



**Menschen
für
Menschen**

Karlheinz Böhms Äthiopienhilfe

'16

ANNUAL REPORT

REAFFORESTATION

New life on Mount Kundudo

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**MICROCREDITS Women become
entrepreneurs** > page 30

**DROUGHT Emergency aid for
the people of Agarfa** > page 33

HELP NEEDY FAMILIES TO BUILD A BETTER FUTURE – BECOME A VISIONARY SPONSOR



In Dale Wabera in western Ethiopia thousands of families live in bitter poverty. Since 2013 *Menschen für Menschen* has been working together with the population of this isolated region to achieve a permanent improvement in their living conditions.

With a sponsorship you can be part of this important project that will change the whole region:

- ✓ Support needy families and experience first hand how their everyday lives and environment change for the better, thanks to your generosity.
- ✓ 25 euros per month are sufficient to smooth the way out of poverty for families in the region.

Give the people of Dale Wabera a gift of a better future.

More information:

www.menschenfuermenschen.de/paten

paten@menschenfuermenschen.de

Service telephone: (089) 38 39 79-93

Menschen für Menschen Foundation
Brienner Straße 46
D-80333 München
Tel.: +49 (0)89 38 39 79-0
Fax: +49 (0)89 38 39 79-70
E-mail: info@menschenfuermenschen.org
www.menschenfuermenschen.de/en

Donation account:
Stadtsparkasse München
IBAN: DE64 7015 0000 0018 1800 18
BIC: SSKMDEMM



TITLE:
Proud harvest helper: daughter of model farmer Melke Jemam in the Wogdi project area

We want to preserve the forests of this world.
The FSC®-certified paper we use fulfils the environmentally and socially relevant criteria of the FSC.

In this report we introduce the work of the German Foundation in 2016 and demonstrate the use of donations.

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“Everything we do today, we do with future generations in mind. We have a duty to counteract the destruction of our planet and our children, and to leave a sustainable and liveable world for our grandchildren.”

Karlheinz Böhm (1928–2014)

MENSCHEN FÜR MENSCHEN

Menschen für Menschen was brought into being by prominent actor Karlheinz Böhm in 1981. Devastated by reports on the famine in the Sahel Zone, in 1981 Karlheinz Böhm used his popularity to help. His legendary bet in the ZDF show “Wetten, dass..?” yielded 1.2 million Deutschmarks in donations for the people in Africa. Since then our organisation has been committed to improving the living conditions of people in rural Ethiopia in the long term and campaigning for a spirit of partnership in the world. We attach great importance to political and confessional neutrality. Today *Menschen für Menschen* is represented by separate organizations in Germany, Austria and Belgium. Our office in Addis Ababa, which is operated by *Menschen für Menschen* Germany, coordinates and implements project work on site. It is financed by funds generated by the three European organizations.

OUR VISION

In a time in which injustice and conflicts result in growing uncertainty, we believe that each of us can help to change the world for the better. We envision a world in which poverty has been conquered and all people have fair development opportunities.

OUR MISSION

Menschen für Menschen gives those who strive for a better world the opportunity to engage themselves for the benefit of children, women and men in Ethiopia, to help them to shape their lives by their own efforts. In our project regions we have shown that cooperation with the local Ethiopian population results in a permanent improvement in living conditions. We will not cease in our efforts until the people no longer need us.



Dear Readers,

2016 was a year of contradictory developments and radical changes. A few years ago the return to national values that resulted in turn-arounds such as Brexit was hardly conceivable. At the same time, the international community is drawing closer together after decades of wrestling with central global challenges – such as the Climate Change Conference in Paris. This has all been accompanied and accelerated by rapid technological changes that are converting the world into a virtual village and gradually encompassing all aspects of social life.

These developments do not fail to leave their mark on a country such as Ethiopia. With the increasing availability of mobile devices the great wide world is becoming ever more present here, while the literacy rate remains at 50% and still only 48% of the population in rural areas have access to clean drinking water. The awareness of social differences is thus increasing. In advance of the G20 Summit in Hamburg, experts from the fields of science, civil society and business formulated the Charter of Berlin under the aegis of the German Ministry for Economic Cooperation and Development. The stipulations contained in the charter document the understanding that there is an urgent need for development cooperation at eye level and future prospects for the people in rural areas. *Menschen für Menschen* has been pursuing this aim for 35 years. Once again the views of our founder Karlheinz Böhm have been confirmed by social developments.

This strengthens us in our efforts – work that you again generously supported in 2016. Aid for self-development, as called for by Karlheinz Böhm, is founded on far-sighted support in five focal areas that influence and complement one another: sustainable land management, water and hygiene, education, health and human development.

You can read about how this all fits together in the report and interview on our reforestation project in Kundudu (pages 16–21). Based on a development concept that uses nature as an example, tangible results are becoming visible within the space of a few years: the soils are becoming fertile again, farmers and their families can eat more healthily and they obtain new sources of income. In many areas a substantial increase in agricultural production has been achieved by simple irrigation methods (pages 22–23). The prerequisite for this is access to clean water for the local population, as illustrated by our project example from Dulo Ager (pages 24–25). Reliable health care for the people is only possible when potable water is available. Often much can be achieved with few resources, as treatment of the widespread, highly contagious eye inflammation trachoma shows (pages 28–29). Supporting education – primarily through the construction of schools (pages 26–27) – and promoting the status of women, e.g. with the aid of microcredits (pages 30–31), are further essential pillars for creating a future perspective for people.

Despite our focus on sustainable self-development, in particularly dramatic times it is inevitable that acute emergency relief must be provided for a limited period. Our appeal for donations in 2016 has enabled us to support more than 32,000 people in their struggle to overcome the consequences of drought through the direct supply of basic foods (page 33).

Despite the demonstrable progress, as verified by our monitoring and evaluations in rural regions, we see daily how much work remains to be done. We are therefore delighted to report that thanks to your help our donation revenues again increased by 15% in 2016. Please remain loyal to our cause and continue to support the people of Ethiopia!

We wish you an interesting and informative read


Dr. Sebastian Brandis


Dr. Martin Hintermayer


Peter Renner

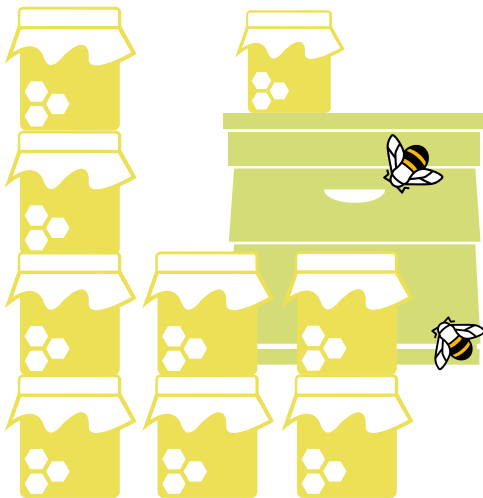
Executive Directors of the Menschen für Menschen Foundation, Germany

Achievements

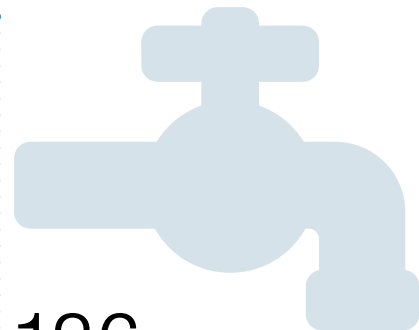
SINCE 1981 *Menschen für Menschen* has continuously expanded its project work in Ethiopia and enabled more and more people to live a better life. Selected performance indicators demonstrate our achievements so far. For more information and further key figures please refer to page 14 ff.

SUSTAINABLE LAND MANAGEMENT

1,251
modern
beehives
distributed



WATER, SANITATION AND HYGIENE



136
hand-dug wells
and spring
developments

The water points provide drinking water
for **about 44,800 people**.

SINCE 1981



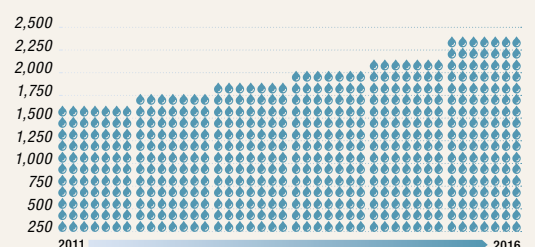
- 9,428 beehives
- 52,556 kilometres of soil bunds and terraces for erosion protection
- 212 million seedlings

TREE SEEDLINGS (increase in millions)



- 2,284 water points with drinking water quality
- Water supply systems for four small towns

WATER POINTS (increase)



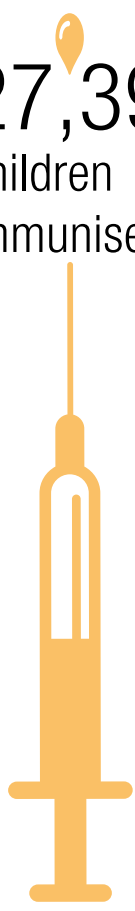
EDUCATION

10 schools constructed



HEALTH

27,397 children immunised



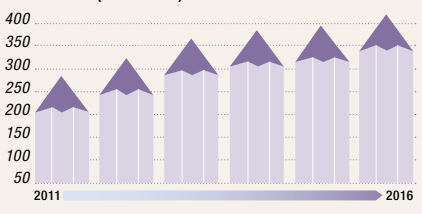
HUMAN DEVELOPMENT

In home economics courses 6,599 women have learnt ...



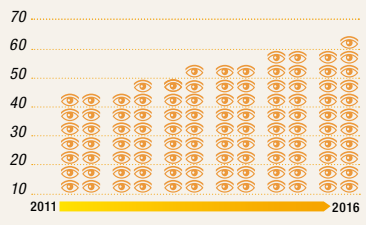
- 419 schools
- 337,472 participants in literacy courses
- 1,792 ATTC* graduates with technical diploma or bachelor

SCHOOLS (increase)



- 190,363 children immunised (since 2006, start of statistical counting)
- 62,590 eye operations

EYE OPs (increase in thousands)



- 26,387 microcredit borrowers
- 82,940 participants in home economics courses
- 5,157 handicraft training graduates

MICROCREDITS (increase in thousands)



* Agro Technical and Technology College

Strategy and goals

OUR AIM

The Foundation wants to enable the people of rural Ethiopia to improve their living conditions by their own efforts within a foreseeable time-frame. Our vision is that one day Ethiopia will no longer need outside assistance.

Furthermore, we want to sensitise Europeans for the critical situation of people in poor countries. We use examples of our Foundation's work in Ethiopia to create awareness for the requirements of sustainable project partnerships and to illustrate how people can help. Informational events, high-profile

campaigns and media work are some of the key instruments.

OUR STRATEGY

Because the problems in rural parts of Ethiopia are closely interwoven, it is rarely meaningful to address shortcomings in isolation from one another. For this reason, we work according to the principle of "integrated rural development". Together with the local population we tackle the necessary projects in selected project regions for sustainable development in five key areas and dovetail them with one another.

OUR FOCUS



SUSTAINABLE LAND MANAGEMENT

Food security by means of improved agricultural and husbandry methods, in combination with terracing and reforestation to combat soil erosion.



WATER, SANITATION AND HYGIENE

Hand-dug wells and spring developments for the provision of clean drinking water, awareness-raising for better hygiene.



EDUCATION Construction of schools and training centres, organisation of literacy courses to alleviate the educational crisis. Operation of a college.



HEALTH Construction and equipment of health centres to combat inadequate medical care, training of nursing staff and educational campaigns for health promotion.



HUMAN DEVELOPMENT Promotion of small businesses in the fight against poverty, microcredits and education for the betterment of women; development of infrastructure for improved access to markets.

In addition to these projects within the framework of integrated rural development projects, we provide short-term relief, e.g. in the event of food shortages.

SUSTAINABILITY AS A GUIDING PRINCIPLE

All our projects must be well-founded and oriented to the long-term. They must also continue to exist after our withdrawal. For this reason we involve the local population in our projects right from the outset, placing an emphasis on participation and dialogue at eye level. Upon completion, we hand over infrastructure facilities to the local authorities in order to avoid external dependencies.



All 1,200 schoolchildren participate: Hygiene Day at the village school in Abu Dorani in the Dano project area.

How we implement development projects



Workshop in Addis Ababa: Ethiopian employees responsible for monitoring and evaluation together with Nina Roggenbuck-Bauer (2nd from left) of the Menschen für Menschen Foundation, Germany.

APPROACH

EMPLOYEES ON SITE. Nearly 750 well-trained Ethiopian employees are engaged for us in the project areas. They are familiar with local conditions and speak the regional dialect. That creates trust and promotes direct exchange with the people who benefit from our projects. As the need arises, we cooperate with other Ethiopian partners (e.g. in building projects).

LOCAL NEEDS AS A BASELINE. In order to achieve the maximum impact with limited funds, *Menschen für Menschen* plans each project with the greatest of

care. The baseline is always specific local needs as determined by a process of exchange with the population. By virtue of our integrated approach to project work, integration of the local population and long-term commitment, we are able to achieve lasting improvements in living standards.

LONG-TERM SUPPORT. Even after handing over a project to the local population and authorities, we maintain contact with the people. Employees of *Menschen für Menschen* pay frequent visits to the former project regions. We regularly review our activities in the form of systematic monitoring and evaluation (see

following page). In this way we can constantly improve our procedures and secure the long-term success of our projects.

MINIMUM STANDARDS FOR CONTRACT PARTNERS.

A partnership calls for fairness. That also applies to the use of daily labourers. Since 2014 we oblige all building contractors who build schools for us in Ethiopia under contract to pay these temporary workers a fair minimum wage, independently of whether they are male or female. In addition, protective clothing such as helmets and gloves must be provided for work involving special risks.

HOW WE WORK

ANNUAL REPORT 2016

PROJECT FLOW

Each of our integrated development projects runs in six stages, extending over a number of years. Depending on the project, the term varies from nine to 15 years, in some cases even longer.

1. PROJECT AREA SELECTION

First of all, representatives of needy regions submit a request to *Menschen für Menschen*. In a preliminary study we gain an impression of the local situation and the preparedness of the population to cooperate in projects. On this basis we decide where the greatest needs and potential are to be found – both are criteria for initiating a project.

2. PLANNING

Together with the population, our experts prepare a needs assessment study and project schedule. The Project Coordination Office (PCO) in Addis Ababa reviews and approves each of these. The Executive Board approves the content of and budget for the project. An outline agreement with the Ethiopian government bodies is drawn up and signed.

3. IMPLEMENTATION

The project plan is implemented in various project phases. For each phase a three- or five-year agreement is concluded with the Ethiopian authorities. Each of these agreements specifies the goals, measures and responsibilities. The project team members of *Menschen für Menschen* live in the project area and are thus able to closely supervise the activities. The Foundation constructs offices, stores and repair workshops locally as needed.

PROJECT MANAGEMENT AND QUALITY ASSURANCE

To ensure that the donations entrusted to us generate the greatest possible benefits, we have established a comprehensive project management system that enables precise planning and control of the projects. The duty of documentation ensures that we can always verify that work is proceeding to schedule and targets are being met.

Our Ethiopian project management with its regional employees is responsible for the coordination of project work. In addition, the responsibility lies with the specialists at our PCO in Addis Ababa. The latter regularly submits an Annual Report to the Executive Board of the Foundation, which includes a detailed balance sheet for each project (Transparency and Compliance see page 38).

IMPACT MONITORING. In 2012 we set up a comprehensive impact monitoring system. Permanent monitoring and evaluation experts were appointed for the purpose at our Head Office in Munich and the PCO in Addis Ababa, as well as seven monitoring and evaluation supervisors in the project regions. Impact monitoring includes a systematic review of the impact of our activities. It allows key conclusions to be drawn on the project work and enables ongoing adjustment and improvement of projects. The monitoring system itself also undergoes a process of continuous evolution.



