

SENATOR PAUL SIMON WATER FOR THE POOR ACT OF 2005

OCTOBER 28, 2005.—Committed to the Committee of the Whole House on the State of the Union and ordered to be printed

Mr. HYDE, from the Committee on International Relations,
submitted the following

R E P O R T

[To accompany H.R. 1973]

[Including cost estimate of the Congressional Budget Office]

The Committee on International Relations, to whom was referred the bill (H.R. 1973) to make access to safe water and sanitation for developing countries a specific policy objective of the United States foreign assistance programs, and for other purposes, having considered the same, reports favorably thereon with an amendment and recommends that the bill as amended do pass.

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THE AMENDMENT

The amendment is as follows:
Strike all after the enacting clause and insert the following:

SECTION 1. SHORT TITLE.

This Act may be cited as the “Senator Paul Simon Water for the Poor Act of 2005”.

SEC. 2. FINDINGS.

Congress makes the following findings:

(1) Water-related diseases are a human tragedy, killing up to five million people annually, preventing millions of people from leading healthy lives, and undermining development efforts.

(2) A child dies an average of every 15 seconds because of lack of access to safe water and adequate sanitation.

(3) In the poorest countries in the world, one out of five children dies from a preventable, water-related disease.

(4) Lack of access to safe drinking water, inadequate sanitation, and poor hygiene practices are directly responsible for the vast majority of diarrheal diseases which kill over two million children each year.

(5) At any given time, half of all people in the developing world are suffering from one or more of the main diseases associated with inadequate provision of water supply and sanitation services.

(6) Over 1.1 billion people, one in every six people in the world, lack access to safe drinking water.

(7) Nearly 2.6 billion people, two in every five people in the world, lack access to basic sanitation services.

(8) Half of all schools in the world do not have access to safe drinking water and basic sanitation.

(9) Over the past 20 years, two billion people have gained access to safe drinking water and 600 million people have gained access to basic sanitation services.

(10) Access to safe water and sanitation and improved hygiene are significant factors in controlling the spread of disease in the developing world and positively affecting worker productivity and economic development.

(11) Increasing access to safe water and sanitation advances efforts toward other development objectives, such as fighting poverty and hunger, promoting primary education and gender equality, reducing child mortality, promoting environmental stability, improving the lives of slum dwellers, and strengthening national security.

(12) Providing safe supplies of water and sanitation and hygiene improvements would save millions of lives by reducing the prevalence of water-borne diseases, water-based diseases, water-privation diseases, and water-related vector diseases.

(13) Because women and girls in developing countries are often the carriers of water, lack of access to safe water and sanitation disproportionately affects women and limits women’s opportunities at education, livelihood, and financial independence.

(14) Between 20 percent and 50 percent of existing water systems in developing countries are not operating or are operating poorly.

(15) In developing world water delivery systems, an average of 50 percent of all water is lost before it gets to the end-user.

(16) Every \$1 invested in safe water and sanitation would yield an economic return of between \$3 and \$34, depending on the region.

(17) Developing sustainable financing mechanisms, such as pooling mechanisms and revolving funds, is necessary for the long-term viability of improved water and sanitation services.

(18) The annual level of investment needed to meet the water and sanitation needs of developing countries far exceeds the amount of Official Development Assistance (ODA) and spending by governments of developing countries, so facilitating and attracting greater public and private investment is essential.

(19) Meeting the water and sanitation needs of the lowest-income developing countries will require an increase in the resources available as grants from donor countries.

(20) The long-term sustainability of improved water and sanitation services can be advanced by promoting community level action and engagement with civil society.

(21) Target 10 of the United Nations Millennium Development Goals is to reduce by half the proportion of people without sustainable access to safe drinking water by 2015.

(22) The participants in the 2002 World Summit on Sustainable Development, held in Johannesburg, South Africa, including the United States, agreed to the Plan of Implementation of the World Summit on Sustainable Develop-

ment which included an agreement to work to reduce by one-half “the proportion of people who are unable to reach or afford safe drinking water,” and “the proportion of people without access to basic sanitation” by 2015.

(23) At the World Summit on Sustainable Development, the United States announced the Water for the Poor Initiative, committing \$970 million for fiscal years 2003 through 2005 to improve sustainable management of fresh water resources and accelerate and expand international efforts to achieve the goal of cutting in half by 2015 the proportion of people who are unable to reach or to afford safe drinking water.

(24) United Nations General Assembly Resolution 58/217 (February 9, 2004) proclaimed “the period from 2005 to 2015 the International Decade for Action, ‘Water for Life’, to commence on World Water Day, 22 March 2005” for the purpose of increasing the focus of the international community on water-related issues at all levels and on the implementation of water-related programs and projects.

(25) Around the world, 263 river basins are shared by two or more countries, and many more basins and watersheds cross political or ethnic boundaries.

(26) Water scarcity can contribute to insecurity and conflict on subnational, national, and international levels, thus endangering the national security of the United States.

(27) Opportunities to manage water problems can be leveraged in ways to build confidence, trust, and peace between parties in conflict.

(28) Cooperative water management can help resolve conflicts caused by other problems and is often a crucial component in resolving such conflicts.

(29) Cooperative water management can help countries recover from conflict and, by promoting dialogue and cooperation among former parties in conflict, can help prevent the reemergence of conflict.

SEC. 3. STATEMENT OF POLICY.

