

# ANNUAL STATEMENT OF ACCOUNTS 2013

GIZ. SOLUTIONS THAT WORK.

Deutsche Gesellschaft  
für Internationale Zusammenarbeit (GIZ) GmbH

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## REPORT OF THE SUPERVISORY BOARD

In the year under review, the Supervisory Board was continuously informed on management policy, the state of operations, and the liquidity and profitability of the company.

Five meetings of the Supervisory Board and one meeting of the Audit Committee were held in fiscal year 2013.

The auditors KPMG Aktiengesellschaft Wirtschaftsprüfungsgesellschaft examined 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 an accurate overall picture of the company's circumstances and of the opportunities and risks for its future development.

At its meeting on 23 June 2014, the Supervisory Board approved the findings of the audit of the annual statement of accounts for 2013 carried out by the auditors and the Supervisory Board Audit Committee. The findings did not give rise to any objections.

The Supervisory Board recommends that the shareholder adopt the annual statement of accounts 2013 and give formal approval to the acts of the Management Board.

Berlin, 23 June 2014

Dr Friedrich Kitschelt  
Chairman of the Supervisory Board

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## MANAGEMENT REPORT FOR THE FISCAL YEAR 2013

### 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 and innovation are at the heart of GIZ's activities as a modern, commercially run enterprise.

GIZ operates in more than 130 countries worldwide. In Germany, the company operates in nearly all the federal states. Thanks to its long-standing local presence and global networks encompassing politics, business and civil society, GIZ is well placed to establish successful partnerships with a wide range of stakeholders.

We have more than 16,000 staff across the globe. Over 80% are based outside Germany (including those employed locally as national personnel). A further 869 experts are currently on assignments for GIZ in the role of development workers. The Centre for International Migration and Development (CIM)<sup>1</sup> places experts with local employers in partner countries. At the end of 2013, 488 integrated experts were employed directly by organisations and private businesses in partner countries. In 2013, GIZ also provided financial, advisory and other support to 439 returning experts who had chosen to return to their country of origin in order to put their know-how to good use there.

GIZ's activities focus on the transfer of know-how and the development of expertise across a broad spectrum: economic development and employment; governance and democracy; peacebuilding, security, reconstruction and civil conflict transformation; food security, health and basic education; 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 advice, training and skills development through to networking, dialogue, mediation, management and logistics services.

The German Federal Ministry for Economic Cooperation and Development (BMZ) is our most important source of commissions. GIZ also works on behalf of other federal ministries (including the Federal Foreign Office; the Federal Ministry for the Environment, Nature Conservation, Building and Nuclear Safety; the Federal Ministry of Defence; the Federal Ministry for Economic Affairs and Energy; and the Federal Ministry of Education and Research), the German *Länder* (federal states) and municipalities, and public and private sector clients in Germany and abroad. These include governments of other countries, the European Union (EU), the United Nations and the World Bank. GIZ works in close partnership with the private sector and helps its clients to effectively combine development and foreign trade activities.

<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.

#### B. Strategy

Our strategic orientation and the range of services we offer are shaped above all by political, economic and social changes. These are driven in turn by global trends and regional upheaval. The framework for GIZ's activities as a federal enterprise is determined by the policies and priorities of the German Government and the latter's role in global processes.

In today's world, the shape of international cooperation is dictated by globalisation and the worldwide realignment of economic and political power. These forces also change the nature and focus of development cooperation. The emergence of new stakeholders, new issues and new approaches reflects this change. By way of example, emerging economies are playing an increasingly important role in the political, commercial and social development of their region and in shaping and implementing global agendas. It is vital for institutions from Germany and the rest of Europe to engage in regular dialogue with these countries, as this allows us to develop joint positions at meetings of bodies such as the G20 (group of the most important industrialised countries and emerging economies) and at climate or security conferences. These countries have shown particular interest in areas where Germany has developed forward-looking solutions, e.g. the social market economy, renewable energy, environmental protection, social security systems, support for small and medium-sized enterprises (SMEs) and the dual vocational training system.

At the same time, despite clear progress over the last twenty years, poverty, inequality and vulnerability remain major global challenges. Sub-Saharan Africa is still the subcontinent with the highest proportion of people living in absolute poverty. This is a result of weak governance systems, ethnic conflict, low levels of education and rapid population growth. However, even emerging market countries such as India and Brazil have not yet resolved the issue of poverty. They are marked by a growing disparity in terms of wealth and income, and this frequently generates social tension.

Increasingly, the international cooperation agenda is also dominated by security, fragility and post-conflict issues. Up to 50 countries around the world are classified as fragile states. Political, economic and social instability in these countries has an impact on Germany's own foreign, security and economic interests.

Finally, sustainable solutions that contribute to worldwide climate stability and protect other public goods in the environmental field are inconceivable without an international framework of rules and supranational regulation. Progress in this area depends on effective implementation at national level and on new financing mechanisms such as the Green Climate Fund.

With regard to our stakeholders, the EU is emerging alongside the German Government as GIZ's most important source of new commissions and frame of reference. Both the EU's foreign aid and internal programmes offer tremendous potential for GIZ. Last year the company was awarded several commissions in Greece spanning health care, renewable energy promotion and local government. Countries such as Romania and Bulgaria have also shown considerable interest in the support offered by GIZ.

Private sector companies, investors and foundations are all playing a growing role. They can mobilise additional resources and contribute fresh know-how in the area of international cooperation for sustainable development. Over recent years, GIZ has significantly increased the range of services it offers to this group of customers, expanded its network and positioned itself as a provider in this field.

Looking ahead, we plan to consolidate and intensify this process of transformation in response to the national and international contexts outlined above. We aim to further diversify our client and portfolio structure while maintaining our established pattern of growth. GIZ's goal is to become the world's leading provider of international cooperation services for sustainable development. To this end, our long-term corporate plan for 2014 to 2016 specifies four strategic priorities:

### Create visible added value for GIZ's shareholder

As a federal enterprise, GIZ intends to focus even more on ways of creating visible added value for the Federal Government as a whole – both in public-benefit business and its taxable business activities. This added value could take the form of development results, outcomes that enhance Germany's international profile and support for German foreign, economic and security interests. The company is also strengthening its role as an implementing organisation for the entire Federal Government and with this goal in mind plans a further expansion of its service portfolio. GIZ intends to maintain its present course, restructure its core business to encompass a broader definition of development cooperation, introduce new forms of international cooperation for sustainable development and open up new areas of business in line with the mandate established by its corporate purpose.

With the support of the German Federal Government, GIZ is taking steps to add a European dimension to its wider identity. As an 'eligible entity' it will be in a position to implement EU policies even more effectively.

### Efficiently deliver excellent services to our commissioning parties and partners

GIZ will engage in continuous dialogue with its commissioning parties and partners in order to identify new requirements and expectations and will adapt its portfolio of services and the range of instruments it employs accordingly. In this context, the measures implemented by GIZ will be chosen for their breadth of impact. We plan to focus more effectively and at an earlier stage on the potential for upscaling and to structure the implementation process with this in mind. Our aim is to increase the impact of the resources used in projects and programmes and to demonstrate success in the form of data, facts and figures. In doing so, it is vital that we continue to work closely and on a basis of trust with our local partner organisations – one of GIZ's particular strengths – and strengthen that cooperation where required.

We will consistently implement the specific recommendations for action that emerged from the two strategic projects in 2013 entitled Efficiency for Growth and Quality Assurance in Line

Management. Our goal here is to achieve further gains in process efficiency and in the quality of results. As another means of boosting efficiency, GIZ plans to expand its current incentive mechanisms. This will help us to realise potential cost savings during the implementation of projects.

### Develop products and markets successfully

GIZ plans to step up its joint product development and marketing links with approved external cooperation partners in selected areas that specifically relate to Germany, e.g. the energy revolution, dual vocational training, social security and SME promotion. We aim to position ourselves more effectively in the 'security, fragility and post-conflict' field. This will also involve developing a broader portfolio and improving our capacity to deliver services.

GIZ will continue its drive to open up new markets within the framework of the EU's foreign aid and internal programmes. To this end, we will need to focus on strengthening our representation in Brussels and consistently implementing the revised EU strategy. We will also increase our efforts to form consortia with implementing organisations in other EU member states with a view to acquiring large-scale 'delegated cooperation arrangements' and commissions from the EU.

GIZ will establish new branches and, where required, new subsidiaries in order to develop its capacity to pursue new business models – both in its core operations and in new areas.

### Assign the best staff and teams for global sustainable development

GIZ cannot meet these challenges without well-qualified and highly motivated employees. Our human resources tools and management guidelines are designed to assign the right person to the right job and to harness the potential and commitment of our staff effectively. The biggest challenges we face lie in the increasing diversity of our work and our growing involvement in fragile contexts. There are many situations in which we need to recruit appropriately qualified personnel from the wider labour market. As demonstrated in numerous rankings, GIZ has established an attractive profile as an employer and will need

to maintain this reputation in order to find the right people for its assignments. GIZ's focus on sustainable development, its interdisciplinary approach, the international profile of its teams and its participatory management culture all contribute to its appeal and help to ensure that even relatively short periods of employment are seen as a valuable career experience.

Whether seconded or national experts, development workers, integrated or returning experts, consultants, appraisers or cooperation partners, we regularly combine diverse groups of employees into successful teams. Our ability to do so reflects our firm commitment to diversity and a solid organisational culture.

### C. New markets

Within the EU, GIZ is particularly focused on the Danube region and the expansion of its activities in Greece. The EU's development strategy for the Danube region offers tremendous potential. A dedicated line of grant-based funding will be set up to facilitate the implementation of this strategy from 2015. The EU is currently examining a whole range of other project ideas in the fields of renewable energy and nature conservation. These proposals were drawn up in close collaboration with the federal state governments in Baden-Württemberg and Bavaria. The first commissions are likely to be awarded in 2014.

