



Annual Report 2021

Making sustainable impact through
Water Operators' Partnerships in water
cycle management

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Preface

In 2021, World Waternet (WWn) has focused on intensifying existing cooperation with our long-term partners. We do this by investing in inclusive relationships, developing integrated water cycle projects and spin-offs around our 11 Water Operators' Partnerships (WOPs).

Looking back, we are proud to have strengthened our digital engagement with our partners, including the launch of an E-Cademy of Excellence with e-learning on water cycle management, water governance and asset management. Additionally, we were able to visit most of our partners in a safe and productive way and reconnect in person. The Amsterdam International Water Week (AIWW) in November accelerated all our engagements through valuable live exchange visits from our partners in the Middle East, Asia, Africa and Europe who visited Amsterdam. This impact could only be generated via our dedicated community of Young Experts and colleagues worldwide.

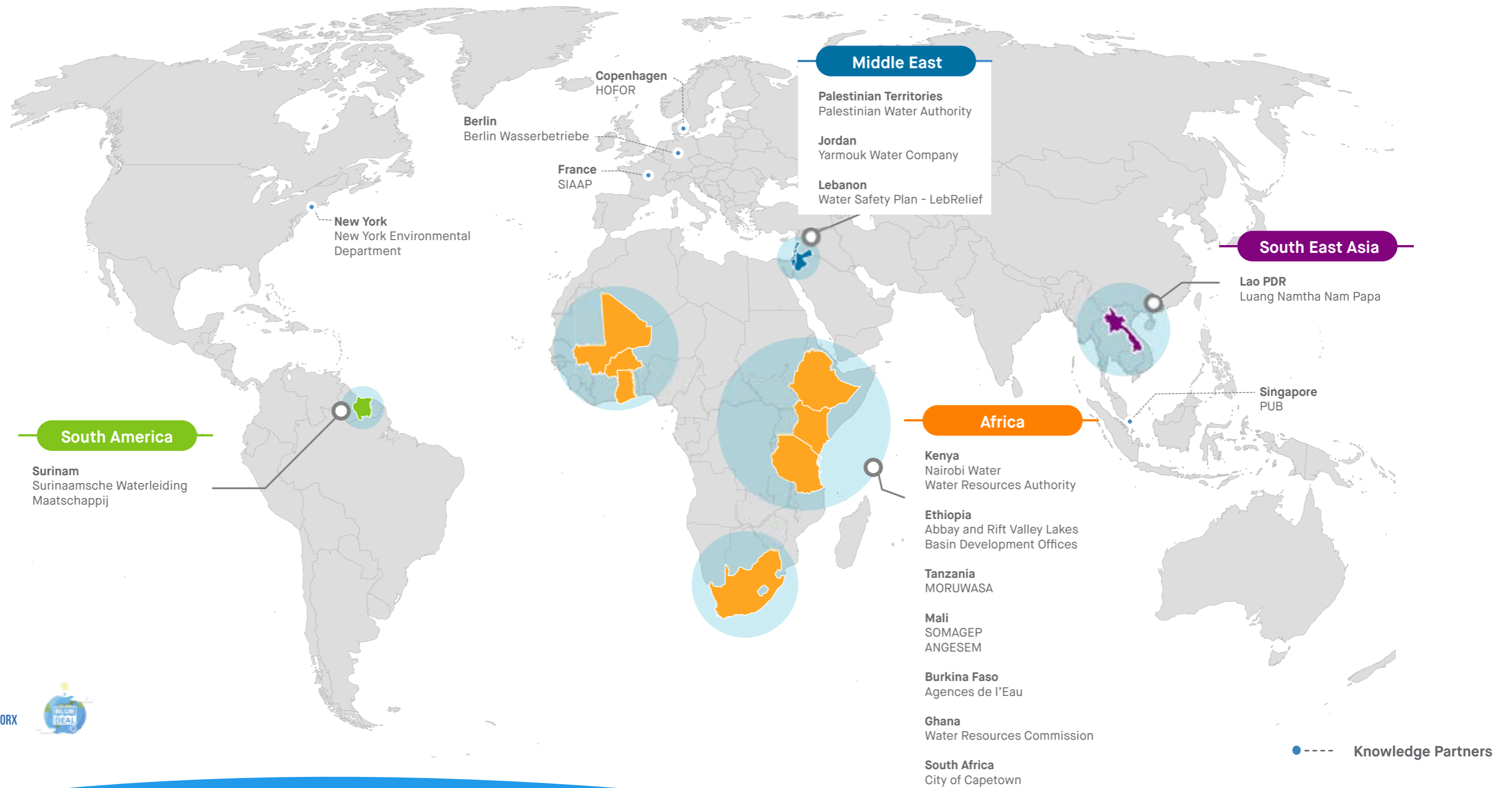
We are proud that the Dutch Government funded long-term partnerships in Jordan, Burkina Faso and Kenya are showing concrete results. We are also excited to kick-off the new EU-WOP Project in Mali, funded by the European Union.

