

A MORE STRATEGIC FOCUS

Mechanism. Canada is committed to capacity building and exploring opportunities that support efforts by least developed countries that offer both mitigation and adaptation benefits, including sustainable agriculture and forestry, watershed management and bioenergy systems.

- **Addressing land degradation.** Land degradation is a cross-boundary challenge that threatens the basic livelihoods of vulnerable rural populations, undermines large-scale ecosystems, is exacerbated by global climate change and is frequently a root cause of societal conflict. Many of the most severe impacts of land degradation are manifested in Africa and upon those whose very subsistence is dependent upon the land. Land degradation can also impact general biodiversity by undermining ecosystem integrity and reducing habitat. Canada will support sustainable land and natural resource management through both bilateral and multilateral activities. These efforts could include, for example, support for drought-resistant crops and cultivation techniques and promoting practices and policies to sustainably manage biological diversity.
- **Assisting freshwater supply and sanitation.** Protecting water supply, including through ecosystem-based approaches to watershed management, is fundamental to providing access to safe water and maintaining a healthy population. To this end, Canada will use development assistance mechanisms to promote an integrated water resource management approach through bilateral and multilateral activities, with a focus on water and sanitation needs in low-income countries.
- **Addressing environmental impacts of urbanization.** Canada will host the World Urban Forum in 2006. Urban development often puts stress on water and air quality, waste processing and many other qualities of the ambient environment that contribute to human well-being, and this degradation is particularly threatening to vulnerable groups such as poor people. Canada will work to help address water and sanitation and air-quality needs of urban areas in low-income countries. These will include, for example, efforts to reduce the impacts of indoor air pollution from cooking fuels, which can have negative health effects, particularly on women and children.
- **Promoting global environmental agreements.** Canada will continue to work with developing countries and donor partners as well as through multilateral institutions (such as the Global Environment Facility) and global agreements such as the United Nations Convention to Combat Desertification, the United Nations

MECHANISMS ADDRESSING CLIMATE CHANGE IN DEVELOPING COUNTRIES

The Clean Development Mechanism (CDM) is a Kyoto Protocol mechanism that promotes greenhouse-gas emissions reduction by directing new sources of green investment to developing countries. Properly designed and implemented, the CDM will offer developed countries access to more cost-effective reduction measures while developing countries can further their national sustainable development and poverty reduction objectives. The Canada Emissions Reduction and Incentives Agency (commonly referred to as the Climate/Clean Fund) established in Budget 2005 will be a source of funding for purchasing internationally tradable emission reduction credits coming from CDM projects in developing countries that will help Canada reach its Kyoto target and contribute to the development priorities in the South. Canada will position itself as a leader in developing clean technologies that could eventually be transferred to developing countries.

Canada will continue to work very closely with developing countries, to overcome these barriers through the renewal of Canada's Climate Change Development Fund (CCCDF). The CCCDF provides support to developing countries in four program areas: core capacity building for CDM participation, emission reduction, carbon sequestration, and adaptation. We will also work with developing countries in determining how we could more effectively improve components of the CDM. Canada is also committed to working with other multilateral financing agencies, including the World Bank's portfolio of Carbon Funds, to help leverage additional private sector investments. Our capacity building efforts will help to increase foreign direct investments from private sources.