

WEBINAR REPORT

EU FUNDING FOR WATER RESILIENCE

*Opportunities under the
Current and Future MFF*



13 MAY 2026

Co-organised by Aqua Publica Europea (APE) and the Council of European Municipalities and Regions (CEMR)

Opening remarks



ANDREA CARLI

Regional Councillor of Friuli Venezia Giulia (Italy) & CEMR spokesperson for environment

The webinar was opened by **Andrea Carli**, *Regional Councillor of Friuli Venezia Giulia (Italy) and CEMR spokesperson for environment*, who thanked Aqua Publica Europea for the joint organisation of the event.

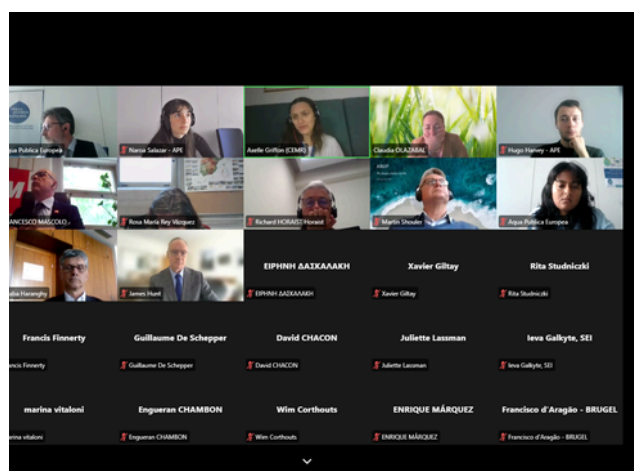
Carli highlighted that **water resilience has become a defining challenge** for local and regional authorities across Europe, which are already managing the on-the-ground impacts of climate change — droughts, water scarcity and floods. He stressed the **importance of cooperation** between municipalities, regions and public water operators, describing these actors as being at the forefront of Europe's growing water challenges.

Referring to CEMR's policy work on the European Water Resilience Strategy (EWRS), Carli underlined that **water must continue to be recognised as a public good**, and that local and regional governments require appropriate governance frameworks, technical support and financial resources to ensure sustainable and affordable water services.

He **warned** that **investment needs are rapidly increasing** due to ageing infrastructure, stricter EU requirements and rising climate adaptation costs, at a time when many local authorities are already operating under significant budgetary pressure. In this context, he **recalled CEMR's support** for the implementation of Extended Producer Responsibility under the revised Urban Wastewater Treatment Directive as a means of ensuring a fairer distribution of the costs associated with micropollutant treatment.

Carli also stressed that **Europe's environmental ambitions must be matched by adequate financial support** for local authorities. While welcoming the attention given to investment under the EWRS, he underlined the **need for practical solutions** to ensure that all municipalities, including smaller ones, can effectively access EU funding.

Looking ahead to the next *Multiannual Financial Framework (MFF)*, he emphasised the importance of maintaining a strong cohesion policy and preserving direct access to funding for municipalities, cities and regions.



EU support for water investments in the current and future MFF



CLAUDIA OLAZÁBAL

Head of Unit for Sustainable Freshwater Management at the European Commission

Claudia Olazábal, *Head of Unit for Sustainable Freshwater Management at the European Commission*, shared a number of cross-cutting findings before turning to the MFF outlook. Drawing on the Commission's ongoing structured dialogues with Member States on Water Framework Directive (WFD) implementation and the Water Resilience Strategy.

Findings from structured dialogues with Member States

With near unanimity, Member States identified financing as the primary barrier to implementation – Luxembourg being the sole exception. **Water tariffs** were consistently flagged as **insufficient** and failing to meet the cost recovery requirements of the WFD.

A **joint Commission-EIB study** is underway to produce a more thorough assessment of the investment gap, as existing estimates, based largely on the Drinking Water and Urban Wastewater Treatment Directives, are acknowledged as significant underestimates. Critically, most Member States had not themselves calculated their national funding gap, making long-term investment planning difficult.

