

Annex B: USAID Funding for Water⁵⁴

B.1 Foreign assistance legislation and USAID

The Foreign Assistance Act of 1961, as amended, is the major law authorizing foreign economic assistance programs. The FAA provides the policy framework within which all economic aid is furnished, along with the legal powers (authorities) to implement FAA assistance programs. Other legislation—such as the FREEDOM Support Act (FSA) for the states of the former Soviet Union, and Support for East European Democracies Act (SEED Act), Public Law (PL) 480 Title II for food aid, and the 2003 U.S. Leadership Against HIV/AIDS, Tuberculosis, and Malaria Act—authorize additional foreign aid programs. Some of these acts amend the FAA or rely on its authorities. Others are stand-alone legislation authorizing additional foreign assistance programs. In addition to this authorizing legislation, annual appropriations acts provide funding for FAA and other aid programs.⁵⁵

Both authorizing and appropriations legislation provide various authorities that permit considerable flexibility in managing assistance programs. However, they also place limits on how and where particular programs may be administered. In addition to the enacted law itself, reports accompanying the various pieces of legislation provide guidance to the executive branch on the congressional intent behind provisions in the law or how Congress wishes it to be implemented.

B.2 Authorities

The FAA gives USAID the basic authority to provide development assistance. Until 1992, Congress appropriated funds separately for each sector (e.g., agriculture or education). To increase flexibility, in 1992, sector-specific appropriations were combined into fewer accounts. By 2004, there were two: Development Assistance (DA), and Child Survival and Health Programs (CSH). A separate Global HIV/AIDS Initiative account is managed directly by the HIV/AIDS Coordinator in the Department of State, and the SEED and FSA accounts are managed by the State Department's Coordinator of Assistance to Europe and Eurasia. The FAA also contains authorizations for other programs, such as small-enterprise credit and international disaster assistance.

B.3 Provisions limiting program administration

Most limitations affecting foreign assistance programs are set out in appropriations legislation and in reports issued by Congress's appropriations committees.

- Before the USG can fund specified activities or activities for specific countries, it must notify Congress in advance. USAID accomplishes this via USAID's Annual Report.

⁵⁴ Source: USAID.

⁵⁵ Note that this guidance was prepared prior to passage of the Water for the Poor Act of 2005, which is an additional authorizing legislation not mentioned here.

Separate notification is required for certain programs and for any funding increase of 10 percent or more over the level previously notified. Congressional notifications are sent to the two authorizing and appropriations committees 15 days before program funds are obligated. (An obligation is a binding agreement that budgeted funds may be spent.) During this waiting period, congressional committees may place “holds” on the proposed obligation of funds, thus triggering consultation between USAID and Congress.

- There are prohibitions on assistance to certain countries, such as those that support international terrorism or engage in gross violations of internationally recognized human rights; those that are in arrears on their loan repayments to the United States; or those whose elected head of government has been overthrown by a military coup.
- There are provisions that limit or prohibit USG assistance for certain activities or programs, such as those that pay for abortion as a family planning method.
- Earmarks force the USG to spend minimum amounts from certain accounts—for specific purposes, or in specific countries—reducing the amount that can be spent on other programs or in other countries. For USAID, the more significant earmarking is in committee reports. In 2001 there were approximately 250 statutory and report-language earmarks and directives affecting development assistance.
- USAID’s operating expenses (administrative costs) are segregated from funds for program activities in each year’s appropriations act (i.e., they are listed as separate line items). As the number of programs has grown, Congress has authorized USAID to use some program funds for operating expenses rather than appropriating extra money for these costs.

