



U.S.-Japan Clean Water for People Initiative

Partnering to Provide Safe Drinking Water and Basic Sanitation to the World's Poor

Fourth World Water Forum
Mexico City, Mexico
March, 2006



In the Philippines, a grant aid project financed by the Japanese Government provides an illustrative image of the people who stand to benefit from the U.S.-Japan collaboration to provide safe water and sanitation to the world's poor.

Progress and Achievements

Background

In September 2002, the United States and Japan launched the Clean Water for People Initiative at the World Summit on Sustainable Development in Johannesburg, South Africa. The Initiative supports a joint statement made the year before by President George W. Bush and Prime Minister Junichiro Koizumi at Camp David re-affirming the U.S.-Japan Partnership for Security and Prosperity.

Purpose

The Clean Water for People Initiative was created as a collaborative effort by the United States and Japan to provide safe water and sanitation to the world's poor. This Initiative expands and accelerates international efforts to achieve the Millennium Development Goals, including halving "the proportion of the people without sustainable access to safe drinking water and basic sanitation" by 2015.

At the Fourth World Water Forum, the United States and Japan are reporting on the progress of their collaboration in each country and announcing the addition of a fourth pilot country, India.

Individual American and Japanese Water and Sanitation Commitments

At the World Summit on Sustainable Development in 2002, the United States formally announced the launch of the "Water for the Poor Signature Initiative" to support water-related projects developed through bilateral assistance programs. The U.S. committed \$970 million in official development assistance (ODA) for water and sanitation projects over three years, beginning in 2003. Two years later, the United States has provided \$1.7 billion, of which \$5.3 million was used for USAID credit guarantees that have leveraged \$171 million in financing from private-sector sources.

Between 2000 and 2004, Japan provided \$4.6 billion in ODA for water and sanitation. At the Fourth World Water Forum, Japan is launching the "Water and Sanitation Broad Partnership Initiative (WASABI)" to enhance its contributions.

Progress and Achievements

In 2003, the United States and Japan identified three countries in which they could collaborate: the Philippines, Indonesia, and Jamaica. The focus of the collaboration was



In October 2004, a Memorandum of Understanding was signed by JBIC, USAID, Local Government Unit Guarantee Corporation (LGUGC) and the Development Bank of the Philippines (DBP) to establish the Municipal Water Loan Financing Initiative (MWLFI). From left are:

Akio Egawa, former Minister and Consul-General, Embassy of Japan in the Philippines
 Reynaldo G. David, DBP, President & CEO
 Osamu Murata, JBIC Manila, former Chief Representative
 Michael Yates, USAID Philippines former Mission Director
 Andrew Natsios, USAID Administrator
 Jesus G. Tirona, LGUGC President & CEO

on financing water and wastewater infrastructure, using the Japan Bank for International Cooperation's (JBIC) ODA loans and the U.S. Agency for International Development's (USAID) partial credit guarantees.

The Philippines

Implementing Rules and Regulation for the Clean Water Act. In March 2004, the Government of the Philippines passed the Philippines Clean Water Act. To assist the Government's Department of Environmental and Natural Resources in developing Implementing Rules and Regulations (IRR) for this Act, USAID and the Japan International Cooperation Agency (JICA) provided coordinated technical assistance. This assistance included draft text for the IRR from JICA and a series of public consultations on the IRRs conducted by USAID. As a result of their combined efforts, the IRR was enacted in May 2005. To strengthen enforcement of the Act and its regulations, JICA initiated long-term technical assistance that will provide several opportunities for both USAID and JBIC to work together in the near future.

Supplying Safe Drinking Water in Chua. In the remote Philippine village of Chua on the Island of Mindanao in July 2004, work began on a gravity-type potable water supply system. Less than a year later on March 3, 2005, the water supply system was inaugurated and now provides 100 households with potable water. The successful development of this system is the result of a partnership between USAID, which conducted a preliminary study of the project and training for the villagers in water system operations, maintenance, administration and financial management, and the Embassy of Japan, which provided grant funding to construct the system. Building on this success, USAID and JICA continue to collaborate on training for communities (227 remote rural communities that benefit from the Alliance for Mindanao Off-Grid Renewable Energy project) and project staff on technical aspects of micro-hydro and photo-voltaic systems, respectively.

Financing Municipal Water and Sanitation Infrastructure. On October 12, 2004, USAID and JBIC signed two memoranda of understanding (MOU) formalizing their commitment to working together to support the development of private financing for municipal water and sanitation infrastructure needs.

The first MOU established the Municipal Water Loan Financing Initiative (MWLFI). This Initiative encourages private investment in water and sanitation projects through the Development Bank of the Philippines (DBP) Environmental Infrastructure Support Credit Program (II), sponsored by Japan's ODA loan, and the guarantee of private lenders by the Local Government Unit Guarantee Corporation (LGUGC), which is in turn guaranteed by USAID. The MWLFI partners - USAID, JBIC, LGUGC and DBP, along with private lender Philippine National Bank, are currently negotiating and close to closing the first loan agreement under this partnership.

