

Annual Financial Statements 2018

In 2018 we achieved a significant milestone: for the first time after seven years of transformation we again recorded higher revenues than expenditure. There has been a decrease in revenues from 15.63 to 12.42 million euros, for the most part due to a lower volume of donations by partner organisations and the phasing out of publicly subsidised projects. However, new projects have been launched (see page 46). Due to prudent planning and a favourable exchange rate from euros to Ethiopian birr, project expenditure in Ethiopia stood at only 9.81 million euros. It was thus possible to reduce the deficit of 2.12 million euros in the previous year to 0.51 million. The balance sheet total thus remained almost unchanged, whereby on the assets side the cash balance increased due to the expiration of certain securities as of the reporting date.

BALANCE SHEET AS OF 31 DECEMBER 2018

ASSETS

	31.12.2018 in €	31.12.2017 in €
A. FIXED ASSETS		
I. Intangible assets		
Software	114,960.49	279,834.96
II. Tangible assets		
1. Land, leasehold rights and buildings including structures on third-party land	3,440,532.41	3,676,550.59
2. Technical equipment and machinery	16,515.00	18,717.00
3. Other installations, operational and office equipment	763,543.32	884,383.94
	4,220,590.73	4,579,651.53
III. Financial assets		
Investment securities	4,026,269.35	8,720,091.04
	8,361,820.57	13,579,577.53
B. CURRENT ASSETS		
I. Inventories		
1. Raw materials and supplies	2,246,171.79	2,073,162.52
2. Advance payments	106,495.94	6,033.88
	2,352,667.73	2,079,196.40
II. Amounts receivable and other assets		
Other assets	408,344.00	2,035,657.54
- thereof with a residual term of more than one year: € 25,240.40 (previous year: € 25,236.36)		
III. Cash on hand, bank deposits	21,294,528.68	15,180,274.84
	24,055,540.41	19,295,128.78
C. DEFERRED INCOME	5,359.09	4,242.00
	32,422,720.07	32,878,948.31

Annex for the fiscal year 2018

GENERAL INFORMATION

Pursuant to Section 16 (1) of the Bavarian Foundation Act (BayStG) the Menschen für Menschen Foundation – Karlheinz Böhm's Ethiopia Aid Munich is obliged to maintain proper accounting records and prepare an annual statement of accounts showing assets and liabilities. The Bavarian Foundation Act does not prescribe a specific form of accounting.

The balance sheet and income statement must be structured in accordance with the provisions applicable to stock corporations pursuant to Sections 266 and 275 (3) of the German Commercial Code (HGB). The special characteristics of the Foundation are taken into account in further sub-categories. Insofar as deviations from commercial law arise, this will be specified.

The accounting and valuation principles of the Foundation have essentially remained unchanged compared to the previous year, subject to the following explanations. In 2018 the ERP system introduced in 2016 in particular for the inventory management in

Ethiopia was further stabilised by process improvements and training and the data situation improved.

ACCOUNTING AND VALUATION METHODS

Since 2015, fixed and current assets in Ethiopia have been capitalised in the balance sheet based on 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 and companies.

Accruals from inheritances are recognised in the balance sheet and income statement as and when their value has been clearly established. This is often only the case when the cash receipt has been made. The potential claim at the time of death of the

LIABILITIES		
	31.12.2018 in €	31.12.2017 in €
A. NET EQUITY		
I. Foundation capital	1,421,581.2	1,340,262.82
II. Revenue reserves		
1. Capital maintenance reserves	320,000.00	295,000.00
2. Other revenue reserves	29,240,134.00	29,775,971.17
	<u>29,560,134.00</u>	<u>30,070,971.17</u>
	30,981,715.92	31,411,233.99
B. PROVISIONS		
Other provisions	181,335.08	138,332.52
C. LIABILITIES		
1. Trade accounts payable	253,749.47	196,631.71
- thereof with a residual term of up to one year: € 253,749.47 (previous year: € 196,631.71)		
2. Miscellaneous liabilities	1,005,919.60	1,132,750.09
- thereof with a residual term of up to one year: € 1,005,919.60 (previous year: € 700,442.58)		
- thereof with a residual term of more than one year: € 0.00 (previous year: € 432,307.51)		
- thereof from taxes: € 38,995.62 (previous year: € 52,672.95)		
- thereof within the scope of social security: € 11,616.26 (previous year: € 11,442.05)		
	<u>1,259,669.07</u>	<u>1,329,381.80</u>
	32,422,720.07	32,878,948.31

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testator is not entered into the balance sheet at the current value, due to uncertainties and possible changes in the subsequent procedure.

