

Annual statement of accounts 2023

Contents

01

Management report for fiscal year 2023

- 06 Background, operating framework and overall performance
- 10 Assets, financial position and income
- 13 Economic situation
- 17 Proportion of women on the Management Board, the two levels below the Management Board, the Supervisory Board and the Board of Trustees
- 18 Outlook

03

Auditor's report

- 42 Independent auditor's report
- 46 Publication details

02

Annual statement of accounts 2023

- 24 Balance sheet
- 26 Profit and loss account
- 27 Notes to the accounts 2023
- 27 Notes to the balance sheet and the profit and loss account
- 27 General notes on accounting and valuation methods
- 29 Notes to the balance sheet
- 34 Notes to the profit and loss account
- 37 Other information
- 38 Supervisory Board and Management Board
- 39 Declaration of conformity by the Supervisory Board and Management Board
- 40 Appendix to the notes: Changes in fixed assets in fiscal year 2023

Report of the Supervisory Board to the Shareholder on Fiscal Year 2023

Meetings

The GIZ Supervisory Board held four ordinary meetings in fiscal year 2023. In addition, the Supervisory Board held an informal ‘deep dive’ meeting on GIZ’s Corporate Strategy.

The Audit Committee held two meetings in 2023.

The Standing Committee and the Urgent Matters Committee did not hold any meetings in 2023.

Appointments

There were no changes in the composition of the Supervisory Board during the year under review.

Advising and supervising the Management Board

In fiscal year 2023, 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 the company’s management policy and the state of operations. During its meetings, the Supervisory Board was therefore 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 for a further term of office as a member of GIZ’s Management Board from 1 October 2023 to 28 February 2027.
- The Supervisory Board took note of the provisional financial, investment and HR plans for 2024 in December 2023 and approved the final versions in March 2024. These are based on projections of a decrease in business volume for the fiscal year.
- The Supervisory Board approved the purchase of certified emission reductions (CERs) to offset the company’s greenhouse gas emissions for the years 2022 and 2023.

- The Supervisory Board approved the signing of two new energy contracts to supply biogas and green electricity, each covering a two-year period.
- The Supervisory Board approved the signing of service contracts to provide external consulting services and implementation support for the S4GIZ project.
- The Supervisory Board approved the signing of framework contracts to provide security services and building services at GIZ properties in Berlin, Bonn and Eschborn. It also approved the signing of contracts and investment agreements to modernise the main building at Kottenforst Campus.
- The Supervisory Board approved the signing of a framework contract to provide fully managed cloud printing services as an output management solution. It also approved the signing of framework contracts to provide videoconferencing systems and collaboration displays.
- The non-financial declaration (for the German Sustainability Code) was presented to the Supervisory Board for examination. The Supervisory Board reviewed the Sustainability Report, including the human rights reporting obligation.
- The Supervisory Board also addressed GIZ’s Corporate Strategy 2023–2027, the company’s digital transformation and the HR Strategy 2023+.

Management Board reports

The Management Board complied with its reporting obligations to the Supervisory Board in 2023. It reported regularly on business development at GIZ, which was again positive in fiscal year 2023.

The Supervisory Board obtained regular updates from the Management Board on business development in GIZ’s taxable business area, International Services (InS), which again generated a positive operating result and positive net income in fiscal year 2023.

The Management Board gave the Supervisory Board a presentation on the Long-Term Corporate Plan 2024–2026. This plan provides an overview of the strategic environment analyses and market development assessments conducted by GIZ and sets out relevant strategic conclusions for the company.

The Management Board also reported to the Supervisory Board on measures linked to GIZ's Compliance Management System and on the implementation of the German Supply Chain Act (LkSG) at GIZ.

The Supervisory Board was informed about the current state and development of GIZ's equal opportunities policy.

The Management Board reported on the audit of GIZ documents relating to services directly implemented by GIZ or the award of contracts for external service provision for the period from 1 January 2022 to 31 December 2022.

It also reported on the progress of the new campus building in Eschborn, on IT security and on the current state and development of GIZ's digital transformation.

The Supervisory Board was kept informed about the situation in Ukraine, Afghanistan, Israel and the Gaza Strip.

The Management Board also presented the Supervisory Board with a report on the cost implications of the new policy on limited-term contracts.

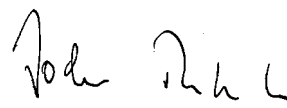
Annual statement of accounts 2023

The auditors PricewaterhouseCoopers GmbH Wirtschaftsprüfungsgesellschaft audited the annual statement of accounts and management report to establish compliance with the law, with 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 in all material respects and that the annual statement of accounts gives a true and fair view of the company's assets, financial position and income. The management report also complies with German law in all material respects.

At its meeting on 18 June 2024, the Supervisory Board approved the findings of the audit of the annual statement of accounts for 2023 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 2023 and formally approve the actions of the Management Board.

Eschborn, 18 June 2024



Jochen Flasbarth

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

01

Management report for fiscal year 2023

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

GIZ's workforce spans 123 countries (as at 31 December 2023). Thanks to its long-standing presence in numerous partner countries and global networks encompassing politics, business and civil society, GIZ is well placed to cooperate successfully with a large number of stakeholders.

GIZ has 25,634 employees across the globe. 66.7% are based in its partner countries with the status of national staff. A further 285 experts are currently on assignments for GIZ in the role of development workers. In addition, the Centre for International Migration and Development (CIM)¹ places experts with local employers in partner countries. At the end of 2023, 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 205.

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 sectors: economic development and employment; governance and democracy; peacebuilding, security, reconstruction and civil conflict transformation; food security, health, basic education and gender equity; 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 on creating the right conditions for development, individual training and measures to strengthen state and community-based 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. In 2023, GIZ also worked 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 and Community (BMI), the Federal Ministry for the Environment, Nature Conservation, Nuclear Safety and Consumer Protection (BMUV), the Federal Ministry of Defence (BMVg), the Federal Ministry for Economic Affairs and Climate Action (BMWK) – and for the Bundesländer (German 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 these clients to successfully combine development and foreign trade activities and integrate sustainability into their supply chains.

Alongside its activities in the public-benefit business area, GIZ operates a taxable business arm, International Services (InS). Within this area, it is authorised by the German Government to receive commissions directly from international clients and to tender for contracts.

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, for reasons of tax law, cannot be allocated to the public-benefit business area are managed by InS.

b. Strategy

GIZ operates in an environment that requires an extremely high degree of flexibility. Key global challenges, such as climate change, escalating fragility and increased flows of migrants and displaced persons, are closely interlinked, triggering crisis situations with ever greater frequency. In this demanding environment, GIZ continues to evolve strategically, maintaining its resilience and its capacity to respond. By adapting, GIZ wants to ensure that it can perform its role – implementing projects linked to the 2030 Agenda for Sustainable Development and the global climate goals on behalf of commissioning parties and clients – in a coherent, collaborative and, above all, effective manner.

¹ 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.

Developments and trends affecting GIZ

1. How is our client base changing?

In the context of planned budget cuts and the German Government's diminishing fiscal headroom, the demands placed on development cooperation (DC) in terms of expected results are increasing – as is the pressure to justify projects and programmes. Furthermore, in 2023, Germany adopted a series of key strategies on foreign affairs, security and development, all of which are relevant to GIZ's work. These include the Strategy on Climate Foreign Policy, the National Security Strategy and BMZ's Strategy on Feminist Development Policy. BMZ and our other German public sector clients are emphasising the need for democratic, rules- and values-based international cooperation.

The EU, which is increasingly aligning its external actions and development policy with its geostrategic interests, is also committed to a values-based community. At the same time, its Team Europe approach is designed to enhance the visibility and capability of joint European external action. As in previous years, the EU's priorities include implementing the European Green Deal and highlighting the systemic and cross-sectoral 'twin transition' (i. e. the interplay between digital, climate-friendly innovation and a sustainable future) towards a sustainable model based on prosperity and economic growth.

2. How is the focus of international cooperation changing?

As a result of growing geopolitical tensions, many of the issues and sectors we deal with are increasingly intertwined with elements of security policy. For example, we are seeing a greater focus on cyber, energy and food security. Measures to promote good governance and human rights, including gender equality, are rising up the agenda, not least against the backdrop of increasing autocratisation worldwide. There is also a growing sense of urgency over the need for a genuinely ambitious international climate policy that addresses issues of climate justice and financing. The publication of ChatGPT-4

in November 2022 and the chatbots of other providers have accelerated debate on the use of artificial intelligence (AI) to improve living conditions worldwide and solve global challenges. At the same time, there is a growing awareness of the potential risks of this technology and the need to strengthen the regulatory framework.

3. How is the nature of competition and cooperation changing?

Efforts to reform the system of multilateral development banks as a prerequisite for effective development financing continue to be vigorously pursued. The World Bank and regional development banks have recognised that they need to adapt their business model. The proposed reforms are intended to strengthen protection for global public goods and safeguard their provision across national borders.

Another significant change in GIZ's operating environment is the decision of the BRICS countries (BRIC 2006: Brazil, Russia, India, China; BRICS 2010: plus South Africa), to expand the bloc by six countries and create BRICS+ (to include Egypt, Ethiopia, Iran and United Arab Emirates) from 2024. The original expansion proposals generated considerable debate and controversy. Argentina has since withdrawn its membership application, and Saudi Arabia has not yet completed the admission process. Nevertheless, the emergence of BRICS+ is a further sign of the growing weight of China and the countries of the Global South.

International think tanks are increasingly acting as implementing organisations, making them more attractive as partners to large donors such as the Gates Foundation or the Bezos Earth Fund. They now compete with GIZ not only for the best ideas and human resources but also for the funding needed to implement projects. The consulting industry is also undergoing radical change. More and more consulting firms are merging in order to strengthen their competitive position. Faced with this challenging competitive environment, there is growing pressure on GIZ to collaborate with others, work in partnerships and become even more efficient.

4. How are our partner countries changing?

The ambitious G20 presidencies of Indonesia in 2022 and, in particular, India in 2023 highlight the determination of many partner countries to play an active role in shaping global agendas and partnerships and to ensure that the perspectives of the Global South are afforded greater attention. At the same time, DC partner countries find themselves under everincreasing pressure. On the one hand, to achieve that crucial socio-ecological transformation, they need to equip their populations with the necessary skills for the future and align their economic models with the principle of sustainable growth. On the other hand, they also need to address immediate national challenges, such as food security, health care and energy provision. Overcoming these multiple challenges requires a huge effort by partner countries, the private sector and the international community to mobilise additional funds and use them efficiently.

The number of conflicts over resources and military conflict situations has risen, especially in Africa. The coups in Mali, Burkina Faso and most recently in Niger in July 2023 pose new challenges for Europe and Germany in terms of foreign, security and development policy in the region. However, they also highlight the need to continue addressing the causes of such conflicts through international cooperation. Over the next few years, cooperation with the EU's immediate neighbours will be dominated, among other issues, by the accession processes for the Western Balkan states and, looking further ahead, for Ukraine, Moldova and Georgia. Comprehensive reform efforts are still necessary in all these cases.

GIZ's Corporate Strategy

In the context of profound global change and ongoing volatility, GIZ's focus in the 2023–2027 strategy cycle is on expanding its role as an effective supporter of the policy objectives of the German Government and other commissioning parties and ensuring that it remains competitive through the efficient implementation of projects. GIZ's new Corporate Strategy includes a stronger focus on integrated solutions to help it more effectively address complex

transformation issues, such as those set out in the 2030 Agenda for Sustainable Development and the Paris Climate Agreement. These challenges require us to think and act holistically and to adopt a joined-up approach that goes beyond individual projects.

Since the launch of our Corporate Strategy 2023–2027 in early 2023, GIZ has been vigorously pursuing Destination GIZ 2028, which focuses on transforming the company from a project organiser to an implementer of integrated solutions for global challenges. Integrated solutions are services that cut across multiple sectors, countries and projects. They promote sustainable development by creating synergies between different sectors and regions, building stronger and more strategic partnerships, pooling resources and bringing knowledge together more effectively. The aim is not to do away with individual projects. It is about promoting a stronger focus on comprehensive, integrated solutions in terms of the way we work and the services we provide for our partners and our commissioning parties and clients.

