



# ANNUAL ACCOUNTS 2020

Stichting WASTE  
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2516 BE 'S-GRAVENHAGE



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## Abbreviations

A4A	Aqua for All
ADB	Asian Development Bank
BMGF	Bill and Melinda Gates Foundation
CSR	Corporate Social Responsibility
COVID-19	Severe acute respiratory syndrome (SARS)-coronavirus (CoV)-2
DGIS	Directorate General of International Cooperation
EU	European Union
FI	Financial Institutions
FINISH	Financial Inclusion Improving Sanitation and Health
FM	FINISH Mondial
FMO	Dutch Entrepreneurial Development Bank
FSM	Faecal Sludge Management
FSTP	Faecal Sludge Treatment Plant
HR	Human resources
LWM	Liquid Waste Management
M&E	Monitoring and Evaluation
MEAL	Monitoring Evaluation Accountability and Learning
MFI	Micro-finance institution
NF	Nedworc Foundation
NGO	Non-Governmental Organisation
NTD	Neglected Tropical Disease
ODF	Open Defecation Free
POI	Proof of Impact
RVO-FDW	Netherlands Enterprise Agency-Sustainable Water Fund
SACCO	Saving and Credit Cooperation
SBM	Swachh Barat Mission (English translation: 'Clean India' Mission)
SDG	Sustainable Development Goal
SGB	Small and growing businesses
SIB	Sanitation Impact Bond
SIDA	Swedish International Development Cooperation Agency
SWM	Solid Waste Management
SWFF	Securing Water for Food
TAS	Take a Stake Fund
Tbd	To be defined
USAID [DIV]	USAID [Development Innovation Ventures]
WAI	WASH Alliance International
WASH	Water Sanitation and Hygiene



## 1. BOARD REPORT 2020

WASTE Foundation is pleased to present its 2020 Annual Report. This report has been prepared in line with the Annual Reporting Guideline C1.

### 1.1 *Introducing WASTE*

WASTE Foundation is an internationally operating non-governmental sustainable development organization in the areas of waste management and sanitation. WASTE was founded in 1983 and is located in The Hague, the Netherlands. Together with local and European partners, WASTE develops and manages multi-annual programmes in nine (9) low- and middle-income countries in Asia and Africa with a central staff of 18 professionals.

#### *Vision & Mission*

WASTE envisions a world in which all people live in a clean environment with access to appropriate and sustainable sanitation and waste services that they use, can afford, and that these services are based upon sustainable resource use. WASTE's mission is to initiate, strengthen and scale waste management and sanitation solutions which help urban communities to become healthier, contributing to greater social inclusion and protecting the environment.

WASTE is recognized by partners and key stakeholders as a leading organization & trust-worthy partner for initiating, strengthening, and scaling sustainable sanitation & waste management solutions for urban communities in low- and middle-income countries. Increasingly, both knowledge and experience are transferred and situated in local, in-country organizations and their staff, aiming to support their development to become less dependent on traditionally donor countries like the Netherlands. To manifest our vision and fulfil our mission, WASTE experts design, and implement programs, projects, consultancies, and trainings which focus on urban environmental management. WASTE specializes in the fields of:

1. Sanitation and faecal sludge management
2. Solid waste and recycling management (including plastics)
3. Innovative financing

WASTE employs a holistic approach to this work, addressing (at household, enterprise, and institutional levels) demand generation, capacity development, government engagement, business development, with an increasing focus on circularity (circular economy). Interventions also prioritize sustainability, not only facilitating that infrastructure and business models are set up but are maintained and continue to be used long after WASTE and its partners step away. With this, WASTE's work is contributing to addressing the Sustainable Development Goals (SDGs), focusing on SDGs 11 (sustainable cities and communities), 5 (gender equality), 6 (clean water and sanitation) and 8 (decent work and economic growth).





### *WASTE Programmes and funding*

The volume of WASTE's turnover reached the level of €2.5 million in 2020, a €2.2 million decrease compared to €4.7 million in 2019. The decrease can be explained by the disruptions brought on by the COVID-19 pandemic and the decision to delay the extension of the FINISH Mondial programme to January 1, 2021. This delay resulted in a budget neutral extension of the ongoing FINISH Mondial 2019-20 programme rather to year-end.

Most of WASTE's programmes have a multi-annual and multi-country character. Close to 84% of these in 2020 were directly financed by the Ministry of Foreign Affairs of the Netherlands (MoFA), Directorate General for International Cooperation (DGIS), or indirectly through public-private partnerships (PPPs). In addition, WASTE has long-term programmes financed by other governments of which approx. 16% is financed by the Swedish International Development Agency (SIDA), the United States Agency for International Development (USAID) and the European Union (EU). WASTE's main programmes in 2020 were operational in:

- South Asia (Bangladesh, India, Nepal)
- East Africa (Kenya, Ethiopia, Uganda, Tanzania)
- Southern Africa (Malawi)
- West Africa (Mali)

## **1.2 WASTE organization**

The WASTE Foundation (Stichting WASTE) is a non-profit organization with an ANBI (Charity) status. In 2020 the WASTE organization employed 18 professionals that were contracted through Nedworc Foundation or directly by means of an interim contract. The foundation has outsourced its Human Resources and Financial Administration to Nedworc Foundation.

In 2020, WASTE Foundation had two Directors, Hanny Maas till 10-04-2020 and Nico Terra (interim basis) for the period 01-02-2020 till 31-12-2020 (see also par. 2.8). The Foundation is administered by the Executive Board and supervised by its Supervisory Board. The Supervisory Board consists of a chair, a vice chair, a secretary and a treasurer. The members have complementary professional backgrounds in the public and private sector. The Supervisory Board oversees the overall strategy, budget approval, financial reporting process and compliance with laws and regulations, as laid down in the articles of association of the Foundation. The Executive Board is responsible for the strategy development and implementation, budgeting and reporting, daily management and for achieving the objectives of the organization. Next to the WASTE Foundation, there is a WASTE Cooperative (COOP) which brings together the staff members that carry out additional consultancies under the name of WASTE. The Executive Board is closely collaborating with the WASTE Cooperative and Staff Council (as from 2021 operational) as an Advisory Board to implement these tasks.



### *Changes in the WASTE organization*

In 2020 Stichting WASTE approved a new strategic plan that laid out its ambitions for the period 2021 - 2025. The approved 2020 strategic plan laid the basis of a new organization structure. As two key programmes, FINISH and Take a Stake, are scaling up and because Stichting WASTE intends to scale also in other programmatic areas, it was concluded that this requires a different type of management and organisation structure.

Based on our philosophy, WASTE is kept relatively small, but the network of partners is large. Increasingly, both knowledge and experience are seated in local organizations and their staff, meaning Dutch/European involvement is less required. Wherever possible, choices are made for South-South connections rather than for North (Dutch/European)–South connections. We will continue to work with a small international staff (small ‘North’ footprint), continue to strengthen the Southern network by facilitating and prioritizing South-South exchanges. Currently, India and Kenya are important knowledge hubs, and connections between our partners in African countries are becoming stronger. We see our partners taking more initiative to connect with other partners located in the South to obtain their advice and inputs. We will continue to strongly support these developments.

Over the last years, the development aid sector has changed. Amongst others:

- Public funds have declined, increased tendering and decreasing ‘free’ funding;
- Volume of private funders for development aid increased (though very focused on specific themes);
- Increasing appreciation of ‘blending’ public and private funds; and
- Increasing complexity and increasing costs of compliance with administrative requirements.

These are all changes which offered both opportunities (private funding) and challenges (costs of compliance). This uncomfortable situation helped WASTE to transform and develop a structure which would balance our organizational needs (room to innovate, flexibility, staying small in the Netherlands, while building/strengthening South-South network, decreasing subsidy dependence) and needs of our funders (transparent and accountable organization, full compliance with administrative requirements).

The Foundation seeks to achieve this objective on a non-profit basis by:

1. Developing and leading programmes;
2. Developing innovative concepts in urban waste management and sanitation;
3. Developing innovative concepts in financing, business innovation and scaling;
4. Providing transfer of knowledge and knowledge management and institutionalizing this knowledge in local institutions;
5. Performing studies and research;
6. Acquisition, adoption and execution on advisory and study assignments;
7. Evaluating projects and programmes;
8. Providing publications and providing information in relation to objects;
9. Representation of interests for the target group and promoting the objectives in the broadest sense; and
10. Undertaking activities that can contribute to achieve the objective, in the broadest sense.



As programmes expand in scope and size emphasizes the need for more extensive contracting and for staff capacity and systems to manage and monitor the contracts and programs. To support a further scaling- up, investments are needed in all aspects of the organization: people, equipment, processes, and procedures, as well as the required increase in the continuity reserve. In 2020, WASTE invested and continues investing in specified areas. These include:

- A Financial Controller has been recruited to improve the financial management of the Foundation and its programs.
- Processes and procedures are being adapted to the new way of working, and all the WASTE professionals are now getting conversant with the new procedures.
- A new document exchanging and archiving system (SharePoint)
- As from March 2021 onwards WASTE employs more than two third of its staff directly
- WASTE employs dedicated project managers to support the large projects FINISH and Take-a-Stake
- WASTE employs a dedicated HR / IT assistant.

