



# Annual statement of accounts

**2021**

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# REPORT OF THE SUPERVISORY BOARD TO THE SHAREHOLDER ON THE FISCAL YEAR 2021

## MEETINGS

The Supervisory Board held three ordinary meetings in fiscal 2021. A fourth meeting originally planned for autumn 2021 was cancelled on account of the German parliamentary elections. The Audit Committee held one meeting. There were no meetings of the Standing Committee in 2021.

## APPOINTMENTS

In 2021, the composition of the Supervisory Board changed as follows:

With regard to the shareholder representatives on the Supervisory Board, Mr Michael Leutert left his position on 2 November 2021. The resulting vacancy was filled in February 2022.

## ADVISING AND SUPERVISING THE MANAGEMENT BOARD

In fiscal 2021, as in all previous years, the Supervisory Board and the Management Board worked together on the basis of mutual trust. The Management Board kept the Supervisory Board informed about the company's management policy and the state of operations. On this basis, during its meetings, the Supervisory Board was able to perform its designated role of advising and supervising the Management Board. The Supervisory Board was actively involved in important company decisions. It advised the Management Board on key issues and approved Management Board proposals after detailed examination. The following issues merit specific mention:

- The Supervisory Board approved the financial, investment and HR plans for 2022 submitted by the Management Board. Projections for fiscal 2022 include a reduction in the figure for commissions received in the public-benefit business area but an increase in total income compared to the 2021 forecasts. With regard to International Services (InS), increases in both commissions received and total operating performance are expected. Total staff numbers are also likely to grow, albeit at a slower rate than business volume.
- The Supervisory Board obtained regular updates from the Management Board on the development of business in its taxable business area, International Services (InS), which again generated a positive operating result and positive net income in fiscal 2021, well above the planned figures for the year.
- The Supervisory Board approved proposals to expand and extend current licencing and maintenance agreements for Microsoft products and to conclude new contracts. GIZ was therefore able to procure the licences needed to operate its own local servers. The company's policy is to establish SAP and Microsoft as the two main foundations of GIZ's workplace IT systems.
- The Supervisory Board approved a proposal to top up an existing contract to €3.1 million and to award further contracts for external consultancy services linked to the company-wide ISO certification of GIZ's information security management system, taking the combined total up to €30.1 million.
- The Supervisory Board approved contracts totalling \$34.4 million in respect of security services and leases for office and residential premises in Iraq.
- The Supervisory Board approved a proposal to conclude an employer/staff council agreement covering GIZ's new policy on limited-term contracts. In line with the HR strategy, GIZ will no longer offer limited-term employment contracts without a substantive reason. Following this change, limited-term employment contracts will be offered only where there is a substantive reason for doing so. By 2023, the number of limited-term employment contracts will be reduced by about half.
- Finally, the Supervisory Board approved a proposal to procure and implement the cloud-based S4GIZ extension Talent Management Suite. This digitalised form of the Hire2Retire HR management process will form part of the S4GIZ software solution.

## MANAGEMENT BOARD REPORTS

The Management Board complied with its reporting obligations to the Supervisory Board in 2021. It reported regularly on the development of business at GIZ, which was again positive in fiscal 2021.

The Management Board presented the Long-Term Corporate Plan 2022–2024 to the Supervisory Board. This plan provides an overview of the strategic environment analyses and market development assessments conducted by GIZ and sets out relevant strategic conclusions for the company.

The situation in Afghanistan was addressed at several meetings. Following the takeover of Kabul by the Taliban, the Management Board reported to the Supervisory Board on the current situation in Afghanistan as it affects GIZ and on the concrete steps being taken.

Finally, the Management Board reported back fully to the Supervisory Board on the current status and further development of GIZ's equal opportunities policy, on the audit of GIZ documents relating to the direct implementation of services by GIZ or the award of contracts for external provision of services for the period from 1 January 2020 to 31 December 2020, on the progress of the new campus building in Eschborn and on IT security.

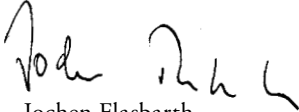
## ANNUAL STATEMENT OF ACCOUNTS 2021

The auditors PricewaterhouseCoopers GmbH Wirtschaftsprüfungsgesellschaft audited the annual statement of accounts and management report to establish that they comply with the law, the supplementary provisions of the Articles of Association concerning the annual statement of accounts and management report, and with generally accepted accounting principles. They confirm that the bookkeeping system and the annual statement of accounts comply with the law, that the annual statement of accounts gives a true and fair view of the company's net assets, financial position and results of operations and that the management report is consistent with the annual statement of accounts and gives a suitable view of the company's position and suitably presents the opportunities and risks of future development.

At its meeting on 30 June 2022, the Supervisory Board approved the findings of the audit of the annual statement of accounts for 2021 carried out by the auditors and the Audit Committee appointed by the Supervisory Board.

The Supervisory Board recommends that the shareholder adopt the annual statement of accounts for 2021 and formally approve the actions of the Management Board.

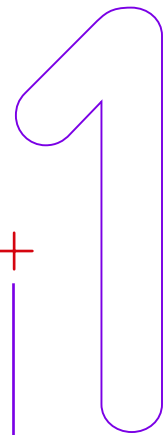
Bonn, 30 June 2022



Jochen Flasbarth

Chair, GIZ Supervisory Board  
State Secretary, German Federal Ministry for Economic Cooperation and Development

**MANAGEMENT  
REPORT  
FOR THE  
FISCAL YEAR  
2021**





# I. BACKGROUND, OPERATING FRAMEWORK AND OVERALL PERFORMANCE

## A. THE COMPANY

The Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ) GmbH is a federal public-benefit enterprise with registered offices in Bonn and Eschborn. It helps the German Government achieve its objectives in the fields of international cooperation for sustainable development and international education and training. Quality, efficiency, sustainability and innovation are at the heart of GIZ's activities as a commercially run enterprise.

GIZ operates in 114 countries worldwide. Thanks to its long-standing local presence and global networks encompassing politics, business and civil society, GIZ is well placed to cooperate successfully with a large number of stakeholders.

GIZ has 24,977 employees across the globe. 67.6% are based in its partner countries with the status of national staff. A further 431 experts are currently on assignments for GIZ in the role of development workers. In addition, the Centre for International Migration and Development (CIM)<sup>1</sup> places experts with local employers in partner countries. At the end of 2021, the combined total of integrated experts and returning experts placed by CIM with local employers in GIZ's partner countries and receiving financial, advisory and other support from CIM stood at 643.

GIZ's activities focus on effective cross-border cooperation, the transfer of knowledge and the development of expertise. Compared with similar organisations around the world, the sheer range of its activities is unique. Over more than 50 years, GIZ has built up a vast body of experience in different sectors: economic development and employment; governance and democracy; peacebuilding, security, reconstruction and civil conflict transformation; food security, health, basic education and gender equity; energy policy, environmental protection, resource conservation and climate change mitigation. GIZ combines

its services in the form of tailored solutions for specific needs, regions and contexts. These range from technical advice on creating the right conditions for development, individual training and measures to strengthen state and community-based organisations and institutions through to networking, dialogue, mediation, project management and procurement/logistics services.

The German Federal Ministry for Economic Cooperation and Development (BMZ) is GIZ's most important source of commissions. In 2021, GIZ also worked on behalf of other German federal ministries – including the Federal Foreign Office (AA), the Federal Ministry of Food and Agriculture (BMEL), the Federal Ministry of Finance (BMF), the Federal Ministry of the Interior, Building and Community (BMI), the Federal Ministry for the Environment, Nature Conservation and Nuclear Safety (BMU), the Federal Ministry of Defence (BMVg) and the Federal Ministry for Economic Affairs and Energy (BMWi) – and for the Bundesländer (German federal states) and both public sector and private sector clients in Germany and abroad.<sup>2</sup> Governments of other countries, the European Commission, the United Nations, various regional and multilateral development banks and private foundations, such as the Bill & Melinda Gates Foundation, also commission GIZ to implement their own projects or support projects initiated by the federal ministries. GIZ works closely with the private sector through commissions and cofinancing arrangements and helps these clients to successfully combine development and foreign trade activities and integrate sustainability into their supply chains.

Alongside its activities in the public-benefit business area, GIZ operates a taxable business arm, International Services (InS). Within this area, it is authorised by the German Government to receive commissions directly from international clients and to tender for contracts.

These clients include the European Union (EU), national governments, bilateral and multilateral donors and the private sector. In addition, commissions from German public sector clients that for reasons of tax law cannot be allocated to the public-benefit business area are managed by InS.

<sup>1</sup> The Centre for International Migration and Development (CIM) is run jointly by GIZ and the Federal Employment Agency's International Placement Services. It operates a number of personnel placement programmes with the aim of recruiting highly qualified experts and managers for local employers in partner countries. In the Integrated Experts Programme, German and European experts are recruited for assignments of up to six years. The purpose of the Returning Experts programme is to support foreign experts who wish to take up important development posts in their country of origin after studies, training or employment in Germany.

<sup>2</sup> As this management report covers the fiscal year 2021, the above list of ministries is based on Germany's 19th legislative period, i.e. before the new German Government Cabinet took office on 8 December 2021.

## B. STRATEGY

GIZ's strategic focus is dependent on political and economic developments both in Germany and around the world. In 2021, the ongoing COVID-19 pandemic had a far-reaching impact on the business environment, on the trends shaping development cooperation and international cooperation and consequently on GIZ as a whole. As a result, the issue of global health became increasingly more important. At the same time, partly due to the pandemic, many partner countries have grown more fragile. GIZ now operates in fragile contexts in over two-thirds of its partner countries. 2021 was also marked by a number of acute crises, in particular the security situation in Afghanistan and the subsequent takeover of power by the Taliban, conflict in Ethiopia, the war in Yemen and ongoing crises in the Sahel region. To ensure that GIZ is well-positioned strategically, we continuously monitor developments that are particularly relevant to our activities and assess their potential impact on the company.

### DEVELOPMENTS AND TRENDS AFFECTING GIZ

#### 1. HOW IS OUR CLIENT BASE CHANGING?

BMZ 2030, a package of major strategic reforms being implemented by Germany's Federal Ministry for Economic Cooperation and Development (BMZ), remains one of the main factors influencing our business activities. The purpose of the reforms is to help BMZ play an even more strategic, effective and efficient role in wider efforts to overcome development challenges. As part of this process, BMZ has refocused its country and thematic priorities, introduced new partnership categories and specified new requirements for the availability of data to present the results of both development/international cooperation and coordination with multilateral actors. In response to the pandemic, BMZ set up an Emergency COVID-19 Support Programme to provide additional funding for developing countries and emerging economies. GIZ's second-biggest source of commissions and external funding in 2021 was the EU. As well as helping its partner countries to manage the pandemic, the EU remained focused on long-term priorities such as environmental and digital transformation. The BMZ 2030 reform process and the national and international response to the pandemic show how quickly the requirements of GIZ's clients can change. Other changes can also be expected, reflecting above all the priorities of the new German Government. These include establishing development cooperation as a key element of the country's foreign, security and development policy nexus, expanding interministerial cooperation and putting values at the heart of development policy.

#### 2. HOW IS THE FOCUS OF INTERNATIONAL COOPERATION CHANGING?

Measures to improve global health, prevent disease, combat the pandemic and increase social cohesion have moved up national and international agendas as a result of COVID-19. The 'rebuilding' phase is widely seen as an opportunity to create more sustainable and more resilient forms of development with a greater emphasis on digitalisation. Traditional development cooperation issues such as poverty reduction, social protection and gender equality are being combined with green issues such as climate and biodiversity, while making every effort to harness the full potential of new technologies and the digital transformation. In response to these thematic mergers, new cross-policy approaches are emerging that will gain even greater importance in light of the objectives set out in the coalition agreement between the partners in the new German Government. These focus on areas such as food security, access to clean drinking water, social security systems, urbanisation and sustainable forestry. Looking ahead, the concept of a foreign, security and development policy nexus will also attract more attention in response to the coalition agreement and events in Afghanistan.

#### 3. HOW IS THE NATURE OF COMPETITION CHANGING?

Over recent years, against a background of growing inequality, climate change impacts and the COVID-19 pandemic, there has been a trend towards greater engagement in development and international cooperation by non-state actors, including philanthropic foundations and social enterprises. At the same time, established tech companies, large consulting firms and even (digital) start-ups are expanding their activities in promising markets in emerging economies and developing countries. Reflecting this highly dynamic stakeholder landscape, new forms of cooperation (e.g. bidding consortia) are evolving. The policy priorities of the new German Government and the White Paper on Multilateralism (May 2021) underline Germany's commitment to fostering stronger multilateral action grounded in values and rules. In this context, we anticipate an even greater emphasis on bilateral and multilateral cooperation as complementary approaches.

#### 4. HOW ARE OUR PARTNER COUNTRIES CHANGING?

The COVID-19 crisis has reversed much of the progress made towards the Sustainable Development Goals. Based on figures compiled by the UN Development Programme (UNDP, 2020), multidimensional poverty could return to the level of 2011. In 2021, over two-thirds of all BMZ partner countries were affected by conflict, fragility or violence. According to the OECD (2020), COVID-19 will exacerbate existing levels of fragility in some countries. The situation of women and girls has also deteriorated markedly as a result of the pandemic. In its latest 2021 report, the Intergovernmental Panel on Climate Change (IPCC) notes that the 1.5°C global warming threshold could be reached ten years earlier than anticipated. This is expected to cause more frequent extreme weather events with serious consequences for the lives of many people in our partner countries. Another factor is China, whose growing economic and political influence is being felt in almost every region of the world, with major implications for development cooperation.

#### 5. HOW IS THE LEGAL CONTEXT CHANGING?

The legal framework in which we operate has evolved over recent years, imposing more stringent requirements on the implementation of development projects and programmes. These include a duty of accountability towards both clients and the public (e.g. in relation to gender, environmental, social and transparency standards), safety and security criteria, protections under international law and employment and tax laws. Looking ahead, we expect the rules on accountability and compliance to remain very demanding.

### GIZ'S CORPORATE STRATEGY

The trends and developments outlined above form the basis of the company's strategy. GIZ's present Corporate Strategy 2020–2022 focuses on effective implementation. This involves consolidating and strengthening our capacity to implement commissions rapidly and effectively, satisfying all audit requirements and therefore supporting the policy objectives of the German Government and our other clients.

Our medium- to long-term strategic framework is defined by four areas of action: effectiveness; business development; expertise and alliances; and value for money. Within this framework, the company has set out five strategic objectives for the current cycle. These are:

Area of action: Effectiveness. **(1)** We understand political requirements and work together to translate them quickly and visibly into effective solutions.

