



Annual Report 2007

Global Water Partnership Organisation (GWPO)
Intergovernmental Organisation
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Foreword

The Global Water Partnership is unique. It is both a Partnership and a Network and its members span the globe. 2007 was the penultimate year of current strategy period. Much has been achieved by the GWP this past year. The 2007 Annual Report describes the many activities and outputs which are helping GWP towards achieving its mission.

2007 was also Ms. Margaret Catley-Carlson's final year as Chair of the Steering Committee. I would like, on behalf of the GWP family, to thank Ms. Catley-Carlson for her outstanding leadership during her time as Chair.

The GWP will continue to build on the achievements of 2007 as we complete the final year of the 2003-2008 Strategy. I look forward to working with everyone as we complete our work on the 2009-2013 strategy and begin its implementation.

LETITIA A. OBENG

Executive Summary

The network

The Global Water Partnership (GWP) is a non-profit action network with a focus on water resources management and development. It is a multi-donor funded network focusing on facilitating and supporting countries in social change processes for the sustainable management of their water resources. GWP was established in 1996 as a multi-stakeholder partnership of government agencies, public institutions, private companies, professional organisations, multilateral development agencies and others and provides a mechanism for harmonization across different national actors and internationally across different external support agencies.

The GWP provides a platform for multi-stakeholder dialogue at global, national and local levels in thirteen regions: Southern Africa, Eastern Africa, Central Africa, West Africa, the Mediterranean, Central and Eastern Europe, Caribbean, Central America, South America, Central Asia and the Caucasus, South Asia, Southeast Asia and China. The GWP Secretariat is located in Stockholm, Sweden.

Organisation

GWP is managed by an Executive Secretary who is answerable to the Steering Committee (SC). The Steering Committee engages in policy oversight and approves the work programme and budget of the organisation. Steering Committee members serve in their personal capacity. The Steering Committee was chaired in 2007 by Ms. Margaret Catley-Carlson, her final year as Chair. The new Chair, Letitia A. Obeng, took up her appointment on January 1, 2008. The Steering Committee and its Chair are appointed by the Sponsoring Partners, comprising the ten founding members of the GWPO.

The GWP Secretariat – established as an intergovernmental agency in Sweden as the Global Water Partnership Organisation (GWPO) – had a staff of twenty-three in December 2007. Three of the staff were supported by funds provided through restricted programmes, two staff were tied to special assignments/initiatives and one was seconded by the French Government.

THE PROGRAMME

This report highlights some of the key activities from across the network carried out over the last year, and indicates the actions taken in hand to initiate the development of the new GWP strategy for 2009–2013.

Progress at the Global Level

Financing water

GWP has been a catalyst in getting Financing Water prominent on the global and regional political agenda, in particular through the World Panel on Financing Water Infrastructure, which reported in 2003, and a follow-up high level Task Force on “Financing Water for All” which reported in 2006. GWP’s efforts in this area in 2007 centred on promoting dialogue on this topic through workshops and developing capacity building material. One of GWP’s objectives is to influence the way people think about the value of water. Work has also started on addressing used and waste water with a view to forming a follow up high level panel on financing sanitation and waste water.

Together with the EU Water Initiative Finance Working Group (EUWI-FWG), GWP conducted two regional workshops on financing the water sector in East and West Africa. The first, *Water Financing in West Africa*, was held in Ouagadougou, Burkina Faso, in March 2007. The event was organised by the GWP West Africa Water Partnership with support from the Ministry of Agriculture, Hydraulics and Fisheries Resources of Burkina Faso.

Participants were drawn from ten countries and included senior representatives from ministries of water and finance, non-governmental organisations (NGOs), the Water Resources Coordinating Unit of the Economic Community of West African States (ECOWAS), basin organisations, West Africa Monetary Union, members of the GWP West Africa country water partnerships and the EUWI.

The discussions covered infrastructure financing and absorption of funds, focusing on the constraints and possible solutions at both regional and country level, financing water from an IWRM perspective, and the importance of integrating water into national Poverty Reduction Strategy Papers (PRSPs).

The second event, *Financing Water in Eastern Africa*, was organised in response to a request from the African Ministers Council on Water (AMCOW). The Ministers asked for a stakeholder meeting between governments, donors, the United Nations and informed technical agencies to discuss why investment in water was lagging behind demand, and what could be done to redress the situation.

Held in Nairobi, Kenya in April 2007, the workshop was organised by GWP Eastern Africa. Participants included senior representatives from government water ministries, donors, NGOs and United Nations agencies.

The conference findings were somewhat surprising: It appears that the main reason for the backlog in water investment is not just a shortage of funds but instead, related to an inability to absorb the funds that are available. It emerged that this situation was linked to a lack of capacity – mainly management and technical – and governance bottlenecks that delay the implementation of the programmes.

A key output of the Eastern Africa meeting was a formal Ministerial Statement on Financing for Water issued by the Ministers of the Eastern Africa AMCOW sub-region. The Ministers acknowledged the value of partnerships and collaboration for achieving the Millennium Development Goals (MDGs) and the need to increase national budget allocations for sustainable water use. They recognized that public institutions alone would be unable to meet the demand for water infrastructure and services, and they agreed to provide the framework for effective participation of non-state actors. They also stipulated that the public sector would need structural reforms in order to attract additional funds. The statement was later submitted and adopted at the full Ministerial meeting of AMCOW in Brazzaville, Congo in May 2007.

Follow-up activities to these workshops, in the form of country-level roundtable meetings, are now at the planning stage in Benin, Burkina Faso and Ghana. The GWP will also follow up with country-level activities in Eritrea, Mozambique and Swaziland as part of the Partnership for African Water Development (PAWD). The EUWI-FWG will liaise further with the GWP on country-level follow-ups to see where its members can add value and resources. GWP South America and Caribbean are now asking for support to conduct workshops on this theme, while Central Asia and Caucasus is planning to conduct workshops in 2008.

To support future workshops two guides were developed during 2007. The first, an introductory guide for practitioners on financing water infrastructure and services, was developed with the EUWI Finance Working Group and released in August during the 2007 World Water Week in Stockholm. The second, *Training and Facilitators Guide on Economics in Sustainable Water Management*, was developed with the international capacity building network Cap-Net, GWP and the EUWI-FWG. Published in early 2008, the guide is available in English, French Portuguese and Spanish.

