



Water in EU external action instruments

Brussels, 15 November 2016

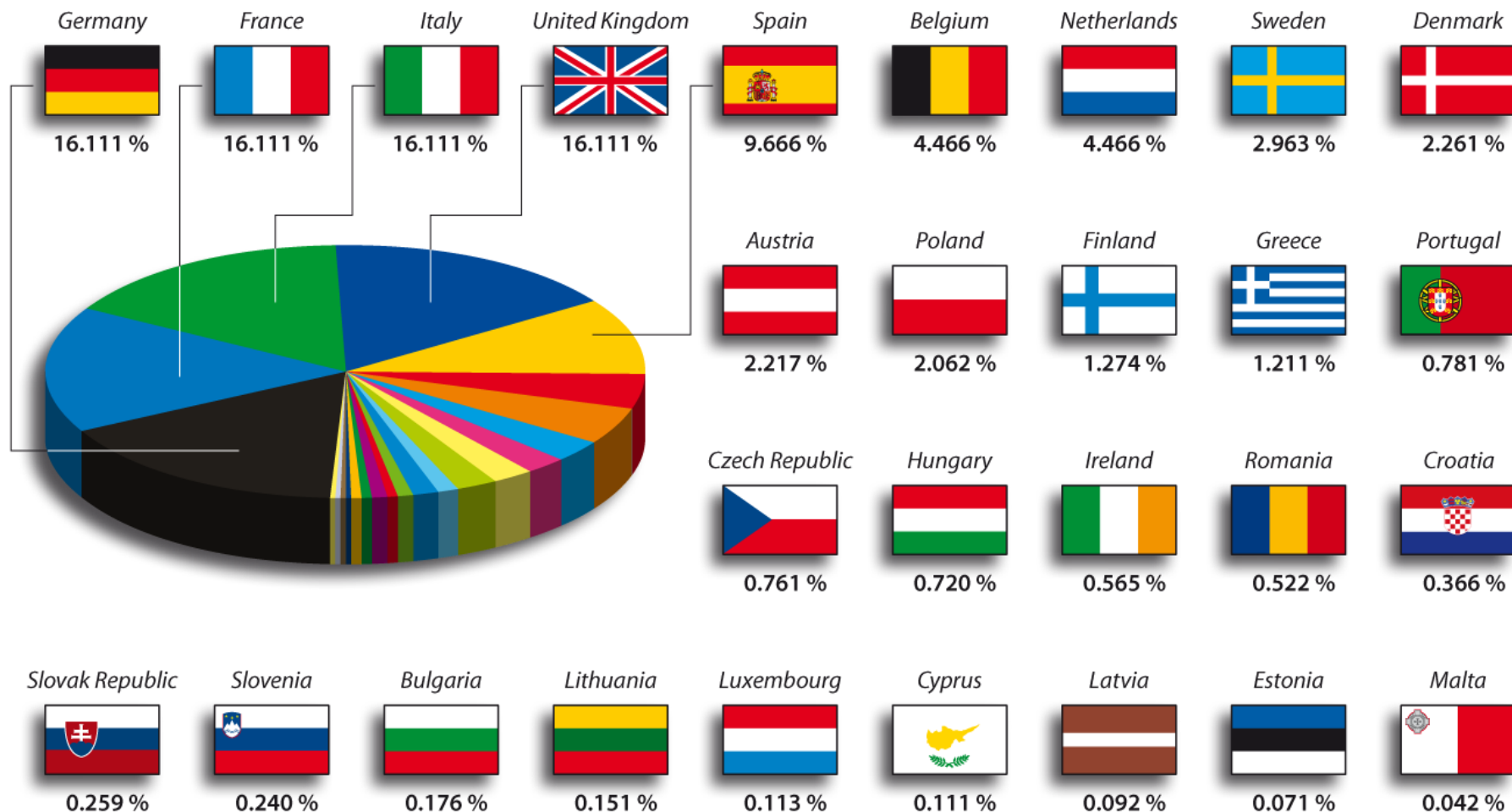
Harald Schölzel, Water and Waste Management Division, Projects Directorate