Area of action: Business development. **(2)** We strengthen our market position with data-driven and technology-based services.

Area of action: Expertise and alliances. **(3)** We continue to build up our expertise, which we mobilise more rapidly and manage more effectively.

Area of action: Value for money. **(4)** We implement projects more effectively thanks to digitalised end-to-end business processes. **(5)** We establish demand-based implementation structures to help ensure that services can be delivered quickly and efficiently across all organisational units.

There are four focus projects, each of which makes an important contribution towards achieving our strategic objectives. Alongside its annual financial planning milestones, GIZ defines new annual objectives for each year of the strategy to address issues of particular importance to the company. This allows us to respond to more immediate changes in our operating environment. The objectives of our Corporate Strategy 2020–2022 and the progress we have made towards implementation are briefly outlined in the following section.

#### 1. AREA OF ACTION: EFFECTIVENESS

GIZ improves its performance in this area by anticipating client needs and political requirements more effectively and, in response, by rapidly developing effective and sustainable solutions.

We make targeted use of data as one of the main levers for translating client needs into effective solutions. In 2021, we developed standard indicators to measure the results of our work. These will be used to generate and provide standardised project results data in digital form. Covering all German development and international cooperation instruments, portfolios and countries, the standard indicator system is designed to communicate results and impacts more effectively to Parliament and the public while also supporting the communication efforts of our clients.

There is growing demand from clients and partner countries for effective and environmentally sustainable solutions. In response, GIZ has recorded the greenhouse gas emissions of its new projects since 2020 and developed corresponding prevention and reduction measures. In 2021, the methodology developed by GIZ to calculate greenhouse gas emissions was subjected to an external review and rated as technically sound.

## 2. AREA OF ACTION: BUSINESS DEVELOPMENT

In the medium to long term, GIZ can improve its implementation capacity only by harnessing data and technology to enrich and expand its portfolio of services. This is our goal in the Business Development area of action.

Data underpins our efforts to achieve objectives more rapidly, efficiently and innovatively using digital resources. The Data-driven and Technology-based Services focus project was established specifically to address these issues. During the current strategy cycle, it has two objectives. First of all, by laying the foundations for data-driven working, it enables GIZ to build a strong profile in the area of data-driven and technology-based services. The key outcome from this strand of work is the guiding framework – Data at GIZ – which focuses on three areas: i) the opportunities presented by data-driven service delivery; ii) the need for greater data literacy; iii) ways of integrating data-driven and technology-based services in particular sectors. In 2021, we also established a new Data Service Centre that will act as the main contact point for recording and using quantitative data. The second objective of the focus project is to promote digital business development opportunities. This includes expanding GIZ's capacity to identify potentially useful new technologies at an early stage and incorporating them into the project design phase. By adopting this approach, we can ensure that digital services are developed in response to demand.

## 3. AREA OF ACTION: EXPERTISE AND ALLIANCES

Our strategic objective in the Expertise and Alliances area of action is: 'We continue to build up our expertise, which we mobilise more rapidly and manage more effectively.' The success of our efforts to strengthen GIZ's implementation capacity depends not only on a range of tools for improving effectiveness and developing digital business models but also, crucially, on the skills of colleagues and on forward-looking HR policies. Specifically, this means that GIZ wishes to mobilise its expertise and manage it more effectively. To achieve this, the Corporate Strategy 2020–2022 addresses the twin challenges of delivering services more flexibly and reforming the HR management system. These are the goals of the Tailored Expertise focus project. In 2021, we identified numerous ways in which we can be more proactive and flexible in harnessing our expertise. With a view to improving staff development, we drew up requirement profiles for key positions.

In 2021, GIZ also introduced a new policy on granting limited-term and unlimited-term contracts. One of the benefits of the new policy is greater job security, which in turn makes GIZ more attractive as an employer.

## 4. AREA OF ACTION: VALUE FOR MONEY

Measures to improve GIZ's implementation capacity will be sustainable only if they are also economically viable. Accordingly, one of the company's strategic priorities in the 2020–2022 cycle is to increase the efficiency of its internal work processes. To this end, the Digitalised End-to-end Business Processes focus project has introduced a comprehensive process management system that enables designated process responsibility in seamless process steps. At operational level, it is implemented using the SAP-based large-scale solution S/4HANA, which is currently being rolled out. Another focus project entitled Future-proof Implementation Structures is designed to ensure that services are delivered efficiently by developing needs-based implementation structures for our operational work. In 2021, this focus project drew up proposals for improving the structural and management models that control our implementation processes. They can be used flexibly and therefore enable us to respond appropriately to different situations on the ground, for example in terms of security, available expertise, legal matters and agile project implementation.

GIZ's corporate processes are increasingly designed to be environmentally sustainable, especially since the company joined the Science-Based Targets initiative (SBTi) in 2021. During the year under review, GIZ achieved climate-neutral status, both in its internal and field structures, by purchasing offset certificates and now aims to make further reductions in its greenhouse gas emissions.

## C. OPERATING FRAMEWORK

### COVID-19 PANDEMIC

With COVID-19 not yet behind us, the pandemic was again a dominant factor in the fiscal year 2021. Our ability to provide services was affected by further lockdowns in many of our partner countries. Vaccination rates are still very low in many areas, especially in low- and middle-income countries. This has made it impossible to return to our normal pre-pandemic operations. These countries also need extra support from the international community. Efforts to implement projects and coordinate our activities with partners were hampered by travel and contact restrictions and by supply chain problems when procuring materials and equipment.

These factors made it more difficult for us to deliver services, and as a result some activities and commissions were delayed or could not be implemented as planned. For more information, please see below under the heading Fragile Political Situation in Some Partner Countries and

(for details of returned funding out of the TC budget) under the heading Income in the Public-benefit Business Area. GIZ maintained an ongoing dialogue with its clients and partners at all times so that it could respond promptly to new situations as they emerged and take appropriate action.

### CASH-FINANCED INCREASES IN COMMISSION VALUES

In the TC budget alone, BMZ approved cash-financed increases in commission values totalling approximately €211 million for additional cost-effective measures that could be implemented at short notice as part of existing projects. The additional funding was mainly used for measures linked to BMZ's Emergency COVID-19 Support Programme and for other policy priorities.

### FRAGILE POLITICAL SITUATION IN SOME PARTNER COUNTRIES

2021 was dominated not only by the COVID-19 pandemic but also by the fragile political situation in some partner countries.

- **Afghanistan:** In August 2021, the Taliban gained control of the Afghan capital, Kabul. The German Government has not formally recognised the Islamic Emirate of Afghanistan declared by the Taliban. At the request of its clients, GIZ has suspended all project implementation activities (with the exception of the Risk Management Office) until further notice.
- **Ethiopia:** The situation in this partner country has reached crisis point due to the conflict between the Ethiopian Government and the rebels of the Tigray People's Liberation Front. GIZ was instructed by the German Government to partly or completely suspend all its activities in three regions.
- **Morocco:** Cooperation has been continuously scaled back since June 2021 as a result of the ongoing diplomatic crisis between Morocco and Germany.
- **Myanmar:** Development cooperation links with Myanmar were suspended following the military coup which overthrew the country's civilian leadership.
- **Sudan:** Bilateral development cooperation links with Sudan were suspended following the military coup against the civilian-led transitional government and in light of the difficult security situation in the country.

Political volatility and fragility place considerable pressure on GIZ's workforce and their families and also have financial implications. As a result, some of the measures and activities planned in these countries could not (or no longer) be implemented.

### DIGITALISATION

In 2021, GIZ again devoted considerable resources to crucial investment in digitalisation as a way of improving its service delivery and business processes. As in the previous year, there was a particular focus on preparations for the planned migration to SAP S/4HANA. The switch is now expected to require more time and will not be completed by early 2023 as originally planned. The precise schedule will be determined in consultation with our external service provider after the Fit-to-Standard Workshops (starting in the second quarter of 2022), at which point it should be possible to fine-tune the implementation plans.

### D. BUSINESS DEVELOPMENT

GIZ achieved a very positive set of results in fiscal 2021 in spite of the difficulties created by the ongoing COVID-19 pandemic and political volatility and fragility in some partner countries. This was partly due to the continued success of measures taken in the previous year, e.g. delivering services online rather than on the ground and realigning the focus of projects/commissions. Both commissions received and total business volume showed a further increase.

- At €4,687 million, the figure for commissions received was up by €499 million (12%) compared with the previous year.
- Total business volume<sup>3</sup> was €3,701 million, up €374 million (11%) on the figure for 2020.

The indicators used to measure value for money in the public-benefit business area remained consistently high and in some cases even showed a further improvement. The control parameter (the ratio between management costs for the year under review and the four-year average<sup>4</sup> for income in the public-benefit business area) stood at 10.2% compared with the 2020 figure of 10.7%. This year-on-year improvement is mainly due to a higher four-year average income figure. The operating result at InS was €2.6 million compared with €1.0 million in 2020.

<sup>3</sup> Combined total of income in the public-benefit business area plus the total operating performance of InS.

<sup>4</sup> The figure is based on income for the previous year, the current year and the two following years.

## II. ASSETS, FINANCIAL POSITION AND INCOME

GIZ's results for 2021 again reflect exceptional amounts of COVID-19 funding provided by the German Government. In terms of GIZ's asset position, these cash inflows and outflows are shown in the figures for advance payments received and advance payments made and for cash and cash equivalents. They are also reflected in our financial position for 2021, both in the form of a reduced but still high level of cash flow from ongoing business operations and in the form of liquidity. The impact of this additional funding can also be seen in the profit and loss account.

- Overall turnover was up by €343 million and income by €346 million. GIZ implemented a total of €281.3 million in the TC budget (new projects, cash-financed additional funding and realignments) through BMZ's Emergency COVID-19 Support Programme.
- This led to substantial increases in advance payments received (up €381 million) and advance payments made (up €233 million).
- Personnel costs rose by €119 million, primarily due to large increases in staff numbers in every category.
- Cost of materials rose by €226 million year on year, exceeding the percentage increase in turnover. This was particularly marked in the figure for purchased services (up €208 million).

### A. ASSETS

The balance sheet total ended the year under review at €2,787 million, up €448 million compared with the year-end figure of €2,339 million for 2020.

Fixed assets rose from €563 million to €614 million. The increase of €51 million (9%) is mainly attributable to payments made towards the purchase price under the land purchase and construction contract for the Eschborn Campus. Rights and duties will be transferred once the building is formally approved and accepted by GIZ. The increase in total fixed assets was partly offset by scheduled depreciation.

Inventories increased by €238 million (27%) from €876 million to €1,114 million. This was mainly due to another rise in the figure for advance payments made

(up €233 million), above all in connection with financing activities for BMZ projects. The figure for projects in process rose by €5 million (21%) to €31 million.

Receivables and other assets rose by €58 million to €319 million. The main factor here was a rise of €57 million in project assets from €182 million to €239 million as a result of increased project implementation activities in partner countries. Trade receivables were up by €3 million from €53 million to €56 million. At €24 million, the figure for other assets was down by €1 million compared with €25 million in the previous year.

At €294 million, equity ended the year roughly €41 million higher as a result of positive net income for the year. This amount was added to the reserves required under the Articles of Association. With a higher balance sheet total, the equity ratio<sup>5</sup> fell by 0.3 percentage points to 10.4%.

Provisions rose by €29 million from €275 million to €304 million. The main factors here were higher provisions for working-time accounts and for warranty and price risks.

Liabilities rose by €379 million from €1,809 million to €2,188 million. This increase was primarily due to advance payments received, which rose by €347 million in the public-benefit business area and by €34 million at InS. Here, too, the rise was mainly linked to receipts of €211 million in the form of COVID-19 emergency funds. At €80 million, liabilities to banks were down on the previous year's figure of €89 million in line with the scheduled repayment of a loan for the GIZ Campus in Bonn.

### B. FINANCIAL POSITION

As at the balance sheet date, cash in hand and bank balances stood at €730 million, up €101 million on the year-end figure of €629 million for 2020. The company held sufficient liquid assets to finance its activities throughout the fiscal year. At €182 million, cash inflows from ongoing business operations covered cash outflows in respect of investment activities totalling €71 million. The negative cash flow from financing activities of €10 million was primarily due to the loan repayment.

<sup>5</sup> The equity ratio is defined as equity less premium as a proportion of the balance sheet total.

## C. INCOME

Turnover for fiscal 2021 was €343 million (12%) higher at €3,298 million.

The following table shows the distribution of turnover across business areas:

### TOTAL OPERATING PERFORMANCE

	2021			2020			Change	
	Public-benefit business area	InS	Total	Public-benefit business area	InS	Total	Total	
	in € millions	in € millions	in € millions	in € millions	in € millions	in € millions	in € millions	in %
Turnover	3,166	132	3,298	2,845	110	2,955	343	11.6
Changes in services not yet invoiced	-6	3	-3	-5	-2	-7	4	-61.9
Capitalised services	2	0	2	0	0	0	2	100
<b>Total operating performance</b>	<b>3,162</b>	<b>135</b>	<b>3,297</b>	<b>2,840</b>	<b>108</b>	<b>2,948</b>	<b>349</b>	<b>12</b>

The main factors behind the increase in turnover were income growth and increases in both the TC budget and third-party cofinancing.

Other operating income fell by around €7 million from €23 million to €15 million. This was mainly due to higher reversals of provisions in the previous year, mostly from the unused part of the provision for the amount payable following withdrawal from the VBL.

At €1,807 million, cost of materials was up €226 million on the previous year, outpacing the rise in turnover. Within this category, purchased goods rose by €18 million and purchased services by €208 million. The main factors here were higher expenses for consulting firms, financing recipients and local subsidies. Section III. d. Use of Resources contains a more detailed review of this item and a table showing the changes in purchases of goods and services.

Personnel costs rose by €119 million from €1,228 million to €1,347 million. This was due to increases in the size of the workforce (up 5.8%) and in salaries. More details of changes in the size of the workforce can also be found in section III. d. Use of Resources.

At €97 million (2020: €96 million), the figure for other operating expenses was largely unchanged.

The financial result improved from €-2.3 million to €-1.2 million. This change was due to lower interest expenses linked to loan liabilities.

Overall, net income for the year was €41 million compared with the 2020 figure of €43 million. The following table shows a breakdown of net income by business area.

### NET INCOME

	2021	2020	Change	
	in € millions	in € millions	in € millions	in %
Public-benefit business area	38.6	42.4	-3.8	-9.2
InS	2.1	0.6	1.5	250
<b>GIZ total</b>	<b>40.7</b>	<b>43.0</b>	<b>-2.3</b>	<b>-5.4</b>

GIZ's net income for the year was again in positive territory. Despite a minor downturn in the public-benefit business area, net income at InS rose by a substantial margin, partly due to reversed provisions and further efficiency gains linked to project implementation.