Most of our WOPs are part of the long-term (2017-2030) WaterWorX and Blue Deal programmes. After a positive End-Term Review of the first phase (2017-2021) of the WaterWorX programme, the Dutch Ministry of Foreign Affairs has announced the granting of the second phase (2022-2026). With five of our partnerships within the WaterWorX programme - in Kenya, the Palestinian Territories, Tanzania, Laos and Mali - World Waternet will continue its contribution to the programme's ultimate goal: improved water and sanitation services for 10 million people by 2030. The second phase of the Blue Deal programme (2023 - 2027) is currently being prepared together with the Dutch Water Authorities (DWA).

We are looking back to a transformative, dynamic and impactful year. We would like to thank our foundational partners Stichting Waternet, the Municipality of Amsterdam and the Regional Public Water Authority Amstel, Gooi and Vecht for their continued support and confidence.

Frodo van Oostveen
CEO World Waternet

These are our partnerships



Finances



Income (€ in millions)

1,72 (1,70 budgeted)

Municipality of Amsterdam & Regional Public Water Authority AGV

Overhead

3,37 (6,36 budget)

Co-financiers

5,3% 5,6% (budget)

Contribution to the Sustainable Development Goals

Number of water authorities supported on:



Highlights of 2021



On World Water Day, (22 March), the official launch of the 'ECDD' (Eau CLE Development Durable) project took place in Burkina Faso. The Minister of Water and Sanitation (MEA), Ousmane Nacro and Jeanette de Regt, Country Director SNV, signed a partnership agreement for this 4-year project financed by the Dutch government.



Three water utilities in Amsterdam, Berlin and Paris, have signed a Memorandum of Understanding for the coming five years to intensify cooperation with respect to research, development and innovation for sustainable development and management of the urban water cycle, in consistence with the 2030 United Nations Sustainable Development Goals.



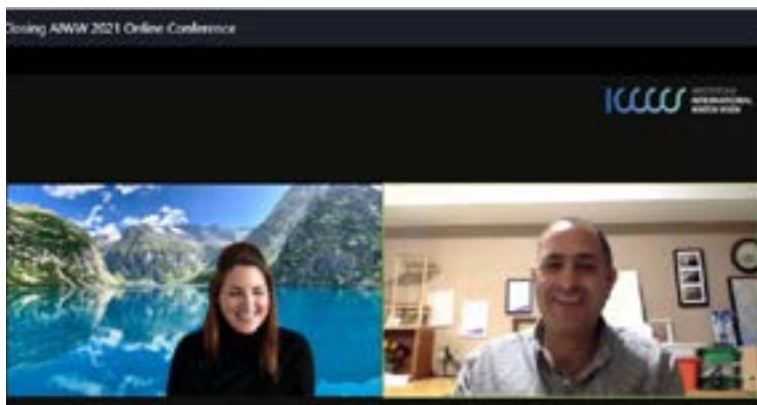
Waternet experts organized an on-the-job training for safe cleaning of the streets of Irbid, Jordan. the focus was on safely descending into the sewer and instructions on how to use a H2S meter.



World Waternet and The Hague Academy of Local Governance welcomed a group of Palestinian government officials who participated in the Nuffic Global Development Orange Knowledge Programme for water cycle management and water governance. World Waternet provided them training on water governance and management, financial management of water service delivery, Asset management and water cycle management



Morogoro Urban Water Supply and Sewage Authority and World Waternet, in collaboration with Kinara for Youth Evolution, the SUA Sokoine University of Agriculture in Morogoro and the Mzinga Corporation, started planting 500.000 trees in Mindu catchment area and the slopes of Uluguru Mountain. An extreme long period of drought caused the Mindu Dam to dry up. The reforestation project is one of the contributors of climate-proof watershed management within this WaterWorX WOP.



During the Closing Ceremony of the Amsterdam International Water Week on 2 November, Aqua for All and World Waternet announced the winner of the Sarphati Sanitation Challenge: AYKAS Sanitation. The company supplies sewage systems to communities, such as refugee camps, city slums and informal settlements. The company received a grant of 100,000 euro to scale up the toilet system they developed.



The newly formed consortium celebrated the launch of the Catchment-To-Tap (C2T) project in Kenya. The five-year project, funded by the Dutch Government, is led by WWF-Kenya, and implemented in partnership with World Waternet, VEI, Acacia Water, Egerton University and KEWASNET. C2T aims to create a linkage between Integrated Water Resource Management (IWRM) and Water, Sanitation and Hygiene (WASH), while also addressing emerging challenges to water use and exploitation in key catchment areas in Kenya.



Risk Management

Risks are inherent in the activities of World Waternet. They may hold back achievements and damage the reputation. It is therefore important to identify and manage risks at an early stage. In 2020, World Waternet established an Audit & Risk Committee. It consists of two board members, the managing director, the financial controller and the legal controller. This committee prepares the risk management and financial policy and initiates audits on behalf of the board. In 2021, risks were assessed and documented in a structured and uniform way in a risk register. World Waternet applies ISO 31000, the international risk management standard, and follows Waternet to the extent possible.

The principles used for risk management are established by the Board. Risks are managed at the organisational level and at the project level. The main risk categories are: risks in the areas of financial, services, legal, security, and integrity and reputation.

Financial

World Waternet can only take financial risks to a limited extent. Due to the project-oriented nature of World Waternet, financial risks are usually connected to individual projects. Choices regarding

contract types are therefore important elements in managing the risk profile of the commitments we make. In order to minimize financial risks, World Waternet only enters into contracts with clearly defined objectives and with risks that are manageable. There is always a careful separation of functions in the financial work processes, as well as in the assessment of financial reports of projects. Each year, an external auditor issues an audit opinion on the annual accounts and on various individual projects.