The EU bank

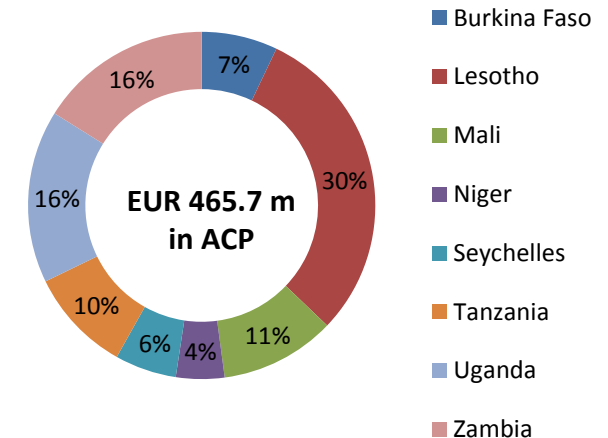
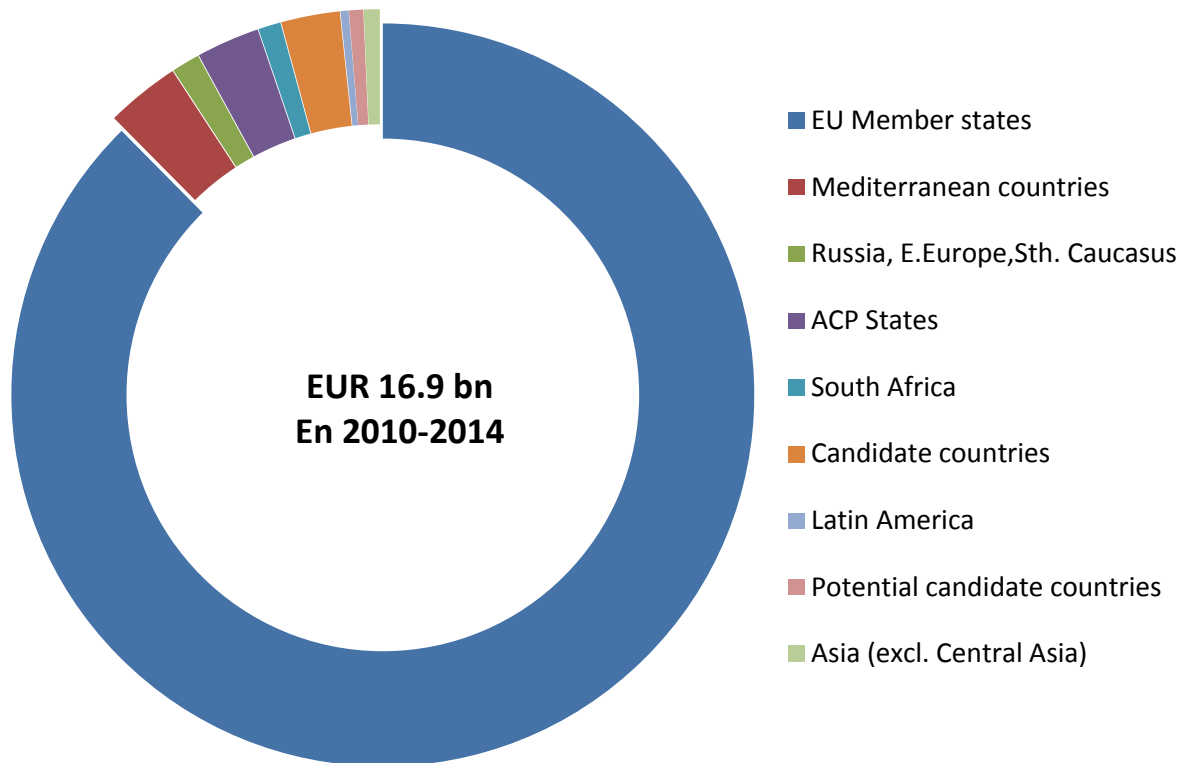


- Natural financing partner for the EU institutions since 1958
- Around 90% of lending is within the EU, 10% outside
- Shareholders: 28 EU Member States
- Headquartered in Luxembourg and 30 local offices
- ❖ Largest multilateral lender
- ❖ Euro 80 billion (signatures 2014)
- ❖ Euro 4 billion in water/year

The EIB: capital breakdown



- The EIB is possibly the largest lender in the water sector . During 2011-2015:
 - EUR 17 bn in signatures towards investments of EUR 56 bn
 - Leverage effect: 230%