It is the policy of the United States—

(1) to increase the percentage of water and sanitation assistance targeted toward countries designated as high priority countries under section 6(f) of this Act;

(2) to ensure that water and sanitation assistance reflect an appropriate balance of grants, loans, contracts, investment insurance, loan guarantees, and other assistance to further ensure affordability and equity in the provision of access to safe water and sanitation for the very poor;

(3) to ensure that the targeting of water and sanitation assistance reflect an appropriate balance between urban, periurban, and rural areas to meet the purposes of assistance described in section 135 of the Foreign Assistance Act of 1961, as added by section 5(a) of this Act;

(4) to ensure that forms of water and sanitation assistance provided reflect the level of existing resources and markets for investment in water and sanitation within recipient countries;

(5) to ensure that water and sanitation assistance, to the extent possible, supports the poverty reduction strategies of recipient countries and, when appropriate, encourages the inclusion of water and sanitation within such poverty reduction strategies;

(6) to promote country and local ownership of safe water and sanitation programs, to the extent appropriate;

(7) to promote community-based approaches in the provision of affordable and equitable access to safe water and sanitation, including the involvement of civil society;

(8) to mobilize and leverage the financial and technical capacity of businesses, governments, nongovernmental organizations, and civil society in the form of public-private alliances;

(9) to encourage reforms and increase the capacity of foreign governments to formulate and implement policies that expand access to safe water and sanitation in an affordable, equitable, and sustainable manner, including integrated strategic planning; and

(10) to protect the supply and availability of safe water through sound environmental management, including preventing the destruction and degradation of ecosystems and watersheds.

SEC. 4. SENSE OF CONGRESS.

It is the sense of Congress that—

(1) in order to make the most effective use of amounts of Official Development Assistance for water and sanitation and avoid waste and duplication, the

United States should seek to establish innovative international coordination mechanisms based on best practices in other development sectors; and

(2) the United States should greatly increase the amount of Official Development Assistance made available to carry out section 135 of the Foreign Assistance Act of 1961, as added by section 5(a) of this Act.

SEC. 5. ASSISTANCE TO PROVIDE SAFE WATER AND SANITATION.

(a) IN GENERAL.—Chapter 1 of part I of the Foreign Assistance Act of 1961 (22 U.S.C. 2151 et seq.) is amended by adding at the end the following new section:

“SEC. 135. ASSISTANCE TO PROVIDE SAFE WATER AND SANITATION.

“(a) PURPOSES.—The purposes of assistance authorized by this section are—

“(1) to promote good health, economic development, poverty reduction, women’s empowerment, conflict prevention, and environmental sustainability by providing assistance to expand access to safe water and sanitation, promoting integrated water resource management, and improving hygiene for people around the world;

“(2) to seek to reduce by one-half from the baseline year 1990 the proportion of people who are unable to reach or afford safe drinking water and the proportion of people without access to basic sanitation by 2015;

“(3) to focus water and sanitation assistance toward the countries, locales, and people with the greatest need;

“(4) to promote affordability and equity in the provision of access to safe water and sanitation for the very poor, women, and other vulnerable populations;

“(5) to improve water efficiency through water demand management and reduction of unaccounted-for water;

“(6) to promote long-term sustainability in the affordable and equitable provision of access to safe water and sanitation through the creation of innovative financing mechanisms such as national revolving funds, and by strengthening the capacity of recipient governments and communities to formulate and implement policies that expand access to safe water and sanitation in a sustainable fashion, including integrated planning;

“(7) to secure the greatest amount of resources possible, encourage private investment in water and sanitation infrastructure and services, particularly in lower middle-income countries, without creating unsustainable debt for low-income countries or unaffordable water and sanitation costs for the very poor; and

“(8) to promote the capacity of recipient governments to provide affordable, equitable, and sustainable access to safe water and sanitation.

“(b) AUTHORIZATION.—To carry out the purposes of subsection (a), the President is authorized to furnish assistance for programs in developing countries to provide affordable and equitable access to safe water and sanitation.

“(c) ACTIVITIES SUPPORTED.—Assistance provided under subsection (b) shall, to the maximum extent practicable, be used to—

“(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, including environmental management; and

“(4) improve the capacity of recipient governments and local communities, including capacity-building programs for improved water resource management.

“(d) LOCAL CURRENCY.—The President may use payments made in local currencies under an agreement made under title I of the Agricultural Trade Development and Assistance Act of 1954 (7 U.S.C. 1701 et seq.) to provide assistance under this section.”.

(b) CONFORMING AMENDMENT.—Section 104(c) of the Agricultural Trade Development and Assistance Act of 1954 (7 U.S.C. 1704(c)) is amended by adding at the end the following new paragraph:

“(9) SAFE WATER AND SANITATION.—To provide assistance under section 135 of the Foreign Assistance Act of 1961 to promote good health, economic development, poverty reduction, women’s empowerment, conflict prevention, and environmental sustainability by increasing affordable and equitable access to safe water and sanitation.”.

SEC. 6. SAFE WATER AND SANITATION STRATEGY.

(a) STRATEGY.—The President, acting through the Secretary of State, shall develop a strategy to further the United States foreign assistance objective to provide affordable and equitable access to safe water and sanitation in developing countries,

as described in section 135 of the Foreign Assistance Act of 1961, as added by section 5(a) of this Act.

(b) CONSULTATION.—The strategy required by subsection (a) shall be developed in consultation with the Administrator of the United States Agency for International Development, the heads of other appropriate Federal departments and agencies, international organizations, international financial institutions, recipient governments, United States and international nongovernmental organizations, indigenous civil society, and other appropriate entities.

(c) IMPLEMENTATION.—The Secretary of State, acting through the Administrator of the United States Agency for International Development, shall implement the strategy required by subsection (a). The strategy may also be implemented in part by other Federal departments and agencies, as appropriate.

(d) CONSISTENT WITH SAFE WATER AND SANITATION POLICY.—The strategy required by subsection (a) shall be consistent with the policy stated in section 3 of this Act.