WASTE is a mix of senior consultants with established experience in waste management, sanitation solutions and financial inclusion, and a team of junior/medior consultants who graduated over the last two years. The organization has an informal culture and can build on team spirit.

### **1.3 Review 2020**

Despite the reduction in turnover, we conclude that in 2020, the WASTE Portfolio has grown, and a solid basis has been set for the long-term period.

In 2020, the Ministry of Foreign Affairs of the Netherlands, Directorate Generation of International Cooperation (DGIS) approved a €20 million FINISH Mondial grant to further scale-up the provision of sanitation in 6 countries in East Africa and South Asia through the construction of 2 million safely managed sanitation systems with €400 million of local financing. This a continuation of the FINISH Mondial bridging phase that started in 2019. Furthermore, WASTE was awarded a €5 million proposal by the Swedish International Development Agency (SIDA) for core funding for WASTE to support the scaling up and innovation of its programmes. One of the new initiatives aimed to support with this core funding is the setting up of an investment fund: The Take-a-Stake Fund (TAS). Furthermore, the execution of the WASH-SDG programme is successful and is in line with planning. As per July 2020, WASTE entered phase II of the programme and renewed the underlying contract with Simavi and Aqua for All for another €0.5 million for the period July 2020 until the end of 2022.



## 1.4 Outlook 2021

### Budget 2021

	<b>Budget 2021</b>	<b>Budget 2020</b>	<b>Result 2020</b>
	€	€	€
<b>INCOME</b>			
Income from public contracts:			
- The Netherlands	58,300	224,638	463,465
- Other	1,289,322	1,213,094	494,942
Income from public-private partnerships (PPPs):			
- The Netherlands	6,795,701	4,000,000	1,523,133
Income from private funding organizations	-	-	13,094
<b>Total income</b>	<b>8,143,323</b>	<b>5,437,732</b>	<b>2,494,634</b>
<b>EXPENDITURE</b>			
Direct programme/project expenses	7,562,301	5,007,280	2,109,315
Personnel expenses 2.6.1	33,800	23,250	53,488
Management expenses	160,500	147,550	152,263
Housing expenses	28,350	25,500	16,327
Publicity, communication and acquisition	62,000	45,100	28,391
Office and general expenses	285,500	169,667	176,553
Depreciation	3,250	3,000	732
Total expenditure	<b>8,135,701</b>	<b>5,421,347</b>	<b>2,537,070</b>
<b>Result before financial income and expenses</b>	<b>7,622</b>	<b>16,385</b>	<b>-42,436</b>
Financial income	-	-	1,275
Financial costs	-5,000	-5,000	-28,198
Result guarantee funds	-	-	-25,081
<b>Financial result</b>	<b>-5,000</b>	<b>-5,000</b>	<b>-52,004</b>
<b>Result income and expenditure</b>	<b>2,622</b>	<b>11,385</b>	<b>-94,440</b>
<b>Appropriation of results</b>			
Continuity reserve	2,622	11,385	-69,359
Designated reserve	-	-	-25,081





The 2021 portfolio provides a healthy funding base, of which approximately €8 million is already contracted. Most of these projects fall under the umbrellas of sanitation, livelihood improvement and/or financial inclusion with funding from DGIS (key funder) SIDA, and the European Union (EU).

In 2021, WASTE will continue expanding its role as an implementer of large-scale programmes, strengthening its role as influencer in the sector to promote our bottom-up, market-based approaches to waste and sanitation services. We will continue innovating in our approaches, tools and invest in monitoring, evaluation, and learning (MEAL) in order to consolidate and disseminate results and lessons from our current and future programmes and communicate more effectively about the mark WASTE has had and is making on the sector. These activities are core to our role in the sector, but simultaneously difficult to fund from regular programme budgets. Therefore, we will intensify our efforts to find core funding to support these activities.

Through the portfolio with a budget of €8 million, WASTE provides a solid funding base to cover costs for programme implementation—the resulting margin for managing programmes through the Foundation and further upscaling and professionalisation of the organisation. In 2021, we will endeavour developing new business opportunities to the model of WASTE and seek additional funding. We will continue to invest in the further professionalisation of the control systems, in human resources (HR) capacity and policies, and in expanding our programme monitoring management.

## **1.5 Risks and risk management**

### *SARS-CoV-2 (COVID-19) pandemic*

At the time of writing, the COVID-19 pandemic is ongoing and impacting especially our partners in low- and middle-income countries. The impact of the pandemic has potential rippling effect on the implementation of our programmes and on our funding. Subsequent opportunities, on the other hand, are hard to predict but could eventually be big with the increased focus on water, sanitation, and hygiene (WASH) and related core activities of WASTE in the light of pandemic response and future mitigation. We do however, run the risk of postponement or even cancellations of initially approved funding and of a delay of the implementation of our programmes.

In the first six months of 2020, we measured some delay in the execution of our programmes. However, we also noticed that the second half year revealed some corrections that brought us back on target. Although international travel was stopped and delayed our close monitoring efforts in the field, we managed - through virtual team meetings and structural reporting overviews - to stay in close contact and were able to mitigate operational risks. We see rising demand as there is now more need for WASH-related initiatives. Vaccination programs have not been fully implemented and will most probably take the till end of 2023. This is the reason why the support of adequate access to WASH is even more important to assist in containing the virus, while not neglecting other diseases and pollutants related to lack of WASH (diarrhoea still is the third biggest killer in developing countries). WASTE aims to contribute to solutions and help mitigate further risks. Projects that include desk studies and interviews will continue. The largest setbacks may come for projects where results on-the-ground need to be achieved, particularly the FINISH Mondial programme which has great ambitions for the coming five years. The following risk table provides initial considerations and an overview of possible consequences.



### Funding

No.	Risk description	Impact (L, M, H)	Probability of risk occurring (L, M, H)	Mitigation strategies
1	Postponement approval SIDA on the contracting of an external fund manager for Take-a-Stake.	M	M	WASTE should bring expertise to its organisation and invest in inhouse fund management for large programmes.
2	Insufficient projects for 2023 and further.	H	L	WASTE is investing in the growth of its portfolio programme by allocating dedicated staff in acquisition projects.
3	Decision from DGIS to stop the FINISH programme earlier than 2025.	H	L	WASTE and DGIS are close in contact and continuously monitor the status / elaborate opportunities to extend the programme.

### Programmes

Event	Chance	Consequence/mitigation
Delay of implementation because of Covid.	Medium to high	Desk activities and remote engagement/communication with partners and stakeholders will continue in the short term. Travel is currently replaced by virtual meetings. We are and were able to catch up with delays up to three months. If a crisis lasts 3-6 months, we will be able to catch up some time, but delay will be 3 months. If crisis lasts longer than 6 months, we may run into problems as described below.
Election-disruptions	Low to Medium	Several countries where we operate organise/have organised elections. They may cause delays in administrative and operational activities. If a crisis lasts 3 months, we will be able to catch up some time. If crisis lasts longer than 3 months, we will certainly face a delay of a few months.
Financial problems for WASTE Foundation	Low to medium	WASTE Foundation has an increased fixed cost level but has limited overhead costs. Most of the staff are allocated to programmes and we have a limited office cost. A long crisis will affect our balance sheet, but the effect will be relatively medium. Due to the flexibility of the organization and the staff, most likely we will be able to pick up activities as soon as circumstances allow.
Financial problems for partners in the 'Diamond'	Medium (to high if the crisis takes long)	WASTE works with a multitude and great variety of partners, all related to the Diamond model (government, communities, suppliers, financial institutions). The various roles in the Diamond structure are often taken up by various stakeholders, in specific on the supply side and financial sector. Losing partners would cause a set-back for the local activities, but usually that role can be taken up by other stakeholders.



### *Staff*

In addition to financing risks and risks associated with the implementation of the programs, there are also risks related to staff capacity. Staff interchangeability is limited. There was none too little backup system if staff on key positions were absent for longer periods or were leaving—there was and is also no ‘buddy system’. Thus, WASTE invested in staff capacity for programme management. With the changes that took place in the first quarter of 2021, creation of new functions, direct employment of two-thirds of our staff and the related human resources (HR) policy development, WASTE has been able to assign staff on a cross programme basis and mitigate this described risk.

### *Procedures and systems*

Procedures and systems are materializing for all major projects. Management and staff agreed to finalise the documentation of all operating procedures during 2021. A plan has been drafted for this, because of an organisational audit.

## **1.6 Financial Results**

### *Portfolio*

The WASTE Foundation turnover decreased from €4,715,315 in 2019 to € 2,494,634 in 2020. The reduction of €2,220,681 million in contract value was attributable to COVID-19 related disruptions, the resulting decision to delay the start of the next phase FINISH Mondial 2021-25 programme to January 1, 2021.

