

Background note

International Financial Institutions and bilateral donors: Assessing available funding for water security in EaP countries and transboundary basins

**11th Roundtable on Financing Water
30-31 May, Brussels**

This draft paper for consultation will inform discussions at the 11th Roundtable on Financing Water: regional meeting on the EU's Eastern Partnership (EaP) countries (Brussels, 30-31 May 2024), co-convened by the OECD and the European Commission.

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Introduction

The European Union (EU)'s Eastern Partnership (EaP) countries – Armenia, Azerbaijan, Georgia, Moldova, and Ukraine – are all seeking finance for improving their water security, and coming into closer alignment with the EU's Water Acquis. At the same time, International Financial Institutions, bilateral donors, and other multilateral institutions have made significant funds available for water finance. This background paper presents some preliminary findings of OECD research conducted under the EU4Environment Water Resources and Environmental Data Programme on assessing how much finance is available for EaP countries, and from what sources, for water infrastructure and the implementation of River Basin Management Plans (RBMPs) in the EaP countries. The overall objective of this work is to support priority measures to better manage water resources in the EaP region by, among other things, engaging IFIs in implementing RBMPs.

This background document aims to help identify opportunities for EaP countries to access the billions of euros available on the global development finance market. By including information on where money is being directed within the EaP countries from these sources, the authors hope to support both governments and IFIs in identifying the gaps and where more support for accessing finance could be provided.

This is a preliminary document that will form the foundation for further research, trying to equip countries to better understand the water-related finance landscape. A next stage of the research will examine available data on demand for water finance, based on the Programmes of Measures developed for the RBMPs in EaP countries, and compare that with available finance, to better understand if there is truly a gap in financing water security in the region or if it's a question of capacity to access finance.

This work also feeds into broader work on finance under the EU4Environment Water and Data Programme. This includes assessments on the enabling environment for water finance, as well as roadmaps to enhance domestic finance mobilisation. By starting a dialogue with countries on where international finance for water is currently going, the Programme will support unlocking access and make these sectors more financially sustainable and robust.

Estimates of available finance for water

Methodology

Information from this report was compiled through disclosures from facilities, funds, and programmes, as well as third-party sources. The results of this effort, including balance calculations, are shown in Table 2. The table lists 34 multilateral and bilateral funds, facilities, and programmes for which one or more countries in the Eastern Partnership (EaP) can apply. It is based on three criteria.

First, the funds should be relevant to the water or water-related sectors or general technical assistance and capacity development support. Secondly, they should be eligible for the EaP or at least SC countries. Thirdly, the funding sources should have an unutilised balance and be open to new projects (applications). This list does not include funds that focus on other areas – such as poverty reduction – or water-related funds that target regions other than the EaP region.

Regarding the terminology, “commitments” are understood both as commitments of donors for funding (donor commitments) as well as commitments of the funds for project and programme financing (fund commitments). This report considers the middle phase, i.e., funds approved and funding committed. In other words, if this information is available, financial status is measured when funding and financing decisions are effective in both upstream and downstream directions.¹

The calculated balance in Table 2 is the difference between these two amounts. In some cases, the websites of the funds and programmes give the current unutilised balance, or this balance is provided in the IFI’s annual reports, financial reports or work programmes. In some cases, the institutions also disclose information on funds’ income from interest and investments, which then adds to the final balance sheet.

The report is based on the most recent available data. However, the financing frameworks of different institutions and financing mechanisms do not necessarily overlap, and it was also impossible to compare specific points in time (as the most recent data vary – 2022, 2021, etc.). Also, the available funds are calculated based on the unutilised balance and the secured (approved) future financing.

In this report, “\$” refers to the United States dollar. The figures are represented in dollars as the majority of data from financial institutions was dollar denominated.

¹ Also, other studies and reports opt to assess downstream financial flows based on commitments rather than disbursements, although these amounts are, on average, substantially higher than actual disbursements.

