

# IS THE US GOVERNMENT GETTING WATER TO THE POOR?

## Response to the US Government's 2008 Report to Congress on the 'Senator Paul Simon Water for the Poor Act'

### Executive Summary

The Senator Paul Simon Water for the Poor Act ('the Act') was signed into law by US President George Bush on 1<sup>st</sup> December 2005. The Act's stated aim was "to make access to safe water and sanitation for developing countries a specific policy objective of the United States foreign assistance programs".

The Act requires the Secretary of State to report to Congress annually through 2015 on progress in implementing this policy objective. To date, three progress reports have been submitted to Congress, the most recent on 4<sup>th</sup> June 2008.

WaterAid America and NRDC welcome the US Government's (USG's) 2008 Report to Congress. The report is more comprehensive than those in previous years. As such, the Act's annual reporting requirement is beginning to play a more effective role in increasing USG accountability.

However, concerns over report content and presentation remain. Specifically:

- The transparency of data given in the report remains weak. As a result, neither Congress nor external stakeholders can use the report to obtain a clear understanding of how US foreign assistance is allocated and its impact on the poor;
- The available data indicate that expenditure in 2007 and allocations for 2008 are not yet targeted at the areas of "greatest need" as required by the Act;
- This year's report contains some information about future priorities, but a comprehensive strategic framework for USG activity in this sector has still not been developed as required by the Act.

**To address these concerns, we urge the Secretary of State to consider the following recommendations:**

- **Commission an independent assessment of all foreign assistance allocated to the drinking water and sanitation sector since 2005, across all USG agencies and programs, to include both past expenditure and future commitments. We therefore support the August 2008 request made by Congressman Blumenauer and others to the US Government Accountability Office (GAO) for an independent assessment of progress in implementing the Act, as a first step towards meeting this recommendation;**
- **Strengthen the focus of US foreign assistance to this sector on the poorest and most vulnerable populations; invest in building the capacity of relevant USAID missions, if necessary, in order to achieve this goal;**
- **Work urgently to develop the USG strategy for water and sanitation required by the Act, to include plans to focus on areas of "greatest need", strengthen USG agency co-ordination and increase aid effectiveness;**
- **Develop a monitoring and evaluation framework to assess the impact of US foreign assistance to the water and sanitation sector; integrate monitoring and evaluation into the USG strategy development process; participate actively in the principal international monitoring efforts, specifically the Global Annual Assessment on Sanitation and Drinking Water (GLAAS).**

## Overall assessment

This year's USG report to Congress does offer some improvements on those from previous years. The 2007 report, for example, was poorly presented and very low on detail. This year's report is more coherent and accessible. A greater level of information is shared, both in the main body of the report and its annexes, and the Government's changing priorities are more clearly stated.

The articulation of links to other policy issues and sectors is welcome – for example, with respect to water and food security, water and climate change, and water and governance. The report's emphasis on “interdependence” and “interconnectedness” bodes well in terms of potential USG policy coherence and interagency collaboration in future.

The early stage development of a framework for USAID and the Department of State activities, and of programming guidelines for expenditure related to the Act, are both welcome – though more is required. We are also encouraged by the stated commitment to enhance US foreign assistance support to water supply, sanitation and hygiene and to focus at least some of this support on the countries – and communities – in greatest need.

We continue to have concerns with respect to other aspects of this year's report, however. These are outlined in detail below.

## Areas of concern

### Data transparency is still lacking

Overall, this year's report to Congress suffers from a **lack of data clarity and what appears to be a deliberate blurring of the distinctions between different types of foreign assistance**. For example, International Disaster and Famine Assistance (IDFA) is included in statements of expenditure for 2007, although the purpose of the Act is to scale up long-term, sustainable support to the water and sanitation sector to increase its developmental impact. Data from key USG agencies, such as the Department of Defense, are omitted. Indeed, data are only reported for USAID and the Millennium Challenge Corporation (MCC) and different timeframes for expenditure are used for these two agencies: MCC figures relate to “commitments” and “obligations” made in 2007, not disbursements. Indeed, the monies allocated by Congress annually to the MCC serve as a five-year lump sum. The 2008 report thus gives only a partial – and at times confusing – statement of USG expenditure in 2007.

