

ANNUAL STATEMENT OF ACCOUNTS 2011

GIZ at a glance

GIZ can look back on a remarkably successful fiscal year 2011. As at 31 December 2011 the business volume topped EUR 2 billion.

Business volume 2011

German Federal Ministry for Economic Cooperation and Development	EUR 1,532.5 million
of which cofinancing	EUR 176.1 million
German Public Sector Clients	EUR 222.5 million
of which cofinancing	EUR 6.9 million
Cofinancing in the public-benefit sector as a whole	EUR 183 million
GIZ International Services	EUR 277 million
TOTAL	EUR 2,031.9 million

GIZ staff members

In Germany (not including trainees)	3,241
Outside Germany	1,887
National personnel	11,929
Trainees	128

Assigned by GIZ

Development advisors	994
(including Civil Peace Service experts, 51 junior development advisors and 13 development advisors undergoing preparatory courses inside Germany)	

Placed by GIZ

Integrated experts (CIM)	599
Returning experts (CIM)	453
Volunteers working for »weltwärts«	493

Figures as at 31 December 2011; figures rounded off

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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.

Three ordinary meetings of the Supervisory Board and one meeting of the Audit Committee were held in fiscal year 2011.

Particular attention was paid to implementing the merger effective from 1 September 2010, the organisational and substantive integration of predecessor organisations, integration of the accounting system, and the conversion of grant-based procedures to the commissioning procedure for the former DED and InWEnt by the end of the fiscal year.

The GIZ annual statement of accounts 2011 presents an entire fiscal year for the integrated company for the first time.

The auditors PricewaterhouseCoopers 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 risks for its future development.

At its meeting of 25 June 2012, the Supervisory Board approved the results of the audit of the annual statement of accounts for 2011 carried out by the auditors and the Supervisory Board Audit Committee. The results did not give rise to any objections.

The Supervisory Board recommends that the shareholder adopt the annual statement of accounts 2011 and give formal approval to the acts of the Management Board.

Berlin, 25 June 2012

Hans-Jürgen Beerfeltz
Chairman of the Supervisory Board

Management Report 2011

I. OPERATIONS AND BUSINESS ENVIRONMENT

a. The company

As of 3 January 2011, the institutional merger of the German Development Service (DED), InWEnt – Capacity Building International, Germany, and the Deutsche Gesellschaft für Technische Zusammenarbeit (GTZ) GmbH was legally concluded and the company was renamed the Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ) GmbH. The three predecessor organisations had already been merged on 1 September 2010. As a public-benefit federal enterprise, GIZ promotes international cooperation for sustainable development and international education work in line with its corporate purpose. It supports the German Federal Government in achieving its development-policy objectives.

The registered offices of the company are in Bonn and Eschborn. GIZ implements projects in more than 130 countries and has over 17,000 staff worldwide. Some 70% of its staff are employed as national personnel in countries where projects are located. There are also around 1,000 development advisors, almost 600 integrated experts, and approximately 450 returning experts,¹ as well as just under 500 »weltwärts« volunteers² who were placed or financed through GIZ.

GIZ offers demand-driven, tailor-made, and effective services for sustainable development. The services of GIZ draw on a wealth of regional and technical expertise, presence in the field, and tried and tested management know-how. As a service enterprise, GIZ helps to facilitate change and empowers people to take ownership of their own development processes. The company supports its partners at local, regional, national, and international levels in

designing strategies and meeting their policy goals. In the international context, GIZ covers a unique spectrum of fields, including economic development and employment promotion, support for governance and democracy, promotion of peace, security, reconstruction, and civil conflict transformation, food security, health, basic education, environmental protection, resource conservation, and climate change mitigation and adaptation. It also supports its partners with management and logistical services, and emergency aid and refugee programmes. As a recognised development service provider, GIZ seconds development advisors to partner countries. It places integrated and returning experts and promotes networking and dialogue among international cooperation actors. Capacity development for partner-country experts is a major component of its services.

Most of its work is commissioned by the German Federal Ministry for Economic Cooperation and Development (BMZ). GIZ also operates on behalf of other German ministries – including the Federal Foreign Office, the Federal Ministry for the Environment, Nature Conservation and Nuclear Safety, the Federal Ministry of Defence, the Federal Ministry of Economics and Technology, and the Federal Ministry of Education and Research – as well as German states and municipalities, and public and private clients in Germany and abroad. These include the governments of other countries, the European Commission, the United Nations, the World Bank, and private companies. GIZ works closely with the private sector and promotes synergies between international cooperation and foreign trade activities.

b. Strategy

The following **national and international context** as well as **trends in international cooperation for sustainable development** are crucial to the strategic orientation of the reorganised company:

The dynamic economic growth of several emerging economies continues to realign economic and political power relations. Many donors, including Germany and the European Union (EU), are responding to these changes with a differentiated cooperation approach, in line with their development objectives. Especially

¹ In its personnel placement programme, the Centre for International Migration and Development (CIM) recruits 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. In the Returning Experts Programme, foreign experts are assisted in assuming positions important to development in their country of origin after studies, training, or employment in Germany.

² The BMZ-financed »weltwärts with GIZ« programme gives young people between 18 and 23 the opportunity to volunteer in a GIZ partner organisation for 12 months.

for emerging economies, knowledge has far greater priority than capital. Furthermore, partnerships to protect global public goods such as the climate, biodiversity, but also security and financial market stability, are playing a more prominent role and are shaping the international cooperation agenda. The desire of emerging economies to assume a greater role in shaping world affairs is reflected in new multilateral bodies such as the G20, which have become increasingly important.

A number of **new actors** have become involved in international cooperation over the last few years. China and India have appeared as donors, above all in Africa. Private companies are increasingly investing in the sustainable development of their production and value chains and are helping to improve the structural conditions of sites in developing and emerging countries, for example, through training programmes and infrastructure measures. The philanthropic activities of private actors have also increased significantly. Private foundations are managing larger and larger volumes of financial resources in an increasingly professional manner and are intensifying their involvement in international cooperation projects.

A number of traditional donors have responded to the dramatic **deepening of the debt crisis in Europe** by consolidating their government budgets, which may have a negative impact on their development cooperation budgets and thus on GIZ revenues. On the other hand, comprehensive measures to support reform within the framework of the European Financial Stability Facility (EFSF) offer new opportunities for GIZ's European business. In addition, the **EU Commission** intends to **reorganise its development cooperation**. Possible measures include a stronger focus on fewer partner countries and on neighbouring countries. This could increase the number of large-volume projects to be implemented, an area in which GIZ enjoys a good reputation.

International cooperation and development cooperation have high priority for **the German Federal Government**, which has explicitly stated that it wishes to position GIZ as a leading international service provider in this area. GIZ must therefore continue to expand its cooperation with BMZ and other ministries, as well as its cooperation with various national and international public and

private sector clients. In its new development policy strategy, BMZ has defined international cooperation for sustainable development as a value and interest-based investment in the future. It has set new strategic benchmarks for German development policy, oriented to the new global realities and worldwide challenges, for example mobilisation of additional resources for closer cooperation with the private sector. Overall, the strategy provides GIZ with greater scope for initiative, while setting important guidelines at the same time. GIZ's corporate purpose allows the company – in contrast to its predecessor institutions – to expand its technical and regional work in Germany, as well as in and with EU member states, emerging economies, and other industrialised countries.

In this context and in view of the national and international framework conditions outlined, **GIZ** has introduced a **strategic and operational reorientation**. The objective is to ensure and expand GIZ's position as a leading provider of international cooperation services for sustainable development. GIZ is accelerating its growth and diversification with long-term corporate planning based on the four elements of effectiveness, efficiency, growth, and strategic alliances and positioning.

Effectiveness – Sustainable results are a key quality standard for GIZ services. In the future, GIZ will therefore continue to adapt its services to changes in its operational context and in the demands and requirements of its commissioning parties and the recipients of its services. The sustainable impact of its services will be increased through a stronger focus on breadth of impact. Results will also be more clearly demonstrated. In 2011, GIZ introduced corporate strategy evaluation as a new instrument. External evaluations of selected projects in the company's key policy areas will support learning from experience and GIZ's strategic and operational reorientation and positioning. The first two evaluations are examining GIZ's portfolio from the perspective of »scaling-up/breadth of impact« and »cooperation with emerging economies«.

Efficiency – Sound economic thinking and action is a central element of GIZ's corporate culture. GIZ's incorporation under private law and its commissioning procedure provide strong incentives for lean structures and processes. GIZ will continue

to emphasise economic performance. The economic efficiency of its work will be increased by exploiting the potential for efficiency and economies of scale, as well as further standardisation of procedures and processes. After the successful institutional merger of the predecessor organisations, the focus is now on optimal utilisation of the new structures. Furthermore, raising average commission volume and reducing the level of vertical integration should lead to improved cost-effectiveness in the medium term.

Growth – In its extended business meeting in June 2011, the GIZ Management Board adopted a course of growth and diversification for the years 2011–2014, which foresees an increase in business volume³ to over EUR 2.5 billion by 2014. Growth in the public-benefit sector and the above-outlined measures to increase economic efficiency make it possible to achieve the »merger dividend« of at least EUR 17 million required by the shareholder without any operations-related layoffs of staff. In order to achieve the growth objectives, GIZ will continue to expand its demand-driven services, diversify its public and private sector clients, and actively enter new markets. In view of the core business and the structures, networks, and experience of the predecessor organisations, DED, InWEnt, and GTZ, there is considerable growth potential in the »sustainability market« in Germany, in the EU internal market, and in cooperation with emerging economies, among other markets. In addition, cooperation with private firms and philanthropists will be significantly intensified.