B.4 Provisions allowing flexibility in administration

Congress has enacted several types of provisions that allow flexibility in administration of foreign aid programs:

- Notwithstanding authorities allow several programs to be implemented “notwithstanding any provision of law” (i.e., without regard to certain legal restrictions). Such an authority may exempt USAID from some restrictions on the types of programs it may fund or, under certain circumstances, may allow USAID to assist a country that is normally ineligible for aid. Programs with total or partial notwithstanding authority include disaster assistance, democratization, Child Survival and Health, transition assistance, emergency food aid, and all aid to Afghanistan and the former Soviet Union.
- Transfer authorities allow the shifting of funds, within certain percentage limitations, between functional development assistance accounts (e.g., from DA to CSH) and, as noted above, from development assistance to USAID’s operating expenses. The FAA contains other transfer authorities affecting non–development assistance accounts.
- Extraordinary waiver authorities allow the president to use up to \$250 million in economic assistance funds (not more than \$50 million in any one country) without regard to certain legal restrictions—if he determines that it is important to the security interests

of the United States. A similar authority allows the president to use \$25 million in any fiscal year to meet unanticipated contingencies.

B.5 Overview of budget accounts

USAID manages a range of budget accounts that are organized largely along functional and regional lines. Besides those it manages directly, the Agency co-manages several accounts with the State Department. It also administers a growing amount of funding transferred from other agencies' accounts, such as the Millennium Challenge Account and the Global HIV/AIDS Initiative. All of these accounts, except PL 480 Title II, are appropriated in Congress's yearly Foreign Operations bill. In FY05, the following accounts were managed by USAID:

- Child Survival and Health programs (CSH): CSH programs expand basic health services and strengthen national health systems to significantly improve people's health, especially that of women, children, and other vulnerable populations.
- Development Assistance (DA): DA provides sustained support to help countries acquire the knowledge and resources that enable development and nurture indispensable economic, political, and social institutions.
- Transition Initiatives (TI): TI programs help countries in crisis transition to democracy and encourage long-term development by promoting democratic institutions and processes, revitalizing basic infrastructure, and fostering peaceful conflict resolution.
- International Disaster and Famine Assistance (IDFA): IDFA funds humanitarian relief, rehabilitation, and reconstruction assistance in response to natural and manmade disasters. IDFA also supports famine prevention and relief activities.
- PL 480 Title II (food aid): PL 480 Title II funds are appropriated to the Department of Agriculture and administered by USAID. The program uses abundant U.S. farm resources and food processing capabilities to enhance food security in the developing world by providing nutritious agricultural commodities.

In FY05, the following accounts were jointly managed by USAID and the State Department:

- Economic Support Fund (ESF): ESF promotes U.S. economic and political foreign policy interests by financing economic stabilization programs, supporting peace negotiations, and assisting allies and countries that are in transition to democracy. USAID implements most ESF-funded programs, with overall foreign policy guidance from the State Department.
- Andean Counterdrug Initiative (ACI): ACI supports a comprehensive strategy to reduce the flow of drugs to the United States and prevent instability in the Andean region. The account is appropriated to the State Department, which transfers part of the funding to USAID to manage development programs in Bolivia, Colombia, Ecuador, and Peru that offer alternatives to the drug trade.
- FREEDOM Support Act (FSA): FSA facilitates the democratic and economic transition of the independent states of the former Soviet Union, promotes regional stability through

security and law enforcement programs, and supports emerging democratic organizations and market-based institutions in the region.

- Assistance for Eastern Europe and the Baltic States (AEEB): AEEB promotes local and regional stability and supports the region’s transition into the European and transatlantic mainstream. AEEB also supports postconflict, health, and environment programs, as well as activities to reduce the threat of organized crime and HIV/AIDS. This account is also known as Support for East European Democracy (SEED).

B.6 USAID water obligations for FY2002-2006

This includes obligations related to the water for the poor initiative as well as other activities related to disaster preparedness.

Table B.1. Estimated USAID Water Obligations Fiscal Years (FY) 2002-2006. All data provided by USAID.
(Dollars in Millions)

Estimated USAID Water Obligations - FY 2002-2006	Fiscal Year					TOTAL
	2002	2003	2004	2005	2006	
Water Supply, Sanitation and Wastewater Management	\$215.343	\$374.310	\$585.591	\$279.515	\$260.870	\$1,715.629
Watershed Management	133.399	109.400	82.471	67.359	65.285	457.914
Water Productivity	61.880	115.636	96.018	47.020	29.301	349.855
Disaster Preparedness	31.932	20.597	9.996	6.755	0.819	70.099
TOTAL	\$442.554	\$619.943	\$774.076	\$400.649	\$356.275	\$2,593.497

B.7 USAID water obligations for FY2005

See charts on following page.

