

GIZ

# ANNUAL STATEMENT OF ACCOUNTS 2012

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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, one constituent meeting and two extraordinary meetings of the Supervisory Board, as well as one meeting of the Audit Committee and three meetings of the Standing Committee, were held in fiscal year 2012.

Particular attention was paid to the process of integration, including its organisational and substantive elements, which has been ongoing since the merger into GIZ.

The auditors KPMG Aktiengesellschaft Wirtschaftsprüfungsgesellschaft examined the annual statement of accounts and management report to establish that they comply with the law, the supplementary provisions of the Articles of Association concerning the annual statement of accounts and management report, and with generally accepted accounting principles. They confirm that the bookkeeping system and the annual statement of accounts comply with the law, that the annual statement of accounts gives a true and fair view of the company's net assets, financial position, and results of operations and that the management report is consistent with the annual statement of accounts and gives an accurate overall picture of the company's circumstances and of the risks for its future development.

At its meeting of 21 June 2013, the Supervisory Board approved the results of the audit of the annual statement of accounts for 2012 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 2012 and give formal approval to the acts of the Management Board.



Bonn, 21 June 2013

Hans-Jürgen Beerfeltz  
Chairman of the Supervisory Board

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# MANAGEMENT REPORT FOR THE FISCAL YEAR 2012

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## I. OPERATIONS AND BUSINESS ENVIRONMENT

### A. The company

The Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ) GmbH is a federal public-benefit enterprise with registered offices in Bonn and Eschborn. In line with its corporate purpose, it promotes international cooperation geared towards sustainable development, education and training.

GIZ implements projects in more than 130 countries. It employs over 16,200 people all over the world. Some 70 % of its staff are employed as national personnel in countries where projects are located. These are supported by around 900 development advisors, who are seconded by GIZ in its role as a recognised development service provider; almost 550 integrated experts; approximately 450 returning experts<sup>1</sup> and nearly 450 volunteers, placed and funded under the 'weltwärts with GIZ' programme.<sup>2</sup>

GIZ offers demand-driven, tailor-made and effective services for sustainable development. As well as providing advice to its partners on technical matters, processes and strategy, it offers support in the form of management and logistical services, construction measures, emergency aid and refugee programmes. GIZ differs from other providers in several ways:

- it emphasises the importance of sustainable results, local capacity development and the exchange of knowledge and experience;
- it works with groups representing every part of society – politics, business and civil society – and can facilitate the process of negotiation between them;
- thanks to its long-standing presence on the ground and an unbroken record of cooperation, it has built up trusting relationships with its partners and with those who benefit from its services;
- its expertise is based on a high level of specialist and methodological competence;
- it stresses the importance of implementing measures flexibly and in response to demand;
- it has considerable experience in politically sensitive and other difficult contexts;
- reflecting its origin and structure, it embodies the strengths of the 'Made in Germany' brand and projects German values such as reliability, quality, precision, sustainability and commitment.

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<sup>1</sup> The Centre for International Migration and Development (CIM) is a joint operation of GIZ and the International Placement Services of the Federal Employment Agency (BA). As part of its personnel placement programme, 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. The Returning Experts Programme helps foreign experts to take up important development-policy roles in their country of origin after studies, training or employment in Germany.

<sup>2</sup> 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.

In the international context, GIZ covers a unique spectrum of fields. These include economic development and employment promotion; support for governance and democracy; the promotion of peace, security, reconstruction and civil conflict transformation; food security, health and basic education; water and energy supplies; transport, environmental protection; and climate change mitigation and adaptation.

GIZ's most important commissioning party is the 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. GIZ's other public and private clients in Germany and abroad include the governments of other countries, the European Commission, the United Nations, the World Bank, private companies and foundations such as that set up by Bill and Melinda Gates.

## B. Strategy

The trends in international cooperation for sustainable development outlined below are crucial to the company's strategic orientation.

Today's globalised world is characterised by cross-border flows of goods, services and capital; by the increasingly internationalised division of labour in the form of global value chains; by the growing mobility of skilled workers; and by the rapid expansion of digital networks. The international cooperation agenda is shaped by issues such as climate change; the increasing scarcity of resources and raw materials; rapid urbanisation driven by growing internal migration; and the proliferation of regional trouble spots, especially in North Africa and the Middle East. Poverty still presents an enormous challenge, above all in sub-Saharan Africa. The root cause of these problems lies in a vicious circle of dysfunctional governance systems (cor-

ruption and fragile or failed states), protracted conflicts, poor education, rapid population growth and extreme vulnerability to natural disasters.

Globalisation has allowed numerous states such as Brazil, Russia, India, China, Indonesia, Viet Nam and South Africa to gain economic and political prominence very rapidly. Since the beginning of the 21st century, they have benefited from a global realignment of economic and political power. Educational attainment, spending on research and investment in cutting-edge technology are all rising in these and other emerging economies. We are also seeing the emergence of affluent middle classes with the spending power to boost local demand. Looking further ahead, emerging economies will (have to) play an even more important role in shaping and implementing global agendas. As such, they will increasingly act as potential partners and clients for GIZ.

Many donors, including Germany and the European Union (EU), are responding to these changes with differentiated cooperation strategies that reflect their development objectives. Especially for emerging economies, knowledge has a far higher priority than capital. Furthermore, together with issues such as security and financial market stability, partnerships to protect global public goods such as the climate and biodiversity are playing a more prominent role and are shaping the international cooperation agenda.

A series of new actors have become involved in international cooperation over the last few years. China and India have established a position 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 ever greater financial resources in an increasingly professional manner and are intensifying their involvement in international cooperation projects.

The German Government sees international cooperation as a key element of its wider policy agenda. The dividing lines between traditional policy-making in the field of development and policy-making in other areas are gradually disappearing. Globalisation is driving the internationalisation of many government departments; at the same time, there is a growing focus on the need to assert and safeguard foreign, economic, environmental and security policy interests in the global context. The German Government has declared its intention to establish GIZ as a leading service provider in the field of international cooperation for sustainable development. GIZ must therefore continue to expand the scope of its cooperation with BMZ and other ministries and with various national and international public and private sector clients. GIZ's corporate purpose allows the company – in contrast to its predecessor institutions – to expand its technical and regional work in Germany and both in and with EU member states, emerging economies and other industrialised countries.

In this context and in view of the national and international framework outlined above, GIZ has initiated a process of transformation. The objective is to expand GIZ's position as a leading provider of international cooperation services for sustainable development. To this end, the company's long-term planning for 2013–2015 has three main objectives: to focus on quality as a means of generating sustainable growth; to open up new markets; and to strengthen the position of GIZ International Services (IS).

#### Generating sustainable growth through quality

Quality is one of the key aspects of GIZ's corporate profile and lies at the heart of the company's growth strategy. GIZ faces demands for increasingly diverse and more complex services in its established markets. As a result of this trend and the company's efforts to open up new markets, GIZ must continue to develop and offer new services that meet the requirements of its customers. By way of example, the company is developing new formats to facilitate the exchange of knowledge and experience between countries and regions. Other project types, under the heading Capacity Development Plus, combine the systematic development of local know-how with larger infrastructure measures (universities, hospitals, road building, etc.).

Greater cost-effectiveness is crucial if GIZ is to remain competitive on price. Building on the success of an initiative in 2012, GIZ intends to subject further core processes to close scrutiny as part of a strategic project entitled Efficiency for Growth. Wherever it makes sense to do so, steps will then be taken to optimise them in terms of efficiency and effectiveness. This will be accompanied by other measures to strengthen GIZ's commercial processes. In fact, this strategy of growth and diversification has already attracted new clients, including bilateral donors, international foundations and governments. The commercial specifications of our clients vary tremendously and in some cases require specialist knowledge. Consequently, we need to adapt and strengthen our human resources, processes and structures to meet these changing requirements, whether at project, local office or Head Office level. This is vital if we are to retain our capacity to manage projects professionally and make proper use of the resources available to us.

As it pursues its strategic objective of becoming a market leader in the area of international cooperation for sustainable development, GIZ also has to make changes to the structure and skills of its workforce. Specifically targeted staff management measures will provide appropriate continuing professional development for GIZ staff, allowing them to respond more effectively to the needs of our clients, those who benefit from our services and the local conditions in partner countries.

#### Opening up new markets

In line with its declared purpose, GIZ can offer its services all over the world, including in Germany and other industrialised countries. The company is gradually building up its position in these new markets. GIZ's domestic business is focused on issues and change processes within Germany that have attracted international attention and that could benefit from international cooperation. Opportunities are emerging as a result of federal and state government support in Germany for the move towards a non-fossil fuel energy policy, the development of sustainability strategies, policies to manage the international mobility of skilled workers and forms of dialogue that promote access to German innovation.

For industrialised countries, our focus has been on those states within the EU's internal market (e.g. Bulgaria, Romania) that require support for the implementation of projects financed out of EU structural funds. There are specific opportunities to win new clients in the field of vocational training through cooperation with German companies.

Following the introduction of a key account management system across the entire company, we have developed a more professional approach to opening up new markets and supporting our customers. The new system is designed to make the process of attracting new clients in Germany and elsewhere more efficient and pro-active, the aim being to generate dynamic growth combined with excellent quality. By bringing together staff with an in-depth knowledge of our customers' requirements (e.g. with regard to financing models and specific commercial issues) and appointing key account managers to provide continuous support, we are able to project a consistent company-wide image to our customers, while offering comprehensive advice from an early stage in the process of initiating and handling new projects.

