

September 2010

U.S. WATER AND SANITATION AID

Millions of
Beneficiaries
Reported in
Developing Countries,
but Department of
State Needs to
Strengthen Strategic
Approach



GAO

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Why GAO Did This Study

The Senator Paul Simon Water for the Poor Act of 2005 (the Act) made access to safe water and sanitation for developing countries a U.S. foreign assistance policy objective. The United States provides such assistance mainly through the U.S. Agency for International Development (USAID). The Act requires the Secretary of State to develop a water and sanitation assistance strategy with the Administrator of USAID; designate high-priority countries for assistance; and report annually to Congress on, among other things, implementation of the strategy and progress toward the U.S. policy objective. As requested, in this report GAO (1) describes USAID's accomplishments; (2) describes USAID's obligations of funds for water and sanitation assistance in fiscal years 2006-2009; (3) assesses the Department of State's (State) development of a U.S. water and sanitation strategy; and (4) examines State's designation of high-priority countries. GAO reviewed State and USAID documents and data and obtained the views of State and USAID officials in Washington, D.C., and 15 countries.

What GAO Recommends

GAO recommends that State (1) ensure that the strategy for U.S. water and sanitation assistance addresses all requirements, including goals and benchmarks, and (2) clearly identify, in its mandated reports, the basis for its designations of high-priority countries. State accepted GAO's recommendations.

View [GAO-10-957](#) or [key components](#). For more information, contact David Gootnick at (202) 512-3149 or gootnickd@gao.gov.

U.S. WATER AND SANITATION AID

Millions of Beneficiaries Reported in Developing Countries, but Department of State Needs to Strengthen Strategic Approach

What GAO Found

State reported that USAID provided a wide range of water and sanitation activities in 2006 through 2009, such as installing community water taps, building latrines, and constructing major water treatment plants. Nearly 11 million of more than 24 million reported water beneficiaries and nearly 6 million of more than 10 million reported sanitation beneficiaries were in USAID's Middle East and North Africa region.

USAID obligations of funds for water supply, sanitation, and hygiene (WASH) activities increased by approximately 82 percent from fiscal year 2006 to 2009, with the majority of funding supporting WASH activities in three USAID regions—sub-Saharan Africa, the Middle East and North Africa, and Asia and the Pacific. In fiscal years 2008 and 2009, about \$337 million and \$495 million, respectively, of USAID obligations for water and sanitation activities was attributed to meet annual congressional appropriations directives that no less than \$300 million be obligated for those years. In fiscal year 2009, about 80 percent of the attributed funds were obligated in countries that State designated as high priority.

State has taken steps to develop a water and sanitation strategy. In 2008, State and USAID issued a joint strategic framework that, according to State, largely comprises the broad current U.S. strategy. State also identified its annual water and sanitation reports to Congress in 2006 through 2009 as containing elements of this strategy. However, the strategic framework and annual reports do not include specific and measurable goals, benchmarks, and timetables, which the Act requires and which are needed to measure progress toward achieving the overall U.S. foreign assistance policy objective. Further, State has not provided an assessment—also required by the Act—of funding needed to achieve such goals, benchmarks, and timetables.

In fiscal year 2008, State began to designate countries as high priority for water and sanitation assistance, designating 36 countries in 2008 and 31 countries in 2009. Nearly half of these countries were in sub-Saharan Africa and more than a quarter were in Asia and the Pacific. State said that in making the designations, it considered USAID mission plans for water and sanitation activities. In addition, State's annual reports to Congress identify factors that are reflected in the high-priority designations, including two criteria specified by the Act: need for improved access to water and sanitation and the existence of conditions that would support long-term sustainable results. Additional factors reflected in the designations include consistency with U.S. foreign policy priorities and compliance with statutory directives. However, GAO found that State's high-priority designations excluded several countries where USAID had provided water and sanitation assistance and included one country where USAID had not provided such assistance. Moreover, the designations for fiscal years 2008 and 2009 are not linked to verifiable analysis. As a result, the basis for State's designations of high-priority countries is unclear.

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Abbreviations

the Act	Senator Paul Simon Water for the Poor Act of 2005
CBO	Congressional Budget Office
ESF	Economic Support Fund
NGO	nongovernmental organization
OES	Bureau of Oceans, Environment and Science
State	Department of State
UN	United Nations
USAID	U.S. Agency for International Development
UNICEF	United Nations Children’s Fund
WASH	water supply, sanitation, and hygiene
WHO	World Health Organization

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United States Government Accountability Office
Washington, DC 20548

September 24, 2010

The Honorable Donald M. Payne
Chairman
The Honorable Christopher H. Smith
Ranking Member
Subcommittee on Africa and Global Health
Committee on Foreign Affairs
House of Representatives

The Honorable Dick Durbin
United States Senate

The Honorable Earl Blumenauer
House of Representatives

In dozens of developing countries around the world, a lack of access to safe water and basic sanitation severely limits economic growth and development and leads to suffering and death for millions each year. To improve health and quality of life in developing countries, the United States and many other countries, as well as numerous organizations, have provided water and sanitation assistance for decades. The United States has provided such assistance primarily through the U.S. Agency for International Development (USAID) in three broad sectors: water supply, sanitation, and hygiene (WASH); water resources management, which includes natural resources management and protection of watersheds and ecosystems; and water productivity, which includes management of water for agriculture, energy, and industry. USAID supports such assistance in all five of its geographic regions: Asia and the Pacific, Europe and Eurasia, Latin America and the Caribbean, sub-Saharan Africa, and the Middle East and North Africa.

In December 2005, Congress passed the Senator Paul Simon Water for the Poor Act of 2005 (the Act) to make access to safe water and sanitation for developing countries a specific U.S. foreign assistance policy objective.¹ In annual appropriations legislation for fiscal years 2008 and 2009, Congress

¹Pub. L. 109-121.

directed that at least \$300 million be obligated² for specific activities authorized by the Act,³ including at least \$125 million for such activities in sub-Saharan Africa.

The Act requires the Secretary of State, in consultation with the Administrator of USAID,⁴ to develop and implement a strategy to further the U.S. foreign assistance policy objective of providing affordable and equitable access to safe water and sanitation in developing countries. This strategy is to include, among other elements, (1) specific and measurable goals, benchmarks, and timetables for achieving the U.S. water and sanitation objective; (2) an assessment of the funding needed to achieve this objective; and (3) designations of high-priority countries where there is the greatest need for increased access to safe water and sanitation and where assistance can be expected to make the greatest difference in promoting several aspects of socioeconomic development.⁵ In addition, the Act requires the Department of State (State) to submit periodic reports to Congress on the implementation status of, or changes to, the strategy; progress toward achieving the U.S. foreign assistance policy objective; and amounts of USAID's obligations of funds for water and sanitation activities.

²In this report, an obligation is—consistent with the term's generally accepted meaning—a definite commitment that creates a legal liability of the U.S. government for the payment of goods and services ordered or received [see GAO, *Principles of Federal Appropriations Law*, 3rd ed, vol. II, [GAO-06-382SP](#) (Washington, D.C.: Jan. 2004): 7-3]. USAID uses the term "obligations" for the bilateral agreements it makes with other countries to deliver assistance. Also, in this report, USAID obligations are amounts of orders placed, contracts awarded, services received, and similar transactions during a given period that will require payments during the same or future period; USAID labels these actions "subobligations."

³Pub.L. 110-161 and Pub.L. 111-8. "Specific activities authorized by the Act" primarily refers to activities in USAID's WASH, water resources management, and water productivity sectors. USAID interprets the fiscal year 2008 directive as permitting attribution of an obligation for an activity in the water resources management or water productivity sector only if all or part of the activity were explicitly linked to a WASH outcome. USAID interprets the fiscal year 2009 directive as permitting attribution of an obligation of a USAID activity in the water resources management or water productivity sector without direct linkage to a WASH outcome.

⁴The Secretary of State also is to consult with the heads of other appropriate federal departments and agencies, international organizations, international financial institutions, recipient governments, U.S. and international nongovernmental organizations, indigenous civil society, and other appropriate entities.

⁵The purposes of assistance authorized by the Act include promoting good health, economic development, poverty reduction, women's empowerment, conflict prevention, and environmental sustainability.

Responding to your request that we review the efforts of State and USAID in providing WASH assistance worldwide, this report

- describes USAID water and sanitation activities and reported accomplishments;
- describes USAID obligations for water and sanitation activities in fiscal years 2006 through 2009, including obligations attributed to meet minimum annual appropriations directives in fiscal years 2008 and 2009;⁶
- assesses State’s development of a U.S. water and sanitation strategy as required by the Act; and
- examines State’s process for designating high-priority countries as required by the Act.

To address these objectives, we reviewed reports, documents, and data from, and obtained the views of officials at, State, USAID, and nongovernmental organizations (NGO) headquarters in Washington, D.C. We also reviewed U.S.-funded water and sanitation activities and interviewed State, USAID, and NGO officials during visits to six countries—Ecuador, Ethiopia, Haiti, Jordan, Kenya, and Sudan—which represent three of five USAID regions. In addition, we reviewed country- or region-specific information on water and sanitation provided by USAID missions in nine countries⁷: Afghanistan,⁸ the Democratic Republic of the Congo, Egypt, India, Indonesia, Kosovo, Lebanon, Pakistan, and the West Bank and Gaza.⁹ We focused our review primarily on USAID funding and

⁶Since the Act was passed, annual appropriations directives have required that USAID obligate minimum levels of funding for water supply and sanitation activities. However, only since fiscal year 2008 have the appropriations directives been directly linked to the Act. Prior to fiscal year 2008, USAID was required to meet annual appropriations directives for water supply and sanitation activities; however, these appropriations directives were not directly linked to the Act and did not specifically cite it.

⁷In this report, “countries” includes all countries and other areas, such as the West Bank and Gaza, where USAID provides assistance in accordance with the terminology that State employs in referring to such areas in its reports to Congress.

⁸A forthcoming GAO report will review U.S. water-related assistance in Afghanistan.

⁹We selected these nine countries, as well as the six countries we visited, as part of a judgmental sample of countries where USAID had obligated funding for water and sanitation assistance. In selecting the sample, we considered the following criteria: (1) level of funding for WASH activities; (2) geographic dispersion among USAID-defined regions; and (3) water- and sanitation-related needs as ranked by the United Nations (UN).

activities for the WASH sector. We conducted this performance audit from August 2009 through September 2010 in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our work objectives. See appendix I for a detailed description of our objectives, scope, and methodology.

Background

Access to clean water and basic sanitation is essential for human health and socioeconomic development; lack of clean water and basic sanitation increases the prevalence of disease, malnutrition, and gender disparities. Every day, millions of people around the world consume drinking water from sources such as rivers and ponds and use either no or unhygienic sanitation facilities.

In passing the Act and making access to safe water and sanitation for developing countries a specific policy objective of U.S. foreign assistance programs, Congress emphasized the importance, and raised the profile, of the need for improving access in many countries. The Act supports activities that (1) expand affordable and equitable access to safe water and sanitation for underserved populations; (2) support the design, construction, maintenance, upkeep, repair, and operation of water delivery and sanitation systems; (3) improve the safety and reliability of water supplies, such as through environmental management; and (4) improve the capacity of recipient governments and local communities, such as through capacity-building programs for improved water resource management.

In addition, the importance of access to water was recognized in September 2000 with the ratification of the United Nations (UN) Millennium Declaration, whereby many countries and leading development institutions agreed to work toward meeting the needs of the world's poorest people. Among the declaration's eight Millennium Development Goals is that of halving, by 2015, the proportion of people lacking sustainable access to safe drinking water from 1990 levels. In 2002, the UN recognized the importance of sanitation with a declaration that included the goal of halving, by 2015, the proportion of people without

access to basic sanitation, also from 1990 levels.¹⁰ A recent African Development Bank study found that, at current rates of progress, these targets for access to water and sanitation in sub-Saharan Africa will not be met until 2040 and 2076, respectively.¹¹

U.S. government water- and sanitation-related activities are funded mainly through USAID and the Millennium Challenge Corporation.¹² USAID obligates funding for water and sanitation activities primarily in three water sectors: WASH, water resources management, and water productivity. While the majority of USAID WASH activities are funded through accounts such as Development Assistance, Economic Support Fund, and Global Health and Child Survival, USAID also implements some water- and sanitation-related activities under the International Disaster Assistance and Title II Food for Peace accounts.¹³ USAID categorizes its WASH activities into two broad types of interventions:

1. direct service delivery, such as providing community stand pipes for household water and building latrines, and
2. institutional, policy, and behavioral interventions, such as improving operations of drinking-water service utilities and improving household- and community-level hygiene.

USAID identifies accomplishments for its water and sanitation activities as providing either access to an improved source or improved access.

¹⁰UN, *Report of the World Summit of Sustainable Development: Johannesburg, South Africa, 26 August – 4 September, 2002* (New York: 2002).

¹¹Marco Stampini, Adeleke Salami, and Caroline Sullivan, *Development Aid and Access to Water and Sanitation in Sub-Saharan Africa*, Development Research Brief No. 9 (Tunisia: African Development Bank, 2009).

¹²More than a dozen other U.S. departments and agencies also implement other water and sanitation activities. According to a State official, U.S. departments and agencies other than USAID and the Millennium Challenge Corporation (MCC) provide very small amounts of funding for international water and sanitation activities. MCC, created by Congress in 2004, is to provide aid to developing countries that have demonstrated a commitment to ruling justly, encouraging economic freedom, and investing in people.

¹³Often cited as PL-480, Title II of the Agricultural Trade Development and Assistance Act of 1954 (Pub. L. 480, ch. 469, 68 Stat. 454 (1954), codified as amended at 7 U.S.C. § 1691a, provides U.S. food assistance in response to emergencies and disasters around the world, and provides development-oriented resources to help improve long-term food security. Title II funding is appropriated to the Department of Agriculture and administered by USAID.

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- *Access to an improved source of safe water* generally refers to first-time access to a source of uncontaminated water, while access to improved sanitation generally refers to first-time access to a simple pit latrine, septic system, or similar type of improved sanitary facility.
 - *Improved access to safe water* generally refers to improvement of existing access to safe water, resulting in access to an increased amount or better quality of water. Improved access to sanitation generally refers to improvement of an existing sanitation facility, such as construction of a wastewater treatment plant for a public sewer system that had no existing treatment plant.