Table B.2. Estimated USAID Obligations for Water for the Poor Initiative by Funding Account Fiscal Year 2005. All data provided by USAID.

Dollars Millions

Region and Theme		AEEB/ FSA (EE) or ACI (LAC)	CSH	DA	ESF	IDFA	PL 480	Other	Total All Fund Accounts	Notes
Africa	WSSWM		\$4.161	\$4.867	\$0.916	\$63.926	\$5.094		\$78.964	
	Watershed Management			8.546			1.069		9.615	
	Water Productivity		0.500	10.207			2.205		12.912	
	Total Africa	\$0.000	\$4.661	\$23.620	\$0.916	\$63.926	\$8.368	\$0.000	\$101.491	
Asia and Near East	WSSWM		\$2.424	\$7.640	\$20.537	\$3.756	\$0.600	\$41.775	\$76.732	TRRF to Regional Bureau, India, Indonesia, Maldives, Sri Lanka; Afghanistan Supplem.
	Watershed Management			9.460	0.692			0.750	10.902	TRRF to Thailand
	Water Productivity			7.229	4.470				11.699	
	Total Asia and Near East	\$0.000	\$2.424	\$24.329	\$25.699	\$3.756	\$0.600	\$42.525	\$99.333	
Egypt, Iraq, Jordan, West Bank/Gaza (WB/G)	WSSWM				\$3.100	\$25.320		\$54.947	\$83.367	IRRF; West Bank/Gaza Supplemental
	Watershed Management				9.500			5.880	15.380	Egypt Supplemental
	Water Productivity							1.667	1.667	IRRF
	Total Egypt, Iraq, Jordan, WB/G	\$0.000	\$0.000	\$0.000	\$12.600	\$25.320	\$0.000	\$62.494	\$100.414	
Europe and Eurasia	WSSWM	\$6.354			\$1.000	\$1.473			\$8.827	
	Watershed Management	4.100			0.500				4.600	
	Water Productivity	6.412							6.412	
	Total Europe/Eurasia	\$16.866	\$0.000	\$0.000	\$1.500	\$1.473	\$0.000	\$0.000	\$19.839	
Latin America and the Caribbean	WSSWM	\$16.725	\$1.448	\$1.011	\$2.160	\$1.608	\$2.733		\$25.685	
	Watershed Management	0.130	0.027	21.758	2.975		0.050		24.940	
	Water Productivity	0.035	0.050	1.864	8.560		0.318		10.827	
	Total Latin America/Caribbean	\$16.890	\$1.525	\$24.633	\$13.695	\$1.608	\$3.101	\$0.000	\$61.452	
Central Programs	WSSWM		\$2.400						\$2.400	
	Watershed Management			\$5.462					5.462	
	Water Productivity			3.503					3.503	
	Total Central Programs	\$0.000	\$2.400	\$8.965	\$0.000	\$0.000	\$0.000	\$0.000	\$11.365	
Total WSSWM All Regions		\$23.079	\$10.433	\$13.518	\$27.713	\$96.083	\$8.427	\$96.722	\$275.975	
Total Watershed Mgmt All Regions		\$4.230	\$0.027	\$45.226	\$13.667	\$0.000	\$1.119	\$6.630	\$70.899	
Total Water Productivity All Regions		\$6.447	\$0.550	\$22.803	\$13.030	\$0.000	\$2.523	\$1.667	\$47.020	
Total All Categories and All Regions		\$33.756	\$11.010	\$81.547	\$54.410	\$96.083	\$12.069	\$105.019	\$393.894	

Acronyms: ACI = Andean Counterdrug Initiative AEEB = Assistance to Eastern Europe and Baltic States EE = Europe and Eurasia FSA = Freedom Support Act LAC = Latin America and the Caribbean CSH = Child Survival and Health Fund DA = Development Assistance DCA = Development Credit Authority ESF = Economic Support Fund IDFA = International Disaster and Famine Assistance IRRF = Iraq Relief and Reconstruction Funds PL 480 = Title II Food for Peace TRRF = Tsunami Relief and Reconstruction WSSWM = Water Supply, Sanitation, and Wastewater Management

Table B.3. Estimated USAID Obligations for Water for the Poor Initiative by Country and Thematic Area for Fiscal Year 2005. All data provided by USAID.