In Greece, GIZ is currently in the process of implementing three projects, two of which are financed by the EU Commission and one by the German Federal Ministry for the Environment, Nature Conservation, Building and Nuclear Safety. The project to strengthen local government aims to advise local authorities on the planning and implementation of their development programmes and reforms while making more effective use of the funds available to them. In another project, GIZ is advising the Greek Ministry of Health on the implementation of structural reforms designed to improve the efficiency and effectiveness of the country's health care system. The third of these projects, carried out on behalf of the German Federal Ministry for the Environment, Nature Conservation, Building and Nuclear Safety and the EU Commission, involves providing expertise on reforms in Greece's renewable energy

sector and promoting an exchange of knowledge and lessons learned between Germany and Greece.

At present, GIZ is also positioning itself in Germany with solutions designed to meet the country's need for more skilled workers. In response to the related shortage, GIZ is working with the German Federal Employment Agency to attract qualified personnel from other countries to the national labour market. To date, for example, we have prepared 600 qualified health care workers from Serbia, Bosnia-Herzegovina and the Philippines for employment in Germany by providing appropriate language, skills and intercultural training. Half of them have already received a contract of employment in Germany.

### D. Operating framework

In terms of potential revenue, the main factors affecting GIZ's financial position are the size of the Federal Government budget and the spending plans of the individual ministries that commission services from GIZ. The amount allocated to BMZ in 2013 (Budget no. 23) was EUR 6,296 million. This is equivalent to a reduction of EUR 87 million compared with the anticipated budget for the previous year.

GIZ derives its biggest commissions and revenue from BMZ's budget item 896 03 entitled 'Bilateral technical cooperation'. The cash appropriation designated for this 'technical cooperation' budget<sup>2</sup> was EUR 1,119 million. This cash appropriation for technical cooperation (TC) was increased during the year due to a transfer of around EUR 31 million from within the overall BMZ budget. GIZ's total revenue from this budget item in 2013 stood at EUR 1,120 million.

In addition to the commissions from BMZ, GIZ also receives commissions from other German Public Sector Clients, primarily from the German Federal Foreign Office, the Federal Ministry for the Environment, Nature Conservation, Building and Nuclear Safety, the Federal Ministry for Economic Affairs and Energy and the Federal Ministry of Defence.

<sup>2</sup> The same budget item is also used for other TC organisations: the Physikalisch-Technische Bundesanstalt (PTB) (Germany's national metrology institute) and the Federal Institute for Geosciences and Natural Resources (BGR).

The commissions awarded to GIZ from German Federal Government budgets are supplemented by commissions from other donors in the form of cofinancing for joint projects with BMZ and other German Public Sector Clients. This method of financing involves third parties providing additional funds for measures to be carried out by GIZ on behalf of a federal ministry. The list of key external donors includes the EU, the Australian Agency for International Development (AusAID), the UK's Department for International Development (DFID) and the Netherlands' Directorate-General for International Cooperation (DGIS).

With the consent of the German Federal Government, GIZ also accepts commissions from national governments, bilateral donors, UN organisations and agencies, and international financial institutions. As a general rule, these commissions are implemented through GIZ's taxable business arm, International Services (IS).

## E. Total operating performance

GIZ can report a positive set of results for 2013 in terms of business volume and new commissions, both of which were again at a high level.

At EUR 1,931 million<sup>3</sup>, the total figure for business volume was EUR 161 million (8%) below the forecast of EUR 2,092 million. As anticipated when we drew up our forecast, it was not possible to match the previous year's total business volume of EUR 2,104 million. The main reasons for this lower than expected figure in 2013 were changes in the Federal Government budget, delays in the provision of services for IS projects and (in the first half of the year) a downturn in the volume of new commissions received by IS. The total volume of new commissions received by GIZ in 2013 was EUR 2,292 million. This exceeded both our forecast of EUR 2,258 million and the previous year's total of EUR 2,285 million. This positive development is mainly attributable to GIZ's success in attracting third-party funds under cofinancing arrangements linked to commissions received from BMZ and German Public Sector Clients.

GIZ's control parameter is the key ratio used in the public-benefit sector to limit management costs at Head Office level. Reflecting the company's revenue for 2013 and projections for the next few years, at the end of 2013 the control parameter stood at 12.5%, up 0.4 percentage points on the previous year.

IS again recorded a negative operating result<sup>4</sup> of EUR –1.2 million. This nevertheless represents a substantial increase on the previous year's total of EUR –4.1 million and is due in part to the package of measures launched in 2013 with the aim of increasing the company's income at project level while reducing its overheads.

<sup>3</sup> Revenue in the public-benefit sector plus total business volume at IS.

<sup>4</sup> The operating result is calculated by deducting tax expenses and the financial result from the company's net income. The financial result is adjusted to exclude interest expenses for provisions.

## II. ASSETS, FINANCIAL POSITION AND INCOME

### A. Assets

The balance sheet total fell slightly during the year under review by EUR 2 million, from EUR 1,219 million to EUR 1,217 million.

Fixed assets rose from EUR 322 million to EUR 438 million. The main factors underlying this increase of EUR 116 million (36%) were additions of EUR 80 million to the security-based investment funds and advance payments made by GIZ for the ongoing construction of two office buildings in Eschborn and Bonn.

Whereas the figure for advance payments showed another rise (EUR 14 million), goods and services not yet invoiced fell by EUR 8 million (19%) to EUR 32 million. Overall, this change produced a small increase of EUR 6 million (2%) in the figure for inventories from EUR 280 million to EUR 286 million.

Receivables and other assets were down by EUR 23 million from EUR 302 million to EUR 279 million. This was primarily due to a decline of EUR 44 million in project assets, both in the public-benefit sector and in IS. Within the public-benefit sector, the main reason for this decline was the high reporting figure for project assets in the previous year as a result of an intra-year cash

transfer from the European Development Fund (EDF). The lower business volume in IS also caused a reduction in project assets. This decline is partly offset by an increase of EUR 10 million in other assets at IS to EUR 16 million. As in the previous year, this was primarily due to the recognition of construction costs incurred for an IS project in Ethiopia that GIZ can charge to the client. These costs are shown as a transient item under other assets. An equivalent sum in terms of advance payments already received from the client for this IS project is shown under other liabilities.

Equity fell by EUR 2.9 million on account of the negative figure for net income, which was balanced by a release from the reserves as established by the Articles of Association. With equity lower, the equity ratio<sup>5</sup> stood at 5.5%, down 0.2 percentage points compared with the previous year.

Overall provisions rose by EUR 56 million from EUR 512 million to EUR 568 million. The increase of EUR 58 million in provisions for pensions was partly offset by a decline of EUR 2 million in other provisions. Various factors led to the above increase in provisions for pensions. These included newly acquired pension entitlements, a reduction in the discounting rate and the addition of the difference between pension provisions required under old and new legislation.

Liabilities fell by EUR 54 million from EUR 630 million to EUR 577 million. While advance payments received declined by EUR 67 million, there were increases in both trade accounts payable (up EUR 3 million) and other liabilities (up EUR 10 million). The decline in advance payments received was due in the public-benefit sector to a fall in revenue and in IS to a reduction in total business volume. The increase in other liabilities in IS is attributable to the recognition as a further transient item of construction costs incurred for an IS project in Ethiopia that GIZ can charge to the client.

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

## B. Income

Turnover for fiscal 2013 was EUR 27 million (1 %) lower at EUR 1,945 million. The following table shows the distribution across business areas:

Total operating performance	2013			2012			Change	
	Public-benefit sector	International Services	Total	Public-benefit sector	International Services	Total	Total	
	in € millions	in € millions	in € millions	in € millions	in € millions	in € millions	in € millions	in %
Turnover	1,755	190	1,945	1,737	235	1,972	-27	-1
Changes in inventory	4	-12	-8	0	-5	-5	-3	60
<b>Total operating performance</b>	<b>1,759</b>	<b>178</b>	<b>1,937</b>	<b>1,737</b>	<b>230</b>	<b>1,967</b>	<b>-30</b>	<b>-2</b>

At EUR -27 million, the financial result<sup>6</sup> was down by EUR 5 million on the previous year's figure of EUR -22 million. The main factors here were a rise in interest expenses as a result of appropriations to pension provisions and the low interest rates available on the capital market. The overall net loss for the year was EUR 2.9 million (2012: net loss of EUR 2.7 million).

The following table shows net income according to business area:

Net income	2013		2012		Change	
	in € millions	in %				
Public-benefit sector	-1.5	1.6	-3.1	>100		
IS	-1.4	-4.3	2.9	67		
<b>GIZ total</b>	<b>-2.9</b>	<b>-2.7</b>	<b>-0.2</b>	<b>-7</b>		

The negative result for net income in IS represents an improvement on the previous year.

In GIZ's public-benefit operations, the negative figure for net income is largely attributable to measures implemented and financed by the company itself<sup>7</sup> and to the agreed share that GIZ is obliged to pay as the sending organisation as part of the 'weltwärts with GIZ' programme.

## C. Financial position

As per the balance sheet date, cash and bank balances stood at EUR 213 million, down EUR 99 million on the year-end figure of EUR 312 million for 2012. Out of this total, EUR 14 million is attributable to IS and EUR 199 million to public-benefit business. This reduction is mainly due to transfers of EUR 80 million to the existing security-based investment funds.

<sup>6</sup> The financial result is made up of income from long-term investments and other interest income less amortisation on long-term investments and interest expenses.

<sup>7</sup> In accordance with its Articles of Association, GIZ as a public-benefit company uses its profits exclusively for public-benefit purposes (as defined in the Articles of Association) by carrying out GIZ-financed measures.

## III. ECONOMIC SITUATION

### A. General observations

GIZ's overall results for 2013 present a stable picture. Both new commissions (EUR 2,292 million) and business volume (EUR 1,931 million) were at a high level.

Apart from new commissions and business volume, two other important indicators of GIZ's performance are the control parameter (for the public-benefit sector) and the operating result (for IS).

GIZ's control parameter is the key ratio for limiting Head Office costs. It is the ratio between management costs and the four-year average of revenue from the public-benefit sector. The control parameter for fiscal 2013 stood at 12.5 %, 0.4 percentage points up on the previous year's figure of 12.1 %. This was mainly due to a reduction in projected future revenue, which affects the control parameter through the four-year average.