Coordinator Mekdes Shibru (right) talking to project team leaders.

EVALUATION. Evaluations at the end of a project phase or overall project serve to review the relevance, efficiency, effectiveness and sustainability of the projects undertaken. For this purpose, resources and activities (input), achievements (output) as well as direct and indirect effects (outcome and impact) are analysed. The impact assessment considers changes in the living conditions of people and the environment. The indirect impact is not only attributable to the projects of a single organisation, but also changes in the environment and projects of other agencies such

as the government or other organizations. These complex interrelationships must be taken into account. The evaluations are prepared for *Menschen für Menschen* by independent external appraisers, and evaluations are carried out by the Ethiopian authorities. The findings in these analyses always include an evaluation of our work. The results are integrated into the programme planning, thus ensuring the continuous development of the aid programmes.

4. EVALUATION

Besides the ongoing monitoring by our employees, the Ethiopian authorities and we also conduct our own interim evaluations. The results of the monitoring and interim evaluations form the basis for ongoing improvement of our project work and become part of the project agreement.

5. PHASE-OUT

Once the goals of an integrated development projects have been achieved, we withdraw step by step from the region. Our aid for self-development has been completed. The projects are handed over to the population and local administration, but our employees are still available for advice and assistance.

6. FINAL AND EX-POST EVALUATIONS

Upon completion of a project, both the Ethiopian government and we ourselves prepare an assessment of how effective our work has been and how sustainable the results are. The evaluations are carried out by independent experts.

M&E WORKSHOPS IN ADDIS: EXCHANGE BEYOND THE PROJECT BOUNDARIES

How do we measure the impact of our work, what data do we collect and which indicators do we need for optimum control of our projects? Questions such as this are on the agenda of the monitoring and evaluations workshops that usually take place once or twice a year in Addis Ababa. These two- to three-day workshops are attended by the responsible M&E officers from the project regions, specialists from the projects and the central Project Coordination Office (PCO) and Nina Roggenbuck-Bauer, responsible for M&E, from the Munich Head Office of *Menschen für Menschen*.

Normally, the meetings take place in the spacious conference room of the Organization for Women in Self Employment, directly adjacent to the PCO. They serve as a basis for personal exchange between M&E officers working in rural areas and the continuous development of impact assessment. "In August 2016 we invited an external consultant to our meeting who has already provided support in the introduction of impact-oriented monitoring," reports Nina Roggenbuck-Bauer. "The key issue was whether the indicators with which we measure the success of our activities will have to be adapted or expanded."

Example: In the focal area of Human Development we hitherto measured, among other things, improvements in the economic situation of women who have participated in the microcredit programme. Now addi-



Intensive exchange: employees from the project regions at the workshop.

tional data is to be collected on the effects of income-generating measures on young people and the poorest, landless peasants.

The M&E experts also discuss the acceptance level of the new activities of *Menschen für Menschen* in the various project regions – where there were initial reservations and mistrust in the population and where our efforts were particularly

successful. The aim is to learn from one another. It is of special importance that M&E officers take a critical look at these project developments. They are precise observers and must be able to accurately describe and judge positive and negative aspects. They cooperate closely with the project team in their regions.

WHAT WE DO

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JARSIE VILLAGE, WOGDI PROJECT REGION

Modern irrigation systems help small farmers to significantly increase their yield. How we gain the cooperation of the local people is explained on [PAGES 22-23](#)



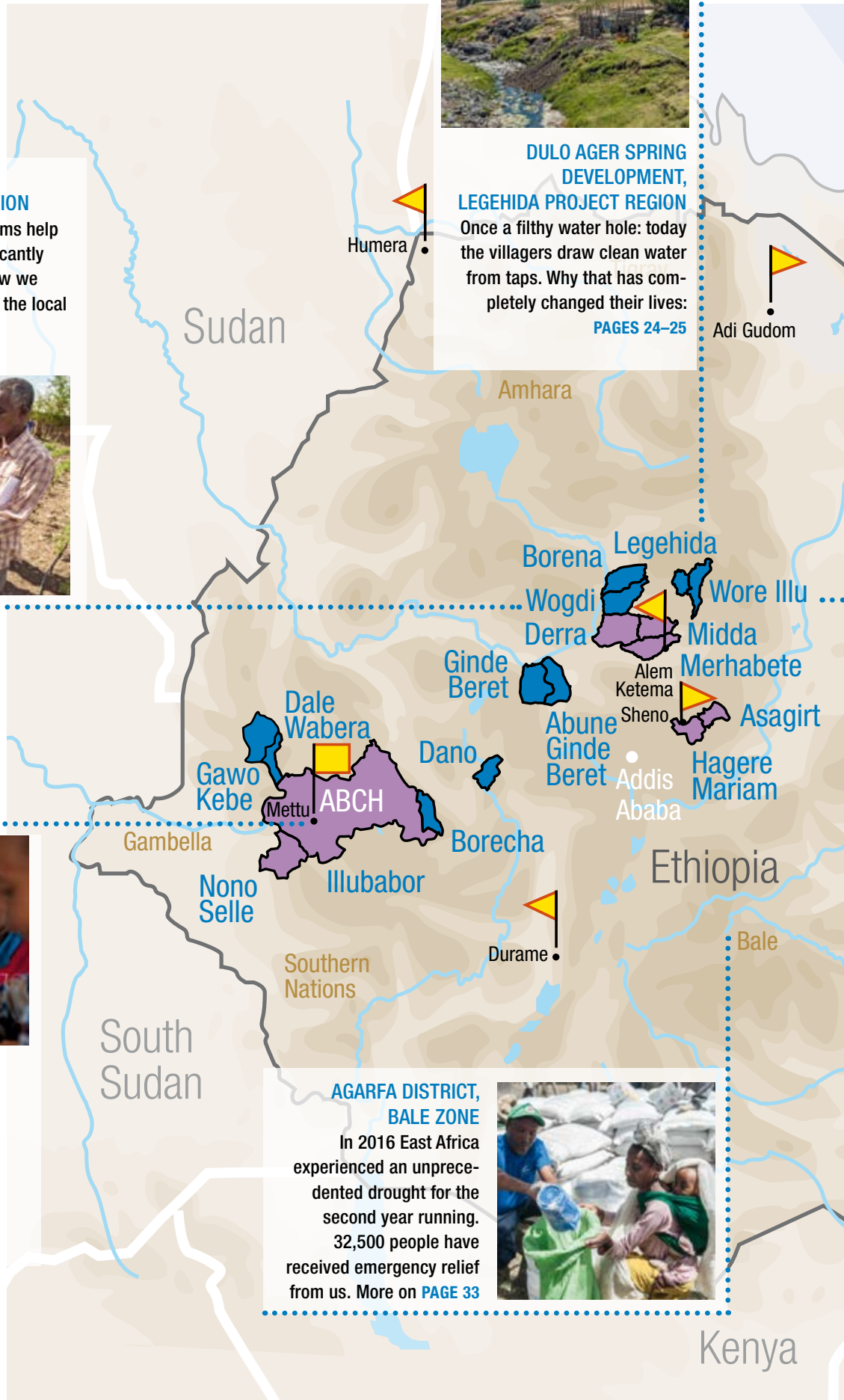
ABDII BORII CHILDREN'S HOME, METTU

For the past 20 years orphans have been finding comfort and safety at the Abdii Borii Children's Home and are supported on their way to an independent life: [PAGE 32](#)



DULO AGER SPRING DEVELOPMENT, LEGEHIDA PROJECT REGION

Once a filthy water hole: today the villagers draw clean water from taps. Why that has completely changed their lives: [PAGES 24-25](#)



AGARFA DISTRICT, BALE ZONE

In 2016 East Africa experienced an unprecedented drought for the second year running. 32,500 people have received emergency relief from us. More on [PAGE 33](#)



PROJEKTKARTE

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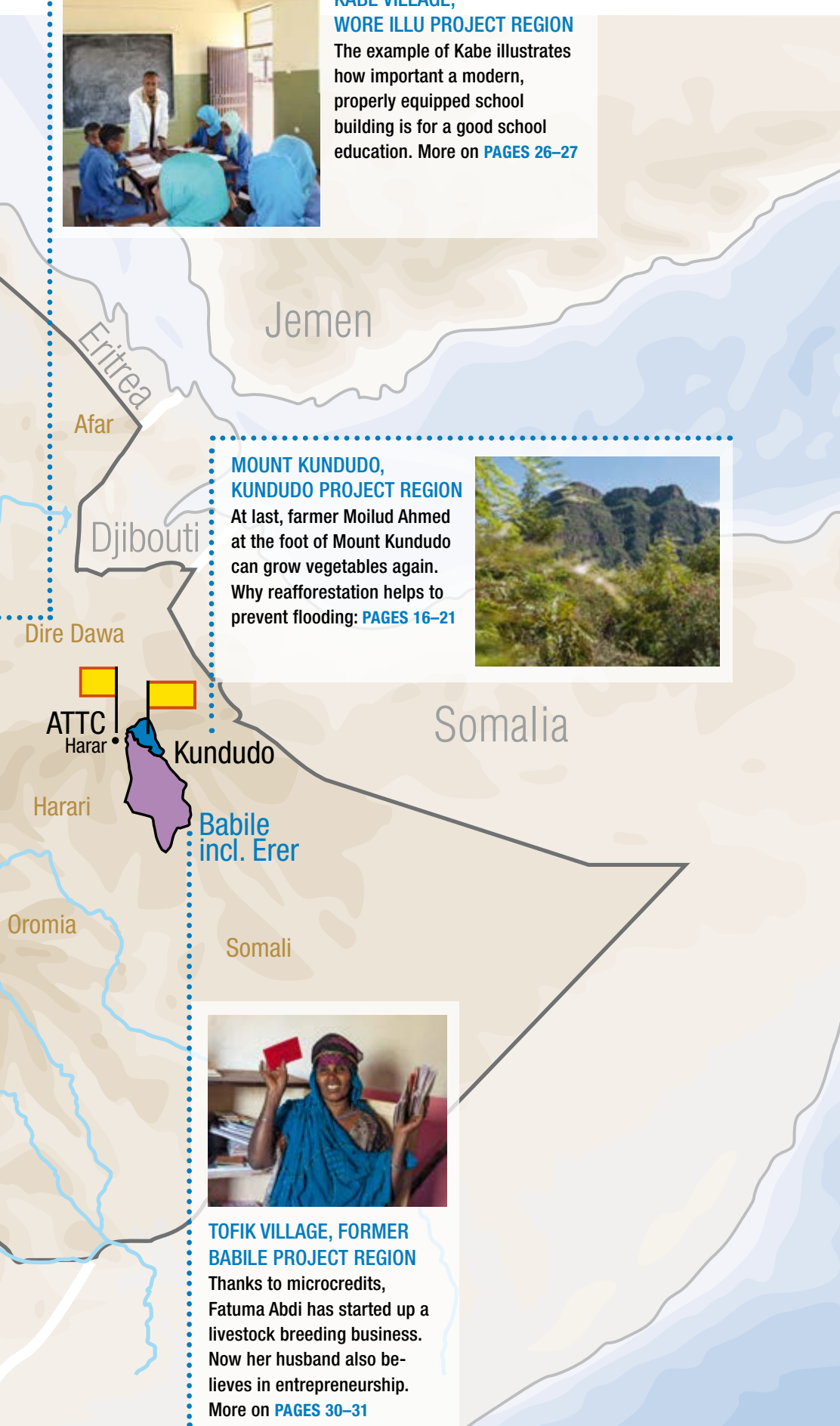
KABE VILLAGE, WORE ILLU PROJECT REGION
The example of Kabe illustrates how important a modern, properly equipped school building is for a good school education. More on [PAGES 26–27](#)



MOUNT KUNDUDO, KUNDUDO PROJECT REGION
At last, farmer Moilud Ahmed at the foot of Mount Kundudo can grow vegetables again. Why reforestation helps to prevent flooding: [PAGES 16–21](#)



TOFIK VILLAGE, FORMER BABILE PROJECT REGION
Thanks to microcredits, Fatuma Abdi has started up a livestock breeding business. Now her husband also believes in entrepreneurship. More on [PAGES 30–31](#)



Individual projects

Locations at which *Menschen für Menschen* is carrying out long-term specific projects:

- ABCH Abdii Borii Children's Home (Mettu)
- ATTC Agro Technical and Technology College (Harar)

TVET technical and vocational training centres

- TVET Adi Gudom
- TVET Alem Ketema
- TVET Durame
- TVET Humera
- TVET Sheno

Integrated rural development projects

Abune Ginde Beret	1,360 km ²
Borecha	960 km ²
Borena	980 km ²
Dano	659 km ²
Dale Wabera	1,132 km ²
Gawo Kebe	975 km ²
Ginde Beret	1,200 km ²
Kundudo	144 km ²
Legehida	429 km ²
Wogdi	1,122 km ²
Wore Illu	683 km ²

Development projects handed over to the local inhabitants

Asagirt	437 km ²
Babile	3,502 km ²
Derra	1,500 km ²
Hagere Mariam	752 km ²
Illubabor	32,000 km ²
Merhabete	1,210 km ²
Midda	900 km ²
Nono Selle	2,000 km ²

WHAT WE DO

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Activities and results 2016

In 2016 *Menschen für Menschen* carried out integrated rural development projects in eleven areas. They embrace activities in the areas of sustainable land management, WaSH, education, health and human development.

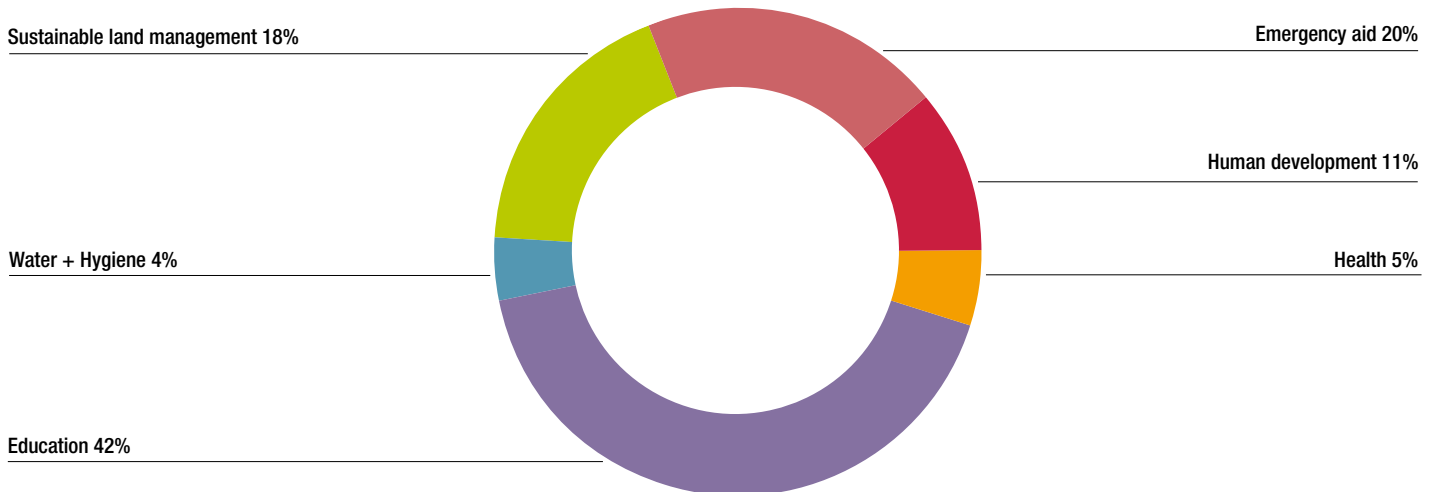
In addition, the Foundation maintains the Agro-Technical and Technology College (ATTC) in Harar and the Abdii Borii children's home in Mettu. In the 20 years since it was established, 239 children have already left the home and are now leading an independent life.

