

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 have limited finances and lack the ability or resources to build water projects to a sufficient standard. Some people in these regions do not have basic sanitation or water supply. 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).

Technical assistance provided thanks to this trust fund helps countries plan modern and innovative water projects and improve their water management. The water sector largely relies on public funding, but a lack of private sector financing makes it difficult to ensure that access to safe water and sanitation is more inclusive. In 2023, the fund invested for the first time in an equity fund targeting innovative businesses active in the water sector, to improve access to safe and affordable drinking water, mostly in Africa and Asia. EIB Global's anchor investment will secure other investments from private investors to the equity fund and therefore increase its impact.

The fund's 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 and low-risk shares. The high risk taken by the donor attracts other investors, who are exposed to significantly lower risks. The layered debt and equity funds invest in water, sanitation and hygiene projects.

ELIGIBILITY

The Water Sector Fund is active in **low and lower middle-income countries**, as defined by 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 progress towards the “Water for All” UN Sustainable Development 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.

The trust fund has 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 Water Sector Fund’s innovative financial instruments can help increase investment by mobilising additional funding from other financiers and investors to absorb first losses or share risks. In 2023, the fund supported its first private equity fund, the Water Access Acceleration Fund.

The EIB is the biggest lender worldwide to the 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 more than **1 600 projects**.

The Water Sector Fund supports operations that:

- improve **drinking water and sanitation** services in underserved areas;
- support **small firms that** are part of the water value chain in developing countries.

SUSTAINABLE DEVELOPMENT GOAL SUPPORTED



PROJECT HIGHLIGHTS

- A €10 million Water Sector Fund investment will enable the private equity Water Access Acceleration Fund to invest in small and medium-sized firms that are part of the water value chain. This will accelerate the improvement of access to safe and affordable drinking water in developing countries, primarily in Asia and sub-Saharan Africa. Supported companies are also expected to invest in new technologies and in climate adaptation. The Water Access Acceleration Fund's work is expected to result in better access to water treatment, supply and distribution for some **1.4 million people**. It is **the first Water Sector Fund investment in a private equity fund focusing on improving access to safe and affordable water**. The Water Sector Fund's commitment to the private equity fund was **singled out for its innovativeness** by Convergence, a global network which specialises in blended finance. The Water Sector Fund investment is expected to trigger participation from other investors and help the fund reach its target size.
- The northern Indian state of Uttarakhand is one of the fastest-growing states in the country, mainly thanks to its thriving manufacturing and tourism industries. However, this growth has led to rapid unplanned urbanisation which has created significant gaps in basic infrastructure and services, such as clean water supply and sanitation. A €488 000 feasibility study financed by the Water Sector Fund will help the state invest in modernising water and wastewater infrastructure. The project is expected to improve the population's living conditions to have a **positive impact on the daily lives of women** and on gender equality.
- Malawi's secondary cities have fast-growing populations but lack adequate water infrastructure. A €495 000 technical assistance programme helped Malawi's Southern Region Water Board ensure these **regional centres get the safe and sustainable water** they need. The technical assistance assignment was completed in 2023, paving the way for the implementation of Malawi's **Water Supply and Sanitation Programme**.
- 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 can 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.

AREAS OF ACTION

Water infrastructure for underserved households
Innovative water projects
Water management
Climate action

WATER SECTOR FUND AT A GLANCE

€28.3 MILLION in donor funds contributed

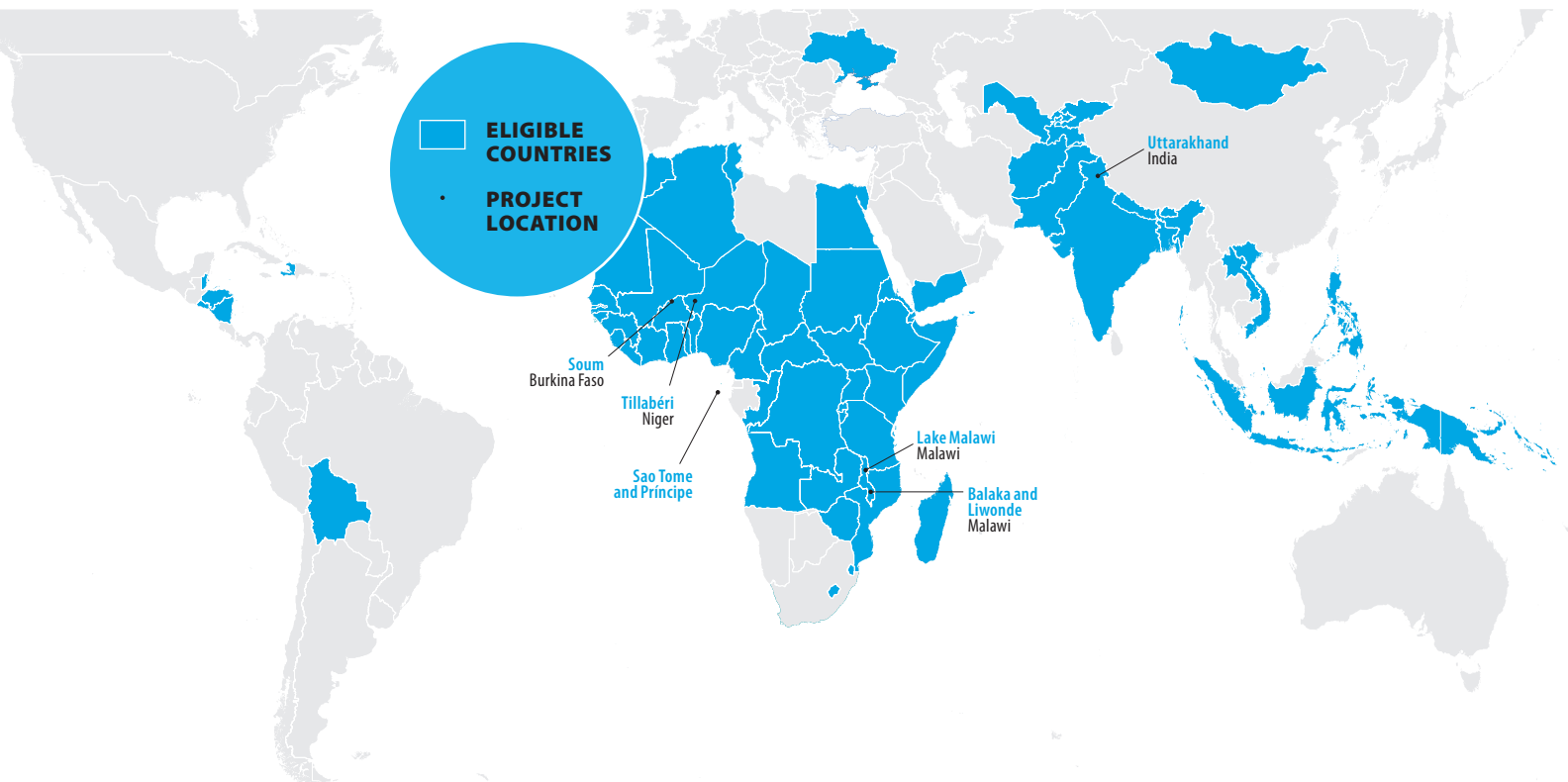
€13.7 MILLION allocated to operations

€724 MILLION of expected total investments supported

7
operations

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.



The Water Access Acceleration Fund is interested in projects in developing countries, with a focus on emerging markets in Africa and Asia.

Note: The European Investment Bank does not endorse, accept or judge the legal status of any territory, boundaries, colours, denominations or information depicted on this map.

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.