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INDIA

High-Priority Country Plan

GLOBAL WATER STRATEGY | 2022–2027

In 2022, India was re-designated as a High-Priority Country under the new U.S. government Global Water Strategy (the GWS or "Strategy"). Over the five years of the Strategy period, USAID/India will partner with the Government of India (GOI) and other stakeholders to address systemic challenges in expanding access to safely managed drinking water and sanitation services, improving water resources management, and making service delivery and water resources more resilient to climate-related shocks and stressors. USAID/India's partnerships will help increase access to safely managed drinking water for 670,000 people and safely managed sanitation services for 660,000 people; mobilize $50 million for water, sanitation, and hygiene (WASH) products and services and climate-resilient water resources management (WRM); and strengthen 200 water and sanitation sector institutions to manage water resources and/or improve water supply and sanitation services.

CONTEXT

Since 2014, India has made tremendous progress under the Swachh Bharat Mission (SBM) to end open defecation. In five years, the country achieved nearly 100 percent open defecation free (ODF) status. However, it still struggles with WASH service provision. Only 43 percent of India's urban population have access to safely managed sanitation services. Sewage treatment capacity is about 44 percent of what is needed, and even that capacity is not fully utilized, so only about 27 percent of all sewage is being treated.[1] More than 70 percent of sewage produced in urban areas goes untreated, much of it polluting rivers and other water sources. While 95 percent[2] of households have access to a basic source of drinking water, only 36 percent have access to piped water[3] and that percentage drops dramatically when considering the bottom income quintile of households, where only 6 percent have access to piped water.[4] Only 42 percent of households have water that undergoes some type of treatment before consumption. India is one of the most water stressed countries in the world. Per capita annual freshwater availability (1,427 m3) is lower than the Falkenmark[5] threshold for water stress and 66 percent of water resources are abstracted.[6] Approximately 31 percent of India's water resources originate in neighboring countries. Water is abundant in the lower reaches of the Ganges River delta in the east but deficits are common in the northwest, west, and south depending on timing and the course of summer and winter monsoons.

The GOI has shifted its focus to sustaining ODF status gains; achieving 100 percent coverage of piped water supply; waste water containment, treatment, and reuse; and treatment of all fecal sludge. However, there is a lack of technical capacity, especially at subnational levels, and a large financing gap despite the large investments being made by the government. To fill the estimated financing gap of $123 billion needed to reach universal access to WASH services by 2030, the GOI has emphasized the need for significant private sector engagement in the provision of WASH services. Innovative domestic financing solutions will be required to make meaningful progress, and such solutions can not only be transformative for India but also serve as replicable and scalable models for other countries.

Population growth and urbanization: India's urban population is expected to grow from 410 million in 2014 to 814 million by 2050. To accommodate this growth, the country is projected to add the equivalent of four new megacities by 2030. Urban areas contribute 65 percent of India's GDP, but the positive aspects of urbanization continue to be hampered by the relatively poor quality of life that a substantial proportion of the population faces across several sectors, including water and sanitation.

Water stress and water quality: India has 18 percent of the world's population, but only 4 percent of its water resources, making it one of the most water-stressed countries in the world.[7] According to a report by the GOI's policy think tank, NITI Aayog, over 800 million people in India live in areas that have per capita water availability close to or below the official threshold for water scarcity. The country's dependence on the monsoon to meet many of its water requirements increases this challenge as the impacts of climate change create greater uncertainty in weather patterns. In addition, almost 70 percent[8] of surface water sources in India are contaminated, and groundwater contamination is becoming an increasingly serious problem. It is estimated that over 37 million people in India are affected by waterborne diseases annually, resulting in 1.5 million child deaths from diarrhea alone, and 73 million working days lost due to waterborne diseases. The resulting economic burden is estimated at $600 million per year.[9]

Climate change: Urban and peri-urban areas in India are highly vulnerable to the impacts of climate change, which is projected to increase the frequency and magnitude of disasters like flooding. Climate change has also altered the availability of water reserves and increased the duration of seasonal water shortages, partly due to a decrease in seasonal summer monsoon rainfall, which has led to an increased propensity for droughts.