Strategic alliances and positioning – Big global challenges can only be met by employing cross-cutting approaches and in collaboration with industrialised, emerging and developing countries. With the new item in departmental budget no. 23, »International cooperation with regions for sustainable development«, BMZ has opened new, promising activity areas for GIZ. The company has responded to changes in the international context by adapting strategic and operational cooperation with current and new cooperation partners and by targeted global positioning. Cooperation with civil society and the private sector will be significantly strengthened, including involvement in joint consortia. Closer

integration of technical and financial cooperation will further enhance the efficiency of German support.

c. Economic conditions

Under the terms of the General Agreement, GIZ implements development projects and programmes of the German Federal Ministry for Economic Cooperation and Development (BMZ) as part of intergovernmental technical cooperation. GIZ is also involved in international education work throughout the world. The expanded corporate purpose opens up additional opportunities in the national market.

The development of the BMZ budget (departmental budget no. 23) is decisive for development projects and programmes implemented on behalf of BMZ. This budget rose to EUR 6,219 million in 2011, an increase of around EUR 149 million (2%) over 2010.

A cash appropriation of EUR 864 million was foreseen for item 896 03, »Bilateral technical cooperation«.⁴ Due to a transfer of cash funds of around EUR 60 million from the European Development Fund in the year under review, as well as EUR 20 million made available specifically for measures in the Horn of Africa, GIZ income from the technical cooperation item was around EUR 922 million in 2011. This represents an increase of around EUR 79 million (9%) over the previous year.

In addition, EUR 995 million in commitment authorisations were transferred to the technical cooperation item of the departmental budget no. 23 in 2011. This included EUR 150 million for smooth continuation of the activities of former DED and InWEnt.

In addition to the projects and programmes that are implemented on behalf of BMZ, GIZ also operates on behalf of other German public sector clients. In this business area, GIZ is commissioned by the Federal Foreign Office, the Federal Ministry for the Envi-

³ Sum of revenues in the public-benefit sector and total operating performance in GIZ International Services.

⁴ This cash appropriation included around EUR 22 million for other technical cooperation organisations (PTB, BGR).

ronment, Nature Conservation and Nuclear Safety, the Federal Ministry of Defence, and subsidiary agencies, among others. The various ministries each have their own policy objectives and are thus active in different areas. GIZ must respond flexibly to the requirements of the commissioning parties.

GIZ also obtains revenues from third-party donors in the form of cofinancing. In this form of cooperation, third parties provide additional funds for measures that GIZ is implementing on behalf of BMZ or other commissioning parties. Important providers of cofinancing include the Australian Agency for International Development (AusAID), the Netherlands' Directorate-General for International Cooperation (DGIS), and the European Union (EU). Donors who provide cofinancing have a wide variety of structures and fields of work. This impacts on GIZ's activities, as the company must adjust to a range of diverse conditions.

With the approval of the German Federal Government, GIZ also acts on behalf of international institutions such as the EU, the World Bank, regional development banks, United Nations agencies, and governments of various partner countries, as well as other private sector clients. In GIZ International Services, the part of the company which is subject to taxation, proven strategies and expertise in international cooperation are made available to other clients for a fee.

d. Business growth

Overall, the year under review was better than planned. Again in 2011, business volume and new commissions continued to grow rapidly compared to the previous year, in itself an essential contribution to achievement of the growth objective. Although the results of ordinary operations fell moderately by EUR 0.4 million to EUR 17.6 million, GIZ was able to conclude the year under review with a slight overall increase of EUR 0.1 million over net income of EUR 8.3 million in 2010.

The control parameter in the public-benefit sector was only 11.4%, less than planned, due to lower costs and higher income than forecast. International Services achieved an operating result⁵ of EUR 1.8 million, slightly higher than in the previous year.

Engagement Global gGmbH was founded on 21 November 2011 as part of the implementation of the decision by the German Federal Cabinet on 14 July 2010 to reform technical cooperation. This new organisation will consolidate future citizen involvement in development cooperation. The corresponding GIZ commissions and personnel were therefore transferred to Engagement Global on 1 January 2012 as part of a business transfer (around EUR 60 million in revenues).

⁵ The International Services operating result, as an internal management ratio for the International Services area, includes all relevant factors that influence the result. The operating result is comprised of net income before taxes, minus the financial result adjusted for BilMoG effects (interest expenses for provisions).

II. ASSETS, FINANCIAL POSITION, AND INCOME

a. Assets

The balance sheet total rose again as a result of the increase in business volume. The increase from EUR 995.3 million to EUR 1,047.1 million (EUR +51.8 million or 5.2%) is due primarily to a rise of cash and bank balances on the assets side and to growth in pension provisions and advance payments received on the liabilities side.

Fixed assets of EUR 253.3 million are slightly higher than the previous year's level (EUR 248.9 million). The slight increase of EUR 4.4 million (1.8%) is the result of a higher level of long-term investments due to the reinvestment of dividends in the existing security-based investment funds.

The fall in inventories from EUR 257.4 million to EUR 244.6 million (EUR – 12.8 million or 5.0%) is due above all to the decline of EUR 31.6 million in goods and services not yet invoiced, compared to 2010. The reason for this decrease is the transfer of the University Capacity Building Program (UCBP) from International Services to the client and the corresponding settlement of accounts. This decline is compensated in part by an EUR 18.6 million (11.0%) increase in advance payments made, from EUR 168.7 million to EUR 187.3 million.

Receivables and other assets also fell by EUR 63.7 million to EUR 269.1 million (2010: EUR 332.8 million). This included a decline in receivables from goods and services from EUR 126.8 million to EUR 98.0 million (EUR – 28.8 million or 22.7%). The reason for this was a decrease related to the timing of the balance sheet date and lower pre-financing because of higher revenues in the public-benefit part of the company towards the end of the year. Project assets fell by EUR 33.8 million, from EUR 188.5 million to EUR 154.7 million. This decline is related to both the public-benefit and the International Services sectors. Essentially, however, the decrease is due to the settlement of the UCBP in International Services.

Provisions rose from EUR 449.0 million to EUR 478.2 million (EUR +29.2 million). Almost half of the increase of EUR 52.2 million in provisions for pensions is compensated by the decline of EUR 23.0 million in other provisions. Provisions for pensions increased, on the one hand, because of higher pension entitlements and, on the other hand, due to accrued interest. The decline in other provisions is essentially the result of the fall in provisions for direct costs in International Services. These provisions were largely used or dissolved through the settlement of UCBP accounts.

Liabilities increased by EUR 12.1 million, from EUR 478.1 million to EUR 490.2 million. While total advance payments received rose by EUR 30.1 million, trade accounts payable fell by EUR 17.1 million.

Advance payments received in the public-benefit sector grew by EUR 93.5 million as the result of increased cofinancing income, on the one hand, and higher revenues from the technical cooperation item, on the other hand. In contrast, advance payments received by International Services declined by EUR 63.4 million because of settlement of the UCBP project accounts.

The decrease in trade accounts payable – related to the timing of the balance sheet date – is attributable primarily to the public-benefit sector.

b. Income

While the results of the previous DED and InWEnt parts of the company in 2010 were represented in the GIZ profit and loss account only from 1 September 2010, the date on which the companies were merged, the 2011 profit and loss account represents the results of all three parts of the company for the entire fiscal year for the first time.

Turnover in the fiscal year under review rose by EUR 209.3 million or 12.2%. Total operating performance rose from EUR 1,708.3 million to EUR 1,899.5 million (EUR +191.2 million or 11.2%) and is less than turnover because of the change in inventory of goods and services not yet invoiced from EUR – 13.5 million to EUR – 31.6 million. The following table shows the distribution across business areas.

Total operating performance	2011	2011	2011	2010	2010	2010	Total change	
	Public-benefit sector	International Services	Total	Public-benefit sector	International Services	Total	in € millions	in %
	in € millions	in € millions	in € millions	in € millions	in € millions	in € millions	in € millions	in %
Turnover	1,616.5	314.6	1,931.1	1,436.5	285.3	1,721.8	209.3	12
Changes in inventory	6.1	-37.7	-31.6	-0.8	-12.7	-13.5	-18.1	134
Total operating performance	1,622.6	276.9	1,899.5	1,435.7	272.6	1,708.3	191.2	11

Overall, net income in fiscal year 2011 after GIZ-financed measures⁶ (EUR 0.7 million) was EUR 8.3 million, which is slightly higher than in the previous year (EUR 8.2 million).

The following table shows net income according to business area.

Net income	2011	2010	Change	
	in € millions	in € millions	in € millions	in %
Public-benefit sector	6.7	6.7	0.0	0
International Services	1.6	1.5	0.1	7
GIZ total	8.3	8.2	0.1	1

c. Financial position

GIZ's financial position in fiscal year 2011 was characterised by a strong increase of EUR 127.7 million in cash and bank balances, from EUR 147.7 million to EUR 275.4 million. Of the balances on the balance sheet date, EUR 14.7 million were in International Services and EUR 260.7 million in the public-benefit sector. The growth in the public-benefit sector, which more than compensated for the moderate decline in International Services, is due primarily to increased liquidity from cofinancing, refinancing of inpayments to pension provisions made in 2010, and higher advance payments received.

