



ANNUAL REPORT 2010





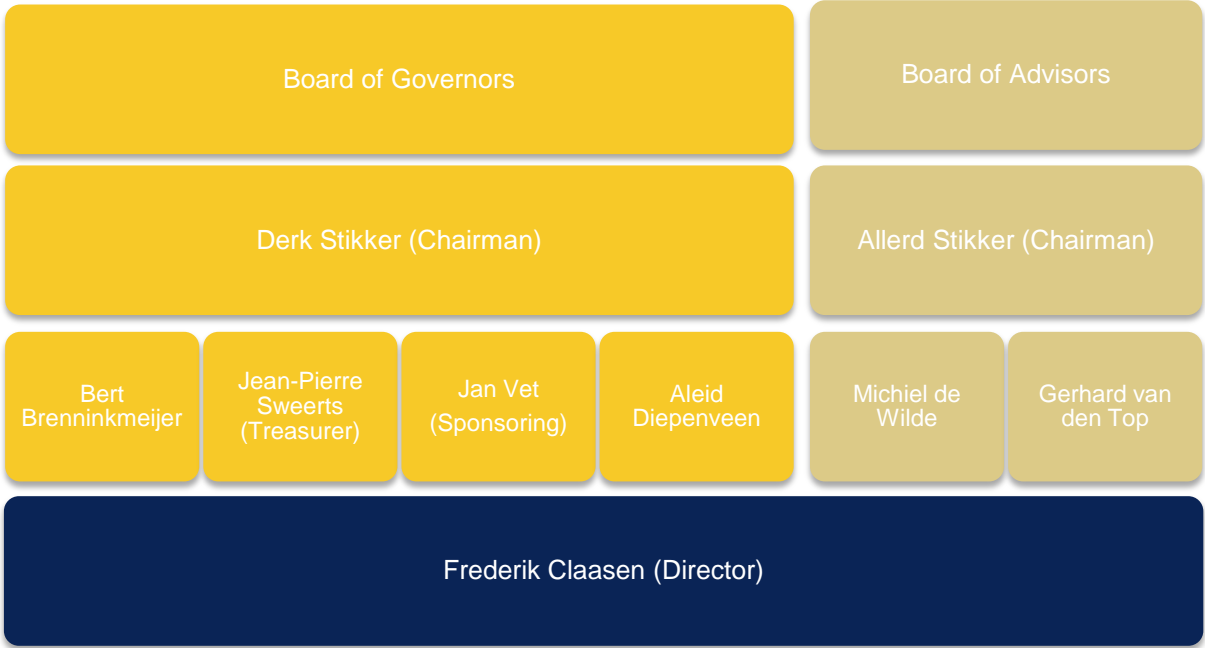
Ecological Management Foundation

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Organization

The Ecological Management Foundation (EMF) is an ANB-certified, not-for-profit and not-for-loss foundation whose main objective is to deliver the know-how needed in the development of practical, small-scale but high-impact solutions to water supply issues in developing countries. Together with the Micro Water Facility (MWF) and RAIN - two like-minded but independent foundations – EMF is housed at Aidenvironment, a sustainability consultancy and incubator. The simple reason for this arrangement is efficiency: by sharing a single office, the foundations can share costs and informally draw on Aidenvironment’s well-established expertise.

The organizational hierarchy of EMF is as follows:



In achieving their common goal, EMF and MWF work closely together. In fact, as of mid-2010, the two entities share the same director, board of governors, advisory board and back offices. Yet they operate independently, are based on different revenue models, and fulfil different roles in the projects they engage in.

More specifically, EMF acts on its own initiative and relies on donor funding. It identifies, promotes and incubates projects that implement small-scale technological solutions for large numbers of people in developing countries. MWF, on the other hand, adopts a business approach and takes action in response to demand. It helps entrepreneurs and organizations launch water treatment solutions where they are needed, by developing business models and arranging appropriate funding.

