

“We forget that the water cycle and the life cycle are one.”

Jacques-Yves Cousteau

Decades ago, the legendary French ocean explorer and filmmaker Jacques-Yves Cousteau called our attention to what has now become one of our planet’s greatest challenges. According to the World Health Organization and Unicef, at least 1.7 billion people rely on drinking water sources that are [contaminated with faeces](#), and 4.1 billion — roughly half the Earth’s population — live [without safely managed sanitation services](#).

The United Nations expects water-related threats to become more pressing in the coming years. Population growth and a rapidly developing global economy, combined with the effects of climate change, will [exacerbate the lack of access to water](#) and sanitation for domestic purposes. UN experts assert that an unpredictable water supply will jeopardise socioeconomic progress and, [in many regions, even peace](#). The same is true of the droughts and floods that destroy people’s livelihoods.

Ensuring the availability and sustainable management of water and sanitation for all is one of the UN Sustainable Development Goals (SDG 6) to be achieved by 2030. The sheer scale of this task is a problem in itself, and it is worsened by insufficient financing and weak governance, which hold countries back from making the required advancements. [The global cost of achieving SDG 6 on water and sanitation will exceed \\$1 trillion per year](#), or 1.21% of global GDP, according to a 2022 report published by the Organisation for Economic Co-operation and Development. To reach that goal, the world will need to quadruple spending in the sector.



In the European Union, safe drinking water and sanitation are available almost everywhere, thanks to decades of extensive investment in infrastructure. However, Europe is also dealing with the effects of global warming. The continent has been suffering from severe drought since 2018, according to a study from [Graz University of Technology](#). Floods and droughts are projected to become more frequent, posing greater risks to health, biodiversity, power production, inland navigation, tourism and agriculture.

Water stress affects [20% of the European territory and 30% of the European population](#) in an average year. Droughts already cause economic damage of up to €9 billion annually, and water availability will decline further in most of Western and Southern Europe in the coming years, according to the European Environment Agency's [Climate Risk Assessment](#). To avoid economic and social disruption, Europe must make urgent adjustments to implement sustainable water infrastructure and management.

Adaptation to climate change is necessary in all sectors, but especially in the water sector. In 2023, the European Investment Bank (EIB) devoted a record €2.7 billion to adaptation projects that prevent flooding, protect electricity grids and develop new disaster plans in Europe and around the world. It is slated to do even more in this area in 2024 and future years, in support of the [EU Adaptation Strategy](#).

In addition to grappling with water security and climate risk issues, the European Union must operate, maintain and upgrade existing water systems and address the challenges created by [emerging pollutants](#) like hormones, pharmaceuticals and residues from cosmetic products.

EIB SUPPORT FOR THE GLOBAL WATER SECTOR

With total water and wastewater-related financing of more than €86 billion since the early 1960s, the EIB is one of the largest lenders to the global water sector. To date, it has supported over 1 770 water projects. From an early focus on building or upgrading sanitation and drinking water infrastructure, the Bank has expanded its portfolio to include projects in areas such as flood risk reduction, erosion prevention, new water supply (including desalination), new water-related technologies and revitalisation of watercourses.



Modern wastewater treatment protects public health and the environment. The EIB finances treatment plants in and beyond the European Union.



EIB financing is partly covered by the Bank's own resources, but it also uses mandates. These are agreements signed by the EIB to help a country, region or sector obtain outside resources, either through investments and guarantees, or in the form of technical and financial advice. It also partners with other institutions to maximise resources and expertise.

The EIB lends to public and private utility companies and to national and regional authorities. When a large investment project requires long-term funding, the Bank typically grants specialised investment loans. For large investment programmes, for example by public authorities, the EIB offers framework agreements under which financing can be provided for individual projects as they are approved. Other categories of water financing include loans for multiple beneficiaries (for example, commercial banks) and grants.

Before choosing to finance a project, the EIB assesses whether it is technically, economically and environmentally sound, emphasising resource efficiency. In the wastewater sector, this means the ability to recover energy and materials. Sewage sludge, for instance, can be turned into green gas and renewable energy, and treated wastewater can be used for irrigation. These are examples of how the Bank helps key water users manage limited global resources more sustainably.

