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Carrboro, NC 27510 USA

**South Asia Office**

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Tiruchirappalli - 620 018

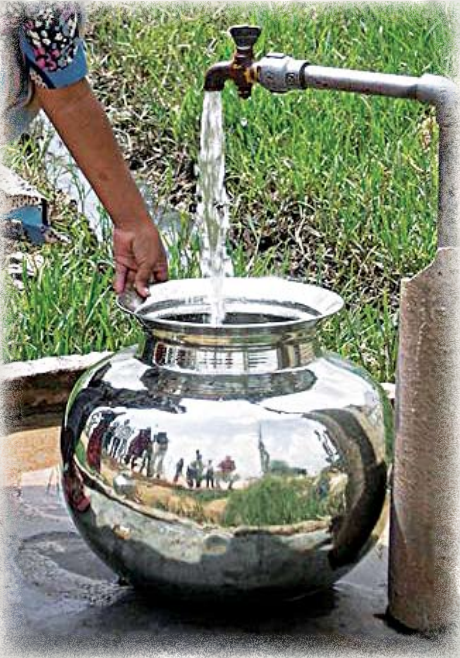
**East Africa Office**

P.O. Box 3687  
Kisumu, Kenya

**Design Credits**

Photos contributed by WaterPartners' staff and partners, and Carmen Saura.  
A special thanks to Howard, Merrell & Partners.

We envision the day when  
everyone in the world  
can take a safe drink of water.



# WaterPartners International 2006 Annual Report

Safe water saves lives. You can help.  
[www.water.org](http://www.water.org)



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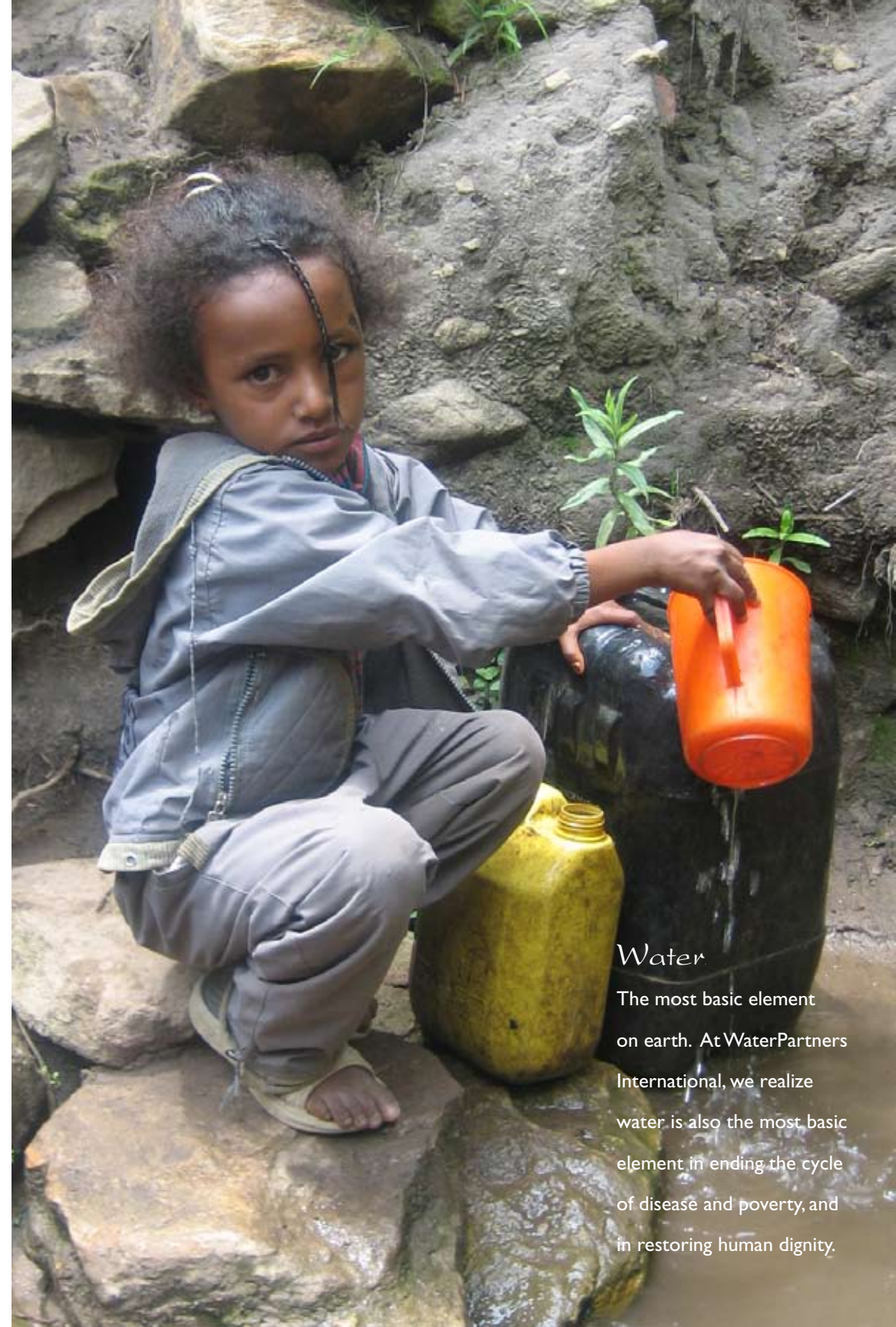
Financials