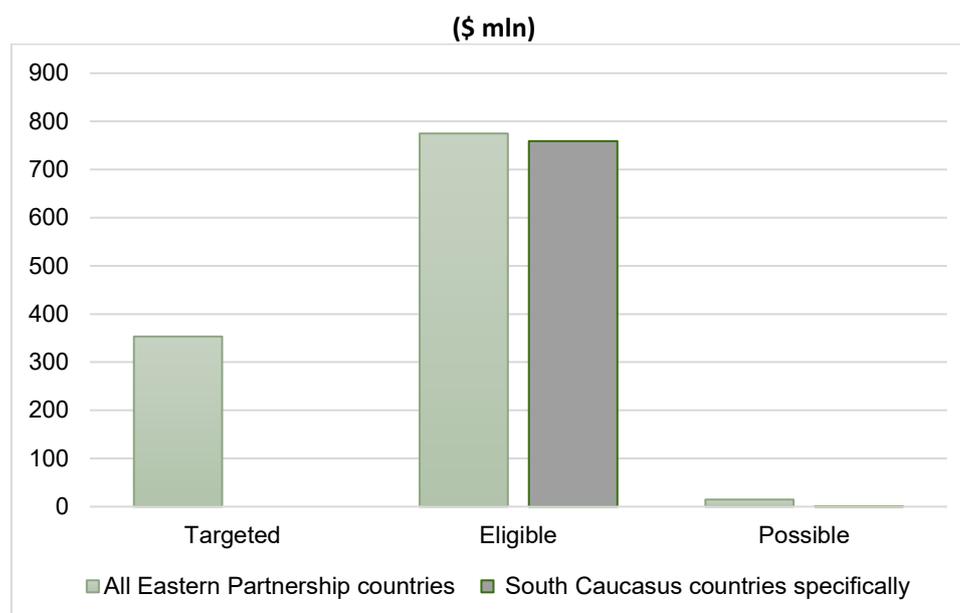
Main findings

The facilities, funds, and programmes in Table 2 are categorised into three levels, based on whether they target EaP countries specifically (***), whether EaP countries are eligible (**), or whether EaP countries are potentially eligible (*).

The total available balance of the selected 34 financing facilities, funds and programmes is \$2,215.59 million. Some funds prioritise certain countries – in the Eastern Partnership (EaP) region and beyond – while others are open to all. Within the EaP grouping, the major division is Eastern Europe and the South Caucasus - although the total amount available for the Eastern Partnership (EaP) region is \$2,215.59 million, only \$1,369.71 million is equally available for all five EaP countries. Of the total amount, 61.8% can be assigned to all five EaP countries and 38.2% exclusively to the three SC countries.

On the other hand, the ADB does not have any facilities, funds, or programmes that are solely targeted at the three South Caucasus countries (Figure 1). In contrast, the European Bank for Reconstruction and Development (EBRD) and the European Investment Bank (EIB) have facilities and funds exclusively devoted to the EaP countries.

Figure 1. Available IFI funding according to its regional focus



Source: Author's calculation.

Table 2 provides a detailed breakdown of the available funding for each source, as described in Table 1. Most of the resources are located in level 2, indicating the countries are part of a larger group of eligible countries. In addition, the largest amounts of funding are in sectoral scope 2, meaning water management projects are among the priority areas for funding.

Table 1. Overview of available funding amounts per region and sector

(\$ mln)

EaP+SCC	Region			Total	
	+++	++	+		
Sector	+++	0.00	21.50	0.87	22.37

	++	279.53	1,087.39	14.70	1,381.62
	+	80.69	730.91	0	811.60
	Total	360.22	1,839.80	15.41	2,215.43
EaP		Region			
		+++	++	+	Total
Sector	+++	0.00	0	0.00	0.00
	++	279.53	875.30	14.70	1,169.53
	+	80.69	119.49	0	200.18
	Total	360.22	994.79	14.70	1,369.71
SCC		Region			
		+++	++	+	Total
Sector	+++	0.00	21.50	0.87	22.37
	++	0.00	212.09	0.00	212.09
	+	0.00	611.42	0	611.42
	Total	0.00	845.01	0.87	845.88

Source: Author's calculation.

*Regional priority: +++ Sole priority; ++ Among the priority countries; + Not among priority countries, but may be considered upon consultations and needs.

**Sectoral focus: +++ Main focus; ++ Among the main focuses; + Possible or supportive area (e.g. impact-focused, including climate change adaptation, environmental improvement, financial stability, etc.; or focused on project management cycle, such as project preparation).

Level 1 – Funds targeted at EaP region

Four sources are **solely committed** to the five EaP countries, amounting to \$360.22 million, 16.3% of all available finances. These include the Eastern Europe Energy Efficiency and Environment Partnership (E5P) and the Eastern Partnership Technical Assistance Trust Fund (EPTATF) of the European Bank for Reconstruction and Development (EBRD), the EU for Ukraine Fund (EU4U) of the European Investment Bank (EIB), and the Initial GEF-8 STAR Country Allocations for the EaP countries of the Global Environment Facility Trust Fund (GEF TF).