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, as were accruals to tangible fixed assets.

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. Since this financial year extraordinary depreciation was calculated on financial assets in order to achieve a better understanding of the organisation's net assets, financial position and revenue situation in anticipation of only temporary impairment.

A detailed breakdown of the development of fixed assets in the financial year 2018 is included as an appendix.

Inventories were valued at the lower of cost or market value.

Receivables and other assets are carried at their nominal value or lower of acquisition cost or fair 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 Section 62 (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.

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 2018

All receivables and other assets are due within a year, with the exception of security deposits totalling € 25,000 (previous year: € 25,000).

In accordance with the current charter, core assets as of 31 December 2014 amounted to € 1,222,157.82. Due to endowments, the core assets on the balance sheet date increased to € 1,421,581.92. In order to secure the volume of core assets the sum of € 25,000 was transferred to the capital maintenance reserve in the reporting period. Other accruals pertain to leave entitlements, costs of the annual audit, the repayment claim of a former cooperation partner and expenses for the safekeeping of records.

Other liabilities totalling € 1,006 million euros (previous year: € 1,133 million) include liabilities from earmarked donations amounting to € 255,000 (previous year: € 925,000) and liabilities from public subsidies totalling € 698,000 (previous year: € 138,000).

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.

NOTES ON THE PROFIT & LOSS ACCOUNT 2018

Legacies received by the Foundation in the course of the business year are donations determined through a disposition of property upon death. This revenue is entered into the accounts after deducting the costs of administering the estate, so it is not recorded separately in the profit and loss account. For reasons of caution, revenue to be anticipated from hitherto unsettled inheritance issues has not yet been taken into account.

With effect from 4 June 2018 the Foundation has entered into a cooperation agreement with its Austrian sister organisation that is underpinned by an annual project revenue. Under its provisions the Foundation carries out project work in Ethiopia for its Austrian sister organisation and receives the appropriate remuneration from the latter. This amount is shown under donations and other contributions. Contributions from Austria in 2018 amounted to € 2,208 million.

Other revenues include, in particular, sponsor revenue (€ 151,000), cash receipts from cost-sharing (€ 128,000), income from foreign currency conversion (€ 46,000), revenue from the addition to financial assets (€ 8,000), revenue from the sale of securities (€ 99,000), revenue from the sale of fixed assets (€ 317,000) and income from the reversal of accrued liabilities (€ 136,000).

Expenses for raw materials, supplies and operating materials and purchased goods includes a reduction in expenses not related to the period under review amounting to € 473,000 as a follow-up correction of the ERP system.