Thank You

Board of Directors and Advisory Council

Office Locations

*WaterPartners International  
is dedicated exclusively  
to bringing safe drinking  
water and sanitation to  
people in developing countries.  
By forging partnerships with  
carefully-screened local organiza-  
tions and offering innovative  
financing methods, WaterPartners  
empowers local communities  
to develop and sustain  
solutions to their  
own water needs.*



## Water

The most basic element on earth. At WaterPartners International, we realize water is also the most basic element in ending the cycle of disease and poverty, and in restoring human dignity.





## From Gary. . .

The ripple effects of safe drinking water are absolutely astounding. During my 17 years with WaterPartners, I have seen that each community, each individual, has a unique story of transformation. But one thing is always the same: safe water brings more than good health. It brings control over one's own future: the opportunity to grow a garden, to wash bodies and clothes, to go to school, to earn an income, and to restore dignity. And for the millions of people – mostly children – who die each year from water-related diseases, it brings life itself.

Thank you for helping us to continue our life-saving work.

Gary J. White  
Co-Founder and Executive Director;  
WaterPartners International

Gary White with  
a women's self-  
help group in  
Sakkampatti, India





With more than \$7 million in new grant commitments during 2006, the pace of growth at WaterPartners continued to accelerate. In May, the Agora Foundation, a donor-advised fund of the Silicon Valley Community Foundation, announced a \$4 million grant over four years. Spearheaded by Agora founder Wynnette LaBrosse, it is one of the largest single grants to a non-profit group focused on the world water crisis. Also in 2006, WaterPartners received a \$3.1 million grant commitment from the Bill and Melinda Gates Foundation as part of a \$9.5 million grant to a consortium.

During the past year, WaterPartners worked with 13 local partner organizations

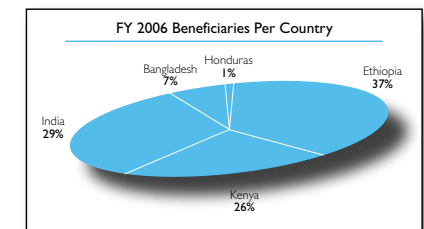
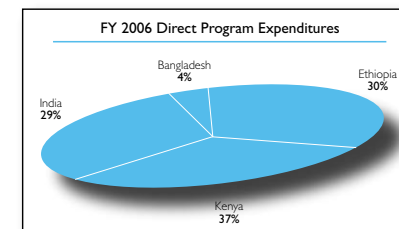
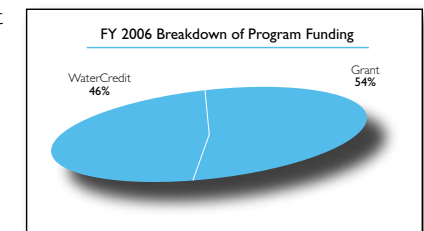
## Year In Review

and more than 50 communities to establish safe water and sanitation facilities for approximately 40,000 people.

### International Programs

Fourteen projects were completed and 12 new projects

launched. The innovative WaterCredit Initiative™ comprised nearly half of total partner funds dispersed.







WaterPartners opened its first office in Africa in May 2006, marking a major milestone in the organization's history. Located in the city of Kisumu in western Kenya, the new office enables WaterPartners to expand its pioneering and life-saving work throughout East Africa.