Services

World Waternet is engaged in projects in cooperation with local partners and with funding from third parties. Waternet experts are hired to realise the project results through an open application process, to ensure the best quality of project staff. Additional staff is hired externally and in particular at partner organisations.

With the receiving parties, foreign public water companies, World Waternet makes agreements that are carefully tested on feasibility. The effectiveness and efficiency of WaterWorX and Blue Deal projects, which make up a large part of the project portfolio, are also tested by external experts.



Legal

World Waternet complies with the regulations imposed on public organisations. Due to the international character of the activities, foreign legislation may also apply. In order to guarantee that all regulations are observed, World Waternet makes use of expertise of Waternet and, where necessary, of other (local) organisations. World Waternet strives to mitigate the risk of legal proceedings and therefore, where possible, uses standard contracts that have been tested in practice. As an organisation governed by public law, World Waternet ensures that the general principles of good governance, the Wet Markt en Overheid (Dutch Act on Government and Free Markets), and regulations and case law regarding prohibited state aid are complied with at all times.

Security

The security of the employees of World Waternet is our highest priority. Given that the activities of World Waternet mainly take place internationally, World Waternet has laid down security requirements in a 'Travel Policy' that is available to all employees concerned. In addition, we follow the travel advice of the Dutch Ministry of Foreign Affairs; World Waternet does not work in 'red areas'; for 'orange areas' we require a security training of several days. Each working visit is individually assessed on the COVID-19

and safety level by our human resource manager. World Waternet also relies on international emergency services (International SOS and the International NGO Security Organisation) and on information from our local partners and the Dutch embassies.

Integrity and reputation

WWn is proud to be a purpose driven public organisation, implementing our mission on a not-for-profit basis. As a public organisation, World Waternet is bound by government regulation on sound human resource management, well organised privacy and security, and an integrity and corruption policy. Appropriate attention is paid to this by means of, among other things, an external employee satisfaction survey and training. In our cooperation with partners, we also pay attention to issues such as integrity, the way employees are treated and corruption. Requirements in this regard are reflected in contracts. In case any undesirable situation occurs in the field, it will be addressed without delay. In extreme cases, this may mean that World Waternet will end the cooperation with the partner in question. In 2021, no incidents were reported within World Waternet or its projects.

Balance sheet as of 31 December 2021

Assets in € '000	Note	31-DEC-21	31-DEC-20
Fixed Assets			
Tangible Fixed Assets		0	0
Financial Fixed Assets		0	0
		0	0
Current Assets			
Accounts Receivable	1.	257	82
Income to be Received	2.	530	440
Prepaid Expenses	3.	230	25
Other Receivables	4.	222	131
Liquid Assets	5.	4,681	3,511
		5,920	4,189
Total Assets		5,920	4,189

Liabilities in € '000	Note	31-DEC-21	31-DEC-20
Reserves (equity)			
6.			
General Reserve		925	754
Income and costs balance book year		-282	171
		643	925
Provisions			
Provisions	7.	925	0
Current Liabilities			
Prepaid income	8.	1,836	1,976
Accrued Liabilities	9.	2,283	1,276
Accounts Payable	10.	233	12
		4,352	3,264
Total Liabilities		5,920	4,189

Statement of income and costs 2021

Amounts in euros (x '000)	Note	Budget 2021	Realisation 2021	Realisation 2020
Project-related income	11.	6,363	3,356	1,750
Contributions Founding Organisations	12.	1,700	1,724	1,609
Other income		0	0	0
Total Income		8,063	5,080	3,359
Operational Costs				
WOP-projects		(7,239)	(3,855)	(2,458)
Knowledge & innovation		(149)	(191)	(128)
Project development		(220)	(148)	(190)
Management & overhead		(455)	(155)	(412)
Operational Costs	13.	(8,063)	(4,349)	(3,188)
Financial income/expenditure		0	0	0
Total Costs		(8,063)	(4,349)	(3,188)
Balance before exceptional items		0	731	171
Historical VAT charge incl. interest	14.	0	(1,013)	0
Balance after exceptional items		0	(282)	171



Notes to the statement of income and costs

General information World Waternet

World Waternet is a non-profit organisation, dedicated to improving sustainable access to clean, sufficient and safe water for all. World Waternet supports public water organisations through peer-to-peer knowledge exchange in water cycle management. The foundation has long-term Water Operators' Partnerships with water organisations in more than 15 countries to strengthen the capacity, improve the performance and enable them to provide a better service to more people.

World Waternet is founded as an independent foundation in 2007. It is affiliated to Foundation Waternet. Waternet provides water services to 1.3 million people and is the only water company in the Netherlands that covers the entire water cycle.

World Waternet is a public benefit organisation (Algemeen Nut Beogende Instelling, ANBI) according to section 6.33, part b of the Dutch Income Tax Act 2001 (Wet inkomstenbelasting 2001). World Waternet will never distribute any operating surplus in any form whatsoever. In the event of liquidation, the liquidation balance must be spent on the objectives of the organisation in accordance with the articles of association or it must be transferred to another

ANBI. A certain (limited) reserve amount to compensate for setbacks is deemed desirable.