In fiscal years 2008 and 2009, Congress directly linked the annual appropriations directives to the Act, requiring USAID to obligate at least \$300 million for such activities, with the additional requirement that no less than \$125 million of the \$300 million appropriations directives be obligated in sub-Saharan Africa.¹⁴ USAID interprets the directives as allowing obligations for most USAID WASH sector activities and for some water resources management and water productivity sector activities to be attributed to meet the directives' requirements.¹⁵ However, the language of the directives, and USAID's interpretation of the directives, changed from fiscal year 2008 to fiscal year 2009.

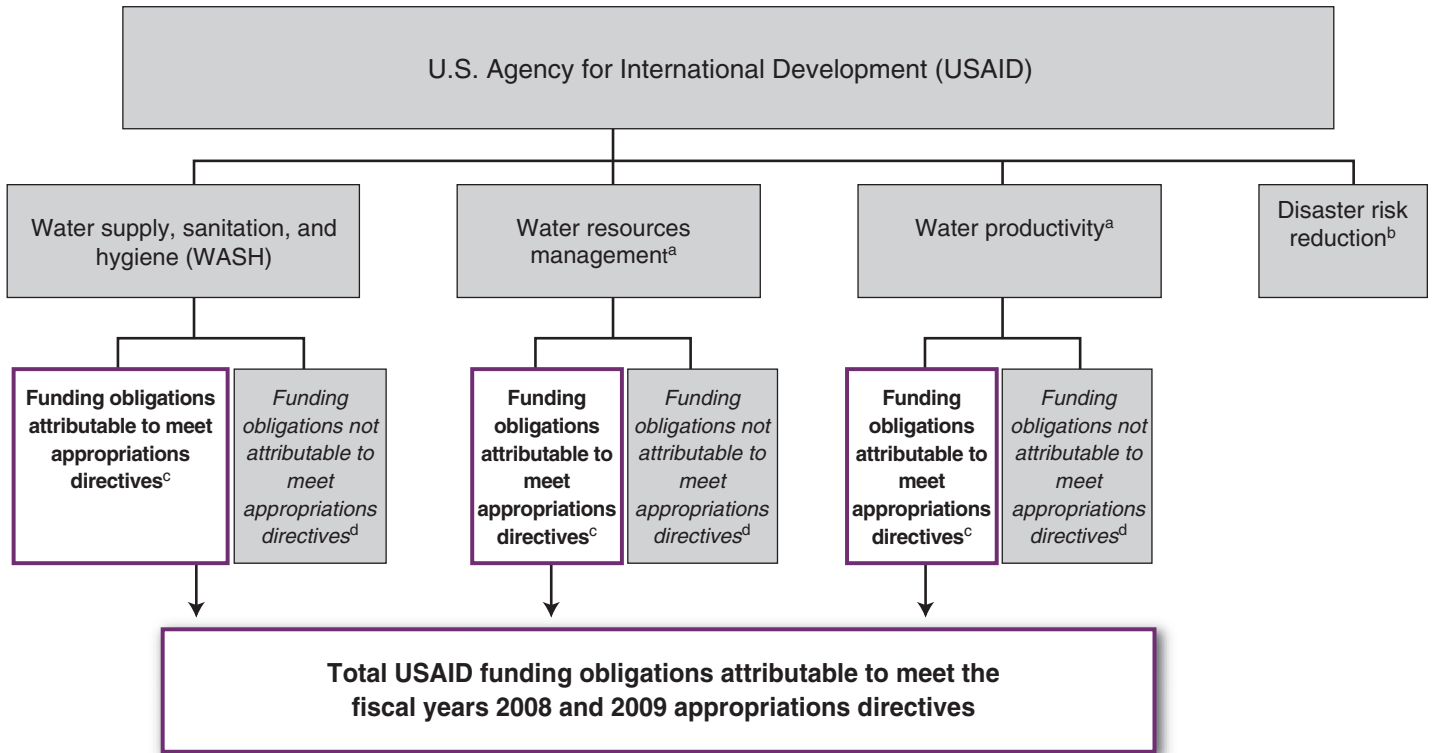
¹⁴The annual appropriations directive for fiscal year 2010 requires that USAID obligate at least \$315 million worldwide for specific activities; the directive does not include a minimum amount that USAID is required to obligate in sub-Saharan Africa.

¹⁵Obligations to meet these annual appropriations directives must be from accounts funded by Foreign Operations appropriations measures and must adhere to the various statutory requirements imposed on those accounts by the Foreign Assistance Act of 1961 (Pub. L. 87-195). Funds attributed to meet the directives have been obligated primarily from the Development Assistance account, which funds programs in water and sanitation, democracy and governance, among others, and which USAID manages, and the Economic Support Fund (ESF), which provides economic assistance to advance U.S. strategic goals in countries of special importance to U.S. foreign policy; State makes ESF funding decisions, and both State and USAID manage ESF-funded programs. USAID guidance regarding the appropriations directives for water and sanitation specifies that fiscal year 2009 funds that support or may be attributed to meet the appropriations directives may come from the Development Assistance, Global Health and Child Survival, Economic Support Funds, Assistance for Eastern Europe and Central Asia Freedom Support Act, and International Disaster Assistance accounts. Funds from the International Disaster Assistance account are attributable to meet the directives only retrospectively. Obligations pursuant to P.L. 480 Title II (Food for Peace), which receives its appropriation from Agriculture, Rural Development, Food and Drug Administration, and Related Agencies appropriations measures and supplementary appropriations funds, cannot be attributed to meet the appropriations directives.

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- *Fiscal year 2008.* USAID interpreted the fiscal year 2008 appropriations directive as allowing attribution of an obligation for an activity in the water resources management or water productivity sector only if the activity had an explicit linkage to a WASH sector outcome. USAID further interpreted the fiscal year 2008 directive as allowing partial attribution in an amount proportional to an activity's direct linkage to WASH outcomes. For example, if a USAID mission made obligations to construct a school, including installing a public water tap and latrines, the mission could reasonably argue that the funding for the water tap and latrines was attributable to the appropriations directive even if other aspects of the school's construction were not.
 - *Fiscal year 2009.* USAID interpreted the fiscal year 2009 directive as allowing attribution of an obligation for an activity in the water resources management or water productivity sector without a direct linkage to WASH outcomes.

Figure 1 illustrates the attribution of USAID funding for water and sanitation activities to meet the annual appropriations directives for fiscal years 2008 and 2009.

Figure 1: Attribution of USAID Obligations for Water and Sanitation Assistance to Meet Annual Appropriations Directives for Fiscal Years 2008 and 2009



Source: GAO analysis of State and USAID data.

Note: More than a dozen U.S. departments and agencies implement U.S. water and sanitation assistance abroad. Other than USAID, the Millennium Challenge Corporation provides the largest proportion of funding for water and sanitation, while the other departments and agencies obligate relatively small amounts for such assistance.

^aFor fiscal year 2008, funding for water resources management and water productivity activities was eligible for attribution to meet the appropriations directive only if such activities were directly linked to water supply, sanitation, and hygiene outcomes. For fiscal year 2009, funding for such activities was eligible for attribution without being directly linked to those outcomes.

^bObligations for USAID disaster risk reduction activities are not eligible for attribution to meet the appropriations directive. Disaster risk reduction activities are intended to reduce vulnerability to disasters; increase capacity to prepare for, respond to, and recover from disaster shocks; and enhance the resiliency of vulnerable groups and local communities.

^cSome portion of funding obligated from the following accounts was eligible for attribution to meet the appropriations directives: Development Assistance, Global Health and Child Survival, Economic Support Funds, Assistance for Eastern Europe and Central Asia Freedom Support Act, and International Disaster Assistance.

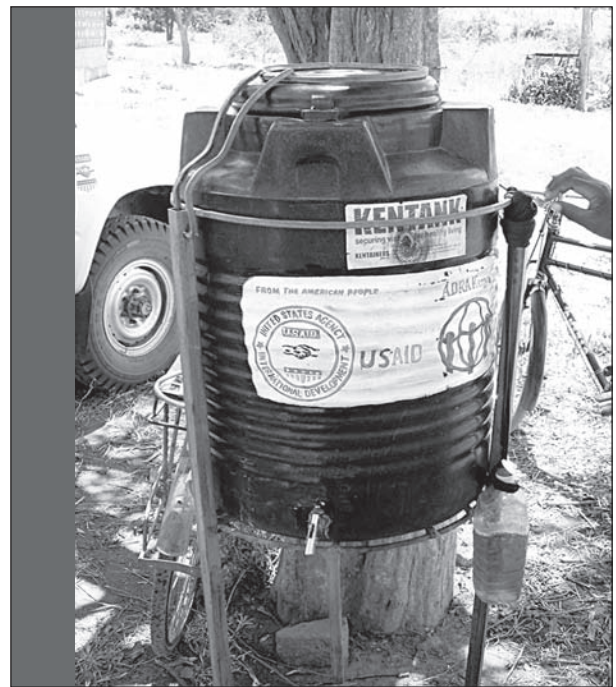
^dUSAID obligations pursuant to P.L. 480 Title II cannot be attributed to meet the appropriations directives. Obligations from the International Disaster Assistance account can be attributed to meet the appropriations directives only if done so retrospectively—not for planning purposes.

**USAID Implements
Wide Range of WASH
Assistance, with
Largest Numbers of
Beneficiaries in
Middle East and
North Africa Region**

**USAID Implements Variety
of Water and Sanitation
Activities**

USAID's delivery of water and sanitation assistance includes a wide range of WASH activities that vary across countries and regions. For example, direct services delivered by some USAID missions in sub-Saharan Africa include school-based activities as part of broad community water and sanitation programs, emphasizing improvement of sanitation and hygiene to create a healthy learning environment for children. During our review, we visited the Mwingi district of rural Kenya, where USAID activities included the construction of separate latrines for girls and boys with illustrated hygiene instructions and hand-washing stations at schools (see fig. 2).

Figure 2: Latrine with Illustrated Hygiene Instructions and Hand-Washing Station in Rural Mwingi District, Kenya



Source: GAO (photos).

In the Middle East, USAID has supported programs that provided training and building materials for household water catchment systems and constructed large-scale water and wastewater treatment facilities for urban populations. For example, during our review we visited sites in Jordan, where USAID activities included rainwater collection reservoirs to increase the amount of water available for urban households and the provision of rain barrels and installation of cisterns for rural households (see fig. 3). Appendix II provides additional details on specific activities undertaken in the six countries we visited.

Figure 3: Rainwater Collection Barrel for Rural Household and Rainwater Collection Reservoir for Urban Household in Jordan

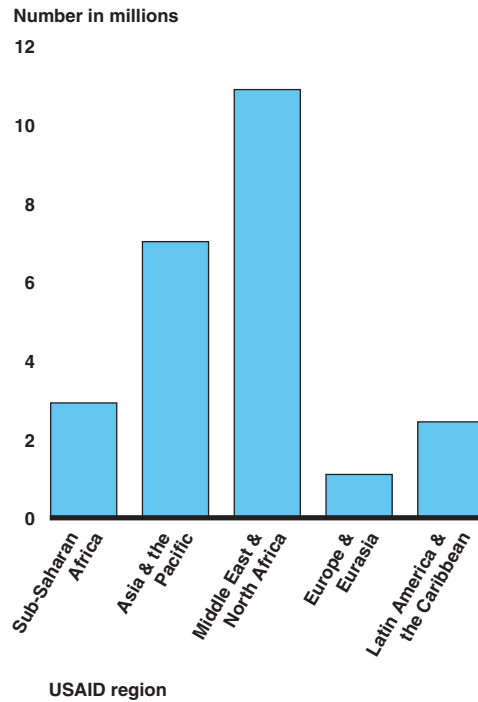


Source: GAO (photos).

Largest Numbers of Beneficiaries Were Reported in USAID's Middle East and North Africa Region

In fiscal years 2006 through 2009, about 45 percent of reported beneficiaries of USAID water and sanitation assistance—almost 11 million of the more than 24 million beneficiaries worldwide—were in the agency's Middle East and North Africa region (see fig. 4).

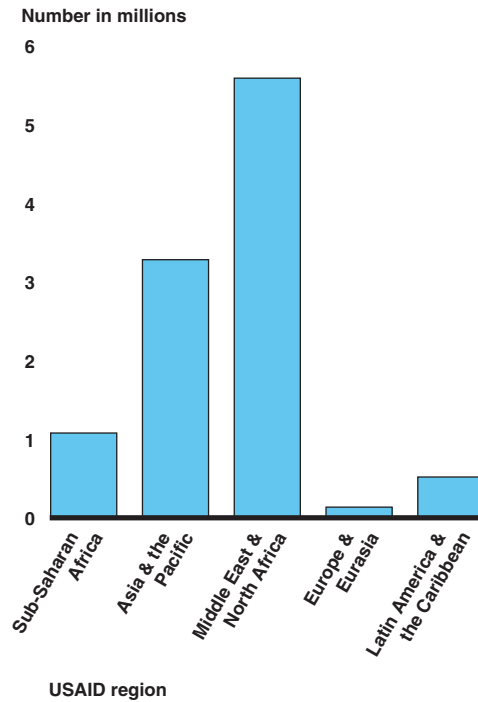
Figure 4: Total Beneficiaries of USAID Water Activities in Fiscal Years 2006-2009, by USAID Region



Source: GAO analysis of USAID data.

Most reported beneficiaries of USAID sanitation activities in this period also were in the Middle East and North Africa region (see fig. 5). USAID reported nearly 6 million beneficiaries in this region—about 53 percent of the more than 10 million total reported beneficiaries of the agency’s sanitation activities worldwide.

Figure 5: Total Beneficiaries of USAID Sanitation Activities in Fiscal Years 2006-2009, by USAID Region



Source: GAO analysis of USAID data.

Reported USAID Water and Sanitation Beneficiaries Fluctuated Annually for Two Key Reasons

The numbers of beneficiaries of USAID water and sanitation activities reported for fiscal years 2006 through 2009 fluctuated widely (see table 1).

Table 1: Reported Beneficiaries of USAID Water and Sanitation Activities in Fiscal Years 2006-2009

In millions		
Fiscal year	Reported beneficiaries of USAID water activities	Reported beneficiaries of USAID sanitation activities
2006 ^a	9.2	1.5
2007	2.2	1.6
2008 ^b	7.7	6.3
2009	5.2	1.2

Sources: Department of State and USAID.

