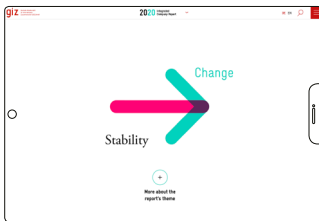


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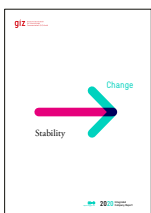


Annual  
statement of  
accounts

## FURTHER REPORTS OF GIZ



Integrated Company Report 2020  
[reporting.giz.de](https://reporting.giz.de)



Integrated Company Report 2020



Corporate sustainability documents  
(available in German only)

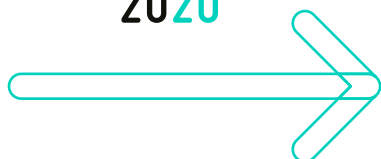


Corporate governance documents  
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Find these and other reports online:  
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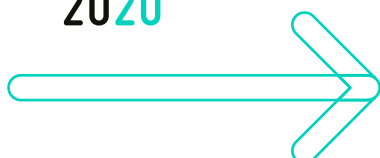
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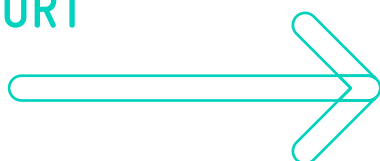
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# REPORT OF THE SUPERVISORY BOARD TO THE SHAREHOLDER ON THE FISCAL YEAR 2020

## MEETINGS

The Supervisory Board held three ordinary meetings and one extraordinary meeting in fiscal 2020. Although the meeting scheduled for 31 March 2020 had to be cancelled on account of the pandemic, the planned resolutions were adopted by written circulation. The Audit Committee held one meeting, and the Standing Committee met four times.

## APPOINTMENTS

In 2020, the composition of the Supervisory Board changed as follows:

With regard to the employee representatives on the Supervisory Board, Mr Paul Schlüter left his position on 31 March 2020, and Dr Joachim Langbein was designated as a substitute member. Following the departure of Mr Jan Wesseler on 29 June 2020, Ms Katrin Gothmann took over as a new member of the Supervisory Board.

At this point, Dr Wibke Thies was elected to the position of First Deputy Chair and Ms Katrin Gothmann to the position of Second Deputy Chair of the Supervisory Board. In accordance with section 7 (1) and section 8 (1) of the Standing Orders for the Supervisory Board, Dr Thies also took up positions on the Standing Committee and the Urgent Matters Committee.

## ADVISING AND SUPERVISING THE MANAGEMENT BOARD

In fiscal 2020, as in all previous years, the Supervisory Board and the Management Board worked together on the basis of mutual trust. The Management Board kept the Supervisory Board informed about management policy, the state of operations, and the liquidity and profitability of the company. On this basis, during its meetings, the Supervisory Board was able to perform its designated role of advising and supervising the Management Board. The Supervisory Board was actively involved in important company decisions. It advised the Management Board on key issues and approved Management Board proposals after detailed examination. The following issues merit specific mention:

- The Supervisory Board appointed Ms Ingrid-Gabriela Hoven as a member of GIZ's Management Board with effect from 1 October 2020.
- The Supervisory Board approved the financial, investment and human resources plans for 2021 submitted by the Management Board. These are based on projections of a substantial increase in commissions received and a rise in total business volume. In light of these projections, staff numbers are also likely to increase in every category, albeit not at the same rate as the increase in business volume.
- The Supervisory Board obtained regular updates from the Management Board on the development of business in its taxable business area, International Services (InS), which again generated a positive operating result and positive net income in fiscal 2020, well above the planned figures for 2020.
- At its strategy meeting, the Supervisory Board discussed the state of implementation of GIZ's Corporate Strategy 2020–2022, the implications of BMZ's 2030 reform process and the progress made towards digitalisation across the company.
- The Supervisory Board approved a proposal to purchase property in Eschborn (Ludwig-Erhard-Straße 7 and 7a) and obtain a secured loan of up to €260 million for the realisation of the new campus building in Eschborn. This will pave the way for developing an interconnected campus. The building should be ready for use by mid-2025. It will provide a modern working environment with a cutting-edge sustainability profile and up to 1,000 workstations.

- The Supervisory Board also approved investments and contracts totalling up to €46 million involving the construction of a new workplace and residential property for GIZ staff within the Camp Eggers compound in Kabul (Afghanistan).
- The Supervisory Board approved a proposal to conclude a collective bargaining agreement covering the temporary return of staff from the country of assignment. This regulates situations in which staff are temporarily based outside their country of assignment due to a Public Health Emergency of International Concern (PHEIC). The collective bargaining agreement followed an employer/staff council agreement approved by the Supervisory Board in June 2020 that was scheduled to expire on 31 December 2020.
- The Supervisory Board approved the signing of two contracts as part of the switch to an enterprise resource planning (ERP) system based on SAP S/4HANA. The switch to a successor system is necessary due to the planned discontinuation of manufacturer support for the current ERP system in 2027.

## MANAGEMENT BOARD REPORTS

The Management Board complied with its reporting obligations in 2020. It reported regularly on the development of business at GIZ, which was again very positive in fiscal 2020.

The Supervisory Board was also informed about measures taken as part of GIZ's compliance management system (CMS) during the reporting period 2018–2019. Now that the CMS has been successfully established, the focus is on consolidating and further developing the system as a whole.

The Supervisory Board obtained detailed reports on the impact of the COVID-19 pandemic and the measures taken by the company in response.

Finally, the Management Board reported back fully to the Supervisory Board on the current status and further development of GIZ's equal opportunities policy, on IT security and on the company's response to BMZ's 2030 reform process.

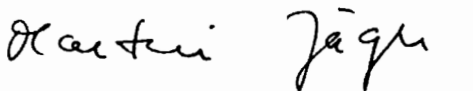
## ANNUAL STATEMENT OF ACCOUNTS 2020

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

At its meeting on 30 June 2021, the Supervisory Board approved the findings of the audit of the annual statement of accounts for 2020 carried out by the auditors and the Audit Committee appointed by the Supervisory Board.

The Supervisory Board recommends that the shareholder adopt the annual statement of accounts for 2020 and formally approve the actions of the Management Board.

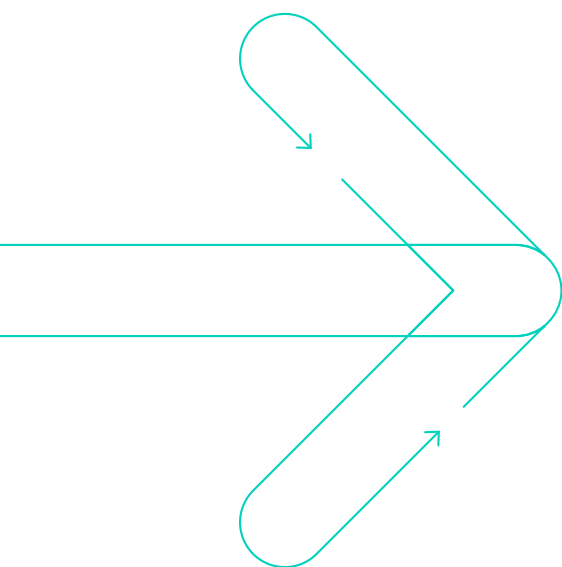
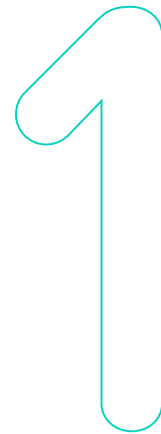
Bonn, 30 June 2021



Martin Jäger

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

MANAGEMENT  
REPORT FOR THE  
FISCAL  
YEAR 2020





# I. BACKGROUND, OPERATING FRAMEWORK AND OVERALL PERFORMANCE

## A. THE COMPANY

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

GIZ operates in around 120 countries worldwide. Thanks to its long-standing local presence and global networks encompassing politics, business and civil society, GIZ is well placed to cooperate successfully with a large number of stakeholders.

GIZ has 23,614 employees across the globe. 67.7% are based outside Germany with the status of 'national staff'. A further 483 experts are currently on assignments for GIZ in the role of development workers. In addition, the Centre for International Migration and Development (CIM)<sup>1</sup> places experts with local employers in partner countries. At the end of 2020, the combined total of integrated experts and returning experts placed by CIM with local employers in GIZ's partner countries and receiving financial, advisory and other support from CIM stood at 728.

GIZ's activities focus on effective cross-border cooperation, the transfer of knowledge and the development of expertise. Compared with similar organisations around the world, the sheer range of its activities is unique. Over more than 50 years, GIZ has built up a vast body of experience in different areas: economic development and employment; governance and democracy; peacebuilding, security, reconstruction and civil conflict transformation;

food security, health and basic education; energy policy, environmental protection, resource conservation and climate change mitigation. GIZ combines its services in the form of tailored solutions for specific needs, regions and contexts. These range from technical advice, individual training and measures to strengthen organisations and institutions through to networking, dialogue, mediation, project management and procurement/logistics services.

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

Alongside its activities in the public-benefit business area, GIZ is authorised by the Federal Government to receive commissions directly from international clients in its taxable business area, International Services (InS).

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

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

## B. STRATEGY

GIZ's strategic focus is dependent on external factors and political developments. That includes the ongoing COVID-19 pandemic, which has had a significant impact on the business environment, on the trends shaping development cooperation and international cooperation and consequently on GIZ as a whole. To ensure that GIZ is well positioned strategically, we continuously monitor these developments and allocate them systematically to one of six key questions designed to address the developments and trends with the greatest influence on our work.

### DEVELOPMENTS AND TRENDS AFFECTING GIZ

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

One of the factors currently influencing our business activities in this area is BMZ 2030, a package of major strategic reforms being implemented by BMZ, our biggest source of commissions, so that it can play an even more strategic, effective and efficient role in wider efforts to overcome development challenges. To this end, BMZ has refocused its country and thematic priorities, introduced new partnership categories and specified new requirements for the availability of data to present the results of development cooperation and international cooperation. The COVID-19 crisis has also had a marked impact on our business. Acting on behalf of BMZ and in consultation with local partners, GIZ has implemented numerous pandemic response measures. Our German public sector clients have reacted primarily by shifting the focus of existing projects and modifying their thematic priorities. These current developments underline the longer-term trend towards a more diverse and volatile business environment. Given the outcomes of the BMZ reform process and the new Team Europe approach being adopted by the EU in what represents a fresh narrative for the medium- to long-term direction of its external actions, we expect this trend to gain momentum.

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

The 2030 Agenda has brought major thematic changes in the field of international cooperation. The focus has shifted away from regional and monosectoral priorities towards global and systemic challenges that require us to view issues from an intersectoral or cross-sectoral perspective. BMZ has responded to these changes as part of its reform process.

In future, there will be even greater emphasis on tackling issues such as climate change, growing inequality and the protection of global public goods that affect multiple sectors. At the same time, COVID-19 has drawn greater attention to new combinations of issues such as 'green recovery and digitalisation' and 'global health, prevention and pandemic response'. These are also treated as strategic priorities by the EU. We expect these trends to influence the longer-term direction of German, European and international cooperation on development.

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

With development issues becoming increasingly diverse and interconnected (as described above), new actors have entered the market over recent years. A wide range of organisations, including digital start-ups, data firms, technology platforms and even philanthropic foundations and private sector financing providers, have positioned themselves in the areas of digitalisation and 'technologisation'. In light of the growing emphasis on systemic and global solutions, we anticipate further expansion and diversification of the stakeholder landscape.

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

COVID-19 has exacerbated both inequalities between and within our partner countries and differences in the pace of development. Due to high levels of indebtedness and negative economic growth, previous development gains in some of these countries could be significantly reversed in areas such as poverty reduction and gender equality, leaving them more dependent on official development assistance (ODA). There is also a risk of greater political instability

and fragility. In some countries, however, the pandemic could boost technological progress and digitalisation. Driven especially by COVID-19, these shifts will require a more differentiated approach to cooperation depending on the local context.

## **5. HOW ARE IMPLEMENTATION REQUIREMENTS CHANGING?**

In recent years, GIZ has had to navigate a path between competing demands for speed, effectiveness and value for money on the one hand and accountability and compliance on the other. Against this background, expectations of our ability to implement projects (in fragile contexts) are now significantly higher. With regard to our delivery capability and our duty of care towards employees, those expectations have been raised even further by the COVID-19 crisis and have extended to non-fragile locations. In response, we need a rapid shift towards more flexible types of assignment, processes and agreements. In the exceptional circumstances created by COVID-19, for example, temporary solutions modifying the individual employment relationships of staff were devised and agreed with GIZ's collective bargaining partners, the shareholder and the Supervisory Board. While COVID-19 is a rare event, GIZ will face even tougher implementation requirements in the years ahead, partly as a result of BMZ's new nexus and peace partnerships with increasingly fragile states.