Despite the rise in cash and bank balances, the financial result decreased by EUR 5.0 million, from EUR -13.4 million to EUR -18.4 million. The reason for this is, on the one hand, EUR 2.0 million less in dividends from the security-based investment funds (2011: EUR 2.5 million; 2010: EUR 4.5 million) and, on the other hand, the increase in interest expenses for pension provisions.

Equity increased by EUR 8.3 million, because net income was transferred to reserves in accordance with the Articles of Association. With growth in equity and the balance sheet total, the equity ratio rose to 6.9%, an increase of 0.5 percentage points over the previous year.

⁶ In accordance with its Articles of Association, GIZ as a public-benefit company uses profits exclusively for development purposes by carrying out GIZ-financed measures.

III. ECONOMIC SITUATION

a. Consolidated statement

GIZ business growth was again positive in 2011. With a business volume of around EUR 2,032 million and new commissions in the amount of EUR 2,171 million, a new record high was achieved again in 2011.

The successful fiscal year 2011 is also reflected in the two key management ratios: the control parameter of the public-benefit sector and the operating result of GIZ International Services.

The control parameter is the key management ratio in the public-benefit sector to limit management costs in Head Office. Up to now, it has been applied solely to the GTZ part of the company.

GIZ's control parameter for the transition year 2011, after consolidation of the parts of the company, is 11.4%. Thus, in 2011 the control parameter again remained below the ceiling of 12% – originally set for the GTZ part of the company.

In addition to total operating performance, the operating result is another important management ratio for GIZ International Services. This was EUR +1.8 million, thereby exceeding the level of the previous year (EUR 1.7 million).

b. Trends in business volume

Revenues in the public-benefit sector and total operating performance in International Services are important parameters for growth in GIZ business. Revenues and total operating performance comprise GIZ's business volume. In 2011, this was around EUR 2,032 million, which represents an increase of around EUR 180 million (10%) over 2010. The following table presents the trends in GIZ business volume.

Business volume	Actual 2010 ²	Actual 2011	Change
	in € millions	in € millions	in %
Public-benefit sector total	1,593.6	1,755.0	10
· of which, BMZ	1,264.5	1,356.4	7
· of which, German public sector clients	179.9	215.5	20
· of which, cofinancing	149.2	183.0	23
International Services	272.6	277.0	2
Consolidation¹	- 14.7		
GIZ total	1,851.5	2,031.9	10

1) The consolidation covers the elimination of transactions between the former DED, InWEnt and GTZ.

2) The figures for 2010 were supplemented by income from the former DED and InWEnt.

The largest share (86%) of business volume corresponded to the public-benefit sector. In comparison to 2010, the share of revenues of the public-benefit sector in GIZ business volume rose again (by one percentage point). The bulk of revenues in the public-benefit sector, in turn, were related to business with BMZ (67% of business volume). BMZ thus remains GIZ's most important commissioning party, by far. Furthermore, the share of revenues from business with other German public sector clients increased by one percentage point over the previous year. The share of total operating performance of International Services in GIZ business volume was 14%.

The following table presents the trends in the shares of the business sectors in GIZ business volume.

Business volume	Actual 2010 ²	Share	Actual 2011	Share
	in € millions	in %	in € millions	in %
Public-benefit sector total	1,593.6	85	1,755.0	86
· of which, BMZ	1,264.5	68	1,356.4	67
· of which, German public sector clients	179.9	10	215.5	11
· of which, cofinancing	149.2	8	183.0	9
International Services	272.6	15	277.0	14
Consolidation¹	- 14.7			
GIZ total	1,851.5	100	2,031.9	100

1) The consolidation covers the elimination of transactions between the former DED, InWEnt and GTZ.

2) The figures for 2010 were supplemented by income from the former DED and InWEnt.

The growth in GIZ business volume according to business area will be explained below.

Revenues in the public-benefit sector

Revenues in the public-benefit sector were around EUR 1,755 million. This represents an increase of around EUR 161 million (10%) over the previous year. With these revenues in 2011, an essential part of the growth targeted in the Programme for Growth and Efficiency (revenues of around EUR 1,821 million in 2014) has already been achieved.

The higher revenue level was primarily the result of commissions and grants from BMZ. Here revenues were around EUR 1,356 million, which represents an increase of around EUR 92 million (7%) over the previous year. This positive development was due, above all, to a cash transfer from the European Development Fund to the technical cooperation budget item in the year under review, as well as EUR 20 million made available specifically for measures in the Horn of Africa region.

Revenues from other German public sector clients were around EUR 216 million, an increase of around EUR 36 million (20%) over 2010. A large part of the revenues were accounted for by the German Federal Foreign Office (around 38%) and the German Federal Ministry for the Environment, Nature Conservation and Nuclear Safety (around 26%).

- Projects of the **German Federal Foreign Office** resulted in total revenues of around EUR 83 million (growth of 17% over 2010). EUR 45.1 million of the revenues were from projects in Afghanistan, including EUR 29.9 million from the Rebuilding the Afghan Police Force Programme.
- Revenues from the **German Federal Ministry for the Environment, Nature Conservation and Nuclear Safety** were approximately EUR 56 million, which is around EUR 25 million (77%) higher than in 2010. The revenues were related, above all, to the International Climate Initiative.
- Income from the **German Federal Ministry of Defence** was around EUR 24 million (increase of 24% over 2010). These revenues were exclusively from projects in Afghanistan.
- Funds from the **German Federal Ministry of the Interior** to support German minorities in Russia totalled around EUR 13 million, approximately the same level as in the previous year.
- Revenues from **services supporting the ministries under EU twinning and EU grants** declined by around EUR 1 million (9%) to approximately EUR 13 million.

Cofinancing income from third-party donors was around EUR 183 million, an increase of approximately EUR 34 million (23%) over 2010. There were substantial increases in cofinancing income from the donors, including DGIS (around EUR 22 million more than in 2010), AusAID (around EUR 9 million more than in 2010), and the UK Department for International Development (DFID) (approximately EUR 3 million more than in 2010).

Total operating performance of GIZ International Services

Total operating performance of GIZ International Services was around EUR 277 million in fiscal year 2011. This exceeded the previous year's level by EUR 4.4 million (2%).

The largest share, around EUR 88 million (32% of total operating performance), was accounted for by national governments. Total payments from cooperation with the EU were approximately EUR 72 million (27% of total operating performance). Total payments from contracts with the EU were thus nearly the same level as in the previous year. The fastest growth over the previous year was achieved in business with United Nations (UN) agencies. Total payments for contracts with UN agencies increased by around EUR 31 million in 2011 to approximately EUR 48 million (18% of total operating performance). Bilateral donors accounted for close to EUR 43 million, while international financial institutions/funds accounted for around EUR 17 million, 16% and 6% of total operating performance, respectively.

c. Trends in commissions and orders on hand⁷

Trends in commissions

New commissions and grants in the public-benefit sector and in GIZ International Services totalled approximately EUR 2,171 million, another increase (around EUR 178 million or 9%) over the high level of the previous year. New orders in 2011 included commissions of around EUR 150 million provided by BMZ for smooth continuation of the activities implemented by the DED and InWEnt parts of the company. Thus, the increase in new commissions is mainly due to additional commitment authorisations made available in this context.

The following table shows the development of new commissions and grants received by GIZ.

New commissions	Actual 2010 ²	Actual 2011	Change
	in € millions	in € millions	in %
Public-benefit sector total	1,772.5	1,917.6	8
· of which, BMZ	1,355.1	1,560.4	15
· of which, German public sector clients	259.6	203.7	-22
· of which, cofinancing	157.8	153.5	-3
International Services	234.9	253.3	8
Consolidation¹	- 14.9		
GIZ total	1,992.6	2,170.9	9

1) The consolidation covers the elimination of transactions between the former DED, InWEnt and GTZ.

2) The figures for 2010 were supplemented by income from the former DED and InWEnt.

The largest share (88%) of new commissions was accounted for by the public-benefit sector. This is similar to the previous year's level. The share of new commissions in business with other German public sector clients fell in comparison to 2010 because of extraordinary factors (including the planned withdrawal of the Bundeswehr [German armed forces] from Afghanistan). International Services' share of new commissions corresponded to 12% of all GIZ orders. The following table presents developments in new commissions obtained by the business sectors as a percentage of all new commissions received by GIZ.

⁷ In July 2011 the former DED and InWEnt were still using grants-based procedures. In order to present trends in GIZ business, the grants are shown as new commissions.

New commissions	Actual 2010 ²	Share	Actual 2011	Share
	in € millions	in %	in € millions	in %
Public-benefit sector total	1,772.5	88	1,917.6	88
· of which, BMZ	1,355.1	68	1,560.4	72
· of which, German public sector clients	259.6	13	203.7	9
· of which, cofinancing	157.8	8	153.5	7
International Services	234.9	12	253.3	12
Consolidation¹	- 14.9			
GIZ total	1,992.6	100	2,170.9	100

1) The consolidation covers the elimination of transactions between the former DED, InWEnt and GTZ.

2) The figures for 2010 were supplemented by income from the former DED and InWEnt.

Trends in new orders received by each GIZ business sector will be explained below.