World Waternet is located in Waternet's head office, address: World Waternet, Korte Ouderkerkerdijk 7, 1096 AC, Amsterdam, Netherlands. The Chamber of Commerce number is 4271281.

Supervisory Board

World Waternet has an independent Supervisory Board, with the majority of the board members and their control being independent of Waternet or its founders the municipality of Amsterdam and Regional Public Water Authority Amstel, Gooi and Vecht. The Board, consisting of five members, met four times in 2021:

- Ms A. P. (Lidi) Rimmelzwaal (Chairperson);
- Mr R.R. (Roelof) Kruize (secretary, CEO of Waternet);
- Ms C.G. (Carolien) Gehrels (Board member, Director of European Cities at Arcadis);
- Mr M. (Menno) Holterman (Board member, CEO of Nijhuis Saur Industries).
- Mr A.J.A.M (Arnold) Kuijpers (Board member)

The Board determines the policy, sets the financial guidelines, and has the final responsibility for the daily management and implementation of the programmes and activities of World Waternet. On an annual basis, the Board determines the budget, annual plan and annual accounts and delegates the execution to the director, who is an employee of Waternet. Each board member has one vote and decisions are made by majority vote.

A Management Services Agreement has been drawn up with the board of Waternet. The annual plan and the annual statement of accounts are submitted to the board of Waternet for advice. The board of Waternet advises on the appointment of the CEO and board members of World Waternet.

Other positions held by the board members:

Ms Lidi Rimmelzwaal, chairperson

- No other position

Mr Roelof Kruize, secretary

- CEO of Waternet
- Chairman Aquatech Advisory Committee
- Board member International Water Association
- Member of the Supervisory Board of De Balie

Ms Carolien Gehrels, board member

- Director of European Cities at Arcadis
- Member of the Supervisory Board of Delft University of Technology
- Member of the Advisory Council of ASN Bank
- Member of the Board of Platform Urban Renewal

Mr Menno Holterman, board member

- CEO Nijhuis Industries Holding BV.
- CEO and Founder of Naesta Holding BV.
- Member of the Board of Netherlands Water Partnership
- Member of the Managing Board Amsterdam International Water Week
- Member of the Advisory Board Aquatech Amsterdam

Mr Arnold Kuijpers, board member

- Member Supervisory Board Norinchukin Bank Europe N.V.

Staff

World Waternet does not employ staff. Staff are seconded from Waternet and to a limited extent externally. The CEO is Mr Frodo van Oostveen.

In 2021, ten employees were seconded from Waternet on a permanent basis, including the director and regional managers. These employees work 20% of their time for Waternet and 80% for World Waternet. Of these, one person is stationed in Mali. In 2021, World Waternet also worked with nine Young Experts from the Netherlands and partner countries, as well as with four trainees. The Dutch trainees and Young Experts are employed by Waternet. Throughout 2021, approximately 100 Waternet experts were assigned to projects and 17 employees were hired from other regional water authorities, drinking water companies or affiliated entities such as foundation Waterproef and Het Waterlaboratorium.

Available project positions are published internally at Waternet. It is encouraged that as many different Waternet employees as possible are assigned to projects.

Standards for Remuneration Act and remuneration policy (Wet Normering Topinkomens)

World Waternet does not employ any permanent staff and does not pay its board members any remuneration or allowances for expenses. The top officials are listed below in accordance with 'Article 5, paragraph 3. Disclosure of information on senior executives'. The director of World Waternet is employed by Waternet.

Accounting Principles

General

The annual statement of accounts has been prepared in accordance with the reporting requirements of Title 9 Book 2 of the Dutch Civil Code (BW2). The 2021 financial year runs from 1 January 2021 to 31 December 2021 and corresponds to the 2021 fiscal year.

Consolidation entity

World Waternet includes one legal entity and currently does not include any other entities that it controls. No consolidation of entities takes place.

Going concern

World Waternet is co-financed by the municipality of Amsterdam and Regional Public Water Authority Amstel, Gooi and Vecht. In addition, project funding is obtained from various financiers, such as the Dutch Ministry of Foreign Affairs and the European Union. As yet, Covid-19 has had no impact on the contributions of the main donors.

World Waternet has a current account credit from the Nederlandse Waterschapsbank to €750,000. Regional Public Water Authority Amstel, Gooi and Vecht acts as guarantor for the current account credit. There are no loans or debts at financial institutions. This means that World Waternet does not have to meet any bank covenants. As a result, there can be no negative impact on the continuity. As per the end of 2021, World Waternet has liquid assets of €4.681.000 at its disposal.

Affiliated parties

All legal entities that can be controlled or that can be significantly influenced are considered affiliated parties. Entities that can significantly influence World Waternet are also considered affiliated parties. Waternet, the municipality of Amsterdam and Regional Public Water Authority Amstel, Gooi and Vecht are considered affiliated parties. In addition, key management and close family members of the foundation are also considered affiliated parties.

In 2021, there were no transactions with affiliated parties that were of a non-business nature. The nature, extent and other information will be disclosed if this is necessary to provide the required insight.