#### Strengthening the market position of GIZ IS

GIZ's International Services Department is responsible for GIZ's taxable business operations. IS is an effective instrument that allows the German Government, both at home and abroad, to expand the country's involvement in sustainable development throughout the world, especially when it comes to undertaking projects in difficult situations. Changes in the business environment have also prompted IS to revise its departmental strategy.

Henceforth, IS will focus its expertise on the areas of vocational training, infrastructure management, health management, water management, corporate social responsibility, (internal) security, EU foreign aid and post-conflict management. By opting for increasingly decentralised management and focusing on its regional structures in Africa, the Arab countries, Turkey, Asia, Europe, Latin America and the Caribbean, IS wants to achieve greater proximity to its customers. The department also plans to consistently exploit further in-house synergies through greater coherence in terms of sales policy and sales management within GIZ. This will be based on a clear demarcation of responsibilities and roles between the company's public-benefit and taxable operations.

### C. Economic conditions

GIZ helps the German Government to achieve its objectives in the field of international cooperation for sustainable development. It implements the development-policy initiatives adopted by various federal ministries. Most of its work is commissioned by BMZ. GIZ also acts on behalf of other federal ministries, Germany's federal states and local authorities, and both national and international clients in the public and private sectors.

As a federal enterprise, GIZ is very much affected by the shape of the national budget. For 2012, BMZ (departmental budget 23) was allocated a budget of EUR 6,383 million. Compared to the planned budget for 2011, this represents an increase of EUR 164 million (3%).

A cash amount of EUR 1,121 million is shown in departmental budget 23 for the item 896 03 'Bilateral technical cooperation'<sup>3</sup> (TC). This cash figure was increased due to an intra-year cash transfer within the BMZ budget. As a result, total revenue of EUR 1,305 million was generated from the TC item. This was EUR 383 million up on the figure for 2011.<sup>4</sup>

The programmes and projects commissioned by BMZ are supplemented by work carried out on behalf of other German Public Sector Clients. These include the Federal Foreign Office; the German Federal Ministry for the Environment, Nature Conservation and Nuclear Safety; the German Federal Ministry of Economics and Technology; the German Federal Ministry of Defence; and various subordinate departments.

<sup>3</sup> As well as GIZ, a number of other TC organisations (National Metrology Institute of Germany [PTB] and the Federal Institute for Geosciences and Natural Resources [BGR]) receive funds out of this budget.

<sup>4</sup> In 2011, the budget allowances for Deutsche Entwicklungsdienst gGmbH (DED) and Internationale Weiterbildung und Entwicklung gGmbH (InWEnt), which were subsequently merged into GIZ (formerly GTZ), were still reported separately. In the accounts for 2012, these formerly separate TC items were consolidated.

In addition to the commissions it is awarded out of the federal budget, GIZ receives orders from other donors for cofinancing purposes and grants from German and international donors. Cofinancing involves third parties making funding available for activities that GIZ carries out on behalf of German federal ministries. This list of third-party donors includes the EU, the Australian Agency for International Development (AusAID), the UK's Department for International Development (DFID) and the Netherlands' Directorate-General for International Cooperation (DGIS).

With the consent of the German Government, GIZ also accepts commissions from other national governments, bilateral donors, organisations and agencies of the United Nations and international financial institutions. In general, these commissions are carried out within GIZ's taxable IS department.

Reflecting the diversification of its client base and the wide-ranging nature of its services, GIZ's activities cover a number of markets. The company has drawn up an initial set of priorities for its future operations. These cover its established markets in developing and emerging countries as well as new markets such as Germany and other industrialised countries. Looking ahead, GIZ faces many challenges, including that of responding flexibly to our partners' specific requirements on the basis of their policy goals.

## D. Business growth

Overall, the company's performance in fiscal 2012 was positive. GIZ exceeded the previous year's results in terms of new commissions and business volume.

New commissions reached approximately EUR 2,285 million. This represents an increase of EUR 114 million (5%) compared to 2011. This positive development is mainly attributable to GIZ's success in attracting new business from German Public Sector Clients and third-party funds under cofinancing arrangements linked to BMZ commissions.

The item 'Business volume' encompasses GIZ's revenue from the public-benefit sector and total operating performance in the IS department. At the end of 2012, total business volume stood at roughly EUR 2,104 million. Driven by higher revenue in the public-benefit sector, this represents a EUR 72 million (4%) increase on the previous year.

As a result of this strong performance, GIZ's control parameter (the key ratio used to limit management costs at Head Office level) stood at 12.1% in 2012. This was 0.3% lower than the figure for 2011 due to the increase in revenue from public-benefit operations.

IS achieved an operating result<sup>5</sup> of EUR -4.1 million, EUR 5.9 million down on the previous year's figure of EUR 1.8 million. This decline was due to the fact that a number of large-scale projects were completed during the course of the year.

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<sup>5</sup> The operating result is calculated by deducting tax expenses and the financial result from the company's net income. The financial result was adjusted to exclude interest expenses for provisions.



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## 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 1,047 million to EUR 1,219 million (up EUR 172 million or 16%) is due primarily to a rise in fixed assets and advance payments on the assets side and to growth in pension provisions and advance payments received on the liabilities side.

Fixed assets rose from EUR 253 million to EUR 322 million. This increase of EUR 69 million (27%) is attributable to an increase of EUR 50 million in the funding level of the company's existing securities-based investment funds and to the reinvestment of dividends totalling EUR 2 million. During the year under review, GIZ also invested around EUR 14 million to purchase a plot of land in Bonn.

Inventories rose by EUR 35 million (14%) from EUR 245 million in 2011 to EUR 280 million as a result of the increase in advance payments, which ended the reporting year EUR 52 million higher. In turn, this was due to growth in revenue from public-benefit operations reflecting a higher volume of business, partly on account of a rise in TC revenue following an intra-year cash transfer. This increase was offset by a EUR 17 million (30%) fall in goods and services not yet invoiced, from EUR 57 million to EUR 40 million.

Receivables and other assets also showed a rise. This item stood

at EUR 302 million, up EUR 33 million on the previous year. Out of this total, EUR 16 million relates to project assets, which grew from EUR 155 million to EUR 171 million. Both the public-benefit business and IS contributed to this increase. Here, too, the main factor was a higher level of advance payments to sub-contractors. The rise of EUR 11 million (65%) in other assets is attributable to construction costs incurred for an IS project in Ethiopia that GIZ can charge to the client. These construction costs are settled by GIZ on behalf and for account of the client. An equivalent sum in respect of advance payments already received from the client for this project is shown under other liabilities. As a result, the figure for other liabilities increased by EUR 12 million to EUR 19 million.

Equity fell by EUR 2.7 million on account of the negative figure for net income, which was balanced by a release from the reserves as established by the Articles of Association. With equity lower and the balance sheet total up, the equity ratio<sup>6</sup> stood at 5.7%, a decrease of 1.2 percentage points compared to the previous year.

Provisions rose from EUR 478 million to EUR 512 million (up EUR 34 million). An increase of EUR 44 million in provisions for pensions was partly compensated by a decline of EUR 10 million in other provisions. One of the factors that led to a rise in pension provisions was a reduction in the discounting rate compared to the previous year. This was due to a statutory valuation change. The main reason for the decline in other provisions was a fall in provisions for outstanding invoices (direct costs) at IS. In turn, this was partly due to expiry or a change in contractual terms.

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<sup>6</sup> The equity ratio is defined as equity less premium due as a proportion of the balance sheet total.

Liabilities increased by EUR 140 million from EUR 490 million to EUR 630 million. Whereas advance payments received showed a large increase of EUR 133 million, trade accounts payable fell slightly by EUR 5 million.

The higher figure for advance payments received is largely due to the increase in revenue from public-benefit operations.

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

Turnover for fiscal 2012 was EUR 41 million (2%) higher at EUR 1,972 million. Total operating performance rose at a slightly higher rate than turnover from EUR 1,899 million to EUR 1,967 million (up EUR 68 million or 4%). This was because of a change in the inventory figure for goods and services not yet invoiced from EUR –32 million to EUR –5 million. The following table shows the distribution across business areas.

Total operating performance	2012			2011			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		
Turnover	1,737	235	1,972	1,616	315	1,931	41	2
Changes in inventory	0	- 5	- 5	6	- 38	- 32	27	81
<b>Total operating performance</b>	<b>1,737</b>	<b>230</b>	<b>1,967</b>	<b>1,622</b>	<b>277</b>	<b>1,899</b>	<b>68</b>	<b>4</b>

Despite the rise in cash and bank balances, the financial result<sup>7</sup> decreased by EUR 4 million, from EUR –18 million to EUR –22 million. The main factors here were a reduction of EUR 0.5 million in the dividend from GIZ's securities-based investment funds (2012: EUR 2.0 million; previous year: EUR 2.5 million) and a rise in interest expenses as a result of appropriations to pension provisions.

The overall net loss for the year was EUR 2.7 million (2011: net surplus of EUR 8.3 million).

<sup>7</sup> The financial result is made up of income from long-term investments and other interest income less amortisation on long-term investments and interest expenses.