Alliances

Flash floods occur with very little warning and have the potential to cause major loss of life and damage to property. Recent experiences in Central and Eastern Europe have prompted GWP, in close partnership with the World Meteorological Organisation, to conduct pilot projects and develop strategies for flash flood warning and community preparedness. The results are available in a new guide, *Guidance on Flash Flood Management: Recent Experiences from Central and Eastern Europe* (available at www.apfm.info/publications.htm), which is targeted at mayors, provincial administrators and national meteorological and hydrological services.

This guide, produced by GWP Central and Eastern Europe, aims to improve community preparedness for flash flooding in Europe. The work was conducted under the auspices of the Associated Programme on Flood Management, a joint initiative of the World Meteorological Organization (WMO) and the GWP. Based on experiences and available literature from Central and Eastern Europe, the guide was drafted by the Polish Institute of Meteorology and Water Management (IMGW) in cooperation with GWP Poland.

GWP's commitment to enhance links with the private sector continued, in particular through the World Economic Forum (WEF). This has resulted in more interest from businesses that wish to improve the way they use water resources as well as provide support to communities on water and sanitation. GWP has assisted WEF in developing a programme supported by several major food and beverage companies that was launched in the Davos Forum in January 2008.

During 2007, GWP participated in the UN-Water meetings and in the IWRM indicators task force. Further, GWP assisted the United Nations Department of Economic and Social Affairs (UNDESA) process their questionnaire on monitoring progress towards the 2002 World Summit on Sustainable Development (WSSD) target for "all countries to establish national IWRM and Water Efficiency Plans by 2005". The Regional and Country Water Partnerships have helped to conduct this survey and, as a consequence, the number of countries submitting the questionnaire has increased. The results generated by this questionnaire will be reported at the 16th meeting of the Commission on Sustainable Development (CSD-16) in May 2008.

Led by the Danish Ministry of Foreign Affairs, GWP participated in the *Copenhagen Conference* in April. The outcome of the event was a paper setting out "IWRM Roadmaps" – a document that outlines a process for continued monitoring of the implementation of IWRM plans across the globe. GWP is now helping the Ministry and UN-Water to finalise this statement, which will be included in the CSD-16 discussions.

GWP was invited to be on the Council of the Global Action Network (GAN-Net) and actively involved in their 'Communities of practice' related to communications, strategic planning and performance measurement. For the latter, GWP is considered as leading the way in monitoring and evaluation for non-tangible policy related work. GWP has been approached for advice in this area by the Gates Foundation and the Independent Evaluation Group of the World Bank.

Initial discussions were held with World Water Council on the key themes for the 5th World Water Forum – that will be held in Turkey in 2009 – to determine the best way for GWP to add value. These discussions and GWP's involvement will increase during 2008 as the agenda for the Forum firms up.

Publications

One of the roles of the GWP Technical Committee (TEC) is to take the lead on the technical aspects of various global GWP partnership initiatives. Work with the International Water Management Institute (IWMI) during 2007 concentrated on the "Triggers of Water Policy Change" initiative, which focuses on using research results to make positive policy change happen. Together with IWMI, GWP organised a half-day workshop during the August 2007 World Water Week in Stockholm where development of a 'triggers' package – a collection of key resources – was distributed.

TEC published a brief "*Climate Change Adaptation and Integrated Water Resources Management*" in August and a number of other briefs are being prepared for publication in early 2008 including one on basin management in collaboration with IWMI's Comprehensive Assessment on Water Management in Agriculture, one on how-to integrate IWRM plans and national development strategies, and, in collaboration with the Southern Africa Regional Water Partnership, another on IWRM and infrastructure. A draft of the TEC Background Paper number 12 *Water Financing and Governance* was completed and published in early 2008.

Outcome reporting

GWP has been effective at advocating the need for better water resources management and hosting multi-stakeholder meetings jointly with key partners in the regions. As with most global action networks, GWP has been good at reporting its activities but has experienced difficulties documenting the outcomes of this work.

In response to this concern GWP has, during 2007, progressively introduced a reporting methodology based on the Canada's International Development Research Centre (IDRC) "Outcome Mapping" approach. Outcome mapping recognizes that in a development context, change is complex (multiple actors and factors), continuous (not limited to the life of the project), non-linear (unexpected results occur), beyond the control of the 'project' (but subject to its influence) and two-way (programmes also change). The outcomes are defined as observable changes in the people, groups and organisations that GWP works to influence and GWP's activities and outputs that contributed towards the change

The application of this approach will increase the network's ability to build learning and reflection into its work. Moreover, it will be used to develop the new GWP Strategy 2009–2013, ensuring synergy between the strategy itself and the means to monitor and report on it during its implementation.

During 2007, training on Outcome Mapping took place in conjunction with the inter-regional meetings, where 'journal writers' worked through examples of reporting, learning to track down and highlight the outcomes of the activities reported. Over half the GWP regions received this training during 2007.

Progress at the Regional and Country Level

Completing the Country Dialogues

The National Dialogues started at the end of 2006 were completed by December 2007. Altogether, over 100 initiatives were carried out in 42 countries with an average investment of around USD10,000 for each Dialogue. The Dialogues have also leveraged local funds and significant in-kind contributions.

The Dialogues were held to help countries further develop and maintain momentum in the process of development of national IWRM Plans to meet the 2005 target of the WSSD Plan of Implementation. Several had the principal aim of linking diverse stakeholders, for example, the national dialogue in the Democratic Republic of Congo presented the newly developed draft Water Policy, Water Strategy and Water Act – based on IWRM principles – to stakeholders at the provincial level to create awareness; in the Philippines, the Dialogue was designed to improve the linkages between government officials and small-scale private water providers in an effort to encourage more practical input into IWRM and poverty reduction planning; and in Bangladesh the Dialogue was aimed to activate stakeholders at the local level.

In the case of Ukraine, the national Dialogue brought a wide range of stakeholders together, which resulted in several follow up actions including strengthened cross-sectoral coordination when new stakeholders were included in the Interagency Coordinating Council on Water Resources Development; several district authorities decided to establish inter-district river basin councils, thereby taking a more integrated approach to water management through better coordination with river basin organizations; and river basin management plans are now being developed. Although these changes cannot be fully attributed to the Dialogue, the interactions generated in the Dialogue contributed towards increasing the momentum for making these changes.

