



USAID
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USAID INVESTMENTS IN DRINKING WATER SUPPLY PROJECTS AND RELATED ACTIVITIES

FINAL REPORT TO CONGRESS
FISCAL YEAR 2005



March 2006



INDONESIA – LAURA MILLER/CHEMONICS

In Indonesia, a woman uses the water connection in her home provided with USAID assistance to the local water utility.

Introduction

This is the second U.S. Agency for International Development (USAID) report to Congress on drinking water supply projects and related activities in 2005. In accordance with the Fiscal Year (FY) 2005 Senate Appropriations Committee Report 108-346, USAID provided its first report in March (90 days after enactment of the 2005 Act) which contained the Agency's estimated world-wide funding levels for the fiscal year, in addition to information on implementation of water projects, including wells.

The reporting timeline required the Agency to prematurely estimate allocations of funding country programs and for specific technical purposes too early in the Agency's funding cycle. This resulted in USAID under-estimating funding levels in FY 2005 for water activities world-wide.

In an effort to obtain the most accurate and complete information on the Agency's water portfolio, Congress agreed that USAID could submit an end-of-fiscal year 2005 report with the actual obligations for the year, instead of the estimated levels directed in the FY 2006 committee report, which were to be provided ninety days after enactment.

USAID appreciates this opportunity and trusts that the end-of-fiscal year reporting gives the Committee a more complete assessment of the Agency's water supply projects and related activities spending levels.

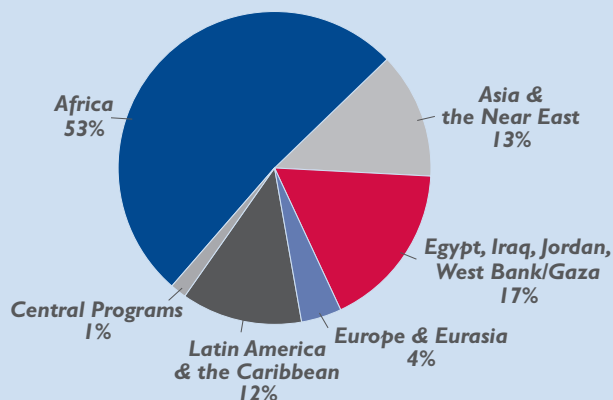
Overview

USAID completed its three year Presidential Water for the Poor Initiative at the end of Fiscal Year 2005. Announced by Secretary of State, Colin Powell, at the World Summit on Sustainable Development in Johannesburg, South Africa in September 2002, the Initiative called for the United States to provide \$970 million intended to address a combination of water supply, sanitation and wastewater management, watershed management and water productivity improvement needs in developing countries and countries in transition.

By the end of the three year period in September 2005, USAID had allocated more than \$1.7 billion (including \$607 million in Iraq) to all aspects of the Initiative. USAID instituted a funding obligations tracking system for the overall Initiative, and also began receiving at least partial information from many USAID country missions about some of the results that were being achieved. The accomplishments of the three year Initiative include reports from USAID missions that at least 24 million people (including over 5.7 million in Iraq) received improved access to clean water supply, and at least 26 million people (including over 13 million in Iraq) received access to improved sanitation services.

During FY 2006, USAID is re-focusing its obligations tracking system on the Congressional directive for "drinking water supply projects and related activities," and will begin reporting on some of the specific results

Figure 1. FY 2005 USAID Drinking Water Supply and Sanitation Obligations by Region (Totalling over \$161 million)



being achieved with drinking water directive funds at the end of FY 2006.

USAID investments reflect the urgent need to provide safe and affordable domestic water supply and integrate it into overall water management. USAID also advocates sanitation and hygiene promotion to protect drinking water sources, the environment, and human health. USAID works to secure financing from private capital markets for water utilities through loan guarantees and selected reforms in utilities, regulatory and governance systems, and the municipal, water, and financial sectors. USAID credit guarantees and reform actions, promote greater investment from the private sector, leveraging American taxpayers' dollars with more sustainable financing from local capital markets.

