25</sup> Government of Canada, *Regulatory Framework for Air Emissions* (Ottawa, ON: Government of Canada, 2007), 4. Available online at [http://www.ec.gc.ca/doc/media/m\\_124/report\\_eng.pdf](http://www.ec.gc.ca/doc/media/m_124/report_eng.pdf).

<sup>26</sup> Our recalculation of these targets relative to the 1990 level is based on a 21% increase in Canada’s emissions between 1990 and 2006. See Environment Canada, *National Inventory Report: Greenhouse Gas Sources and Sinks in Canada 1990–2007* (Ottawa, ON: Environment Canada, 2009), 14. Available online at [http://unfccc.int/national\\_reports/annex\\_i\\_ghg\\_inventories/national\\_inventories\\_submissions/items/4771.php](http://unfccc.int/national_reports/annex_i_ghg_inventories/national_inventories_submissions/items/4771.php).

<sup>27</sup> UNFCCC Secretariat, *Views on possible elements for amendments to the Kyoto Protocol pursuant to its Article 3, paragraph 9: Submissions from Parties* (FCCC/KP/AWG/2009/MISC.7), 6. Available online at <http://unfccc.int/resource/docs/2009/awg7/eng/misc07.pdf>.

### 3, Financing for Climate Action in Developing Countries

National targets to cut GHG emissions are easily the best-known aspect of the UN climate framework. But they're just one of the "building blocks" needed for a successful outcome in Copenhagen. Another crucial piece of the puzzle is financial support for climate action in developing countries. It is clear that there will not be an agreement in Copenhagen without meaningful progress on the question of financing, and G8 countries are well-placed to show leadership on this issue in Italy.

Developed countries first accepted an obligation to provide financial support for climate action in poorer countries over 15 years ago. The 1992 UNFCCC creates an obligation on the world's richest countries to provide financial support to developing countries both to help them reduce their GHG emissions and adapt to climate change.

Examples of adaptation expenses include building infrastructure strong enough to withstand more violent storms; training farmers in new techniques to deal with drought; and investing in malaria prevention in new regions as the disease spreads. Financing for emission reductions would, for example, cover the extra cost a country would incur to power homes with electricity generated from wind energy instead of coal. These investments are urgently needed to protect some of the world's most vulnerable people from the consequences of a problem they did little to create.

Although it's not possible to reach a precise assessment of the public funding required, a range of estimates shows that it will run into the tens or even hundreds of billions of dollars per year. The Climate Action Network International has concluded that at least US\$150B will be needed annually by 2020.<sup>28</sup> No matter which estimate one chooses, an indisputable conclusion is that far more finance is needed than is currently being provided. For example, the public finance currently devoted to climate adaptation globally, both from bilateral and multilateral sources, is at most \$4.4B/year<sup>29</sup> — less than one-third of the lowest estimate of what developing countries need for adaptation, and 26 times less than what the UNDP says is needed annually by 2015.<sup>30</sup> These assessments of climate financing needs are over and above the official development assistance (ODA) that developing countries require for poverty reduction.

Under the UN negotiation process, numerous countries have already put forward plans to generate, manage and disburse climate financing. Some of these proposals feature "innovative" fundraising mechanisms, such as a levy on airline emissions, that would generate funds without countries having to make annual budget decisions about whether to contribute again. Unconventional means of raising funds offer significant promise in generating the finance required to tackle climate change. What is needed now is for leaders from the world's richest countries to step forward and support an effective mechanism to generate an adequate level of funds, coupled with a fair means of governing and disbursing them.

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<sup>28</sup> Climate Action Network International, CAN Finance Position Paper: Scale and Sources of Support for Developing Country Adaptation, Mitigation, and Capacity Building (Bonn, Germany: Climate Action Network International, 2009), 2. Available online at [http://climatenetwork.org/climate-change-basics/by-meeting/bonn-ii-june-2009/CANfinance\\_position-scale\\_and\\_sourcesFinal7June2009.pdf](http://climatenetwork.org/climate-change-basics/by-meeting/bonn-ii-june-2009/CANfinance_position-scale_and_sourcesFinal7June2009.pdf).