### *Result*

The gross value of the contracts in 2020 was €2,494,634 with direct project cost of €2,109,315 resulting in an operational income of €385,319 for the Foundation. The Foundation's income is depending on a margin made on tariffs of individual consultants that are contracted on WASTE programmes. The total operating expenses were higher at €427,555 resulting in a net operating loss of € 42,436.

The increase in operating expenses can be explained by the investment in the new management of its organization. The Director and Financial Controller position were preliminary fulfilled on an interim basis and at the end of 2020 candidates for these fixed positions were identified and they joined the organization from the beginning of 2021. The related recruitment fee is included in the 2020 operating expenses,

The net effect of financial income and costs is a loss of €52,004. This net loss comprises three categories: a. financial income of €1,275. b. financial expenses of €28,198 of which the majority relates to the impairment of €24,999 for the investment in FSMC. 3. A loss on the Guarantee Funds of €25,081. This loss relates to the currency devaluation of funds in local currency (UGX and ETB) and the write-off of €8,303 for a Guarantee Fund in Ghana which was in place as from 2015.

The overall result is a net loss of €94,440.



### *Reserves*

Due to further professionalism and development of the project portfolio, the growth in contractual project value and employed staff, the foundation must adjust his risk profile and the corresponding continuity reserve accordingly. Management performed a risk assessment and concluded that the required level of continuity reserve is €700,000. Management is assessing future deployment of results and other opportunities to adjust the continuity reserve towards the required amount.

Following this assessment, the Supervisory Board approved a realignment of the reserves. The continuity reserve increased with €277,983 to €639,384. The designated reserve reduced with €277,983 to €103,153.

The net loss of €69,359 will be appropriated by the continuity reserve of the WASTE Foundation, decreasing the continuity reserve from €639,384 to €570,025 on December 31, 2020. The loss in the guarantee fund of €25,081 is appropriated in the Designated Reserve reducing the Designated Reserve from €103,153 to €78,072 on December 31, 2020.

### *Comparison with 2019*

As compared to 2019, the following stands out in 2020:

1. The reduction in income of €2.2 million in 2020 compared to 2019.
2. The increase in operational income with 45%, from €265,233 in 2019 to €385,219 in 2020.
3. A corresponding increase in operating expenditure of 70% from €251,553 to €427,755 which can be explained by the changes in the management structure, and the one-time consultancy - and recruitment expenses for the director and financial controller positions.

### *Operational income*

The increase in operational income is attributable to the portfolio mix, but also to an increase in the margin on the consultants' tariffs for the Foundation. WASTE Foundation adjusted as from 2018 its budgeting and tariff model, leading to more income for the WASTE Foundation. Amongst others, a new classification of junior, medior and senior tariffs was introduced for the WASTE experts. The income model for the Foundation was further developed during 2020, to ensure sufficient funds for continued professionalization and for the continuity reserves.

### *Operational expenditure*

As already indicated, the operational expenses in 2020 increased significantly compared to 2019 and this was driven to the changes in the management structure. When comparing to the 2020 budget, which included these foreseen changes, we ended the year with an acceptable overrun of €13,688.



### *Funding sources*

The distribution of funding sources was as follows:

2020		As percentage of total
Source of funding	Amount spent €*	funding %
1) Dutch public Funding (DGIS, RVO)	463,465	19%
2) Non-Dutch public Funding (SIDA, EU, USAID)	494,942	20%
3) Private Organisations (BMGF, Aqua for All)	1,523,133	61%
4) Public Private Partnerships	13,094	1%
<b>Total Funding</b>	<b>2,494,634</b>	<b>100%</b>

*\*Amounts as spent by WASTE Foundation on projects in 2020.*

### **1.7 Developments after closing**

WASTE has signed a letter of intent on the intended collaboration of ACTIAM N.V. and WASTE) regarding the development and implementation of the ACTIAM Sanitation and Water Impact Fund Series (the Partnership). WASTE, as lead partner of FINISH Mondial will partner with ACTIAM to implement sanitation related activities including but not limited to the use of the brand FINISH to deliver on the Partnership set up as defined within this letter of intent. Technical assistance will be provided by the FINISH Mondial team to create awareness, market affordable toilets, train loan officers, align with local Government policies and monitor results. ACTIAM, as a leading impact fund and asset manager, intends to set up the ACTIAM Sanitation and Water Impact Fund series. It encompasses a series of social impact funds with a total value of €250 million, dedicated to developing and improving safe sanitation. In addition to a market conform return, fund investors will contribute to direct impact on the ground by providing capital to build safe sanitation systems.

The Hague,

Date 13-07-2021

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Han de Groot, Director



## **1.8 Supervisory Board Report**

While 2020 started with considerable expectations, with good perspectives of significant and important new programmes, 2020 turned out to be a particular difficult year. It required a maximum commitment of all layers of the organisation. Thanks to the efforts of staff and management, the challenges could be met and at the end year the prospects for future innovative growth and significant impact for our target groups are positive.

The COVID-19 pandemic had a major impact. Early 2020, The Ministry of Foreign Affairs of the Netherlands froze all new commitments and suddenly the extension of FINISH Mondial, a lead programme of the WASTE Foundation with a budget of €10 million became uncertain. This had significant impacts on the budget. Thanks to immediate adaptations and reduction of staff payments, the 2020 accounts close with only a small loss. At the end of the year the contracts of FINISH Mondial with the Ministry of Foreign Affairs of the Netherlands and Take-a-Stake with the Swedish International Development Agency (SIDA) were signed. Both projects will be implemented from 2021 onwards, allowing WASTE to have a major impact on sanitation provision in substantial number of countries and to test new innovative approaches. The projects also provide a sound financial base for the coming years.

Late December 2019, the Executive Director, Hanny Maas, had to take leave for health reasons. In March 2020, she decided not to extend her contract beyond its end date in April. The Supervisory Board and WASTE staff acknowledged the invaluable contribution Hanny made to WASTE in a period of transition. She was in charge of creating the required conditions that enabled WASTE to realize new programme opportunities. We thank Hanny for her leadership and deep commitment to WASTE and wish her every success in her future career.

The tasks of the Executive Director were initially taken over by Henk van den Berg, who had been appointed as interim controller late 2019. As it became clear that Hanny would not return, it was decided to appoint Nico Terra as interim director for initially a period of 6 months. His tasks included the strengthening of the administrative organisation, developing a 5-year plan, and the reorganisation of the WASTE governance and human resource structures. Because the recruitment process for a new director took longer than expected, his appointment was extended until February 2021.

The Supervisory Board, after intensive consultation with the Staff Council approved the Strategic Plan 2020-25, a new governance model and organisational structure were drafted. With an experienced controller and two programme managers the administrative organisation is better staffed to meet the challenges of the two large and complex projects that have many partners in many countries. Labour conditions were agreed, and most key staff were offered labour contracts with WASTE Foundation for 2021. WASTE has a well experienced, committed, and innovative staff that has worked many years for WASTE and with some new contracted staff WASTE has a strong professional core to meet the challenges ahead and continue to develop alternative models for large scale delivery of sanitation to the poor urban and semi-urban population and solid waste programs.



In November 2020, Han de Groot was selected as the new Executive Director. Han has extensive international management experience in different government and non-governmental organisations and started in December to familiarise himself with WASTE. He assumes the role in full 1st of February 2021, onwards.

Due to the many challenges that the WASTE Foundation had to cope with, the Supervisory Board met 6 times, met with the Auditors on the 2019 accounts and met once with all staff. The Board or individual Board members also had regular online consultations with the Executive Directors, the Chair of the Staff Council/WASTE-COOP and were involved in several nomination committees. The Board composition did not change. To meet all challenges, the former chair, Adriaan Ferf, was requested to continue one more year and will leave the organisation in April 2021. We owe him a lot of thanks for his long-lasting tenure and exceptionally large commitment to our goals and our organisation.

Other subjects that got specific attention of the Supervisory Board were the governance models of FINISH Mondial and Take-a-Stake, the organisational relationship with the co-implementing partners in the Netherlands Aqua for All and Amref Flying Doctors and the partners abroad. Also, the objectives and conditions of the financial guarantees that WASTE provides to local (financial) organisations to decrease their risks of loan provision for sanitation purposes had a special place on our agenda. A start was made to redraft of the Articles of Association so that the legal governance model will better match with the new organisational set-up.

The Supervisory Board did not know, last year, what was ahead when it wrote in the Annual Report of 2019: “there is certainly more work to be done in 2020 among other to improve the business model but the Supervisory Board is with confidence looking forward to 2020”. It is proud the WASTE organisation, its staff and management, its implementing and financial partners met the unforeseen challenges and that it can say again that it is looking with (even more) confidence forward to 2021.

In conformity with the Articles of Association, the Supervisory Board supervises the WASTE Board/Management and acts as a sounding board and a source of inspiration for the management and the WASTE experts. The Supervisory Board members receive a nominal, fixed compensation for cost incurred but no remuneration.