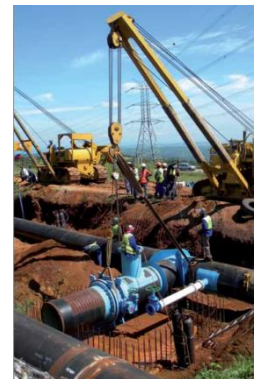


EIB lending in the ACPs: Our Mandate

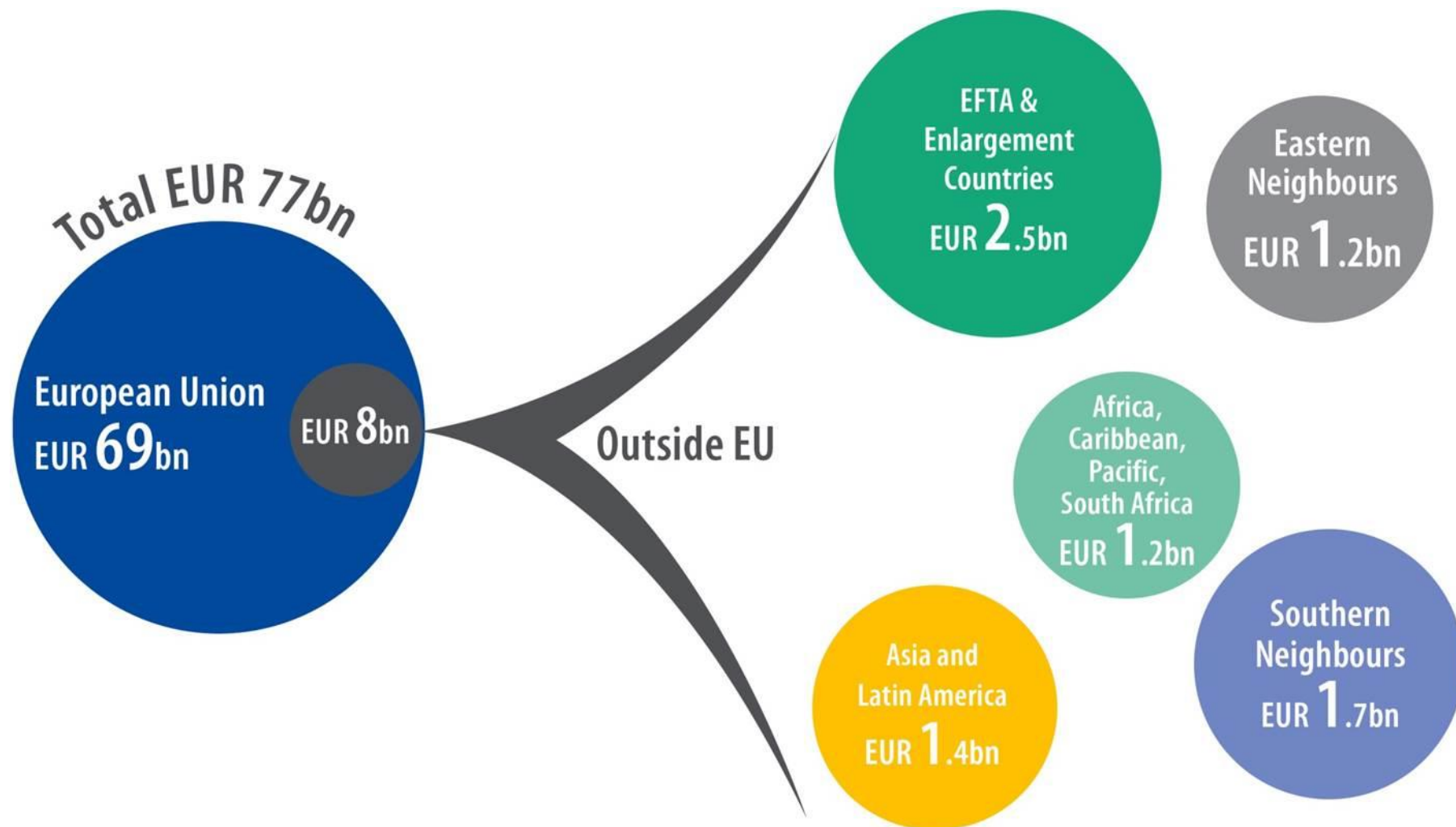
- ACPs: the oldest development cooperation mandate entrusted to the EIB (1963).
- Since 2000, it is called the Cotonou Agreement
- EIB's role focuses on Financial Cooperation:

Managing the Investment Facility (funded by EDF with a total capital endowment of around EUR 3.6 bn) & lending from its own resources with MS guarantee (around EUR 2.6 bn for 2014-2020)