At IS, the operating result for fiscal 2013 stood at EUR -1.2 million, compared with a figure of EUR -4.1 million in 2012. This improvement was partly achieved by measures to reduce overhead costs and boost income from projects.

### B. Business volume

The figure for total business volume in 2013 was EUR 1,931 million. This represents a decline of EUR 173 million (8 %) compared with 2012.

It should be noted that the figure for 2012 includes an exceptional item in the form of a substantial intra-year cash transfer (approximately EUR 220 million) from the EDF, part of which was credited to the TC budget. As such, it is not possible to make a direct comparison with the previous year.

The 2013 figure for total business volume comprises revenue of EUR 1,753 million from the public-benefit sector and a total operating performance of EUR 178 million at IS. The public-benefit sector thus contributed 91 % to the total figure, a rise of 2 percentage points on the previous year. Within the public-benefit sector as a whole, the biggest share of revenue was again generated from BMZ. However, while the proportion generated from German Public Sector Clients showed an increase on the figure for 2012, this could not fully compensate for the downturn in revenue from BMZ. Compared with the previous year, the total operating performance of IS was 23 % lower.

The following table shows the year-on-year change in business volume at GIZ and the contributions made by the company's business areas and sectors to the total:

Business volume	Actual 2013		Actual 2012		Change 2013 to 2012
	in € millions	Share in %	in € millions	Share in %	
Public-benefit sector total	1,753	91	1,874	89	-6
of which, BMZ	1,464	76	1,627	77	-10
of which, German Public Sector Clients	265	14	209	10	26
of which, grants	24	1	37	2	-35
of which, small-scale measures in the public-benefit sector	0	0	0	0	>100
IS	178	9	230	11	-23
<b>GIZ total</b>	<b>1,931</b>	<b>100</b>	<b>2,104</b>	<b>100</b>	<b>-8</b>

The following section outlines the business volume situation within each of GIZ's business areas.

### Revenue in the public-benefit sector

In 2013, the public-benefit sector generated total revenue of EUR 1,753 million, down EUR 121 million (6%) on the figure for 2012.

Revenue from BMZ commissions came to EUR 1,464 million. Out of this total, the amounts derived from individual BMZ budgets were EUR 1,120 million from 'Technical cooperation', EUR 40 million from 'International cooperation with regions for sustainable development' and EUR 134 million from other BMZ budgets. The overall figure was down EUR 164 million (10%) on the previous year. As explained above, this was mainly due to a cash transfer from the EDF in 2012. Any comparison between the total revenue figures for 2012 and 2013 must bear in mind this substantial non-recurring item.

In 2013, third-party cofinancing of BMZ commissions generated total revenue of EUR 170 million. This was around EUR 9 million (5%) down on the previous year. The biggest contributions to cofinancing revenue came from the EU (EUR 50 million), AusAID (EUR 23 million), DFID (EUR 18 million) and DGIS (EUR 18 million).

German Public Sector Clients contributed around EUR 265 million to GIZ's total revenue. This increase of EUR 55 million (26%) on the total for 2012 was mainly due to high levels of revenue from the Federal Foreign Office and the Federal Ministry for the Environment, Nature Conservation, Building and Nuclear Safety as well as third-party cofinancing revenue linked to commissions from German Public Sector Clients.

Commission revenue from the German Federal Foreign Office reached EUR 119 million. In addition to numerous small-scale projects, this year-on-year increase of EUR 30 million (33%) is primarily attributable to major projects in Afghanistan totalling EUR 58 million and a new initiative in Syria in support of the reconstruction and transition process (EUR 12.5 million).

GIZ's work on behalf of the Federal Ministry for the Environment, Nature Conservation, Building and Nuclear Safety generated EUR 87 million, an increase of EUR 17 million (24%) on the previous year. This revenue was mainly generated from projects linked to the International Climate Initiative (IKI; EUR 60 million) and the Special Energy and Climate Fund (EKF; EUR 24 million).

Revenue from third-party donors came to EUR 9 million. This represents an increase of EUR 6 million compared with the previous year. This positive development was mainly driven by the cofinancing of commissions from the German Federal Foreign Office (e.g. in Syria and the Palestinian territories).

### Total operating performance of GIZ IS

In 2013, the IS business area achieved a total operating performance of EUR 178 million. This was down EUR 52 million (23%) on the previous year. The main factors behind this downturn were delays in awarding commissions, potential commissions that did not materialise (e.g. in Saudi Arabia, Libya and Qatar) and delays in the provision of services for ongoing projects, especially in Africa.

In terms of funding providers, the biggest contribution to IS's total operating performance in 2013 came from national governments, which accounted for EUR 60 million. Commissions from the EU (EUR 40 million) and various UN organisations (EUR 34 million) also boosted the IS business area's total operating performance.

## C. New commissions and orders on hand

### Commissions

In fiscal 2013, GIZ received commissions totalling EUR 2,292 million. This was on a par with the previous year's figure of EUR 2,285 million. Although the volume of new commissions in the public-benefit sector was up by EUR 56 million (3%), IS recorded a year-on-year downturn of EUR 49 million (24%).

The public-benefit sector and IS accounted for EUR 2,137 million and EUR 156 million respectively out of the total for 2013. Accordingly, the proportion of all new commissions generated by the public-benefit sector rose by 2 percentage points compared with the previous year. Within this sector, an increase in the proportion of new commissions attributable to German Public Sector Clients reflected a similar shift in business volume (see III. B above).

The following table shows the year-on-year change in the volume of new commissions at GIZ and the contributions made by the company's business areas and sectors to the total.

New commissions	Actual 2013	Share	Actual 2012	Share	Change 2013 to 2012
	in € millions	in %	in € millions	in %	in %
Public-benefit sector total	2,136.6	93	2,080.4	91	3
of which, BMZ	1,714.7	75	1,772.2	78	-3
of which, German Public Sector Clients	350.7	15	285.3	12	23
of which, grants	71.2	3	22.7	1	>100
of which, small-scale measures in the public-benefit sector	0.0	0	0.2	0	-100
IS	155.8	7	204.6	9	-24
<b>GIZ total</b>	<b>2,292.4</b>	<b>100</b>	<b>2,285.0</b>	<b>100</b>	<b>0</b>

Trends in the level of new orders received by each GIZ business sector are explained below.

### New commissions in the public-benefit sector

In 2013, the public-benefit sector received new commissions with a total value of around EUR 2,137 million. This year-on-year increase of EUR 56 million (3%) was achieved despite the fact that the total BMZ figure for new commissions in 2012 was boosted by an exceptional intra-year cash transfer. The improvement was largely driven by successful acquisitions from German Public Sector Clients and third-party donors.

New commissions from BMZ totalled EUR 1,715 million. The lower figure compared with 2012 (EUR 1,772 million) is due to the exceptional item referred to above. It is particularly worth noting the year-on-year change in new commissions from third-party donors for the cofinancing of BMZ commissions. At EUR 242 million, the total in this category was EUR 25 million (12%) up on the previous year. There were particularly substantial rises in new commissions from DFID (up EUR 72

million to EUR 91 million) and the Swiss Agency for Development and Cooperation (SDC) (up EUR 16 million to EUR 27 million). The main locations for large-scale cofinancing projects were Bangladesh, Tajikistan and South Sudan.

The total volume of commissions received from German Public Sector Clients came to EUR 351 million. This was up EUR 65 million (23%) on the figure for 2012. This increase was mainly driven by new commissions from the Federal Ministry for the Environment, Nature Conservation, Building and Nuclear Safety and the Federal Ministry of the Interior/Federal Office of Administration and by cofinancing agreements. GIZ received new commissions totalling EUR 31 million for the cofinancing of German public-sector projects. This represents an increase of EUR 24 million compared with the previous year.

### New commissions at GIZ IS

In 2013, IS generated new commissions with a total value of EUR 156 million. This represents a decline of EUR 49 million (24%) compared with 2012.

The biggest commissions received by IS were from the EU. At EUR 68 million, this total was almost double that of the previous year (EUR 36 million). In addition, new commissions from bilateral donors rose by EUR 4 million (33%) to EUR 17 million.

### Orders on hand

As at 31 December 2013, the volume of orders on hand at GIZ stood at EUR 3,802 million. This was up EUR 235 million (7%) on the year-end figure for 2012.

The total volume of orders on hand was divided between the public-benefit sector (EUR 3,487 million) and IS (EUR 315 million). The total for IS was down by EUR 53 million (14%) on the previous year. By contrast, the figure for the public-benefit sector showed a year-on-year increase of EUR 288 million (9%), primarily as a result of orders on hand from German Public Sector Clients.

## D. Use of resources

### Personnel

The following table provides a year-end comparison of staff numbers for 2012 and 2013:

GIZ employees (not weighted for part-time; as per balance sheet date)	Actual 31.12.2013	Actual 31.12.2012	Change	
			absolute	in %
Public-benefit sector staff at Head Office <sup>1</sup>	1,832	1,877	-45	-2
Public-benefit sector project staff in Germany	1,257	1,154	103	9
Public-benefit sector field staff	1,819	1,726	93	5
<b>Total public-benefit sector staff</b>	<b>4,908</b>	<b>4,757</b>	<b>151</b>	<b>3</b>
IS staff at Head Office <sup>2</sup>	87	91	-4	-4
IS project staff in Germany	32	27	5	19
IS field staff	239	235	4	2
<b>Total IS staff</b>	<b>358</b>	<b>353</b>	<b>5</b>	<b>1</b>
<b>Total GIZ personnel<sup>3</sup> (excluding national personnel)</b>	<b>5,266</b>	<b>5,110</b>	<b>156</b>	<b>3</b>
<b>National personnel</b>	<b>11,244</b>	<b>11,119</b>	<b>125</b>	<b>1</b>
<b>Total GIZ personnel</b>	<b>16,510</b>	<b>16,229</b>	<b>281</b>	<b>2</b>
Development workers	869	890	-21	-2
Integrated experts (CIM) <sup>4</sup>	488	542	-54	-10
Returning experts (CIM) <sup>4</sup>	439	454	-15	-3
Volunteers on the 'weltwärts' programme	0	443	-443	-100

<sup>1</sup> Excluding the Management Board and project staff in Germany

<sup>2</sup> Excluding project staff in Germany

<sup>3</sup> Excluding trainees (2013: 127; 2012: 124)

<sup>4</sup> Employment contract with local employers in partner countries

The number of staff employed in the public-benefit sector as at 31 December 2013 was 4,908. This figure is made up of 1,832 Head Office staff and 3,076 employees on projects in Germany and other countries. As at 31 December 2013, the number of employees at IS was 358, including 87 Head Office staff and 271 project staff in Germany and other countries.

