

Speech by Chair of the Management Board Thorsten Schäfer-Gümbel,
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- The spoken word applies -

A hat-trick of results for development cooperation: a triple impact for the local population, for 120 countries, and for Germany

Good morning, State Secretary Jochen Flasbarth,
good morning, ladies and gentlemen,
welcome to everybody here in the room, and of course a warm welcome to those of
you joining us via livestream.

We are currently seeing intensive discussions about the necessity and impact of
development cooperation. There is a need for debate about whether development
cooperation is beneficial and what the benefits are. As Chair of the Management
Board of the Deutsche Gesellschaft für Internationale Zusammenarbeit, I am happy
to contribute to this debate – with rational arguments.

With the European Football Championship already well under way here in Germany,
an image from football comes to mind: GIZ and international cooperation are like a
hat-trick. But instead of goals in the net, our hat-trick is about sustainable results.

First, GIZ achieves results in the partner countries for every individual person that it
supports.

Second, it achieves results in around 120 countries, by creating prospects and more
stable conditions.

Third, the results that GIZ achieves around the world have a medium and long-term
impact in Germany. International cooperation is in Germany's own interests. We
cannot solve a single global problem without a good formation, without an effective
team.

This is reflected in the title of our annual report: 'listen, connect, transform'. We can
only accomplish this together. Without partnerships, we will not be able to live in
peace and security. And this goes for Germany, too.

Let me illustrate this point by taking Africa as an example. Last year, GIZ received
commissions for Africa worth around EUR 1.5 billion. In regional terms, this makes it
our biggest portfolio. And rightly so. Africa is our neighbouring continent. Everything
that happens there has an impact here in Europe, too. It is an extremely young
continent. Of the current population of 1.5 billion, almost half are under the age of 20.

Every year, an additional 20 million people enter the labour market. This creates challenges but also opportunities – for Africa and for Germany.

Take climate-friendly energy, for example. Africa's rapidly growing population means that demand for energy is also increasing. GIZ is providing support to expand the renewable energy sector on the continent. This benefits the population and the economy in Africa directly. And we are supporting climate change mitigation. Last year alone, in collaboration with our partners and directly through our project work, we contributed to reducing Africa's greenhouse gas emissions by more than four million tonnes of CO₂ equivalent.

At the same time, the expansion of renewable energy in Africa also presents opportunities for German businesses. A small company in Bamako, Mali, now covers most of its own energy requirements from self-generated solar power. A rooftop photovoltaic system was designed by a German company and installed in cooperation with a local partner. In total, we have already linked up 450 factories in Africa and Asia with German companies. A further 1,000 cooperation arrangements are currently being developed.

Africa has huge potential for renewable energy – and for green hydrogen. But we can only harness this potential if we work together on an equal footing. The fact is that Africa can help Germany and its industry become climate neutral and achieve energy security. By 2035, some African countries could be in a position to supply Europe with green hydrogen generated from renewables. International cooperation is opening up new paths for German businesses here. In Namibia, for example, a South African–German consortium is planning to produce green hydrogen. At GIZ, we are working here and in other countries such as Morocco to create a robust environment for trade, because hydrogen is a new area for which countries first need to establish an overall framework. We provide advice on production standards, safety regulations for transport and the legal basis. These are essential factors in ensuring that German businesses will also be able to import hydrogen and derivatives such as ammonia in the future.

Another aspect to mention is that attracting skilled workers is key to Germany's future prosperity. To stay with the football theme – when we open up the transfer market, we benefit directly. On behalf of German employers, GIZ has been placing skilled workers from selected countries in employment for ten years now, particularly in nursing and care for the elderly. And this has also been the case for several years for industry, catering and skilled crafts, including workers from North Africa. To date, we have placed a total of more than 6,600 skilled workers in employment in Germany. In doing so, we are always mindful not to weaken the economies of our partner countries. This benefits skilled workers, their home countries, and Germany. There it is again: the hat-trick.

We are also setting up training centres in Africa for young people in the IT sector. Here, too, we can score a hat-trick: talented young people gain job opportunities in the local market. This opens up prospects in and for their own country, and Germany also benefits because companies can counterbalance the shortage of skilled workers. Young people in Ghana, Morocco, Rwanda and Senegal are also working

from their computers for German companies that are in desperate need of IT experts. This has generated more than 2,500 new jobs. And it is just one example of how we are creating jobs and, thus, prospects locally. Under BMZ's special initiative on Decent Work for a Just Transition alone, we have already created a total of 43,000 new jobs in Africa.

Global challenges do not stop at borders. The same goes for climate change, migration and conflicts due to political reasons and climate-related factors such as droughts. And we all need to address these challenges – together. Let me be quite clear: industrialised nations have a clear responsibility to drive sustainable development forward across the globe.