<sup>29</sup> Unless otherwise indicated, dollar symbols in this background refer to Canadian dollars.

<sup>30</sup> Clare Demerse, *Our Fair Share: Canada's Role in Supporting Global Climate Solutions* (Drayton Valley, AB: The Pembina Institute, 2009), 11, 37 (Appendix D). Available online at <http://climate.pembina.org/pub/1815>.

In a June 2009 speech, UK Prime Minister Gordon Brown began to do just that, indicating that around US\$100B per year in climate financing will be required by 2020. Prime Minister Brown supports raising these funds, starting in 2013, partly through innovative financing mechanisms that would be additional to ODA, including auctioning developed countries' emission allowances and bringing emissions from international aviation and maritime emissions into the carbon market. (It is important to note that his US\$100B total includes both public and private funding, and does not specify what fraction he expects to be provided through public dollars.) Prime Minister Brown also noted that “[d]eveloping countries need a stronger voice” in governing these funds, and that the current institutional arrangements for climate finance are “complicated, slow and outdated.”<sup>31</sup>

Although there are a few areas where the speech could be even stronger, Prime Minister Brown's statement illustrates the kind of leadership needed from other G8 countries in order to build the goodwill and trust needed for a successful outcome in Copenhagen. A strong G8 declaration in Italy should include **G8 commitments to a massive scaleup in public financing for climate action in developing countries starting in 2013, along with an indication of the mechanisms and governance structures needed to generate and disburse the funds.**

While a full-fledged financing mechanism will be a critical ingredient for a strong Copenhagen agreement, some of the world's poorest countries have adaptation needs that cannot wait until 2013. The UNFCCC's Least Developed Countries Fund is intended to fill that gap by providing support for top-priority, near term adaptation needs in the world's least developed countries (LDCs). Canada was the first country in the world to contribute to this fund, donating \$10M in 2001. To date, the fund has helped 48 countries to prepare action plans that itemize their most urgent adaptation needs. The fund is now looking for pledges totaling US\$500M to implement these plans, which are known as “national adaptation plans of action” (NAPAs).<sup>32</sup> However, the demand far exceeds the US\$500M that the fund is seeking, as the LDCs themselves have identified over US\$1.5B in urgent adaptation needs through their NAPAs.<sup>33</sup> Along with other members of the UNFCCC's “Annex II” (the list of developed countries), G8 countries should commit in Italy to **fully fund the near-term adaptation needs that LDCs have identified. Assuming a total funding need of US\$1.5B, Canada's fair share of the total would be over \$80M.**<sup>34</sup>

#### ► **Where Canada Stands on Climate Financing:**

Canada has contributed just over \$240M to climate adaptation since 2000, mainly through its international development agency, CIDA.<sup>35</sup> The most recent commitment of funding, made in 2008, was of \$85M in 2008 to the World Bank's Pilot Program for Climate Resilience,<sup>36</sup> which

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<sup>31</sup> From “Prime Minister's Roadmap to Copenhagen Speech” (London, 26 June 2009). Available online at <http://www.number10.gov.uk/Page19813>.

<sup>32</sup> Global Environment Facility, “The Least Developed Countries Fund (LDCF),” fact sheet (Washington, D.C.: Global Environment Facility, 2008), 1. Available online at [http://www.gefweb.org/uploadedfiles/LDCF/LDCF\\_insert\\_LDCF.pdf](http://www.gefweb.org/uploadedfiles/LDCF/LDCF_insert_LDCF.pdf).

<sup>33</sup> UNFCCC Secretariat, *Investment and Financial Flows to Address Climate Change: An Update — Technical Paper* (FCCC/TP/2008/7), 25. Available online at <http://unfccc.int/resource/docs/2008/tp/07.pdf>.