Heading the East Africa office is local water and sanitation expert Patrick Alubbe. Alubbe has spent his life helping to bring safe drinking water to his fellow Kenyans, making significant advances in water and sanitation during his more than 19 years working for private and public institutions in the sector.

## Year In Review

### East Africa Office Opens

The East Africa office works on the forefront of the water and sanitation sector, implementing WaterPartners' groundbreaking WaterCredit

Initiative in Kenya, while continuing the traditional grants program as well. By offering both grants and credit, WaterPartners provides maximum flexibility in meeting the needs of communities throughout Africa. Most importantly, this unique approach allows WaterPartners to bring more safe water to more communities in need than would be possible through traditional grant-based work alone.





From a 65-year-old widow in an urban Valmiki Nagar slum in India to a community leader in Boya, Kenya, individuals and communities on two continents now have safe drinking water and good health thanks to something the western world takes for granted – access to credit.

WaterPartners saw significant expansion of its WaterCredit Initiative in 2006. Nearly 16,000 lives were transformed through ownership of a safe water access point obtained with WaterCredit loans.

WaterCredit makes small loans to individuals and communities for water and sanitation projects in areas where credit is not otherwise available. Water-

## Year In Review

### WaterCredit Expands

Partners is recognized as a pioneer in innovative financing, and its reputation in this field has attracted the attention of an expanding circle of institutional funders.

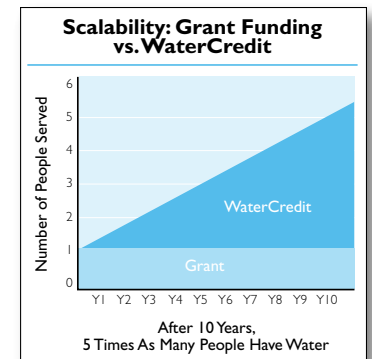
For example, as part of a consortium led by CARE International that was awarded a \$9.5 million grant commitment from the Bill and Melinda Gates Foundation, WaterPartners will receive \$3.1 million over the next three years. The grant is aimed at learning how to improve access to safe water, sanitation and hygiene for school children and communities in Kenya.

- **What is the WaterCredit Initiative?** The WaterCredit Initiative is WaterPartners' pioneering approach to applying micro-finance to the water and sanitation sector.
- **Why WaterCredit?** Virtually all water and sanitation projects are grant-financed. However, grants alone will never reach the more than one billion people in need of safe water and sanitation.
- **What are the benefits of WaterCredit?** WaterCredit allows those living in poverty to gain access to affordable credit so they can meet their own needs. It also frees up financial resources to go where they are most needed. Because WaterCredit works within the slipstream of natural market forces, it's an inherently scalable approach to the world water crisis.





WaterPartners' role in the program, known as SWASH+ (Sustaining and Scaling School Water; Sanitation and Hygiene Plus Community Impact), focuses on delivering community water packages, which will also service the schools. In the case of water projects undertaken jointly between the schools and surrounding communities, the schools and communities will receive a menu of water-supply choices. This will make the community water system highly customized. As a first step in gaining the water connection, communities will have the opportunity to apply for a WaterCredit loan.



Within three years of SWASH+'s implementation, all 300 schools in the program are expected to be supported by either a grant or WaterCredit, benefiting tens of thousands of children in Kenya's Nyanza Province. If the program proves successful, it could provide the framework for national implementation.

The scalability of WaterCredit is a major step forward in expanding water access in Kenya and throughout the world. By opening up an entirely new source of capital, the WaterCredit concept changes the equation of the problem.





WaterPartners has always been known for the sustainability of its projects.

And now, a leading academic organization has provided third-party validation.

In July 2006, Emory University's Center for Global Safe Water studied a random sampling of 10 out of 39 projects that WaterPartners has completed in Honduras.

Of the 10 project sites surveyed, 100 percent were still operational – even though some had been in operation for up to ten years. In addition, 98 percent of respondents said they were more than satisfied with the system.

These numbers testify to the success of WaterPartners' comprehensive

## Latin America Feature:

### Emory University Study in Honduras Proves Sustainability of WaterPartners' Projects

approach, the quality of WaterPartners' partner organizations, and the commitment of the local communities.