(e) CONTENT.—The strategy required by subsection (a) shall include—

(1) an assessment of the activities that have been carried out, or that are planned to be carried out, by all appropriate Federal departments and agencies to improve affordable and equitable access to safe water and sanitation in all countries that receive assistance from the United States;

(2) specific and measurable goals, benchmarks, and timetables to achieve the objective described in subsection (a);

(3) an assessment of the level of funding and other assistance for United States water and sanitation programs needed each year to achieve the goals, benchmarks, and timetables described in paragraph (2);

(4) methods to coordinate and integrate United States water and sanitation assistance programs with other United States development assistance programs to achieve the objective described in subsection (a);

(5) methods to better coordinate United States water and sanitation assistance programs with programs of other donor countries and entities to achieve the objective described in subsection (a); and

(6) an assessment of the commitment of governments of countries that receive assistance under section 135 of the Foreign Assistance Act of 1961, as added by section 5(a) of this Act, to policies or policy reforms that support affordable and equitable access by the people of such countries to safe water and sanitation.

(f) DESIGNATION OF HIGH PRIORITY COUNTRIES.—The strategy required by subsection (a) shall further include the designation of high priority countries for assistance under section 135 of the Foreign Assistance Act of 1961, as added by section 5(a) of this Act. This designation shall be made on the basis of—

(1) countries in which the need for increased access to safe water and sanitation is greatest; and

(2) countries in which assistance under such section can be expected to make the greatest difference in promoting good health, economic development, poverty reduction, women's empowerment, conflict prevention, and environmental sustainability.

(g) REPORTS.—

(1) INITIAL REPORT.—Not later than 180 days after the date of the enactment of this Act, the Secretary of State shall submit to the appropriate congressional committees a report that describes the strategy required by subsection (a).

(2) SUBSEQUENT REPORTS.—

(A) IN GENERAL.—Not less than once every year after the submission of the initial report under paragraph (1) until 2015, the Secretary of State shall submit to the appropriate congressional committees a report on the status of the implementation of the strategy, progress made in achieving the objective described in subsection (a), and any changes to the strategy since the date of the submission of the last report.

(B) ADDITIONAL INFORMATION.—Such reports shall include information on the amount of funds expended in each country or program, disaggregated by purpose of assistance, including information on capital investments, and the source of such funds by account.

(3) DEFINITION.—In this subsection, the term “appropriate congressional committees” means—

(A) the Committee on International Relations and the Committee on Appropriations of the House of Representatives; and

(B) the Committee on Foreign Relations and the Committee on Appropriations of the Senate.

SEC. 7. MONITORING REQUIREMENT.

The Secretary of State and the Administrator of the United States Agency for International Development shall monitor the implementation of assistance under section 135 of the Foreign Assistance Act of 1961, as added by section 5(a) of this Act, to ensure that the assistance is reaching its intended targets and meeting the intended purposes of assistance.

SEC. 8. SENSE OF CONGRESS REGARDING DEVELOPMENT OF LOCAL CAPACITY.

It is the sense of Congress that the Secretary of State should expand current programs and develop new programs, as necessary, to train local water and sanitation managers and other officials of countries that receive assistance under section 135 of the Foreign Assistance Act of 1961, as added by section 5(a) of this Act.

SEC. 9. SENSE OF CONGRESS REGARDING ADDITIONAL WATER AND SANITATION PROGRAMS.

It is the sense of the Congress that—

(1) the United States should further support, as appropriate, water and sanitation activities of United Nations agencies, such as the United Nations Children's Fund (UNICEF), the United Nations Development Programme (UNDP), and the United Nations Environment Programme (UNEP); and

(2) the Secretary of the Treasury should instruct each United States Executive Director at the multilateral development banks (within the meaning of section 1701(c) of the International Financial Institutions Act) to encourage the inclusion of water and sanitation programs as a critical element of their development assistance.

SEC. 10. REPORT REGARDING WATER FOR PEACE AND SECURITY.

(a) **SENSE OF CONGRESS.**—It is the sense of Congress that United States programs to support and encourage efforts around the world to develop river basin, aquifer, and other watershed-wide mechanisms for governance and cooperation are critical components of long-term United States national security and should be expanded.

(b) **REPORT.**—The Secretary of State, in consultation with the Administrator of the United States Agency for International Development, shall submit to the Committee on International Relations of the House of Representatives and the Committee on Foreign Relations of the Senate a report on efforts that the United States is making to support and promote programs that develop river basin, aquifer, and other watershed-wide mechanisms for governance and cooperation.

SEC. 11. AUTHORIZATION OF APPROPRIATIONS.

(a) **IN GENERAL.**—There are authorized to be appropriated for fiscal year 2006 and each subsequent fiscal year such sums as may be necessary to carry out this Act and the amendments made by this Act.

(b) **OTHER AMOUNTS.**—Amounts appropriated pursuant to the authorization of appropriations in subsection (a) shall be in addition to the amounts otherwise available to carry out this Act and the amendments made by this Act.

(c) **AVAILABILITY.**—Amounts appropriated pursuant to the authorization of appropriations under section (a) are authorized to remain available until expended.

PURPOSE AND SUMMARY

The “Senator Paul Simon Water for the Poor Act of 2005” (H.R. 1973) authorizes assistance to promote increased access to safe water and sanitation for vulnerable populations in developing countries in an affordable and equitable way. The Act requires the Secretary of State to develop a strategy to achieve such goals and sets out policy on providing water and sanitation assistance. The purpose of the strategy is to elevate the role of water and sanitation policy in the development of U.S. foreign policy and improve the effectiveness of U.S. official programs undertaken in support of the strategy. The strategy shall be developed in consultation with the Administrator of the United States Agency for International Development (USAID), and other Federal departments and agencies.

