The European Investment Bank
Financing Water and Climate Change Adaptation

Water is the primary medium through which climate change influences human societies and ecosystems. Increased frequency of extreme weather conditions has severe impacts on the availability and quality of freshwater resources, giving rise to water-related natural disasters including droughts and floods. As the largest source of loan finance to the global water sector to date, the European Investment Bank (EIB) has identified integrated water resource management and adaptation to climate change as key objectives for future lending operations.

EU policies on water and climate change adaptation
The European Union promotes cross-regional and cross-border water management among its Member States. It applies the same approach to the risk assessment and management of droughts and floods, including the establishment of trans-boundary risk maps and mitigation strategies. The collaboration of stakeholders across political and administrative borders provides a model for good practice that can also be promoted outside the EU.

Increasing climate resilience for East African water and sanitation sectors
The EIB is developing a regional project for the Lake Victoria countries (Burundi, Kenya, Rwanda, Tanzania and Uganda) in close collaboration with UN-HABITAT. The integration of water and sanitation strategies should help increase climate resilience in this sensitive region and preserve the lake’s important function as a habitat and water resource for the future. The Bank is already funding water and sanitation works in Uganda’s capital Kampala under the Water Project Preparation Facility together with other financiers. Further investment components are planned for Mwanza in Tanzania and Kisumu in Kenya.

Anticipatory and precautionary adaptation to the consequences of climate change is more effective and less costly than forced, last-minute emergency action. The Bank’s investments in the water sector are therefore aimed at the preservation of freshwater resources, sustainable water management, protection of marine and coastal zones and other adaptive measures.

The EIB finances water adaptation projects both inside and outside the EU. Although current EIB-funded adaptation projects are located mostly within the EU, the Bank also invests in projects located in emerging and developing economies throughout the world in close cooperation with the European Commission and other financing institutions. EIB water financing is conditional upon a thorough assessment of the project’s social, environmental and economic aspects by the Bank. The EIB promotes projects that increase efficiency at technical, financial and institutional level. Agreed adaptation measures are incorporated into the project design and implementation and are subject to monitoring by the Bank.
The EIB: Financing Water and Climate Change Adaptation

The Bank also offers technical assistance for projects that require improved preparation, as well as enhanced human capacities and implementation frameworks. This work is supported by measures to disseminate the good practice developed in the EU, such as the publication of the 2007 EIB flood risk management guide¹.

Significant additional and innovative investments are needed to make the affected economies more climate resilient. Priority has to be given to the most vulnerable regions and populations.

Water adaptation projects eligible for EIB financing:

- river basin water resources management programmes;
- coastal zone management including coastal defence measures;
- protection of water resources including groundwater;
- dams for drinking water supply, irrigation and hydropower;
- irrigation and watershed afforestation including erosion protection;
- floods and droughts risk management programmes;
- augmentation of water storage (surface and subsurface) and supplies and water treatment;
- water demand measures and increase of system efficiency including leakage management;
- marine and freshwater pollution abatement programmes, wastewater treatment and re-use.

Financing the St Petersburg flood barrier

The 25 km-long flood barrier at the mouth of the river Neva protects the City of St Petersburg and its five million inhabitants. Designed to cope with floods of a 1000-year return period, the mobile barrier helps to address a major threat that has plagued the city since its foundation and at an increased frequency over the last decades. With a total cost of more than EUR 500m, this is one of the world’s largest flood protection structures. The EIB is co-financing the project, while also providing advice on technical, operational and environmental aspects.

Preventing floods in the Czech Republic

The Czech Republic was hit hard by six disastrous floods in the last decade, which resulted in 100 casualties and damage estimated at EUR 5bn. A national flood prevention strategy covering the period 2002-2012 aims to increase protection for over 800 000 people and key infrastructure. The EIB is providing EUR 360m of the total programme costs of EUR 750m. The Bank also brings value added to the strategy through scheme selection from the overall programme and environmental due diligence.