USAID obligated more than \$398 million during FY 2005 to a variety of water-related activities, including water supply, sanitation and wastewater management; watershed management; water productivity; and disaster preparedness. This figure includes obligations of an estimated \$55.572 million for the development of large-scale wastewater treatment facilities in two countries; large-scale wastewater facilities are not included in the definition of "drinking water supply projects and related activities." This figure also includes more than \$53 million in supplemental funding: more than \$22 million in carryover funds in Afghanistan from the Economic Support Fund FY 2004 Supplemental; more than nineteen million from the Tsunami Recovery and Reconstruction Fund established under the Emergency Supplemental Appropriations Act for Defense, the Global War on Terror, and Tsunami Relief (Public Law 109-13); more than eight million dollars from

the Economic Support Fund wartime supplemental for drinking water supply in West Bank and Gaza; and more than three million dollars used in Iraq for all water supply and sanitation activities from the Iraq Relief and Reconstruction Fund (Public Law 108-106).

Over the three years of the Presidential Water for the Poor Initiative (2003-2005), USAID committed an estimated \$522 million from annual appropriations in those years to work that is included under the "drinking water supply projects and related activities" directive. Of the total obligations in FY 2005, more than \$161 million targeted directive-related drinking water supply projects and related activities. This figure includes more than \$109 million for water supply projects in 60 countries, and more than \$51 million for sanitation and hygiene projects in 42 countries (Table 2).

Regional Focus

The bureau with the largest FY 2005 obligations is Africa at over \$83 million (approximately 76 percent of this amount was International Disaster and Famine Assistance (IDFA) account). Over \$27 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 — the Middle East. Because Egypt, Iraq, Jordan, as well as West Bank/Gaza, represented a large percentage of USAID's total water supply obligations over the last few years, these areas have been disaggregated from the Asia and Near East Region for reporting purposes.



INDIA – SHARI KESSLER/PADCO

In India, this couple shows a copy of their first water bill they have received since obtaining a household connection to a municipal water delivery system funded with help from a USAID partial loan guarantee.

Other amounts from the regions with lesser estimated actual obligations include, from highest to lowest, Asia and the Near East Region (less Egypt, Iraq, Jordan and West Bank/Gaza) at over \$21 million, the Latin America and Caribbean Region at over \$19 million, and Europe and Eurasia at over six million dollars.

Development of Wells for Water Supply

Nine countries reported data on well development activities during FY 2005 (Table 1); a total of 1,815 wells were reported to have been developed between October 1, 2004 and September 30, 2005. The average cost per well is \$3,896 and includes boreholes, dug wells, developed springs, and improved technology traditional wells. In many instances, additional wells have been drilled using leveraged partner funds and are not included in Table 1 on results of direct USAID funding.

Table 1. Available Data on Number of Wells Developed and Cost per Well in FY 2005

Region	Country	Number of Wells
Africa	Congo DR	118
	Ethiopia	353
	Ghana	75
	Guinea	33
Asia & the Near East	Afghanistan	1,200
Latin America & the Caribbean	Bolivia	2
	Ecuador	17
	Nicaragua	17
Total Number of Wells		1,815
Average Cost per Well		\$3,896

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 from fiscal year 2005 are provided below:

In India, the United States and the Government of Karnataka signed a financing agreement in June 2005, that expands access to clean water to 1.2 million

In Madagascar, a community-level sales outlet for point of use water purification product, Sûr' Eau ("Sure Water").

MADAGASCAR – DOUG CALL, PSI



residents living in eight towns around Bangalore. The agreement established the use of a partial credit guarantee from USAID to help the “pooled” municipalities issue a bond on the capital market. Funds raised by the bond issuance are financing water and sanitation infrastructure as part of a major \$150 million water and sanitation public works project for the area. The pooled financing structure was developed by USAID to improve smaller municipalities’ ability to access private capital from debt markets and to attract private sector investment in water and sanitation projects.

