

**EXECUTIVE SUMMARY**

**Background**

One of the fundamental goals of the Senator Paul Simon Water for the Poor Act of 2005 (P.L. 109-121) (hereinafter referred to as the WFPA) was to make access to safe drinking water and adequate sanitation for the poor a specific policy objective of U.S. foreign assistance. The Act also sought to enable the U.S. government (USG), acting through the Department of State (DOS) and U.S. Agency for International Development (USAID), to play a leadership role in achieving the Millennium Development Goal (MDG) of halving the number of people without sustainable access to safe drinking water and basic sanitation by 2015.

Recognizing that the role of safe drinking water and decent sanitation is critical to promoting sustainable urban growth and development and to improving the lives of the urban poor, the International Housing Coalition (IHC) conducted an analysis of the USG's progress in meeting the important goals of the legislation.

**Major Findings**

While there has been encouraging progress in the efforts of DOS and USAID to address some of the goals of the WFPA, there are also a number of areas where results have been mixed or are difficult to measure.

- **The WFPA and subsequent appropriations legislation have indeed *put water and sanitation programs for the poor much more solidly on the U.S. foreign assistance map* than they were prior to 2005.** Congress and the Administration have shown strong support for water and sanitation funding.
- **Funding for the WFPA has been substantial.** Beginning in FY 2008, Congress issued directives in appropriations acts requiring USAID to allocate minimum levels of funding for activities that meet the purposes of the legislation: \$300 million in FY 2008 and FY 2009 and \$315 million in FY 2010, totaling \$915 million for the three years. USAID has met the directive levels and in FY 2009 actually allocated an additional \$144 million in funding beyond the directive level for activities meeting the purposes of the WFPA.<sup>1</sup>
- **WFPA has become a significant USAID activity and has achieved important results.** In FY 2010, USAID estimates that it allocated \$344 million for water, sanitation, and hygiene (WASH) activities meeting the purposes of the WFPA, again exceeding the minimum directive level. By comparison, before the WFPA in FY 2005 USAID allocated just over \$200 million for WASH activities. Also in response to the WFPA, the proportion of funding for WASH to overall water sector funding has risen from about 40% in FY 2003 to about 78% in FY 2009. USAID estimates that in FY 2009, 6.4 million people gained first time access to an improved source of drinking water and 3.4 million people gained first time access to an improved sanitation facility.
- **USAID has also continued to make progress in strengthening its capacity to design and implement water and sanitation programs (although starting from a very low base).** The recent hiring of a USAID Global Water Coordinator is a very positive step. Additionally, since 2008, USAID has hired more than 30 new professionals who are working at least part time on water and sanitation issues.

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<sup>1</sup> This was due in large measure to a supplemental appropriation for Pakistan, Jordan, West Bank/Gaza, and Afghanistan.

- **On the other hand, the most significant shortcoming, recognized by all of those who have assessed the implementation of the WFPA, is the failure of the DOS to fulfill the requirement of the legislation for the development of a comprehensive strategy for WASH that includes measureable goals, benchmarks and timetables for implementation.** This is despite Secretary Clinton’s exhortation on World Water Day in 2010 to raise water and sanitation issues to a new “higher level.” USAID’s recent completion of a “Framework for Action” and a “Results Framework” for water and sanitation that identifies goals, objectives and indicators, is a good start, but it is not a substitute for the robust and comprehensive U.S. government strategy needed to sustain the momentum created by the WFPA.
- **The IHC analysis also confirms and amplifies the findings of a recent GAO Report<sup>2</sup> that while USAID has indeed targeted the majority of its efforts towards “high priority” countries, the distribution of funding levels is not consistently related to country water and sanitation needs. Furthermore, funding is not related to an objective analysis of whether or not the assistance is expected to “make the greatest difference in promoting good health, economic development, poverty reduction, women’s empowerment, conflict prevention and environmental sustainability” as required in the legislation.** This has resulted in just five countries<sup>3</sup> of strategic importance to U.S. interests, some with relatively low levels of need, receiving 54% of total WASH funding in FY 2009 and fewer than 10 countries receiving two-thirds of the FY 2010 allocations. The past three years have also witnessed the increasing use of the funding account that supports U.S. strategic interests (the Economic Support Fund-ESF) to meet the directive levels and the decreasing use of the account that supports countries with the greatest needs (Development Assistance-DA).<sup>4</sup>

#### **Other Findings**

- There is a need for more complete, accurate and disaggregated data on WASH funding and results. Currently, there is no disaggregated information to verify if most USAID WASH investments have benefitted the poor, women, and vulnerable groups, despite missions’ claims that they target areas where the poor predominate.
- It is also not possible to make a determination on whether the legislatively mandated balance between WASH programs in rural, peri-urban and urban areas is being met, although anecdotal information indicates that programs benefitting rural areas receive disproportionate emphasis.
- Relatively little work appears to have been done in the area of policy reform.
- Despite the increases in funding, water and sanitation programs have not succeeded in becoming institutionalized as a priority sector for most USAID field missions. Should the congressional directives not be continued, there is a risk that funding for the sector will decline relative to other priorities.
- Many missions still lack the human resources and technical capacity to manage scaled up programs in water and sanitation.
- Improved results tracking and follow up are needed to determine whether or not the results of water and sanitation investments are sustainable over time.

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<sup>2</sup> *Report to Congressional Requesters, US Water and Sanitation Aid*, September, 2010

<sup>3</sup> Jordan, West Bank/Gaza, Afghanistan, Sudan and Pakistan

<sup>4</sup> The proportion of Economic Support Funding (ESF) to meet the directive levels increased from 34% in FY 2008 to more than 50% in FY 2010 while the proportion from the Development Assistance (DA) account decreased from 52% to 38% over the same period.

## Major Recommendations

- As soon as possible, DOS/USAID should complete a robust strategy for implementing the WFPA that includes specific and measurable goals, benchmarks, and timetables to assess its progress. Water and sanitation for the poor should also become an important component of the joint DOS/USAID Strategic Plan.
- DOS should clarify the basis for the designation of high priority countries and allocate resources on the basis of the need of countries for water and sanitation and on an objective analysis of where the funding is expected to make the greatest difference in promoting good health, economic development, poverty reduction, women's empowerment, conflict prevention, and environmental sustainability.
- The policy and practice of increasing the use of the ESF Account at the expense of the DA Account to fund activities attributable to the WFPA should be changed.
- Increased resources should be allocated to water and sanitation investments and programs in urban and peri-urban areas where populations are growing most rapidly and where the results can reach the greatest numbers of people.
- WASH programming should be linked to other sector activities, initiatives, and policies as they affect urban and peri-urban areas (e.g. Feed the Future, Global Climate Change, Global Health, and the proposed new urban strategy).
- USAID should verify that its investments in water and sanitation are sustainable through site visits and/or surveys that confirm its prior year investments are indeed continuing to function as planned two to three years later.
- USAID should continue to increase its technical capacity at both headquarters and the field levels to design and implement WASH programs (including urban WASH programs) in order to institutionalize water and sanitation as a staple of the U.S. government foreign assistance program, much as is the case for health, democracy and governance, food security, and private sector development.

## Other Recommendations

- USAID should increase its efforts to provide policy level assistance to local and national governments to scale up the impacts of its assistance.
- USAID should make the water and sanitation sector a test case for the development of a model methodology for performance management and for a meta-evaluation to help operationalize its new evaluation policy.
- To increase funding resources, greater use of USAID's Development Credit Authority (DCA) to finance water and sanitation investments should be encouraged.

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