The total available funds from these four instruments are \$360.22 million, whereas 36.7% (\$132.30 million) is solely dedicated to Ukraine. Out of the total amount, \$279.53 million is available for sectors where water is among the selected eligible areas. The remaining \$80.69 million can be used for other areas associated with the water sector or project cycle management-related support.

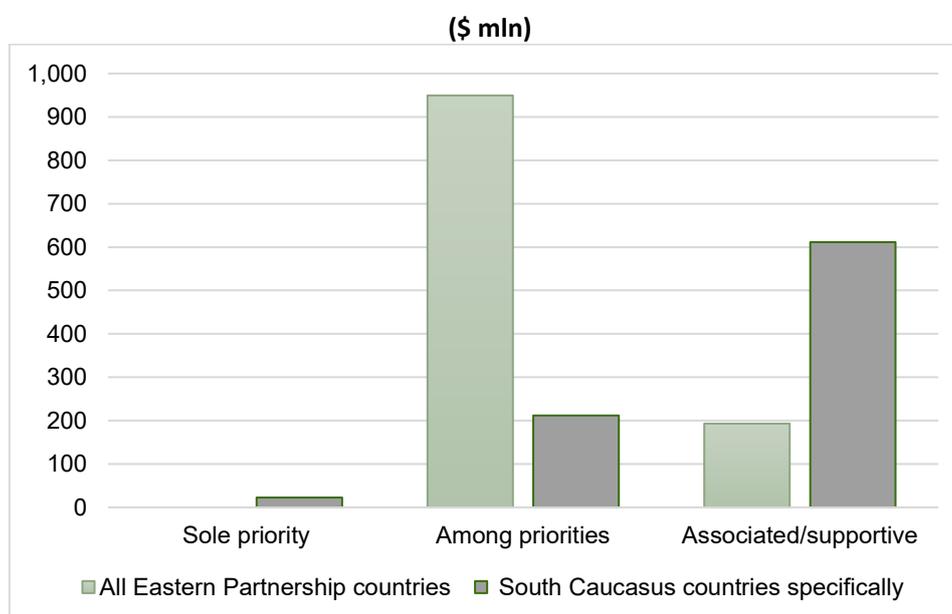
Level 2 – Funds where EaP countries are eligible

The largest category is funds, for which the EaP countries are among a **larger pool** of eligible countries. Funds in this category amount to \$1,839.80 million, or 83.0% of all available funding. This pool's available funding amounts to \$994.79 million (54.1% of this category) for all six EaP countries (10 funds) and another \$845.17 (45.9% of this section) only for the three SC countries (18+1 funds). From the latter figure, there is funding of \$86.32 million available where only Armenia is on the list of eligible countries (Canadian Climate Fund for the Private Sector in Asia II).

Since Ukraine has not designated an NDA/FP for GCF, it cannot apply for funding amounting to \$99.49 million from the Project Preparation Facility (PPF) and the Readiness and Preparatory Support Programme (the Readiness Programme) of the Green Climate Fund (GCF).

Regarding the sectoral focus, \$21.50 million is mainly targeted to water (R2-S3); however, it is only for the three SC countries (Figure 2). This includes funding from the Water Financing Partnership Facility (WFPF), and the Water Resilience Trust (WRTF) Fund of the Asian Development Bank (ADB).

Figure 2. Available IFI funding based on the water sector as a priority



Source: Author's calculation.

Within the sub-section where water is one of the priority areas for funding (R2-S2), total funds amount to \$1,087.39 million. Of this amount, \$875.30 million is available to all six EaP countries and another \$212.09 million for the three SC countries. As mentioned above, Armenia is on the list of eligible countries for \$86.32 million from \$875.30 million.

For the EaP countries, the funds include the Adaptation Fund (AF), the City Climate Finance Gap Fund (Gap Fund) of the European Investment Bank (EIB), the Finance and Technology Transfer Centre for Climate Change (FINTECC) of the European Bank for Reconstruction and Development (EBRD), the International Climate Initiative Fund (IKI Fund) of the European Investment Bank (EIB), Pilot Program for Climate Resilience (PPCR) of the Climate Investment Funds (CIF) and the Special Climate Change Fund (SCCF) of the Global Environment Facility (GEF).