Note: The numbers of reported beneficiaries include nearly 7 million for water activities in Egypt, Jordan, and the West Bank and Gaza in fiscal year 2006; about 3 million for water activities in Jordan in 2008; and about 4 million for sanitation activities in Jordan in fiscal year 2008.

^aData for fiscal year 2006 reflect the reported numbers of people who received improved access to a source of drinking water and to a sanitation facility, respectively, including both first-time access and improvement to existing services. Beginning in fiscal year 2007, data reflect only those beneficiaries who received first-time access to an improved source.

^bData for fiscal year 2008 include the reported numbers of beneficiaries in Jordan who received improved access to a source of drinking water and a sanitation facility, respectively, including both first-time access and improvement to existing services. Data reported for all other countries for fiscal year 2008 reflect numbers of beneficiaries who received first-time access to improved sources of water and sanitation facilities.

USAID officials identified two key reasons for the yearly fluctuations in the reported beneficiaries: a revision of the indicators used to report results, and the approach used in reporting on projects with multiyear time frames.

Revised indicators. A change in the indicators used to report beneficiaries of USAID water and sanitation activities resulted in substantial differences in the numbers of water beneficiaries reported for fiscal years 2006 and 2007, according to State and USAID officials. For fiscal year 2006, as for prior years, USAID reported the numbers of people gaining first-time access, as defined in the UN Millennium Development Goal, to an existing drinking water source or sanitation facility as well as those gaining improved access. For fiscal year 2007, USAID reported only the numbers of people gaining first-time access to an improved source of drinking water, such as a protected water well, and numbers of people gaining first-time access to an improved sanitation facility, such as a latrine. According to USAID and State officials, the indicator used for 2007

can be a more challenging target to meet in generating numbers of beneficiaries.¹⁶ According to USAID officials, the decrease in water beneficiaries reported for fiscal year 2007 that resulted from the change in the reporting indicator does not fully reflect the agency's overall accomplishments.¹⁷

Multiyear project time frames. Results for some major water and sanitation project activities, such as water and wastewater treatment facility construction, are reported only when the facilities become operational—often several years after the projects are initiated—causing sudden increases in reported beneficiaries. For example, according to USAID officials, the Jordan mission reported beneficiaries of a major water treatment plant after its completion in 2008, although planning and construction of the plant had begun several years previously.

USAID Funding for Water and Sanitation Increased, Exceeding Minimum Annual Congressional Requirements

USAID Obligations for Water and Sanitation Activities Rose from 2006 to 2009, with Largest Increase in Middle East and North Africa Region

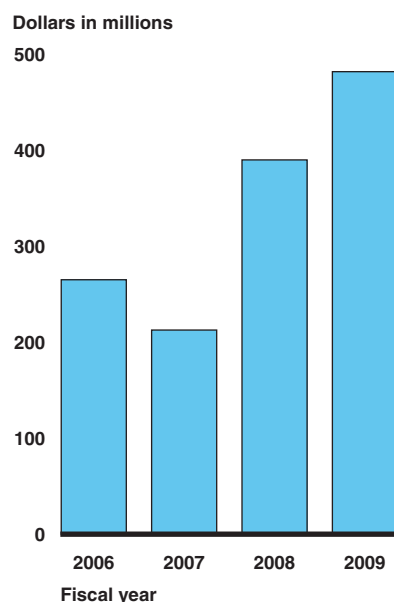
USAID obligations for WASH activities rose from \$265 million in fiscal year 2006 to \$482 million in fiscal year 2009—an increase of nearly 82 percent (see fig. 6). According to State's June 2008 annual report to Congress, the increased obligations for WASH activities reflect the growing U.S. commitment to reduce water-related diseases and to increase

¹⁶In fiscal year 2008, USAID reported numbers of people gaining first-time access to improved sources of water and sanitation facilities in all countries except Jordan, where USAID reported numbers gaining both first-time access and improved access.

¹⁷According to USAID, State's reports include data drawn from the indicators contained in the Foreign Assistance Coordination and Tracking System (FACTS) information system developed by State's Office of the Director of Foreign Assistance in 2006. These indicators generally include beneficiaries of access to services, such as an improved sanitation facility, but do not include some WASH beneficiaries or outcomes that are not directly related to delivery of such services.

access to safe drinking water and sanitation in countries with critical needs. State's June 2008 report also notes that in some instances, the increased obligations for WASH activities resulted in decreased emphasis on activities in other critical development sectors, including water resources management and water productivity.

Figure 6: USAID Obligations for WASH Sector Activities in Fiscal Years 2006–2009



Source: GAO analysis of USAID data.

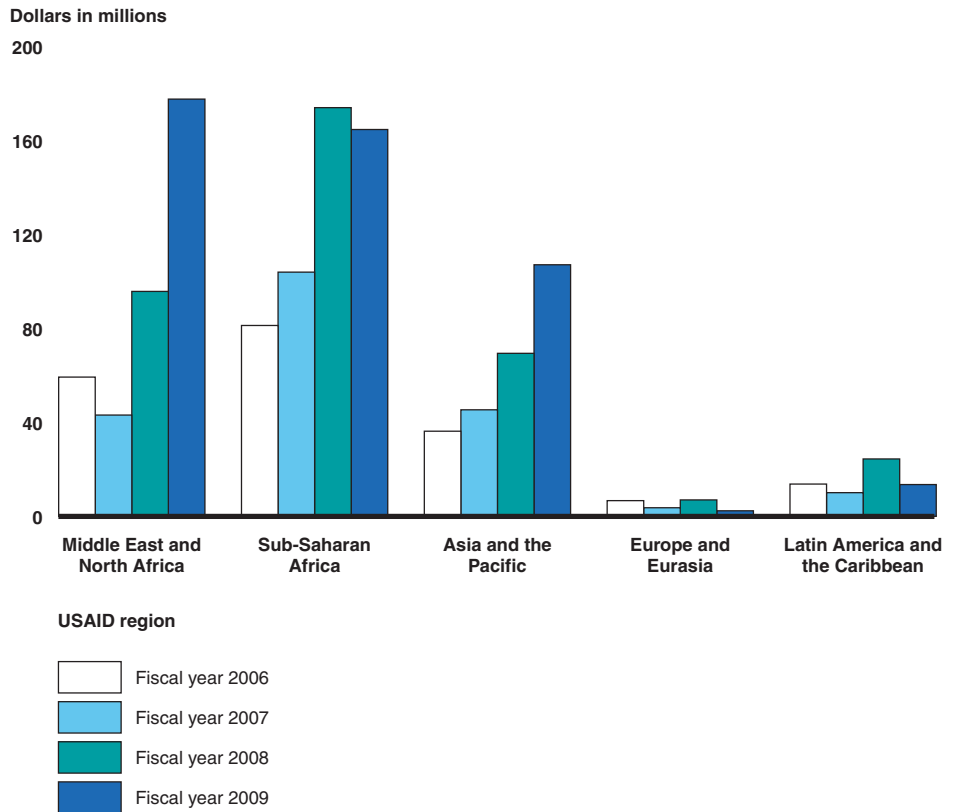
In fiscal years 2006 through 2009, USAID obligated a combined total of 89 percent, on average, of annual WASH funding in three of its regions—the Middle East and North Africa, sub-Saharan Africa, and Asia and the Pacific—and obligations for WASH activities in these regions increased overall. In Europe and Eurasia and in Latin America and the Caribbean, USAID's other two regions, the agency obligated a combined total of 7 percent, on average, of its annual WASH funding, and obligations decreased overall.

- *Middle East and North Africa.* Obligations increased by about 200 percent, from \$59 million in fiscal year 2006 to \$177 million in fiscal year 2009. During the 4-year period, both total obligations and the percentage of increase were higher than in USAID's other regions.

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- *Sub-Saharan Africa.* Obligations increased by nearly 104 percent, from \$81 million in fiscal year 2006 to \$165 million in fiscal year 2009.
 - *Asia and the Pacific.* Obligations increased by about 197 percent, from \$36 million in fiscal year 2006 to \$107 million in fiscal year 2009.
 - *Europe and Eurasia.* Obligations decreased by approximately 71 percent, from about \$7 million in fiscal year 2006 to about \$2 million in fiscal year 2009.
 - *Latin America and the Caribbean.* Obligations decreased by approximately 2 percent, from about \$13.7 million in fiscal year 2006 to about \$13.5 million in fiscal year 2009.

Figure 7 shows USAID obligations for WASH activities in the five USAID regions in fiscal years 2006 through 2009. (App. III provides information on USAID water and sanitation obligations, as well as UN-reported access to improved water and sanitation, by country.)

Figure 7: USAID Obligations for WASH Activities in Fiscal Years 2006-2009, by USAID Region



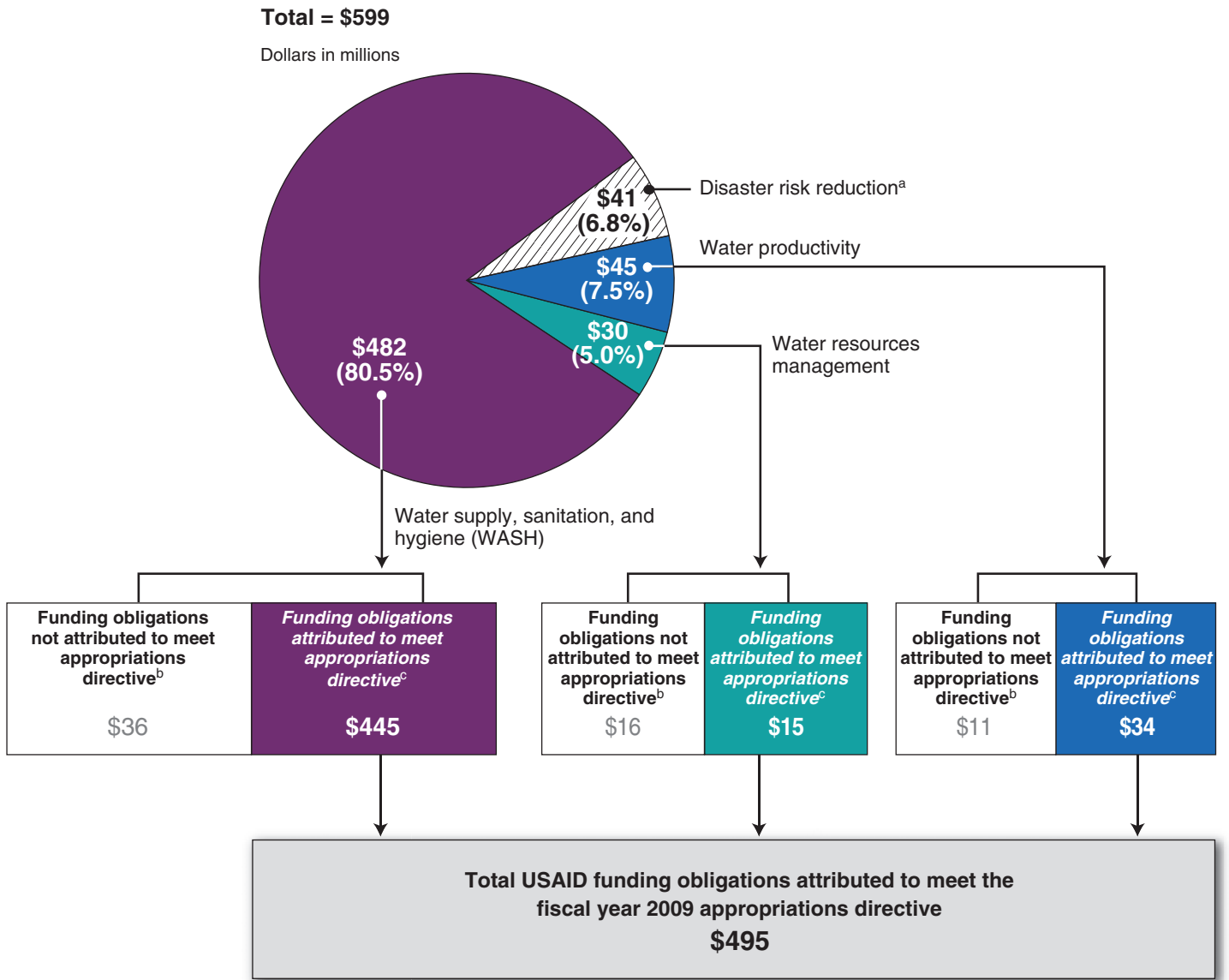
Source: GAO analysis of USAID data.

Attributed USAID Obligations Exceeded Appropriations Directives for WASH Activities Worldwide and in Sub-Saharan Africa

In fiscal years 2008 and 2009, the amounts of obligated funds that USAID attributed to meet the annual appropriations directives for water and sanitation activities pursuant to the Act exceeded the minimum amounts required in the directives. To meet the annual directive to obligate not less than \$300 million for WASH activities worldwide, USAID attributed about \$337 million in fiscal year 2008 and about \$495 million in fiscal year 2009. Those amounts included about \$136 million in fiscal year 2008 and about \$153 million in fiscal year 2009 for sub-Saharan Africa, which USAID attributed to meet the annual directive to obligate not less than \$125 million for projects in sub-Saharan Africa.

Figure 8 shows amounts that USAID attributed in fiscal year 2009 to meet the directive to obligate not less than \$300 million for WASH activities globally.

Figure 8: USAID Obligations Attributed to Meet \$300 Million Minimum Annual Appropriations Directive for Fiscal Year 2009



Source: GAO analysis of State and USAID data.

Note: Obligations shown reflect data reported by State and USAID and do not include obligations for Iraq. Because of rounding, obligations may not sum to total shown.

^aObligations for disaster risk reduction were not eligible for attribution to meet the appropriations directive.