#### Role and composition

<b>Name</b>	<b>Position</b>	<b>Other Positions</b>
Mrs. Rolien Sasse	Chair	Advisor on Water and Conflict Member of the Board of Stichting Water for Life
Mr. Adriaan Mels	Secretary	Regional Manager VEI, Dutch Water Operators

*Mrs Sasse and Mr Mels were (re)appointed in these positions on 31 March 2021. They both started their second term in office on this date. As per date of signature of the Annual Accounts, we are pleased to inform you that Mrs Pritha Hariram and Mr Nico Terra joined the Board of Directors from July 1<sup>st</sup>, 2021 onwards.*



Role and composition up to April 30, 2021

<b>Name</b>	<b>Position</b>	<b>Other Positions</b>
Mr. Adriaan Ferf	Chair	Chair Herdenkingscomité Eelde Treasurer Vrienden van Lemferdinge Member Stichting Project 2020 Muziek Theater Bevrijding Drente
Mr. Nicolaas Molenaar	Treasurer	Director Timpoc Consultants Partner/Owner of Timpoc Organics VoF Chair Stichting EnterStart
Mrs. Rolien Sasse	Vice - Chair	Advisor on Water and Conflict Member of the Board of Stichting Water for Life
Mr. Adriaan Mels	Secretary	Regional Manager VEI, Dutch Water Operators

*The Haque,*

*Date: 13/07/2021*

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C. Sasse  
Chair of the Supervisory Board





## 2. FINANCIAL STATEMENT 2020

### 2.1 Statement of Financial Position (after appropriation of result)

<b>ASSETS</b>		<b>31/12/2020</b>	<b>31/12/2019</b>
	notes	€	€
<b>Fixed assets</b>			
Tangible fixed assets	2.8	10,286	784
Financial fixed assets	2.8	78,073	128,153
		<b>88,359</b>	<b>128,937</b>
<b>Current assets</b>			
Debtors	2.9	-	-
Receivables on projects	2.9, 2.11	772,753	1,408,239
Prepays and other receivables	2.9	53,601	228,141
		<b>826,354</b>	<b>1,636,380</b>
<b>Cash</b>	2.9	<b>7,153,507</b>	<b>1,672,910</b>
<b>Total Assets</b>		<b>8,068,220</b>	<b>3,438,227</b>
<b>Equity and Liabilities</b>			
<b>Reserves and funds</b>			
	notes	€	€
Continuity reserve	2.10	570,025	361,401
Designated funds	2.10	78,072	381,136
		<b>648,097</b>	<b>742,537</b>
<b>Current liabilities</b>			
	notes		
Creditors		209,800	202,640
Advances on Projects	2.11	6,361,154	282,728
Project liabilities	2.11	815,911	2,151,254
Other short-term liabilities		33,258	59,068
		<b>7,420,123</b>	<b>2,695,690</b>
<b>Total Equity and liabilities</b>		<b>8,068,220</b>	<b>3,438,227</b>



## 2.2 Statement of income and expenditure

	notes	<b>Result 2020</b>	<b>Budget 2020</b>	<b>Result 2019</b>
		€	€	€
<b>INCOME</b>				
Income from public contracts:				
- The Netherlands		463,465	224,638	256,588
- Other		494,942	1,213,094	552,392
Income from public-private partnerships (PPPs):				
- The Netherlands		1,523,133	4,000,000	3,088,817
Income from private funding organizations				
		13,094	-	817,518
<b>Total income</b>	2.11	<b>2,494,634</b>	<b>5,437,732</b>	<b>4,715,315</b>
<b>EXPENDITURE</b>				
Direct programme/project expenses		2,109,315	5,007,280	4,450,092
Personnel expenses	2.12	53,488	23,250	4,710
Management expenses		152,263	147,550	76,723
Housing expenses		16,327	25,500	16,252
Publicity, communication and acquisition		28,391	45,100	40,410
Office and general expenses		176,553	169,667	113,104
Depreciation		732	3,000	354
<b>Total expenditure</b>		<b>2,537,070</b>	<b>5,421,347</b>	<b>4,701,645</b>
<b>Result before financial income and expenses</b>		<b>-42,436</b>	<b>16,385</b>	<b>13,670</b>
Financial income		1,275	-	50,826
Financial costs		-28,198	-5,000	-9,799
Result guarantee funds		-25,081	-	-6,072
<b>Financial result</b>		<b>-52,004</b>	<b>-5,000</b>	<b>34,955</b>
<b>Result income and expenditure</b>		<b>-94,440</b>	<b>11,385</b>	<b>48,625</b>
<b>Appropriation of results</b>				
Continuity reserve		-69,359	11,385	54,697
Designated reserve		-25,081	-	-6,072



### 2.3 Cash flow statement

The cash flow statement analyses the changes in cash and cash equivalents between 1 January 2020 and 31 December 2020 and is prepared to the indirect method.

	<b>2020</b>	<b>2019</b>
	€	€
<b>Cash flow from operational activities</b>		
Result income and expenditure	-94,440	48,625
Result guarantee funds	25,081	6,072
Write off investment	24,999	-
Depreciation	732	354
<b>Cash-flow</b>	<b>-43,628</b>	<b>55,051</b>
<b>Changes in working capital:</b>		
Receivables	810,026	-266,423
Short term liabilities	4,724,434	82,136
Total changes in working capital	<b>5,534,459</b>	<b>-184,287</b>
Total cash flow from operational activities	<b>5,490,831</b>	<b>-129,236</b>
<b>Cash flow from investments</b>		
Investments in fixed assets	-10,234	-
Reimbursements of closed contracts guarantee funds	-	29,709
Total cash flow from investment activities	<b>-10,234</b>	<b>29,709</b>
<b>Total cash flow</b>	<b>5,480,597</b>	<b>-99,527</b>
Cash and cash equivalents 1 January	1,672,910	1,772,437
Cash and cash equivalents 31 December	7,153,507	1,672,910
<b>Changes in cash</b>	<b>5,480,597</b>	<b>-99,527</b>



## **2.4 Accounting principles**

### *General information*

The financial statements are drawn up in accordance with the Guideline C1 of the Dutch Accounting Standards Board, the guideline for “Small-not-for-profit-organizations”. The financial statements are prepared in Euro €.

### *Translation of foreign currency*

Transactions in foreign currency are converted into euros at the exchange rate on the transaction date. At the end of the financial year all assets and liabilities in foreign currencies are converted into euros at the final exchange rate at the balance sheet date. The ensuing exchange results are processed in the statement of income and expenditure.

## **2.5 Accounting policies in respect of the valuation of assets and liabilities**

### *General*

Unless presented otherwise at the relevant principle for the specific balance sheet item, assets and liabilities are presented at face value.

### *Tangible fixed assets*

Tangible fixed assets are valued against purchase price less accumulated depreciation and, if applicable, impairments. Investments less than € 500 are not capitalized. Depreciation is based on the useful life and calculated as a fixed percentage of the acquisition price, considering any residual value. Depreciation starts at the moment of commissioning.

### *Financial fixed assets*

The guarantee funds are presented as financial fixed assets and stated at amortized cost price at year end considering losses on loans (defaults), exchange rate differences and received interest. Cost of fund management is already included in the projects.

The guarantee funds were originally financed by project donors. The ownership of the funds has been formally transferred to WASTE. WASTE pledged to keep using the funds for the original objective: mobilizing (local) financing for water and sanitation. Therefore, the funds are also presented as designated funds under Reserves and Funds. Future withdrawals will be deducted from the guarantee funds through the statement of income and expenditure.

### *Receivables*

Receivables are recognized at fair value. If payment of the receivable is postponed under an extended payment deadline, fair value is measured based on discounted value of the expected revenues. Interest gains are recognized using the effective interest method. When a receivable is uncollectible, it is written off against the provision for bad debts.



### *Cash*

Cash is stated at face value.

## **2.6 Reserves and funds**

The promised subsidy income and efforts for additional benefits do not prevent a certain degree of uncertainty about the continuity of the organization. The subsidy commitments assume a continuation of the Foundation and in these annual accounts the principles of valuation and determination of the result are based on the assumption of continuity of the Foundation.

The continuity reserve is created to ensure that the foundation can meet its legal and moral obligations in case of a significant fall in income in the future. The Board has the authority to remain special purpose reserves for specific projects.

The designated funds allocate the pledged funds available for guarantee funds.

## **2.7 Accounting policies in respect of result determination**

### *Income and expenditure*

Income and expenditure are recognized as they are earned or incurred and are accounted for in the financial statements in the year to which they relate. Losses are taken into account if they originate in the financial year and as soon as these are anticipated. Profit or loss is determined as the difference between the realistic value of the services delivered and the costs and other charges for the year. WASTE defines the net income as a result of realized productive hours against the tariff agreed with the funders. Direct project costs are directly made for projects such as costs of partners and travel costs.

The general and administrative expenses comprise partly costs chargeable to the year that are not directly attributable to the cost of the services rendered. Salaries, pension, and social security contributions are taken to the income statement based on the terms of employment, where they are due to employees. Interest paid and received is recognized on a time-weighted basis, taken account of the effective interest rate concerned.