The following table shows net income according to business area:

Net income	2012	2011	Change	
	in € millions	in € millions	in € millions	in %
Public-benefit sector	1.6	6.7	- 5.1	- 76
IS	- 4.3	1.6	- 5.9	- 376
<b>GIZ total</b>	<b>- 2.7</b>	<b>8.3</b>	<b>- 11.0</b>	<b>- 133</b>

The negative result for net income in IS reflects a decline in business volume. The volume of new orders was insufficient to make up for the expiry of several large-scale projects.

In GIZ's public-benefit operations, the year-on-year decline in profit is attributable to measures implemented and financed by the company itself<sup>8</sup> and to the agreed share that GIZ is obliged to pay as the deploying organisation as part of the 'weltwärts with GIZ' programme (EUR 2 million).

### C. Financial position

GIZ's financial position in the fiscal year under review is marked by an increase of EUR 37 million in cash and bank balances, from EUR 275 million to EUR 312 million. Out of this total, EUR 28 million is attributable to IS and EUR 284 million to the public-benefit business. The rise is mainly due to increased liquidity from cofinancing, the refinancing of appropriations to pension provisions made in 2011, and higher advance payments received in the public-benefit sector.

## III. ECONOMIC SITUATION

### A. General observations

Following on from the success of 2011, GIZ can again report a positive set of results in the year under review. Total business volume reached EUR 2,104 million, while new commissions stood at EUR 2,285 million. In fact, the figures for 2012 even surpassed the previous records set in 2011.

The main parameters and indicators used to measure GIZ's performance are the control parameter (for the public-benefit sector) and the operating result (for IS).

The control parameter is the key ratio for limiting management costs at Head Office level. It is the ratio between management costs and the four-year average of revenue from the public-benefit sector. The control parameter for fiscal 2012 was 12.1%. Although this meant that the upper limit of 12.0% set by the Supervisory Board was temporarily exceeded<sup>9</sup>, the ratio nevertheless fell by 0.3 percentage points compared to the previous year as a result of higher revenue.

For IS, one of the most important indicators is the operating result. The operating result for fiscal 2012 was EUR -4.1 million. The downturn in operating income compared to 2011 was largely due to the expiry of several large-scale projects that had generated substantial income (Ethiopia, Technical Assistance and Information Exchange/TAIEX). It was not possible to make up for the significant loss of income from these projects, as GIZ did not acquire comparable commissions in 2012.

<sup>8</sup> As a public-benefit company, GIZ uses its profits exclusively for public-benefit purposes approved in the Articles of Association. The projects supported in this way are known as GIZ-financed measures.

<sup>9</sup> Temporary overrun authorised by the Supervisory Board

## B. Business volume

The key indicator used to measure the company's overall performance is business volume.

The figure for total business volume in 2012 was EUR 2,104 million. This represents an increase of around EUR 72 million (4%) compared to 2011. While GIZ was unable to match the total operating performance achieved by IS in the previous year, revenue from the public-benefit sector rose by 7% in the year under review.

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

Business volume	Actual 2012	Share	Actual 2011	Share	Change 2012 to 2011
	in € millions	in %	in € millions	in %	in %
Public-benefit sector total	1,874.0	89	1,755.0	86	7
of which, BMZ	1,627.3	77	1,526.4	75	7
of which, German Public Sector Clients	209.4	10	222.5	11	-6
of which, grants	37.2	2	6.1	0	> 100
of which, third-party operations in public-benefit sector	0.0	0	0.0	0	
IS	230.1	11	277.0	14	-17
<b>GIZ total</b>	<b>2,104.1</b>	<b>100</b>	<b>2,031.9</b>	<b>100</b>	<b>4</b>

The figure for business volume includes revenue of EUR 1,874 million from the public-benefit sector. This sector thus contributed 89% to the total figure, a rise of 3 percentage points on the previous year. Within the public-benefit sector as a whole, the lion's share of revenue was generated from BMZ. As a result, boosted also by an intra-year cash transfer in the region of EUR 220 million within departmental budget 23, BMZ's contribution to total business volume was up 2 percentage points on

the previous year. Now that GIZ has adopted a broader corporate purpose, the role of grants has expanded. Their contribution to total business volume was also up on the previous year. The share of GIZ's business volume attributable to total operating performance at IS was 11%.

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

### Revenue in the public-benefit sector

In 2012, the public-benefit sector generated total revenue of EUR 1,874 million. This represents an increase of EUR 119 million (7%) compared to 2011.

This was mainly attributable to BMZ commissions, which contributed approximately EUR 1,627 million. This increase of around EUR 101 million (7%) is primarily due to an intra-year cash transfer within the BMZ budget. In this context, BMZ provided GIZ with a cash sum of EUR 220 million from the European Development Fund (EDF, budget item 896 02), out of which it decided to use EUR 214 million to boost the TC budget 896 03 and EUR 6 million to increase the cash figure for budget item 687 20 (Development-oriented Emergency and Transitional Aid).

In 2012, third-party cofinancing of BMZ commissions generated total revenue of EUR 179 million. This was around EUR 9 million (5%) up on the previous year. The biggest contributions to revenue for cofinancing came from the EU (EUR 40.6 million), AusAID (EUR 39.9 million) and DGIS (EUR 21.8 million).

German Public Sector Clients contributed around EUR 209 million to GIZ's total revenue. This was down by approximately EUR 14 million or 6% compared to the figure for 2011. This trend emerged during the reporting year as a result of delayed project commissions linked to the German Federal Government's Energy and Climate Fund (EKF) and the International Climate Initiative and as a result of the political situation in Afghanistan, which has had an impact on the volume of new commissions from the Federal Ministry of Defence.

Most of the revenue attributable to German Public Sector Clients was generated by the Federal Foreign Office (approximately 43%) and the Federal Ministry for the Environment, Nature Conservation and Nuclear Safety (approximately 33%).

- Projects commissioned by the German Federal Foreign Office resulted in total revenues of around EUR 89 million, an increase of 8% on the previous year. This figure includes EUR 53 million for projects and programmes in Afghanistan alone.
- Revenue from the Federal Ministry for the Environment, Nature Conservation and Nuclear Safety came to EUR 70 million (up 24% on the previous year). At EUR 61 million, the biggest share of this total was generated by projects linked to the International Climate Initiative.
- Revenue from the Federal Ministry of Economics and Technology came to EUR 15 million, an increase of 42% on the previous year. This year-on-rise was due to a higher volume of new commissions over recent years.
- Revenue from services supporting the ministries under EU twinning and EU grants<sup>10</sup> was down 14% as a result of a decline in orders.

#### Total operating performance of GIZ IS

In 2012, the IS business area achieved a total operating performance of around EUR 230 million. This was approximately EUR 47 million (17%) down on the previous year. One major factor here was the expiry of several large-scale projects in the IS portfolio (e.g. in Ethiopia and the major EU TAIEX programme).

In terms of funding providers, the biggest contribution to IS's total operating performance in 2012 came from national governments, which accounted for EUR 71 million. Commissions from the EU (EUR 52 million) and various UN organisations (EUR 52 million) also boosted the IS business area's total operating performance, while commissions from bilateral donors and international financial institutions/funds contributed EUR 32 million and EUR 17 million respectively. Private-sector commissions were responsible for a further EUR 5 million of total operating performance, while other funding sources provided EUR 1 million.

<sup>10</sup> These relate to partnerships financed by the EU between public administrations in EU member countries on the one hand and on the other hand, public administrations in both current and potential candidates for accession and in other countries covered by the European Neighbourhood Policy that are supported by GIZ.

## C. New commissions and orders on hand

### Commissions

In fiscal 2012, GIZ received commissions and grants totalling EUR 2,285 million. This was a further EUR 114 million (5%) rise on the high level of the previous year. Although the volume of new commissions in the public-benefit sector was up by 8%, IS recorded a downturn of 19%.

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

New commissions	Actual	Share	Actual	Share	Change
	2012		2011		2012
	in € millions	in %	in € millions	in %	to 2011
Public-benefit sector total	2,080.4	91	1,917.6	88	8
of which, BMZ	1,772.2	78	1,707.2	78	4
of which, German Public Sector Clients	285.3	12	210.1	10	36
of which, grants	22.7	1	0.3	0	>100
of which, third-party operations in public-benefit sector	0.2	0	0.0	0	
IS	204.6	9	253.3	12	-19
<b>GIZ total</b>	<b>2,285.0</b>	<b>100</b>	<b>2,170.9</b>	<b>100</b>	<b>5</b>

In 2012, the public-benefit sector received commissions and grants with a total value of around EUR 2,080 million. This is equivalent to 91% of all new commissions received by GIZ in the year under review, a rise of 3 percentage points on the previous year. This was partly due to GIZ's success in attracting new business from German Public Sector Clients and third-party donor contributions under cofinancing agreements linked to BMZ commissions. It was also caused by an increase in the value of new commissions following a cash transfer from the EDF.

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

### New commissions in the public-benefit sector

In 2012, the public-benefit sector received new commissions with a total value of around EUR 2,080 million. This was around EUR 163 million (8%) up on the high level of the previous year. As well as further commissions from German Public Sector Clients, GIZ can report an increase in the volume of contributions from third-party donors under cofinancing agreements linked to BMZ commissions.

BMZ generated new commissions with a total value of around EUR 1,772 million. This was around EUR 65 million (4%) up on the previous year. The BMZ figure contains an intra-year cash transfer of EUR 172 million from the EDF that boosted the value of new commissions.