## **6. HOW IS THE LEGAL CONTEXT CHANGING?**

The legal framework in which GIZ operates has also changed over recent years with the introduction of new statutory obligations in areas such as employee safety, employment law, taxation and accountability towards our clients and the public. Looking ahead, we expect the legal environment to remain tough, with GIZ possibly having to face new accountability requirements in areas such as value for money, gender equality and sustainability.

## **GIZ'S CORPORATE STRATEGY**

Together, these trends and developments form the basis of the company's strategy. Strategic priorities are addressed in three-year strategy cycles. 2020 was the first year of the second strategy cycle (2020–2022). The objectives of this strategy are assigned to the four strategic areas of action: effectiveness; business development; expertise and alliances; value for money. They provide the medium- to long-term framework within which GIZ's strategic objectives are formulated. In order to achieve these objectives, GIZ implements strategic measures. The core message of the present strategy can be summarised as follows: 'We focus on our capacity to implement effective projects now and in the future.' This focus harnesses GIZ's greatest strength: our ability to implement demanding commissions in the field of international cooperation rapidly and effectively, even under the most challenging conditions. The objectives of our Corporate Strategy 2020–2022 and the progress we have made so far towards implementation are briefly outlined in the following section.

### **1. AREA OF ACTION: EFFECTIVENESS**

In terms of its overall effectiveness, GIZ has set itself the goal of translating political requirements more rapidly into sustainable and visible solutions. This means that GIZ will anticipate the needs of its clients more effectively and collaborate more extensively with multilateral partners, private sector actors and other external cooperation partners in order to meet new requirements. In this context, GIZ will balance the needs of clients with the interests and concerns of its local partners. When policy initiatives reach the operational stage, GIZ staff will cooperate proactively across all departments in order to fulfil the requirements of our clients and partners as effectively as possible.

In 2020, for example, GIZ evaluated its response and implementation capability as part of BMZ's Emergency COVID-19 Support Programme. The results showed that GIZ was able to address and meet the changing needs of its clients promptly, thanks to its company-wide COVID-19 taskforce. While maintaining links with existing partners, we also cooperated more extensively with new strategic partners and actors, for example through the Team Europe approach.

## 2. AREA OF ACTION: BUSINESS DEVELOPMENT

In the area of action ‘Business development’, GIZ’s strategic objective is to strengthen its market position by offering data-driven and technology-based services. To this end, areas requiring digital solutions must be established at an early stage, suitable applications and solutions identified, and then deployed as development cooperation instruments. At the same time, in relation to its clients and partners, GIZ wants to position itself as a ‘digital architect’ with a unique selling point of strong networks and innovative alliances in order to mediate between various stakeholders, contribute our own expertise and develop new business models. Beyond this, GIZ wishes to offer a portfolio of scalable, market-ready services.

GIZ’s initial priority in 2020 was to draw up a data strategy in order to establish a fundamental understanding of the role of data across the company. We also tested some of the prototype data-driven solutions designed for the international cooperation market to check that they meet the needs of potential users and identify any obstacles, for example to their large-scale use. In 2020, GIZ also established networks and partnerships with relevant actors and made contact with potentially useful technology firms.

## 3. AREA OF ACTION: EXPERTISE AND ALLIANCES

Our strategic objective in the area of action ‘Expertise and alliances’ is: ‘We continue to build up our expertise, which we mobilise more rapidly and manage more effectively.’ To this end, we plan to implement a series of measures, including a flexible and forward-looking assignment management system, so that we are able to fill key roles, such as country director and programme manager, proactively, rapidly and reliably. Skills development courses for specific roles will ensure that the right expertise is available for key posts. In partner countries, GIZ will find new ways of delivering services on the ground, including flexible assignment options.

In 2020, GIZ took the first step in this direction by creating a vision of a reformed assignment, staffing and secondment process. Besides modifying forms of assignment that already provide greater flexibility, we identified and systematically documented other innovative approaches to delivering our services. We also implemented our wide-ranging Digital Literacy and Digital Pioneers action plan to strengthen the digital skills of employees.

## 4. AREA OF ACTION: VALUE FOR MONEY

GIZ has set itself two strategic objectives in this area of action. The first of these is to implement projects more effectively thanks to digitalised end-to-end business processes. We will start by introducing a process management system to improve workflows. This will act as the basis for further digitalisation measures designed to make selected business processes more user-focused, simpler, faster, more audit-proof, more cost-effective and more sustainable.

Our second objective, building on needs-based implementation structures, is to ensure that services can be delivered quickly and efficiently across all organisational units. To this end, GIZ will develop implementation structures that offer a range of options for providing a rapid and flexible response to changing requirements. In this context, we will continue to safeguard our legal capacity in the field. To complement these new structures, we will adapt our incentive systems to ensure that they support the joint implementation of our commissions across organisational units.

In 2020, we developed an initial set of ideas for prototypes of new management models and innovative new implementation structures – pooling our expertise at regional level, for example.

## C. OPERATING FRAMEWORK

### COVID-19 PANDEMIC

The main factor dominating our activities in fiscal 2020 – in both the public-benefit and InS business areas – was the **COVID-19 pandemic**. Implementing projects was particularly challenging due to:

- travel and social distancing restrictions imposed in Germany and our partner countries in an attempt to prevent the spread of the disease;
- cuts in the number of locally seconded personnel (especially those in the at-risk group) for medical reasons.

As a result, many ongoing project activities originally planned for 2020 were either cancelled or delayed. GIZ introduced a series of measures in response to these challenges. These included:

- redirecting our portfolio to concentrate on flexible and rapidly actionable COVID-19 measures and requesting a limited volume of additional funding from BMZ's Emergency COVID-19 Support Programme;
- delivering services through online mechanisms rather than on the ground<sup>2</sup> and greatly expanding the range of mobile working options through temporary modifications of the employer/staff council agreement;
- maintaining a relatively high number of locally based staff (compared with other development cooperation organisations) to avoid a complete breakdown in the provision of services.

### BMZ 2030 STRATEGY PROCESS

Apart from the pandemic, another major factor affecting GIZ in 2020 was the BMZ 2030 strategy process, above all in terms of the decision to reduce the number of partner countries. While this process had only a limited impact on GIZ's financial position in 2020, the medium-term implications are likely to be more pronounced. Anticipating a realignment of its portfolio, GIZ responded by initiating a series of organisational adaptation measures for the internal and field structures of the Asia, Pacific, Latin America, Caribbean Department, which is particularly affected by the BMZ reforms.

### DIGITALISATION

In 2020, GIZ again devoted a great deal of time to the crucial ongoing task of digitalising its services and business processes, with a particular focus on preparations for the planned migration to SAP S/4HANA. Some of the key groundwork was completed over the course of the year as part of the S4GIZ large-scale solution and the Digitalised Business Processes focus project. In December, GIZ signed a framework licensing agreement with SAP. We expect to award the corresponding implementation support contract by mid-2021.

### OTHER OPERATING FACTORS

In December 2020, GIZ concluded an agreement with a project developer to construct a new building. This will involve substantial capital investment over the next few years. The building should be ready for use by mid-2025 as part of a single, compact and interconnected campus in Eschborn with flexible layouts and a cutting-edge sustainability profile. Although we are still at the early planning stage, GIZ has agreed a fixed price and put extensive financial safeguards in place in order to reduce its exposure to the risks associated with this construction project.

### D. BUSINESS DEVELOPMENT

Fiscal 2020 was a successful year for GIZ – despite the COVID-19 pandemic and the resulting challenges to the implementation of projects – with further increases in both commissions received and income. Commissions received rose by 14% year on year to €4,188 million. At €3,327 million, total business volume<sup>3</sup> was roughly 9% up on the previous year.

As explained above, this success was due to various factors: (1) refocusing projects towards COVID-19 measures promptly; (2) delivering services online rather than on the ground; (3) maintaining a relatively high number of locally based staff throughout the crisis compared with other development cooperation organisations.

The indicators used to measure value for money in the public-benefit business area remained consistently high. The control parameter (the ratio between management costs for the year under review and the four-year average of income in the public-benefit business area)<sup>4</sup> stood at 10.7% compared with the 2019 figure of 10.8%. At €1 million, the operating result at InS was roughly on a par with previous years.

<sup>2</sup> For example, online training courses offered by AIZ and remote project appraisals conducted by the Sectoral Department

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

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

## II. ASSETS, FINANCIAL POSITION AND INCOME

GIZ's results for 2020 reflect exceptional inflows of COVID-19 funding provided by the Federal Government and the corresponding use of those funds in consultation with BMZ and other clients, predominantly in the form of financing activities. In terms of GIZ's asset position, these cash inflows and outflows are shown in the figures for advance payments received and advance payments made and for cash and cash equivalents. They are also reflected in our financial position for 2020 (liquidity and cash flows from ongoing business operations) and in the profit and loss account.

- Overall turnover was down by €70 million, although income rose by €264 million. This was partly due to pandemic-related delays in the implementation of commissions. The decline in turnover was partly offset by special funding of €35 million and a shift towards financing activities.
- These factors led to substantial increases in advance payments received (up €347 million) and advance payments made (up €206 million).
- Personnel costs rose by €92 million, primarily due to large increases in staff numbers in every category.
- Cost of materials fell by €179 million year on year, exceeding the percentage reduction in turnover. This was particularly marked in the figure for purchased services (down €182 million).
- Other operating expenses also declined at a faster rate than turnover to end the year down €11 million.

### A. ASSETS

The balance sheet total ended the year under review at €2,339 million, up €370 million compared with the year-end figure of €1,969 million for 2019. There was little change in the fixed-to-current assets and equity-to-debt ratios.

Fixed assets rose from €533 million to €563 million. The main factor underlying this increase of €30 million (6%) was the purchase of securities.

Inventories increased by €199 million (29%) from €677 million to €876 million. This was mainly due to another rise in the figure for advance payments made (up €206 million), above all in connection with financing activities for BMZ projects. The figure for projects in process fell by €7 million (21%) to €26 million.

Receivables and other assets fell once again by €39 million to €260 million. Trade receivables were down by €16 million from €69 million to €53 million. At €25 million, the figure for other assets was largely unchanged compared with the previous year. Accordingly, project assets fell by €22 million from €204 million to €182 million due to a decline in project activity.

At €253 million, equity ended the year €43 million higher as a result of positive net income for the year. This amount was added to the reserves required under the Articles of Association. As the balance sheet total was higher, the equity ratio<sup>5</sup> rose by 0.2 percentage points to 10.7%.

Provisions were down €14 million from €289 million to €275 million. The main factor here was the agreement with the Pension Institution of the Federal Republic and Federal States (VBL).

Liabilities rose by €341 million from €1,468 million to €1,809 million. This was due to an increase of €336 million in advance payments received in the public-benefit business area. Here, too, the rise was mainly linked to receipts of €35 million in the form of COVID-19 emergency funds. At €89 million, liabilities to banks were down on the previous year's figure of €98 million in line with the scheduled repayment of a loan for the GIZ Campus in Bonn.

### B. FINANCIAL POSITION

As at the balance sheet date, cash in hand and bank balances stood at €629 million, up €178 million on the year-end figure of €451 million for 2019. The company held sufficient liquid assets to finance its activities throughout the fiscal year. At €238 million, cash inflows from ongoing business operations covered cash outflows in respect of investment activities totalling €49 million. The negative cash flow from financing activities of €11 million was primarily due to the loan repayment.

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



## C. INCOME

Turnover for fiscal 2020 was €70 million (2%) lower at €2,955 million. While the pandemic led to delays in the implementation of projects, the impact was mitigated by prompt action and use of COVID-19 emergency funding. The overall decline in turnover was €66 million in the public-benefit business sector and €4 million at InS.

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

### TOTAL OPERATING PERFORMANCE

	2020			2019			Change	
	Public-benefit business area		InS	Public-benefit business area		InS	Total	
	in € millions	in € millions		in € millions	in € millions		in € millions	in %
Turnover	2,845	110	2,955	2,911	114	3,025	-70	-2.3
Changes in services not yet invoiced	-5	-2	-7	5	4	9	-16	> 100
<b>Total operating performance</b>	<b>2,840</b>	<b>108</b>	<b>2,948</b>	<b>2,916</b>	<b>118</b>	<b>3,034</b>	<b>-86</b>	<b>-2.8</b>

Other operating income rose by around €8 million from €15 million to €23 million, mainly due to reversals of provisions.

