

THE EIB WATER SECTOR FUND

Water is our lifeline. Water has an impact on almost everything in the world: from health and sanitation to gender equality, and from climate change to food and energy. Access to safe and affordable drinking water and sanitation has huge socioeconomic impacts and is essential for sustainable development.

That is why the United Nations has the target of “Water for all” by 2030 as its sixth Sustainable Development Goal (SDG 6).

Today, 2 billion people still lack access to safely managed drinking water services and 3.6 billion do not have access to safely managed sanitation services. The coronavirus pandemic has underscored the importance of access to safe water and sanitation for all to contain the spread of contagious diseases. The World Bank estimates that \$114 billion per year until 2030 will be needed to achieve SDG 6, many times the current level of investment.

These needs are most urgent in low and middle-income countries, which are in many cases also fragile and conflict-affected states. Shocks created by conflicts or epidemics weaken countries’ social and economic fabric and have the potential to push millions of people into extreme poverty, especially those already living in precarious situations. The cause of death of children under the age of five in countries with protracted conflicts is 20 times more likely to be linked to unsafe water and poor sanitation, rather than conflict.

Climate change is an overarching issue that increases the likelihood of food and water shortages and drives poverty, inequality and security threats, hitting developing countries the hardest.

Solutions to these urgent and fundamental problems include substantially scaling up the level of investment in the water, sanitation and hygiene (WASH) sector and urgent investment in climate adaptation to improve climate resilience and ensure the sustainable management of water resources.

In 2017, the EIB and the government of the Netherlands teamed up to create the [Water Sector Fund](#), a trust fund available for low and lower-middle-income countries around the world. The Water Sector Fund is operated by EIB Global, the development arm of the European Investment Bank.

The fund’s objective is to contribute to the achievement of SDG 6 in low and middle-income countries, especially in sub-Saharan Africa, where only 65% of the population have access to basic drinking water services and only 33% have access to basic sanitation. There is a great need for investment in vital infrastructure, such as drinking water treatment, supply and distribution infrastructure, sanitation and wastewater treatment and integrated water management, as well as investment in climate change mitigation and adaptation. Thanks to trust funds like the Water Sector Fund, we at EIB Global are able to make projects investment-ready and more sustainable by providing technical assistance and financial support in countries located outside the European Union.

The Water Sector Fund is open to further contributions from donors seeking to promote a greater impact in the WASH sector.

PARTNERING TO IMPROVE LIVES

UN Sustainable Development Goal 6 seeks to ensure the availability and sustainable management of water and sanitation for all by 2030. The current capital investments needed in safe and sustainable water supply infrastructure to reach this goal are insufficient, especially for rural populations and vulnerable groups in low and middle-income countries. Public authorities in these countries often have limited finances and lack the capacity to implement adequate water projects. Many residents in these regions do not have access to basic sanitation or good water supplies — the United Nations estimates that this is the case for one in four people in the world.



THE EIB WATER SECTOR FUND

- **Established** in 2017
- Total amount pledged to the fund: **€28.3 million**



“Access to safe and reliable water and sanitation systems is essential to life, yet millions of people still live without it. At EIB Global, we believe that our partnerships with donors provide a real boost to private sector investment. Working with the Netherlands will play a crucial role in helping us to achieve SDG 6 — water for all — by 2030 and increase the impact of water investment to benefit fragile regions in the years ahead.”

Ambroise Fayolle, Vice-President of the European Investment Bank



Projects supported by the Water Sector Fund can help address global water challenges. For instance, they accelerate the rate of progress towards SDG 6 by upgrading water supply, sanitation and hygiene services where they are most needed, particularly for the poorest and most vulnerable groups in low-income areas.

They also promote economic inclusion, social well-being and gender equality. As the EU climate bank, the EIB pays particular attention to sustainability, so that water resources are not depleted faster than they can naturally be replenished.

The Water Sector Fund gives donors an opportunity to pool their funds to support much-needed, demand-driven projects in the water, sanitation and hygiene sector, in water management and in climate action for tangible impact across the Africa, Caribbean and Pacific region and beyond.

It does so by improving the design and other related aspects of projects in this sector, improving their financial sustainability and economic viability and providing capacity building to entities in the water sector. The fund's grants are relatively small but the benefits for people can be enormous.



“The Water Sector Fund combines the strong commitment of the Netherlands to address global water challenges and the extensive experience of the European Investment Bank investing in water worldwide. The Water Sector Fund enables us to make water and sanitation projects more sustainable and inclusive and help mobilise additional funding from other financiers and investors, which is critical to bridge the financing gap to achieve the SDGs.”

Liesje Schreinemacher, Minister for Foreign Trade and Development Cooperation of the Netherlands

More impact on the ground

The Water Sector Fund has received €28.3 million from the government of the Netherlands since 2017 and provided five technical assistance grants to help countries plan modern and innovative water projects and improve water management.