The total volume of commissions received from German Public Sector Clients came to approximately EUR 285 million. This represents an increase of around EUR 75 million (36%) compared to 2011. In 2012, the volume of new commissions received by GIZ from the Federal Ministry for the Environment, Nature Conservation and Nuclear Safety passed the EUR 100 million mark for the first time in a single fiscal year. The total figure for the period under review was EUR 134 million. This represents an increase of around EUR 70 million (109%) on the previous year's figure. GIZ can also report a significant year-on-year increase in the volume of new commissions from the Federal Foreign Office. The total figure here was EUR 97 million (up 20% on the previous year). Most of the commissions received from the Federal Foreign Office concerned projects and programmes in Afghanistan and Pakistan. These contributed EUR 60 million to the total.

### New commissions at GIZ IS

IS generated new commissions totalling around EUR 205 million in 2012. This figure was EUR 49 million (19%) down on the previous year.

The biggest commissions received by IS were from UN bodies. These contributed EUR 60 million to the total, a rise of 7% on the figure for 2011. The volume of new commissions from national governments and the EU fell by 56% and 44% respectively. At EUR 32 million (up EUR 26 million), the proportion of private-sector commissions was significantly higher, partly due to a number of road-building projects in Gabon.

### Orders on hand

As at 31 December 2012, the volume of orders on hand at GIZ stood at EUR 3,566 million. This was EUR 195 million (6%) up on the previous year.

Orders in hand for the public-benefit sector came to EUR 3,199 million, roughly EUR 279 million (10%) up on the figure for 2011. At EUR 368 million, orders on hand at IS were down EUR 83 million (18%).

## D. Use of resources

### Personnel

The following table provides a year-end comparison of staff numbers for 2011 and 2012.

GIZ employees*	Actual 31.12.2012	Actual 31.12.2011	Change	
			absolute	in %
Public-benefit sector staff at Head Office <sup>1</sup>	1,877	2,330	- 453	- 19
Public-benefit sector project staff in Germany	1,154	755	399	53
Public-benefit sector field staff	1,726	1,664	62	4
<b>Total public-benefit sector staff</b>	<b>4,757</b>	<b>4,749</b>	<b>8</b>	<b>0</b>
IS staff at Head Office <sup>1</sup>	91	126	- 35	- 28
IS project staff in Germany	27	30	- 3	- 10
IS field staff	235	223	12	5
<b>Total IS staff</b>	<b>353</b>	<b>379</b>	<b>- 26</b>	<b>7</b>
<b>Total GIZ personnel</b>	<b>5,110</b>	<b>5,128</b>	<b>- 18</b>	<b>0</b>
<b>National personnel</b>	<b>11,119</b>	<b>11,929</b>	<b>- 810</b>	<b>- 7</b>

\* not weighted for part-time; as per balance-sheet date

<sup>1)</sup> Excluding the Management Board, project personnel in Germany and trainees

GIZ employees*	Actual 31.12.2012	Actual 31.12.2011	Change	
			absolute	in %
Development advisors	890	994	- 104	- 10
Integrated experts (CIM) <sup>1</sup>	542	599	- 57	- 10
Returning experts (CIM) <sup>1</sup>	454	453	1	0
Volunteers on the 'weltwärts' programme	443	493	- 50	- 10

\* not weighted for part-time; as per balance-sheet date

<sup>1</sup>) Employment contract with local employers in partner countries

As at 31 December 2012, 5,110 staff (excluding national personnel) were employed by GIZ. The total was down 18 compared to the year-end figure for 2011.

The number of staff employed in the public-benefit sector as at 31 December 2012 was 4,757. This figure is made up of 1,877 Head Office staff and 2,880 employees on projects in Germany and other countries. The year-on-year fall in Head Office staff numbers in the public-benefit sector is attributable to the reallocation of Head Office staff to projects. This became necessary on account of a shift from the former grant allocation procedure to the new commission-based procedure. As at 31 December 2012, the number of employees at IS was 353, including 91 Head Office staff and 262 project staff in Germany and other countries.

At the year-end, the total number of national staff employed locally by GIZ around the world was 11,119. The main factor in this year-on-year decline was the expiry of large-scale initiatives such as the UNHCR programme.

At the year-end, 542 integrated experts and 454 returning experts also received salary top-ups from GIZ linked to contracts of employment with organisations or companies in partner countries. A further 890 development advisors<sup>11</sup> and 443 volunteers were deployed by GIZ under the 'weltwärts with GIZ' programme.

## Purchases of goods and services

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

Contracts awarded	Actual 2012	Actual 2011	Change	
	in € millions	in € millions	in € millions	in %
Head Office service contracts <sup>1</sup>	466.6	385.9	80.7	21
Head Office construction contracts	24.9	15.3	9.6	63
Head Office financing agreements	58.2	22.9	35.3	154
Head Office procurement of goods <sup>2</sup>	99.0	86.8	12.2	14
<b>Total Head Office</b>	<b>648.7</b>	<b>510.9</b>	<b>137.8</b>	<b>27</b>
Local service and construction contracts, financing agreements	235.7	172.0	63.7	37
Local procurement of goods	72.0	42.0	30.0	71
<b>Total local contracts</b>	<b>307.7</b>	<b>214.0</b>	<b>93.7</b>	<b>44</b>
<b>Total contracts awarded</b>	<b>956.4</b>	<b>724.9</b>	<b>231.5</b>	<b>32</b>

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

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

In 2012, the total value of all goods, financing, construction services and other services procured by GIZ at Head Office and in the field was approximately EUR 956 million. This figure is up by around EUR 232 million (32%) on the previous

<sup>11</sup> When counting the total number of development advisors, BMZ only includes those it classifies as 'operationally active'. As well as those deployed in other countries, this includes development advisors currently undergoing preparations in Germany for an international assignment; staff classified at the year-end as temporary development advisors; and those completing a period of Civil Peace Service. According to the definition used by BMZ, sector coordinators, project managers, supervisors for the 'weltwärts with GIZ' programme and junior development workers are not classified as operationally active development advisors. As at 31 December 2012, the number of 'operationally active' development advisors stood at 737.

year. The substantial increase in this area is mainly attributable to the generally positive business situation in 2012. However, part of the rise is due to the fact that, in previous years, the pre-merger procurement activities and contracts of DED and InWEnt were not reported. They were first included in the 2012 accounts, with the result that a direct comparison of the figures is more difficult.

Goods with a total value of almost EUR 171 million were purchased for commissions in the public-benefit sector and IS. This represents an increase of around EUR 42 million (33 %) on the previous year. Part of this increase (approximately EUR 6 million) was driven by the procurement of medical supplies for the World Health Organization (WHO) and other IS clients. Approximately 42 % of goods purchases in 2012 were made locally in the partner countries.

In 2012, GIZ Head Office concluded service and construction contracts and financing agreements totalling approximately EUR 550 million. This figure is up by around EUR 126 million (30 %) on the previous year. The total volume of contracts entered into with consulting firms stood at roughly EUR 258 million, around EUR 19 million (8 %) up on the figure for 2011. By far the largest share of this increase is accounted for by the public-benefit sector. The volume of contracts with institutions in fiscal year 2012 was approximately EUR 133 million. Compared to the previous year, this represents a substantial increase of approximately EUR 39 million (41 %), predominantly as a result of grants to international organisations. The volume of contracts awarded to appraisers was just under EUR 75 million, a significant increase of EUR 23 million (44 %) on 2011. In 2011, relatively few projects were designed on the basis of financing agreements. By contrast, the volume of financing agreements with developing country partners in 2012 reached approximately EUR 58 million. This was a sharp increase of roughly EUR 35 million (154 %) on the previous year. GIZ offices awarded additional contracts worth nearly EUR 236 million to local consulting firms, appraisers, construction companies, and in the form of local grants. This also represents a substantial increase of around EUR 64 million (37 %) compared to the previous year.

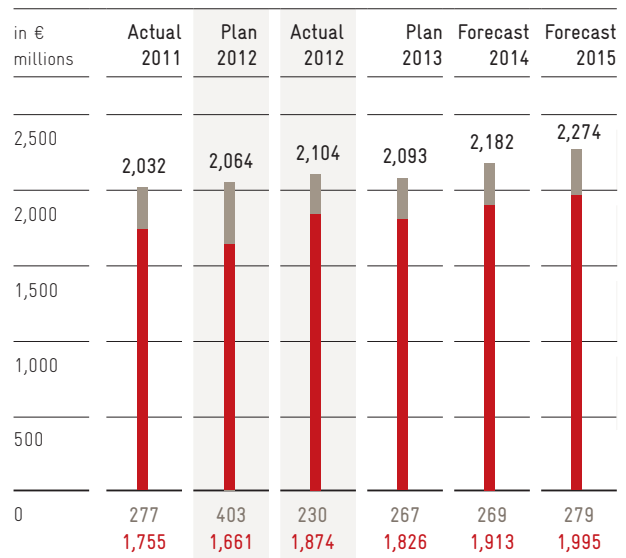
## IV. OUTLOOK

### A. Business forecast

After two successful years in 2011 and 2012, GIZ intends to maintain its existing strategy and continue the established pattern of growth.

Looking ahead at 2013, the company plans to generate a total business volume of EUR 2,093 million. This is a minor and temporary fall of EUR 12 million (1 %) compared to 2012. GIZ anticipates being able to boost its total business volume to EUR 2,274 million by the end of 2015. The following chart shows the actual and projected business volume figures from 2011 up to 2015.