BACKGROUND AND NEED FOR THE LEGISLATION

The United States has demonstrated its long-term support for addressing global water challenges. The “Water for the Poor” and

“Clean Water for People” Initiatives, established in 2002 and 2003, respectively, are attempts by the Administration to ensure access to clean water and sanitation services, improve watershed management, and increase the productivity of water. Previous Congresses have provided specific appropriations for water and sanitation programs in developing countries. H.R. 1973 takes into account previous legislative initiatives, as well as current aspects of global water challenges and requires the Administration to develop and implement a strategy to provide affordable and equitable access to safe water and sanitation in developing countries.

The Committee calls upon the United States Government to establish and implement a comprehensive strategy that elevates the importance of access to safe water and sanitation in U.S. foreign aid policy. The Committee notes that in developing and implementing this strategy, the objective should be to improve access to safe water and sanitation in an affordable and equitable way, including: increasing assistance for safe water and sanitation programs; promoting integrated water resource management; and improving sanitation for vulnerable populations in developing countries.

An estimated 1.1 billion people lack access to safe drinking water and nearly 2.6 billion people lack access to basic sanitation services. Each year, more than three billion people suffer from water-related diseases, from which up to five million people die. Most victims are children under the age of five. As with the HIV/AIDS crisis, the lack of safe water and sanitation in developing countries represents a growing threat to developing countries, as well as to overall U.S. foreign policy objectives.

Freshwater accounts for only two to three percent of the world’s total water resources. Approximately two-thirds of this freshwater is locked in glaciers and permanent snow cover. In addition, overall water scarcity and geographic disparities, poor water quality and inadequate sanitation, inefficient use and poor management, and increasing demand from population and industrial growth reduce the availability of the world’s freshwater supply and contribute to the increase in water-related diseases.

The Committee notes the strong linkages between access to safe water and sanitation and other development sectors (including health, education, and agriculture), economic development, and gender equality. The Committee recognizes it is necessary to find innovative mechanisms and solutions that combine technology, funding, capacity building and diplomacy to improve affordable and equitable access to safe water and sanitation to those in need. The Committee is aware that safe water is a vital strategic resource, and there can be no sustainable development or long-term security without it and, in reflecting that awareness, the Committee expects that safe water and sanitation assistance will be integrated with other United States development assistance programs.

The Committee acknowledges the selfless work of a great public servant, the late Senator Paul Simon of Illinois by naming this Act after him. The Committee recognizes the valuable contributions made by Senator Simon in his book entitled, *Tapped Out: The Coming World Crisis in Water Scarcity and What We Can Do About It*. The Committee believes that Senator Simon’s memory and work

in this field has helped to garner the political will to find solutions to global water challenges.

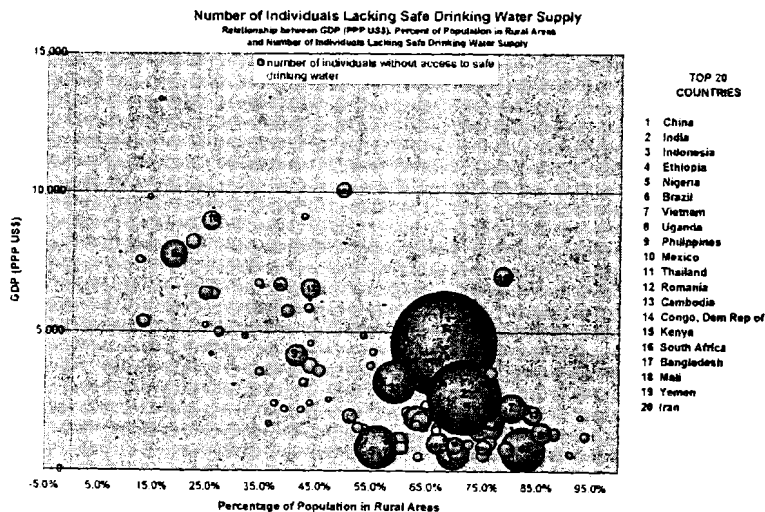
THE LEGISLATION

The “Senator Paul Simon Water for the Poor Act of 2005” (H.R. 1973) provides additional legislative authorities to the President with respect to the provision of assistance to increase access to safe water and sanitation to those in need, and contains important provisions that will strengthen existing programs by improving the Administration’s oversight of water and sanitation programs by creating better coordination and encouraging innovative initiatives and reforms within recipient countries.

H.R. 1973 addresses the Committee’s concerns that U.S. assistance to provide safe water and sanitation services does not adequately benefit those regions and countries in the greatest need. The Committee contends that by requiring the Administration to develop and implement a coherent and inclusive strategy, the United States can improve the impact and delivery of water and sanitation assistance in developing countries.

Providing access to safe water and sanitation is not a stated policy objective in the Foreign Assistance Act of 1961. Current water and sanitation assistance programs are designed and managed on a bilateral basis by USAID field mission offices. With the exception of water and sanitation programs in Afghanistan, Iraq, Jordan, and West Bank/Gaza, USAID’s water and sanitation programs are relatively small in scale. The Committee is concerned that, in the past, the geographical distribution of funding for water and sanitation programs have not corresponded to the level of need and, recognizing this, directs the Secretary of State to designate high-priority countries for safe water and sanitation assistance. In particular, the Committee believes that it is essential to increase the assistance provided to sub-Saharan Africa, which faces one of the greatest challenges to meeting safe water and sanitation needs.

The following chart is based on data from a joint UNICEF and WHO 2004 study.



It demonstrates two key points that are often lost in the debate about water and sanitation: the need is truly global, and the need is both rural and urban. The Committee recognizes that the global nature of the problem requires a global response. Many of the people who lack access to safe, clean, drinking water are scattered across the rural countryside or in small towns and villages, where the impact of this problem on all aspects of life is pervasive. However, as the world undergoes a process of massive urbanization, with 2.5 billion people expected to move to cities in the developing world over the next 25 years, developing countries will face new and expanding challenges in meeting safe water and sanitation needs. This legislation provides the State Department and USAID with the flexibility and capability to meet the need for safe water and sanitation wherever it is greatest.

