Construction of new gravity scheme at a WaterAid site in Arba Minch woreda, Ethiopia
The Millennium Water Alliance is the 501(c)(3) consortium of leading charities helping to bring safe drinking water, sanitation, and hygiene education to the world’s poorest people in Africa, Asia, and Latin America. MWA works with governments, corporations, foundations, individuals, and other NGOs to advance best practices, share knowledge, build collaborations, and advocate for greater commitment to this global goal. MWA’s members at time of printing (post-FY 2013) include Aguayuda, CARE, Catholic Relief Services, Food for the Hungry, Global Water, HELVETAS Swiss Intercooperation, IRC – International Water and Sanitation Center, Lifewater International, Living Water International, Pure Water for the World, WaterAid in America, Water For People, Water Missions International, Water.org, and World Vision.

**FISCAL YEAR 2013 BOARD OF DIRECTORS**

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Peter N. Gichuru, Senior Accountant

Daniel Smith, Program Officer
Sarah Sparker, Program Officer
Allan Elvir, Program Assistant
Melkamu Jaleta, MWA-Ethiopia Program Coordinator
Yisehak Leta, MWA-Ethiopia Finance Officer
Doris Kaberia, MWA-Kenya Program Director
Violet Moenga, MWA-Kenya Program Grants Manager

MWA appreciates the generous support of the Wallace Genetic Foundation for its ongoing work in advocacy and communications to the general public.

MWA greatly values the partnership in our field programs we enjoy with Akvo, Acacia Water, and Aqua for All.
The Millennium Water Alliance’s 15 members have water, sanitation and hygiene (WASH) programs in more than 90 countries in Africa, Asia, Europe, Latin America, the Middle East, and Oceania. Members run these programs independently or in partnership with local and international organizations. In addition, in FY13 MWA coordinated three consortia programs in the field with its participating members: the Lazos de Agua program in Mexico, Honduras, Guatemala, Nicaragua, and Colombia; the MWA-Kenya Program in Kenya; and the MWA-Ethiopia Program in Ethiopia. For all members, MWA serves as a forum for sharing knowledge and best practices for use in all global programs, and as an advocate globally and in the US. In the three consortia programs, MWA directly contributes skills and leverages the capacities of participants to accelerate WASH progress in those countries, and helps members to learn from each other’s experience.
Kenya

Kenya Arid Lands Disaster Risk Reduction – Water, Sanitation, and Hygiene (KALDRR-WASH) Program

Program Duration: December 2012 to December 2014
Budget: $9.83 million ($4 million from United States Agency for International Development, $4 million from USAID Office of Foreign Disaster Assistance, and $1.83 million from AquA for All and matching funds from MWA members)
Counties of Operation: Garissa, Isiolo, Marsabit, Turkana, and Wajir
Program Partners: Food for the Hungry, CARE Kenya, Catholic Relief Services, World Vision, AquA for All, IRC, and Acacia Water
Targeted Beneficiaries: 160,000
WASH Beneficiaries Reached in FY2013: 23,471
Donors:

Ethiopia

Multiple Use Water Improvements in Seven Rural Ethiopian Woredas

Program Duration: February 2013 to December 2014
Budget: $1.5 million ($1.155 million from The Coca Cola Africa Foundation via the Global Environment and Technology Foundation, $298,560 from CNHF, and $60,476 from community/government funds)
Program Partners: WaterAid Ethiopia, Catholic Relief Services, World Vision Ethiopia
Targeted Beneficiaries: 73,400
WASH Beneficiaries Reached in FY 2013: 7,000

Latin America

Lazos de Agua (Water Links) Program

Program Duration: January 2013 to December 2015
Budget: $12.3 million ($6 million from Coca-Cola Latin America & The FEMSA Foundation, $6.3 in matching funds from MWA & partners)
Operating in: Mexico, Guatemala, Nicaragua, Honduras, Colombia
Targeted Beneficiaries: 110,000
WASH Beneficiaries Reached in FY2013: 10,500
Millennium Water Alliance – Ethiopia Program (MWA-EP)