After the serious drought of 2015, the impact of the El Niño phenomenon was still evident in Ethiopia in the following year. The spring rains were virtually non-existent and the main rainy period fell short of expectations. Some parts of the country received an unusually high amount of rainfall, with the result that the young plants in the fields were washed away. In other parts the rains were well below average. As a result, over the year *Menschen für Menschen* provided 32,500 people in the Agarfa region south-east of Addis Ababa with rations of wheat, pulses and

cooking oil. Pregnant women, breastfeeding mothers and infants also received supplementary food.

In 2016 *Menschen für Menschen* spent a total of about 15.1 million euros (previous year 14.4 million euros) on project work in Ethiopia. The bulk of the funds – 11.6 million euros (previous year: 11.4 million euros) – was contributed by the German Foundation.

Project expenses in Ethiopia by segment



NOTES ON TABLE ON PAGE 15

Integrated rural development projects

- Abune Ginde Beret, Ginde Beret and Derra: project costs were borne by *Menschen für Menschen* Austria.

Infrastructure projects

- In each of the named regions *Menschen für Menschen* executed individual or multiple infrastructure measures. This included, for example, the building of roads, health centres and schools. The activities were organized from the adjoining project areas.

Individual projects

- Construction of educational facilities outside the project regions: organized by employees of neighbouring projects and the central office in Addis Ababa.

Project support

- The Project support is primarily assumed by our Project Coordination Office in Addis Ababa, the employees in direct development cooperation and purchasing staff at the German Foundation.

Project areas	Project term	Employees	Population supported	Expenditure in 2016 in €
PROJECT EXPENDITURE				
Integrated rural development projects				
Borecha	2007	70	85,019	407,869
Borena	2011	57	180,000	1,117,220
Ginde Beret	2011	55	130,917	871,007
Abune Ginde Beret	2012	25	126,377	982,199
Wogdi	2013	42	147,056	1,293,846
Dano	2013	86	114,629	1,002,133
Dale Wabera	2013	57	121,951	863,941
Legehida (2011–2013 Infrastructure project, managed from Wore Illu)	2014	0	82,834	129,556
Wore Illu (2011–2013 Infrastructure project)	2014	38	118,851	131,132
Gawo Kebe	2016	10	31,000	92,165
Kundudo (2012–2015 Reafforestation project)	2016	24	54,821	230,810
Integrated rural development projects (completed)				
Illubabor	1985–2013	6	1,363,150	51,055
Merhabete	1992–2009	0	137,570	0
Derra	1997–2010	0	209,649	8,409
Midda	2000–2013	9	101,233	15,165
Babile (Erer Valley 1981–2002)	2002–2013	0	108,068	0
Nono Selle	2007–2012	0	26,416	0
Asagirt	2007–2015	0	53,845	85,280
Hagere Mariam	2008–2015	9	60,055	30,468
Infrastructure projects (completed)				
Jamma	2005–2012	0	138,676	0
Jimma	2004–2008	0	139,131	0
Tigray	1992–1996	0	905,127	0
Individual projects				
Abdii Borii Children's Home (ABCH) (125 children in home, 31 in training, 208 independent)	1996	61	364	298,091
Agro Technical and Technology College (ATTC)	1992	129	660	938,070
Emergency aid			32,500	2,283,042
Construction of educational facilities outside project areas and other projects	2007	0	825,999	605,752
Central stock movements				2,583,763
Project Coordination Office (PCO) Addis Ababa		65		1,113,575
TOTAL PROJECT EXPENDITURE				15,134,549



New life on Mount Kundudo

900 kilometres of terracing, about 10 million seedlings *Menschen für Menschen* is implementing a huge reforestation project on the Kundudo plateau in eastern Ethiopia. It is representative of the Foundation's goal of restoring the livelihoods of the people of Ethiopia and securing them in the long term. In this way, we can prevent emergency situations such as the severe food shortage being experienced by parts of Ethiopia as a result of the continuing drought.





Seedlings are grown in a nursery at the foot of the mountain.

WHAT WE DO

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The other villagers had warned Moilud Ahmed not to build his hut at the foot of the hill. When the big rains come, it will be swept away. "I knew that it is dangerous to live so close to the slope," says the 35-year-old smallholder today. But the population in the area is growing, and land for cultivation and building is becoming scarce. "Until then we had lived in a hut on my parents' property, but when my wife became pregnant again we wanted our own home," says Moilud.

So they built at the foot of Tulu Korke, a hill on which only scrub and a few solitary trees grew. In the rainy season the water cascaded down the slopes. "I recognised the danger," says Moilud. "But I thought if I dug a trench and built a low wall, we would be safe." However, that was not enough. In the spring and late summer, when it rains continuously for weeks, the family's fields and vegetable plots sank in a morass. A major part of the harvest was lost. Even in their hut, the family often stood ankle-deep in water. "As farmers, we should look forward to the rain," says Moilud. "But at that point we were just afraid of it."

WE ONCE USED TO HUNT DEER IN THE FOREST

"In earlier days we didn't experience these floods," says Hassan Jami as he looks down over the barren mountain scenery. The 65-year-old shepherd with a curly grey and white beard was born in this area. He still remembers clearly how it used to look in his childhood. "The valleys and slopes were covered with dense forest, in which we hunted deer," he says. But we had to be careful: black panthers were often prowling in the undergrowth. "The forests supplied the people with meat, berries and medicinal herbs," says Hassan. "When we finally grasped the fact that they also protected us from flash floods, it was already too late."

The Kundudo Plateau is about 600 kilometres to the east of Addis Ababa, not far from the border with Somalia. The area is especially famous for the village Ejersa Goro, where Haile Selassie, Ethiopian ruler and last Emperor of Abyssinia, was born in 1892. A few kilometres further stands the mountain after which the region was named: the 3,000-metre high Mount Kundudo. It is a bizarre sight, with its luscious green slopes that rise out of the landscape like a gigantic staircase. From its peak it is claimed that in good weather one can see as far as the 250 kilometres

distant Gulf of Aden. The mountain is an attraction in every respect, and was once popular with tourists.

DEMAND FOR TIMBER RESULTED IN DEFORESTATION

In the past decades a less attractive spectacle has taken place at the foot of Mount Kundudo. The forests in which shepherd Hassan Jami hunted as a child gradually fell victim to the timber consumption of the growing population. The drastic tree clearance was not without consequences for the approx. 55,000 people on the Kundudo Plateau who today make their living mainly from agriculture and livestock farming. In addition to the floods that endangered humans, livestock and crops during the rainy season they suffered declining agricultural yields because the flash floods washed away valuable humus. A further problem is the water supply. Where rainwater run-off was unchecked, less water seeps into the soil. The groundwater supply can hardly be regenerated; wells and spring developments run dry.

"The situation is continuing to deteriorate," says Gebeyehu Seyoum, 44. The agricultural economist is the manager of a large-scale reforestation project initiated by the Menschen für Menschen Foundation on the Kundudo Plateau in 2012. "Our research showed that the people of this region were suffering increasingly from flooding as well as water and food shortages," says Gebeyehu Seyoum. The reason was clear: The lack of trees had upset the ecosystem in the region. According to the principle "Aid for self-

development" *Menschen für Menschen* developed an ambitious plan: The forest should return to Kundudo... and with it the life expectation of the people.

Five years later, the project has already left visible traces. Broad ridges are now covered with a maze of soil bunds to arrest the cascading water masses, and at the same time create horizontal surfaces on which seedlings can grow. A total of 500 kilometres of terraces are planned in the region. A further 400 kilometres of terraces will be constructed on the flatter slopes, providing space for field crops. Huge wire baskets filled with stones are to be installed where erosion has left deep scars in the landscape. These are intended to stop the flow of water and soil, ensuring that the huge gullies close up again. A total of 125 'gabions' of this type are proposed on the Kundudo Plateau.

VILLAGERS THEMSELVES CARRY OUT THE WORK

"Without the support of the local population, we would not have been able to organise a project of this size," says Gebeyehu Seyoum. Not least because it was the local residents themselves who built a system of terraces over the entire sloping terrain (cf. interview on page 20). A common early morning sight for several years now has been the construction crews, consisting of several hundred men, marching up the mountainside with spades and picks on their shoulders. Against a daily allowance they receive from the Foundation, they labour to hew solid steps into the slopes

Shepherd Hassan Jami lives on Mount Kundudo.





REAFFORESTATION ACCORDING TO THE PRINCIPLE OF SUSTAINABILITY

In its reforestation programmes *Menschen für Menschen* relies on indigenous trees such as the East African juniper (*Juniperus procera*) and the African olive (*Olea africana*). They are more robust and grow well in local conditions. In addition, fast-growing trees such as silk oaks and blue eucalyptus are being planted. They will soon enable the people to fell the timber they need for their stoves and to build houses. Awareness-raising plays a significant role here: the population will not accept the principle of sustainability through reforestation until they realise that they stand to benefit from the wooded hills. No more trees may be cut down than will grow back. The farmers must also learn that the plantations must be closed off to grazing animals, to give the young trees a chance to grow.

The interim evaluation of the reforestation project on Mount Kundudo confirms the approach already taken: already in 2015 the area of vegetation showed a 55% increase in tree cover compared to the starting year 2012.

with their bare hands. In addition, soil-stabilizing vetiver and seedlings are being planted. In this way, the local people are fundamentally changing the landscape of their region, with the aim of returning it to its original state.

The project is compatible with Ethiopia's plans to build an economy with low carbon dioxide emissions. It is a high-flying goal: by 2025 Ethiopia is to become a carbon dioxide-neutral and climate-friendly country with medium incomes. The "Climate-Resilient Green Economy" (CRGE) strategy prepared for this purpose embraces three goals: reduced emissions, reduced vulnerability to the consequences of climate change and securing economic growth.

The massive effort on Mount Kundudo is all the more remarkable because it is not necessarily those who performed the work who will benefit from it, but rather their children and grandchildren. For the past two centuries this has been a principle that forestry circumscribes with the term 'sustainability' (see box).

CONIFERS AND DECIDUOUS TREES ARE NOW THRIVING

"The local people have understood that the woodland must be restored," says Gebeyehu Seyoum. "The problem was that initially they did not trust us." The reason was a failed reforestation programme the government had launched in the region about 30 years ago. "At that time the seedlings were weak and

the terraces poorly laid out," says Seyoum. "Our first task was to convince the people that we could do it better." On the ridges of the Gara Guracha, 'Black Mountain', there can be no doubt that the new project will be more successful. Where up until a few years ago only a few thistles clung to the meagre soil, there is now a dense covering of conifers and deciduous trees. Seyoum stops next to one of them, a man-high silk oak, and grasps the trunk with his hand – a trunk that used to be only as thick as a broomstick. "In ten years' time this tree can be over 15 metres high," he says. The new growth is also making a noticeable difference at the foot of the Gara Guracha: the springs and wells in the valley now yield significantly more water.

The situation has also eased at the foot of Tulu Korke. Moilud Ahmed walks through his vegetable garden, radiating optimism. Beans and fat cabbages grow right and left, wheat and sorghum sway in the breeze on the flat foothills of Tulu Korke. A small eucalyptus copse supplies the family with wood. Further up, the terraces can be discerned as fine horizontal lines. When the heavy rains fell in the late summer of last year, the terraces retained the water for the main part. "The floods have diminished," says Moilud and looks over to the mountain that had been his enemy, but will soon be his friend again. "When the forest has been restored, my children and grandchildren will also be able to live here."





Short break with the workers: project manager Gebeyehu Seyoum.

“First of all we have to win over the optimists”

The reforestation project on Mount Kundudo did not immediately meet with a positive response from all residents. In an interview, project manager Gebeyehu Seyoum, 44, describes how *Menschen für Menschen* is planning this enormous intervention in the landscape – and how the Foundation managed to fire enthusiasm for the project among the local population.

The landscape around Mount Kundudo is characterised by terracing. What did it look like before the project started?

The situation was dramatic. Because the forests had been destroyed, the rain was able to pour in torrents down the barren hillsides, washing away the valuable topsoil and flooding the houses and fields in the valley. The soil was seriously degraded. A further problem was the drinking water supply. Because the rainwater ran off in flash floods, the groundwater reservoirs were no longer replenished. The wells and springs threatened to dry up.

How does one launch a project in such a complex problem situation?

We always start by consulting the people who live

here. After all, it is their homeland. If we want to change anything, we can only achieve it with their assistance and support. But we benefit from the excellent reputation that *Menschen für Menschen* enjoys in Ethiopia. It is generally acknowledged that our projects lead to long-term improvements in living conditions. On the other hand, the people here did not have much to lose: their huts and crops were destroyed again and again. Nevertheless, at the beginning it is often difficult. About 55,000 people live in eight communities at the foot of Mount Kundudo. Initially, we were only able to convince half of them.

Is there a reason to mistrust the project?

A problem in this case was that the inhabitants had

already had negative experiences with the construction of soil terraces on Mount Kundudo. An attempt had already been made many years ago by the Ethiopian government. But the terraces were wrongly constructed and unable to retain the water. The seedlings died. The project failed.

In addition, we are always confronted with a basic communicative challenge: the rural people grew up in village communities. They are sceptical when someone from outside comes and intervenes in their affairs. Some of them believe we are secretly pursuing our own agenda and that ultimately our work will result in disadvantages for them. For example, rumours were rife that the trees we wanted to plant would take the water from the field crops. But exactly the opposite is true. The woodlands established here

will allow the rain to percolate into the soil and the area will become more fertile.

How did you finally convince the local people?

Wherever you go, you will always find pessimists. On the other hand, some people approach new ideas with confidence and optimism. We must win over these people if we want to realise our projects. That's why we began with the members of the community who were well disposed towards us from the outset. We had to persuade the decision-makers to support our project and promote it in the village community.

How did you proceed?

We launched the project in 2012 by providing training courses in the surrounding villages on subjects such as water development and terrace construction. This was followed by the first work assignments with men from the village. They started by hacking huge steps into the hillside. The exact height and width of the steps was specified, and there should be hollows in

which the water could seep away. In these hollows we enriched the barren soil with geohumus before planting the trees. It was also important to close off the terraced slopes for shepherds. Goats or sheep would have immediately eaten the young seedlings.

A year later 90% of the young trees were still alive, and we finally had the people on our side.

Even those who didn't trust you initially?

When they observed our success, it was not long before they approached us and wanted to take part in the project. Although the work on the slopes is back-breaking, it is

paid for by us. But money is by no means the only motivation. Today dense scrub is growing on many slopes and the young forests are flourishing. The results are visible: those who live at the foot of these mountains no longer need to fear flash floods. And the wells and springs are more productive, because the groundwater has been replenished.

"It is generally acknowledged that our projects lead to long-term improvements in living conditions."



The forests have disappeared because the growing population is building timber houses and needs firewood. How do you want to solve this problem in future?

First of all, we close off the young forests. Guards from the villages ensure that they remain out of bounds. Parallel to this, together with the local population we establish small, private eucalyptus groves. Eucalyptus grows very quickly, and after only a few years its trunks can be used for house construction and firewood. On the waysides we have also planted eucalyptus as a buffer to the mixed forest, because people tend to simply help themselves here. It is important that they understand why we do that and that they will benefit from it in the long term. At some point they will be able to cut down trees again, but only at the rate that they grow back.

How long will it take for the landscape to recover?