At the year-end, the total number of national staff employed locally by GIZ around the world was 11,244. At the year-end, 488 integrated experts and 439 returning experts were employed by organisations or companies in partner countries. A further 869 development workers<sup>8</sup> were deployed by GIZ.

### Purchases of goods and services

The following table compares the year-end figures for purchases of goods and services and for financing by GIZ:

Contracts awarded	Actual 2013	Actual 2012	Change	
	in € millions	in € millions	in € millions	in %
Head Office service contracts <sup>1</sup>	510.3	465.1	45.2	10
Head Office construction contracts	7.5	24.9	-17.4	-70
Head Office financing agreements	33.8	58.2	-24.4	-42
Head Office procurement of goods <sup>2</sup>	48.9	98.9	-50.0	-51
<b>Total Head Office</b>	<b>600.5</b>	<b>647.1</b>	<b>-46.6</b>	<b>-7</b>
Local service and construction contracts, financing agreements	226.3	235.7	-9.4	-4
Local procurement of goods	54.8	72.0	-17.2	-24
<b>Total local contracts</b>	<b>281.1</b>	<b>307.7</b>	<b>-26.6</b>	<b>-9</b>
<b>Total contracts awarded</b>	<b>881.6</b>	<b>954.8</b>	<b>-73.2</b>	<b>-8</b>

<sup>1</sup> Consulting firms, advisory institutions, individual appraisers

<sup>2</sup> Goods, freight forwarders

<sup>8</sup> When counting the total number of development workers, BMZ only includes those it classifies as 'operationally active'. As well as those deployed in other countries, this includes development workers currently undergoing preparations in Germany for an international assignment; staff classified at the year-end as temporary development workers; and those completing a period of Civil Peace Service. According to the definition used by BMZ, sector coordinators, project managers, supervisors for the 'weltwärts' programme and junior development workers are not classified as 'operationally active' development workers. As at 31 December 2013, the number of 'operationally active' development workers stood at 832.

As at the balance sheet date of 31 December 2013, GIZ employed a total of 5,266 staff (excluding national personnel). This was up by 156 (3%) on the year-end figure for 2012.

In 2013, the total value of all goods, financing, construction services and other services procured by GIZ at Head Office and in the field was approximately EUR 882 million. This figure is down by around EUR 73 million (8%) on the previous year. The lower figure for 2013 is partly due to a reduction in the procurement of first-line medicines for the treatment of tuberculosis on behalf of the World Health Organization (WHO) following the expiry of an IS commission and partly to a fall in the volume of procurement by GIZ offices. There was another significant rise in the procurement of services from companies, although this was outweighed by a decline in the procurement of goods in other categories.

Goods with a total value of almost EUR 104 million were purchased for commissions in the public-benefit sector and IS. For the reasons outlined above, this represents a decrease of around EUR 67 million (61%) on the previous year. Over half of all goods purchases in 2013 were made locally in GIZ's partner countries.

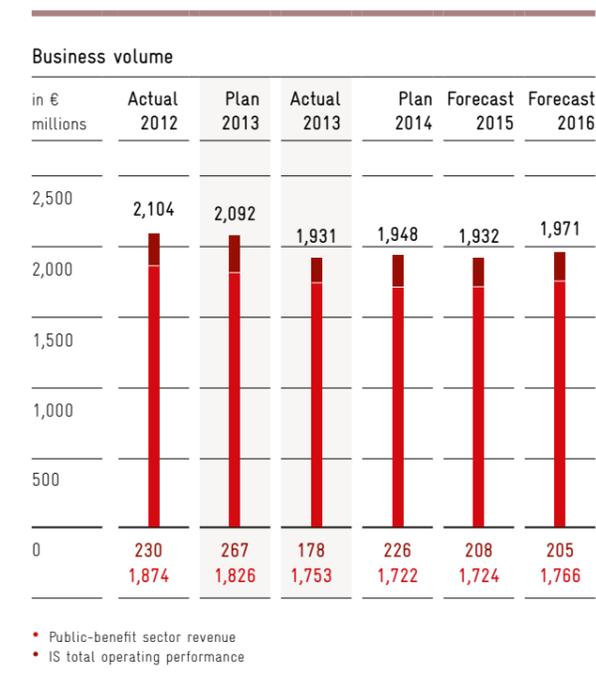
In 2013, GIZ Head Office concluded service and construction contracts and financing agreements for a total of approximately EUR 552 million. This was around EUR 4 million (1%) higher compared with the figure for 2012. The total volume of contracts entered into with consulting firms stood at roughly EUR 300 million, around EUR 42 million (16%) up on the figure for 2012. By far the largest share of this increase is accounted for by the public-benefit sector. The volume of contracts with institutions in fiscal year 2013 was on a par with the previous year at approximately EUR 134 million. The volume of contracts awarded to individuals (appraisers and consultants) stood at EUR 74 million and was therefore also at the same level as the previous year. At roughly EUR 34 million (down 42%), the volume of financing agreements with local partners was well below the level of 2012. GIZ offices awarded additional contracts worth EUR 226 million to local consulting firms, appraisers, construction companies, and in the form of local subsidies. This also represents a slight decrease of around EUR 9 million (4%) compared with the previous year.

## IV. OUTLOOK

### A. Business forecast

Looking ahead to 2014, the company plans to generate a total business volume of EUR 1,948 million. Compared with fiscal 2013, this is equivalent to an increase of EUR 17 million (1%). By 2016, we expect to achieve a business volume of between EUR 1.9 billion and EUR 2.0 billion.

The following chart shows the actual and projected business volume figures from 2012 up to 2016.



GIZ plans to generate revenue of EUR 1,722 million from the public-benefit sector in 2014. This projection is EUR 31 million (2%) down on the actual figure achieved in 2013. By the end of 2016 we aim to boost annual revenue to a level of around EUR 1.8 billion. This forecast is based on an assumption that we can attract new cofinancing revenue from third-party donors and on the expectation of an increase in Germany's Federal Government budget. The following table contains a detailed breakdown of actual and projected revenues for the years 2012 to 2016:

Revenue	Actual 2012	Plan 2013	Actual 2013	Plan 2014	Forecast 2015	Forecast 2016
in € millions						
<b>BMZ</b>	<b>1,627.3</b>	<b>1,526.6</b>	<b>1,463.6</b>	<b>1,444.8</b>	<b>1,449.0</b>	<b>1,482.0</b>
of which, technical cooperation item (896 03)	1,304.7	1,173.0	1,119.5	1,098.9	1,109.9	1,137.0
of which, international cooperation with regions (896 06)	17.5	30.0	39.9	30.0	30.0	30.0
of which, other BMZ items	126.1	133.4	134.3	113.2	114.1	112.0
of which, cofinancing	179.1	190.2	169.9	202.7	195.0	203.0
<b>German Public Sector Clients</b>	<b>209.4</b>	<b>276.0</b>	<b>264.9</b>	<b>248.3</b>	<b>242.5</b>	<b>250.0</b>
of which, budget funds	205.9	269.2	255.4	241.5	232.8	236.4
of which, cofinancing	3.5	6.8	9.5	6.8	9.7	13.6
Grants	37.2	18.8	24.2	28.3	31.7	33.0
Small-scale measures in the public-benefit sector	0.0	4.2	0.4	0.6	1.0	1.0
<b>Public-benefit sector total</b>	<b>1,874.0</b>	<b>1,825.6</b>	<b>1,753.1</b>	<b>1,722.0</b>	<b>1,724.2</b>	<b>1,766.0</b>

In 2014 GIZ plans to generate revenue of EUR 1,445 million from BMZ commissions. Compared with our actual revenue for 2013, we anticipate a reduction in potential revenue from the BMZ budget based on the first Government draft of the 2014 Federal budget (announced in June). Nevertheless, GIZ expects to boost its revenue from third-party cofinancing agreements linked to BMZ commissions.

By 2016, GIZ anticipates revenues of EUR 1,482 million from its BMZ operations. This projection is partly based on assumptions that the cash figure for the TC item (as per the first Government draft of the 2014 Federal budget) will grow by around 3% by 2016 and that GIZ can increase its revenue from

this budget to EUR 1,137 million. Furthermore, we expect revenue growth from third-party cofinancing agreements linked to BMZ commissions to stabilise at a high level as a result of more intensive cooperation with the EU and through the acquisition of partner cofinancing.

In 2014 GIZ plans to generate revenue of EUR 248 million from German Public Sector Clients. This forecast is around EUR 17 million (6%) below the actual figure for 2013. The main reason for this projected downturn is that at the time these forecasts were prepared we could not be sure of achieving the same high level of commission revenue from the Federal Foreign Office as in 2013.

Over the next few years GIZ anticipates a further stabilisation of its activities on behalf of other German ministries and their subordinate institutions. By 2016, we aim to generate annual revenue of EUR 250 million in this area. As in previous years, however, the Federal Foreign Office, the Federal Ministry for the Environment, Nature Conservation, Building and Nuclear Safety and the Federal Ministry for Economic Affairs and Energy are likely to account for the biggest share of this revenue. Following the withdrawal of troops from Afghanistan, we anticipate a shift in the main focus of our work on behalf of the German Federal Foreign Office towards disarmament and arms control. At the same time, we expect to generate more commissions linked to the International Climate Initiative from the Federal Ministry for the Environment, Nature Conservation, Building and Nuclear Safety.