The second MOU committed DBP, USAID and JBIC to explore the feasibility of a Philippine water revolving fund (PWRF). In February 2005, USAID and JBIC organized a workshop with officials from the Government of the Philippines and the private sector to discuss potential options for the Fund's design/structure and to identify the steps necessary to establish a PWRF, as well as existing challenges that limited private financing.

In November 2005, the Department of Finance, National Economic and Development Authority, Bankers' Association of the Philippines, USAID, and JBIC completed a new MOU to form a steering committee to produce a Design and Implementation



In the Philippines, people gather at the San Jose del Monte Water District office to pay their water bills, following construction of a clean water facilities assisted by ODA loan from JBIC.

Framework "for the PWRF. Using lessons learned from the MWLFI, the PWRF is being structured to support private investments in local water and sanitation infrastructure development in an efficient, sustainable manner.

Indonesia

Improving Water and Sanitation Services through Partnership. USAID and JBIC signed a Memorandum of Understanding (MOU) on June 9, 2005. The partnership supports a common agenda to promote water resource management in Indonesia, identifying water and waste management as an important link for the collaboration. The new initiative, the Medan Water and Waste Management Project (MWWMP), will provide safe water and sanitation services to marginalized urban communities in North Sumatra by improving drainage control and water and waste management. It will be implemented through USAID's ongoing Environmental Services Program (ESP) and JBIC's Medan Flood Control Project (MFCP). It will work in close collaboration with the local government, water and sanitation operators, NGOs and community members.

In July and August, 2005, USAID and JBIC conducted a joint needs assessment to design MWWMP. The assessment, which covered around 7000 households under different administrative areas and institutional arrangements, found that about 80 percent of garbage generated from the surveyed community is disposed of directly into the Percut River. JBIC has an ongoing flood control and embankment improvement program for the Percut River.

Following the assessment, USAID, JBIC and the local authorities mutually selected an area of Medan city as a pilot site. Following the site selection, a meeting was held with the local government authorities to outline USAID and JBIC's commitment toward the common goal of improving water and sanitation services. Local governments strongly support this joint initiative. JBIC will provide handcarts, dumpsters and arm-roll trucks, as well as technical assistance to local governments and communities to jump-start the initiative. USAID will mobilize the community and provide technical assistance to establish and support a reduce/recycle/reuse waste collection/disposal mechanism at the household and community levels including setting up a local operation/management system. This project will benefit 2000 lower to middle-income households.

Jamaica

Setting Up the Building Blocks for Collaboration. In March 2005, JBIC hosted a workshop in Jamaica to discuss several options for potential USAID-JBIC collaboration with the Government of Jamaica. A few options included combining Japan's ODA loans with private investment supported by a credit guarantee from USAID. In November 2005, USAID and JBIC agreed that collaboration may occur on Japan's ODA loan project entitled "Kingston Metropolitan Area (KMA) Water Supply Project" regarding the quality and quantity of water in at least one of the fresh water river sources that feed the KMA. USAID is expected to launch its biodiversity program in mid-2006. An early deliverable of the program will be the technical analysis of watershed issues and options for private financing that support outcomes of the KMA Water Supply Project. Separately, discussions have been held to consider establishing a water revolving fund in Jamaica to stimulate further private financing in the water and sanitation sector.



This husband and wife are two of the ultimate beneficiaries of a USAID bond guarantee in India, which supported financing for a water project that has brought clean water to their home. Here, they proudly display their water bill and faucet.

India

Selection as Fourth Pilot Country of the Initiative. The United States and Japan are working together to improve India's access to water and sanitation services and announce that India is being added as the fourth pilot country in their collaboration.

Previous work in Bangalore. In March 2005, Japan committed funding through ODA loan to the Bangalore Water Supply and Sewerage Project (II) in the Bangalore metropolitan area with a population of about 6 million in the State of Karnataka in southern India. The project is designed to increase water supply and improve sanitation in Bangalore City and eight surrounding municipalities. In June 2005, the Karnataka Urban Infrastructure Development and Finance Corporation issued bonds, supported by a credit guarantee from USAID, to raise funds to finance the construction of water distribution systems in the eight municipalities under the Greater Bangalore Waste Supply and Sewerage Project. These distribution systems will connect to the JBIC-financed Bangalore water supply system and provide access to potable water for approximately 1.2 million people.

To ensure the efficient and effective delivery of water and sanitation services for slum households in the Bangalore metropolitan area, USAID and JBIC also work with the Cities Alliance through the USAID-supported Community Water and Sanitation Facility to survey social and physical conditions, facilitate community awareness, and communicate with beneficiaries and stakeholder institutions.

Areas for collaboration. JBIC and USAID's work in the Bangalore metropolitan area will continue. They will also explore collaboration opportunities for water and sanitation systems in other cities in India.

Resources available at 4WWF

- **A United States-Japan Co-hosted Technical Session** will be held Sunday, March 19th in the "Iturbide 1" room of Centro Banamex from 2:30 to 4:30 pm.
- **A United States-Japan Press Event** will be held Monday, March 20th in the press room of Centro Banamex from 11:00 to 11:30 am. This event is open to Forum participants.
- **The Japan Pavilion at the World Water Expo** will have a panel exhibition on Japan's water and sanitation-related official development assistance, including Japan's new "Water and Sanitation Broad Partnership Initiative (WASABI)".