In Peru, USAID, through a local non-governmental organization, helped 400 families in the Banda de Shilcayo District of the Peruvian high jungle install a prototype plant to filter drinking water. This rapid filtration plant, the first of its kind in Peru, is exceeding quality standards established by the Peruvian national government. As part of the project, implementers received co-financing from the Americas Fund (a fund created through a buy back by Peru of debt owed to the United States Government) to build or rehabilitate pit latrines and conduct an educational program on household sanitation.

In Ukraine, USAID initiated a tariff reform and Communal Services Enterprises restructuring project in 17 pilot activities in nine Ukrainian cities to improve the delivery of essential communal services, including water, to urban residential consumers. With project assistance, each enterprise prepared its own five-year Strategic Action Plan. The effort by USAID to increase the quality of municipal services in Ukraine has resulted in the improvement of six municipal water supply systems.

In Madagascar, diarrheal diseases rank among the main causes of mortality and morbidity among children under five. USAID funds a broad range of approaches to ensure that *Sûr' Eau* (“Sure Water”, an inexpensive concentrate for water purification) is accessible to poor families in rural, urban, and disaster prone areas. A national sales force distributes *Sûr' Eau* to more than 600 wholesalers and 10,000 retailers. Medical detailing teams reach more than 1,500 doctors and pharmacists throughout the country with product information. USAID funding also provides training on diarrheal disease prevention and other support to more than 75 non-governmental organization community agent programs throughout the country.

Summary

USAID’s actual obligations during FY 2005 for “drinking water supply projects and related activities” totaled \$161 million. Almost 53 percent of that amount was in Africa (\$83 million), with 76 percent of the Africa amount coming from the International Disaster and Famine Assistance (IDFA) account. Almost sixty percent (\$96 million) of the USAID actual obligations directive total of \$161 million world-wide, also came from the International Disaster and Famine Assistance (IDFA) account.

During FY 2006, USAID will strengthen the obligations and results tracking system that was earlier applied to the larger Presidential Water for the Poor Initiative, and begin to report on results being achieved under the “drinking water supply projects and related activities” directive at the end of FY 2006.

DRINKING WATER SUPPLY PROJECTS AND RELATED ACTIVITIES

The definition of “drinking water supply projects and related activities”; includes 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 (connection to a public sewer or septic system, or access to a pour-flush latrine, simple pit latrine, or ventilated improved pit latrine); ensure water source protection; and promote improved hygiene behaviors. Large-scale wastewater treatment facilities are not included in this definition.

Table 2. FY 2005 USAID Drinking Water Supply and Sanitation Obligations by Country and Region

(Dollars Millions)

Region/Bureau	Country or Operating Unit	Drinking Water Supply	Sanitation	Grand Total
Africa	Angola	\$0.500		\$0.500
	Burundi	0.881	\$0.527	1.408
	Central African Republic	0.200	0.100	0.300
	Chad	0.687	0.343	1.030
	Congo DR	0.102	0.051	0.153
	Cote d'Ivoire	0.400	0.200	0.600
	Eritrea	2.502	0.643	3.145
	Ethiopia	8.264	3.878	12.142
	Ghana	1.703	0.636	2.339
	Guinea	0.055		0.055
	Kenya	1.611	1.205	2.816
	Liberia	0.585	0.293	0.878
	Madagascar	0.281	0.057	0.338
	Mali	0.490		0.490
	Mozambique	0.902	0.836	1.738
	Nigeria	0.200		0.200
	Senegal	0.150		0.150
	Somalia	1.538	0.982	2.520
	South Africa	0.198		0.198
	Sudan	28.432	14.195	42.627
Uganda	5.171	2.587	7.758	
Zimbabwe	1.032	0.516	1.548	
	East Africa Regional	0.292	0.146	0.438
	Africa Total	\$55.672	\$26.942	\$83.370
Asia & the Near East	Afghanistan ¹	\$6.528	\$1.164	\$7.692
	Bangladesh	0.562	0.458	1.020
	India ²	1.529	0.760	2.289
	Indonesia ³	2.429		2.429
	Nepal	0.120	0.031	0.151
	Pakistan	3.300	3.000	6.300
	Philippines	0.359	0.190	0.549
	Sri Lanka ⁴	0.079		0.079
	Vietnam	0.119	0.059	0.178
	Yemen	0.335	0.335	0.670
	Asia & the Near East Regional ⁵	0.053	0.027	0.080
		Asia & the Near East Total	\$15.413	\$6.024

NOTES:

¹ Excludes \$17.5 million for drinking water supply and \$5.0 million in carryover funds from the Economic Support Fund (ESF) FY 2004 Supplemental.