On the basis of GIZ's revenue targets and projected management costs, the control parameter for 2014 is expected to be 12.5%. On the assumption that revenues increase in 2014 and subsequently while management costs remain at the same level, the control parameter should begin to fall as of 2016.

In 2014, the IS business area is forecast to achieve a total operating performance of EUR 226 million. This represents an increase of EUR 48 million (27%) compared with the actual figure for 2013. The main factor behind this anticipated year-on-year rise in total operating performance in IS is a concerted effort to push ahead with the implementation of two major projects.

With a view to restoring its profitability, IS plans to reduce its total volume of commissions. This involves maintaining a tight focus on market requirements and consolidating its structures accordingly. It will also continue to implement the measures initiated in 2013 to boost project revenue and minimise the associated risks. On this basis, IS expects its operating result for 2014 to remain negative at EUR -2.8 million. A further negative result is anticipated in 2015 during this transitional period. However, it should be possible to achieve a positive operating result by 2016 once all the corresponding measures take effect.

## B. Anticipated use of resources

### Personnel forecast

GIZ distinguishes between project staff working on specific commissions and the structural posts of its Head Office staff. Project staff are deployed as an instrument for achieving a set of results that GIZ has committed to deliver on behalf of its clients. Employees in structural roles provide the support required to plan, manage and implement those commissions.

Overall staff numbers may fluctuate in response to the level of new commissions and revenue and depending on the exact structure and make-up of those commissions, e.g. projects and programmes that are either implemented for the most part by GIZ staff or those that are largely contracted out.

Based on current forecasts of business volume, the total number of employees for 2014 is expected to stand at 4,920 (excluding national personnel), down 346 (7%) on the year-end figure for 2013. Looking further ahead, given our expectations of future business volume and assuming that management costs do not rise over the next few years, it is likely that staff numbers will show a further decrease compared with the projection for 2014.

GIZ staff	Actual 31.12.2013	Plan 2014	Forecast 2015	Forecast 2016
Staff with Head Office functions <sup>1</sup>	1,919	1,800	1,750	1,710
Project staff in Germany	1,289	1,200	1,160	1,140
Field staff	2,058	1,920	1,850	1,820
<b>Total employees<sup>1</sup> (excluding national personnel)</b>	<b>5,266</b>	<b>4,920</b>	<b>4,760</b>	<b>4,670</b>

<sup>1</sup> Excluding trainees (2013: 127; 2012: 124)

### Forecast purchases of goods and services

It is very difficult to predict in any detail the future volume of contracts for goods and services and for financing agreements, as they depend very largely on the specific requirements of each project. Assuming that the company meets its targets for business volume, the volume of contracts awarded in 2014 should be roughly equivalent to the figure for 2013.

### C. Opportunities and risks

Opening up new markets allows GIZ to exploit opportunities for growth and in doing so to increase the scope of its activities. The successful acquisition of new commissions (e.g. in the Danube region and in the field of circular migration) ensures our long-term viability and enables us to attract additional sources of revenue, e.g. from third-party donors. The act of providing support for the implementation of reforms in EU member states helps to strengthen the company's market position as well as making an important contribution to development. In Greece, for example, GIZ helped the German Government to coordinate the preparatory work involved in a series of reform programmes that included the health care and renewable energy sectors. As a result, we are now well placed to receive substantial commissions at the implementation stage.

Over the last few years, a number of emerging economies and commodity-rich developing countries have evolved to become potential sources of cofinancing and new commissions. Increasingly, however, the direct awarding of commissions in these and other countries is being replaced by public tenders, e.g. in the form of 'operator models'. These involve state and private-sector actors working together to deliver public services. Private-sector actors are invited to take part in the planning and financing of projects and are then commissioned to implement them. This system of operator models is an opportunity for GIZ to expand its portfolio of services and thereby promote future business growth. Above all, operator models present an opportunity for GIZ in the field of vocational education. In order to compete with other providers (e.g. local consulting firms and private companies), GIZ needs to establish non-independent branches and subsidiaries to ensure that it has the capacity to operate at the local level.

For the first time, BMZ and the Federal Ministry of Finance (BMF) have agreed to the formation of a GIZ subsidiary in Saudi Arabia. This creates an important foundation that will allow GIZ to expand its business activities while ensuring that it remains a competitive and viable organisation. The decision also represents an opportunity in other countries and with other business models. GIZ's activities are often based on innovative instruments and business models, especially in countries where 'traditional' forms of development cooperation no longer exist and BMZ no longer has a presence as a commissioning body. In this context, subsidiaries can be a very useful instrument.

Future revenue in the public-benefit sector is largely dependent on the Federal Government budget. GIZ's forecasts extend beyond the current fiscal year to include the following two years. Forecasts for the current year are primarily based on the draft Federal Government budget. By the time GIZ finalises these projections, this draft has generally been debated in the budget review sitting and is not expected to encounter further major changes. In most cases, the Federal Government budget is only specified for the next budget year. Accordingly, GIZ's projections for subsequent years are based on assumptions about future Federal Government budgets. The premises underlying GIZ's forecasts will therefore always be subject to uncertainty.

With particular regard to 2014, however, it should be noted that the budget for this year has still not been given final parliamentary approval. At present, therefore, the uncertainty affecting GIZ in relation to key budget figures for 2015 and beyond also affects our planning for the current year. Our forecasts for revenue and new commissions in the public-benefit sector are based on the first Government draft of the Federal budget for 2014. If the final cash amounts and commitment authorisations in the Government's relevant departmental budgets prove to be lower than anticipated (i.e. lower than in the first Government draft), this will impact GIZ's forecasts for revenue and new commissions. GIZ's control parameter may be affected depending on the extent of any change to the Federal Government's budget allocations. There is also a possibility that new commissions anticipated for 2014 could be postponed until the following year if there are further delays in the Government's budget negotiations.

The volatile security situation in some of GIZ's partner countries (e.g. Afghanistan, Pakistan and in North Africa) presents a further risk. For GIZ, this could jeopardise the implementation of commissions in terms of the actual measures involved, the speed of implementation and the corresponding demand for financial resources. Any delays in the implementation of projects could significantly increase the level of orders on hand (e.g. in Afghanistan, where the 2013 year-end figure for orders on hand reached EUR 112 million) and therefore affect GIZ's business volume.

GIZ's company pension commitments pose a further challenge and a potential risk to its economic viability. First of all, the new set of valuation parameters imposed following the introduction of Germany's Accounting Law Modernisation Act (Bilanzrechtsmodernisierungsgesetz, BilMoG) in 2010 – especially with regard to projected rises in salaries and pensions – have led to a faster rise in the level of pension provisions. At the same time, the gap is widening between the generally low rates of interest available on investments and the rate that GIZ has to factor in for public-sector clients when valuing pension provisions in accordance with Bundesbank rules and when calculating interest credit on those pension provisions in accordance with Germany's Price Law (Preisrecht). Furthermore, GIZ has to ensure that it has sufficient liquid assets to cover its pension commitments over the long term.

Changes in the tax treatment of seconded employees, integrated experts and development workers following recent tax court rulings present a financial risk to the company. GIZ established a corresponding provision in its annual accounts for 2013 to provide sufficient cover for this risk. Since 1 January 2014, the company has been obliged to deduct income tax for these groups. At present, there is no definitive clarification of the extent to which GIZ can establish a compensatory system and what shape such a system would take. However, we expect to reach an agreement with ver.di trade union soon that protects the interests of employees while ensuring that GIZ remains competitive.

The outlook for IS remains difficult. This is reflected in our forecasts of total operating performance up to 2016. If we are unable to continue making the necessary adjustments in line with our forward planning and if the measures in place at IS to focus on market requirements prove unsuccessful, there is a risk that the company will fail to meet its targets for business volume and operating results over the next few years.

The Management Board regularly informs the Supervisory Board in its quarterly reports about significant risks that could have an impact on GIZ's future performance.

## V. SUPPLEMENTARY REPORT

There were no significant events after the balance sheet date of 31 December 2013.

Bonn/Eschborn, 16 May 2014

The Management Board

Tanja Gönner  
(Chair of the Management Board)

Dr Christoph Beier  
(Vice-Chair of the Management Board)

Dr Hans-Joachim Preuß

Cornelia Richter

## BALANCE SHEET

AS AT 31 DECEMBER 2013

Assets	Notes	As at 31.12.2013		As at 31.12.2012	
		in €		in €	
<b>A. FIXED ASSETS</b>					
<b>I. Intangible assets</b>	1				
Purchased concessions, industrial property rights and similar rights and values as well as licences to such rights and values			1,117,190		1,130,502
<b>II. Tangible assets</b>	1				
1. Land, titles and buildings including buildings on land owned by others		81,816,252		83,295,536	
2. Other assets, plant and office equipment		14,564,530		15,424,555	
3. Advance payments made and assets under construction		44,356,944	140,737,726	6,768,910	105,489,001
<b>III. Financial assets</b>	2				
1. Shareholdings		360,862		360,862	
2. Securities held as fixed assets		294,535,528		214,535,737	
3. Other loans		873,166	295,769,556	820,013	215,716,612
			<b>437,624,472</b>		<b>322,336,115</b>
<b>B. CURRENT ASSETS</b>					
<b>I. Inventories</b>	3				
1. Raw materials and consumables		0		152,618	
2. Goods and services not yet invoiced		32,260,854		39,918,560	
3. Advance payments made		253,454,793	285,715,647	239,479,403	279,550,581
<b>II. Receivables and other assets</b>	4				
1. Receivables from goods and services		105,133,068		104,333,937	
2. Project assets		127,425,464		170,976,388	
3. Other assets		46,233,034	278,791,566	27,049,757	302,360,082
<b>III. Cash, balances at Bundesbank and balances at banks</b>			213,308,635		312,156,155
			<b>777,815,848</b>		<b>894,066,818</b>
<b>C. DEFERRED EXPENSES AND ACCRUED INCOME</b>					
			1,909,780		2,167,736
			<b>1,217,350,100</b>		<b>1,218,570,669</b>
<b>Trust assets</b>	9		3,963,445		4,157,263