Dollars Millions

Region	Country or Program	Water Supply, Sanitation & Wastewater Management	Watershed Management	Water Productivity	Total Water Obligations	Total Country Allocation	Water % of USAID Total	Notes	Amount of Supplemental Funds
Africa	Angola	0.500	0.000	0.500	1.000	48.554	2.06		
	Burundi	1.408	0.100	0.183	1.691	4.694	36.02	h	
	Chad	1.030	0.000	0.000	1.030	15.928	6.47	h	
	Cote d'Ivoire	0.600	0.000	0.000	0.600	4.730	12.68	h	
	DR Congo	0.153	0.000	0.000	0.153	39.790	0.38	h	
	Djibouti	0.000	0.000	0.000	0.000	0.984	0.00		
	Eritrea	3.145	0.000	0.700	3.845	42.679	9.01	h	
	Ethiopia	7.276	.710	4.890	12.876	151.586	8.49	h	
	Ghana	2.339	1.069	0.005	3.413	6.250	54.61		
	Guinea	0.055	1.205	0.000	1.260	22.052	5.71		
	Kenya	2.816	0.200	0.000	3.016	133.416	2.26	h	
	Liberia	0.878	0.000	0.000	0.878	42.127	2.08	h	
	Madagascar	0.338	1.320	0.210	1.868	31.946	5.85		
	Malawi	0.000	0.629	0.517	1.146	37.817	3.03		
	Mali	0.490	0.732	2.197	3.419	34.319	9.96		
	Mozambique	1.738	0.000	0.442	2.180	72.999	2.99	h	
	Nigeria	0.200	0.000	0.500	0.700	89.683	0.78		
	Rwanda	0.000	0.000	0.200	0.200	48.996	0.41		
	Senegal	0.150	0.000	0.300	0.450	26.873	1.67		
	Somalia	2.520	0.000	1.000	3.520	15.764	22.33	h	
	South Africa	0.198	0.000	0.000	0.198	98.544	0.20		
	Sudan	42.627	0.000	0.000	42.627	241.680	17.64	h	
	Tanzania	0.000	0.659	0.018	0.677	55.684	1.22		
	Uganda	7.757	0.020	0.500	8.277	137.549	6.02	h	
	Zambia	0.460	0.000	0.000	0.460	89.881	0.51		
	Zimbabwe	1.548	0.000	0.500	2.048	15.218	13.46	h	
	RCSA	0.000	2.096	0.000	2.096	23.172	9.05		
	REDSO/ESA	0.438	0.337	0.000	0.775	34.621	2.24	h	
	WARP	0.000	0.000	0.250	0.250	39.865	0.63		
	AFR Regional Programs	0.000	0.538	0.000	0.538	183.246	0.29		
Total Africa		78.964	9.615	12.912	101.491	1838.966	5.65		