Program Duration: July 2011 to June 2014
Budget: $12.4 million ($6 million from The Conrad N. Hilton Foundation (CNHF), $6.4 million in matching funds from partners)
Number of Woredas of Operation: 25
Program Partners: CARE Ethiopia, WaterAid Ethiopia, Living Water International, Catholic Relief Services, World Vision Ethiopia
Targeted Beneficiaries: 365,000
WASH Beneficiaries Reached in FY2013: 200,000
Multiple-use water services (MUS) unlocks new investment opportunities for poverty reduction and gender equity in peri-urban and rural areas. MUS takes multiple water needs of humans as the starting point for planning and design of new systems and upgrades. Universally, water users already use “domestic” systems or “irrigation” systems for multiple purposes, whether legal or not. By planning for these multiple uses, many more benefits from investments in infrastructure can be realized: health, freedom from domestic chores, food and income and gender equity.

Ethiopia
In FY13, MWA received a $1.5 million grant from the Global Environment and Technology Foundation (GETF) to bolster MUS activities in its Hilton Foundation (CNHF) program that began in 2011. Implementing partners have been working with MWA member IRC-International Water and Sanitation Center to construct water schemes and build capacity for MUS-related activities. At CRS sites in Kalu and Kelela woredas, women’s interest groups were organized and trained on vegetable horticulture using overflow water from existing schemes. MWA partner WaterAid Ethiopia’s promotion of MUS near its water sites in Dita and Kemba woredas spurred communities to produce vegetable gardens and begin planting fruit trees that also enable watershed management.

Kenya
Dutch partners Acacia Water, IRC, and Aqua for All have been working with KALDRR-WASH program partners to assess the potential for MUS sources in their intervention areas. In FY2013, Acacia Water conducted and presented the results of field surveys in four pilot areas: Marsabit, Turkana, Moyale, and Wajir. Using the RIIDA (Resources, Infrastructure, Demand, and Access) analysis, as well as significant involvement from community members, the studies outlined where the population was already using water for multiple purposes and where there was the most potential for MUS depending on the specific characteristics of the area. Some partners will build on this information by working with local government offices to prioritize MUS in their county water strategies in the future.

Latin America
One of the principal goals of the Lazos de Agua program in Latin America is to increase the quantity of water available to families via the Water Service Level Ladder approach. Lazos de Agua recognizes that providing a higher quantity and quality of water and improved access to water enables program beneficiaries to use that water for multiple activities, enabling irrigation for agricultural and livestock production, for example. Achieving higher levels of water service delivery is a direct economic investment in the community, and increasing access to sustainable water systems allows for improvements in health, hygiene, nutrition status, and family income.
A big challenge for communities in arid and semi-arid lands (ASALs) is building long-term resilience against recurrent drought. The Kenya Arid Lands Disaster Risk Reduction – Water, Sanitation, and Hygiene (KALDRR-WASH) program, a two-year effort supported by USAID and The Netherlands, tries an innovative approach using participatory water planning at the community level to match water resources with water demand. KALDRR-WASH uses hydrogeological data at the catchment level to build natural and artificial storage to improve groundwater water recharge, retention and reuse (3R).

The challenge
In Kenya’s arid lands, the total demand for water often exceeds the water available to people and livestock. This problem is compounded by difficulties in support from government and competition for resources among water users, which creates the potential for conflict. Most water-related interventions are short term and target a single problem, rather than the interconnected array of problems that communities face.

Integrated approach to matching water supply and demand
In collaboration with Dutch technical partners Acacia Water, IRC, and Aqua for All, MWA members sought to integrate the management of local water resources and services. Using the RIDA framework (for resources, infrastructure, demand and access), it evaluates the potential of water resources and existing supply infrastructure, and weighs that with total water demand and water access challenges. This integrated, area-based approach encompasses all local water uses (domestic, livestock, agriculture), all local water resources and all local water stakeholders (operators, users, government).