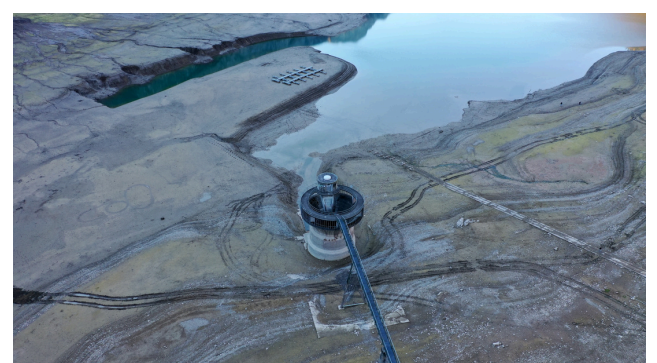
A further **systemic challenge** identified across all dialogues is the fragmentation of water management responsibilities at municipal level. In many Member States, constitutional or administrative arrangements place significant obligations on municipalities that often lack the capacity or scale to meet them.

This capacity deficit is compounded by a **fragmented approach to EU funding**: water authorities frequently **lack visibility** over how other ministries (agriculture, fisheries, regional development) are accessing EU funds relevant to water, resulting in **missed opportunities for a more synergistic approach**.

Current Multiannual Financial Framework: remaining opportunity

Ms Olazabal noted that the **2025 mid-term review of cohesion policy identified water resilience** as one of five priority areas – alongside defense, affordable housing, innovation and energy – for which Member States and regions were offered incentives to reallocate funding.

The window for reallocation under the current programming period is closing, and local authorities and water operators were urged to act promptly.



Next MFF: architecture and implications for water

The Commission's proposal for the next MFF introduces a significant **structural consolidation**, reducing 52 programmes to 16 and grouping funding into three pillars: **National and Regional Partnership Plans (NRPP), the European Competitiveness Fund, and Global Europe**.

The overall budget requested is **1.26% of EU GNI**, with 35% earmarked for environment and climate across all funds, **rising to 43%** within the national envelopes and the Competitiveness Fund.

For water operators and local authorities, the most directly relevant instrument is the **NRPP**, which consolidates what were previously separate cohesion, agricultural and fisheries envelopes into a single national allocation, with a **contribution of €427 billion** expected from climate and environmental priorities.

Member States will however have considerably more flexibility in allocating this envelope across policy areas, subject to framework conditions. This shift means that **decisions on water investment** will increasingly be made at **national and sub-national level** rather than through EU programme structures; a change with both opportunities and risks.

Ms Olazabal noted that the proposed reform is encountering concerns from Member States and in the European Parliament and that changes to the current architecture remain possible before the final version is agreed.

The **standalone LIFE programme** has not survived in the Commission proposal, though LIFE-type activities remain possible within various sub-programmes and windows.

The **European Competitiveness Fund** will also **support investment**, notably through two priority windows: Clean Transition and Industrial Decarbonisation (€26 billion) and Health, Biotech, Bioeconomy and Agriculture (€22 billion).

This instrument aims to maximise investment impact by leveraging private finance.

Recommendations for water authorities

In light of the proposed new architecture of the next MFF, Ms Olazabal's guidance for utilities and local authorities was threefold.

First, invest now in **robust economic analysis**: River Basin Management Plans and other planning tools must include credible long-term cost-benefit assessments, cost-of-no-action scenarios and benefit quantification in order to compete effectively for funds against housing, defence and other priorities.

Second, **frame water investment as a macroeconomic and reform agenda**: Ms Olazabal highlighted the European Semester as a potential lever, noting that country-specific recommendations, traditionally focused on macroeconomic policy, are increasingly addressing other policy areas including the environment, and that this creates an opening for water-related investments to feature more prominently in recommendations directed at Finance Ministries, which carry significant political weight and will be directly linked to MFF allocations in the next programming period.

Third, **pursue systemic reform**: the next MFF will favour investments linked to broader structural reforms (consolidation of utilities, inter-municipal cooperation) over punctual infrastructure improvements.

“Financing remains the primary barrier to the implementation of water policy across Member States.”