Providing Safe Water and Sanitation

The legislation is a comprehensive approach that seeks to provide the United States Government with a broad array of tools that can be used to increase the number of people served by safe water and sanitation delivery systems, including programs to improve the capacity of national governments and local communities to maintain and expand access to those delivery systems and enhance community involvement and ownership in water and sanitation programs. Through these efforts progress can further be made in combating challenges in other development areas.

The Committee believes that this legislation will help save lives, reduce hunger, and eliminate poverty. The Committee is aware that a comprehensive approach that includes expanding access to safe water and sanitation is a significant step toward improving health and economic productivity in developing countries. The relationship between safe water and sanitation to overall public health is an important element in determining the progress of human development. By some estimates, nearly 80 percent of all illnesses in developing countries are water-related and most of them are preventable. These illnesses include cholera, typhoid, trachoma and schistosomiasis. Over half of the hospital beds in the developing world are occupied by people suffering from preventable diseases caused by unsafe water and inadequate sanitation. Furthermore, diarrhea and parasites caused by contaminated water are leading causes of malnutrition killing millions of children every year. In addition, access to safe water and sanitation is vital to the treatment of victims suffering from the HIV/AIDS crisis.

The Committee also believes that lack of access to safe water and sanitation contributes to poverty and hinders economic development. This legislation will seek to help to reduce poverty by encouraging the inclusion of water and sanitation programs in the poverty reduction strategies of recipient countries. The Committee recognizes that water-related diseases negatively impact worker productivity and prevent adults from pursuing their economic livelihoods. A World Health Organization study estimated that for every \$1 invested in safe water and sanitation an economic return between \$3 and \$34 is possible.

Improving access to safe water and sanitation is critical to correcting gender disparities and improving girls' access to education. Water and sanitation inadequacies have had a disproportionate ef-

fect on women and children. Women and children are the primary collectors of water in developing countries, and they often have to travel long distances. The average distance women in Africa and Asia walk to collect water is six kilometers. In areas where water resources are distant and/or scarce, both girls and boys often miss school for the sake of collecting water for the household. In addition, half of all schools in the world do not have access to safe drinking water and sanitation. Often, girls are reluctant to attend schools lacking private sanitary facilities.

The Committee places great importance on ensuring that assistance promotes affordability and equity in access to safe water and sanitation for the very poor. While the Committee recognizes the important contribution that foreign and domestic private investment can make in providing safe water and basic sanitation in some places, it also notes certain failed water privatization efforts, including the conditioning of loans on private sector involvement. The Committee expects that any assistance provided under this Act will ensure affordability and equity for the very poor, including ensuring that access does not become unaffordable to the very poor through high fees or other financial barriers, that the very poor do not receive lower standards of service, and that programs to expand access specifically target the very poor and other vulnerable populations.

This legislation requires a report regarding water for peace and security. Approximately 260 river basins are shared by two or more countries. The Committee is aware that shared river basins have the potential to serve as sources of contention. The Committee is also aware that shared river basins provide opportunities for governments and communities to engage in active dialogue and promote cooperation so that all entities involved can benefit from the water resource. Promoting cooperation over access to and use of river basins is an important element in conflict prevention on sub-national, national, and international levels. The Committee expects the Administration to promote cooperation and dialogue on a regional and global level. The Committee acknowledges that the following river basins are strategic candidates whereby cooperation by the governments and communities has the ability to mitigate potential and actual conflict: the Nile, Jordan, Mekong, Amu Darya and Sri Darya, Tigris/Euphrates, Indus, and Southern Africa river basins. The Committee recognizes Friends of the Earth Middle East for its unique work on cross-border community projects in the Jordan River Basin and recommends that such programs be emulated in other shared river basins.

This legislation promotes environmental sustainability through effective management of water resources on local, national, and international levels. The Committee recognizes that stronger environmental management is needed to protect watersheds and freshwater resources, such as rivers, springs, and aquifers, which are the main sources of water in developing countries. For example, the Committee notes the devastating impact of arsenic-contaminated aquifers and wells in Bangladesh and urges that greater attention be paid to water quality in Bangladesh and other countries receiving assistance under this Act. In addition, preserving natural resources surrounding water sources, such as forests and naturally diverse plant communities, is essential to protecting and purifying

these critical freshwater resources. Sound integrated management of water and other local natural resources is critical to preserving the availability and quality of drinking water. The Committee also recognizes that the limited nature of water resources in many areas will require technological advances and making more efficient use of water supplies, including the promotion of efforts to conserve water in agriculture, industrial, and residential usage.

Creating a Strategy

This legislation builds upon previous United States initiatives and commitments made at the 2002 World Summit on Sustainable Development, held in Johannesburg, South Africa to reduce by one-half “the proportion of people who are unable to reach or afford safe drinking water,” and “the proportion of people without access to basic sanitation” by 2015, from the baseline year of 1990, which was codified in the Millennium Development Goals, as adopted by the United Nations General Assembly on September 8, 2000, in the Millennium Declaration. H.R. 1973 directs the Administration to develop and implement a coordinated strategy to meet these commitments to provide affordable and equitable access to safe water and sanitation in developing countries.

By establishing a strategy, the United States will be better equipped to provide coordinated assistance for water-related programs. This legislation requires the Secretary of State to assess the adequacy of current activities, define measurable objectives on the basis of U.S. commitments codified in the Foreign Assistance Act of 1961, as amended by this legislation, and improve the coordination and integration of water and sanitation programs with other United States development assistance programs, and with the water and sanitation assistance programs of other donor countries and institutions.