PROFIT & LOSS ACCOUNT FOR THE FINANCIAL YEAR FROM ENDING 31 DECEMBER 2018

	1.1.-31.12.2018 in €	1.1.-31.12.2017 in €
1. Donations and other contributions		
a) Donations	7,647,415.59	7,683,222.56
b) Legacies	1,614,059.06	1,987,079.89
c) Fines	36,181.00	2,500.00
d) Public grants	676,146.41	1,521,029.31
e) Contributions from sponsoring associations	168,000.00	191,000.00
f) Contributions from partner organisations	2,278,336.82	4,247,022.87
	12,420,138.88	15,631,854.63
2. Other operating income	890,776.51	561,420.61
- thereof from foreign currency exchange: € 45,758.23 (previous year: € 61,259.18)		
3. Material costs		
a) Expenses for raw materials and supplies	-2,132,700.05	-4,981,496.78
b) Expenses for other services	-2,433,759.70	-2,902,619.97
	-4,566,459.75	-7,884,116.75
4. Personnel costs		
a) Wages and salaries	-4,694,240.51	-4,793,612.77
b) Social charges, expenses for retirement benefits and support	-608,478.94	-676,387.80
	-5,302,719.45	-5,470,000.57
5. Depreciation on intangible assets and tangible fixed assets	-567,323.64	-590,441.46
6. Other operating expenses	-3,425,754.75	-4,597,641.50
- thereof from currency exchange: € 99,262.34 (previous year: € 298,456.54)		
7. Income from other securities and loans of financial assets	203,632.65	309,018.08
8. Other interest and similar income	4.04	14,373.59
9. Depreciation on financial assets	-162,684.29	-95,157.46
10. Revenue after tax	-510,389.80	-2,120,690.83
11. Other taxes	-447.37	-910.62
12. Annual deficit	-510,837.17	-2,121,601.45
13. Additions to capital maintenance reserve	-25,000.00	-25,000.00
14. Withdrawals from other revenue reserves	535,837.17	2,146,601.45
15. Year-end result	0.00	0.00

OTHER INFORMATION

As of 31 December 2018 the Executive Board consisted of three managing members:

- Dr Sebastian Brandis
- Mr Klaus Peter Renner
- Dr Martin Hintermayer

Remuneration paid to Board members in the financial year 2018 amounted to approx. € 283,000.

In the financial year 2018 the Supervisory Board was composed of the following members:

- Mr Christian Ude (Chairman of the Supervisory Board)
- Dr Hans Peter Lankes (Deputy Chairman of the Supervisory Board)
- Dr Ingrid Sollerer (since 29 January 2018)
- Dr Annette Bhagwati
- Dr Peter Hanser-Strecker
- Mr Dietmar Krieger

Total lease commitments for the office building in Brienner Strasse and the warehouse in Reichenhallerstrasse in Munich, based on the currently valid lease contracts amounted to € 271,000. The leases are due to expire on 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 approx. € 20 million.

Remuneration totalling € 71,000 paid to the auditor included € 54,000 for the audit of the annual financial statements (previous year € 14,000) and € 17,000 for tax advisory services.

On a yearly average the Foundation employs a staff of 27 in Germany. In Ethiopia on average 644 full-time employees were engaged in performing the tasks assigned by the Foundation, of which only four are not Ethiopian nationals.

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DEVELOPMENT OF FIXED ASSETS IN THE FINANCIAL YEAR 2018 IN €

	COSTS OF ACQUISITION AND PRODUCTION			
	1 Jan. 2018	ACCRUALS	RETIREMENTS	31 Dec. 2018
INTANGIBLE ASSETS				
Computer software	825,779.44	7,669.61	0	833,449.05
PROPERTY, PLANT & EQUIPMENT				
Land, land rights and buildings including buildings on third party land	4,161,044.49	0	88,557.28	4,072,487.21
Technical equipment and machinery	80,329.89	0	0	80,329.89
Other property, plant & equipment	1,854,502.31	98,798.56	0	1,953,300.87
	6,095,876.69	98,798.56	88,557.28	6,106,117.97
FINANCIAL ASSETS				
Investment securities	8,895,793.42	48,739.10	4,677,593.60	4,266,938.92
	15,817,449.55	155,207.27	4,766,150.88	11,206,505.94

INDEPENDENT AUDITOR'S REPORT

To the Menschen für Menschen Foundation – Karlheinz Böhm's Ethiopia Aid, Munich

NOTES ON AUDIT OF THE ANNUAL FINANCIAL STATEMENTS

Audit opinion

We have examined the Annual Financial Statements of the Menschen für Menschen Foundation – Karlheinz Böhm's Ethiopia Aid, Munich – consisting of the Balance Sheet as of 31 December 2018, income statement for the financial year ending 31 December 2018 and the notes, including the representation of the accounting and evaluation methods.

In our opinion, based on the knowledge gained in the course of the audit, the enclosed Annual Financial Statements comply in all material respects with the German commercial regulations, as applicable to all businessmen, and convey in observance of the German principles of proper accounting an accurate impression of the current assets and financial situation of the Foundation as of 31 December 2018 and its earnings situation for the financial year ending 31 December 2018.