Financing gap in the water and sanitation sector: India's traditional sources of funding for WASH infrastructure and services are GOI, state governments, and municipal bodies' tax revenue. Despite significant government investments in WASH (supplemented to a much lesser degree by donor funding), these resources are insufficient to pay for the required WASH infrastructure, and operations and management. Population growth, rapid urbanization and industrialization strain India's ability to deliver these services. The World Bank estimates that the country must invest $123 billion to meet urban water and sanitation goals. Current sources of public financing fall far short of what is needed and private funding is limited and often underutilized when it is available. To date, the GOI's WASH investments have focused mainly on the provision of infrastructure, and less on the operations, governance, and sustainability of WASH systems and services. While USAID does not provide a large amount of funding to address the problem in India, the Agency is recognized as a leader in technical expertise in the WASH sector with a strong focus on systemic change, governance, sustainability, private sector engagement, inclusive development and gender, and innovative solutions that complement the GOI's investments. USAID is not engaged in efforts to deliver WASH services, but is partnering strategically with India to address systemic issues, policies, and approaches that will facilitate the sustainable provision of climate-resilient WASH services by both the public and private sectors.

NATIONAL PRIORITIES

As indicated by the large-scale investments in the Swachh Bharat Mission and the Atal Mission for Rejuvenation and Urban Transformation (AMRUT), the GOI is committed to making dramatic improvements in WASH. Its goals include 100 percent coverage of water supply to all households in around 4,700 cities/towns and 100 percent coverage of sewerage and septage in 500 priority cities. Rejuvenation of water bodies,[10] treatment and reuse of wastewater, and urban aquifer management have all been identified as priorities, with recycling and reuse of treated wastewater expected to support 20 percent of the cities' total water needs and 40 percent of industrial water demand.

USAID APPROACH AND RESULTS FRAMEWORK

Over the five years of the GWS, USAID/India will partner with the GOI and other stakeholders to address systemic challenges in expanding access to safely managed drinking water and sanitation services, improving water resources management, and making these services more resilient to climate-related shocks and stressors. Throughout its WASH portfolio, the Mission will partner with India on developing technologies, solutions, and approaches that will increase access to sustainable water and sanitation services for marginalized and vulnerable populations. USAID will support technological innovations and approaches that have the potential to be scaled up and adopted by other countries facing similar issues.

USAID/India's current WASH portfolio includes four activities that the Mission will complement with additional investments during the period of this plan. The Support for Water and Sanitation in India (SUWASI) program engages directly with the GOI at the national and state levels, focusing on aspects such as policies, processes, planning at the state and city levels, and issues related to the private sector enabling environment. The Skill Development in Fecal Sludge and Septage Management (SD-FSSM) activity addresses issues around state- and city-level capacity strengthening for integrating sanitation solutions and developing WASH centers of excellence that can provide training to and promote solutions in other countries. These two programs focus on systemic and scalable impacts that will help mitigate India's challenges and provide models for other countries.

To promote product innovations and financing for new solutions, USAID/India also has a portfolio of WASH-focused loan-guarantee programs to help increase access to commercial debt finance in the sector. It has also partnered with the Toilet Board Coalition (TBC) to promote entrepreneurship and innovation in the WASH sector in India and other countries. The Mission plans to buy into the Water, Sanitation and Hygiene Finance (WASH-FIN) 2 activity to address WASH financing constraints at the municipality and enterprise levels. WASH-FIN 2 will focus on innovative financing mechanisms that mobilize additional public and private funds to expand and improve urban water and sanitation services by improving the overall performance, accountability, and governance of Urban Local Bodies (ULBs) and service providers. In particular, this activity will help unlock the country's municipal bond market potential and enhance the financial management capacity and operational efficiency of selected ULBs, strengthening their ability to leverage repayable finance. Finally, the Mission plans to award one or more activities under the Diversifying Partnerships in WASH (DiP-WASH) Annual Program Statement, which will engage new and locally established partners to promote locally led solutions for climate-resilient WASH, support the creation of WASH centers of excellence to provide capacity strengthening in India and other countries, and promote networks or alliances of stakeholders (private sector, civil society, government) to facilitate private sector engagement, sharing of innovations, best practices, and policy recommendations. This activity will have a strong focus on promoting innovative water and sanitation approaches that have broad scalability potential in India and beyond to position India as a WASH sector leader in South and Southeast Asia.