IWRM planning programmes

The 2002 World Summit for Sustainable Development called for all countries to prepare national IWRM and water efficiency plans by 2005. GWP's support to the national processes established to develop these plans has been extensively reported in the network's annual magazine *GWP in Action* since 2004.

GWP has supported the national IWRM planning processes in twelve countries and four sub-regions in Africa: Benin, Cape Verde, Mali and Senegal in West Africa; Cameroon in Central Africa; Eritrea, Ethiopia and Kenya in Eastern

Africa; and Malawi, Mozambique, Swaziland and Zambia in Southern Africa. It has also supported the planning processes in El Salvador and Indonesia.

As to be expected in dealing with complex social processes, there have been difficulties in carrying out the programme work in several countries, causing delays in their completion. Changes in government or senior officials has required re-establishment of the working relations. GWP has worked to try and facilitate improved implementation of agendas by providing additional support through the regions from the Secretariat.

A GWP Reference Group was established during 2007. This provides expert support to the countries and reviews the draft IWRM plans as they emerge. The Group comprises seven existing and former regional chairs and TEC members and one expert from the Economic Community of West African States (ECOWAS). During 2007 the group reviewed draft IWRM plans in five countries in Africa and provided recommendations and advice on the content of each plan to the programme team. Further, the Group provided support to the programme teams by lobbying senior officials regarding the adoption of the plans and for their integration into national development plans.

The CIDA programme concludes in May 2008, while the Dutch and US funded programmes have been extended into 2009–2010.

GWP and the EU

GWP signed an agreement with the EC for funding from the ACP-EU Water Facility for a new programme on improved water management and strengthening partnerships for water security in West Africa. [This required an institutional audit of GWP by the EC that led to the introduction of some new administrative measures including, among others, the introduction of a risk management strategy in GWP in order to comply with EC conditions and audits.] Under the same funding facility, Cap-Net also secured funds, with GWP as a partner, and is working closely with GWP to build capacity on IWRM in the GWP African and Caribbean regions. These programmes kicked off in early 2008.

Support to Regional Processes

The regional water partnerships continue to have a key role in raising awareness and building political will at the regional level.

Through events such as the Yellow River Forum and High Level meetings GWP China has recently brought together three key Ministries – Water Resources, Urban Construction and Environment to discuss and understand the new ecological approach to society in the country.

The Southeast Asia water forum, and national forums such as the Malaysian water week, are linked to regional political processes and systems embraced by the Association of Southeast Asian Nations (ASEAN).

In Africa there has been continuing collaboration with AMCOW from the regional water partnerships including support for the dialogues on financing of water reported above.

In South Asia the GWP has worked with the Asia Development Bank (ADB) and with local water utilities to establish a South Asia Water Utility Network which was launched in Pakistan in April. This network aims to facilitate the Water Operators Partnership programme promoted by UNSGAB – the UN Secretary General's Advisory Board on Water and Sanitation, chaired by the GWP Patron, His Royal Highness the Prince of the Netherlands. GWP has supported similar initiatives in Latin America, Central Asia and the Caucasus and China to establish similar networks and programmes that will strengthen capacity and improve the governance of water utilities.

Discussions and dialogues organised by GWP-MED on more integrated approaches to water resources management have been held in Libya, Mauritania, the Middle East and the wider Arab world. As a result, contacts have been established with Iran, interest mobilised in the Gulf, and discussions leading towards a Memorandum of Agreement with the Arab Water Council have been initiated.

Inter-regional meetings

To promote increased sharing of experience and knowledge across the regions, a number of inter-regional meetings for partners were held during 2007, rather than a single global "Consulting Partners Meeting". These meetings provided an opportunity to GWP partners to discuss strategic and operational issues concerning the new GWP Strategy, 2009–2013. The inter-regional meetings conducted in 2007 were:

- ▶ The GWP West, Central, Eastern and Southern Africa and GWP Mediterranean meeting was held on July 9–11 in Mombasa, Kenya.
- ▶ The GWP CEE, CACENA and Mediterranean meeting was held on October 4–5 in Varna, Bulgaria.
- ▶ The Asian meeting including GWP South Asia, GWP Southeast Asia, GWP China, GWP Caribbean and representatives from the Pacific was held in Manila on November 24–25.
- ▶ The GWP Central America and GWP South America meeting was postponed to March 1–2, 2008 in Lima to coincide with a regional political meeting on IWRM planning.

In 2008, the global CP meeting will be held during the World Water Week in Stockholm in August as usual, where the final draft of the draft GWP Strategy 2009–2013 will be ratified by the partners before final approval by the Steering Committee in its end-of-year meeting in November.

Strengthening the regional and country water partnerships

Several governance challenges have been addressed during the year. Importantly, the long delayed transition of the GWP South Asia regional water partnership from Sri Lanka to Bangalore, India was completed.

In November 2005, the GWP Steering Committee (SC) approved the *Conditions for Accreditation*, a formal set of conditions that each potential regional and country water partnership needs to satisfy before becoming an 'accredited' GWP partnership. Two regions were accredited by the SC in November 2006 and a further eight in 2007. The remaining three, GWP Mediterranean, GWP Eastern Africa and GWP Central Africa will apply for accreditation in 2008. This status provides the partnerships with a semi-autonomous governance system providing local ownership that is a special feature of the GWP network.

Applications from organisation to become a Partner of GWP continue to be submitted. By the end of 2007 over 1,800 Partners from all parts of the world had been registered.

Strategy And Work Plan

Preparing the GWP work plan for 2008

Building on the outcomes of the Comprehensive Work Plan 2007, GWP has prepared its business plan to the end of the current strategy period, December 2008. The work programme was built up from details of specific activities that were prioritised, and based on real expectations and resource considerations. Space in these plans has been allowed to react to new opportunities, while managing expectations in terms of what can be held accountable in performance assessments.