On mandatory water regulation, Ms Olazabal indicated this had not gained sufficient political traction to be proposed at this stage.

In the ensuing debate, **Axelle Griffon (CEMR)** welcomed the recognition of water resilience as a priority but raised concern that the new architecture, with its emphasis on Member State-level planning and country-specific recommendations, risks marginalising sub-national actors.

Local and regional governments are the primary implementers of water investment yet are **not currently included in the preparation of country-specific recommendations.**

CEMR called for a **place-based approach** that guarantees meaningful involvement of local and regional governments in national planning processes.

Ms Olazabal acknowledged the risk and noted that the European Parliament has been vocal in pushing for a stronger role for municipalities and regions in the negotiations.



The Water Resilience Programme of the new Advisory Facility of the European Investment Bank



JAMES HUNT

Senior Water Engineer at the European Investment Bank (EIB)

James Hunt presented the EIB's role in supporting water-related investments, with a particular focus on the forthcoming Water Resilience Programme and the growing importance of advisory support within the institution's overall mission.

The EIB provides approximately €100 billion annually in co-financing, helping to mobilise around €350 billion per year in total investment. Of this, **approximately €5 billion per year is dedicated specifically to water projects.** EIB support is delivered through a range of instruments including loans, guarantees, equity and advisory services.

Hunt noted that direct EIB lending is generally focused on large infrastructure projects above €50 million, given the complexity of providing financial support within the framework of EU rules and constraints.

However, the Bank also supports smaller-scale projects through intermediary mechanisms such as multi-beneficiary intermediated loans (MBILs, whereby the EIB lends to intermediary institutions that subsequently on-lend to smaller project promoters.

Examples from the Netherlands and Romania illustrated how this approach enables support for projects that would otherwise fall below the EIB's direct financing threshold.

Hunt outlined **three main categories of advisory support**, which are gaining in importance within the EIB's overall mission.



Financial advisory services aim to improve both the bankability of individual projects and the financial standing of borrowers, covering financing structures, governance, performance improvement, the blending of loans with grants, and the potential role of private finance.



Technical advisory services cover feasibility studies, project preparation and alignment with EU policy objectives



Capacity-building activities support local authorities and utilities in strategic planning, particularly in relation to climate adaptation and resilience.

A recent project in Poland, in which the EIB assisted local authorities in preparing **integrated climate adaptation plans** covering drought resilience, flood resilience, emergency planning and water services, was cited as an illustrative example.

Hunt also presented **the range of advisory facilities available within the EIB ecosystem**, including JASPERS, PASA and the InvestEU Advisory Hub, as well as a recently launched grant facility supporting circular economy projects in the water sector, in particular water reuse and resource recovery such as phosphorus from wastewater. A central element of his presentation was the **announcement** of the forthcoming **Sustainable Water Advisory Facility**, described as a **"one-stop shop"** designed to simplify access to the EIB's various advisory and financing instruments.

The initiative aims to **help local authorities and utilities** navigate the complexity of existing EU and EIB support mechanisms **by directing project promoters** to the most appropriate facility according to their needs.

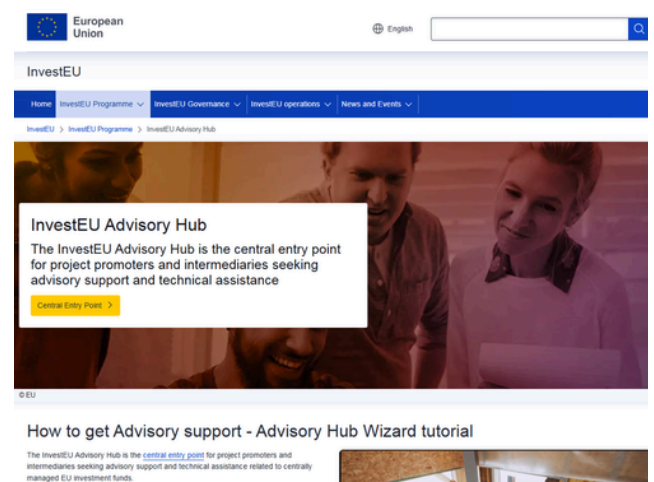
During the discussion, Hunt elaborated on the **EIB's role in blending loans with EU grants**, particularly in cohesion regions where affordability constraints and regulated tariffs create revenue gaps that complicate investment financing.