The digital transformation is at the heart of our efforts to reach Destination GIZ 2028 because it enables us to act quickly, efficiently and sustainably. GIZ's Digital Compass is intended to drive the process of internal digitalisation (Digital at Heart) and, at the same time, the digitalisation of GIZ's services (Digital for Development).

The following section of this report outlines GIZ's four strategic areas of action: (1) effectiveness; (2) business development; (3) expertise and alliances; and (4) value for money.

1. Area of action: Effectiveness

With a view to making GIZ even more effective, the Corporate Strategy 2023–2027 introduces a stronger focus on systematic product portfolio management. GIZ's aim is to use standardised products efficiently and effectively, enabling it to provide a quicker and better response to the needs of partner countries and commissioning parties. As well as improving our services, these

standardised and quality-assured products are intended to create opportunities for developing and scaling up innovative approaches.

If we want to be able to implement integrated solutions for global challenges effectively and efficiently, our management logic and internal working methods must also evolve. Above all, this shift in focus is intended to promote the use of resources beyond individual projects by creating the right conditions for systematic cooperation across project, section and divisional boundaries.

Six prototypes have been developed so far and are due to be piloted in 2024.

2. Area of action: Business development

In the present Corporate Strategy, the goal of the 'business development' area of action is to fundamentally change the way in which services are provided. Looking ahead, the strategy envisages that services will be planned, interlinked and implemented across multiple sectors and countries and that various modes of delivery will be effectively dovetailed.

In 2023, we developed the foundations for a company-wide understanding of integrated approaches and how they will change the way we deliver services. The Corporate Strategy also addresses the further development, scaling up and implementation of integrated approaches and the corresponding adjustments to our internal work processes over the period up to the end of 2027.

3. Area of action: Expertise and alliances

With regard to 'expertise and alliances,' the focus of the new strategy cycle is on expanding systematic partnerships with stakeholders representing civil society, the academic and research sector, the (digital) economy and bilateral and multilateral organisations. Partnerships have always played an important role in GIZ's work. In the coming years, the aim will be to develop an even more systematic approach to partnership management in order to facilitate the process of jointly designing and implementing projects together with our partners.

Looking ahead, there will be an even greater emphasis on providing services in collaboration, for example, with multilateral organisations, foundations and actors in the digital economy.

In 2023, we established a strategic dialogue with five multilateral cooperation partners (United Nations World Food Programme, UN High Commissioner for Refugees, European Investment Bank, World Bank, Inter-American Development Bank). Various approaches to complementary cooperation with the World Food Programme and the UN Refugee Agency were trialled in a series of pilot projects. We made further progress in the health sector towards our goal of dovetailing multilateral initiatives with bilateral cooperation, and we systematically evaluated opportunities for cooperation with global, sector and bilateral projects. We also initiated a strategic dialogue on this issue with BMZ.

By 2025, we aim to develop and offer additional services to our commissioning parties and clients that will be planned together with multilateral organisations.

4. Area of action: Value for money

A determination to be even more efficient and offer even greater value for money lies at the heart of our new Corporate Strategy. In terms of resource efficiency, we aim to achieve synergies by pooling resources (personnel, services, materials and equipment) more effectively across projects. To this end, we need to establish a process-oriented management system within the company. That involves describing, reviewing and standardising our internal processes. The resulting data will underpin the digitalisation of our processes through the S4GIZ project, which was set up in the previous strategy cycle with the goal of introducing the new SAP ERP system SAP S/4HANA at GIZ. Successful implementation of the Large Scale Solution (LSS) S4GIZ is a prerequisite for the digital transformation and harmonisation of business processes throughout the organisation. A global rollout of the new SAP ERP system is planned for 1 January 2026.

As currently GIZ's largest corporate and transformation project and an important component of the Corporate Strategy 2023–2027 (Objective 5: Process-oriented management), LSS S4GIZ presents a unique opportunity to put the centrepiece of GIZ's IT landscape on a sustainable footing, establish a common IT landscape and ensure that our processes are fit for the 21st century. This will ease the burden on staff in the long term, free up space to focus on our core activities and therefore maximise the impact of our work for people in our partner countries. In turn, that will deliver greater efficiency and value for money for our commissioning parties and clients.

LSS S4GIZ began the year 2023 in an optimisation phase with a clearly defined timeline that started in October 2022. The aim of this project phase was to remove the obstacles that were hindering further progress. A number of critical issues were identified and successfully resolved by March 2023. As a result, the Management Board decided to press ahead with the current project methodology and finalised the schedule. A diagnostic assessment commissioned by the Management Board was performed in November 2023 with the goal of optimising all remaining work on the project and therefore ensuring its success.

As a federal enterprise, GIZ is subject to greater accountability and transparency requirements due to its legal status and contractual obligations. Meeting these requirements limits the extent to which processes can be optimised while also demanding a significant input of resources. In the year under review, for example, GIZ had to facilitate around 1,800 external audits.

c. Operating framework

Ad hoc freeze on commitment authorisations in 2023

GIZ found itself in an exceptional situation in 2023 when the freeze on commitment authorisations imposed on 21 November 2023 hit BMZ harder than other ministries. This step had (and still has) direct consequences for GIZ in terms of both the volume of planned commissions that could not go ahead in 2023 and future business development.

In spite of this development, GIZ's business remained stable in the year under review, partly due to the high volume of orders on hand from previous years.

Through various mechanisms, e.g. by extending its accreditation with the Green Climate Fund (GCF) and obtaining accreditation for the first time as a grant agent with the Global Partnership for Education, GIZ was able to establish a framework for acquiring further commissions and cofinancing.

Fragile situation in some partner countries

Structural fragility, violence and conflict form part of the wider setting in an increasing number of countries and regions. In about half of all the countries in which GIZ operates, its capacity to deliver is at risk due to crises.

Restrictions and delays in providing services can be caused, for example, by diplomatic crises, political unrest, political decisions and armed conflicts. In 2023, the war in Ukraine in particular had an impact on neighbouring countries and worldwide, as did the crisis in Sudan and the Israel-Gaza conflict.

The total volume of GIZ commissions in Ukraine currently stands at around €660 million, of which around €100 million was used last year in the form of special funding for emergency support measures. At present, there are 550 national, German and international staff working in Ukraine. Besides providing urgently needed assistance in times of war, GIZ is advising on the country's incipient reconstruction, on reform measures and on the EU accession process. In consultation with the commissioning party, Germany's Federal Foreign Office, the last remaining project in Russia (Humanitarian Gesture towards the Victims of the Siege of Leningrad) was extended and given additional funding on 23 October 2023. On 1 January 2024, the number of personnel on site will be reduced further, as planned. The risks of continuing to operate in the Russian Federation are being closely monitored. The project is scheduled to end on 30 September 2024.

Following the Hamas attack on civilians east of the Gaza Strip on 7 October 2023, the German Government subjected its entire DC portfolio in the Palestinian territories to a review and (with the exception of limited payments) withheld approval for new contracts and commissions for ten weeks. These were finally approved in mid-December subject to a number of conditions on their implementation in Gaza and on working with the civilian population. Thanks in large part to German Government support, GIZ was able to arrange for 24 of its 25 local employees and their families to leave Gaza. Of these families, 16 are now in Germany.

Providing aid in an acute humanitarian emergency and supporting reconstruction in Gaza will require billions of euros in funding and a huge political effort to establish a post-war order between Israel, the Palestinians and relevant Arab and Western actors and to define a possible route towards a two-state solution.

Meanwhile, work to implement DC and GIZ projects in the West Bank continues. The acute need for support in the West Bank is being addressed by reallocating budgets and through ongoing offer processes. It is not yet possible to adequately assess what will be needed in Gaza, although work is currently being carried out indirectly in the territory through one transitional development assistance project and two technical cooperation projects.

II. Assets, financial position and income

The most obvious point to make about GIZ's assets, financial position and income in fiscal year 2023 is that turnover increased while income was roughly on a par with the previous year. Despite a difficult operating environment, the fiscal year as a whole delivered a positive set of results.

a. Assets

The balance sheet total ended the year under review at €3,167 million, up €86 million compared with the year-end figure of €3,081 million for 2022.

Fixed assets decreased from €649 million to €643 million. This was due to the reclassification of GIZ's claims from the administrative costs credit administered by Deutscher Pensionsfonds AG as other receivables. At the end of 2023, this item stood at €18.6 million. The other side of the balance sheet includes the fourth purchase price instalment due to the property development company Phoenix on completion of the structural work. Current assets were higher, mainly due to a year-on-year increase in cash and cash equivalents, which rose by €74 million from €731 million to €804 million. Inventories fell by €21 million (2%) from €1,270 million to €1,249 million. This was mainly due to a reduction of €29 million in the figure for advance payments made, above all in connection with financing activities for BMZ projects. The figure for projects in process rose by €9 million (25%) to €44 million.

Receivables and other assets rose by €35 million to €457 million. Trade receivables were up by €19 million from €61 million to €80 million. Other assets increased by a significant margin from €103 million to €121 million (up €18 million). The main factor here was the reclassification of claims from the administrative costs credit administered by Deutscher Pensionsfonds AG.

At €429 million, equity ended the year roughly €70 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. With a slightly higher balance sheet total, the equity ratio² rose by 1.9 percentage points to 13.4%.

Provisions rose by €22 million from €305 million to €327 million, primarily due to higher provisions for personnel costs. Within this category, the main increases were in provisions for long-term working-time accounts (up €17 million) and for leave credits (up €5 million).

Liabilities declined by €5 million from €2,415 million to €2,410 million. This reduction was primarily due to a total of €2,134 million for advance payments received, which fell by €88 million in the public-benefit business area and rose by €36 million at InS. The increase in liabilities to banks from €121 million to €173 million was mainly due to the scheduled disbursement of the second instalment of the loan for the GIZ Eschborn Campus, although this rise was partly offset by scheduled repayments of the loan for the GIZ Bonn Campus. The increase of €5 million in liabilities to affiliated companies, taking the total to €15 million, was due to the last funding request from GIZ Unterstützungskasse GmbH for 2023, which was not settled until January 2024.

b. Financial position

As at the balance sheet date, cash in hand and bank balances stood at €804 million, up €74 million on the year-end figure of €731 million for 2022. Higher cash inflows of €59 million from ongoing business operations and of €46 million from financing activities (mainly the loan) covered cash outflows totalling €32 million in respect of investment activities.

² The equity ratio is defined as equity less premium as a proportion of the balance sheet total.

c. Income

At €4,017 million, turnover for the fiscal year was up by €254 million (7%) compared with 2022.

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

Total operating performance	2023			2022			Change	
	Public-benefit business area	InS	Total	Public-benefit business area	InS	Total	Total	
	in € millions	in € millions	in € millions	in € millions	in € millions	in € millions	in € millions	in %
Turnover	3,775	242	4,017	3,564	199	3,763	254	7
Changes in services not yet invoiced	4	5	9	2	1	3	6	>100
Capitalised services	0.5	0	0.5	0.5	0	0.5	0	0
Total operating performance	3,780	247	4,027	3,567	200	3,767	260	7

The increase in turnover is linked to the increased provision of services to clients. In the public-benefit business area, the €211 million increase in turnover to €3,775 million was due above all to the processing of the high volume of orders on hand from previous years. At InS, the €43 million increase in turnover was also due to the expanded provision of services.

Other operating income declined significantly by around €80 million from €100 million to €20 million, mainly due to the settlement claim of €77 million for the DPAG top-up, which was included in the total for 2022. Another factor was the year-on-year decline in reversals of provisions from €16 million to €8 million.

At €2,271 million, cost of materials was up €150 million on the previous year. Within this category, purchased goods fell by €14 million, although purchased services rose by €164 million. The main factor here was higher expenses for other external services (up €152 million). Section III. e. 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 €6 million from €1,566 million to €1,572 million. The corresponding figure for 2022 included costs of €95 million for the DPAG top-up that were partly offset by other income. After adjusting for this amount, the increase in personnel costs for 2023 comes to €88 million. This was due to increases of 212 (0.8%) in the size of the workforce and in salaries (in line with ongoing adjustments under collective bargaining agreements) and to the payment of a one-off inflation compensation bonus. More details of changes in the size of the workforce can be found in section III. e. Use of Resources.

Other operating expenses rose by around €25 million, from €93 million to €117 million. This increase was primarily attributable to higher office operating costs (up €6 million), which were mainly driven up by increased spending on IT and consulting services (up

€10 million) linked to LSS S4GIZ and the introduction of GIZ's information security management system (ISMS).