New commissions in the public-benefit sector

In the public-benefit sector, new orders were around EUR 1,918 million, representing an increase of approximately EUR 145 million (8%) over the previous year. The significantly larger volume of commissions from BMZ contributed to this growth. These new commissions in 2011 included additional orders related to the conversion of the DED and InWEnt parts of the company from grant-based to commissioning procedures (around EUR 150 million). Overall in 2011, BMZ commissioned work in the amount of EUR 1,560 million, an increase over the previous year of approximately EUR 205 million (15%). New orders received by GIZ from other German public sector clients amounted to about EUR 204 million. It was therefore not possible to maintain the high level of the previous year (about EUR 260 million). This decline is due primarily to two extraordinary factors:

- orders expected from the Federal Ministry for the Environment, Nature Conservation and Nuclear Safety were postponed until 2012;

- the German Federal Ministry of Defence did not commission two anticipated construction measures because of the withdrawal of the German Bundeswehr from Afghanistan planned for 2014.

The volume of commissions for cofinancing from third-party donors was about EUR 154 million, representing a slight decline of approximately EUR 4 million (3%) in comparison to 2010.

New commissions in GIZ International Services

New orders in GIZ International Services amounted to about EUR 253 million in fiscal year 2011. This represents an increase of around EUR 18 million (8%) over the previous year.

In comparison to the previous year, new contracts increased, above all, in cooperation with the EU (around EUR 14 million or 28%) and UN agencies (approximately EUR 26 million or 89%). In 2011, there were also significantly more orders related to cooperation with the private sector than in 2010 (about EUR 4 million, an increase of 188%).

Contracts from national governments (including Ethiopia) comprised the largest share of total International Services contracts. New orders in this area were about EUR 85 million, thus comprising 34% of all International Services contracts.

Orders on hand

Orders on hand at GIZ at the end of fiscal year 2011 totalled approximately EUR 3,371 million, an increase of around EUR 122 million (4%) over 2010.

Orders on hand in the public-benefit sector were around EUR 2,920 million at the end of 2011, surpassing the previous year's figure by about EUR 236 million (9%). Orders on hand in International Services were approximately EUR 451 million, a decline of about EUR 114 million (20%) compared to the level in the previous year. This was largely due to the completion of large-scale projects in Ethiopia.

d. Use of resources

Trends in personnel

As at the balance sheet date of 31 December 2011, a total of 5,256 staff (excluding national personnel) were employed by GIZ. This represents an increase of 214 experts (4%) over 2010.

There were a total of 2,584 staff in Head Office (excluding project personnel in Germany) at the end of 2011. This is nine more than in the previous year. The number of employees in Germany remained at almost the same level as the previous year, both in the public-benefit sector and in International Services. The number of employees in the public-benefit sector includes 128 trainees (2010: 140 trainees).

As at 31 December 2011, a total of 2,672 experts were deployed in the projects, both in the field and in Germany, in order to implement GIZ's commissions. This is 205 (8%) more than in the previous year.

As at 31 December 2011, 11,929 locally employed staff were working for GIZ as national personnel. The decline of 241 employees (2%) compared to 2010 is due, in particular, to the completion of larger projects (for

example, the programme of the United Nations High Commissioner for Refugees), as well as to general staff fluctuation.

In addition, a total of 599 integrated experts were directly employed by organisations and firms in partner countries at the end of 2011 (2010: 693), the result of placement and financial assistance from the Centre for International Migration and Development (CIM). Since 2009, CIM has also been responsible for managing the Returning Experts Programme. At the end of 2011, CIM was assisting 453 returning experts (2010: 455), so that the know-how acquired in Germany could be appropriately utilised upon return to their countries of origin.

In addition, 994 development advisors (2010: 1,111), 657 local experts in partner organisations (2010: 698), and 493 volunteers of the »weltwärts with GIZ« programme (2010: 821) were assigned.

The following table provides an overview of trends in GIZ personnel.

GIZ employees (not weighted for part-time; as per balance-sheet date)	Actual 31.12.2010	Actual 31.12.2011	Change	
			absolute	in %
Public-benefit sector staff at Head Office ¹	2,454	2,458	4	0
Public-benefit sector field staff	1,563	1,664	101	6
Public-benefit sector project staff in Germany	637	755	118	19
Total public-benefit sector staff	4,654	4,877	223	5
International Services staff at Head Office ²	121	126	5	4
International Services field staff	258	223	-35	-14
International Services project staff in Germany	9	30	21	233
Total International Services staff	388	379	-9	-2
Total GIZ personnel	5,042	5,256	214	4
National personnel	12,170	11,929	-241	-2
Development advisors	1,111	994	-117	-11
Integrated experts (CIM) ³	693	599	-94	-14
Returning experts (CIM) ³	455	453	-2	0
Local experts in partner organisations	698	657	-41	-6
Volunteers in the »weltwärts« programme	821	493	-328	-40

1) Excluding the Management Board and project personnel in Germany

2) Excluding project personnel in Germany

3) Employment contract with local employers in partner countries

Trends in the purchase of goods and services

The following presentation does not include any procurements for the previous DED and InWEnt parts of the company, unless they were managed by the former GTZ. This is because grants and commissions in 2011 were handled in parallel, so that expenses could be summed, but commissions and purchases themselves could not.

In 2011, the total value of all goods procured by the previous GTZ part of the company at Head Office and in the field, financing, and construction and other services was approximately EUR 723 million. This represents a decline of around EUR 44 million (6%) compared to 2010.

Goods valued at about EUR 129 million were purchased for commissions of the public-benefit sector and International Services. This represents an increase of around EUR 9 million (8%) over the previous year's figure. There was a significant increase (about EUR 22 million) in procurement of drugs for the World Health Organization (WHO) and other International Services clients. Approximately 30% of the purchases of goods in 2011 were made locally in the partner countries.

In 2011, GIZ Head Office concluded service and construction contracts and financing agreements for a total of approximately EUR 423 million. This represents a decline of around EUR 32 million (7%) from the previous year. The volume of contracts concluded with consulting firms was around EUR 239 million, a slight increase of about EUR 7 million (3%) over the previous year. The largest share of this increase is accounted for by the public-benefit sector. The volume of contracts with institutions in fiscal year 2011 was approximately EUR 94 million. This represents a moderate decline of around EUR 2 million (2%) compared to the previous year's figure. The volume of contracts awarded to appraisers was approximately EUR 52 million, a significant reduction of EUR 7 million (12%) from the previous year. The volume of financing agreements with partners in developing countries also fell sharply, by around EUR 26 million (53%), to approximately EUR 23 million. This is primarily due to less attention to financing in project design. GIZ offices in the field structure awarded additional contracts worth around EUR 172 million to local

consulting firms, appraisers, construction companies, and in the form of local grants. This also represents a decline – of around EUR 22 million (11%) – against the previous year.

The following table provides an overview of the trend in purchases of goods and services, as well as financing by GIZ.

Contracts awarded	2011	2010	Change	
	in € millions	in € millions	in € millions	in %
Head Office service contracts ¹	384.2	386.3	-2.1	-1
Head Office construction contracts	15.3	15.9	-0.6	-4
Head Office financing agreements	22.9	49.1	-26.2	-53
Head Office procurement of goods ²	86.8	73.9	12.9	17
Total Head Office	509.2	525.2	-16.0	-3
Local service and construction contracts, financing agreements	172.1	194.1	-22.0	-11
Local procurement of goods	42.0	47.7	-5.7	-12
Total local contracts	214.1	241.8	-27.7	-11
Total contracts awarded¹	723.3	767.0	-43.7	-6

1) Consulting firms, advisory institutions, individual appraisers

2) Goods, freight forwarders

IV. OUTLOOK

Business development forecast

The success of fiscal year 2011 confirms GIZ's diversification strategy. GIZ will continue to expand cooperation with BMZ and other German public sector clients, and further develop the International Services business area. GIZ is also meeting the challenge of continuing to offer a comprehensive range of services tailored to the specific requirements of German federal ministries, German federal states and municipalities, as well as international organisations, partner country governments, and other public and private donors.

For 2012 and beyond, GIZ is targeting additional revenue growth in the **public-benefit sector**. By 2014, income should be around EUR 1,821 million. This represents a targeted increase of around 14% over 2010 (revenues of around EUR 1,594 million).

The following table shows the trend in revenues for the years 2010 to 2014.

Revenues	Actual 2010	Actual 2011	Plan 2012	Prognosis 2012	Forecast 2013	Forecast 2014
	in € millions	in € millions	in € millions	in € millions	in € millions	in € millions
BMZ	1,408.6	1,532.5	1,416.0	1,444.5	1,495.8	1,569.9
· of which, technical cooperation item	843.3	921.8	1,096.4	1,136.4	1,202.3	1,249.7
· of which, new item	0.0	0.0	20.0	20.0	20.0	20.0
· of which, other BMZ items	421.2	434.6	100.1	102.0	118.4	149.5
· of which, cofinancing	144.1	176.1	199.5	186.1	155.1	150.7
German public sector clients	185.0	222.5	245.1	214.9	243.1	250.8
· of which, budget funds	179.9	215.5	241.9	208.9	238.9	244.7
· of which, cofinancing	5.1	6.9	3.2	6.0	4.2	6.1
Public-benefit sector total	1,593.6	1,755.0	1,661.1	1,659.4	1,738.9	1,820.7

For 2012, revenues of approximately EUR 1,445 million are expected from cooperation with BMZ. Although this corresponds to a temporary decline of around 6% compared to 2011, revenues are expected to increase to around EUR 1,570 million by 2014. This temporary decline is essentially due to two extraordinary factors:

- on the one hand, there was a one-time cash transfer from the European Development Fund in 2011;
- on the other hand, activities that were managed by GIZ in 2011 were transferred to Engagement Global (income of around EUR 60 million).