STRATEGIC OBJECTIVE 1

Strengthen Water and Sanitation Sector Governance, Financing, Institutions, and Markets

Underpinning all of USAID/India's investments in WASH is a focus on systemic changes related to governance, financing, and institutions. The Mission views these as foundational objectives that cut across and support all other objectives. USAID/India will continue to engage at the national level with the Ministry of Housing and Urban Affairs, at the subnational level in selected states and cities, as well as with the private sector and civil society to address systemic constraints. USAID will support effective policies, country-led processes, and institutional capacity-building to implement them. These efforts will also attract increased domestic and external investment, leading to a virtuous cycle of increased capacity, greater investor confidence, increased sector finance, and accelerated coverage of water and sanitation services.

USAID/India's program will engage and strengthen national, regional, and community systems through its existing bilateral agreement and direct engagement with the GOI. Through the SUWASI and SD-FSSM activities, the Mission will engage with a range of stakeholders including national and state governments and civil society to help improve: (1) the inclusiveness of policies; (2) the capacity for developing and implementing urban water security and sanitation plans; (3) the responsiveness of water and sanitation service providers; (4) the capacity of WASH-related institutions; and (5) the management of water resources. USAID/India will also work through SUWASI, TBC, WASH-FIN 2, and the loan guarantee programs, as well as direct partnerships with the private sector, to generate new products, market approaches, upstream project preparation, and sources of funding that improve the overall WASH system.

Rather than directly engaging in training, USAID will partner with the central and state-level governments to promote WASH centers of excellence in India. These centers will be able to undertake capacity-building for Indians and trainees from other countries, as well as providing opportunities for research and the development and promotion of new technologies and other innovations.

USAID/India will work to increase the effectiveness of current funding in the WASH sector through such mechanisms as SBM and AMRUT, and to mobilize additional public and private funds, including from nontraditional sources. This will facilitate the expansion and improvement of urban water and sanitation services and the management of water resources in India, which is especially important in the context of climate change and increasing water stress.

STRATEGIC OBJECTIVE 2

Increase Equitable Access to Safe, Sustainable, and Climate-Resilient Drinking Water and Sanitation Services and the Adoption of Key Behaviors

USAID/India's portfolio makes a concerted effort to focus on the equity and sustainability of services, including reaching the most vulnerable populations and strengthening climate resilience. A guiding principle of this portfolio is empowering local institutions through systematic strengthening and championing locally developed solutions that have the potential for broad scalability. The overarching objective is to position India as a global leader in improving WASH outcomes, with a strong emphasis on inclusivity, improved governance, and fostering innovations and solutions that can be shared with other countries.

USAID will support government and nongovernment institutions in developing a knowledge base of good practices and technologies, placing a strong emphasis on continuous learning and expanding successful models within India and beyond. The country is close to achieving ODF-free status, so USAID/India's sanitation efforts are now focused on partnering with the GOI to promote cost-effective waste treatment systems and technologies.

With respect to water, USAID will partner with the GOI to develop solutions that will facilitate better access to safe drinking water by ensuring that local actors are the lead agents in addressing the main bottlenecks identified. The Mission's efforts will support local organizations, promote local leadership, and foster locally driven solutions, particularly for marginalized populations such as urban slum dwellers. USAID/India will include and engage all populations in its activities, which will yield better outcomes for the communities that participate. The Mission will particularly focus on supporting women's groups and promoting the growth of small and medium entrepreneurs in urban slums to develop sustainable water and sanitation revenue models and further encourage private sector investment throughout the water supply chain.

USAID/India will work with the private sector, national and state governments, and ULBs to improve policies and set standards for products and facilities that will expand the market for hygiene products by stimulating innovation and making products more cost-effective. The Mission will also partner with GOI, civil society, the private sector, and other stakeholders to improve and amplify key behavior change campaigns.

STRATEGIC OBJECTIVE 3

Improve Climate-Resilient Conservation and Management of Freshwater Resources and of Associated Ecosystems

In recent years, the GOI has focused greater attention on water management and water source sustainability. USAID/India will increase its engagement with the GOI on issues such as water conservation across various sectors, water resource management, recycling and re-use of wastewater, and the rejuvenation of rivers, lakes, and other surface water sources. For example, through the SUWASI activity, USAID and the GOI are working together to roll out Water Plus certification, which encourages cities to not only treat all wastewater but also reuse treated wastewater, leading to increased efficiency and reduced use in the context of water stress and scarcity. Lessons learned and solutions developed in India can be relevant to many other water-stressed contexts throughout the world.