The financial result improved from €−0.7 million to €5.5 million. This change was mainly due to higher interest income.

Overall, net income for the year was around €70 million compared with the 2022 figure of €66 million. The following table shows a breakdown of net income by business area.

Net income	2023	2022	Change	
	in € millions	in € millions	in € millions	in %
Public-benefit business area	60.1	62.5	−2.4	−4
InS	9.5	3.4	+6.1	>100
GIZ total	69.6	65.9	+3.7	+6

Net income in the public-benefit business sector was slightly down on the previous year, when the figure included €10 million of reversed provisions. In this context, it was not quite possible to match the 2022 total despite a further increase in the volume of services implemented and a higher profit mark-up. The unusually high figure for net income at InS was due partly to continued portfolio growth, which generated a positive margin effect, and partly to the settlement of old receivables (linked to projects in Saudi Arabia), which provided a one-off boost to net income through the reversal of specific allowances and risk provisions totalling €6 million.

d. Investments and investment financing

GIZ's investment planning activities are mainly shaped by the planned digitalisation projects (around €26 million), in particular LSS S4GIZ, and by the construction of the new GIZ Eschborn Campus (overall €234 million up to 2025).

GIZ's property investments are financed through two long-term loan agreements. Interest rate swap agreements have been concluded to hedge interest rates for both variable rate financing arrangements. The loan for the GIZ Campus in Bonn was still valued at €63 million as at the balance sheet date. It has been fully disbursed since 2021 and is in the repayment phase with scheduled repayments of €9 million p. a. and an interest rate of 0.76% p. a. The loan for GIZ's Eschborn Campus, which is currently under construction, is valued at €110 million after disbursement of the second tranche in 2023. The total loan volume is €230 million with an interest rate of 2.093% p. a.

All other investments are financed out of the company's own funds. For details of the contracts awarded, please refer to section III. e.

In connection with investments, there is a purchase commitment of €121 million.

III. Economic situation

a. General observations

GIZ was able to close the 2023 fiscal year satisfactorily despite a difficult operating environment (see section I. c.).

- The volume of commissions received remained stable at the same level as the previous year.
- Business volume ended the year 0.6% lower. Income in the public-benefit business area fell by €70 million (1.8%), although total operating performance at InS rose by €47 million (23.5%).
- At 11.6%, the control parameter used in the public-benefit business area was 0.2 percentage points below the planned figure.
- Total operating performance at InS improved by around €6 million to reach €11 million.
- GIZ's total workforce increased by 212 (0.8%).

GIZ uses a number of financial indicators (see table below) as a key source of information for management decisions.

Comparison of planned and actual figures		Plan 2023	Actual 2023	Deviation Actual-Plan
Commissions received				
Public-benefit business area	€ millions	3,974	3,742	- 232
InS	€ millions	200	230	30
Total	€ millions	4,174	3,972	- 202
Income in the public-benefit business area	€ millions	3,817	3,721	- 96
Total operating performance InS	€ millions	245	247	2
Business volume	€ millions	4,062	3,968	- 94
Control parameter	%	11.8	11.6	- 0.2
Operating result InS	€ millions	2.1	10.9	8.8
Net income for the year InS	€ millions	1.3	9.5	8.2
Number of employees at year-end				
Germany-based staff	Number	2,844	2,970	126
Project staff in Germany	Number	2,842	2,940	98
Seconded field staff	Number	2,761	2,626	- 135
Staff covered by the Collective Bargaining Agreement (MTV) or Public-Sector Remuneration System (TVöD)	Number	8,447	8,536	89
National staff	Number	17,457	17,098	- 359
Total GIZ staff	Number	25,904	25,634	- 270

For each indicator, the year-on-year changes and deviations from the planned figures are examined in greater detail in the following section.

b. Commissions received and orders on hand

Commissions received

In 2023, GIZ received commissions with a total value of €3,972 million. This was on a par with the previous year (€3,979 million). The actual total for 2023 was €202 million (5%) below the planned figure (see above under 'Operating framework' and the corresponding section on the public-benefit business area). The volume of commissions received in the public-benefit business area ended the year €77 million (2%) higher at €3,742 million. The corresponding figure for InS fell by €84 million (27%) to €230 million. Commissions received in the public-benefit business area as a proportion of the GIZ total were up 2 percentage points at 94%.

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 2023	Share	Actual 2022	Share	Change
	in € millions		in %		
Public-benefit business area total	3,742	94	3,665	92	2
of which BMZ	3,181	80	3,210	81	-1
BMZ budget funding	2,572	65	2,753	69	-7
Cofinancing for projects commissioned by BMZ	610	15	456	11	34
of which German public sector clients	525	13	418	11	26
German public sector client budget funding	504	13	343	9	47
Cofinancing for projects commissioned by German public sector clients	20	0	75	2	-73
of which other business sectors	36	1	37	1	-3
InS	230	6	314	8	-27
GIZ total	3,972	100	3,979	100	0

The figures shown above may contain rounding differences.

Commissions received in the public-benefit business area

In 2023, the public-benefit business area received commissions with a total value of €3,742 million. This was an increase of €77 million (2%) on the previous year and a 94% achievement rate compared with the planned figure.

Compared with 2022, the volume of commissions received in the BMZ business sector fell slightly by €28 million (1%) to €3,181 million, ending the year €78 million (2%) below the planned figure. This decline was linked to the federal budget situation, in particular the freeze on commitment authorisations.

With regard to German public sector clients, the volume of commissions received rose by a considerable margin of €107 million (26%) due to the inclusion of postponed commissions that had originally been anticipated in 2022. As a result of delays in the commissioning of projects under the International Climate Initiative (IKI), the actual cofinancing total was only 76% of the planned figure.

Commissions received at InS

In 2023, InS received commissions with a total value of €230 million, down €84 million (27%) on the previous year but €30 million (15%) above the planned figure. This better-than-expected result is due to the planned figures being calculated at a very early stage when there was still uncertainty. The total InS figure for 2023 includes the following large-scale commissions (> €10 million):

- €48 million of additional funding for the project Flexible Instrument for Stabilisation (FIS) Afghanistan commissioned by the Federal Foreign Office
- €18 million for the project Ghana Green Cooling commissioned by the KliK Foundation for Climate Protection and Carbon Offset
- €17 million for a measure in Georgia commissioned by the EU through the European Peace Facility
- €15 million of additional funding for the European Climate Initiative (EUKI) Funding Programme commissioned by the Federal Ministry for Economic Affairs and Climate Action (BMWK)

Orders on hand

As at 31 December 2023, the total figure for orders on hand stood at €9,993 million, a decrease of €224 million (2.2%) compared with the 2022 year-end figure of €10,217 million. Out of the total figure for orders on hand, the public-benefit business area and InS

accounted respectively for €9,453 million (2022: €9,638 million) and €540 million (2022: €579 million).

c. Business volume

In fiscal year 2023, contrary to its plans, GIZ was unable to achieve a further year-on-year increase in total business volume. At €3,968 million, the total figure was down by €23 million (0.6%) compared with the previous year and below the planned figure of €4,052 million by €84 million. The 2023 figure comprises income of €3,721 million from the public-benefit business area (down €70 million year on year and €96 million below the planned figure) and a total operating performance of €247 million at InS (up €47 million year on year and €2 million above the planned figure).

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 2023	Share	Actual 2022	Share	Change
	in € millions	in %	in € millions	in %	in %
Public-benefit business area total	3,721	94	3,791	95	-2
of which BMZ	3,267	82	3,388	85	-4
BMZ budget funding	2,678	67	2,859	72	-6
Cofinancing for projects commissioned by BMZ	589	15	529	13	11
of which German public sector clients	421	11	377	9	12
German public sector clients budget funding	377	10	334	8	13
Cofinancing for projects commissioned by German public sector clients	44	1	43	1	3
of which other business sectors	33	1	26	1	27
InS	247	6	200	5	24
GIZ total	3,968	100	3,991	100	-1

The figures shown above may contain rounding differences.

Income in the public-benefit business area

In 2023, GIZ generated income of €3,721 million in the public-benefit business area. This was down €70 million (2%) year on year and €96 million (3%) below the planned figure. This decline was mainly due to a year-on-year reduction in the volume of funding available in the TC budget. Income from special initiatives was also lower in 2023 in light of reduced funding allocations in the 2023 federal budget. In the BMZ business sector, income fell by €121 million (4%) to €3,267 million compared with the previous year. Despite an increase in cofinancing income, the level of income generated out of federal budget funding declined due to the budget

situation (see above under Operating framework). Although income ended the year €17 million (1%) above the planned figure, this was primarily due to the increase in cofinancing. In the fourth quarter, the volume of incoming payments from third-party funding providers was higher than planned.

At €421 million, income in the German public sector clients business sector was up €44 million (12%) year on year, but €114 million (21%) below the planned figure. This was mainly due to the fact that not all income could be generated as a result of developments in commissions.

Income under the heading 'Other business sectors' rose by €7 million to €33 million compared to the previous year.

Results in the InS business area

In 2023, InS achieved a total operating performance of €247 million, up €47 million (24%) on the previous year and slightly above the planned figure.

At InS, the operating result of €11 million was significantly improved compared to the previous year (2022: €5 million). In addition, at €10 million, net income for the year was €8 million higher than planned. It should be noted that both these figures reflect one-off reversals of impairment allowances and provisions totalling €6 million.

d. Control parameter

The control parameter (the ratio between management costs for the year under review and the four-year average for income in the public-benefit business area) stood at 11.6% and was therefore above the 2022 figure of 10.0% but below the planned figure of 11.8%. This net improvement of 0.2 percentage points compared to the planned figure was achieved thanks to a reduction of around 0.3 percentage points due to lower management costs in 2023, primarily in the DIGITS Department and for the imputed interest on capital employed. In turn, however, this 0.3 percentage point reduction was partly offset (by 0.1 percentage points) due to lower levels of income in both 2023 and 2024.

e. Use of resources

Personnel

The following table shows a year-end comparison of staff numbers at GIZ for 2023 and 2022.

GIZ workforce ¹ (headcount as at reporting date)	Actual 31.12.2023	Actual 31.12.2022	Change	
			absolute	in %
Germany-based staff	2,844	2,599	245	9.4
Project staff in Germany	2,906	2,846	60	2.1
Seconded field staff	2,568	2,642	-74	-2.8
Total public-benefit business area staff	8,318	8,087	231	2.9
Germany-based staff	126	120	6	5.0
Project staff in Germany	34	38	-4	-10.5
Seconded field staff	58	57	1	1.8
Total InS staff	218	215	3	1.4
Staff covered by the Collective Bargaining Agreement (MTV) or Public-Sector Remuneration System (TVöD)	8,536	8,302	234	2.8
National staff	17,098	17,120	-22	-0.1
Total GIZ personnel	25,634	25,422	212	0.8
Development workers	285	353	-68	-19.3
Integrated experts ²	113	143	-30	-21.0
Returning experts ²	92	257	-165	-64.2

¹ Excluding the Management Board, temporary workers, trainees, interns and staff on leave of absence

² Employment contract with local employers in partner countries

As at 31 December 2023, GIZ employed a total of 25,634 staff. This was up by 212 (0.8%) on the year-end figure for 2022 but around 0.9% below the planned figure for 2023 calculated in the previous year.

The number of staff with a German employment contract rose by 231 (2.9%) in the public-benefit business area and by 3 (1.4%) at InS. By contrast, the year-end figure for national staff fell slightly by 22 (0.1%). Overall, the combined total of seconded field staff and national staff was down by 95. However, the change in staff numbers varied between countries. 63 countries saw an increase. The partner countries with the largest growth in staff numbers were Morocco (up 75), Ukraine (up 48), Rwanda (up 40), Côte d'Ivoire (up 39) and Indonesia (up 39). The number of staff working in the field decreased in 55 countries.

A total of 285 development workers were deployed by GIZ, in addition to 113 integrated experts and 92 returning experts who held employment contracts with organisations or companies in partner countries. Compared to the previous year, these numbers fell significantly over the course of 2023.

Salaries

Through the 2023 collective bargaining process, GIZ and ver.di negotiated a pay rise of 3% from 1 November 2023 and 4% from 1 August 2024. The upper and lower band limits will be raised accordingly. Gross trainee pay was increased on 1 November 2023 by € 220. A one-off inflation compensation bonus of € 3,000 was awarded to all staff covered by a collective agreement. The corresponding bonus for trainees was € 1,500. The present collective bargaining agreement runs up to 31 March 2025.