There is also growth potential in cofinancing of BMZ business. Income of nearly EUR 186 million is expected in 2012. This represents a targeted increase of approximately 6% over the revenues in 2011.

Considerable opportunity for rapid growth in line with GIZ's corporate purpose is seen in cooperation with other German public sector clients, particularly in the areas of »energy and climate« and »peace and security«. Opportunities for regional growth are emerging in the Transformation Partnership for North Africa under the leadership of the German Federal Foreign Office.

A total of around EUR 215 million is the target for income from business with other German public sector clients in 2012. A moderate decline of approximately 3% from the corresponding 2011 figure is thus expected. An additional increase in revenues of approximately EUR 251 million is expected by 2014.

A further key opportunity for cofinancing and for the International Services business area is emerging in cooperation with the EU related to the Arab Spring. The successful GIZ approaches to promoting employment and innovation in Morocco and Tunisia are currently attracting a great deal of attention. Given that there is considerable need in the neighbouring regions as well, there is further potential for GIZ in this area.

On 5 December 2011, the Supervisory Board adopted a new control parameter. The most important change is that the new, modified control parameter is more forward looking: the four-year average in income (the previous year, the current year, two subsequent years) will be the focus of attention in future; orders on hand will no longer be taken into account. According to this new definition, a control parameter of 12.5% is forecast for 2012 (11.5% according to the previous definition). A control parameter of 12.0% will be achieved by 2014.

In the most recent forecast for fiscal year 2012, **International Services** has significantly reduced anticipated total operating performance from the around EUR 403 million shown in its financial, investment, and personnel planning for 2012. At the moment, total operating performance for the current year is expected to be around EUR 271 million. A large part of the expected decline of around EUR 132 million is due to the lower probability of obtaining a large-scale contract to provide procurement services for Brazilian government agencies. This comprised about EUR 75 million of total planned operating performance in 2012. Furthermore, it is unclear whether the Government of Brazil would award the entire volume directly to GIZ by way of a bilateral agreement or would use a public tender to procure some parts. The forecast for total operating performance was reduced by another EUR 57 million compared to the plan for 2012 because of delays and new contracts that have not materialised.

In response to this development, International Services has drawn up a comprehensive plan, with measures to secure new contracts and income in 2012 and to again strengthen these in the following years.

Because of this development in total operating performance, the operating result for International Services is forecast to be approximately EUR – 2 million in fiscal year 2012.

b. Anticipated use of resources

Trends in personnel

According to current information and based on the forecast business trends, it is expected that 4,990 staff will be employed in 2012. This represents a decline of 138 employees (3%) compared to the previous year. By 2014, however, the number of GIZ employees is expected to rise again to nearly 5,200 staff members.

GIZ staff	Actual	Plan	Forecast ²	
	31.12.2011	2012 ²	2013	2014
Staff with Head Office functions	2,456	2,347	2,363	2,405
Field staff	1,887	1,875	1,912	1,994
Project staff in Germany	785	768	773	795
Total employees¹	5,128	4,990	5,048	5,194

1) Excluding trainees

2) There are likely to be additional shifts between staff with Head Office functions and project staff in Germany because of the conversion to the commissioning procedure (especially in the area of Germany).

Trends in the purchase of goods and services

Given that the purchase of goods and services and the conclusion of financial agreements is the result of implementing a wide range of projects, it is naturally difficult to make a detailed forecast for the coming years. Nevertheless, in 2012 considerably higher total allocations are expected than in 2011.

c. Risks

A **risk management system** tailored to the requirements of the company and meeting statutory requirements (Control and Transparency in Business Act) had already been introduced in 2000 by the predecessor organisation GTZ. Since then, trends in the defined risk areas (risk map) have been monitored and evaluated on a quarterly basis by the risk management committee. The committee regularly reviews the appropriateness and relevance of the risk areas and also makes necessary adjustments to this early warning system.

In addition to the risk report, each quarter the Management Board receives:

- a summary evaluation
- information on measures already initiated
- the committee's recommendations for avoiding or limiting material risks.

The risk management systems introduced by the two predecessor organisations DED and InWEnt were taken into account in the overall presentation of 2011, the transition year.

Substantial growth in business volume and an improved market position for GIZ will be sought in the next few years. To tap the market potential, the Management Board has adopted the Programme for Growth and Efficiency. With support from BMZ, this growth is to be achieved through an increase in the resources GIZ receives from department budget no. 23. In the 2012 budget, the commitment authorisations for item 896 03, »Bilateral technical cooperation«, were increased to approximately EUR 1,312 million, around EUR 275 million⁸ over 2011. Additional increases in commitment authorisations and cash appropriations will be necessary for the following years.

The development of the budgets of BMZ and other German ministries may pose a key risk for achievement of the growth objectives. There is uncertainty with respect to planned growth in income related to the German Special Fund for Energy and Climate that GIZ expects from BMZ, the German Federal Ministry for the Environment, Nature Conservation and Nuclear Safety, and the German Federal Foreign Office. This is due to a blocking notice for commitment authorisations over EUR 900 million in the 2012 budget, because of lower prices for emissions certificates.

The difficult, volatile security situation in Afghanistan and Pakistan represents a risk to both the pace and the technical aspects of commission implementation. Orders on hand for measures being implemented in these countries totalled about EUR 252 million as at 31 December 2011. For these orders, there is the risk of possible delays in project implementation, which will affect GIZ's business volume.

The seconded experts evacuated to Germany from Syria and Yemen because of political unrest have not yet been able to resume their work in these partner countries. This has led to a standstill or delays in implementation of the related commissions.

Because of the lower probability of obtaining an expected new large contract in Brazil for the modernisation of public security institutions (MODISP), the targeted growth in International Services for 2012 is at risk. To counteract this development, a comprehensive plan was drawn up, with measures to secure business growth in 2012 and to strengthen it in the following years.

The Management Board regularly informs the Supervisory Board about essential risks in its quarterly reports.

⁸ Experience has shown that about EUR 25 million of the commitment authorisations in the technical cooperation budget item are for other technical cooperation organisations.

V. SUPPLEMENTARY REPORT

There were no significant events after the balance sheet date of 31 December 2011.

VI. THANKS TO OUR EMPLOYEES

We would like to thank all our staff, both in Germany and abroad, whose personal commitment and high level of professionalism made a decisive contribution to the excellent result in 2011.

Bonn/Eschborn, 4 June 2012

The Management Board

Dr Bernd Eisenblätter
(Chair of the Management Board)

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

Adolf Kloke-Lesch
Tom Pätz
Dr Sebastian Paust
Dr Hans-Joachim Preuß
Prof. Jürgen Wilhelm

Balance sheet

as at 31 December 2011

Assets	Note in annex	As at 31.12.2011		As at 31.12.2010	
		€	€	€'000	€'000
A. Fixed assets					
I. Intangible assets	(1)				
Purchased concessions, industrial property rights and similar rights and values as well as licenses to such rights and values		1,482,568	1,482,568	988	988
II. Tangible assets	(1)				
1. land, titles, and buildings including buildings on land owned by others		71,076,028		72,033	
2. others assets, plant and office equipment		15,430,941		14,550	
3. advance payments made and assets under construction		1,581,589	88,088,558	25	86,608
III. Financial assets	(2)				
1. shareholdings		360,862		361	
2. securities held as fixed assets		162,535,795		160,036	
3. other loans		849,195	163,745,852	873	161,270
			253,316,978		248,866
B. Current assets					
I. Inventories	(3)				
1. raw materials and consumables		107,941		4	
2. goods and services not yet invoiced		57,124,545		88,684	
3. advance payments made		187,342,010	244,574,496	168,722	257,410
II. Receivables and other assets	(4)				
1. receivables from goods and services		97,999,364		126,779	
2. project assets		154,752,820		188,527	
3. other assets		16,385,501	269,137,685	17,516	332,822
III. Cash, balances at Bundesbank, balances at banks and cheques	(5)				
			275,370,420		147,689
			789,082,601		737,921
C. Deferred expenses and accrued income	(6)				
			4,682,765		8,565
			1,047,082,344		995,352
Memo items	(12)				
Trust assets €4,748,027 (2010: €2,366,000)					

Liabilities	Note in annex	As at 31.12.2011			As at 31.12.2010		
		€	€	€	€'000	€'000	€'000
A. Equity							
I. Subscribed capital	(7)	20,452,000			20,452		
Subscribed capital unpaid		-11,759,713			11,760		
Called-up capital			8,692,287			8,692	
II. Capital reserve	(7)		5,112,919			5,113	
III. Revenue reserves							
Reserves pursuant to Articles of Association	(8)		62,205,667			53,914	
IV. Balance sheet profit			0	76,010,873		0	67,719
B. Contributions paid in for the approved capital increase							0
C. Provisions	(9)						
1. provisions for pensions			376,223,075			323,985	
2. provisions for taxes			29,589			0	
3. other provisions			101,935,908	478,188,572		124,980	448,965
D. Liabilities	(10)						
1. advance payments received			438,653,985			408,593	
2. trade accounts payable			44,530,741			61,663	
3. other liabilities			7,054,201	490,238,927		7,876	478,132
· of which, from taxes €2,461,207 (2010: €3,293,000)							
· of which, relating to social security €22,906 (2010: €22,000)							
E. Deferred income and accrued expenses	(11)			2,643,972			536
				1,047,082,344			995,352
Memo items	(12)						
Trust commitments €4,748,027 (2010: €2,366,000)							

Appendix to the balance sheet

Changes in fixed assets (gross figures)