#### Business volume



- Public-benefit sector revenue
- IS total operating performance



GIZ plans to generate revenue of EUR 1,826 million from the public-benefit sector in 2013. This is EUR 48 million (3%) down on the year under review, although it should be noted that the total for 2012 includes a non-recurring transfer of funds from the EDF. By 2015, the company aims to increase revenue from the public-benefit sector to EUR 1,995 million.

The following table contains a detailed breakdown of actual and projected revenues for the years 2011 to 2015.

Revenue	Actual 2011	Plan 2012	Actual 2012	Plan 2013	Forecast 2014	Forecast 2015
in € millions						
<b>BMZ</b>	<b>1,526.4</b>	<b>1,412.7</b>	<b>1,627.4</b>	<b>1,526.6</b>	<b>1,609.2</b>	<b>1,659.8</b>
of which, TC item	921.8	1,096.4	1,304.7	1,173.0	1,219.9	1,268.7
of which, international cooperation with regions	0.0	20.0	17.5	30.0	30.0	30.0
of which, other BMZ items	434.6	100.1	126.1	133.4	185.1	194.5
of which, cofinancing	170.0	196.2	179.1	190.2	174.2	166.6
<b>German Public Sector Clients</b>	<b>222.5</b>	<b>245.1</b>	<b>209.4</b>	<b>276.0</b>	<b>283.8</b>	<b>320.0</b>
of which, budget funds	215.5	241.9	205.9	269.2	277.8	312.8
of which, cofinancing	6.9	3.2	3.5	6.8	6.0	7.2
Grants	6.1	3.3	37.2	18.8	15.0	15.0
Third-party operations in public-benefit sector	0.0	0.0	0.0	4.2	5.2	0.0
<b>Public-benefit sector total</b>	<b>1,755.0</b>	<b>1,661.1</b>	<b>1,874.0</b>	<b>1,825.6</b>	<b>1,913.2</b>	<b>1,994.8</b>

In 2013, BMZ is expected to generate total revenue of around EUR 1,527 million. GIZ hopes particularly to achieve a year-on-year increase in its revenue figures for international cooperation and cofinancing. Reflecting the current trend in new commissions, it also expects to see additional revenue from the German Special Fund for Energy and Climate in 2013.

In 2015, GIZ anticipates revenues of approximately EUR 1,660 million from cooperation with BMZ. This forecast is based in part on assumptions that the planned cash figure for the TC item in departmental budget 23 will show a further increase and that GIZ can achieve a significant increase in revenue from the German Special Fund for Energy and Climate. This presupposes a stabilisation and no further decline in the prices of emissions certificates. Income from these certificates is used to finance the German Special Fund for Energy and Climate.

Under GIZ's forward plan for 2013, German Public Sector Clients are expected to generate revenue of EUR 276 million. Compared to the figure for 2012, this represents an increase of around EUR 67 million (32%). This growth is likely to be driven particularly by new commissions from the Federal Ministry for the Environment, Nature Conservation and Nuclear Safety. The focus of GIZ's cooperation with the Ministry will again be on international climate protection measures.

The company anticipates further growth in revenue from its German Public Sector Clients up to the end of 2015. At present, the revenue generated as a result of new commissions received from other German Public Sector Clients is expected to reach EUR 320 million in 2015.

The positive outlook for revenue in the public-benefit sector over the next few years is reflected in the forecast control parameter, which is expected to stand at 12.0% in 2013. This presupposes that revenue forecasts are met and that management costs increase at a slower rate than revenue. Reflecting the company's targets for revenue growth in 2014 and 2015 and currently anticipated levels of future costs, GIZ expects to keep the control parameter below the upper limit of 12.0%.

In 2013, the IS business area is forecast to achieve a total operating performance of EUR 267 million. This represents an increase of around EUR 37 million (16%) compared to 2012. On this basis, and on the assumption that a further consolidation of costs can be achieved, the company still anticipates an operating loss of EUR 2.0 million in 2013.

From 2014 onwards, supported by a tighter focus on specific business sectors, the strengthening and reorientation of GIZ's market position should enable the company to increase total operating performance by EUR 10 million per year. Over the next few years, the main focus will be on vocational training, especially in the Arab countries, and on infrastructure management in Africa and Asia. A positive operating result is expected from 2014 onwards, reflecting the company's future growth targets.

## B. Anticipated use of resources

### Personnel forecast

Based on current forecasts of business volume, the total number of employees for 2013 is expected to stand at 5,010, down 100 (2%) on the year-end figure for 2012. Looking further ahead, it is likely that staff numbers will show a small increase compared to the 2013 forecast. This will particularly affect the number of field staff.

GIZ staff	Actual 31.12.2012	Plan 2013	Forecast 2014	Forecast 2015
Staff with Head Office functions <sup>1</sup>	1,968	1,900	1,900	1,900
Project staff in Germany	1,181	1,230	1,240	1,240
Field staff	1,961	1,880	1,920	1,950
<b>Total employees<sup>1</sup></b>	<b>5,110</b>	<b>5,010</b>	<b>5,060</b>	<b>5,090</b>

<sup>1</sup> Excluding trainees

### Forecast purchases of goods and services

It is very difficult to predict in any detail the future volume of contracts for goods and services and for financing agreements, as they depend very largely on the specific requirements of GIZ's partner countries and of each sector. Assuming that the company meets its targets for business volume, the volume of contracts awarded in 2013 should be roughly equivalent to the figure for 2012.

### C. Risks

The focus of GIZ's expanded, company-wide risk management system lies on identifying and evaluating risks and on improving the way it uses this information to establish and follow up recommendations for action. Trends in the defined risk areas are monitored on a quarterly basis and evaluated by the risk management committee.

Revenue forecasts for the public-benefit sector are based on the premise that the Federal Government budget, and in particular departmental budget 23, will remain stable and that there will be no significant cuts to the budgets of those federal ministries from which GIZ receives commissions. However, if individual budget allocations fail to match these expectations and the current focus of the Federal Government and especially BMZ on international development is not maintained following the German elections in September 2013, GIZ may not be able to meet its growth targets.

At present, GIZ's forecast revenue from the TC budget in 2013 is approximately EUR 80 million above the cash figure in the federal budget for 2013. This is because GIZ's forecast assumes that it will receive additional funds during the course of the year as a result of cash transfers within departmental budget 23 intended to strengthen the TC allocation. If this proves not to be the case, GIZ may not be able to compensate for the shortfall by redirecting funds from other budget allocations or from other donors.

The above growth forecasts are also based on the assumption that prices for emissions certificates (used to finance the German Special Fund for Energy and Climate) will stabilise and not decline any further. If prices for emission certificates do continue to fall, cash inflows into the Special Fund will also decline. This would mean fewer resources for new commissions and for the implementation of currently planned initiatives. In turn, this could have a detrimental impact on GIZ's future results.

The security situation in Afghanistan and Pakistan remains tense and volatile. For GIZ, this poses a risk to the implementation of commissions, both in terms of meeting project objectives and with regard to the speed of implementation and consequently the

demand for resources. As at 31 December 2012, orders on hand for projects being carried out in these two countries stood at the relatively high level of EUR 222 million. As a result, potential delays in project implementation could have an impact on GIZ's business volume.

If, contrary to the above forecast, the measures taken to strengthen and realign the market position of IS are unsuccessful, there is a risk that the company may not be able to meet its growth targets for the next few years.

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

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### V. SUPPLEMENTARY REPORT

There were no significant events after the balance sheet date of 31 December 2012.

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Bonn/Eschborn, 24 May 2013

The Management Board

Tanja Gönner  
Chair of the Management Board

Dr Christoph Beier  
Vice-Chair of the Management Board

Tom Pätz  
Dr Hans-Joachim Preuß  
Cornelia Richter

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## BALANCE SHEET

AS AT 31 DECEMBER 2012

Assets	Notes	As at 31.12.2012		As at 31.12.2011	
		in €		in €	
<b>A. FIXED ASSETS</b>					
<b>I. Intangible assets</b>	1				
Purchased concessions, industrial property rights and similar rights and values as well as licences to such rights and values			1,130,502		1,482,568
<b>II. Tangible assets</b>	1				
1. Land, titles and buildings including buildings on land owned by others		83,295,536		71,076,028	
2. Other assets, plant and office equipment		15,424,555		15,430,941	
3. Advance payments made and assets under construction		6,768,910	105,489,001	1,581,589	88,088,558
<b>III. Financial assets</b>	2				
1. Shareholdings		360,862		360,862	
2. Securities held as fixed assets		214,535,737		162,535,795	
3. Other loans		820,013	215,716,612	849,195	163,745,852
			<b>322,336,115</b>		<b>253,316,978</b>
<b>B. CURRENT ASSETS</b>					
<b>I. Inventories</b>	3				
1. Raw materials and consumables		152,618		107,941	
2. Goods and services not yet invoiced		39,918,560		57,124,545	
3. Advance payments made		239,479,403	279,550,581	187,342,010	244,574,496
<b>II. Receivables and other assets</b>	4				
1. Receivables from goods and services		104,333,937		97,999,364	
2. Project assets		170,976,388		154,752,820	
3. Other assets		27,049,757	302,360,082	16,385,501	269,137,685
<b>III. Cash, balances at Bundesbank, balances at banks and cheques</b>			312,156,155		275,370,420
			<b>894,066,818</b>		<b>789,082,601</b>
<b>C. DEFERRED EXPENSES AND ACCRUED INCOME</b>					
			2,167,736		4,682,765
			<b>1,218,570,669</b>		<b>1,047,082,344</b>
<b>Trust assets</b>	9		4,157,263		4,748,027