Climate change is increasing water stress in many parts of the country, making water quality and availability less predictable while increasingly frequent extreme weather events damage infrastructure and overwhelm treatment systems. USAID/India will increase its focus on supporting planning for climate-resilient drinking water and sanitation at both the national and subnational levels by working with public and private institutions, civil society groups, those that finance and construct infrastructure, and stakeholders engaged in water resources management at the basin or watershed level. USAID will work to promote water reuse and conservation, recharging of ground water reservoirs,

and the rejuvenation of surface water bodies at a national scale. It will continue to support building municipal capacity to develop and implement City Water Balance Plans (CWBPs), which take a holistic view of the status of water sources, the quantity of water available, water demand and supply in the city, and how to address the deficit, including how to incorporate watershed management practices to address decreasing water levels in urban centers. USAID will also partner with GOI to develop and strengthen centers of excellence which will build the capacity of both Indian municipal officials and officials from other countries. USAID will also coordinate and collaborate with other partners, such as the World Bank, who are supporting the government's national groundwater program to help improve groundwater management as well as promoting groundwater conservation in the agricultural sector. USAID/India's WASH activities are complemented by a suite of climate mitigation and adaptation activities that are being implemented in partnership with the GOI and aim to reduce the risk of climate-related disasters and mitigate climate-related damage to WASH services and infrastructure.

PRINCIPLES

USAID/India will integrate the Operating Principles of the Global Water Strategy. The Mission will employ an inclusive and integrated systems approach to enable access to safely managed drinking water and sanitation services for urban poor and marginalized communities by:

Working through and strengthening national and local systems: USAID's New Partnerships Initiative (NPI) is taking important steps toward identifying nontraditional partners and ensuring local leadership. USAID/India's WASH portfolio is already working almost exclusively with local partners and will continue to find ways to increase its engagement and partnerships with local and nontraditional partners.

Incorporating resilience across all aspects of this strategy: USAID/India will support activities to address systemic gaps in the provision of resilient WASH services and solutions that can be scaled. The Mission will encourage activities that build local governments' capacity to address resilience in their programs and policies. To support resilience to shocks and stresses, activities will also promote the engagement of local groups in decision-making and the implementation and monitoring of WASH programs in their communities.

Focusing on meeting the needs of marginalized and underserved people and communities, and those in vulnerable situations: USAID/India's WASH programs will encourage women, girls, and marginalized and vulnerable communities to actively participate in planning, implementation, and monitoring efforts so those efforts can better address how women and other marginalized groups are disproportionately affected by poor access to WASH services and limited participation in decision making. Activities will not focus on simply documenting disaggregated numbers of participants, but rather on program outcomes for/impact on marginalized groups.

Leveraging data, research, learning, and innovation: WASH programs will promote technologies, innovations, and use of data and learning through partnerships that address WASH solutions for marginalized communities and/or other last-mile solutions in the provision of rural or urban WASH services. These could include, for example, low-cost, sustainable decentralized solutions for sanitation and wastewater treatment that could be scaled up across India and serve as models for other countries.

MISSION RESULTS FRAMEWORK

The main goal of the Mission's revised Country Development Cooperation Strategy is to advance the U.S.-India partnership to achieve shared global development priorities. USAID/India's WASH program will contribute to this goal by accelerating progress to meet the global targets defined in Sustainable Development Goal 6—clean water and sanitation for all—through the reinforcement of existing alliances with the GOI and other stakeholders in India, and the establishment of new ones. USAID is partnering with GOI to develop and promote WASH approaches, innovations, and other solutions that have broad scalability potential in India and can address WASH challenges in other countries.

While USAID/India's WASH investments primarily align primarily with Development Objective (DO) 2 of the Mission's revised Country Development and Cooperation Strategy, the portfolio also addresses and supports the other two DOs.

DO 1: Climate Change Mitigation and Adaptation Improved: Existing and planned WASH activities contribute to the Mission Sub-IR: Water and sanitation systems address impacts of climate change. WASH activities

will focus on policies and approaches that promote water source sustainability as well as other aspects of climate-resilient, safely managed drinking water and sanitation services. By influencing water source sustainability, water reuse and recycling, and water systems governance, USAID/India will partner with GOI to improve the country's ability to adapt to climate change and develop solutions that can be extended to other countries. In addition, by promoting better management practices and technologies related to how sewage and fecal sludge are contained and treated, the WASH investments will contribute to climate mitigation by reducing methane emissions.