In 2022, the fund expanded its scope to provide financial instruments that make investments less risky for private sector investors. In order to achieve the Sustainable Development Goals, development finance partners must collectively scale up their levels of investment from billions to trillions.

The use of concessional finance, grants and innovative financial instruments through the Water Sector Fund can help achieve this investment increase by mobilising additional funding from other financiers and investors to absorb first losses or share risks.

New projects have now been developed to achieve an even greater impact for the people on the ground. Projects that would be considered too risky to be bankable due to their location — for instance, in a conflict-affected area or due to lack of capacity on the beneficiary’s side — can now be brought to completion, benefiting vulnerable and rural populations.

Water Sector Fund outreach

The Water Sector Fund is currently active in sub-Saharan Africa but developing countries around the globe are eligible and can benefit from the fund's support.*

NIGER

€350 000

Feasibility study for water provision and sanitation for Gothey-Téra

Technical assistance

The Tillabéri region in western Niger is struggling with conflict, leaving local populations vulnerable. Water scarcity, climate change, and a high rate of rural to urban migration are leading to even greater social and economic risks. The Water Sector Fund's feasibility study is helping to prepare water projects in this fragile region for financing. The study also looks at using solar power for water conveyance.

MALAWI

€250 000

Pre-feasibility study for Lake Malawi water transfer powered by renewable energy

Technical assistance

The Water Sector Fund is financing the pre-feasibility study for an innovative renewable energy-powered water conveyance system in Malawi. This is part of a larger programme to enhance the country's water systems by transferring water from Lake Malawi.

BURKINA FASO

€350 000

Feasibility study for the water and sanitation project in the Soum region

Technical assistance

Rural populations in Burkina Faso lack access to running water. In the Soum area, only 10% of the households in the city of Koudougou are connected to the water supply network. The Water Sector Fund is financing a feasibility study to support Burkina Faso's National Office for Water and Sanitation in its efforts to bring rural populations the drinking water they need.

MALAWI

€495 000

Preparation support for the upgrade and extension of Southern Region Water Board water supply schemes

Technical assistance

Malawi's secondary cities have fast-growing populations but lack adequate water infrastructure to serve them. Today, the water supply coverage in Malawi is 83%, leaving 2.5 million people without access to safe drinking water. In the growing cities of Balaka and Liwonde, only 45% of the population have access to potable water, which is where the Water Sector Fund comes into play. It is supporting Malawi's Southern Region Water Board in its efforts to ensure these regional centres get the safe and sustainable water provision they need.

* Low and lower-middle-income countries listed on the [OECD Development Assistance Committee list of ODA recipients](#).

SÃO TOMÉ AND PRÍNCIPE

€1.3 million

Project preparation for the São Tomé sustainable road and coastal protection project

Technical assistance

São Tomé and Príncipe's government is carrying out significant road infrastructure works. The Water Sector Fund is helping to protect urban communities from coastal erosion, provide better drainage, and reduce flooding risks from nearby river basins.