At €1,582 million, cost of materials was down €178 million on the previous year. Within this category, purchased goods rose by €4 million, while purchased services were down by €182 million. The main factors here were a shift toward financing measures due to the pandemic and greatly reduced travel by project staff (down €55 million or 58%). Section 'III. D. Use of resources' contains a more detailed review of this item and a table showing the changes in purchases of goods and services.

Personnel costs rose by €92 million from €1,136 million to €1,228 million. This was due to increases in the size of the workforce and in salaries.

Other operating expenses fell by €11 million, from €107 million to €96 million. This was mainly due to reductions of €5 million in rental expenses and €3 million in travel expenses.

The financial result declined from €-2.1 million to €-2.3 million. This change was due to higher interest expenses linked to liabilities.

Overall, net income for the year was €43 million compared with the 2019 figure of around €29 million. The €14 million increase is mainly due to higher reversals of provisions (up €10 million).

The following table shows a breakdown of net income by business area:

### NET INCOME

	2020	2019	Change	
	in € millions	in € millions	in € millions	in %
Public-benefit business area	42.4	29.1	13.3	46
InS	0.6	0.4	0.2	39
<b>GIZ total</b>	<b>43.0</b>	<b>29.5<sup>1</sup></b>	<b>13.5</b>	<b>46</b>

<sup>1</sup> €29,498,000

Net income at InS was again positive in spite of the difficulties created by the pandemic.

### III. ECONOMIC SITUATION

#### A. GENERAL OBSERVATIONS

Fiscal 2020 was a successful year for GIZ in spite of the COVID-19 pandemic and the resulting challenges to the implementation of projects both in Germany and our partner countries.

- Business volume was up 9% year on year.
- Commissions received rose by 14%.
- At 10.7%, the control parameter used in the public-benefit business area remained well below the upper limit of 12%.

GIZ uses a number of financial indicators (see table below) to inform management decisions. These are: business volume, commissions received, the Head Office control parameter in the public-benefit business area, the operating result and net income for the year at InS and the number of employees.

#### COMPARISON OF PLANNED AND ACTUAL FIGURES

		Actual 31.12.2020	Plan 31.12.2020	Deviation Actual-Plan
<b>Business volume</b>				
Income in the public-benefit business area	€ millions	3,219	3,025	194
Total operating performance InS	€ millions	108	136	-28
<b>Total</b>	€ millions	<b>3,327</b>	3,161	166
<b>Commissions received</b>				
Public-benefit business area	€ millions	3,998	3,449	549
InS	€ millions	190	152	38
<b>Control parameter</b>	%	<b>10.7</b>	11.7	-1.0 <sup>1</sup>
<b>InS results</b>				
Operating result (InS)	€ millions	1.0	0.3	0.7
Net income for the year (InS)	€ millions	0.6	0.2	0.4
<b>Number of employees at year-end</b>				
Germany-based staff	Number	2,641	2,425	216
Project staff in Germany		2,366	2,120	246
Seconded field staff		2,619	2,559	60
<b>Staff covered by the Collective Bargaining Agreement (MTV) or Public-Sector Remuneration System (TVöD)</b>				
National staff		15,988	15,259	729
<b>Total GIZ staff</b>		<b>23,614</b>	22,363	1,251

<sup>1</sup> Percentage change

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

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

##### COMMISSIONS

In 2020, GIZ received commissions with a total value of €4,188 million, an increase of €499 million (14%) compared with the figure for 2019. The volume of commissions received in the public-benefit business area ended the year €448 million (13%) higher at €3,998 million. The corresponding figure for InS also rose by €51 million (37%) to €190 million. At 95%, the proportion of commissions generated by the public-benefit business area was down 1% on the previous year.

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

#### COMMISSIONS RECEIVED

	Actual 2020	Share	Actual 2019	Share	Change
	in € millions	in %	in € millions	in %	in %
<b>Public-benefit business area total</b>	<b>3,998</b>	95	<b>3,550</b>	96	13
of which, BMZ	3,392	81	2,925	79	16
of which, German public sector clients	563	13	584	16	-4
of which, other business sectors	43	1	41	1	6
<b>InS</b>	<b>190</b>	5	<b>139</b>	4	37
<b>GIZ total</b>	<b>4,188</b>	<b>100</b>	<b>3,689</b>	<b>100</b>	<b>14</b>

The figures shown above may contain rounding differences.



## COMMISSIONS RECEIVED IN THE PUBLIC-BENEFIT BUSINESS AREA

Commissions received in the BMZ business sector rose by €467 million (16%) to €3,392 million. The main factor here was an increase of €275 million (16%) in the volume of commissions received out of the TC budget, including additional commission funding for ongoing projects to cover pandemic-related measures. There was also a substantial overall increase of €65 million (12%) in the volume of commissions received under special initiatives. This was partly due to additional funding out of BMZ's Emergency COVID-19 Support Programme. The volume of commissions received under other BMZ budgets declined overall by €5 million (2%). Increases out of the budgets for Development Partnerships with the Private Sector (up €18 million, 28%), Promotion of International Agricultural Research (up €15 million, 71%) and other budgets (up €9 million, 178%) could not entirely compensate for declines in commissions received out of the budgets for International Technical Cooperation with Regions (down €34 million, 97%) and Crisis Management (down €13 million, 10%). The total volume of commissions received under third-party cofinancing arrangements linked to BMZ projects rose by €132 million (30%), highlighting the growing importance of cofinancing as a source of new commissions. The single largest source of cofinancing was again the EU with commissions totalling €379 million (2019: €357 million).

By contrast, commissions received in the German public sector clients business sector ended the year down €21 million (4%) at €563 million. This was mainly due to lower figures for commissions received from the Federal Foreign Office (down €45 million, 30%), BMI (down €5 million, 84%) and BMVg (down €5 million, 100%) and under third-party cofinancing arrangements for projects commissioned by German public sector clients (down €150 million, 81%). The year-on-year declines in commissions received from the Federal Foreign Office and in relation to third-party cofinancing of projects commissioned by German public sector clients are due to the exceptionally high figures for 2019. There were also delays in completing some cofinancing arrangements. We expect these to be finalised in 2021. Out of the total cofinancing figure, €30 million came from the UK Department for Business, Energy & Industrial Strategy (BEIS) and €4 million from the EU.

The above decreases were partly offset by substantial increases in commissions received from BMU (up €141 million, 64%) and BMWi (up €42 million, 425%) and under EU Twinning agreements (up €2 million, 328%). The marked increase from BMU was due to €100 million received under a commission linked to the large-scale NAMA Facility Mitigation Account. The main factors in the increase from BMWi were follow-on commissions under the manager training programme, a follow-on commission linked to the project Support for Bilateral Energy Partnerships in Developing Countries and Emerging Economies and the new Global Project Quality Infrastructure.

Commissions received in GIZ's other business sectors (small-scale measures in the public-benefit business area and grants) rose by €2 million (6%) year on year.

## COMMISSIONS RECEIVED AT INS

In 2020, InS received commissions with a total value of €190 million, a substantial increase of €51 million (37%) compared with the previous year.

The total figure includes the following large-scale projects (≥ €5 million):

- €14 million to support the office of the German Council for Sustainable Development (commissioned by the German Aerospace Center [DLR])
- €12 million for the project International Sustainable Chemistry Collaborative Centre (ISC<sub>3</sub>) 2021–2024 (commissioned by the German Federal Environment Agency in Dessau-Roßlau)
- €11 million for the project Afghan National Army Literacy Training Project (commissioned by the United Nations Office for Project Services [UNOPS])
- €10 million for the EU project Technical Advice for Improved Policing in Afghanistan
- €9 million for the Youth and Stabilisation Programme in the Central Mali Regions (PROJES) (commissioned by the EU)
- €7 million for the project Enhancing Security Cooperation in and with Asia (commissioned by the German Federal Foreign Office)
- €6 million for the project Technical Assistance for Renewable Youth Energy Operation (commissioned by the Turkish Ministry of Family, Labour and Social Services [MoFLSS])
- €6 million for the project Opérationnalisation de la Filière Semencière au Tchad (PROFISEM) (commissioned by the Swiss Agency for Development and Cooperation [SDC])

- €5 million for the EU project Support to the Global Covenant of Mayors for Climate and Energy in the Americas
- €5 million for the project Low Carbon and Circular Economy Business Action in the Americas (commissioned by IDOM Consulting, Engineering, Architecture S.A.U.)
- €5 million for the project Upgrading Plastic Waste Value Chains along Yangtze River (commissioned by the Alliance to End Plastic Waste)

## ORDERS ON HAND

As at 31 December 2020, the total figure for orders on hand stood at €8,989 million. This was a substantial increase of €1,094 million (14%) compared with the year-end figure for 2019 (€7,895 million). Out of the total for orders on hand, the public-benefit business area and InS accounted respectively for €8,598 million (2019: €7,570 million) and €390 million (2019: €325 million).

## C. BUSINESS VOLUME

In spite of the COVID-19 pandemic, GIZ recorded another increase in total business volume in 2020. At €3,327 million, the total figure was up by €264 million (9%) compared with the previous year. The 2020 total comprises income of €3,219 million from the public-benefit business area (up €275 million) and a total operating performance of €108 million at InS (down €10 million).

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

### BUSINESS VOLUME

	Actual	Share	Actual	Share	Change
	2020		2019		
	in €	in %	in €	in %	in %
	millions		millions		
<b>Public-benefit business area total</b>	<b>3,219</b>	97	<b>2,944</b>	96	9
of which, BMZ	<b>2,746</b>	83	<b>2,553</b>	83	8
of which, German public sector clients	<b>445</b>	13	<b>360</b>	12	24
of which, other business sectors	<b>28</b>	1	<b>31</b>	1	-11
<b>InS</b>	<b>108</b>	3	<b>118</b>	4	-8
<b>GIZ total</b>	<b>3,327</b>	<b>100</b>	<b>3,063</b>	<b>100</b>	<b>9</b>

The figures shown above may contain rounding differences.

## INCOME IN THE PUBLIC-BENEFIT BUSINESS AREA

Income in the BMZ business sector rose by €193 million (8%) to €2,746 million. This was partly due to higher income (€117 million, up 30%) from special initiatives (except the MENA special initiative) in the form of additional funding out of BMZ's Emergency COVID-19 Support Programme. There were also increases in the amount of income generated from the budgets Development Partnerships with the Private Sector (up €22 million, 39%) and Promotion of International Agricultural Research (up €15 million, 75%). Reflecting a strong commission base, income from third-party cofinancing of BMZ projects rose by €97 million (25%). Income from the TC budget and other BMZ budgets ended the year slightly lower (TC budget: down €10 million, 1%); other budgets: down €10 million, 4%). At €364 million, the EU was again the single biggest provider of cofinancing income (2019: €274 million).

Total income in the German public sector clients business sector rose by €85 million (24%) to €445 million. This was primarily attributable to higher income from BMU (up €117 million, 76%) under a commission linked to the NAMA Facility and from BMVg (up €1 million, 100%). The biggest declines were in income from the cofinancing of German public sector client commissions (down €25 million, 49%), from BMI (down €4 million, 73%) and from EU Twinning agreements (down €3 million, 56%). The substantial downturn in cofinancing income was due to pandemic-related delays in the implementation of projects. This income will be included in the figures for 2021.

## TOTAL OPERATING PERFORMANCE IN THE INS BUSINESS AREA

In 2020, InS achieved a total operating performance of €108 million, down €10 million (8%) on the previous year. In terms of funding providers, the biggest contribution to total operating performance (€44 million) again came from projects for the EU. Commissions from German public sector clients generated €30 million towards the business area's total operating performance.

## D. USE OF RESOURCES

### PERSONNEL

The following table shows a year-end comparison of staff numbers at GIZ for 2020 and 2019:

#### GIZ WORKFORCE

(not weighted for part-time staff; as at reporting date)

	Actual	Actual	Change	
	31.12.2020	31.12.2019	ab- solute	in %
Germany-based staff <sup>1</sup>	2,548	2,317	231	10
Project staff in Germany	2,319	2,111	208	10
Seconded field staff	2,548	2,447	101	4
<b>Total public-benefit business area staff</b>	<b>7,415</b>	<b>6,875</b>	<b>540</b>	<b>8</b>
Germany-based staff	93	84	9	11
Project staff in Germany	47	31	16	52
Seconded field staff	71	89	-18	-20
<b>Total InS staff</b>	<b>211</b>	<b>204</b>	<b>7</b>	<b>3</b>
<b>Staff covered by the Collective Bargaining Agreement (MTV) or Public-Sector Remu- neration System (TVöD)</b>	<b>7,626</b>	<b>7,079</b>	<b>547</b>	<b>8</b>
<b>National staff</b>	<b>15,988</b>	<b>15,120</b>	<b>868</b>	<b>6</b>
<b>Total GIZ personnel</b>	<b>23,614</b>	<b>22,199</b>	<b>1,415</b>	<b>6</b>
Development workers	483	556	-73	-13
Integrated experts <sup>2</sup>	212	262	-50	-19
Returning experts <sup>2</sup>	516	515	1	0

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

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

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

As at 31 December 2020, GIZ employed a total of 7,626 staff with contracts based on the Collective Bargaining Agreement (MTV) or Public-Sector Remuneration System (TVöD) and 15,988 national staff on local contracts. This represents an increase of 1,415 (6%) compared with the previous year.

