

OUR FAIR SHARE

Countdown to
Copenhagen

FACT SHEET

Canada's Role in Supporting Global Climate Solutions

Building Block for a New Global Deal:

Financial contributions from countries like Canada needed for a successful outcome at the UN climate negotiations

2009 is a critical year in the fight against global warming. December 18, 2009 is the deadline countries have set to agree on a new global climate deal that would complete a two-year negotiation process launched in 2007. The Danish capital of Copenhagen will host the final two weeks of negotiations, and the agreement reached there will kick in once the first phase of the Kyoto Protocol ends in 2012.

To understand what's at stake in Copenhagen, picture the atmosphere as a bathtub with the taps turned on. Like the water filling the bathtub, greenhouse gas (GHG) emissions don't just drain away: they can persist for anywhere between decades and thousands of years after they're released. Over the past 200 years, we've filled the bathtub almost to the top, and most of the "water" came from the world's developed countries.

The negotiations on reducing GHG emissions are about how to divide up the last few inches of bathtub space between the nations of the world. But that's only one of the "building blocks" that countries agreed in 2007 would form the foundation of the next climate deal. This fact sheet focuses on financing, another critical element needed for success in Copenhagen.

Developed countries first accepted an obligation to provide financial support for climate action in poorer countries over 15 years ago. The 1992 UN Framework Convention on Climate Change (UNFCCC), the international treaty that is the basis for the climate negotiations, creates an obligation on the world's richest countries to provide financial support to developing countries for GHG reporting, emission reductions ("mitigation"), technology transfer, adaptation, research, and other activities.

The fulfillment of this longstanding obligation has now become a top priority, and it will certainly form a central part of the next climate deal. It is clear that there will not be an agreement in Copenhagen without meaningful progress on the question of financing.

Adapting to a Problem They Did Little to Create



Flickr, mknobli

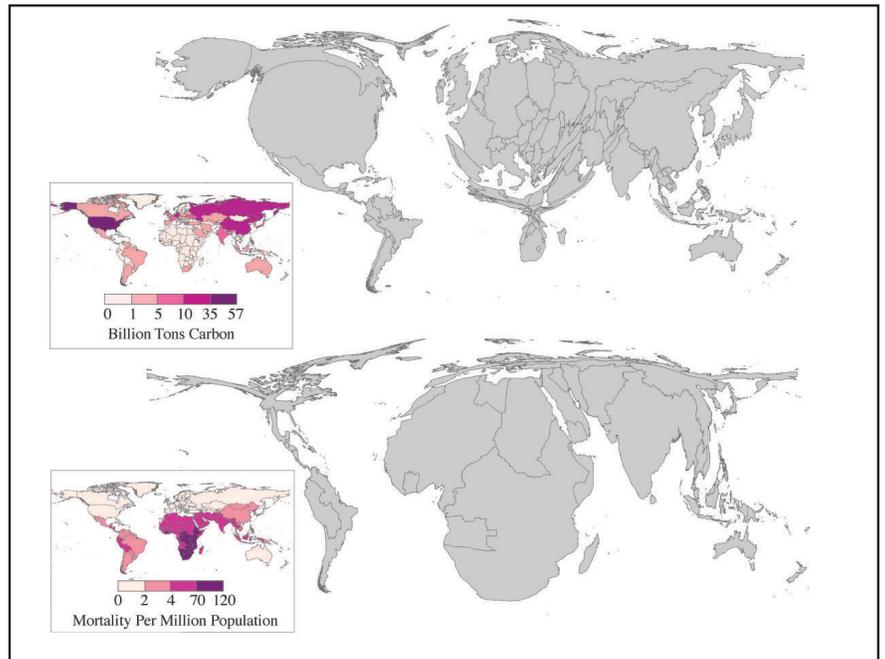
Climate change is already happening, and more of it is inevitable. Even if we could somehow stop all new emissions today, the planet is already “locked in” to roughly double the warming we’ve seen to date from the GHG pollution that’s already in the atmosphere. No matter how successful we are in cutting emissions from now on, we also need to protect people from the damage we’ve already done.