## 2.8 Notes to the statement of financial position – Tangible and Financial fixed assets

### Tangible fixed assets

	<u>Computer</u> €	<u>Inventory &amp; Equipment</u> €	<u>Total</u> €
Balance as at 1 January 2020 Purchase value	1,199	2,101	3,300
Accumulated depreciation	<u>-936</u>	<u>-1,580</u>	<u>-2,516</u>
Book values as at 1 January 2020	<u><b>263</b></u>	<u><b>521</b></u>	<u><b>784</b></u>
Movements during the financial year			
Investments	10,234	-	10,234
Depreciation	<u>-595</u>	<u>-137</u>	<u>-732</u>
	<u><b>9,639</b></u>	<u><b>-137</b></u>	<u><b>9,502</b></u>
Balance as at 31 December 2020 Purchase value	11,433	2,101	13,534
Accumulated depreciation	<u>-1,531</u>	<u>-1,717</u>	<u>-3,248</u>
Book values as at 31 December 2020	<u><b>9,902</b></u>	<u><b>384</b></u>	<u><b>10,286</b></u>
Depreciation percentage	20%	20%	



### *Financial fixed assets*

	<b>2020</b>	<b>2019</b>
	€	€
<b>Financial fixed assets</b>		
Guarantee funds	78,072	103,153
Investment in companies	1	25,000
Balance as per 31 December	<b><u>78,073</u></b>	<b><u>128,153</u></b>

	<b>2020</b>	<b>2019</b>
	€	€
<b>Outstanding guarantees)</b>		
Balance as at 1 January	103,153	138,934
Guarantee funds Written-off	-8,333	-
Reimbursements of closed contracts	-	-29,709
Interest, provisions and exchange rate differences	-16,748	-6,072
Balance as per 31 December	<b><u>78,072</u></b>	<b><u>103,153</u></b>

In 2020, WASTE suffered from the fluctuation in both the Ugandan Shilling (UGX) and the Ethiopian Birr (ETB). A total currency revaluation loss of €16,748 was taken. The write-off relates to an issued guarantee fund in 2015 in Zambia with CLIP with a balance of €8,333. The costs of recovering the remaining funds were higher than the anticipated proceeds.

WASTE is partly in contracts with local partners to manage loan guarantee funds facilitating access to finance loans for third parties locally for sanitation purposes. The guarantee funds are cash collaterals deposited at local micro-finance institutions (MFIs) or banks for fixed periods. Common practice in these facilities is that micro-finance institutions or banks disburse and manage loans from their own funds. The deposit minus administrative expenses and amounts written off, plus interest gained on the deposit is returned to WASTE after a certain period. The funds outstanding are held under the 'designated reserve'.

### *Investment in companies*

WASTE previously invested €25,000 in FINISH Service Management Company Ltd. (FSMC Ltd.) in India. WASTE owns 6,118 normal shares constituting 38% of the expanded ordinary capital and 158,768 shares (100%) in the form of redeemable preference capital (6%).

The investment in FSMC Ltd. was fair valued as of December 31, 2020, at €1. The current and forecasted results do not generate enough profit and future free cash flow for maintaining the investment at cost.



## 2.9 Notes to the statement of financial position – Current assets

### Debtors

	<u>2020</u>	<u>2019</u>
	€	€
Opening balance	0	100,000
Increase for the period	-	-
Provision for the period *	-	-100,000
Balance as per 31 December	<u><b>0</b></u>	<u><b>0</b></u>

\* The outstanding balance for the provision is at year-end Euro 100,000

### Other receivables

	<u>2020</u>	<u>2019</u>
	€	€
Project Liabilities to be received	-	194,736
Guarantee fund; refunds to be received	29,709	29,709
Prepaid expenses	23,892	3,696
Balance as per 31 December	<u><b>53,601</b></u>	<u><b>228,141</b></u>

### Cash

	<u>2020</u>	<u>2019</u>
	€	€
Current bank accounts	6,982,757	1,502,160
Savings accounts	170,750	170,750
Balance as per 31 December	<u><b>7,153,507</b></u>	<u><b>1,672,910</b></u>

All cash can be withdrawn upon demand.





## 2.10 Notes to the statement of financial position – Equity

### Continuity reserve

	<u>2020</u>	<u>2019</u>
	€	€
Balance as at 1 January	361,401	306,704
re-assessment of reserve	277,983	-
Appropriation of result	-69,359	54,697
Balance as at 31 December	<u><b>570,025</b></u>	<u><b>361,401</b></u>

### Designated Funds

	<u>2020</u>	<u>2019</u>
	€	€
Balance as at 1 January	381,136	387,208
re-assessment of reserve	-277,983	-
Appropriation of result	-25,081	-6,072
Balance as per 31 December	<u><b>78,072</b></u>	<u><b>381,136</b></u>

### Reassessment of reserve

Due to further professionalism and development of the project portfolio, the growth in contractual project value and employed staff, WASTE must adjust his risk profile and the corresponding continuity reserve accordingly. Management performed a risk assessment and concluded that the required level of continuity reserve is €700,000. Management is assessing future deployment of results and other opportunities to adjust the continuity reserve towards the required amount.

Following this assessment, the Supervisory Board approved a realignment of the reserves. The continuity reserve increased with €277,983 to €639,384. The designated reserve reduced with €277,983 to €103,153. The designated reserve was created through returned guarantee funds from several completed projects for which grants were obtained from DGIS. WASTE obtained written authorization from DGIS in October 2017, that these funds can solely be used in providing temporary financing to banks and finance organizations, to issue loans to households and/or small and medium businesses that fall within the overall objective to increase access to water and sanitation. Within the assessment and calculation of the continuity reserve, Management included assumptions for working capital required and outstanding for the above-described financing activities. Management is of the opinion that the transfer of €277,983 from Designated to Continuity reserve falls within the restrictions given by DGIS.



## 2.11 Notes to the statement of financial position – liabilities

### Project receivables and advances

Project	Balance 01-01-2020	received on projects	spent on projects	balance 31-12-2020
	€	€	€	€
Finish	209,445	-	332,985	-123,540
Finish Ink	-296,090	-	141	-296,231
Malawi BMGF	13,094	-	13,094	0
ICI Mali	35,510	100,000	145,198	-9,688
A4A Finish Mondial	-42,850	42,850	-	0
USAID	-15,703	76,401	60,716	-18
SDG Wash	-2,017	-	-	-2,017
Clues	24,679	-	3	24,676
SPA Zambia	-3,975	-	-3,975	0
SDG Amref	-17,703	48,680	-3,426	34,403
SDG Simavi	-52,106	11,123	-2,173	-38,810
Finish Mondial	-977,795	7,849,738	1,190,008	5,681,935
TAS Sida	-	943,571	289,028	654,543
TAS A4A	-	25,840	25,840	0
SDG II Amref	-	102,936	325,283	-222,347
SDG II Simavi	-	74,350	121,912	-47,562
	<b>-1,125,511</b>	<b>9,275,489</b>	<b>2,494,634</b>	<b>5,655,344</b>
Receivables on projects	-1,408,239			-705,810
Advances on projects	282,728			6,361,154
	<b>-1,125,511</b>			<b>5,655,344</b>

The total of spent on projects include the costs which WASTE has already committed to, but which have not been paid in 2020. The total and specification of this commitment are mentioned under the project liabilities.



### Project liabilities

	<b>2020</b>	<b>2019</b>
	€	€
Finish	-66,943	19,499
Finish Ink	144,751	223,287
Malawi BMGF	6,750	0
A4A Finish Mondial	53,850	63,976
USAID	0	42,168
CLUES	500	6,000
SPA Zambia	0	13,797
SDG Amref	3,500	83,267
SDG Simavi	0	36,938
SDG II Simavi	110,475	0
SDG II AMREF	239,795	0
Finish Mondial	256,290	1,662,322
<b>Balance as at 31 December</b>	<b>748,968</b>	<b>2,151,254</b>
Receivables on projects	-66,943	0
Project liabilities	815,911	0
	<b>748,968</b>	<b>0</b>

### Assets and liabilities not recognized in balance sheet

<b>Project</b>	<b>total grant amount</b>	<b>total received 2020</b>	<b>receivable amounts</b>	<b>total spent on projects</b>	<b>balance 31-12-2020</b>
	€	€	€	€	€
Finish	5,725,000	5,600,000	125,000	5,723,540	-123,540
Finish Ink	4,626,487	4,168,249	458,238	4,464,480	-296,231
Malawi BMGF	2,349,361	2,349,361	-	2,349,361	-
TAS Sida	5,094,340	943,571	4,150,769	289,028	654,543
TAS A4A	25,840	25,840	-	25,840	-
ICI Mali	998,585	672,229	326,356	681,917	-9,688
A4A Finish Mondial	1,442,850	1,442,850	-	1,442,850	-
USAID	436,000	436,021	-21	436,039	-18
SDG Wash	133,134	133,134	-	135,151	-2,017
Clues	317,453	317,453	-	292,777	24,676
SPA Zambia	162,779	162,779	-	162,779	-
SDG Amref	354,818	387,072	-32,254	391,480	-4,408
SDG Simavi	132,688	91,613	41,075	91,613	-
SDG Amref II	339,851	102,936	236,915	325,283	-222,347
SDG Simavi II	199,350	74,350	125,000	121,912	-47,562
Finish Mondial	4,114,755	3,900,063	214,692	4,167,828	-267,765
Finish Mondial 2021-2025	20,000,000	5,949,701	14,050,299	0	5,949,701
	<b>46,453,291</b>	<b>26,757,222</b>	<b>19,696,069</b>	<b>21,101,878</b>	<b>5,655,344</b>



WASTE received multi-year grants for projects to be executed over longer periods. The grants are subject to restrictions and could ultimately be withdrawn. As far as these grants are not yet unconditionally committed, they have not been included in the balance sheet and are considered as not recognized in the balance sheet. The table below provide an overview of these grants:

The yearly gross rent of the office in The Hague is € 14,000 The extension of the existing rental contract has entered into force on 01 January 2021 for the period of 1 year.