Region	Country or Program	Water Supply, Sanitation & Wastewater Management	Watershed Management	Water Productivity	Total Water Obligations	Total Country Allocation	Water % of USAID Total	Notes	Amount of Supplemental Funds
Asia & Near East	Afghanistan	30.192	0.000	0.000	30.192	464.316	6.50	h	
	Bangladesh	1.020	1.550	4.077	6.647	75.787	8.77		
	India	7.850	1.200	0.250	9.300	140.751	6.61	h	
	Indonesia	7.420	4.798	0.000	12.218	146.309	8.35	h	
	Lebanon	12.100	0.000	0.000	12.100	35.220	34.35		
	Maldives	0.555	0.000	0.000	0.555	0.555	100.00	h	
	Morocco	0.000	0.000	0.000	0.000	25.840	0.00		
	Nepal	0.151	0.000	3.902	4.053	39.500	10.26		
	Pakistan	6.300	0.000	0.500	6.800	347.600	1.96		
	Philippines	0.749	2.052	2.970	5.771	89.096	6.48		
	Sri Lanka	9.447	0.000	0.000	9.447	16.994	55.59		
	Thailand	0.000	0.830	0.000	0.830			e	
	Vietnam	0.178	0.472	0.000	0.650	18.620	3.49	h	
	Yemen	0.670		0.000	0.670	14.880	4.50		
ANE Regional	0.100	0.000	0.000	0.100	151.666	0.00	h		
Total Asia & Near East		76.732	10.902	11.699	99.333	1567.134	6.34	a	

Egypt, Jordan, Iraq, and West Bank/Gaza	Country or Program	Water Supply, Sanitation & Wastewater Management	Watershed Management	Water Productivity	Total Water Obligations	Total Country Allocation	Water % of USAID Total	Notes	Amount of Supplemental Funds
	Egypt	2.100	8.550	0.000	10.650	530.720	2.01		
	Jordan	1.000	2.000	0.000	3.000	248.000	1.21		
	Iraq	28.604	3.330	1.667	33.601	662.734	5.07	e, c	IRRF = \$662.734
	West Bank/Gaza	51.663	1.500	0.000	53.163	74.400	71.46		
	Total - Egypt, Jordan, Iraq, & West Bank/Gaza	83.367	15.380	1.667	100.414	1515.854	6.62		

Europe & Eurasia	Country or Program	Water Supply, Sanitation & Wastewater Management	Watershed Management	Water Productivity	Total Water Obligations	Total Country Allocation	Water % of USAID Total	Notes	Amount of Supplemental Funds
	Albania	0.055	0.000	0.010	0.065	28.000	0.23		
	Armenia	1.361	1.150	0.200	2.711	74.400	3.64		
	Azerbaijan	0.200	0.800	0.000	1.000	37.760	2.656		
	Bosnia and Herzegovina	0.323	0.000	0.000	0.323	41.000	0.79		
	Croatia	0.000	0.000	0.030	0.030	22.000	0.14		
	Cyprus	1.000	0.500	0.000	1.500	13.392	11.20		
	Georgia	0.555	0.675	3.207	4.437	87.200	5.09	h	
	Kazakhstan	0.000	0.080	0.165	0.245	26.690	0.92		
	Kosovo	0.525	0.000	0.000	0.525	79.550	0.66		
	Kyrgyzstan	0.000	0.080	0.510	0.590	36.100	1.63		
	Macedonia	0.000	0.000	0.000	0.000	36.750	0.00		
	Moldova	0.230	0.000	0.050	0.280	17.510	1.60		
	Montenegro	1.330	0.000	0.000	1.330	19.850	6.70		
	Serbia	0.350	0.000	0.000	0.350	73.450	0.48		
	Romania	0.200	0.950	0.000	1.150	28.500	4.04		
	Tajikistan	0.000	0.040	0.500	0.540	41.260	1.31		
	Turkmenistan	0.000	0.000	0.200	0.200	7.010	2.85		
	Ukraine	0.900	0.000	0.000	0.900	135.620	0.66		
	Uzbekistan	0.000	0.040	1.440	1.480	31.500	4.70		
	CAR Regional Program	0.000	0.000	0.100	0.100	2.330	4.29		
	Eurasia Regional Program	0.200	0.000	0.000	0.200	41.800	0.48		
	Europe Regional Program	0.200	0.285	0.000	0.485	36.810	1.32		
	Total - Europe & Eurasia	7.429	4.600	6.412	18.441	918.782	2.01		