The consequences of unchecked climate change would be catastrophic for some of the world’s poorest people. For example, projections of future climate impacts in Africa from the Nobel Prize-winning Intergovernmental Panel on Climate Change include:

- “By 2020, between 75 million and 250 million people are projected to be exposed to increased water stress due to climate change.”
- “In some countries, yields from rain-fed agriculture could be reduced by up to 50% by 2020.” (In sub-Saharan Africa, 90% of agriculture is “rain-fed,” meaning that it does not use irrigation.)

Examples of adaptation include building infrastructure strong enough to withstand more violent storms, training farmers in techniques to deal with drought, and investing in malaria prevention in new regions as the disease spreads.

Strengthening public health care systems in developing countries is a fundamental part of climate adaptation. Research shows that women are particularly vulnerable to the impacts of global warming.



The world’s poorest people have contributed little to global GHG emissions, but are the most vulnerable to the impacts of climate change. The top part of this map shows the world’s countries scaled according to their cumulative CO₂ emissions to 2002. The bottom part shows countries scaled according to the World Health Organization’s estimates of per capita mortality from climate change in 2000.

Source: Climate Change and Global Health: Quantifying a Growing Ethical Crisis. Ecohealth, Vol. 4 (2007) with kind permission from Springer Science and Business Media

Financing Q and A

We’re in an economic downturn. How can we afford new financial commitments?

The Copenhagen negotiations are about the years after 2012, when the first Kyoto Protocol commitment period ends. As the UNFCCC noted in November 2008, “in relation to the long-term nature of climate change and the action required to address it, the financial and economic crises are short-term issues.” In fact, the economic crisis has helped make the case for climate financing, by demonstrating that governments are capable of mobilizing large amounts of finance very quickly in response to a significant threat.

China has a space program and a massive economy. Why do they need any support?

Thanks to its high per capita emissions, Canada has made a significant contribution to the GHG pollution that’s causing climate change. Under the UNFCCC, and because of the polluter pays principle, we have an obligation to help developing countries cope with the consequences of our actions. Despite its rapid industrialization, China’s per-capita GHG emissions were four times lower than Canada’s in 2005; China’s per-capita GDP in 2007 was seven times lower than Canada’s. China is already taking action to unilaterally reduce its emissions, but it could do more with support from richer countries. Finally, Canada’s international development agency (CIDA) funds programs in China, including C\$37M to governance and environmental activities in 2006–07. CIDA notes that this investment is “of strategic importance to Canada” and “a tangible expression of Canadian values.”

People in developing countries are often more vulnerable to climate disasters because of higher rates of poverty, lack of “climate-defence” infrastructure and lack of access to insurance.



Flickr, aokettun

Johanne Whitmore

The UNFCCC estimates that US\$7B per year will be needed for climate adaptation in agriculture, forestry, and fisheries in developing countries by 2030.

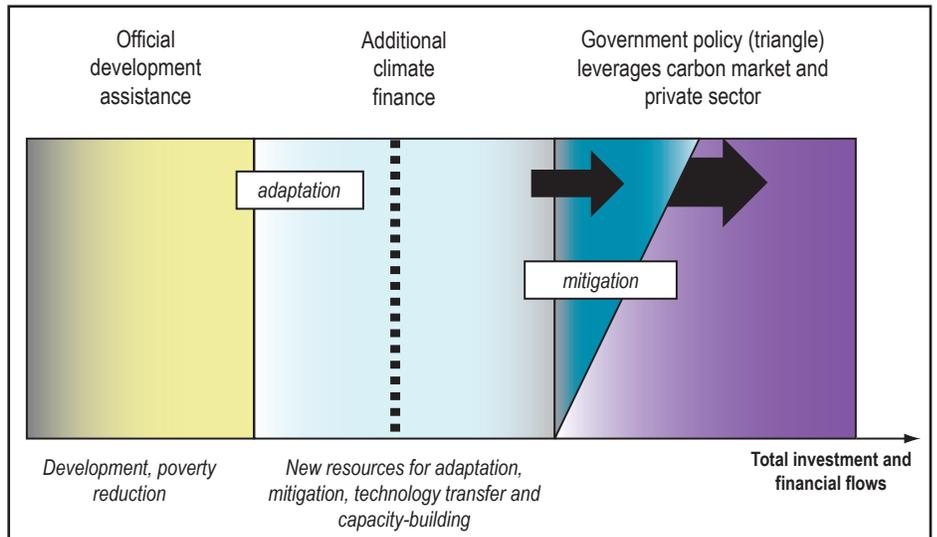
Over and Above: New Money Needed

One of the most important concepts in thinking about finance is “additionality,” which means determining whether a financial contribution is really “new money.” It’s an important question because some adaptation activities are very similar to the kind of initiatives that governments fund through official development assistance (ODA).