Positioning for the new strategy period 2009 onwards

An exhaustive and inclusive process for developing the 2009–2013 strategy was prepared for implementation in 2008. The process is one based on the Outcome Mapping approach, setting out a methodology for strategic planning that will also make monitoring and reporting more straightforward during the next strategy.

A "Thematic Working Group", comprising members from the Secretariat, the Technical Committee and the regional water partnerships, was established with a view to help identify priority themes that GWP should or could address during the next strategy.

STAFFING

New Chair

The Secretariat supported the Chair search committee and the new Chair, Dr. Letitia A. Obeng, was appointed and announced in August during the Stockholm Water Week. Dr Obeng took up her responsibilities in January 2008 .

Staff

Early in the year a Financial Assistant was appointed to replace a departing staff member. Mid-year a Financial Officer was recruited for one year to meet the additional demands from the restricted funds, more specifically the programmes funded by the Netherlands and the European Commission, and a Legal Officer position established to strengthen the in-house legal capacity.

A Senior Network Officer seconded by the French Government arrived in July 2007. A second person seconded by the French Government, a Junior Network Officer, was identified in the Spring of 2007 to take up the position in March 2008.

Recruitment processes were launched in the autumn for the positions of Deputy to the Executive Secretary, Head of Public Relations and Communications, Communications Officer and Personal Assistant to the Executive Secretary. Similarly, a search was carried out in the autumn to identify a replacement to the ToolBox Officer position (the former incumbent left in May 2007).

The Programmes team, supported by restricted funds, was re-organised during the year. The responsibilities for the programmes were transferred to the appropriate Network Officers assisted by the Junior Network Officers. Two programmes team members left during 2007, one in early 2008 and one member was transferred to a Junior Network Officer position.

Two staff members appointed in 2006 on contracts until mid-2007 for a special initiative to strengthen the fundraising capacity of the Secretariat and the regions, were extended for another nine months until the end of March 2008. In January 2008, with the contracts coming to an end, one took up a position in the EU Water Initiative Finance Working Group that is hosted by the Secretariat.

FINANCE

Core contributions

The number of donors channeling funds through GWPO during 2007 were 14 (2006, 13 donors) The donors, Canada, Denmark, European Commission, Finland, France, Germany, Japan Water Forum, Netherlands, Norway, Spain, Sweden, Switzerland, United Kingdom, and U.S.A contributed a total of USD 9.5 million (9.0M 2006) in core funding. The core funding through the GWPO Secretariat during the years 2003–2007 remains at a stable level of close to USD 9 million. The core contributions for 2008 are estimated to remain at the same level.

Locally raised funds

The regions are encouraged to raise their own funds. During 2007, USD 1.8 million were raised by the regions/countries, an increase of USD 0.1 million compared to 2006. Some of the donors at regional/country level were GEF-IWLEARN, DFID, Danida, Japan Water Forum, Greek Ministry for Environment, and SIDA.

In-kind contributions

The contributions reported in the Annual Report do not include funds provided in-kind from governments, organisations or individuals. The in-kind contributions are not currently captured but should be recognized as a very substantial source of funding. France, as one example, has supported GWPO Secretariat with secondment/s since 2002.

Restricted funding

Funds for Programme (restricted funds) activities were provided by the donors Canada, European Commission, Finland, Netherlands, NeWater, United Kingdom, and U.S.A. The activities at regional as well as country level accounted for USD 4.2 million during 2007 which equals the amount in 2006.

In 2007 a programme funded by the European Commission, was initiated. The programme funded by CIDA will come to an end in March 2008. This will take the Programmes activities in 2008 to an estimated USD 3.2 million.

Outstanding issue UNDP

GWPO received in February 2006 a claim from UNDP of USD 1,228,335. The claim is according to UNDP for expenditures paid by UNDP in 2001 on behalf of GWPO. GWPO has not acknowledged the claim as the audited Annual Reports 2001–2004 do not include a liability to UNDP of this amount. Recorded as a liability to UNDP by December 31, 2007, is an amount of USD 637,432. GWPO is making every effort to resolve this matter in consultation with all parties involved. By March 2008 no progress has been made to resolve the issue.

HOSTING ARRANGEMENTS FOR INTERNATIONAL TASK FORCE ON GLOBAL PUBLIC GOODS AND THE EU WATER INITIATIVE FINANCE WORKING GROUP**International Task Force on Global Public Goods**

The International Task Force on Global Public Goods (GPG) was established in 2003 through a bilateral agreement between France and Sweden. GWPO has hosted the GPG since 2003 and has provided financial and administrative management.

The Task Force and its Secretariat ended their activities on December 31, 2006. One staff member worked during the first quarter of 2007 to oversee the conclusion of the remaining administrative matters. GPG received contributions during 2003–2006 of Euro 5,632,800. Total expenditures, including financial items, 2003–2006 amounted to Euro 4,743,852. Total unused funds, Euro 888,948, were repaid to donors in April 2008. There are no contingent liabilities connected to the closure of GPG. All outstanding liabilities by December 31, 2006, except for the repayment to donors, are paid by March 31, 2007.

EU Water Initiative Finance Working Group

The EU Water Initiative Finance Working Group (EUWI FWG) is hosted by GWPO in the same way as GPG. GWPO administers the finances as agreed with DFID in May 2006. DFID has committed an amount of not exceeding GBP 500,000 for the operations of EUWI FWG 2006 to 2008 work programme. The Secretariat for EUWI FWG consisted during 2007 of one staff member, fully financed by DFID in addition to the committed amount of GBP 500,000.

EUWI FWG received contributions from DFID in 2007 of Euro 223,018. Expenditures, including financial items, amounted to Euro 178,338. All outstanding liabilities, Euro 40,651, by December 31, 2007 are paid by April 15, 2008.

The EUWI FWG signed in December 2007 an agreement with the European Commission for Support to the Finance Working Group of the EU Water Initiative. The project is co-financed with funds from DFID, € 340,000, and has for a 36 months period a budget of Euro 740,000.