For the three SC countries, it is the High-Level Technology Fund (HTLF), the Japan Fund for the Joint Crediting Mechanism (JFJCM), the Spanish Cooperation Fund for Technical Assistance (TAGF-SPA), the Urban Environmental Infrastructure Fund (UEIF) and the Canadian Climate Fund for the Private Sector in Asia II (CFPS II) for where only Armenia can apply from the EaP/SC countries, as these all belong to the the Asian Development Bank (ADB).

The least sectoral focus (R2-S1) has funding that aims to increase technical expertise and capacities in project preparation and implementation. Nevertheless, this funding is also relevant to water-related projects and, therefore, is considered here.

The available finance amounts to \$730.91 million, of which \$119.49 is available for the six EaP countries and another \$611.42 million for the three SC countries.

For the six EaP countries, this category includes the Luxembourg-EIB Climate Finance Platform (LCFP) of the European Investment Bank (EIB), as well as the Project Preparation Facility and Readiness and Preparatory Support Programme of the Green Climate Fund (GCF).

For the three SC countries, the following 11 ADB funds have available funding in this category, whereby the major bulk comes from the Technical Assistance Special Fund (\$285.00 million). Together with the Japan Fund for Prosperous and Resilient Asia and the Pacific (\$129.30 million) and the Japan Special Fund (\$110.00 million), these three sources account for \$524.30 million, which is 85.8% of the sum for SC countries in this category, all administered by the Asian Development Bank (ADB).

- ADB Ventures Investment Fund 1
- Asia Pacific Climate Finance Fund
- Asia Pacific Project Preparation Facility
- Cities Development Initiative for Asia Trust Fund
- Climate Change Fund
- Domestic Resource Mobilization Trust Fund
- Japan Fund for Prosperous and Resilient Asia and the Pacific
- Japan Special Fund
- Project Preparation and Implementation Support Trust Fund
- Regional Cooperation and Integration Fund
- Technical Assistance Special Fund

Level 3 – Potential funding sources

This category includes funds and programmes that do not prioritize any of the EaP/SC countries. However, the **possibility of considering** other countries exists if the funds' administrators (IFIs) and the donors agree and there are demonstrated needs.

The total available funding is \$15.41 million, of which \$14.70 million stands for all six EaP countries and the vast majority of \$0.87 million for the three SC countries. This third level of funding makes up only 0.7% of all available funding.

The Public-Private Infrastructure Advisory Facility (PPIAF) is open to all six EaP countries and has objectives in the water sector, among other areas (R1-S2).

Another funding option in this category is the Sanitation Financing Partnership Trust Fund (SFPTF) and the Water Innovation Trust Fund (WITF), which prioritise water-based activities (R1-S3) as they are both under the Water Financing Partnership Facility (WFPF) of the Asian Development Bank (ADB). However, the three SC countries are eligible for this fund, with only negligible funding available (as mentioned above).

Summary

In summary, there are 14 IFI funds, facilities, and programmes with an available balance larger than \$5 million, which all five EaP countries can apply for. Table 2 below breaks down the funds, and their underutilised balances.

Table 2. Overview of regionally and sectorally relevant IFI funds and their respective unutilised balances

Fund	Acronym (short title)/Affiliation	Balance (\$ mln) ²	Eligibility ³	Region*	Sector**
Adaptation Fund	AF/GEF	525.65	EaP	++	++
ADB Ventures Investment Fund 1	Fund 1/ADB	33.00	SCC	++	+
Asia Pacific Climate Finance Fund	ACliFF/ADB	22.63	SCC	++	+
Asia Pacific Project Preparation Facility	AP3F/ADB	14.70	SCC	++	+
Canadian Climate Fund for the Private Sector in Asia II	CFPS II/ADB	86.32	ARM	++	++
City Climate Finance Gap Fund	Gap Fund/EIB(+WB)	13.00	EaP	++	++
Cities Development Initiative for Asia Trust Fund	CDIA/UFPF-ADB	5.49	SCC	++	+
Climate Change Fund	CCF/ADB	2.30	SCC	++	+
Domestic Resource Mobilization Trust Fund	DRMTF/ADB	2.00	SCC	++	+
Eastern Europe Energy Efficiency and Environment Partnership	E5P/EBRD	147.23	EaP	+++	++
Eastern Partnership Technical Assistance Trust Fund	EPTATF/EBRD	6.01	EaP	+++	+
EU for Ukraine Fund	EU4U/EIB	132.30	UKR	+++	++
Finance and Technology Transfer Centre for Climate Change	FINTECC/EBRD	2.64	EaP	++	++
Global Environment Facility Trust Fund	GEF TF	53.67 ⁴ + 21.01 ⁵	EaP	+++	+
High-Level Technology Fund	HLTF/ADB	31.50	SCC	++	++
International Climate Initiative Fund	IKI Fund/EIB	39.10	EaP	++	++
Japan Fund for Prosperous and Resilient Asia and the Pacific	JFPR/ADB	129.30	SCC	++	+
Japan Fund for the Joint Crediting Mechanism	JFJCM/ADB	87.29	SCC ⁶	++	++
Japan Special Fund	JSF/ADB	110.00	SCC	++	+

² The unutilised balance is based on the latest publicly available data.

