

Speech by Tanja Gönner, Chair of the GIZ Management Board, at the 2015 annual press conference

Global results for Germany

Good morning, State Secretary,

Good morning, ladies and gentlemen,

And welcome to GIZ's annual press conference. I am delighted to share with you the details of a successful year of business and offer you some insights into our work.

- Our services are in demand. Besides the German Federal Ministry for Economic Cooperation and Development (BMZ), our principal commissioning party, more than 300 clients rely on our expertise, our experience and the high level of effectiveness that we achieve in our work.

As a service provider for the German Government, we are delighted that various federal ministries regularly commission us to work for them in developing countries, emerging economies and industrialised countries alike.

- Our services directly benefit people who are fleeing from war and disasters. In the last 10 years, we have provided support for six million refugees.
- At the forthcoming climate summit in Paris, the international community will negotiate new climate targets. We have been achieving significant results for Germany and our partner countries in this priority area for many years. Our work reduces climate-damaging carbon emissions and protects forests from chainsaws. Worldwide, the forests protected with GIZ's support over the last 10 years cover an area more than 150 times the size of Germany's own woodlands.
- We are also working to address the skills shortage, and although this is a very new project, we recruited around 500 engineers and nurses from other countries for Germany last year alone.

Our success is reflected in our business figures. In 2014, our business volume broke the EUR two billion barrier, reaching EUR 2.03 billion – an increase of EUR 100 million compared with 2013. Looking ahead, we anticipate that our total business will remain unchanged at this high level over the next few years.

In our business from the German Federal Ministry for Economic Cooperation and Development (BMZ), we achieved growth of EUR 151 million, pushing it up to around EUR 1.6 billion. This figure includes EUR 181 million in cofinancing for BMZ projects from the EU, the governments of other countries (such as the Netherlands), and the private sector.

GIZ is a service provider for the entire German Government. Commissions from other federal ministries – ranging from the Federal Environment Ministry to the Federal Foreign Office and the Federal Ministry for Economic Affairs – totalled EUR 239 million in 2014 (2013: EUR 265 million).

Through GIZ International Services (IS) we generated funds of around EUR 152 million (2013: EUR 178 million) in 2014 to support the German Government's international cooperation activities without relying on German taxpayers' money. We are keen to maintain this level in this business segment over the coming years.

Underlying the big figures – the 300-plus clients and the numerous partners with whom we cooperate – is the recognition that nowadays, no country can deal with the global challenges currently on the agenda on its own. The best example of this is climate change. Its causes and effects are not confined to individual countries or continents. GIZ has engaged in climate initiatives all over the world for decades. Climate change mitigation and adaptation projects account for around one third of GIZ's total portfolio at present and are one of our key priority areas. The results speak for themselves. On behalf of the German Environment Ministry, for example, GIZ has assisted its partners in India to reduce their greenhouse gas emissions by more than 160 tonnes over the last 10 years alone – equivalent to Germany's total annual transport sector emissions.

A major prerequisite for lowering emissions is using more clean energy. It may surprise you to hear, in view of the ongoing debate in the country, that with its energy system transformation – the *Energiewende* – Germany is a model for the international community. The Renewable Energy Sources Act, which regulates the feed-in of clean energy, is one of Germany's strongest exports and, with advice from GIZ, has been used as a blueprint for legislation in many other countries. On behalf of the German Government and other clients, GIZ is supporting the expansion of renewable energies in more than 30 countries. The electricity from solar and wind energy generated in the last 10 years in Brazil, India and South Africa alone would power eight million German households for a whole year.

To ensure that Germany maintains its position as an international energy sector pioneer and model, we are also looking further into the future. Together with the German Association of Energy and Water Industries (BDEW) and PricewaterhouseCoopers (PwC), we are currently conducting the *Delphi Energy Future* study. As part of this process, we are asking experts around the world to identify the trends that they expect to occur in the energy sector in the next 25 years. Some of the experts we have surveyed predict that the global expansion of

renewable energies could well lead to more intensive exploitation and scarcity of key commodities such as silver, copper and rare earths by 2040.

Europe and especially Germany, as a major site of industry and investment, already depend heavily on imports of these resources. The ensuing risks can be mitigated, not least, through relations with resource-rich countries, built over many years on a strong foundation of trust. Here too, GIZ is already engaged on behalf of the German Government. Together with the Ministry of Mines and Mineral Resources in Sierra Leone, for example, we have developed a licence management system that increases transparency in the granting of mining licences and thus helps to combat corruption. And in Mongolia, public employees are undergoing training so that they are able to assess the economic impacts of investment decisions in mining more effectively and thus improve the parameters in this sector, based on modern legislation and professional investment contracts.