### III. ECONOMIC SITUATION

#### A. GENERAL OBSERVATIONS

Fiscal 2021 was another successful year for GIZ in spite of the ongoing COVID-19 pandemic and the staffing challenges created by political volatility in some partner countries.

- Commissions received rose by 12%.
- Business volume was up 11% (€374 million) year on year.
- At 10.2%, the control parameter used in the public-benefit business area remained once again well below the upper limit of 12%.
- Total operating performance at InS improved by around €1.6 million to reach €2.6 million.
- GIZ's total workforce increased by 1,363 (5.8%).

GIZ uses a number of financial indicators (see table below) as a key source of information for management decisions. These are: (i) commissions received (and orders on hand); (ii) business volume; (iii) the Head Office control parameter in the public-benefit business area; (iv) the operating result and net income for the year at InS; (v) staff numbers.

#### COMPARISON OF PLANNED AND ACTUAL FIGURES

		Actual 31.12.2021	Plan 31.12.2021	Deviation Actual- Plan
<b>Commissions received</b>				
Public-benefit business area	€ millions	4,446	3,859	587
InS	€ millions	241	155	86
<b>Total</b>	€ millions	4,687	4,014	673
<b>Business volume</b>				
Income in the public-benefit business area	€ millions	3,566	3,510	56
Total operating performance InS <sup>1</sup>	€ millions	135	141	-6
<b>Total</b>		3,701	3,651	50
<b>Control parameter</b>	%	10.2	11.4	-1.2 <sup>2</sup>
<b>InS results</b>				
Operating result (InS)	€ millions	2.6	0.6	2.0
Net income for the year (InS)	€ millions	2.1	0.5	1.6
<b>Number of employees at year-end</b>				
Germany-based staff	Number	2,640	2,647	-7
Project staff in Germany	Number	2,684	2,490	194
Seconded field staff	Number	2,766	2,672	94
<b>Staff covered by the Collective Bargaining Agreement (MTV) or Public-Sector Remuneration System (TVöD)</b>				
National staff	Number	16,887	16,472	415
<b>Total GIZ staff</b>	Number	24,977	24,281	696

<sup>1</sup> Planned figures excluding the impact of BiRUG. <sup>2</sup> Percentage change.

Year-on-year changes in the actual figures for each indicator are examined in greater detail in the following section.

#### B. COMMISSIONS RECEIVED AND ORDERS ON HAND

##### COMMISSIONS

In 2021, GIZ received commissions with a total value of €4,687 million, exceeding the 2020 figure by €499 million (12%) and the planned figure by €673 million (17%). The volume of commissions received in the public-benefit business area ended the year €448 million (11%) higher at €4,446 million. The corresponding figure for InS rose by €51 million (27%) to €241 million. The proportion of commissions generated by the public-benefit business area was unchanged at 95%.

The following table shows the year-on-year changes in commissions received at GIZ for each business area and sector. It is followed by a closer examination of the figures in each category.

##### COMMISSIONS RECEIVED

	Actual 2021	Share	Actual 2020	Share	Change
	in € millions	in %	in € millions	in %	in %
<b>Public-benefit business area total</b>	4,446	95	3,998	95	11
of which, BMZ	4,012	86	3,392	81	18
BMZ budget funding	3,363	72	2,814	67	20
Cofinancing for projects commissioned by BMZ	649	14	578	14	12
of which, German public sector clients	408	9	563	13	-28
German public sector client budget funding	390	8	527	13	-26
Cofinancing for projects commissioned by German public sector clients	18	0	36	1	-51
of which, other business sectors	26	1	43	1	-40
<b>InS</b>	241	5	190	5	27
<b>GIZ total</b>	4,687	100	4,188	100	12

The figures shown above may contain rounding differences.



## COMMISSIONS RECEIVED IN THE PUBLIC-BENEFIT BUSINESS AREA

Commissions received in the BMZ business sector rose by €620 million (18%) to €4,012 million. The main factors here were as follows:

- an increase of €360 million (18%) from the TC budget, partly due to increases in commission values as part of COVID-19 measures;
- an increase of €60 million (72%) from the budget for development partnerships with the private sector;
- an increase of €34 million (29%) from the budget for crisis management and reconstruction, infrastructure;
- an increase of €49 million (> 100%) for projects linked to the foreign trade element of Germany's hydrogen strategy;
- an increase of €71 million (12%) in third-party cofinancing of BMZ projects.

A number of factors explain why the actual total exceeded the planned figure. These include cash-financed increases in commission values and additional third-party commissions linked to cofinancing arrangements.

The volume of commissions received from German public sector clients in 2021 declined by €155 million (28%) to €408 million. This was due to further reductions in the figures for commissions received from the Federal Foreign Office (down €45 million, 43%) and BMU<sup>6</sup> (down €170 million, 47%) and under third-party cofinancing arrangements for projects commissioned by German public sector clients (down €18 million, 51%). The principal factor here was the exceptional BMU project NAMA Facility Mitigation Accounts in 2020, which had a commission value of €100 million. Other factors included pandemic-related delays to commission processes, postponements to subsequent years and outstanding exchanges of notes. Furthermore, the political situation in Afghanistan led to a sharp decline in the volume of commissions received from the Federal Foreign Office. By contrast, GIZ was able to increase the volume of commissions received from other federal ministries, especially BMWi (up €67 million, > 100%) and BMVg (up €6 million, > 100%).

Commissions received in GIZ's other business sectors (small-scale measures in the public-benefit business area and grants) declined by €17 million (40%) as anticipated following a very strong result in the previous year.

<sup>6</sup> Following the German elections in 2021, a number of federal ministries were restructured. The changes will be reflected in future GIZ reports covering fiscal 2022 onwards.

## COMMISSIONS RECEIVED AT INS

In 2021, InS received commissions with a total value of €241 million, a substantial increase of €51 million (27%) compared with the previous year. The actual total for 2021 was also well above the planned figure. The increase was mainly a result of two projects that were originally allocated to the public-benefit business area but had to be reassigned to InS for tax reasons.<sup>7</sup>

The total figure includes the following large-scale projects (≥ €10 million):

- €32 million for the project Flexible Instrument for Stabilisation (FIS) (commissioned by the Federal Foreign Office)
- €31 million for the project Support to UNHCR – Implementation of the Global Compact on Refugees (GCR) (commissioned by BMZ)
- €13 million for the project PROJES II – Programme Jeunesse et Stabilisation dans les régions centre du Mali (commissioned by the EU)
- €13 million for the project COVID-19 Adaptation and Recovery Pilot (CARP) (commissioned by the World Bank)
- €12 million for the project Support to the EU's Bilateral Relations with Strategic Partners on Climate-Related Policies and Investment (SPIPA II) (commissioned by the EU)
- €12 million for the project Global Hydrogen Diplomacy (H2-Diplo) with Russia, Saudi Arabia, Nigeria and Angola (commissioned by the Federal Foreign Office)

## ORDERS ON HAND

As at 31 December 2021, the total figure for orders on hand stood at €10,165 million, an increase of €1,176 million (13%) compared with the year-end figure for 2020 of €8,989 million. Out of the total figure for orders on hand, the public-benefit business area and InS accounted respectively for €9,692 million (2020: €8,598 million) and €473 million (2020: €391 million).

<sup>7</sup> See also section V. Outlook under the heading Planned Totals for Commissions Received in the Public-benefit and InS Business Areas.

## C. BUSINESS VOLUME

As planned, GIZ achieved another increase in total business volume in fiscal 2021. At €3,701 million, the total figure was up by €374 million (11%) compared with the previous year. The 2021 figure comprises income of €3,566 million from the public-benefit business area (up €347 million) and a total operating performance of €135 million at InS (up €27 million).

The following table provides an overview of the year-on-year change in business volume for GIZ as a whole and for its individual business areas and sectors. The table is followed by a closer examination of the figures in each category.

### BUSINESS VOLUME

	Actual	Share	Actual	Share	Change
	2021		2020		
	in €	in %	in €	in %	in %
	millions		millions		
<b>Public-benefit business area total</b>	<b>3,566</b>	96	<b>3,219</b>	97	11
of which, BMZ	<b>3,153</b>	85	<b>2,746</b>	83	15
BMZ budget funding	<b>2,595</b>	70	<b>2,265</b>	68	15
Cofinancing for projects commissioned by BMZ	<b>558</b>	15	<b>481</b>	15	16
of which, German public sector clients	<b>381</b>	10	<b>445</b>	13	-14
German public sector clients budget funding	<b>313</b>	8	<b>419</b>	13	-25
Cofinancing for projects commissioned by German public sector clients	<b>68</b>	2	<b>26</b>	1	162
of which, other business sectors	<b>31</b>	1	<b>28</b>	1	11
<b>InS</b>	<b>135</b>	4	<b>108</b>	3	25
<b>GIZ total</b>	<b>3,701</b>	<b>100</b>	<b>3,327</b>	<b>100</b>	<b>11</b>

The figures shown above may contain rounding differences.

## INCOME IN THE PUBLIC-BENEFIT BUSINESS AREA

Income in the BMZ business sector rose by a substantial €407 million (15%) to €3,153 million. There were increases from almost every BMZ budget. Despite returned funding of €101 million, income from the TC budget rose by €223 million (15%) to €1,747 million. This is a good result given the difficult conditions prevailing throughout 2021. Income from third-party cofinancing of projects commissioned by BMZ also rose. The year-end total of €558 million was up €77 million (16%) compared with the previous year.

Total income in the German public sector clients business sector fell by €64 million (14%) to €381 million. The biggest declines were in commission income from the Federal Foreign Office (down €12 million, 12%) and from BMU (down €96 million, 35%). As set out above in the section on commissions received, the main factors behind these reductions were pandemic-related supply chain difficulties, commission postponements to subsequent years and the exceptional BMU project NAMA Facility Mitigation Accounts, which generated income of €100 million in 2020. As anticipated, there was an increase in third-party cofinancing of German public sector client projects. Income in this category rose by €42 million (162%) year on year to €68 million.

## TOTAL OPERATING PERFORMANCE IN THE INS BUSINESS AREA

In 2021, InS achieved a total operating performance of €135 million, up €27 million (25%) on the previous year and only slightly below the planned figure. In terms of funding providers, the biggest contribution to total operating performance (€53 million) again came from projects for the EU. Commissions from German public sector clients generated €43 million towards the business area's total operating performance.

Due to a number of factors (mainly delays in relation to financing arrangements, subsidy agreements and building components), total operating performance remained below the planned or forecast level. However, this had little or no impact on the operating result and total net income as these inputs involve minimal profit contribution margins and in some cases are transient items with no profit contribution margin.

## D. USE OF RESOURCES

### PERSONNEL

The following table shows a year-end comparison of staff numbers at GIZ for 2021 and 2020:

#### GIZ WORKFORCE

(headcount, as at reporting date)

	Actual	Actual	Change	
	31.12.2021	31.12.2020	ab- solute	in %
Germany-based staff <sup>1</sup>	2,541	2,548	-7	0
Project staff in Germany	2,637	2,319	318	14
Seconded field staff	2,708	2,548	160	6
<b>Total public-benefit business area staff</b>	<b>7,886</b>	<b>7,415</b>	<b>471</b>	<b>6</b>
Germany-based staff	99	93	6	6
Project staff in Germany	47	47	0	0
Seconded field staff	58	71	-13	-18
<b>Total InS staff</b>	<b>204</b>	<b>211</b>	<b>-7</b>	<b>-3</b>
<b>Staff covered by the Collective Bargaining Agreement (MTV) or Public-Sector Remuneration System (TVöD)</b>	<b>8,090</b>	<b>7,626</b>	<b>464</b>	<b>6</b>
<b>National staff</b>	<b>16,887</b>	<b>15,988</b>	<b>899</b>	<b>6</b>
<b>Total GIZ personnel</b>	<b>24,977</b>	<b>23,614</b>	<b>1,363</b>	<b>6</b>
Development workers	431	483	-52	-11
Integrated experts <sup>2</sup>	177	212	-35	-17
Returning experts <sup>2</sup>	466	516	-50	-10

<sup>1</sup> Excluding the Management Board and trainees.

<sup>2</sup> Employment contract with local employers in partner countries.

Note: Since 1 January 2019, staff have been allocated to personnel categories on the basis of the organisational unit to which they belong.

As at 31 December 2021, GIZ employed a total of 24,977 staff. This was up by 1,363 (5.8%) on the year-end figure for 2020. The increase in staff numbers was greater than anticipated in GIZ's forward planning from previous years. This is because the planned figures were based on projections of a much lower business volume.

The number of staff with a German employment contract fell by 471 (6.4%) in the public-benefit business area and by 7 (3.3%) at InS. The year-end figure for national staff was up by 899 (5.6%). There were increases in 80 countries, once again mainly in Africa, e.g. Cameroon (up 79), Ghana (up 68) and Côte d'Ivoire (up 59), but also outside Africa, e.g. India (up 69) and Ukraine (up 56). The main reductions in national staff numbers were in Afghanistan (down 351), Myanmar (down 89), Morocco (down 53), Burundi (down 38), Niger (29) and Ethiopia (down 22).

A total of 431 development workers were deployed by GIZ at the end of 2021, in addition to 177 integrated experts and 466 returning experts who held employment contracts with organisations or companies in partner countries. These numbers are below the year-end totals for 2020 on account of the pandemic. In the case of integrated experts, the main factor behind the reduction in 2021 was increasing fragility, which made such placements impossible.

### SALARIES

During the collective bargaining process in 2021, it was agreed for the first time that upper band limits would not be increased. This will place a permanent cap on salary growth within each band. GIZ and ver.di negotiated a collective pay rise of 1.4% from 1 September 2021 and 1.8% from 1 September 2022. The present collective bargaining agreement runs up to 31 March 2023.

## PURCHASES OF GOODS AND SERVICES

The following table compares the 2021 and 2020 year-end figures for worldwide awards<sup>8</sup> of service and construction contracts, goods procurement orders and financing by GIZ.

### AWARDS AND ORDERS

	Actual 2021	Actual 2020	Change	
	in € millions	in € millions	in € millions	in %
Head Office service contracts	574	491	83	17
Head Office construction contracts	239 <sup>1</sup>	3	236	7,867 <sup>1</sup>
Head Office financing arrangements	956	851	105	12
Head Office goods procurement orders	67	108	-41	-38
<b>Total Head Office</b>	<b>1,836</b>	<b>1,453</b>	<b>383</b>	<b>26</b>
Local service contracts	333	206	127	62
Local construction contracts	35	20	15	75
Local financing arrangements	85	62	23	37
Local goods procurement orders	108	98	10	10
<b>Total local contracts</b>	<b>561</b>	<b>385</b>	<b>176</b>	<b>46</b>
<b>Total awards and orders</b>	<b>2,397</b>	<b>1,838</b>	<b>559</b>	<b>30</b>

The figures shown above may contain rounding differences.