The Committee expects that the strategic provision of water and sanitation assistance will improve the effectiveness of aid. Attention needs to be focused on the quality, forms, and distribution of assistance in addition to the levels of assistance. For example, countries most in need of access to safe water and sanitation have received the least amount of donor assistance and innovative financing mechanisms such as revolving funds should be expanded. At the same time, the Committee urges the Administration to increase the level of water and sanitation assistance, including assistance provided in the form of grants.

The Committee directs the Secretary of State to develop the strategy in a fashion consistent with the statements of policy expressed in the Act and further requests the Secretary to include an explanation of how the implementation of the strategy is consistent with the statements of policy in the annual report. The Committee calls upon the Secretary of State to consult with all appropriate stakeholders in developing the strategy.

The Committee recognizes the challenges of previous international efforts to increase access to safe water and sanitation in the developing world and expects the Administration to implement water and sanitation programs in a fashion that considers lessons learned. In particular, poor communities have often been unable to provide for the upkeep of water and sanitation delivery systems that require expensive maintenance. The Committee believes that

the Administration should promote community-based approaches, the involvement of civil society, and national and, where appropriate, local ownership of water programs so as to ensure that water and sanitation delivery systems meet the needs and capacity of recipient communities.

This legislation will establish a coherent and centralized strategy that aims to elevate the role of safe water and sanitation programs in United States foreign policy and meet the commitments made by the United States. Combating global water challenges is an important mechanism in implementing broader U.S. foreign policy objectives. The Committee believes that this legislation is the product of bi-partisan cooperation and is an important step in defining a clear and coherent United States international water policy.

HEARINGS

The Committee held a hearing on June 29, 2005 entitled, "The Global Water Crisis: Evaluating U.S. Strategies to Enhance Access to Safe Water and Sanitation." The hearing consisted of a briefing and two panels. The briefing was provided by the following officials of the United Nations: Ms. Vanessa Tobin, Chief, Water Environment Sanitation Section, United Nations Children's Fund; and Mr. Olav Kjørven, Director of the Energy Environment Group, Bureau for Development Policy, United Nations Development Program. Panel one featured the following witnesses representing the Administration: The Honorable John F. Turner, Assistant Secretary, Bureau of Oceans and International Environmental Scientific Affairs, U.S. Department of State; and Ms. Jacqueline E. Schafer, Deputy Assistant Administrator, Bureau for Economic Growth, Agriculture and Trade, U.S. Agency for International Development. Panel two featured: Mr. Peter Lochery, Senior Advisor on Water, Sanitation and Environmental Health, CARE USA; Geoffrey D. Dabelko, Ph.D., Director, Environmental Change and Security Project; and Mr. Malcolm S. Morris, Chairman, Millennium Water Alliance.

COMMITTEE CONSIDERATION

The Committee considered H.R. 1973 and ordered it favorably reported as amended at a meeting on September 15, 2005.

VOTES OF THE COMMITTEE

There were no recorded votes during the consideration of H.R. 1973.

CONGRESSIONAL BUDGET OFFICE COST ESTIMATE

U.S. CONGRESS,
CONGRESSIONAL BUDGET OFFICE,
Washington, DC, September 28, 2005.

Hon. HENRY J. HYDE, *Chairman,*
Committee on International Relations,
House of Representatives, Washington, DC.

DEAR MR. CHAIRMAN: The Congressional Budget Office has prepared the enclosed cost estimate for H.R. 1973, the Senator Paul Simon Water for the Poor Act of 2005.

If you wish further details on this estimate, we will be pleased to provide them. The CBO staff contact is Sam Papenfuss, who can be reached at 226-2840.

Sincerely,

DOUGLAS HOLTZ-EAKIN.

Enclosure

cc: Honorable Tom Lantos
Ranking Member

H.R. 1973—Senator Paul Simon Water for the Poor Act of 2005.

SUMMARY

H.R. 1973 would authorize the President to furnish foreign assistance to provide safe water and sanitation to people in developing countries and also would authorize the appropriation of such sums as may be necessary for fiscal year 2006 and each subsequent year to carry out this assistance. This assistance could be used for a variety of programs, including programs that help manage water resources. The bill would require that the Secretary of State develop a strategy for providing this assistance and make annual reports on the implementation of that strategy.

CBO estimates that implementing H.R. 1973 would cost about \$3 million in 2006 and \$130 million over the 2006-2010 period, assuming appropriation of the necessary amounts. Enacting the bill would not affect direct spending or receipts.

H.R. 1973 contains no intergovernmental or private-sector mandates as defined in the Unfunded Mandates Reform Act (UMRA) and would not affect the budgets of state, local, or tribal governments.

ESTIMATED COST TO THE FEDERAL GOVERNMENT

The estimated budgetary impact of H.R. 1973 is shown in the following table. The costs of this legislation fall within budget function 150 (international affairs). For the purposes of this estimate, we assume that the bill will be enacted before the end of calendar year 2005.

By Fiscal Year, in Millions of Dollars					
	2006	2007	2008	2009	2010
CHANGES IN SPENDING SUBJECT TO APPROPRIATION					
Estimated Authorization Level	43	44	45	46	47
Estimated Outlays	3	15	32	38	41

BASIS OF ESTIMATE

H.R. 1973 would authorize the President to furnish assistance for programs that provide safe water and sanitation in developing countries. This assistance could be used to support the design, construction, maintenance, or operation of water delivery and sanitation systems; to improve the safety of water supplies; and to help local governments and communities manage their water resources. The bill would require that the Secretary of State develop a strategy for providing this assistance and identify high-priority countries based on criteria specified in the bill. The bill would authorize

the appropriation of such sums as may be necessary for fiscal year 2006 and subsequent years to provide this assistance.