Already in a few years it will look quite different here. Bushes and small trees will cover the previously barren slopes. And where small copses are growing, there will be woodlands in which birds, game and other animals can find a home. Together with the forest, the humus layer will also increase, which in turn will stabilise the trees. I am confident that in five years we will be seeing a completely different landscape – a landscape that protects the fields, villages and springs equally and thus safeguards the essential basis for human life.



Fertile land: a side effect of reforestation is an increase in the groundwater level.

WHAT WE DO

ANNUAL REPORT 2016



Sustainable land management

If we wish to secure food supplies in Ethiopia, we must support the smallholders. Although they produce over 90% of the agricultural products, their crops are often meagre, with the result that the agrarian country at the Horn of Africa is still reliant on food imports. In order to change all that, we teach the smallholders how to handle new grain and vegetable types, sow improved seeds and apply new farming methods.



Trainer Tariku Zenebe teaches farmers in Wogdi the principles of drip irrigation.

CASE STUDY

Agricultural training in Wogdi

BASELINE SITUATION

Argaw Galeta used to plant only maize, sorghum and wheat. His meagre harvests hardly earned him anything at the market. "People pay a bit more for fruit and vegetables, but I was simply unable to grow anything here," says Argaw, who lives in Jarsie, a village in the Wogdi project region. His main problem was irrigation: "Sometimes it is very dry and I can't water every single plant." Argaw, his wife and children had to subsist on the yield of his plot. Seldom was anything other than a fermented sourdough flatbread called injera and a spicy chickpea sauce called shiro to be seen on the table.

It is a dish that is common in Ethiopia and represents a massive problem. Although dough and pulses satisfy the appetite, this diet soon results in a deficit

of valuable vitamins, minerals and trace elements. The consequence is a lack of micronutrients that places particularly children and the unborn at risk. Most people cannot afford other foods such as fruit, vegetables, eggs or even meat. But the solution lies in the hands of the smallholders themselves. They produce a large portion of the country's agricultural produce, but their product range is too restricted and lacking in effectiveness. If we can succeed in changing that, the level of food security will increase and the agrarian country will be independent of food imports.

GOAL

Menschen für Menschen sees small farmers in Ethiopia as the key to food security. To help them

increase their yields, the Foundation trains farmers in dealing with new grain and vegetable types, improved seeds and new cultivation methods.

ACTIVITIES

Argaw Galeta decided to be the first in his village. The employees of *Menschen für Menschen*, who held out the prospect of a rich tomato harvest, convinced him with their arguments. Today, only a few weeks later, tender tomato plants are thriving on his 300 m² plot of land. At the edge of the field a metal container filled with water is supported on a wooden stand: a simple but effective drip irrigation system. Argaw opens a tap and the water flows into a hose system, drips out of tiny holes and saturates the ground precisely where the tomato plants are growing. "Now I can grow veg-

PROJECT WORK IN ETHIOPIA

ANNUAL REPORT 2016



Constant drips: the system is simple and enables large areas to be irrigated.

FUNDS ALLOCATED IN 2016

2,036,857 euros

KEY SUCCESSES:

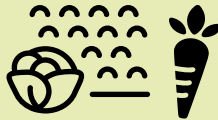
- 29 drip irrigation systems
- 1,923 newly laid out vegetable gardens
- 16.26 million seedlings distributed
- 936 hectares of afforested sites
- 1,870 kilometres of soil bunds and terracing for erosion protection

INPUT

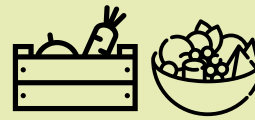


Training, seeds, drip irrigation systems

OUTPUT



OUTCOME



Higher agricultural yields, more diversified diet

IMPACT



Food security

“Drip irrigation helps farmers to grow vegetables in dry regions. Agricultural production in rural areas can be significantly increased with methods of this kind.”

Tariku Zenebe, 41,
agro specialist at *Menschen für Menschen*



etables without wasting time and water,” says Argaw. Soon he will be carrying his first harvest to market.

RESULTS

“The principle can also be applied to other kinds of vegetables,” says Tariku Zenebe, 41, head of the *Menschen für Menschen* agricultural department in the Wogdi project region, who assisted Argaw in laying out the field. Today he uses the brave farmer’s fields as an example of best practice for training purposes. About 40 farmers from the surrounding area came to learn about vegetable cultivation. “We explain how to prepare a field, how to sow, how to care for the plants and how to harvest and market the fruits,” says Tariku. The fruits must be well-prepared for sale, because they are hardly ever cooled.

Since 2013, Tariku and his colleagues have trained about 1,750 farmers in the Wogdi project region. Parallel to this, *Menschen für Menschen* social workers are showing the women how to prepare vegetables, many of them hitherto unknown. The Foundation has thus achieved two closely interrelated development goals: it boosts agricultural productivity and reduces local nutritional deficiencies.

FUNDS ALLOCATED

The cost of a drip irrigation system for an area of 300 m² together with vegetable seeds is 270 euros. Training in vegetable cultivation costs 7 euros per participant.

WHAT WE DO

ANNUAL REPORT 2016

Water, sanitation and hygiene

52% of Ethiopians in rural areas have no access to clean water; over 70% must live without adequate sanitary facilities. The consequence is the spread of serious diseases. The only way to combat them is to secure the water supply and improve the hygiene situation. That is why *Menschen für Menschen* constructs and repairs wells, spring developments and sanitary facilities in Ethiopia, and organises training courses in hygiene and sanitation.



Clean taps, simple operation: the new spring development at Dulo Ager.

CASE STUDY

Clean water for the people of Dulo Ager

BASELINE SITUATION

Six months ago Ibrahim became ill. "He suffered stomach cramps and became weaker and weaker," reports his 27-year-old mother Abebach Kebede. For two weeks the 11-year-old lay in bed, until four men from the village put him on a stretcher made of tied-together branches and set off to the nearest medical centre. The trek took them several hours. That saved Ibrahim's life. "He had typhus," says Abebach. "But the doctors were able to help him."

The reason for Ibrahim's sickness is to be found outside the village of Dulo Ager in the Legehida project region, where Abebach lives with her husband and three children. It is the village's water point: an open spring from which up until a few weeks ago

the local people fetched their water. But the cattle also came here to drink, because the spring was not protected by a fence.

It was a rivulet at the foot of the mountain, a low bank and a muddy pond. In rural Ethiopia many people are obliged to use dirty water, and it is not uncommon for them to share the water points with cattle. The consequences are serious gastrointestinal diseases, caused by bacteria, viruses or parasites. Although many wells have been dug in the past decades and spring developments built, in many places women and children often walk for hours to fetch a few litres of water for the family. That is time that could be better spent at school.

"For 15 days my son suffered terrible stomach pains and became weaker and weaker. At the hospital they diagnosed typhus. But medicine saved him. The people of my village have been plagued by such incidents for as long as I can remember. That has now come to an end."

Abebach Kebede, 27, beneficiary of the Dulo Ager spring development



PROJECT WORK IN ETHIOPIA

ANNUAL REPORT 2016



The village's water point used to look like this: a murky hole from which the cattle drank.

FUNDS ALLOCATED IN 2016:

493,459 euros

KEY SUCCESSES:

- 136 hand-dug wells and spring developments constructed
- 901 members of WaSH committees trained

INPUT



Construction of a spring development
Awareness raising and training

OUTPUT



Clean drinking water, population understands the importance of hygiene

OUTCOME



Higher standard of hygiene,
WaSH committees maintain well

IMPACT



Reduction in diseases due to polluted water

GOALS

The Menschen für Menschen Foundation sees the secure access to drinking water for all Ethiopians as a key goal of its work. For this reason it builds and repairs wells, spring developments and sanitary facilities in rural areas, and educates people in matters of hygiene.

ACTIVITIES

Three water taps project from a man-high grey concrete block at a place where once Abebach Kebede and the other inhabitants of the village of Dulo Ager used to fetch water from an open spring. Abebach positions her yellow jerry can under one of the taps, lifts the lever and allows the water to stream into the can. Once a day she comes here with her two donkeys

to fetch 100 litres of water for her five-person family. A few steps away from where she is drawing water, men are busy erecting a sturdy fence made of wooden poles that will keep the cattle away from the water point. It is a job commissioned by the "WaSH committee"*, a selected group of villagers that is responsible for operating the new water point. The members charge each user a small monthly fee and in return take care of the system maintenance.

RESULTS

The new spring development ensures Abebach and the other inhabitants of Dulo Ager access to clean water in the long term. But it means a lot more for the people here. If the pathogens are fought, illnesses and fatalities will diminish. More children will survive

and sickness-related absence in the schools will be reduced. The families must spend less money on medicine and can concentrate fully on the success of their crops. "The spring development has already changed our lives," says Abebach.

FUNDS ALLOCATED

Menschen für Menschen spends about 5,000 euros on the construction of a spring development like the one near Dulo Ager. The construction of a well costs 2,500 euros. In 2016 the Foundation built a total of 64 spring developments and 72 hand-dug wells, giving 44,800 people access to clean water.

* WaSH stands for Water, Sanitation and Hygiene

WHAT WE DO

ANNUAL REPORT 2016

 Education

In Ethiopia 43% of the men and 59% of the women cannot read or write. Particularly in rural areas, many people have no access to a good school education. In order to change all that and promote broad education, *Menschen für Menschen* is building modern schools and providing teaching materials. In addition, the Foundation offers functional literacy courses* for adults.

* Besides skills in reading, writing and arithmetic, functional literacy imparts knowledge relevant to everyday life, e.g. farming, health and family planning



Despite crumbling mud walls and sandworms in the floor, teacher Endro Shewaye strives to provide good lessons.

CASE STUDY

A new school for Kabe

BASELINE SITUATION

Endro Shewaye still remembers how, when he walked down the road to school, many children looked at him with envy. Others made fun of him. That was 1964, and only a few parents in the village Kabe, about 300 kilometres to the north of Addis Ababa, were in a position to send their children to the village school that had been opened only a few years previously. "The people were unfamiliar with schools," says Endro. "In their eyes, books were useless." The teachers could hardly help them to overcome the gap. "They were townfolk, wore white shirts and spoke with accents that the farmers couldn't understand," Endro remembers. He was lucky. His mother had once lived in Addis Ababa. "There she came to appreciate school and a good education."

More than half a century later, the number of schoolchildren in the small village school of Kabe in

the Wore Illu project area has grown to more than 1,300. Endro Shewaye, 59, former schoolboy, is now one of the teachers here. Much has changed since then, he reflects. Today it is only natural for the parents to send their children to school. But absences are common, because the children must help with the work in the household or in the fields. And the school buildings have hardly changed. The boys and girls must study in classrooms that resemble a barn rather than a school. The mud walls are brittle and termite-infested, the corrugated iron roofs are rusty and the children are troubled by sand worms in the floor. "They must regularly bring water to clean the floor," says Endro.

Kabe is one of many villages in Ethiopia today that still do not have a functioning school building. The schoolchildren learn in dark, dusty and dilapidated huts. The staff lacks teaching material, a shortage that usually has a negative impact on the children's performance.

In addition, the village schools have difficulty retaining suitable teaching staff from the cities. The consequence is that to date about 50% of adults in Ethiopia can hardly read or write.

GOALS

In our education strategy we consider the different phases of life. The construction of schools plays a critical role, because they lay the foundation for the subsequent educational biography. But we also build vocational training centres in rural regions and operate a technical college. Functional literacy courses for adults round off the educational programmes.

ACTIVITIES

Upon our visit to the Kabe school premises in summer 2016, five extensive rectangular foundations lying in the sunshine were heralding the future. Concrete col-

PROJECT WORK IN ETHIOPIA

ANNUAL REPORT 2016



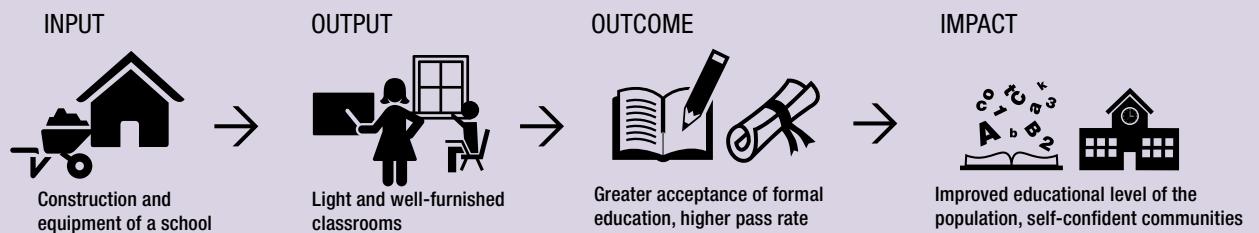
Learning is fun in the new, functional buildings.

FUNDS ALLOCATED IN 2016:

4,669,648 euros

KEY SUCCESSES:

- 10 schools constructed for a total of 14,311 schoolchildren
- 18,163 adults took part in functional literacy courses
- 142 bachelor graduates from the Agro-Technical and Technology College (ATTC)



“Our school was founded in 1958. The building used to be in a terrible condition. Now the new rooms are bright and attractive. The children enjoy their lessons and the parents take the school seriously.”

Endro Shewaye, 59,
Teacher at the Higher Primary School
in Kabe



umns soared into the air. Even the steel trusses onto which the gable roof would soon be welded had already been constructed. The building was completed and inaugurated at the end of 2016. Since then the Kabe schoolchildren have been learning in modern, clean classrooms with large blackboards on the walls and wide window fronts to admit the sunlight. “The schoolchildren are now proud to learn in a ‘real’ school,” says Endro.

RESULTS

Modern school buildings such as *Menschen für Menschen* is constructing in Ethiopia raise the level of performance, because they provide the girls and boys with an environment that promotes learning. The well-being of the teachers is also improved in such schools. They are more committed and remain longer in one location. In addition, the solid buildings create a better

image of school and education in the local community: “Where there are modern school buildings, the parents are more likely to ensure that their children go to school,” says Endro. “Respect for education is growing.”

FUNDS ALLOCATED

The costs of a new school complex for about 1,000 children amount to about 260,000 euros, including the administration building, library and sanitary facilities. In the past 35 years *Menschen für Menschen* has built 419 modern schools for about 447,000 schoolchildren. Ten school construction projects were completed in 2016 alone.

WHAT WE DO

ANNUAL REPORT 2016

 Health

In rural Ethiopia there is a serious lack of medical infrastructure. *Menschen für Menschen* supplies materials to rural health centres, trains doctors and assistants, organises immunization programmes and educates people on the ways to prevent diseases. Some urgent treatments are performed by the Foundation's medical staff.



Trichiasis at an advanced stage: surgery is free of charge for affected persons.

CASE STUDY

Trichiasis operations in Wore Illu

BASELINE SITUATION

This morning a dozen people are waiting in front of Dabash Bekele's surgery. A closer look reveals that they all have reddened eyes. The patients are suffering from trachoma, an infection of the eyelid that is common in Ethiopia. It is caused by a bacterium that proliferates where there is a lack of hygiene. With dramatic consequences: the infected eyelid rolls inwards, and with each blink of the eye the eyelashes scratch against the cornea. The eye burns and itches, and as the infection progresses there is a risk that the patient will lose his or her eyesight. At this stage – a condition known as trichiasis – only surgery will help.

GOALS

Menschen für Menschen strives to improve the provision of health care and treatment in rural regions.

It creates or sponsors local medical facilities and makes people aware of the risks of disease and methods of prevention. One focal area is the fight against trachoma, a highly contagious eye ailment. In Ethiopia 40% of children below the age of ten are infected; more than three million adults suffer from trichiasis.