<sup>1</sup> The figure for construction contracts includes the contract totalling €234 million for the construction of the GIZ Campus in Eschborn. This exceptional item is the main reason for the significant year-on-year increase in total procurement contracts awarded.

In 2021 GIZ concluded contracts totalling €2,397 million with contractors and financing recipients. This figure was up €559 million (30%) on the previous year. The total procurement figure for the year under review includes an exceptional item totalling €234 million for the construction of the GIZ Campus in Eschborn. If this exceptional item is excluded, procurement and financing activities accounted for 58% (2020: 55%) of GIZ's total business volume.

Worldwide, financing arrangements in 2021 totalled €1,041 million (€956 million through Head Office and €85 million at local level). This is equivalent to 43% of total procurement volume (48% after adjusting for the GIZ Eschborn Campus contract), making this the single biggest procurement category. The figures for Head Office and local financing arrangements were up respectively by 12% and 37%.

Service contracts were the second-biggest procurement item in 2021 with a total worldwide volume of €907 million (€574 million through Head Office and €333 million at local level). Compared with the previous year, the total volume of service contracts with companies and individuals rose by 30%. The Head Office total for service contracts was up 17% and the figure for locally awarded service contracts by 62%.

In 2021, the worldwide total for goods procurement stood at €175 million. Of this figure, €67 million (38%) was attributable to Head Office and €108 million (62%) to country offices. The total figure was 15% down on the previous year.

Across the globe, GIZ concluded construction contracts with a total value of €274 million in 2021, a major year-on-year increase of €251 million. This was mainly due to the signing of a contract totalling €234 million for the new GIZ Eschborn Campus.

<sup>8</sup> The term 'awards and orders' refers both to awards of public-sector contracts and orders within the meaning of German procurement law (Section 103 of the Act against Restraints on Competition) and awards of funding under financing arrangements.

## **IV. PROPORTION OF WOMEN ON THE MANAGEMENT BOARD, THE SUPERVISORY BOARD AND THE BOARD OF TRUSTEES**

### **A. PROPORTION OF WOMEN ON THE MANAGEMENT BOARD**

When managing directors are appointed, GIZ's Articles of Association stipulate that the Supervisory Board should ensure diversity and in particular ensure that an appropriate number of women are considered. Women should make up at least 40% of the Management Board. Until this proportion is achieved, the Supervisory Board should give preference to women where they demonstrate equal suitability, capabilities and technical experience, after carefully weighing up the merits of each individual case.

With a view to implementing the German Act on the Equal Participation of Women and Men in Leadership Positions in the Private Sector and the Public Sector, the Supervisory Board decided that by 30 June 2017 the Management Board should be made up of an equal number of women and men. To this end, if the Management Board has an odd number of members, the rules of procedure for the Supervisory Board stipulate that the imbalance between men and women should be not more than one seat.

During the period under review, the Management Board was made up of two women and one man. As such, the proportion of women as at 31 December 2021 was 66.66%.

### **B. PROPORTION OF WOMEN ON THE SUPERVISORY BOARD**

Section 6.2.1 of Germany's Public Corporate Governance Code 2021 stipulates that efforts must be made to ensure that women are equally represented when electing members of supervisory boards. In addition, the company's shareholder also takes account of Germany's Appointments to Federal Bodies Act (Bundesgremienbesetzungsgesetz).

In compliance with the German Act on the Equal Participation of Women and Men in Leadership Positions in the Private Sector and the Public Sector, the Supervisory Board decided that by 30 June 2017 the Supervisory Board should be made up of an equal number of women and men and amended its rules of procedure accordingly.

As at 31 December 2021, out of the nine members appointed by the shareholder, the number of women remained at four. The ten employee representatives on the Supervisory Board were made up of five women and five men. As such, the proportion of women and men on the Supervisory Board as at 31 December 2021 was 47.37% and 52.63% respectively.

### **C. PROPORTION OF WOMEN ON THE BOARD OF TRUSTEES**

In accordance with article 24 of its Articles of Association, GIZ has a Board of Trustees with up to 40 members. As at 31 December 2021, out of a total of 37 trustees, there were 20 women (54.05%). As a result of changes in board membership, the proportion of women was up slightly on the previous year (2020: 50%).

## V. OUTLOOK

### A. BUSINESS FORECAST

Following the German parliamentary election in 2021 and given the likelihood of a provisional federal budget, our forward planning for 2022 is subject to considerable uncertainty. Fortunately, GIZ is used to this kind of situation. Until the federal budget is approved, ministries are very limited in the extent to which they can award GIZ new and financially binding commissions. There is also considerable uncertainty over the level of cash funding available. These uncertainties are reflected in our planning for 2022.

Furthermore, as the planning process for the new fiscal year was concluded in November 2021, the potential impact of the war in Ukraine is not yet reflected in our current 2022 plans. As the future direction of this conflict remains uncertain, we are unable to make any further comment. Given GIZ's structure as a public-benefit organisation, we expect the discontinuation of these commissions to affect our income results, although this will be partly offset by a corresponding reduction in costs. Consequently, the overall impact on our assets, financial position and income is considered to be manageable, with only a minimal effect on the control parameter.

We will analyse the likely impact of the Government's updated draft (or final approved) budget for 2022 and of the war in Ukraine on our business operations in our interim forecasts.

#### PLANNED TOTALS FOR COMMISSIONS RECEIVED IN THE PUBLIC-BENEFIT AND INS BUSINESS AREAS

GIZ expects the volume of commissions received for 2022 in the public-benefit business area to reach €3,890 million: €2,691 million (69%) from BMZ budget funds, €550 million (14%) from third-party cofinancing of BMZ commissions, €539 million (14%) from the budget funds of other German public sector clients, €85 million (2%) from third-party cofinancing of projects commissioned by German public sector clients and €26 million (1%) from other business sectors. The planned total for 2022 is €556 million (13%) below the actual figure for 2021. In part, based on the initial draft Government budget for 2022, this reflects an expected reduction in commissions out of BMZ budget funds, in particular the budgets for 'development partnerships with the private sector' and 'crisis management and reconstruction, infrastructure'. Looking further ahead to 2023, we expect the volume of

commissions received to decline to €3,698 million (down 4.9% compared with the planned figure for 2022) before climbing back up to €3,796 million in 2024 (up 2.6% compared with the forecast total for 2023).

The plans drawn up by InS envisage a figure of €200 million for commissions received. This figure is €41 million (17%) below the actual total for 2021. It should be noted, however, that the volume of commissions received in 2021 was exceptionally high because of two very large commissions from the Federal Foreign Office (€32 million) and BMZ (€31 million). The project Flexible Instrument for Stabilisation (FIS) commissioned by the Federal Foreign Office was originally implemented in the public-benefit business area but has since been reallocated to InS on account of a major injection of additional funding that did not meet public-benefit criteria. A project set up in the public-benefit business area to help UNHCR implement the Global Refugee Pact was extended to include an additional financing component. As this purely involved forwarding funds, the new component has to be treated as an InS activity.

#### COMMISSIONS RECEIVED

	Actual 2021	Share	Plan 2022	Forecast 2023	Forecast 2024
	in € millions	in %	in € millions	in € millions	in € millions
<b>Public-benefit business area total</b>	<b>4,446</b>	95	3,890	3,698	3,796
of which, BMZ	4,012	86	3,241	3,208	3,272
of which, German public sector clients	408	9	624	469	501
of which, other business sectors	26	1	26	22	23
<b>InS</b>	<b>241</b>	5	200	160	165
<b>GIZ total</b>	<b>4,687</b>	<b>100</b>	<b>4,090</b>	<b>3,858</b>	<b>3,961</b>

The figures shown above may contain rounding differences.

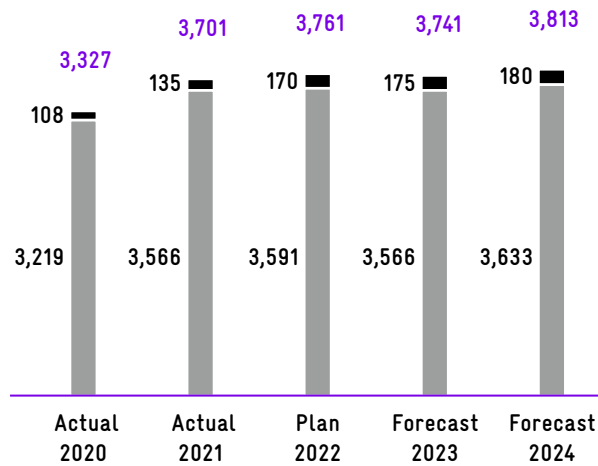
#### BUSINESS VOLUME

With specific regard to 2022, the planned figure for total business volume is €3,761 million, comprising income in the public-benefit business area of €3,591 million and a total operating performance of €170 million at InS. This is an increase of €60 million (+1.6%) compared with the actual figure for 2021. The company expects total business volume to stabilise in the following years (€3,741 million in 2023 and €3,813 million in 2024) at roughly the level of 2022.

The following chart shows actual and projected business volume figures from 2020 to 2024.

#### BUSINESS VOLUME

in € millions



- Income in the public-benefit business area
- Total operating performance InS

#### INCOME IN THE PUBLIC-BENEFIT BUSINESS AREA

The following table contains a detailed breakdown of actual and projected income in the public-benefit business area for the years 2020 to 2024.

#### INCOME

in € millions	Actual 2020	Actual 2021	Plan 2022	Forecast 2023	Forecast 2024
<b>BMZ</b>	2,746	3,153	3,123	3,094	3,175
of which, TC budget	1,524	1,747	1,860	1,787	1,856
of which, special initiatives	500	583	603	584	563
of which, other BMZ budgets	241	265	237	229	206
of which, third-party cofinancing	481	558	423	493	550
<b>German public sector clients</b>	445	381	439	445	431
of which, budget funds	419	313	376	387	378
of which, third-party cofinancing	26	68	63	58	53
<b>Other business sectors</b>	28	31	28	27	27
<b>Public-benefit business area total</b>	<b>3,219</b>	<b>3,566</b>	<b>3,590</b>	<b>3,566</b>	<b>3,633</b>

The figures shown above may contain rounding differences.

In the BMZ business sector, GIZ plans to generate income of €3,123 million in 2022: €1,860 million (60%) from the TC budget, €603 million (19%) from special initiatives, €237 million (8%) from other budgets and €423 million (14%) from third-party cofinancing. The anticipated total for 2022 is €30 million (1.0%) below the actual figure for 2021. Although income from the TC budget and special initiatives is expected to rise, the planned figure for income from 'other BMZ budgets' is below the previous year based on the initial Government draft budget for 2022. At €3,094 million, the forecast total for 2023 is down €29 million (1%) compared with the planned figure for 2022. At €3,175 million, however, the forecast total for 2024 is up €81 million (3%) compared with the 2023 forecast.

In 2022, German public sector client projects are expected to generate income of €439 million, a combination of €376 million from ministerial budgets and €63 million from third-party cofinancing. This planned increase of €58 million (15%) compared with the actual total for 2021 is mainly based on anticipated growth in commissions from BMU and BMWi. It should be noted, however, that the planned figures were produced before the restructuring of federal ministries and therefore do not reflect the changes. The corresponding implications for and impacts on business development at GIZ will be examined in our interim forecasts. In 2023, we anticipate a modest increase of €6 million (1%) to €445 million compared with the planned total for 2022. We expect this to be followed in 2024 by a reduction of €14 million (3%) to €431 million compared with the 2023 forecast.

#### TOTAL OPERATING PERFORMANCE AT INS

For the fiscal year 2022, InS plans a total operating performance of €170 million, with total net income for the year slightly below the figure for 2021. On this basis, total operating performance would be €35 million (26%) higher compared with the actual 2021 figure. This planned increase is due to the high volume of commissions received in 2020 and 2021. Work to implement these commissions will be ramped up from 2022 onwards. Looking further ahead, InS anticipates a total operating performance of €175 million and €180 million in 2023 and 2024 respectively. Net income for each of these years is expected to remain on a par with the figure for 2022.

## CONTROL PARAMETER

In 2022 and in the following years, the control parameter is projected to remain below the upper limit set by the Supervisory Board. On the basis of GIZ's planned income for 2021 to 2024 and planned management costs in 2022, the control parameter is expected to be 11.5%. The figure is expected to increase to 12.0% in the two forecast years on account of rising costs. These include additional costs for investment in digitalisation and for pension fund top-ups.

## B. ANTICIPATED USE OF RESOURCES

### PERSONNEL FORECAST

In 2022, total staff numbers are expected to show a year-on-year increase of 2.4%. This is above the anticipated rise in business volume. Reflecting our income forecasts for 2023 and 2024, the total number of staff is expected to fall in 2023 before increasing again in 2024.<sup>9</sup>

#### GIZ STAFF

	Actual 2021	Plan 2022	Forecast 2023	Forecast 2024
Germany-based staff <sup>1</sup>	2,640	2,698	2,645	2,693
Project staff in Germany	2,684	2,690	2,633	2,683
Seconded field staff	2,766	2,825	2,766	2,818
Staff covered by the Collective Bargaining Agreement (MTV) or Public-Sector Remuneration System (TVöD) <sup>1</sup>	8,090	8,213	8,044	8,194
National staff	16,887	17,366	17,018	17,346
<b>Total employees<sup>1</sup></b>	<b>24,977</b>	<b>25,579</b>	<b>25,062</b>	<b>25,540</b>

<sup>1</sup> Excluding the Management Board and trainees.

<sup>9</sup> The planned and forecast personnel totals are calculated on the basis of GIZ's expected business volume.

## FORECAST PURCHASES OF GOODS AND SERVICES

Given the nature of our business, it is very difficult to predict in any detail the future volume of goods, services and construction contracts and financing arrangements in a given year, as they depend very largely on the specific requirements of each project. The volume of future contracts depends crucially on the rate at which the business grows. On this basis, reflecting the above forecasts, it can be assumed that the total volume of contracts will remain at a high level in 2022.

## C. RISKS AND OPPORTUNITIES

### RISKS

GIZ's risk management system (RM 2.0) sets out the principles, processes and roles involved in dealing proactively with potential risks. All such risks are identified in a six-monthly cycle and brought to the attention of the Management Board and Supervisory Board. GIZ has also established a professional system of security risk and crisis management in order to minimise those risks and protect assignments in fragile contexts and high-risk countries.

