



Annual Report 2006

Deutsche Welthungerhilfe German Agro Action

Our vision:
All the people of this world shall lead an independent life in dignity and justice – free of hunger and poverty.

Deutsche Welthungerhilfe (German Agro Action) was founded in 1962 as the national committee of the "Freedom from Hunger Campaign" set up by the United Nations' Food and Agricultural Organisation (FAO). Today, it's one of Germany's largest non-governmental aid organisations. Non-profit-making, non-denominational and politically independent, the organisation is run by a board of honorary members under the patronage of the President of the Federal Republic of Germany. Its work is funded by private donations and public grants.

What we want

- Welthungerhilfe campaigns worldwide for human rights, sustained development, a guaranteed food supply and conservation of the environment. We regard our work to be successful if people improve their living conditions to such an extent that they can enjoy a secure livelihood without outside aid.
- As citizens of a wealthy country, we bear a responsibility for making sure we don't only pay lip-service to the idea of solidarity with the poorest members of the human race. For this reason, together with partners from the world of politics, media and schools, we campaign for fairer cooperation with countries in the developing world.
- We use the funds entrusted to us sparingly and effectively. The work of our staff is characterised by commitment, experience and competence.

How we work

- We provide help from one set of hands by means of rapid humanitarian aid in acute crisis regions. Where hunger and poverty are chronic, we cooperate closely with local partners on long term projects.
- As part of this process we provide support for the landless, for small-scale farmers, women, children and young people; and for people who need start-up aid in order to lead their lives in justice and dignity.
- We fund our work from private donations and public grants. We have received the "seal of approval" from Germany's Central Institute for Social Issues (DZI) for the cost-effective and transparent way we use our funds.
- Levels of control such as internal auditing, evaluation or regular reports from projects ensure that funds are used correctly.

Information under
www.welthungerhilfe.de



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Welthungerhilfe 2006 – in brief

By the end of 2006, around € 1.8 billion helped finance

- 3,496 self-help projects
- 973 projects for children and young people
- 892 emergency aid programmes in 70 countries.

Welthungerhilfe works with independent local partners or – where that's not possible – with its own staff in order to secure food and income for particularly poor sections of the population in the countries of the developing world.

In Germany, Welthungerhilfe's work was supported by many people, including

- 293,976 private donors
- 42,000 young people who took part in 220 "Run for Life" events
- 5,500 voluntary workers who organised 450 events in aid of Welthungerhilfe
- 1,500 schoolchildren at the WorldBreakfast

Project funding in the previous year:

To finance its projects, Welthungerhilfe received

- € 34.7 million in private donations
- € 130.2 million in public grants

Administrative costs accounted for 1.4% of total expenditure. Costs of fund-raising and related PR work accounted for 4.3%.

The most important sources of public money were:

- the World Food Programme with € 64.4 million
- the Commission of the European Union with € 32.9 million
- the German Ministry of Economic Cooperation and Development with € 13.2 million
- USAID with € 1.7 million
- the Department of Foreign Affairs with € 1.5 million.

172 new projects were approved in the following areas:

- 79 projects for aid in crises, conflicts and disasters
- 47 projects in the area of food security and agriculture
- 12 projects for the development of basic infrastructure (schools, roads etc.)
- 14 projects for improving opportunities for children and young people
- 4 projects for preventive healthcare and the fight against HIV/Aids
- 14 projects for the reconstruction of civil society
- 2 projects for crafts and trade

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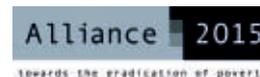
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Member of Alliance 2015, the Association of International Relief Organisations

Welthungerhilfe received the "Donations seal of approval" from the German Central Institute for Social Issues (DZI).



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Editorial

Dear Readers,

The first "post-tsunami" year is behind us. The generosity of the German public in helping victims of the seaquake in South and Southeast Asia meant a significant increase in donations for almost all relief organisations. Welthungerhilfe (German Agro Action) was no exception and our income almost doubled that of "normal" years. Like many organisations, we were curious to see if our supporters would still be willing to donate money to the everyday business of providing relief for all the "silent", lower-profile disasters after tsunami relief had run out. Reactions have been varied. On the one hand, we were forced to realise that the public's greatest generosity ends when the spectacular images disappear from the media. On the other hand, many supporters have made a conscious decision to promote our work on a long term basis by making monthly or quarterly contributions, enabling us to help innocent refugees and victims of war in Sudan, Burundi, Haiti and Pakistan immediately and without having to issue a separate appeal for donations. Or they help us empower poor people in Africa, Asia and Latin America to help themselves fight famine and poverty and protect their human dignity.

If we adjust our annual results by taking out the one-off tsunami donations, we have still been able to keep up with the previous year's performance again in 2006. Our supporters are increasing in number slowly but surely. Private donors in Germany provided us with around € 34.7 million. This enabled us to extend relief projects in 70 developing countries last year and reach even more people – children, adults and the elderly. We would like to thank our donors most sincerely for the unbroken trust they have shown in our work. Without their commitment to the poor people of this world, our work would not be possible.

In addition to private donations, we received substantial public grants from the German government, the Department of Foreign Affairs, the Ministries of Economic Development and Agriculture, the European Commission, the

World Bank, the World Food Programme, the American government and European governments, which invested their aid funds in organisations such as Welthungerhilfe that are working in the respective countries. These public grants amounted to an impressive € 130.2 million! We regard this as proof of the confidence placed by institutional donors in the professional way we implement projects and programmes.

We also gauge the success of development cooperation according to the United Nation's Millennium Development Goals. In the previous year, we continued to pursue our ambitious project "The Millennium Villages". In 15 selected villages, we aim to implement a selection of millennium goals in cooperation with the local population within the next five years and thereby significantly improve the living conditions of these people. These "millennium villages", which exemplify our development work, have found numerous supporters in only a short space of time, and

we would like to take this opportunity to thank them for their commitment.

In recent years, Welthungerhilfe has become one of Germany's biggest non-governmental development organisations. It has campaigned tirelessly to achieve its goal – a world free of famine and poverty. But competition for donations and attention has also intensified. We will face new challenges, we will continue to improve the quality of our work, and we will strengthen our position with regards to the key issues of development aid in the hope that one day all people can lead an independent life in dignity and justice and without hunger and poverty.

Continue to help us achieve this goal and actively support our work! Our most sincere thanks for your support!