Income Statement

All amounts in US Dollars

	Note	2007	2006
Core contributions			
Core contributions through GWP Secretariat	1	9,477,499	8,942,468
Contributions locally raised	2	1,772,918	1,702,498
Other income	3	<u>18,553</u>	<u>73,333</u>
Total Core contributions		11,268,970	10,718,299
Core contributions through GWP Secretariat transferred to 2006		0	1,259,363
Programmes contributions	4	4,186,213	4,172,771
Total contributions		15,455,183	16,150,433
Global expenditures core			
Secretariat	5,6	-3,682,873	-2,878,580
GWP contribution to Programmes	7	-14,785	-187,101
Governance	8	-324,772	-749,846
External cooperation	9	-376,538	-346,586
Technical Committee		-562,592	-660,290
Facilitation Fund	10	<u>0</u>	<u>-144,505</u>
Total Global expenditures		-4,961,560	-4,966,908
Global expenditures programmes	11	-559,339	-655,071
Regional expenditures			
Regional expenditures core	12	-5,371,769	-3,538,869
Expenditures locally raised contributions	12	-1,772,918	-1,702,498
General regional expenditures core	13	-178,242	-878,975
Regional expenditures programmes	14	<u>-3,626,972</u>	<u>-3,517,700</u>
Total Regional expenditures		-10,949,901	-9,638,042
Financial items			
Net interest and net exchange rate differences	15	<u>-37,391</u>	<u>-7,733</u>
Total Financial items		-37,391	-7,733
Net result for the year		-1,053,008	882,679

Balance Sheet

All amounts in US Dollars

Assets	Note	31/12/2007	31/12/2006
Current assets			
Receivables regions	16	695,282	1,243,984
Receivables donors	17	668,326	1,573,247
Other receivables	18	133,310	169,044
Prepaid expenditures and accrued income	19	<u>86,179</u>	<u>119,646</u>
		1,583,097	3,105,921
 Cash and bank balances	 20	 6,178,845	 4,902,938
 Total Assets		 7,761,942	 8,008,859
 Equity and Liabilities			
Equity			
Restricted equity	21		
Reserve fund		1,460,000	1,370,000
Currency rate fluctuation reserve		<u>-</u>	<u>-</u>
		1,460,000	1,370,000
 Non-restricted equity	 22		
Results brought forward		1,189,489	92,627
Translation difference		127,692	304,183
Net result for the year		<u>-1,053,008</u>	<u>882,679</u>
		264,173	1,279,489
 Total Equity		 1,724,173	 2,649,489
 Current liabilities			
	Note	31/12/2007	31/12/2006
Advance payments from donors	23	4,043,578	3,432,653
Accounts payable		78,805	209,961
Liabilities regions/countries	24	236,916	148,124
Other liabilities	25	1,153,648	953,291
Accrued expenditures	26	<u>524,822</u>	<u>615,341</u>
Total current liabilities		6,037,769	5,359,370
 Total Equity and Liabilities		 7,761,942	 8,008,859
Pledged assets		None	None
Contingent liabilities		590,903	None

Cash flow statement

All amounts in US Dollars

	Year ended 31 December	
	2007	2006
Net result before financial items	-1,015,617	890,412
Adjustment for items not included in cash flow	45,633	161,225
Interest received	55,995	61,390
Interest paid	-11,327	-941
Net cash flow from operating activities before changes in working capital	-925,316	1,112,086
Decrease/increase receivables regions/countries	548,702	-371,671
Decrease/increase receivables donors	904,921	-1,190,070
Decrease other receivables	69,201	6,546
Increase/decrease advance payments from donors	610,925	-506,713
Decrease accounts payable	-131,156	-194,092
Increase/decrease liabilities regions/countries	88,792	-57,474
Increase other liabilities	109,838	356,219
Net cash flow from operating activities	1,275,907	-845,169
Net cash flow for the year	1,275,907	-845,169
Cash and bank balances at the beginning of the year	4,902,938	5,748,107
Cash and bank balances at the end of the year	6,178,845	4,902,938

Notes

Accounting principles

The Annual Report has been prepared on a going concern basis as well as an accrued basis according to the principles below.

The generally accepted accounting principles in Sweden form the basis for the GWPO accounting policy. The Swedish accounting policy is not followed for fixed assets (see below), the currency rate reserve is not in accordance with the Swedish accounting principles (see below), and the specification of salaries and other staff costs should according to Swedish principles be more detailed.

Contributions

Contributions are accounted for on an accrual basis when GWPO becomes entitled to the contribution.

Core contributions are unrestricted contributions to be used for any of GWPO's purposes within the GWP Strategy and Work Plan.

Programme contributions are restricted contributions with specific restrictions imposed by the donors.

All contributions for Programme activities above the level of expenditures for the financial year are booked as advances from Donors.

All contributions are shown at gross value.

In-kind contributions

In-kind contributions are, according to Swedish accounting principles, not to be reported in the Income Statement. GWPO has received in-kind contributions from France at an estimated value of USD 50,000 during 2007.

Fixed assets

GWPO's policy is to charge office equipment within the year in which it has been incurred.

Office equipment of USD 67,118 (2006 USD 35,106) purchased in 2007 is recorded as expenditures. Accumulated purchase of office equipment since 1 July 2002 is USD 259,622.

Currencies

The GWPO accounting is undertaken in Swedish Kronor (SEK). For reporting purposes the currency of the United States Dollar (USD) is used. The rate of exchange SEK/USD ruling at the balance date is used for all assets and liabilities. The average exchange rate SEK/USD for the financial year is used for all contributions and expenditures.

Leased assets

All lease agreements, regardless of whether they are financial or operating in nature, are accounted for as rental agreements (operating lease agreements).

The leasing fee is expensed over the full period of the lease on a linear basis.

Currency rate fluctuation reserve

The Currency rate fluctuation reserve was introduced in 2005 as a facility to overcome distortions caused by fluctuations in the exchange rate SEK and other currencies in which GWPO holds bank accounts. The reserve includes exchange rate gains and losses on bank balances only. The reserve could never show a negative value.

Receivables

On the basis of individual assessment, receivables are reported at the amounts which they are anticipated to be received.

Pension costs

Pension premiums for international staff, calculated as a percentage of gross salary, are deposited semi annually at AMFIE (Association Mutualiste des Fonctionnaires des Organisations Intergouvernementales, Luxembourg) and SEB Trygg Life Assurance Company Limited (Ireland).

No unpaid balance by the end of 2007.

