

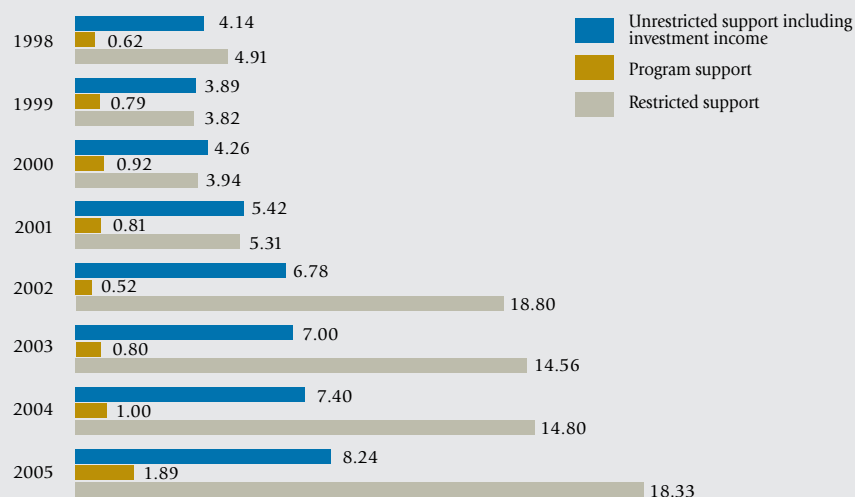
# Financial Statements

## Income 1998 - 2005

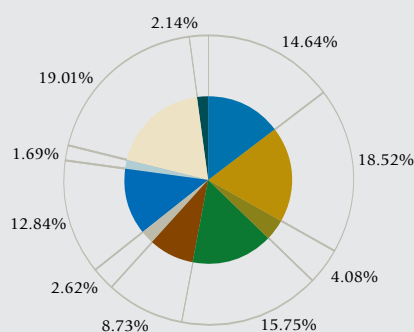
In 2004, the Institute recorded a net surplus of \$740,000 compared to the deficit of \$724,000 recorded in 2003.

In 2004, the total revenue amounted to \$23.2 million. Unrestricted income amounted to \$7.4 million.

Income 1998-2005



Direct Research Expenditure by Program - 2004



- Integrated Water Management for Agriculture (IWMA)
- Smallholder Land and Water Management (SLWMS)
- Sustainable Groundwater Management (SGM)
- Water Resources, Institutions and Policies (WRIP)
- Water, Health and Environment (WHE)
- Comprehensive Assessment on Water Management in Agriculture
- Challenge Program on Water and Food
- Systemwide Initiative on Malaria and Agriculture (SIMA)
- Dialogue Secretariat
- Global Water Partnership

## Auditors' Report



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## Report of the auditors

## To the Board of Governors of International Water Management Institute

1 We have audited the accompanying statement of financial position of International Water Management Institute at 31 December 2004 and the related statements of activities, changes in net assets and cash flows for the year then ended, together with the accounting policies and notes as set out on pages 3 to 24.

## Respective responsibilities of the Institute's management and auditors

2 The Institute's management is responsible for preparing and presenting these financial statements in accordance with the recommendations made in the Consultative Group for International Agricultural Research (CGIAR) Financial Guidelines Series No. 2 - CGIAR Accounting Policies and Reporting Practices Manual (revised March 2004). Our responsibility is to express an opinion on these financial statements, based on our audit.

## Basis of opinion

3 We conducted our audit in accordance with the International Standards on Auditing, which require that we plan and perform the audit to obtain reasonable assurance about whether the said financial statements are free of material misstatements. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the said financial statements, assessing the accounting principles used and significant estimates made by the Institute's management, evaluating the overall presentation of the financial statements, and determining whether the said financial statements are prepared and presented in accordance with the recommendations made in the CGIAR Guidelines. We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit. We therefore believe that our audit provides a reasonable basis for our opinion.

## Opinion

4 In our opinion, so far as appears from our examination, the Institute maintained proper books of account for the year ended 31 December 2004, and to the best of our information and according to the explanations given to us, the said statement of financial position and related statements of activities changes in net assets, cash flows and the accounting policies and notes thereto, which are in agreement with the said books and have been prepared and presented in accordance with the recommendations made in the CGIAR Financial Guidelines Series No 2 - CGIAR Accounting Policies and Reporting Practices Manual (revised March 2004) and give a true and fair view of the Institute's state of affairs as at 31 December 2004 and of its activities and cash flows for the year then ended. Supplementary information on pages 25 to 42 are not a required part of the financial statements and have not been subjected to audit procedures applied in the audit of the financial statements.