	Carried forward to 01.01.2011	For information* grant-financed fixed assets Additions	Cost of acquisition or production			Status as at 31.12.2011
			Additions	Book transfers	Retirements	
	€	€	€	€	€	€
I. Intangible assets						
Purchased concessions, industrial property rights and similar rights and values, as well as licenses to such rights and values	6,455,593	(114,855)	1,158,534	5,346	3,059,863	4,559,611
	6,455,593	(114,855)	1,158,534	5,346	3,059,863	4,559,611
II. Tangible assets						
1. land, titles, and buildings including buildings on land owned by others	108,564,760	0	1,394,630	0	447	109,958,943
2. other assets, plant and office equipment	35,824,670	(2,512,789)	5,711,469	-5,346	2,113,993	39,416,800
3. advance payments made and assets under construction	24,908	0	1,556,680	0	0	1,581,588
	144,414,338	(2,512,789)	8,662,779	-5,346	2,114,440	150,957,331
III. Financial assets						
1. shareholdings	535,862	0	0	0	0	535,862
2. securities held as fixed assets	160,035,822	0	2,499,973	0	0	162,535,795
3. other loans	1,142,710	0	120,000	0	154,393	1,108,317
	161,714,394	0	2,619,973	0	154,393	164,179,974
	312,584,325	(2,627,644)	12,441,286	0	5,328,696	319,696,915

* Acquisition costs were offset against the investment grants.
There may be rounding differences of € +/-1.

Carried forward to 01.01.2011	Fiscal year	Depreciations		Status as at 31.12.2011	Book values	
		Book transfers	Retirements		Status as at 31.12.2011	Status as at 31.12.2010
€	€	€	€	€	€	€'000
5,467,965	667,389	1,528	3,059,840	3,077,042	1,482,569	988
5,467,965	667,389	1,528	3,059,840	3,077,042	1,482,569	988
36,531,534	2,351,828	0	447	38,882,915	71,076,028	72,033
21,274,192	4,701,551	-1,528	1,988,356	23,985,859	15,430,941	14,550
0	0	0	0	0	1,581,588	25
57,805,726	7,053,379	-1,528	1,988,803	62,868,774	88,088,557	86,608
175,000	0	0	0	175,000	360,862	361
0	0	0	0	0	162,535,795	160,036
269,895	0	0	10,773	259,122	849,195	873
444,895	0	0	10,773	434,122	163,745,852	161,270
63,718,586	7,720,768	0	5,059,416	66,379,938	253,316,978	248,866

Profit and loss account

for the period from 1 January 2011 to 31 December 2011

	Note in annex	2011		2010	
		€	€	€'000	€'000
1. Turnover	(13)	1,931,018,393		1,721,828	
2. Decrease in inventory of goods and services not yet invoiced		- 31,559,346		- 13,487	
Total operating performance	(14)		1,899,459,047		1,708,341
3. Other operating income	(15)		32,215,592		28,700
4. Cost of materials	(16)				
a) cost of purchased goods		159,083,076		148,368	
b) cost of purchased services		971,827,102	1,130,910,178	922,406	1,070,774
5. Personnel costs	(17)				
a) wages and salaries		551,066,078		455,904	
b) social security contributions, pensions, and welfare expenses					
· of which, pensions: €35,209,405 (2010: €46,121,000)		123,160,059	674,226,137	110,599	566,503
6. Depreciations and write-downs on intangible and tangible assets			7,720,768		7,148
7. Other operating expenses	(18)		82,815,502		61,255
8. Income from other securities and long-term investments		2,539,353		4,425	
9. Other interest and similar income	(19)	2,838,632		3,860	
10. Write-downs of financial assets		0		178	
11. Interest and similar expenses	(20)	23,758,611	- 18,380,626	21,457	- 13,350
12. Results of ordinary operations	(21)		17,621,428		18,011
13. Extraordinary expenses		8,991,703		9,521	
14. Extraordinary result	(22)		8,991,703		9,521
15. Taxes on income	(23)	316,076		256	
16. Other taxes		22,423	338,499	23	279
17. Net income			8,291,226		8,211
18. Transfer to reserves provided for by the Articles of Association			- 8,291,226		- 8,211
19. Unappropriated surplus			0		0

Annex 2011

NOTES ON THE BALANCE SHEET AND PROFIT AND LOSS ACCOUNT

As at the balance sheet date of 31 December 2011, GIZ remains a company with limited liability in accordance with section 267 of the German Commercial Code (HGB). The annual GIZ statement of accounts is prepared in accordance with the provisions of the HGB as well as the supplementary provisions of the GmbH-Gesetz (German law pertaining to companies with limited liability). The fiscal year corresponds to the calendar year. To improve the clarity of the presentation, the item »Project assets« was added in the balance sheet; see (4) below. 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 annex.

General notes on the principles of accounting and valuation

Principles of accounting and valuation

The accounting and valuation principles remain unchanged from the previous year. Because of the merger of DED and InWEnt with GIZ (previously GTZ), financially effective as of 1 September 2010, the figures of the previous year are not fully comparable with those of the current year.

Fixed assets

Intangible and tangible assets

Intangible and tangible assets are shown at purchase cost less depreciation based on their useful life in accordance with the respective loss of value of individual GIZ assets. Depreciation is calculated on a straight-line basis for periods between three years (PC and PC 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 6 and 25 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.

The fixed assets assumed as a result of the merger with DED and InWEnt were grant-financed for these parts of the company for the last time in 2011 and are now entirely financed through investment grants. The investment grants were deducted from the acquisition costs and these asset additions are therefore listed for information purposes only.

Financial assets

Financial assets are valued at purchase price. The shareholdings are shown at the lower fair value.

One of the company's two security-based investment funds was increased by a total of EUR 2,499,973. This was done by reinvesting the dividends. The funds are valued at purchase cost. Lower valuations are applied where sustained impairment is anticipated.

The low interest-bearing (2.5%), long-term loans to staff for housing purchase in »Other loans« were discounted at 2.5% p.a.; otherwise figures are shown at face value.

Current assets

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

Raw materials and consumables are valued at purchase or manufacturing costs. Risks relating to stocks as a result of limited usefulness, long storage, price changes in the procurement market, or other impairments are taken into account through write-downs.

Goods and services not yet invoiced are shown at purchase or manufacturing cost, including an appropriate portion of overheads; advance payments made and received are shown after deduction of individual and general provisions.

»Project assets« is a special GIZ balance sheet item allowing better insight into the assets and financial position. This item includes the cash and bank balances of projects, as well as receivables

and corresponding liabilities. The individual items are explained further in the annex under »Receivables and other assets«.

Other assets are shown at face value.

Cash and balances at banks are valued at cost, unless a lower figure is required in individual cases.

Balances and liabilities in foreign currencies

Long-term 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 for non-convertible funds. Balances in the projects are valued at an average rate updated in an exchange rate adjustment 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 24 foreign exchange futures with a market value of around EUR 11,494,761 and a nominal value of EUR 12,235,681 to cover the exchange rate risk of three GIZ International Services projects and two projects of the public-benefit sector. Due to individual hedging transactions having a market value below their nominal value, formation of provisions totalling EUR 712,179 was required for potential losses on pending transactions.

Provisions

The provisions are carried at the requisite settlement amounts, based on reasonable and prudent business judgement.

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 of the HGB, other provisions with a remaining term of more than one year were valued using the average market interest rate of the previous seven fiscal years 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	31.12.2011 Difference, trade vs tax balance	Tax rate	31.12.2011 Deferred taxes
	in €	in %	in €
Advance payments made	- 15,471	25,625	- 3,965
Provisions for pensions	5,320,621	25,625	1,363,409
Other provisions	362,585	25,625	92,910
			1,452,354

As at the balance sheet date, there were netted deferred tax assets of EUR 1,452,354. GIZ did not exercise the option to capitalise under section 274, paragraph 1, item 2 of the HGB.

Profit and loss account

Use of profits

The Articles of Association stipulate that profits shall be used exclusively for development policy purposes.

EUR 721,587 of the surplus of EUR 7,393,384 generated in the public-benefit sector during this year were used to implement GIZ-financed public-benefit measures. The remaining EUR 6,671,797 were transferred to the reserves provided for by the Articles of Association, see (8) below.

The surplus of EUR 1,619,429 in GIZ International Services, an area of the company which is subject to taxation, increases the reserves in that business area.

On balance, an amount of EUR 8,291,226 was transferred to the reserves provided for by the Articles of Association.

The shares in two special investment funds under balance sheet item »Securities held as fixed assets« are part of a long-term strategic financial investment to ensure that the public-benefit goals are sustainably achieved. As at the balance sheet date, the shares were valued at purchase cost. The values of the shares as at the balance sheet date of 31 December 2011 pursuant to section 36 of the Investmentgesetz (Investment Act) were EUR 120.74 and EUR 101.57 per share. The differences to book value as at the balance sheet date of 31 December 2011 are EUR +12.64 and EUR +1.57 per share. Dividends paid in the fiscal year total EUR 2.45 and EUR 0 per share. No write-down was required in the year under review.

»Other loans« primarily include loans to staff on standard conditions for the purchase of housing discounted at 2.5% p.a. because of their low interest yield.

NOTES ON THE BALANCE SHEET

(1) Intangible and tangible assets

Changes in fixed assets are shown in the annex to the balance sheet.