The number of staff with a German employment contract rose by 540 (8%) in the public-benefit business area and by 7 (3%) at InS. The figure for national staff ended the year 868 (6%) higher compared with 2019. The main factor driving this expansion of the workforce was the further increase in commissions received and business volume.

A total of 483 development workers were deployed by GIZ at the end of 2020, in addition to 212 integrated experts and 516 returning experts who held employment contracts with organisations or companies in partner countries.

### PURCHASES OF GOODS AND SERVICES

The following table compares the 2020 and 2019 year-end figures for worldwide awards of service and construction contracts, goods procurement orders and financing by GIZ.

#### CONTRACTS AWARDED

	Actual	Actual	Change	
	2020	2019	in €	in %
	in €	in €	in €	in %
	millions	millions	millions	
Head Office service contracts <sup>1</sup>	491	515	-24	-5
Head Office construction contracts <sup>2</sup>	3	4	-1	-25
Head Office financing agreements	851	655	196	30
Head Office procurement of goods <sup>3</sup>	108	78	30	39
<b>Total Head Office</b>	<b>1,453</b>	<b>1,252</b>	<b>201</b>	<b>16</b>
Local service contracts	206	251	-46	-18
Local construc- tion contracts	20	51	-31	-61
Local financing agreements	62	63	-1	-2
Local procure- ment of goods	98	73	25	34
<b>Total local contracts</b>	<b>385</b>	<b>438</b>	<b>-53</b>	<b>-12</b>
<b>Total contracts awarded</b>	<b>1,838</b>	<b>1,690</b>	<b>148</b>	<b>9</b>

The figures shown above may contain rounding differences.

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

<sup>2</sup> Excluding the purchase contract for Eschborn Campus

<sup>3</sup> Goods, freight forwarders

In 2020 GIZ concluded contracts totalling €1,838 million with contractors and financing recipients. This figure was up €148 million (9%) on the previous year. The company's procurement and financing activities accounted for 55% of total business volume in 2020 (2019: 55%). In response to the COVID-19 pandemic, changes were made to both projects and procurement arrangements. This pushed up the volume of contracts for financing as a proportion of all contracts awarded by around 8%.

Worldwide, financing agreements in 2020 totalled €913 million (€851 million through Head Office and €62 million at local level), equivalent to 50% of the total volume of contracts awarded by GIZ in 2020. As such, financing was the biggest single category of procurement contract. Although the figure for Head Office financing agreements was up 30%, the volume of local financing agreements declined by 2%.

Service contracts were the second-biggest procurement item with a total worldwide volume of €697 million (€491 million through Head Office and €206 million at local level). Compared with the previous year, the total volume of service contracts with companies, consulting firms, individual consultants/appraisers and translators fell by 9%. The Head Office total was down 5% and the figure for locally awarded service contracts by 18%.

In 2020, the worldwide total for goods procurement contracts stood at €206 million. Of this figure, €108 million (53%) was attributable to Head Office and the remaining €98 million (47%) to country offices. The total figure was 36% down on the previous year.

Across the globe, GIZ concluded construction contracts with a total value of €23 million in 2020, a year-on-year decline of €32 million (59%). At €3 million, Head Office construction contracts ended the year €1 million lower. The corresponding figure for country offices fell by €31 million to €20 million.

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

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

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

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

Up to 30 September 2020 during the period under review, the Management Board consisted of one woman and one man. Ms Ingrid-Gabriela Hoven joined the company as a third member of the Management Board on 1 October 2020, taking the proportion of female members of the Management Board at the end of the year to 66.66%.

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

Section 5.2.1 of Germany's Public Corporate Governance Code 2009 and section 6.2.1 of the Public Corporate Governance Code 2020 stipulate that efforts must be made to ensure that women are equally represented when electing members of supervisory boards. In addition, the company's shareholder also takes account of Germany's Appointments to Federal Bodies Act (Bundesgremienbesetzungsgesetz).

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

As at 31 December 2020, out of the ten members appointed by the shareholder, the number of women remained at four. The ten employee representatives on the Supervisory Board were made up of five women and five men. As such, the proportion of women and men on the Supervisory Board as at 31 December 2020 was 45% and 55% respectively.

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

In accordance with article 24 of its Articles of Association, GIZ has a Board of Trustees with up to 40 members. As at 31 December 2020, out of a total of 39 trustees, there were 19 women (48.72 %). As a result of changes in board membership, the proportion of women was up slightly on the previous year (2019: 46.15%).

## V. OUTLOOK

### A. BUSINESS FORECAST

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

GIZ expects the volume of commissions received for 2021 in the public-benefit business area to reach €3,859 million: €2,816 million (73%) from BMZ budget funds, €470 million (12%) from third-party cofinancing of BMZ commissions, €448 million (11%) from the budget funds of other German public sector clients, €104 million (3%) from third-party cofinancing of projects commissioned by German public sector clients and €22 million (1%) from other business sectors. The planned total for 2021 is €139 million (3%) below the actual figure for 2020. This overall decline is due to several factors, e.g. the anticipated figure for commissions received from BMU is lower, as the actual 2020 total included the exceptional NAMA Facility commission (see III. B.), and a reduction in the volume of third-party cofinancing of BMZ projects. We anticipate further overall reductions in the volume of commissions received in 2022 and 2023 in the absence of exceptional pandemic-related items and following the likely consolidation of budgets.

The planned figure for commissions received at InS in 2021 is €155 million, down €35 million (18%) compared with the actual total for 2020. It should be noted that the 2020 figure for commissions received was exceptionally high due to a series of large commissions from German public sector clients. At present, InS does not expect to receive new commissions on a similar scale.

#### COMMISSIONS RECEIVED

	Actual 2020	Share	Plan 2021	Forecast 2022	Forecast 2023
	in € millions	in %	in € millions	in € millions	in € millions
Public-benefit business area total	3,998	95	3,859	3,583	3,448
of which, BMZ	3,392	81	3,286	3,044	2,953
of which, German public sector clients	563	13	552	519	475
of which, other business sectors	43	1	22	20	20
InS	190	5	155	155	150
<b>GIZ total</b>	<b>4,188</b>	<b>100</b>	<b>4,014</b>	<b>3,738</b>	<b>3,598</b>

The figures shown above may contain rounding differences.

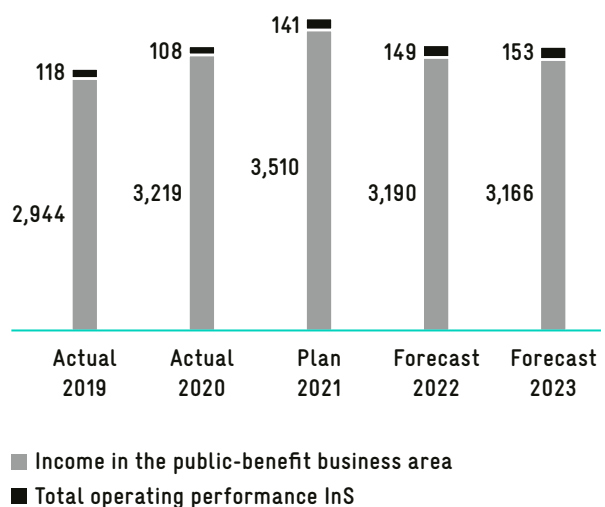
### BUSINESS VOLUME

The planned figure for total business volume in fiscal 2021 is €3,651 million, comprising income in the public-benefit business area of €3,510 million and a total operating performance of €141 million at InS. This is 10% higher than the actual figure for 2020. The company expects total business volume to fall in subsequent years to €3,339 million in 2022 and €3,319 million in 2023.

The following chart shows actual and projected business volume figures from 2019 to 2023.

#### BUSINESS VOLUME

in € millions



## INCOME IN THE PUBLIC-BENEFIT BUSINESS AREA

The following table contains a detailed breakdown of actual and projected income in the public-benefit business area for the years 2019 to 2023:

INCOME					
in € millions	Actual 2019	Actual 2020	Plan 2021	Forecast 2022	Forecast 2023
<b>BMZ</b>	<b>2,553</b>	<b>2,746</b>	<b>3,035</b>	<b>2,737</b>	<b>2,731</b>
of which, TC budget	1,534	1,524	1,848	1,630	1,630
of which, special initiatives	383	500	580	571	528
of which, other BMZ budgets	252	241	238	196	178
of which, third-party cofinancing	384	481	370	340	395
<b>German public sector clients</b>	<b>360</b>	<b>445</b>	<b>447</b>	<b>425</b>	<b>408</b>
of which, budget funds	309	419	373	362	346
of which, third-party cofinancing	51	26	74	63	62
<b>Other business sectors</b>	<b>31</b>	<b>28</b>	<b>29</b>	<b>28</b>	<b>28</b>
<b>Public-benefit business area total</b>	<b>2,944</b>	<b>3,219</b>	<b>3,510</b>	<b>3,190</b>	<b>3,166</b>

The figures shown above may contain rounding differences.

In the BMZ business sector, GIZ plans to generate income of €3,035 million in 2021: €1,848 million (61%) from the TC budget, €580 million (19%) from special initiatives, €238 million (8%) from other budgets and €370 million (12%) from third-party cofinancing. Looking further ahead, we expect income to fall to €2,737 million in 2022 and €2,731 million in 2023. The main factors here are the additional pandemic funding in 2021 and the anticipated consolidation of budgets from 2022 onwards.

In the German public sector clients business sector, the anticipated income for 2021 is €447 million. We expect the biggest contributions to come from BMU (€218 million, 49%), followed by the Federal Foreign Office (€93 million, 20%) and BMWi (€46 million, 10%). Altogether, based on our plan, other federal ministries will contribute income of €17 million (3%) and third-party cofinancing €74 million (17%). The company also expects total income in this business sector to fall in subsequent years to €425 million in 2022 and €408 million in 2023.

## TOTAL OPERATING PERFORMANCE AT INS

For the fiscal year 2021, GIZ plans a total operating performance of €141 million in its InS business area, an increase of €33 million (30%) on the figure for 2020. Further increases are anticipated for 2022 (€149 million) and 2023 (€153 million).

For 2021, the planned operating result is €0.6 million, with planned net income of €0.5 million. Looking further ahead, we hope to maintain this level in 2022 and 2023.

## CONTROL PARAMETER

The control parameter is projected to remain below the upper limit set by the Supervisory Board. On the basis of GIZ's income targets and projected management costs, the control parameter for 2021 is expected to be 11.4%. The figure is expected to increase to 11.6% in 2022 and 12.0% in 2023 as a result of lower income and rising costs for digitalisation (primarily in relation to the introduction of SAP S/4HANA and further IT security measures) and due to the company's pension scheme (mainly due to possible pension fund top-ups). In spite of these exceptional factors, the control parameter is not expected to exceed the 12.0% upper limit set by the Supervisory Board under normal operating conditions.

## B. ANTICIPATED USE OF RESOURCES

### PERSONNEL FORECAST

In 2021, total staff numbers are expected to show a year-on-year increase of 2.8%. This is below the anticipated rise of 9.7% in business volume. In 2022 and 2023, it is likely that the total number of staff will decrease slightly across all groups in response to falling business volumes in the public-benefit business area.



## GIZ STAFF

	Actual 2020	Plan 2021	Forecast 2022	Forecast 2023
Germany-based staff <sup>1</sup>	2,641	2,647	2,581	2,566
Project staff in Germany	2,366	2,490	2,397	2,382
Seconded field staff	2,619	2,672	2,575	2,559
<b>Staff covered by the Collective Bargaining Agreement (MTV) or Public-Sector Remuneration System (TVöD)<sup>1</sup></b>	<b>7,626</b>	<b>7,809</b>	<b>7,553</b>	<b>7,507</b>
National staff	15,988	16,472	15,905	15,815
<b>Total employees<sup>1</sup></b>	<b>23,614</b>	<b>24,281</b>	<b>23,458</b>	<b>23,322</b>

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

## FORECAST PURCHASES OF GOODS AND SERVICES

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

## C. RISKS AND OPPORTUNITIES

### RISKS

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

Our focus in 2021 and subsequent years will be on the company-wide risks and challenges set out below.

