

- **Environmental stresses and pressure on the global commons.** Environmental degradation and unsustainable use of natural resources disproportionately affect the world's poorest populations, often because these groups are most directly dependent on their natural environment for daily survival. In turn, poverty contributes to environmental degradation, creating a vicious circle.

Despite the fact that they are the least responsible for initiating the threat of human-induced climate change, the poor are among those most likely to be directly and immediately affected by it. Desertification and drought, especially in Africa, have an impact on health, nutrition and agriculture, and can drive human displacement and migration. Loss of biological diversity can mean a loss of immediate livelihoods and future opportunity. Addressing these challenges through sustainable natural-resource management and the better valuation of ecosystems into decision making can reduce poverty and achieve the MDGs.

Many key environmental issues are global in nature. How well we manage the world's natural environment (including the world's biodiversity, oceans, and forests) and address climate change will influence the quality of life in Canada as well as our economic prospects.

ADDRESSING THE DEVELOPMENT CHALLENGE

A global partnership for development. Globalization has made clear that we cannot ignore the deep-rooted poverty experienced in the developing world. Recognizing this reality, the international community has united around the common development objective of poverty reduction and has come to a better understanding of the policies and practices required to achieve this objective. This begins with an appreciation that poverty reduction, if it is to be sustainable, cannot be defined solely in terms of income levels. It also encompasses inadequate and unequal social development.

The international community has set 2015, just 10 years from now, as the target for achieving the MDGs. Yet without a more concerted effort on the part of both developing and developed countries, the prospects for

achieving the MDGs are not good. Faster progress requires donors and developing countries to reshape their policies and fully embrace the partnership established at the 2002 International Conference on Financing for Development in Monterrey, Mexico.

Under the Monterrey Consensus, developing countries committed to lead and take ownership of their development policies. This includes ensuring that governance structures support the achievement of poverty reduction, by empowering citizens to guide and share in the development process. It also includes creating a better environment for the private sector development essential to generate resources for social development. Donors, for their part, undertook to support developing countries that commit to poverty reduction and put in place sound policies. Donors have also taken responsibility to enhance the volume and predictability of their official development assistance (ODA), harmonize their efforts, and bring greater coherence to their policies beyond the field of aid that affect the prospects of developing countries.

An integrated national approach to development. Canada's overall development cooperation effort includes many actors and instruments to respond to development needs; and it calls on our country's capacities well beyond the field of aid.

Canada has taken significant steps to use non-aid instruments in support of development cooperation goals. Examples include provision of debt relief, the lowering of tariffs to improve developing-country access to Canadian markets and the *Jean Chrétien Pledge to Africa Act* which allows developing countries to access affordable medicine, helping them in the struggle against HIV/AIDS and other infectious diseases.

The Canadian International Development Agency (CIDA) is the Government's lead agency for development assistance. The International Development Research Centre (IDRC) plays a leading role in supporting research capacities in developing countries. But this undertaking goes far beyond the work of these two agencies. Substantial shares of the Government's spending on international assistance are managed by the Department of Finance and by Foreign Affairs Canada; the Department of Finance plays a leading role in Canada's international efforts to alleviate developing countries' unsustainable