In accordance with Section 322 (3) (1) HGB we declare that our audit has not resulted in any objections to the correctness of the Annual Financial Statements.

Basis for the audit opinion

We conducted our annual audit of the Annual Financial Statements pursuant to Section 317 HGB in accordance with the German principles of proper auditing of the Institute of Auditors (IDW). Our responsibility according to these regulations and principles is described in more detail in the section "Responsibility of the auditor for examining the Annual Financial Statements" of our audit opinion. We are independent of the Foundation in compliance with the German commercial and professional regulations and have fulfilled our German professional obligations in accordance with

these requirements. We are of the opinion that the audit evidence obtained by us is sufficient and suitable as a basis for our audit opinion on the Annual Financial Statements.

Responsibility of the legal representatives and Supervisory Board for the Annual Financial Statements

The legal representatives are responsible for the preparation of the Annual Financial Statements in observance in all material respects of the regulations under German commercial law as applicable to all businessmen, and that the Annual Financial Statements in observance of the German principles of proper accounting corresponding to the actual circumstances present an accurate view of the net assets, financial and earnings situation of the Foundation. Furthermore, the legal representatives are responsible for the internal controls that they have determined to be necessary in accordance with the German principles of proper accounting to enable the preparation of Annual Financial Statements free of material misstatements, either intended or unintended.

In the preparation of the Annual Financial Statements the legal representatives are responsible for assessing the ability of the Foundation to continue its business activities. Furthermore, they have the responsibility to state facts, as appropriate, in connection with the continuation of business activities. In addition, on the basis of the accounting principles they are obliged to evaluate the continuation of business activities, insofar as it is not prevented by actual or legal circumstances.

The Supervisory Board is responsible for supervising the accounting process of the Foundation in the preparation of the Annual Financial Statements.

Responsibility of the auditor for examining the Annual Financial Statements

Our aim is to obtain reasonable assurance that the Annual Financial Statements are

1 Jan. 2018	ACCRUED DEPRECIATION			31 Dec. 2018	NET CARRYING AMOUNT	
	ACCRUALS	WRITE-UPS	RETIREMENTS		31 Dec. 2018	31 Dec. 2017
545,944.47	172,544.09	0	0	718,488.56	114,960.49	279,834.97
484,493.88	172,938.40	0	25,477.48	631,954.80	3,440,532.41	3,676,550.61
61,612.89	2,202.00	0	0	63,814.89	16,515.00	18,717.00
970,118.40	219,639.15	0	0	1,189,757.55	763,543.32	884,383.91
1,516,225.17	394,779.55	0	25,477.48	1,885,527.24	1,885,527.24	4,579,651.52
175,702.38	162,684.29	7,548.50	90,168.60	240,669.57	4,220,590.73	8,720,091.04
2,237,872.02	730,007.93	7,548.50	115,646.08	2,844,685.37	8,361,820.57	13,579,577.53

essentially free of material misstatements – intended or unintended – and to issue a certificate that contains our audit opinion of the Annual Financial Statements.

Reasonable assurance is a high degree of assurance, but not a guarantee that an audit performed in conformance with Section 317 HGB in compliance with the principles of proper auditing of the German Institute of Auditors (IDW) will always reveal material misrepresentations. Misrepresentations may result from violations or errors and are to be seen as material if it could be reasonably expected that they, individually or as a whole, would influence the economic decisions of addressees taken on the basis of these Annual Financial Statements.

In the course of the audit we exercise our professional judgement and take a critical approach. In addition:

- we identify and assess the risks of material misrepresentation – intended or unintended – in the Annual Financial Statements, plan and perform audit procedures as a reaction to these risks and obtain evidence that is adequate and suitable as a basis for our audit opinion. The risk that material misstatements are not discovered is greater in the case of violations than with inaccuracies, as violations may involve fraudulent collaboration, falsifications, intentional incompleteness, misleading representations or the suspension of internal controls.
- we gain an understanding of the internal control system relevant to the audit of the Annual Financial Statements in order to plan the appropriate auditing procedures under the given circumstances, but not with the aim of submitting an audit opinion of the efficacy of the Foundation's systems.
- we assess the suitability of the accounting methods used by the legal representatives and the tenability of the values and related information they provided.