## **2.12 Notes to the statement of income and expenditure**

### *Expenses*

#### *Personnel expenses*

	<u>Result 2020</u>	<u>Budget 2020</u>	<u>Result 2019</u>
	€	€	€
Recruitment fee	49,226	23,250	-
Other personnel expenses	<u>4,262</u>	<u>-</u>	<u>4,710</u>
	<b><u>53,488</u></b>	<b><u>23,250</u></b>	<b><u>4,710</u></b>

The recruitment fee relates for the search of the director and the financial controller position.

## **2.13 Post balance sheet events**

There have been no significant events post balance date which would materially affect the annual accounts.



## 2.14 Legislation on standards for top salaries (Wet Normering Topinkomens WNT)

2020

### Details of function

	J.W.C. Maas Director	N.G.M Terra Director
Name Function	J.W.C. Maas Director	N.G.M Terra Director
Start of function	01/01/2020	01/02/2020
End of function	10/04/2020	31/12/2020
Extend of employment in FTE	0.6	0.6
Former Director	yes	no
Fictional engagement	yes	yes
	€	€
<b>Remuneration</b>		
Remuneration including taxable compensations		
- Management expenses	5,500	119,544
- Direct programme/project expenses	0	0
Subtotal	<u>5,500</u>	<u>119,544</u>
Individual applicable remuneration maximum	31,185	157,380
Subtotal	<u>5,500</u>	<u>119,544</u>
-/- amount paid not due	-	-
Total remuneration	<u>5,500</u>	<u>119,544</u>
Reason amount paid not due	Na	Na

2019

### Details of function

	J.W.C. Maas Director	V.C.K.A.M. Post Director
Name Function	J.W.C. Maas Director	V.C.K.A.M. Post Director
Start of function	01/01/2019	01/01/2019
End of function	31/12/2019	30/10/2019
Extend of employment in FTE	1	1
Former Director	no	no
Fictional engagement	yes	yes
	€	€
<b>Remuneration</b>		
Remuneration including taxable compensations		
- Management expenses	47,403	3,575
- Direct programme/project expenses	34,329	102,574
Subtotal	<u>81,732</u>	<u>106,149</u>
Individual applicable remuneration maximum	194,000	161,667
Subtotal	<u>81,732</u>	<u>106,149</u>
-/- amount paid not due	-	-
Total remuneration	<u>81,732</u>	<u>106,149</u>
Reason amount paid not due	Na	Na

According to the law, on top of salaries, all payments by WASTE for persons registered as Directors in the Chamber of Commerce must be provided here. It is important to note that only Hanny Maas was a full-time director at WASTE in 2019. Hannie Maas was unfortunately ill in 2020 and left when her contracted ended in April 2020. Nico Terra joined WASTE in the function of interim director as per February 1, 2020. Valentin Post was remunerated mainly for his work as project manager and only for a very small part as director.



**2.15** *Approval and adoption of the annual accounts 2020*

The Board shall approve the annual report and financial statement 2020 of the Foundation in the next meeting, including the allocation of the result of income and expenditure as presented on page 14.

The Hague,

Date 30-06-2021

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Han de Groot, Director



### 3. Other Information

Stichting WASTE  
Binckhorstlaan 36, Unit C1 74  
2516 BE DEN HAAG

## INDEPENDENT AUDITOR'S REPORT

To: management and the supervisory board of Stichting WASTE

### Report on the audit of the financial statements 2020 included in the annual accounts 2020

#### **Our opinion**

We have audited the financial statements 2020 (page 17-30) of Stichting WASTE, based in Den Haag.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of Stichting WASTE as at 31 December 2020 and of its result for 2020 in accordance with the RJK-Richtlijn C1 'Kleine organisaties-zonderwinststreven' (guideline for annual reporting for small not-for-profit organisations) of the Dutch Accounting Standards Board and the 'Wet normering topinkomens' (WNT, Standards for Remuneration Act).

The financial statements comprise:

1. the balance sheet as at 31 December 2020 (with a balance sheet total of € 8,068,220);
2. the statement of income and expenditure for the year 2020 (with a total negative result of € 94,440); and
3. the notes comprising a summary of the accounting policies and other explanatory information.

#### **Basis for our opinion**

We conducted our audit in accordance with Dutch law, including the Dutch Standards on Auditing. Our responsibilities under those standards are further described in the 'Our responsibilities for the audit of the accompanying financial statements' section of our report.

We are independent of Stichting WASTE in accordance with the 'Verordening inzake de Onafhankelijkheid van accountants bij assurance-opdrachten' (ViO, Code of Ethics for Professional Accountants, a regulation with respect to independence) and other relevant independence regulations in the Netherlands. Furthermore we have complied with the Verordening Gedrags- en Beroepsregels Accountants (VGBA, Dutch Code of Ethics).

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

#### **Compliance with rule against overlapping pursuant to the WNT not audited in accordance with the Audit Protocol under the Standards for Remuneration Act (WNT)**

We have not audited the rule against overlapping as referred to in Section 1.6a of the WNT and Section 5(1)(j) of the WNT Implementing Regulations. This means that we have not audited whether an executive senior official exceeds the norm as a result of any positions as executive senior official at other institutions subject to the WNT and whether the explanation required in this context is correct and complete.

#### **Report on the other information included in the annual accounts 2020**

In addition to the financial statements and our auditor's report thereon, the annual accounts 2020 contains other information that consists of:

- board report 2020;
- other information;
- Annex 1: Program Progress and Results.



Based on the following procedures performed, we conclude that the other information is consistent with the financial statements, does not contain material misstatements and that all information is included which is requested by the RJK-Richtlijn C1 'Kleine organisaties-zonder-winststreven' (guideline for annual reporting for small not-for-profit organisations) of the Dutch Accounting Standards Board and the 'Wet Normering Topinkomens' (WNT, Standards for Remuneration Act). We have read the other information. Based on our knowledge and understanding obtained through our audit of the financial statements or otherwise, we have considered whether the other information contains material misstatements. By performing these procedures, we comply with the requirements of the Dutch Standard 720. The scope of the procedures performed is substantially less than the scope of those performed in our audit of the financial statements. Management is responsible for the preparation of the director's report and other information in accordance with the RJK-Richtlijn C1 'Kleine organisaties-zonder-winststreven' (guideline for annual reporting for small not-for-profit organisations) of the Dutch Accounting Standards Board and the 'Wet Normering Topinkomens' (WNT, Standards for Remuneration Act).

### **Description of responsibilities regarding the financial statements**

#### ***Responsibilities of management and the supervisory board for the financial statements***

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the RJK-Richtlijn C1 'Kleine organisaties-zonder-winststreven' (guideline for annual reporting for small not-for-profit organisations) of the Dutch Accounting Standards Board and the 'Wet Normering Topinkomens' (WNT, Standards for Remuneration Act). Furthermore, management is responsible for such internal control as management determines is necessary to enable the preparation of the financial statements that are free from material misstatement, whether due to fraud or error. As part of the preparation of the financial statements, management is responsible for assessing the company's ability to continue as a going concern. Based on the financial reporting framework mentioned, management should prepare the financial statements using the going concern basis of accounting unless management either intends to liquidate the company or to cease operations, or has no realistic alternative but to do so. Management should disclose events and circumstances that may cast significant doubt on the company's ability to continue as a going concern in the company financial statements. The supervisory board is responsible for overseeing the company's financial reporting process.

#### ***Our responsibilities for the audit of the financial statements***

Our objective is to plan and perform the audit assignment in a manner that allows us to obtain sufficient and appropriate audit evidence for our opinion. Our audit has been performed with a high, but not absolute, level of assurance, which means we may not detect all material errors and fraud during our audit. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements. The materiality affects the nature, timing and extent of our audit procedures and the evaluation of the effect of identified misstatements on our opinion. For a more detailed description of our responsibilities, we refer to the appendix of this auditor's report.

Was signed, Sliedrecht, 14 July 2021.

WITh accountants B.V.  
P. Alblas RA

Enclosure.