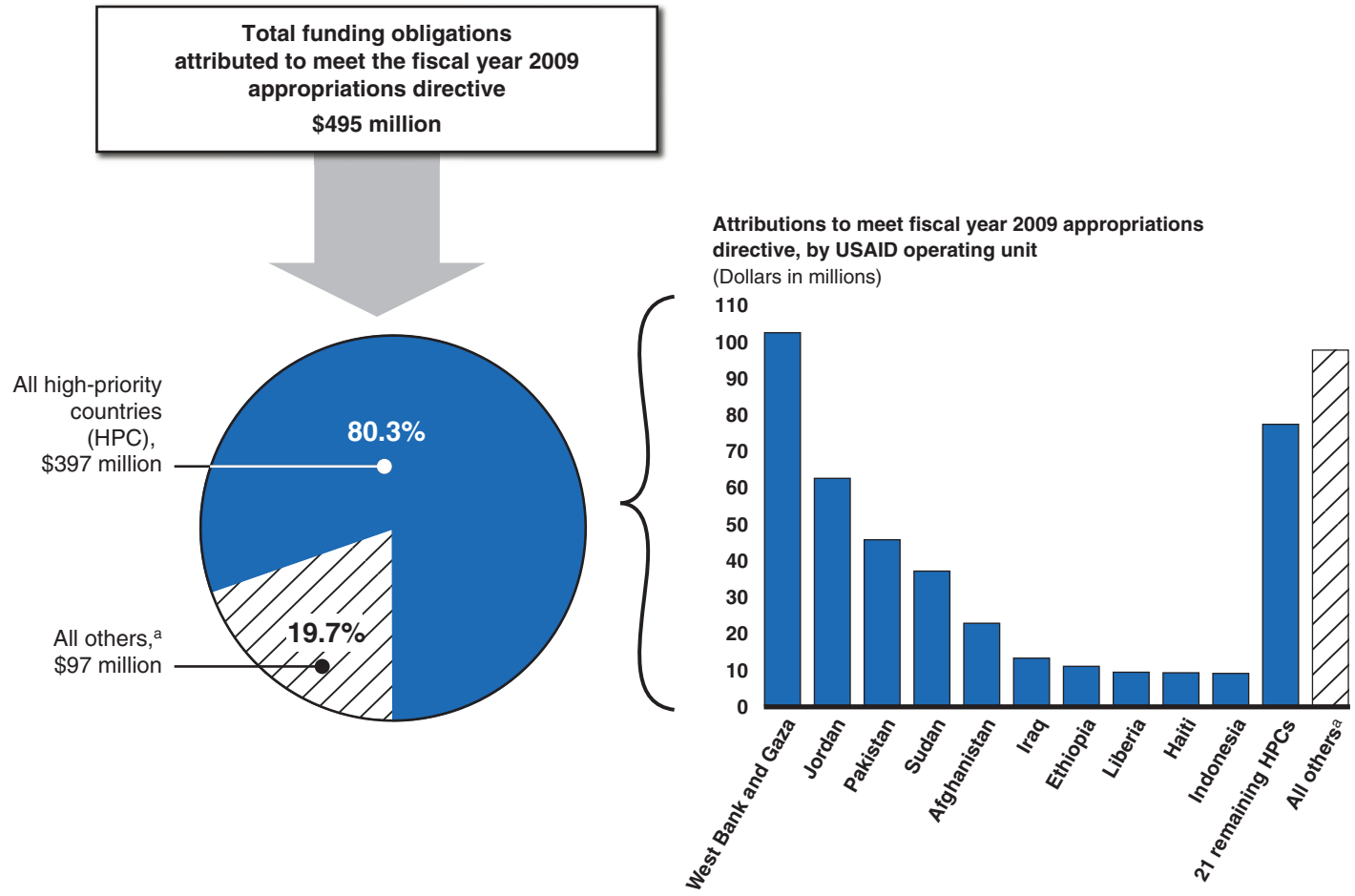
^bObligations not eligible for attribution to meet the appropriations directive included obligations pursuant to P.L. 480 Title II as well as obligations from the International Disaster Assistance account, unless attributed retrospectively and not used for planning purposes.

^cSome portion of funding obligated from the following accounts was eligible for attribution to meet the appropriations directive: Development Assistance, Global Health and Child Survival, Economic Support Funds, Assistance for Eastern Europe and Central Asia, and Freedom Support Act accounts, and International Disaster Assistance.

Most USAID Obligations Attributed to Meet Fiscal Year 2009 Appropriations Directive Were for High-Priority Countries

Of the approximately \$495 million of fiscal year 2009 obligations that USAID attributed to meet the overall annual appropriations directive for WASH activities, about \$397 million (80 percent) was obligated in the 31 countries designated as high priority. About \$36 million (7 percent) was obligated in 26 countries not designated as high priority, and another \$61 million (12 percent) was obligated for USAID regional activities and other programs. Five high-priority countries—the West Bank and Gaza, Jordan, Pakistan, Sudan, and Afghanistan—received obligations totaling about \$269 million (54 percent). (See fig. 9.) According to State and USAID officials, USAID obligated substantial amounts for water and sanitation activities in these five countries because of the countries' strategic importance in relation to U.S. foreign policy and because of the relatively high amounts of overall foreign assistance funding allocated to these countries.

Figure 9: USAID Obligations in Fiscal Year 2009 Attributed to Meet Minimum Required Appropriations Directive, by Percentage and Country



Source: GAO analysis of State and USAID data.

^a“All others” includes 26 non-high-priority countries and 12 USAID regional missions and programs that attributed obligations to meet the fiscal year 2009 appropriations directive.

Note: Because of rounding, obligations may not sum to total shown.

Some USAID Missions Altered Activities or Reporting after Passage of the Act

About half of the USAID missions that we contacted reported implementing different types of WASH activities following the passage of the Act and related annual appropriations directives. In our structured interviews with officials at 15 missions in countries where USAID made obligations for WASH activities in fiscal year 2009, 7 missions reported having changed the types of activities they implemented. For example:

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- USAID mission officials in Sudan reported that they began implementing new WASH activities after being directed by USAID headquarters, soon after the Act was passed, to increase obligations for WASH activities. According to these officials, beginning in fiscal year 2008, the mission began activities such as installing community water taps and providing hygiene and water purification training within their long-term development portfolio while concurrently decreasing obligations for shorter-term water and sanitation activities supported by disaster- and emergency-related funding.
 - USAID mission officials in Kenya reported that after the passage of the Act, USAID headquarters directed the mission to obligate approximately \$4 million for activities that could be attributed to meet the appropriations directive in fiscal year 2006.¹⁸ The officials said that although the mission had not previously implemented such activities, it quickly developed and began implementing activities such as constructing public water taps and latrines in urban areas and building sand dams to improve water access in rural areas. USAID Kenya officials also noted that some obligations that are currently attributed to meet the minimum amounts required by Congress in the appropriations directive were previously used for other mission activities, such as promoting economic growth.

The other seven missions that responded to our structured interviews reported that the passage of the Act and related annual appropriations directives had had little or no effect on the types or numbers of their activities but had affected the way they reported the results of their activities.¹⁹ For example:

- USAID officials in Jordan reported that the mission began categorizing the results of long-standing activities differently, so that obligations could be attributed to meet the annual appropriations directives. According to the officials, the mission has continued implementing the same general types and numbers of activities—such as the construction of large-scale water-treatment facilities for urban populations in Amman and Aqaba—that it implemented prior to passage of the Act.

¹⁸Although fiscal year 2008 was the first year that the appropriations directives were directly linked to the Act, there have been appropriations directives for water and sanitation activities each fiscal year since the passage of the Act.

¹⁹One USAID mission reported that it was unknown if the mission's activities have changed, because the reporting officials have not been posted at the mission the entire period since passage of the Act.

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- USAID officials in Ecuador reported that the mission recategorized existing activities so that obligations for these activities could be attributed to the appropriations directives. According to the officials, the mission recategorized municipal development activities—including constructing potable water systems in small cities and building household sanitation facilities in rural areas—that the mission had been implementing for more than a decade as part of a program to assist local governments in improving infrastructure.²⁰

State's Current Water and Sanitation Strategy Lacks Required Elements Needed to Measure Progress

State Has Broad Strategy to Provide Affordable and Equitable Access to Water and Sanitation in Developing Countries

In a strategic framework developed jointly with USAID,²¹ and in its annual reports to Congress on U.S. water and sanitation assistance,²² State has presented a broad strategy for furthering the U.S. foreign assistance objective of providing affordable and equitable access to safe water and sanitation in developing countries, as required by the Act.

In June 2008, State announced a joint State-USAID strategic framework for water and sanitation that, according to State and USAID officials, represents the current U.S. water and sanitation strategy. Among other things, the framework highlighted five WASH activity areas for focusing U.S. investments:

²⁰The program, known as the Alternative Development Program, is intended to increase trust in local government among citizens, since these areas have been plagued by poverty, lack of economic opportunity, and threats of spillover from illegal drug trafficking from Colombia and Peru for decades.

²¹Department of State, *Senator Paul Simon Water for the Poor Act 2005 (P.L. 109-121): Report to Congress, June 2008* (Washington, D.C.: 2008). The strategic framework document was a joint State-USAID publication, included as Annex A to this report.

²²Department of State, *Senator Paul Simon Water for the Poor Act 2005 (P.L. 109-121): Reports to Congress, June 2006 through 2009*.

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- strengthening capacity and sustainability of small-scale service providers;
 - improving the operating environment, operations and financial sustainability of certain utilities;
 - mobilizing capital for infrastructure development;
 - improving household- and community-level hygiene and sanitation; and
 - integrating water supply and sanitation with humanitarian and disaster-related assistance.

In announcing the strategic framework, State noted that the U.S. strategy fully embraced the priorities and guiding initiatives of the Act, represented the overarching strategic framework for U.S. water sector efforts, and included the guiding principles for strategic action in the water sector. The framework also includes discussions of other strategy-related issues. For example, the framework describes the need to balance U.S. country-level water-sector programs within the context of the overall U.S. assistance portfolio in the country and notes the importance of having good information for monitoring and evaluation of strategic plans.²³

Before and after the issuance of the joint strategic framework in 2008, State's annual reports to Congress presented various water- and sanitation-related goals and objectives but noted that the development of a U.S. water and sanitation strategy is ongoing. For example, the June 2006 report outlined three objectives for overall U.S. water and sanitation assistance:

- increase access to, and effective use of, safe water and sanitation;
- improve water resources management and water productivity; and
- improve water security by strengthening cooperation on shared waters.

²³In 2006, State's newly-announced Director of U.S. Foreign Assistance noted that new standardized common indicators and reporting systems to be used to track progress of numerous USAID development programs, including water and sanitation, would be established.

However, State noted in the report that the information did not represent a final statement of the U.S. water and sanitation strategy but, instead, represented the beginning of a long-term process to develop and implement a strategy. Since 2006, State's annual reports to Congress have regularly described various modifications to the stated objectives for water and sanitation, noting that the modifications were intended to build on the existing strategy.²⁴ For example, in issuing the joint strategic framework in 2008, State noted that the framework was to be considered a work in progress rather than a final strategy and, in its 2009 report, State acknowledged that it was continuing to build on the existing strategy.²⁵

State's Strategy Lacks Key Elements Needed to Assess Progress in Meeting U.S. Foreign Assistance Objective for Water and Sanitation Assistance

State has not developed specific and measurable goals, benchmarks, and timetables to assess its progress. Moreover, State has not developed an estimate of funding needed for the United States to achieve its overall foreign assistance policy objective.²⁶

State's annual reports to Congress in fiscal years 2006 through 2009 do not include performance measures, and the reports acknowledge that the development of performance measures for U.S. water and sanitation assistance is still in progress.²⁷ For example:

²⁴According to a State official, the Secretary of State's remarks on March 22, 2010, at the National Geographic Society in Washington, D.C., also include several courses of action relating to the U.S. strategy for water and sanitation. These courses of action include developing capacity in recipient countries, mobilizing financial support, and using science and technology to improve current conditions, among other things.

²⁵State's fiscal year 2010 report to Congress, issued in mid August 2010, also acknowledges that State continues to build on the existing strategy. However, because State's report was issued as we were preparing this report for publication, we did not analyze the content of State's 2010 report with respect to the U.S. water and sanitation strategy.

²⁶We have previously reported on the importance of U.S. departments' and agencies' establishing performance measures. For example, in July 2010, we reported that USAID's required performance management and evaluation procedures included, among other things, (1) defining goals and objectives, (2) identifying performance indicators to meet goals and objectives, (3) establishing baselines and targets for meeting performance indicators, (4) collecting and analyzing performance data, and (5) using the data to inform higher-level decision making and resource allocation. See GAO, *Afghanistan Development: Enhancements to Performance Management and Evaluation Efforts Could Improve USAID's Agricultural Programs*, [GAO-10-368](#) (Washington, D.C.: July 14, 2010).

²⁷State's fiscal year 2010 report also lacks performance measures for U.S. water and sanitation assistance and notes that such measures are under development.

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- *Fiscal year 2006.* In June 2006, State reported that it planned to begin developing metrics for measuring progress and establishing time lines for completing programs and projects.
 - *Fiscal year 2007.* State's June 2007 report does not include metrics, time lines, or other performance measures. In the report, State notes that developing measurements for monitoring and assessing progress is particularly challenging in the water sector due to, among other things, questionable data quality and reliability as well as difficulty in correlating the outputs of specific activities with the results achieved at the local, regional, or national levels.
 - *Fiscal years 2008 and 2009.* State's reports in June 2008 and 2009 include descriptive information for some high-priority countries and geographic regions, and the 2009 report includes some quantitative performance measures for some countries. However, neither report contains comprehensive metrics, timelines, or other performance measures needed to assess overall progress.²⁸

In addition, State has not developed an assessment of funding needed to achieve the U.S. water and sanitation objective, as required by the Act. Such an assessment would involve developing metrics (i.e., specific and measurable goals to be met within certain time frames) from which estimated funding levels could be determined. According to State officials, such country-level specific and measurable goals, timetables, and benchmarks for water and sanitation have been developed by USAID missions in some countries since 2009 and are currently being developed in other countries. State officials also noted that WASH obligations have exceeded the minimum required amounts in the annual appropriations directives for fiscal years 2008 and 2009 and that USAID water and sanitation activities implemented with these funds have continued to generate additional beneficiaries. However, State and USAID officials acknowledged that a comprehensive assessment of funding needed to achieve the U.S. objective cannot be developed without a quantifiable

²⁸During our review, State noted that that it had requested that USAID missions develop and implement performance indicators, report results for 2008 and 2009, and establish mission targets for 2010. However, according to a State official, USAID had not provided this information as of August 2010.

overall U.S. goal for WASH activities. As of September 2010, such a goal had not been specified.²⁹

State Began Designating High-Priority Countries in 2008, but Basis of Designations Is Unclear

²⁹Although neither State nor USAID has developed an overall cost estimate for achieving U.S. water and sanitation goals, the Congressional Budget Office (CBO) recently developed a cost estimate for the Paul Simon Water for the World Act (S. 624) which as of September 2010 had been introduced in Congress but had not been enacted. The proposed legislation sets a target of providing first-time access to improved water and sanitation to 100 million people within 6 years of the law's enactment. CBO reported in May 2010 that the estimated cost for the U.S. government to provide 100 million people with first-time access to improved water and sanitation within 6 years of enactment of the proposed Water for the World Act would be about \$8 billion—or approximately \$1.3 billion of U.S. assistance per year. (Congressional Budget Office Cost Estimate, S. 624 Senator Paul Simon Water for the World Act of 2009, May 4, 2010).

