

European Investment Bank's Experience with Green Investments in the Water Sector in the EU

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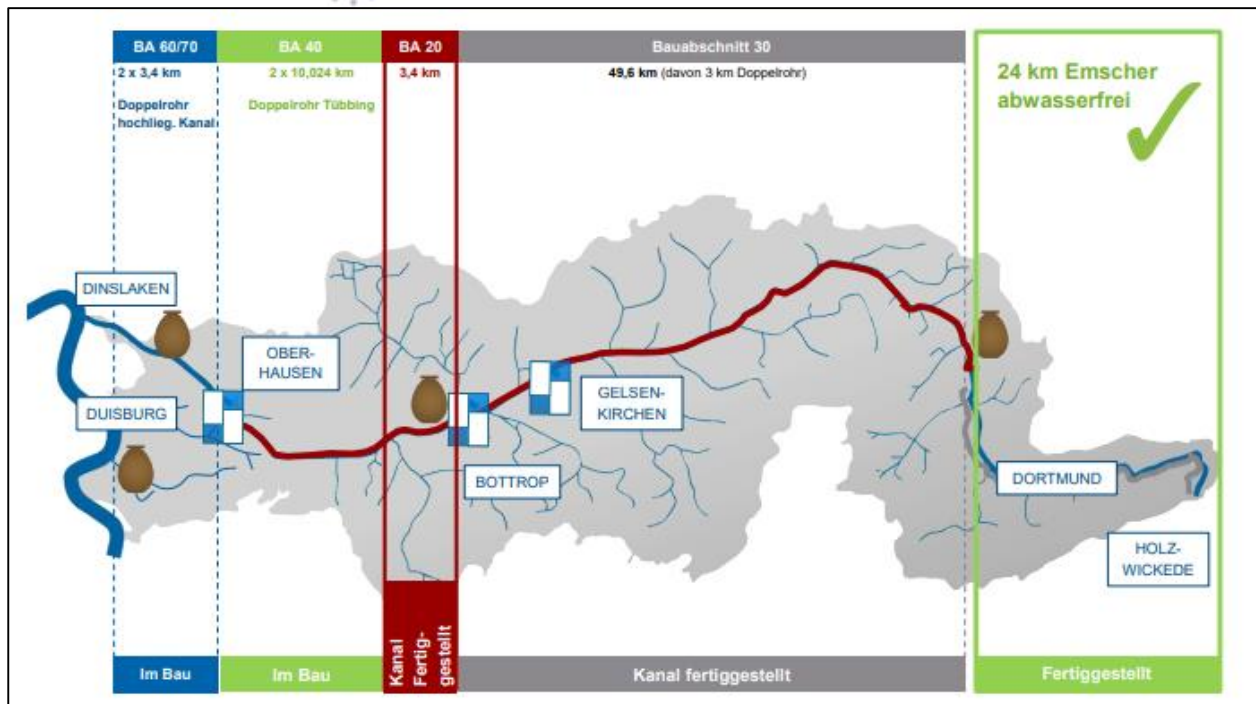
Four Case Studies from EU countries:

- Germany: Emscher-Project
- Belgium: Saving the Pearl mussel
- Luxemburg: Alzette Flood protection and river restoration
- Croatia: HBOR natural capital financing intermediated loan

Annex:

EIB Activity in the Water Sector

Case Study 1: Emscher Project (Germany)

