

USAID Investments in Drinking Water Supply and Related Activities

A Report to the U.S. House and Senate Appropriations Committees

FY 2003 Appropriations Act:

“Provided further, That ... \$100 million shall be made available for drinking water supply projects and related activities. Managers request that USAID report ... on plans for disbursement of these funds.”



Proper hygiene practices such as handwashing and point of use for household water treatment are essential components of several USAID health programs.



In FY 2003 alone, USAID will spend more than \$25 million in poor communities to restore vital water supply and sanitation systems damaged by floods and hurricanes.

USAID Helps Alleviate the Global Water Crisis

Worldwide demand for water is steadily increasing as industrialization, agricultural use, urbanization, and a rising standard of living for the globe's continuously growing population drive water consumption ever higher. Slightly more than one-half of available freshwater supplies are currently used for human purposes, and world water demand doubles every 20 years.

Successful management of freshwater resources is a critical health issue. By 2025, more than 2.8 billion people – 35% of the world's projected population – will live in 48 countries facing water stress or water scarcity. More than 1.2 billion people (one in every four people in the developing world) currently lack access to a safe water supply, and two in five have no access to improved sanitation (connection to a public sewer or septic system, or access to a pour-flush latrine, simple pit latrine, or ventilated improved pit latrine). Insufficient water quantity, poor water quality, inadequate sanitation, and poor personal hygiene practices are directly responsible for the vast majority of cases of diarrheal disease, which kill over 2 million children each year. In addition, water resources management has an impact on insect vector populations, most notably mosquitoes. Malaria alone kills between 1 and 2.7 million people each year, with ninety percent of these deaths in sub-Saharan Africa, mainly among children. USAID investments reflect the urgent need to provide safe and affordable domestic water supply, its effective integration into overall water resources management, and the inclusion of sanitation and hygiene promotion to protect drinking water sources, the environment, and human health.

In FY 2003, USAID plans to obligate over \$462 million to all water-related activities. More than one quarter (over \$125 million) of this total represents drinking water supply and sanitation-related activities aimed at protecting human health. This figure includes over \$95 million for water supply projects in 41 countries, and over \$30 million for sanitation and hygiene projects in 23 countries (Table 1). As defined by USAID, water

U.S. Agency for International Development

The USAID Water Team

<http://www.usaidwater.org>



Drinking Water Supply and Sanitation

Table 1. Estimated FY 2003 USAID Drinking Water Supply and Sanitation Obligations by Country and Region
(Reported in Millions of USD)

| Region | Country or Operating Unit | Drinking Water Supply | Sanitation | TOTAL |
|--|---|--|---------------|---------------|
| Africa | Democratic Republic of Congo | 1.292 | 0.795 | 2.087 |
| | Eritrea | 1.120 | 0.920 | 2.040 |
| | Ethiopia | 0.357 | 0.357 | 0.714 |
| | Ghana | 0.475 | 0.148 | 0.623 |
| | Guinea | 0.025 | | 0.025 |
| | Malawi | 0.410 | | 0.410 |
| | Mali | 0.254 | 0.094 | 0.347 |
| | Niger | 0.073 | 0.072 | 0.145 |
| | Somalia | 0.202 | 0.182 | 0.384 |
| | South Africa | 0.350 | | 0.350 |
| | Sudan | 0.752 | 0.075 | 0.827 |
| | | Africa Total | 5.310 | 2.643 |
| Asia & Near East* | Afghanistan | 0.200 | 0.100 | 0.300 |
| | Bangladesh | 2.200 | 3.200 | 5.400 |
| | India | 2.225 | | 2.225 |
| | Indonesia | 3.776 | 1.450 | 5.226 |
| | Morocco | 0.400 | | 0.400 |
| | Philippines | 0.200 | | 0.200 |
| | Asia & Near East Regional Programs | 2.011 | | 2.011 |
| | | Asia & Near East Total* | 11.012 | 4.750 |
| Egypt, Jordan, & West Bank/Gaza | Egypt | | | ** |
| | Jordan | 19.500 | | 19.500 |
| | West Bank/Gaza*** | 21.814 | 0.214 | 22.028 |
| | | Egypt, Jordan, & West Bank/Gaza Total | 41.314 | 0.214 |
| Europe & Eurasia | Armenia | 1.200 | | 1.200 |
| | Azerbaijan | 0.938 | 0.938 | 1.876 |
| | Bosnia & Herzegovina | 0.350 | | 0.350 |
| | Croatia | 0.983 | | 0.983 |
| | Cyprus | 0.155 | | 0.155 |
| | Georgia | 0.854 | 0.854 | 1.708 |
| | Kazakhstan | 0.070 | | 0.070 |
| | Kyrgyzstan | 0.180 | | 0.180 |
| | Macedonia | 0.600 | | 0.600 |
| | Moldova | 0.325 | | 0.325 |
| | Turkmenistan | 0.230 | | 0.230 |
| | Ukraine | 0.661 | | 0.661 |
| | Uzbekistan | 0.500 | | 0.500 |
| | Europe & Eurasia Regional Programs | 0.773 | | 0.773 |
| | | Europe & Eurasia Total | 7.819 | 2.094 |
| Central Programs | Foreign Disaster Assistance and Health Programs | 16.638 | 8.382 | 25.020 |