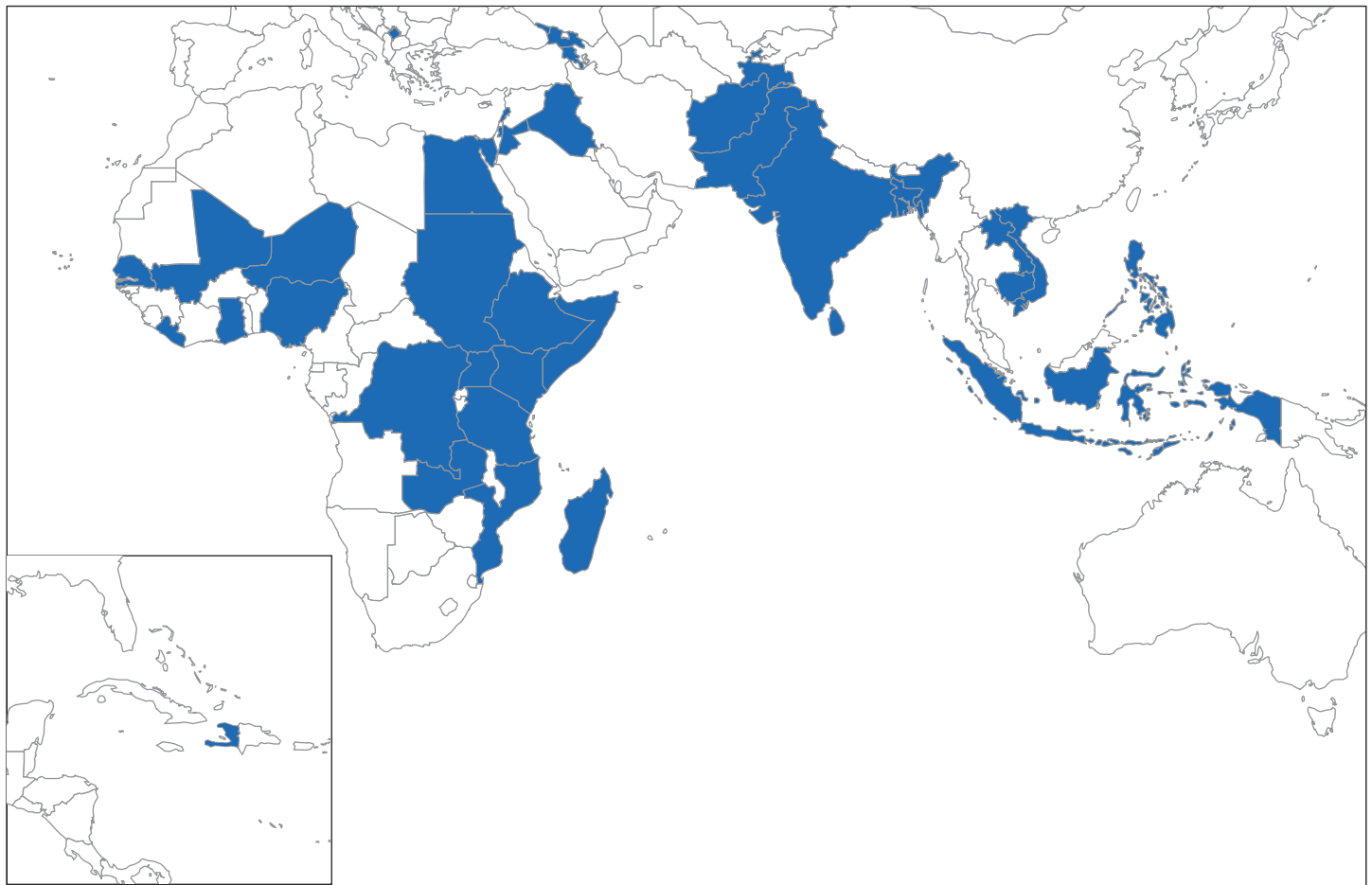
State's Annual Reports to Congress Identify High-Priority Countries

State's annual reports to Congress in fiscal years 2008 and 2009 identify countries designated as high priority for water and sanitation assistance, as required by the Act.³⁰ The 2008 report lists 36 countries designated as high priority for fiscal year 2008, and the 2009 report lists 31 countries designated as high priority for fiscal year 2009 (see fig. 10).³¹ In both years, nearly half of the countries identified as high priority were in USAID's sub-Saharan Africa region; more than a quarter were in the Asia and the Pacific region; and one country, Haiti, was in the Latin America and the Caribbean region.

³⁰State's annual reports designate countries as "priority" rather than "high priority," the phrase used in the Act. State's reports in fiscal years 2006 and 2007 identify some priority countries organized by geographic regions and programmatic areas, such as urban water supply and hygiene education.

³¹The countries listed in State's June 2008 and June 2009 are designated as priority for fiscal years 2008 and 2009, respectively. State's August 2010 report lists the same 31 high-priority countries as were listed in the June 2009 report and identifies the countries as priority for fiscal year 2009.

Figure 10: Countries Designated as High Priority for Fiscal Years 2008 and 2009, by USAID Region



Sub-Saharan Africa		Asia and the Pacific		Europe and Eurasia	Latin America and the Caribbean	Middle East and North Africa
DR Congo	Niger	Afghanistan	Sri Lanka	Armenia	Haiti	Egypt
Ethiopia	Nigeria	Bangladesh	Tajikistan	Georgia		Iraq
Ghana	Senegal	Cambodia	Timor-Leste	Kosovo		Jordan
Kenya	Somalia	India	Vietnam			Lebanon
Liberia	Sudan	Indonesia				West Bank and Gaza
Madagascar	Tanzania	Laos				
Mali	Uganda	Pakistan				
Mozambique	Zambia	Philippines				

Source: Map Resources (map).

Note: State's June 2008 and June 2009 reports to Congress listed, respectively, 36 high-priority countries designated for fiscal year 2008 and 31 high-priority countries designated for fiscal year 2009. The countries designated for 2009 include one country—Afghanistan—that was not designated as high priority for 2008 and do not include six countries—Egypt, Niger, Laos, Sri Lanka, Tajikistan, and Vietnam—that were designated as high priority for 2008.

State Identified Factors That Influence High-Priority Designations

The joint State-USAID strategic framework and State's annual reports to Congress identify a number of factors, including the two criteria specified in the Act, that influenced the designations of high-priority countries for fiscal years 2008 and 2009.

- A country's level and type of need for water and sanitation (specified in the Act)
- Conditions in the country that would support long-term sustainable results (specified in the Act)
- The U.S. comparative advantage, such as level of expertise, relative to that of other donors
- Opportunities to leverage U.S. foreign assistance through partnerships and similar mechanisms with other donors and partners
- Consistency with U.S. foreign policy priorities
- Compliance with statutory directives that affect foreign assistance allocations

According to the joint strategic framework and State's annual reports, USAID missions generally consider all of these factors, in consultation with host governments, in planning for water and sanitation activities as part of the missions' overall development portfolios. In turn, as noted in the framework and annual reports, and according to a key State official, State considers USAID missions' water and sanitation plans in designating high-priority countries.

State's Basis for Designating High-Priority Countries and Designations' Relation to USAID Mission Allocations Are Unclear

The extent to which State considers USAID missions' water and sanitation plans in designating high-priority countries is unclear. In addition, State's designations are not clearly linked to verifiable analysis.

Role of mission plans in State's designation process is unclear. State officials said that they considered USAID mission plans in making high-priority designations. However, in our structured interviews with senior USAID officials at missions in 15 countries as well as our review of USAID mission plans, we found several missions where State's designations did not reflect USAID mission planning for water and sanitation activities. For example, in Kosovo, which was designated as high-priority for fiscal year 2009, the mission's plans did not include water

and sanitation activities. In contrast, the missions' plans in Ecuador and Egypt, which were not designated as high priority, included a significant number and range of such activities. For example, the Ecuador mission's fiscal year 2009 plans included construction of drinking water supply and sanitation systems, protection of watersheds, and management of water resources. Similarly, for fiscal year 2009, the Egypt mission planned to invest in technology to supply water for Bedouin communities and to provide technical assistance to increase water use efficiency and productivity, among other things.

High-priority designations are not clearly linked to verifiable analysis. The strategic framework and the annual reports do not include evidence of systematic or verifiable analysis that State conducted in examining underlying USAID missions' plans for water and sanitation activities. In addition, the framework and reports do not specify the basis for State's designations of high-priority countries. Although the strategic framework and annual reports emphasize that missions may consider a number of factors in planning and allocating resources for water and sanitation activities, the documents do not identify USAID missions' processes for recording and quantifying the specific factors considered or the relative weights given these factors and do not identify State's consideration of the factors. A State official acknowledged that State's review of missions' water and sanitation plans and activities generally are not based on systematic analysis.

In addition, we found that average percentages of USAID mission budgets allocated for WASH activities did not reflect countries' designations as high priority and that missions were often unaware of the designations.

USAID missions' allocations for WASH activities do not reflect high-priority designations. Among countries where funding attributable to the annual appropriations directives was obligated for water and sanitation assistance in fiscal year 2009, the average percentage of USAID mission budgets allocated for WASH activities in high-priority countries did not differ significantly from the average percentage allocated in non-high-priority countries. USAID missions in high-priority countries allocated an average of about 3.2 percent for WASH activities, while USAID missions in non-high-priority countries allocated an average of about 3.1 percent of their budgets for such activities.

USAID missions are often unaware of high-priority designations. At missions in 11 of 13 high-priority countries where we conducted structured interviews, senior USAID officials were unaware of, and had

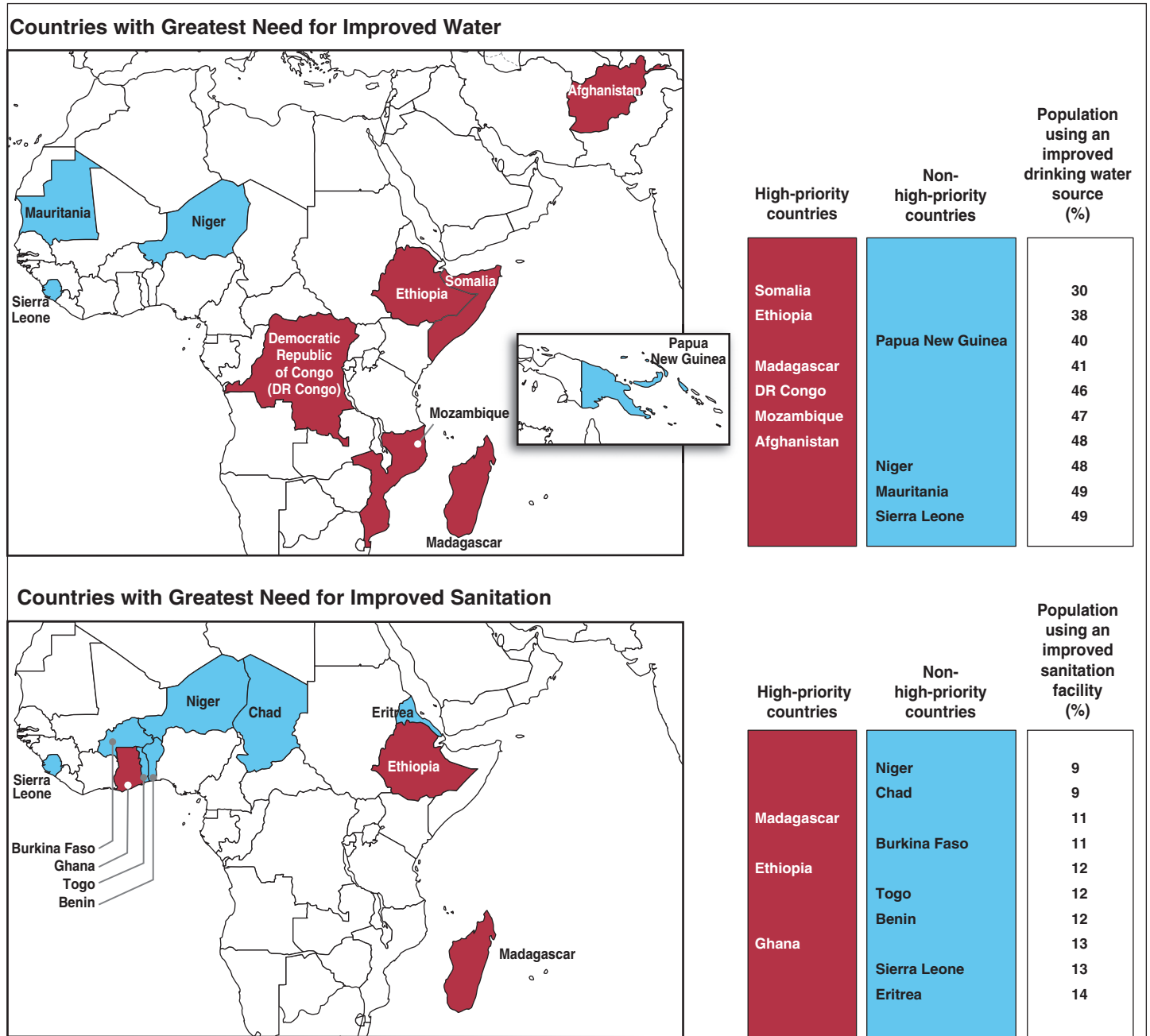
not been consulted about, the country's designation. Officials at USAID headquarters acknowledged that, although State coordinates and consults with USAID on a wide range of water- and sanitation-related issues at the headquarters levels, USAID missions may not be aware of the designation process.