One community that represents the success of all these elements is San Antonio Valle, a small farming community in rural Honduras. Before WaterPartners, the families of San Antonio Valle walked two and a half miles through the mountains to gather water in the summer – a trip that took up most of the day. "I would leave at 6 a.m. to get water and sometimes wouldn't return until 4 p.m.," explained community member Maria Orfilia Iglesias.

When the Emory team and WaterPartners arrived in the community of San Antonio Valle – seven years after project completion – they found the entire community gathered in the community meeting space, eagerly awaiting





the opportunity to talk about their experiences with their water system.

From conversations with community members, it became clear that in the years since WaterPartners left, the community had taken full ownership of their water system. They had organized themselves to make repairs when needed, practiced regular system maintenance, purchased the land surrounding their water source, and were even working to reforest the land to further protect their water source for future generations.

The women of San Antonio Valle, like women throughout the world, disproportionately bear the burden of collecting water. One man in the community, Jose Carmen Diez, explains the difference the water project made in the lives of the women: "There are more opportunities now. There was no time to get things done before. The women were always tired going to wash clothes. Now, I can wash my hands in clean water. We have gained so much."

WaterPartners' commitment to the sustainability of San Antonio Valle – and all of its projects – led to the Emory University sustainability study. Historically, few non-governmental organizations have conducted systematic studies of the sustainability of their water supply projects. The Emory University study represents a significant step toward quantifying success and identifying opportunities for continued improvement.

#### Honduras Sustainability Study Findings

- All of the water systems visited were functioning and had active water committees governing them.
- Water committee members felt prepared to conduct routine maintenance of the system.
- Nearly all water communities had proactively conducted repair of the water system, and most reported continued vigilance in tank cleaning and routine maintenance checks.
- Nearly all communities had increased the number of water points from the start of the project and were still collecting the water tariff.
- Ongoing ties between communities and WaterPartners' local partner organizations are vital to project success.





In Tigray, the most northern part of Ethiopia's National Regional State, 85 percent of the population lives in rural areas, dependent on subsistence agriculture. The need for potable water in Ethiopia is severe. In rural areas, only 35 percent of the population has access to a safe water supply. In the last 20 years, Ethiopia has experienced recurring droughts followed by food shortages and famines.

Asgam, a rural village with a population of 450 people, is located in the Tigray Region of Ethiopia and is accessible only by traveling through steep, rocky cliffs.

## Africa Feature:

### Hope Springs from Water Project in Tigray

The roads disappear into the rocks, and the trees and grasslands become fewer as Asgam draws nearer.

Girls and women carry water on their backs up and down the hard land – a difficult and dangerous task.

In 2004, a baseline survey of Asgam was carried out by WaterPartners and its local partner organization, The Relief Society of Tigray (REST). The objective was to gather basic household information to depict the current situation prior to WaterPartners' project implementation and to use information gathered as a benchmark. The survey included 50 community members, and results revealed the following:

- On average, women and children walked 5.5 hours to collect water. Typically, they carried 20 liters of water on their backs.
- The primary water source was the local river, which was shared with livestock.





In the summer, the river dried up. This extended the water collection process, as it required digging in the banks to reach water.

- The river contains disease-carrying pathogens, leading to chronic diarrhea. It also contains leeches, which lodge in children's throats.

Today, the community's well is complete. Instead of 5 to 6 hours, women and children now walk an average of 15 minutes to get water. None of the interviewees reported having diarrhea anymore. Community members talk proudly about their work helping to build the well and their ongoing efforts to maintain it. They also talk passionately about its impact on their lives and on the Asgam community.

*"Before we traveled a long distance and the water was polluted with animals and leeches. We had much diarrhea and we didn't wash our clothes. Most people here only bathed once per month because there wasn't much water. Now we take a bath regularly and are able to have clean clothes. This is the difference. And now our girls can go to school."* – Mr. Gebremeskel Hantal, Asgam community member

*"We are feeding our children on time. We women are able to participate in different development activities. We are able to produce vegetables that we can eat and sell."* – Mrs. Tesfay Wered Asife, Asgam community member

Working in partnership, to date WaterPartners and REST have helped bring safe, sustainable water to approximately 89 villages and communities in need in Tigray.

The ripple effects of the water projects built through the combined efforts of Asgam, REST and WaterPartners will continue to be felt for decades to come.