Purchases of goods and services

The following table compares the 2023 and 2022 year-end figures for worldwide awards of service and construction contracts, goods procurement orders and financing by GIZ.

Awards and orders*	Actual 2023	Actual 2022	Change	
	in € millions	in € millions	in € millions	in %
Head Office service contracts	570	562	8	1
Head Office construction contracts	4	5	-1	-25
Head Office financing arrangements	788	870	-82	-9
Head Office goods procurement orders	136	139	-3	-2
Total Head Office awards and orders	1,498	1,576	-78	-5
Local service contracts	270	288	-18	-6
Local construction contracts	28	33	-5	-14
Local financing arrangements	67	79	-12	-15
Local goods procurement orders	84	123	-39	-31
Total local awards and orders	449	523	-74	-14
GIZ total awards and orders	1,947	2,099	-152	-7

The figures shown above may contain rounding differences.

* The term 'awards and orders' refers both to awards of public sector contracts and orders within the meaning of German procurement law (Section 103 of the Act against Restraints on Competition) and awards of funding under financing arrangements.

In 2023, GIZ concluded contracts totalling approximately € 1,947 million with contractors and financing recipients. This figure was down 7% on the previous year. Contract awards and orders accounted for 49% of GIZ's total business volume.

Worldwide, financing arrangements in 2023 totalled € 855 million (€ 788 million through Head Office and € 67 million at local level). This is equivalent to roughly 44% of total procurement volume, making this the single biggest procurement category. Compared to the previous year, the volume of financing arrangements concluded worldwide fell by 10%.

Service contracts were the second-biggest procurement item in 2023 with a total worldwide volume of € 840 million (€ 570 million through Head Office and € 270 million at local level). Compared with the previous year, the worldwide volume of service contracts with companies and individuals fell by 1%.

In 2023, the worldwide total for goods procurement stood at € 220 million. Of this figure, € 136 million was attributable to Head Office and € 84 million to country offices. The total figure was 16% down on the previous year.

Across the globe, GIZ concluded construction contracts with a total value of € 32 million in 2023. This figure was down 16% year on year.

IV. Proportion of women on the Management Board, the two levels below the Management Board, the Supervisory Board and the Board of Trustees

a. Proportion of women on the Management Board

GIZ's Articles of Association stipulate that 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 no more than one seat.

During the period under review, up to 15 August 2023, the Management Board was made up of one woman and one man. As such, the proportion of women was 50%. On 15 August 2023, when Ms Herken took up her position on the Management Board, the proportion of women rose to 66.66%.

b. Proportion of women on the two levels below the Management Board

Section 7.1 of Germany's Public Corporate Governance Code (PCGK) requires the disclosure of the proportion of women in management positions, including specifically the two management levels below senior management.

In 2023, the proportion of women on the first level below the Management Board (Band 8) stood at 46.2% (6 women) compared with 38.5% (5 women) in 2022. On the next management level below this (Band 7), the proportion of women in 2023 was 42.5% (48 women) compared with 44.2% (50 women) in 2022. Overall, the proportion of women on the two levels below the Management Board changed from 43.7% (55 women) in 2022 to 42.9% (54 women) in 2023.

c. Proportion of women on the Supervisory Board

Section 6.2.1 PCGK states that 'The supervisory body shall be composed in such a way that ... existing statutory quotas and voluntary or obligatory internal targets ... regarding the composition of the supervisory body, in particular in terms of qualifications and the equal participation of different genders, are reached.' In addition, the company's shareholder must take account of Germany's Appointments to the 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 2023, out of the ten members appointed by the shareholder, the number of women stood at five and the number of men at five. The ten employee representatives on the Supervisory Board were also made up of five women and five men. As at 31 December 2023, the Supervisory Board had a total of 20 members. As such, the proportion of women on the Supervisory Board at the year-end was 50%.

d. 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 2023, out of a total of 40 trustees, there were 17 women. As such, the proportion of women was 42.5%. The proportion of women on the Board of Trustees was therefore higher than at the end of 2022, when it stood at 40%.

V. Outlook

a. Business forecast

The planned and forecast values for commissions received and income are based on the Management Board's current assessments of future business development. These take into account in particular the Budget Act dated 10 February 2024, the Federal Government's Medium-term Financial Plan from 2023 and the results of the institutional and operational dialogue with clients in the public-benefit business area as well as orders on hand and the current acquisition pipeline in GIZ's taxable business area, InS.

Planned totals for commissions received in the public-benefit business area

Looking ahead at the figures for 2024, the planned total for commissions received in the public-benefit business area is €3,611 million. This is €131 million (4%) below the actual figure for 2023, mainly due to lower federal budget funding. In the BMZ business sector, the planned total for commissions received in 2024 is €3,037 million. This figure consists of €1,746 million (58%) out of the TC budget, €340 million (11%) in the form of special initiatives, €209 million (7%) under other budget headings and €743 million (25%) from third-party cofinancing.

Compared to the actual figure for 2023, the volume of new commissions in the BMZ business sector is expected to fall by €144 million (5%), mainly due to the impact of the federal budget situation on the TC budget and other budget headings. GIZ will endeavour to make up for these reductions – at least partially – by acquiring additional third-party cofinancing. It is also targeting a modest rise in the volume of new commissions in the German public sector clients business sector, with a planned increase of €3 million (1%)

to €528 million compared with the actual total for 2023. This anticipated uptick in the volume of new commissions is primarily based on a largely well-advanced pipeline out of the International Climate Initiative (IKI) budget for 'investment in climate action and biodiversity protection in partner countries' and from expected commissions for major projects outside the IKI on behalf of BMWK. With regard to cofinancing, GIZ anticipates a significant increase compared with the actual figure for 2023, taking the total close to the 2022 level. This projection is partly based on opportunities for large-scale, one-off acquisitions under the Mitigation Action Facility.

The 'forecast' total for 2025 is €3,465 million (down €146 million/4% compared to the 'plan' figure for 2024), while the forecast for 2026 is €3,418 million (down €47 million/1% compared to the 2025 forecast). When determining these forecast amounts, it was assumed that the volume of commissions received from German public sector clients in particular will decline significantly but that commissions received from BMZ will register only a marginal decline.

Planned totals for commissions received in the InS business area

The plans drawn up by InS envisage a figure of €385 million for commissions received in 2024. This 'plan' total is €155 million (67%) above the actual figure for 2023. The main factor behind this significant increase is a large-scale commission of around €100 million from the Global Partnership for Education (GPE). The 'forecast' totals for 2025 and 2026 are €245 million and €251 million respectively.

Commissions received	Actual 2023	Share	Plan 2024	Forecast 2025	Forecast 2026
	in € millions	in %	in € millions	in € millions	in € millions
Public-benefit business area total	3,742	94	3,611	3,465	3,418
of which BMZ	3,182	80	3,037	3,013	3,008
of which German public sector clients	525	13	528	426	385
of which other business sectors	36	1	46	26	26
InS	230	6	385	245	251
GIZ total	3,972	100	3,996	3,710	3,669

The figures shown above may contain rounding differences.

Business volume

The planned figure for total business volume in 2024 is €3,738 million, comprising income of €3,475 million and a total operating performance of €263 million. This planned figure is €226 million (6%) below the actual 2023 total. The forecast business volume totals for 2025 and 2026 are €3,697 million and €3,593 million respectively. The following two sections explain the figures in more detail.

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 2022 to 2026.

Income	Actual 2022	Actual 2023	Plan 2024	Forecast 2025	Forecast 2026
	in € millions	in € millions	in € millions	in € millions	in € millions
BMZ	3,388	3,267	2,979	2,892	2,807
of which TC budget	1,955	1,862	1,748	1,670	1,650
of which special initiatives	619	533	471	442	386
of which other BMZ budgets	286	282	243	220	211
of which third-party cofinancing	529	589	517	560	560
German public sector clients	377	421	458	482	459
of which budget funds	334	377	408	422	399
of which third-party cofinancing	43	44	50	60	60
Other business sectors	26	33	38	39	39
Public-benefit business area total	3,791	3,721	3,475	3,413	3,305

The figures shown above may contain rounding differences.

Total planned income for 2024 is €3,475 million, which is down €246 million (7%) compared with the actual figure for 2023. In the BMZ business sector, GIZ plans to generate income of €2,979 million in 2024, comprising €1,748 million (59%) from

the TC budget, €471 million (16%) from special initiatives³, €243 million (8%) from other budgets and €517 million (17%) from third-party cofinancing. While income generated in the BMZ business sector is expected to fall significantly below the actual 2023 figure due to lower cash appropriations in the 2024 federal budget for the BMZ budgets relevant to GIZ, planned income 2024 for the German public sector clients business sector is above the actual 2023 figure due to the high volume of commissions received in the previous year.

With regard to planned income in 2024 in the public-benefit business sector, the main factors are set out below.

- As set out in the federal budget, the cash appropriation under the TC budget is to be reduced by €126 million (7%) to €1,788 million compared to 2023. Taking into account a share of €40 million for other governmental TC implementing organisations (PTB and BGR), GIZ anticipates income of €1,748 million in 2024. Compared to the actual figure for 2023, this corresponds to a decrease of €114 million (6%).
- The cash amounts allocated to all special initiatives in the 2024 budget are down compared to the 2023 budget. We therefore expect income from all these budgets to fall, with the exception of SI Decent Work for a Just Transition, where the high volume of commissions is expected to increase income levels in the short term.
- Income is expected to rise in the German public sector clients business sector, driven above all by IKI funding.

Total forecast income for 2025 is €3,413 million (down €62 million/2% compared to the planned 2024 figure), while the forecast total for 2026 is €3,305 million (down €108 million/3% compared to the forecast total for 2025). Given that cash appropriations for the BMZ budgets relevant to GIZ are set to be reduced, income from BMZ budget funding is expected to decline going forward. GIZ aims to counteract these reductions in federal budget funding by maintaining a high level of income from cofinancing.

Total operating performance at InS

InS is planning a total operating performance of €263 million for 2024. This corresponds to an increase of €16 million (6%) compared to the actual figure for 2023. The increase is due to the high volume of commissions received in preceding years, for which the associated projects are due to be implemented in 2024. For 2025 and 2026, InS anticipates a total operating performance of €285 million and €288 million respectively.

The planned figures for 2024 show total net income, which includes interest and taxes, of €3.3 million. For both 2025 and 2026, InS is aiming for total net income of €1.8 million.

Control parameter

In 2024 and the following years, the control parameter is projected to exceed the upper limit set by the Supervisory Board. On the basis of GIZ's actual and planned income for 2023 to 2026 and planned management costs in 2024, the control parameter is expected to be 12.7% in 2024. Compared with the actual figure of 11.6% for 2023, that represents an increase of around 1.1 percentage points. This overall increase has two main components, with approximately 0.4 percentage points attributable to lower income and 0.7 percentage points to higher budget requirements mainly linked to LSS S4GIZ (around 0.5 percentage points), the collective bargaining agreement (around 0.1 percentage points) and the imputed interest on capital employed. For 2025, we have forecast a control parameter of 13.0% as we expect to achieve only a moderate reduction in management costs given that substantial funding will still be required for digitalisation. In line with our goal to bring the control parameter back down below 13.0%, the forecast for 2026 is 12.9%. This implies a further reduction in management costs in 2026 and efforts to bring the control parameter back down below 12%.

³ SI Transformation of Agricultural and Food Systems, SI Displaced Persons and Host Countries, SI MENA, SI Decent Work for a Just Transition

b. Anticipated use of resources

Personnel forecast

GIZ's overall staff numbers are projected to fall by around 4.6% in 2024 compared to 2023. Following an increase in the size of the workforce up to 2023, staff numbers will be affected by declining income in the public-benefit business area from 2023 onwards. This impact will be partly offset by the high volume of orders on hand in the public-benefit business area and by the positive growth forecast at InS.