There are also some **discrepancies** between this report and USAID's own report to Congress.<sup>1</sup> For example, USAID excludes Egypt, Iraq, Jordan, Lebanon and the West Bank/Gaza from its calculations of those securing access to “improved” drinking water and sanitation through US foreign assistance in 2007. The USG report to Congress on the Act does not explain this omission (though it draws on the same calculations) and adds to the confusion by then listing initiatives in Jordan and Iraq

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<sup>1</sup> USAID (2008) *Investments in drinking water supply projects and related water resources activities: Report to Congress, Fiscal Year 2007*

as “highlights from US activities on water in FY 2007.” Such obfuscation could be avoided in future years through agreement on definitions and figures between USG agencies.

## USG co-ordination with other donors is not yet evident

**The Act states that it is the sense of Congress that “in order to make the most effective use of amounts of Official Development Assistance for water and sanitation and avoid waste and duplication, the United States should seek to establish innovative international coordination mechanisms based on best practices in other development sectors.”**

This year’s report to Congress provides **no assessment of US efforts to co-ordinate with other donors** at country level, and gives little information about the role the US has played – or could play – in relevant international forums. It is therefore not possible for Congress to assess whether the US is pursuing “best practices” in aid co-ordination as required by the Act. Further, there is little discussion of the ways in which the US is promoting “country and local ownership of safe water and sanitation programs” consistent with the Act.

USG transparency and accountability would be further improved if agencies reported the **same data to both Congress and the OECD.**<sup>2</sup> For example, the OECD database – which enables aid from many different donors to be assessed and compared – breaks down expenditure in the water and sanitation sector according to a range of standard definitions, including aid type<sup>3</sup>, aid purpose<sup>4</sup> and recipient country income level.<sup>5</sup> USG expenditure could be reported to Congress according to this breakdown. Reporting to Congress in this way would be straightforward, and it would enable Congress to more accurately assess whether US foreign assistance is programmed to benefit the poor, consistent with the purpose of the Act. For example, though 2007 data are not yet captured by the OECD database, 2006 data suggest that of the \$818m that the US allocated to water and sanitation programs that year, just \$6m (less than 1%) was allocated specifically to Least-Developed Countries.<sup>6</sup>

There is also a **need to strengthen the monitoring of US foreign assistance** over time and to expand the information provided to Congress on its impact. Such monitoring is required by the Act. It is also an important contribution to international attempts to measure progress towards the Millennium Development Goals (MDGs). Stronger efforts should be made to assess the contribution of US assistance to the generation of improved outcomes for the poor. Changes in reported impact over time should be explained – for example, information provided in the two most recent USG reports to Congress suggests that there has been a drop in the number

<sup>2</sup> The Organization for Economic Co-operation and Development (OECD) collates data on aid from bilateral and multilateral donors and provides supporting analysis. The US is one member of the OECD and its Development Assistance Committee (DAC).

<sup>3</sup> Official Development Assistance or other forms of expenditure/lending

<sup>4</sup> Purpose definitions are: water resources policy/admin management; water resources protection; water supply and sanitation – large systems; basic drinking water supply and basic sanitation; river development; waste management/disposal.

<sup>5</sup> i.e. LDCs (Least Developed); OLICs (Other Low Income); LMICs (Low Middle Income); UMICs (Upper Middle Income); Unallocated by income.

<sup>6</sup> OECD Creditor Reporting System (accessed 10<sup>th</sup> and 11<sup>th</sup> September 2008)

of people gaining access to “improved” water supply and sanitation through USG programming between 2007 and 2008, from around 10.5m to 3.5m. On the face of it, this is a dramatic downward shift in impact, which requires further elucidation.<sup>7</sup>

**In summary, USG annual reports to Congress should provide a clear breakdown of expenditure and future commitments, an assessment of impact (including on poor people specifically), and an analysis suggesting how outcomes might be improved. This would enable Congress to assess not just whether aid allocations to water and sanitation are increasing in line with the Act, but also whether US taxpayers and aid recipients are getting value for money.**

### Trends in aid expenditure are not yet in line with the Act

**The Act states that the purpose of the assistance it authorizes is “to focus water and sanitation assistance toward the countries, locales, and people with the greatest need.”**

