Dear friends,

What a successful year 2012 has been for iDE. Our impact was recognized by three major awards: the Ashden Award for avoided deforestation, the Wharton School’s Lipman Family Prize for our work in sanitation marketing, and designation by the Global Journal as one of the top 30 NGOs in the world.

Recognition from our customers is more important. In 2012, iDE helped local businesses reach over 230,000 new customers with affordable technologies, such as treadle pumps, drip irrigation systems, water filters and latrines. The average family that purchases one of the technologies or services promoted by iDE sees their annual income increase by $320, which is a sizable increase for families living on less than $2 a day.

At iDE, we offer our customers opportunity rather than handouts. We listen carefully to those we work with and support business systems that help them reach their goals. We know, from 30 years of experience, that the market can help solve many of the world’s problems. Our market-based approach – once revolutionary – is now accepted as best practice. And our contributions have only begun.

I am proud to lead iDE into its fourth decade, based on the principles given to us by our founder, Paul Polak. With your support, we have a tremendous opportunity to reach millions more with access to improved sanitation, farming techniques, and safe drinking water.

Tim Prewitt

2012 Highlights

iDE was selected as the winner of the Barry & Marie Lipman Family Prize from the Wharton School of Business. The award recognizes IDE’s success in creating highly transferrable, sustainable solutions to the global sanitation challenge.

iDE was named by Philanthropedia as one of the top 15 international non-profits working in the field of water, sanitation, and hygiene (WASH).

iDE made the GameChangers 500 list (a social equivalent of the Fortune 500), due to our “expertise in developing unnoticed technologies for the benefit of the underserved and disseminating them through fair market channels.”

iDE’s sanitation marketing (SanMark) approach received the Dubai International Award for Best Practices, in recognition of SanMark’s success in improving the living environment of the poor and disadvantaged in a sustainable and partnership-driven manner.

iDE successfully concluded the Bill & Melinda Gates Foundation funded four-year India MicroIrrigation project, which supported dissemination of IDE’s technologies in Ghana, Burkina Faso, and Cambodia.

iDE began the CIDA-funded Innovation for Rural Prosperity program, which will result in improved incomes, livelihoods and food security for 25,000 smallholder farm families in Ethiopia, Ghana, Mozambique, and Cambodia.

iDE introduced micro-irrigation equipment to Guatemala through a partnership with the Global Fairness Initiative that introduces micro-finance to allow customers to purchase drip kits.

iDE Ethiopia was one of five organizations to receive an award on “National Best Practice Day,” an event showcasing exceptional work by the 2,000 NGOs in Ethiopia.

iDE’s Cambodian social enterprise subsidiary, Hydrologic, won the Ashden Award for Avoided Deforestation for its energy-saving ceramic water filters that provide families with access to safe drinking water. As a result, Hydrologic has been authorized to sell carbon credits on the voluntary carbon market by the Gold Standard certification body.

iDE began tackling the challenge of sanitation in Zambia with funding from UNICEF.

iDE Nepal began implementation of the USAID–funded Initiative for Climate Change Adaptation to develop community capacity to adapt climate resilient strategies in forestry and agriculture.
Impact Numbers

30 years, 3.5 million clients

Irrigation technologies
- 2.4 million cumulative
- 17,135 in 2012

WASH technologies
- 325,853 cumulative
- 68,545 in 2012

Latrines
- 59,232 cumulative
- 22,093 in 2012

Ceramic Water Filters
- 266,621 cumulative
- 46,452 in 2012

During 2012, iDE extended its water, sanitation, and hygiene (WASH) program to Africa. With funding from UNICEF, iDE is assessing the sanitation market in Ethiopia and Zambia. Next steps include designing latrine prototypes appropriate for the local context, creating marketing strategies and operational models, conducting mini-pilots, and developing plans to scale up implementation. In Ethiopia, iDE is expanding access to clean drinking water by supporting the development of multiple use systems (MUS) and supporting enterprises that provide manual well-drilling services.

iDE’s Technology Team opened an Innovation Workshop in Denver to provide the first round of testing and quality control assignments for products to be used in the field. The Technology Team visited Proximity Designs (formerly iDE Myanmar) for knowledge sharing on irrigation technologies, such as water storage bags and plastic treadle pumps.

Both of iDE’s social enterprises are thriving. Hydrologic, producer of energy-saving ceramic water filters in Cambodia, provides an alternative to boiling for creating safe drinking water. The filters enable Cambodian households to reduce fuel wood consumption, decreasing carbon, which has led to a decrease in carbon dioxide emissions of 73,000 tons per year. Hydrologic has now been authorized to sell carbon credits on the voluntary carbon market by the Gold Standard certification body. iDEal Tecnologías, a distribution arm for micro-irrigation technologies, has broadened its reach from Central America to provide affordable micro-irrigation equipment globally.

Finally, more than 700 supporters gathered for iDE’s second annual Leaders in their Field Luncheon. This event celebrated iDE’s 30 years of bringing sustainable solutions to poverty and launched a new initiative to bring together nearly 40 non-profit organizations to form The Posner Center for International Development. We were pleased to welcome former President Bill Clinton, who made a special appearance to express his support for iDE’s work. Clinton stressed that collaborative market-based approaches hold the key to solving the world’s most pressing challenges through working together, pooling resources, and reinforcing each other’s work.