Promising findings and initial successes from the pilots:
- Only a relatively small amount of rainfall needs to be stored to meet demand in rural areas, even in the driest years.
- Local, participatory water master planning is a strong tool for guiding interventions and building resilience to drought.
- In Wajir, the participatory planning meeting addressed and defused conflicts over water and land. The mapping of the water gaps informed discussions on options for grazing land strategy in both wet and dry seasons. Participants agreed to create new water sources near homesteads to avoid conflicts with neighboring clans with migrating herds.
- In Moyale, stakeholders said that the tools provided an excellent opportunity to integrate traditional water management practices, which are neglected in most other planning processes.
- In Marsabit, Wajir, and Turkana, government representatives recognized the link with Kenyan planning mechanisms, and said the new tools would help them translate county plans into actions.

Future directions
The pilot was based on proven approaches developed in different contexts but tailored to ASALs in Kenya. The next task is to refine the methodology so that it will be replicable and can be scaled up. MWA will also take lessons learned from Kenya and apply them to its Hilton Foundation-funded program in Ethiopia.
The international development community saw Fiscal Year 2013 as a mixed bag of results in Congressional action. At the start of the Fiscal Year, “Continuing Resolutions,” approved by Congress to keep the government running, held funding for USAID programs under the Sen. Paul Simon Water for the Poor Act of 2005 steady at $315 million, and given the threats of deeper cuts to foreign assistance, that was viewed as satisfactory—but early in 2013, the adoption of the sequestration for all US government spending reduced WASH funding to $302 million, the first significant reduction in years. By the end of Fiscal Year 2013, MWA and our coalition partners worked to restore funding as FY 2014 negotiations began.

The 2012 election brought a new Congress to town, and a new House Foreign Affairs Committee chairman and several new subcommittee chairs provided a fresh start in Congressional consideration of the Sen. Paul Simon Water for the World Act (HR 2901), a bill amending the Water for the Poor Act that mandates much of the WASH programming at USAID.

MWA worked intensively with WASH champions Rep. Earl Blumenauer (D-OR) and Rep. Ted Poe (R-TX) to craft a bill that would reflect understanding of the new five-year Water and Development strategy completed by USAID in the spring of 2013. This new bill, while different in details from earlier versions, carries the same name and was introduced in the House on August 1, 2013, and gained important cosponsors from both sides of the aisle, demonstrating the truly bipartisan nature of both the legislation and the WASH issue.

The USAID Water and Development Strategy, the first ever for the agency, came about after months of intensive discussion with the NGO community and others. The Strategy was released in April 2013 with much fanfare, and while we endorse much of its contents and direction, we had sought better understanding on the prioritization of countries for WASH programming. Still, it is a major step in the right direction and we welcome the dedicated efforts of the USAID Water Office to help USAID missions and their partners work more efficiently together in the future.

Also in FY 2013, MWA became more active in the Sanitation and Water for All (SWA) initiative, a multi-government and multi-stakeholder effort to forge common goals and commitments among dozens of key WASH countries and donor nations. MWA worked with others in the US WASH coalition to get strong US government commitment for SWA, and supported the USAID commitment to provide $1 million to the SWA secretariat. We expected to see even stronger direct USAID involvement as we moved into FY 2014.

Also in FY 2013, we concluded the Ambassador’s WASH program (A-WASH), an experimental effort created by the US Department of State four years earlier to engage a small number of US embassies in WASH target countries to leverage the endorsement of the US Ambassador for WASH in Schools, teaming with NGOs for specific school WASH projects. A number of embassies responded positively, but limited access to discretionary funds at the Embassy level precluded participation for some; still, eight embassies engaged directly with local NGOs, mostly affiliated with MWA members, to bring improved WASH access to a number of rural schools and gain local and national media attention for the school WASH issue.

MWA membership grew from 11 organizations to 13 with addition of highly-respected research institution IRC-International Water and Sanitation Center, headquartered in The Netherlands, and Pure Water for the World, based in Vermont and a creative implementer in the Central America and Caribbean region. This growth enriched our internal conversation about improving the way we talk to the rest of the world about WASH. MWA worked hard with its WASH sector coalition partners to reach beyond “the usual suspects”—organizations already familiar with WASH—and expand understanding of how WASH’s multiple impacts can accelerate development and lead toward aid independence. The multi-sectoral impact of WASH is often seen in the field; our task, increasingly, is to capture that knowledge and experience to share with other audiences.