As indicated above, OECD data for 2006 – and indeed for prior years – record a low proportion of US foreign assistance dedicated to the poorest countries. The 2008 USG report to Congress reveals a **continued focus in 2007 on Middle-Income Countries, at the expense of LDCs and other Low-Income Countries**. The report states that “the United States obligated approximately \$1.5 billion from the Iraqi Reconstruction and Relief Fund to provide direct support to water-related projects throughout Iraq” in 2007, while from USAID resources “the Sub-Saharan Africa region received the greatest level of support” (\$109.3 million overall – i.e. approximately 7% of the amount allocated to Iraq) of which 63% was categorized as IDFA rather than sustainable development programming. Of non-IDFA funds, almost half went to the Africa Regional Bureau and no further information is given about their allocation.<sup>8</sup> It is worth noting that **USAID support to the sector has declined steadily every year since 2004.**<sup>9</sup>

The Act commits USG to identifying a list of “High Priority Countries” for assistance. This year’s report does so for the first time, listing 36 priority countries to be supported in 2008, across 5 regions. **The FY 2008 allocation to support activities under the Act is \$300m. This translates into \$8.33m per priority country on average. Further prioritization and focus will be required, therefore, to ensure that this year’s allocation is spent in line with the purpose of the Act.**

What would allocating to match the greatest need look like? Several indicators of need are highlighted in this year’s report to Congress, such as existing levels of access to improved drinking water sources and basic sanitation,<sup>10</sup> water-related disease burden, the availability of renewable and stored water resources, and vulnerability to variable water flow and precipitation. Other pertinent criteria, not yet

<sup>7</sup> This may be due to a welcome change in the definitions of “access” used by USAID, which have been brought into line with those used by the JMP and other development partners to monitor progress towards meeting Millennium Development Goal (MDG) targets for water and sanitation. This is outlined in USAID’s report to Congress for FY 2007, but needs to be explained with respect to WfP reporting too.

<sup>8</sup> See Annex B table B.3 of the 2008 USG report to Congress.

<sup>9</sup> See Annex B tables B.1 and B.2 of the 2008 USG report to Congress for more detail.

<sup>10</sup> This is a core indicator used by the JMP (WHO/UNICEF Joint Monitoring Programme) and other development partners. Its inclusion in USG need assessments is therefore very welcome.

listed by USG, include the level of poverty and the extent to which a country is “off-track” to meet the MDG targets for water and sanitation.

Using such measures, the High Priority Countries set out in the 2008 report appear to reflect a proposed focus on areas of greatest need. There is, for example, a stronger focus on Sub-Saharan Africa, which is one of two regions globally – the other being Oceania – not yet on track to meet the MDG drinking water target.<sup>11</sup> Sub-Saharan Africa is also the region with the highest poverty levels: 50% live below the current international poverty line of \$1.25 a day.<sup>12</sup> Several countries exhibiting low levels of improved sanitation coverage are prioritized by USG, namely Ghana, Ethiopia, DR Congo, Madagascar, Uganda, Tanzania, Liberia, Mozambique, Niger, Nigeria, Senegal, Haiti, India and Cambodia. This is welcome.

Some outliers remain on the USG priority list, however, including countries exhibiting very good access to water and/or sanitation currently and with relatively low levels of poverty. It is recognized that water resources in some of these countries are under significant stress – e.g. in Jordan and Egypt. But it is nevertheless hard to justify their prioritization under the auspices of the Act.

The USG priority list includes four countries that are already on-track to meet the water MDG and that the JMP considers to be making the most rapid progress (Ghana, Uganda, Vietnam, Jordan). It also includes three countries that are on-track and making rapid progress towards meeting the sanitation MDG (Pakistan, the Philippines, Vietnam). Though the need is less acute than in off-track countries, US foreign assistance can still have an important impact if used catalytically to address neglected issues or to improve access in underserved communities. This year’s JMP report suggests that rural communities are particularly poorly served in many countries, for example. However, this year’s USG report to Congress offers no information on targeting or other strategies to strengthen impact in countries that are already on-track overall.

### A strategy to reach the poor remains elusive

**The Act commits the President, acting through the Secretary of State to “develop a strategy to further the United States foreign assistance objective to provide affordable and equitable access to safe water and sanitation in developing countries ... in consultation with the Administrator of the United States Agency for International Development, the heads of other appropriate Federal departments and agencies, international organizations, international financial institutions, recipient governments, United States and international nongovernmental organizations, indigenous civil society, and other appropriate entities.”**

The outline strategic framework presented in Annex A of this year’s report to Congress is welcome. However, it is low on detail. Indeed, it is no more detailed than the strategy outlined in the first USG report to Congress in 2006 – and is dramatically different with respect to its content.<sup>13</sup> **A comprehensive strategic**

<sup>11</sup> JMP (2008) *Progress on Drinking Water and Sanitation: Special Focus on Sanitation* UNICEF, New York and WHO, Geneva.