CHARTERED ACCOUNTANTS

COLOMBO

partners Ms. A. de Soysa ACA, S. Gajendran FCA, Ms. S. Hadgie FCA, Y. Kanagasabai FCA, S. Manoharan ACA,  
D.T.S.H. Mudalige FCA, Ms. S. Perera ACA, Ms. H.C. Ratnayake FCA, P.D. Rodrigo FCA.

## Restricted Research Contracts over US\$ 50,000 Awarded in 2004

**Krishna River Basin Project (ACIAR) - \$861,725 (Australian Dollars 1,120,240) over 4 years**

To improve water productivity in agriculture in the Krishna Basin by providing technical & economic information & decision support to the Central Water Commission & Ministry of Water Resources, as advisory agents to the Krishna Basin Tribunal, and to the riparian states.

**Benchmarking NARBO (ADB) - \$86,094 over 2 years**

To develop guidelines for benchmarking performance of river basin organizations; and provide a common platform for exchange of data and performance assessments through a web enabled multi-lingual database.

**Assessment of hydro-geographical potential of skimming wells (WAPDA) - \$61,851 (Pakistan Rupees 2776,210 & US\$14,797 over 1 year**

To delineate areas suitable for skimming wells while estimating the thickness of fresh groundwater lenses above the underlying native saline groundwater layers; and to understand farmers' perceptions regarding the social acceptability; economic viability; and potential for use of skimming wells in saline groundwater areas having different hydro-geological and hydro-salinity conditions.

**IWMI-Tata Water Policy Research Program (Switzerland) - \$162,520 (Swiss Francs 200,000) over 1 year**

The IWMI-Tata Program is a partnership between IWMI, Sir Ratan Tata Trust, Mumbai and the Swiss Agency for Development Cooperation. In its fifth year, the Program has emerged as a premier network working with around 100 Indian researchers, NGOs, local research center and government agencies to develop a more refined understanding of India's water challenges and recommend approaches to overcome them.

**Water Energy Nexus in Agriculture (WENEXA-II) (USAID) - \$210,686 over 4 years**

To provide strategic input to the USAID Water Team on bridging the gap between the water and power sectors and address the problems faced by the two sectors through dialogue and policy reform.

**Assessment of experience and identification of opportunities (CANADA) - \$68,100 (Canadian Dollars 95,000) over 3 months**

Assessment of experience and identification of opportunities for promoting small-scale and micro irrigation technologies, and rainwater harvesting to improve food security in Ethiopia.

**Strengthening Consortium for Spatial Information (World Bank) - \$465,120 over 3 years**

To implement the project-Information and Communication Technology (ICT)/Global Public Goods (GPG)

Program: Consortium for Spatial Information (the Activity), proposed by the CGIAR Center Directors' Committee.

**Hub Training Program (World Bank) - \$66,374 over 1 year**

To enhance the operational understanding of Bank Staff on water, soil, and natural resource management issues, especially in the Africa region, by sharing knowledge on best policy and practices and cutting edge research results while

generating issue-based and operation-oriented guidance for current/future research agenda for IWMI, other CG Centers, and partners, especially in Africa. The project will explore options for organizational synergies to link research, policy, and operation.

**ICUC Project on underutilised crops research (DFID) - \$620,750 (Sterling Pounds 325,000) over 3 years**

Improving sustainable livelihoods and income generation for small-scale rural farmers. This will be developed and promoted through the production and utilisation of targeted underutilized crops.

**ICT-KM E-Publishing Project (World Bank) - \$390,000 over 2 years**

To implement the project-Information and Communication Technology (ICT)/Global Public Goods (GPG)

Program: E-Publishing Systems (the Activity), proposed by the CGIAR Center Directors' Committee.

**SIMA (Systemwide Initiative on Malaria and Agriculture) Mwea Phase II (IDRC) - \$424,920 (Canadian Dollars 578,150) over 2 years**

To better understand the important links that exist between agriculture and malaria and contribute to the identification of opportunities for minimizing malaria risks through agriculture-based interventions.

### Comprehensive Assessment

**Irrigation Impacts & Poverty in Ethiopia (Government of Austria) - \$371,438 (EURO 306,000) over 2 years**

For a program that will examine the impacts of irrigation on poverty and natural resources.