Liabilities	Notes	As at 31.12.2013		As at 31.12.2012	
		in €		in €	
<b>A. EQUITY</b>					
<b>I. Subscribed capital</b>	5		20,452,000		20,452,000
Subscribed capital unpaid			- 11,759,713		- 11,759,713
Called-up capital			8,692,287		8,692,287
<b>II. Capital reserve</b>	5		5,112,919		5,112,919
<b>III. Revenue reserves</b>	6				
Reserves pursuant to Articles of Association			56,663,041		59,568,547
<b>IV. Balance sheet profit</b>			0		0
			<b>70,438,247</b>		<b>73,373,753</b>
<b>B. PROVISIONS</b>					
	7				
1. Provisions for pensions and similar obligations			477,237,355		419,503,473
2. Provisions for taxes			543,816		633,405
3. Other provisions			90,304,384		92,319,637
			<b>568,085,555</b>		<b>512,456,515</b>
<b>C. LIABILITIES</b>					
	8				
1. Advance payments received			504,682,979		571,979,939
2. Trade accounts payable			43,289,105		39,684,813
3. Other liabilities			28,791,407		18,926,452
of which, from taxes EUR 3,709,807 (2012: EUR 3,175,900)					
of which, relating to social security EUR 22,541 (2012: EUR 21,371)					
			<b>576,763,491</b>		<b>630,591,204</b>
<b>D. DEFERRED INCOME AND ACCRUED EXPENSES</b>					
			2,062,807		2,149,197
			<b>1,217,350,100</b>		<b>1,218,570,669</b>
<b>Trust liabilities</b>	9		3,963,445		4,157,263

## PROFIT AND LOSS ACCOUNT

FOR THE PERIOD FROM 1 JANUARY TO 31 DECEMBER 2013

	Notes	2013		2012	
		in €	in €	in €	in €
1. Turnover	10	1,945,238,690		1,971,952,021	
2. Decrease in inventory of goods and services not yet invoiced		-7,657,707		-5,470,364	
3. Total operating performance			1,937,580,983		1,966,481,657
4. Other operating income	11		30,396,399		36,531,549
5. Cost of materials					
a) Cost of purchased goods		156,549,884		210,996,375	
b) Cost of purchased services		999,573,554	1,156,123,438	1,024,225,214	1,235,221,589
6. Personnel costs					
a) Wages and salaries		570,245,918		542,672,606	
b) Social security contributions, pensions and welfare expenses of which, pensions EUR 31,229,985 (2012: EUR 26,043,731)		117,618,029	687,863,947	110,330,785	653,003,391
7. Depreciation and write-downs on intangible and tangible assets			7,923,215		8,175,665
8. Other operating expenses	12		73,932,784		77,768,016
9. Income from other securities and long-term investments			32,699		2,038,827
10. Other interest and similar income			1,214,235		2,427,275
11. Amortisation of financial assets			9,166		0
12. Interest and similar expenses	13		27,757,401		26,003,368
13. Result of ordinary operations			15,614,365		7,307,279
14. Extraordinary expenses/ Extraordinary result	14		17,983,406		8,991,703
15. Taxes on income	15		163,440		198,281
16. Other taxes			403,025		754,415
17. Net income/loss			-2,935,506		-2,637,120
18. Transfer from reserves provided for by the Articles of Association			2,935,506		2,637,120
19. Unappropriated surplus			0		0

## NOTES ON THE ACCOUNTS 2013

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

As at the balance sheet date of 31 December 2013, the Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ) GmbH, Bonn/Eschborn, is a company with limited liability as defined by 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 as well as 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 assets' has been added in the balance sheet. The breakdown of the profit and loss account is based on 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.

#### General notes on accounting and valuation methods

##### Accounting and valuation methods

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

#### Fixed assets

##### Intangible and tangible assets

Intangible and tangible assets are shown at purchase cost less depreciation. Depreciation is based on the useful life of assets as determined by their specific use and is calculated on a straight-line basis for periods between three years (IT and IT infrastructure) and 48 years (office buildings in Eschborn). The office building in Berlin is written off over 40 years. Land with buildings and rights of use in partner countries are written off over a period between 8 and 20 years.

A compound item is formed in the year of purchase for low-value assets (LVA) with purchase costs between EUR 150 and EUR 1,000. This is depreciated on a straight-line basis over five years.

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

#### Financial assets

Financial assets are valued at purchase price. Long-term investments are shown at the lower of purchase cost and fair value.

The securities-based investment funds are valued at purchase cost. Lower valuations are applied where sustained impairment is anticipated.

Under 'Other loans', the low-interest (2.5%), long-term loans provided to help staff purchase residential property for their own use were discounted at 2.5% p. a.; otherwise figures are shown at face value.

## Current assets

Current assets were valued strictly at the lower of purchase or manufacturing cost.

Raw materials and consumables were valued in the previous year at purchase cost. Risks relating to inventories as a result of limited usefulness, price changes in the procurement market or other impairments have been taken into account through write-downs.

Goods and services not yet invoiced are shown at purchase or manufacturing cost, including an appropriate portion of overhead costs; advance payments made and received are shown after deducting individual and general valuation adjustments. 'Project assets' is a special GIZ balance sheet item allowing a better insight into the company's asset and financial position. This item includes the cash and bank balances of projects, as well as receivables and corresponding liabilities.

Other assets are shown at face value. Cash and balances at banks are shown at face value, unless a fair value measurement is required in individual cases.

### Credit balances and liabilities in foreign currencies

Long-term credit balances and liabilities in foreign currencies are valued at the lowest and highest figure, respectively. Short-term receivables and liabilities in foreign currencies as well as balances at banks with terms to maturity of less than one year are converted in line with the average spot exchange rate on the balance sheet date. There is no conversion or revaluation of non-convertible currencies. Currencies held in projects are valued at an average rate that is updated in an exchange rate calculation programme. These funds are generally not intended to be repatriated, and a substantial part is also non-convertible.

## Derivative financial instruments

As at the balance sheet date, there were a total of two foreign exchange futures with a market value of around EUR 375,073 and a nominal value of EUR 374,975 to cover the exchange rate risk of two GIZ International Services (GIZ IS) projects.

### Provisions

Provisions have been recognised at the required settlement amount based on an appropriate commercial assessment. In calculating this amount, any direct claims for settlement are deducted from the total liability.

Provisions for which a direct claim for settlement exists have not been shown.

All the actuarially calculated provisions were valued according to the projected unit credit method, using the Heubeck 2005 G reference tables.

Pursuant to section 253, paragraph 2, item 1 HGB, other provisions with a remaining term of more than one year were valued using the average market interest rate (published by the German Bundesbank) of the previous seven fiscal years congruent with their remaining term.

### Liabilities

Liabilities are shown at their settlement amount.

### Deferred taxes

Deferred taxes result from the following temporary differences.

Balance sheet item	31.12.2013	Tax rate	31.12.2013
	Difference, trade vs tax balance		Deferred taxes
	in €	in %	in €
Receivables from goods and services	- 313,075	25.625	- 80,225
Trade accounts payable	- 539,479	25.625	- 138,241
Provisions for pensions	7,177,240	25.625	1,839,168
Other provisions	257,536	25.625	65,994
			<b>1,686,696</b>

As at the balance sheet date, there were net deferred tax assets of EUR 1,686,696. GIZ did not exercise the option to capitalise deferred tax assets provided for under section 274, paragraph 1, item 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.

The annual net loss of EUR 2,935,506 is balanced by a transfer from the reserves as stipulated in the Articles of Association.

## NOTES ON THE BALANCE SHEET

### (1) Intangible and tangible assets

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

### (2) Financial assets

GIZ has held a 49% stake in sequa gGmbH (based in Bonn) since fiscal 2010. This holding is recognised at amortised cost (EUR 360,862). In fiscal year 2012, the equity of sequa gGmbH totalled EUR 1,506,472, with a surplus for the year of EUR 481,427.

### (3) Inventories

#### Advance payments made

This includes advances totalling EUR 6,984,167 covered by guarantees. A general provision of 1% has been made for advance payments. In total, EUR 63,762,514 (previous year: EUR 57,891) have a term of over one year.

**(4) Receivables and other assets**

	Residual term	Residual term	Total 2013	of which, from	Total 2012	of which, from
	less than 1 year	over 1 year		shareholder		shareholder
	in €	in €	in €	in €	in €'000	in €'000
<b>Receivables from goods and services</b>						
Public-benefit sector	46,106,076	0	46,106,076	30,797,202	51,139	23,961
GIZ IS	59,026,992	0	59,026,992	0	53,195	0
	<b>105,133,068</b>	<b>0</b>	<b>105,133,068</b>	<b>30,797,202</b>	<b>104,334</b>	<b>23,961</b>
<b>Project assets</b>						
Cash and balances at banks	48,716,792	0	48,716,792	0	73,575	0
Partnership services advanced	357,224	0	357,224	0	274	0
Receivables, other	91,469,202	0	91,469,202	0	110,040	0
Liabilities, other	-13,117,754	0	-13,117,754	0	-12,913	0
	<b>127,425,464</b>	<b>0</b>	<b>127,425,464</b>	<b>0</b>	<b>170,976</b>	<b>0</b>
<b>Other assets</b>						
<b>Receivables</b>						
from premium due, see (5)	0	4,090,335	4,090,335	4,090,335	4,090	4,090
from rent advances abroad	2,515,115	0	2,515,115	0	2,280	0
from staff for travel and other advances	2,818,195	2,521	2,820,716	0	3,059	0
from the tax authorities	11,042,227	684,038	11,726,265	0	2,305	0
other	25,080,603	0	25,080,603	0	15,316	0
	<b>41,456,140</b>	<b>4,776,894</b>	<b>46,233,034</b>	<b>4,090,335</b>	<b>27,050</b>	<b>4,090</b>
	<b>274,014,672</b>	<b>4,776,894</b>	<b>278,791,566</b>	<b>34,887,537</b>	<b>302,360</b>	<b>28,051</b>

**(5) Capital (through payment)**

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

	2013 in €	2012 in €'000
Subscribed capital	20,452,000	20,452
Capital reserve	5,112,919	5,113
Less: Unpaid contributions to subscribed capital	11,759,713	11,760
Premium due, see (4)	4,090,335	4,090

The item 'Unpaid contributions to subscribed capital' involves 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 2013	59,568,547
Transfer from reserves to balance net loss for the year	-2,935,506
Total as at 31 December 2013	<b>56,633,041</b>
Of which:	
tied reserves	39,040,673
untied reserves	17,592,368
	<b>56,633,041</b>

**(7) Provisions**

Provisions for pensions and similar obligations

Provisions for pensions were actuarially calculated using the average market interest rate of the last seven years as published by the German Bundesbank, based on an expected remaining term of 15 years.