- Given the highly dynamic and unpredictable nature of the COVID-19 pandemic, significant challenges and uncertainties will continue to affect GIZ's capacity to deliver services. Against this background, GIZ will maintain a regular dialogue with BMZ and other clients on ways in which ongoing projects can be refocused to compensate for activities that cannot be implemented because of travel and contact restrictions.
- Compared with previous years, there is a great deal of uncertainty over possible changes to the budgets of BMZ and other clients that could affect GIZ. The main concerns here are: (1) the continued block on commitment authorisations totalling €500 million within the TC budget as part of the federal budget for 2021; (2) the probable discontinuation (from 2023 or earlier) of additional COVID-19 funding together with a possible budget consolidation; (3) the federal government elections in September 2021, the resulting change in leadership at BMZ (as already announced) and delays in preparation of the draft budget for 2022 (with the likelihood of provisional budgeting).
- Another challenge facing GIZ is the need for high levels of investment in digitalisation to future-proof the company and ensure that it remains competitive. Above all, this will affect: (1) IT security in Germany and abroad; (2) the introduction of SAP S/4HANA; (3) our ability to provide and expand mobile working options in response to the pandemic. We expect the costs associated with digitalisation to show a further increase over the coming years. We will monitor the situation closely to ensure that overall we do not exceed our budgeted costs and therefore the control parameter.

- GIZ's pension schemes are reviewed on a regular basis to take account of changes in the actuarial parameters, actual life expectancies and the performance of the cover fund. Although the pension fund has grown and performed much better in its first few years than originally anticipated, it is likely that we will need to top up the fund earlier and, overall, to a greater extent than was forecast at the time of outsourcing. In 2021, in cooperation with the pension fund, we will draw up a series of options to address this issue and take concrete decisions with due regard for the tax and price law implications.

We will analyse and estimate the impact of these risks on GIZ's results in our interim forecasts on 30 June and 30 September 2021.

## OPPORTUNITIES

As well as the risks outlined above, GIZ is well placed to benefit from a series of opportunities in 2021 and thereafter. Some of these are described below.<sup>6</sup>

- We believe that further opportunities to acquire cofinancing will arise as the EU's new 2021–2027 multi-annual financial framework (MFF) is implemented. GIZ has again been accredited as an implementing organisation for the EU's delegated cooperation mechanism. This gives the company a distinct competitive advantage as it can administer EU support funds.
- In spite of the pandemic, we expect the issue of climate change to remain very high on the political agenda in 2021 and beyond. Here, too, we believe there are opportunities for GIZ to acquire cofinancing from the EU and in particular from the Green Climate Fund (GCF). The planned extension of our GCF accreditation and BMZ's willingness to assume start-up costs of up to €1 million for each measure should help us to expand our activities in this area.

- The global trend towards digitalisation has the potential to radically transform development cooperation in many areas. Within our partner countries, it is likely to increase demand for advice on adapting innovative technologies to the local context and on creating appropriate legal, administrative and institutional frameworks to ensure that those technologies are used sustainably. As part of the Corporate Strategy 2020–2022, GIZ has set up a focus project to develop a portfolio of data-driven and technology-based services and harness the potential of new business models. Digitalisation will also provide opportunities to make development cooperation even more efficient and effective.

## NON-FINANCIAL DECLARATION

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

Bonn/Eschborn, 21 May 2021

The Management Board

Tanja Gönner  
Chair of the  
Management Board

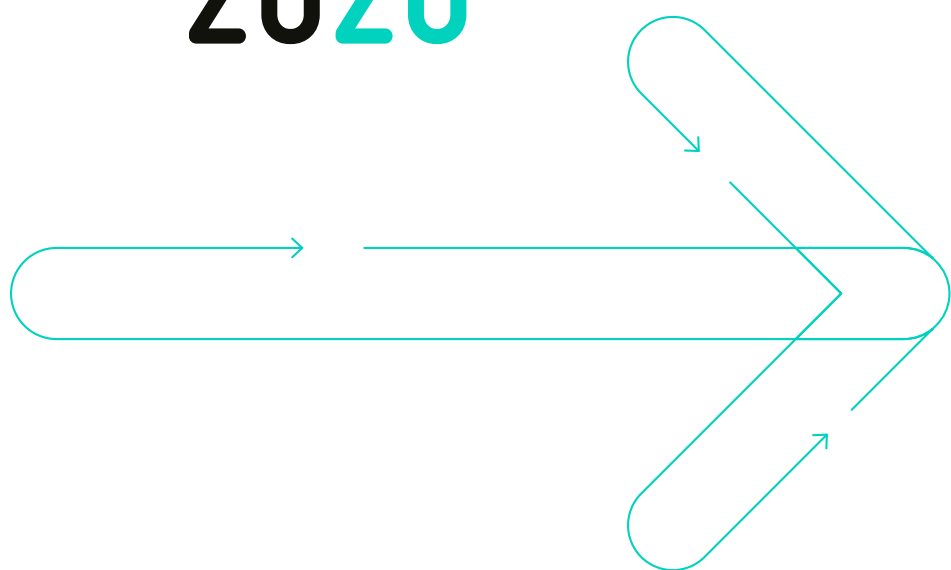
Ingrid-Gabriela Hoven  
Member of the  
Management Board

Thorsten Schäfer-Gümbel  
Member of the  
Management Board

<sup>6</sup> See also section 'I. B. Strategy – Developments and trends affecting GIZ'.



ANNUAL **2**  
STATEMENT  
OF ACCOUNTS  
**2020**



# BALANCE SHEET

AS AT 31 DECEMBER 2020

## ASSETS

	Notes	in €	
		31.12.2020	31.12.2019
<b>A. Fixed assets</b>			
<b>I. Intangible assets</b>	(1)		
Purchased concessions, industrial property rights and similar rights and assets as well as licences in such rights and assets		4,421,698.48	2,199
<b>II. Tangible assets</b>	(1)		
1. Land, land rights and buildings including buildings on third-party land		311,757,672.93	320,901
2. Other plant, operating and office equipment		24,817,296.00	26,207
3. Advance payments and assets under construction		14,542.60	0
		336,589,511.53	347,108
<b>III. Financial assets</b>	(2)		
1. Shares in affiliated companies		25,000.00	25
2. Participating interests		535,862.01	536
3. Securities held as fixed assets		202,667,845.23	162,668
4. Other loans		260,865.96	344
5. Claims from administrative costs credit		18,560,000.00	20,024
		222,049,573.20	183,597
		563,060,783.21	532,904
<b>B. Current assets</b>			
<b>I. Inventories</b>	(3)		
1. Projects in process		26,030,767.48	33,229
2. Advance payments made		850,265,484.57	644,048
		876,296,252.05	677,277
<b>II. Receivables and other assets</b>	(4)		
1. Trade receivables		53,476,286.34	69,346
2. Project-related assets		182,147,838.92	203,648
3. Other assets		24,735,016.91	25,991
		260,359,142.17	298,985
<b>III. Cash in hand, Central Bank balances and bank balances</b>		628,736,079.37	450,422
		1,765,391,473.59	1,426,684
<b>C. Prepaid expenses</b>		10,092,293.68	8,965
		2,338,544,550.48	1,968,553
<b>Off-balance sheet item</b>	(9)		
Trust assets		4,689,427	6,398

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

## SHAREHOLDER'S EQUITY AND LIABILITIES

	Notes	in €	
		31.12.2020	31.12.2019
<b>A. Shareholder's equity</b>			
<b>I. Subscribed capital</b>	(5)	20,452,000.00	20,452
Subscribed capital unpaid		-11,759,713.27	-11,760
Called-up capital		8,692,286.73	8,692
<b>II. Capital reserve</b>	(5)	5,112,918.81	5,113
<b>III. Revenue reserves</b>			
Reserves as per Articles of Association	(6)	239,546,006.90	196,545
<b>IV. Unappropriated profit</b>		0.00	0
		253,351,212.44	210,350
<b>B. Provisions</b>			
	(7)		
1. Provisions for pensions and similar obligations		139,390,495.00	139,390
2. Provisions for taxes		864,060.70	1,021
3. Other provisions		134,966,499.74	148,627
		275,221,055.44	289,038
<b>C. Liabilities</b>			
	(8)		
1. Liabilities to banks		89,301,558.02	98,181
2. Advance payments received		1,624,995,121.96	1,278,448
3. Trade payables		67,856,598.01	78,169
4. Liabilities to affiliated companies		9,813.55	780
5. Other liabilities		26,477,323.81	12,136
of which, relating to taxes €9,988,468 (2019: €8,936 thousand)			
of which, relating to social security €0 (2019: €0 thousand)			
		1,808,640,415.35	1,467,714
<b>D. Deferred income</b>		1,331,867.25	1,451
		2,338,544,550.48	1,968,553
<b>Off-balance sheet item</b>	(9)		
Trust liabilities		4,689,427	6,398

# PROFIT AND LOSS ACCOUNT

FOR THE PERIOD FROM 1 JANUARY TO 31 DECEMBER 2020

	Notes	in €	
		2020	2019
1. Turnover	(10)	2,955,211,135	3,025,147
2. Change in projects in process		- 7,091,370	9,171
<b>Total operating performance</b>		<b>2,948,119,765</b>	<b>3,034,318</b>
3. Other operating income	(11)	22,524,872	15,138
4. Cost of materials	(12)		
a) Purchased goods		184,158,791	180,472
b) Purchased services		1,397,388,487	1,579,580
5. Personnel costs	(13)		
a) Wages and salaries		996,972,712	924,389
b) Social security, retirement pension and support costs of which, in respect of retirement pensions: €80,623,383 (2019: €71,936,610)		231,191,965	211,378
6. Amortisation and depreciation of intangible and tangible fixed assets		18,656,175	14,248
7. Other operating expenses	(14)	96,279,848	106,708
8. Income from other securities and long-term financial investments		31,346	34
9. Other interest and similar income		293,670	317
10. Interest and similar expenses	(15)	2,609,855	2,430
11. Taxes on income	(16)	424,698	519
<b>12. Earnings after taxes</b>		<b>43,287,122</b>	<b>30,083</b>
13. Other taxes		286,092	585
<b>14. Net profit for the year</b>		<b>43,001,030</b>	<b>29,498</b>
15. Transfer to/from the reserves prescribed in the Articles of Association		- 43,001,030	- 29,498
<b>16. Unappropriated profit</b>		<b>0</b>	<b>0</b>

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

# NOTES TO THE ACCOUNTS 2020

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

As at the balance sheet date of 31 December 2020, the Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ) GmbH, Bonn/Eschborn, qualifies as a large corporation within the meaning of section 267, paragraph 3 of the German Commercial Code (HGB). GIZ's annual statement of accounts is prepared in accordance with the provisions of the HGB for large corporations and the supplementary provisions of the German Limited Liability Companies Act (GmbH-Gesetz). The fiscal year corresponds to the calendar year. To improve the clarity of presentation, the item 'Project-related assets' has been added in the balance sheet. The profit and loss account is classified using the total cost method. The legally required information on the balance sheet and the profit and loss account is provided in the notes to the accounts.

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

## GENERAL NOTES ON ACCOUNTING AND VALUATION METHODS

### ACCOUNTING AND VALUATION METHODS

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

## FIXED ASSETS

### INTANGIBLE AND TANGIBLE ASSETS

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

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

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

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

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

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

## FINANCIAL ASSETS

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

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

## CURRENT ASSETS

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

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

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

Other assets are stated at their nominal value.

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

## RECEIVABLES AND PAYABLES IN FOREIGN CURRENCIES

Long-term receivables and payables denominated in foreign currencies are valued at the lower or higher of cost or market respectively. Short-term receivables and payables in foreign currencies as well as balances at banks with terms to maturity of up to one year are translated using the average spot exchange rate on the balance sheet date. Non-convertible currencies are not translated or revalued. Receivables and

payables that are denominated in foreign currencies and shown in the balance sheet under the item 'Project-related assets' are recognised using the exchange rate for the original posting. This is because these receivables and payables are always settled in the same foreign currency based on the euro equivalent on the date of the original posting.

## PREPAID EXPENSES

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

## EQUITY

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

## PROVISIONS

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

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

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

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

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

The main actuarial parameters used by GIZ as at 31 December 2020 are detailed in section '(7) Provisions'.

