



### Water in EU external action instruments

Brussels, 15 November 2016 Harald Schölzel , Water and Waste Management Division, Projects Directorate



**European Investment Bank** 

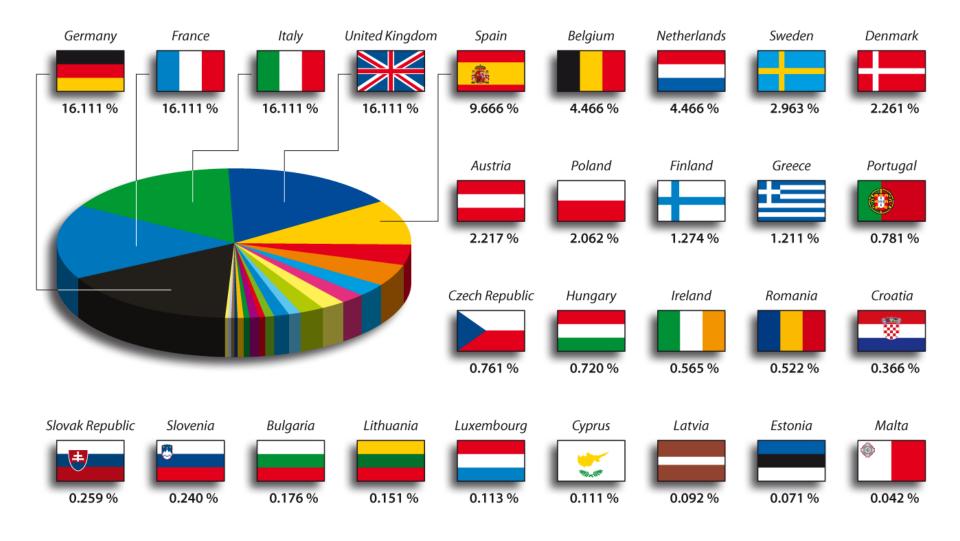


## The EU bank



- 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

### Investment Bank The Ell bank The EIB: capital breakdown The EU bank \*

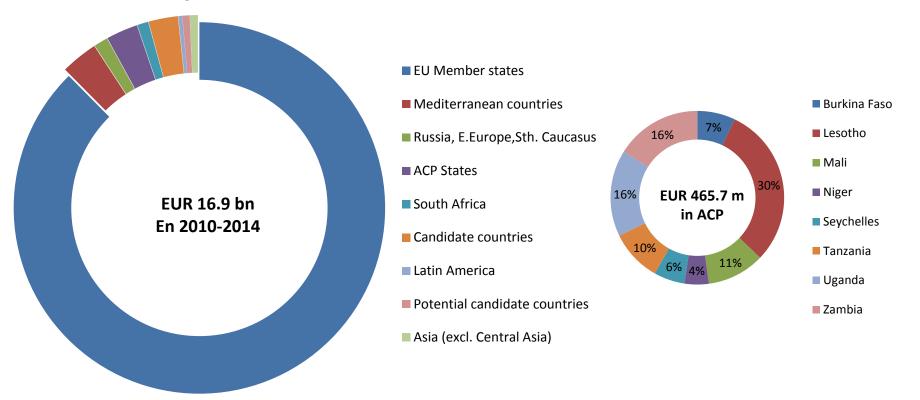


European



## **The EU Water Bank**

- 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:

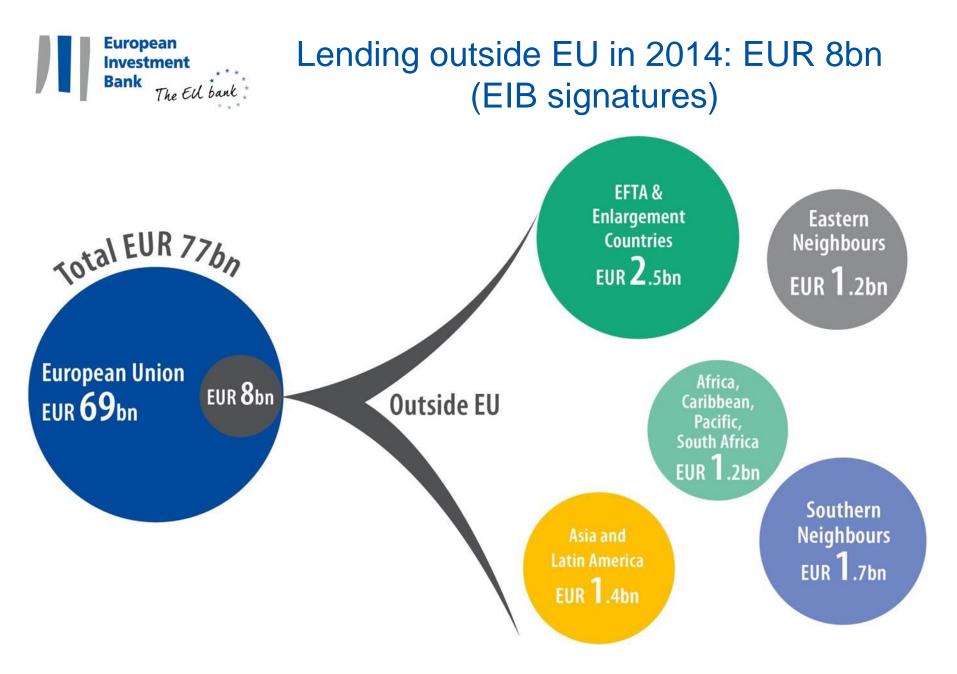
Managing the Investment Facility (funded by EDF with a total capital endowment of around EUR 3.6 bn) & lending from its own resources with MS guarantee (around EUR 2.6 bn for 2014-2020)

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

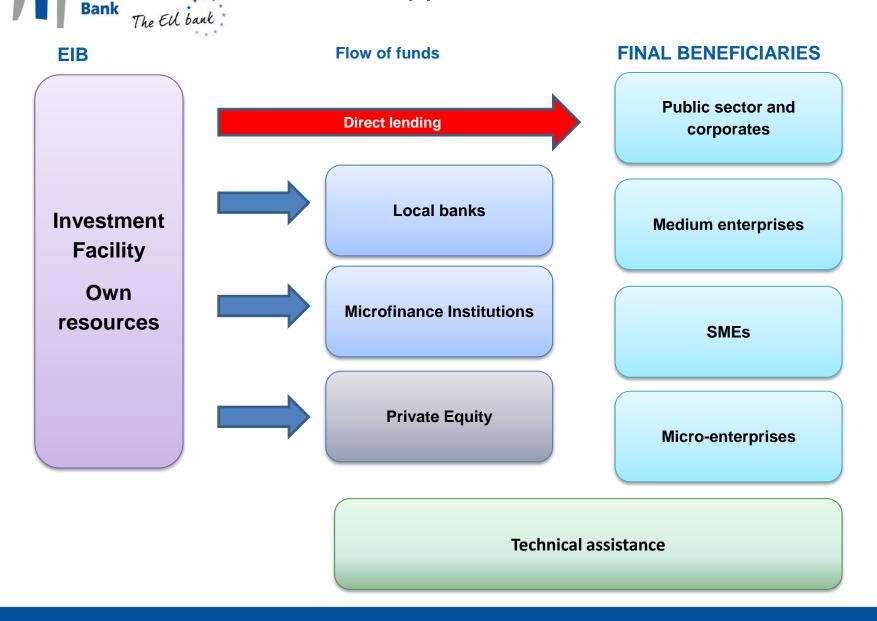








### How EIB supports ACP final beneficiaries



European

Investment

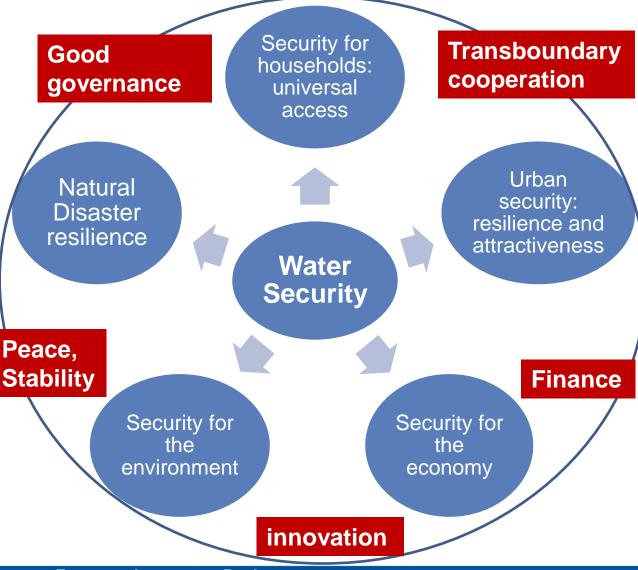


UN Water 2013:

"The capacity of a population to safeguard sustainable access to adequate quantities of acceptable quality water for sustaining livelihoods, human wellbeing, and socio-economic development, for ensuring protection against waterborne pollution and waterrelated 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

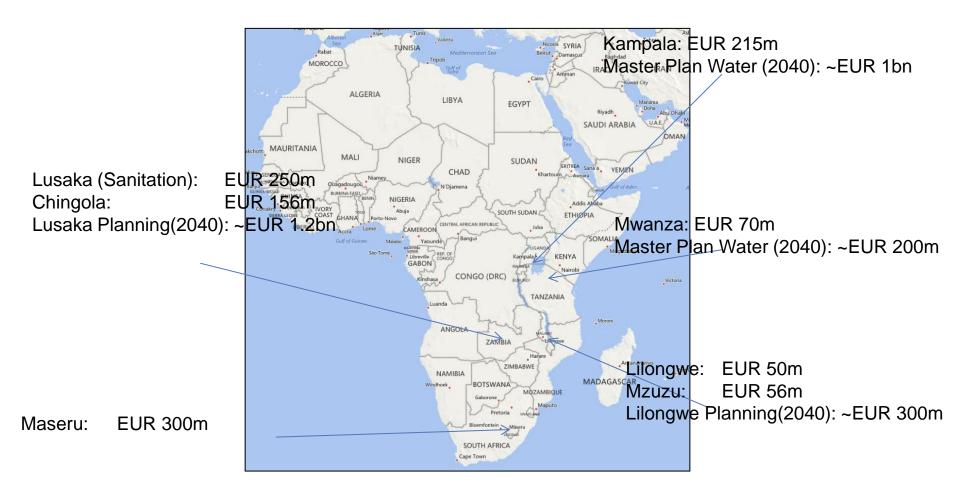
## What is water security?



### Bark The Ell bank maior cities 5.000.000 4.000.000 Population 3.000.000 2015 2.000.000 Tehran SYRIA Population TUNISIA Rabat Beirut Damasci 1.000.000 Banhdad 2030 MOROCCO IRAN IRAQ Kaubag Crin Fies Cairo Population ALGERIA LIBYA 2050 EGYPT Manama Doha Abu Dhabi Riyadh U.A.E. SAUDI ARABIA OMAN MAURITANIA MALI NIGER SUDAN 4.000.000 ERITREA Sana'a YEMEN CHAD Niam 8.000.000 Obagadougo 3.000.000 N'Djamena 2015 Population GUINEA BURKINA FASO, 6.d00.000 NIGERIA Addis Abat 2.000.000 IVORY 2015 Abuja SOUTH SUDAN ETHIOPIA Population 4.000.000 GHANA CENTRAL AFRICAN REPUBLIC 1.000.000 CAMEROON Population 2030 2.000.000 SOMALIA Yaound 2030 REP. OF Mogadishu Population KENYA Libr ville Chilpata LUSAKO Fitwe Dates... GABON NManza Arusha 2050 Population Nairob CONGO (DRC) Kinshas Victoria 2050 TANZANIA Luanda ANGOLA 2.000.000 ZAMBIA Hara ZIMBABWE 1.500.000 NAMIRIA Population MADAGASCAR BOTSWANA MOZAMBIQUE 2015 200.000 1.000.000 Population Gaboroo Maputo Population 2015 150.000 500.000 2030 Population 100.000 SOUTH AFRICA 2030 Lilonowe Bantyre Population Cape Town 50.000 WEULU 2050 Population 2050 Maseru

Source: http://worldpopulationreview.com/countries

## Inverse 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 incountry, 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.



- 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.
- 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 composure 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





## h.schoelzel@eib.org

