

WATER SECTOR FUND

ABOUT THE TRUST FUND

The Water Sector Fund was developed by the European Investment Bank (EIB) and the Dutch government. It supports projects in low and lower middle-income countries whose public authorities often have limited finances and lack the ability or resources to build water projects to a sufficient standard. Some residents in these regions do not have basic sanitation or water supply. The coronavirus pandemic highlighted the need to urgently improve this sector. Furthermore, a link has been established between access to water and stability in countries [classified as fragile](#) by the Organisation for Economic Co-operation and Development (OECD).

This trust fund's support, provided through initial-phase technical assistance, helps countries plan modern and innovative water projects and improve their water management. In 2022, new projects were developed, and the trust fund's scope was extended. In addition to technical assistance, the Water Sector Fund offers financial instruments to help de-risk investments for private investors and attract more financing, for greater impact on the ground.

Technical assistance and advisory services support:

- institutional skill development for the staff of beneficiary entities;
- preparation of analyses (gender, social inclusion, market or product);
- design and drafting of tender and legal documents;
- project management, including the design of innovative solutions tailored to the needs of the unserved, and outreach to final beneficiaries.

Financial instruments can unlock financing from private and public investors by addressing some of the risks that hold back investments. These instruments cover investments in layered debt and equity funds, which emit high-risk shares as well as low-risk shares. The high risk taken by the donor attracts other investors, who are exposed to significantly lower risks. The layered debt or equity funds invest in water, sanitation, and hygiene projects.

ELIGIBILITY

The Water Sector Fund is active in **low and lower middle-income countries**, as indicated on the [OECD Development Assistance Committee's list of recipients of official development assistance](#). It focuses on cities with more than 100 000 people, and clusters of smaller cities.



MORE IMPACT ON THE GROUND

Projects supported by the Water Sector Fund can help accelerate the progress being made towards the “Water for All” goal 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.

The projects 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 be replenished naturally.

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

The use of innovative financial instruments provided by the Water Sector Fund can help achieve a significant increase in investment by mobilising additional funding from other financiers and investors to absorb first losses or share risks.

The EIB is the biggest lender to the global water sector. Our total lending for water projects over the past six decades since the Bank’s creation amounts to more than **€80 billion** for over **1 600 projects**.

EIB Global has extensive experience in the water sector and has developed new projects to achieve an even greater impact on the ground. Projects that earlier would have been considered too risky to be bankable, for example in conflict-affected areas or where the beneficiaries lacked the necessary skills or resources, can now be brought to completion, benefiting vulnerable and rural populations.

The Water Sector Fund supports operations that:

- improve **drinking water and sanitation** services in underserved areas;
- make use of innovative **renewable energy** technology for water conveyance;
- improve **climate resilience infrastructure**, road safety and mobility in coastal areas.

SUSTAINABLE DEVELOPMENT GOAL SUPPORTED



AREAS OF ACTION

Water infrastructure for underserved households

Innovative water projects

Water management

Climate action

PROJECT HIGHLIGHTS

- Malawi's secondary cities have fast-growing populations but lack adequate water infrastructure to serve them. A €495 000 technical assistance programme will help Malawi's Southern Region Water Board ensure these regional centres get the **safe and sustainable water** provision they need.
- A €250 000 technical assistance programme is supporting the feasibility study for an innovative renewable energy-powered water conveyance system in Malawi. This is part of a larger programme to **improve the country's water systems** by transferring water from Lake Malawi.
- The Tillabéri region of Niger is struggling with conflict, leaving local populations vulnerable. Safe water supplies are at a premium, and a €350 000 feasibility study is **helping to prepare water projects** in the region for financing. The study also looks at using solar energy to power water conveyance from a treatment plant in Gotheye to the city of Téra, to supply clean water to some 250 000 people.
- São Tomé and Príncipe's government is carrying out significant road infrastructure works. A €1.3 million grant from the Water Sector Fund will help **protect urban communities from coastal erosion**, provide better drainage and reduce flooding risks from nearby river basins.
- Rural populations in Burkina Faso lack access to running water. In the Soum area, only 10% of households are connected to the water supply network. A €350 000 feasibility study is helping Burkina Faso's National Office for Water and Sanitation to prepare a project that will significantly improve the quality of life in the area by **bringing sustainable access to running water and sanitation** to residents' homes and by improving wastewater management in the nearby city of Koudougou.