<sup>12</sup> World Bank (2008) Briefing note on the key findings from: “*The developing world is poorer than we thought, but no less successful in the fight against poverty*” by Chen and Ravillion, August 2008.

<sup>13</sup> DOS (2006) Senator Paul Simon Water for the Poor Act 2005: Report to Congress, June 2006

**framework is yet to be developed. Such a strategy is now urgently required, given that the US Government is now three years into the 10-year period referenced in the Act.**

WaterAid America and NRDC would like to see the Government develop a full strategy for US foreign assistance to the water and sanitation sector that articulates:

- How US foreign assistance to water and sanitation will be scaled up through 2015 to accomplish the purposes set forth in the Act, and specifically how the poorest and most vulnerable populations will be reached;
- The role to be played by each USG agency and how they will work together effectively, minimizing transaction costs for aid recipients and ensuring impact;
- How US aid to this sector can be made more effective, including through the strengthening of country ownership and improved co-ordination with other donors, both key requirements of the Act. If USG agencies need to be strengthened to increase their effectiveness, strategies for building this capacity should also be set out.
- How the impact of US foreign assistance will be measured over both the short and long term.

Indeed, there is a critical need to strengthen data collection, analysis and reporting on water and sanitation at national, regional and global levels – specifically with a view to measuring progress towards the MDGs and the impact of aid on the poorest and most vulnerable populations. We welcome the USG commitment made in this year’s report to “participate, as appropriate, in international technical efforts to improve global data collection related to water supply, sanitation and hygiene, water resources management, and water productivity.” We hope and anticipate that this will entail at least US support for the principal international monitoring efforts: the Global Annual Assessment on Sanitation and Drinking Water (GLAAS); the WHO/UNICEF Joint Monitoring Programme (JMP); and the World Water Development report.

## Recommendations

**In light of our analysis of this year’s USG report to Congress, we urge the Secretary of State to consider the following recommendations:**

- **Commission an independent assessment** of all foreign assistance allocated to the drinking water and sanitation sector since 2005, across all USG agencies and programs, to include both past expenditure and future commitments. We therefore support the August 2008 request made by Congressmen Blumenauer and others to the US Government Accountability Office (GAO) for an independent assessment of progress in implementing the Act;
- **Strengthen the focus of US foreign assistance to this sector on the poorest** and most vulnerable populations; invest in building the capacity of relevant USAID missions, if necessary, in order to achieve this goal;
- **Work urgently to develop the USG strategy for drinking water and sanitation** required by the Act, to include plans to focus on areas of “greatest need”, strengthen co-ordination across USG agencies and with local organizations, and increase aid effectiveness;
- **Develop a monitoring and evaluation framework to assess the impact of US foreign assistance** to the drinking water and sanitation sector; integrate monitoring and evaluation into the USG strategy development process with dedicated funds; participate actively in the principal international monitoring efforts, specifically the Global Annual Assessment on Sanitation and Drinking Water (GLAAS).

## About WaterAid America

WaterAid is the world's leading independent non-profit organization dedicated exclusively to working with people in the world's poorest countries to improve access to safe water, sanitation and hygiene education. Founded in 1981, we operate throughout Africa, Asia and the Pacific region and have helped more than 11 million people gain access to safe water through low-cost, sustainable projects that can be locally managed and maintained. With a goal of expanding operations to assist 1.3 million people to gain access to safe water and 1.5 million people to gain sanitation this fiscal year, WaterAid has earned a worldwide reputation for its effectiveness and leadership and has garnered numerous national and international awards, including the prestigious Stockholm Water Prize. To learn more, please visit: [www.wateraidamerica.org](http://www.wateraidamerica.org)

## About NRDC

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 US and the world. NRDC has long been concerned about the need for the US to play a leadership role in tackling environmental problems in developing nations, including the lack of safe drinking water. For more information about NRDC's work on global safe drinking water see: <http://www.nrdc.org/international/safewater.asp>