- we draw conclusions concerning the adequacy of the accounting principles used by the legal representatives for the continuation of business activities, as well as – on the basis of the audit evidence acquired – whether substantial doubt exists in connection with events or circumstances that could cast significant doubt on the ability of the Foundation to continue business activities. If we come to the conclusion that a material uncertainty exists, we are obliged to draw attention to the respective information in Annual Financial Statements in the audit opinion or, if this information is unreasonable, to modify our audit opinion. We draw our conclusions on the basis of the audit evidence obtained up to the date of our audit certificate. Future events or circumstances may, however, result in the Foundation being unable to continue its business activities.
- we assess the overall representation, structure and contents of the Annual Financial Statements including the additional information and whether the Annual Financial Statements portrays the underlying transactions and events so that the Annual Financial Statements, in observance of the German principles of proper accounting, conveys a true picture of the Foundation's assets, financial position and revenue.

With those responsible for supervision we discuss, among other things, the planned extent and scheduling of the audit, together with significant audit findings, including any defects in the internal control system detected in the course of our audit.

Other legal and regulatory requirements

Note on the expansion of the audit of the Annual Financial Statements pursuant to Section 16 (3) BayStG.

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We have examined the preservation of the core assets as of the balance sheet date 31 December 2018 and the proper use of its revenue and donations intended for allocation in the financial year ending 31 December 2018.

In our opinion, as of the balance sheet date 31 December 2018 the core assets were preserved in all material respects and the revenue and donations intended for allocation in the financial year ending 31 December 2018 were used for the purpose intended.


We conducted our audit on the basis of Section 16 (3) BayStG in observance of the International Standard on Assurance Engagements (ISAE) 3000 (revised). Accordingly, we as an auditing company apply the IDW quality assurance standards for quality assurance in auditing practice (IDW QS 1). We have fulfilled our professional obligation pursuant to the German Auditor's Regulations and professional code for auditors/certified accountants including the requirements pertaining to the independence. Our responsibility pursuant to these regulations and principles is described in detail in the following. We are of the opinion that the auditing evidence obtained by us is sufficient and suitable to serve as a basis for our audit opinion.

The legal representatives are responsible for the preservation of core assets and proper use of its revenue and donations intended for allocation, as well as for the precautions and measures (systems) it has deemed necessary.

Our goal is to obtain reasonable assurance that as of the balance sheet date the core assets have been preserved in all material respects and its revenue and donations intended for allocation in financial year were used for the purpose intended, and to issue a statement that includes our audit opinion pertaining to the preservation of the core assets and the proper use of its revenue and donations intended for allocation. In the course of the audit we exercised our professional judgement and maintained a critical stance.

Munich, 17 June 2019

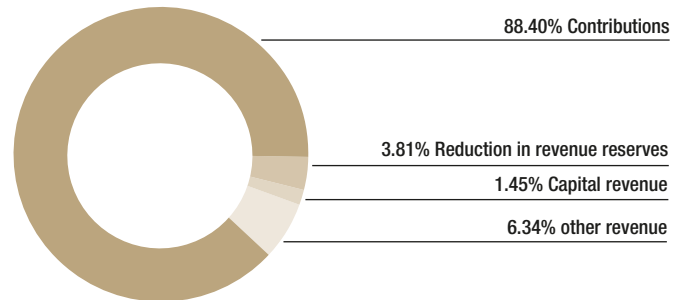

Petersen
Wirtschaftsprüfer

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DR. KLEEBERG & PARTNER GMBH
WIRTSCHAFTSPRÜFUNGSGESELLSCHAFT
STEUERBERATUNGSGESELLSCHAFT