WATER SECTOR FUND AT A GLANCE

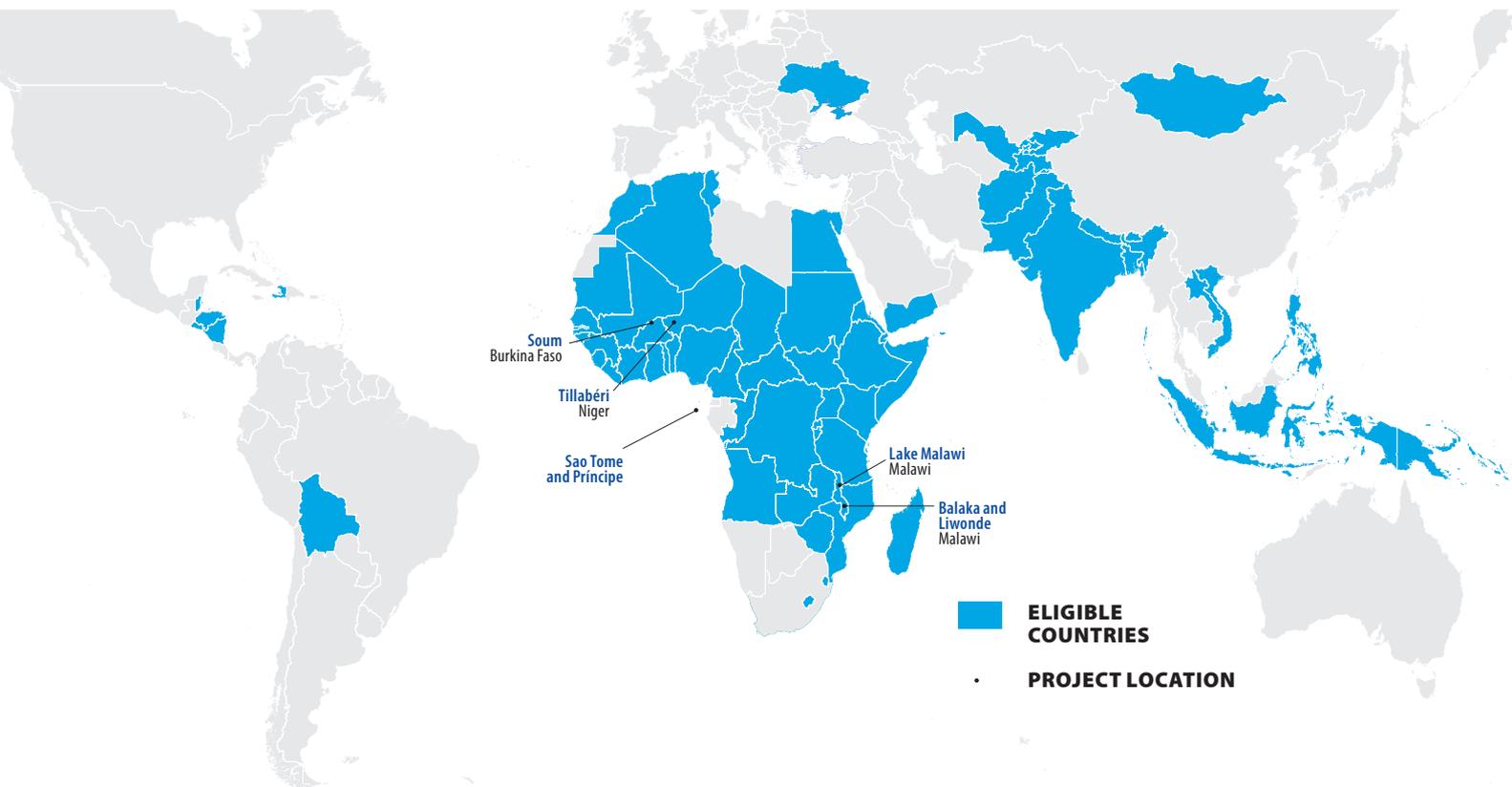
€28.3 MILLION in donor funds contributed

€2.7 MILLION allocated to operations

5
operations
approved
with new ones under
development

ELIGIBLE COUNTRIES

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



OUR DONORS

This trust fund was launched in partnership with **the Dutch** government and remains open to contributions from other donors seeking to achieve UN Sustainable Development Goal 6 — Water for All.