<sup>34</sup> Demerse, 30.

<sup>35</sup> Department of Foreign Affairs and International Trade briefing note entitled “International Adaptation” (Ottawa, ON: Government of Canada, undated). The Pembina Institute obtained this briefing note through an Access to Information request.

<sup>36</sup> Ibid.



will support countries in integrating climate risk into development. Although these contributions are counted as ODA (instead of additional to ODA) and represent a small fraction of the need, this track record is nonetheless a foundation that can be built on this summer in Italy and beyond.

In May 2009, Canada and the EU signed a summit declaration that included a section on international financing for climate action. There, Prime Minister Harper committed that Canada will provide its “fair share” of “adequate, predictable and timely financial support for implementation of a Copenhagen agreement.”<sup>37</sup>

This is a welcome commitment, and the next step for Canada is to publicly identify an adequate range for the total need (as UK Prime Minister Brown has started to do) and to determine its share of that overall need. The Pembina Institute has analyzed Canada’s share under a range of formulas that assess countries’ responsibility for financing, and found an indicative “average assessed contribution” for Canada of 3.4 per cent of the global effort. Multiplying this indicator by both low and higher estimates of the public finance needed for emission reductions and adaptation to climate change produces a range for Canada’s financial contribution of **\$2.2B to \$5.7B per year, with the midpoint of that range being \$4.0B/year.**<sup>38</sup>

This is only a preliminary assessment intended to provide the order of magnitude of Canada’s fair share of climate financing, but it does allow us to draw some comparisons:

- The low-end estimate (\$2.2B/year) is less than the \$2.7B that Canada spent on loans to bail out the auto sector in 2009.<sup>39</sup>
- The average estimate (\$4.0B/year) is less than the government’s 1 per cent cut to the GST in the 2006 budget, which costs \$5.2B/year.<sup>40</sup>

As noted above, a “fair share” analysis of the near-term funding for adaptation finds that Canada would be responsible for at least \$80M, based on a total need of US\$1.5B. This funding is needed over and above the government’s recent commitment to the World Bank’s climate funds, which have a different mandate than the UN’s Least Developed Countries Fund. It is also worth noting that the World Bank’s Climate Investment Funds (which includes the pilot program Canada contributed to) have a sunset clause “in order not to prejudice UNFCCC deliberations regarding the future of the climate regime” — so Canada’s recent \$85M pledge (see above) is not intended for the post-2012 years.<sup>41</sup> In addition, the UN process is widely viewed as being more equitable than the World Bank; many NGOs also question the World Bank’s track record of investment, citing a perceived preference for fossil fuel investments over renewable energy and energy efficiency technologies.

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<sup>37</sup> Department of Foreign Affairs and International Trade, *Canada–EU Summit Declaration, May 6, 2009*. Available online at [http://www.dfait-maeci.gc.ca/missions/eu-ue/summits\\_sommets/summit\\_prague-2009\\_joint-declaration-eng.asp](http://www.dfait-maeci.gc.ca/missions/eu-ue/summits_sommets/summit_prague-2009_joint-declaration-eng.asp).

<sup>38</sup> Demerse, 31–32.

<sup>39</sup> Department of Finance Canada, *Canada’s Economic Action Plan: Budget 2009* (Ottawa, ON: Department of Finance Canada, 2009), 30 (Table 1.2). Available online at <http://www.budget.gc.ca/2009/pdf/budget-planbudgetaire-eng.pdf>.

<sup>40</sup> Department of Finance Canada, *The Budget Plan 2006: Focusing on Priorities* (Ottawa, ON: Department of Finance Canada, 2006), 23 (Table 1.2). Available online at <http://www.fin.gc.ca/budget06/pdf/bp2006e.pdf>.

<sup>41</sup> World Bank Group, “Donors Pledge Over \$6.1 Billion to Climate Investment Funds,” news release, September 26, 2008. Available online at <http://web.worldbank.org/WBSITE/EXTERNAL/NEWS/0,,contentMDK:21916602~pagePK:34370~piPK:34424~theSitePK:4607,00.html>.