ACTIVITIES

This morning Azenegas Hailu, 29, is one of the women waiting to be relieved of her suffering. When Dabash calls her, she timidly goes past the other waiting patients, and soon afterwards she is stretched out on the treatment table. Dabash Bekele and her assistant Mulu Hussein cover the patient's face with a sterile drape, with only a hole giving access to the inflamed eye. Dabash cleans the eyelid and injects a local anaes-

"Over the past 15 years I have assisted in over 10,000 trichiasis operations. We have saved the eyesight of so many people. That is a good feeling. But it's strange when people bless me out of gratitude on the street. After all, I'm only doing my job."

Dabash Bekele, 40, nurse in the Wore Illu project area



PROJECT WORK IN ETHIOPIA

ANNUAL REPORT 2016



Dabash Bekele (middle) and her assistant Mulu Hussein during an operation.

FUNDS ALLOCATED IN 2016:

602,974 euros

KEY SUCCESSES:

- 1,460 trichiasis operations
- 27,397 children immunised
- 58,860 voluntary participants in HIV/AIDS tests and consultations

INPUT



Equipment of health centres, education, trichiasis operations

OUTPUT



Population familiar with important hygiene procedures, eye ailments cured

OUTCOME



Higher standard of hygiene, reduction in infections, improved medical care

IMPACT



Improved health of the population in general

thetic. Then she performs a series of precise movements she has practiced again and again over the years: make an incision into the upper eyelid, disinfect the wound and suture the eyelid. Less than 20 minutes later the patient leaves the treatment room with a white bandage over her eye.

The patient must apply an antibiotic cream every day for the next week, and then the infection will have been brought under control. Dabash Bekele, who has been performing surgery on behalf of *Menschen für Menschen* for the past 15 years, began her career at the Foundation as a young adult – initially as a medical assistant. She exhibited great skill and before long she was able to assist the physicians in operations. Finally, in a series of medical training courses, she learned how to perform the surgical interventions herself. Today she is among the Foundation's most routinized trichiasis

surgeons. "It's a great feeling to be able to save people's eyesight," she enthuses. "But it would be even better if the inflammation could be prevented in the first place." Better hygiene with regular washing, closed latrines and the banning of animals from the people's living areas can prevent the disease. If recognised at an early stage, trachoma can be treated with medication. "The surgical procedure we are offering is the last resort," says Dabash.

RESULTS

To contain the spread of diseases in Ethiopia, the causes must first be combatted. That is why in 2016 *Menschen für Menschen* organised 90 hygiene campaigns in schools and villages, built sanitary facilities and helped the people to partition their houses with separate living areas for humans and livestock. In

addition, the *Menschen für Menschen* health team performed a total of 1,460 trichiasis operations.

FUNDS ALLOCATED

The 20-minute operation that can save a person from becoming blind costs 10 euros. To sensitise 120,000 people in an educational campaign for ways of preventing trachoma infection we have invested about 23,500 euros.

WHAT WE DO

ANNUAL REPORT 2016



Human development

The life of many women in rural Ethiopia is marked by discrimination and paternalism, often ending in domestic violence. This suppression is rooted in a deep dependency on their husbands. Only very few women dispose of their own income. In order to strengthen their role in society, *Menschen für Menschen* offers them training and microcredit programmes.



Group of women entrepreneurs: Fatuma Abdi (middle) presents peanuts she sells as seeds.

CASE STUDY

The seed is sprouting

BASELINE SITUATION

Fatuma Abdi still remembers the backache she used to suffer. On a daily basis she carried large bundles of twigs and heavy jerry cans over a distance of several kilometres. "When I fetched firewood or water for us I also brought some for other families," says the 38-year-old farmer's wife. "In this way I was able to earn a little bit extra." The yield from the tiny parcel of land that her husband farmed was minimal. "We were always afraid that one day it would not be enough to feed the children."

Then Fatuma Abdi heard about the microcredits that *Menschen für Menschen* was disbursing to help women in the region. She was interested in applying, but her husband was against the idea. He considered it dishonourable to incur debts. However, following

discussions, some of them with employees of the Foundation, he allowed himself to be persuaded. In 2002, when Fatuma was 23 years old, she became a founding member of the 'Dagale Jiru' credit association in her village Tofik in the former Babile project region.

"I was lucky," says Fatuma. Not every husband would have tolerated such a show of female self-esteem. Although gender equality is anchored in the Ethiopian constitution, tradition asserts itself in the everyday life many people. Accordingly, women have many duties, but hardly any rights.

GOALS

Menschen für Menschen strives to improve the living conditions of women and strengthen their role in so-

ciety in general. To enable them to build a secure existence, the Foundation enables them to take up a microcredit.

ACTIVITIES

Credit associations always function according to the same principle: eight to ten women become members of a savings group. Every month each of them must pay for exercise purposes the equivalent of 20 euro-cents into a joint fund, and they all undertake a course of training in simple business management. In Fatuma's case, ten such microcredit groups joined together to form a microcredit association that was officially registered and opened a bank account that was furnished with a starting capital of 370,000 birr, the equivalent of 15,000 euros, by *Menschen für Menschen*. The association began to give out loans of 1,000 birr, i.e. about 40 euros, to its members. Large charts on the wall of the association's office illustrate their success: bar diagrams drawn by felt

PROJECT WORK IN ETHIOPIA

ANNUAL REPORT 2016



Good figures: Charts in the office of the credit association testify to the commercial success of the women.

FUNDS ALLOCATED IN 2016:

1,177,998 euros

KEY SUCCESSSES:

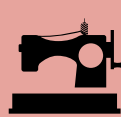
- 1,792 microcredit borrowers
- 151 participants in handicraft courses
- 6,599 women successfully completed a course in home economics

INPUT



Microcredits for women and founding of savings and credit associations

OUTPUT



Women set up a small business

OUTCOME



Income from a small business gives women more self-confidence

IMPACT



Improved socio-economic situation of women

"My husband wanted to prevent me from accepting a loan. With the aid of Menschen für Menschen I asserted myself. What luck! Since we have the income from my fattening business, we live much better."

Fatuma Abdi, 38,
founder of a microcredit association



pen show how their income rose sharply in the past few years. Today the balance has grown to about 36,500 euros. "We grant loans at an interest rate of 7.5% and for a term of two years," says Fatuma. She herself started with a loan of 1,000 birr in the founding year 2002. "From that money I bought 600 kilogrammes of peanuts, filled them into bags and sold them as seeds." The business generated a profit of about 2,000 birr, equivalent to 83 euros. Larger loans were to follow, and finally she started a livestock farming business. Today she buys calves, fattens them for six months and then sells them again. "At present I have six oxen," says Fatuma proudly. And what about her husband, who was once so opposed to a loan? "He now admits that the association has been a blessing to us."

RESULTS

Fatuma used to be afraid that her children would have to go hungry. But she has now leased a parcel of land,

built a house and is able to send two of her six children to a secondary school. The association continues to grow. New members are accepted every two years. Men have also applied, but Fatuma and the others have decided: "We women will stay on our own." Today the association grants loans of up to 20,000 birr, about 830 euros. The women have already planned the next joint venture: "As soon as we have collected enough money, we want to buy a truck and open a transport undertaking." As a haulier, Fatuma will soon be carrying tonnes of sand, stones or wood around the region. The seed has sprouted.

FUNDS ALLOCATED

In 2016 *Menschen für Menschen* enabled microcredits totalling 395,500 euros to a total of 1,792 women. 28 Courses in saving and credit management were held for 2,697 participants. Including their families, about 9,000 people are directly benefitting from the investment.

WHAT WE DO

ANNUAL REPORT 2016

Social issues

When a child in Ethiopia loses its parents, it is normally taken in by relatives. But it doesn't always work that way. Illegitimate children are often simply abandoned. In other cases there are no family members able to take in a child. At the Abdii Borii Children's Home, orphans and children from shattered families find a secure and loving environment. In 2016 the facility celebrated its 20th anniversary.



Like one big family: children at the Abdii Borii Children's Home.

PROJECT EXAMPLE

Love is the key

BASELINE SITUATION

Little Hanna Wakgira peers into the world with alert eyes – a world she almost never got to know. Hanna's father left her mother even before she was born. Their mother is destitute and mentally unstable. She is beset by angry outbursts and finds it difficult to control herself. Neighbours say that before the birth she announced that she would kill the baby.

Shortly after Hanna's birth, they called the police. They found the mother and new-born child blood-stained and neglected. They took Hanna away and brought her to the Mettu-Karl Hospital in the west Ethiopian town of Mettu, not far from the Abdii Borii Children's Home (ABCH). Hanna was admitted to the home a day later. That was in December 2016.

GOALS

Many personal histories at ABCH begin similar to that of Hanna Wakgira. The parents have died, disappeared or were psychologically and socially incapable of rearing their own child. Some newly-borns are



simply abandoned on the street. Other children end in one of the overfilled, poorly equipped state-owned orphanages.

That is not the case at the ABCH. At the children's home of the Menschen für Menschen Foundation, constructed in 1996, children grow up in a family-like home environment. About 30 girls and boys and four 'mothers' form a 'family'. In this sheltered setting, the children experience love and comfort from the first day onwards. As they grow older, they also learn how to assume responsibility – for themselves and for their 'siblings'. "We want to raise the children to become responsible citizens," says Director Lukas Dejene, 43. "Discipline is an important value that we convey. But the key to success is love."

RESULTS

At the ABCH little Hanna Wakgira will find the warmth and safety she needs to become a self-confident young woman. When she has finished school and must leave the home, she will not simply be released into the world. Like a real family, the children's home will fund her training or course of study, to enable her to find a place in the world she entered with an inquisitive look.



"Working with children is the most complicated job in the world. But when we see that our girls and boys are turning into compassionate and responsible adults, we mothers know: We have the best profession in the world."

Nuria Musa, 52, child care worker at ABCH.

FUNDS ALLOCATED

A total of 364 girls and boys have grown up here since the founding of the Abdii Borii Children's Home. 239 of them have already left it. A safe home for a child costs about 2,500 euros per year. In 2016 *Menschen für Menschen* allocated a total of 298,098 euros to the facility.

Emergency aid

Since 2015 East Africa has been experiencing the most serious drought for many decades. In Ethiopia alone 5.7 million people were still facing the risk of hunger in 2016. The United Nations called on the international community to help. *Menschen für Menschen* participated in the operation and in 2016 it supplied relief to up to 32,500 people in the south Ethiopian region of Agarfa.



With little Abdi on her back, Birtukan Lama collects her emergency relief package.

FUNDS ALLOCATED IN 2016:

2,283,042 euro

KEY SUCCESSES:

- Urgently needed food supplied to 32,500 people
- Severe malnutrition among children under five reduced from 83% to 2%
- Serious malnutrition among pregnant women and breastfeeding mothers reduced from 49% to 1.8%

Drought and hunger in Ethiopia

This morning, white cumulous clouds float in the sky like a good omen. Birtukan Lama ties her small son Abdi onto her back and sets out to collect her emergency aid package that for months now has been their only source of nutrition. A short while later, when mother and son reach the community centre in their village, about two hundred people have already assembled on the dust-dry field in front of the building. They are all farmers whose harvests have failed for the past two years due to the drought. Their stocks have been used up; many of them have had to sell their livestock. Now they are dependent on emergency food supplies.

An hour later, a white truck pulls up in front of the community centre. Men heave bulging grain sacks from the truck bed. The village people watch the scene placidly. They know it will take some time until they receive their ration. They are not allowed to line up until they have found and signed off their name on an official list.

ACTIVITIES

"Bureaucracy is necessary, so that only the really needy people receive relief," says Tewelde Gebre

Kidan. The 54-year-old is coordinating the *Menschen für Menschen* relief operation here in Ali Kalo in the Agarfa region, about 400 kilometres south of the capital Addis Ababa. The measure is part of a large-scale relief campaign together with the Ethiopian authorities and many other aid organizations.

Due to the drought, the fields where Birtukan Lama toils together with her husband still lie fallow. All they have is the emergency relief package containing 15 kilogrammes of wheat, 1.5 kilogrammes of pulses and 0.45 litres of cooking oil. That is the monthly allocation for each Ethiopian threatened by hunger. Birtukan collects three rations: one for herself, one for her husband and one for little Abdi. As a mother, she also receives Famix powder, from which she makes a protein-rich mash for her youngster. The package must suffice the family for four weeks. "Every day we pray for rain," says Birtukan.

RESULTS

Menschen für Menschen has been assisting farmers in the Agarfa region since November 2015. Meanwhile 32,500 people have received food packages. Following the partial rainfall, some of the farmers



"The goal of integrated project work is in fact to prevent emergency situations from arising. But when a catastrophe of these dimensions befalls the country, we see it as our duty as humans to help the needy population within the scope of our possibilities."

Peter Renner, Executive Board of *Menschen für Menschen Germany*

were able to work their fields again, and the number of people in need fell to 16,500. To date, the Foundation has dispensed 5,715 tonnes of food and 139,268 litres of oil.

WHAT WE DO

ANNUAL REPORT 2016

Education and public relations work

All over the world, people share the same basic needs for peace and a life without poverty and hunger. A liberal-minded and caring society must look beyond its own horizon. Right from the beginning, one of the primary aims of *Menschen für Menschen* was to combine its development work in Ethiopia with systematic educational and public relations work.

In our communications we pursue a networked approach and dovetail our activities to ensure that they reach different target groups. In doing so, we avail ourselves of various media and formats, from press releases and donor information, events and campaigns to the Internet and social media.

Our aim is to provide information about our humanitarian projects in Ethiopia and the life of the population. Using Ethiopia as an example, we want to open people's eyes to the difficult living conditions in countries suffering from extreme poverty. At the same time, it is important to demonstrate that the people in Ethiopia contribute their own resources in an effort to improve their lives. With their cooperation we want to establish what they need to help them do this by their own efforts.

Besides up-to-date information, visitors to our website www.menschenfuermenschen.de can download press releases, annual reports and our quarterly magazine NAGAYA. Our action portal www.highfive4life.de addresses a younger target group. It provides information and details ways of participating in projects to help the people in Ethiopia. Our Facebook page (www.facebook.com/menschenfuermenschen), through which we invite interested parties to enter into a dialogue and report on key events and activities, has over 4,500 fans.

In 2016 *Menschen für Menschen* published a total of 29 press releases and news items. To enable the media to gain a first-hand impression of our work locally, we accompany journalists on visits to the project areas in Ethiopia. Again in 2016, employees and numerous volunteers were regularly invited to schools, and were able to win new supporters and pioneers for our work at events of various types.

35 JAHRE MENSCHEN FÜR MENSCHEN



Karlheinz Böhm Prize for Horst Köhler

The Foundation awarded the Karlheinz Böhm Prize for the first time at an event to mark 35-year anniversary of *Menschen für Menschen* in November 2016. It went to former German President Horst Köhler, in recognition of the special contribution he made to the development of the African continent.

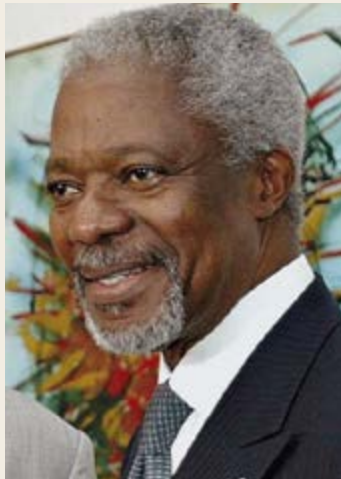
In his acceptance speech, Köhler remembered his friend Karlheinz Böhm, who was a role model "for an approach to development cooperation that focuses on the promotion of self-esteem in people." Today a trusting partnership with Africa also promises great opportunities for Europe: "Our first priority must be to create jobs and perspectives for young people," Köhler stressed. In his laudatio, German Minister of Development Gerd Müller acknowledged Horst Köhler's commitment for Africa that was a step ahead of its time.