Pension premiums for Swedish staff, calculated as a percentage of gross salary, are paid monthly to SEB Trygg Liv (Sweden). No unpaid balance by the end of 2007.

Liabilities

Liabilities are reported at their nominal amounts.

Cash flow statement

The statement is prepared in accordance with the indirect method. The cash flow only includes transactions which generated ingoing or outgoing payments.

Note 1 Core contributions through GWP Secretariat	2007	2006
Canada, Partnership for Africa's Water Development, overhead	198,119	180,249
Denmark	743,325	657,577
European Commission, Effective Water Governance, administration	3,072	6,728
European Commission, Appui à la sécurité en eau WAF, adm. Fee	1,995	-
Finland IWRM planning Central Asia and Caucasus, overhead	10,288	15,745
France, L'éau et le développement durable, indirect costs	0	7,465
Germany	677,307	494,484
Japan Water Forum	25,088	-
Netherlands, National IWRM and Water Efficiency Plans, facilitation and guidance	179,338	140,491
Netherlands	1,239,562	1,127,305
Norway	1,032,464	596,861
Spain	139,455	-
Sweden	1,775,174	1,626,324
Sweden cost compensation taxes and rent	540,779	509,226
Switzerland	277,596	204,456
United Kingdom	2,615,624	3,276,500
United Kingdom restricted contribution to China	-	51,067
U.S Department of State, indirect costs	18,313	47,990
Sum	9,477,499	8,942,468

Note 2 Direct contributions to Regional/Country Partnerships	2007	2006
GWP Cacena	-	29,451
GWP Caribbean	15,891	1,313
GWP Central America	60,827	21,213
GWP Central and Eastern Europe	116,365	74,280
GWP China	25,238	165,343
GWP Eastern Africa	71,466	33
GWP Mediterranean	1,307,392	958,140
GWP South America	1,192	-
GWP South Asia	85,802	22,306
GWP South East Asia	1,790	56,794
GWP Southern Africa	86,955	366,718
GWP West Africa	-	6,907
Sum	1,772,918	1,702,498

Additional direct contributions of USD 171,366 were received by the RWP/CWP during 2007. The amount will however not be used until 2008.

Note 3 Other income	2007	2006
Ramboll Natura AB, fees for training programmes	621	2,439
Host fee Task Force on Global Public Goods	3,994	62,207
Host fee EUWI Finance Working Group	13,380	8,687
Cost reimbursement EUWI Finance Working Group	558	-
Sum	18,553	73,333

Note 4 Programmes (restricted) contributions	2007	2006
Canada, Partnership for Africa's Water Development	1,978,841	1,925,204
United Kingdom, Water Utility Network Meeting Islamabad	46,542	-
European Commission, Effective Water Governance	64,077	234,588
European Commission, Appui à la sécurité en eau West Africa	27,162	-
EU Water Initiative, Finance Working Group	67,730	-

Finland, IWRM planning Central Asia and Caucasus	92,883	141,451
France, L'eau et le développement durable	-	62,253
Greece, for GWP Mediterranean	-	12,587
Netherlands, National IWRM and Water Efficiency Plans	1,740,933	1,363,716
EU, New approaches to Adaptive Water Management	2,848	-
U.S Department of State	165,197	432,972
Sum	4,186,213	4,172,771

Note 5 Secretariat costs	2007	2006
Salary and Payroll overhead	2,263,787	1,660,021
Travel	466,283	294,450
Rent and Office expenditures	593,565	536,759
Audit, legal and other consultancies	184,990	170,944
Communication/information expenditures	174,248	216,406
Sum	3,682,873	2,878,580

Note 6 Salary and payroll overhead	2007	2006
Salaries - Secretariat core	1,633,227	1,212,820
Insurances - Secretariat core	133,917	65,244
Pension costs - Secretariat core	335,055	273,569
Other staff costs - Secretariat core	121,992	53,822
	2,224,191	1,605,455
Cost of temporary staff	39,596	54,566
	2,263,787	1,660,021

	2007	2006
The average number of employees calculated on a full time basis for Secretariat core;		
Female	13.2	9.9
Male	4.9	6.0
	18.1	15.9

Staff not included in the Secretariat core;		
Average number of employees paid by in-kind contribution from France	0.5	0.5
Average number of employees paid by the restricted contributions	3.4	5.0
Average number of employees paid by the Facilitation fund	0.0	1.3
Average number of employees for IWRM Survey	0.0	0.3

Note 7 GWP contribution to Programme activities	2007	2006
European Commission, Effective Water Governance	4,679	3,968
U.S Department of State	10,106	60,412
Canada, Partnership for Africa's Water Development	-	122,721
Sum	14,785	187,101

Note 8 Governance costs	2007	2006
Steering Committee	297,500	251,451
Consulting Partners meeting & 10th Anniversary event	-2,320	399,390
Other governance costs	29,592	99,005
Sum	324,772	749,846

Note 9 External cooperation costs	2007	2006
Toolbox	125,075	129,577

Advisory Centers and Senior Advisors	251,463	195,000
Other external cooperation costs	-	22,009
Sum	376,538	346,586

Note 10 Facilitation Fund	2007	2006
Fundraiser position	-	144,505

Note 11 Global expenditures programmes	2007	2006
Canada, Partnership for Africa's Water Development	224,868	141,733
European Commission, Effective Water Governance	-36,541	134,046
EU, New approaches to Adaptive Water Management	2,848	
United Kingdom, Water Utility Network Meeting Islamabad	46,541	-
Netherlands, National IWRM and Water Efficiency Plans	321,623	379,292
Sum	559,339	655,071

Note 12 Regional expenditures core	2007	2006
GWP Caribbean	174,866	105,047
GWP Central Africa	153,911	162,524
GWP Central America	418,446	260,548
GWP Central Asia & Caucasus	307,219	266,306
GWP Central & Eastern Europe	523,134	435,119
GWP China	557,795	578,905
GWP Eastern Africa	498,384	264,033
GWP Mediterranean	1,611,715	1,188,214
GWP South America	269,564	212,177
GWP South Asia	617,086	319,716
GWP South East Asia	451,856	396,227
GWP Southern Africa	854,575	646,883
GWP West Africa	568,755	266,392
GWP new regions	-	-1,511
Regional part EC contribution East and West Africa	-	50,280
Exchange rate differences	137,381	90,507
Sum	7,144,687	5,241,367
Regional expenditures financed by locally raised funds	-1,772,918	-1,702,498
Sum	5,371,769	3,538,869