In short, EMF is the somewhat rebellious pioneer whereas MWF is the respectable merchant. In collaborative efforts, EMF initiates the project by finding partners and starting the incubation process, after which MWF is hired to take charge of any business development until the pilot is self-sufficient.

The experience thus obtained by MWF is used to inspire EMF with new ideas for future projects. In this fashion, the two organizations complement each other.

The history of EMF

EMF was created in March 1990 by Allerd Stikker, who managed and housed the foundation on his own premises in Amsterdam, the Netherlands. In 2009, Mr. Stikker stepped back as chairman of EMF and took up the position of chairman of the Board of Advisors. In mid-2010, the boards of EMF and MWF decided to merge the activities of the two foundations in a more structured way.

In the early days, the emphasis of EMF’s activities lay on raising environmental awareness and taking concrete action in the Dutch corporate and banking sectors. Since 1995, EMF’s activities have gradually shifted to raising awareness of and setting up initiatives for practical solutions that tackle global water scarcity. At present, EMF still works on both ecologically and economically sustainable technologies for desalination of brackish and salt water. EMF also looks for appropriate social and technical solutions for clean drinking water and proper sanitation in developing countries, in cooperation with the private sector, government agencies and non-governmental organizations.

Track record

- 2008 – 2010** • Development of MWF as an independent foundation. On the one hand, all tasks have now been allocated. On the other hand, EMF and MWF are now integrated in terms of their administration and boards, and their websites have been aesthetically synchronized.
- 2003 – 2008** • Development of a Micro Water Facility (MWF) to broker between water- technology inventors, NGO s, financial institutions, donors, and local communities in developing countries, introducing small-scale clean drinking and sanitation water techniques for the poor.
- 2000 – 2008** • Four TV documentary series on water issues in developing countries “Blue Gold” (2008); “Private Sector Projects in Developing Countries” (2005); “A Dollar a Day” (2005) in cooperation with EMF Films; and “A Drop of Life” (2000) in cooperation with Swynk.
- 1999 – 2003** • CEO Panel for Industry and Water at the World Water Fora in The Hague (2000) and Kyoto (2003).
- 1996 – 2005** • Development of a new ecologically acceptable and economically sound technology for desalination of brackish and salt water (Memstill).
- 1992 – 1993** • Development of Environmental Performance Indicators (EPIs) for corporations.
- 1992 – 1993** • Development of a blue print for introducing environmental criteria into credit rating procedures for banks and environmental performance of the banks themselves.

Overview 2010

Interview with Derk Stikker, Chairman of the Board of Governors, and Frederik Claasen, Director. They hold these positions within EMF as well as MWF.

We met Derk Stikker and Frederik Claasen at Derk's office in Amsterdam. Derk was appointed as chairman of the Board of Governors when MWF was founded in 2007. Two years later, in 2009, he also became chairman of EMF, succeeding his father, Allerd Stikker, who in turn took up the position of chairman of the Board of Advisors. As of 2010, EMF and MWF share the same Board of Governors and Advisors. Frederik Claasen was appointed Director of MWF and of EMF in that same year, having been involved with the two foundations since mid-2007.

How did you experience the year 2010 for EMF?

Derk: *"Exciting and intense. 2010 was an important year for both and EMF and MWF. The transformation from separate to identical boards made for a turbulent year. But even though my position has become more time-intensive, I am glad to have been able to support my father in the transformation process."*

Frederik: *"Apart from this turbulence, 2010 saw a number of very pleasant developments as well. EMF worked on some very interesting projects this year. A good example is Sujol, our project in Bangladesh, for which we developed a sound business plan and built a strong consortium. Together with MWF, we also secured funding of the Peepoo Initial Launch project. Then there is the concrete development of the Water Schools project, which has been, and will be, very important for EMF as well."*

What were the goals for 2010 and have they been achieved?

Derk: *"Filling the pipeline with good and exciting projects, and securing a financially sound status. That we have achieved. The 2010 sponsor lunch was sufficiently lucrative to cover our operating costs for the subsequent year, and we managed to get engaged in several interesting and, in some cases, long-term projects."*

How was the pipeline filled?