Changes in estimation methods, accounting policies and valuation methods

The preparation of the annual statement of accounts involves the use of assumptions, judgments and estimates that are based on historical experiences and factors that, in the opinion of the Management, are acceptable in view of the specific circumstances. Such judgments and estimates (including any relevant assumptions) affect the valuation and presentation of the reported assets and liabilities as well as the annual result. The actual results may differ from these estimates and assumptions. If necessary in order to give a true and fair picture as required by Section 362, subsection 1, Book 2, the nature of these estimates and this opinion, including any relevant assumptions, are explained in the notes to the annual accounts. The methods of estimation and valuation and the accounting policies have remained the same as in previous years.

Foreign currency

The annual statement of accounts is prepared in euros. This is the functional and reporting currency. Transactions in foreign currencies are accounted for in the annual accounts at the exchange rate of the euro on the transaction date. Monetary assets and liabilities in foreign currencies are converted at the closing rate of the functional currency on the balance sheet date. Conversion differences resulting from settlement and conversion are credited or debited to the income and costs. World Waternet has no derivative positions to hedge exchange rate risks.

Value-added tax (VAT)

World Waternet is not an entrepreneur for VAT purposes. This means that the VAT paid on purchases are expenses for World Waternet. The amounts reported in the balance sheet and statement of income and costs, are standard including VAT, and this VAT cannot be recovered from the tax authorities. For those projects that do meet the requirements for qualifying as an entrepreneur for VAT purposes (explicitly involving a client-contractor relationship), World Waternet is an entrepreneur for VAT purposes. In that case, the VAT paid on purchases is reclaimed from the tax authorities. The amounts for these projects are therefore shown excluding VAT. Any VAT on sales invoices from World Waternet must be paid to the Dutch Tax and Customs Administration. Income through these VAT invoices are therefore shown excluding VAT.

Corporate income tax liability (VPB) for public enterprises

There are no structural profits from operations, which means that to date World Waternet is not liable to pay VPB.

Comparative figures for the previous financial year

For reference, the 2020 figures have been added to the 2021 figures. The format of the statement of income and costs has changed compared to 2020, so some figures cannot be traced from the 2020 annual accounts. Also, the VAT rate on hours and salaries from Waternet has partly changed compared to 2020.

Accounting principles balance sheet

Fixed assets

Assets are generally valued at their historical cost, manufacturing cost or at their fair value at the time of acquisition. If no specific valuation is stated, it is valued at historical cost.

Accounts receivable

Accounts receivable are initially valued at fair value. If any accounts receivable are deemed (partly) uncollectible, provisions to debit the statement of income and costs will be made immediately.

Project income to be received/accrued

World Waternet carries out projects that are (partly) financed by third parties. On the basis of a contract, (part of) the costs incurred by World Waternet are reimbursed. The income is often received after submission of an annual or final report and/or advance payments are provided. The balance includes the income to which World Waternet is contractually entitled minus the advances already received. Depending on whether it concerns a receivable or accrued item, it is entered as an asset or a liability. Once it has become clear that part of the expected income will not be realizable, a provision to debit the statement of income and costs will be made.

Liquid assets

Liquid assets include withdrawable bank balances, cash and deposits with a term of less than 12 months. The current account credit of the NWB bank account has a limit of €750,000. If a negative balance is reached, the item liquid assets will be recorded under Current Liabilities. Funds and cash equivalents are valued at nominal value.





Notes to the balance sheet

The numbers in the balance sheet and the statement of income and costs refer to the notes.

1. Accounts receivable

Accounts receivable in € '000	31-DEC-21	31-DEC-20
Accounts receivable general	257	82
Minus: Provision	0	0
Total accounts receivable	257	82

The accounts receivable balance consists of invoices recently invoiced to various organisations. An amount of 119k relates to internal invoices (income to be received). There are no indications that invoices are irrecoverable.

Reserves

The reserves are at the disposal of World Waternet and serve to compensate for setbacks, so that it can continue its activities. World Waternet will not distribute any operating surplus or reserves. The balance sheet therefore shows the balance of income and costs of the current financial year separately under the item reserves.

Provisions

Provisions are formed for legally enforceable or actual liabilities that exist on the balance sheet date and for which it is probable that an outflow of resources will be required and a reliable estimate can be made. Provisions are valued at the best estimate of the amount needed to settle the obligation at the balance sheet date. Where obligations are expected to be reimbursed by a third party, such reimbursement is entered as an asset in the balance sheet if it is likely that such reimbursement will be received once the obligation has been settled.

Current liabilities

At their first entry, current liabilities are valued at fair value. After initial recognition, current liabilities are valued at amortised cost, i.e. the amount received, taking into account discounts, minus transaction costs. This is usually the nominal value.

Accounting principles of the statement of income and costs

Determination of income

The income consists of contributions from the municipality of Amsterdam, Regional Public Water Authority Amstel, Gooi and Vecht (AGV) and third parties. Income is allocated to the relevant period in which it is contractually claimable, regardless of the actual receipt. This is often a percentage of the costs incurred. Subsidies and third-party assignments are recognized as income in the statement of income and costs in the year in which the subsidized costs were incurred, income was lost or a subsidized operating deficit occurred. Income will be entered when it is likely that it will be received. Project income are the contractually agreed income and income from additional work, claims and compensation, if and to the extent that they are realizable and can be reliably determined.