India's huge and growing population (the second largest in the world) has put a severe strain on its natural resources. Many traditional water sources are contaminated and poverty is widespread. While India has made some progress in supplying water to its people, gross disparity in coverage exists across the country. Hygiene practices are also a problem, with latrine usage and hand-washing rates extremely low. Diarrhea alone causes more than 1,600 deaths each day. In order to decrease the spread of disease, latrine usage and

## Regional Feature:

### Asia: Integration of Safe Water, Sanitation and Hygiene Essential to Health

hygiene must improve simultaneously.

The slum of Valmikingar is filled with people. Children run barefoot through the small pathways that wind around people's homes. Open sewage systems flow

throughout the area, and children make a game of jumping over them. Most people have come from rural areas looking for work, but families still struggle to earn more than a couple of dollars a day. Even several generations after arrival, money earned does not meet daily needs.

Manjula, a 35-year-old woman who cleans public streets for a living, lives in Valmikingar with her husband and four children. The family shares a room that is 15x20 feet and contains an area for sleeping and another area for the kitchen. Only a few months ago they did not have a separate space for bathing or a toilet. Instead, they walked half a mile to a public toilet shared by more than 250 other





women. The public toilet is not well maintained and contains only four stalls, so there is usually a very long wait. In addition, Manjula and her family had to pay one Rupee each time they used the toilet. With five people in their household, the payments added up. "If there is an emergency, then we must go to the open fields, which I know is not good for our environment."

The spaces in the tiny slum homes are tight and the terrain is solid rock. But Deena Seva Sangha (DSS), a partner organization of WaterPartners, has found a way to install water and toilet systems in Valmikingar. With the help of WaterPartners and the Michael and Susan Dell Foundation, Manjula now has a toilet right inside her home. "With a toilet, we are safe and comfortable. We have control."

Makpoul, another woman living in Valmikingar, has also benefited from a WaterPartners project. She is a member of a self-help group that DSS organized as part of the program. Makpoul explained, "All day I sweep streets and care for my children. I come home dirty from work and do not have a private place to wash. It costs me to use the public toilet, and if it is dark, I am too scared to go at night. There is no light so I try to take a candle, but then I also have to face drunken men. Privacy is freedom. Next month we will be getting toilets and it can't come a day too soon."

In addition to lack of sanitation, many households like Manjula's and Makpoul's do not have access to clean water. Instead, they must wait in line and collect





water from a water tanker that comes a couple of times a week. If the water supply is not sufficient, many women collect water from a polluted river. To address this problem, DSS is installing water connections for households and teaching households hygiene education. The households have applied for the water taps and are contributing locally available materials and labor. DSS is working with the local government to help build a relationship between the community and the local government.

## World Water Day

Approximately 20,000 women from 429 villages

came together in Tamil Nadu, India, for a celebration organized by WaterPartners' partner organization, Gramalaya, in support of safe drinking water and sanitation.

Community leader Seethalakshmi spoke about her empowering experience with WaterPartners and Gramalaya. "We are very proud to participate in World Water Day. Some years before, we never came out of our houses and were afraid of talking before the men. Now, we have gained confidence from talking in water committee meetings and taking our problems before the appropriate authorities. Whether it's a drinking water or street light problem, we will work in groups and present our problems to the government officials. We won't rest until the problem is solved. This World Water Day gives us strength, confidence and unity."







Statement of Financial Position

September 30, 2006

Assets	2006	2005
Cash	\$483,658	\$550,796
Accounts Receivable	1,223,405	520,917
Prepaid Expenses	4,143	1,349
Investments	77,965	74,832
WaterCredit Loans Receivable, Net	182,843	
Property and Equipment, Net	21,107	7,981
Total Assets	<u>\$1,993,121</u>	<u>\$1,155,875</u>

Liabilities and Net Assets

Accounts Payable	\$38,216	\$22,572
Accrued Expenses	32,658	8,351
Total Liabilities	<u>70,874</u>	<u>30,923</u>

Net Assets		
Unrestricted:		
Undesignated	382,598	42,227
Board Designated	<u>62,744</u>	<u>62,744</u>
Total Unrestricted	445,342	104,971
Temporarily Restricted	<u>1,476,905</u>	<u>1,019,981</u>
Total Net Assets	<u>1,922,247</u>	<u>1,124,952</u>
Total Liabilities and Net Assets	<u>\$1,993,121</u>	<u>\$1,155,875</u>

WaterPartners International received significant conditional and unconditional contributions in 2006. These contributions have been critical to the organization's ability to expand its operational capacity. As of September 30, 2006, \$6,175,000 is considered conditional, and as such the contribution revenue has not been recognized in the financial statements. WaterPartners must meet certain milestones as defined in the related grant agreements in order to recognize these grants as revenue.