High-Priority Designations Are Not Consistently Associated with Countries' Need for Water and Sanitation

The designations of high-priority countries in State's 2008 report are not consistently associated with data on need for water and sanitation. State's 2008 and 2009 annual reports both note that to identify a country's level of need for water and sanitation, among the other factors it considered in prioritizing water and sanitation assistance, USAID referred to 2008 data published jointly by the World Health Organization (WHO) and the United Nations Children's Fund (UNICEF).³² However, the countries designated as high priority for fiscal year 2009 exclude 4 of the 10 countries that UN data show with greatest need for access to improved water sources, as well as 7 of the 10 countries that UN data show with greatest need for access to improved sanitation. Figure 11 shows the 10 countries that the UN ranked as having the greatest need for improved water and sanitation, respectively, including those countries designated as high priority in State's 2008 report.

³²According to State's annual report for fiscal year 2007, USAID identifies level of need using data from the UNICEF-WHO Joint Monitoring Plan, which publishes country-level estimates of access to safe water and sanitation. USAID also refers to technical reports published by the World Bank and other international finance banks, academic analyses, research from NGOs, and other local experience.

Figure 11: State-Designated High-Priority and Non-High-Priority Countries Ranked by UN as Having Greatest Need for Improved Water and Sanitation



Sources: GAO analysis based on State and UN data; Map Resources (map).

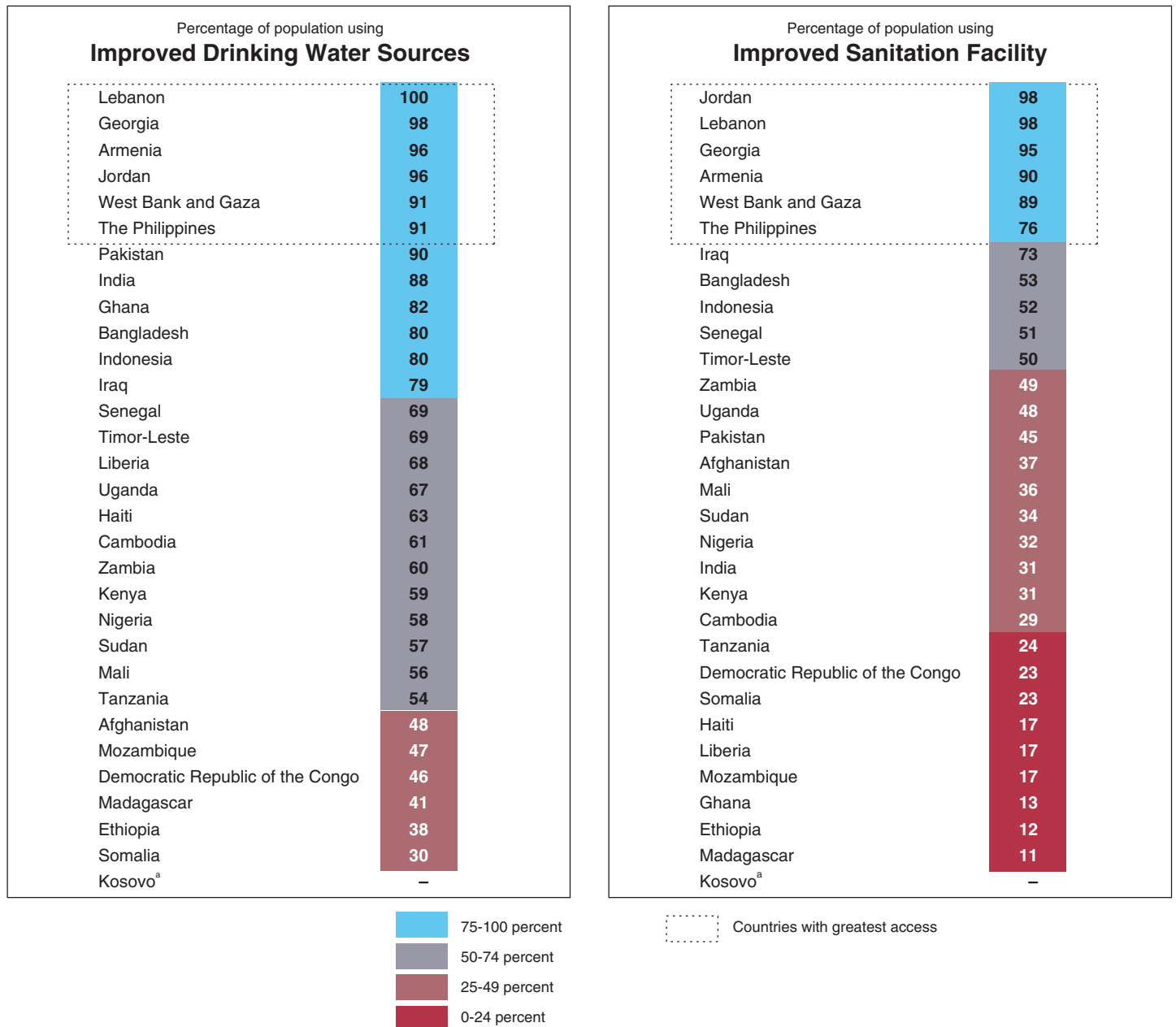
Note: The 10 countries shown in the top and bottom maps have the greatest need for, respectively, improved water sources and improved sanitation facilities, according to 2008 data from the World Health Organization and the UN Children's Fund (WHO/UNICEF) Joint Monitoring Programme for Water Supply and Sanitation.

Moreover, as shown in figure 12, a number of the 31 countries that State designated as high priority for fiscal year 2009 are not among those that 2008 UN data show as having the greatest need for water or sanitation.³³ For example:

- In 5 of the 31 countries designated as high priority—Lebanon, Georgia, Armenia, Jordan, and the West Bank and Gaza—at least 89 percent of the population had access to both improved water and sanitation.
- In 12 of the 31 countries designated as high priority, at least 75 percent of the population had access to improved water, and in 24 of the countries, more than half of the population had such access.
- In 6 of the 31 high-priority countries, at least 75 percent of the population had access to improved sanitation, and in 11 of the countries, at least half the population had such access.

³³The State-USAID joint strategic framework notes that internationally accepted measures of access to safe drinking water do not take into account water quality and reliability. For example, WHO and UNICEF estimate that 87 percent of the population in Georgia had access to piped water; however, water quality in many of Georgia's mid-sized cities is so poor that water-borne diseases are often contracted even by those receiving public water supplies. In Armenia, WHO and UNICEF estimate that 97 percent of the population have access to water, but in cities outside the capital, water is usually available less than half of the day and, in problem areas, as little as 2 to 4 hours each day.

Figure 12: Population Access to Water and Sanitation in Countries Designated High Priority for Fiscal Year 2009



Source: GAO analysis based on State and UN data.

Note: The percentages shown for population access to improved drinking water sources and improved sanitation facilities are according to 2008 data from the UN World Health Organization and the UN Children's Fund (WHO/UNICEF) Joint Monitoring Programme for Water Supply and Sanitation.

As illustrated, the same six countries had the highest percentages of population with access to improved sources of drinking water and improved sanitation facilities, according to the 2008 UN data.

^aData not available.

In response to these observations, State officials said that a variety of issues are involved in considering level of need. For example, the officials stated that in Jordan, although a relatively high percentage of the population have access to safe water and improved sanitation, the use of surface and ground water for vital economic development, including agricultural purposes, has made water increasingly scarce—resulting in low per capita water availability. Likewise, in India, although a relatively large percentage of the population have access to safe water and improved sanitation, more than 100 million people lack such access.

Conclusions

The Senator Paul Simon Water for the Poor Act of 2005 established the U.S. foreign assistance policy objective of providing access to safe water and sanitation in developing countries. Since fiscal year 2006, State has annually reported to Congress, as required by the Act, on USAID's provision of water and sanitation assistance that has benefited millions in developing countries. Reflecting growing U.S. government attention to global water and sanitation needs, USAID obligations for WASH activities—totaling more than \$1 billion in fiscal years 2006 through 2009—increased substantially, with the greatest increases in the agency's North Africa and the Middle East, sub-Saharan Africa, and Asia and the Pacific regions. In addition, USAID obligations for certain water and sanitation activities exceeded the annual appropriations directive in fiscal year 2009 by a significant amount.

However, although State has taken steps to develop the water and sanitation strategy required by the Act, the documents comprising the strategy—State's annual reports to Congress and the 2008 joint State-USAID strategic framework—do not include specific and measurable goals, benchmarks, and timetables for U.S. water and sanitation assistance or an assessment of needed funding. As a result, it is difficult to assess the extent to which USAID's reported accomplishments and funding levels further the U.S. foreign assistance policy objective.

Additionally, because State's fiscal year 2008 and 2009 reports to Congress on water and sanitation activities do not clearly identify the basis for its designations of high-priority countries, it is not possible to determine the extent to which the designations meet the criteria put forward in the Act. In particular, the reports do not clearly show the relation of State's high-

priority designations to USAID’s planned activities and reported funding. In addition, although the reports list factors such as a country’s level of need—one of the criteria specified in the Act—that may influence State’s high-priority designations, the reports do not identify the specific factors that influenced the designations for fiscal years 2008 and 2009 or identify an objective and verifiable process for weighing these factors.

Recommendations for Executive Action

To enable State to fulfill requirements in the Senator Paul Simon Water for the Poor Act of 2005, we recommend that the Secretary of State, in consultation with the Administrator of USAID, take the following two actions:

- Ensure that the U.S. water and sanitation strategy addresses all components required by the Act, including specific and measurable goals, benchmarks, and timetables for achieving the U.S. foreign assistance objective of providing affordable and equitable access to safe water and sanitation in developing countries.
- Explain, in the mandated annual reports to Congress, the basis for designations of countries as high priority for water and sanitation assistance, including specific factors considered—in particular, the two criteria established by the Act—as well as any process used to weigh such factors.

Agency Comments and Our Evaluation

We sent a draft of this report to State and USAID for their review. Both provided written comments, which we reproduced in appendixes IV and V, respectively. State and USAID also provided technical comments that we incorporated as appropriate.

In their written comments, State and USAID accepted our findings and State accepted our recommendations. Both State and USAID noted that they had begun to review their current efforts and to address the issues raised in our report. State observed that it and USAID designate as “priority” those countries where water or sanitation is a key component of the U.S. development strategy. State also noted that the designations are driven primarily by the significance of water or sanitation challenges to the country’s socioeconomic development and the likelihood that U.S. assistance can make a meaningful difference. Our report acknowledges that a number of factors are considered in the designations of high-priority countries. However, we maintain that the precise basis for such designations should be more transparent.

As we agreed with your office, unless you publicly announce the contents of this report earlier, we plan no further distribution of it until 6 days from the date of this letter. At that time, we will send copies of this report to the Secretary of State; the Administrator, USAID; and interested congressional committees. In addition, the report will be available at no charge on the GAO Web site at <http://www.gao.gov>.

If you or your staff have any questions about this report, please contact me at (202) 512-3149 or gootnickd@gao.gov. Contact points for our Offices of Congressional Relations and Public Affairs may be found on the last page of this report. Individuals who made key contributions to this report are listed in appendix VI.

A handwritten signature in black ink, appearing to read "David Gootnick". The signature is written in a cursive style with a large initial "D" and "G".

David Gootnick, Director
International Affairs and Trade

Appendix I: Objectives, Scope, and Methodology

We were asked to review efforts of the Department of State (State) and the U.S. Agency for International Development (USAID) to respond to requirements in the Senator Paul Simon Water for the Poor Act of 2005 (the Act). This report

1. describes USAID's water and sanitation activities and reported accomplishments;
2. describes USAID obligations for water and sanitation activities in fiscal years 2006 through 2009, including obligations attributed to meet annual appropriations directives in fiscal years 2008 and 2009;¹
3. assesses State's development of a U.S. water and sanitation strategy as required by the Act; and
4. examines State's process for designating high-priority countries as required by the Act.

As agreed with our congressional requesters, we focused our review on USAID funding and activities in the water supply, sanitation, and hygiene (WASH) sector and excluded assistance provided through the Millennium Challenge Corporation from the scope of our work.

In addressing these objectives, we reviewed the Act and related appropriations directives, as well as State, USAID, and nongovernmental organization (NGO) reports (including State and USAID annual reports), documents, and data, and interviewed officials of these organizations in Washington, D.C. We met several times with officials at State and USAID to discuss their responsibilities, activities, progress, and challenges in implementing the Act. We also reviewed reports from the Congressional Research Service and the United Nations' (UN) annual progress reports on the UN Millennium Development Goals. We reviewed reports from several NGOs and interest groups in Washington, D.C., including CARE USA, Center for Strategic and International Studies Global Strategy Institute, International Housing Coalition, Water Advocates, Woodrow Wilson International Center for Scholars, and World Wildlife Fund, among others. In addition, we reviewed and analyzed the authorizing legislation for the

¹Since the passage of the Act, annual appropriations directives have required that USAID obligate minimum levels of funding for water supply and sanitation activities. However, only since fiscal year 2008 have the appropriations directives been directly linked to the Act. Prior to fiscal year 2008, USAID was required to meet annual appropriations directives for water supply and sanitation activities, but these appropriations directives were not directly linked to the Act and did not specifically cite it.

Act and congressional committee reports, as well as various USAID policy documents and implementing guidance.

We selected 15 countries for our review, as part of a judgmental sample of countries where USAID had obligated funding for assistance associated with the Act. To objectively select the sample of countries, we analyzed various criteria and concluded that the following were most relevant: (1) levels of funding for WASH activities; (2) geographic dispersion among USAID's five regions; and (3) magnitude of water- and sanitation-related needs according to UN Millennium Development Goal indicators.

From September 2009 to February 2010, we visited 6 of the 15 countries—Ecuador, Ethiopia, Haiti, Jordan, Kenya, and Sudan—which represent three of USAID's five regions. In each country we reviewed U.S.-funded water and sanitation project activities and priorities and interviewed USAID officials. Additionally, in Jordan, we met with government officials from the Ministry of Water and Irrigation, and in Sudan, we met with officials from the Ministry of Water Resources and Irrigation and the Southern Sudan Urban Water Corporation. We also interviewed USAID implementing partners in the 6 countries, including the International Organization for Migration and the Fund for the Protection of Water in Ecuador; Development Alternatives, Inc., Mercy Corps, and ECODIT, Inc., in Jordan; Winrock International and Louis Berger Group in Sudan; Water and Sanitation for the Urban Poor, the Aga Khan Foundation East Africa, the Adventist Development and Relief Agency, and CARE USA in Kenya; and CARE USA, the International Rescue Committee, Save the Children United States, and the Relief Society of Tigray in Ethiopia. We met briefly with officials of CHF International and the International Organization for Migration in Haiti but were unable to obtain detailed information owing to an earthquake on January 12, 2010, which coincided with our visit.