Derk: *"By taking initiative. This has always been a very distinctive trait of EMF's character and has led us to many interesting projects that produced good results."*

What achievements are you most proud of?

Derk & Frederik: *"Of the Peepoo and Sujol projects. Securing the funds to set up these projects was an absolute breakthrough for MWF as well as for EMF, and has had a tremendous effect on both foundations. We should also not forget the enormous progress of the ARC Water Schools project."*

What could be improved in 2011?

Derk: *"We have realized that success needs to be planted long before it is harvested. We should therefore spend more time planning the activities we will undertake, say, five years from now. Moreover, board meetings and accompanying brainstorm sessions have generated very useful ideas in the past and should therefore be organized more frequently in the following years."*

What are the goals for the coming years?

Frederik: *“To strengthen EMF’s and MWF’s position within the water sector. We can do this by further defining and operating within our niche. The Dutch government has assigned a considerable part of its 2010-2015 budget to international cooperation in the water sector and pays special attention to the involvement of the private sector in this context (Public Private Partnerships [PPPs]). And this is exactly where our two foundations are experts: we know how to attract partners for PPPs and how to put together appropriate financial arrangements for such projects. One of our goals for the coming years is to involve family foundations in these financial arrangements, for instance. If we continue to define and explore our niche then, together with support from the government, we will be able to fill our pipeline with more and more worthwhile projects.”*

Who would you want to thank on behalf of EMF?

Derk & Frederik: *“Lia Ottenspeer, who took care of EMF’s administration for more than twenty years. We would also like to extend our appreciation to two board members who stepped aside at the beginning of 2011; to Heleen ter Wijn, whose creative mind always led to interesting discussion; and to Rik van Slingelandt, who was involved in the intricate integration of the foundations’ managements.”*

Communication

Considerable change has taken place in our external communication. The websites of EMF and MWF, which used to be very different in terms of both content and appearance, have now been completely redesigned and synchronized (see right-hand side for screenshots).

Both websites feature a weblog, reporting on the latest developments within each foundation, and staff can also be followed through Twitter™. As the two websites are now similar in appearance and linked for easy access, they reflect our partnership with MWF more clearly.

Apart from this, EMF also published two newsletters in 2010.



Events

Starting in 2009, EMF now organizes an annual sponsor lunch to secure the continuity of the funding needed for EMF to operate and initiate valuable projects. In 2010, it was held on September 16 in Amsterdam, the Netherlands. Iqbal Quadir, founder and director of The Legatum Center for Development and Entrepreneurship at the Massachusetts Institute of Technology (MIT), and Karin Ruiz, CEO of Peepoole AB Sweden, were keynote speakers. In addition to providing its high-profile guests with an opportunity to network, the event generated a total of €50,000, enabling EMF to continue to address the water scarcity problems faced by households in developing countries. EMF greatly appreciates the valuable support of Rabobank and Korn Ferry as the main sponsors of the EMF lunch.

Furthermore, EMF organized a think-tank meeting, gave several presentations at various seminars throughout the year and held five board meetings.

Partnerships

EMF continues to strive for better access to clean water in third world countries. We cannot do this without certain strategic partners, however. As in the previous years, we put considerable effort into building and maintaining key partnerships in 2010.

In particular, we strengthened our collaboration with the Alliance of Religions and Conservation (ARC) and expanded our network in the faith community by organizing and chairing workshops at several international conferences.

Our current partners are:



Projects

Sujol (Bengali: “good water”)

According to the World Health Organization (WHO), over two million people a year die by drinking contaminated water. Arsenic contamination in particular is globally dominant: it affects over 100 million people worldwide. Bangladesh accounts for approximately 80% of this number, as the local groundwater generally contains 10-50 times the amount of arsenic considered safe.

In cooperation with Voltea B.V. and Dhaka Ahsania Mission (DAM), EMF aims to establish some 30,000 financially independent micro water businesses in Bangladesh and, to this end, plans to develop or tap into local organizations that will ensure continuity in the development and support of these micro businesses.