*In 2012, iDE suspended operations in Mali due to the unstable political situation.
Highlights of Expertise

Gender
Women in developing countries provide up to 70% of the agricultural labor, yet they often lack access to the same resources as men. iDE provides access to labor-saving agriculture technologies that are user-friendly and appropriate for women. In Burkina Faso, a male-dominated society, nearly 50% of the visitors to iDE’s demonstration plots are women. Women travel safely in large groups to and from market and visit the demonstration plots on the way. After seeing the benefits of drip irrigation at the demonstration plots, they share this information with their husbands or male relatives, often convincing them to purchase a drip irrigation kit for the family. Also, iDE has hired many female Farm Business Advisors, essentially private sector extension agents, to expand our reach with female farmers.

WASH Water, Sanitation, and Hygiene
Quality of life and the ability to earn an income depend on good health. Good health, in turn, requires clean drinking water and proper sanitation. iDE has developed an innovative approach to providing affordable water filters and latrines for the rural poor. Our unique sanitation marketing (SanMark) approach has proven to be a highly effective way to improve rural sanitation on a large scale by generating both supply and demand for improved water and sanitation products and services. On the supply side, iDE supports businesses supplying suitable products and services in a manner that allows for profit generation along the supply chain while maintaining a price point appropriate for poor households. This business-focused approach creates new jobs as well. For example, two Cambodian university students – Ith Kosal and Teth Bora (pictured) – are now enjoying their part-time jobs as sales agents for a local latrine business. Working on the weekends, they conduct sales in surrounding villages. They earn 10,000 riel ($2.50) from each latrine sale. “I use the money I earn to buy school supplies,” says Kosal. “I use this money to pay for food, to buy new clothes, and other materials for study,” added Bora. Kosal and Bora have sold more than a hundred latrines in less than four months.

Nutrition
Two billion people in the world suffer from malnutrition. Malnourished children are more likely to drop out of school and earn lower incomes as adults. Malnutrition even affects many of the smallholder farmers who produce over 80% of the food in the developing world. They typically grow low-nutrient staple crops, such as corn and rice, and lack the knowledge and resources to diversify their crops. By increasing access to agricultural advice and inputs, iDE equips farmers and their families to grow nutrient-dense fruits and vegetables year-round. Under the European Union-funded Agriculture and Nutrition Extension Project, iDE is improving access to nutritious food for 60,000 poor households in Bangladesh and Nepal. The beneficiaries include Raya (pictured), a 13 year-old girl from Barisal District of Bangladesh. Raya’s family receives nutrition education, including training in healthy food preparation. Improving household nutrition helps Raya, and children like her, do well in school.
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United States Agency for International Development (USAID)
United Kingdom Department for International Development (DFID)
United Nations Children’s Fund (UNICEF)
Wageningen University and Research Centre
Water Supply and Sanitation Collaborative Council (WSSCC)’s Global Sanitation Fund (GSF)
WISE Foundation
World Bank
Xylem
Financials

2012 by County

<table>
<thead>
<tr>
<th>Country</th>
<th>Subsidies</th>
</tr>
</thead>
<tbody>
<tr>
<td>Bangladesh</td>
<td>$2,070,993</td>
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<tr>
<td>Burkina Faso</td>
<td>$705,227</td>
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<tr>
<td>Cambodia</td>
<td>$4,475,692</td>
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<tr>
<td>Ethiopia</td>
<td>$3,222,838</td>
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<td>Ghana</td>
<td>$693,364</td>
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<td>Honduras</td>
<td>$618,221</td>
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<tr>
<td>Mozambique</td>
<td>$488,860</td>
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<td>Nepal</td>
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<tr>
<td>Nicaragua</td>
<td>$443,833</td>
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<tr>
<td>Vietnam</td>
<td>$458,829</td>
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<tr>
<td>Zambia</td>
<td>$1,246,548</td>
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<tr>
<td>Other*</td>
<td>$772,168</td>
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</tbody>
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*Includes El Salvador, Guatemala, Kyrgyzstan, multi-country projects.

iDE’s Social Enterprises

<table>
<thead>
<tr>
<th>Enterprise</th>
<th>Subsidies</th>
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<tbody>
<tr>
<td>Hydrologic</td>
<td>$1,161,080</td>
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<tr>
<td>IDEal</td>
<td>$264,698</td>
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Expense Breakdown

<table>
<thead>
<tr>
<th>Expense Type</th>
<th>Subsidies</th>
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<tbody>
<tr>
<td>Field Programs</td>
<td>$16,701,259</td>
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<tr>
<td>General/Administrative</td>
<td>$2,395,803</td>
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<tr>
<td>Fundraising</td>
<td>$235,327</td>
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2012 Income

<table>
<thead>
<tr>
<th>Income Source</th>
<th>Subsidies</th>
</tr>
</thead>
<tbody>
<tr>
<td>Grants (Public &amp; Private Foundations)</td>
<td>$13,985,202</td>
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<tr>
<td>Individual Donations (Investment Income)</td>
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</tr>
<tr>
<td>Field &amp; Program Revenue</td>
<td>$2,766,820</td>
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<tr>
<td>Sales</td>
<td>$1,456,967</td>
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</tbody>
</table>

End of year net assets: $2,989,116

Expenses Detail

<table>
<thead>
<tr>
<th>Expense Type</th>
<th>Subsidies</th>
</tr>
</thead>
<tbody>
<tr>
<td>Subgrants</td>
<td>$3,508,980</td>
</tr>
<tr>
<td>Personnel</td>
<td>$7,352,555</td>
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<tr>
<td>Professional Services (Subcontracts, Consultants)</td>
<td>$3,071,681</td>
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<tr>
<td>Travel &amp; Transportation</td>
<td>$1,603,321</td>
</tr>
<tr>
<td>Vehicle &amp; Equipment (Capital Expenses, COGS)</td>
<td>$2,077,954</td>
</tr>
<tr>
<td>Office Expenses (Business Organizational Expenses)</td>
<td>$1,717,898</td>
</tr>
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