

**STATEMENT OF THE ASIAN DEVELOPMENT BANK
at the Tenth Conference of the Parties to the UNFCCC
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1. Asia's economic transformation and rapid growth has made a substantial impact on poverty in the region. In 1990, almost one-third of Asia's population survived on less than one dollar a day. Today, this proportion has dropped to just over one-fifth.
2. However, along with this growth has come the emergence of serious challenges to the environment. The "grow now, clean up later" approaches of the past have left a legacy of water contamination, soil degradation and air pollution – a legacy which, if not halted or even reversed, will dampen further economic growth and stifle the international community's efforts to achieve poverty reduction under the *Millennium Development Goals*.
3. The importance of putting Asia and the Pacific on a sustainable course cannot be overstated. In the coming decades, Asia will experience an unprecedented growth in energy demand and exponential increase in car ownership. The potential environmental impact of this development cannot be ignored. Local and regional consequences from sustained global warming will severely impact the poor, who have limited means to adapt.
4. To minimize the impact of development on climate change and the environment, developing countries and aid organizations must ensure that these issues are well integrated in their strategies and addressed in the programs. ADB, on its part, has been helping its developing member countries to develop their capacity, to address the issue of climate change through its programs on renewable energy, energy efficiency, sustainable agriculture, and forestry.
5. In the carbon market, ADB is one of the few institutions today that provides base financing to enable projects that would reduce greenhouse gas (GHG) emissions from business-as-usual trends. Further, we established the CDM Facility in 2003 to assist our developing member countries and its project developers overcome CDM-specific barriers. Through the Facility we provide capacity building and shoulder the up-front cost of CDM due-diligence and regulatory requirements, until a carbon transaction is successful.

6. Asia has become the hot spot for potential CDM projects in the past two years, and potential for GHG mitigation projects among our developing member countries looks very promising. We need to continue building upon the momentum to help bridge the needs of both Annex I and non-Annex I countries.
7. With discussions underway on the follow-up to the Kyoto protocol, we see an opportunity for the air quality movement in Asia to benefit from the growing attention to climate change. In many cases, GHGs and local air pollutants have common drivers, such as motorization and increased energy use. By adopting a co-benefits approach towards reducing GHG emissions and local urban air pollution, a greater acceptance can be obtained for air quality management policies and measures.
8. The greatest challenge going forward is the challenge of funding to meet developing Asia's energy needs in an environmentally sensitive and sustainable manner. Given the lifetime of energy infrastructure that are expected to be built, the pattern of investments made now will determine the long-term trend of GHG emissions from the region.
9. If Asia achieves the right balance between economic growth and meeting its environmental challenges, the entire world will benefit from its success. ADB will strive to channel more funds and capacity development assistance to its member countries, to enable them to realize opportunities afforded by the UNFCCC and the Kyoto Protocol, and help the international community slow down the pace of climate change, giving essential time for humans and species to adapt. We will observe with keen interest the outcome of this Tenth Conference of the Parties, so that we can continue to cooperate with both Annex I and non-Annex I countries in achieving our mutually agreed goals.