GIZ staff	Actual 2023	Plan 2024	Forecast 2025	Forecast 2026
Germany-based staff ¹	2,970	2,849	2,719	2,587
Project staff in Germany	2,940	2,785	2,672	2,602
Seconded field staff	2,626	2,540	2,440	2,377
Staff covered by the Collective Bargaining Agreement (MTV) or Public-Sector Remuneration System (TVöD)¹	8,536	8,174	7,831	7,566
National staff	17,098	16,288	15,871	15,421
Total employees¹	25,634	24,462	23,702	22,987

¹ Excluding the Management Board and trainees

Forecast purchases of goods and services

Given the nature of GIZ's business, it is very difficult to predict in any detail the future volume of goods, services and construction contracts and financing arrangements in a given year, as they depend very largely on the specific requirements of each project. The volume of future contracts depends to a considerable extent on the rate at which the business grows.

c. Risks and opportunities

Risks

GIZ's risk management system promotes risk awareness and allows staff to identify and deal with risks on the basis of standardised procedures. It sets out the principles, processes and roles involved in dealing proactively with potential risks. Risks are identified in a six-month cycle, but organisational units can report ad hoc risks at any time independently of this survey. GIZ has been using the integrated MIRAI risk management software for this process since 2023. GIZ's Management Board is kept informed about the risk situation every six months. Any action required is taken in regular consultation with relevant bodies such as the Risk and Compliance Committee. The Supervisory Board receives this information through the quarterly reporting system.

GIZ's focus in 2023 and subsequent years will be on the company-wide risks and challenges set out below.

- Structural fragility and conflict are part of the environment in an increasing number of the countries and regions in which GIZ operates. Due to these different crisis contexts, GIZ is particularly exposed to security and personnel risks (e.g. staff [mental] health), although political, strategic and commercial risks (e.g. increasing costs) can also have an adverse impact in terms of achieving project objectives. GIZ has established a professional system of security risk and crisis management in order to minimise risks in advance and protect its ability to deliver services in fragile contexts and high-risk countries. The costs associated with these risks are factored in during the annual planning on the basis of previous experience. Specific risks were taken into account by creating suitable provisions in the balance sheet.
- Although security risks in fragile contexts can be reduced by managing activities remotely from project offices in neighbouring countries, thus protecting GIZ's capacity to perform and deliver services, this arrangement can expose GIZ to higher risks in other areas, e.g. in terms of compliance with legal requirements and

fiduciary responsibility. To ensure that the desired outcomes are nevertheless achieved, remote implementation systems need to overcome particular challenges. These risks are countered by adopting stringent management systems and crisis plans and by increasing the frequency of inspections (internal controls, internal audits and, if necessary, external audits). The specific risks identified as a result of these measures were taken into account by creating balance sheet provisions to cover warranty and price risks.

- With regard to the two construction projects in Bonn and Eschborn, GIZ took out variable-rate loans hedged by interest rate swaps. The total amount drawn down as at the balance sheet date was € 173 million. The agreed variable interest rate for each interest settlement period of the loan term was hedged by interest rate swaps, adjusted to the repayment plan, which each form a valuation unit with the associated loan. The interest rate swaps effectively convert the variable interest expenses for the property loans taken out by GIZ into fixed interest payments. With regard to the total term of the loans (not beyond 2055), this creates a so-called synthetic fixed-interest loan. This arrangement is not expected to create any financial risk since profits or losses can only arise – depending on the interest rate level at the time – if the loans are redeemed early.
- The digitalisation of business processes is a key priority for GIZ. Increasing levels of investment funding have been made available in recent years to support this transition (e.g. LSS S4GIZ, LSS ISMS and other digitalisation projects). Given the complexity of the change processes involved and the limited availability of resources (especially technical staff due to the simultaneous nature of the processes), delays can occur during implementation and can lead to budget overruns. Projects are therefore closely monitored with a focus on key success factors. As the level of digitalisation increases, threat scenarios become more complex and place greater demands on the systems used to protect information and data. GIZ regularly raises awareness among its employees about threats and monitors the threat situation through the DIGITS Department and the Information Governance Unit.

- GIZ's pension schemes are reviewed on a regular basis to take account of changes in the actuarial parameters, actual life expectancies and changes in the minimum/fund assets for the pension obligations outsourced to Deutscher Pensionsfonds AG and GIZ Unterstützungskasse GmbH. Currently, no top-up risks are anticipated over the forecasting period.
- In principle, the risk of cost increases for the new GIZ Eschborn Campus development lies with the project developer due to the contractually agreed fixed price (€234 million). The project developer has cited 'frustration of contract' due to the Ukraine war and its consequences. However, the risk of cost increases is currently assessed as low since the project developer has not yet provided any evidence of frustration of contract in the form of verifiable statements and supporting documents, as required in legislation and relevant case law. For GIZ, the current federal budget situation and the impending drafting procedures present major challenges and create uncertainty over its future business development. The 2024 federal budget and the medium-term financial plan indicate that GIZ's income will fall in the coming years. However, there is considerable uncertainty in the medium-term financial plan as the German Government has not yet reached a consensus on the nature and scope of changes to the current version dated July 2023. At the same time, the impacts of the November 2023 freeze on commitment authorisations will continue into 2024 and subsequent years.

Opportunities

The wide range of risks described in the previous section show that GIZ continues to operate in a very challenging environment in 2024. At the same time, numerous opportunities can be identified. GIZ intends to focus its efforts this year on harnessing these opportunities.

- In response to declining federal budget funding and the German Government's growing emphasis on multilateral cooperation, the development and expansion of systematic partnerships with multilateral organisations offers GIZ significant opportunities. This approach is also aligned with BMZ's new multilateral strategy. For GIZ, expanding cooperation with multilateral actors opens up potential new growth paths and secures its core business. The focus here is on joint acquisitions, particularly in the Humanitarian-Development-Peace nexus (HDP nexus), or through GIZ accreditation with multilateral funds as potential new providers of third-party funding.
- At the same time, GIZ continues to pursue the short and medium-term goals of stabilising its business with the EU and other third-party funding providers at a high level by harnessing cofinancing opportunities more systematically. With specific regard to the EU, it is important for GIZ to address the regional and thematic implications of the current mid-term review of the 2021–2027 EU budget (including the European Commission's focus on implementing Global Gateway) and to further strengthen its ability to cooperate with other implementing organisations and development banks as part of the Team Europe approach. This strategy is supported by the reduced threshold for BMZ's share of the total commission value from 30% to 25%, by the expanded range of exceptions to this threshold (e.g. under cofinancing arrangements linked to regional Team Europe initiatives) and by intra-year strategic discussions between BMZ and GIZ.

- There is a growing sense of urgency over the need to make rapid progress on the energy transition, on protecting the climate and on promoting investment in renewable energies and climate financing. In October 2023, the Board of the Green Climate Fund (GCF) approved the extension of GIZ's accreditation for a further five years from January 2024. This creates business development opportunities in the area of climate finance. One example of this is the Thai Rice: Strengthening Climate-Smart Rice Farming project, also approved on 24 October 2023, with a total volume of €118 million (including €38 million of GCF funding), which uses innovative techniques to help reduce methane emissions from agriculture in Thailand in collaboration with the private sector.
- A new collaboration between GIZ and the Global Energy Alliance for People and Planet (GEAPP), which was set up by the IKEA Foundation, Rockefeller Foundation and the Bezos Earth Fund, aims to make a joint contribution to the global energy transition and promote investment in renewable energies for sustainable development. The partnership started with a collaboration in Malawi, and there are plans for further transnational initiatives that involve developing innovative financing models and building expertise in the field of renewable energies.
- The publication of ChatGPT-4 in November 2022 has accelerated debate on the use of generative AI to improve living conditions worldwide and solve global challenges such as climate change. At the same time, there is a growing awareness of the potential risks. Both now and in the coming years, this opens up a wide range of new opportunities for GIZ in terms of service provision and cooperation with partners.

GIZ analyses and evaluates the impact of the above risks on future results in its interim forecasts. Due to our analysis of opportunities and risks and the countermeasures, hedges and balance sheet provisions we have established, our current assessment is that there are no risks that might jeopardise the continued existence of the company.

Non-financial declaration

Details of the non-financial declaration required by section 289b HGB can be found online in GIZ's 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 2024

The Management Board

Thorsten Schäfer-Gümbel
Chair of the
Management Board

Ingrid-Gabriela Hoven
Deputy Chair of the
Management Board

Anna Sophie Herken
Member of the
Management Board

02

**Annual statement
of accounts
2023**

Balance sheet as at 31 December 2023

Assets

	Notes	31.12.2023		31.12.2022
		in €		€'000
A. Fixed assets				
I. Intangible assets	(1)			
1. Purchased concessions, industrial property rights and similar rights and assets as well as licences to such rights and assets		2,101,419.48		2,955
2. Advance payments made		1,299,029.87	3,400,449.35	1,214
II. Tangible assets	(1)			
1. Land, land rights and buildings including buildings on third-party land		283,752,795.90		293,300
2. Other plant, operating and office equipment		23,538,129.00		23,311
3. Advance payments made and assets under construction		128,983,390.10	436,274,315.00	106,394
III. Financial assets	(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		202,668
4. Other loans		111,102.94		151
5. Claims from administrative costs credit		0.00	203,339,810.18	18,045
			643,014,574.53	648,600
B. Current assets				
I. Inventories	(3)			
1. Projects in process		43,783,639.58		35,053
2. Advance payments made		1,205,238,971.86	1,249,022,611.44	1,234,620
II. Receivables and other assets	(4)			
1. Trade receivables		80,350,882.81		60,939
2. Project-related assets		255,570,500.18		258,387
3. Other assets		121,296,633.20	457,218,016.19	102,669
III. Cash in hand, Central Bank balances, bank balances			804,431,261.72	730,913
			2,510,671,889.35	2,422,581
C. Prepaid expenses			13,532,431.10	9,727
			3,167,218,894.98	3,080,908
Off-balance sheet item	(9)			
Trust assets € 3,565,356 (2022: € 4,395 thousand)				

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

Balance sheet as at 31 December 2023

Shareholder's Equity and Liabilities

	Notes	31.12.2023		31.12.2022	
		in €		€'000	
A. Shareholder's equity					
I. Subscribed capital	(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	
II. Capital reserve	(5)		5,112,918.81	5,113	
III. Revenue reserves					
Reserves as per Articles of Association	(6)		415,639,490.51	346,081	
IV. Unappropriated profit			0.00	0	359,886
B. Provisions	(7)				
1. Provisions for pensions and similar obligations			139,390,495.00	139,390	
2. Provisions for taxes			4,628,376.48	2,792	
3. Other provisions			183,271,618.83	162,896	305,079
C. Liabilities	(8)				
1. Liabilities to banks			172,976,768.06	121,525	
2. Advance payments received			2,134,452,270.01	2,186,366	
3. Trade payables			71,667,097.52	74,633	
4. Liabilities to affiliated companies			15,204,673.18	10,088	
5. Other liabilities			15,440,619.07	22,434	2,415,047
– of which relating to taxes € 13,560,371.53 (2022: € 19,352 thousand)					
– of which relating to social security € 0 (2022: € 0 thousand)					
D. Deferred income					
			742,280.78	896	
			3,167,218,894.98		3,080,908
Off-balance sheet item	(9)				
Trust liabilities € 3,565,356 (2022: € 4,395 thousand)					

Profit and loss account

Profit and loss account for the period from 1 January to 31 December 2023

	Notes	2023		2022
		in €		€'000
1. Turnover	(10)	4,017,290,812		3,763,238
2. Change in projects in process		8,730,359		3,600
3. Other capitalised services	(1)	507,059		496
Total operating performance			4,026,528,230	3,767,334
4. Other operating income	(11)		19,560,927	99,775
5. Cost of materials	(12)			
a) Purchased goods		207,582,107		222,255
b) Purchased services		2,063,222,947	2,270,805,053	1,898,936
6. Personnel costs	(13)			
a) Wages and salaries		1,275,412,088		1,193,580
b) Social security, retirement pension and support costs – of which in respect of retirement pensions: €96,827,947 (2022: €186,325,183)		296,890,370	1,572,302,458	372,338
7. Amortisation and depreciation of intangible and tangible fixed assets			19,319,511	18,756
8. Other operating expenses	(14)		117,395,655	92,724
9. Income from other securities and loans forming part of the financial assets			10,989	17
10. Other interest and similar income	(15)		12,031,437	1,036
11. Interest and similar expenses	(16)		6,529,775	1,800
12. Taxes on income	(17)		1,961,907	1,785
13. Earnings after taxes			69,817,223	65,988
14. Other taxes			258,707	116
15. Net profit for the year			69,558,516	65,872
16. Transfer to the reserves prescribed in the Articles of Association			-69,558,516	-65,872
17. Unappropriated profit			0	0

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

Notes to the accounts 2023

Notes to the balance sheet and the profit and loss account

As at the balance sheet date of 31 December 2023, the Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ) GmbH, Bonn/Eschborn, qualifies as a large corporation within the meaning of section 267 (3) 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 (2) sentence 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 amortisation or 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 Campus Kottenforst 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 any specific and general 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. In accordance with section 253 HGB, other assets with a remaining term of more than one year are discounted in line with their remaining term using the corresponding average market interest rate (published by the German Bundesbank) and shown at present value.