## C. Canada's Role as Host of the 2010 G8 Summit

The G8 presidency rotates between the group's members, and it will be Canada's turn to act as host in 2010. This puts added pressure on Canada to show leadership and vision in moving other countries to a consensus. Unfortunately, the Government of Canada has consistently placed itself among the laggards — not the leaders — in the global effort to tackle climate change.

A recent reminder of this comes from a briefing note prepared by the Government of France in early June, entitled “Memorandum: Possible Outline of a Fair and Ambitious Agreement in Copenhagen.” This note states that developed countries should adopt an aggregate target of a 30% reduction in emissions, relative to 1990, by 2020. France notes that the EU has already made this commitment (in a conditional manner), and offers in the 25–40% range have also been made or are being examined by Australia, Norway and Switzerland. However, the note states that “proposals by some others, including Canada and the U.S., do not appear to be equal to the required effort level” and that it is “necessary for Canada and the U.S. to take on commitments that are which are at least on par with the EU's, compared with the 1990 level.”<sup>42</sup> Indeed, as noted above, Canada's current GHG target for 2020 is equivalent to just 3% below the 1990 level.

France's concern about the U.S. mid-term target level is likely based on an assumption that the U.S. will adopt a target of returning emissions to the 1990 level (i.e., 0% below 1990) in 2020, as this is the level that President Obama campaigned on in 2008.<sup>43</sup> However, recent analysis of the *American Clean Energy and Security Act (ACESA)* of 2009, a bill passed by the U.S. House of Representatives in June, indicates that the provisions of this bill would lower net U.S. emissions to 17–23% below 1990 in 2020, once complementary domestic measures and reductions in deforestation in tropical countries financed by the bill are included.<sup>44</sup> The current U.S. Senate has not yet debated a cap and trade bill, and the fate of the proposals in the ACESA is not yet clear. However, it is already obvious that U.S. lawmakers have opted to make global warming and clean energy top legislative priorities.

This emphasis was also evident in the U.S. stimulus package of February 2009. A Pembina Institute comparison of the U.S. and Canadian economic stimulus packages in 2009 found that the U.S. out-spent Canada, per capita, by a factor of 6:1 on renewable energy, energy efficiency, and public transit — the top priority areas for reducing GHG emissions. When renewable energy alone is compared, the U.S. out-spent Canada by a factor of 14:1 in per capita terms.<sup>45</sup>

In the past, it has perhaps been possible for a go-slow Canadian government to “hide” behind the even slower approach of the Bush Administration. Faced with a new level of U.S. leadership on climate change, this “cover” is no longer available to Canada. The 2010 G8 summit will likely be

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<sup>42</sup> French briefing note entitled “Memorandum: Possible Outline of a Fair and Ambitious Agreement in Copenhagen” (June 3, 2009), 5. Obtained by the Pembina Institute from NGO colleagues; copies are available upon request to the author.

<sup>43</sup> *Barack Obama: Promoting a Healthy Environment*, 1. Available online at <http://www.barackobama.com/pdf/issues/EnvironmentFactSheet.pdf>.

<sup>44</sup> John Larsen and Robert Heilmayr, *Emission Reductions under Cap and Trade Proposals Under the 111<sup>th</sup> Congress* (Washington, DC: World Resources Institute, 2009), 3. Available online at [http://pdf.wri.org/usclimatetargets\\_2009-06-25.pdf](http://pdf.wri.org/usclimatetargets_2009-06-25.pdf).

<sup>45</sup> Tim Weis, *Obama to invest over six times more per capita in renewable energy and energy efficiency than Canada* (Drayton Valley, AB: The Pembina Institute, 2009). Available online at <http://climate.pembina.org/pub/1786>.

the first major heads of state/heads of government meeting after the adoption of a Copenhagen deal in December, and this makes it a critical opportunity for G8 governments to turn from negotiation to implementation. If Canada, as the summit's host, does not have a track record of constructive commitments and actions to show the world, we risk undermining that process.