**Enclosure to our auditor's report by the accompanying financial statements 2020 of Stichting WASTE, based in Den Haag**

We have exercised professional judgement and have maintained professional skepticism throughout the audit, in accordance with Dutch Standards on Auditing, 'Controleprotocol WNT 2020' (audit protocol 2020 concerning the Standards for Remuneration Act) ethical requirements and independence requirements. Our audit included e.g.:

- identifying and assessing the risks of material misstatement of the company financial statements, whether due to fraud or error, designing and performing audit procedures responsive to those risks, and obtaining audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;
- obtaining an understanding of internal control relevant to the audit 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 company's internal control;
- evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management;
- concluding on the appropriateness of management's use of the going concern basis of accounting, and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the company financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause a company to cease to continue as a going concern;
- evaluating the overall presentation, structure and content of the company financial statements, including the disclosures; and
- evaluating whether the company financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with management and the supervisory board regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant findings in internal control that we identify during our audit.



## 4. Annexes

### 4.1 Annex 1: Programme progress and results

In this section we describe the main programmes in which WASTE operated during 2020. All other operational projects are in the final stage of operational and administrative closing.

#### A. *FINISH: Financial Inclusion Improves Sanitation and Health (FINISH)*

FINISH is a public-private partnership initially funded with a grant of €4.5 M by DGIS in 2009. It was founded as an Indo-Dutch consortium spearheaded by WASTE, TATA-AIG, SNS-REAAL and UNU-Merit. FINISH applies WASTE's Diamond model—a multi-stakeholder approach involving the entire value chain of sanitation. By mobilising the supply side of sanitation while integrating financial resources into the value chain, it raises awareness on, and creates a demand for, sanitation services amongst end-users. This includes improving quality and safety of sanitation services, reducing the price of these services, and ensuring proper disposal of the waste produced. Main activities include:

- Sanitation awareness and demand generation process.
- Training for masons in sanitation system construction.
- Public-private partnerships leveraging grant funding through local microfinance institutions for sanitation loans, supplier's credit, and other financing instruments.
- Local entrepreneur training for sanitation business development.
- Liaison with local governments.
- Safe recycling of human waste as agricultural or renewable energy input.

It has constructed over 1 million improved sanitation systems. The behaviour change component ensured usage of the same. It has mobilized €195 million in local financing and created more than 10 million working days created in construction alone. It also included 200,000 tonnes of faecal sludge safely contained and being naturally processed for safe reuse in agriculture. The PPP was extended several times with a one-time topping up of €1.12 M. FINISH closes its activities on 31 December 2020. Remaining activities such as faecal sludge management and telemedicine are integrated into FINISH Mondial India. Its final report is due on 30 June 2021.

#### FINISH Society

As an offspring of the FINISH programme, a local organisation the FINISH Society was formed. The FINISH Society, recipient of the Sarphati sanitation Award in 2017, is sustainable and self-financed with 150 staff and continues the sanitation activities and supporting activities in other FINISH Mondial countries. Our long-term goal is to continue building value chains in waste and sanitation that reach scale without external funding. Therefore, FINISH Society also set up a social enterprise called the FINISH Services and Management Company (FSMC). FSMC aggregates household demand for sanitation and translates this into bulk purchases of material and actual construction. Large parts of the proceedings of this organisation would directly flow back into FINISH Society to carry on activities for raising awareness and generating demand locally. Though this



was perceived to be safeguarding the sustainability of the programme in India, FSMC is still struggling to make ends meet. In reality the sustainability of the FINISH Society originates today from Corporates (CSR), The Indian Government and some others such as UNICEF.

#### Impact realised

- Cost of sanitation systems reduced by 15%.
- 2560 gram panchayats (GPs) Open Defecation Free (ODF) in Punjab, UP, Madhya Pradesh, Rajasthan, Maharashtra, and Odisha.

FINISH has been established with and owes its success to the following partners: ACTIAM, FINISH Society, Cashpor, BWDC, Gram Utthan, RDO Trust, Aqua for All, UNICEF, United Nations University-MERIT/Institute of Fiscal Studies, UK.

#### *B. FINISH in Kenya (INK)*

The Financial Inclusion for Sanitation and Health in Kenya (FINISH INK) programme is funded with €4.58 million by the Sustainable Water Fund (FDW) and administered by RVO. It is implemented by a public private partner comprising WASTE, ACTIAM, Amref Flying Doctors Netherlands, Amref Health Africa, Family Bank, Goodwell Investments, Imarika Sacco, Ministry of Health (Kenya), Sidian Bank, Take-A-Stake Fund and the United Nations University, Maastricht (UNU-MERIT). The implementation areas were Busia and Kilifi counties in Kenya. Its inception started in 2013, project implementation in September 2014 and activities ended in October 2019. Its final audit will be completed October 2020, though based on comments RVO a final expenditure audit on Amref Health Africa (Kenya) is still required. Meantime all other deliverables have been verified and results have been exceeding targets. The long-term objective of FINISH-INK was to create healthier and economically empowered communities through the proper use and maintenance of safely managed sanitation facilities. A total number of 37,441 sanitation systems were constructed inclusive of both basic and improved systems. Sanitation businesses were set up and those already in existence were supported for growth and scaling up. There was a reduction in the cost of construction of sanitation systems by 40%-70% (!) attributed to two main factors: (i) changes in sanitation system design and (ii) improvements in materials used. On the financing side, both self and loan financing was used. At the end of the programme a total of 14,948 loans, worth € 8,933,567 had been issued for sanitation entrepreneurial needs, institutional sanitation systems and household sanitation systems, with 14,686 of these loans being to households with a portfolio of € 6,803,302. It also commenced the construction of the first cost efficient decentralized faecal sludge treatment plant in Busia. FINISH INK is established with and owes its success to the following partners: Amref Health Africa, Kenyan Ministry of Health, Sidian Bank, Family Bank, Imarika Sacco, ACTIAM, Take-A-Stake Fund and United Nations University MERIT.

#### *C. FINISH Aqua for All*

To support the FINISH Mondial partnership between WASTE, Amref Flying Doctors (AFD) and Aqua for All (A4A), WASTE received a grant of € 1,435,000 from Aqua for All out of which it contracted AFD for an amount of €560,000. Building on shared successful experiences started by WASTE with FINISH India (2009) and FINISH in Kenya (2013), the current partners have contributed to the 2018-19 ambition of scaling the partnership for greater impact, including:



1. Kick-starting the public-private partnership (PPP) for the sanitation market development in the six Mondial countries: India and Kenya (inclusive scale), Uganda, Ethiopia, Bangladesh, Tanzania (marketdevelopment).
2. Developing the FINISH Mondial public-private partnership (PPP) with a 2030 horizon to boost scale, including a roadmap for strategic partnership building and multi-annual, multi-country financing.

In terms of results the following was achieved: 11,065 and 284,363 toilets in Africa and India [respectively] were built, attracting a total counterpart contribution of about €3.5 million in Africa and €43.92 million in India. Significant progress has been made in positioning the model within the local governments. Through advocacy and collaboration at different levels of government, the project realized significant monetary investments directly into sanitation. This is in addition to the technical and policy support that the project continues to receive from the governments on rolling basis. During the stated period, the project successfully advocated for development and implementation of by-laws and other legal framework in support towards universal access to improved sanitation.

#### *D. FINISH Mondial*

After the success of FINISH programmes in India and Kenya, Financial Inclusion Improves Sanitation & Health (FINISH) and using the FINISH Aqua for All grant, FINISH has scaled-up and gone 'global', aiming for: sanitation-for-all building towards the circular sanitation economy. FINISH Mondial is a partnership between WASTE (founder and lead partner), Amref Flying Doctors, and Aqua for All, with €4.1 M bridging funding from DGIS, operational in Bangladesh, Ethiopia, India, Kenya, Tanzania, and Uganda.

The first phase was to be from 1 July 2019 till 30 June 2020. It was used to get results on the ground (well over 200,000 sanitation systems in 6 countries with a leverage of more than 1:5), develop governance structures, analyse sustainability, climate risks and gender and social inclusion in order to make a long-term proposal for 2020-25. All information gathered in the inception report that was submitted on 1 March 2020 was taken as an input for the programme proposal for 2020-25. This was submitted on the 1st of April 2020. After an elaborate revision process, a revised proposal was submitted in October 2020, that was approved by DGIS in December 2020 for an amount of €20 M. Aside from this excellent development, 2020 was also the first year of COVID-19. One after the other countries went into lockdown and adjustments in delivery of results had to be made. The uncertainties of COVID-19 and the dialogue with DGIS on the same resulted in a request for budget neutral extension of the bridging phase. FINISH Mondial management team decided to focus on leaving the implementation support structures as much as possible intact and support teams in reaching out to target populations in alternate safe ways. Both Amref Flying Doctors and Aqua for All decided on prefinancing, whilst WASTE staff reduced the number of working hours on FINISH Mondial.