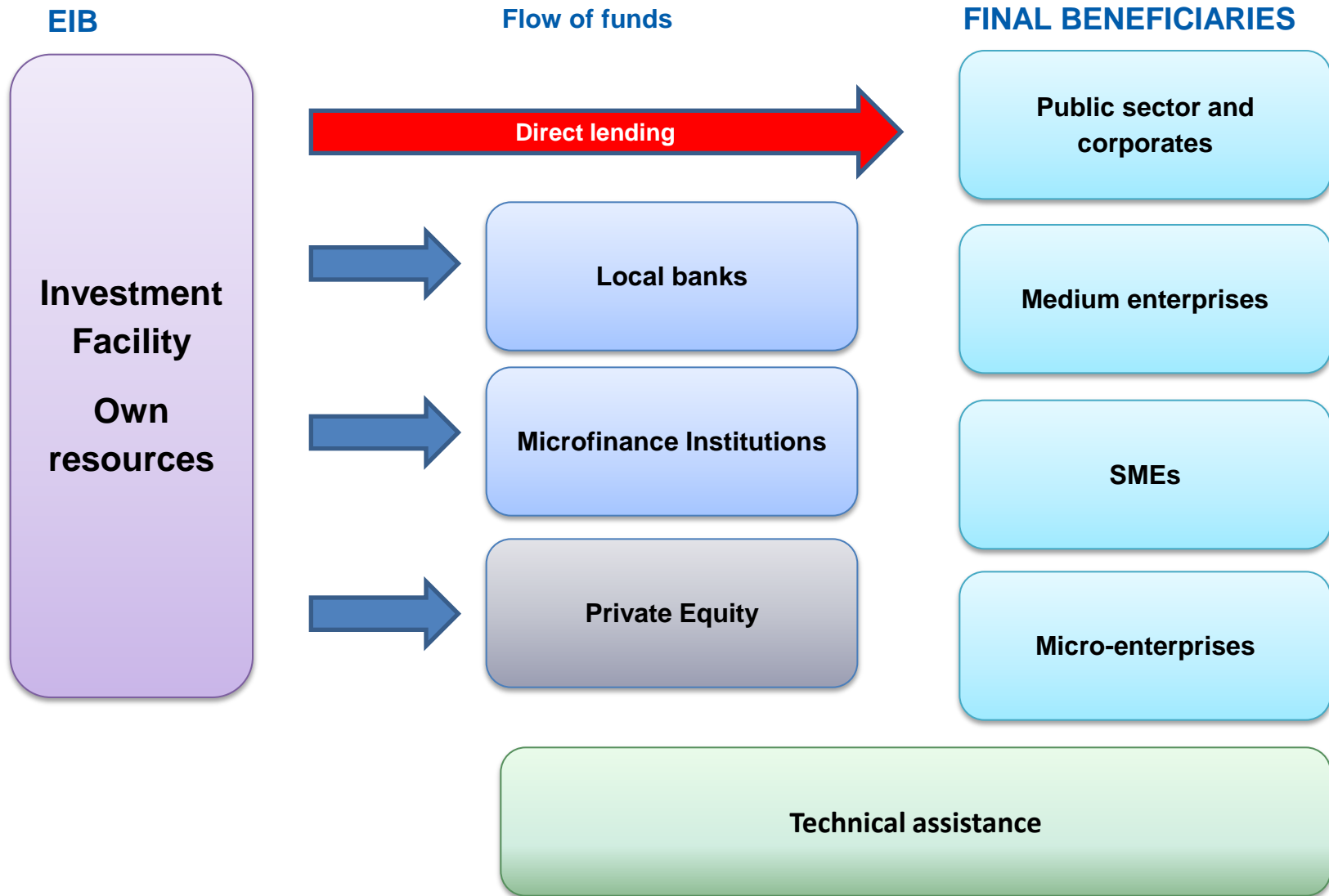
- For the water sector the main policy drivers for EIB interventions are:
 - sustainable access (SDGs) and
 - environment (including Climate Action)



Lending outside EU in 2014: EUR 8bn (EIB signatures)