In addition, we reviewed country- or region-specific information on water and sanitation activities for USAID missions in 9 of the 15 countries: Afghanistan, the Democratic Republic of the Congo, Egypt, India, Indonesia, Kosovo, Lebanon, Pakistan, and the West Bank and Gaza. We collected comparable information for these countries by conducting structured interviews with mission officials in each country via telephone or e-mail.² However, because we judgmentally selected the sample of

²In this report, we refer to all countries and other areas in which USAID provides assistance, such as West Bank and Gaza, as "countries" in accordance with the terminology State employs in referring to such areas in its reports to Congress.

USAID missions for the structured interviews, our findings from these interviews cannot be generalized to all USAID missions.

To describe funding obligations and reported beneficiaries, we reviewed numerous data sources. To review funding obligations for water and sanitation and compare these data with country statistics, we collected and examined data on obligations from State's annual reports to Congress and from data provided by USAID. We collected and examined USAID mission budget data published in annual State Foreign Operations Congressional Budget Justifications to determine the percentage of each mission's budget that was allocated to WASH activities. We also collected country-specific World Bank population data, to calculate the amount of WASH obligations in each country on a per-capita basis. To review and describe reported beneficiaries, we analyzed country-specific data published by the UN World Health Organization and the UN Children's Fund (WHO/UNICEF) Joint Monitoring Programme for Water Supply and Sanitation on (1) the proportion of the population with access to an improved source of drinking water and (2) the proportion of the population with access to an improved sanitation facility. We did not conduct an independent data reliability assessment of the data published in the UN report. However, because both State and USAID use these UN-published data and, according to State and USAID officials, these data are sufficiently reliable for use in their reports, we determined the data from these sources to be sufficiently reliable for the purposes of this report.

We conducted this performance audit from August 2009 through September 2010 in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our work objectives.

Appendix II: Observations from Visits to USAID Missions and Activities in Six Countries

During our visits to six countries in three of USAID’s five regions, we observed USAID water and sanitation activities such as hygiene education for children and construction of latrines for individual households, community water supply systems, and urban wastewater treatment systems.

Figure 13 shows the six countries we visited.¹

Figure 13: Countries Visited by GAO, September 2009–February 2010



Source: Map Resources (map).

Figures 14 through 19 present observations from our site visits.

¹We visited Ecuador and Haiti in the Latin America and the Caribbean region; Jordan in the Middle East and North Africa region; and Ethiopia, Kenya, and Sudan in the sub-Saharan Africa region. We chose these 6 countries, among the 15 selected for our review, because they met our criteria (see app. I) and represented three of five—that is, the majority—of USAID-defined regions.

**Appendix II: Observations from Visits to
USAID Missions and Activities in Six
Countries**

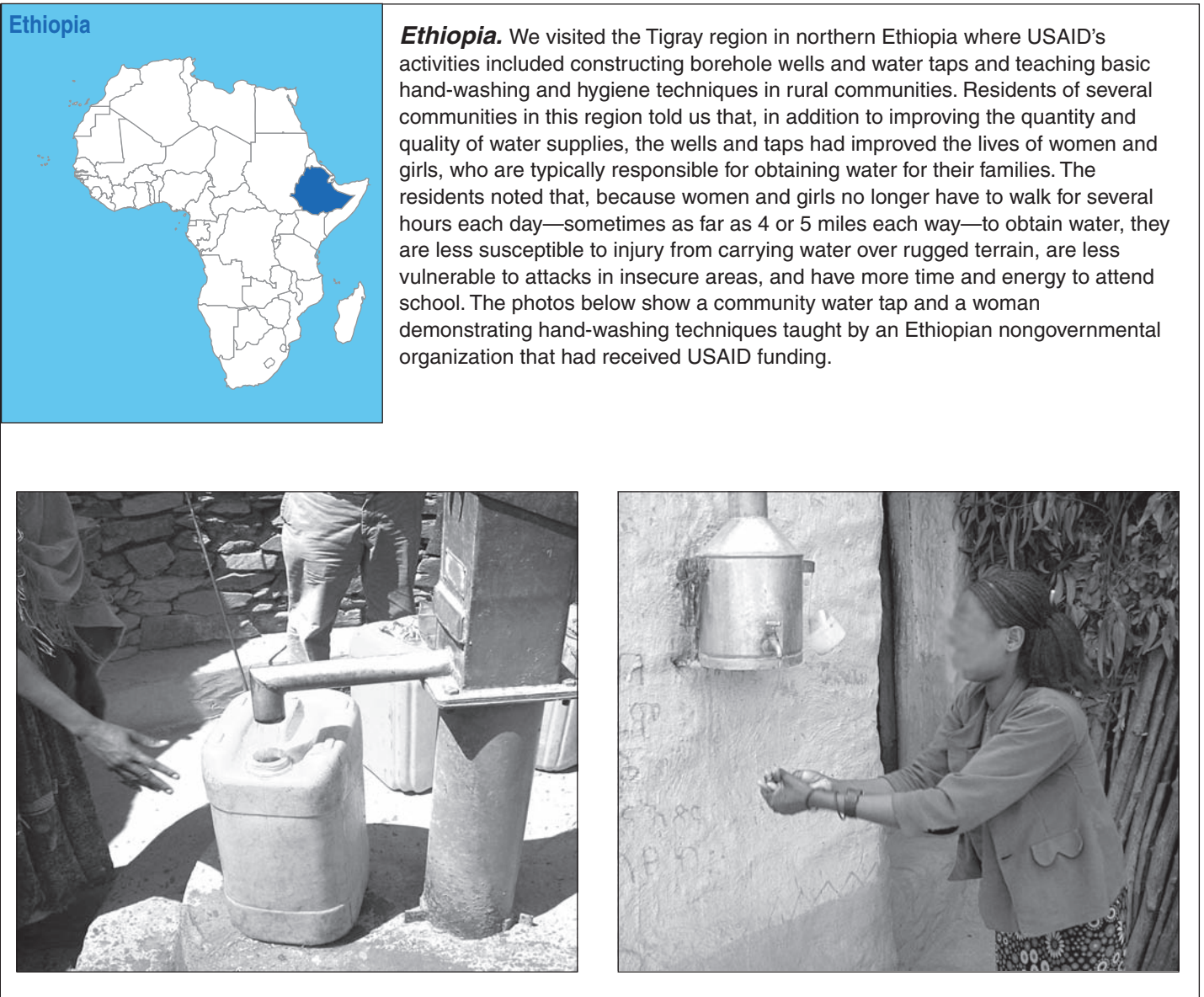
Figure 14: Observations from GAO Visit to Ecuador, September 2009



Sources: GAO (photos); Map Resources (map).

**Appendix II: Observations from Visits to
USAID Missions and Activities in Six
Countries**

Figure 15: Observations from GAO Visit to Ethiopia, February 2010



Sources: GAO (photos); Map Resources (map).

**Appendix II: Observations from Visits to
USAID Missions and Activities in Six
Countries**

Figure 16: Observations from GAO Visit to Haiti, January 2010



Haiti. We visited water supply and conservation activities in a rural area about 35 miles west of Port-au-Prince. At the water supply location, USAID funds had been used to construct a community water system—consisting of a borehole, electric pump, storage tank, and community water tap—from which poor rural residents could obtain clean water for household use. At a water conservation site—which was part of a broader school-construction activity funded by USAID—a rainwater catchment system was implemented to provide water that was otherwise not available to flush the school’s toilets. The photos below show an electric pump with enclosure for a community water system and part of a rainwater catchment system at a school near Petite Goave, Haiti.



Sources: GAO (photos); Map Resources (map).

Appendix II: Observations from Visits to USAID Missions and Activities in Six Countries

Figure 17: Observations from GAO Visit to Jordan, January–February 2010



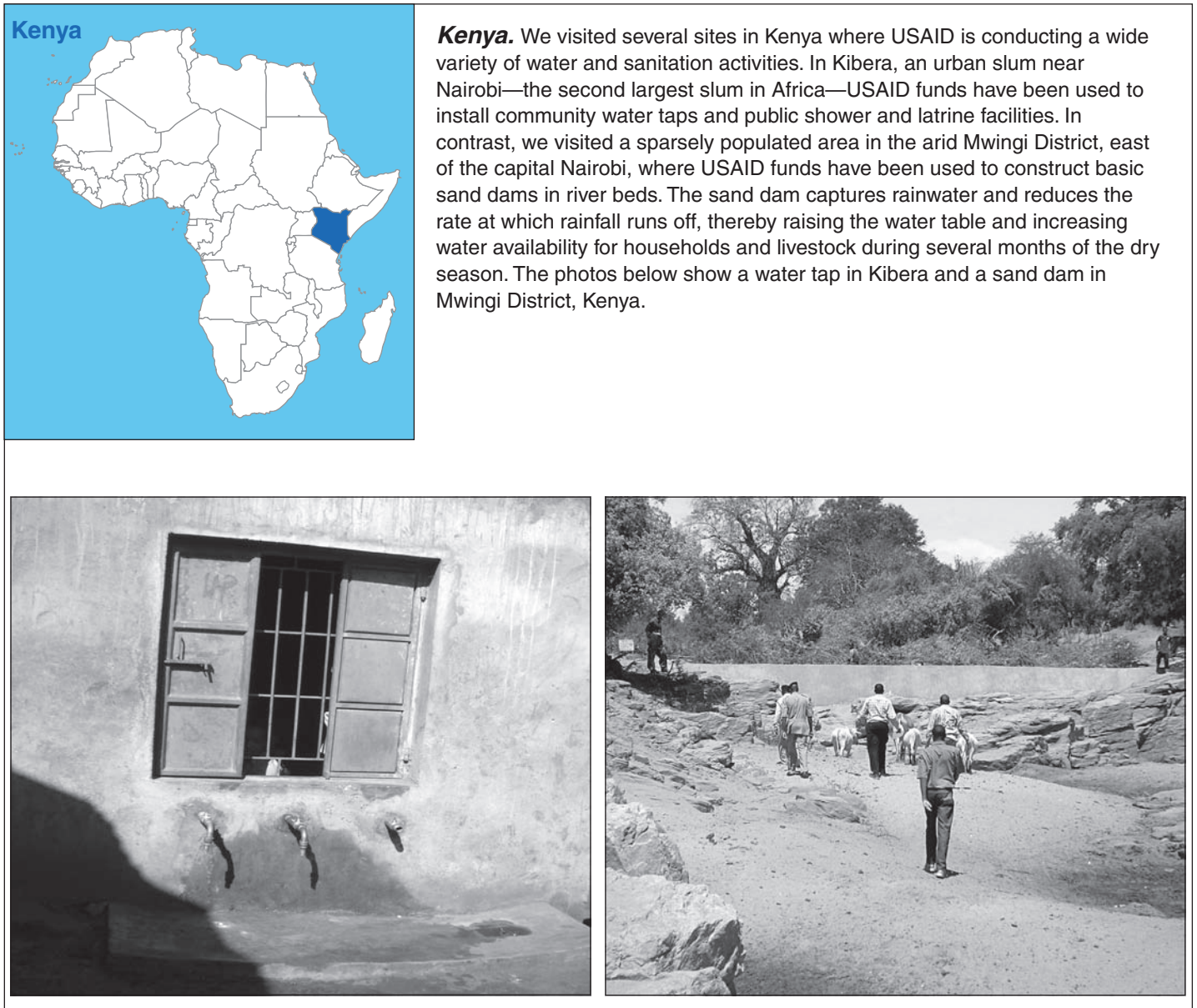
Jordan. We visited a wastewater treatment facility under construction in northern Jordan and sites with household water cisterns on the outskirts of Amman. According to USAID officials, the recycled wastewater from the treatment facility in northern Jordan would be used for agricultural irrigation, thus increasing the availability of potable water for household needs. This project highlights USAID’s focus on water conservation in an arid region. At another site, a municipality had installed water meters to track usage and improve water use collection fees. In addition, we visited other sites where homeowners had received water cisterns as part of rainwater catchment systems for household use. The beneficiaries told us that, because local aquifers are being depleted rapidly due to population increases, the water cisterns have become increasingly important for providing household water. The photos below show a water meter for an urban household and a family’s water cistern funded by USAID.



Sources: GAO (photos); Map Resources (map).

**Appendix II: Observations from Visits to
USAID Missions and Activities in Six
Countries**

Figure 18: Observations from GAO Visit to Kenya, February 2010



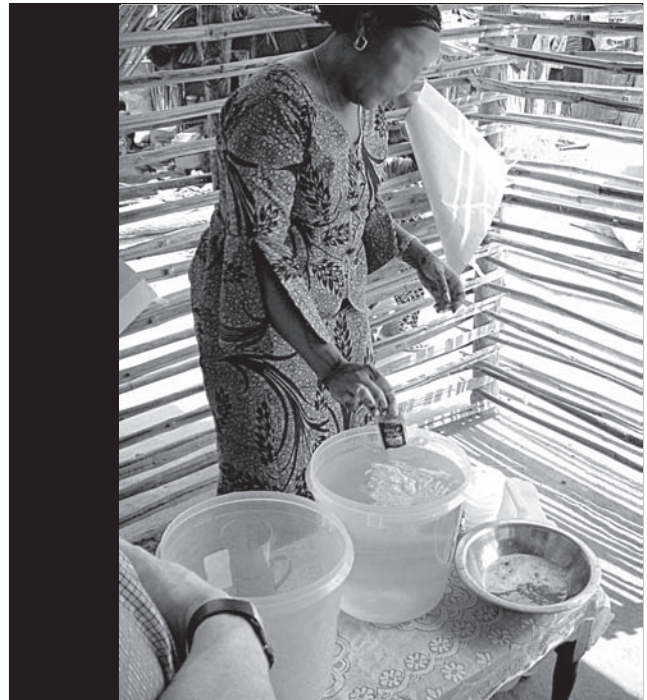
Sources: GAO (photos); Map Resources (map).