The mitigation strategies paid off as most countries came within the budget neutral extension period out of lockdowns and results were achieved in the field. The original target of 200,000 safe sanitation systems constructed was revised downward to 167,000 due to the no-cost extension and the choice to maintain the teams. The revised target of constructed safe sanitation systems was nearly met at 157,000 sanitations systems. The number of sanitation businesses supported (partially run by women) even exceeded the target by 215%, i.e., 320 against the target number of 149.



Aside from the analytical work, the work on the ground continued. Several new partnerships have been formalised with MoU's (e.g., WaterWorX and Water.org). Financial innovations have started in a pilot phase (e.g., Sanitation Impact Bond). A fund mobilising strategy has been elaborated for both additional grant money as well as leverage for the necessary investments in the sanitation systems and infrastructure and businesses.

### *E. Take-a-Stake (TAS)*

#### Background

Take-a-Stake is a project led by WASTE and currently funded by the Swedish International Development Cooperation Agency (SIDA), under the Grant Agreement Contribution No. 12620, under the name "Pilot project: Building a track record for setting-up the WASH-focused Take-a-Stake Fund". Reported results to date cover the Activity Period of the project so far, from April 2020 and until 31st December 2020.

The Project aims to setup a new Impact Investment Fund, Take-a-Stake Fund, (TAS) which will invest in and support the "missing middle" – Small and Growing Businesses (SGBs) – engaged in WASH, waste management and re-use businesses and sectors linked to the circular [sanitation] economy, with a geographic focus on Uganda, Kenya and India. SGBs are formally registered and commercially viable businesses that have strong potential for growth - and thus for creating economic, social and environmental benefits with an investment need ranging from approx. €100K-3M.

#### Start Pilot project

In June 2020, SIDA granted support for the Pilot phase of the project, covering 28 months of "activity period" and 6 additional months for the whole agreement. The agreed contribution from Sida is a total of 54 million of Swedish Krona (or its equivalent of approximately 5.5 million Euros) to meet capital and operational expenditures. The main objective of the project is to show the investment need and long-term viability of SGBs in the WASH and Waste sectors: to demonstrate that these SGBs can generate financial returns along with impact, with direct focus on SDG 6. With this Project, WASTE will substantially improve the lives of people and will contribute to the achievement of various Sustainable Development Goals (SDGs) with focus on SDG 6, next to wishful contributions to SDGs 3, 7, 8, 11, 12, 14, 17).

#### Update analysis of SGBs, shortlisting and preparing investment pipeline for the pilot

Within TAS, we have designed a strategy on pipeline/deal origination, leveraging networks and expertise of local and NL teams. This process starts with generating a long list of SGBs, as potential investee candidates for the Pilot, with an initial screening which is refined into a short list of SGBs and ready to absorb TA and investments. Our deal origination process makes use of SGB archetypes, which provides four SGBs segments – livelihood sustaining, dynamic, niche and high growth; SGBs are classified into blocks from "early stage and innovative" to "established-conventional". The long list is updated periodically.

We also undertook a situational analysis to identify the impact of COVID-19 on our shortlisted pipeline SGBs at four levels: a) Macroeconomic and country level; b) WASH products customers and end users; c) TAS and Fund Management partner and d) WASH SGBs. According to the analysis, most SGBs have resumed



operations, although not to optimal levels. Business vibrancy is expected to bounce back and with that demand for capital will increase, but the timeline and speed of recovery is uncertain.

#### Strengthening internal processes and risk frameworks

Within this period, TAS continued to design its operating infrastructure through putting in place and strengthening several structures to identify and manage risks. These structures are captured in various policy documents (e.g., ESG and impact on SDGs), operational guidelines, templates and structures, and will be captured also in contracts with partners and SGBs. Instead of setting-up full fledged all required systems and insourcing capacities internally for the sole TAS pilot project, WASTE decided to partner with a professional Fund Management organisation and to build on their systems, tools and experiences to manage identified risks.

#### Selection Fund Management partner

Building on discussions, scoping and consultations of the previous years, in 2020 we finalised the selection process to find a suitable Fund Management (FM) organisation, Triple Jump, to partner with during the pilot and preferably also beyond. A partnership agreement is pending clarification on the allocation of funds to cover for the expenses of the selected Fund Management partner. Since then we are in progress of a co-design phase addressing principles to build a partnership, market approach, financials of pipeline companies, identifying portfolio features, fundraising, setting up and implementation of the pilot in the 'field'.

#### Partnerships and engagement of Financial Institutions (FIs) and co-investors

TAS has continuously strengthened relationships with various potential partner Financial institutions (FIs) in the various focus countries. The engagement and alignment activities included updating the partners on the progress of the fund, revising existing MOUs as well as linking the FIs to already existing funds for on-lending and/or co-investment opportunities. TAS country teams have also identified other potential FI partners willing to discuss various co-investment options with WASTE. Development of successful mechanisms for cooperation with some of these FIs is expected to be carried out in cooperation with the selected Fund Management partner.

#### Studying the capacity building needs of SGBs in these sectors, and analysing other Accelerator programmes to inform design of our programs

Along with funding support, SGBs require capacity building support and TA support on various topics such as operations at scale, financial management, sector expertise etc. In 2020 our interactions with various SGBs identified the need for a customised capacity building approach. Capacity building and TA provided to TAS SGBs will help with managing eventual risks and to optimise the growth potential and impact of investees.



#### *F. WASH-SDG programme*

In 2019, WASTE executed within the WASH-SDG Programme activities in Tanzania and Ethiopia contracted through Amref Flying Doctors and in Bangladesh and Nepal, contracted through Simavi. These activities focus on faecal sludge management (FSM) and improvement in access to sanitation integrated with (organic) solid waste management and are undertaken in conjunction with national partners and in alliance and collaboration with Dutch partners. In Nepal, WASTE is working with ENPHO, Lumanti and Biruwa, whilst in Bangladesh collaboration is with Practical Action Bangladesh, Uttaram and Hope for the Poorest.

WASTE, as part of the WASH Alliance International (WAI), works together with Dutch partners; RAIN/Aidenvironment, RUAF/Hivos in both Nepal and Bangladesh and with Practica in Nepal and Akvo in Bangladesh. Based on a joint technical proposal, the Dutch Partners are working on themes of Integrated WASH Planning, asset management of water supply schemes, integrated FSM through market studies, exchange visits and demo's including public toilets, WASH programmes in schools in Nepal in the western cities of Kohalpur, Bheriganga and Barahtal, and in Bangladesh in the southern cities of Sathkira, Barguna and Kalaroa in alignment with the FM activities.

In central Ethiopia, WASTE, together with locally contracted NGO partner Bole Bible Baptist Church (BBBC), has been working in the districts of Shashemene and Arsinegele, on the building of 1,500 safely managed household toilets, which would benefit 7,500 inhabitants. These toilets are financed by the users themselves, at times through micro-credit schemes. In addition, two liquid waste management systems will be constructed to treat wastewater from condominium buildings.

In northern Tanzania, WASTE works together with Hach Ltd., in the Serengeti District focussing on single and double ventilated improved pit (VIP) latrines and leach pit Latrines, through technical training of masons in the construction of these infrastructures. Support is also given to the masons in terms of business development skills and organising them in to a cooperative. Financial inclusion is done primarily through engaging and strengthening the grassroot financial institutions, also a pilot was done with Equity Bank to provide loans to individuals, it was a success and now this partnership is scaling up to other regions of Tanzania through a different programme.





*G. L'emploi des jeunes crée des opportunités, ici au Mali (Creating jobs for young people [and returning migrants] in Mali, EJOM)*

"L'emploi des jeunes crée des opportunités, ici au Mali" (EJOM) is a 4-year €20 million project funded by the European Union and the Dutch Embassy in Mali. The project is implemented since 2017 by a consortium of four organisations including WASTE, SNV (lead), ICCO and APEJ. It targets 8,620 youths, especially women and migrants, and aims to contribute to the development of economic opportunities and social stability in the regions of Kayes, Koulikoro, Gao and the district of Bamako through the sectors of horticulture, waste management, food and utility crafts. Within the consortium WASTE is responsible for the technical support of all project activities related to the waste management sector. The project aims to:

- Contribute to the self-employment and employment of young people.
- Promote the development of SMEs.
- Contribute to the creation of a financial and educational environment favourable to the employment of young people.

The programme has been extended to the end of 2021. WASTE can continue to work on its scheduled activities and consultancy work. The extension is on the no cost increase basis. At the end of 2020 project output include:

- 6,000 youths participate in the project (70% of the target).
- 2,736 women participate (105% of the target).
- 411 migrants are trained (32% of the target).
- 136 SMEs out of 400 are created or strengthened.

In 2020 WASTE was responsible for:

1. Two rapid marketing studies on composting and plastic pavestones in the 4 cities, Bamako, Koulikoro, Kayes and Gao.
2. Development of a training module for waste collectors working during COVID-19.
3. Development of a catalogue for plastic recycling.
4. Designing a suitable shredder for start-up businesses which can be built in Mali.
5. Selection (joint) of business plans from start-up enterprises for additional subsidies.
6. Value Chain Analysis for plastic recycling.



ANNUAL ACCOUNTS 2020

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