Development assistance is needed to reduce poverty in impoverished countries. If governments announce “new” climate funding that is actually re-labelled ODA, the result is that funding falls short of what’s been promised, because a gain on one side of the equation is paid for by a loss on the other. This practice of “robbing Peter to pay Paul” is also ruled out by the UNFCCC and the 2007 Bali Action Plan, which specify that climate finance must be “new and additional.” That’s not to say that ODA and climate financing are not complementary; the two kinds of support re-enforce and strengthen each other as long as one does not *replace* the other.

The Adaptation Finance Chasm

Several organizations have produced estimates of the annual cost of adaptation. They range from a low of about C\$15B from the World Bank to over C\$116B in 2015 from the UN Development Programme. The size of the estimate depends mainly on how broadly you define adaptation. But no matter which estimate you choose, one indisputable conclusion is that far more funding is needed than is currently available — a gap that the Government of Switzerland has called a “financing chasm.” The finance currently devoted to climate adaptation is just over C\$4B/year, which is less than one-third of the lowest estimate. Countries need to step up in Copenhagen to close this massive financing gap.



Sources of financing in developing countries.



Renewable energy technology, like the solar streetlight shown here, is an important way to reduce GHG emissions from fossil fuel use.

Innovative Finance

Non-traditional means of raising funds offer significant promise in generating the finance required to tackle climate change. Although the term is flexible, “innovative finance” is often used to mean financing that doesn’t come from governments’ annual budgets. An example would be a carbon tax on the aviation fuel used in international flights. This has the advantage of reducing “competition” with aid dollars, because it is generated in a different way that is additional to current ODA funding. This model of finance is already used by the International Drug Purchase Facility. Known as UNITAID, this 2006 UN initiative to improve access to treatment for HIV/AIDS, malaria and tuberculosis in developing countries generates its budget primarily through a “solidarity levy” on airplane tickets.

Summary of Recommendations

Canada has a long way to go on climate financing. Despite successful forays into support for adaptation (using ODA funding) in the past, Canada has not yet recognized the scale of resources needed to confront dangerous climate change or accepted the part that we must play in securing those resources for some of the world’s most vulnerable people.

Canada is the world’s 8th largest emitter of GHG pollution and has the world’s 13th largest economy. This means we have both the responsibility and the capacity to support climate action in developing countries. Although it’s not possible to know exactly how much financing will be needed for mitigation and adaptation in developing countries, the available estimates indicate a need in the range of tens, even hundreds, of billions of dollars per year.

Canada now has a narrow window of opportunity to contribute to a successful outcome in Copenhagen. The UN climate negotiations resume in June, and G8 leaders will meet in July at a summit where climate change is expected to feature prominently on the agenda. In advance of those meetings, Canada should:

- Acknowledge that the scale of public contribution needed runs into the tens of billions of dollars per year.
- Commit to providing Canada’s fair share of that need. Formulas that assess countries’ responsibility for financing show that a fair contribution from Canada is approximately 3 to 4% of the global total. Multiplying that percentage by indicative estimates of the public finance needed for climate action in developing countries produces an estimated range for Canada’s “fair share” financial contribution of C\$2.2B to C\$5.7B per year.
- As a “downpayment” on the Copenhagen agreement, fund our fair share of the most urgent adaptation needs identified by Least Developed Countries, which total over US\$1.5B. Canada’s fair share of that total is at least C\$80M.

Want More Information?

For more information and a complete list of recommendations, download our full report ***Our Fair Share: Canada’s Role in Supporting Global Climate Solutions*** from <http://climate.pembina.org/>. This report was written by Clare Demerse of the Pembina Institute (www.pembina.org). Clare is a 2008–09 Gordon Foundation Global Fellow and prepared this report with the support of the fellowship program.