Ingeborg Schäuble
Chairperson



Dr. Hans-Joachim Preuß
Secretary General

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Chairperson

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Secretary General



School children from Kiniya (near Trincomalee) have painted a mural at their school to express their hope of peace after 25 years of civil war.

Sri Lanka: working in a conflict area

Civil war has raged in Sri Lanka for around 25 years. There were initial signs of reconciliation between the conflicting parties after the tsunami at the end of 2004. But the situation and working conditions for Welthungerhilfe staff deteriorated in 2006. Philippe Dresrüsse works throughout Sri Lanka as Welthungerhilfe's Head of Project in the field of crisis prevention and conflict resolution with the local partner organisation Sewalanka Foundation.



Welthungerhilfe: Mr. Dresrüsse, you work in the field of crisis prevention and conflict resolution for all Welthungerhilfe projects in the conflict area in east and north Sri Lanka. What kind of work do you do?

Philippe Dresrüsse: My work has three main aims. The first is to develop basic strategies, directives and structures in order to carry out effective peace work. Staff have been trained and a "Peace and Reconciliation Unit" has been established within the partner organisation Sewalanka, which is responsible for coordinating all of the organisation's peace activities. It consists of a Muslim, a Tamil, a Buddhist monk and myself. This unit is supported on a district level by so-called "Peace and Reconciliation Coordinators".

The second aim involves planning specific peace activities on behalf of Welthungerhilfe and Sewalanka. In east Sri Lanka, we support and promote so-called "Sewa Peace Teams". These teams are made up mainly of Tamil, Sinhalese and Muslim youngsters who do community work on a voluntary basis, helping refugees and organising peace activities between the different ethnic and religious communities. We have also brought together influential religious leaders from the various religious communities in



Conflict counselling is one of Philippe Dresrüsse's main tasks (pictured above and below in the middle). He works for Welthungerhilfe in Sri Lanka, organising peace-promoting activities such as cricket tournaments in which Tamil, Muslim and Singhalese players take part.

order to further the peace process. The representatives of the different religions have formed a committee which meets alternately in mosques, churches, Hindu and Buddhist temples and plans peace-promoting measures on a national and community level. We are also supporting the development of a peace centre, the so-called "Islander Centre". Here, young people from all over Sri Lanka are trained in conflict resolution and democracy-promoting strategies. In future, peace-keeping initiatives will be discussed and developed here on different social levels. The third aim involves promoting conflict-sensitive and peace-oriented approaches to project work. Regular conflict analyses have to be carried out to gain a deeper understanding of political, economic and social relations in the project regions. These conflict analyses make it possible to recognise conflict situations and to successfully implement preventive peacekeeping measures.

How does the difficult political situation affect Welthungerhilfe's project work?

The escalation of violence is making it difficult to carry out project work. Transporting material and workers has become especially problematic. There are frequent delays and because of the fighting, many of our project regions are inaccessible. Fear and uncertainty are also prevalent in the "target group" and among local members of staff. People are on the run again and struggling to survive. It's virtually impossible to make any long-term plans. Another problem is that many good local workers are leaving the project region because of the precarious security situation. Longer-term plans can only be made to a limited degree. Many projects have been converted back into emergency aid projects.

How do your members of staff protect themselves? Are there special security measures or codes of conduct?

The staff of Welthungerhilfe have developed comprehensive security plans for project regions in cooperation with our partner Sewalanka. These plans regulate communication channels in emergencies, define responsibilities in the event of evacuation, describe precautionary measures for the project office or specify roads that should not be used. But we're not 100% safe. Welthungerhilfe security representatives have supported us here in an advisory capacity.



Attacks are occurring all the time. How do you personally deal with fear?

A difficult question. Sadly, violence has become normality again in Sri Lanka. You get used to it. That's why I repeatedly distance myself from violence. It's always important for me to leave Sri Lanka at least twice a year for a longer period of time, to recharge my batteries and get a clear perspective on things again.

How does the tense situation influence your everyday life in Sri Lanka?

Like other Welthungerhilfe colleagues, I don't live in the north any more but in the capital of Colombo, so the situation has had comparatively little effect on my everyday life. But the conflict is ever present even in this city. You talk almost every day with friends or colleagues about the latest land mine explosion or bomb attack. The military presence has increased enormously. I'm constantly being checked by security forces. People are nervous, tense and afraid of further attacks.

More information on Sri Lanka is available on the project page of our website: www.welthungerhilfe.de



Photo: Schwarte

The production and sale of manioc grain (as shown here in Ngandorhun/Sowa) represent an important source of income.

Many of the refugees in the Largo camp are children.



Photo: Schwarte

Sierra Leone: after the ravages of war

Aid measures should not be short-term – the so-called LRRD approach (= Linking Relief, Rehabilitation and Development) takes this into account and aims to combine immediate relief, rehabilitation and development aid. Welthungerhilfe feels an obligation towards this approach and links short-term survival aid with reconstruction measures and prolonged development projects in disasters and crisis situations.



One successful example of how Welthungerhilfe applies the LRRD approach can be seen in the West African country of Sierra Leone. In the 1990s, the country experienced one of the world's bloodiest ever civil wars. Several hundreds of thousands of people were driven out of their villages, fleeing to other parts of the country or to the neighbouring states of Liberia and Guinea. Not long after, the civil war in Liberia forced many refugees to flee to Sierra Leone. As a consequence of military conflict, 80 to 85% of the population in Sierra Leone still lives in absolute poverty. According to the Human Development Index (HDI) in 2006, the country ranked last but one of a total of 177 countries.

During the civil war, Welthungerhilfe was forced to suspend its activities in the West African state and was not able to resume work again in the districts of Bo and Keneba on the border with Liberia until 2004. Initially, returnees and Liberian refugees were supported with food assistance. During the war, the people's main source of income, agricultural production, had collapsed completely. The population is only gradually in a position to provide for itself again.

The Welthungerhilfe project with the Creole name of "Boku yam yam fo tumara", which means "enough food for tomorrow", is funded within the framework of the European Commission's reconstruction programme. Its aim is

to promote the peaceful co-existence of Liberian refugees and the host population by organising joint activities such as environmental training. Securing peace also depends on the rapid improvement in the living conditions of the population.

Long-term development

Through the LRRD approach, the project combines emergency aid with rehabilitation and development measures.

Emergency aid took the form of food supplies and seed distribution both in refugee camps and nearby villages.