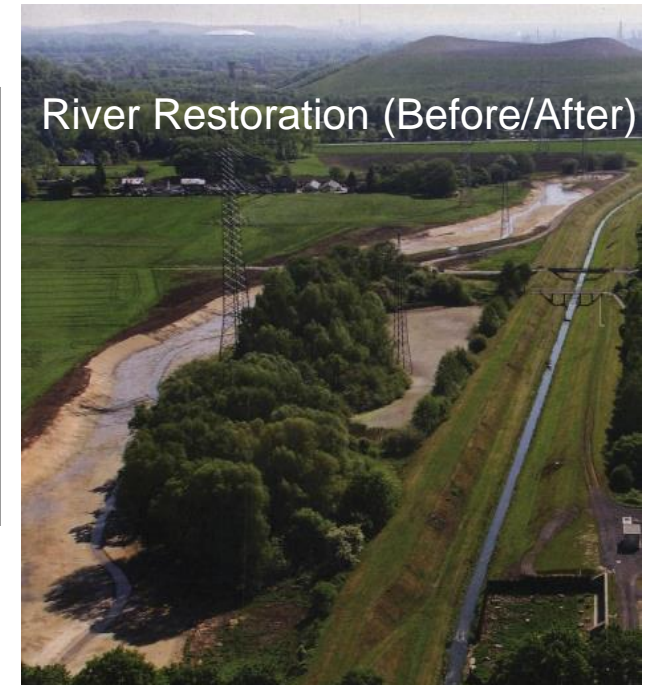


Purpose:

- Ensure connectivity with Rhine river and restore Emscher river and its creeks (350km) used as open sewers for over 2 million inhabitants for over a century
- Collect and treat wastewater and storm water before discharging to rivers
- Provide flood protection for 800,000 inhabitants living in areas under the river level (327 km²) due to settlements from coal mining

Case Study 1: Emscher Project (Germany)

Confluence with
the Rhine
(before/after)



- Four loans with EIB since 2011, total lending EUR 1,85 M, maturity 45 years
- Investment breakdown: 80% WW, 15% river restoration, 5% flood prevention
- Technical highlights:
 - Europe's largest river restoration project (investment cost over EUR 5 Bn)
 - 70 km of tunnel collector and 4 main WWTP (total capacity: 4.95 M P.E.)
 - Follow-up of biodiversity (number of species multiplied by 3 since 1990)

Case Study 2: Saving the Pearl Mussel (Belgium)



©R. Cors/SPWARNE-DEMNA

Purpose:

- Go beyond the requirements of the EU Directives (UWWTD and WFD) to protect and restore habitats of the European Freshwater Pearl Mussel (threatened by extinction)



Main data:

- EIB Loan of EUR 4.5M signed in 2020 for an investment cost of EUR 6 M (7th loan to SPGE* since 2004, total lending EUR 1.35 Bn), TA to be mobilised in 2021
- Project under the NCFF [Natural Capital Financing Facility \(eib.org\)](https://eib.org)
- 3 WWTPs with capacity of 250 to 760 P.E. and other works



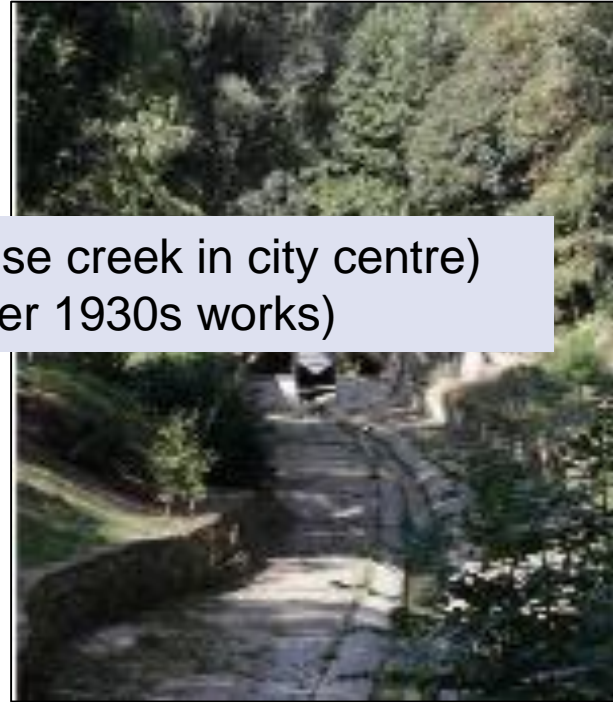
Planted reed bed WWTP

*Walloon Wastewater Agency

Case Study 3: Flood protection and river restoration (Luxemburg)