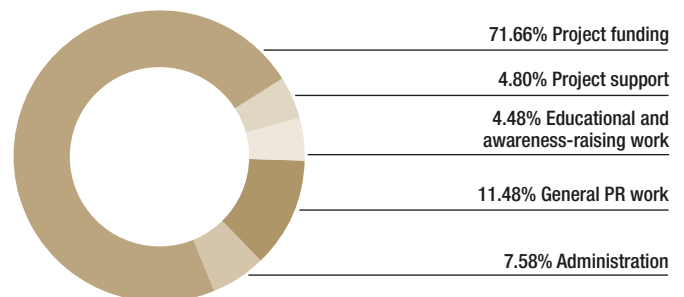
SOURCES OF FUNDS

Source of funds 2018

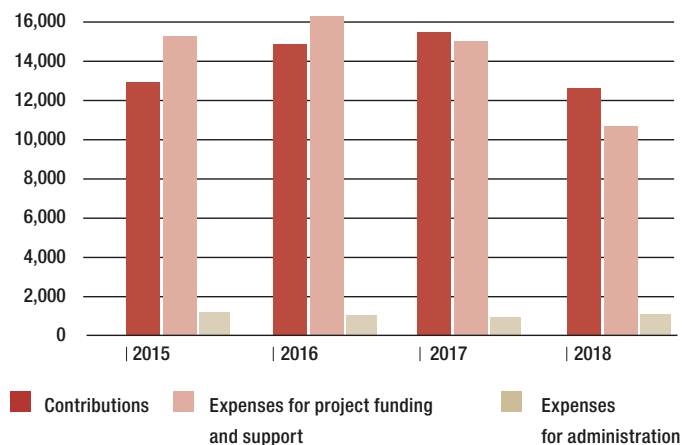


ALLOCATION OF FUNDS

Allocation of funds in 2018



DEVELOPMENT OF CONTRIBUTIONS AND EXPENSES 2015 TO 2018 IN T€



In order to ensure comparability, all donations and expenses were newly calculated according to the criteria of the DZI.

DZI DISTRIBUTION 2018

	€	Project funding	Project support	Education and awareness raising	General PR work	Administration
EXPENDITURE	PROJECT COSTS	1	2	3	4	5
Communications work	1,209,491.48	0.00	0.00	157,830.89	1,040,337.86	11,322.73
Press work	131,642.63	0.00	0.00	61,760.37	61,760.37	8,121.90
Donor support and finances	315,314.73	0.00	0.00	0.00	458.18	314,856.55
Committees, IT, Purchasing	568,897.02	146,043.54	152,803.87	113,126.19	89,677.04	67,246.39
Subtotal	2,225,345.86	146,043.54	152,803.87	332,717.44	1,192,233.43	401,547.57
Costs of office space	123,786.80	4,889.58	32,865.40	18,407.10	25,883.82	41,740.91
Other general expenses (e.g. office material)	113,974.90	4,117.94	27,678.79	19,391.54	27,633.00	35,153.63
Subtotal of other operating expenses	2,463,107.56	155,051.05	213,348.06	370,516.08	1,245,750.25	478,442.11
Personnel costs in Germany	1,730,763.85	68,365.17	459,517.80	257,364.58	361,902.72	583,613.57
Total expenditure Germany	4,193,871.41	223,416.22	672,865.87	627,880.66	1,607,652.97	1,062,055.68
Project work in Ethiopia	6,241,518.20					
Personnel costs in Ethiopia	3,571,995.60					
Total costs Ethiopia	9,813,513.80	223,416.22	0.00	0.00	0.00	0.00
TOTAL EXPENDITURE GERMANY AND ETHIOPIA	14,007,385.21	10,036,930.02	672,865.87	627,880.66	1,607,652.97	1,062,055.68
Percentage distribution of DZI criteria	100.00%	71.66%	4.80%	4.48%	11.48%	7.58%

ADDITIONAL NOTES ON EXPENSES

PROJECT FUNDING

Project funding includes all expenses for integrated rural development in Ethiopia, as listed in detail on pages 14 to 33. This encompasses personnel, procurement and running costs for the Agro Technical and Technology College (ATTC) and the Abdii Borii children's home. It also covers training expenses and compensation paid to the local population in return for their support in the varied project work.