The essential actuarial parameters are listed in the following table.

	December 2013
	in %
Actuarial interest rate	4.88
Rate of pension increase during the qualifying period (previous company pension scheme)	3.69
Rate of pension increase during the qualifying period (new company pension scheme)	3.95
Rate of increase in previous company pension scheme, every two years	4.50
Rate of increase in new company pension scheme, annual	1.00
Trend in social security contribution assessment ceiling, annual	2.50
Fluctuation, scaled according to age, up to	12.00

With respect to the conversion of the pension provision in line with BilMoG as of 1 January 2010, GIZ exercises the option under section 67, paragraph 1, item 1 EGHGB and spreads the cost of the conversion over a period of up to 15 years. In fiscal year 2013, EUR 17,983,406 was recorded as extraordinary expense, so that the shortfall in pension reserves totalled EUR 89,917,025 as at the balance sheet date. In total, EUR 57,733,882 was paid in to pension reserves during fiscal year 2013.

#### Other provisions

Provisions for semi-retirement, benefits and early retirement commitments were determined in accordance with actuarial methods. Maturity-congruent average market interest rates of the previous seven fiscal years of 3.95% and 4.88% were used.

Commitments totalling EUR 338,926 for semi-retirement were offset against a fixed-term deposit (cover fund) of EUR 109,844. Provisions for working-time accounts are recognised at fair value in line with the rules for long-term investment-related pension commitments pursuant to section 253, paragraph 1, item 3 HGB.

The 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 most important other provisions established are listed in the following table.

	2013	2012
	in €	in €'000
Costing and warranty risks	19,797,816	21,785
Amount payable following withdrawal from Pension Institution of the Federal Republic and Federal States	13,917,704	13,918
Working-time accounts	14,059,007	11,642
Leave entitlement for Head Office staff	8,845,422	10,770
Variable remuneration	7,980,853	8,920

As at 1 January 2010, the conversion of long-term other provisions due to the changed valuation in line with BilMoG resulted in an excess cover of EUR 3,772,712. Because the actual amount to be reversed must be paid in again by 31 December 2024 at the latest, the option under section 67, paragraph 1, item 2 EGHGB is exercised and the provision values maintained. The amount of excess cover as at 31 December 2013 was EUR 1,126,996.

#### (8) Liabilities

	Residual term less than 1 year	Residual term 1 – 5 years	Residual term more than 5 years	Total 2013	of which, to shareholder	Total 2012	of which, to shareholder
	in €	in €	in €	in €	in €	in €'000	in €'000
<b>1. Advance payments received</b>							
Public-benefit sector	452,310,043	0	0	452,310,043	372,129,364	498,320	410,148
GIZ IS	63,123,363	0	0	63,123,363	0	83,823	0
	<b>515,433,406</b>	<b>0</b>	<b>0</b>	<b>515,433,406</b>	<b>372,129,364</b>	<b>582,143</b>	<b>410,148</b>
<b>less</b>							
value-added tax not yet offset on advance payments received	10,750,427	0	0	10,750,427	8,988,282	10,163	9,039
	<b>504,682,979</b>	<b>0</b>	<b>0</b>	<b>504,682,979</b>	<b>363,141,082</b>	<b>571,980</b>	<b>401,109</b>
<b>2. Trade accounts payable</b>							
suppliers	14 %	6,262,061	0	6,262,061	0	12,441	0
consulting firms	66 %	28,598,622	0	28,598,622	0	19,494	0
other	20 %	8,428,421	0	8,428,421	0	7,750	0
	<b>100 %</b>	<b>43,289,104</b>	<b>0</b>	<b>43,289,104</b>	<b>0</b>	<b>39,685</b>	<b>0</b>
<b>3. Other liabilities</b>							
	<b>27,134,327</b>	<b>436,664</b>	<b>1,220,416</b>	<b>28,791,407</b>	<b>0</b>	<b>18,926</b>	<b>0</b>
	<b>575,106,410</b>	<b>436,664</b>	<b>1,220,416</b>	<b>576,763,490</b>	<b>363,141,082</b>	<b>630,591</b>	<b>401,109</b>

**(9) Memo items: trust assets/trust liabilities**

	2013 in €	2012 in €'000
Intangible and tangible assets	3,138,228	3,054
Deutsches Haus Moscow	825,213	1,040
Long-term investments	4	0
Other assets	0	63
	<b>3,963,445</b>	<b>4,157</b>

Assets of EUR 3,963,445 are matched by corresponding liabilities.

## NOTES ON THE PROFIT AND LOSS ACCOUNT

**(10) Turnover****Turnover by sector**

	2013 in €	2012 in €'000
Business contracts	1,700,671,679	1,658,842
Grant-based (incl. GIZ-financed measures with partial third-party financing)	54,688,814	78,011
Public-benefit sector*	1,755,360,493	1,736,853
GIZ IS	189,878,197	235,099
	<b>1,945,238,690</b>	<b>1,971,952</b>
* of which, BMZ	1,483,223,168	1,487,528

**By location of commissioning party**

	2013		2012	
	in €	in %	in €'000	in %
Federal Republic of Germany	1,756,196,946	90	1,749,224	89
Rest of Europe	94,586,301	5	109,265	6
Africa	12,218,071	<1	42,302	2
Americas	11,540,044	<1	10,173	<1
Asia	65,678,654	3	54,033	3
Oceania	5,018,674	<1	6,955	<1
	<b>1,945,238,690</b>		<b>1,971,952</b>	

**By region of activity**

	2013		2012	
	in €	in %	in €'000	in %
Africa	614,947,600	32	620,206	31
Americas	183,047,147	9	171,303	9
Asia	659,248,367	34	634,207	33
Europe	133,826,572	7	166,008	8
Oceania	4,588,278	<1	5,023	<1
Supraregional	349,580,726	18	375,205	19
	<b>1,945,238,690</b>		<b>1,971,952</b>	

**(11) Other operating income**

Income from foreign currency valuations amounts to EUR 3,249,761 (previous year: EUR 2,118,000). Income not related to the period under review is EUR 12,430,911 (previous year: EUR 12,683,000). This income is mainly due to the reversal of provisions.

**(12) Other operating expenses**

Expenses from foreign currency valuations amount to EUR 2,587,929 (previous year: EUR 2,974,000). Expenses not related to the period under review are EUR 90,897 (previous year: EUR 149,000). These expenses relate primarily to losses on the disposal of fixed assets.

The item includes the costs of the audit for the annual statement of accounts (EUR 115,000), tax consulting services (EUR 188,176) and other audits (EUR 77,945) carried out by the external auditor.

**(13) Interest and similar expenses**

These expenses relate primarily to accrued interest on pension provisions of EUR 26,170,002 and to other provisions with a remaining term of over one year in the amount of EUR 696,342.

**(14) Extraordinary expenses/Extraordinary result**

In the course of the BilMoG conversion, GIZ exercises the option under section 67, paragraph 1, item 1 EGHGB and spreads the cost of the conversion of pension provisions (conversion amount) over a period of up to 15 years. In fiscal 2013, a total of EUR 17,983,406 (equivalent to two-fifteenths) was recognised as extraordinary expenses (previous year: EUR 8,992,000 – equivalent to one-fifteenth).

**(15) Taxes on income**

	2013 in €	2012 in €'000
Corporation tax		
income previous year	2,608	2
expenditure current year	-142,500	-2
expenditure previous year	-22,658	-33
Trade tax		
expenditure current year	370	-165
expenditure previous year	-1,260	0
	<b>-163,440</b>	<b>-198</b>

## OTHER INFORMATION

**Total other financial commitments****Commitments from commercial leases**

Commitments under commercial leases for office premises and parking spaces (2014 to 2024): EUR 57,431,723.

**Purchase commitments for investment projects**

As at the balance sheet date, there were purchase commitments for investment projects in the amount of EUR 78,808.

**Contingent liabilities**

GIZ is a member of several consortia, in which it cooperates with partners from various EU countries and other countries to jointly win contracts and implement project measures in various fields (procurement of materials and equipment, 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 13 consortia in all. GIZ has the lead role in 11 of these consortia.

As at 31 December 2013, the risk arising from participation in the consortia amounted to EUR 176,692. Based on the experience of recent years, claims are not expected.

Following approval by the relevant ministries in December 2007, GIZ became a member of the European Network of Implementing Development Agencies (EUNIDA), which is based in Brussels. This is a European Economic Interest Grouping (EEIG) with 11 members, the purpose of which is to exchange information on international cooperation among members and to submit joint bids to implement projects. The network was established without equity capital.