Latin America & the Caribbean	Country or Program	Water Supply, Sanitation & Wastewater Management	Watershed Management	Water Productivity	Total Water Obligations	Total Country Allocation	Water % of USAID Total	Notes	Amount of Supplemental Funds
	Bolivia	1.889	0.390	0.035	2.314	94.095	2.46	d	ACI = \$41.664
	Brazil	0.000	0.000	0.000	0.000	17.140	0.00		
	Colombia	8.024	0.000	0.000	8.024	124.694		d, e	ACI = \$124.694
	Dominican Republic	0.244	0.000	0.000	0.244	23.192	1.05		
	Ecuador	4.960	1.850	0.868	7.678	36.036	21.31	d	ACI = \$14.88
	El Salvador	0.423	1.482	0.106	2.011	34.565	5.82		
	Guatemala	2.160	0.050	0.308	2.518	46.481	5.42		
	Guyana	0.050	0.000	0.000	0.050	11.359	0.44	h	
	Haiti	3.058	2.975	8.500	14.533	144.199	10.08	h	
	Honduras	0.250	3.478	0.250	3.978	48.913	8.13		
	Jamaica	1.197	1.319	0.550	3.066	17.270	17.75		
	Mexico	0.100	1.930	0.000	2.030	31.333	6.48		
	Nicaragua	0.179	0.000	0.010	0.189	47.068	0.40		
	Panama	0.200	4.896	0.200	5.296	8.101	65.37		
	Paraguay	0.045	0.087	0.000	0.132	8.704	1.52		
	Peru	2.906	0.064	0.000	2.970	101.225	2.93	d	ACI = \$53.866
	Caribbean Regional Program	0.000	0.000	0.000	0.000	19.402	0.00		
	Central America Regional Program	0.000	3.966	0.000	3.966	18.331	21.63		
	Latin America Regional Program	0.000	2.453	0.000	2.453	75.243	3.26		
	Total - Latin America & the Caribbean	25.685	24.940	10.827	61.452	907.351	6.77		

Central Programs	Country or Program	Water Supply, Sanitation & Wastewater Management	Watershed Management	Water Productivity	Total Water Obligations	Total Country Allocation	Water % of USAID Total	Notes	Amount of Supplemental Funds
	Democracy, Conflict & Humanitarian Assistance/Office of Disaster Assistance	0.000	0.000	0.000	0.000	232.748	0.00	g (% of all DCHA)	IRRF = \$237.171
	EGAT/Water Team	0.000	3.940	0.000	3.940				
	EGAT/Biodiversity	0.000	1.250	0.000	1.250				
	EGAT/ESP - IWMI Core Support	0.000	0.272	0.553	0.825	156.785	5.72	(% of all EGAT)	
	EGAT/ESP - WorldFish Center	0.000	0.000	0.800	0.800				
	EGAT/AG Aquaculture CRSP	0.000	0.000	2.150	2.150				
	Poverty Reduction/Urban Programs		0.000	0.000	0.000				
	GH/Point of Use Water Quality (Safe Water System)	0.000	0.000	0.000	0.000	424.636	0.57	(% of all GH)	
	GH/Environmental Health Support	2.400	0.000	0.000	2.400				
	Total - Central Programs	2.400	5.462	3.503	11.365	814.169	1.40		

TOTAL-ALL PROGRAMS ⁽¹⁾		274.277	70.899	47.020	392.196	7513.937	5.19		
TOTAL - Less Iraq		245.673	67.569	45.353	358.895	6851.203	5.23		

ACRONYMS: SUPP = Supplemental Appropriation IRRF = Iraq Relief and Reconstruction Funds ACI = Andean Counterdrug Initiative ERF = Emergency Response Funds

- Less Egypt, Jordan, Iraq, and West Bank/Gaza
- Total USAID Country Allocation includes Supplemental
- Total USAID Country Allocation includes Iraq Relief and Reconstruction Funds (IRRF funds)
- Total USAID Country Allocation includes Andean Counterdrug Initiative (ACI)
- Total USAID Country Allocation includes ERF funds
- No USAID Total Country Allocation figures available
- DCHA allocations (from IDFA account) are included in country totals. Total DCHA allocation is less money allocated to countries.
- Total USAID Country Allocation and Water Obligation includes IDFA funds.

Notes: (1) Total Country Allocations include only countries and central Bureaus where water activities are funded.