Determination of costs

For World Waternet, the costs consist of the secondment and hiring of Waternet staff and other (project) expenditures. Costs are entered in the year to which the costs relate, regardless of whether they have resulted in an expense in the fiscal year. If World Waternet has to pay costs in the future due to an event in the current fiscal year or earlier, the costs will be entered in the current fiscal year if they can be properly estimated and are considered to be likely. Project costs are costs directly related to the project and other costs that are contractually attributable to the client. Project preparation costs may be capitalised if it is probable that they will be reimbursed.

2. Income to be received

Income to be received in € '000	31-DEC-21	31-DEC-20
Ministry of Foreign Affairs - Blue Deal	352	395
Ministry of Foreign Affairs - WaterWorX	158	0
FMO - Lao	15	0
Consultant - Mali	5	0
Fonds Duurzaam Water - Ethiopia	0	17
Lebrelief - Libanon	0	15
Embassy Kingdom of the Netherlands - Burkina Faso	0	13
Total contribution to be received	530	440

Income to be received is income to which World Waternet is contractually entitled, but which has not yet been received from the funder. The income are often received after submission of an annual or final report. The WaterworX and Blue Deal annual reports 2021, including an unqualified auditor's opinion, has been submitted but has yet to be adopted by the Ministry.

3. Prepaid Expenses

Prepaid expenses in € '000	31-DEC-21	31-DEC-20
SOMAGEP - advance for activities	197	0
Prepaid SOS insurance	22	25
Advance rent RPM Mali	9	0
Other prepaid costs	2	0
Total expenses	230	25

The prepaid expenses consist of an advance to SOMAGEP for activities (€197,000), the prepaid premium for the SOS insurance (€22,000), and advances for rent.

Notes to the balance sheet

The numbers in the balance sheet and the statement of income and costs refer to the notes.

4. Other receivables

Other receivables in € '000	31-DEC-21	31-DEC-20
VAT to be received	220	123
Credit card and RC Waternet	2	0
Purchase invoices to be apportioned	0	8
Total other receivables	222	131

The VAT to be received relates to invoices that have to be apportioned.

5. Liquid assets

Liquid assets in € '000	31-DEC-21	31-DEC-20
Bank account NWB	4.638	3.511
Bank account BCIAB	41	0
Cash Faso Koom	2	0
Total liquid assets	4,681	3,511

The bank balance of the NWB bank account is €4,638,000 positive at year-end 2021. The bank account has a current account provision which allows for a negative balance of up to €750,000.

Due to growing operations in Burkina Faso, World Waternet opened a bank account in Burkina Faso at the BICIAB, a branch of the French BNP Paribas. In June 2021 the BICIAB was taken over by the VISTA Bank which is based in Guinea. The account is in the currency Central African Franc (CFA). The office in Burkina Faso also holds a limited amount of cash to cover for small expenses.

6. Reserves (equity)

Reserves 31 Dec. 2020 in € '000	925
Balance 2021	-282
Reserves 31 Dec. 2020 in € '000	643

The 2021 income and costs balance of €282,000 has been subtracted from the reserves. At year-end 2021, the reserves amount to €643,000.

7. Provision (VAT)

Provision VAT in € '000	31-DEC-21	31-DEC-20
Provision VAT	925	0
Total provisions	925	0

Waternet invoices its staff to World Waternet. Waternet is of the opinion that it meets the conditions of the so-called Resolution on Development Aid, by which Waternet can

7. Provision (VAT)

invoice the deployment of staff in developing countries (DAC/ODA-list) with 0% VAT. Also, World Waternet is of the opinion that this regulation could be applied with retrospective effect as of July 2015. The Dutch Tax and Customs Administration indicated in 2021 that they are of the opinion that Waternet does not meet the conditions

of the Resolution. Waternet will go to court to ask for a decision on this case. Since the court decision is uncertain, a provision is made for all VAT that is under discussion.

8. Prepaid income

Prepaid income in € '000	31-DEC-21	31-DEC-20
EKN Jordan - Yarmouk	1.343	1.787
European Union - Nakambé	222	72
EKN - Kenya	162	0
NWB Fund - Nature Based Solutions	32	0
YEP	29	45
Min. of Foreign Affairs - WaterworX	0	72
Other	48	0
Total prepaid income	1,836	1,976

Prepaid income are advances that financiers have already paid, but for which World Waternet has not yet performed any work. The largest amounts relate to the Dutch Embassy projects in Jordan, Burkina Faso and Kenya.

9. Accrued liabilities

Accrued liabilities in € '000	31-DEC-21	31-DEC-20
Accrued staff costs Waternet	2.049	1.233
Accrued expenses WaterworX	94	0
Accrued expenses Yarmouk	59	0
Accrued expenses ECDD	57	0
Accrued financial audit 2021	20	28
Overig	4	15
Total accrued liabilities	2,283	1,276

Accrued liabilities consist of services or goods that were purchased in 2021, but for which an invoice has not yet been received. The largest items concern Waternet: the payments of Waternet employees (€2,049,000)). There are also various smaller items, including the accountants' fees.