With its initial **rehabilitation measures**, Welthungerhilfe has helped small-scale farmers re-establish efficient ways of farming paddy fields. The introduction of agroforestry systems and training in land-saving methods of farming mark the transition to **long-term and sustainable development**. Particularly important for sustainability is the reconstruction of traditional social networks and organisational structures which were destroyed by the civil war.

However, this requires the population's trust in joint activities such as poultry and goat farming, the establishment of tree nurseries for reforestation and environmental training in schools. By building latrines, the hygiene situation will be improved. In several villages, women have joined forces to set up market gardens. Welthungerhilfe supports

them with seed, tools and advice. To generate additional sources of income, Welthungerhilfe also advises village groups on how to produce and market manioc grain.

Welthungerhilfe also works with the Liberian refugees who are still in the region. After providing immediate survival aid, refugees have to be prepared for their return home. Welthungerhilfe organises agricultural training courses which are of use to refugees after they have left Sierra Leone and returned to Liberia.

Initial progress

After a 3-year period, the situation in the project region has improved significantly. Since the conclusion of the peace agreement in Liberia, some of the refugees have returned to their home country. The infrastructure available in the camps, such as community buildings and medical centres, will be made available to the village population. Initial progress has been made for the people of Sierra Leone and living conditions have stabilised. The foundation for a long-standing improvement in the living conditions of small-scale farmers has been laid.

More detailed information on Sierra Leone is available on the project pages of our website: www.welthungerhilfe.de

Welthungerhilfe regularly organises training courses in agriculture and environmental issues. Local people learn about economical and ecological ways of growing manioc and other crops.





Photos: Lyons

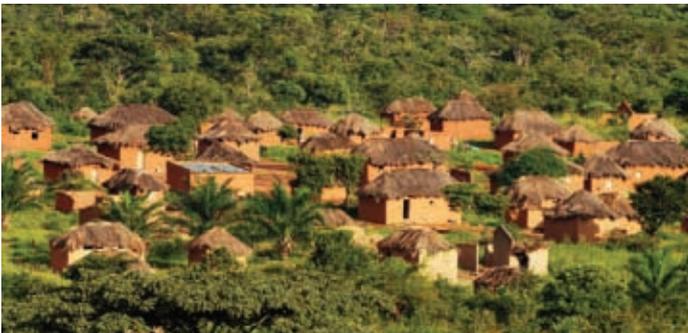
Around 90 % of the 1,300 inhabitants of the Angolan millennium village of Mangué live in poverty. Welthungerhilfe supports farming in particular, so that people can improve living conditions by their own efforts.

The millennium villages – facing the future together

In September 2000, 189 heads of state and government signed the “Millennium Declaration”. Its aim: to implement eight Millennium Development Goals throughout the world by the target date of 2015, including reducing the number of people suffering from hunger and poverty by half. In July 2007 we will reach the halfway mark. Welthungerhilfe is participating in this global challenge with its “Millennium Villages” programme. 15 selected regions or villages around the world are sending out a signal – that these goals can be achieved!

This was the first time that so many government representatives agreed to implement measurable goals by a clearly defined deadline. The poor results recorded so far underline the fact that a concerted effort has to be made to enforce the Millennium Goals: over 850 million people are still starving, 6,000 people die every day because they have no access to clean drinking water, and 100 million children do not have the opportunity to go to school. Overcoming these problems has always been at the heart of Welthungerhilfe’s activities. The 15 selected Millennium Villages illustrate how Welthungerhilfe and its partner organisations are helping achieve the Millennium Goals.

Much has happened in the first year of Welthungerhilfe’s initiative. In the millennium village of Mabote (Mozambique), 200 children are attending school for the first time since four school halls were built. In Auhyha Pihni in Nicaragua, two new wells provide fresh drinking water and help prevent the spread of diseases such as typhoid fever. Newly gained farmland in the Base-Kiryango valley (Rwanda) is helping to secure food for the rapidly expanding population. In many places, living conditions have already improved significantly. In some cases, however, relief efforts have come up against their limits. Political unrest in Afghanistan, for example, has delayed the start of activities. Welthungerhilfe is endeavouring to achieve one or more



Since a medical centre was set up in the remote village of Mangué, people no longer have to travel 45 kilometres to the next health centre.

The Millennium Development Goals

1. To reduce by half the number of people suffering from hunger and living on less than one US dollar a day.
2. To achieve universal primary education.
3. To promote gender equality and empower women.
4. To reduce child mortality by a third.
5. To improve maternal health.
6. To combat HIV/Aids, malaria and other serious diseases.
7. To ensure environmental sustainability.
8. To promote a global partnership for development.

Millennium Goals in all of the villages – in close cooperation with the villagers themselves. They decide which problems relating to the elimination of hunger and poverty are most critical and how they should be tackled.

Working together with local people

As part of a 5-year monitoring scheme, Welthungerhilfe staff and its partner organisations interview up to 100 families in one millennium village every year. The same families are interviewed annually. The responses are then assessed and compared to find out how the people's situation has changed and whether living conditions have improved. For example, interviewees are asked whether the number of daily meals has increased, whether children go to school or whether clean water and medication are available. During an accompanying workshop, male and female villagers assess the implementation of the Millennium Goals from their own personal perspective, so that local knowledge of climatic and cultural peculiarities is incorporated in the assessment. The effort involved in the assessments pays off because prospects of a better future in the long term are only possible with the help of the local people.

More information about our Millennium Villages is available under: www.millenniumsdoerfer-der-welthungerhilfe.de

Millennium village of Cañadón Peñas: progress beyond the village boundaries

A mood of hope prevails in the millennium village of Cañadón Peñas in Bolivia. Initial progress has been made in terms of the villagers' income and food supplies, and this is expected to be sustained in the future. Together with its partner organisation AIPE, Welthungerhilfe works closely with the local government. In this way, the results of Welthungerhilfe's monitoring programme in August 2006 are incorporated in the region's development plans. Central bodies are informed directly of the needs of villagers, making it possible to use state funding in a targeted way. Better production and distribution facilities in agriculture are only possible if structural changes are made. One of the aims of Welthungerhilfe and its partner organisation is to persuade local authorities to offer village children a school breakfast consisting of produce from local farmers. This would boost family incomes, improve children's diets and create an added incentive for them to attend school. This is an aim of several Millennium Goals.