(2) Financial assets

Since fiscal year 2010, GIZ has held a 49% stake in sequa gGmbH, based in Bonn, at amortised cost of EUR 360,862. In fiscal year 2010, the equity of sequa gGmbH totalled EUR 910,033 and the net loss for the year was EUR 272,479.

(3) Inventories

Raw materials and consumables

	2011 (in €)	2010 (€'000)
Public-benefit sector	91,431	1
GIZ International Services	16,510	3
	107,941	4

The increase in consumables is largely due to new promotional material required with the change of the company's name.

Goods and services not yet invoiced

	2011 (in €)	2010 (€'000)
Public-benefit sector	15,307,977	9,175
GIZ International Services	41,816,568	79,509
	57,124,545	88,684

Advance payments

This includes advances totalling EUR 8,380,443 covered by guarantees. A general provision of 1% has been made for advance payments. EUR 28,058,173 (2010: EUR 30,288,000) have a term of over one year. As in 2010, there are no advance payments with a term of more than five years.

Advance payments are matched by a considerable level of contractor services provided but not yet invoiced.

(4) Receivables and other assets

	Residual term less than 1 year	Residual term over 1 year	Total 2011	of which, from shareholder	Total 2010	of which, from shareholder
	€	€	€	€	€'000	€'000
Receivables from goods and services						
· Public-benefit sector	40,094,878	0	40,094,878	29,050,872	67,968	54,937
· GIZ International Services	57,904,486	0	57,904,486	0	58,811	0
	97,999,364	0	97,999,364	29,050,872	126,779	54,937
Project assets						
· cash and balances at banks	80,107,735	0	80,107,735	0	82,531	0
· partnership services advanced	170,570	0	170,570	0	187	0
· receivables, other	85,909,367	0	85,909,367	0	125,950	0
liabilities, other	-11,434,852	0	-11,434,852	0	-20,141	0
	154,752,820	0	154,752,820	0	188,527	0
Other assets						
Receivables						
· from premium due, see (7)	0	4,090,335	4,090,335	4,090,335	4,090	4,090
· from rent advances abroad	1,731,040	141,595	1,872,635	0	1,805	0
· from staff for travel and other advances	2,308,228	41,172	2,349,400	0	2,183	0
· from the tax authorities	-473,499	1,098,626	625,127	0	3,917	0
· other	7,437,051	10,953	7,448,004	424,266	5,521	0
	11,002,820	5,382,681	16,385,501	4,514,601	17,516	4,090
	263,755,004	5,382,681	269,137,685	33,565,473	332,822	59,027

The balance sheet item »Project assets« nets out cash and bank balances, receivables, and liabilities to provide a consolidated picture of assets from the figures in the subsidiary accounts.

A general value adjustment of 1% was made on receivables in the balance sheet item »Project assets«. Of the value adjustment of EUR 855,200 (2010: EUR 1,247,000), EUR 740,200 (2010: EUR 805,000) is for the public-benefit sector and EUR 115,000 (442,000) for GIZ International Services.

(5) Cash, balances at Bundesbank, balances at banks and cheques

	2011 (in €)	2010 (€'000)
Public-benefit sector	260,988,679	123,147
GIZ International Services	14,673,609	25,165
	275,662,288	148,312
Less cover fund	291,868	623
	275,370,420	147,689

A fixed deposit was offset against commitments for semiretirement of EUR 291,868; see (9) below. The cover fund was recognised at fair value.

(6) Deferred expenses and accrued income

Deferred expenses and accrued income of EUR 4,682,765 (2010: EUR 8,565,000) are due to advance rent payments for GIZ office space and housing for development advisors, as well as payment of subsistence allowances for development advisors.

(7) Capital (through payment)

Subscribed capital is recognised at face value.

	2011 (in €)	2010 (€'000)
Subscribed capital	20,452,000	20,452
Capital reserve	5,112,919	5,113
Less:		
Subscribed capital unpaid	11,759,713	11,760
Premium due, see (4)	4,090,335	4,090

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 only be called up if needed and subject to the agreement of the shareholder.

(8) Reserves provided for by the Articles of Association

Changes in reserves provided for by the Articles of Association

	(in €)
Carried forward at 1 January 2011	53,914,441
Year's surplus transferred	8,291,226
Total as at 31 December 2011	62,205,667
Of which:	
tied reserves pursuant to section 58 no. 6 AO	44,613,299
untied reserves pursuant to section 58 no. 7a AO	17,592,368
	62,205,667

Tied reserves pursuant to section 58, no. 6 of the German Fiscal Code (AO)

In accordance with its Articles of Association, GIZ as a public-benefit company uses profits exclusively for development purposes by carrying out GIZ-financed measures. These measures are financed by the operating surplus for the current year and reduce net income and funds allocated to reserves by the corresponding expenses. As in the previous year, the preliminary operating surplus in the public-benefit sector of EUR 7,393,384 again exceeded expenses for GIZ-financed measures (EUR 721,587) in the year under review. The difference of EUR 6,671,797 was transferred to tied reserves.

The tied reserves also contain an operating cash reserve from International Services, which was increased by EUR 1,619,429 to EUR 10,315,919 as a result of the surplus in this area in 2011.

The remaining tied reserve of EUR 34,297,380 has been used to purchase office premises.

Untied reserves pursuant to section 58, no. 7a of the German Fiscal Code (AO)

In fiscal year 2011, the option was again exercised of transferring one third of the surplus from asset management (EUR 1,886,000) to an untied reserve, in accordance with section 58, no. 7a of the AO. The untied reserve has accordingly been increased to EUR 17,592,368.

(9) Provisions

Provisions for pensions

The provisions for pensions were actuarially calculated using the average market interest rate of the last seven years as published by the German Bundesbank, arising from an expected remaining term of 15 years.

The essential actuarial parameters are listed in the following table.

Parameter	December 2011 (in %)
Actuarial interest rate	5.14
Rate of pension increase during the qualifying period	2.82
Rate of increase in previous company pension scheme, every two years	6.00
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 of the EGHGB and spreads the cost of the conversion over a period of less than 15 years. In fiscal year 2011, EUR 8,991,703 was recorded as extraordinary expense, so that the shortfall in pension reserves totalled EUR 116,892,134 as at the balance sheet date. In total, EUR 52,238,633 was paid in during fiscal year 2011 for pension reserves.

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 4.37% and 5.14% were used.

Commitments for semi-retirement were offset against a fixed-term deposit (cover fund) of EUR 291,868, see (5).

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.

Other provisions	2011 (in €)
Costing and warranty risks	20,044,922
Pension Institution of the Federal Republic and the Federal States (VBL)	13,917,704
Outstanding direct costs	10,753,624
Leave entitlements	9,867,200
Variable remuneration	9,427,920

As at 1 January 2010, the conversion of the 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 released 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 2011 totals EUR 1,997,041.

(10) Liabilities

		Residual term less than 1 year	Residual term 1–5 years	Residual term more than 5 years	Total 2011	of which, to shareholder	Total 2010	of which, to shareholder
		€	€	€	€	€	€'000	€'000
1. Advance payments received								
· Public-benefit sector		366,253,721	3,740,374	0	369,994,095	290,898,604	276,419	205,387
· GIZ International Services		74,154,766	0	0	74,154,766	0	135,255	0
		440,408,487	3,740,374	0	444,148,861	290,898,604	411,674	205,387
less								
· value-added tax not yet offset on advance payments received		5,494,876	0	0	5,494,876	5,116,531	3,081	2,796
		434,913,611	3,740,374	0	438,653,985	285,782,073	408,593	202,591
2. Trade accounts payable								
· suppliers	27%	11,993,883	0	0	11,993,883	0	12,354	0
· consulting firms	50%	21,760,100	0	0	21,760,100	0	25,500	0
· other	24%	10,776,758	0	0	10,776,758	2,759,642	23,809	12,500
	100%	44,530,741	0	0	44,530,741	2,759,642	61,663	12,500
3. Other liabilities								
		5,214,784	398,877	1,440,540	7,054,201	47,182	7,876	28
		484,659,136	4,139,251	1,440,540	490,238,927	288,588,897	478,132	215,119

(11) Deferred income and accrued expenses

The item shows rent payments for subleases of GIZ offices and income from local service contracts and other partner inputs.

(12) Memo items: trust assets/commitments

	2011 (in €)	2010 (€'000)
Intangible and tangible assets	3,460,722	861
Deutsches Haus Moscow	1,255,759	1,471
Investments	6	0
Other assets	31,540	34
	4,748,027	2,366

Assets of EUR 4,748,027 are matched by corresponding liabilities.

NOTES ON THE PROFIT AND LOSS ACCOUNT

(13) Turnover

By sector

	2011 (in €)	2010 (€'000)
Business contracts	1,394,178,655	1,250,578
Grant-based (incl. GIZ-financed measures with partial third-party financing)	222,195,935	185,949
Public-benefit sector *)	1,616,374,588	1,436,527
GIZ International Services	314,643,805	285,301
	1,931,018,393	1,721,828
*) of which, BMZ	1,392,647,850	1,226,991

By location of commissioning party

	2011 (in €)	(%)	2010 (€'000)	(%)
Federal Republic of Germany	1,620,274,152	84	1,440,155	84
Rest of Europe	115,010,934	6	119,990	7
Africa	112,357,811	6	85,644	5
America	13,004,153	0	9,982	0
Asia	68,165,085	4	64,027	4
Oceania	2,206,258	0	2,030	0
	1,931,018,393		1,721,828	

By region of activity

	2011 (in €)	(%)	2010 (€'000)	(%)
Africa	615,805,165	32	556,370	32
America	130,416,134	7	137,400	8
Asia	606,978,204	31	568,279	33
Europe	167,783,152	9	140,953	8
Oceania	3,019,028	0	1,375	0
Supraregional	407,016,710	21	317,451	19
	1,931,018,393		1,721,828	

(14) Total operating performance

By sector

	2011 (in €)	2010 (€'000)
Public-benefit sector	1,622,507,825	1,435,779
GIZ International Services	276,951,222	272,562
	1,899,459,047	1,708,341

(15) Other operating income

This relates primarily to the release of unused provisions as well as sales and rents. Income from foreign currency revaluation amounts to EUR 2,662,574.