Note 13 General regional expenditures core	2007	2006
CWP Meeting Stockholm	-	735,300
Utility Network Initiative SAS GWP/ADB - Facilitation fund	-	14,517
Regional access to TEC	-	2,274
Interregional meetings	115,128	78,072
10th Anniversary Book regional expenditures	-	48,812
Country Dialogues	24,931	-
Monitor and Evaluation Support	38,183	-
Sum	178,242	878,975

Note 14 Expenditures Programmes	2007	2006
GWP Central Africa, CIDA Programme	14,790	85,313
GWP Central Africa, French Programme	-	62,253
GWP Central Africa, Dutch Programme	154,316	186,879
GWP Central America, US Programme	22,085	140,201
GWP Central Asia & Caucasus, Finnish Programme	92,883	141,451
GWP Eastern Africa, EC Programme	38,980	30,796

GWP Eastern Africa, CIDA Programme	265,568	232,955
GWP Eastern Africa, US Programme	128,226	72,764
GWP Eastern Africa, Dutch Programme	277,976	150,747
GWP Eastern Africa, EUWI FWG	33,365	-
GWP Mediterranean, restricted funds from Greece	-	12,587
GWP South East Asia, US Programme	14,887	220,008
GWP Southern Africa, CIDA Programme	879,034	888,177
GWP Southern Africa, Dutch Programme	472,468	315,965
GWP West Africa EC Programme	61,638	69,746
GWP West Africa, CIDA Programme	594,580	577,025
GWP West Africa, Dutch Programme	514,649	330,833
GWP West Africa, Appui à la sécurité en eau West Africa	27,162	-
GWP West Africa, EUWI Finance Working Group	34,365	-
Sum	3,626,972	3,517,700

Note 15 Interest and net exchange difference	2007	2006
Interest income	55,995	61,390
Interest expense	-11,327	-941
Exchange rate difference	-82,059	-68,182
Sum	-37,391	-7,733

Note 16 Receivables regions/countries	31/12/2007	31/12/2006
GWP Caribbean	-	8,588
GWP Central Africa, CIDA region	33,615	-
GWP Central Africa, Dutch region	-	10,689
GWP Central Africa, Dutch Cameroon	25,358	74,650
GWP Central America, US El Salvador	-	21,536
GWP Central Asia & Caucasus	-	2,837
GWP Central & Eastern Europe	13,155	-
GWP Eastern Africa	15,560	43,635
GWP Eastern Africa, EC region	-	12,464
GWP Eastern Africa, CIDA regiona	9,697	-
GWP Eastern Africa, CIDA Kenya	14,377	-
GWP Eastern Africa, US Ethiopia	74,887	58,716
GWP Eastern Africa, Dutch region	-	15,899
GWP Eastern Africa, Dutch Eritrea	21,129	63,212
GWP South America	-	32,588
GWP South Asia	66,605	9,705
GWP South East Asia	142,654	20,066
GWP South East Asia, US Indonesia	-	22,622
GWP Southern Africa	-	186,705
GWP Southern Africa, CIDA region	-	42,670
GWP Southern Africa, CIDA Malawi	-	26,672
GWP Southern Africa, CIDA Malawi via region	61,999	-
GWP Southern Africa, CIDA Zambia	-	3,611
GWP Southern Africa, Dutch region	-	5,901
GWP Southern Africa, Dutch Swaziland	3,999	73,395
GWP Southern Africa, Dutch Mozambique	28,768	33,944
GWP West Africa	2,188	25,736
GWP West Africa, EC region	-	33,023
GWP West Africa, Dutch region	11,550	44,873
GWP West Africa, Dutch Benin	29,703	102,741
GWP West Africa, Dutch Cape Verde	20,102	84,859
GWP West Africa, CIDA region	25,711	96,319

GWP West Africa, CIDA Senegal	6,705	75,097
GWP West Africa, CIDA Senegal via region	15,000	-
GWP West Africa, CIDA Mali	28,964	11,231
GWP West Africa, Appui à la sécurité en eau West Africa	43,556	-
Sum	695,282	1,243,984

Liquid funds and balances on settlement accounts for the GWP regions/countries stated above as at 31 December 2007 (2006) amount to USD 963,078 (1,196,473)

Note 17 Receivables donors	31/12/2007	31/12/2006
CIDA, Partnership for Africa's Water Development	192,355	-
DFID second instalment 2006 contribution	-	1,175,479
France, L'eau et le développement durable	-	68,403
U.S Department of State	14,147	-
Receivables Foreign Ministry cost compensation taxes 2007/2006	329,206	329,365
Spain core contribution 2007	132,618	-
Sum	668,326	1,573,247

Note 18 Other receivables	31/12/2007	31/12/2006
Accounts receivable	6,795	46,165
VAT claim	53,610	91,260
Cost reimbursement from Stockholm Vatten	-	290
Task Force on Global Public Goods	-	2,070
EUWI Finance Working Group	7,296	3,064
Other receivables	65,609	26,195
Sum	133,310	169,044

Note 19 Prepaid expenditures and accrued income	31/12/2007	31/12/2006
Prepaid insurances	86,179	82,993
Prepaid fee Columbia University	-	16,235
Accrued interest Euro bank account	-	19,193
Other prepaid expenditures	-	1,225
Sum	86,179	119,646

Note 20 Cash and Bank balances

GWP Secretariat has an option to use a credit issued by Nordea Bank Sweden AB amounting to 50% of all agreed but not yet disbursed contributions. The credit facility was unused at year end.

USD 2,924,829 of the reported bank balances relate to advance payments from Netherlands. USD 743,675 is an advance payment from the European Commission. The balances are only available for the restricted Programme's activities.

USD 1,589,721 relate to the Reserve Fund, deposited in a restricted bank account not to be used for operational expenditures.

