

## ANNEX W.

### **FY 2008 WATER EARMARK DEFINITION**

The FY 2008 Omnibus Appropriations Act language states that “*not less than \$300,000,000 shall be made available for safe drinking water and sanitation supply projects, including water management related to safe drinking water and sanitation, only to implement the Senator Paul Simon Water for the Poor Act of 2005 (Public Law 109-121).*”

**Definition:** The purpose of this earmark is to increase sustainable access to safe drinking water and sanitation and improve hygiene. Eligible activities must have a stated intent to address these goals as a primary or secondary objective, and demonstrate that intent through objectively verifiable indicators linked to these goals.

### **General Requirements**

Activities eligible for allocation or attribution to this earmark must meet all of the following conditions:

- An activity must state as a primary or secondary objective increased access to drinking water supply or sanitation services, better quality of those services, and/or hygiene promotion. The objective may correspond to either direct or indirect support, but it must make explicit the linkage to drinking water supply, sanitation or hygiene outcomes.
- Activities must identify objectively verifiable indicators and targets that track progress towards the identified drinking water supply, sanitation, and/or hygiene objective. To the extent possible, the use of common FACTS indicators is encouraged. For those interventions that do not lend themselves to the standardized FACTS indicators, activity managers may also develop customized indicators to track progress.
- In programs that include both earmark eligible and non-eligible activities, funding may be attributed to the earmark only in proportion to the activity’s support of the earmark definitions provided here.

## **ANNEX: Guidelines for Utilization of FY 2008 Water Earmark Funds**

The FY 2008 Omnibus Appropriations Act language states that “*not less than \$300,000,000 shall be made available for safe drinking water and sanitation supply projects, including water management related to safe drinking water and sanitation, only to implement the Senator Paul Simon Water for the Poor Act of 2005 (Public Law 109-121).*”

**Definition:** The purpose of this earmark is to increase sustainable access to safe drinking water and sanitation and improve hygiene. Eligible activities must have a stated intent to address these goals as a primary or secondary objective, and demonstrate that intent through objectively verifiable indicators linked to these goals.

This earmark fits within the broader context of U.S. international water sector programming which includes a wide range of activities beyond the focus area of water supply, sanitation and hygiene. Water is a cross-cutting issue in the U.S. Foreign Assistance Framework with activities under all five program objectives. The overall U.S. government water portfolio embraces a broad spectrum of water sector interventions that are critical to protecting human health and responding to humanitarian crises; promoting broad-based and sustainable economic growth; enhancing environmental and national security; and developing public participatory processes that improve transparency and accountability in providing a resource essential to people’s lives and livelihoods. These activities are critical components of a comprehensive strategy to address the world’s water challenges in an integrated and sustainable way.

This earmark is focused on a specifically defined subset of interventions linked to water supply, sanitation and hygiene within this broader context. Four categories of activities have been defined to be eligible for total or partial allocation or attribution to this earmark when they support the objective of access to drinking water and sanitation services or improved hygiene: (I) drinking water supply, sanitation, and hygiene (WSH); (II) water resources management; (III) water productivity; and (IV) water security. Each of these categories is described in detail below

Missions and Operating Units reporting programs under this earmark should consider as a first order of preference those activities that directly support drinking water supply and sanitation service delivery or hygiene promotion (Category I), including infrastructure as well as those activities related to organizational/institutional capacity building and sector and utility reforms needed to create sustainable management and improved service delivery. A preference should also be given to activities that focus on the poor.

The following guidance is provided on application of the water earmark by Missions and Operating Units. Information on how eligible activities relate to the Foreign Assistance framework and funding accounts is also presented.