Sheep rearing offers the inhabitants of Cañadón Peñas an effective way of supplementing their incomes.

The world map on pages 14 and 15 indicates the location of all Welthungerhilfe millennium villages.

Sudan: the situation in Darfur remains critical



Welthungerhilfe is implementing projects in three provinces in Sudan. While reconstruction or development work is being carried out in southern Kordofan and Unity State, efforts in Darfur continue to focus on emergency aid because of the acute crisis there. In 2006, the situation in the province of Darfur deteriorated further. Civil war is still raging and a total of four million people are affected.

One point six million people live in northern Darfur where Welthungerhilfe distributes food to secure the survival of 485,000 displaced people. To provide the impoverished refugees with essentials, Welthungerhilfe is distributing blankets, mosquito nets and plastic sheets for makeshift shelters and buckets to transport water. To enable people to provide for themselves in the long term, they are given grain, vegetable seed and farming tools and offered appropriate training. In 2006, Welthungerhilfe distributed over 136 tons of grain and vegetable seed, 20,000 hoes and 500 donkey ploughs, thus reaching some 25,000 households.

In 2006, work in Darfur became more difficult for relief organisations, and Welthungerhilfe was also forced to withdraw staff several times because of an acute risk. This meant that it was not possible to supply all those in need with food every month. Aid workers compensated for this at least partially by distributing larger rations at times when the regions were accessible. In spite of precarious external conditions, Welthungerhilfe's work was successful: the number of mortalities related to malnutrition and disease is continuing to decline, malnutrition has been halved since mid-2004 and around three quarters of the people from Darfur now have access to drinking water.



Civil war in Darfur is ever present.

More information on Sudan is available on the project pages of our website: www.welthungerhilfe.de

Kenya: after the drought came the flood



Since mid-2004, Kenya has been suffering from a prolonged drought which reached its most disastrous proportions in 2006. The consequences for around 3.5 million people were particularly drastic in the north-eastern and eastern provinces. This period of extreme dryness was followed by severe rainfall towards the end of

the year, especially in the east of the country. In 2006, Welthungerhilfe carried out 12 projects dealing with the effects of drought and then flooding worth a total volume of € 9.6 million. After the floods, contaminated wells were a particularly serious problem for the population. Emergency aid secured short-term drinking water supplies in the rural regions in south-east Kenya. This occurred by developing supply structures for drinking water. The people were also offered training in drinking water hygiene, equipment maintenance and management.

By building collection tanks for drinking water and shallow wells, altogether 188,000 people were offered better access to drinking water in 2006. Approximately 306,000 people are benefiting from improved rural infrastructure as a result of the food-for-work measures.

The situation for refugees in the reception camps in Dadaab (district of Garissa) in the eastern part of the country intensified further in the second half of 2006. This was caused, of course, partly by weather-related problems but also by the enormous influx of refugees, a problem the country has faced since the start of the conflict on the Horn of Africa.

Further information about Kenya is available on the project pages of our website: www.welthungerhilfe.de

Difficult water supplies continued to pose a serious problem in Kenya in 2006.



Photo: von Ungen



Alliance 2015

towards the eradication of poverty

Bündnis
Entwicklung hilft

Brot für die Welt terre des hommes m MISEREOR

VENRO

VERBAND ENTWICKLUNGSPOLITIK
DEUTSCHER NICHTREGIERUNGS-
ORGANISATIONEN e.V.

Alliances: working more efficiently – achieving better results

To achieve a greater impact with its work, Welthungerhilfe has been involved in various alliances and networks for a number of years. By combining and harmonising measures, it aims to achieve synergy, to work more effectively and create coherency in the organisation's work both in Germany and in the respective project countries.

Within the framework of Alliance2015, for example, offices in some countries are now used jointly. This promotes cooperation and reduces costs.

Alliance2015 consists of six European, non-denominational, non-governmental relief organisations that work in the field of development cooperation and humanitarian aid. Their overriding objective is to fulfil the eight Millennium Goals. Co-founded by Welthungerhilfe in 2000, the Alliance includes CESVI (Italy), Concern Worldwide (Ireland), Hivos (Netherlands), Ibis (Denmark) and People in Need (Czech Republic).

One of the Alliance's key concerns is emergency aid and reconstruction. In 2006, joint projects were carried out in these fields in Pakistan and Indonesia. Other focuses include primary education and the campaign to eradicate HIV/Aids. The Alliance was active in 2006 in both areas, particularly on a lobby level in Europe. The successful Stop Child Labour campaign (more on page 16) is now entering stage two. A second campaign entitled Virus-Free Generation was also launched. This campaign concentrates on HIV/Aids and addresses a younger target group, drawing attention to the Aids problem in southern Africa. Both campaigns are co-funded by the European Union. In 2006, the Alliance also published its third "2015 Watch Report"

which concentrates on the second Millennium Goal relating to primary education.

Welthungerhilfe is also an active member of the umbrella association of German non-governmental organisations, VENRO. VENRO has 100 members from the fields of development cooperation, emergency aid, development policy-related education, public relations and lobby work. Above all, VENRO is active on a political level, but to an increasing extent, it sees itself as a provider of services for its members. Last year, the association campaigned for an increase in development aid as promised by the German government. Initial talks were held with German pop star, Herbert Grönemeyer, who supported VENRO at events held in connection with the "Your Voice Against Poverty" campaign during Germany's G8 presidency in 2007, like his Irish colleague, Bono.

The alliance "Development Works – Together for People in Need" founded in 2005 by Brot für die Welt, Misereor, terre des hommes, medico international and Welthungerhilfe focused on the problem of bird flu in 2006 and the effects of the disease in Africa, and on the United Nation's new emergency aid fund. A symposium was also organised on "Africa's raw materials: conflict and development potential".

More detailed information is available on the following websites:

www.alliance2015.org

www.venro.org

www.entwicklung-hilft.de

Projects put to the test

Welthungerhilfe provides swift humanitarian aid in acute crises. In places where poverty is chronic, we improve people's living conditions in long-term projects in such a way that they are able to support themselves.

Projects are developed by Welthungerhilfe's partner organisations, our own project staff and people in the countries concerned. In this way infrastructure, such as wells and roads, is planned, agricultural production plans are made, the distribution of products is prepared and training programmes are organised. Whether these measures are used on a permanent basis by the target groups and whether they help improve living conditions, however, often remains unclear. A well-intentioned contribution to poverty alleviation is meaningless if the plans fail to take into account the fact that the developed infrastructure has to be maintained in the long term.