FACTS AND FIGURES

Lending:

- **In 2023 the EIB provided €4 billion for water-related projects**

Impact:

- **Better sanitation for 1.9 million people**
- **Safer drinking water for 4.9 million people**
- **Less flood risk for 1.5 million people**
- **Less drought risk for 12 million people**



PROJECT HIGHLIGHTS

Wastewater management in Cyprus

Cyprus is one of the most water-scarce countries on Earth. Its semi-arid climate means little rain and limited natural water resources. What's more, droughts have grown more frequent there in recent years. A €100 million EIB loan for wastewater management in Nicosia, Larnaca and Limassol will help construct sewer networks and treatment facilities for communities, to stop the pollution of the little surface and groundwater that is available.

[More information online](#)

Improving lives in North Macedonia

In **North Macedonia**, 26 wastewater treatment plants handle the wastewater of around just a third of the country's population. To safely treat and clean the wastewater of another third, North Macedonia received a €70 million grant by Team Europe, channelled through EIB Global, the Bank's development arm for activities outside the European Union. Thanks to this grant, the country will build state-of-the-art wastewater treatment facilities in Skopje, improving the living conditions of some 500 000 people.

[More information online](#)

Providing clean water in Djibouti

With no rivers or lakes, **Djibouti** in the Horn of Africa relies on groundwater. But groundwater depletes quickly during times of drought, and climate change is expected to make water scarcity even worse. That is why the EIB will provide €79 million in financing over 25 years to help Djibouti build a solar-powered water desalination plant and run a wastewater treatment project. Together, these projects will provide clean water for nearly half of Djibouti's population. They will offer some protection from climate change to residents, their land and their livestock, and will drive sustainable development in the country.

[More information online](#)

Ensuring drinking water access in São Tomé

A nine-month rainy season provides the island of **São Tomé** with an ample supply of fresh water. Still, only a small part of its population has easy access to safe drinking water, due to a lack of adequate water treatment and storage. The EIB and the European Commission have joined forces to improve the water network in and around its capital. A €14 million combined loan and grant will boost São Tomé's resilience against climate change. It will also help empower girls and women, who are most often tasked with collecting water, and will thus have more time to devote to attending school or setting up businesses.

[More information online](#)