Liabilities	Notes	As at 31.12.2012	As at 31.12.2011
		in €	in €
<b>A. EQUITY</b>			
1. Subscribed capital	5	20,452,000	20,452,000
Subscribed capital unpaid		- 11,759,713	- 11,759,713
Called-up capital		8,692,287	8,692,287
II. Capital reserve	5	5,112,919	5,112,919
III. Revenue reserves	6		
Reserves pursuant to Articles of Association		59,568,547	62,205,667
IV. Balance sheet profit		0	0
		<b>73,373,753</b>	<b>76,010,873</b>
<b>B. PROVISIONS</b>			
1. Provisions for pensions and similar obligations	7	419,503,473	376,223,075
2. Provisions for taxes		633,405	29,589
3. Other provisions		92,319,637	101,935,908
		<b>512,456,515</b>	<b>478,188,572</b>
<b>C. LIABILITIES</b>			
1. Advance payments received	8	571,979,939	438,653,985
2. Trade accounts payable		39,684,813	44,530,741
3. Other liabilities		18,926,452	7,054,201
of which, from taxes €3,175,900 (2011: €2,461,207)			
of which, relating to social security €21,371 (2011: €22,906)			
		<b>630,591,204</b>	<b>490,238,927</b>
<b>D. DEFERRED INCOME AND ACCRUED EXPENSES</b>			
		2,149,197	2,643,972
		<b>1,218,570,669</b>	<b>1,047,082,344</b>
Trust assets	9	4,157,263	4,748,027

# PROFIT AND LOSS ACCOUNT

FOR THE PERIOD FROM 1 JANUARY TO 31 DECEMBER 2012

	Notes	2012		2011	
		in €	in €	in €	in €
1. Turnover	10	1,971,952,021		1,931,018,393	
2. Decrease in inventory of goods and services not yet invoiced		-5,470,364		-31,559,346	
3. Total operating performance			1,966,481,657		1,899,459,047
4. Other operating income	11		36,531,549		32,215,592
5. Cost of materials					
a) Cost of purchased goods		210,996,375		159,083,076	
b) Cost of purchased services		1,024,225,214	1,235,221,589	971,827,102	1,130,910,178
6. Personnel costs					
a) Wages and salaries		542,672,606		551,066,078	
b) Social security contributions, pensions and welfare expenses of which, pensions €26,043,731 (2011: €35,209,405)		110,330,785	653,003,391	123,160,059	674,226,137
7. Depreciation and write-downs on intangible and tangible assets			8,175,665		7,720,768
8. Other operating expenses	12		77,768,016		82,815,502
9. Income from other securities and long-term investments			2,038,827		2,539,353
10. Other interest and similar income			2,427,275		2,838,632
11. Interest and similar expenses	13		26,003,368		23,758,611
12. Result of ordinary operations			7,307,279		17,621,428
13. Extraordinary expenses/Extraordinary result	14		8,991,703		8,991,703
14. Taxes on income	15		198,281		316,076
15. Other taxes			754,415		22,423
16. Net loss (previous year: net income)			-2,637,120		8,291,226
17. Transfer from reserves provided for by the Articles of Association			2,637,120		0
18. Transfer to reserves provided for by the Articles of Association			0		-8,291,226
19. Unappropriated surplus			0		0

# NOTES ON THE ACCOUNTS 2012

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

As at the balance sheet date of 31 December 2012, the Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ) GmbH, Bonn/Eschborn, is a company with limited liability as defined by section 267, paragraph 3 of the German Commercial Code (HGB). GIZ's annual statement of accounts is prepared in accordance with the provisions of the HGB as well as the supplementary provisions of the German Limited Liability Companies Act (GmbH-Gesetz). The fiscal year corresponds to the calendar year. To improve the clarity of presentation, the item 'Project assets' has been added in the balance sheet. The breakdown of the profit and loss account is based on the total cost method. The legally required information on the balance sheet and the profit and loss account is provided in the notes to the accounts.

### General notes on accounting and valuation methods

#### Accounting and valuation methods

The accounting and valuation methods used by GIZ have changed compared to the previous year. For the first time, provisions for which a direct claim to settlement exists have not been recognised.

### Fixed assets

#### Intangible and tangible assets

Intangible and tangible assets are shown at purchase cost less depreciation. Depreciation is based on the useful life of assets as determined by their specific use and is calculated on a straight-line basis for periods between three years (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 8 and 20 years.

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

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

### Financial assets

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

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

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

## Current assets

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

Raw materials and consumables are valued at purchase cost. Risks relating to inventories as a result of limited usefulness, 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 deducting individual and general valuation adjustments. 'Project assets' is a special GIZ balance sheet item allowing a better insight into the company's asset and financial position. This item includes the cash and bank balances of projects, as well as receivables and corresponding liabilities.

Other assets are shown at face value.

Cash and balances at banks are shown at face value, unless the fair value is required in individual cases.

## Credit balances and liabilities in foreign currencies

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

## Derivative financial instruments

As at the balance sheet date, there were a total of 12 foreign exchange futures with a market value of around EUR 4,065,165 and a nominal value of EUR 4,200,242 to cover the exchange rate risk of three GIZ International Services (GIZ IS) projects and one project of the public-benefit sector. Due to individual hedging transactions having a market value below their nominal value, provisions totalling EUR 136,361 were required for potential losses on pending transactions.

## Provisions

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

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

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

## Liabilities

Liabilities are shown at their settlement amount.



## Deferred taxes

Deferred taxes result from the following temporary differences.

Balance sheet item	31.12.2012	Tax rate	31.12.2012
	Difference, trade vs tax balance		Deferred taxes
	in €	in %	in €
Provisions for pensions	6,421,178	25.625	1,645,427
Other provisions	257,005	25.625	65,858
			<u>1,711,285</u>

As at the balance sheet date, there were net deferred tax assets of EUR 1,711,285. GIZ did not exercise the option to capitalise deferred tax assets provided for under section 274, paragraph 1, item 2 HGB.

## Profit and loss account

### Appropriation of profits

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

The annual net loss of EUR 2,637,120 is balanced by a transfer from the reserves as stipulated in the Articles of Association.

## NOTES ON THE BALANCE SHEET

### (1) Intangible and tangible assets

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

### (2) Financial assets

GIZ has held a 49 % stake in sequa gGmbH (based in Bonn) since fiscal 2010. This holding is recognised at amortised cost (EUR 360,862). In fiscal year 2011, the equity of sequa gGmbH totalled EUR 1,025,045, with a surplus for the year of EUR 115,012.

### (3) Inventories

#### Goods and services not yet invoiced

The change in goods and services not yet invoiced does not match the change in inventories, as provisions for which a direct claim to settlement exists were not recognised for the first time and were reversed against goods and services of the same value not yet invoiced.

#### Advance payments made

This includes advances totalling EUR 8,451,050 covered by guarantees. A general provision of 1 % has been made for advance payments. EUR 57,891,425 (previous year: EUR 28,058,000) have a term of over one year.

**(4) Receivables and other assets**

	Residual term less than 1 year	Residual term over 1 year	Total 2012	of which, from shareholder	Total 2011	of which, from shareholder
	in €	in €	in €	in €	in €'000	in €'000
<b>Receivables from goods and services</b>						
Public-benefit sector	51,138,854	0	51,138,854	23,961,158	40,095	29,051
GIZ IS	53,195,083	0	53,195,083	0	57,904	0
	<b>104,333,937</b>	<b>0</b>	<b>104,333,937</b>	<b>23,961,158</b>	<b>97,999</b>	<b>29,051</b>
<b>Project assets</b>						
Cash and balances at banks	73,575,620	0	73,575,620	0	80,108	0
Partnership services advanced	274,521	0	274,521	0	171	0
Receivables, other	110,039,624	0	110,039,624	0	85,909	0
Liabilities, other	-12,913,377	0	-12,913,377	0	-11,435	0
	<b>170,976,388</b>	<b>0</b>	<b>170,976,388</b>	<b>0</b>	<b>154,753</b>	<b>0</b>
<b>Other assets</b>						
<b>Receivables</b>						
from premium due, see (5)	0	4,090,335	4,090,335	4,090,335	4,090	4,090
from rent advances abroad	2,280,205	0	2,280,205	0	1,873	0
from staff for travel and other advances	3,059,295	0	3,059,295	0	2,350	0
from the tax authorities	1,409,431	894,897	2,304,328	0	625	0
other	15,307,534	8,060	15,315,594	0	7,448	424
	<b>22,056,465</b>	<b>4,993,292</b>	<b>27,049,757</b>	<b>4,090,335</b>	<b>16,386</b>	<b>4,514</b>
	<b>297,366,790</b>	<b>4,993,292</b>	<b>302,360,082</b>	<b>28,051,493</b>	<b>269,138</b>	<b>33,565</b>

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

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

	2012 (in €)	2011 (in €'000)
Subscribed capital	20,452,000	20,452
Capital reserve	5,112,919	5,113
Less: Unpaid contributions to subscribed capital	11,759,713	11,760
Premium due, see (4)	4,090,335	4,090

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

**(6) Reserves provided for in the Articles of Association**

Changes in reserves provided for in the Articles of Association

	in €
Brought forward as at 1 January 2012	62,205,667
Transfer from reserves to balance loss	-2,637,120
Total as at 31 December 2012	<b>59,568,547</b>
Of which:	
tied reserves	41,976,179
untied reserves	17,592,368
	<b>59,568,547</b>

**(7) Provisions****Provisions for pensions**

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

The essential actuarial parameters are listed in the following table.