Compared to other water sanitation technologies, the CapD-I technology is more effective, more energy and resource efficient and easier to maintain and operate. Moreover, initiatives employing other technologies have to date failed to incorporate market principles.

Phase 1 of the project is currently in progress. This phase will run until June 2012 and includes field testing of the installation as well as performance and waste management of the CapD-I technology; social, economic, and marketing research on pricing and product market combinations; identification of the most suitable water-monitoring plan; investigation of the long-run correlation between conductivity and arsenic concentration; and identification of potential micro finance partners for phases 2 and 3. In phase 2, a decision will be made on whether the business concept is suitable for scaling up. When both have been approved, the micro enterprises will be established on a large scale (phase 3).

The Sujol Advisory Board consists of Iqbal Quadir, Allerd Stikker and Sjef IJzermans. Voltea B.V. is responsible for developing and supplying the CapD-I units, DAM for implementing the CapD-I solutions locally, Akvo for providing the tools for both internal and external communication and ProPortion Foundation for leading the co-creation of the business model and engaging stakeholders. Micro Water Facility in turn will revise this business plan and arrange funding for phase 2.

Water Schools Program

Water cleanses and purifies the body and these two qualities give water a highly sacred status. Water is thus central to many religions. Religion, in turn, is central to many schools: over fifty per cent of schools in the developing world are linked to a faith. It is therefore natural to address water issues through faith schools.

In 2009, EMF joined forces with the Alliance of Religions and Conservation (ARC) and the International Water and Sanitation Centre (IRC) to organize the Salisbury Faith in Water Workshop. The event brought together key faith school networks from six faiths, innovative entrepreneurs and secular bodies (including UNICEF, UN-Water, the World Bank, the Norwegian government, USAid and the UK Department for International Development) to discuss water, sanitation and hygiene issues in faith schools. The workshop resulted in the establishment by EMF and ARC of the Faith Schools and Water Program in early 2010, now known as “Water Schools” and based at ARC’s headquarters.

Since 2010, the Water Schools program has promoted sustainable clean water and sanitation facilities in faith-related schools. Access to clean water and sanitation facilities and proper hygiene will lead to a reduction in water-related



school absenteeism and, in the long run, to a community-wide reduction in water-borne disease. EMF continues to support the program by providing Water Schools with access to its network of innovators and portfolio of techniques.

In 2010-2013, the Water Schools program will be extended to faith-school networks internationally and it will develop partnerships with water innovators and relevant secular groups such as UNICEF and the World Bank. This will be followed by pilot projects in schools in developing countries based on guidelines, currently under preparation, on how to run an effective water program. The results of this work will be presented at a second Faith in Water conference, which in turn will lead to further initiatives and outreach.

ARC and EMF are planning the first pilgrimage: a visit to several regions in Uganda in order to determine the water and sanitation needs of the population, to explore local and regional faith networks and their contacts, and to arrange roundtables with local experts on water, education, technology and religion. The information gained from the visit will be used to develop a more elaborate plan of action.

Voltea B.V.

In 2006, EMF joined the Voltea team, a Unilever Ventures company working on a new desalination technology known as capacitive deionization (CapD-I). The CapD-I technology, invented by Marc Andelman in the USA, removes contaminating ions (i.e. dissolved salts such as sodium, calcium, chlorine, nitrate and arsenic) from a variety of water sources ranging from tap to brackish ground water. The technology uses little electricity, has high water recovery and does not need any chemical regeneration. As compared to other water treatment technologies, it is, or will become, very affordable as well.



Within the next two years, Voltea is set to enter the market place in Europe and the USA for industrial and commercial applications, and in Asia for village use, as is being done in Bangladesh. The role of EMF was to help Voltea get established, partly through our former director Allerd Stikker, who was a member of Voltea's Board of Directors until the end of 2010. In 2010, EMF also collaborated with Voltea on the Sujol project to provide 24 million Bangladeshi with arsenic-free drinking water. With Voltea growing into an independent and self-sufficient company, EMF's support officially ceased in 2010.