³ From the perspective of the EaP countries, not from the funds' perspective.

⁴ Sum of the Initial GEF-8 STAR Country Allocations for the EaP countries, not the whole GEF TF.

⁵ Author's estimate based on adjusted figures from a total of \$955 million of set-asides for three specific focal areas (BD STAR Set Aside, CCM STAR Set Aside, and LD STAR Set Aside).

⁶ Azerbaijan and Georgia for sovereign investment and TA projects, Armenia for non-sovereign projects only.

Luxembourg-EIB Climate Finance Platform	LCFP/EIB	20.00	EaP	++	+
Pilot Program for Climate Resilience	PPCR/CIF	220.00	EaP	++	++
Project Preparation and Implementation Support Trust Fund	PPISTF/ADB	3.00	SCC	++	+
Project Preparation Facility	PPF/GCF	18.00	EaP ⁷	++	+
Public-Private Infrastructure Advisory Facility	PPIAF/WB	14.70	EaP ⁸	+	++
Readiness and Preparatory Support Programme	Readiness Programme/GCF	81.49	EaP ¹⁴	++	+
Regional Cooperation and Integration Fund	RCIF/RCIFPF-ADB	4.00	SCC	++	+
Sanitation Financing Partnership Trust Fund	SFPTF/WFPF-ADB	0.71	SCC	+	+++
Spanish Cooperation Fund for Technical Assistance	TAGF-SPA/ADB	4.90	SCC	++	++
Special Climate Change Fund	SCCF/GEF	74.91	EaP	++	++
Technical Assistance Special Fund	TASF/ADB	285.00	SCC	++	+
Urban Environmental Infrastructure Fund	UEIF/UFPF-ADB	2.08	SCC	++	++
Water Financing Partnership Facility	WFPF/ADB	1.50	SCC	++	+++
Water Innovation Trust Fund	WITF/WFPF-ADB	0.16	SCC	+	+++
Water Resilience Trust Fund	WRTF/WFPF-ADB	20.00	SCC	++	+++
Total		2,215.59			

*Regional priority: +++ Sole priority; ++ Among the priority countries; + Not among priority countries, but may be considered upon consultations and needs.

**Sectoral focus: +++ Main focus; ++ Among the main focuses; + Possible or supportive area (e.g. impact-focused, including climate change adaptation, environmental improvement, financial stability, etc.; or focused on project management cycle, such as project preparation).

This report did not consider the funds solely dedicated to climate change mitigation, such as clean energy or renewables, or socio-economic development, such as poverty reduction or just transition. A few other funds could have been considered under certain circumstances, such as if the regional or sectoral focus were to change. Here are some examples of such funds.

⁷ Ukraine has not designated an NDA/FP for GCF.

⁸ Armenia and Ukraine are on the PPIAF country list but are not considered a priority, nor are they fragile and conflict-affected countries.

Table 3. IFI funds not included in the calculation and the respective reason

Fund	Acronym/Affiliation	Issue
ASEAN Australia Smart Cities Trust Fund	AASCTF/WFPF-ADB	SCC countries are not eligible for funding
Climate Innovation and Development Fund	CIDF/ADB	Only two countries are eligible for support (India and Viet Nam)
Climate Services for Resilient Development Partnership	CSR/USAID	EaP countries are not among the initial three focus countries
Community Resilience Partnership Program Trust Fund	CRPPTF/ADB	EaP countries are not among the current priority countries
Financial Inclusion Fund	FIC/EIB	The focus is on small businesses and entrepreneurs
Global Climate Partnership Fund	GCPF	The focus is on climate change mitigation (energy efficiency, renewables)
Investment Climate Facilitation Fund	ICFF/ADB	The focus is on tackling climate change through energy efficiency
Leading Asia's Private Infrastructure Fund 2	LEAP	The focus is on energy efficiency, health care, education, communication or agribusiness with a clear link to infrastructure
Netherlands Trust Fund	NTF/WFPF-ADB	The trust fund does not have balances for new projects/initiatives
Nordic Development Fund	NDF	Upper middle-income countries are not eligible for support
PCR Poverty Reduction and Regional Cooperation Fund	PRRCF/ADB	The focus is on poverty reduction or regional cooperation aimed at poverty reduction and development
Technical Assistance Facility	TAF/CIF	Activities aim to accelerate clean energy investments
Urban Climate Change Resilience Trust Fund	UCCRTF/WFPF-ADB	SCC countries are not eligible for funding