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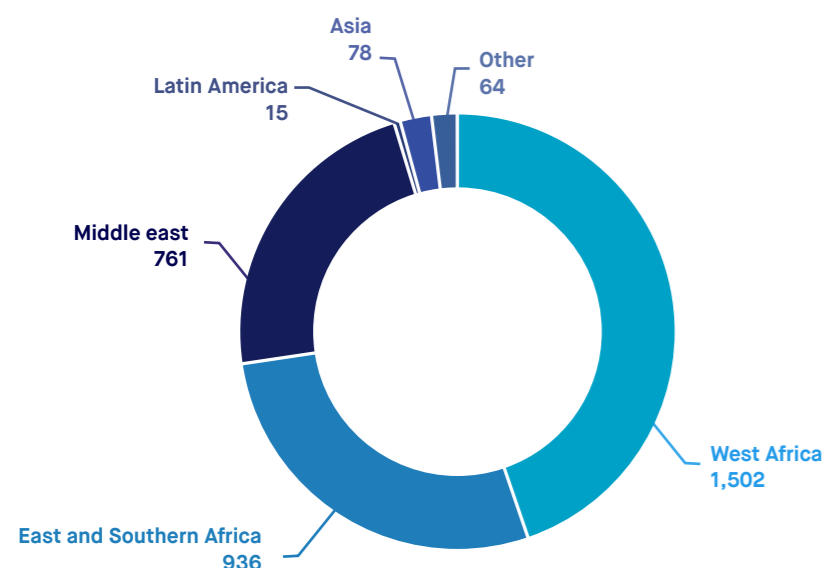
Notes to the statement of income and costs 2021

10. Accounts payable

Accounts payable in € '000	31-DEC-21	31-DEC-20
Accounts payable	233	12
Total accounts payable	233	12

At year-end 2021, there remains an outstanding amount of €233,000 to be paid to creditors.

11. Notes on project-related income



The project-related income is lower than budgeted. This is the result of some delay in the projects due to Covid-19, the later start of the embassy projects in Jordan and Burkina Faso. The figure below shows the breakdown of income by region (total is €3,4 million).

12. Notes on Contributions founding organisations

Contributions founding organisations	2021
Municipality of Amsterdam	1,156
Regional Public Water Authority AGV	568
Total liquid assets	1,724

The contributions of the founding organisations amount to €1,724,000. This amount includes a contribution for knowledge management of the Municipality of Amsterdam (€64,000) and of Regional Public Water Authority AGV (€42,000), as well as a special contribution of €75,000 for Water Governance provided by AGV.

13. Notes on operational costs

The costs are also lower than budgeted in 2021. This is the result of some delay in the projects due to Covid-19, the later start of the embassy project in Jordan and Burkina Faso. Because travel was very limited due to Covid-19, the travel and accommodation costs are considerably lower than the years before Covid-19. Also,

because of Covid-19, less experts were hired from Waternet. The increase of deployment of Waternet staff relates to more travel than in 2020 and the deployment of regional project managers (RPM).

Amounts in euros (x '000)	Budget 2021	Realisation 2021	Realisation 2020
Deployment of Waternet staff in projects	1,136	1,003	385
Delegated World Waternet staff	941	1,031	932
Travel and accommodation expenses	450	263	173
Hiring third parties (project staff)	300	232	165
Other project costs	4,801	1,502	1,167
Total project costs (excluding FTE)	5,551	1,997	1,505
Office costs (laptops, audit, medical kits)	86	43	98
Training and representation	40	27	33
Hired personnel	70	25	0
Internal services Waternet	239	223	235
Operational Costs	435	318	366
Total operational costs	8,063	4,349	3,188

14. Historical VAT charge including interest

This item includes all historical VAT-charges (2015-2020) including interest, that amount to €1,013,000. This includes the provided and the paid amounts.

Audit costs 2021

In 2021, the Foundation's auditor (ACAM) received an estimated €30,000 including VAT in fees. Of this, €13,613 is estimated for the audit of the 2021 annual accounts and €17,000 for the audit of various projects. No consultancy assignments have taken place.

Ministry of Foreign Affairs and the Dutch Water Authorities (Unie van Waterschappen). The audit requirements have a lower materiality limit than the audit of the annual accounts and, in addition to an audit opinion, a factual report of findings must be provided in which all audit differences, regardless of size, must be mentioned.

The audit of the subsidiary accounts, WaterWorX and Blue Deal, took place on the basis of audit protocols established by the



Risks in the balance sheet & statement of income and costs

Application of Resolution of Development Aid (Ontwikkelingshulpresolutie)

Waternet invoices its staff to World Waternet. Waternet is of the opinion that it meets the conditions of the so-called Resolution on Development Aid, by which Waternet can invoice the deployment of staff in developing countries (DAC/ODA-list) with 0% VAT. This regulation could be applied with retrospective effect as of 2015. The Dutch Tax and Customs Administration indicated in 2021 that they are of the opinion that Waternet does not meet the conditions of the Resolution. Waternet will go to court to ask for a decision on this case. If the court decides in favour of Waternet, they will receive a tax refund of maximum €1.4 million, which Waternet will pass on to World Waternet.

Since the outcome of the court case is uncertain, World Waternet has reclaimed part of the historical VAT as subsidisable costs from financiers. This is the case for Blue Deal and WaterworX. In case of a positive outcome of the court case, the tax refund should be used for these programmes.