### **General Requirements**

Activities eligible for allocation or attribution to this earmark must meet all of the following conditions:

- An activity must state as a primary or secondary objective increased access to drinking water supply or sanitation services, better quality of those services, and/or hygiene promotion. The objective may correspond to either direct or indirect support as defined in Categories I-IV below, but it must make explicit the linkage to drinking water supply, sanitation or hygiene outcomes.
- Activities must identify objectively verifiable indicators and targets that track progress towards the identified drinking water supply, sanitation, and/or hygiene objective. To the extent possible, the use of common FACTS indicators is encouraged. For those interventions that do not lend themselves to the standardized FACTS indicators, activity managers may also develop customized indicators to track progress.
- In programs that include both earmark eligible and non-eligible activities, funding may be attributed to the earmark only in proportion to the activity's support of the earmark definitions provided here.

## **Eligible Activities**

Activities from any of the categories described below that meet the above conditions may be eligible for total or partial attribution to the earmark.

### **I. Drinking Water Supply, Sanitation, and Hygiene**

Earmark funds may be used for activities that have primary and direct goals of increasing access to improved drinking water supply and sanitation services; enhancing the quality of those services; and/or improving hygiene conditions. Funds targeted to interventions in this category are 100% attributable to the earmark. Illustrative examples of eligible activities are provided in Annex I (Section I).

### **II. Water Resources Management**

Earmark funds may be used to support management of water and associated natural resources that support access to drinking water supply or sanitation services, and/or hygiene. Provision of drinking water supply, sanitation and hygiene is more sustainable when supported by an integrated approach to water management. This may include support to a sound information base and analysis about hydrologic resources and ecosystems; equitable allocation among multiple competing human demands for water resources; best practices in land and water resources management; and strong and capable governance structures and processes relating to all water uses.

Activities in this category may be attributed to the earmark only in proportion to their support to WSH objectives - partial attributions are acceptable. Illustrative examples of eligible activities are provided in Annex I (Section II).

### **III. Water Productivity**

Earmark funds may be used to support economic or productive uses of water in agriculture, industry, commerce, services, or energy resources that support access to drinking water supply or sanitation services, and/or hygiene.

There is a strong relationship between domestic and productive uses of water. In many communities, water sources and water infrastructure are shared by both domestic and productive users (i.e., multiple use systems). In other contexts, the sustainability of community-managed infrastructure depends on enhancing household incomes to support operations and maintenance of domestic drinking water supply systems. Efficiency, conservation, demand management, and pollution prevention by both domestic and productive water users can ensure that sufficient quantity and quality of drinking water supply is available to meet all human needs and sustain ecosystem health.

Activities in this category may be attributed to the earmark only in proportion to their support to WSH objectives - partial attributions are acceptable. Illustrative examples of eligible activities are provided in Annex I (Section III).

### **IV. Water Security**

Earmark funds may be used to support water security by managing transboundary or shared water resources to support access to improved or improved access to drinking water supply or sanitation services, and/or hygiene (WSH).

When nations share surface or groundwater resources, cooperation will be necessary to ensure near and long-term availability of water supplies for all water users, and prevent or mitigate potential conflict around limited resources.

Activities in this category may be attributed to the earmark only in proportion to their support to WSH objectives - partial attributions are acceptable. Illustrative examples of eligible activities are provided in Annex I (Section IV).

### **Funding Accounts**

Funds that support or may be attributed to this earmark may come from the Development Assistance (DA), Global Health and Child Survival (GHCS), Economic Support Funds (ESF), Andean Counterdrug Initiative (ACI), Support for East European Democracy (SEED), Freedom Support Act (FSA), International Disaster Assistance (IDA), or Transition Initiative (TI) accounts, with the following stipulations:

- The FY 2008 appropriations report language indicates that of the entire earmark, not less than \$150 million should be from the DA account.
- While there is no directive for the use of IDA and/or TI account funds, when activities implemented with these funds meet the above requirements for eligibility they will be

counted towards the earmark. These funds cannot be used for planning purposes and will only be attributed towards the earmark retrospectively.

- Any separate or additional guidelines on the use of GHCS funds for water-related activities should be consulted.

In FY 2008, no funds may be attributed towards this earmark from either the PL-480/Title II account or any supplemental appropriation.