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

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

#### LIABILITIES AND ADVANCE PAYMENTS RECEIVED

Liabilities and advance payments received are reported at their settlement amount.

#### DEFERRED INCOME

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

#### DERIVATIVE FINANCIAL INSTRUMENTS

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

#### DEFERRED TAXES

Deferred taxes result from the following temporary differences:

##### BALANCE SHEET ITEM

	31.12.2020		31.12.2020 Deferred taxes
	Difference between statutory and tax accounts	Tax rate	
	in €'000	in %	in €'000
Cash in hand, Central Bank balances, bank balances	-223	28.295	-63
Other receivables	616	28.295	174
Provisions for pensions and similar obligations	24,394	28.295	6,902
Other provisions	2,416	28.295	684
Other liabilities	-471	28.295	-133
	<b>26,732</b>		<b>7,564</b>

As at the balance sheet date, there were net deferred tax assets of €7,564,000.

Deferred taxes are recognised on differences between the statutory accounts and the tax accounts if it is likely that the differences will be reversed over subsequent fiscal years. Deferred tax is calculated on the basis of an effective tax rate of 28.295% that is expected to apply when the differences are reversed. Deferred tax assets and deferred tax liabilities are netted off against each other in the accounts. If the figure for deferred tax assets exceeds that for deferred tax liabilities on the balance sheet date, GIZ does not exercise the option to capitalise deferred tax assets provided for under section 274, paragraph 1, sentence 2 HGB.

#### PROFIT AND LOSS ACCOUNT

##### APPROPRIATION OF PROFITS

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

An amount equal to the annual net profit of €43.0 million was transferred to the reserves provided for in the Articles of Association.

## NOTES TO THE BALANCE SHEET

### (1) INTANGIBLE AND TANGIBLE ASSETS

Changes in fixed assets are shown in the appendix to the notes (Changes in fixed assets in fiscal 2020).

### (2) FINANCIAL ASSETS

In fiscal 2015, GIZ formed its own provident fund under the name of GIZ Unterstützungskasse GmbH (registered office in Bonn, Germany) and is the sole owner. As at 31 December 2020, the equity of GIZ Unterstützungskasse GmbH stood at €25,000. The net profit/loss for the fiscal year was €0.

Since 2010, GIZ has also held a 49% equity investment in sequa gGmbH, whose registered office is in Bonn. This holding is recognised at purchase cost (€535,862). In fiscal 2019, the equity of sequa gGmbH totalled €4,124,145, with a surplus for the year of €477,502. As of this writing, the annual accounts as at 31 December 2020 were not yet available.

The administrative costs credit is accounted for separately and administered by Deutscher Pensionsfonds AG. The pension fund submits an annual report to GIZ on changes in the administrative costs credit and the current balance. According to this report, the year-end figure for the administrative costs credit balance was €20,754,247. The administrative costs credit was valued and recognised in the balance sheet at its historic cost of €18,560,000. As such, the year-end figure for hidden reserves was €2,194,247.

### (3) INVENTORIES

#### ADVANCE PAYMENTS MADE

Out of the total figure of €850,265,485, advances of €34,166,407 are covered by guarantees. A general valuation allowance of 1% has been recognised for advance payments. In total, €174,282,167 (previous year: €134,935,321) have a term of over one year.

#### ADVANCE PAYMENTS MADE BY CONTRACT TYPE

in €	2020	2019
Financing agreements	732,372,300	554,952,592
Service contracts	97,415,256	88,657,368
Procurement of materials and equipment	35,816,841	10,211,952
Funds administered by GIZ (twinning)	0	186,000
Other	295,809	313,675
Impairment	- 8,839,274	- 6,704,176
VAT not yet offset on advance payments made	- 6,795,447	- 3,569,493
<b>Total</b>	<b>850,265,485</b>	<b>644,047,918</b>

#### (4) RECEIVABLES AND OTHER ASSETS

	2020				2019			
	Residual term less than 1 year	Residual term over 1 year	Total 2020	of which, from shareholder	Residual term less than 1 year	Residual term over 1 year	Total 2019	of which, from shareholder
	in €	in €	in €	in €	in €'000	in €'000	in €'000	in €'000
<b>1. Trade receivables</b>								
Public-benefit business area	31,712,181	0	31,712,181	27,264,239	33,275	0	33,275	29,978
InS	21,764,105	0	21,764,105	0	36,071	0	36,071	0
	<b>53,476,286</b>	<b>0</b>	<b>53,476,286</b>	<b>27,264,239</b>	<b>69,346</b>	<b>0</b>	<b>69,346</b>	<b>29,978</b>
<b>2. Project-related assets</b>								
Cash and balances at banks	44,580,027	0	44,580,027	0	53,708	0	53,708	0
Partnership services advanced	16,602,241	0	16,602,241	0	11,065	0	11,065	0
Receivables, other	139,613,219	0	139,613,219	0	152,126	0	152,126	0
Liabilities, other	-18,647,648	0	-18,647,648	0	-13,251	0	-13,251	0
	<b>182,147,839</b>	<b>0</b>	<b>182,147,839</b>	<b>0</b>	<b>203,648</b>	<b>0</b>	<b>203,648</b>	<b>0</b>
<b>3. Other assets</b>								
Receivables								
from premium, see (5)	0	4,090,335	4,090,335	4,090,335	0	4,090	4,090	4,090
from rent advances abroad	2,584,764	100,820	2,685,584	0	2,991	151	3,142	0
from staff for travel and other advances	3,443,584	103,483	3,547,067	0	6,699	186	6,885	0
from the tax authorities	6,852,036	0	6,852,036	0	3,591	0	3,591	0
Other	7,559,995	0	7,559,995	0	8,283	0	8,283	0
	<b>20,440,379</b>	<b>4,294,638</b>	<b>24,735,017</b>	<b>4,090,335</b>	<b>21,564</b>	<b>4,427</b>	<b>25,991</b>	<b>4,090</b>
	<b>256,064,504</b>	<b>4,294,638</b>	<b>260,359,142</b>	<b>31,354,574</b>	<b>294,558</b>	<b>4,427</b>	<b>298,985</b>	<b>34,068</b>



## (5) CAPITAL (THROUGH PAYMENT)

in €	2020	2019
Subscribed capital	20,452,000	20,452,000
Capital reserve	5,112,919	5,112,919
Less:		
Subscribed capital unpaid	11,759,713	11,759,713
Premium due, see (4)	4,090,335	4,090,335

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

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

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

in €	
Brought forward as at 1 January 2020	196,544,976
Net profit for the year transferred to reserves	43,001,031
<b>Total as at 31 December 2020</b>	<b>239,546,007</b>
Of which:	
tied reserves	201,085,639
untied reserves	38,460,368
	239,546,007

## (7) PROVISIONS

### PROVISIONS FOR PENSIONS AND SIMILAR OBLIGATIONS

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

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

The corresponding settlement amounts were actuarially calculated using the average market interest rate for the last ten years as published by the German Bundesbank, based on an expected remaining term of 15 years. As at 31 December 2020, the difference for the past service scheme was €109,434,678 compared with the figure based on discounting using the average market interest rate for the last seven years (1.60%). As at 31 December 2020, the difference for the future service scheme was €71,536,927.

The main actuarial parameters are listed in the following table.

in %	
Actuarial interest rate	2.31
Rate of pension increase during the qualifying period (new company pension scheme)	5.29
Rate of pension increase during the qualifying period (old pre-2005 company pension scheme/alte bAV)	3.70
Rate of increase in 2005 company pension scheme, annual	1.00
Rate of increase in old (pre-2005/alte bAV) company pension scheme, annual	1.00
Trend in social security contribution assessment ceiling, annual	2.50
Fluctuation, scaled according to age	12.00

As at 31 December 2020, there was a funding deficit of €198,149,538 in respect of the indirect obligations to be settled by Deutscher Pensionsfonds AG.

in €	
Settlement amount	777,052,239
Pension fund assets	511,560,812
Frozen pension provisions	67,341,889
Funding deficit	198,149,538

As at 31 December 2020, there was a funding deficit of €41,727,981 in respect of the indirect obligations to be settled by GIZ Unterstützungskasse GmbH (Bonn).

in €	
Settlement amount	365,606,840
Provident fund assets	17,792,291
Cash surrender value of employer's liability insurance	234,037,962
Frozen pension provisions	72,048,606
Funding deficit	41,727,981

## OTHER PROVISIONS

Provisions for commitments in respect of phased retirement (Altersteilzeit) and benefits were determined in accordance with actuarial methods. Maturity-congruent average market interest rates for the previous seven fiscal years of 0.74% and 1.60% were used.

Obligations totalling €294,457 for phased-retirement schemes were offset against a fixed-term, non-interest bearing deposit (cover fund) of €200,000. Fair value corresponds to cost.

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

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

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

in €	2020	2019
Working-time accounts	53,708,156	44,049,140
Costing and warranty risks	23,959,186	28,956,801
Variable remuneration	14,099,533	12,568,977
Leave credits	13,893,892	12,375,608
Amount payable following withdrawal from the VBL <sup>1</sup>	1,686,656	22,858,518

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

The year-on-year reduction in the provision established following withdrawal from the VBL was due to a settlement reached during the reporting year. The unused part of the provision was reversed.

## (8) LIABILITIES

in €	Residual term			Total 2020	of which, to shareholder
	< 1 year	> 1 year	of which, > 5 years		
<b>1. Liabilities to banks</b>	<b>8,944,558</b>	<b>80,357,000</b>	<b>44,837,000</b>	<b>89,301,558</b>	<b>0</b>
<b>2. Advance payments received</b>					
Public-benefit business area	1,589,699,308	0	0	1,589,699,308	1,585,000,062
InS	74,214,684	0	0	74,214,684	0
Valuation adjustments	- 509,667	0	0	- 509,667	0
	<b>1,663,404,325</b>	<b>0</b>	<b>0</b>	<b>1.663,404,325</b>	<b>1,585,000,062</b>
<b>less</b>					
VAT not yet offset on advance payments received	- 38,409,203	0	0	- 38,409,203	- 35,469,551
	<b>1,624,995,122</b>	<b>0</b>	<b>0</b>	<b>1,624,995,122</b>	<b>1,549,530,511</b>
<b>3. Trade payables</b>	<b>67,856,598</b>	<b>0</b>	<b>0</b>	<b>67,856,598</b>	<b>0</b>
<b>4. Liabilities to affiliated companies</b>	<b>9,814</b>	<b>0</b>	<b>0</b>	<b>9,814</b>	<b>0</b>
<b>5. Other liabilities</b>	<b>25,360,367</b>	<b>1,116,957</b>	<b>560,252</b>	<b>26,477,324</b>	<b>0</b>
	<b>1,727,166,459</b>	<b>81,473,957</b>	<b>45,397,252</b>	<b>1,808,640,416</b>	<b>1,549,530,511</b>

in T€	Residual term			Total 2019	of which, to shareholder
	< 1 year	> 1 year	of which, > 5 years		
<b>1. Liabilities to banks</b>	<b>8,944</b>	<b>89,237</b>	<b>53,717</b>	<b>98,181</b>	<b>0</b>
<b>2. Advance payments received</b>					
Public-benefit business area	1,241,372	0	0	1,241,372	1,227,701
InS	65,404	0	0	65,404	0
Valuation adjustments	175	0	0	175	0
	<b>1,306,951</b>	<b>0</b>	<b>0</b>	<b>1,306,951</b>	<b>1,227,701</b>
<b>less</b>					
VAT not yet offset on advance payments received	- 28,503	0	0	- 28,503	- 26,416
	<b>1,278,448</b>	<b>0</b>	<b>0</b>	<b>1,278,448</b>	<b>1,201,285</b>
<b>3. Trade payables</b>	<b>78,169</b>	<b>0</b>	<b>0</b>	<b>78,169</b>	<b>0</b>
<b>4. Liabilities to affiliated companies</b>	<b>780</b>	<b>0</b>	<b>0</b>	<b>780</b>	<b>0</b>
<b>5. Other liabilities</b>	<b>10,827</b>	<b>1,309</b>	<b>797</b>	<b>12,136</b>	<b>0</b>
	<b>1,377,168</b>	<b>90,546</b>	<b>54,514</b>	<b>1,467,714</b>	<b>1,201,285</b>

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

## LOAN AGREEMENT

GIZ has a loan agreement with Deutsche Postbank AG covering the purchase of land and construction of the GIZ Campus in Bonn. The agreement runs up to 2 January 2031. The loan amount is €104,037,000. The amount still repayable by GIZ as at the reporting date was €89,237,000.