Under current law, the U.S. Agency for International Development (USAID) already provides assistance to developing countries for the provision of safe water and sanitation. In 2005, USAID expects to obligate about \$540 million on water projects around the world with about \$150 million of that amount for drinking water and sanitation projects world wide—\$12 million for Sub-Saharan Africa, \$37 million for Asia, and \$25 million for Latin America. While USAID already provides substantial amounts of assistance for water programs in developing countries, a large part of that assistance goes to Jordan, Egypt, and the West Bank or Gaza.

Under the bill, CBO expects that assistance for other developing countries would increase, especially for those in Sub-Saharan Africa. Absent information from the Administration on how it might implement this bill, we assume that the amount of money spent on drinking water and sanitation in Sub-Saharan Africa would double in 2006 and increase with inflation in each subsequent year. Additionally, we assume spending for the same projects in Asian and Latin America would increase by 50 percent in 2006, with adjustments for inflation thereafter. Accordingly, CBO estimates that implementing this bill would cost \$3 million in 2006 and \$130 million over the 2006–2010 period, assuming appropriation of the estimated amounts.

INTERGOVERNMENTAL AND PRIVATE-SECTOR IMPACT

H.R. 1973 contains no intergovernmental or private-sector mandates as defined in UMRA and would not affect the budgets of state, local, or tribal governments.

PREVIOUS CBO ESTIMATE

On March 18, 2005, CBO transmitted a cost estimate for S. 600, the Foreign Affairs Authorization Act, Fiscal Years 2006 and 2007, as reported by the Senate Committee on Foreign Relations on March 10, 2005. Title XXVI of that bill would authorize the President to furnish assistance to programs that provide access to safe water and sanitation and promote sound water management, similar to the authorization specified in H.R. 1973. In addition, S. 600 would authorize the creation of a pilot program with the authority to issue investment insurance, investment guarantees, and loan guarantees, as well as to assist investors or provide direct investment in safe drinking water and sanitation infrastructure. There is no similar provision in H.R. 1973, and thus the estimated costs for implementing H.R. 1973 are lower than those estimated for title XXVI in S. 600.

PERFORMANCE GOALS AND OBJECTIVES

The goals and objectives of this legislation are to authorize assistance to promote increased access to safe water and sanitation for vulnerable populations in developing countries in an affordable and equitable way.

CONSTITUTIONAL AUTHORITY STATEMENT

Pursuant to clause 3(d)(1) of rule XIII of the Rules of the House of Representatives, the Committee finds the authority for this legislation in article I, section 8, clause 18 of the Constitution.

SECTION-BY-SECTION ANALYSIS AND DISCUSSION

Section 1. Short Title. Section 1 contains a short title, the “Senator Paul Simon Water for the Poor Act of 2005.”

Section 2. Findings. Section 2 contains 29 findings. The first nine findings summarize data on water-related diseases and access to safe water and sanitation. Findings ten through thirteen describe the benefits associated with increasing access to safe water and sanitation. Findings fourteen and fifteen discuss the capacity of existing water infrastructure. Findings sixteen through nineteen outline the foreign assistance needed and the economic gains to be made from investing in safe water and sanitation and the importance of affordability through sustainable financing mechanisms, and grants, and highlights the need for increased public and private investment. Finding twenty notes the role that community and civil society involvement can play in ensuring the long-term sustainability of safe water and sanitation services. Findings twenty-one through twenty-four cite the commitments the United States and the international community made at the 2002 World Summit on Sustainable Development, held in Johannesburg, South Africa, including an agreement to work to reduce by one-half “the proportion of people who are unable to reach or afford safe drinking water,” and “the proportion of people without access to basic sanitation” by the year 2015. Findings twenty-five through twenty-nine focus on the cooperation and management of river basins and their water resources, and notes that water scarcity can contribute to insecurity and conflict on subnational, national, and international levels, thus endangering the national security of the United States.

Section 3. Statement of Policy. Section 3 contains 10 statements. These statements define the policy of the United States in the area of assistance for safe water and sanitation. This section explains the need to increase targeted assistance toward high priority countries. It also contains clauses that describe the various modes of assistance that should help to ensure affordability and equity in the provision of access to safe water and sanitation for the very poor. This section states that water and sanitation assistance should support the poverty reductions strategies of recipient countries and encourages reforms among foreign governments that expand access to safe water and sanitation.

Section 4. Sense of Congress. Section 4 contains two clauses that discuss improving the efficiency of current water and sanitation assistance programs and increasing Official Development Assistance for water and sanitation programs.

Section 5. Assistance to Provide Safe Water and Sanitation.

Section 5(a) amends Chapter 1 of part I of the Foreign Assistance Act of 1961 (22 U.S.C. 2151 et seq.) by adding a new section to read as follows: Sec. 135. Assistance to Provide Safe Water and Sanitation.

Section 135(a) outlines the purposes of assistance.

Section 135(b) authorizes the President to furnish assistance for programs in developing countries to provide affordable and equitable access to safe water and sanitation.

Section 135(c) outlines the activities to be supported.

Section 135(d) states that the President may use local currencies to provide assistance under this section.

Section 5(b) amends section 104(c) of the Agricultural Trade Development and Assistance Act of 1954 (7 U.S.C. 1704 (c)) by adding a new paragraph (9) which expands the authority of this Act to include increasing affordable and equitable access to safe water and sanitation.

Section 6. Safe Water and Sanitation Strategy. This section authorizes the development and implementation of a strategy on safe water and sanitation.

Section 6(a) requires the President, through the Secretary of State, to develop and implement a strategy to further the United States foreign assistance objective to provide affordable and equitable access to safe water and sanitation in developing countries.

Section 6(b) requires that this strategy be developed in consultation with the Administrator for USAID and other appropriate Federal agencies and entities.