## **Operational Plans**

Water is a highly cross-cutting activity, with applicability and relevance throughout the Foreign Assistance Framework. Water-related activities that are eligible under the earmark may therefore be assigned to several Objectives, Areas, and Elements within Operational Plans.

More detailed guidance is being prepared to assist Operating Units in determining the most appropriate way(s) to include their water-related activities within the context of the Foreign Assistance Framework.

Following are some common Elements that may be used in developing Operational Plans that include water earmark funds, assuming that all other eligibility conditions stated above have been met:

### **For Drinking Water supply, Sanitation, or Hygiene activities:**

- Investing in People Objective/Health Area, Water Supply and Sanitation Element, all sub-Elements (IIP 3.1.8)
- Humanitarian Assistance Objective/Protection Assistance and Solutions Area, Assistance and Recovery Element (HA 5.1.2)
- Peace & Security Objective/Counter-Narcotics Area, Alternative Development Element (P&S 1.4.2)
- Investing in People Objective/Health Area, Maternal and Child Health Element, Household Level Water, Sanitation, Hygiene and Environment sub-Element (IIP 3.1.6.7)
- Economic Growth Objective/Financial Sector Area/Financial Services Element (EG 4.3.2)

### **For Watershed/Water Resources Management activities:**

- Economic Growth Objective/Environment Area, Natural Resources and Biodiversity Element (EG 4.8.1)
- Economic Growth Objective/Environment Area, Clean Productive Environment Element (EG 4.8.2)

### **For Water Productivity:**

- Economic Growth Objective/Environment Area, Clean Productive Environment Element (EG 4.8.2)
- Economic Growth Objective/Agriculture Area, Agricultural Sector Capacity Element (EG 4.5.2)

### **For Water Security:**

- Peace and Security Objective/Conflict Mitigation and Reconciliation Area, Conflict Mitigation (PS 1.6.1)
- Peace and Security Objective/Conflict Mitigation and Reconciliation Area, Peace and Reconciliation (PS 1.6.2)
- Investing in People Objective/Health Area, Water Supply and Sanitation Element (IIP 3.1.8)

### **Monitoring and Reporting**

#### *Funding:*

The 2005 Paul Simon Water for the Poor Act requires annual reporting to Congress through 2015 detailing progress against the goals of the Act, including the levels of funding allocated or attributed to each objective and to each operating unit. Reporting for the Act includes all water-related activities, not just those attributed to the FY2008 earmark.

“Water” has been identified as a key issue in the Foreign Assistance Framework and the Foreign Assistance Coordination and Tracking System (FACTS) to assist in overall reporting on the Act. The Guidance Annexes for the FY 2008 Operational Plan and 2007 Performance Report place all water-related activities into a single “key issue” category, whether or not attributable to the earmark. For FY 2008, Operating Units should assign their total water sector funding to this key issue, including both attributable and non-attributable water funds.

As needed, additional information and/or justifications may be solicited from operating units to determine the specific amount attributable to the earmark definition, and to disaggregate funding into more detailed activity subcategories consistent with the areas described above

#### *Progress Indicators:*

Indicators associated with different aspects of the water sector are located in different parts of the Foreign Assistance Framework and FACTS database. Following are those standard indicators that will be most relevant for reporting on programs under the Water Supply and Sanitation Element (3.1.8) only (i.e., related to Category I of activities listed above).

- Number of people in target areas with access to improved drinking water supply as a result of USG assistance.
- Number of people in target areas with access to improved sanitation facilities as a result of USG assistance.

Other related and relevant indicators that correspond to Categories I-IV may also be found under the Maternal and Child Health Element (3.1.6.7), the Natural Resources and Biodiversity Element (4.1.8), and the Clean Human Environment Element (4.8.2), as well as others. Additional information on use of these indicators is provided in the Supplemental Guidance Annexes to the Operational Plan Guidance for 2008. For those interventions that do not lend themselves to the standardized FACTS indicators, activity managers may also develop customized indicators to track progress.