Migration and expulsion form another highly topical global challenge. Since 2005, GIZ has provided support for more than six million refugees. Only last year, we were able to provide assistance, for example, to the thousands of people who have become refugees in their own country as a result of the armed conflict in Ukraine. Their situation was particularly critical at the end of 2014. Winter was fast approaching, and many of them had been forced to abandon everything they owned when they fled. The German Government responded very quickly and commissioned GIZ to build new winter accommodation for up to 4,600 displaced persons in Eastern Ukraine. We are continuing to assist refugees this year, too. In Northern Iraq, for example, we are currently building accommodation for 6,000 people, as well as schools and health centres for 200,000 people who are refugees from Syria and Northern Iraq, including many Yazidis who have fled from the terror of Islamic State.

However, our work is, of course, mainly about creating long-term prospects for local communities, especially in countries affected by conflict. For example, on behalf of the BMZ, GIZ is supporting major vocational training reforms in Pakistan. The project is funded by the European Union, Germany, the Netherlands and Norway. I should mention, incidentally, that the European Union is GIZ's second largest client, with a business volume amounting to EUR 114 million.

The reforms in Pakistan aim to improve people's lives through better training. Pakistan needs skilled workers, but they are currently in short supply. The country has major untapped potential: around half of its population of almost 200 million is under 22 years of age, but many of its young people are unskilled, jobless or underemployed. However, with our support, Pakistan is determined to change this situation. More than 50,000 participants,

around a third of them women, are already benefiting from better education and training, developed with GIZ's input, and have obtained qualifications in IT or as gemstone cutters, welders and tailors, for example.

Germany itself has a skills shortage in many sectors as well, due to demographic factors. We are not only one of Germany's most globally engaged companies, with a presence in more than 130 countries; we are also addressing issues such as the skills shortage in Germany itself. Together with the Federal Employment Agency, we have established a joint project to place qualified nurses from other countries with German employers. Well-qualified young workers are desperately needed in this sector in Germany, but they often cannot find employment in their own countries. Our Triple Win pilot project benefits not only the nurses themselves but also Germany's hospitals, care homes and care services. And it helps the countries of origin by easing the pressure on their labour markets. GIZ provides support for the nurses, for example by offering German language courses and guidance on 'Life in Germany' in their home countries, coordinating their migration to Germany and assisting with recognition of their qualifications. Around 280 nurses from Serbia, Bosnia-Herzegovina and the Philippines are already working in Germany. If we include the engineers from Tunisia and trainee nurses from Viet Nam, we have already recruited 500 skilled workers for Germany.

Understanding the needs of the economy and the people themselves and thus developing solutions that bring sustainable benefits for all parties is the hallmark of our work worldwide. For example, more than 40 per cent of the global cashew crop is produced by smallholder farmers in Africa. However, due to poor quality, low productivity and the lack of organisational structures, cashew farmers earn very little. A further problem is that less than ten per cent of the crop is processed in Africa, even though this is where the profit margins are largest. Hence, much of the potential to add value bypasses Africa altogether.

On behalf of the German Federal Ministry for Economic Cooperation and Development (BMZ) and the Bill and Melinda Gates Foundation, we have already helped more than 300,000 cashew farmers in Africa to improve their yields and product quality, and therefore, also their incomes. These 300,000 farmers are among more than one million smallholders worldwide who have been able to increase their incomes with GIZ's support since 2010. What's more, the Cashew Initiative has created around 5,800 jobs in the local cashew processing industry, which plays a key role in adding value.

Everything we do is driven by our dedicated staff. On 31 December 2014, GIZ had a total of 16,410 staff members (2013: 16,510); 3,072 were working in Germany (2013: 3,208) and

2,078 were seconded staff working abroad (2013: 2,058). Around 70 per cent of all our employees – a total of 11,260 individuals (2013: 11,244) – were employed in our partner countries as national personnel. GIZ also has 1,000 integrated and returning experts and 785 development workers.

Our staff are the main reason for our success, and I would like to thank them sincerely for their work. Without our staff, we could not succeed as we do. But deploying staff abroad is not without risks. The abduction of one of our employees in Afghanistan made this only too clear, once more. I am pleased to say that the employee concerned is now safe and well, back in Germany. Working in countries affected by crisis and conflict creates its own specific challenges. There is also high demand for our services from countries which are unable to fulfil their responsibilities to their own citizens adequately without support. Today, GIZ is mainly engaged in these countries. The ability to work globally also means that many of our employees face difficult conditions on a daily basis. This is a challenge which we embrace, doing so with enormous passion and professionalism, for our commissioning parties and, above all, for the local people.