Statement of Activities & Changes in Net Assets

Year Ended September 30, 2006

	Unrestricted	Temporarily Restricted	Total
Revenue, Gains & Other Support			
Contributions & Grants			
Foundations	\$24,200	\$1,833,345	\$1,857,545
Corporations & Organizations	4,044	16,385	20,429
Individuals	273,164	55,835	328,999
Federated/Workplace Campaigns	17,630		17,630
Special Event Revenue	51,283		51,283
Government Grants & Contracts	357,168		357,168
Investment Income & Other	22,019		22,019
Net Assets Released from Restrictions	<u>1,398,641</u>	<u>(1,398,641)</u>	
Total Revenue, Gains & Other Support	2,148,149	506,924	2,655,073

Expenses & Losses

Program Services:		
Sustainable Water Projects:		
Grant Program	530,678	530,678
WaterCredit	527,618	527,618
Partner Development	12,865	12,865
Outreach	<u>161,071</u>	<u>161,071</u>
Total Program	1,232,232	1,232,232
Supportive Services		
Administration	347,334	347,334
Fundraising	<u>228,212</u>	<u>228,212</u>
Total Supportive Services	575,546	575,546
Total Expenses	<u>1,807,778</u>	<u>1,807,778</u>
Loss on Write-Off of Pledge Receivable		50,000
Total Expenses & Losses	<u>1,807,778</u>	<u>1,857,778</u>

Change in Net Assets	340,371	456,924	797,295
Net Assets, Beginning of Year	<u>104,971</u>	<u>1,019,981</u>	<u>1,124,952</u>
Net Assets, End of Year	<u>\$445,342</u>	<u>\$1,476,905</u>	<u>1,922,247</u>

Thank You to All Partners in Providing Safe Water

Thanks to each of you who have supported WaterPartners. Because of your generosity, countless lives have been saved and transformed through access to safe drinking water and sanitation. The ripple effects of your generosity will continue in villages throughout the world for generations to come.

Cumulative Lifetime Gifts and Grants of \$1 Million and Above

Agora Foundation at the Silicon Valley Community Foundation

Michael and Susan Dell Foundation

Special thanks to the following partners who provided support to WaterPartners International between October 1, 2005, and September 30, 2006.

<b>\$100,000+</b> Millennium Water Alliance	<b>\$1,000 - \$4,999</b> AKC Fund, Inc. American Airlines ARCADIS Richard Ball Dawnet Beverley Patricia Bottero Steven and Anita Byers Camp Dresser McKee Jared and Lucy Carlson Carter & Burgess, Inc. Christopher Cavaney CH2M Hill Bob and Carolyn Cleeland Trevor and Nancy Clements Jan and Susan Creidenberg Crowder Construction Company Ruchira Datta Dan Devine and Michele Chollet Earth & Its People Foundation, Inc Robert Epting Richard and Carol Fencil Tom Ferlan Robin Gallant Richard and Patricia Glassen Dick and Barbara Gordon Vern and Debra Hall Hazen and Sawyer, P.C. William Hoffman Matt and Tracy Jackson James and Christine Klasinski Mark Fontenot and Sharon Lake	Fred and Faye Langley Samantha Levin Major General (Ret.) Paul and Martha Lister Stan and Barbara Martinkosky David and Pauline Moreau New Renaissance Middle School North Carolina Statewide Campaign Organization Doug and Cynthia Owen John Poole Ralph Raciti Rainbow World Fund Saige Reisler Sonia Rosenbaum Donald Santel and Kelly McGinnis Dave Sarr and Julie Pabis Manish Kothari and Carmen Saura Allen and Ruth Schechter Second Presbyterian Church Bo and Mary Shafer Shafer Insurance Agency Bill and Michele Sollecito Tony Stayner and Beth Cross Jane Stein Barry and Molly Swenson Charles and Teresa Taylor Lucille S. Thompson Family Foundation Jeff and Dee Dee Varick Tom Vial Gary and Becky White
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