	December 2012
	in %
Actuarial interest rate	5.04
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 pensions scheme, annual	1.00
Trend in social security contribution assessment ceiling, annual	2.50
Fluctuation, scaled according to age, up to	12.00

With respect to the conversion of the pension provision in line with BilMoG as of 1 January 2010, GIZ exercises the option under section 67, paragraph 1, item 1 EGHGB and spreads the cost of the conversion over a period of up to 15 years. In fiscal year 2012, EUR 8,991,703 was recorded as extraordinary expense, so that the shortfall in pension reserves totalled EUR 107,900,431 as at the balance sheet date. In total, EUR 43,280,398 was paid in to pension reserves during fiscal year 2012.

### 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 4.24% and 5.05% were used.

Commitments totalling EUR 359,894 for semi-retirement were offset against a fixed-term deposit (cover fund) of EUR 75,458.

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.

	2012	2011
	in €	in €'000
Costing and warranty risks	21,784,658	20,045
Amount payable following withdrawal from Pension Institution of the Federal Republic and Federal States	13,917,704	13,918
Working-time accounts	11,642,091	9,445
Leave entitlement for Head Office staff	10,769,803	9,867
Variable remuneration	8,920,124	9,428

As at 1 January 2010, the conversion of long-term other provisions due to the changed valuation in line with BilMoG resulted in an excess cover of EUR 3,772,712. Because the actual amount to be reversed must be paid in again by 31 December 2024 at the latest, the option under section 67, paragraph 1, item 2 EGHGB is exercised and the provision values maintained. The amount of excess cover as at 31 December 2012 was EUR 891,397.43.

**(8) Liabilities**

		Residual term less than 1 year	Residual term 1–5 years	Residual term more than 5 years	Total 2012	of which, to shareholder	Total 2011	of which, to shareholder
		in €	in €	in €	in €	in €	in €'000	in €'000
<b>1. Advance payments received</b>								
Public-benefit sector		498,320,245	0	0	498,320,245	410,148,499	369,994	290,898
GIZ IS		83,822,922	0	0	83,822,922	0	74,155	0
		<b>582,143,167</b>	<b>0</b>	<b>0</b>	<b>582,143,167</b>	<b>410,148,499</b>	<b>444,149</b>	<b>290,898</b>
<b>less</b>								
value-added tax not yet offset on advance payments received		10,163,228	0	0	10,163,228	9,039,253	5,495	5,116
		<b>571,979,939</b>	<b>0</b>	<b>0</b>	<b>571,979,939</b>	<b>401,109,246</b>	<b>438,654</b>	<b>285,782</b>
<b>2. Trade accounts payable</b>								
suppliers	31 %	12,441,079	0	0	12,441,079	0	11,994	0
consulting firms	49 %	19,493,791	0	0	19,493,791	0	21,760	0
other	20 %	7,749,943	0	0	7,749,943	0	10,777	2,760
	100 %	<b>39,684,813</b>	<b>0</b>	<b>0</b>	<b>39,684,813</b>	<b>0</b>	<b>44,531</b>	<b>2,760</b>
<b>3. Other liabilities</b>		<b>17,201,477</b>	<b>415,850</b>	<b>1,309,125</b>	<b>18,926,452</b>	<b>0</b>	<b>7,054</b>	<b>47</b>
		<b>628,866,229</b>	<b>415,850</b>	<b>1,309,125</b>	<b>630,591,204</b>	<b>401,109,246</b>	<b>490,239</b>	<b>288,589</b>

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

	2012 (in €)	2011 (in €'000)
Intangible and tangible assets	3,053,625	3,461
Deutsches Haus Moscow	1,040,486	1,256
Investments	6	0
Other assets	63,146	31
	<b>4,157,263</b>	<b>4,748</b>

Assets of EUR 4,157,263 are matched by corresponding liabilities.

## NOTES ON THE PROFIT AND LOSS ACCOUNT

**(10) Turnover****By sector**

	2012 (in €)	2011 (in €'000)
Business contracts	1,658,841,619	1,394,179
Grant-based (incl. GIZ-financed measures with partial third-party financing)	78,011,126	222,196
Public-benefit sector*	<b>1,736,852,745</b>	<b>1,616,374</b>
GIZ IS	235,099,276	314,644
	<b>1,971,952,021</b>	<b>1,931,018</b>
*of which, BMZ	1,487,528,034	1,392,648

**By location of commissioning party**

	2012		2011	
	in €	in %	in €'000	in %
Federal Republic of Germany	1,749,223,446	89	1,620,274	84
Rest of Europe	109,264,485	6	115,011	6
Africa	42,301,966	2	112,358	6
Americas	10,173,482	< 1	13,004	< 1
Asia	54,033,298	3	68,165	4
Oceania	6,955,344	< 1	2,206	< 1
	<b>1,971,952,021</b>		<b>1,931,018</b>	

### By region of activity

	2012		2011	
	in €	in %	in €'000	in %
Africa	620,206,461	31	615,805	32
Americas	171,302,813	9	130,416	7
Asia	634,207,236	33	606,978	31
Europe	166,007,449	8	167,783	9
Oceania	5,023,074	< 1	3,019	< 1
Supraregional	375,204,988	19	407,017	21
	<b>1,971,952,021</b>		<b>1,931,018</b>	

### (11) Other operating income

Income from foreign currency valuations amounts to EUR 2,117,730 (previous year: EUR 2,663,000). Income not related to the period under review is EUR 12,683,345 (previous year: EUR 13,127,000). This income is mainly due to the reversal of provisions.

### (12) Other operating expenses

Expenses from foreign currency valuations amount to EUR 2,973,860 (previous year: EUR 3,167,000). Expenses not related to the period under review are EUR 148,874 (previous year: EUR 723,000). These expenses relate primarily to losses on the disposal of fixed assets.

The item includes the costs of the audit for the annual statement of accounts (EUR 150,000), tax consulting services (EUR 123,415) and other audits (EUR 267,485) carried out by the external auditor.

### (13) Interest and similar expenses

These expenses relate primarily to accrued interest on pension provisions of EUR 24,953,194 and to other provisions with a remaining term of over one year in the amount of EUR 675,202.

### (14) Extraordinary expenses/Extraordinary result

In the course of the BilMoG conversion, GIZ exercises the option under section 67, paragraph 1, item 1 EGHGB and spreads the cost of the conversion of pension provisions (conversion amount) over a period of up to 15 years. In fiscal 2012, a total of EUR 8,991,703 (previous year: EUR 8,992,000) was recognised as extraordinary expenses.

### (15) Taxes on income

	2012 (in €)	2011 (in €'000)
Corporation tax		
income previous year	1,336	11
expenditure current year	- 1,819	- 29
expenditure previous year	- 32,910	- 298
Trade tax	0	0
expenditure current year	- 164,888	0
	<b>- 198,281</b>	<b>- 316</b>

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 OTHER INFORMATION

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

Commitments under commercial leases for office premises and parking spaces (2013 to 2023): EUR 68,949,077.

**Purchase commitments for investment projects**

As at the balance sheet date, there were purchase commitments for investment projects in the amount of EUR 7,900,902.

**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 eight consortia in all. GIZ has the lead role in four of these consortia.

As at 31 December 2012, the risk arising from participation in the consortia amounted to EUR 114,560. Based on the experience of recent years, claims are not expected.

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

**Average employment during the year**

	2012	2011
Head Office personnel	1,983	2,470
Project staff (Germany)	1,141	715
Field staff	1,880	1,857
GIZ total employees	5,004	5,042
National personnel	10,908	11,956
GIZ total incl. national personnel	15,912	16,998

The presentation of staff numbers has changed compared to the previous year. Consequently, the comparative figures shown for 2011 do not match the year-end figures in the notes to the annual accounts for 2011.