Project support relates to expenses for the selection of suitable projects and their supervision by controlling, monitoring and evaluation. The international purchase of goods that are not available (in sufficient quantity and quality) on the local market, are likewise included.

CAMPAIGN, EDUCATIONAL AND AWARENESS-RAISING WORK

Raising public awareness is anchored as a self-contained goal in the Foundation charter. To this end we organise and support a wide variety of events at schools or within the context of adult education. Our aim is to present a picture of Africa at eye level and to sensitise people for the living conditions of the local population.

GENERAL PUBLIC RELATIONS WORK

This item comprises mainly expenditure for fundraising in the various channels (see also pages 34–35).

ADMINISTRATION

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

Planning 2019

In 2019 we will continue our project work in eleven project regions and the two individual ATTC (Agro Technical and Technology College) and ABCH (Abdii Borii Children's Home) projects. The work in three of the eleven project regions is contingent on a calming of the political situation in the Kellem Wollega Zone, so that work on the new school buildings and other projects can be resumed. In Arsi, to the south of Addis Ababa, work is due to start on a project funded by the Society for International Cooperation (GIZ) that will provide jobs for 500 unemployed youths and women in two value-added chains – broad beans and wheat processing.

In the area of sustainable land management we are pressing ahead with soil stabilisation in the form of 1,521 kilometres of terraces and securing 40 kilometres of erosion gullies. For the renaturation of eroded areas, 176 hectares of land are to be closed off and 17.1 million tree seedlings planted for reforestation purposes. For the cultivation of vegetables we will be distributing 1,603 kilos of vegetable seeds and 208,100 fruit tree seedlings. Most farmers grow onions and peppers in their backyards; carrots and beetroot were unknown to many of them. The women can supplement their meals with the vegetables offered by the Foundation. They sell the surplus on the market to supplement their income. The distribution of 500 more productive hens helps the farmers to produce more eggs, and the distribution of about 1,600 beehives increases their honey production. Families can enjoy a more balanced diet and at the same time increase their incomes.

In the field of water and hygiene we plan to construct 100 hand-dug wells, shallow wells and spring developments, as well as two rural town water supply systems. With the aim of ensuring the sustainability of the water schemes, parallel with construction we are training local water committees in servicing and repair work, and equipping them with tool sets. More than 1,000 members of these WaSH committees are to be trained in 2019.

In 2019 we are also planning to complete or continue the construction of 20 schools. In addition, the foundations are to be laid for six new schools. In the Jamma district in the South Wollo work is due



Good progress is being made with the reforestation project in Wogdi in cooperation with the Heinz Sielmann Foundation. The successes motivate the farmers to work together in the construction of further terraces.

to start on the construction of a Technical and Vocational Training Centre (TVET). In 2019 a total of 732 students are enrolled at the ATTC in Harar.

In the health sector we are proposing to build health care centres in the Jeldu and Illu Gelan regions. Twelve facilities will receive medical material such as disinfectants, syringes, bandages, cotton wool and disposable gloves. About 35,000 children are to be vaccinated against ten diseases and 38,000 pregnant women against Tetanus. We want to distribute contraceptives to about 52,000 women and carry out 44,000 voluntary HIV/AIDS tests. All activities will be backed up by the awareness-raising work of the Foundation employees. They will provide information on the need for child vaccination, the advantages of medical care for expectant mothers, family planning and the risk of HIV infection.

Finally, in the area of human development we are proposing to distribute about 9,700 fuel-saving stoves in the current year. These not only preserve the natural resources, but also protect the health of women and children due to the low smoke emissions. We want to admit 700 more women to our micro-credit programme to enable them to start their own businesses and become more independent. In the current year it is proposed that 115 children will be accommodated in the Abdii Borii children's and youth home in Mettu in the south-west of the country and 40 young adults supported during their period of training until they embark on their careers.