Location 1 (Pétrusse creek in city centre)
1904 and now (after 1930s works)



Purpose:

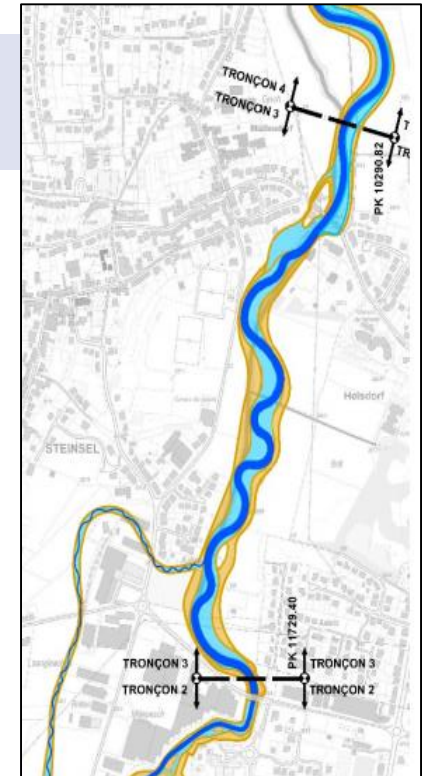
- Restore Alzette and Pétrusse rivers and ensure connectivity between them
- Provide flood protection for approx. 35,000 inhabitants living in the area of Luxembourg city
- Improve visual impact and biodiversity

Case Study 3: Flood protection and river restoration (Luxemburg)

Location 2 (Alzette Section 3, North of the City, length 1.4km), last flood in 1993



Section 2
already
restored in
2001-2002

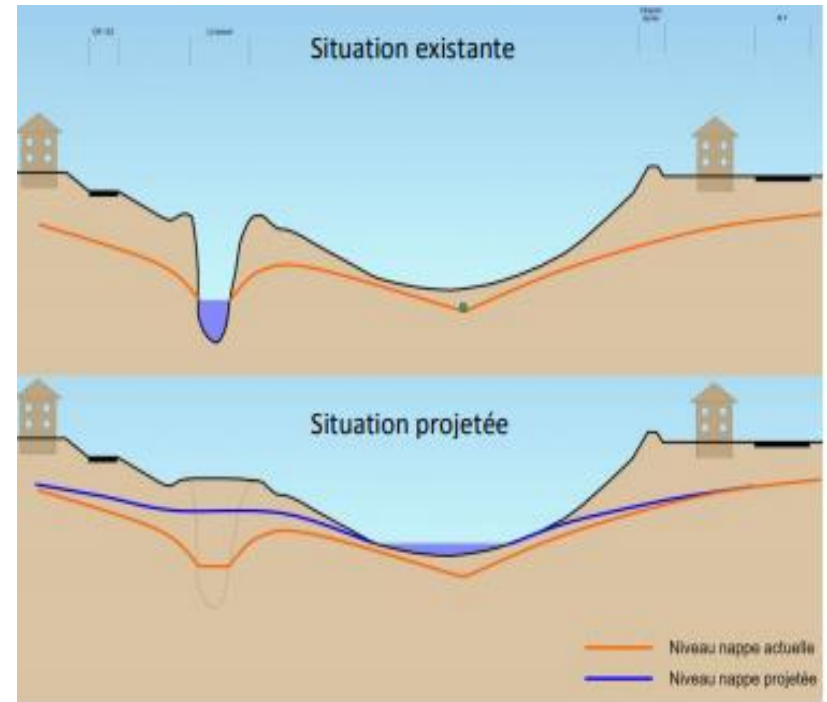
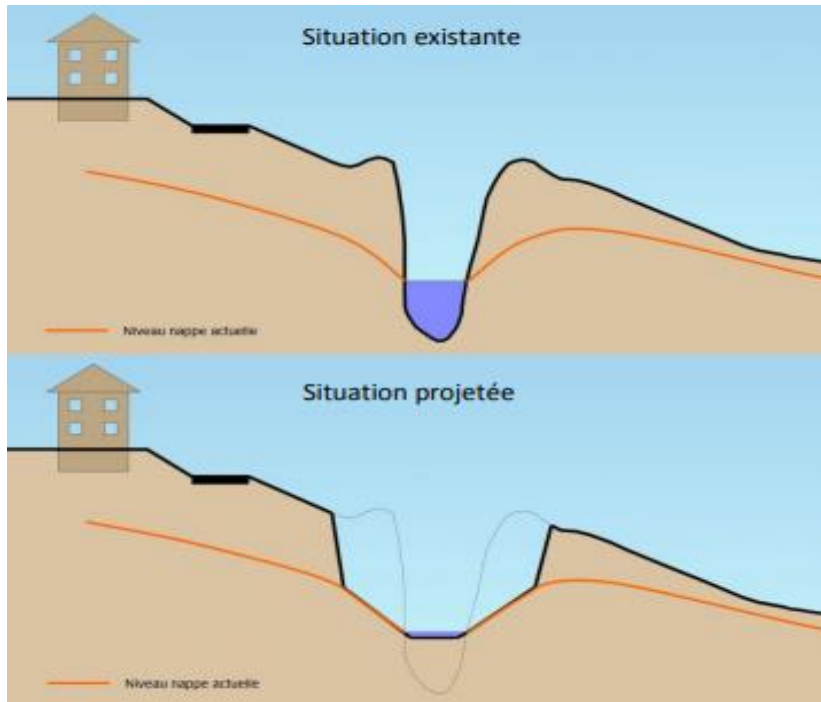