Section 6(c) requires that the implementation of this strategy be implemented through the Administrator of USAID.

Section 6(d) states that the strategy should be consistent with the statements of policy listed in section 3 of this Act.

Section 6(e) describes the content of the strategy.

Section 6(f) states that the strategy should include the designation of high priority countries, which are defined as countries in which the need for access to safe water and sanitation is greatest and in which assistance can be expected to make the greatest difference in promoting good health, economic development, poverty reduction, women's empowerment, conflict prevention, and environmental sustainability.

Section 6(g) requires that not later than 180 days after the date of enactment of this Act, the Secretary of State must submit a report describing the strategy. In addition, there is an annual reporting requirement until 2015 on the implementation, objectives, progress made and changes pertaining to the strategy.

Section 7. Monitoring Requirement. This section requires that the Secretary of State and the Administrator of the USAID monitor the implementation of assistance authorized under this Act.

Section 8. Sense of Congress Regarding Development of Local Capacity. This section expresses the sense of Congress that training of local water and sanitation managers and other local officials should be included in assistance programs to ensure the sustainability of water infrastructure.

Section 9. Sense of Congress Regarding Additional Water and Sanitation Programs. This section expresses the sense of Congress that the U.S. should support the activities of the United Nations agencies working on water and sanitation programs. In addition, it recommends that the Secretary of Treasury instruct each U.S. Executive Director at the multilateral development banks to encourage the inclusion of water and sanitation programs as a critical element in their development assistance.

Section 10. Report Regarding Water for Peace and Security. This section expresses the sense of Congress that cooperation over shared water resources is a critical component of long-term U.S. national security. Section 10 (b) requires a report on efforts that the United States is making to support and promote programs that develop river basin, aquifer, and other watershed-wide mechanisms for governance and cooperation.

Section 11. Authorization of Appropriations. This section is divided into three parts.

Section 11(a) authorizes to be appropriated to the President to carry out this Act such sums as may be necessary for fiscal year 2006 and each subsequent fiscal year.

Section 11(b) establishes that amounts appropriated pursuant to subsection (a) are in addition to amounts otherwise available for such purposes.

Section 11 (c) establishes that authorization of appropriations pursuant to section (a) are authorized to remain available until expended.

NEW ADVISORY COMMITTEES

H.R.1973 does not establish or authorize any new advisory committees.

CONGRESSIONAL ACCOUNTABILITY ACT

H.R. 1973 does not apply to the legislative branch.

FEDERAL MANDATES

[See CBO estimate]

CHANGES IN EXISTING LAW MADE BY THE BILL, AS REPORTED

In compliance with clause 3(e) of rule XIII of the Rules of the House of Representatives, changes in existing law made by the bill, as reported, are shown as follows (new matter is printed in italics and existing law in which no change is proposed is shown in roman):

FOREIGN ASSISTANCE ACT OF 1961

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PART I

CHAPTER 1—POLICY; DEVELOPMENT ASSISTANCE AUTHORIZATIONS

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SEC. 135. ASSISTANCE TO PROVIDE SAFE WATER AND SANITATION.

(a) *PURPOSES.*—*The purposes of assistance authorized by this section are—*

(1) to promote good health, economic development, poverty reduction, women’s empowerment, conflict prevention, and environmental sustainability by providing assistance to expand access to safe water and sanitation, promoting integrated water

resource management, and improving hygiene for people around the world;

(2) to seek to reduce by one-half from the baseline year 1990 the proportion of people who are unable to reach or afford safe drinking water and the proportion of people without access to basic sanitation by 2015;

(3) to focus water and sanitation assistance toward the countries, locales, and people with the greatest need;

(4) to promote affordability and equity in the provision of access to safe water and sanitation for the very poor, women, and other vulnerable populations;

(5) to improve water efficiency through water demand management and reduction of unaccounted-for water;

(6) to promote long-term sustainability in the affordable and equitable provision of access to safe water and sanitation through the creation of innovative financing mechanisms such as national revolving funds, and by strengthening the capacity of recipient governments and communities to formulate and implement policies that expand access to safe water and sanitation in a sustainable fashion, including integrated planning;

(7) to secure the greatest amount of resources possible, encourage private investment in water and sanitation infrastructure and services, particularly in lower middle-income countries, without creating unsustainable debt for low-income countries or unaffordable water and sanitation costs for the very poor; and

(8) to promote the capacity of recipient governments to provide affordable, equitable, and sustainable access to safe water and sanitation.

(b) AUTHORIZATION.—To carry out the purposes of subsection (a), the President is authorized to furnish assistance for programs in developing countries to provide affordable and equitable access to safe water and sanitation.

(c) ACTIVITIES SUPPORTED.—Assistance provided under subsection (b) shall, to the maximum extent practicable, be used to—

(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, including environmental management; and

(4) improve the capacity of recipient governments and local communities, including capacity-building programs for improved water resource management.

(d) LOCAL CURRENCY.—The President may use payments made in local currencies under an agreement made under title I of the Agricultural Trade Development and Assistance Act of 1954 (7 U.S.C. 1701 et seq.) to provide assistance under this section.

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**SECTION 104 OF THE AGRICULTURAL TRADE
DEVELOPMENT AND ASSISTANCE ACT OF 1954**

SEC. 104. USE OF LOCAL CURRENCY PAYMENT.

(a) * * *

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(c) ACTIVITIES.—The proceeds from the payments referred to in subsection (a) may be used in the appropriate developing country for the following:

(1) * * *

* * * * *

(9) *SAFE WATER AND SANITATION.*—*To provide assistance under section 135 of the Foreign Assistance Act of 1961 to promote good health, economic development, poverty reduction, women's empowerment, conflict prevention, and environmental sustainability by increasing affordable and equitable access to safe water and sanitation.*

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