Our focus in 2022 and subsequent years will be on the company-wide risks and challenges set out below.

- Current developments have demonstrated that GIZ's business operations are susceptible to political volatility and fragility. There is a risk, for example, that diplomatic crises (e.g. Morocco), political unrest (e.g. Afghanistan, Ethiopia, Guinea, Mali, Sudan) or political decisions (e.g. Myanmar) can temporarily or permanently halt development cooperation work. If we are unable to maintain our activities in certain portfolio countries, whether temporarily or permanently, and if the corresponding funds cannot be reallocated, this can have serious implications for the staff concerned, the relevant operational departments and GIZ's overall portfolio and key indicators. Any discontinuation of bilateral and international development cooperation also presents a risk to the orderly conclusion of projects.



- The fast-changing and unpredictable nature of the COVID-19 pandemic remains a major challenge to service delivery.
- The number of digitalised business processes at GIZ continues to rise. At the same time, there is a growing threat to the company from potential IT security breaches. This makes it even more important to protect information and documents that are digitally processed. GIZ has already responded to this risk by investing in two large-scale solutions (LSS), namely S4GIZ and ISMS (Information Security Management System, BSI certification for the entire company), that digitalise and systematise our processes in a standardised form with the appropriate level of protection.
- These control measures will be fully completed in around three to four years. In the meantime, there is a risk of sporadic IT security incidents such as the Java log4j software bug which emerged in mid-December 2021. Vulnerabilities of this kind can cause a great deal of damage and force the company to take immediate and wide-reaching measures, for example switching off the affected systems and processes. In turn, this can have a negative impact on service delivery.
- GIZ is keen to develop short- and medium-term responses that offer sufficient protection against these sporadic risks while also meeting our legal and regulatory obligations.
- The management costs planned for 2022 onwards mainly reflect investment in the digital transformation and pension fund top-ups. Since these exceptional items drive up planned management costs, GIZ has to identify funding solutions that avoid exceeding the 12.0% upper limit for the control parameter.
- Following the attack on Ukraine by Russian armed forces in February 2022, the situation remains unclear and volatile. GIZ's portfolio in Ukraine is made up of currently commissioned projects totalling €298 million (€210 million in the BMZ business sector, €87 million in the German Public Sector Clients business sector and €1 million at InS). At present, we are unable to assess the extent to which these existing commissions can still be implemented despite the ongoing war in Ukraine.

In close consultation with clients, GIZ has redirected funds from its current projects towards disaster and humanitarian relief for the civilian population. With regard to those commissions already awarded, we do not anticipate any risks in 2022 in connection with the charging of services to clients. In February 2022, GIZ's workforce in Ukraine consisted of 67 seconded personnel and 445 national staff. All seconded employees were repatriated to Germany. National staff were initially released from duties on full pay to give them an opportunity to move to a safe area. Where possible, they are now working on a remote basis.

- In Russia, we are currently implementing eight projects on behalf of the Federal Foreign Office, BMUV, BMWK and Bayerische Motoren Werke (BMW) with a total commission value of approximately €26 million. At the moment, our project work is limited to in-house measures in order to ensure that our country office and projects maintain as low a profile as possible. Out of GIZ's total workforce of 27 in Russia, two colleagues with German passports flew back to Germany on 4 March 2022 via Istanbul. That leaves 25 national staff who are still actively employed.
- GIZ's pension schemes are reviewed on a regular basis to take account of changes in the actuarial parameters, actual life expectancies and the performance of the cover fund. In the year under review, the previous mortality assumptions for the pension fund were reduced on the basis of the Heubeck 2018 G mortality tables. This led to an increase in the regulator's minimum capital requirement. Although the pension fund has grown and performed much better in its first few years than originally anticipated, it has proven necessary to top up the fund so that its assets meet the regulator's minimum capital requirements over the next few years. In line with GIZ's financial, investment and HR plans for 2022, the pension fund was topped up accordingly in the first quarter of 2022.

We will analyse and estimate the impact of these risks on GIZ's results in our interim forecasts.

## OPPORTUNITIES

As well as the risks outlined above, GIZ is well placed to benefit from a series of opportunities in 2022 and thereafter. Some of these are described below.

- The second draft Government budget for 2022 earmarks around €1.3 billion for the Access to COVID-19 Tools Accelerator (ACT-A). Potential commissions out of this (draft) funding allocation are not yet reflected in our current plans for 2022 and thereafter. If these planned special funds are confirmed when the 2022 federal budget is finally approved and subsequently made available for bilateral projects, GIZ will have an opportunity to acquire (additional) funding.
- Alongside the risk and challenges outlined above, the global trend towards digitalisation also has the potential to radically transform development cooperation in many areas. We are seeing increasing demand from our partners for advice on adapting innovative technologies to the local context and on creating appropriate legal, administrative and institutional frameworks to ensure that those technologies are used sustainably. As part of the Corporate Strategy 2020–2022, GIZ has set up a focus project to develop a portfolio of data-driven and technology-based services and harness the potential of new business models. Digitalisation will also provide opportunities to make development cooperation even more efficient and effective.

## NON-FINANCIAL DECLARATION

Details of the non-financial declaration required by section 289b HGB can be found in our Integrated Company Report. This report meets the requirements set out by the Global Reporting Initiative and the UN Global Compact and is available to download at [reporting.giz.de/2021/](https://reporting.giz.de/2021/). We also produce a biannual report based on the German Sustainability Code.

Bonn/Eschborn, 17 May 2022

The Management Board

Tanja Gönner  
Chair of the  
Management Board

Ingrid-Gabriela Hoven  
Member of the  
Management Board

Thorsten Schäfer-Gümbel  
Member of the  
Management Board

**ANNUAL  
STATEMENT  
OF ACCOUNTS  
2021**

2

# BALANCE SHEET

AS AT 31 DECEMBER 2021

## ASSETS

	Notes	in €	
		31.12.2021	31.12.2020
<b>A. Fixed assets</b>			
<b>I. Intangible assets</b>	(1)		
1. Purchased concessions, industrial property rights and similar rights and assets as well as licences in such rights and assets		3,726,770.48	4,422
2. Advance payments		2,213,184.93	0
<b>II. Tangible assets</b>	(1)		
1. Land, land rights and buildings including buildings on third-party land		302,652,414.90	311,758
2. Other plant, operating and office equipment		22,203,646.00	24,817
3. Advance payments and assets under construction		61,526,488.50	15
<b>III. Financial assets</b>	(2)		
1. Shares in affiliated companies		25,000.00	25
2. Participating interests		535,862.01	536
3. Securities held as fixed assets		202,667,845.23	202,668
4. Other loans		207,392.58	261
5. Claims from administrative costs credit		18,560,000.00	18,560
		<b>614,318,604.63</b>	<b>563,062</b>
<b>B. Current assets</b>			
<b>I. Inventories</b>	(3)		
1. Projects in process		31,453,662.19	26,031
2. Advance payments		1,083,012,307.09	850,265
<b>II. Receivables and other assets</b>	(4)		
1. Trade receivables		56,405,833.46	53,476
2. Receivables from affiliated companies		196,842.51	0
3. Project-related assets		238,576,641.89	182,148
4. Other assets		23,445,173.99	24,735
<b>III. Cash in hand, Central Bank balances, bank balances</b>		<b>730,081,548.04</b>	<b>628,736</b>
		<b>2,163,172,009.17</b>	<b>1,765,391</b>
<b>C. Prepaid expenses</b>		<b>9,778,866.07</b>	<b>10,092</b>
		<b>2,787,269,479.87</b>	<b>2,338,545</b>
<b>Off-balance-sheet item</b>	(9)		
Trust assets		5,414,428	4,689

The figures shown above may contain rounding differences of +/- one unit.

## SHAREHOLDER'S EQUITY AND LIABILITIES

	Notes	in €	
		31.12.2021	31.12.2020
<b>A. Shareholder's equity</b>			
<b>I. Subscribed capital</b>	(5)	<b>20,452,000.00</b>	20,452
Subscribed capital unpaid		-11,759,713.27	-11,760
Called-up capital		8,692,286.73	8,692
<b>II. Capital reserve</b>	(5)	<b>5,112,918.81</b>	5,113
<b>III. Revenue reserves</b>			
Reserves as per Articles of Association	(6)	280,210,775.13	239,546
<b>IV. Unappropriated profit</b>		<b>0</b>	0
		<b>294,015,980.67</b>	<b>253,351</b>
<b>B. Provisions</b>	(7)		
1. Provisions for pensions and similar obligations		139,390,495.00	139,390
2. Provisions for taxes		1,024,747.32	864
3. Other provisions		163,778,998.21	134,967
		<b>304,194,240.53</b>	<b>275,221</b>
<b>C. Liabilities</b>	(8)		
1. Liabilities to banks		80,412,982.05	89,302
2. Advance payments received		2,006,207,589.86	1,624,995
3. Trade payables		73,744,816.26	67,857
4. Liabilities to affiliated companies		1,449,230.20	10
5. Other liabilities		26,123,612.03	26,477
of which, relating to taxes €24,108,310.61 (2020: €9,988 thousand)			
of which, relating to social security €0 (2020: €0 thousand)			
		<b>2,187,938,230.40</b>	<b>1,808,641</b>
<b>D. Deferred income</b>		<b>1,121,028.27</b>	<b>1,332</b>
		<b>2,787,269,479.87</b>	<b>2,338,545</b>
<b>Off-balance-sheet item</b>	(9)		
Trust liabilities		5,414,428	4,689

The figures shown above may contain rounding differences of +/- one unit.

# PROFIT AND LOSS ACCOUNT

FOR THE PERIOD FROM 1 JANUARY TO 31 DECEMBER 2021

	Notes	in €		in €'000	
		2021		2020	
1. Turnover	(10)	3,298,028,938		2,955,211	
2. Change in projects in process		-2,701,510		-7,091	
3. Other capitalised services		1,950,639		0	
<b>Total operating performance</b>			<b>3,297,278,067</b>		<b>2,948,120</b>
4. Other operating income	(11)		15,315,238		22,525
5. Cost of materials	(12)				
a) Purchased goods		202,472,897		184,159	
b) Purchased services		1,605,021,139	1,807,494,036	1,397,388	1,581,547
6. Personnel costs	(13)				
a) Wages and salaries		1,091,218,048		996,973	
b) Social security, retirement pension and support costs – of which, in respect of retirement pensions: €88,042,146 (2020: €80,623,383)		255,399,920	1,346,617,968	231,192	1,228,165
7. Amortisation and depreciation of intangible and tangible fixed assets			19,376,102		18,656
8. Other operating expenses	(14)		96,550,914		96,280
9. Income from other securities and loans of financial fixed assets			20,056		31
10. Other interest and similar income			58,304		294
11. Interest and similar expenses	(15)		1,299,308		2,610
12. Taxes on income	(16)		418,802		425
<b>13. Earnings after taxes</b>			<b>40,914,535</b>		<b>43,287</b>
14. Other taxes			249,767		286
<b>15. Net profit for the year</b>			<b>40,664,768</b>		<b>43,001</b>
16. Transfer to the reserves prescribed in the Articles of Association			-40,664,768		-43,001
<b>17. Unappropriated profit</b>			<b>0</b>		<b>0</b>

The figures shown above may contain rounding differences of +/- one unit.

# NOTES TO THE ACCOUNTS 2021

## NOTES TO THE BALANCE SHEET AND THE PROFIT AND LOSS ACCOUNT

As at the balance sheet date of 31 December 2021, the Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ) GmbH, Bonn/Eschborn, qualifies as a large corporation within the meaning of section 267, paragraph 3 of the German Commercial Code (HGB). GIZ's annual statement of accounts is prepared in accordance with the provisions of the HGB for large corporations and the supplementary provisions of the German Limited Liability Companies Act (GmbH-Gesetz). The fiscal year corresponds to the calendar year. To improve the clarity of presentation, the item 'Project-related assets' has been added in the balance sheet. The profit and loss account is classified using the total cost method. The legally required information on the balance sheet and the profit and loss account is provided in the notes to the accounts.

As provided for in section 296, paragraph 2, number 1 HGB, GIZ is not required to draw up consolidated financial statements and a consolidated management report as its subsidiaries are of subordinate importance with regard to the company's statutory obligation to provide a true and fair view of its assets, financial position and income.

## GENERAL NOTES ON ACCOUNTING AND VALUATION METHODS

### ACCOUNTING AND VALUATION METHODS

The accounting and valuation methods used by GIZ have not changed compared with the previous year.

## FIXED ASSETS

### INTANGIBLE AND TANGIBLE ASSETS

Intangible and tangible assets are shown at purchase or production cost less amortisation or depreciation based on the useful life of the assets as determined by the specific depletion of value in operating activities. Scheduled depreciation is calculated on a straight-line basis (pro rata temporis). The following table sets out the useful lives of the main asset groups:

	Years
IT programs, other rights	3-7
Business, operational and other buildings	5-50
Machinery and equipment	5-19
Other technical equipment, plant and machinery	4-10
Operating and office equipment	3-14

The Meander Building and the Campus in Bonn are depreciated over 33 years, the office building in Berlin over 40 years and Kottenforst Campus in Bonn over 50 years. Land with buildings and rights of use in partner countries are depreciated over a period of between eight and 20 years.

A collective item is formed in the year of purchase for low-value assets (LVA) with purchase costs between €250 and €1,000. This is depreciated on a straight-line basis over five years.

Grant-financed fixed assets are financed entirely through investment grants. Investment grants have been deducted from the acquisition costs.

Newly constructed buildings are capitalised at production cost. Production cost includes individually attributable costs from the deployment of personnel and an appropriate share of production overheads.

## FINANCIAL ASSETS

Financial assets are valued at the lower of purchase cost and fair value. Lower valuations are applied where sustained impairment is anticipated. If the reasons for recognising write-downs on financial assets in previous years no longer apply, those assets are written up.

Under 'Other loans', the long-term loans provided to help staff purchase residential property for their own use were discounted at 2.5% per year. Otherwise, figures are shown at nominal value.

## CURRENT ASSETS

Current assets are valued strictly at the lower of purchase or production cost.

Projects in process are recognised at purchase or production cost, including an appropriate portion of overhead costs. Advance payments made and receivables are stated at nominal value less individual and general bad debt allowances.

'Project-related assets' is a special GIZ balance sheet item allowing a better insight into the company's assets and financial position. This item includes the cash and bank balances of projects, as well as receivables and corresponding liabilities.

Other assets are stated at their nominal value.

Cash in hand and balances at banks are stated at nominal value unless a lower fair value measurement is required in individual cases.