Where bilateral donor funds are going in the EaP countries

This section reviews data from the OECD Creditor Reporting System (CRS) to better understand where Official Development Assistance is being spent on water in EaP countries. This assessment is based on ten water-related sectors from the CRS database:

- Water sector policy and administrative management (14010)
- Water resources conservation – including data collection (14015)
- Water supply and sanitation – large systems (14020)
- Water supply– large systems (14021)
- Sanitation – large systems (14022)
- Basic water supply and basic sanitation (14030)
- Basic water supply (14031)
- Basic sanitation (14032)
- River basins development (14040)
- Education and training in water supply and sanitation (14081)

The reviewed sections include all Official Development Assistance (ODA) – ODA Grants, ODA Loans and Equity Investment. It thus only includes ODA from national administrations – although EU and IFI finance is significant, it is not included in these calculations. Also not included are Other Official Flows (Non-Export Credit) and Private Development Finance. The considered period is 2013-2022 and the currency is US Dollars (constant prices, 2022).

Which EaP countries were most successful in receiving water-related grants

In the reviewed period 2013-2022, 21 countries provided grants to the five EaP countries, totalling \$229.12 million.

Moldova received 29.5% of granted grants, totalling \$67.52 million. Switzerland was the major contributor, with contributions totalling \$25.25 million (37.4% of all grants that Moldova received). The second largest contributor was Austria, with \$18.64 million (27.6%). Czechia and Germany provided the remaining two considerable amounts, \$9.13 million and \$9.03 million, respectively (accounting for 13.5

and 13.4%). These four countries provided 91.9% of all grants going to Moldova. Nine other donor countries had smaller amounts.

Georgia took second place in terms of total grants with \$62.94 million (27.5%). In Georgia, the largest contributor was France, with \$36.00 million (57.2%), followed by Germany, with \$15.97 million (25.4%). The third largest donor was Sweden, with \$7.34 million (11.7%). These three countries provided the major bulk of all 94.2% grants to Moldova. Another six contributed the remaining amount.

Ukraine follows with 24.7% and \$56.39 million. The major contributor for Ukraine was Switzerland, with \$20.15 million (35.7%), followed by Japan with \$16.50 million (29.3%) and Denmark with \$8.99 million (15.9%). These three countries provided 80.6% of all grants in Ukraine. Another 16 countries were responsible for the remaining amount.

Table 1. Total grants provided to the EaP countries

	Grants (\$ mln)	% of total grants*	No. of donors
Moldova	67.52	29.5%	13
Ukraine	56.60	24.7%	19
Armenia	16.83	7.3%	7
Azerbaijan	25.23	11.0%	4
Georgia	62.94	27.5%	9
Total	229.12	100%	21

Note: * Of all water-related grants in the EaP region included in this report.

Source: Calculated based on the OECD CRS database.

Azerbaijan and **Armenia** lag somewhat behind, with \$25.23 million (11.0% of all grants) and \$16.83 million (7.3%), respectively. Azerbaijan received the major bulk from South Korea – \$21.28 million, accounting for 84.4% of all grants Azerbaijan received. Germany provided the major part in Armenia, with \$12.19 million (72.5% of all grants in Armenia), followed by the United States with \$3.82 million (22.7%). Therefore, Germany and the United States provided 95.2% of all grants going to Armenia.

When donors are reviewed individually (Table 2), we can see that Switzerland provided more than a third of the grants Moldova and Ukraine received (37.4% and 35.6% within each country, respectively). France focused on Georgia, accounting for 57.2% of the grants Georgia received, and South Korea on Azerbaijan (84.4%).