Welthungerhilfe has set itself the task of determining more effectively (during and after implementation) whether a project is having or has had the planned positive effects on the population. We do not just want to know whether a well or irrigation system has been technically well built, but whether the local population actually uses them and as a result suffers from fewer illnesses, or whether irrigation systems actually help increase yields and therefore personal incomes.

For project work to be effective, a clear overview of general conditions, problems and needs, but also possible solutions and development potential is essential. The pop-

ulation therefore has to be involved in the planning process so that appropriate measures are considered and realistic goals set – goals which actually help improve people's lives.

When a project is being implemented, the population has to be consulted on an ongoing basis about whether the original plan can really achieve the desired effects or whether amendments are necessary. This process of testing and observing, or "monitoring", is carried out by the project staff themselves.

Independent evaluators

Independent evaluators are also sent out to selected projects to take a closer look at whether the project is having an effect on the population, and if so, which effects these are during a so-called evaluation. Particular attention is paid to unplanned, undesired or even negative effects. It's always important that both positive and negative effects are documented so that players on the ground, i.e. partner organisations, local administration, the population, Welthungerhilfe and other development organisations can learn from experience and plan more effective projects in the future.

This procedure may sound obvious, but in practice, it's not always easy to achieve. To tackle this challenge, we will offer our partner organisations and our own project staff intensive training in the coming years.

More detailed information about our work is available on our website: www.welthungerhilfe.de

Welthungerhilfe makes sure its projects are having the right impact even during implementation.



How a project is developed



1 The idea for a project is usually proposed by a partner organisation or directly by Welthungerhilfe. It may also be prompted by an acute emergency situation. At this stage, the project idea is only vaguely formulated and detailed plans have not yet been drawn up. After consulting the headquarters and taking into consideration a country concept which is prepared for every priority country, a decision is made as to whether a project idea is pursued further and whether specific plans are made or not.

2 A situation analysis provides the information required for further project planning. It's particularly important that affected people are involved in the process of planning objectives and implementing the project as soon as possible. Various analysis and planning methods are available for this purpose.

3 The results of the situation analysis are included in the **project application** which has to go through its own approval procedure within Welthungerhilfe. Applications for public grants are often submitted, for example, to the German government. Implementation can only begin after the project application has been approved by Welthungerhilfe's Board of Directors. A Project Advisory Committee (see p. 27) made up of honorary members advises the Board of Directors.

4 Implementation of measures occurs on site according to the project plans. The project is managed by a local partner organisation or a member of Welthungerhilfe staff who has been sent to the country in question. Together with the local people, project staff examine the implemented measures systematically and continuously to determine whether they are actually bringing about the desired results (= monitoring). The information gathered during the monitoring procedure is used both for project control and accountability purposes.

5 When an external **evaluation** is made, tests (evaluations) are usually carried out during the project to see whether the targets can be achieved or whether amendments are necessary. An evaluation by external evaluators ensures a professional, neutral appraisal of the project from outside and guarantees transparency. A financial inspection is performed in a similar way.

6 Monitoring and internal and external controls are elements of an ongoing **learning process**. Results and experience drawn from the individual projects enable affected persons and organisations to extend their knowledge and therefore improve project work on a continual basis.

Nepal (2 projects / € 0.1 million)

- Food security
- Support of educational measures

North Korea (6 projects / € 2.9 million)

- Improvement of food supply
- Drinking water
- Seed distribution for food security
- Health promoting measures – hygiene programme

Pakistan (8 projects / € 4.7 million)

- Support of earthquake victims in Kashmir
- Reconstruction and rehabilitation of public infrastructure
- Distribution of seed
- Helping children cope with trauma

Philippines (3 projects / € 0.2 million)

- Support of children and young people
- Emergency aid after hurricane

Sri Lanka (10 projects / € 4.3 million)

- Support and food aid for internal refugees
- Improvement of natural resources
- Support of tsunami victims

Tajikistan (9 projects / € 4.0 million)

- Counselling and training programmes
- Poverty elimination and micro loans
- Resource management
- Increasing income from agricultural production

Thailand (4 projects / € 0.4 million)

- Helping children cope with trauma relating to the tsunami
- Support of schools / school children and orphans

Uzbekistan (1 project / € 0.1 million)

- Food security

Vietnam (1 project / € 0.1 million)

- Food security

Central and South America

Bolivia (7 projects / € 1.3 million)

- Prevention and handling of rural conflicts
- Food security and local business development
- Vocational training of young people
- HIV / Aids prevention

Brazil (1 project / € 0.1 million).

- Promotion of children's rights

Colombia (3 projects / € 0.4 million)

- Reintegration of internal refugees
- Promotion of children's rights

Costa Rica (1 project / € 0.1 million)

- Promotion of the rights of children and young people

Cuba (8 projects / € 0.9 million)

- Immediate relief after natural disasters
- Support of sustainable agriculture and forestry

Dominican Rep. (1 project / € 0.1 million)

- Income diversification for small-scale farmers

Ecuador (2 projects / € 0.2 million)

- Drinking water supply and irrigation

Haiti (11 projects / € 3.8 million)

- School education
- Organisation of sustainable irrigation/drinking water supply
- Rehabilitation of public infrastructure (roads, irrigation)
- Agroforestry
- Emergency aid for families with poor nutrition
- Immediate relief for victims of flooding

Nicaragua (5 projects / € 2.5 million)

- Support of self-help capacities
- Coffee cultivation and distribution
- Rural development

Peru (12 projects / € 3.1 million)

- Coffee cultivation and distribution
- Environmental protection through resource management
- Cultivation and processing of medicinal plants
- Promotion of children's rights and development of a youth centre

The political work of Welthungerhilfe

Raising awareness – promoting an understanding of Welthungerhilfe's work. To bring about change, not only our work in the developing countries is of decisive importance but also the distribution of information and campaign work in Germany.

Welthungerhilfe fulfils this task in a variety of ways, for example, by regularly publishing specialist literature. On the occasion of World Food Day 2006, the newly prepared Global Hunger Index was presented for the first time. Designed and published by Welthungerhilfe and the International Food Policy Research Institute (IFPRI), the report sheds light on the often incomprehensible reasons for and causes of famine. The Index was based on the progress of 119 developing and transformation countries which were compared over a period of some 20 years. The study focused on three equally important indicators: the number of undernourished people in the population, the percentage of underweight children and the mortality rate. The report confirmed that Welthungerhilfe is active in the right parts of the world. We work in almost all of the 30 lowest ranking countries.