## **Environmental Compliance**

Compliance with USAID Environmental Procedures (22 CFR 216), including appropriate environmental mitigation and monitoring measures, should be considered an integral part of all activity development and implementation under this earmark, including water supply or sanitation infrastructure, hygiene promotion interventions, and WSH-related activities in the areas of water resources management, water productivity, or water security.

## **Additional Information**

For additional information, please contact:

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**ANNEX I**  
**Illustrative Activities Wholly or Partially Attributable to the Water Earmark**

**I. Drinking Water Supply, Sanitation, and Hygiene**

Activities must meet the basic conditions set forth above for all earmark attributable funds. Illustrative activity types under this category include:

- Access to improved drinking water supply as defined by the Millennium Development Goals, i.e., the availability of at least 20 liters per person per day from an "improved" source within one kilometer of the user's dwelling. An "improved" source is one that is likely to provide safe water, including household connections to a water supply distribution network, public standpipes (connected to networked systems, or from a community well or surface water source), boreholes, protected dug wells, protected springs, and rainwater collection. Access to improved sources can be rural or urban, and may be provided through utilities, community-based systems, self supply, and/or other long-term and permanent systems. Unprotected wells, unprotected springs, rivers or ponds, vendor-provided water, bottled water, tanker truck water (e.g., for emergency purposes) are not considered improved and are not attributable to the earmark.
- Access to improved sanitation at the household level as defined by the Millennium Development Goals, Sanitation facilities are considered adequate if they are private and if they separate human excreta from human contact, including improved sanitation facilities, connection to a public sewer, connection to a septic system, pour-flush latrines, simple covered pit latrines, and ventilated improved pit latrines. Access provided can be rural or urban, and may be provided through community-managed simplified systems, utility-managed central network systems, or self-supply. Unimproved household level sanitation facilities, including open pit latrines or bucket latrines, are not attributable to the earmark.
- Access to public or shared improved sanitation facilities in communal or institutional settings (e.g., schools, health clinics, public markets, etc.) if they adequately separate human excreta from human contact and have a sustainable management and maintenance system in place, as well as sufficient hygiene facilities. (NOTE: Public or shared sanitation systems are not considered "improved" under the MDGs, and should not be reported under the FACTS sanitation access indicator. They are, however, considered eligible activities under this earmark if they meet the above conditions).
- Improvements in the quality of existing drinking water supply or sanitation services, including increasing the number of hours of water access per day or quantity of water available from a networked water system, improving the quality of water delivered by a system, improving the maintenance of systems and reducing the number of days out of service, increasing the number of household connections for people who already had access to another communal improved source, etc.
- Treatment of drinking water quality at the system or community level, prior to distribution to users (including treatment plants, chlorination and filtering at the source, etc).

- Provision of multiple-use water services that include both domestic drinking water supply and water supply for productive use needs of the community (e.g., small-scale agriculture/gardening, livestock, microenterprise, etc.).
- Hygiene promotion activities to support behavior change in key areas including handwashing, feces management (including sanitation promotion and marketing), and household point-of-use (POU) water treatment.
- Protection of surface water and groundwater quality of potable water supply system from direct contamination prior to distribution to users, including installation of barriers to prevent access to the water point by animals, people, or other contamination sources, or water quality protection activities where there is a credible, direct, and specific cause-effect linkage between the contaminating activity and a high-quality drinking water source. Overall watershed management or water quality protection activities not entirely related to drinking water supply/sanitation/hygiene are not attributable under this category, but may be partially attributable under Category II below.
- Enabling environment interventions related to the drinking water supply, sanitation, and hygiene sectors, including policy reform and legal and regulatory strengthening and enforcement.
- Institutional strengthening and reform related to drinking water supply, sanitation and hygiene, including capacity building of government and other key actors and organizational development, water supply and wastewater utility governance/corporatization and utility reform, etc.
- Water infrastructure financing at all scales, including increased access to credit, strengthening of domestic private capital markets, and facilitating support from domestic financial institutions.
- Small-scale community-managed wastewater collection and treatment infrastructure.
- Software aspects of wastewater management at all scales, including community capacity building in technical and financial aspects of system management, large-scale utility corporatization and reform, improved cost recovery, and innovative financing. Capital expenditures for large wastewater treatment systems are excluded from attribution under this category, but may be partially attributable under Category II below.