### Challenge Program

**DFID (Department for International Development) - \$4,666,250 (Sterling Pounds 2,500,000) over 2 years**

**GTZ (Deutsche Gesellschaft für Technische Zusammenarbeit) - \$923,078 (Euro 1,000,000) over 3 years**

**Norway - \$441,273 (Norwegian Kronor 3,000,000) over 1 year**

**SIDA (Swedish International Development Cooperation Agency) - \$103,732 (Swedish Kronor 683,334) over 1 year**

**Denmark - \$363,435 (Danish Kroner [DKK] 2,100,000) over 1 year**

**Swiss Agency for Development and Cooperation - \$631,912 (Swiss Francs 800,000) over 1 year**

**World Bank - \$2,500,000 over 1 year**

## Unrestricted, Restricted 2004

	Grant 2004 US\$'000	Grant 2003 US\$'000
<b>Unrestricted</b>		
Australia	328	269
Belgium	98	106
Canada	656	451
Denmark	327	448
France	-	91
Germany	290	275
India	38	38
Iran	155	97
Ireland	730	511
Japan	253	296
Netherlands	1,053	869
Norway	74	139
Sweden	413	349
Switzerland	307	157
Thailand	10	-
United Kingdom	536	-
USAID	759	690
World Bank	1,200	2,039
Subtotal Unrestricted	7,227	6,825
<b>Other Revenue</b>		
Investment income	127	44
Sundry income	43	136
Subtotal Other Revenue	170	180
<b>Total (Unrestricted Resources)</b>	<b>7,397</b>	<b>7,005</b>
<b>Restricted</b>		
African Development Bank	596	190
Asian Development Bank	320	694
Austria	127	
Australia/Australian Centre for International Agricultural Research (ACIAR)	212	162
Canada	463	376
Center for Environmental Economics & Policy in Africa (CEEPA)		18
CEMAGREF	-3	22
Denmark	228	114
Food and Agriculture Organization	134	195
France	2,124	1,546
Germany	50	
International Centre for Research in Agroforestry (ICRAF)	59	
IFAR Nourishing Scientific Excellence through the CGIAR		10
International Fund for Agricultural Development (IFAD)	8	10
India (ICID)	310	
International Development Research Centre (IDRC)	322	198
International Food Policy Research Institute (IFPRI)		3
InWENT (former DSE)	127	
Japan	347	282
Japan Bank for International Cooperation (JBIC)	22	148
National Education Commission (NEC)		12
Netherlands	3,364	4,568
Norway	441	347
OPEC Fund for International Development	91	9
Other Donors	162	107
Royal Government of Cambodia (RGC)		14
South Africa	225	75
Sri Lanka	54	58
Sweden (SIDA)	1,057	627
Switzerland	1,973	1,533
Taiwan	33	42
TATA Foundation	340	310
United Nations Environment Programme (UNEP)		38
UNESCO	3	18
United Kingdom (DFID)	1,793	50
USAID	601	408
United States Department of Agriculture (USDA)		68
Volkswagen Foundation	16	
Water And Power Development Authority (WAPDA)	41	51
World Health Organization	3	
World Bank	460	2,970
ZEF	104	108
ZIL/Switzerland	48	63
	15,818	15,881
AFRICAN WATER DOME		-534
<b>Total (Restricted Resources)</b>	<b>15,818</b>	<b>15,347</b>
<b>Total Grants</b>	<b>23,215</b>	<b>22,352</b>

## Statement of Financial Position, December 31, 2004 and 2003

	2004 US\$'000	2003 US\$'000
<b>ASSETS</b>		
<b>Current Assets</b>		
Cash and cash equivalents	15,013	9,323
Accounts receivable: (Net of \$100,000 allowance for doubtful accounts)		
Donor	2,437	2,712
Employees	92	195
Other CGIAR Centers	141	94
Others	718	392
Inventories	39	43
Prepaid expenses	288	236
<b>Total current assets</b>	<b>18,728</b>	<b>12,995</b>
<b>Non-Current Assets</b>		
Property, Plant and Equipment, net	2,021	2,231
<b>TOTAL ASSETS</b>	<b><u>20,749</u></b>	<b><u>15,226</u></b>
<b>LIABILITIES AND NET ASSETS</b>		
<b>Current Liabilities</b>		
Accounts payable		
Donor	12,116	5,725
Employees	21	71
Other CGIAR Centers	26	237
Others	590	2,086
Accruals	113	43
<b>Total current liabilities</b>	<b>12,866</b>	<b>8,162</b>
<b>NON CURRENT LIABILITIES</b>		
Accounts payable		
Employees	1,659	1,582
<b>Total non current liabilities</b>	<b>1,659</b>	<b>1,582</b>
<b>Total liabilities</b>	<b><u>14,525</u></b>	<b><u>9,744</u></b>
<b>Net Assets</b>		
<b>Unrestricted</b>		
Designated	3,272	3,270
Undesignated	2,952	2,212
<b>Total net assets</b>	<b>6,224</b>	<b>5,482</b>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b><u>20,749</u></b>	<b><u>15,226</u></b>