As security for this loan, a registered land charge of €104,037,000 plus annual interest of 15% and a one-off fee of 10% was entered in the land registry against the GIZ Campus in Bonn. A further registered land charge of €65,100,000 plus annual interest of 15% and a one-off fee of 10% was entered against the Meander property.

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

Underlying transaction/hedge	Risk/type of valuation unit	Amount included
Variable loan interest payment/ interest rate swap	Interest rate risk/ microhedge	89,237,000 €

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

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

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

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

in €	2020	2019
Intangible and tangible assets	4,689,427	6,397,593

The assets of €4,689,427 are matched by corresponding liabilities.

## NOTES TO THE PROFIT AND LOSS ACCOUNT

### (10) TURNOVER

#### TURNOVER BY BUSINESS AREA

in €	2020	2019
Business contracts	2,819,644,448	2,881,195,065
Grant-based (incl. GIZ-initiated measures with third-party financing)	25,762,735	29,568,904
Public-benefit business area	2,845,407,183	2,910,763,969
InS	109,803,952	114,383,442
	2,955,211,135	3,025,147,411

#### BY LOCATION OF COMMISSIONING PARTY

	2020		2019	
	in €	in %	in €	in %
Federal Republic of Germany	2,889,037,953	98	2,950,874,861	98
Rest of Europe	54,876,010	2	57,596,664	2
Africa	3,247,292	< 1	9,762,214	< 1
Americas	3,352,923	< 1	1,728,954	< 1
Asia	4,696,957	< 1	5,184,718	< 1
	2,955,211,135		3,025,147,411	

#### BY REGION OF ACTIVITY

	2020		2019	
	in €	in %	in €	in %
Africa	985,270,131	33	997,569,887	33
Americas	179,458,932	6	195,486,669	6
Asia	738,564,921	25	810,863,160	27
Europe	263,317,371	9	318,929,005	11
Oceania	8,378,429	< 1	7,916,028	< 1
Supraregional	780,221,351	26	694,382,662	23
	2,955,211,135		3,025,147,411	

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

in €	2020	2019
Federal Ministry for Economic Cooperation and Development	2,497,520,789	2,505,584,120
Federal Ministry for the Environment, Nature Conservation and Nuclear Safety	156,070,127	165,081,390
Federal Foreign Office	112,621,120	142,961,050
Federal Ministry for Economic Affairs and Energy	25,649,554	31,012,376
Engagement Global gGmbH	23,316,517	24,311,541
Federal Ministry of Defence	4,683,982	2,969,506
Public sector client twinning/programmes	3,733,558	4,124,291
Federal Ministry of Food and Agriculture	3,229,299	3,523,907
German Environment Agency	3,131,307	3,151,132
Other turnover	15,450,932	28,044,656
	2,845,407,185	2,910,763,969

#### TURNOVER BY COMMISSIONING PARTY AT INS

in €	2020	2019
European Union, Belgium	37,257,577	43,140,797
Federal Ministry of Education and Research	7,884,159	7,500,075
Federal Foreign Office	6,257,756	5,839,607
German Aerospace Center	4,430,543	5,829,683
Swiss Agency for Development and Cooperation	3,949,855	5,261,453
Federal Employment Agency (Triple Win)	3,108,904	3,629,332
BMZ (InS)	3,079,614	1,855,554
Federal Ministry for the Environment, Nature Conservation and Nuclear Safety	2,114,432	1,099,877
Other turnover	41,721,112	40,227,064
	109,803,952	114,383,442

## (11) OTHER OPERATING INCOME

### BREAKDOWN OF OTHER OPERATING INCOME

in €	2020	2019
Income from administration cost refunds	2,412,226	2,566,337
Income from reversal of provisions	15,247,299	6,017,356
Income from reversal of impairment losses	1,464,881	1,373,677
Income from foreign currency valuations	1,732,963	1,303,276
Other income	1,667,503	3,877,381
	<b>22,524,872</b>	<b>15,138,027</b>

Income not related to the period under review was €17,931,721 (previous year: €8,120,775). This income is mainly due to the reversal of provisions and individual valuation adjustments.

## (12) COST OF MATERIALS

in €	2020	2019
Cost of purchased goods	184,158,791	180,472,069
of which, materials and equipment purchased by projects	117,607,129	101,476,110
of which, materials and equipment purchased through Head Office	61,364,063	74,626,520
Cost of purchased services	1,397,388,487	1,579,580,288
of which, other external services	1,003,539,355	1,026,983,593
of which, costs incurred by projects	167,030,473	240,503,605
of which, financial contributions and subsidies	90,003,013	117,130,998
	<b>1,581,547,278</b>	<b>1,760,052,357</b>

## (13) PERSONNEL COSTS

in €	2020	2019
Wages and salaries	996,972,712	924,389,042
of which, project staff	454,307,139	428,491,701
of which, national staff	281,917,022	265,522,812
of which, Head Office staff	219,911,354	193,075,269
Social security, retirement pension and support costs	231,191,965	211,378,176
of which, project staff	104,972,966	97,332,510
of which, national staff	44,430,176	43,479,670
of which, Head Office staff	61,720,973	54,297,087
	<b>1,228,164,677</b>	<b>1,135,767,218</b>

The total costs for GIZ Unterstützungskasse GmbH were €20,067,851 (2019: €16,268,909).

## (14) OTHER OPERATING EXPENSES

### BREAKDOWN OF OTHER OPERATING EXPENSES

in €	2020	2019
Offices	24,342,986	29,522,843
Office operating costs	19,319,522	21,301,034
Provisions for warranty and price risks	13,117,031	16,888,414
Consulting, appraisal and translation services	14,849,417	15,068,568
GIZ and external personnel	10,063,438	14,205,641
Impairment	3,725,157	1,290,751
Foreign currency valuations	3,664,044	897,543
Other expenses	7,198,253	7,532,654
	<b>96,279,848</b>	<b>106,707,448</b>

The item includes €137,000 for the audit of the annual statement of accounts, €61,653 for tax consultancy services and €684,548 for other services provided by the external auditors (mainly audits of IT systems and the proper use of funds). Expenses not related to the period under review were €812,448 (previous year: €12,703,582). These expenses mainly consist of costs that could not be charged to clients and therefore had to be written off and charged against GIZ's annual result.

## (15) INTEREST AND SIMILAR EXPENSES

These expenses relate primarily to interest charges of €2,207,960 (previous year: €1,231,015) in respect of liabilities. The figure includes interest expenses of €1,195,189 related to the repayment of costs not recognised resulting from direct transfer payments. Interest expenses for the compounding of long-term provisions came to €235,344 (2019: €276,064).

## (16) TAXES ON INCOME

in €	2020	2019
Corporation tax		
- income previous year	67,060	596
- expense current year	-7,665	0
- expense previous year	-235,160	-366,424
Capital gains tax	0	-877
Trade tax current year	-29,485	0
Trade tax previous year	-219,448	-152,600
	<b>-424,698</b>	<b>-519,305</b>

## SIGNIFICANT EVENTS AFTER THE BALANCE SHEET DATE

With the exception of the coronavirus pandemic, for which no end date was foreseeable when the accounts were prepared, there were no significant events after the balance sheet date of 31 December 2020.

## OTHER INFORMATION

### COMPANY LAW INFORMATION

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

### TOTAL OTHER FINANCIAL COMMITMENTS

Other financial commitments totalled €341,262,329.

### COMMITMENTS UNDER COMMERCIAL LEASES

Commitments under commercial leases for office premises, parking spaces and IT equipment (2021 to 2027) stood at €51,613,331. Out of this total, €10,835,019 is payable in 2021.

### PURCHASE COMMITMENTS FOR INVESTMENT PROJECTS

As at the balance sheet date, purchase commitments for investment projects totalled €1,127,038. Other investment project commitments under the Eschborn Campus purchase agreement came to €227,800,000. The purchase price will be paid in instalments (up to the planned occupancy date of 2025) on the basis of an agreed payment schedule linked to the progress of construction.

### OBLIGATIONS TO AFFILIATED COMPANIES

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

## CONTINGENT LIABILITIES

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

In all these consortia, each member is jointly and severally liable to the client. GIZ's liability is minimised on account of its lead role and its provision of project funds as projects progress. Claims are therefore not expected. As at the balance sheet date, there were 19 consortia in all. GIZ has the lead role in six of these consortia.

As at 31 December 2020, the risk arising from participation in the consortia amounted to €1,169,127. Based on the experience of recent years, claims are not expected.

### AVERAGE EMPLOYMENT DURING THE YEAR

	2020	2019
Germany-based staff	2,543	2,334
Project staff (Germany)	2,299	2,007
Field staff	2,554	2,499
<b>Total GIZ employees (excluding national staff)</b>	<b>7,396</b>	<b>6,840</b>
National staff	15,610	14,674
<b>Total GIZ personnel</b>	<b>23,006</b>	<b>21,514</b>



# SUPERVISORY BOARD AND MANAGEMENT BOARD

## SUPERVISORY BOARD

### CHAIR

**Martin Jäger**

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

**Armin Hofmann**

GIZ Programme Manager, Myanmar

**Wolfgang Schmidt**

State Secretary, German Federal Ministry of Finance, Berlin

### FIRST DEPUTY CHAIR

**Jan Wesseler**

Project Manager 'Limited-term and unlimited-term staff contracts' at GIZ, Eschborn (up to 29 June 2020)

**Carsten Körber**

Member of the German Federal Parliament, Berlin

**Tobias Schürmann**

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

### FIRST DEPUTY CHAIR

**Dr Wibke Thies**

Senior Country Manager, GIZ, Eschborn (from 30 June 2020)

**Birgit Ladwig**

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

**Sonja Steffen**

Member of the German Federal Parliament, Berlin

### SECOND DEPUTY CHAIR

**Dr Wibke Thies**

Senior Country Manager, GIZ, Eschborn (up to 29 June 2020)

**Dr Joachim Langbein**

GIZ Project Manager, Bonn (from 1 April 2020)

## MANAGEMENT BOARD

**Tanja Günner**

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

### SECOND DEPUTY CHAIR

**Kathrin Gothmann**

GIZ Programme Manager, Ecuador (from 30 June 2020)

**Antje Leendertse**

State Secretary, German Federal Foreign Office, Berlin

**Ingrid-Gabriela Hoven**

(from 1 October 2020)  
Areas of responsibility: Finance Department; Sectoral Department; Europe, Mediterranean, Central Asia Department; International Services Department; Evaluation Unit.

**Claudia Dörr-Voß**

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

**Michael Leutert**

Member of the German Federal Parliament, Berlin

**Stefan Mager**

GIZ Project Manager, Berlin

**Christiane Einfeldt**

Country Director, GIZ, Sri Lanka

**Dr Sabine Müller**

GIZ Director General of Department, Eschborn

**Anja Hajduk**

Member of the German Federal Parliament, Berlin

**Dr Peter Ramsauer**

Member of the German Federal Parliament, Berlin

**Michael Hinterdobler**

Representative of the Bavarian State Chancellery, Munich, Germany

**Thomas Schenk**

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

**Thorsten Schäfer-Gümbel**

Areas of responsibility: Human Resources Department; Academy for International Cooperation; Procurement, Property, Contracting, International Language Services Department; Asia, Pacific, Latin America, Caribbean Department; Compliance and Integrity Unit; Auditing Unit; data protection.

**Paul Schlüter**

Member of the GIZ Staff Council, Bonn (up to 31 March 2020)

## REMUNERATION

The remuneration received by members of the Management Board generally includes a fixed salary and a variable component. For members of the Management Board currently employed, the total remuneration in fiscal 2020 was €566,505.

As at 31 December 2020, in addition to an employer-financed provident fund commitment of €87,033, GIZ had indirect pension obligations totalling €1,456,196 towards currently serving members of the Management Board. In 2020, GIZ transferred €158,162 to GIZ Unterstützungskasse GmbH and €115,414 to Alte Leipziger Unterstützungskasse e. V. in order to fund these pension commitments.

in €	Variable remuneration		Total
	Fixed salary		
Tanja Gönner	258,885	38,000	296,885
Thorsten Schäfer-Gümbel	202,000	0	202,000
Ingrid-Gabriela Hoven	50,500	0	50,500
Dr Christoph Beier		38,000	38,000
Other remuneration components			17,120
<b>Total remuneration</b>			<b>604,505</b>

In 2020, members of the Supervisory Board were solely reimbursed for their travel costs of €14,777. There was no further remuneration. Benefits totalling €3,937 were paid to one former member of the Management Board.