How EIB supports ACP final beneficiaries

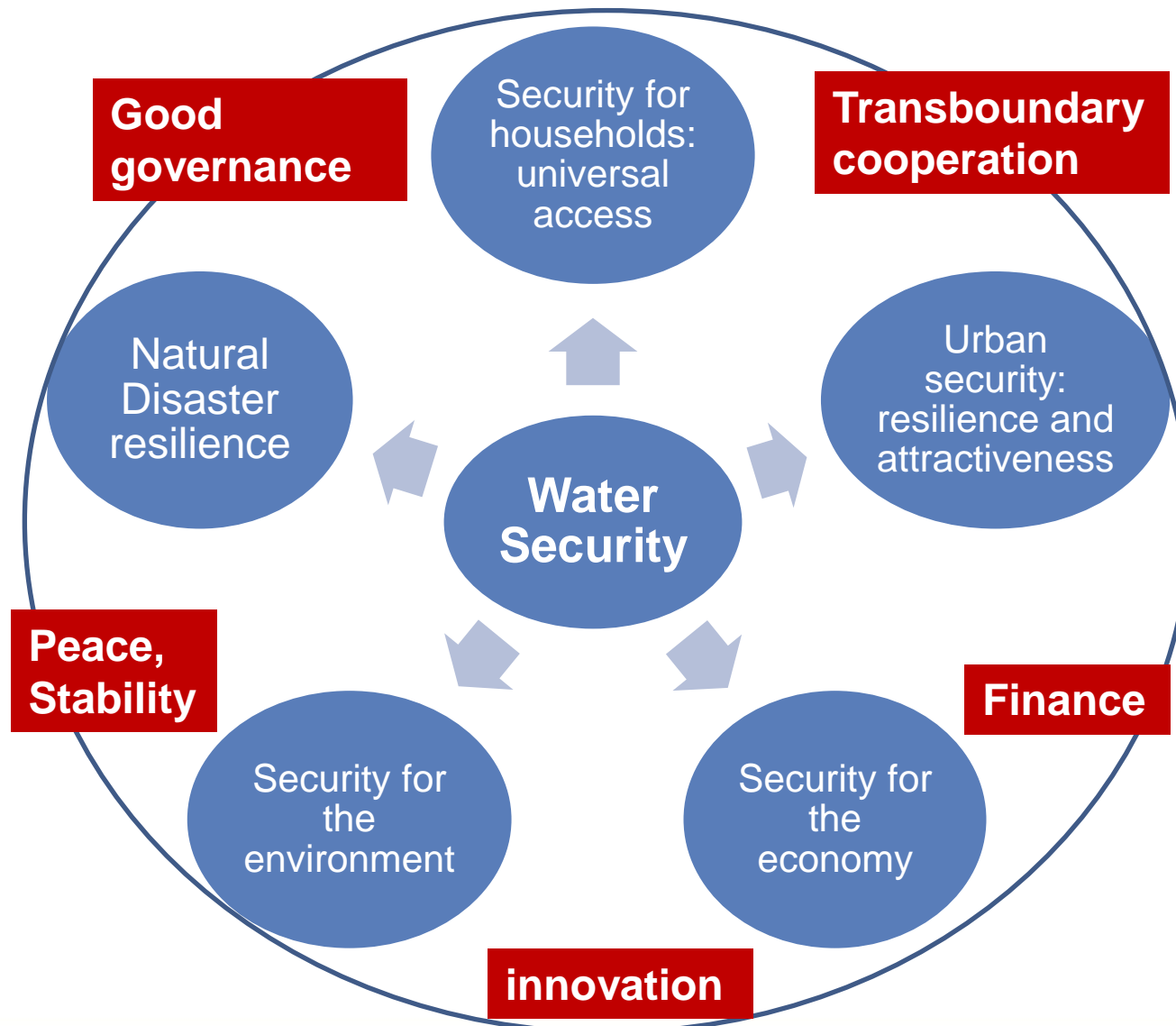


What is water security?

