



June 26, 2007

Senator Paul Simon Water for the Poor Act of 2005: Responses to the U.S. State Department Report to Congress 2007

SUMMARY

The Natural Resources Defense Council and WaterAid America have prepared this joint response to the 2007 U.S. State Department Report to Congress (“Report”) in response to the Senator Paul Simon Water for the Poor Act of 2005 (P.L. 109-121) (“Act”).

The Report is a compendium of U.S. State Department initiatives that relate, directly and indirectly, to the legislation’s call for U.S. investment and action to mitigate the global crisis in safe drinking water and sanitation. In our view, the Report makes clear that over the past year there has been little progress toward the key aims of the legislation. The activities described in the Report do not amount to a strategic, coordinated, measurable program that reflects a clear vision and commitment as called for in the legislation. While some progress has been made to integrate the disparate U.S. efforts to address drinking water and sanitation in developing countries, this Report appears to be filled more with case studies of what is already being done and summaries of U.S. efforts generally on water issues (seemingly repetitive to last year’s Report) rather than with a blueprint for how future activities will be guided by a specific focus.

In addition, U.S. foreign assistance for water and sanitation is still not allocated on the basis of need, neither in terms of the Human Development Index (as a measure of poverty) nor in terms of the numbers of impoverished people living without access to safe water and sanitation. Finally, by including expenditures on emergencies or only indirectly on provision of safe water, the report creates a misleading impression of the investments actually being made by the U.S. government in providing long-term, sustainable access to safe drinking water and effective sanitation by the poor in developing countries—the central mandate of the Act. We believe the U.S. can, and should, do much more to help poor people gain access to these fundamental services that underpin human health, education, and livelihoods.

KEY POINTS

The Senator Paul Simon Water for the Poor Act requires the State Department to develop a detailed strategy “to further the United States foreign assistance objective to provide affordable and equitable access to safe water and sanitation in developing countries.”¹ The Act called for increased funding to provide for long-term and sustainable access to safe water and basic sanitation in the countries of greatest need. However, in Year Two of the requirement, the U.S. response continues to lack a strategic focus,

¹ Senator Paul Simon Water for the Poor Act of 2005, Sect. 6(a).

clear and measurable objectives. The State Department's annual report on progress also aggregates spending on emergency assistance and other forms of aid (e.g. infrastructure and defense funding) that are not directly relevant to the specific goal of the Act in order to reach its overstated and misleading spending figure of "more than \$844 million in official development assistance for water, sanitation, and related activities around the world."² Congress' clear intent for the Act was to focus U.S. spending on sustainable and long-term funding rather than emergency funding, as indicated by the fact that the word "emergency" does not appear in the Act, but the words "long term" and "sustainable" appear several times. The following are brief explanations for our concerns with the 2007 Report.

- **\$844 Million versus \$76 Million**

According to the USAID,³ the U.S. spent a total of \$116 million for non-emergency drinking water supply projects in FY06. Of this amount, however, \$40 million went to only two countries—Egypt (where 98% of the population already has access to safe water) and Jordan (where 97% already have access⁴)—and a mere \$76 million⁵ was allocated to all other countries, including those in sub-Saharan Africa where access is as low as 22% in some countries. However, the June 1, 2007, State Department Report's Executive Summary and Press Release claim that "[i]n FY2006, USG agencies obligated, bilaterally and through multilateral institutions, more than \$844 million in official development assistance for water, sanitation, and related activities around the world"⁶—a *significant* difference.

To arrive at this total, the report starts with the USAID base figure of \$116 million, plus \$86 for emergency to get 202 million⁷ then adds in Department of Defense spending (\$180 million) for water in Iraq and Afghanistan. It also includes funding for the EPA (\$80 million) for infrastructure work along the Mexican border and in the Great Lakes. It also includes Millennium Challenge Corporation funding ("more than \$194 million"), most of which is not earmarked for drinking water and sanitation and which represents an amount to be allocated over a 5-year period, not in the single year of 2006.

Last year's report from the State Department relied on similarly questionable methods to inflate the amounts actually spent on drinking water and sanitation. In the first Report to Congress released last year in 2006, the Report stated that the Foreign Operations Appropriations Act directed \$200 million for drinking water supply projects and related activities, and of that amount \$50 million for programs in Africa. For USAID to reach the Congressional directive of "\$200 million", the following were included: emergency water aid (\$86 million) and water funding for Egypt, Iraq and Jordan (\$40 million) to reach a total of \$202 million. And the majority of the funding allocated for Africa was reached with a heavy reliance on *emergency* water spending from IDFA.⁸

² Senator Paul Simon Water for the Poor Act 2005 Report to Congress June 2007, Executive Summary Section 1.

³ Note: Discreet footnotes and other pages in the "Report" disclose the \$76 million figure indirectly, as does a May 2007 dispatch to Capitol Hill from USAID, titled USAID's "Investments in Drinking Water Supply Projects and Related Water Resources Activities Report to Congress." The USAID figure comes from Table A.5 on pg 53 of the hard copy version of the Report-- as of June 26, 2007 this table was still omitted from the web versions.

⁴ UNDP Human Development Report 2006, *Beyond Scarcity: Power, Poverty and the Global Water Crisis*

⁵ Analysis of the \$76 million figure: Table A.5 on pg 53 of the Report states that \$116 million from USAID's budget was spent on water and sanitation. However, this includes Egypt and Jordan spending (\$40 million), see Table A.2. After subtracting the amount spent in Egypt and Jordan, \$76 million remains. This is found in the hard copy version, but as of June 26, 2007 it was still omitted from the hard copy.