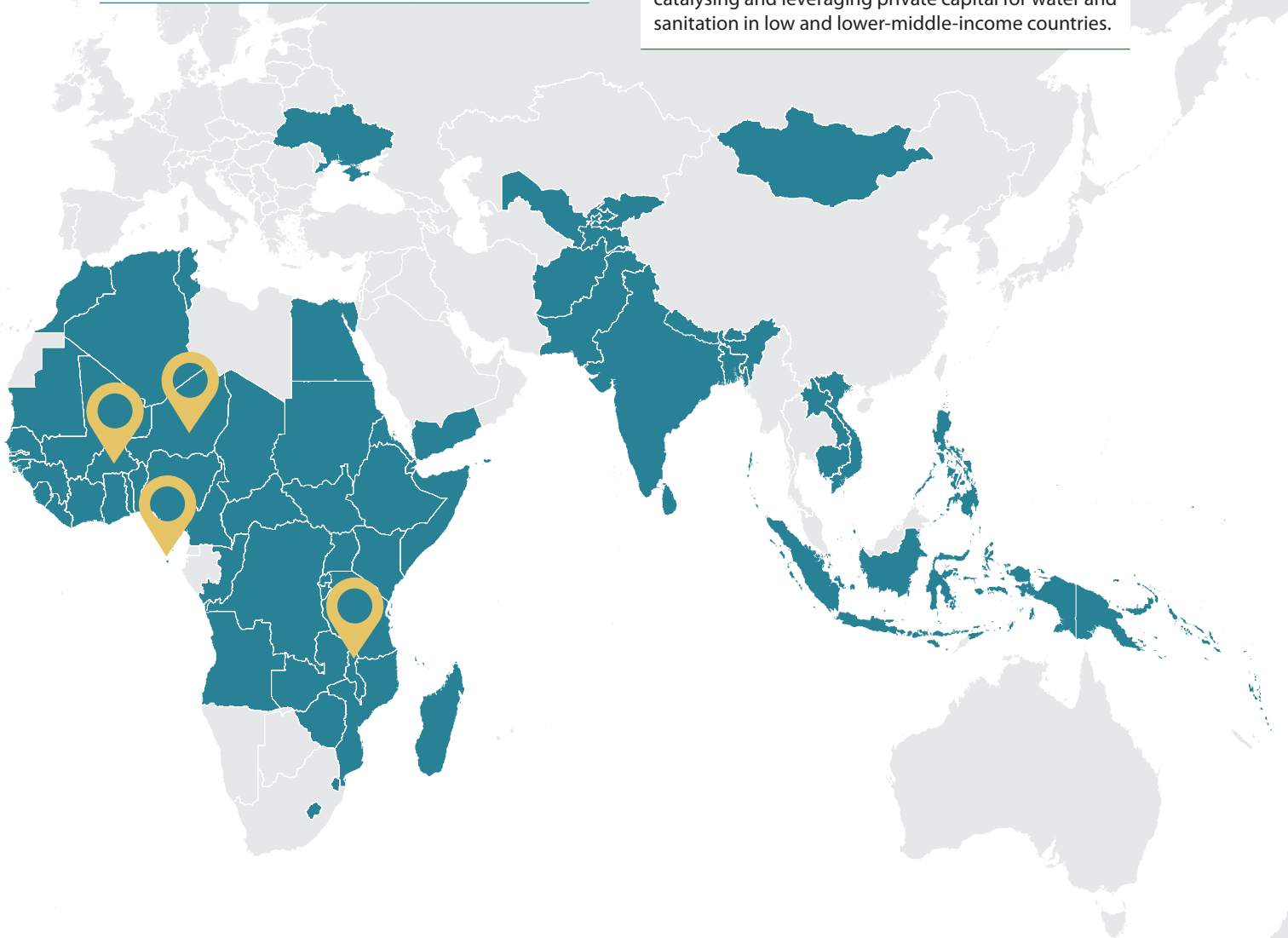
UNDER CONSIDERATION

Indicatively €5-12 million

Financial support for an impact investment fund to promote access to safe and affordable drinking water and sanitation services

Financial instrument

The Water Sector Fund can make use of financial instruments to de-risk investments with the aim of catalysing and leveraging private capital for water and sanitation in low and lower-middle-income countries.



Water Sector Fund eligible country

Water Sector Fund project location

EIB GLOBAL

EIB Global is the development arm of the European Investment Bank Group responsible for its work outside the European Union. Established in 2022, it capitalises on decades of EIB experience in financing sound projects in sub-Saharan Africa, the EU neighbourhood, and in Asia and Latin America. More development and climate finance will be mobilised through the new structure, enhancing our impact in the fields of climate action, energy security, healthcare, transport and gender equality. Through the Team Europe initiative, EU institutions, including the European Investment Bank, and EU Member States are working together as one team, with EIB Global fostering focused partnerships.

Over the last ten years, the EIB's investments outside the European Union have increased substantially. Between 2014 and 2020, we provided €4.97 billion in water projects lending to developing countries. In 2021 alone, we provided €711 million to low and middle-income countries in support of improved water supply or sanitation for 3.4 million people.

The European Investment Bank is the largest lender to the global water sector. Our total lending for water projects over the past six decades since its creation amounts to more than €80 billion for over 1 600 projects

The expected impacts of EIB lending for water projects in developing countries over the past five years include

21.5 million people with access to safe drinking water

7.8 million people with reduced exposure to drought risk

23.1 million people benefiting from improved sanitation services

Operations supported by the Water Sector Fund

Improve **drinking water and sanitation** services to underserved areas.

Make use of innovative **renewable energy** technology for water conveyance.

Improve **climate resilience infrastructure**, road safety and the mobility of people in coastal areas.



ADVANTAGES OF CONTRIBUTING TO THE WATER SECTOR FUND

The Water Sector Fund is open to further contributions from like-minded donors striving to promote meaningful improvements on the ground in the water, sanitation and hygiene (WASH) sector. Joining forces with the European Investment Bank enables donors and partner countries to achieve a greater impact where it is needed.

By contributing to the Water Sector Fund and becoming a donor, our partners gain:

- **Due diligence and technical expertise:** A rigorous appraisal process reviews the sustainability of economic, environmental, financial, social and technical aspects. The EIB has substantial technical expertise in-house (more than 300 engineers and economists).
- **Environmental and social standards, and monitoring and reporting:** Stringent environmental and social standards, a monitoring and reporting framework, and alignment with other international financial institutions.
- **Experience in managing trust funds:** EIB Global, the arm of the European Investment Bank responsible for its work outside the European Union, has extensive experience in managing trust funds on behalf of donors. Within its Partnership Platform for Funds, which streamlines and standardises procedures such as governance arrangement, fee calculations and reporting standards, the Water Sector Fund offers a well-structured platform to source, evaluate, contract and monitor water, sanitation and hygiene (WASH) sector and climate action projects of real value.



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