A provision of €472,494 has been recognised to cover transitional allowances for former managing directors and former members of the Management Board. Transitional allowance payments in fiscal 2020 totalled €141,264. Indirect pension obligations towards former managing directors and former members of the Management Board totalled €14,369,730.

## LOANS TO ORGANS OF THE COMPANY

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

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

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

Bonn/Eschborn, 21 May 2021

The Management Board

Tanja Gönner  
Chair of the  
Management Board

Ingrid-Gabriela Hoven  
Member of the  
Management Board

Thorsten Schäfer-Gümbel  
Member of the  
Management Board

# APPENDIX TO THE NOTES

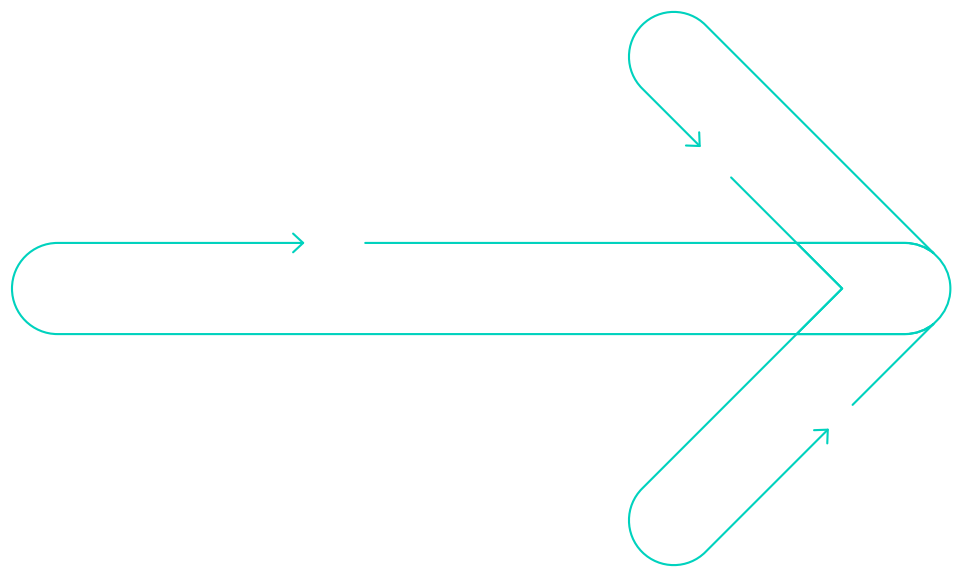
## CHANGES IN FIXED ASSETS IN FISCAL 2020

	Cost of acquisition or production				
	Carry forward 1.1.2020	Grant-financed fixed assets <sup>1</sup> Additions	Additions	Retirements	31.12.2020
	in €	in €	in €	in €	in €
<b>I. Intangible assets</b>					
Purchased concessions, industrial property rights and similar rights and assets as well as licences to such rights and assets	8,461,170	0	3,121,765	18,931	11,564,004
	8,461,170	0	3,121,765	18,931	11,564,004
<b>II. Tangible assets</b>					
1. Land, land rights and buildings including buildings on third-party land	392,451,461	0	475,056	71,575	392,854,942
2. Other plant, operating and office equipment	63,148,425	- 507,817	6,965,450	3,632,512	66,481,363
3. Advance payments and assets under construction	0	0	14,543	0	14,543
	455,599,886	- 507,817	7,455,049	3,704,087	459,350,848
<b>III. Financial assets</b>					
1. Shares in affiliated companies	25,000	0	0	0	25,000
2. Participating interests	535,862	0	0	0	535,862
3. Securities held as fixed assets	162,667,809	0	40,000,036	0	202,667,845
4. Other loans	411,728	0	0	105,378	306,350
5. Claims from administrative costs credit	20,024,180	0	0	1,464,180	18,560,000
	183,664,579	0	40,000,036	1,569,558	222,095,057
	647,725,635	- 507,817	50,576,850	5,292,576	693,009,909

<sup>1</sup> Acquisition costs were offset against the investment grants.  
There may be rounding differences of +/- one unit (€).

	Amortisation and depreciation					Carrying amounts	
	Carry forward 1.1.2020	In the fiscal year	Additions	Retirements	31.12.2020	31.12.2020	31.12.2019
	in €	in €	in €	in €	in €	in €	in €'000
	6,262,421	894,821	0	14,936	7,142,306	4,421,698	2,199
	6,262,421	894,821	0	14,936	7,142,306	4,421,698	2,199
	71,550,372	9,575,736	430	28,409	81,097,269	311,757,673	320,901
	36,941,047	8,185,618	33	3,462,565	41,664,067	24,817,296	26,207
	0	0	0	0	0	14,543	0
	108,491,419	17,761,354	463	3,490,974	122,761,336	336,589,512	347,108
	0	0	0	0	0	25,000	25
	0	0	0	0	0	535,862	536
	0	0	0	0	0	202,667,845	162,668
	67,802	0	0	22,318	45,484	260,866	344
	0	0	0	0	0	18,560,000	20,024
	67,802	0	0	22,318	45,484	222,049,573	183,597
	114,821,642	18,656,175	463	3,528,228	129,949,126	563,060,783	532,904

# 3 AUDITOR'S REPORT



## INDEPENDENT AUDITOR'S REPORT

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

### AUDIT OPINIONS

We have audited the annual financial statements of the Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ) GmbH, Bonn/Eschborn, Germany, which comprise the balance sheet as at 31 December 2020 and the income statement for the financial year from 1 January 2020 to 31 December 2020, and the notes to the financial statements, including the presentation of accounting and valuation methods. In addition, we have audited the management report of the Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ) GmbH for the financial year from 1 January 2020 to 31 December 2020. In accordance with German law, we have not audited the content of the declaration on corporate governance required under section 289f paragraph 4 of the German Commercial Code (Handelsgesetzbuch, HGB) (disclosures on female representation).

In our opinion, based on our audit findings:

- the accompanying annual financial statements comply, in all material respects, with the provisions of German commercial law and, with due regard for the German Generally Accepted Standards of Accounting (Grundsätze ordnungsmäßiger Buchführung), give a true and fair view of the assets and financial situation of the company as at 31 December 2020 and of its earnings position for the financial year from 1 January 2020 to 31 December 2020; and
- the accompanying management report as a whole provides an appropriate view of the company's position. In all material respects, this management report is consistent with the annual financial statements, complies with German legal requirements and appropriately presents the opportunities and risks of future development. With respect to the management report, our audit opinion does not extend to the above-mentioned declaration on corporate governance.

Pursuant to section 322 paragraph 3 sentence 1 HGB, we declare that our audit has not led to any reservations concerning the legal regularity of the annual financial statements and the management report.

### BASIS FOR THE AUDIT OPINIONS

We conducted our audit of the annual financial statements and the management report in accordance with section 317 HGB and in compliance with the German Generally Accepted Standards on Auditing (Grundsätze ordnungsmäßiger Abschlussprüfung) as promulgated by the Institute of Public Auditors in Germany (Institut der Wirtschaftsprüfer, IDW) governing the conduct of an audit of financial statements. Our responsibilities under these requirements and principles are detailed in the 'Auditor's responsibilities for the audit of the annual financial statements and management report' section of our audit report. We are independent of the company in accordance with German commercial and professional legal requirements, and we have fulfilled our other German professional responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to serve as the basis for our audit opinions on the annual financial statements and management report.

### OTHER INFORMATION

The legal representatives are responsible for the other information. The other information consists of the declaration on corporate governance required under section 289f HGB (disclosures on female representation).

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

In connection with our audit, our responsibility is to read the other information and, in so doing, to duly examine whether the other information

- is materially inconsistent with the annual financial statements, the management report or other knowledge we obtained during our audit or
- otherwise appears to be materially misstated.

## RESPONSIBILITIES OF THE LEGAL REPRESENTATIVES AND THE SUPERVISORY BOARD FOR THE ANNUAL FINANCIAL STATEMENTS AND MANAGEMENT REPORT

The legal representatives are responsible for ensuring that the annual financial statements are prepared in such a way that they comply, in all material respects, with the provisions of German commercial law and for ensuring, with due regard for the German Generally Accepted Standards of Accounting, that the annual financial statements give a true and fair view of the assets, financial and earnings situation of the company. In addition, the legal representatives are responsible for the internal controls they have deemed necessary, in accordance with the German Generally Accepted Standards of Accounting, to ensure that the annual financial statements are free from material misstatements, whether intentional or unintentional.

In preparing the annual financial statements, the legal representatives are responsible for assessing the company's ability to continue to operate as a going concern. They are also responsible for disclosing, where applicable, any matters that may affect the company's situation as a going concern. In addition, they are responsible for drawing up financial reports based on the going concern principle of accounting unless there are factual or legal circumstances which dictate otherwise.

Furthermore, the legal representatives are responsible for ensuring that the management report is prepared in such a way that it provides, as a whole, an appropriate view of the company's position and is, in all material respects, consistent with the annual financial statements, complies with German legal requirements and appropriately presents the opportunities and risks of future development. In addition, the legal representatives are responsible for all the arrangements and measures (systems) they have deemed necessary in order to ensure that the management report complies with the applicable German legal requirements and to ensure that sufficient appropriate evidence is provided for the assertions made in the management report.

The Supervisory Board is responsible for overseeing the financial reporting process established by the company for preparing the annual financial statements and management report.

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

Our objectives are to obtain reasonable assurance as to whether the annual financial statements as a whole are free from material misstatement, intentional or unintentional, and whether the management report as a whole gives an appropriate picture of the company's position and, in all material respects, is consistent with the annual financial statements and the knowledge we obtained during our audit, complies with German legal requirements and appropriately presents the opportunities and risks of future development, as well as to issue an auditor's report that contains our opinions on the annual financial statements and management report.

Reasonable assurance provides a high degree of assurance but is not a guarantee that an audit conducted in accordance with section 317 HGB and in compliance with the German Generally Accepted Standards on Auditing (Grundsätze ordnungsmäßiger Abschlussprüfung) as promulgated by the Institute of Public Auditors in Germany (Institut der Wirtschaftsprüfer, IDW) governing the conduct of an audit of financial statements will always detect a material misstatement. Misstatements can arise from fraud or error and are considered material if, individually or in combination, they could reasonably be expected to influence economic decisions taken by the intended readers of the financial reports on the basis of these annual financial statements and this management report.

We exercise professional judgement and maintain a questioning approach throughout the audit. Additionally, we:

- identify and assess the risks of material misstatements in the annual financial statements and the management report, whether intentional or unintentional, plan and conduct audit procedures in response to those risks and obtain audit evidence that is sufficient and appropriate as the basis for our opinions; the risk of not detecting a material misstatement caused by fraud is higher than for one caused by error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the deliberate suppression of internal controls;

- obtain an understanding of the internal control system relevant to the audit of the annual financial statements and of the arrangements and measures (systems) relevant to the audit of the management report in order to plan audit procedures appropriate to the circumstances but not with a view to expressing an opinion on the effectiveness of these company systems;
- evaluate whether the accounting methods employed by the legal representatives are appropriate and whether the estimates made by the legal representatives and the associated disclosures are reasonable;
- conclude whether the legal representatives' use of the going concern principle of accounting is appropriate and, based on the audit evidence obtained, whether there is any material uncertainty in relation to events or conditions that may cast significant doubt on the company's ability to continue as a going concern; if we conclude that a material uncertainty exists, we are required to draw attention in the auditor's report to the related disclosures in the annual financial statements and in the management report or, if such disclosures are inadequate, to modify our respective opinions. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report; it remains possible, however, that the company may at some point no longer be able to continue operating as a going concern due to future events or circumstances;
- evaluate the overall presentation, structure and content of the annual financial statements, including the disclosures, and whether the annual financial statements present the underlying transactions and events in such a way that the annual financial statements give a true and fair picture of the assets, financial and earnings situation of the company in compliance with the German principles of proper accounting;
- evaluate whether the management report is consistent with the annual financial statements, complies with legislation and provides an appropriate picture of the company's position;
- perform audit procedures on forward-looking statements made by the legal representatives in the management report. On the basis of sufficient appropriate audit evidence, we evaluate, in particular, the significant assumptions made by the legal representatives as the basis for such forward-looking statements and assess whether the forward-looking statements are objectively derived from those assumptions. We have not expressed a separate opinion on the forward-looking statements or on the underlying assumptions. There is a significant and unavoidable risk that future events will differ materially from such forward-looking statements.

We hold discussions with the persons responsible for the supervision of the company. These discussions cover, for example, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in the internal control system that we identify in the course of our audit.

Frankfurt am Main, 21 May 2021

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Wirtschaftsprüfungsgesellschaft

Dirk Fischer  
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ppa. Ute Hanf  
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