Bronze umbrella thorn acacia as an award: Prize winner Horst Köhler, Berhanu Negussie, Sara Nuru and German Development Minister Gerd Müller (from left).

“All your activities are driven by the aim to create a positive and sustained impact where it matters. You share this approach with the Menschen für Menschen organisation that is carried by the vision of Karlheinz Böhm.”

Former UN Secretary General and Nobel Peace Prize winner Kofi Annan in a video message at the presentation of the Karlheinz Böhm Prize to Horst Köhler.



Berhanu Negussie, country representative of *Menschen für Menschen* in Ethiopia, handed over the Karlheinz Böhm Prize. It is not endowed, but the winner receives a bronze sculpture representing an Ethiopian umbrella thorn acacia. It symbolises the participative approach of the work of *Menschen für Menschen*. It was in the shade of a tree like this that Karlheinz Böhm talked to representatives of the local communities in the Erer Valley, the first project area of the foundation, about their concerns and needs. In future, the Karlheinz Böhm Prize will be awarded every two years.

About 200 guests, including many long-term officials, helpers, partners and donors of *Menschen für Menschen* from Germany, Austria, Belgium and Ethiopia attended the ceremony at the Munich Residenz. The presenters were journalist Joachim Umbach and *Menschen für Menschen* ambassador Sara Nuru.

FIELD VISIT BY VOLUNTEERS

In early 2016, seven men and women who have for many years been engaged in voluntary activities for *Menschen für Menschen* were invited to gain a first-hand impression of the organisation's work in Ethiopia. In the course of the ten-day trip, accompanied by two Munich-based employees of *Menschen für Menschen*, they visited the completed project areas Merhabete and Midda, as well as the ongoing integrated development projects in the Legehida and Wore Illu regions. “The people were so open and welcoming; they made us feel at home,” enthuses 24-year-old Rebecca Rössling from Ladenburg, the youngest member of the group. She was also impressed by the Foundation's work: “They are giving far more than just financial support. They are providing the means for development, the transfer of know-how and an opportunity for people to redefine their lives in the social and family environment.”

Menschen für Menschen organises regular project visits for volunteers – as a sign of recognition for their commitment and to enable them to acquire first-hand information on the Foundation's work.



Warm reception: Rebecca Rössling visits a school.

ACTIVELY COMMITTED TO “TOGETHER FOR AFRICA”

Again in 2016, *Menschen für Menschen* actively participated with over twenty aid organizations in the “Together for Africa” alliance. The priority topics of the year included the clarification of the causes of migration and the serious drought in East Africa. The joint campaign collected donations, and the member organizations topped up their own emergency aid. “Together for Africa” has also set itself the goal of reversing the negative image of the ‘lost continent’. A school campaign is encouraging a differentiated debate among schoolchildren in Germany on the diversity and opportunities for Africa. Specially developed promotional and learning materials provide a guide for global learning and help the schoolchildren to realise their own projects. >> www.gemeinsam-fuer-afrika.de

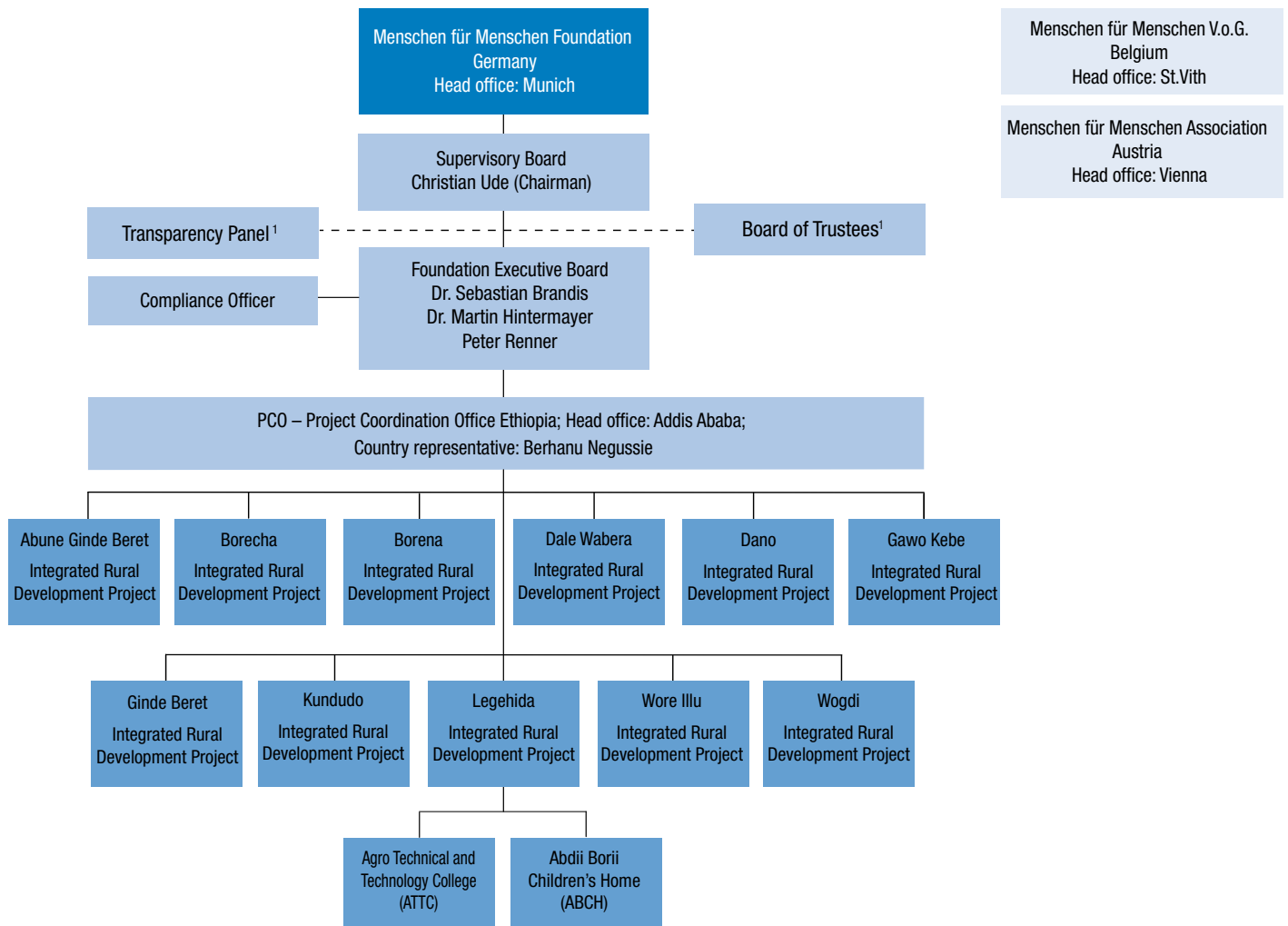


Information campaign of the “Together for Africa” alliance in Berlin.

OUR ORGANISATION

ANNUAL REPORT 2016

The Foundation in 2016



¹ Advisory body

LOCATIONS AND STRUCTURE

Menschen für Menschen is politically and denominationally neutral and economically independent. In Germany, Austria and Belgium *Menschen für Menschen* is represented with legally separate organizations. Independently of one another, the country organizations collect donations, provide information and conduct public relations work in their own country. Funds from all three countries flow into the project work in Ethiopia, which is implemented and

coordinated exclusively by the dependent subsidiary based in Addis Ababa. The central Project Coordination Office (PCO) in Addis Ababa organises, implements and supervises all projects in the project regions. In formal terms, the Ethiopian organisation is a branch of the German Foundation.

The Head Office of the German *Menschen für Menschen* Foundation is located in Munich, where 24 people are employed in the Executive Office, Fund-raising & Communication, Press, Development

Cooperation, Purchasing and Logistics, Finance and IT. In Ethiopia we have 744 employees, of which only five are not nationals.

In Germany about 450 voluntary employees support our activities at various locations. Only in this way is it possible to achieve maximum aid for the people in Ethiopia with low costs for administration and fund-raising.

BODIES AND PERSONS

The corporate bodies of the Menschen für Menschen Foundation Germany are the Executive Board and Supervisory Board.



Executive and Supervisory Boards (from left): Dietmar Krieger, Heide Dorf Müller, Christian Ude, Joachim Gröger, Dr. Martin Hintermayer, Dr. Annette Bhagwati, Dr. Sebastian Brandis, Dr. Peter Hanser-Strecker, Peter Renner. **Not shown:** Dr. Hans Peter Lankes.

THE EXECUTIVE BOARD consists of at least three and up to a maximum of seven members. Three members of the Executive Board are Managing Directors within the meaning of Section 26 German Civil Code and perform their duties in return for payment on the basis of written employment contracts. As of 31 December 2016 the three Managing Directors were:

- Dr. Sebastian Brandis (since 9.12.2016; Dr. Peter Schaumberger was in office until 8.12.2016)
- Dr. Martin Hintermayer
- Peter Renner

THE SUPERVISORY BOARD monitors the Foundation's operations to ensure that they are in accordance with the will of its founder. It appoints and advises the Executive Board and approves the budget. The Board consists of at least two and up to a maximum of seven members. As of 31.12.2016 the members of the Supervisory Board were:

- Christian Ude, Chairman of the Supervisory Board since 26.02.2016 (succeeded Dr. Reinhard Hinne, who retired on 31.12.2015 upon reaching the age limit)
- Joachim Gröger (Deputy Chairman until 30.09.2016)
- Dr. Hans Peter Lankes (Deputy Chairman since 11.11.2016)
- Heide Dorf Müller
- Dr. Peter Hanser-Strecker

- Dietmar Krieger
- Dr. Anette Bhagwati was additionally appointed to the Supervisory Board on 03.02.2017

THE BOARD OF TRUSTEES has a purely advisory function to the Executive Board and Supervisory Board. It consists of at least two and up to a maximum of fifteen members.

As of 31.12.2016 the members of the Board of Trustees were: Ralf Bos, Prof. Dr. Geza Csomos, Dr. Roland Folz, Erich Jeske, Sara Nuru, Isolde Reiher, Vera Reuter, Harald Spiegel, Helga Weygandt, Prof. Dr. h.c. Eckart Witzigmann.

PATRON Almaz Böhm, wife of founder Karlheinz Böhm, held the patronage until May 2016. The appointment of a new Patron is not currently planned.

THE COMPLIANCE OFFICER ensures that the Foundation always performs its activities in accordance with the law and that it observes high ethical standards in all areas.

Karl Peter Puszkajler held the office of Compliance Officer until 30.06.2016. He continues to support his successor Regina Sieh, Director of the District Court at Weilheim i. OB, who took up office on 30.06.2017, in upholding the relevant standards in Ethiopia.

THE DATA PROTECTION SUPERVISOR advises the Foundation and its full-time employees and volunteers on data protection issues. As of 31.12.2016 the Data Protection Supervisor was Erich Bayerl.

THE TRANSPARENCY PANEL cooperates closely with the Compliance Officer and advises the Executive Board and the Supervisory Board on questions of transparency and control. The majority of members of the panel are external.

As of 31.12.2016 members of the Transparency Panel were Dr. Roland Folz, Wolfgang Bosbach, Dr. Claas Dieter Knoop, Markus Schächter.

The Foundation points out that the law office of one of the Executive Directors advises the Menschen für Menschen Foundation on legal issues. This business relationship was examined by the Supervisory Board as a surveillance body and expressly approved.

CLEAR PRINCIPLES, BINDING RULES

Binding principles and rules apply to all *Menschen für Menschen* employees. They are set forth in a series of guidelines.

- Our Code of Conduct on dealing with corruption requires that employees fulfil their duties diligently and in conformance with the law, points out typical conflict situations and explains the consequences of corrupt behaviour.
- Our Procurement Guidelines specify principles, procedures and prerequisites for the award of all contracts.
- Our Travel Expense Regulations set forth the rules according to which travel expenses are reimbursed to the employees and members of the Supervisory Board, Executive Board and Board of Trustees.
- Our Investment Guideline specifies the principles by which *Menschen für Menschen* invests in the financial market.
- Our Guideline to Raising Awareness and Public Relations defines the content and instruments of public relations work as well as the rules of cooperation with outside companies, service providers, agencies and ambassadors.

EXTERNAL AUDITS CONFIRM QUALITY AND TRANSPARENCY

CONTINUOUS SEAL OF APPROVAL Each year *Menschen für Menschen* undergoes an audit by the German Central Institute for Social Affairs (DZI). Again in 2016 the DZI awarded its seal of approval

to *Menschen für Menschen*, certifying that the Foundation handles the funds entrusted to it in a diligent and responsible manner. *Menschen für Menschen* has received the DZI seal every year since 1993.



Transparency and compliance

The specified responsibilities and organizational procedures in Ethiopia and Germany ensure that the donations entrusted to us are used for the purpose intended, to generate optimum benefits for the people of Ethiopia. In their monitoring and advisory function, the Compliance Officer appointed by us and our Transparency Panel (cf. page 37) contribute to the transparent application of funds and guarantee that the work of our organisation is in strict conformance with the law.

CONTROL OF FUND ALLOCATION

All expenditure of the Foundation is examined by a number of bodies before it is approved. The Director of Administration, Director of Coordination and Development, Monitoring and Evaluation, Director of Project Implementation Besides the project managers, the country representative, Head of Administration, Director of Programme Operations and Director of Programme Coordination, Monitoring and Evaluation as well as the Executive Board make regular visits to the project areas in order to monitor the proper use of funds. In addition, our controlling staff is present in the project areas to check the cash amounts, inventories and fuel consumption, etc. both physically on site and with the appropriate IT systems. In addition, they assess progress at the construction sites. The department heads in the project areas report to the project managers and these in turn submit quarterly reports to the country representative and the Ethiopian authorities. The latter check the contents

of the report regularly and evaluate our projects to ensure that they reflect the true state of work completed. In addition, evaluations are carried out by independent appraisers (cf. page 10 ff).

INDEPENDENT AUDITS

Every year we have our accounting examined by an independent auditor. The audit report (cf. page 43) is submitted to the Executive Board and Supervisory Board. Once again, we received an unqualified audit certificate for the Annual Financial Statements 2016. In addition, on a monthly basis external Ethiopian auditors reconcile expenditure in Ethiopia with the appropriate receipts, making random checks against the work completed. They report their findings to the Ethiopian management, which in turn informs the Executive Board.

In addition, the Government of Upper Bavaria regularly audits our Annual Financial Statements to ensure compliance with the Bavarian Foundation Law.

COOPERATION WITH OTHER ORGANIZATIONS

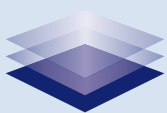
Menschen für Menschen has always preserved a high level of independence, to enable it to work efficiently and effectively. We collaborate with other organizations whenever such cooperations produce a clear added value for the population in the project regions. The exchange of know-how and the financial support are at the forefront.

OUR KEY PARTNERS:

- The German Ministry for Economic Cooperation and Development (BMZ) is promoting:
 - sustainable land management and water supplies in the Borena project region within the scope of the special initiative "A World without Hunger" (term 1/2014 to 12/2017),
 - agro-ecological measures, water supplies and health care in the Gawo Kebe project region (term 12/2015 to 12/2019),
 - the provision of a water supply for the small town Makafta in the project region Wogdi (term 9/2016 to 12/2017),
 - the provision of a water supply for the small towns Lemi-Robite in the project region Wogdi (term 10/2015 to 6/2017).