⁶ Report to Congress June 2007, Executive Summary, p.4.

⁷ See Table A.2: Estimated Actual USAID Obligations in FY 2006 for Water Supply Projects and Related Activities by Country & Region, pg. 50.

⁸ See 2006 Report to Congress, Annex B, Table B.2: Estimated USAID Obligations for Water for the Poor Initiative by Funding Account Fiscal Year 2005. All data provided by USAID.

RECOMMENDATION: Because the State Department has for two years in a row obfuscated and confounded the data on U.S. expenditures on drinking water and sanitation spending for the poor, Congress should request an independent review of U.S. spending on drinking water and sanitation in developing countries and the adequacy of the U.S. response—such as through the Congressional Research Service.

The claims from this year’s Report need to be reviewed externally and independently based on the guidelines set forth in the Act, specifically reviewing the amount of monies spent on fulfilling the purposes of the Act listed in Section 135(a), which include seeking “to reduce by one-half from the baseline year 1990 the proportion of people who are unable to reach or afford safe drinking water and the proportion of people without access to basic sanitation by 2015; to focus water and sanitation assistance toward the countries, locales, and people with the greatest need; and to promote affordability and equity in the provision of access to safe water and sanitation for the very poor, women, and other vulnerable populations;”⁹

- **U.S. Funding is Not Targeting the Neediest**

Table 2
Least developed countries that need to more than double their 1990–2004 rate of increase in order to reach the MDG drinking water target by 2015

LEAST DEVELOPED COUNTRIES	AVERAGE ANNUAL INCREASE IN POPULATION SERVED (THOUSANDS)		INCREASE NEEDED BY A FACTOR OF:
	1990–2004 (actual)	2005–2015 (required)	
ETHIOPIA	319	4 312	13.5
DEMOCRATIC REPUBLIC OF THE CONGO	628	3 009	4.8
NIGER	192	719	3.8
MALDIVES	4	14	3.7
TOGO	76	277	3.7
MADAGASCAR	241	834	3.5
VANUATU	2	8	3.4
MOZAMBIQUE	230	764	3.3
YEMEN	327	1 073	3.3
GUINEA	126	396	3.1
HAITI	89	263	3.0
COMOROS	12	32	2.7
BURUNDI	121	322	2.7
LIBERIA	54	142	2.6
BENIN	147	366	2.5
MALI	235	556	2.4
UGANDA	583	1 349	2.3
ZAMBIA	164	372	2.3
BANGLADESH	1 933	4 160	2.2
MAURITANIA	55	117	2.1
SUDAN	528	1 124	2.1
SAMOA	1	2	2.1
ANGOLA	295	603	2.0
DJIBOUTI	11	23	2.0

> Many least developed countries will have to more than double their efforts in order to reach the MDG drinking water target.

WaterAid and other international agencies have estimated that investments in water and sanitation will need to double—from about \$15 billion to approximately \$30 billion per year—if the MDG targets are to be achieved.¹⁰ In some countries in sub-Saharan Africa, investments would need to increase by a factor of three or more. Not only is U.S. investment in the sector failing to address this urgent financing gap, current assistance is not reaching people in countries where the need is greatest.

The World Health Organization and UNICEF Joint Monitoring Programme on Water and Sanitation 2006 Report listed 24 Least Developed Countries (see table to the left) that will need to more than double their efforts to reach MDG water targets.¹¹ Despite language in the Act calling for directing U.S. funding to countries of greatest need, examination of the 2007 State Department Report shows that of the 9 million people who received improved access to water in FY06 through U.S. efforts, only 25% were outside the Middle East. Furthermore, two countries (Egypt and Jordan) received more funding for water and sanitation (\$40 million)¹² than the entire sub-Saharan region (approximately \$22 million).¹³

⁹ H.R. 1973, Section 135: Assistance to Provide Safe Water and Sanitation.

¹⁰ WaterAid: *Getting to Boiling Point: Turning up the heat on water and sanitation, 2005*

¹¹ World Health Organization and UNICEF Joint Monitoring Programme on Water and Sanitation, *Meeting the MDG drinking water and sanitation target: the urban and rural challenge of the decade, 2006*, http://www.wssinfo.org/pdf/JMP_06.pdf.

¹² Report to Congress 2007, Table A.2

RECOMMENDATION: The U.S. State Department should identify the amount of U.S. investment in water and sanitation in the countries of greatest need, particularly addressing the countries where substantially faster progress is needed in order to achieve the MDG targets for water and sanitation. In an effort to facilitate this, the U.S. should identify goals and objectives in water and sanitation in developing countries, and use those goals to organize greater coordination among U.S. agencies and between U.S. and other donor countries.

About NRDC and WaterAid

The Natural Resources Defense Council is a non-profit environmental advocacy organization with more than 1.2 million members and e-activists. NRDC's attorneys, scientists, and other specialists address the full range of environmental challenges facing the U.S. and the world. NRDC has long been concerned about the need for the U.S. to play a leadership role in tackling environmental problems in developing nations, including the lack of safe drinking water. For general information about NRDC, see <http://www.nrdc.org/>.

Founded in 1981, WaterAid is the leading independent organization which enables the world's poorest people to gain access to safe water, sanitation and hygiene education. WaterAid works in Africa, Asia and the Pacific region and campaigns globally with our partners to realize our vision of a world where everyone has access to these basic human rights. This year, over 4.5 million people will gain access to safe water and sanitation directly as the result of our work with local communities and partner organizations. For more information about WaterAid visit www.wateraid.org/usa.

¹³ Id.