## RECEIVABLES AND PAYABLES IN FOREIGN CURRENCIES

Long-term receivables and payables denominated in foreign currencies are valued at the lower or higher of cost or market respectively. Short-term receivables and payables in foreign currencies as well as balances at banks with terms to maturity of up to one year are translated using the average spot exchange rate on the balance sheet date. Non-convertible

currencies are not translated or revalued. Receivables and payables that are denominated in foreign currencies and shown in the balance sheet under the item 'Project-related assets' are recognised using the exchange rate for the original posting. This is because these receivables and payables are always settled in the same foreign currency based on the euro equivalent on the date of the original posting.

## PREPAID EXPENSES

Expenses incurred before the reporting date are shown as 'prepaid expenses' if they relate to expenditure for a specific period after the reporting date.

## EQUITY

Both subscribed capital and the capital reserve are shown at nominal value.

## PROVISIONS

Provisions are recognised at the settlement amount deemed necessary according to prudent business judgement. In calculating this amount, any direct compensation claims are deducted from the total obligation.

In fiscal 2015 GIZ outsourced the company pension scheme entitlements accrued by its staff up to 30 June 2015 ('past service') under 'Collective bargaining agreement no. 3 covering retirement, invalidity and surviving dependants' pensions for Head Office employees' (old company pension scheme/alte bAV) to Deutscher Pensionsfonds AG. In 2016, the remaining entitlements were outsourced as at 1 September 2016 to GIZ Unterstützungskasse GmbH, which was formed in 2015.

The liabilities incurred up to 31 December 2015 under the collective bargaining agreement on pensions dated 1 March 2004 (bAV 2005) were outsourced to Deutscher Pensionsfonds AG in fiscal 2017. Entitlements accrued from 1 January 2017 ('future service') are settled by GIZ Unterstützungskasse GmbH.

As outsourced pension obligations will be met in future by Deutscher Pensionsfonds AG and GIZ Unterstützungskasse GmbH, they are classified as indirect obligations.

GIZ has chosen to exercise the option provided for in Article 28, paragraph 1, sentence 2 of the Introductory Act to the German Commercial Code (EGHGB) to show indirect pension obligations as provisions in the balance sheet. On each reporting date, the total sum required in order to meet GIZ's pension obligations less all pension provisions established in GIZ's financial statements less the fair value of the assets held by the pension providers in the pension fund and provident fund must be disclosed as a funding deficit in the notes.

The main actuarial parameters used by GIZ as at 31 December 2021 are detailed in section '(7) Provisions'.

One actuarially calculated provision (accident benefit) was valued according to the projected unit credit method, using the 2018 G mortality tables of Prof. Dr Klaus Heubeck.

In accordance with section 253, paragraph 2, sentence 1 HGB, other provisions with a remaining term of more than one year were discounted in line with their remaining term using the corresponding average market interest rate (published by the German Bundesbank) for the previous seven fiscal years.

## LIABILITIES AND ADVANCE PAYMENTS RECEIVED

Liabilities are reported at their settlement amount.

Advance payments received are recognised at their nominal value.

## DEFERRED INCOME

Income before the reporting date is shown as 'deferred income' if it relates to income for a specific period after the reporting date.

## DERIVATIVE FINANCIAL INSTRUMENTS

Derivative financial instruments, as pending transactions, are generally not capitalised. Unrealised losses from derivative financial instruments are recognised as provisions and affect income unless those instruments form part of a valuation unit and the losses are offset by opposite movements in the value of the underlying transaction. Underlying transactions and their associated derivatives are combined into valuation units. These are recognised in the balance sheet using the net hedge presentation method.

## DEFERRED TAXES

Deferred taxes result from the following temporary differences.

Balance sheet item	31.12.2021		31.12.2021 Deferred taxes in €'000
	Difference between statutory and tax accounts in €'000	Tax rate in %	
Cash in hand, Central Bank balances, bank balances	-279	28.145	-78
Other receivables	536	28.145	151
Provisions for pensions and similar obligations	21,799	28.145	6,135
Other provisions	3,261	28.145	918
Other liabilities	-170	28.145	-48
	<b>25,147</b>		<b>7,078</b>

As at the balance sheet date, there were net deferred tax assets of €7,078,000.

Deferred taxes are recognised on differences between the statutory accounts and the tax accounts if it is likely that the differences will be reversed over subsequent fiscal years. Deferred tax is calculated on the basis of an effective tax rate of 28.145% that is expected to apply when the differences are reversed. Deferred tax assets and deferred tax liabilities are netted off against each other in the accounts. If the figure for deferred tax assets exceeds that for deferred tax liabilities on the balance sheet date, GIZ does not exercise the option to capitalise deferred tax assets provided for under section 274, paragraph 1, sentence 2 HGB.

## PROFIT AND LOSS ACCOUNT

### APPROPRIATION OF PROFITS

GIZ's Articles of Association stipulate that profits must only be used for those public-benefit purposes approved under the Articles of Association.

An amount equal to the annual net profit of €40.7 million was transferred to the reserves provided for in the Articles of Association.



## NOTES TO THE BALANCE SHEET

### (1) INTANGIBLE AND TANGIBLE ASSETS

Changes in fixed assets are shown in the appendix to the notes (Changes in fixed assets in fiscal 2021).

### (2) FINANCIAL ASSETS

In fiscal 2015, GIZ formed its own provident fund under the name of GIZ Unterstützungskasse GmbH (registered office in Bonn, Germany) and is the sole owner. As at 31 December 2021, the equity of GIZ Unterstützungskasse GmbH stood at €25,000. The net profit/loss for the fiscal year was €0.

Since 2010, GIZ has also held a 49% equity investment in sequa gGmbH, whose registered office is in Bonn. This holding is recognised at purchase cost (€535,862). In fiscal 2020, the equity of sequa gGmbH totalled €4,393,613, with a surplus for the year of €269,468. As of this writing, the annual accounts as at 31 December 2021 were not yet available.

The administrative costs credit is accounted for separately and administered by Deutscher Pensionsfonds AG. The pension fund submits an annual report to GIZ on changes in the administrative costs credit and the current balance. According to this report, the year-end figure for the administrative costs credit balance was €21,799,266. The administrative costs credit was valued and recognised in the balance sheet at its historic cost of €18,560,000. As such, the year-end figure for hidden reserves was €3,239,266.

### (3) INVENTORIES

#### ADVANCE PAYMENTS MADE

Out of the total figure of €1,083,012,307, advances of €19,328,893 are covered by guarantees. A general valuation allowance of 1% has been recognised for advance payments. In total, advance payments made of €191,131,302 (previous year: €174,282,167) have a term of over one year.

#### ADVANCE PAYMENTS MADE BY CONTRACT TYPE

in €	2021	2020
Financing agreements	965,862,597	732,372,300
Service contracts	111,606,552	97,415,256
Procurement of materials and equipment	20,643,282	35,816,841
Funds administered by GIZ (twinning)	18,095	0
Other	125,768	295,809
Impairment	-11,052,667	-8,839,274
VAT not yet offset on advance payments made	-4,191,320	-6,795,447
<b>Total</b>	<b>1,083,012,307</b>	<b>850,265,485</b>

## (4) RECEIVABLES AND OTHER ASSETS

	2021				2020			
	Residual term less than 1 year	Residual term over 1 year	Total 2021	of which, from shareholder <sup>1</sup>	Residual term less than 1 year	Residual term over 1 year	Total 2020	of which, from shareholder <sup>1</sup>
	in €	in €	in €	in €	in €'000	in €'000	in €'000	in €'000
<b>1. Trade receivables</b>								
Public-benefit business area	29,296,879	0	29,296,879	28,288,944	31,712	0	31,712	31,466
InS	27,108,954	0	27,108,954	2,588,891	21,764	0	21,764	1,969
	<b>56,405,833</b>	<b>0</b>	<b>56,405,833</b>	<b>30,877,835</b>	<b>53,476</b>	<b>0</b>	<b>53,476</b>	<b>33,435</b>
<b>2. Receivables from affiliated companies</b>	<b>196,843</b>	<b>0</b>	<b>196,843</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>3. Project-related assets</b>								
Cash and balances at banks	55,094,626	0	55,094,626	0	44,580	0	44,580	0
Partnership services advanced	22,739,654	0	22,739,654	0	16,602	0	16,602	0
Receivables, other	185,792,007	0	185,792,007	0	139,613	0	139,613	0
Liabilities, other	-25,049,645	0	-25,049,645	0	-18,648	0	-18,648	0
	<b>238,576,642</b>	<b>0</b>	<b>238,576,642</b>	<b>0</b>	<b>182,148</b>	<b>0</b>	<b>182,148</b>	<b>0</b>
<b>4. Other assets</b>								
Receivables								
from premium, see (5)	0	4,090,335	4,090,335	4,090,335	0	4,090	4,090	4,090
from rent advances abroad	2,214,228	9,160	2,223,388	0	2,585	101	2,686	0
from staff for travel and other advances	2,457,753	300,004	2,757,757	0	3,444	103	3,547	0
from the tax authorities	1,672,099	0	1,672,099	0	6,852	0	6,852	0
Other	12,676,295	25,300	12,701,595	0	7,560	0	7,560	0
	<b>19,020,375</b>	<b>4,424,799</b>	<b>23,445,174</b>	<b>4,090,335</b>	<b>20,440</b>	<b>4,295</b>	<b>24,735</b>	<b>4,090</b>
	<b>314,199,693</b>	<b>4,424,799</b>	<b>318,624,492</b>	<b>34,968,170</b>	<b>256,065</b>	<b>4,295</b>	<b>260,359</b>	<b>37,525</b>

<sup>1</sup> From 2021 including all ministries. The 2020 figures have been adjusted (2020 figure for BMZ only: €27,264 thousand).

The item 'Receivables from affiliated companies' relates to other receivables from GIZ Unterstützungskasse GmbH.

## (5) CAPITAL (THROUGH PAYMENT)

in €	2021	2020
Subscribed capital	20,452,000	20,452,000
Capital reserve	5,112,919	5,112,919
Less:		
Subscribed capital unpaid	11,759,713	11,759,713
Premium due, see (4)	4,090,335	4,090,335

The item 'Subscribed capital unpaid' refers to those parts of the capital increase made in accordance with the shareholder resolution of 23 June 1978 (and entered in the commercial register) that have not yet been called up. The last two items should be regarded as risk capital and can be called up if needed subject to the agreement of the shareholder.

## (6) RESERVES PROVIDED FOR IN THE ARTICLES OF ASSOCIATION

### CHANGES IN RESERVES PROVIDED FOR IN THE ARTICLES OF ASSOCIATION

in €	
Brought forward as at 1 January 2021	239,546,007
Net profit for the year transferred to reserves	40,664,768
<b>Total as at 31 December 2021</b>	<b>280,210,775</b>
Of which:	
tied reserves	238,132,407
untied reserves	42,078,368
	280,210,775

## (7) PROVISIONS

### PROVISIONS FOR PENSIONS AND SIMILAR OBLIGATIONS

Provisions are still recognised in respect of the pension liabilities outsourced from 2015 to 2017 under the old (pre-2005) company scheme (alte BAV) and the 2005 scheme. These provisions were frozen at the time of outsourcing at the level stated in the balance sheet.

Entitlements under the pre-2005 (alte BAV) and 2005 schemes are classed as indirect obligations. GIZ exercises the option granted under Article 28, paragraph 1, sentence 2 of the Introductory Act to the German Commercial Code (EGHGB) to show these indirect pension obligations as balance sheet liabilities. On each reporting date, the total sum required in order to meet GIZ's pension obligations less all frozen pension provisions less the fair value of the assets held by the pension providers in the pension fund and provident fund must be disclosed as a funding deficit in the notes.

The corresponding settlement amounts were actuarially calculated using the average market interest rate for the last ten years as published by the German Bundesbank, based on an expected remaining term of 15 years. As at 31 December 2021, the difference for the past service scheme was €84,450,802 compared with the figure based on discounting using the average market interest rate for the last seven years (1.35%). As at 31 December 2021, the difference for the future service scheme was €63,214,679. The differences are subject to a bar on distribution.

The main actuarial parameters are listed in the following table.

in %	
Actuarial interest rate	1.87
Rate of pension increase during the qualifying period (new company pension scheme)	5.11
Rate of pension increase during the qualifying period (old pre-2005 company pension scheme/alte bAV)	3.52
Rate of increase in 2005 company pension scheme, annual	1.00
Rate of increase in old (pre-2005/alte bAV) company pension scheme, annual	1.00
Trend in social security contribution assessment ceiling, annual	2.50
Fluctuation, scaled according to age	12.00

As at 31 December 2021, there was a funding deficit of €243,880,343 in respect of the indirect obligations to be settled by Deutscher Pensionsfonds AG.

in €	
Settlement amount	833,650,979
Pension fund assets	522,428,747
Frozen pension provisions	67,341,889
Funding deficit	243,880,343

As at 31 December 2020, there was a funding deficit of €53,347,928 in respect of the indirect obligations to be settled by GIZ Unterstützungskasse GmbH (Bonn).

in €	
Settlement amount	440,756,292
Provident fund assets	19,820,880
Cash surrender value of employer's liability insurance	295,538,878
Frozen pension provisions	72,048,606
Funding deficit	53,347,928

## OTHER PROVISIONS

Provisions for commitments in respect of phased retirement (Altersteilzeit) and benefits were determined in accordance with actuarial methods. Maturity-congruent average market interest rates for the previous seven fiscal years of 0.58% and 1.35% were used.

Obligations totalling €295,615 for phased-retirement schemes were offset against a fixed-term, non-interest-bearing deposit (cover fund) of €250,000. Fair value corresponds to cost.

Provisions for long-term working-time accounts are recognised at fair value in line with the rules for securities-based pension obligations pursuant to section 253, paragraph 1, sentence 3 HGB.

Other provisions with a remaining term of more than one year were valued using the average market interest rate of the previous seven fiscal years in line with their remaining term.

The main other provisions recognised are listed in the following table.

in €	2021	2020
Working-time accounts	67,697,110	53,708,156
Warranty and costing risks	33,770,150	23,959,186
Leave credits	15,294,064	13,893,892
Variable remuneration	14,855,457	14,099,533
Amount payable following withdrawal from the VBL <sup>1</sup>	0	1,686,656

<sup>1</sup> VBL: Versorgungsanstalt des Bundes und der Länder (Pension Institution of the Federal Republic and Federal States).

The provision formed in previous years for the amount payable following withdrawal from the VBD was completely used up.