Cash in hand and bank balances 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 bank balances 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 year 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 year 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.

To finance pension obligations outsourced to Deutscher Pensionsfonds AG, assets were transferred during the outsourcing process. In 2022, following a request by Deutscher Pensionsfonds AG, GIZ paid an additional sum (top-up) into the cover fund to ensure that it continued to hold the minimum level of assets required under insurance law in the coming years. This top-up is treated in full as personnel expenses. Under its General Agreement with the Federal Government, GIZ is entitled to claim back the portion of this top-up corresponding to the public-benefit business area from the shareholder. Accordingly, the portion it is entitled to charge to the shareholder in future years was capitalised at present value under other assets.

GIZ has chosen to exercise the option provided for in Article 28 (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 2023 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 (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 are reported at their settlement amount.

Advance payments received are recognised at their nominal value.

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	31.12.2023	Tax rate	31.12.2023
	Difference between statutory and tax accounts		Deferred taxes
	in €'000	in %	in €'000
Cash in hand, Central Bank balances, bank balances	0	27.97	0
Other receivables	893	27.97	250
Provisions for pensions and similar obligations	24,804	27.97	6,938
Other provisions	2,138	27.97	598
Other liabilities	28	27.97	7
	27,863		7,793

As at the balance sheet date, there were deferred tax assets of €7,793.

Deferred taxes are recognised on differences between the statutory accounts and the tax accounts if the differences are likely to be reversed over subsequent fiscal years. Deferred tax is calculated on the basis of an effective tax rate of 27.97% that is expected to apply when the differences are reversed. As a general rule, 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 (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 €69.6 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 year 2023).

(2) Financial assets

In fiscal year 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 2023, 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 year 2022, the equity of sequa gGmbH totalled €4,972,880, with a surplus for the year of €0. As of this writing, the annual accounts as at 31 December 2023 were not yet available.

The item 'Securities held as fixed assets' contains a security-based investment fund established by GIZ at UBS. The securities are shown at their purchase cost of €202,667,845. As at the balance sheet date, the market value of the portfolio held in the security-based investment fund was €211,638,549.

In the previous year, this heading included the administrative costs credit, which is accounted for and administered by Deutscher Pensionsfonds AG. This item has been reclassified and is now shown under other assets. The year-end carrying value for 2023 was €18,560,000. The administrative costs credit consists of advance payments for the costs of administering the cover fund held at DPAG in connection with GIZ's pension obligations.

(3) Inventories

Advance payments made

Out of the total figure of €1,205,238,972, advances of €78,862,083 are covered by guarantees. A general allowance of 1% has been recognised for advance payments made. In total, advance payments made of €176,939,623 (previous year: €234,739,057) have a term of over one year.

Advance payments made by contract type

	2023	2022
	in €	in €
Financing agreements	1,038,733,905	1,087,185,810
Service contracts	88,261,454	108,908,372
Procurement of materials and equipment	91,121,039	57,998,710
Funds administered by GIZ (twinning)	105,359	39,001
Other	8,981,456	234,430
Impairment	-12,330,418	-12,603,502
VAT not yet offset on advance payments made	-9,633,823	-7,142,851
Total	1,205,238,972	1,234,619,970

(4) Receivables and other assets

	2023				2022			
	Residual term		Total 2023	of which from shareholder	Residual term		Total 2022	of which from shareholder
	less than 1 year	over 1 year			less than 1 year	over 1 year		
	in €	in €	in €	in €	in €'000	in €'000	in €'000	in €'000
1. Trade receivables								
– Public-benefit business area	42,159,901	0	42,159,901	38,028,297	28,192	0	28,192	25,714
– InS	38,190,982	0	38,190,982	24,276,632	32,747	0	32,747	6,590
	80,350,883	0	80,350,883	62,304,929	60,939	0	60,939	32,304
2. Project-related assets								
– Cash and bank balances	68,641,934	0	68,641,934	0	60,078	0	60,078	0
– Partnership services advanced	27,900,113	0	27,900,113	0	27,867	0	27,867	0
– Receivables, other	183,875,287	0	183,875,287	0	198,802	0	198,802	0
– Liabilities, other	–24,846,834	0	–24,846,834	0	–28,360	0	–28,360	0
	255,570,500	0	255,570,500	0	258,387	0	258,387	0
3. Other assets								
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	2,449,549	221,740	2,671,289	0	2,324	95	2,419	0
– from staff for travel and other advances	5,051,302	331,840	5,383,142	0	4,449	379	4,828	0
– from the tax authorities	745,261	0	745,261	0	173	0	173	0
– other	29,502,813	78,903,793	108,406,606	67,995,821	22,595	68,564	91,159	76,687
	37,748,925	83,547,708	121,296,633	72,086,156	29,541	73,128	102,669	80,777
	373,670,308	83,547,708	457,218,016	134,391,085	348,867	73,128	421,995	113,081

Under German public price law, the pension fund top-up is chargeable to the shareholder over a number of years. The item 'Other assets' includes €67,995,821 in respect of the portion not yet reclaimed. As this is a long-term receivable over eight years, the amount is recognised at present value.

The heading 'Other assets' now includes the administrative costs credit since this item is by nature an advance payment. 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. As at 31 December 2023, the administrative costs credit was shown at cost (€18,560,000).

(5) Capital (through payment)

	2023	2022
	in €	in €
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 2023	346,080,975
Net profit for the year transferred to reserves	69,558,516
Total as at 31 December 2023	415,639,491
Of which:	
– tied reserves	360,242,123
– untied reserves	55,397,368
	415,639,491

(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 (1) sentence 2 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 2023, the difference for the past service scheme was € 11,588,133 compared with the figure based

on discounting using the average market interest rate for the last seven years (1.74%). As at 31 December 2023, the difference for the future service scheme was € 10,601,330. The differences are subject to a bar on distribution.

The main actuarial parameters are listed in the following table.

	in %
Actuarial interest rate	1.82
Rate of pension increase during the qualifying period (2005 company pension scheme/bAV 2005)	4.77
Rate of pension increase during the qualifying period (pre-2005 company pension scheme/alte bAV)	3.26
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	3.00
Fluctuation, scaled according to age	0.00

The actuarial parameters were adjusted as at 31 December 2022. Excluding the fluctuation parameter has no impact on the calculation of the settlement amount for 'past service' and 'future service' under the 2005 pension scheme and no material impact on the calculation of the settlement amount for 'future service' under the old pension scheme (alte bAV).

Compared to the year-end figure for 2022, the funding deficit fell slightly to € 236,282,548.

	in €
Settlement amount	815,183,877
Pension fund assets	511,559,440
Frozen pension provisions	67,341,889
Funding deficit	236,282,548

As at 31 December 2023, there was a funding deficit of € 16,723,618 in respect of the indirect obligations to be settled by GIZ Unterstützungskasse GmbH (Bonn).

	in €
Settlement amount	528,892,404
Provident fund assets	23,362,204
Cash surrender value of employer's liability insurance	416,757,976
Frozen pension provisions	72,048,606
Funding deficit	16,723,618

Other provisions

Provisions for commitments in respect of phased retirement (Alters-zeit) and benefits were determined in accordance with actuarial methods. Maturity-congruent average market interest rates for the previous seven fiscal years of 1.18% (previous year: 0.75%) and 1.74% (previous year: 1.44%) were used.

Obligations totalling € 105,927 for phased-retirement schemes are fully covered by a fixed-term, non-interest bearing deposit (cover fund). 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 (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.

	2023	2022
	in €	in €
Working-time accounts	97,153,448	80,579,255
Warranty and costing risks	20,272,770	24,068,697
Leave credits	17,718,227	12,679,334
Variable remuneration	14,923,116	14,806,587
Outstanding administrative costs	8,367,105	6,665,686

(8) Liabilities

	Residual term			Total 2023 in €	of which to shareholder in €
	< 1 year in €	> 1 year in €	of which > 5 years in €		
1. Liabilities to banks	9,259,768	163,717,000	104,797,000	172,976,768	0
2. Advance payments received					
– Public-benefit business area	2,037,874,098	0	0	2,037,874,098	2,006,538,102
– InS	155,883,073	0	0	155,883,073	79,550,861
– Impairment	97,523	0	0	97,523	0
	2,193,854,694	0	0	2,193,854,694	2,086,098,962
Less					
– VAT not yet offset on advance payments received	– 59,402,424	0	0	– 59,402,424	– 56,178,321
	2,134,452,270	0	0	2,134,452,270	2,029,920,641
3. Trade payables	71,667,098	0	0	71,667,098	0
4. Liabilities to affiliated companies	15,204,673	0	0	15,204,673	0
5. Other liabilities	14,643,680	796,939	166,098	15,440,619	0
	2,245,227,489	164,513,939	104,963,098	2,409,741,428	2,029,920,641

	Residual term			Total 2022 in €'000	of which to shareholder in €'000
	< 1 year	> 1 year	of which > 5 years		
	in €'000	in €'000	in €'000		
1. Liabilities to banks	8,928	112,597	61,477	121,525	0
2. Advance payments received					
– Public-benefit business area	2,128,151	0	0	2,128,151	2,095,927
– InS	117,586	0	0	117,585	57,413
– Impairment	– 82	0	0	– 82	0
	2,245,655	0	0	2,245,654	2,153,340
Less					
– VAT not yet offset on advance payments received	– 59,288	0	0	– 59,288	– 56,414
	2,186,367	0	0	2,186,366	2,096,926
3. Trade payables	74,633	0	0	74,633	0
4. Liabilities to affiliated companies	10,088	0	0	10,088	0
5. Other liabilities	21,526	908	303	22,434	0
	2,301,542	113,505	61,779	2,415,046	2,096,926

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

Loan agreements

1. GIZ Bonn Campus loan

GIZ has a loan agreement with Postbank – a branch of Deutsche Bank 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 € 62,597,000.

As security for this loan, a registered land charge of € 84,037,000 plus annual interest of 15% and a one-off fee of 10% was entered in the land registry against the GIZ Campus in Bonn. An additional 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	€ 62,597,000

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.

2. GIZ Eschborn Campus loan

GIZ has a loan agreement with Deutsche Bank AG covering the purchase of land and construction of the GIZ Campus in Eschborn. The agreement runs up to 28 February 2055. The loan amount is € 230,000,000. The amount repayable by GIZ as at the reporting date was € 110,000,000.

As security for this loan, a registered land charge of € 230,000,000 plus annual interest of 15% and a one-off fee of 10% was entered in the land registry against the GIZ Campus in Eschborn. The registered land charges of € 65,100,000 and € 84,037,000 used as security for the loan under 1 (see above) were included as additional security for the overall exposure under both loans.

This property loan is covered by an interest rate swap agreement. For each quarter of the loan term, the agreed variable interest rate (fixed margin plus three-month EURIBOR) has been hedged by means of quarterly 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 2.093% per annum.

Underlying transaction/hedge	Risk/type of valuation unit	Amount included
Variable loan interest payment/interest rate swap	Interest rate risk/microhedge	€ 110,000,000

The underlying transaction is a variable-interest loan with a term up to February 2055. 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

	2023	2022
	in €	in €
Intangible and tangible assets	3,565,356	4,395,029

Assets of € 3,565,356 are matched by corresponding liabilities.