DONOR ADDRESS AND ORGANISATION

In 2019 we want to maintain our total revenue at the previous year's level. However, at the same time we anticipate a significant decline in legacies, and we must compensate this shortfall with increased donation revenue from other segments. Our focus here lies on the top and major donor segment. In addition, we anticipate a slight increase in revenue in this segment due to the increasing number of events in selected German cities – such as fundraising concerts – and an increased volume of mailings to new donor groups. Successful new cooperative formats, such as Classic Radio, are to be continued. Besides this, we will be supplementing the personnel in our online domain, in order to use these increasingly important channels of communication in a more targeted manner. In particular in combination with classical offline media such as the popular donor NAGAYA magazine, we can strengthen the ties to donors and win new donor groups.

Due to the growing significance and public awareness for climate protection, we expect more public donations for our projects in this field, e.g. our reforestation activities in Ethiopia. Our projects for building value-added chains continue to be popular, primarily with the public sector, as described above, but these are increasingly being supported by private donors. The creation of jobs for young people in rural areas has also awakened a growing interest in institutional sponsors and donating

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Nevertheless, Ethiopia is experiencing a difficult transformation process and violent disputes between the different ethnic groups are meanwhile an element of everyday life. A successful conclusion of the new prime minister's reform efforts is thus by no means certain. At least in some regions of the country there is still a risk in 2019 that our project work will be compromised by the conflict and continued only on a restricted basis due to regional disturbances. Following an analysis of the current situation, however, it can be assumed that the regional conflicts will not spread throughout Ethiopia.

As far as donation income is concerned, the general trend of the diminishing classical donor market remains a risk for the foundations, as younger potential donors, for example, often prefer other forms of social commitment. Access to citizens who wish to make a social contribution has further shifted from traditional channels such as TV or direct mailing to social media, local direct address or event-oriented formats.

However, the real net output ratio in Ethiopia and the many years of experience of *Menschen für Menschen* also offer great opportunities for the revenue side in future. By virtue of its long-term presence in the country, the increasing demand for transparency, quality and sustainability of the means employed will serve our organisation like no other. Also, our holistic approach puts us in a position to offer solutions for a wide range of key challenges of human development such as water supplies, education and health and climate protection. This also

enables the address of other supporters in various new segments (such as climate protection). This creates great opportunities that new partnerships and revenue models that can also compensate for the shrinking donor market.

OPPORTUNITIES AND RISKS

Our successes in creating jobs in the last few years have also resulted in wider opportunities. There is thus a considerable need for the construction of technical and vocational training centres (TVETs), the creation of further value-added chains and the education of women. Here again, there is a high degree of support both in the public and all levels of administration.



The successful cooperation with GIZ enters a second phase. At the official opening in the "industrial zone" of Seyo (f.r.t.l.): Board member Peter Renner, Andrea Wilhelmi-Some from GIZ, Dr. Mengistu Tulu as representative from the regional administration and Christian Ude, the Chairman of the supervisory board.

enables the address of other supporters in various new segments (such as climate protection). This creates great opportunities that new partnerships and revenue models that can also compensate for the shrinking donor market.

SUMMARY

Following the successful consolidation in the previous year, 2019 is expected to bring an increase in donations from the ranks of top and major donors, and compensate for the less plannable revenue from legacies and endowments. Likewise, new projects in the area of training in Ethiopia will again give thousands of young people a future perspective in their own country. At the core of our work we will be pursuing our plans for integrated rural development and continue to have a positive direct and indirect impact on even more people.

FINANCIAL PLANNING 2019

	T €
CONTRIBUTIONS	
- from Germany	10,316
- from Austria	2,345
- from Belgium	70
- Other revenue	583
TOTAL REVENUE	13,314
PROJECT FUNDING	
Sustainable agriculture	-2,242
Water projects	-1,330
Education	-3,849
Health	-896
Human development	-1,386
TOTAL PROJECT FUNDING	-9,703
TOTAL PROJECT FUNDING	-11,228
PLUS CONTROLLING	
Project support	-931
Campaigns, educational and awareness-raising work	-500
General PR work	-1,702
Administration	-772
TOTAL OPERATING EXPENSES	-15,133
ADDITIONAL OPERATING EXPENDITURE	-1,819
REDUCTION IN RESERVES	1,819
YEAR-END RESULT	0