Purpose:

- Restore Alzette and Pétrusse rivers and ensure connectivity between them
- Provide flood protection for approx. 35,000 inhabitants living in the area of Luxembourg city
- Improve visual impact and biodiversity

Case Study 3: Flood protection and river restoration (Luxemburg)

Location 2, Alzette restoration concept: lifting the riverbed up to the natural groundwater level, and move it to the thalweg where possible. Remove drains.



Main data:

- Envisaged EIB Loan of EUR 9M for an investment cost of EUR 12 M
- Project under the NCFF [Natural Capital Financing Facility \(eib.org\)](https://eib.org/en/projects/2020/01/natural-capital-financing-facility)

Case Study 4: HBOR Natural capital financing intermediated loan (Croatia)



Purpose:

- Enable the Croatian Bank for Development & Reconstruction (HBOR) to support small conservation, restoration and nature-based projects (e.g. eco-tourism, agriculture, forestry, green infrastructure for cities)

Main data:

- Project under the NCFF [Natural Capital Financing Facility \(eib.org\)](https://eib.org)
- EIB Loan of EUR 15 M signed in 2019 for an investment cost of EUR 20 M
- Technical assistance mobilised (Grant of EUR 0.9 M under NCFF, EU LIFE)
- Delays due to COVID and recovery works from the two recent earthquakes,
- Difficulty to find suitable projects (strict NCFF rules vs. competition with other sources of funding, revenue streams from adaptation/conservation?, etc.)

THANK YOU FOR YOUR ATTENTION!



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Annex: EIB Activity in the Water Sector

1. General

- Largest international lender to the water sector worldwide,
- Total loan amount of EUR 33bn over the past 10 years, 90% of which for projects inside EU,
- Over the past 10 years, 300 major projects have been financed, 75% of which located within the EU.