Notes to the profit and loss account

(10) Turnover

Turnover by business area

	2023	2022
	in €	in €
Business contracts	3,742,032,001	3,533,088,164
Grant-based (incl. GIZ-initiated measures with third-party financing)	33,142,705	31,295,711
Public-benefit business area	3,775,174,706	3,564,383,875
InS	242,116,106	198,854,509
	4,017,290,812	3,763,238,384

By location of commissioning party

	2023		2022	
	in €	in %	in €	in %
Federal Republic of Germany	3,927,738,685	98	3,678,910,415	98
Rest of Europe	76,823,955	2	68,768,540	2
Africa	8,100	< 1	342,871	< 1
Americas	3,526,087	< 1	9,021,892	< 1
Asia	9,193,985	< 1	6,194,666	< 1
	4,017,290,812		3,763,238,384	

By region of activity

	2023		2022	
	in €	in %	in €	in %
Africa	1,281,894,195	33	1,249,450,479	34
Americas	277,668,629	7	248,847,468	6
Asia	882,871,121	22	829,551,753	23
Europe	368,431,679	9	323,136,674	8
Oceania	2,396,527	< 1	3,235,987	< 1
Supraregional	1,204,028,661	29	1,109,016,023	28
	4,017,290,812		3,763,238,384	

Turnover by commissioning party in the public-benefit business area:

	2023	2022
	in €	in €
Federal Ministry for Economic Cooperation and Development	3,355,554,101	3,191,496,067
Federal Ministry for Economic Affairs and Climate Action	170,695,149	217,280,612
Federal Foreign Office	115,681,027	96,476,826
German Federal Ministry for the Environment, Nature Conservation, Nuclear Safety and Consumer Protection	80,970,202	10,454,896
Engagement Global gGmbH	28,248,457	28,418,135
Federal Office for Migration and Refugees	3,197,025	2,311,828
European Investment Bank	2,854,264	1,477,122
Federal Ministry for Digital and Transport	2,389,434	1,972,259
Federal Ministry of Labour and Social Affairs	1,763,952	1,607,859
Other turnover	13,821,095	12,888,271
	3,775,174,706	3,564,383,875

Turnover by commissioning party at InS

	2023	2022
	in €	in €
Federal Foreign Office	57,100,415	39,952,909
European Union	49,327,624	42,623,754
BMZ (InS)	33,422,860	12,492,018
Federal Ministry for Economic Affairs and Climate Action	21,579,264	19,021,837
Federal Ministry of Education and Research	7,473,835	6,935,507
German Aerospace Center	4,973,653	6,056,027
Emirates National Schools	4,867,527	1,057,500
Federal Office for Migration and Refugees	2,768,497	85,031
Federal Employment Agency (Triple Win)	4,853,472	4,046,276
Other turnover	55,748,959	66,583,650
	242,116,106	198,854,509

(11) Other operating income

Breakdown of other operating income

	2023	2022
	in €	in €
Income from reversal of provisions	7,764,069	15,489,269
Income from reversal of impairment losses	3,823,571	799,061
Income from administration cost refunds	3,049,437	2,353,765
Income from foreign currency valuations	1,512,839	2,684,629
Income from insurance refunds	1,360,686	1,020,703
Income from the pension fund top-up	0	76,686,779
Other income	2,050,325	741,357
	19,560,927	99,775,563

Income not related to the period under review was € 13,745,509 (previous year: € 93,295,050). This income is mainly due to reversals of provisions, reversals of impairment losses on receivables and income from insurance refunds.

(12) Cost of materials

	2023	2022
	in €	in €
Cost of purchased goods	207,582,107	222,255,553
of which materials and equipment purchased by projects	124,799,514	152,810,932
of which materials and equipment purchased through Head Office	79,242,961	64,963,802
Cost of purchased services	2,063,222,946	1,898,935,848
of which other external services	1,487,712,400	1,335,997,879
of which costs incurred by projects	272,825,687	272,843,303
of which financial contributions and grants	126,495,355	114,718,356
	2,270,805,053	2,121,191,401

(13) Personnel costs

	2023	2022
	in €	in €
Wages and salaries	1,275,412,088	1,193,580,006
of which project staff	566,948,275	539,001,462
of which national staff	378,827,916	363,909,518
of which Head Office staff	282,039,654	243,632,965
Social security, retirement pension and support costs	296,890,370	372,338,584
of which project staff	129,948,387	125,279,150
of which Head Office staff	72,959,246	67,078,887
of which national staff	66,531,562	61,672,800
of which pension fund top-up	9,035,733	94,962,541
	1,572,302,458	1,565,918,590

The total costs for GIZ Unterstützungskasse GmbH were € 18,415,442 (previous year: € 23,345,206).

The figure for the previous year includes one-off, out-of-period expenses of € 94,962,541 in respect of a pension fund-top-up. The main factors leading to this overall increase in personnel costs were the higher average headcount, collectively agreed and other salary increases and the one-off payment of inflation compensation bonuses totalling € 26,847,283.

(14) Other operating expenses

Breakdown of other operating expenses

	2023	2022
	in €	in €
Office operating costs	29,396,376	23,257,660
Consulting, appraisal and translation services	26,573,702	16,410,083
Offices	26,405,055	24,345,460
GIZ and external personnel	15,284,267	11,141,011
Provisions, e.g. for warranty and price risks	6,306,006	4,118,779
Foreign currency valuations	3,144,126	2,451,868
Impairment	1,042,086	3,251,994
Other expenses	9,244,037	7,747,447
	117,395,655	92,724,302

The item includes € 176,000 for the audit of the annual statement of accounts, € 52,500 for tax consultancy services and € 2,555,904 for other services provided by the external auditors, mainly audits of the proper use of funds (partly charged on to the audited projects) and IT system audits. Expenses not related to the period under review were € 485,794 (previous year: € 203,153). These expenses mainly consist of VAT corrections and asset retirements with a book loss.

The item 'office operating costs' includes ongoing IT operating costs, which rose by € 6 million year on year.

(15) Other interest and similar income

This item mainly relates to interest income of € 11,664,947 (previous year: € 965,687) on bank deposits. The interest on pension provisions was € 344,775 (previous year: € 0).

(16) Interest and similar expenses

These expenses relate primarily to interest charges of € 6,302,360 (previous year: € 1,514,690) in respect of liabilities. Interest expenses for the compounding of long-term provisions came to € 206,250 (previous year: € 160,568).

(17) Taxes on income

	2023	2022
	in €	in €
Corporation tax		
- income previous year	134,028	9,330
- expense current year	- 1,727,627	- 1,157,223
- expense previous year	- 31,344	- 19,951
Trade tax current year	- 324,514	- 602,590
Trade tax previous year	- 12,450	- 15,039
	- 1,961,907	- 1,785,473

The income and expenses shown in the above table for corporation tax and trade tax refer to GIZ's taxable business area, InS. With regard to its activities strictly linked to the corporate purpose (Zweckbetrieb), GIZ is not subject to corporation tax (section 5 (1) no. 9 German Corporation Tax Act, KStG) or trade tax (section 3 no. 6 German Trade Tax Act, GewStG).

Germany's Minimum Taxation Directive Implementation Act, which was published on 27 December 2023, is not expected to have any impact on GIZ's results.

Significant events after the balance sheet date

There were no significant events after the balance sheet date of 31 December 2023.

Other information

Company law

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/Main under HR B 12394.

Total other financial commitments

Other financial commitments totalled € 213,965,033.

Commitments under commercial leases

Commitments under commercial leases for office premises, parking spaces and IT equipment (2023 to 2027) stood at € 36,234,573. Out of this total, € 20,342,631 is payable in 2024.

Purchase commitments for investment projects

As at the balance sheet date, purchase commitments for investment projects totalled € 11,235. Other investment project commitments under the GIZ Eschborn Campus purchase agreement came to € 120,820,492. The purchase price will be paid in instalments (up

to the planned occupancy date in 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 € 55,924,896 (previous year: € 62,887,714). 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. Therefore, claims are not expected. As at the balance sheet date, there were 19 consortia in all. GIZ has the lead role in four of these consortia.

As at 31 December 2023, the risk arising from participation in the consortia amounted to € 998,733 (previous year: € 1,430,764). Based on the experience of recent years, claims are not expected.

Average employment during the year

	2023	2022
Germany-based staff	2,860	2,667
Project staff (Germany)	2,918	2,806
Field staff	2,653	2,755
Total GIZ employees (excluding national staff)	8,430	8,228
National staff	17,147	16,983
Total GIZ personnel	25,577	25,211

Supervisory Board and Management Board

Supervisory Board

Chair	Jochen Flasbarth	State Secretary, German Federal Ministry for Economic Cooperation and Development	Armin Hofmann	Programme Manager, GIZ
First Deputy Chair	Louisa Ameyo Agossivi Sedjro	Domestic Security Expert, GIZ	Carsten Körber	Member of the German Federal Parliament
Second Deputy Chair	Dr Wibke Thies	Senior Country Manager, GIZ	Harald Küppers	Project Manager, GIZ
	Felix Banaszak	Member of the German Federal Parliament	Claudia Raffelhüschen	Member of the German Federal Parliament
	Susanne Baumann	State Secretary, Federal Foreign Office	Dr Christiane Rohleder	State Secretary, Federal Ministry for the Environment, Nature Conservation, Nuclear Safety and Consumer Protection
	Ines Born	Ministry Coordinator, Unified Service Sector Union (ver.di), National Office	Sascha Rusgiarto	Risk Management Specialist, GIZ
	Katrin Gothmann	Cluster Coordinator, GIZ (up to 31 July 2023), Head of Section, GIZ (from 1 August 2023)	Steffen Saebisch	State Secretary, Federal Ministry of Finance
	Bettina Hagedorn	Member of the German Federal Parliament	Marcel Schmelz	Director, Unified Service Sector Union (ver.di), Wiesbaden Division
	Anja Hajduk	State Secretary, Federal Ministry for Economic Affairs and Climate Action	Dr Julius Spatz	Director, Asia II Division, GIZ
	Michael Hinterdobler	Deputy Director General, Head of Division, Bavarian State Chancellery	Daniela Suttner	Deputy Head of Regional Division, Unified Service Sector Union (ver.di), Hesse Regional Division

Management Board

Thorsten Schäfer-Gümbel

Areas of responsibility: Client Liaison and Business Development Department; Procurement, Property, Contracting, International Language Services Department; Human Relations Department; Asia, Pacific, Latin America, Caribbean Department; Academy for International Cooperation; Compliance and Integrity Unit; Corporate Development Unit; Corporate Communications Unit

Ingrid-Gabriela Hoven

Areas of responsibility: Sectoral Department; Finance Department; Sector and Global Programmes Department; Europe, Mediterranean, Central Asia Department; Evaluation Unit; Corporate Security Unit

Anna Sophie Herken (member of the Management Board from 15 August 2023)

Areas of responsibility: Digital Transformation and IT Solutions Department; International Services Department; Africa Department; Information Governance Unit; Auditing Unit; Legal Affairs and Insurance Unit

Remuneration

The remuneration received by members of the Management Board generally includes a fixed salary and a variable component. For members of the Management Board currently employed, the total remuneration in fiscal year 2023 was €646,351.

As at 31 December 2023, GIZ had an employer-financed provident fund commitment totalling €150,023 towards currently serving members of the Management Board. In 2023, GIZ transferred €171,636 to Alte Leipziger Unterstützungskasse e.V. in order to fund these pension commitments.

	Fixed salary in €	Variable remuneration in €	Total in €
Thorsten Schäfer-Gümbel	235,000	24,750	259,750
Ingrid-Gabriela Hoven	216,713	29,000	245,713
Anna Sophie Herken	92,863		92,863
Tanja Gönner		30,879	30,879
Other remuneration components			17,146
Total remuneration			646,351

In 2023, members of the Supervisory Board were solely reimbursed for their travel costs of €21,394. There was no further remuneration. Benefits totalling €42,236 were paid to one former member of the Management Board.

A provision of €698,128 has been recognised to cover transitional allowances for former managing directors and former members of the Management Board. Transitional allowance payments in fiscal year 2023 totalled €218,544. Indirect pension obligations towards former managing directors and former members of the Management Board totalled €14,691,199.

Loans to organs of the company

There are no loans to organs of the company.