(16) Cost of materials

	2011 (in €)	2010 (€'000)
Purchased goods	159,083,076	148,367
Purchased services		
· Consulting firms and institutions, appraisers	318,103,144	331,445
· Construction costs	100,528,259	102,079
· Project operating costs	178,881,324	139,517
· Financial contributions and grants	121,415,020	100,597
· Other	252,899,355	248,769
	971,827,102	922,407
	1,130,910,178	1,070,774

(17) Personnel costs

Wages and salaries

	2011 (in €)	2010 (€'000)
Project personnel	225,810,368	197,660
National personnel	147,048,625	141,818
Head Office personnel	146,689,478	105,601
Develop. advisors, scholarship holders	31,517,607	10,825
	551,066,078	455,904

Social security contributions, pensions, and welfare expenses

	2011 (in €)	2010 (€'000)
Project personnel	42,799,252	39,725
National personnel	22,372,163	18,335
Head Office personnel	46,687,709	48,540
Develop. advisors, scholarship holders	11,300,935	3,999
	123,160,059	110,599

(18) Other operating expenses

These consist mainly of Head Office administrative costs and costs of premises, ancillary personnel costs, consultation fees, and provisions for warranty and price correction risks. The expenses from foreign currency revaluation amount to EUR 3,166,567.

The item includes the costs of the audit for the annual statement of accounts (EUR 200,000) and other audits carried out by the external auditors (EUR 1,672,369).

(19) Other interest and similar income

Other interest and similar income shows income from the discounting of other provisions with a term to maturity of over one year in the amount of EUR 74,436.

(20) Interest and similar expenses

These expenses relate primarily to accrued interest on pensions provision of EUR 22,808,961 and other provisions with a remaining term of over one year in the amount of EUR 574,683.

(21) Results of ordinary operations

	2011 (in €)	2010 (€'000)
Result before use for GIZ-financed measures	18,330,168	19,398
GIZ-financed measures	-708,740	-1,387
	17,621,428	18,011

See note (8)

(22) Extraordinary result

In the course of the BilMoG conversion, GIZ exercises the option under section 67, paragraph 1, item 1 of the EGHGB and spreads the cost of the conversion of pension provisions (conversion amount) over a period of less than 15 years. In fiscal year 2011, EUR 8,991,703 (2010: EUR 8,992,000) were recorded as extraordinary expense.

(23) Taxes on income

	2011 (in €)	2010 (€'000)
Corporation tax		
· income previous year	11,275	39
· expenditure current year	-28,925	-85
· expenditure previous year	-298,426	-210
	-316,076	-256

Result not relating to period under review

	2011 (in €)	2010 (€'000)
Income	13,126,850	10,215
Expenditure	- 722,823	- 773
Taxes	- 287,151	- 171
	12,116,876	9,271

Income not related to the period under review refers primarily to the release of individual value adjustments and provisions as well as reimbursement of expenses.

OTHER INFORMATION

Total other financial commitments

Commitments from commercial leases

Commitments from commercial leases for office premises, parking spaces, and housing for scholarship holders (2012 to 2023): EUR 76,859,350. Security deposits of EUR 31,485 were provided by way of rental payment guarantees.

Purchase commitments for investment projects

As at the balance sheet date, there were purchase commitments for investment projects in the amount of EUR 101,966.

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 a total of 11 consortia. GIZ is the lead member in eight of these consortia.

As at 31 December 2011, the risk arising from participation in the consortia amounted to EUR 116,266.

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 for implementing projects. The network was established without equity capital.

Commitments from a bank guarantee for advance payments amount to EUR 793,805.

Average employment during the year

	2011	2010
Project personnel	2,567	2,372
National personnel	11,848	11,832
Head Office personnel and other sites	2,504	2,431
Develop. advisors, scholarship holders	1,095	1,136
	18,014	17,771

Supervisory Board and Management Board

Supervisory Board

Chairman

Hans-Jürgen Beerfeltz

State Secretary in the German Federal Ministry for Economic Cooperation and Development (BMZ), Bonn

Deputy Chairman

Thomas Kalkert

Chairman of the GIZ Staff Council, Eschborn

Jörg Asmussen

State Secretary in the German Federal Ministry of Finance, Berlin (to 31 December 2011)

Dr Dietmar Bartsch

Member of the German Federal Parliament, Berlin (from 16 November 2011)

Lothar Binding

Member of the German Federal Parliament, Berlin

Viktor Elbling

Director General in the German Federal Foreign Office, Berlin

Dr Hans-Joachim Henckel

Deputy Director General in the German Federal Ministry of Economics and Technology, Berlin

Priska Hinz

Member of the German Federal Parliament, Berlin

Christiane Kalle

GIZ Country Director, South Africa

Hans-Jürgen Kawalun

Member of local GIZ Staff Council in Bonn (from 8 November 2011)

Volkmar Klein

Member of the German Federal Parliament, Berlin

Dr h. c. Jürgen Koppelin

Member of the German Federal Parliament, Berlin

Dr Stephan Krall

Project Manager in GIZ, Eschborn

Peter Pfaumann

GIZ Country Director, Peru

Cornelia Richter

GIZ Director General, Eschborn

Jan Peter Schemmel

GIZ Country Director, Mexico

Thomas Schenk

Division Head, Federal Government and the German States, Unified Service Sector Union (ver.di), Frankfurt am Main

Wolfram Schöhl

Deputy Director General, Bavarian State Ministry, Munich (from 16 November 2011)

Hermann Josef Solscheid

Trade Union Secretary, Unified Service Sector Union (ver.di), Siegburg (from 8 November 2011)

Daniela Suttner

Trade Union Secretary, Unified Service Sector Union (ver.di), Kassel

Management Board

Dr Bernd Eisenblätter

(Chairman of the Management Board)

Dr Christoph Beier

(Vice-Chair of the Management Board)

Adolf Kloke-Lesch

(from 3 January 2011)

Tom Pätz

(from 3 January 2011)

Dr Sebastian Paust

(from 3 January 2011)

Dr Hans-Joachim Preuß

Prof. Jürgen Wilhelm

(from 3 January 2011)

Information on remuneration

The remuneration received by the Managing Directors generally includes a fixed salary and a variable component (management bonus). For Managing Directors currently employed, the total remuneration in fiscal year 2011 was EUR 1,266,153.

Members of the Supervisory Board are reimbursed for their travel costs of EUR 29,684; there is no further remuneration.

	Fixed salary (in €)	Management Bonus (in €)	Total (in €)
Dr Bernd Eisenblätter	229,279		229,279
Dr Christoph Beier	202,279	27,000	229,279
Adolf Kloke-Lesch	135,260		135,260
Tom Pätz	135,260		135,260
Dr Sebastian Paust	135,260		135,260
Dr Hans-Joachim Preuß	202,279	27,000	229,279
Prof. Jürgen Wilhelm	135,260		135,260
Other remuneration components			37,274
Total remuneration			1,266,153

The provisions for pension entitlements of former Managing Directors total EUR 5,583,905. 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 of the EGHGB and spreads the cost of the conversion over a period of less than 15 years. As at 31 December 2011 there was a difference, carried forward, in the amount of EUR 1,563,788. Current retirement pension payments in fiscal year 2011 totalled EUR 482,412.

Loans to organs of the company

Employees on the Supervisory Board	(in €)
Loans as at 1 January 2011	14,783
Increase	0
Repayment	2,081
Decrease	0
As at 31 December 2011	12,702

Uniform conditions: term 15 years and two months; interest, 2.5% p.a.

Bonn/Eschborn, 4 June 2012

The Management Board

Dr Bernd Eisenblätter
(Chairman of the Management Board)

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

Adolf Kloke-Lesch
Tom Pätz
Dr Sebastian Paust
Dr Hans-Joachim Preuß
Prof. Jürgen Wilhelm

Auditors' report

We have examined the annual statement of accounts – comprising the balance sheet, profit and loss account, and annex – together with the bookkeeping system and the management report of the Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ) GmbH, Bonn/Eschborn, for the financial year from 1 January to 31 December 2011. The accounting and the preparation of the annual statement of accounts and the management report pursuant to the provisions of German commercial law and the supplementary provisions of the Articles of Association are the responsibility of the company's Management Board. 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, with due regard to the German auditing principles laid down by the Institute of German Auditors (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 results of operations as presented by the annual statement of accounts, with due regard to 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 activity 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 management 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 and the management report. 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 the supplementary provisions of the Articles of Association, and with due regard to generally accepted accounting principles gives a true and fair view of the company's net assets, financial position, and results of operations. 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.

Frankfurt am Main, 4 June 2012

PricewaterhouseCoopers
Aktiengesellschaft
Wirtschaftsprüfungsgesellschaft

Raimund Kleine
Chartered Accountant

ppa. Ute Hanf
Chartered Accountant

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