Meeting financiers' requirements

Financiers provide funding subject to certain conditions, such as the timely achievement of results, timely delivery of reports, and tender requirements. If these conditions are not met, the financier cannot pay out or recover the funding. If costs have been incurred, this may result in a loss. There is also the possibility that World Waternet may have to complete a project at its own expense. This risk is mitigated by project control and interim (external) audits. There is no indication that any provisions need to be made for projects.

Events after the balance sheet date

After the balance sheet date of 31 December 2021 and the preparation of the annual accounts, no events have occurred that have an effect on the balance sheet position at year-end 2021.

Financing in relation to projects

WWn runs a financial risk because of a mismatch of duration between the annual contributions by its parent companies the City of Amsterdam and the Water Authority Amstel, Gooi en Vecht (AGV) and the multi-annual financial obligations of the

WOPs. Especially those under WaterworX and Blue Deal. In other words, because of the nature of the multi-annual projects most of the contribution for the coming years has already been firmly committed. As a consequence a loss for World Waternet is to be incurred if these contributions would be reduced. To some degree such a loss can be covered by the financial reserves of World Waternet, but a dependency remains on the continuation of the contribution by its founding partners.

Nr. 637.000.21-A

INDEPENDENT AUDITOR'S REPORT

To: The Executive Committee of Stichting Wereld Waternet

A. Report on the audit of the financial statements 2021 included in the annual report

Our opinion

We have audited the financial statements 2021 of Stichting Wereld Waternet based in Amsterdam.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of Stichting Wereld Waternet as at 31 December 2021 and of its result for 2021 in accordance with Part 9 of Book 2 of the Dutch Civil Code.

The financial statements comprise:

1. the balance sheet as at 31 December 2021;
2. the profit and loss account for 2021; and
3. the notes comprising of 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 of Auditing. Our responsibilities under those standards are further described in the 'Our responsibilities for the audit of the financial statements' section of our report.

We are independent of Stichting Wereld Waternet in accordance with the Wet toezicht accountantsorganisaties (Wta, Audit firms supervision act), 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.

The remuneration of a senior official at different institutions is not audited

In accordance with the protocol for auditing the financial reporting document by the accountant for the year 2021 on compliance with the Wet normering topinkomens (WNT, Standards for the Remuneration Act: Article 1.6a WNT and Article 5, paragraph 1, under j Uitvoeringsregeling WNT), we have not audited whether or not there is an exceeding of the remuneration by a senior official due to possible employment relationships at other institutions subjected to the WNT, as well whether the explanation required in this context is correct and complete.

Materiality

Based on our professional judgment, the approval tolerance applied in our audit amounts to 1% for errors and 3% for uncertainties of the total expenses including additions to reserves. This is in accordance with the auditing protocol of Stichting Waternet. The reporting tolerance has been set at 0.3%, as well for smaller deviations which in our opinion are relevant for qualitative reasons subjected to the WNT.

For the audit of the remuneration information disclosed in the financial statements, we have applied the materiality requirements as defined in the protocol for auditing of the WNT. We also take into account misstatements and / or possible misstatements that, in our opinion, are material for the users of the financial statements for qualitative reasons.

B. Report on the other information included in the annual report

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

- The management report;
- The program accounts for each project;
- Other information as required by Part 9 of Book 2 of the Dutch Civil Code.

Based on the following procedures performed, we conclude that the other information:

- Is consistent with the financial statements and does not contain material misstatements;
- Contains the information as required by Part 9 of Book 2 of the Dutch Civil Code.

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 Part 9 of Book 2 of the Dutch Civil Code and 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 management report in accordance with Part 9 of Book 2 of the Dutch Civil Code and other information as required by Part 9 of Book 2 of the Dutch Civil Code.

C. Description of responsibilities regarding the financial statements

Responsibilities of management for the financial statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with Part 9 of Book 2 of the Dutch Civil Code. 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 financial statements.

Our responsibilities for the audit of the financial statements

Our objective is to plan and perform the audit engagement in a manner that allows us to obtain sufficient and appropriate audit evidence for our opinion.

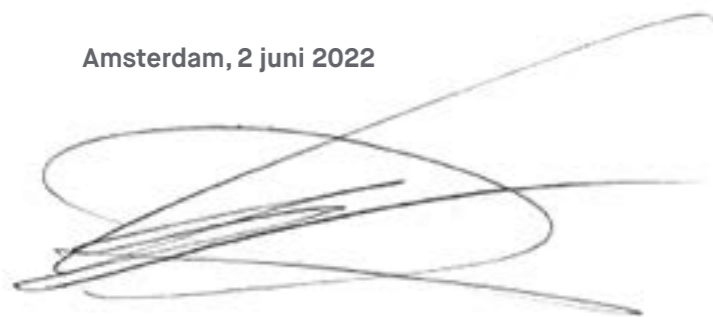
Our audit has been performed with a high, but not absolute, level of assurance, which means we may not detect all material errors and fraud during our audit. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected 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. We have exercised professional judgement and have maintained professional skepticism throughout the audit, in accordance with Dutch Standards on Auditing, ethical requirements and independence requirements. Our audit included, among others:

- Identifying and assessing the risks of material misstatement of the 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 entity'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 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 financial statements, including the disclosures; and
- Evaluating whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

Amsterdam, 2 juni 2022



D. van Eeden RA
Auditdienst ACAM





www.worldwaternet.com