DO 2: Systems for Inclusive Social and Economic Prosperity Enhanced: Under this DO, WASH activities support the Mission's *Intermediate Result (IR): Water and sanitation systems improved.* The WASH activities are focused on system-level changes to improve WASH outcomes in India and to partner with GOI to identify solutions that can help improve WASH outcomes in the Asia region and elsewhere. WASH outcomes are strongly linked with other IRs under this DO and contribute to improved health and education outcomes as well as increased household incomes.

DO 3: Coalitions and Collaboration Enhanced for Sustainability: Increased transformative partnerships, innovations, and policies are a core objective of the Mission's WASH investments. Private sector engagement and partnerships have traditionally been the weakest of these components and will receive extra attention under this plan.

KEY RISKS AND MITIGATION STRATEGIES

Rapid Urbanization: India's urban population is expected to double by 2050 and the World Bank estimates that the country must invest $123 billion to meet its urban water and sanitation goals by 2030. Current sources of financing are insufficient to meet these goals and private funding is underutilized. To address this challenge, USAID will work with a range of stakeholders to improve the business enabling environment and address constraints on private sector participation in WASH value chains. The Mission will also engage with local governments on resource mobilization.

Climate: Climate change is increasing water stress in India and reducing the availability of safe drinking water. This will increasingly affect people's health and livelihoods, having a disproportionately strong impact on marginalized and vulnerable populations, such as those living in urban slums. USAID/India will engage with national and subnational government bodies as well as civil society and the private sector to promote policies and approaches that address water source sustainability through more comprehensive treatment and reuse of waste water, rejuvenation of surface and ground water sources, and water conservation efforts in the domestic, industrial, and agricultural sectors. USAID will also promote the development and use of climate-resilient technologies, infrastructure, and practices in water sanitation.

BUDGET

This plan is based on prior-year resources that are available for programming, the Fiscal Year 2022 WASH funding allocation of $4.7 million, and the Fiscal Year 2023 allocation of $4 million.

EXPECTED RESULTS

From 2022 to 2027, USAID/India activities are projected to contribute to:

670,000 people gaining improved access to safely managed drinking water services, including **250,000 people** gaining first-time access to at least basic services.

660,000 people gaining improved access to safely managed sanitation services, including **200,000 people** gaining first-time access to at least basic services.

Mobilizing **$50 million** for water, sanitation, and hygiene products and services and for climate-resilient water resources management.

Strengthening **200 water and sanitation sector institutions** to manage water resources and/or improve water supply and sanitation services.

Endnotes

1 Down To Earth, India's Sewage Treatment Plants Treat Only a Third of the Sewage Generated Daily: CPCB, 2021.

2 Urban water and sanitation status in India from 2015 to 2022 (Source: JMP data).

3 About one-half of urban households and one-quarter of rural households have water piped on premises.

4 Centre for Economic Data & Analysis, What Is the Primary Source of Drinking Water for Indian Households?, 2023.

5 The Falkenmark Water Stress Index measures water scarcity as the amount of renewable freshwater that is available for each person each year. A country is said to be experiencing water stress when water availability is below 1,700 m3 per person per year; below 1,000 m3 is considered water scarcity; and below 500 m3 is absolute or severe water scarcity.

6 Sustainable Development Goal (SDG) 6.4.2 measures water stress as the percentage of freshwater withdrawals against total renewable freshwater resources. The water stress thresholds are: no stress <25 percent, low 25 to 50 percent, medium 50 to 75 percent, high 75 to 100 percent, and critical >100 percent.

7 World Bank, How Is India Addressing Its Water Needs?, 2023.

8 Asian Development Research Institute, India Water Facts, n.d.

9 India Water Portal, When Water Kills, 2019.

10 *Rejuvenation of water bodies* is a term used to refer to an initiative under the GOI national WASH program, under which natural and man-made water bodies are restored. Many urban water bodies are either encroached on, silted up, or polluted with sewage and/or solid waste. Water bodies are essential as surface water sources for drinking water and other uses, as retention basins for groundwater recharge, and they provide some protection in case of flooding.