Our work makes a contribution to these efforts. It promotes and secures fair supply chains – whether it is for vanilla from Madagascar, cocoa from Côte d'Ivoire or T-shirts sewn in textile factories in Bangladesh. In Germany, we do not want to have to do without any of these products. But to ensure that the producers, smallholders and garment workers have fair working conditions and fair wages and can earn a living for themselves and their families, we must take responsibility here in Germany.

Our work tackles the causes of displacement such as poverty, hunger and a lack of prospects worldwide, and promotes security. Impoverishment does not lead to peace or progress. Bear in mind that fewer and fewer people in the world live in democracies. This is driving an increase in social inequality and the destruction of the natural resources on which life depends. It also means that many countries are seeking out new partners, and that the influence of countries like Russia and China is growing. In this fragmented world, we need more dialogue, more togetherness and more international cooperation. Peace needs development. Lasting peace can only be achieved if today's solutions do not spark the conflicts of the future.

This is the foundation on which everything is built. In uncertain times – and today's economic situation is certainly strained – it is easy to point the finger at international cooperation and demand that the money remain in our own country. But this concept of economic nationalism is not viable. We cannot solve global problems by only thinking of ourselves. Every euro invested in sustainable development in our partner countries saves the taxpayer four euros in emergency humanitarian assistance later on. A long-term, sustainable approach pays off.

But it is also clear, and this is something I emphasised here last year, that development cooperation needs to keep evolving in order to provide tailored services for the constant flow of new challenges. This is precisely the focus of our new Corporate Strategy. We are no longer thinking in terms of individual projects but are instead developing integrated solutions right from the start and working in even closer partnerships. This is the only way to tackle global challenges that are complex and interlinked. It also means that GIZ is changing. We are becoming less bureaucratic, more flexible and faster, for example by becoming much more digital. And by taking instruments and approaches that have already been developed successfully and using them to establish standards for our work, which we can then arrange in different constellations according to the specific country, region and requirements. This saves time and money.

A glance at the past financial year shows that our work achieves results. We can deliver services even under increasingly difficult conditions:

In 2023, we worked with our partners worldwide to:

- Support more than 2.2 million people in overcoming hunger and malnutrition
- Assist 6.4 million people in adapting to the impacts of climate change.
- Improve education for around 3.6 million children and young people
- Improve and facilitate access to a modern energy supply for 9.3 million people

And these are just a few examples of the results we were able to achieve with our partners last year.

At EUR 3.96 billion, our business volume remained stable last year. In 2022, this figure was EUR 3.99 billion (slight decrease, minus 0.6 per cent). With commissions worth EUR 3.27 billion, our main commissioning party was once again the German Development Ministry. Revenue from business with BMZ was 3.6 per cent lower than in the previous year.

In contrast, cofinancing has once again increased: by 11 per cent to EUR 634 million compared with 2022. These are funds supplied by third parties such as the European Union (EU), UN organisations and private foundations to expand existing projects and thereby extend their reach. More than half (62.5 per cent) of the cofinancing volume came from the EU. In 2023, it provided EUR 396 million (2022: EUR 420 million), making the EU the largest source of cofinancing in the public-benefit business area.

GIZ is implementing an increasing number of projects using cofinancing arrangements. Annual revenue from cofinancing arrangements has more than tripled since 2014. Again, this shows that we can only tackle global challenges together, and in close partnerships.

One of our key partners is the private sector, with which we have been cooperating closely for many years now, for example through the International Services (InS) business area. This includes the majority of our work in the area of skilled labour migration. InS recorded significant growth again in 2023. Total operating performance increased to EUR 247 million, up 23.5 per cent year on year.

The impacts of the climate crisis are being felt all around the world, but countries in the Global South are being hit hardest. In 2023, we and our commissioning parties therefore focused on climate change mitigation and adaptation measures once again. GIZ uses more than 40 per cent of revenue in the public-benefit business area to work on solutions in the climate and energy sector. Last year, this totalled EUR 1.24 billion (2022: EUR 1.15 billion).

GIZ owes all these successes to the commitment of its team: 25,634 staff in around 120 countries work for the company, of whom two thirds are national staff (17,098). We have around 9,000 local staff in Africa alone. Women account for a large share: more than half of GIZ's global workforce (52.1 per cent) are women. Our staff come from 152 different countries. Time and again, I am impressed by how tirelessly they

work every day, some of them in highly volatile countries. A big thank you to everyone – from myself and my colleagues on the Management Board, Ingrid-Gabriela Hoven and Anna Sophie Herken.

I would like to finish with another football image: development cooperation is like a match that Germany is playing in a world tournament with no trophy – where it is not about crowning a winner but about conveying common values and achieving common goals, and where the currency we use is mutual respect.

Thank you.