**Average employment during the year**

	2013	2012
Head Office personnel	1,929	1,983
Project staff (Germany)	1,256	1,141
Field staff	2,013	1,880
<b>GIZ total employees (excluding national personnel)</b>	<b>5,198</b>	<b>5,004</b>
National personnel	11,054	10,908
<b>GIZ total personnel</b>	<b>16,252</b>	<b>15,912</b>

## SUPERVISORY BOARD AND MANAGEMENT BOARD

**Supervisory Board****Chairman**

Dr Friedrich Kitschelt  
State Secretary, German Federal Ministry for Economic Cooperation and Development (BMZ), Bonn (member of the Supervisory Board from 13 March 2014 and Chairman of the Supervisory Board from 28 March 2014)

**Chairman**

Hans-Jürgen Beerfeltz  
Former State Secretary, German Federal Ministry for Economic Cooperation and Development (BMZ), Bonn (up to 28 March 2014)

**First Deputy Chairman**

Dr Stephan Krall  
Head of Competence Centre at GIZ, Bonn/Eschborn

**Second Deputy Chairman**

Jan Peter Schemmel  
GIZ Country Director, Mexico

**Dr Dietmar Bartsch**

Member of the German Federal Parliament, Berlin

**Ambassador Harald Braun**

Former State Secretary, German Federal Foreign Office, Berlin (up to 13 March 2014)

**Martin Gerster**

Member of the German Federal Parliament, Berlin (up to 13 March 2014)

**Anja Hajduk**

Member of the German Federal Parliament, Berlin (from 13 March 2014)

**Anne Ruth Herkes**

State Secretary, Federal Ministry for Economic Affairs and Energy, Berlin (up to 13 March 2014)

**Priska Hinz**

Hesse Federal State Minister for the Environment, Climate Protection, Agriculture and Consumer Protection, Wiesbaden (up to 13 March 2014)

**Armin Hofmann**

GIZ programme manager, Laos

**Winnie Kauderer**

Administrative officer at GIZ, Bad Honnef

**Volkmar Klein**

Member of the German Federal Parliament, Berlin

**Dr h.c. Jürgen Koppelin**

Former Member of the German Federal Parliament, Berlin (up to 1 February 2014)

**Antonia Kühn**

Union secretary, DGB North Rhine-Westphalia, Department for Higher Education, Science and Research, Düsseldorf

**Birgit Ladwig**

Office Director, Unified Service Sector Union (ver.di) – National Office, Berlin

Dr Joachim Langbein  
GIZ project manager,  
Bonn

Peter Pfaumann  
GIZ Country Director,  
Peru

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

Ursula Schoch  
GIZ project manager,  
Bonn

Wolfram Schöhl  
Deputy Director General, Bavarian State Ministry  
for Food, Agriculture and Forests,  
Munich

Dr Ludger Schuknecht  
Director General, Federal Ministry of Finance,  
Berlin

Sonja Steffen  
Member of the German Federal Parliament,  
Berlin (from 13 March 2014)

Stephan Steinlein  
State Secretary, Federal Foreign Office,  
Berlin (from 13 March 2014)

Brigitte Zypries  
Parliamentary State Secretary at the Federal Ministry  
for Economic Affairs and Energy,  
Berlin (from 13 March 2014)

## Management Board

Tanja Gönner  
(Chair of the Management Board)

Dr Christoph Beier  
(Vice-Chair of the Management Board)

Tom Pätz (up to 15 October 2013)

Dr Hans-Joachim Preuß

Cornelia Richter

## 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 year 2013 was EUR 1,063,548.

Members of the Supervisory Board are merely reimbursed for their travel costs of EUR 51,777; there is no further remuneration.

	Variable		Total
	Fixed salary	remuneration	
	in €	in €	in €
Tanja Gönner	237,742	0	237,742
Dr Christoph Beier	217,508	26,500	244,008
Tom Pätz	130,403	26,500	156,903
Dr Hans-Joachim Preuß	209,584	26,500	236,084
Cornelia Richter	166,925	0	166,925
Other remuneration components			21,886
<b>Total remuneration</b>			<b>1,063,548</b>

Provisions to cover the pension entitlements of former senior managers and members of the Management Board total EUR 7,579,038. With respect to the conversion of the pension provision in line with BilMoG as of 1 January 2010, GIZ exercises the option under section 67, paragraph 1, item 1 EGHGB and spreads the cost of the conversion over a period of up to 15 years. As at 31 December 2013, the difference carried forward was EUR 1,613,768. Current retirement pension payments in fiscal year 2013 totalled EUR 648,360.

## Loans to organs of the company

Employees on the Supervisory Board	in €
Loans as at 1 January 2013	19,465
Increase	0
Repayments	1,531
Decrease	0
<b>As at 31 December 2013</b>	<b>17,934</b>

In all cases, the term is 15 years and 2 months at a rate of 2.5% p. a.

Bonn/Eschborn, 16 May 2014

The Management Board

Tanja Gönner  
(Chair of the Management Board)

Dr Christoph Beier  
(Vice-Chair of the Management Board)

Dr Hans-Joachim Preuß

Cornelia Richter

## APPENDIX TO THE NOTES

## CHANGES IN FIXED ASSETS IN FISCAL 2013

	Cost of acquisition or production			
	01.01.2013	Additions	Retirements	31.12.2013
	in €	in €	in €	in €
<b>I. Intangible assets</b>				
Purchased concessions, industrial property rights and similar rights and values as well as licences to such rights and values	3,227,260	401,549	12,543	3,616,266
	<u>3,227,260</u>	<u>401,549</u>	<u>12,543</u>	<u>3,616,266</u>
<b>II. Tangible assets</b>				
1. Land, titles and buildings including buildings on land owned by others	124,670,499	1,030,661	0	125,701,160
2. Other assets, plant and office equipment	41,418,349	4,406,980	4,328,188	41,497,141
3. Advance payments made and assets under construction	6,768,910	37,588,034	0	44,356,944
	<u>172,857,758</u>	<u>43,025,675</u>	<u>4,328,188</u>	<u>211,555,245</u>
<b>III. Financial assets</b>				
1. Shareholdings	535,862	0	0	535,862
2. Securities held as fixed assets	214,535,737	79,999,791	0	294,535,528
3. Other loans	1,068,629	342,796	286,394	1,125,031
	<u>216,140,228</u>	<u>80,342,587</u>	<u>286,394</u>	<u>296,196,421</u>
	<u>392,225,246</u>	<u>123,769,811</u>	<u>4,627,125</u>	<u>511,367,932</u>

	Accumulated depreciation				Book values	
	01.01.2013	Depreciation in the fiscal year	Appreciation	Retirements	31.12.2013	31.12.2012
	in €	in €	in €	in €	in €	in €
	2,096,758	414,303	0	11,985	2,499,076	1,130,502
	<u>2,096,758</u>	<u>414,303</u>	<u>0</u>	<u>11,985</u>	<u>2,499,076</u>	<u>1,130,502</u>
	41,374,963	2,509,945	0	0	43,884,908	83,295,536
	25,993,794	4,998,967	10,107	4,050,043	26,932,611	15,424,555
	0	0	0	0	0	6,768,910
	<u>67,368,757</u>	<u>7,508,912</u>	<u>10,107</u>	<u>4,050,043</u>	<u>70,817,519</u>	<u>105,489,001</u>
	175,000	0	0	0	175,000	360,862
	0	0	0	0	0	214,535,737
	248,616	9,166	0	5,917	251,865	820,013
	<u>423,616</u>	<u>9,166</u>	<u>0</u>	<u>5,917</u>	<u>426,865</u>	<u>215,716,612</u>
	<u>69,889,131</u>	<u>7,932,381</u>	<u>10,107</u>	<u>4,067,945</u>	<u>73,743,460</u>	<u>322,336,115</u>

## AUDITORS' REPORT

We have examined the annual statement of accounts – comprising the balance sheet, profit and loss account, and appendix together with the bookkeeping system and the management report of the Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ) GmbH, Bonn/Eschborn, for the fiscal year from 1 January to 31 December 2013. The Management Board is responsible for the company's bookkeeping system and for the preparation of the annual statement of accounts and the management report pursuant to the provisions of German commercial law. Our task is to assess the annual statement of accounts (including the bookkeeping system) and the management report on the basis of the audit which we have carried out.

We conducted our audit of the annual statement of accounts in accordance with section 317 of the Commercial Code and in line with the German auditing principles laid down by the Institute of Public Auditors in Germany (IDW). According to these provisions, the audit must be planned and conducted such that any inaccuracies or infringements which significantly affect the view of the company's net assets, financial position and income as presented by the annual statement of accounts, with due regard for generally accepted accounting principles, as well as by the management report, can be detected with sufficient certainty. When deciding how to proceed with the audit we took into account information on the company's business activities and on its economic and legal environment, as well as any possible errors that might be anticipated. Within the scope of the audit, we examined the effectiveness of the accounting-based internal monitoring system and the evidence for the figures contained in the accounts, the annual statement of accounts and the manage-

ment report, largely on the basis of random samples. The audit encompasses an evaluation of the balance sheet principles applied and the key assessments of the Management Board, as well as an appraisal of the overall picture presented by the annual statement of accounts. We hold the view that our audit provides a sufficiently solid foundation for our assessment.

Our audit did not give rise to any objections.

According to our assessment, based on the information obtained through the audit, the annual statement of accounts complies with the law, and, with due regard for generally accepted accounting principles, gives a true and fair view of the net assets, financial position and income of the Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ) GmbH. The management report is consistent with the annual statement of accounts, gives an accurate overall picture of the company's circumstances and a fair and accurate view of the opportunities and risks for its future development.

Mainz, 26 May 2014

KPMG AG  
Auditors

Hauptmann  
Auditor

Reichel  
Auditor

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Note from the editorial team:  
The Australian Agency for International Development (AusAID) was integrated into the country's Department of Foreign Affairs and Trade (DFAT) on 1 November 2013. Consequently, DFAT assumes full responsibility for budgeting and managing Australian development cooperation as well as for the legal provisions in contracts.



## GIZ AT A GLANCE

GIZ HAS 16,510 EMPLOYEES WORLDWIDE. /// IN FISCAL 2013 GIZ'S BUSINESS VOLUME TOPPED EUR 1.9 BILLION. /// IN 2013 GIZ PLACED ORDERS WORTH EUR 883 MILLION WITH THIRD PARTIES. /// GIZ WORKED FOR WELL OVER 300 DIFFERENT COMMISSIONING PARTIES IN 2013. /// GIZ HAS OPERATIONS IN ABOUT 130 COUNTRIES. /// NATIONAL GOVERNMENTS PLACED ORDERS WORTH SOME EUR 60 MILLION WITH GIZ INTERNATIONAL SERVICES, ACCOUNTING FOR THE LION'S SHARE OF ITS TOTAL BUSINESS VOLUME. ///