He explained that **EIB advisory services** help promoters identify available grants and structure financing packages tailored to their financial capacity, including loan duration and grace periods.

He also emphasised the signalling effect of **EIB involvement**: the combination of EU grants and EIB financing can attract additional public or private lenders by demonstrating the credibility and quality of a project.

He concluded by reiterating the EIB's commitment to supporting local authorities and utilities not only through financing, but through practical advisory assistance and project preparation support throughout the full investment cycle.

"The combination of EU grants and EIB financing can attract additional public or private lenders by demonstrating the credibility and quality of a project."



Closing remarks



FRANCESCO MASCOLO

CEO of Metropolitan Milanese (MM) & Vice President of APE

In his closing remarks, Francesco Mascolo, CEO of Metropolitan Milanese public water operator and Vice President of Aqua Publica Europea thanked the speakers and CEMR for their contributions to what he described as a timely and substantive discussion.

Mascolo underlined that the **adoption of the EWRS represents an important political signal**: growing recognition within EU institutions that water is not merely an environmental issue, but a fundamental condition for economic competitiveness, public health, security and territorial cohesion. For public authorities and operators responsible for the continuous delivery of drinking water and wastewater services, this recognition carries particular significance.

He welcomed the increasing attention given to the financing dimension of water policy, noting that the **investment gap in the sector is both real and growing**. In this context, he highlighted the mid-term review of cohesion policy, which identifies water as a priority area, as a positive development, and underlined the **importance of the EIB's new Water Programme and the institution's long-standing role as a reliable partner for water investments**.

At the same time, Mascolo expressed **concern** regarding the **next MFF from 2028 onwards**. He warned that mounting pressure on public budgets – combined with competing priorities including defence, digitalisation and energy security – risks reducing the resources effectively available for water investments, at a time when infrastructure costs have been significantly increased by inflation.

While acknowledging that the **proposed architecture of the future MFF** offers greater flexibility to Member States, he cautioned that this also creates the risk of water being recognised in strategic documents while being sidelined in practice during national investment negotiations and allocation decisions.

Mascolo therefore emphasised the advocacy role that Aqua Publica Europea intends to play, together with partner organisations, at European level. APE will engage in the legislative process, stakeholder consultations, and dialogue with the European Commission and Parliament to ensure that water remains a clear priority within the future MFF and related funding instruments. He also stressed the **importance of involving water operators and local authorities from the outset in the governance and design of National and Regional Partnership Plans**, rather than only at the implementation stage.

Finally, Mascolo underlined that **responsibility also lies with water operators and local authorities themselves**. They must continue to demonstrate clearly and consistently that water investments represent essential infrastructure rather than optional expenditure, and ensure that investment plans are technically robust, financially credible and focused on delivering measurable long-term public value. He concluded on a positive note, expressing **confidence** that, through cooperation between operators, local and national authorities, European institutions and partners such as the EIB, the sector would be well placed to address the significant investment challenges ahead.

Contact Point



EUROPEAN ASSOCIATION
OF PUBLIC WATER OPERATORS

AQUA PUBLICA EUROPEA

Contact Information :

Milo Fiasconaro - Executive Director

milo.fiasconaro@aquapublica.eu

<https://www.aquapublica.eu/>



**COUNCIL OF EUROPEAN
MUNICIPALITIES
AND REGIONS**

Contact Information :

Axelle Griffon - Senior Policy Advisor

axelle.griffon@ccre-cemr.org

<https://ccre-cemr.org/fr/>

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**EUROPEAN ASSOCIATION
OF PUBLIC WATER OPERATORS**

AQUA PUBLICA EUROPEA
Boulevard de l'Impératrice 17/19
1000 Brussels, Belgium

aquapublica.eu
info@aquapublica.eu