Daoist Ecology Temple Project

Through its partnership with the Alliance of Religions and Conservation (ARC), EMF has become involved in a program linking the renewal of the Daoist temple presence in China with the setting up and funding of educational ecology centers at the temple sites.

The first temple project was set up in Taibaishan, central China, in 2005 and initiated and supported by ARC, the World Wide Fund for Nature (WWF) China and EMF, in close cooperation with the China Daoist Association. In 2010, this project was duplicated in 12 Chinese provinces and it will ultimately be applied in over 10,000 temples in the coming years. Given the Daoist view of life, the Daoist Ecology Temple project will lead to greater attention in rural China to the responsibility we have for looking after nature and water, energy and forestry resources as well as biodiversity and the protection of endangered species. Throughout this project, EMF has been and will be providing technological expertise.

Financial results 2010

EUR	2008	2009	2010
Operating revenue	29,181	64,331	49,882
Personnel costs	34,333	34,737	29,133
Total non-personnel costs	15,593	20,708	12,089
Depreciation	1,000	1,200	500
Total costs	50,926	56,645	41,722
Operating income	-21,745	7,686	8,160
Financial revenues and costs	5,506	252	153
Extraordinary revenues and costs	-2,278	3,500	-5,233
Income for the year	-24,973	3,934	13,240

In 2009, EMF initiated sponsor lunches because operating income in the previous year did not cover organizational costs, jeopardizing EMF operations. In 2010, operating income comprised project-related income, donations and sponsoring minus the direct cost of raising these funds. The result was added to the capital of the foundation.

Detailed annual accounts are available on request.

In 2011, EMF will start executing the Sujol project. Operating income will increase as will organizational costs. A goal for 2011 is to secure a stable level of funding by attracting a long-term commitment from several sponsors.

The economic crisis has not made fundraising any easier. We would especially like to thank all of our sponsors and donors for their invaluable support and hope that we may continue to rely on them in the future.

Social results 2010

During the year under review, EMF engaged in four different projects that all strive to provide some of the poorest people in the world with clean drinking water and proper sanitation facilities. As the Sujol project and the Water Schools program are still in progress, concrete figures on how many people we helped are difficult to estimate. If all goes well, however, this number will exceed 20 million within the coming ten years.

Outlook 2011

In the process of merging the managements of our two foundations, two new board members were appointed at the beginning of 2011. The board of governors is pleased to welcome Aleid Diepenveen and the board of advisors is honored that Gerhard van den Top has joined their ranks.

The focus for EMF in 2011 will lie on the two projects that require EMF's active engagement: the Sujol project and the Water Schools program. The goal for Sujol in 2011 is to carry out the test phase (phase 1), which means installing three different testing units and putting them into operation at three different locations in Bangladesh. As regards the Water School program in 2011, EMF expects to implement at least one model Water School in Africa. In order to achieve this, suitable locations will be visited, water treatment technologies will need to be explored, the local population will require information on access to the school, and they will need to be approached for advice and approval.

In the coming years, our role in any project will again focus on incubation. In keeping with our belief that the most effective project implementers are those with first-hand knowledge of local conditions, we will include local partners in our successful pilots.

Ecological Management Foundation

Board of Governors

Derk Stikker, Chairman
Jan-Pierre Sweerts, Treasurer
Jan Vet, Sponsoring
Aleid Diepenveen, Member
Bert Brenninkmeijer, Member

Director

Frederik Claasen

Board of Advisors

Allerd Stikker, Chairman
Michiel de Wilde, Member
Gerhard van den Top, Member



Ecological Management Foundation
c/o Aidenvironment
Donker Curtiusstraat 7-523
1051 JL Amsterdam
The Netherlands

t +31 (0)20 581 82 32
f +31 (0)20 686 62 51
info@emf.org
www.emf.org