## Conclusion

In recent weeks, both Prime Minister Harper and Environment Minister Prentice have spoken about their ambitions for Canada on the world stage. Stephen Harper hopes to use the 2010 G8 summit to “move the agenda forward” on climate change, when he plans to “insist on truly global action against global warming” and expand “secure and affordable global supplies of clean energy.”<sup>46</sup> Meanwhile, Jim Prentice stated that, in 2009, Canada “will be leading the world in terms of being a responsible party in reducing greenhouse gases.”<sup>47</sup>

Right now, Canada is a laggard among its G8 and MEF peers. At present, Canada offers the world GHG targets that fall short of the science and no federal regulations on industrial emissions, with none expected to be in force until 2011 at the earliest.<sup>48</sup> Canada has also yet to make meaningful commitments about the scale of climate financing needed and our role in fulfilling those commitments. Moving from our current position to “leading the world” in just a few months will be — to say the least — a difficult task, but it's a necessary and urgent one. Canada's G8 and MEF peers would surely welcome the start of a new and more constructive Canadian engagement in this year's critical G8 and UN climate negotiations.

This is exactly what Canadians want as well. Polling conducted in November 2008 found:

- 83% of Canadians agree with the statement that “Canada should commit to strong action on global warming without waiting for other countries”
- 68% agree that “the world's richest countries, including Canada, should provide sufficient financial aid to allow developing countries to cope with global warming” and
- 78% agree that “Canada's global warming targets should be based on what leading scientists say is needed to avoid serious harm to people and the environment, even if meeting those targets entails some cost to the economy.”<sup>49</sup>

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<sup>46</sup> G8 Research Group, *G8: From La Maddalena to L'Aquila* (Toronto: University of Toronto, 2009), 18. Available online at <http://www.g8.utoronto.ca/scholar/G8-2009.pdf>.

<sup>47</sup> From “Speech: Notes for an Address by the Honourable Jim Prentice, P.C., Q.C., M.P., Minister of the Environment, on Canada's climate change plan” (June 4, 2009). Available online at <http://www.ec.gc.ca/default.asp?lang=En&n=6F2DE1CA-1&news=400A4566-DA85-4A0C-B9F4-BABE2DF555C7>.

<sup>48</sup> Ibid.

<sup>49</sup> The Pembina Institute et al., “Poll: Canadians Want Action on Global Warming Despite Economic Downturn,” news release, December 2, 2008. Available online at <http://climate.pembina.org/media-release/1736>.

## Appendix A: Key Questions on Climate Change Commitments at the July 2009 G8 and MEF Leaders' Meetings

### A science-based limit on global warming:

1. Does the declaration contain a clear reference to keeping average global warming as far below 2°C as possible, relative to the pre-industrial level?

### Emissions targets:

1. Does the declaration contain an adequate goal for *global* reductions of GHG emissions (relative to a clear base year) aligned with the 2°C limit?
  - At least a 50% reduction below 1990 by 2050.
  - Peak in global emissions before 2020.
2. Does the declaration build on that commitment by including the long-term and mid-term GHG emissions target ranges *for industrialized countries* that the IPCC has outlined as being consistent with a 2°C limit on global warming?
  - At least 80% below 1990 in 2050.
  - 25–40% below 1990 in 2020.

### Climate Financing:

1. Does the declaration commit to an adequate estimate of the financing needed for climate action (reducing emissions and adapting to climate change) in developing countries?
  - At least US\$100B/year by 2020, starting in 2013.
2. Does the declaration clearly state that new and additional *public* dollars will be needed, in addition to private sources of funding such as carbon markets?
3. Are G8 countries committing adequate funding for near-term adaptation to climate change in the world's Least Developed Countries through the UNFCCC's Least Developed Countries Fund?
  - At least US\$1.5B, immediately.