Table 2. Largest contributors per recipient country – grants (total grants per recipient country in descending order)

Recipient	Donor	Total (\$ mln)	% of total grants*
Moldova	Switzerland	25.25	37.4%
	Austria	18.64	27.6%
	Czechia	9.13	13.5%
	Germany	9.03	13.4%
Georgia	France	36.00	57.2%
	Germany	15.97	25.4%
	Sweden	7.34	11.7%
Ukraine	Switzerland	20.15	35.6%
	Japan	16.50	29.2%
	Denmark	8.99	15.9%
Azerbaijan	South Korea	21.28	84.4%
Armenia	Germany	12.19	72.5%

	United States	3.82	22.7%
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Note: * Within the recipient country. Only the main donors are listed here (therefore, the percentages within each country do not add up to 100).

Source: Calculated based on the OECD CRS database.

Which EaP countries the largest donors focused on

As Table 3 shows, the overall largest contributor for the five EaP countries together was Switzerland (20.2% of the total amount of \$229.12 million, i.e. \$46.29 million). As was already shown in Table 2 above, Switzerland was the largest contributor in Moldova and Ukraine in terms of provided grants. As for the second and third largest contributors, France and Germany, France focused on Georgia and Germany on Georgia, Armenia and Moldova (Table 4).

Table 3. Largest contributors – grants

	Grants contributed (\$ mln)	% of total grants
Switzerland	46.29	20.2%
France	38.93	17.0%
Germany	38.55	16.8%
South Korea	21.38	9.3%
Japan	20.53	9.0%
Austria	18.68	8.2%
Czechia	9.35	4.1%
Denmark	8.99	3.9%
United States	8.70	3.8%
Sweden	8.27	3.6%
Slovenia	3.60	1.6%
Slovakia	3.11	1.4%
Poland	0.29	0.1%

Note: Another eight countries left out of this table provided grants totalling less than \$1 million.

Source: Calculated based on the OECD CRS database.

Some donors were highly focussed – all Denmark's grants went to Ukraine, 99.5% of South Korea's grants went to Azerbaijan, and 97.6% of Czechia's grants went to Moldova. 92.5% of French and 88.7% of Swedish grants went to Georgia, while Switzerland and Japan split their grants primarily between two countries (although Japan focused primarily on Ukraine), and the United States split their grants between three countries.

Table 4. Focus of donor countries – grants

	Focus country	% of donor's grants
Switzerland	Moldova	25.3%
	Ukraine	20.2%
France	Georgia	92.5%
Germany	Georgia	41.4%
	Armenia	31.6%
	Moldova	23.4%
South Korea	Azerbaijan	99.5%
Japan	Ukraine	80.4%

	Azerbaijan	16.0%
Austria	Moldova	99.8%
Sweden	Georgia	88.7%
Czechia	Moldova	97.6%
Denmark	Ukraine	100.0%
United States	Armenia	44.0%
	Ukraine	31.2%
	Georgia	18.9%

Source: Calculated based on the OECD CRS database.

High variability in loan size and distribution

As Table 5 shows, four countries in the EaP region took up loans in addition to receiving grants. However, there were large differences between the countries. Whereas Azerbaijan took \$426.24 million, Ukraine only \$6.46 million. Armenia also took twice as much as Georgia (\$175.50 million compared to \$81.34 million).

Table 5. Loan distribution per recipient country

Recipient	Donor	Total loans (\$ mln)	% loans
Armenia	Germany	144.44	20.9%
	France	31.06	4.5%
	Sub-total	175.50	25.5%
Azerbaijan	Germany	88.21	12.8%
	Japan	290.23	42.1%
	South Korea	47.80	6.9%
	Sub-total	426.24	61.8%
Georgia	Germany	81.34	11.8%
	Sub-total	81.34	11.8%
Ukraine	France	0.93	0.1%
	Germany	0.35	0.1%
	Japan	5.18	0.8%
	Sub-total	6.46	0.9%
Total		689.53	100.0%

Source: Calculated based on the OECD CRS database.

Table 6 details the sectors the loans were used in. These were primarily the water supply and sanitation – large systems and basic water supply and basic sanitation, where a total sum of \$581.97 million was spent. Another significant part was used for water sector policy and administrative management – \$102.38 million. Last, a smaller portion for sanitation – large systems, \$5.18 million.

Armenia was the only country using loans for water sector policy and administrative management, and Ukraine for sanitation – large systems. Most of the basic water supply and basic sanitation loans were used in Azerbaijan. The only sector where all four countries took up loans was water supply and sanitation – large systems.