* Less Egypt, Jordan and West Bank/Gaza

**Excludes prior year carryover of \$17 million is expected to be obligated in FY 2003 for water supply and sanitation activities

***Excludes prior year carryover of \$130.106 million for West Bank/Gaza expected to be obligated in FY 2003 for water supply and desalination activities

(continued from page 2)

Table 1. Estimated FY 2003 USAID Drinking Water Supply and Sanitation Obligations by Project Type
(Reported in Millions of USD)

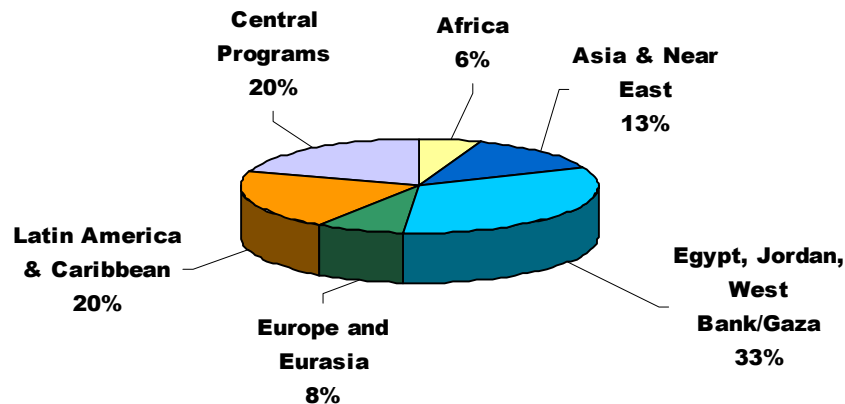
| Region | Country or Operating Unit | Drinking Water Supply | Sanitation | TOTAL |
|--|--|-----------------------|------------------|-------------------|
| Latin America & Caribbean | Bolivia | 1.031 | 1.031 | 2.062 |
| | Colombia | 1.750 | 3.175 | 4.925 |
| | Dominican Republic | 0.951 | | 0.951 |
| | Ecuador | 1.250 | 1.250 | 2.500 |
| | El Salvador | 2.430 | 1.328 | 3.758 |
| | Haiti | 0.870 | | 0.870 |
| | Honduras | 1.628 | 1.628 | 3.256 |
| | Nicaragua | | 0.050 | 0.050 |
| | Paraguay | 0.060 | 0.150 | 0.543 |
| | Peru | 3.525 | 3.525 | 7.050 |
| | Latin America & Carib. Regional Programs | 0.022 | 0.021 | 0.043 |
| Latin America & Caribbean Total | | 13.517 | 12.158 | 26.675 |
| TOTAL - All Regions | | \$ 95.610 | \$ 30.072 | \$ 125.682 |

supply and sanitation obligations include those activities that improve access to and availability of clean drinking water to rural, peri-urban and urban populations; reduce water contamination through provision of proper drainage and removal of human waste; ensure water source protection; and promote improved hygiene behaviors¹.

Regional Focus of USAID’s Drinking Water Supply and Related Activities

Nearly \$42 million of USAID’s total investment in drinking water supply and sanitation activities takes place in the center of one of the most water-stressed regions of the world – Egypt, Jordan, and the West Bank/Gaza (Figure 1).

Figure 1. FY 2003 USAID Drinking Water Supply and Sanitation Obligations by Region (totaling over \$125 million)



¹USAID plans to spend an additional \$30.8 million on the development of large scale wastewater treatment facilities in 13 countries, which is not included in this report on improved drinking water supply and related sanitation and hygiene interventions.

Because Egypt, Jordan and West Bank/Gaza have represented a disproportionately large percentage of USAID's total water supply obligations over the last few years, these areas have been disaggregated from the Asia & Near East Region for reporting purposes. Bureau or Operating Unit recipients with significant drinking water supply and sanitation funds include the Latin America & Caribbean Region, at \$25.7 million, Central Programs and Operating Units at \$25.0 million, Asia and the Near East Region (less Egypt, Jordan and West Bank/Gaza) at \$15.8 million, Europe and Eurasia at \$9.9 million, and Africa at \$7.0 million.