Strengthening the Message
INDEPENDENT AUDITORS’ REPORT

Board of Directors
Millennium Water Alliance
Houston, Texas

Report on Financial Statements

We have audited the accompanying financial statements of Millennium Water Alliance, which comprise the statement of financial position as of September 30, 2013, 2012 and 2011, and the related statements of activities, and cash flows for each of the years in the three-year period ended September 30, 2013, and the related notes to the financial statements.

Management’s Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor’s Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors’ judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the Millennium Water Alliance’s preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Millennium Water Alliance’s internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.
Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Millennium Water Alliance as of September 30, 2013, 2012, and 2011, and the changes in its net assets and its cash flows for each of the years in the three-year period ended September 30, 2013, in accordance with accounting principles generally accepted in the United States of America.

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated April 30, 2014, on our consideration of Millennium Water Alliance’s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering Millennium Water Alliance’s internal control over financial reporting and compliance.

April 30, 2014

[Signature]

Ronald Martin, P.A.
### ASSETS

<table>
<thead>
<tr>
<th>Description</th>
<th>2013</th>
<th>2012</th>
<th>2011</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash and equivalents, including refundable grant advances</td>
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<td>Grants receivable</td>
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<td>Other receivables</td>
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<td>Due from members</td>
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<td>Prepaid expenses</td>
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<td>Grant advances to subrecipients</td>
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<td>927,583</td>
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<tr>
<td><strong>Total ASSETS</strong></td>
<td><strong>$3,510,840</strong></td>
<td><strong>$1,513,569</strong></td>
<td><strong>$2,459,378</strong></td>
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### LIABILITIES

<table>
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<tr>
<th>Description</th>
<th>2013</th>
<th>2012</th>
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<tr>
<td>Accounts payable</td>
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<td>Due to grant subrecipients</td>
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<td>Refundable grant advances</td>
<td>1,783,592</td>
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<td>1,364,409</td>
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<td>Accrued expenses</td>
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<td>53,564</td>
<td>96,478</td>
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<td>Accrued compensated absences</td>
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<td>15,195</td>
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<td><strong>Total LIABILITIES</strong></td>
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<td><strong>$2,101,239</strong></td>
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### NET ASSETS

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<tr>
<th>Description</th>
<th>2013</th>
<th>2012</th>
<th>2011</th>
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<tbody>
<tr>
<td>Unrestricted</td>
<td>349,944</td>
<td>344,963</td>
<td>358,139</td>
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<tr>
<td><strong>Total NET ASSETS</strong></td>
<td><strong>$3,510,840</strong></td>
<td><strong>$1,513,569</strong></td>
<td><strong>$2,459,378</strong></td>
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### SUPPORT AND OTHER REVENUE

<table>
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<tr>
<th>Description</th>
<th>2013</th>
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<td>Federal awards</td>
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<td>Contributions:</td>
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<tr>
<td>Individuals</td>
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<td>Foundations</td>
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<td>Member dues and assessments</td>
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<tr>
<td>Interest income</td>
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<td>1,547</td>
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<td><strong>Total SUPPORT AND OTHER REVENUE</strong></td>
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### EXPENSES

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<th>Description</th>
<th>2013</th>
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<tr>
<td>Program services</td>
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### CHANGE IN NET ASSETS

<table>
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<th>Description</th>
<th>2013</th>
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<tr>
<td>Change in net assets</td>
<td>4,981</td>
<td>(13,176)</td>
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### NET ASSETS, BEGINNING OF YEAR

<table>
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<tr>
<th>Description</th>
<th>2013</th>
<th>2012</th>
<th>2011</th>
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<tbody>
<tr>
<td>Unrestricted</td>
<td>344,963</td>
<td>358,139</td>
<td>318,957</td>
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<tr>
<td><strong>Total NET ASSETS, BEGINNING OF YEAR</strong></td>
<td><strong>$349,944</strong></td>
<td><strong>$344,963</strong></td>
<td><strong>$358,139</strong></td>
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