Expected Outcome of the projects signed in 2020



SANITATION

15.5 million with improved sanitation



FLOOD PROTECTION

reduced risk of flooding for
1.8 million people



WATER

Safer drinking water for
29.6 million people



DROUGHTS RISK REDUCTION

8.7 million people with reduced exposure to drought risk

1. General (cont.)

- EIB lending covers the whole water cycle (water resources, water supply, sanitation, flood protection).
- EIB lends to public or private utility companies, national or local authorities or directly for project finance deals (but public sector represents 70% of lending volume)
- EIB can mobilise technical assistance, for both project preparation and implementation;
- EIB can finance large individual operations under investment loans or small operations (under EUR 1 million) under framework or global loans;
- EIB cannot finance more than 50% of the project investment cost (on average, EIB lending represents 30% of the project investment cost);

For more data and media material click here:

<http://www.eib.org/en/projects/sectors/water-and-waste-water-management/index.htm?f=search&media=search>

2. EIB's Water Sector Lending Orientation⁽¹⁾

- River basin approach (IWRM)
- Sector development
- Adaptation to climate change
- Water efficiency
- Development of new water supply
- Wastewater and sanitation services
- Research and Innovation



Maximise Added Value



(1) Published in December 2017. Available here:

http://www.eib.org/attachments/strategies/eib_water_sector_lending_orientation_en.pdf

3. Implementing the Orientation: Key Actions (1/2)

- IWRM (Integrated Water Resources Management):
 - Promote IWRM + water services provision in a project
 - Support transboundary cooperation
- Consolidation of institutional framework:
 - Support appropriate level of integration of utilities to improve efficiency and enhance borrowing capacity
 - Enhance financial sustainability (sustainable cost recovery)
- Adaptation to climate change:
 - Adaptation is part of EIB's Climate Action Commitment
 - Promoters should consider adaptation in project design
 - EIB supports technical assistance (TA) with grants
 - Preparation, implementation of flood risk management projects

3. Implementing the Orientation: Key Actions (2/2)

- Water efficiency:
 - Support efficiency in: (i) use by consumers; (ii) allocation of resources; (iii) systems (losses); (iv) management of utilities
 - Promote principle of cost recovery in line with WFD⁽¹⁾
 - Support industries aiming at improving “water footprint”
- Development of new water supply:
 - Demand side management and efficiency as 1st priority
 - Finance: (i) desalination with pre-requisites; (ii) dams, basin transfers and fossil water under strict conditions
- Wastewater and sanitation services:
 - Always consider them when undertaking water supply projects
 - Sustainable cost recovery (incl. subsidies)
 - Sustainable financing (blend loans, grants)

(1) EU Water Framework Directive (2000/60/EC)

In 2020 EIB's climate financing totalled EUR 24.2 Bn (37%).

4. EIB's Climate Action Commitment

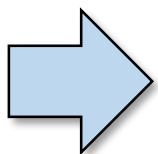
*“As the largest multilateral provider of climate finance worldwide, **we commit at least 25% of our lending portfolio to low-carbon and climate-resilient growth.**” (2016)*

*“The EIB will increase its level of support to climate action and environmental sustainability to **exceed 50% of its overall lending activity by 2025.**” (EIB Group Climate Bank Roadmap 2020-2025)*

EIB is member of the European Financing Institutions Working Group on Adaptation to Climate Change (EUFIWACC) which issued a Guidance Note in 2016.⁽²⁾



Standard Terms of reference for Climate Risk and Vulnerability Assessments (CRVA)



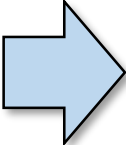
We want to demonstrate the climate impact (adaptation and/or mitigation) of all our projects!

Integrating Climate
Change Information
and Adaptation in
Project Development
Emerging Experience from Practitioners

European Financing Institutions Working Group on Adaptation to Climate Change



5. Technical Assistance



A single access point to a comprehensive offer of advisory and technical assistance services for all stages of the project cycle

European Investment *Advisory Hub*
Europe's gateway to investment support

UPSTREAM

- **Policy & program** advice
- **Preliminary** project assessment

PREPARATION

- **Technical advice** to promoters prior to appraisal (ToR, CBA)
- Advice on **financial structuring** (PPPs, investment platform & innovative projects)
- Selection & supervision of **consultants** for project prep.

IMPLEMENTATION

- Advice on **project implementation**
- **Enhanced monitoring** in delayed projects

CAPACITY BUILDING RELATED TO PROJECTS

Capacity building on technical issues – **Cooperation** centres of expertise -
Dissemination best practices & case studies