- In cooperation with the German Society for International Cooperation (GIZ) we are implementing the "Green Innovation Centre in the Agri-Food Industry" programme in the project region Dano (term 8/2015 to 12/2017).
- The International Trachoma Initiative is our partner for containing the spread of the bacterial eye ailment trachoma.
- The German Ministry for Food and Agriculture (BMEL) supported the construction of an Agro-Technical College (ATC) in Kulumsa. Our Agro Technical and Technology College (ATTC) in Harar cooperates with this college.
- The Bonn-Rhein-Sieg University is supporting the staff of the ATTC with technical and teaching know-how.
- The Menschen für Menschen e.V. Sponsoring Society with headquarters in Offenburg has been supporting the Foundation since 1995 with membership fees and donations.
- In its online shop the ProEthiopia eV. Association with headquarters in Mainz presents the country of Ethiopia with a selected product range. All profits from sales flow directly into the Foundation's aid projects.

In publicity work and fundraising we cooperate with municipalities, media partners, private enterprises, foundations and service clubs, and have joined the initiatives "Together for Africa" and "My legacy does good. The apple tree principle".



Initiative
Transparente
Zivilgesellschaft

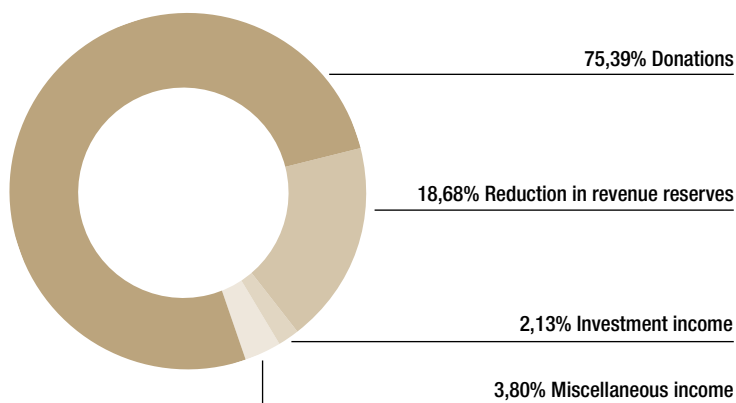
In the Transparency Germany Initiative, representatives from civil society and science have defined ten items that every non-profit organisation should make accessible to the public. *Menschen für Menschen* is a signatory of the initiative and publishes all the required information on its own website.

Development of Finances

In a year-on-year comparison, donations to the Foundation in 2016 increased by 15% to 14.73 million euros. An increase in all forms of contribution was recorded, in particular in the area of partners and major donations. Interest revenue remained constant at 0.38 million euros. Total expenses in the project areas increased to 19.5 million euros. This was mainly attributable to increased withdrawals from existing inventories, which were recognised in the accounts for the first time in 2016 and thus better used. The deficit compared to the previous year thus decreased by a million euros to 3.65 million euros and was covered by reserves. There was a decrease of 3.35 million to 35.23 million euros in the balance sheet total, predominantly in the value of inventories and cash balance, due to the reduction in current assets.

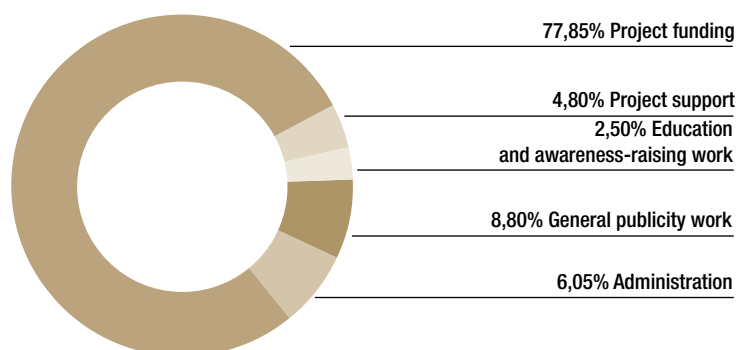
WHERE THE FUNDS CAME FROM

Source of funds 2016

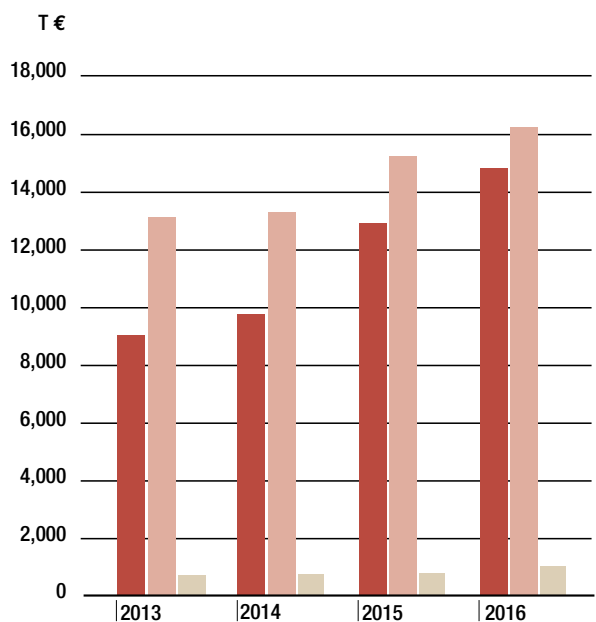


WHERE THE FUNDS WERE USED

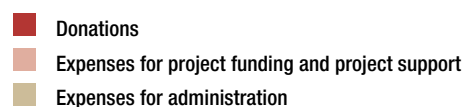
Allocation of funds 2016



GROWTH OF DONATIONS AND EXPENSES FROM 2013 TO 2016



All donations and expenses have been re-calculated according to the criteria of the DZI to ensure comparability.



Annual Financial Statements 2016

GENERAL

Pursuant to Article 16 paragraph 1 of the Bavarian Foundation Act (BayStG) the Foundation is obliged to maintain proper accounting records and must prepare a statement of accounts showing assets and liabilities. The Bavarian Foundation Act does not prescribe a specific form of accounting.

The balance sheet and profit and loss account are to be structured in accordance with the provisions applicable to stock corporations pursuant to Sections 266 and 275 paragraph 3 of the German Commercial Code (HGB). The special characteristics of the Foundation are taken into account in further sub-categories. To the extent that deviations from the German Commercial Code (HGB) occur, this will be notified.

The accounting and valuation principles of the Foundation have remained basically unchanged in comparison with the previous year, subject to the following explanations.

For a better representation of the financial position, the liabilities from earmarked donations and public funding totalling about 1.4 million euros have been entered under other liabilities. The figure from the previous year (0.84 million euros) was adjusted in the balance sheet.

No material adjustments or changes have ensued from the first implementation of the provisions of the Accounting Directive Implementation Act (BilRUG).

An IT system for resource management and inventories (Enterprise Resource Planning = ERP) was introduced in 2016 in order to automate inventory control, in particular inventory management in Ethiopia, and to link it to financial accounting. The process and system changeover during the fiscal year resulted in a series of manual corrections to the Annual Financial Statements. Additionally the granularity of the material accounts was increased, such that a direct comparison to the previous year on individual account level is not possible, but only as a sum. This, however, is to be regarded as a process of transition. An improved procedure is strived for in 2017 and 2018.

ACCOUNTING AND VALUATION METHODS

Since 2015, fixed and current assets in Ethiopia have been capitalised in the balance sheet due to ownership rights to the assets. The ownership rights are subject to a number of restrictions as specified in particular in the Ethiopian "Charities and Societies Proclamation" and downstream legislation. These restrictions include, for example, conditions pertaining to the exercise of ownership rights or requirements for the consent and approval of Ethiopian authorities for charitable organisations.

Intangible and tangible fixed assets were posted at their acquisition costs less depreciation. Gratuitously acquired assets that must be capitalised are entered at deemed costs according to the conservative estimate of fair value.

Expired stock was subject to scheduled depreciation. The intangible assets acquired were depreciated by the straight-line method. Accruals to tangible fixed assets were likewise depreciated by the straight-line method.

Accruals to movable fixed assets with acquisition costs of up to 410.00 euros excluding VAT were fully amortised.

Securities recorded under financial assets were recognised at acquisition cost at the time of purchase and gratuitous accruals at deemed cost. Deemed costs are according to the market value on the date of acquisition. If the attributable value on the balance sheet date is permanently lower, this value is used.

Inventories were valued at the lower of cost or market value. Raw, auxiliary and operating materials as well as goods are carried at their acquisition cost.

Receivables and other assets are shown at their nominal value.

Cash holdings and bank balances are recognised at their nominal value. Cash holdings and bank balances in Ethiopian currency were converted by the cut-off date method at the bid rate on the balance sheet date.

Deferred items include disbursements representing expenditure for a specific period after the balance sheet date. On the balance sheet date these were for the main part insurance premiums.

Earmarked reserves (Project funding reserves I) were formed pursuant to Art. 62 paragraph 1 No. 1 AO for approved projects that had not been completed by the balance sheet date and for special programmes from public funding (BMZ and GIZ). Furthermore, additional earmarked reserves (Project funding reserves II) were formed in 2015. Capital from the revaluation of fixed assets and inventories (warehousing, cash holdings and bank balances) at the Ethiopian branch office as of 1 January 2015 and cash holdings and bank balances assumed by the sister organisations in Austria and Belgium were transferred to Project funding reserves II. The reserves are earmarked by the Foundation for purposes set out in the charter.

Provisions are carried as liabilities to the amount necessary according to sound business judgement. They take into account all recognisable risks and contingent liabilities.

Accounts payable are carried as liabilities at their settlement amounts.

Other liabilities to the amount of 1.49 million euros (previous year 0.89 million euros) contain liabilities from earmarked donations totalling 0.79 million euros (previous year 0.71 million euros) and liabilities from public subsidies amounting to 0.61 million euros (previous year 0.12 million euros).

All assets and debts were converted at the respective mean spot exchange rate on the balance sheet date. Expenses and revenues were converted at the monthly average rates.

NOTES ON THE BALANCE SHEET AS OF 31 DECEMBER 2016

All receivables and other assets are – with the exception of security deposits totalling 25,000 euros (previous year 24,000) – due within one year.

The Foundation capital specified in the charter amounts to 1.0 million euros. On account of endowments, core assets have increased to 1,273,982.82 euros. A total of 25,000.00 euros from the revenues of the reporting period were credited to the capital maintenance reserve.

Liabilities generally have a lifetime of one year. Exceptions are earmarked donations and public subsidies, the residual terms of which may be one to five years.

BALANCE SHEET AS OF 31 DECEMBER 2016

ASSETS		
	31-12-2016 in €	31-12-2015 in €
A. FIXED ASSETS		
I. Intangible assets		
software	452,379.05	407,492.33
II. Tangible assets		
1. Land, leasehold rights and buildings including structures on third-party land	3,479,218.87	3,726,853.69
2. Technical equipment & machinery	40,355.63	38,873.26
3. Other installations, operational and office equipment	1,055,382.52	1,218,649.78
	<u>4,574,957.02</u>	<u>4,984,376.73</u>
III. Financial assets	12,315,939.13	12,129,337.03
	<u>17,343,275.20</u>	<u>17,521,206.09</u>
B. CURRENT ASSETS		
I. Inventories		
Raw materials and supplies	3,281,001.62	4,296,957.83
II. Accounts receivable and other assets		
Other assets	1,121,643.91	728,439.39
- thereof with a residual term of more than one year: € 25,233.97 (prev. year € 23,948.17)		
III. Cash on hand, Bank deposits	13,474,900.03	16,022,423.47
	<u>17,877,545.56</u>	<u>21,047,820.69</u>
C. DEFERRED INCOME	4,606.31	4,017.35
	<u>35,225,427.07</u>	<u>38,573,044.13</u>
LIABILITIES		
A. NET EQUITY		
I. Foundation capital	1,273,982.82	1,261,382.82
II. Revenue reserves		
1. Capital maintenance reserves	270,000.00	245,000.00
2. Other revenue reserves	31,922,572.62	35,598,239.51
	<u>32,192,572.62</u>	<u>35,843,239.51</u>
	<u>33,466,555.44</u>	<u>37,104,622.33</u>
B. PROVISIONS		
Other provisions	144,219.55	103,581.95
C. LIABILITIES		
1. Trade accounts payable	127,857.73	474,717.42
- thereof with a residual term of up to one year: € 127,857.73 (prev. year: € 474,717.42)		
2. Miscellaneous liabilities	1,486,794.35	890,122.43
- thereof with a residual term of up to one year: € 1,181,939.35 (prev. year: € 890,122.43)		
- thereof with a residual term of more than one year: € 304,855.00 (prev. year: € 0.00)		
- thereof from taxes: € 70,997.03 (prev. year: € 26,543.69)		
- thereof within the scope of social security: € 13,103.39 (prev. year: € 13,522.17)		
	<u>1,614,652.08</u>	<u>1,364,839.85</u>
	<u>35,225,427.07</u>	<u>38,573,044.13</u>

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PROFIT & LOSS ACCOUNT AS OF 31 DECEMBER 2016

	2016 in €	2015 in €
1. Contributions	14,734,382.35	12,770,699.93
2. Other operating income	742,897.37	730,859.25
thereof from foreign currency exchange: € 8,062.60 (prev. year: € 421,507.36)		
3. Material costs		
a) Expenses from raw material and supplies	-5,225,790.19	-2,845,824.48
b) Expenses from other services	-3,746,360.66	-4,413,918.97
	-8,972,150.85	-7,259,743.45
4. Personnel costs		
a) Wages and Salaries	-4,456,357.63	-3,992,647.82
b) Social charges	-606,803.80	-547,570.59
	-5,063,161.43	-4,540,218.41
5. Depreciation on intangible assets and property, plant and equipment	-633,440.89	-618,852.55
6. Other operating expenses	-4,760,999.18	-6,085,954.04
from foreign currency exchange: € 100,861.36 (prev. year: € 574,794.33)		
7. Income from securities held as financial assets	377,509.96	361,185.07
8. Other interest and similar income	39,076.99	102,038.05
9. Depreciation on financial assets	-112,333.74	-137,229.11
10. Year-end result	-3,648,219.42	-4,677,215.26
11. Miscellaneous taxes	-2,447.47	-450.60
12. Annual deficit	-3,650,666.89	-4,677,665.86
13. Additions to capital maintenance reserve	-25,000.00	-25,000.00
14. Withdrawals from other revenue reserves	3,675,666.89	4,702,665.86
15. Year-end Result	0.00	0.00

NOTES ON THE PROFIT AND LOSS ACCOUNT 2016

The donations and other contribution of 14.73 million euros are among others made up of general donations of 5.51 million euros and heritages of 2.78 million euros. The heritages are contributions as a result of a death of individuals, that have been contributed to the foundation during the fiscal year. The amounts of these contributions based on heritages are booked net of administrations costs generated by processing the transaction, which is why the latter are not recorded separately in the profit and loss statement. In the line of a cautious accounting approach, expected contributions of not completed cases of heritages have not been considered in the numbers. Donations based on specific events or frequently donating parties sum up to 0.53 million euros. The earnings also contain 0.16 million euros from sponsors and 0.63 million euros from public and governmental support. 1.32 million euros are generated through direct debit payments.

As of 4th of December 2015, the foundation has entered into a cooperation agreement with its sister entity in Austria, which replaced the agreement on the 4th of July 2014. This cooperation agreement is underpinned with annual project contracts, on which basis the foundation executes the projects in Ethiopia that are funded by the austrian sister organisation.

The amortisation of financial assets is extraordinary depreciation (Section 277 paragraph 3 p. 1 HGB).

Material costs include expenses from the inventory valuation attributable to the previous year totalling about 1.6 million euros.

OTHER INFORMATION

In 2016 the appointed board members of the foundation were:

Dr. Sebastian Brandis (since 9 Dezember 2016)
 Dr. Peter Schaumberger (until 8 Dezember 2016)
 Klaus-Peter Renner
 Dr. Martin Hintermayer

The contractually agreed remuneration of the Directors totalled 313,000 euros in the business year 2016.