The 14th report on "The Reality of Development Aid", which was produced in cooperation with terre des hommes, also appeared in 2006. In the report, both organisations criticise the fact that still not enough money is being invested in development aid and they stress that "budget funding" as a way of overcoming poverty should be seen with a degree of scepticism.

In addition to these special publications, information is also published in the form of country brochures, teaching folders, the magazine "Welternährung", videos and DVDs aimed at a wider audience and providing comprehensive information about Welthungerhilfe subjects and develop-



ment cooperation in general. Specific enquiries are also answered by telephone, fax and e-mail.

Welthungerhilfe's campaigns and political work in Germany are another important instrument alongside publications. The campaign "Stop Child Labour" continued its work again in 2006 with great success. One highlight was a meeting of experts which addressed the question "do our buying patterns", "social seal" and adherence to social standards endorse the rights of children to education and protection against exploitation?", attended by Thilo Hoppe, Chairman of the Bundestag Committee for Economic Cooperation and Development. The discussion took place as part of the "Learning helps life" campaign organised by Welthungerhilfe in October in Munich.

Participants at the Parliamentary Evening in Berlin in November enjoyed an equally lively discussion. The topic was "the role of private relief organisations in development policies". Members of Parliament and staff of the Committee for Economic Cooperation and Development (AWZ), for Human Rights and Humanitarian Aid, the Children's Commission and Ulrike Höfken, Chairperson of the Committee for Food, Agriculture and Consumer Protection were invited to attend.

At the end of the year, a new series of events was launched: the "Godesberg Dialogue on Globalisation and Poverty". Speakers were either one or several celebrities from the world of business and politics who are actively involved in the globalisation process. The first guest at the well-attended event in December was the German Minister of Finance, Peer Steinbrück.

Peer Steinbrück answers questions posed by the WDR Radio journalist, Ralph Sina, at the first "Godesberg Dialogue on Globalisation and Poverty".

Member of Parliament, Thilo Hoppe, and experts participated in lively discussions about ethical buying patterns at the learning festival in Munich.



Global learning with all the senses

As part of the "Welthungerhilfe Week" activities, 60 classes from 20 schools in Munich spent a week looking at "global learning" in connection with such subjects as "the human right to food", "the right to primary education for everyone" and "cultures of peoples". Speakers and artists from the WorldStories campaign presented practical examples of Welthungerhilfe's work. Munich's learning partners in Welthungerhilfe's WorldBreakfast project on the subject of the "human right to food" were environment and development organisations. They supplemented the speeches with pupil-oriented methods. Pupils attended a drama workshop, prepared breakfast from the project countries and analysed the film "We feed the world". Others discussed what they themselves could do to create a more just world. Peruvian illustrator Juan Acevedo drew comics with pupils on the subject of children's rights. The results were then presented at a joint "learning party" at the Künstlerhaus am Lenbachplatz.



Photo: Brasser

At a glance: www.welthungerhilfe.de

Welthungerhilfe's website offers a comprehensive range of regularly updated information including back-

ground reports on political and environmental issues, project presentations, press releases, free charts and illustrations, multimedia tools, studies and brochures, our downloadable magazine "Welternährung", and lots more. Our website also reports on our many special campaigns such as the Run for Life events, our tasty WorldBreakfasts, the extravagant fashion shows "World-Robes", and fascinating readings in the WorldStories series. The regular newsletter features the latest and most interesting bulletins and reports. Current job vacancies at Welthungerhilfe are also posted on the website.



Workshop for school children: joining forces to achieve the Millennium Goals

Informing student newspaper editors about the Millennium Development Goals – this was the aim of two workshops which took place in Berlin and Munich in November 2006. Seven hundred school children between the ages of 15 and 19 from all over Germany applied for 60 publicly posted places. The young participants learned about the background to development policy, about the eight Millennium Goals and how these topics can be presented in an interesting way in student magazines. The project was sponsored by funds from the German Ministry of Economic Cooperation and Development. Welthungerhilfe was project holder and cooperated with the UN Millennium Campaign in Germany and with Misereor and medico international, both partners in the alliance "Development Works – Together for People in Need".

Sixty student magazine editors attended workshops organised by Welthungerhilfe to find out more about the Millennium Goals. Together, they interviewed experts, wrote articles and considered ways of dealing with the subject in their student newspapers.



Photo: DWHH



Photo: DWHH

Public relations – with sport, culture and lots of active supporters

In its campaign projects Welthungerhilfe Week, Run for Life, WorldStories, WorldRobes and WorldSounds, Welthungerhilfe addressed many people throughout the country in 2006. For its WorldRobes event, it was elected winner of the competition "Germany, a Country of Ideas" by the German government, Deutsche Bank and DIE ZEIT. Old and new friends, supporters, partners, members and action groups helped make the work of Welthungerhilfe known to a wider public with a wide range of ideas and initiatives.

Action groups and volunteers organised over 300 benefit events all over Germany. At the incentive of housewives from Lohr, the town donated € 5,000. The Hamburg Friends of Welthungerhilfe raised € 33,000 at a golf tournament for the millennium village of Sodo in Ethiopia, and the Deutsche Gesellschaft für Ernährung called upon its members to donate money to the millennium village in Madagascar. Even the Deutsche Symphonie-Orchester Berlin (DSO), the Rundfunk-Sinfonie-Orchester Berlin (RSB) and the Beethoven-Orchester Bonn supported Welthungerhilfe with concerts.

"Learning helps life" in Munich

The motto of the 2006 town partnership with Munich was "Learning helps life". As a charity partner of such major events as the Africa Days in May which attracted over 20,000 visitors, and the city run in June in which around 17,000 sports enthusiasts took part, Welthungerhilfe reached a broad public. The partnership focused on the "Welthungerhilfe Week" from 13th to 20th October. One of the highlights was the official opening of the 2nd International Fashion Competition WorldRobes at the Allerheilige Hofkirche to which 300 guests were invited. Around 4,000 school children participated in school activities and presented their projects during a big public "learning festival", which brought the Week to a close. 2,800 school children from 20 schools raised over € 40,000 for children in Mozambique at a Run for Life event at the Olympic Stadium. A benefit evening at the sold-out Literaturhaus in

Munich received excellent reviews. Entitled "The Five Senses", 10 well-known Munich writers read excerpts from their books.