## (8) LIABILITIES

in €	Residual term			Total 2021	of which, to shareholder
	< 1 year	> 1 year	of which, > 5 years		
<b>1. Liabilities to banks</b>	<b>8,935,982</b>	<b>71,477,000</b>	<b>35,957,000</b>	<b>80,412,982</b>	<b>0</b>
<b>2. Advance payments received</b>					
Public-benefit business area	1,949,458,571	0	0	1,949,458,571	1,919,745,985
InS	108,329,190	0	0	108,329,190	55,762,479
Valuation adjustments	316,771	0	0	316,771	0
	<b>2,058,104,532</b>	<b>0</b>	<b>0</b>	<b>2,058,104,532</b>	<b>1,975,508,464</b>
<b>less</b>					
VAT not yet offset on advance payments received	-51,896,942	0	0	-51,896,942	-49,149,683
	<b>2,006,207,590</b>	<b>0</b>	<b>0</b>	<b>2,006,207,590</b>	<b>1,926,358,781</b>
<b>3. Trade payables</b>	<b>73,744,816</b>	<b>0</b>	<b>0</b>	<b>73,744,816</b>	<b>0</b>
<b>4. Liabilities to affiliated companies</b>	<b>1,449,230</b>	<b>0</b>	<b>0</b>	<b>1,449,230</b>	<b>0</b>
<b>5. Other liabilities</b>	<b>25,108,915</b>	<b>1,014,697</b>	<b>434,303</b>	<b>26,123,612</b>	<b>0</b>
	<b>2,115,446,533</b>	<b>72,491,697</b>	<b>36,391,303</b>	<b>2,187,938,230</b>	<b>1,926,358,781</b>

in €'000	Residual term			Total 2020	of which, to shareholder <sup>1</sup>
	< 1 year	> 1 year	of which, > 5 years		
<b>1. Liabilities to banks</b>	<b>8,944</b>	<b>80,357</b>	<b>44,837</b>	<b>89,301</b>	<b>0</b>
<b>2. Advance payments received</b>					
Public-benefit business area	1,589,699	0	0	1,589,699	1,563,594
InS	74,215	0	0	74,215	21,406
Valuation adjustments	-510	0	0	-510	0
	<b>1,663,404</b>	<b>0</b>	<b>0</b>	<b>1,663,404</b>	<b>1,585,000</b>
<b>less</b>					
VAT not yet offset on advance payments received	-38,409	0	0	-38,409	-35,469
	<b>1,624,995</b>	<b>0</b>	<b>0</b>	<b>1,624,995</b>	<b>1,549,531</b>
<b>3. Trade payables</b>	<b>67,857</b>	<b>0</b>	<b>0</b>	<b>67,857</b>	<b>0</b>
<b>4. Liabilities to affiliated companies</b>	<b>10</b>	<b>0</b>	<b>0</b>	<b>10</b>	<b>0</b>
<b>5. Other liabilities</b>	<b>25,360</b>	<b>1,117</b>	<b>560</b>	<b>26,477</b>	<b>0</b>
	<b>1,727,166</b>	<b>81,474</b>	<b>45,397</b>	<b>1,808,640</b>	<b>1,549,531</b>

<sup>1</sup> The 2020 figure has been broken down between the public-benefit business area and InS.

The item 'Liabilities to affiliated companies' consists of other liabilities towards GIZ Unterstützungskasse GmbH.

## LOAN AGREEMENT

GIZ has a loan agreement with Deutsche Postbank AG covering the purchase of land and construction of the GIZ Campus in Bonn. The agreement runs up to 2 January 2031. The loan amount is €104,037,000. The amount still repayable by GIZ as at the reporting date was €80,357,000.

As security for this loan, a registered land charge of €84,037,000 plus annual interest of 15% and a one-off fee of 10% was entered in the land registry against the GIZ Campus in Bonn. A further registered land charge of €65,100,000 plus annual interest of 15% and a one-off fee of 10% was entered against the Meander property.

The property loan is covered by an interest rate swap agreement. For each month of the loan term, the agreed variable interest rate (fixed margin plus one-month EURIBOR) has been hedged by means of monthly interest rate swaps adjusted to the repayment plan, each of which forms a single valuation unit with the associated loan. The interest rate swap agreement effectively converts the variable interest expenses on the property loan into fixed interest payments of 0.76% per annum.

Underlying transaction/hedge	Risk/ type of valuation unit	Amount included
Variable loan interest payment/ interest rate swap	Interest rate risk/ microhedge	€80,357,000

The underlying transaction is a variable-interest loan with a term up to January 2031. By this date, opposite movements in the valuations of the underlying transaction and the hedge are expected to balance each other out.

The prospective effectiveness of the hedge (i.e. for the planning period from inception of the hedge and on each balance sheet date up to expiry of the hedging relationship) was substantiated by matching the corresponding terms of the hedged transaction and the hedging instrument using the critical terms match method and documenting the results. All the parameters (nominal value, term and reference indices) match the underlying transaction and the hedging instrument.

The retrospective effectiveness of the hedge (i.e. the 'actual' figures on the balance sheet date) was substantiated using the critical terms match method. These items are recognised for accounting purposes using the net hedge presentation method.

## (9) OFF-BALANCE SHEET ITEM: TRUST ASSETS/ TRUST LIABILITIES

in €	2021	2020
Intangible and tangible assets	5,414,428	4,689,427

The assets of €5,414,428 are matched by corresponding liabilities.

## NOTES TO THE PROFIT AND LOSS ACCOUNT

### (10) TURNOVER

#### TURNOVER BY BUSINESS AREA

in €	2021	2020
Business contracts	3,139,055,265	2,819,644,448
Grant-based (incl. GIZ-initiated measures with third-party financing)	26,746,522	25,762,735
Public-benefit business area	3,165,801,787	2,845,407,183
InS	132,227,151	109,803,952
	<b>3,298,028,938</b>	<b>2,955,211,135</b>

#### BY LOCATION OF COMMISSIONING PARTY

	2021		2020	
	in €	in %	in €	in %
Federal Republic of Germany	3,220,869,346	98	2,889,037,953	98
Rest of Europe	68,390,715	2	54,876,010	2
Africa	479,395	< 1	3,247,292	< 1
Americas	3,628,907	< 1	3,352,923	< 1
Asia	4,660,575	< 1	4,696,957	< 1
	<b>3,298,028,938</b>		<b>2,955,211,135</b>	

#### BY REGION OF ACTIVITY

	2021		2020	
	in €	in %	in €	in %
Africa	1,133,495,164	34	985,270,131	33
Americas	210,259,328	6	179,458,932	6
Asia	751,798,286	23	738,564,921	25
Europe	266,156,784	8	263,317,371	9
Oceania	4,840,903	< 1	8,378,429	< 1
Supraregional	931,478,473	28	780,221,351	26
	<b>3,298,028,938</b>		<b>2,955,211,135</b>	

#### TURNOVER BY COMMISSIONING PARTY IN THE PUBLIC-BENEFIT BUSINESS AREA

in €	2021	2020
Federal Ministry for Economic Cooperation and Development	2,789,348,409	2,497,520,789
Federal Ministry for the Environment, Nature Conservation and Nuclear Safety	189,887,377	156,070,127
Federal Foreign Office	106,124,433	112,621,120
Federal Ministry for Economic Affairs and Energy	31,992,563	25,649,554
Engagement Global gGmbH	22,311,925	23,316,517
Federal Ministry of Defence	3,113,130	4,683,982
German Bundestag	3,023,636	1,766,031
Federal Office for Migration and Refugees	2,286,398	707,285
Federal Ministry of Food and Agriculture	1,937,054	3,229,299
Other turnover	15,776,862	19,842,481
	<b>3,165,801,787</b>	<b>2,845,407,185</b>

#### TURNOVER BY COMMISSIONING PARTY AT INS

in €	2021	2020
European Union, Belgium	42,073,960	37,257,577
Federal Foreign Office	11,569,493	6,257,756
Federal Ministry of Education and Research	8,104,163	7,884,159
Swiss Agency for Development and Cooperation	7,259,248	3,949,855
BMZ (InS)	4,832,454	3,079,614
German Aerospace Center	4,614,082	4,430,543
Agence Française de Développement	3,294,064	1,924,081
Federal Employment Agency (Triple Win)	3,140,103	3,108,904
Federal Ministry for the Environment, Nature Conservation and Nuclear Safety	2,692,716	2,114,432
Other turnover	44,646,868	39,797,031
	<b>132,227,151</b>	<b>109,803,952</b>

## (11) OTHER OPERATING INCOME

### BREAKDOWN OF OTHER OPERATING INCOME

in €	2021	2020
Income from reversal of provisions	4,754,818	15,247,299
Income from insurance refunds	3,980,956	344,573
Income from foreign currency valuations	2,376,560	1,732,963
Income from administration cost refunds	2,095,437	2,412,226
Income from reversal of impairment losses	600,920	1,464,881
Other income	1,506,547	1,322,930
	<b>15,315,238</b>	<b>22,524,872</b>

Income not related to the period under review was €10,333,771 (previous year: €17,931,721). This income is mainly due to the reversal of provisions and income from insurance refunds.

## (12) COST OF MATERIALS

in €	2021	2020
<b>Cost of purchased goods</b>	<b>202,472,897</b>	<b>184,158,791</b>
of which, materials and equipment purchased by projects	138,595,116	117,607,129
of which, materials and equipment purchased through Head Office	58,867,418	61,364,063
<b>Cost of purchased services</b>	<b>1,605,021,139</b>	<b>1,397,388,487</b>
of which, other external services	1,178,434,916	1,003,539,355
of which, costs incurred by projects	197,865,556	167,030,473
of which, financial contributions and subsidies	105,945,227	90,003,013
	<b>1,807,494,036</b>	<b>1,581,547,278</b>

## (13) PERSONNEL COSTS

in €	2021	2020
<b>Wages and salaries</b>	<b>1,091,218,048</b>	<b>996,972,712</b>
of which, project staff	497,573,474	454,307,139
of which, national staff	313,420,697	281,917,022
of which, Head Office staff	237,264,892	219,911,354
<b>Social security, retirement pension and support costs</b>	<b>255,399,920</b>	<b>231,191,965</b>
of which, project staff	116,096,990	104,972,966
of which, national staff	50,538,591	44,430,176
of which, Head Office staff	65,001,313	61,720,973
	<b>1,346,617,968</b>	<b>1,228,164,677</b>

The total costs for GIZ Unterstützungskasse GmbH were €23,763,026 (2020: €20,067,851).

## (14) OTHER OPERATING EXPENSES

### BREAKDOWN OF OTHER OPERATING EXPENSES

in €	2021	2020
Offices	22,625,273	24,342,986
Office operating costs	20,788,857	19,319,522
Provisions, e.g. for warranty and price risks	16,136,589	13,117,031
Consulting, appraisal and translation services	14,498,715	14,849,417
GIZ and external personnel	9,892,202	10,063,438
Impairment	4,203,329	3,725,157
Foreign currency valuations	2,138,908	3,664,044
Other expenses	6,267,041	7,198,253
	<b>96,550,914</b>	<b>96,279,848</b>

The item includes €147,000 for the audit of the annual statement of accounts, €55,200 for tax consultancy services and €979,252 for other services provided by the external auditors, mainly audits of the proper use of funds (partly charged on to the audited projects) and IT system audits. Expenses not related to the period under review were €1,862,077 (previous year: €812,448). These expenses mainly consist of costs that could not be charged to clients and therefore had to be written off and charged against GIZ's annual result.



## (15) INTEREST AND SIMILAR EXPENSES

These expenses relate primarily to interest charges of €1,018,226 (previous year: €2,207,960) in respect of liabilities. Interest expenses for the compounding of long-term provisions came to €188,474 (2020: €235,344).

## (16) TAXES ON INCOME

in €	2021	2020
Corporation tax		
- income previous year	607	67,060
- expense current year	-146,097	-7,665
- expense previous year	-81,085	-235,160
Trade tax current year	-6,338	-29,485
Trade tax previous year	-185,889	-219,448
	-418,802	-424,698

## SIGNIFICANT EVENTS AFTER THE BALANCE SHEET DATE

With the exception of the coronavirus pandemic, for which no end date was foreseeable when the accounts were prepared, and the war in Ukraine, there were no significant events after the balance sheet date of 31 December 2021. GIZ's portfolio in Ukraine is valued at €298 million. At present, we are unable to assess the extent to which the existing commissions can still be implemented. In close consultation with clients, GIZ has redirected funds from current projects. We do not anticipate any risks in connection with the charging of services to clients for those projects on which work has already begun. The potential impact on GIZ's assets, financial position and income is deemed to be relatively minor.

## OTHER INFORMATION

### COMPANY LAW INFORMATION

The Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ) GmbH (registered offices in Bonn and Eschborn) is entered in the Commercial Register maintained by the District Court of Bonn under HR B 18384 and in the Commercial Register maintained by the District Court of Frankfurt am Main under HR B 12394.

### TOTAL OTHER FINANCIAL COMMITMENTS

Other financial commitments totalled €291,861,173.

### COMMITMENTS UNDER COMMERCIAL LEASES

Commitments under commercial leases for office premises, parking spaces and IT equipment (2022 to 2027) stood at €53,615,352. Out of this total, €19,527,620 is payable in 2022.

### PURCHASE COMMITMENTS FOR INVESTMENT PROJECTS

As at the balance sheet date, purchase commitments for investment projects totalled €706,100. Other investment project commitments under the Eschborn Campus purchase agreement came to €172,806,721. The purchase price will be paid in instalments (up to the planned occupancy date of 2025) on the basis of an agreed payment schedule linked to the progress of construction.

### OBLIGATIONS TO AFFILIATED COMPANIES

The company's provident fund, GIZ Unterstützungskasse GmbH, has set up two payment plans (Leistungsplan II and III). GIZ provides it with the funds needed to make pension payments under these plans. In the fiscal year under review, this amount was €63.7 million (previous year: €59.5 million). The payment plan Leistungsplan I concluded in 2015 was cancelled in 2017.

## CONTINGENT LIABILITIES

GIZ is a member of several consortia in which it cooperates with partners from various EU and other countries to jointly win contracts and implement project measures in various fields (procurement of materials and equipment and delivery of services).

In all these consortia, each member is jointly and severally liable to the client. GIZ's liability is minimised on account of its lead role and its provision of project funds as projects progress. Claims are therefore not expected. As at the balance sheet date, there were 21 consortia in all. GIZ has the lead role in six of these consortia.

As at 31 December 2021, the risk arising from participation in the consortia amounted to €1,033,000 (previous year: €1,169,127). Based on the experience of recent years, claims are not expected.