² Excludes \$2.501 million from the Iraq Relief and Reconstruction Fund (IRRF) supplemental for drinking water supply and \$1.677 million from IRRF for sanitation.

³ Excludes \$3.321 million for drinking water supply from the Tsunami Recovery and Reconstruction Fund (TRRF) supplemental and \$1.660 million from TRRF for sanitation.

⁴ Excludes \$6.237 million from the Tsunami Recovery and Reconstruction Fund (TRRF) for drinking water supply and \$3.118 million from TRRF for sanitation.

⁵ Excludes \$0.014 million for drinking water supply and \$0.006 million for sanitation from the Tsunami Recovery and Reconstruction Fund (TRRF).

Region/Bureau	Country or Operating Unit	Drinking Water Supply	Sanitation	Grand Total
Egypt, Iraq, Jordan & West Bank/ Gaza	Egypt	\$1.050		\$1.050
	Iraq ⁶	16.880	\$8.440	25.320
	Jordan	1.000		1.000
	West Bank/Gaza ⁷			
	Egypt, Iraq, Jordan & West Bank/Gaza Total⁸	\$18.930	\$8.440	\$27.370
Europe & Eurasia	Albania	\$0.055		\$0.055
	Armenia	1.074		1.074
	Azerbaijan	0.200		0.200
	Bosnia and Herzegovina	0.194	\$0.069	0.263
	Bulgaria	0.932	0.466	1.398
	Cyprus	0.400	0.300	0.700
	Georgia	0.530	0.025	0.555
	Kosovo	0.176	0.289	0.465
	Moldova	0.230		0.230
	Montenegro	0.665		0.665
	Serbia	0.350		0.350
	Turkmenistan			
	Ukraine	0.450		0.450
	Eurasia Regional	0.100	0.100	0.200
Europe Regional	0.100	0.100	0.200	
	Europe & Eurasia Total	\$5.456	\$1.349	\$6.806
Latin America & the Caribbean	Bolivia	\$1.201	\$0.688	\$1.889
	Colombia	2.583	1.429	4.012
	Dominican Republic	0.122	0.122	0.244
	Ecuador	2.663	2.297	4.960
	El Salvador	0.423		0.423
	Guatemala	2.160		2.160
	Guyana	0.033	0.017	0.050
	Haiti	1.039	0.519	1.558
	Honduras	0.250		0.250
	Jamaica		1.197	1.197
	Mexico	0.100		0.100
	Nicaragua	0.124	0.055	0.179
	Paraguay	0.021	0.024	0.045
Peru	2.086	0.820	2.906	
	Latin America & the Caribbean Total	\$12.805	\$7.168	\$19.973
Central Programs	Global Health	\$1.100	\$1.300	\$2.400
	Central Programs Total	\$1.100	\$1.300	\$2.400
	Total Directive - All Regions	\$109.880	\$51.475	\$161.355
	Grand Total - Including Supplementals & Wastewater	\$148.668	\$118.391	\$267.059

NOTES:

⁶ Excludes \$1.926 million from the Iraq Relief and Reconstruction Fund (IRRF) supplemental for drinking water supply and \$1.358 million from IRRF for sanitation.

⁷ Excludes \$8.191 million from the Economic Support Fund (ESF) wartime supplemental for drinking water supply in West Bank and Gaza.

⁸ Less Egypt, Iraq, Jordan, and West Bank/Gaza. Also excludes \$.370 million from the Tsunami Recovery and Reconstruction Fund (TRRF) for drinking water supply and \$.185 million from TRRF for sanitation in the Maldives.

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