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 2024

The Management Board

Thorsten Schäfer-Gümbel
Chair of the
Management Board

Ingrid-Gabriela Hoven
Deputy Chair of the
Management Board

Anna Sophie Herken
Member of the
Management Board

Appendix to the notes: Changes in fixed assets in fiscal year 2023

	Cost of acquisition					Amortisation and depreciation						Carrying amounts		
	Brought forward 1.1.2023	Grant-financed* fixed assets Additions	Additions	Reclassifica- tions	Retirements	Carried forward 31.12.2023	Brought forward 1.1.2023	In the fiscal year	Reclassifica- tions	Additions	Retirements	Carried forward 31.12.2023	31.12.2023	31.12.2022
	in €	in €	in €	in €	in €	in €	in €	in €	in €	in €	in €	in €	in €	in €'000
I. Intangible assets														
1. Purchased concessions, industrial property rights and similar rights and assets as well as licences to such rights and assets	11,421,346	0	200,259	0	11,583	11,610,022	8,465,959	1,054,163	0	0	11,520	9,508,602	2,101,420	2,955
2. Advance payments made	1,213,867	0	85,163	0	0	1,299,030	0	0	0	0	0	0	1,299,030	1,214
	12,635,213	0	285,422	0	11,583	12,909,052	8,465,959	1,054,163	0	0	11,520	9,508,602	3,400,450	4,169
II. Tangible assets														
1. Land, land rights and buildings including buildings on third-party land	393,541,389	0	31,752	0	331,754	393,241,388	100,241,177	9,579,168	0	0	331,754	109,488,592	283,752,796	293,300
2. Other plant, operating and office equipment	69,015,913	(268,744)	9,098,810	0	3,783,830	74,330,892	45,705,388	8,686,180	0	4,329	3,594,475	50,792,763	23,538,129	23,310
3. Advance payments made and assets under construction	106,394,044	0	22,589,346	0	0	128,983,390	0	0	0	0	0	0	128,983,390	106,394
	568,951,345	(268,744)	31,719,909	0	4,115,584	596,555,669	145,946,564	18,265,348	0	4,329	3,926,229	160,281,355	436,274,315	423,004
III. Financial assets														
1. Shares in affiliated companies	25,000	0	0	0	0	25,000	0	0	0	0	0	0	25,000	25
2. Participating interests	535,862	0	0	0	0	535,862	0	0	0	0	0	0	535,862	536
3. Securities held as fixed assets	202,667,845	0	0	0	0	202,667,845	0	0	0	0	0	0	202,667,845	202,668
4. Other loans	172,262	0	0	0	47,459	124,803	21,022	0	0	0	7,322	13,700	111,103	151
5. Claims from administrative costs credit	18,045,449	0	514,551	0	18,560,000	0	0	0	0	0	0	0	0	18,046
	221,446,418	0	514,551	0	18,607,459	203,353,510	21,022	0	0	0	7,322	13,700	203,339,810	221,426
	803,032,976	(268,744)	32,519,881	0	22,734,626	812,818,231	154,433,546	19,319,511	0	4,329	3,945,071	169,803,657	643,014,575	648,599

* Acquisition costs were offset against the investment grants.
The figures shown above may contain rounding differences of +/- one unit (€).

03

Auditor's report

Independent auditor's report

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

Audit Opinions

We have audited the annual financial statements of Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ) GmbH, Bonn/Eschborn, which comprise the balance sheet as at December 31, 2023, and the statement of profit and loss for the financial year from January 1 to December 31, 2023, and notes to the financial statements, including the presentation of the recognition and measurement policies. In addition, we have audited the management report of Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ) GmbH, for the financial year from January 1 to December 31, 2023. In accordance with the German legal requirements, we have not audited the content of the statement on corporate governance pursuant to § [Article] 289f Abs. [paragraph] 4 HGB [Handelsgesetzbuch: German Commercial Code] (disclosures on the quota for women on executive boards).

In our opinion, on the basis of the knowledge obtained in the audit,

→ the accompanying annual financial statements comply, in all material respects, with the requirements of German commercial law and give a true and fair view of the assets, liabilities and financial position of the Company as at December 31, 2023 and of its financial performance for the financial year from January 1 to December 31, 2023 in compliance with German Legally Required Accounting Principles, 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. Our audit opinion on the management report does not cover the content of the statement on corporate governance referred to above.

Pursuant to § [Article] 322 Abs. [paragraph] 3 Satz [sentence] 1 HGB, we declare that our audit has not led to any reservations relating to the legal compliance of the annual financial statements and of the management report.

Basis for the Audit Opinions

We conducted our audit of the annual financial statements and of the management report in accordance with § 317 HGB in compliance with German Generally Accepted Standards for Financial Statement Audits promulgated by the Institut der Wirtschaftsprüfer [Institute of Public Auditors in Germany] (IDW). Our responsibilities under those requirements and principles are further described in the "Auditor's Responsibilities for the Audit of the Annual Financial Statements and of the Management Report" section of our auditor's report. We are independent of the Company in accordance with the requirements of German commercial and professional law, 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 provide a basis for our audit opinions on the annual financial statements and on the management report.

Other Information

The executive directors are responsible for the other information. The other information comprises the statement on corporate governance pursuant to § 289f Abs. 4 HGB (disclosures on the quota for women on executive boards) as an unaudited part of the management report.

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

In connection with our audit, our responsibility is to read the other information mentioned above and, in so doing, to consider whether the other information

→ is materially inconsistent with the annual financial statements, with the management report disclosures audited in terms of content or with our knowledge obtained in the audit, or
→ otherwise appears to be materially misstated.

Responsibilities of the Executive Directors and the Supervisory Board for the Annual Financial Statements and the Management Report

The executive directors are responsible for the preparation of the annual financial statements that comply, in all material respects, with the requirements of German commercial law, and that the annual financial statements give a true and fair view of the assets, liabilities, financial position and financial performance of the Company in compliance with German Legally Required Accounting Principles. In addition, the executive directors are responsible for such internal control as they, in accordance with German Legally Required Accounting Principles, have determined necessary to enable the preparation of annual financial statements that are free from material misstatement, whether due to fraud (i. e., fraudulent financial reporting and misappropriation of assets) or error.

In preparing the annual financial statements, the executive directors are responsible for assessing the Company's ability to continue as a going concern. They also have the responsibility for disclosing, as applicable, matters related to going concern. In addition, they are responsible for financial reporting based on the going concern basis of accounting, provided no actual or legal circumstances conflict therewith.

Furthermore, the executive directors are responsible for the preparation of the management report that as a whole provides 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 executive directors are responsible for such arrangements and measures (systems) as they have considered necessary to enable the preparation of a management report that is in accordance with the applicable German

legal requirements, and to be able to provide sufficient appropriate evidence for the assertions in the management report.

The supervisory board is responsible for overseeing the Company's financial reporting process for the preparation of the annual financial statements and of the management report.

Auditor's Responsibilities for the Audit of the Annual Financial Statements and of the Management Report

Our objectives are to obtain reasonable assurance about whether the annual financial statements as a whole are free from material misstatement, whether due to fraud or error, and whether the management report as a whole provides an appropriate view of the Company's position and, in all material respects, is consistent with the annual financial statements and the knowledge obtained in the audit, complies with the German legal requirements and appropriately presents the opportunities and risks of future development, as well as to issue an auditor's report that includes our audit opinions on the annual financial statements and on the management report.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with § 317 HGB and in compliance with German Generally Accepted Standards for Financial Statement Audits promulgated by the Institut der Wirtschaftsprüfer (IDW) will always detect a material misstatement. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these annual financial statements and this management report.

We exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the annual financial statements and of the management report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our audit opinions. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls.
- Obtain an understanding of internal control relevant to the audit of the annual financial statements and of arrangements and measures (systems) relevant to the audit of the management report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an audit opinion on the effectiveness of these systems of the Company.
- Evaluate the appropriateness of accounting policies used by the executive directors and the reasonableness of estimates made by the executive directors and related disclosures.

- Conclude on the appropriateness of the executive directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related 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 audit opinions. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to be able to continue as a going concern.
- 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 a manner that the annual financial statements give a true and fair view of the assets, liabilities, financial position and financial performance of the Company in compliance with German Legally Required Accounting Principles.
- Evaluate the consistency of the management report with the annual financial statements, its conformity with German law, and the view of the Company's position it provides.

- Perform audit procedures on the prospective information presented by the executive directors in the management report. On the basis of sufficient appropriate audit evidence we evaluate, in particular, the significant assumptions used by the executive directors as a basis for the prospective information, and evaluate the proper derivation of the prospective information from these assumptions. We do not express a separate audit opinion on the prospective information and on the assumptions used as a basis. There is a substantial unavoidable risk that future events will differ materially from the prospective information.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

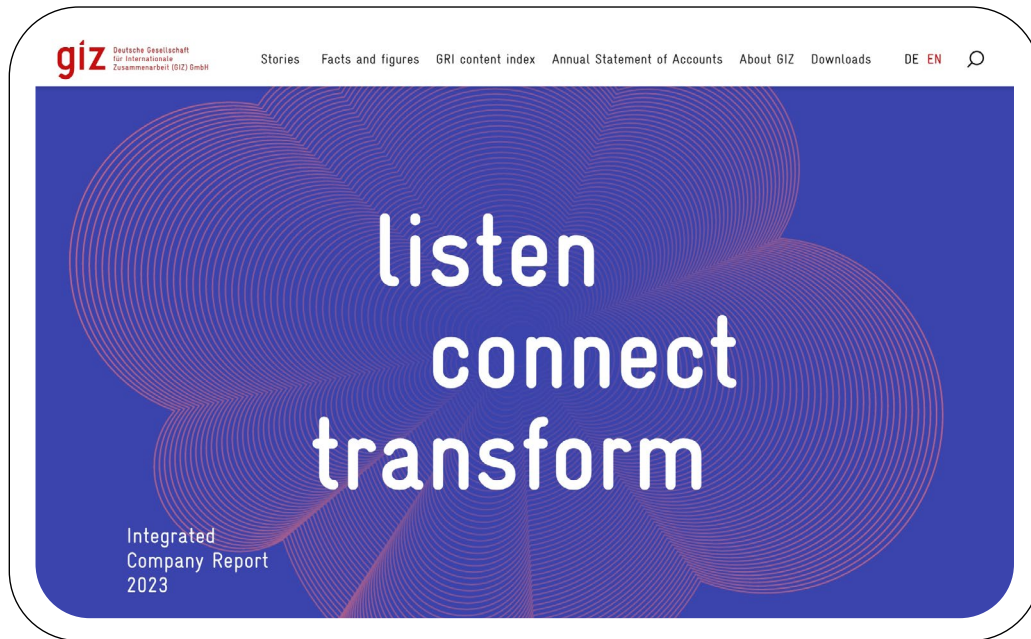
Frankfurt am Main, den 22. Mai 2024

PricewaterhouseCoopers GmbH
Wirtschaftsprüfungsgesellschaft

Dirk Wolfgang Fischer
Wirtschaftsprüfer

ppa. Ute Hanf
Wirtschaftsprüferin

Further reports of GIZ



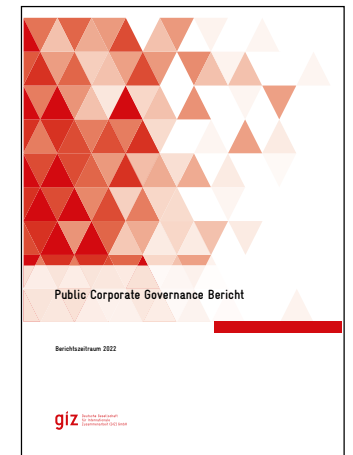
Integrated Company Report 2023

reporting.giz.de/2023

Home | Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ) GmbH



Corporate sustainability documents



Corporate governance documents (available in German only)



These and other reports produced by GIZ can be found under:

reporting.giz.de/2023

Downloads | Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ) GmbH

Publication details

Published by

Deutsche Gesellschaft für
Internationale Zusammenarbeit (GIZ) GmbH

Registered offices
Bonn and Eschborn

Friedrich-Ebert-Allee 32 + 36
53113 Bonn, Germany
T +49 228 44 60-0
F +49 228 44 60-17 66

E info@giz.de
I www.giz.de

Dag-Hammarskjöld-Weg 1 – 5
65760 Eschborn, Germany
T +49 61 96 79-0
F +49 61 96 79-11 15

l [linkedin.com/company/gizgmbh](https://www.linkedin.com/company/gizgmbh)
t twitter.com/giz_gmbh

Proofreading

IMC INTERNATIONAL
MARKETING COMMUNICATIONS –
Richard T. Lane, Mainz, Germany

Design and Layout

3st kommunikation GmbH, Mainz, Germany

Published in July 2024