Note 21 Restricted equity	31/12/2007	31/12/2006
Reserve fund at the beginning of the year	1,370,000	1,300,000
Transfer to Reserve Fund according to SC decision Nov. 2007/2006	90,000	70,000
Sum	1,460,000	1,370,000

Note 22 Non-restricted equity	31/12/2007	31/12/2006
Amount at the beginning of year	1,279,489	162,627
Transfer to Reserve Fund according to SC decision November 2007/2006	-90,000	-70,000
Translation difference ingoing balance equity	186,317	236,583
Translation difference net result 2007/2006	-58,625	67,600
Net result for the year	-1,053,008	882,679
Sum	264,173	1,279,489

Note 23 Advance payments from donors	31/12/2007	31/12/2006
Finland, IWRM planning Central Asia and Caucasus	37,607	895
United Kingdom, Water Utility Network Meeting Islamabad	5,810	-
Canada, Partnership for Africa's Water Development	-	285,950
Netherlands, National IWRM and Water Efficiency Plans	2,768,663	2,909,280
European Commission, Effective Water Governance	23,095	83,021
European Commission, Appui à la sécurité en eau West Africa	783,172	-
EUWI Finance Working Group	74,748	-
France, restricted contribution 2008	294,706	-
U.S Department of State	-	68,999
Advance payment Foreign Ministry rent 2007/2006	10,530	33,102
Interest earned at regional/country level restricted funding	45,247	51,406
Sum	4,043,578	3,432,653

Note 24 Liabilities regions/countries	31/12/2007	31/12/2006
GWP Central Africa	34,601	34,861
GWP Central Africa, France region	-	28,942
GWP Central Africa, CIDA region	-	14,379
GWP Central Africa, Dutch region	7,476	-
GWP Central America	4,663	472
GWP Central Asia & Caucasus	35,749	-
GWP China	44,995	14,324
GWP Eastern Africa, CIDA region	-	6,939
GWP Eastern Africa, Dutch region	28,445	-
GWP Eastern Africa, CIDA Kenya	-	48,207
GWP South America	6,247	-
GWP Southern Africa	7,061	-
GWP Southern Africa, CIDA region	7,379	-
GWP Southern Africa, Dutch region	23,772	-
GWP Southern Africa, CIDA Malawi	17,137	-
GWP Southern Africa, CIDA Zambia	16,839	-
GWP West Africa, EC region counterpart funding	2,552	-
Sum	236,916	148,124

Liquid funds and balances on settlement accounts for the GWP regions/countries stated above as at 31 December 2007 (2006) amount to USD 445,998 (-33)

Note 25 Other liabilities	31/12/2007	31/12/2006
Employee taxes	329,206	329,365
Social security costs	27,694	28,226
UNOPS	637,432	595,552
Other liabilities	159,316	148
Sum	1,153,648	953,291

UNDP has 3 February 2006 directed a claim of USD 1,228,335 to GWPO. The claim is according to UNDP derived from expenditures paid by UNDP in 2001. GWPO has not acknowledged the claim.

Note 26 Accrued expenditures	31/12/2007	31/12/2006
Accrued TEC and TAC fees	72,345	53,828
Accrued expenditures Advisory Centers/Senior Advisors	47,523	100,469
Accrued expenditures personnel	207,538	85,397
Accrued expenditures Toolbox NWP	40,771	31,825
Accrued expenditures Programmes	-	2,240
Accrued audit fees	65,187	87,544
Accrued expenditures meetings and workshops 2006	-	171,687
Other accrued expenditures	91,458	82,351
Sum	524,822	615,341

May 2008



Emilio Gabrielli
Executive Secretary GWPO

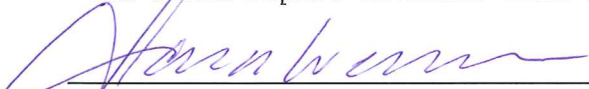


Letitia Obeng
Chair GWPO




Barbara Schreiner
Chair GWPO Audit & Finance Subcommittee

My audit report concerning these financial statements was issued *June 10* 2008
The audit report deviates from the standard formulation.



Lena Svensson
Authorised Public Accountant

Öhrlings

PRICEWATERHOUSECOOPERS 

Audit report

Global Water Partnership Organisation

We have audited the annual accounts, the accounting records and the administration of the Steering Committee's and the Executive Secretary of Global Water Partnership Organisation for the year 2007. These accounts and the administration and the application of the stated accounting policies, when preparing the annual accounts, are the responsibility of the Steering Committee and the Executive Secretary. Our responsibility is to express an opinion on the annual accounts and the administration based on our audit.

We conducted our audit in accordance with generally accepted auditing standards in Sweden. Those standards require that we plan and perform the audit to obtain reasonable assurance that the annual accounts are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the accounts. An audit also includes assessing the accounting principles used and their application by the Steering Committee and the Executive Secretary and significant estimates made by the Steering Committee and the Executive Secretary when preparing the annual accounts as well as evaluating the overall presentation of information in the annual accounts. As a basis for our opinion concerning the administration we have examined significant decisions, actions taken and circumstances of the organisation in order to determine whether any member of the Steering Committee or the Executive Secretary has acted in contravention of the Memorandum of Understanding on the establishment of the GWPO or the Statutes. We believe that our audit provides a reasonable basis for our opinion set out below.

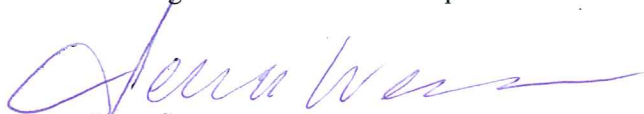
The annual accounts have been prepared in accordance with the stated policies and, thereby, give a true and fair view of the organisation's financial position and results of operations in accordance with generally accepted accounting principles in Sweden. The executive summary is consistent with the other parts of the annual accounts.

The Steering Committee and the Executive Secretary have in our opinion acted according to the Memorandum of Understanding on the establishment of the GWPO and the Statutes.

As indicated in the executive summary and in note 25 of the annual report, there exists a dispute with an earlier supplier who has lodged a claim of USD 1,228,335, which should be compared to the reported liability of USD 637,432. The difference of USD 590,903 is, however, of no major significance to the organisation's continued operations nor for the annual report as a whole. This is the reason that this information does not have an effect on my statements provided above.

Stockholm June 10, 2008

Öhrlings PricewaterhouseCoopers AB



Lena Svensson
Authorized Public Accountant