Table 6. Loan distribution per sector (\$ mln)

Recipient	Donor	14010	14020	14022	14030
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Armenia	Germany	102.38	42.05	0.00	0.00
	France	0.00	31.06	0.00	0.00
	Sub-total	102.38	73.11	0.00	0.00
Azerbaijan	Germany	0.00	88.21	0.00	0.00
	Japan	0.00	0.00	0.00	290.23
	South Korea	0.00	47.80	0.00	0.00
	Sub-total	0.00	136.01	0.00	290.23
Georgia	Germany	0.00	77.56	0.00	3.77
	Sub-total	0.00	77.56	0.00	3.77
Ukraine	France	0.00	0.00	0.00	0.93
	Germany	0.00	0.35	0.00	0.00
	Japan	0.00	0.00	5.18	0.00
	Sub-total	0.00	0.35	5.18	0.93
Total		102.38	287.03	5.18	294.94
%		14.8%	41.6%	0.8%	42.8%

Source: Calculated based on the OECD CRS database.

Loans accounted for significantly more finance than grants

As shown in Table 8, total funds made available by 21 donor countries amounted to \$918.64 million in the reviewed period 2013-2022. Germany and Japan accounted for more than two-thirds (72.8%), in total \$668.81 million. France, South Korea, Switzerland and Austria were significant contributors.

Table 8. Total funds provided by donor countries (alphabetical order)

By donor	Total (\$ mln)	%	Total loans	% loans
Australia	0.01	0.0%	0.00	0.0%
Austria	18.68	2.0%	0.00	0.0%
Canada	0.02	0.0%	0.00	0.0%
Czechia	9.35	1.0%	0.00	0.0%
Denmark	8.99	1.0%	0.00	0.0%
Finland	0.06	0.0%	0.00	0.0%
France	70.92	7.7%	31.99	3.5%
Germany	352.88	38.4%	314.33	34.2%
Hungary	0.87	0.1%	0.00	0.0%
Iceland	0.13	0.0%	0.00	0.0%
Italy	0.04	0.0%	0.00	0.0%
Japan	315.94	34.4%	295.41	32.2%
Lithuania	0.01	0.0%	0.00	0.0%
Norway	0.72	0.1%	0.00	0.0%
Poland	0.87	0.1%	0.00	0.0%
Slovakia	3.11	0.3%	0.00	0.0%
Slovenia	3.60	0.4%	0.00	0.0%
South Korea	69.18	7.5%	47.80	5.2%
Sweden	8.27	0.9%	0.00	0.0%
Switzerland	46.29	5.0%	0.00	0.0%
United States	8.70	0.9%	0.00	0.0%

Total	918.64	100.0%	689.53	75.1%
of which grants	229.12			
% grants	24.9%			
of which loans	689.53			
% loans	75.1%			

Source: Calculated based on the OECD CRS database.

Finance was overwhelmingly directed towards supporting projects

As Table 9 shows, the vast majority of funds were used for project-type interventions. All other types account for less than 1% and include contributions to funding mechanisms, other technical assistance, support to other institutions and programmes and financing (or co-financing) donor country personnel.

Please note that because not all entries in the OECD CRS database included this information, the resulting total is smaller than in the other tables.

Table 9. Funds provided by type of assistance

By type of aid	Total (\$ mln)	%
Project-type interventions	746.92	98.1%
Other TA	2.68	0.4%
Donor country personnel	0.45	0.1%
Contributions to specific-purpose programmes and funds managed by implementing partner	0.83	0.1%
Core support to NGOs, other private bodies, PPPs and research institutes	1.67	0.2%
Scholarships/training in donor country	0.03	0.0%
Basket funds/pooled funding	0.24	0.0%
Contributions to multi-donor/single-entity funding mechanisms	1.67	0.2%
Contributions to single-donor funding mechanisms and contributions earmarked for a specific funding window or geographical location	6.59	0.9%
Total	761.08	100.0%

Source: Calculated based on the OECD CRS database.

Conclusion and next steps

Although preliminary, this paper demonstrates that significant quantities of finance are available to support investing in water in the Eastern Partnership countries. The numbers reported in Table 2 are the remaining balances in those funds, suggesting also that significant quantities of finance intended to support water security are not being effectively disbursed. While this preliminary report helps shine a light on where funding for water security originates, it also raises the question of why it remains unspent despite demand.

This work feeds into work on the enabling environment for water finance, as well as domestic finance mobilisation, under the EU4Environment Water & Data Programme. The next steps will be to take these conclusions forward and develop concrete recommendations for how countries can improve their capacities to access available finance, and enhance their water security.