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SUPERVISORY BOARD AND  
MANAGEMENT BOARD

**Supervisory Board**

**Chairman**

Hans-Jürgen Beerfelz  
State Secretary, German Federal Ministry for  
Economic Cooperation and Development (BMZ), Bonn

**First Deputy Chairman**

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

**Second Deputy Chairman**

Jan Peter Schemmel  
GIZ Country Director, Mexico

Dr Dietmar Bartsch

Member of the German Federal Parliament, Berlin

Lothar Binding

Member of the German Federal Parliament, Berlin  
(up to 17 October 2012)

Dr Harald Braun

State Secretary, German Federal Foreign Office, Berlin  
(from 25 June 2012)

Viktor Elbling

Director General, German Federal Foreign Office, Berlin  
(up to 25 June 2012)

Martin Gerster

Member of the German Federal Parliament, Berlin  
(from 18 October 2012)

Dr Hans-Joachim Henckel

Deputy Director General, Federal Ministry of Economics  
and Technology (BMWi), Berlin (up to 25 June 2012)

Anne Ruth Herkes

State Secretary, Federal Ministry of Economics  
and Technology (BMWi), Berlin (from 25 June 2012)

Priska Hinz

Member of the German Federal Parliament, Berlin

Armin Hofmann

GIZ programme manager, Laos

**Deputy Chairman**

Thomas Kalkert  
Chair of the Eschborn staff council, Eschborn  
(up to 25 June 2012)

Christiane Kalle

GIZ Country Director, South Africa (up to 25 June 2012)

Winnie Kauderer

Administrative officer at GIZ, Bad Honnef (from 25 June 2012)

Hans-Jürgen Kawalun

In-house service provider at GIZ, Bonn (up to 25 June 2012)

Volkmar Klein

Member of the German Federal Parliament, Berlin

Dr h. c. Jürgen Koppelin

Member of the German Federal Parliament, Berlin

Antonia Kühn

Union secretary, DGB North Rhine-Westphalia, Department  
for Higher Education, Science and Research, Dusseldorf  
(from 25 June 2012)

Birgit Ladwig  
Office Director,  
Unified Service Sector Union (ver.di) – National Office, Berlin  
(from 25 June 2012)

Dr Joachim Langbein  
GIZ project manager, Bonn (from 25 June 2012)

Peter Pfaumann  
GIZ Country Director, Peru

Joachim Prey  
Deputy Director General, GIZ, Bonn/Eschborn  
(from 21 February 2012 to 25 June 2012)

Cornelia Richter  
Director General, GIZ, Bonn/Eschborn  
(up to 20 February 2012)

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

Ursula Schoch  
GIZ project manager, Bonn  
(from 25 June 2012)

Wolfram Schöhl  
Deputy Director General (Training and Consulting), Bavarian  
State Ministry for Food, Agriculture and Forests, Munich

Dr Ludger Schuknecht  
Director General, Federal Ministry of Finance, Berlin  
(from 6 March 2012)

Hermann-Josef Solscheid  
Regional secretary for North Rhine-Westphalia (South), Unified  
Service Sector Union (ver.di), Siegburg (up to 25 June 2012)

Daniela Suttner  
Regional secretary for North Rhine-Westphalia (South), Unified  
Service Sector Union (ver.di), Kassel (up to 25 June 2012)

## Management Board

Chair of the Management Board  
Tanja Gönner (from 1 July 2012)

Vice-Chair of the Management Board  
Dr Christoph Beier

Tom Pätz

Dr Hans-Joachim Preuß

Cornelia Richter (from 1 July 2012)

Dr Bernd Eisenblätter (up to 30 June 2012)

Adolf Kloke-Lesch (up to 30 June 2012)

Dr Sebastian Paust (up to 30 June 2012)

Professor Jürgen Wilhelm (up to 30 June 2012)

## Remuneration

The remuneration received by members of the Management Board generally includes a fixed salary and a variable component (management bonus). For members of the Management Board currently employed, the total remuneration in fiscal year 2012 was EUR 1,333,456.

Members of the Supervisory Board are reimbursed for their travel costs of EUR 57,283; there is no further remuneration.

	Fixed salary	Management bonus	Total
	in €	in €	in €
Tanja Gönner	117,500	0	117,500
Dr Christoph Beier	210,406	27,000	237,406
Tom Pätz	151,312	27,000	178,312
Dr Hans-Joachim Preuß	206,490	27,000	233,490
Cornelia Richter	82,500	0	82,500
Dr Bernd Eisenblätter	129,906	0	129,906
Adolf Kloke-Lesch	68,812	27,000	95,812
Dr Sebastian Paust	68,812	27,000	95,812
Professor Jürgen Wilhelm	68,812	27,000	95,812
Other remuneration components			66,906
<b>Total remuneration</b>			<b>1,333,456</b>

Provisions to cover the pension entitlements of former senior managers and members of the Management Board total EUR 7,960,434. With respect to the conversion of the pension provision in line with BilMoG as of 1 January 2010, GIZ exercises the option under section 67, paragraph 1, item 1 EGHGB and spreads the cost of the conversion over a period of up to 15 years. As at 31 December 2012, the difference carried forward was EUR 1,936,522. Current retirement pension payments in fiscal year 2012 totalled EUR 583,269.

## Loans to organs of the company

Employees on the Supervisory Board	in €
Loans as at 1 January 2012	12,702
Increase	8,027
Repayments	1,264
Decrease	0
<b>As at 31 December 2012</b>	<b>19,465</b>

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

Bonn/Eschborn, 24 May 2013

The Management Board

Tanja Gönner  
(Chair of the Management Board)

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

Tom Pätz

Dr Hans-Joachim Preuß

Cornelia Richter

## APPENDIX TO THE NOTES

## CHANGES IN FIXED ASSETS IN FISCAL 2012

	Cost of acquisition or production			31.12.2012 in €
	1.1.2012 in €	Additions in €	Retirements in €	
<b>I. Intangible assets</b>				
Purchased concessions, industrial property rights and similar rights and values as well as licences to such rights and values	4,559,610	158,473	1,490,823	3,227,260
	<b>4,559,610</b>	<b>158,473</b>	<b>1,490,823</b>	<b>3,227,260</b>
<b>II. Tangible assets</b>				
1. Land, titles and buildings including buildings on land owned by others	109,958,943	14,746,433	34,877	124,670,499
2. Other assets, plant and office equipment	39,416,800	5,463,037	3,461,488	41,418,349
3. Advance payments made and assets under construction	1,581,589	5,187,321	0	6,768,910
	<b>150,957,332</b>	<b>25,396,791</b>	<b>3,496,365</b>	<b>172,857,758</b>
<b>III. Financial assets</b>				
1. Shareholdings	535,862	0	0	535,862
2. Securities held as fixed assets	162,535,795	51,999,942	0	214,535,737
3. Other loans	1,108,317	135,000	174,688	1,068,629
	<b>164,179,974</b>	<b>52,134,942</b>	<b>174,688</b>	<b>216,140,228</b>
	<b>319,696,916</b>	<b>77,690,206</b>	<b>5,161,876</b>	<b>392,225,246</b>

Accumulated depreciation					Book values	
1.1.2012	Depreciation in the fiscal year	Appreciation	Retirements	31.12.2012	31.12.2012	31.12.2011
in €	in €	in €	in €	in €	in €	in €
3,077,042	507,365	0	1,487,649	2,096,758	1,130,502	1,482,568
<b>3,077,042</b>	<b>507,365</b>	<b>0</b>	<b>1,487,649</b>	<b>2,096,758</b>	<b>1,130,502</b>	<b>1,482,568</b>
38,882,915	2,497,303	875	4,380	41,374,963	83,295,536	71,076,028
23,985,859	5,170,997	4,451	3,158,611	25,993,794	15,424,555	15,430,941
0	0	0	0	0	6,768,910	1,581,589
<b>62,868,774</b>	<b>7,668,300</b>	<b>5,326</b>	<b>3,162,991</b>	<b>67,368,757</b>	<b>105,489,001</b>	<b>88,088,558</b>
175,000	0	0	0	175,000	360,862	360,862
0	0	0	0	0	214,535,737	162,535,795
259,122	0	0	10,506	248,616	820,013	849,195
<b>434,122</b>	<b>0</b>	<b>0</b>	<b>10,506</b>	<b>423,616</b>	<b>215,716,612</b>	<b>163,745,852</b>
<b>66,379,938</b>	<b>8,175,665</b>	<b>5,326</b>	<b>4,661,146</b>	<b>69,889,131</b>	<b>322,336,115</b>	<b>253,316,978</b>

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## AUDITORS' REPORT

We have examined the annual statement of accounts – comprising the balance sheet, profit and loss account, and appendix together with the bookkeeping system and the management report of the Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ) GmbH, Bonn/Eschborn, for the fiscal year from 1 January to 31 December 2012. The Management Board is responsible for the company's bookkeeping system and for the preparation of the annual statement of accounts and the management report pursuant to the provisions of German commercial law. Our task is to assess the annual statement of accounts (including the bookkeeping system) and the management report on the basis of the audit which we have carried out.

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

Our audit did not give rise to any objections.

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

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Mainz, 24 May 2013

KPMG AG  
Auditors

Hauptmann  
Auditor

Reichel  
Auditor

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# GIZ AT A GLANCE

## Published by

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Translation:  
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Proofreader:  
textschriftmacher, Lübeck

Design and layout:  
Scheufele Hesse Eigler  
Kommunikationsagentur GmbH

Printed by:  
AZ Druck und Datentechnik GmbH

Printed on:  
Cover:  
Arctic Volume White 300 g/m<sup>2</sup>  
certified to FSC® standards  
Inside:  
Arctic Volume White 115 g/m<sup>2</sup>  
Certified to FSC® standards

Published in July 2013  
ISSN 1430-9645



GIZ can look back on a highly successful fiscal year 2012.  
As at 31 December 2012 the business volume topped  
EUR 2.1 billion.

<b>Business volume 2012</b>	
in € millions	
German Federal Ministry for Economic Cooperation and Development (BMZ)	1,627.3
of which, cofinancing	179.1
German Public Sector Clients	209.4
of which, cofinancing	3.5
Grants	37.2
GIZ International Services	230.1
<b>Total</b>	<b>2,104.1</b>

<b>GIZ staff members</b>	
In Germany (not including trainees)	3,025
Outside Germany	1,961
National personnel	11,119
Trainees	124

<b>Also assigned by GIZ</b>	
Development advisors	890

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

<b>Placed by GIZ</b>	
Integrated experts (CIM)	542
Returning experts (CIM)	454
Volunteers working for 'weltwärts'	443

Figures as at 31 December 2012; figures rounded off

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