On the 31st of december the Supervisory board consisted of the following members:

Christian Ude (Chairman of the Supervisory Board since 26 February 2016)
 Dr. Hans Peter Lankes
 (Deputy Chairman of the Supervisory Board since 11 November 2016)
 Heide Dorf Müller
 Dr. Peter Hanser-Strecker
 Dietmar Krieger
 Joachim Gröger (until 6 September 2016)
 Harald Spiegel (until 26 February 2016)

Total lease commitments for the office premises in Brienner Strasse and warehouse in Reichenhaller Strasse in Munich, based on the currently valid lease contracts, amounted to 0.474 million euros. The leases are due to run until 31 July 2021.

In Ethiopia, agreements were drawn up with government bodies that commit *Menschen für Menschen* to the implementation of projects. Obligations arising from these amounted to about 30 million euros as of the balance sheet date.

The total fee of 38,000 euros for the auditor recorded in the expenses is the sum of year end closure activities 35,000 euros and tax advisory (3,000 euros).

On a yearly average the Foundation employs a staff of 24 in Germany. In Ethiopia on average 744 full-time employees were engaged in performing the tasks assigned by the Foundation, of which only five did not originate from Ethiopia.

AUDITOR'S REPORT

To the Menschen für Menschen Foundation, Munich

We have examined the annual financial statements consisting of the balance sheet, profit & loss account and notes including the accounting of the Menschen für Menschen Foundation for the financial year from 1 January 2016 to 31 December 2016.

Section 16 paragraph 3 of the BayStG extended the scope of the examination. The audit therefore also covers the preservation of core assets and the use of its income for the use of particular contribution determined in the statutes.

The accounting and the preparation of the annual financial statements in accordance with German commercial law are the responsibility of the legal representatives of the foundation.

It is our task to express an opinion on the annual financial statements including the accounting, as well as the extended subject of the audit, on the basis of the audit conducted by us.

We conducted our annual audit of the financial statements pursuant with Section 317 HGB and Section 16 paragraph 3 of the BayStG and in accordance with the principles of proper auditing of the German Institute of Auditors (IDW).

According to these principles the audit is to be executed such that incorrectness and violations that have major impact on the representation of the assets as well as the financial situation, generated according to the general principles of good auditing practice, can be detected with sufficient guarantee and that it can be judged with sufficient assurance that requirements generated from extension of the subject of the audit according to the Section 16 paragraph 3 of the BayStG are fulfilled.

The plan for the audit process is generated with the knowledge of the actual scope of the business activities as well as the legal and commercial environment of the foundation and the potential areas of misconducts. In the context of the audit, the focus is around the accounting based internal control system, the proofs of the accounting records and the year end closure documentation and is mainly based on samples. The audit includes the judgement of the exercised principles of accounting and the assessment of the legal representatives for the year end closure process. We are convinced that our audit delivers a sufficiently secured basis for our judgement.

Our audit has not led to any reservations.

In our opinion, based on the knowledge gained in the audit, the annual financial statement complies with the legal requirements and conveys an appropriate representation of the actual situation of the assets and financial situation of the foundation, taken the principles of good accounting practice into account. The audit on the conservation of the fundamental assets as well as the proper usage of the income for an appropriate usage according to Section 16 paragraph 3 of the BayStG did not lead to any objections.

Munich, 02 August 2017

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DZI DISTRIBUTION 2016

	€	Project funding	Project support	Education & awareness raising	General publicity work	Administration
EXPENDITURE	EXPENDITURE	1	2	3	4	5
Communications work	1,290,213.43	0.02	0.00	105,900.61	1,181,192.32	3,120.48
Press work	121,134.04	0.00	0.00	57,764.85	57,764.85	5,604.35
Donor Support and Finances	412,059.33	0.00	0.00	0.00	1,698.62	410,360.71
Committees, IT, Purchasing	511,232.31	464.27	398,484.84	2,382.68	32,480.59	77,419.94
Subtotal	2,334,639.11	464.29	398,484.84	166,048.13	1,273,136.37	496,505.48
Costs of office space	124,545.10	4,919.53	33,066.72	18,519.86	26,042.38	41,996.61
Other general expenses (e.g. office material)	161,993.74	4,823.53	32,421.46	37,584.82	45,986.84	41,177.09
Subtotal of other operating expenses	2,621,177.95	10,207.35	463,973.03	222,152.80	1,345,165.59	579,679.18
Personnel costs in Germany	1,788,806.61	70,657.86	474,928.15	265,995.54	374,039.46	603,185.59
Total expenditure Germany	4,409,984.56	80,865.21	938,901.18	488,148.34	1,719,205.05	1,182,864.77
Project work in Ethiopia	11,860,194.18	11,860,194.18				
Personnel costs in Ethiopia	3,274,354.82	3,274,354.82				
Total expenditure Ethiopia	15,134,549.00	15,134,549.00	0.00	0.00	0.00	0.00
TOTAL EXPENDITURE GERMANY AND ETHIOPIA	19,544,533.56	15,215,414.21	938,901.18	488,148.34	1,719,205.05	1,182,864.77
Percentage distribution of DZI criteria	100.00%	77.85%	4.80%	2.50%	8.80%	6.05%

ADDITIONAL NOTES ON EXPENSES

PROJECT FUNDING. In 2016 *Menschen for Menschen* continued with long-term integrated development projects in twelve project regions. Project funding thereby encompasses all activities in Ethiopia including all material and personnel costs in the five development areas. Larger expense items relate to the purchase of materials for the construction of schools, wells, spring developments and terraces including the transport of materials and travel by employees to/from and within Ethiopia. Further expenses include sustainable agriculture costs for plants, cattle and other farming supplies. Current costs and necessary investment for the ATTC in Harar (mainly personnel and maintenance costs) were also posted under project funding. For the first time in 2016 we also listed inventory retrieval costs (materials), as the inventory values were entered in central accounting.

The largest item within personnel costs is wages and fees for project employees in Ethiopia. This item likewise includes payments to the population of the project areas for their work contribution e.g. to infrastructure or planting, to compensate for their loss of income. Personnel expenses also include costs for training and education, depending on the specialist field, qualifications and project area of Foundation employees, local experts or local authority employees.

PROJECT SUPPORT. In addition to the supervision of projects, project support also includes the preparatory and follow-up activities of project funding. These relate to the selection of suitable projects, preparation of project work, controlling, monitoring and evaluation of projects, as well as international purchasing and logistics of certain goods. These activities are primarily assumed by our Project Coordination Office in Addis Ababa, the employees in direct development cooperation and purchasing staff at the German Foundation. All project work in Ethiopia is the responsibility of the German Foundation.

CAMPAIGN, EDUCATION AND AWARENESS-RAISING WORK. The creation of public awareness is anchored in the Foundation charter as a self-contained goal. These tasks include campaign, education and awareness-raising work, e.g. sensitisation of young people for the subject of social responsibility. In 2013 we joined the campaign alliance 'Together for Africa'. The merger of over twenty aid and development organizations has set itself the goal of promoting sustainable development in Africa, alleviate hardship and overcome poverty.

GENERAL PUBLIC RELATIONS WORK. This item comprises mainly expenditure for fundraising – in particular cash donations as well as donations from charitable foundations and companies.

ADMINISTRATION. The Foundation calculates its administration and advertising costs according to the guidelines of the German Central Institute for Social Affairs (DZI). Administration costs relate to the organization as a whole. They guarantee the basic operational processes and include, in particular, executive management, accounting, IT support and personnel management.

PLANNING 2017

In 2017 our efforts will be focused on the continuation of our activities in the twelve project areas. We are also committed to the operation and maintenance of the Agro Technical Technology College (ATTC) and the Abdii Borii home for children and young people. In 2017 we will be applying funds totalling more than 12 million euros for our work in Ethiopia. The launch of our project in Jeldu has been postponed until late 2016 or early 2017. Work in this area, as well as the Abune Ginde Beret and Ginde Beret project regions, is being financed by the Austrian country organisation. In addition, we will be continuing our emergency relief work in the Agarfa region, started in November 2015, as the effects of drought continue to be felt here. By mid-year over 24,000 people will have received basic food supplies in a programme coordinated with the government.

In our project areas the farmers have for the most part been able to work their fields and harvest their crops without major losses. The measures to make farmers more independent of the weather have paid off and will be continued in 2017. These include the construction of innovative irrigation systems and night storage tanks, together with the introduction of drought-resistant seeds and the cultivation of a broader spectrum of vegetables.

The 'Green Innovation Centres' project for the organisation of added-value chains, launched in the Dano project area in 2015 and financed by the GIZ, continued into 2017. In addition to 750 farmers, 180 previously unemployed young people and women are engaged in the production, processing and marketing of honey and wax, fruit and vegetables, seeds, oilseed and animal feed. In 2016 the first successes were reported: Ethiopian agricultural research institutes purchased the self-produced seeds from the farmers. In 2017 the first glasses of honey will be brought to market. In addition, parts of these new added-value chains will be organised at specially constructed central production plants. Training facilities will also be accommodated on this site. Similar added-value chains are to be organised in the coming years in other project regions.

In our focal area Water and Hygiene we are planning the construction of 83 hand-pumped wells and 76 spring developments in 2017. So-called WaSH



From beekeeping to the sale of honey: the organisation of value-added chains in different areas of agriculture creates jobs.

committees comprising members of the community in maintenance will be trained at each new water point. In addition, our Foundation's development consultants will offer awareness-raising events on domestic and personal hygiene in the villages. The construction of shower facilities at suitable spring developments or consisting of simple canisters with shower heads on the houses will promote hygiene and thus improved health. The construction of water supply systems funded by the German Ministry for Economic Cooperation and Development in the small towns of Lemi-Robite and Makafta in the Wogdi region is to be phased out in 2017. More than 10,500 people will then be able to supply themselves with clean drinking water.

In our focal area Education, the main focus will continue to be placed on school construction: 13 general schools are due to be completed in 2017 and five further construction projects are to be launched. The TVET (Technical and Vocational Education and Training) in Mehur, a handicraft school for aspiring electricians, car mechanics, carpenters and metalworkers, will be completed and equipped. This, the sixth TVET established by *Menschen für Menschen*, with 400 trainee positions, is being supported by the Austrian country organisation.

In the focal area Health, our plans for 2017 provide for the vaccination of 32,000 infants, more than 1,800 trichiasis operations and the distribution of contraceptives to over 97,000 women.

The strengthening and education of women, who play a critical role in their families, remains a central issue in our focal area Human Development. In the cooking classes that accompany our agricultural programme, the women learn how to provide their children with a vitamin-rich diet, balanced with fruit and vegetables. In 2017 a total of 145 women will receive the opportunity to earn their own money through professional training measures with an emphasis of handicrafts and courses in management. The courses and funding initiatives in our microcredit programmes will also continue in 2017, providing 700 women with training courses including accounting and the preparation of business plans.

In 2017 our central coordination team will be moving into a new office in Addis Ababa that is better able to serve the increased scope of our activities and the demand for sustainable project work.

ADDRESSING DONORS AND ORGANISATIONAL ISSUES

In 2016 we completed a major part of the measures for promoting transparency and control in our organisation – such as a new committee structure, modified processes and reports and new IT systems. The organisation demanded in particular the introduction of enterprise resource planning (ERP) in 2016. From 2017 onwards we will be able to monitor online even the most detailed inventory movements in all project areas and thus the efficient use of donations.

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This significantly improved working basis will enable us to focus once again more strongly on PR work and donor recruitment in 2017 and the following years. We want to expand our activities in the Internet, particularly in the social media, and systematically enter into new partnerships. The latter are aimed at the hitherto seldom addressed Foundation segment, as well as top donors from the private and social sectors. Among other things, we will have to think more in terms of social business models that on the donor side offer points of contact to our added-value chain oriented work in Ethiopia. We also want to open the biennial conference for our voluntary employees to new partners and guests.

RISKS

PROJECT RISKS

The unrest of 2016 in Ethiopia has only affected the project work of *Menschen für Menschen* in the particularly troubled regions. The smouldering conflict in the area between Oromia and Amhara and at the border between the Oromia and Somali regions has resulted in a series of minor incidents. On 4 August 2017 the parliament in Addis Ababa lifted the state of emergency that had been declared in November 2016. In the regions along the border to Southern Sudan, Eritrea and Somalia – already faced with a major challenge due to the over 800,000 refugees – there is still a risk that the conflict will spread to Ethiopia. The good reputation of the Foundation in Ethiopia provides a certain degree of protection

against it becoming a direct target of discontent by the local population. Nevertheless, careful monitoring of the situation will be necessary to ensure that we can react in good time and protect our employees in the case of emergency.

On account of the continuing dry weather, we anticipate that there will be food shortages in certain regions again in 2017, so that direct emergency aid will be necessary. At the same time, our work in the integrated rural development projects will continue to be focused on reducing vulnerability to such weather fluctuations.

Individual risks will also result in future from shortages on the procurement market, such as the materials needed for school construction. At the time of preparing this report, however, no specific shortages are foreseeable. With the reconstruction of the old rail link between Addis Ababa and Djibouti an additional supply route with port has become available, which will hopefully result in an improvement in the logistics situation.

The strong economic growth of relatively constant 9 to 11% in the last few years was mainly concentrated on the larger cities, and the rural population has hitherto hardly benefitted. This has served to increase social inequality across the country and promote further migration to the cities. That also applies to our well-educated project workers. In 2016 we were able to counter this risk in part with a wage increase, but must be prepared to take further measures to bond our workforce.

PLANNING RISKS

For an organisation that employs a total workforce of about 770 in Germany and Ethiopia, the assessment of financial risks in the planning is of crucial importance. With therefore monitor and update all expense-relevant projects on a monthly and quarterly basis, including in relation to the fluctuating exchange rates. For 2017 we anticipate a higher exchange rate. We finance the multi-annual commitments ensuing from contracts with the local regional governments and our over 740 employees in Ethiopia for the main part with donations. In the past few years we have hedged the inherent risk of fluctuations in revenue involved here by building sufficient reserves. In future the situation will be stabilised by a stronger growth in revenue, a higher proportion of long-term donors and conservative planning of our activities in Ethiopia.

OUTLOOK

The catastrophic drought over the last two years has posed a serious setback to Ethiopia on its path to becoming a 'middle income country' by 2025. Nevertheless, the country has shown that it has learned from the past famines. The government was able to provide part of the emergency aid from its own stocks. The current Ethiopian Development Plan, oriented to the new sustainability goals of the United Nations, proposes a further change from a mainly agricultural infrastructure accompanied by a strengthening of the service sector and manufacturing industry. Well-educated young people will be needed. For this reason, in the next few years we will also be focusing on vocational training and the creation of jobs in rural areas. This will be accompanied by projects to organise further added-value segments in rural Ethiopia.

FINANCIAL PLANNING 2017 *

	€ thousand
DONATIONS	
- from Germany	10,377
- from Austria	4,082
- from Belgium	120
- Interest and income from securities and time deposits	300
TOTAL REVENUE	14,879
PROJECT FUNDING	
Sustainable agriculture	2,662
Water projects	1,381
Education	4,095
Health	631
Human development	731
TOTAL PROJECT FUNDING	9,500
TOTAL PROJECT FUNDING PLUS ADMINISTRATION	12,412
Project support	966
Campaign, educational and awareness-raising work	527
General PR work	1,756
Administration	1,142
TOTAL EXPENSES	16,803
ADDITIONAL EXPENDITURE	-1,924
REDUCTION IN RESERVES	1,924
YEAR-END RESULT	0

* without depreciation and other income



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Karlheinz Böhms Äthiopienhilfe

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