## **II. Water Resources Management**

Activities must meet the required conditions set forth above for all earmark attributable funds. All activities must support as a primary or secondary objective access to water supply and sanitation or hygiene promotion. Activities in this category may be attributed to the earmark only in proportion to their support to WSH objectives - partial attributions are acceptable. Illustrative activity types under this category include:

- Watershed, river basin, or lake resource management, planning and governance strengthening.

- Water resource management policy reform or legal/regulatory strengthening, including that related to decentralized resource management authority, water rights, stakeholder participation, water quality standards, etc.
- Information collection, analysis, and management related to water quantity and quality in support of sound decision-making and sustainable resource management, including hydrologic water balance assessment, flow modeling, water quality monitoring, remote sensing/GIS analysis, etc.
- Education, outreach and communications to promote the sustainable management of watersheds and water resources.
- Best management practices in land use, vegetation, and soil and water management to ensure long-term water resource sustainability.
- Water quality management, including point and non-point source pollution prevention and control, groundwater/aquifer protection and management, and water safety planning and implementation.
- Protection of watersheds and water resources environmental services including establishment of Payment for Environmental Services (PES) schemes to support such management.
- Hydrometeorological monitoring, modeling, forecasting, and early warning systems to improve disaster prediction, preparedness and response.
- Water harvesting and storage infrastructure design, construction, and management at all scales.
- Flood management and drought risk reduction activities.
- Water demand management and water conservation promotion in the domestic, agricultural, industrial/commercial, or energy sector.
- Large-scale wastewater treatment infrastructure (domestic and industrial) to protect overall water quality.
- Wastewater reuse to meet domestic, productive, or ecosystem water needs.
- Freshwater and coastal ecosystem management.
- Activities to strengthen adaptation to climate variability or change and reduce vulnerability to altered hydrology and water-related climate extremes.

### **III. Water Productivity**

Activities must meet the required conditions set forth above for all earmark attributable funds. All activities must support as a primary or secondary objective access to water supply and sanitation or hygiene promotion. Activities in this category may be attributed to the earmark only in proportion to their support to WSH objectives - partial attributions are acceptable. Illustrative activity types under this category include:

- Increased water use efficiency in agricultural irrigation and irrigation efficiency improvement, and improved agricultural soil/water management (including rainwater harvesting and runoff management techniques).
- Water use efficiency and productivity related to fisheries and sustainable aquaculture.
- Water use efficiency and water demand management in the industrial, commercial, services, energy, microenterprise, and other sectors.
- Water pollution prevention and water quality management by all productive sectors including agriculture, fisheries, industry, commercial, services, or energy.

#### **IV. Water Security**

Activities must meet the required conditions set forth above for all earmark attributable funds. All activities must support as a primary or secondary objective access to water supply and sanitation or hygiene promotion. Activities in this category may be attributed to the earmark only in proportion to their support to WSH objectives - partial attributions are acceptable. Illustrative activity types under this category include:

- Promoting dialogue among riparian nations sharing water resources.
- Building capacity of stakeholders to participate in effective and cooperative governance processes regarding transboundary or shared water resources.
- Establishing/strengthening new/existing institutions for promoting cooperative management of shared water resources in a transboundary context.
- Facilitating the development of legal agreements for the joint management of transboundary water resources.
- Strengthening data and information gathering, analysis, management, and access to inform cooperative decision-making regarding allocation and sustainable use of transboundary water resources.

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