### AVERAGE EMPLOYMENT DURING THE YEAR

	2021	2020
Germany-based staff	2,646	2,543
Project staff (Germany)	2,570	2,299
Field staff	2,704	2,554
<b>Total GIZ employees (excluding national staff)</b>	<b>7,920</b>	<b>7,396</b>
National staff	16,686	15,610
<b>Total GIZ personnel</b>	<b>24,606</b>	<b>23,006</b>

# SUPERVISORY BOARD AND MANAGEMENT BOARD

## SUPERVISORY BOARD

### CHAIR

**Martin Jäger**

German Ambassador in Iraq,  
Baghdad

### FIRST DEPUTY CHAIR

**Dr Wibke Thies**

Senior Country Manager, GIZ,  
Eschborn

### SECOND DEPUTY CHAIR

**Kathrin Gothmann**

GIZ Programme Manager, Ecuador

**Claudia Dörr-Voß**

Former State Secretary, German  
Federal Ministry for Economic  
Affairs and Energy, Berlin

**Christiane Einfeldt**

Country Director, GIZ, Sri Lanka

**Anja Hajduk**

State Secretary, German Federal  
Ministry for Economic Affairs and  
Climate Action, Berlin

**Michael Hinterdobler**

Representative of the Bavarian State  
Chancellery, Munich

**Armin Hofmann**

GIZ Programme Manager, Ukraine

**Carsten Körber**

Member of the German Federal  
Parliament, Berlin

**Birgit Ladwig**

Secretary of the Trade Union Council,  
Unified Service Sector Union (ver.di),  
National Office, Berlin

**Dr Joachim Langbein**

GIZ Project Manager, Bonn

**Antje Leendertse**

Ambassador and Permanent  
Representative of Germany at the  
United Nations, New York

**Michael Leutert**

Director, UNDP representation  
office in Germany, Bonn  
(up to 2 November 2021)

**Stefan Mager**

GIZ Project Manager, Kosovo

**Dr Sabine Müller**

GIZ Director General of  
Department, Eschborn

**Dr Peter Ramsauer**

Member of the German Federal  
Parliament, Berlin

**Thomas Schenk**

Former Head of Regional Division  
for Hesse, Unified Service Sector  
Union (ver.di), Frankfurt am Main

**Wolfgang Schmidt**

Head of the Federal Chancellery and  
Federal Minister for Special Tasks,  
Berlin (up to 5 January 2022)

**Tobias Schürmann**

Former Secretary for Collective  
Bargaining, Unified Service Sector  
Union (ver.di), National Office,  
Berlin

**Sonja Steffen**

Former Member of the German  
Federal Parliament, Berlin

## MANAGEMENT BOARD

**Tanja Gönner**

(Chair of the Management Board)  
Areas of responsibility: Client Liaison  
and Business Development Depart-  
ment; Digital Transformation and  
IT Solutions Department; Sector and  
Global Programmes Department;  
Africa Regional Department; Legal  
Affairs and Insurance Unit; Corpor-  
ate Development Unit; Corporate  
Communications Unit; Corporate  
Security Unit

**Ingrid-Gabriela Hoven**

Areas of responsibility: Finance  
Department; Sectoral Department;  
Europe, Mediterranean, Central Asia  
Department; International Services  
Department; Evaluation Unit

**Thorsten Schäfer-Gümbel**

Areas of responsibility: Human Re-  
lations Department; Academy for  
International Cooperation; Procure-  
ment, Property, Contracting, Inter-  
national Language Services Depart-  
ment; Asia, Pacific, Latin America,  
Caribbean Department; Data Protec-  
tion; Compliance and Integrity Unit;  
Auditing Unit

As at: 31 December 2021

## REMUNERATION

The remuneration received by members of the Management Board generally includes a fixed salary and a variable component. For members of the Management Board currently employed, the total remuneration in fiscal 2021 was €757,630.

As at 31 December 2021, in addition to an employer-financed provident fund commitment of €87,835, GIZ had indirect pension obligations totalling €1,589,570 towards currently serving members of the Management Board. In 2021, GIZ transferred €164,102 to GIZ Unterstützungskasse GmbH and €116,761 to Alte Leipziger Unterstützungskasse e.V. in order to fund these pension commitments.

in €	Fixed salary	Variable remuneration	Total
Tanja Gönner	267,267	41,783	309,050
Thorsten Schäfer-Gümbel	204,020	26,750	230,770
Ingrid-Gabriela Hoven	204,020	0	204,020
Other remuneration components			13,790
<b>Total remuneration</b>			<b>757,630</b>

In 2021, members of the Supervisory Board were solely reimbursed for their travel costs of €7,411. There was no further remuneration. Benefits totalling €2,836 were paid to one former member of the Management Board.

A provision of €366,240 has been recognised to cover transitional allowances for former managing directors and former members of the Management Board. Transitional allowance payments in fiscal 2021 totalled €105,960. Indirect pension obligations towards former managing directors and former members of the Management Board totalled €14,303,280.

## LOANS TO ORGANS OF THE COMPANY

There are no longer any loans to employees on the Supervisory Board.

## DECLARATION OF CONFORMITY BY THE SUPERVISORY BOARD AND MANAGEMENT BOARD

The Supervisory Board and Management Board declare that the Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ) GmbH has complied, and will continue to comply, with the regulations and recommendations set out in the Public Corporate Governance Code of the Federal Republic except in those cases set out in section III of this report.

Bonn/Eschborn, 17 May 2022

The Management Board

Tanja Gönner  
Chair of the  
Management Board

Ingrid-Gabriela Hoven  
Member of the  
Management Board

Thorsten Schäfer-Gümbel  
Member of the  
Management Board

# APPENDIX TO THE NOTES:

## CHANGES IN FIXED ASSETS IN FISCAL 2021

	Cost of acquisition or production					31.12.21 in €
	Carry forward 1.1.2021	Grant-financed fixed assets <sup>1</sup> Additions	Additions	Reclassi- fications	Retirements	
	in €	in €	in €	in €	in €	
<b>I. Intangible assets</b>						
1. Purchased conces- sions, industrial prop- erty rights and similar rights and assets as well as licences to such rights and assets	11,564,004	0	762,076	0	1,270,991	11,055,089
2. Advance payments	0	0	2,213,185	0	0	2,213,185
	11,564,004	0	2,975,261	0	1,270,991	13,268,274
<b>II. Tangible assets</b>						
1. Land, land rights and buildings including buildings on third- party land	392,854,942	0	560,974	-105,143	1,559	393,309,214
2. Other plant, operating and office equipment	66,481,363	-303,138	6,307,227	14,543	8,351,539	64,451,594
3. Advance payments and assets under construction	14,543	0	61,421,345	90,600	0	61,526,488
	459,350,848	-303,138	68,289,546	0	8,353,098	519,287,296
<b>III. Financial assets</b>						
1. Shares in affiliated companies	25,000	0	0	0	0	25,000
2. Participating interests	535,862	0	0	0	0	535,862
3. Securities held as fixed assets	202,667,845	0	0	0	0	202,667,845
4. Other loans	306,350	0	0	0	66,546	239,804
5. Claims from adminis- trative costs credit	18,560,000	0	0	0	0	18,560,000
	222,095,057	0	0	0	66,546	222,028,511
	693,009,909	-303,138	71,264,807	0	9,690,635	754,584,081

<sup>1</sup> Acquisition costs were offset against the investment grants.

There may be rounding differences of +/- one unit.

	Amortisation and depreciation					Carrying amounts	
	Carry forward 1.1.2021	In the fiscal year	Reclassi- fications	Additions	Retirements	31.12.2021	31.12.2020
	in €	in €	in €	in €	in €	in €	in €'000
	7,142,306	1,384,862	0	0	1,198,849	7,328,319	3,726,770
	0	0	0	0	0	0	2,213,185
	7,142,306	1,384,862	0	0	1,198,849	7,328,319	5,939,955
	81,097,269	9,561,089	0	0	1,559	90,656,799	302,652,415
	41,664,067	8,430,150	0	58	7,846,211	42,247,948	22,203,646
	0	0	0	0	0	0	61,526,488
	122,761,336	17,991,239	0	58	7,847,770	132,904,747	386,382,549
	0	0	0	0	0	0	25,000
	0	0	0	0	0	0	535,862
	0	0	0	0	0	0	202,667,845
	45,484	0	0	0	13,073	32,411	207,393
	0	0	0	0	0	0	18,560,000
	45,484	0	0	0	13,073	32,411	221,996,100
	129,949,126	19,376,101	0	58	9,059,692	140,265,477	614,318,604

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**AUDITOR'S  
REPORT**

## INDEPENDENT AUDITOR'S REPORT

To Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ) GmbH, Bonn/Eschborn

### AUDIT OPINIONS

We have audited the annual financial statements of Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ) GmbH, Bonn/Eschborn, which comprise the balance sheet as at December 31, 2021, and the statement of profit and loss for the financial year from January 1 through December 31, 2021, and notes to the financial statements, including the presentation of the recognition and measurement policies. In addition, we have audited the management report of Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ) GmbH, for the financial year from January 1 to December 31, 2021. In accordance with the German legal requirements, we have not audited the content of the statement on corporate governance pursuant to § [Article] 289f Abs. [paragraph] 4 HGB [Handelsgesetzbuch: German Commercial Code] (disclosures regarding women's quota).

In our opinion, on the basis of the knowledge obtained in the audit,

- the accompanying annual financial statements comply, in all material respects, with the requirements of German commercial law and give a true and fair view of the assets, liabilities and financial position of the Company as at December 31, 2021 and of its financial performance for the financial year from January 1 to December 31, 2021 in compliance with German Legally Required Accounting Principles, and
- the accompanying management report as a whole provides an appropriate view of the Company's position. In all material respects, this management report is consistent with the annual financial statements, complies with German legal requirements and appropriately presents the opportunities and risks of future development. Our audit opinion on the management report does not cover the content of the corporate governance statement mentioned above.

Pursuant to § [Article] 322 Abs. [paragraph] 3 Satz [sentence] 1 HGB [Handelsgesetzbuch: German Commercial Code], we declare that our audit has not led to any reservations relating to the legal compliance of the annual financial statements and of the management report.

## BASIS FOR THE AUDIT OPINIONS

We conducted our audit of the annual financial statements and of the management report in accordance with § 317 HGB and in compliance with German Generally Accepted Standards for Financial Statement Audits promulgated by the Institut der Wirtschaftsprüfer [Institute of Public Auditors in Germany] (IDW). Our responsibilities under those requirements and principles are further described in the "Auditor's Responsibilities for the Audit of the Annual Financial Statements and of the Management Report" section of our auditor's report. We are independent of the Company in accordance with the requirements of German commercial and professional law, and we have fulfilled our other German professional responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions on the annual financial statements and on the management report.

### OTHER INFORMATION

The executive directors are responsible for the other information. The other information comprises the statement on corporate governance pursuant to § 289f Abs. 4 HGB (disclosures regarding women's quota) as an unaudited part of the management report.

Our audit opinions on the annual financial statements and on the management report do not cover the other information, and consequently we do not express an audit opinion or any other form of assurance conclusion thereon.

In connection with our audit, our responsibility is to read the other information mentioned above and, in so doing, to consider whether the other information

- is materially inconsistent with the annual financial statements, with the management report disclosures audited in terms of content or with our knowledge obtained in the audit, or
- otherwise appears to be materially misstated.

## RESPONSIBILITIES OF THE EXECUTIVE DIRECTORS AND THE SUPERVISORY BOARD FOR THE ANNUAL FINANCIAL STATEMENTS AND THE MANAGEMENT REPORT

The executive directors are responsible for the preparation of the annual financial statements that comply, in all material respects, with the requirements of German commercial law, and that the annual financial statements give a true and fair view of the assets, liabilities, financial position and financial performance of the Company in compliance with German Legally Required Accounting Principles. In addition, the executive directors are responsible for such internal control as they, in accordance with German Legally Required Accounting Principles, have determined necessary to enable the preparation of annual financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the annual financial statements, the executive directors are responsible for assessing the Company's ability to continue as a going concern. They also have the responsibility for disclosing, as applicable, matters related to going concern. In addition, they are responsible for financial reporting based on the going concern basis of accounting, provided no actual or legal circumstances conflict therewith.

Furthermore, the executive directors are responsible for the preparation of the management report that as a whole provides an appropriate view of the Company's position and is, in all material respects, consistent with the annual financial statements, complies with German legal requirements, and appropriately presents the opportunities and risks of future development. In addition, the executive directors are responsible for such arrangements and measures (systems) as they have considered necessary to enable the preparation of a management report that is in accordance with the applicable German legal requirements, and to be able to provide sufficient appropriate evidence for the assertions in the management report.

The supervisory board is responsible for overseeing the Company's financial reporting process for the preparation of the annual financial statements and the management report.

## AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE ANNUAL FINANCIAL STATEMENTS AND OF THE MANAGEMENT REPORT

Our objectives are to obtain reasonable assurance about whether the annual financial statements as a whole are free from material misstatement, whether due to fraud or error, and whether the management report as a whole provides an appropriate view of the Company's position and, in all material respects, is consistent with the annual financial statements and the knowledge obtained in the audit, complies with the German legal requirements and appropriately presents the opportunities and risks of future development, as well as to issue an auditor's report that includes our audit opinions on the annual financial statements and on the management report.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with § 317 HGB and in compliance with German Generally Accepted Standards for Financial Statement Audits promulgated by the Institut der Wirtschaftsprüfer (IDW) will always detect a material misstatement. 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 annual financial statements and this management report.

We exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the annual financial statements and of the management report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our audit opinions. 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 controls.



- Obtain an understanding of internal control relevant to the audit of the annual financial statements and of arrangements and measures (systems) relevant to the audit of the management report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an audit opinion on the effectiveness of these systems of the Company.
- Evaluate the appropriateness of accounting policies used by the executive directors and the reasonableness of estimates made by the executive directors and related disclosures.
- Conclude on the appropriateness of the executive directors' 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 the auditor's report to the related disclosures in the annual financial statements and in the management report or, if such disclosures are inadequate, to modify our respective audit opinions. 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 the Company to cease to be able to continue as a going concern.
- Evaluate the overall presentation, structure and content of the annual financial statements, including the disclosures, and whether the annual financial statements present the underlying transactions and events in a manner that the annual financial statements give a true and fair view of the assets, liabilities, financial position and financial performance of the Company in compliance with German Legally Required Accounting Principles.
- Evaluate the consistency of the management report with the annual financial statements, its conformity with German law, and the view of the Company's position it provides.
- Perform audit procedures on the prospective information presented by the executive directors in the management report. On the basis of sufficient appropriate audit evidence we evaluate, in particular, the significant assumptions used by the executive directors as a basis for the prospective information, and evaluate the proper derivation of the prospective information from these assumptions. We do not express a separate audit opinion on the prospective information and on the assumptions used as a basis. There is a substantial unavoidable risk that future events will differ materially from the prospective information.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.”

Frankfurt am Main, May 17, 2022

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