Drinking Water Supply and Sanitation Obligations: Illustrative Projects and Activities

Drinking water supply and sanitation projects specifically address the provision of clean and adequate supplies of drinking water to rural and urban communities, and the promotion of practices that protect these supplies from contamination by improper handling of domestic water supplies, household waste and inadequate sanitation. Representative project and activity descriptions:



USAID helps improve water supply sources so that women and children can spend time more productively by earning income and caring for families rather than hauling water long distances.



In India, Egypt, and South Africa, USAID's Development Credit Authority (DCA) uses partial guarantees to help mobilize local capital for investment in water delivery infrastructure.

- In February 2003, USAID launched the **Community Water and Sanitation Facility** to expand water and sanitation services in slum communities. The Facility works towards achieving the objectives of the Johannesburg Plan of Implementation of the World Summit for Sustainable Development to improve water and sanitation for the world's poor, and to the achievement of the Millennium Development Goal of significantly improving the lives of 100 million slum dwellers by 2020. The facility was launched with USAID seed funding of \$2 million within the context of the Cities Alliance, which has 13 other contributing members from around the world.
- USAID's Development Credit Authority (DCA) is currently examining the world market for private debt financing and is working closely with overseas missions in an effort to identify bankable projects and risk-sharing partners in the water supply sector. This effort is linking partners and opportunities for risk-sharing arrangements in private sector-led finance in **India, Egypt, and South Africa**.
- **In Jordan**, USAID is supporting a \$19.5 million water supply improvement program during 2003. One component is assistance to the city of Amman in developing new water supply and distribution systems, which will improve household access to clean water for 580,000 residents.
- In **Ghana, Mali and Niger**, USAID is participating in the West Africa Water Initiative (WAWI), a new alliance of twelve organizations announced at the World Summit for Sustainable Development that will help increase access to safe, affordable, and sustainable sources of water for poor and vulnerable populations. The United States has provided \$4.4 million, complementing over \$36 million in additional resources from other partners, to invest in small-scale potable water supply and sanitation, hygiene, and integrated water resources management in poor rural and peri-urban communities. Over 400,000 people will benefit from improved access to water supply and sanitation through the Initiative.

- In the five **Central Asian Republics**, USAID has launched several activities in the water sector totaling over \$9 million in 2003. In the Karakalpakstan region of Uzbekistan, an area hard hit by the Aral Sea disaster, the project will bring water to over 500,000 people in the region through new wells, purifying equipment, and delivery systems.
- In **India**, USAID spends over \$4 million annually to support the Financial Institutions Reform and Expansion (FIRE) project, part of which catalyzes innovative financing for water partnerships. Since the 2002 World Summit for Sustainable Development, USAID/India has used Development Credit Authority to raise a total of \$6.4 million in private sector Indian rupees for six projects in the state of Tamil Nadu, including a \$403,000 project in the township of Valasaravakkam to lay underground water pipes from a safe drinking water source to serve 26,000 people.
- This year USAID helped form **The Philippines** Integrated Water Resources Alliance to enable cities to implement a model, basin-wide approach to urban water resources management. The public-private sector alliance will work to extend efforts in selected cities to other local governments and their watersheds to supply clean water and sanitation services to unserved residents.
- **USAID/Indonesia's** water supply improvement and cost recovery program has enabled local water utilities to expand reliable coverage at sustainable and affordable rates to an additional 905,000 people this year. The project has successfully demonstrated that water users are willing to pay for dependable sources of clean drinking water.
- Improvements in water supply and sanitation complement the effectiveness of other development assistance programs. In **Peru, Bolivia, and Colombia**, USAID provision of water supply, sanitation and sourcewater protection activities totaling more than \$13 million are integral components of drug eradication efforts in highland communities.
- **Gaza** is experiencing a serious water shortage, with the demand for potable water significantly exceeding available supply. At the same time, a lack of adequate sewerage facilities has resulted in contamination of groundwater resources from cesspits, septic tanks, and leaking sewage lagoons. Recent international experience with desalination plants has brought construction and operating costs down significantly, and desalination is now seen as a viable option both for meeting the area's rapidly growing demands and for mitigating the environmental problems associated with over-extraction of groundwater resources.



Improved water supply and sanitation enhance child survival. □



USAID promotes improved sanitation through projects that address proper drainage and removal of human waste, thereby protecting human health.



Fulfillment of people's water-related needs through investment in water supply is important in the elimination of poverty.