Run for Life, cycle tours and sports cooperations

One of the Week's biggest sporting events was the cycle tour from Munich to Magdeburg. In Nuremberg, Würzburg, Meiningen, Jena and Halle, the team of cyclists who volunteered to take part were welcomed by Run for Life events at local schools. At the destination city of Magdeburg, Ingeborg Schäuble and Lord Mayor Dr. Lutz Trümper agreed on the partnership for 2007. With over 250 individual events, the Run for Life campaign proved that it's still popular even in its 10th year. Welthungerhilfe also received sporting support as the charity partner of the International Stadium Festival in Berlin and at the Bonn and Hamburg marathons. One thousand eight hundred enthusiastic fans took part in the online betting game "Diego" during the World Cup. Prizes were offered by our sports partner Arminia Bielefeld, among others, which campaigned for the support of a project for street children in Accra by showing a large screen advertisement at all home matches. The youth team trained with Welthungerhilfe's logo on their shirts, and former striker Benjamin Adrion's "Viva con Agua de Sankt Pauli" raised € 50,000 in a series of fun activities. The proceeds of this provided funding for a drinking water project in Cuba.

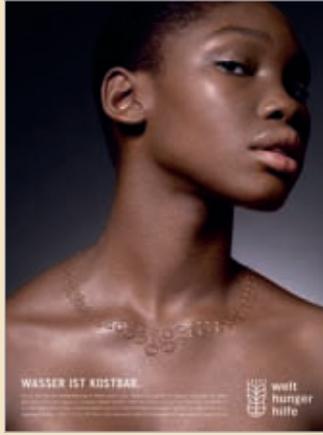
Over ten thousand people attended the official opening of Welthungerhilfe's big benefit cycle tour from Munich to Magdeburg including football legend, Franz Beckenbauer (centre), and Welthungerhilfe Chairperson, Ingeborg Schäuble.

Several hundred young fashion designers from different countries took part in the international fashion competition WorldRobes again in 2006 with colourful fabrics and highly imaginative ideas.



Advertising: our "vision" of a world without famine and poverty

Since Welthungerhilfe Week, the new image film "Vision" has been publicising on TV and cinema screens mankind's greatest dream: a world free of famine. Numerous broadcasting organisations such as arte, ARD and Vox have televised the commercial, and in the two-week run-up to Christmas, it was shown at around 550 cinemas throughout the country before every film. The advertising campaign, "Water is precious", designed for us free of charge by the agency Scholz & Friends (Photographer: Alexander Gnädinger), was a huge success. It won the prestigious "LeadAward" as "one of the best ten advertising campaigns in the year 2006", and in 2007 it will be exhibited in Hamburg's Deichtorhallen and in the Zeitungsmuseum in Saarbrücken. The trade journal "Kontakter" awarded the commercial the silver prize at the "Client-Award 2006" as the second "best commercial in 2006". The motif was printed free of charge 46 times as a full-page advertisement in high-coverage consumer magazines. This advertisement alone achieved a media value of around € 800,000 (total media volume of all free advertisements in 2006: € 3.8 million).



Advertising campaign "Water is precious"



Our commercial "Vision"



The Lion King also supports our cause

BMW supports project in India

At the official opening of the Welthungerhilfe Week, Konstanze Carreras, Head of the Social Policy Department of the BMW Group, presented Ingeborg Schäuble with a cheque for € 150.000. The donation is financing a reconstruction project in Cuddalore in the south of India. 275 families – around 1,300 people – lost their homes as a result of severe rainfall there. With the support of the BMW Group, houses can be reconstructed in such a way that they can withstand floods, providing families with a more reliable livelihood and better protection against storms.

Singer Nicole (to the left of Welthungerhilfe's Brigitte Schmitz) is a patron of the "Street children in Addis Abeba" project, which is also supported by the musical Starlight Express.

"Artists for Africa" support Welthungerhilfe

Welthungerhilfe acquired two successful musicals as powerful partners. With a total of € 122,283, Starlight Express supported a relief project in Addis Abeba (Ethiopia) which offers Aids orphans and street children the chance of a better future with food, clothing and education. Around 100,000 children currently live on the streets of Ethiopia's capital city. The singer, Nicole, is patron of this project, and in June 2006 she visited the "Drop-in-Center", a training centre in Addis Abeba. She saw for herself just how important the work of Welthungerhilfe and its partner is. "I feel a sense of humility and gratitude that I have a healthy family," said the singer about her impressions, adding: "This is a form of happiness I would like to pass on to others."

The second successful musical The Lion King is also offering us its help. The cast of the show sponsored a project in Kenya for two months. One euro for every ticket sold, a total of € 21,341, is now guaranteeing drinking water supplies in Kenya's rural and arid regions. After five poor rainy seasons, the people there still urgently need help. The artists – many of whom come from Africa themselves – felt a strong desire to offer their support. Both musicals appeared in the ZDF star gala under the motto "Artists for Africa". Over four million TV viewers watched the show which starred many artists and was hosted by TV celebrity, Dieter Thomas Heck. Development Minister Heidemarie Wiecezorek-Zeul handed over a cheque for € 25,000. "This money will be used to build schools for 2,000 children."

Welthungerhilfe is highly regarded in Sudan. Welthungerhilfe's Regional Director for Sudan, Johan van der Kamp (left), shows Dieter Thomas Heck a Welthungerhilfe T-shirt – a kind of life insurance policy in the country.



Finances

Financial statement to 31st December 2006

Assets		31.12.2006	Previous year
	€	€	€
A. Fixed assets			
I. Intangible assets			
1. EDP programmes	593,461.07		578,915.61
2. Payments on account	0.00	593,461.07	28,275.72
II. Tangible assets			
Fittings and equipment		599,630.02	696,127.00
III. Financial assets			
1. Investments	256,054.97		256,054.97
2. Bonds and loans against borrower's note	27,383,876.71	27,639,931.68	25,060,823.71
		28,833,022.77	26,620,197.01
B. Current assets			
I. Accounts receivable and other assets			
1. Receivables from donors on the basis of approved project allocations	122,813,334.25		108,466,709.71
2. Receivables from investments in enterprises	0.00		990,428.79
3. Assets from gifts and legacies	98,507.51		101,125.84
4. Other assets	1,573,281.32	124,485,123.08	1,721,837.66
II. Cash assets		36,510,394.52	43,729,581.39
		160,995,517.60	155,009,683.39
C. Accrued income and prepaid expenses		22,044.93	44,825.03
		189,850,585.30	181,674,705.43

General details

The Annual Report of Welthungerhilfe, German Agro Action (GAA), has been prepared according to the provisions of the Handelsgesetzbuch (German Commercial Code) and on a voluntary basis according to the complementary provisions for large corporate enterprises under Para. 264 ff Handelsgesetzbuch. Turnover tax is contained in the purchase costs under fixed assets and in expenses, unless the organisation is not entitled to prior-tax deduction.

