

RESILIENCE LEARNING MONTH EVENT

Focus Group Discussion (FGD) on Climate Finance Tracking and Paris Agreement Alignment

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Paris Agreement Alignment Guidance Note

Reflections from the Water Sector Group (WSG)

ADB Water Advisory Group Meeting

27 October 2021

Background and key issues for the water sector

- The global contribution to global **Greenhouse Gas emissions (GHG)** from the water sector is **relatively small** and up to 10%
- Nevertheless, the sector plays an **important role in achieving the mitigation goal** through possible reduction of **direct** and **indirect emissions**
- **Climate change** also manifests itself primarily through changes in the water cycles with effects on **availability, quality** and **quantity of water**



Timeline and current status

- Process started: May 2021
- Fast review of 129 projects of ADB's 2021 to 2023 water sector pipeline: Jul/Aug 2021
- Guidance Note for Water Sector:
 - First draft: Sept 2021
 - Second draft: November 19th 2021 (including review of 3 case studies)





General findings

- Fast track review:- All projects **probably aligned**
- All project reviewed so far are **aligned** or **expected to be aligned**
- We expect a similar outcome for most of water projects
 - Many activities of the water sector listed as part of the **UC1 list** (however with some points of caution; e.g use of diesel for pumping, potential for maladaptation under certain climate scenarios, etc.)
 - The MDB **UC2 list** does not contain activities of direct concern for the water sector
- For projects still under preparation and not automatically aligned, **suggestions** were provided to strengthen their climate impact narrative and/or reduce the potential impact to future climate change, including:
 - Needs for additional assessments
 - Possible options to decrease emissions and/or for GHG offsetting
 - Identification of possible indirect risks
 - Identification of possible climate risks which could lead to some of the assets to become stranded assets

Main Issues

- Sanitation/Wastewater:-
 - GHG emissions:- IPCC estimates 10% of methane emissions come from the wastewater sector.
 - Transition to self-generated renewable energy from waste by-products
- Water Supply:-
 - Reliance on a single source of water
- Energy consumption (water supply and sanitation/wastewater):-
 - Diesel powered pumps and truck fleet
 - Subsidised diesel powered pumps
 - Non-revenue water (physical losses)
 - Variable speed or frequency drive pumps
- Urban flooding:-
 - Options for adaptation
 - At source control
 - Nature-based solutions

Recommendation for further work

- Development of tables with “standard” mitigation/adaptation options which could be applied in water projects to reduce project climate impact
- Methodology to estimate GHG emissions from sanitation/wastewater

Suggestion for broader discussion:

- Climate Risk Assessment
- Inclusion of direct/indirect emissions
- Sector-specific decision trees for mitigation/adaptation
- Streamline the Paris Alignment screening into a process where the screening is done at specific milestones during the project development – opportunity to influence project design

Discussion and feedback