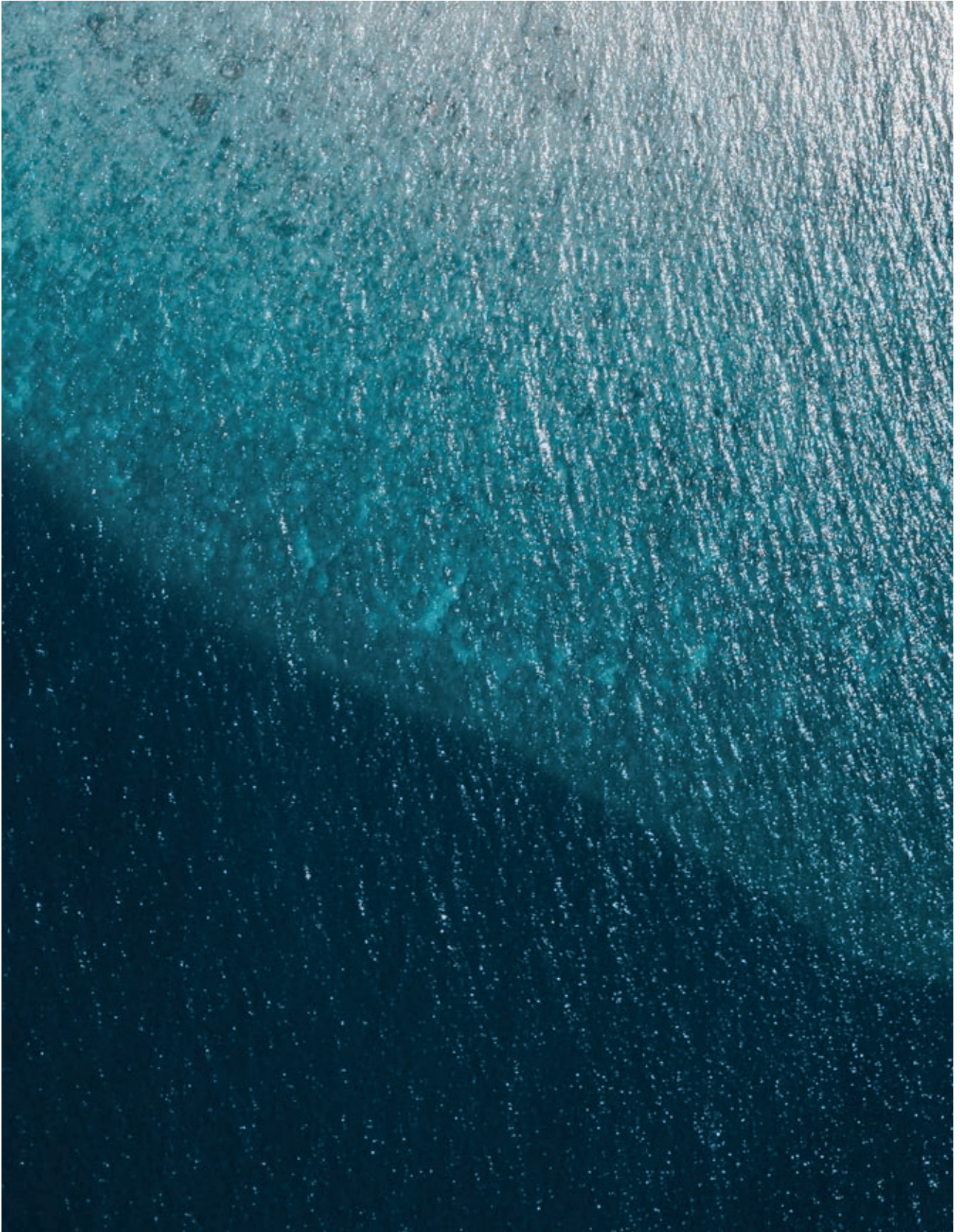
Reducing flood risk in Benin

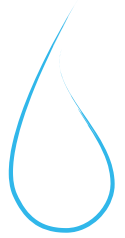
The coast of **Benin** has eroded by more than 400 metres in certain areas over the last 40 years, causing severe harm to coastal populations. In addition, rapid urbanisation has exacerbated the vulnerability of the country's coastal cities, which are unprepared to manage the flooding caused by rising sea levels. The EIB provided a €125 million loan to extend and rehabilitate rainwater drainage systems and affected roads in eight cities in Benin. Not only will this significantly decrease flood risk, but it will also reduce stagnant water, which poses risks to health. Furthermore, with most of the affected cities on or near the coast, the project will mean that less plastic waste ends up in the Atlantic Ocean.

[More information online](#)



Djibouti, in the Horn of Africa, entirely relies on groundwater. An EIB-financed desalination plant will benefit the country's people and livestock.





RESOURCES

VIDEOS

- **EIB at COP28: Water security and climate adaptation in the spotlight**
- **Bosnian farmers: Miko's story**
- **On the Ground | Clean energy and drinking water in Bolivia's remote villages**
- **On the Ground | Providing clean water in rural Ecuador**
- **Beneath the Surface — Katosi water treatment plant in Uganda**

STORIES, ESSAYS AND PODCASTS

- **Cleaner water for Skopje**
- **Working with nature, not against it**
- **From salty to sweet**
- **Freeing the river**
- **No barrier to river biodiversity**
- **Gone in a moment**
- **Blue water, green future**
- **Wallonia's water worries**
- **Quenching Jordan's thirst**
- **Human rights in a water pipe**
- **Development and integration in North Macedonia**
- **The power of water in the Aosta valley**
- **Water crisis: a vital investment opportunity**
- **Comfort is a running tap**



Water OVERVIEW 2024



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