The Millennium Development Goals (MDGs) have set a target to halve the proportion of people without sustainable access to safe drinking water and basic sanitation by 2015.

Many countries in the African, Caribbean and Pacific (ACP) region, where the European Investment Bank (EIB) operates under the Cotonou Partnership Agreement, are still far from meeting this target.

Expanding access to water and sanitation services in these countries requires increased funding from national and international sources. This calls for enhanced sector development and better upstream project preparation to develop financially and technically viable projects.

To address this challenge, the EIB has launched the ACP Water Project Preparation Facility (“the Facility”) with the financial support of the European Commission (EC) through the ACP-EU Water Facility.
Purpose

The €3 million Facility funds technical assistance for the preparation of sound water and sanitation projects over a three-year period (2008-10). It supports the development of an appropriate pipeline of bankable projects and seeks to promote co-financing opportunities between the EIB and other co-financiers, such as local governments, the European Commission and multilateral and bilateral donors.

Objectives

1. Contribute to achieving the Millennium Development Goals for water and sanitation through support for well-designed projects

2. Support the objectives of the ACP-EU Water Facility: project ownership, innovation, integrated project approach, and equality of access

3. Increase the effectiveness of Official Development Assistance

Eligible activities

The Facility can be readily accessed for project/programme development and preparation. It provides technical assistance to support:

- Country needs assessments
- Project identification
- Preparatory studies for specific projects, including institutional framework studies, beneficiary assessments, demand and tariff studies, asset surveys, project feasibility studies and environmental studies
- Facilitation and structuring of project financing
- Groundwork for project implementation, for example to define the implementation framework and to identify additional technical assistance required

Key operational features

- Focus on countries in the African, Caribbean and Pacific region
- Prioritisation of projects in countries where project preparation capabilities are weakest
- Liaising with local governments, civil society, notably the private sector, and bilateral and multilateral donors to identify priority countries and projects within those countries
- Early coordination and cooperation with potential co-financiers

The ACP-EU Water Facility was launched by the EC in 2004 to contribute to poverty reduction and sustainable development through the achievement of the MDG targets on water and sanitation in the ACP region. A total of €500 million was made available as grants to water and sanitation projects.

The European Investment Bank provides long-term loan financing to both public and private clients in the water sector within and outside the European Union. In the ACP region, the EIB co-finances water and sanitation projects with the ACP-EU Water Facility and other donors. These projects have been designed to promote donor coordination, support partnerships with non-governmental organisations and the local private sector in the delivery of services, and strengthen the operational capacity and commercial performance of water service providers.
### Overview of the Water Project Preparation Facility

<table>
<thead>
<tr>
<th><strong>Purpose:</strong></th>
<th>To fund technical assistance for project preparation activities</th>
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<tr>
<td><strong>Duration:</strong></td>
<td>2008-2010</td>
</tr>
<tr>
<td><strong>Funds available:</strong></td>
<td>€3.0 million</td>
</tr>
<tr>
<td><strong>Financiers:</strong></td>
<td>European Commission through the ACP-EU Water Facility, €2.25 million</td>
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<td></td>
<td>European Investment Bank, €0.75 million</td>
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<td><strong>Project manager:</strong></td>
<td>EIB</td>
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<td><strong>Geographical coverage:</strong></td>
<td>Countries in the African, Caribbean and Pacific regions who are signed up to the Cotonou Partnership Agreement</td>
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