Appendix II: Observations from Visits to USAID Missions and Activities in Six Countries

Figure 19: Observations from GAO Visit to Sudan, February 2010



Sudan. In southern Sudan, we visited several types of water and sanitation activities in the city of Juba. At one of the sites, a facility for loading treated water onto tanker trucks was under construction. According to USAID officials, when this facility becomes operational, tanker trucks will deliver clean water to residents instead of the raw, contaminated river water that tanker trucks currently deliver. At another site, we observed a staff member of a USAID-funded NGO demonstrate proper hygiene and water-purification techniques to women and children at a neighborhood meeting. Several of the women who live in the neighborhood told us that their health and the health of their children had significantly improved since they began applying the techniques that were demonstrated. USAID/Sudan officials confirmed that improvements had been achieved. The photos below show a water-loading station under construction and an instructor demonstrating water purification techniques.



Sources: GAO (photos); Map Resources (map).

Appendix III: USAID Obligations for Water and Sanitation in Fiscal Year 2009, with Countries' UN-Reported Access

Dollars in millions, except WASH obligations per capita

Country ^a	Designated as priority country	Obligations for water supply, sanitation, and hygiene	Obligations for water resources management	Obligations for water productivity	Obligations attributed to annual appropriations directive	WASH obligations per capita	WASH obligations as percentage of USAID mission budget	Proportion of population with access to improved source of drinking water	Proportion of population with access to improved sanitation facility
West Bank and Gaza	Y	\$102.200	\$0	\$0	\$102.200	\$25.96	9.9	91	89
Jordan	Y	53.500	5.000	3.796	62.296	9.06	6.1	96	98
Pakistan	Y	47.978	5.500	3.000	45.458	0.29	2.1	90	45
Sudan	Y	38.920	0	0	36.870	0.94	4.2	57	34
Afghanistan	Y	22.574	0	0	22.574	0.78	0.8	48	37
Ethiopia	Y	14.818	0	0	10.766	0.18	1.7	38	12
Zimbabwe	N	13.636	0	0	4.371	1.09	4.7	82	44
Democratic Republic of the Congo	Y	13.373	0	0	7.613	0.21	4.5	46	23
Iraq	Y	13.010	0	0	13.010	0.42	2.2	79	73
Indonesia	Y	8.823	0	0	8.823	0.04	3.4	80	52
Kenya	Y	8.324	0	0	7.971	0.21	1.0	59	31
Lebanon	Y	6.500	1.200	0.300	8.000	1.55	2.7	100	98
Uganda	Y	5.250	0	0	5.250	0.17	1.3	67	48
Madagascar	Y	5.200	0	0	5.478	0.27	7.3	41	11
Timor-Leste	Y	5.000	0	0	5.000	4.55	20.6	69	50
Bangladesh	Y	4.659	0	0	1.659	0.03	2.8	80	53
Chad	N	4.324	0	0	1.949	0.40	2.8	50	9
Haiti	Y	4.100	0.900	4.000	9.000	0.42	1.2	63	17
Zambia	Y	4.100	0	0	4.827	0.32	1.3	60	49
Senegal	Y	4.050	0	2.000	4.600	0.33	4.3	69	51
India	Y	4.003	0	0	3.000	0	3.9	88	31
Tanzania	Y	3.600	0.400	1.000	5.000	0.08	0.8	54	24
Angola	N	3.000	0	0	3.000	0.17	5.4	50	57
Ecuador	N	3.000	0.900	0	3.000	0.22	8.6	94	92
Ghana	Y	3.000	0	0	3.000	0.13	2.0	82	13
Bolivia	N	2.800	0.400	0	3.200	0.29	3.3	86	25
Somalia	Y	2.760	0	0	1.500	0.31	0.7	30	23

Appendix III: USAID Obligations for Water and Sanitation in Fiscal Year 2009, with Countries' UN-Reported Access

Dollars in millions, except WASH obligations per capita

Country^a	Designated as priority country	Obligations for water supply, sanitation, and hygiene	Obligations for water resources management	Obligations for water productivity	Obligations attributed to annual appropriations directive	WASH obligations per capita	WASH obligations as percentage of USAID mission budget	Proportion of population with access to improved source of drinking water	Proportion of population with access to improved sanitation facility
Liberia	Y	\$2.399	\$0.500	\$6.301	\$9.150	\$0.63	1.1	68	17
Philippines	Y	2.358	3.264	3.973	2.269	0.03	1.9	91	76
Sri Lanka	N	2.239	0	0	0	0.11	4.6	90	91
Nigeria	Y	2.150	0	0	2.150	0.01	0.4	58	32
Rwanda	N	1.950	0.650	0	1.950	0.20	1.0	65	54
Egypt	N	1.700	1.000	0	1.700	0.02	0.1	99	94
Mali	Y	1.500	0	0	1.500	0.12	1.5	56	36
Nicaragua	N	1.353	0	1.000	2.353	0.24	5.1	85	52
Cambodia	Y	1.350	0	0	1.350	0.09	2.1	61	29
Peru	N	1.270	0	0	1.270	0.04	1.0	82	68
Mozambique	Y	1.250	0	0.750	4.768	0.06	0.4	47	17
Armenia	Y	1.207	0	0	1.207	0.39	2.3	96	90
Burkina Faso	N	1.119	0	0	0	0.07	5.7	76	11
Georgia	Y	0.956	0	0	0.956	0.22	0.3	98	95
Burma	N	0.810	0	0	0.810	0.02	2.3	71	81
Benin	N	0.800	0	0	0.800	0.09	2.6	75	12
Colombia	N	0.700	0	0	0.700	0.02	0.1	92	74
Yemen	N	0.550	0	0	0.300	0.02	1.3	62	52
Namibia	N	0.350	0	0	0.350	0.16	0.3	92	33
Malawi	N	0.300	0.200	0	0.300	0.02	0.3	80	56
Guatemala	N	0.291	0.650	0.100	1.000	0.02	0.4	94	81
Burundi	N	0.250	0	0	0.250	0.03	0.6	72	46
Laos	N	0.250	0	0	0	0.04	5.0	57	53
Nepal	N	0.194	0	0	0	0.01	0.4	88	31
Russia	N	0.150	0.135	0	0.150	0	0.2	96	87
Comoros	N	0.050	0	0	0.050	0.08	27.2	95	36
Niger	N	0.050	0	0	0	0	0.3	48	9
Tajikistan	N	0.031	0	1.821	1.851	0	0.1	70	94
Mauritania	N	0.025	0	0	0	0.01	0.4	49	26
Azerbaijan	N	0.010	0	0	0.010	0	0	80	45

Appendix III: USAID Obligations for Water and Sanitation in Fiscal Year 2009, with Countries' UN-Reported Access

Dollars in millions, except WASH obligations per capita

Country ^a	Designated as priority country	Obligations for water supply, sanitation, and hygiene	Obligations for water resources management	Obligations for water productivity	Obligations attributed to annual appropriations directive	WASH obligations per capita	WASH obligations as percentage of USAID mission budget	Proportion of population with access to improved source of drinking water	Proportion of population with access to improved sanitation facility
Dominican Republic	N	\$0	\$0	\$2.400	\$2.400	\$0	0	86	83
Kyrgyz Republic	N	0	0.340	1.290	1.630	0	0	90	93
Morocco	N	0	0.600	0	0.600	0	0	81	69
Panama	N	0	1.700	0	0	0	0	93	69
Swaziland	N	0	0	0	2.247	0	0	69	55
Uzbekistan	N	0	0	0.200	0.200	0	0	87	100
USAID regional bureaus ^p	N/A	34.736	3.880	5.780	37.900	N/A	N/A	N/A	N/A
Other USAID programs ^c	N/A	16.450	3.045	7.590	22.540	N/A	N/A	N/A	N/A
State OES	N/A	0.550	0	0	0.550	N/A	N/A	N/A	N/A
Total		481.850	30.264	45.301	494.675				

Source: GAO synthesis of State, USAID, and UN data.

Notes:

Percentages of countries' populations with access to an improved source of drinking water and improved sanitation facilities are according to 2008 data from the UN World Health Organization and the UN Children's Fund (WHO/UNICEF) Joint Monitoring Programme for Water Supply and Sanitation.

Y= yes

N = no

N/A = not applicable

OES = Bureau of Oceans, Environment, and Science, Department of State

Because of rounding, small amounts of WASH obligations per capita in some countries appear as \$0.00. These countries are Tajikistan (\$0.005); India (\$0.004); Niger (\$0.003); Azerbaijan (\$0.001); and Russia (\$0.001) because (1) it is the only State-designated high-priority country where USAID made no obligations in any of the three water sectors and (2) UN data on access to water and sanitation for Kosovo were not available.

Although designated as high priority for fiscal years 2008 and 2009, Kosovo is not shown because USAID obligated no funds for water or sanitation assistance in Kosovo in those years.

^aCountries are listed in descending order according to the amount of USAID obligations for WASH activities.

**Appendix III: USAID Obligations for Water
and Sanitation in Fiscal Year 2009, with
Countries' UN-Reported Access**

¹Includes the following USAID bureaus and missions: Asia Middle East Regional Bureau, Regional Development Mission-Asia, Africa Regional Bureau, East Africa Regional Bureau, Southern Africa Regional Bureau, West Africa Regional Bureau, Africa Office of Development Partners, Caribbean Regional Bureau, Middle East Regional Bureau.

²Includes Bureau for Democracy, Conflict and Humanitarian Assistance; Bureau for Economic Growth, Agriculture and Trade; Bureau for Global Health; and Office of Development Partners.

Appendix IV: Comments from the Department of State



United States Department of State

Chief Financial Officer

Washington, D.C. 20520

SEP 08 2010

Ms. Jacquelyn Williams-Bridgers
Managing Director
International Affairs and Trade
Government Accountability Office
441 G Street, N.W.
Washington, D.C. 20548-0001

Dear Ms. Williams-Bridgers:

We appreciate the opportunity to review your draft report, "U.S. WATER AND SANITATION AID: Millions of Beneficiaries Reported in Developing Countries, but Department of State Needs to Strengthen Strategic Approach," GAO Job Code 320707.

The enclosed Department of State comments are provided for incorporation with this letter as an appendix to the final report.

If you have any questions concerning this response, please contact Daniel Garrett, Foreign Service Officer, Bureau of Oceans and International Environmental and Scientific Affairs at (202) 647-6849.

Sincerely,

A handwritten signature in black ink, appearing to read "James L. Millette".

James L. Millette

cc: GAO – David Gootnick
OES – Kerri-Ann Jones
State/OIG – Tracy Burnett

Department of State Comments on GAO Draft Report

U.S. WATER AND SANITATION AID
Millions of Beneficiaries Reported in Developing Countries, but Department
of State Needs to Strengthen Strategic Approach
(GAO-10-957, GAO Code 320707)

Thank you for the opportunity to comment on your draft report entitled “*U.S. WATER AND SANITATION AID: Millions of Beneficiaries Reported in Developing Countries, but Department of State Needs to Strengthen Strategic Approach.*” We take these issues seriously. As Secretary Clinton said in her March 22, 2010 World Water Day speech: “... water represents one of the great diplomatic and development opportunities of our time. It’s not every day you find an issue where effective diplomacy and development will allow you to save millions of lives, feed the hungry, empower women, advance our national security interests, protect the environment, and demonstrate to billions of people that the United States cares, cares about you and your welfare. Water is that issue.”

The Department of State accepts the main findings and recommendations of the GAO report with one observation. The term “priority country” is a label that the Department of State and USAID apply to a country where water and/or sanitation will be a key part of the United States development strategy in that country. This determination (of whether water/sanitation will be a key component of our development strategy in a country) is based on a number of factors (as described in the Reports to Congress – www.state.gov/g/oes/water) but is primarily driven by whether water and/or sanitation challenges are a significant barrier to socio-economic development compared to other development needs in that country and whether the U.S can make a meaningful difference – not whether the specific needs in one country are greater than those in another.

That said, we agree that the United States can do more. For that reason, Secretary of State Hillary Clinton has asked Under Secretary of Global Affairs Maria Otero and USAID Administrator Rajhiv Shah to review current efforts and to identify specific steps the Department of State and USAID can take to strengthen our response to these issues and demonstrate global leadership. This process is currently underway.

Appendix V: Comments from the U.S. Agency for International Development



USAID
FROM THE AMERICAN PEOPLE

SEP 13 2010

David Gootnick
U.S. Government Accountability Office
Director, International Affairs and Trade
441 G Street, NW
Washington, DC 20548

Dear Mr. Gootnick,

I am pleased to provide the U.S. Agency for International Development's (USAID) formal response to the GAO draft report entitled U.S. Water and Sanitation Aid: "Millions of Beneficiaries Reported in Developing Countries, but Department of State Needs to Strengthen Strategic Approach (GAO-10-957)".

The enclosed USAID comments are provided for incorporation with this letter as an appendix to the final report.

Thank you for the opportunity to respond to the GAO draft report and for the courtesies extended by your staff in the conduct of this audit review.

Sincerely,

A handwritten signature in black ink, appearing to read "Drew W. Luten".

Drew W. Luten
Senior Deputy Assistant Administrator
Bureau for Management

Enclosure: a/s

USAID Comments on GAO Report on U.S. Water and Sanitation Aid: “Millions of Beneficiaries Reported in Developing Countries, but Department of State Needs to Strengthen Strategic Approach (GAO-10-957)”.

USAID has reported its funding obligations and actual results under its water supply and sanitation programs, and other water sector programs associated with implementing the Senator Paul Simon Water for the Poor Act (WFP), each year within the State Department’s annual Reports to Congress since the passage of the WFP Act in December 2005.

We greatly value the analysis undertaken by the GAO. We are undertaking a review of our water program and will factor the GAO’s findings and recommendations into our efforts to strengthen the Agency’s capacity to implement the Senator Paul Simon Water for the Poor Act.

USAID accepts GAO’s findings.

Appendix VI: GAO Contact and Staff Acknowledgments

GAO Contact

David Gootnick, (202) 512-3149 or gootnickd@gao.gov

Staff Acknowledgments

In addition to the contact named above, Leslie Holen (Assistant Director), Reid Lowe, Justin Mausel, and George Taylor made key contributions to this report. Elizabeth Curda, Mark Dowling, Etana Finkler, Joel Grossman, Jacqueline Nowicki, and Jena Sinkfield provided technical support.

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