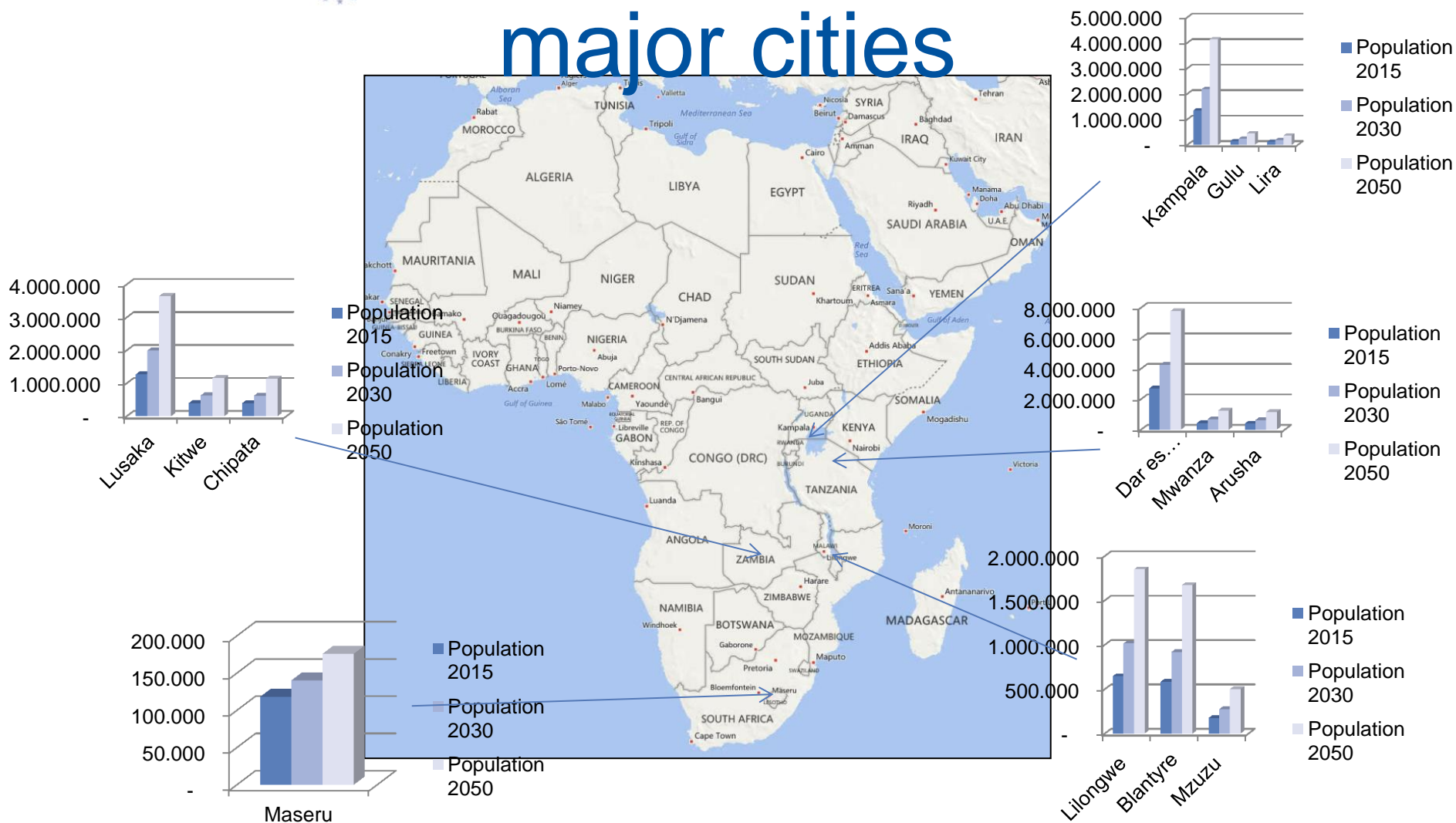
UN Water 2013:

“The capacity of a population to safeguard sustainable access to adequate quantities of acceptable quality water for sustaining livelihoods, human well-being, and socio-economic development, for ensuring protection against water-borne pollution and water-related disasters, and for preserving ecosystems in a climate of peace and political stability.

A complex challenge that depends on factors external to the water domain



Projected population growth in major cities



Source: <http://worldpopulationreview.com/countries>

Some EIB financed projects



Challenges

- Population increase and climate change form a negative feedback loop each exacerbating the impact of the other
- Investment decisions must be taken under high levels of uncertainty
- Cost to achieve (fairly arbitrary levels of) water security in Sub-saharan Africa are ginourmous
- The human resources necessary to implement the investments are not available – not in-country, not in IFI's, not in the private sector.

Our instruments in a complex environment

1. Investment loans => money
2. Technical Assistance

Try to adapt our financing to the complex situation but there's very strong limitations.

The answer to the increasingly complex project challenges appears to be to adjust the technical assistance instrument.

Figures on TA

- As of this moment the EIB has committed approx. EUR 63 m in TA out of an envelop of EUR 170m
 - The individual TA assignments are growing in size and complexity
 - They now combine complex technical activities with project management, environmental and social compliance activities.
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- a) In a nutshell the results are not impressive
 - b) and there's probably nothing new about that

What can be done?

- Finance only less complex projects
- Strengthen our promoters – build more capacity
- Change the way we procure complex technical assistance
- Change the composition of TA teams
- Where possible replace (expensive) TA with long-term placements?
- Get more commitment from consulting companies
 - Introduction of improved monitoring and self-evaluation instruments

Thank you for your attention!



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