Accounting and assessment methods

The fixed assets are assessed with the purchase costs and, if depreciable, net of scheduled depreciation according to the requirements of the tax regulations or at lower valuation according to Para. 253, Clause 2 p. 3 German Commercial Code. Scheduled depreciation occurs according to the straight-line method unless valuation of a shorter service life appears necessary on the basis of a project.

Minor assets are depreciated in full in the year of acquisition. Accounts receivable and other assets as well as cash assets are shown at nominal value.

Appropriate account is taken of discernible risks through value adjustments.

Accounts receivable in foreign currencies are shown at the buying rate. The lower rate at the date of origin or balance sheet date is applicable.

Reserves are created, used or retransferred according to the statutory provisions and the provisions of the Charter.

Tied-up capital for co-financed projects, for the improvement of GAA's external structures and for non-co-financed, non-contractual projects are shown as separate amounts for project support. The equity ratio for co-financed domestic projects is shown at 97.1% and for co-financed projects abroad at 18% of total project funds.

Reserves for unsecured liabilities and recognizable risks are created on the scale of anticipated demands.

Liabilities are shown with the redemption amount.

Liabilities in foreign currency are assessed with the selling rate. The higher rate at date of origin or balance sheet date is applicable.

Explanations pursuant to the Balance Sheet

Assets

A. Fixed assets

I. Intangible assets

These are computer programmes acquired and depreciated according to schedule.

II. Tangible assets

The tangible assets chiefly relate to investments in office furnishings and equipment and computer hardware. Project-financed tangible assets abroad are listed as memorandum items until 2005 and from 2006 in projects.

III. Financial assets

1. Investments

This relates to investments in the Dritte-Welt-Shop Gesellschaft für Entwicklungsförderung mbH Königswinter (DW-Shop).

2. Bonds and loans against borrower's note

In 2006, a computer-controlled medium-term financial plan was drawn up. Based on the collected data, the bonds (€ 25.1 million) and loans against borrower's note (€ 2,3 million) were transferred from current assets to fixed assets. Investment as fixed interest bearing bonds and bond-based investment funds occurs according to the principle that a reasonable market rate of interest is still achieved with risk-free forms of investment. The previous year's figures were adjusted accordingly.

B. Current assets

I. Accounts receivable and other assets

1. Receivables from donors on the basis of approved projects:

Accounts receivable as of the balance sheet date mainly concern projects co-financed by the European Union, the United Nations, German Bank for Reconstruction and Development, the Federal Ministry of Economic Cooperation and Development and USAID. Assessment is based on market prices in the case of in-kind allocations.

2. Receivables from investments in enterprises:

The DW-Shop has changed its financial year to the period 01.07-30.06. For 2006, a short fiscal year from 01.01 to 30.06 was arranged.

3. Assets from gifts and legacies:

These primarily relate to two apartments resulting from a gift. The properties are recognised as an asset on the basis of their current market value according to an expert's report plus incidental acquisition costs expended by Welthungerhilfe and depreciated according to the straight-line method under the terms of Para. 7 Clause 4 of the EStG (German Income Tax Law). The remaining assets are legacies which have been recognised as assets with the pro memoria value. Additional proceeds resulting from the sale of these values are listed as the proceeds of donations and bequests in the appropriate year.

4. Other assets:

Other assets consist chiefly of borrowers' loans, accounts receivable from turnover tax and interest accrued on securities, fixed term deposits and current accounts.

II. Cash assets

During the implementation of a project, capital funds which are not yet required are invested in fixed-term deposits so that a reasonable market rate of interest can be obtained through risk-free forms of investment. The funds are paid out in accordance with current requirements subject to due consideration of financing plans. Cash assets also include special accounts set up for public donors where a strong inflow of capital can usually be expected towards the end of the year. Foreign exchange balances are valued with the weighted average rate of transfer and advance payments are calculated according to these rates.

Liabilities		31.12.2006	Previous year
	€	€	€
A. Reserves			
I. Reserves from bequests	12,280,000.00		11,607,382.14
II. Project resource reserves	6,852,000.00		14,943,873.17
III. Non-committed reserves	10,210,000.00	29,342,000.00	9,581,839.54
		29,342,000.00	36,133,094.85
B. Separate amounts for project funds		27,034,785.54	26,252,086.54
C. Reserves			
Other reserves		2,787,000.00	3,180,000.00
D. Liabilities			
I. Allocations from earmarked co-financed funds which have not yet been used		78,977,599.11	69,979,604.06
II. Project liabilities		50,063,646.26	43,678,154.98
III. Liabilities from goods supplied and services rendered		1,110,489.91	1,890,154.28
IV. Other liabilities			
1. Donor loans	121,696.93		121,696.93
2. Liabilities assumed in connection with gifts and legacies	68,560.00		72,830.00
3. Other liabilities	343,996.82	534,253.75	366,605.99
		130,685,989.03	116,109,046.24
E. Accrued expenses		810.73	477.80
		189,850,585.30	181,674,705.43

Liabilities

A. Reserves

I. Reserves from bequests

Reserves from bequests tie up funds which are available to the organisation in the long term. The transfer of € 673,000 came from the surplus of bequests and receipt of cash bequests.

II. Project resource reserves

These reserves were formed for projects commenced in 2007.

III. Non-committed reserves

€ 628,000 was allocated to non-committed reserves to guarantee that GAA can operate effectively as an institution.

B. Separate amounts for project funds

Special amounts consist of GAA's own funds which are set aside for projects that are co-financed by public donors and funds to improve the GAA's external structures as well as for projects carried out without public donations.

C. Reserves

This chiefly relates to reserves for project risks (balancing possible exchange-rate losses) and severance payments to staff leaving the organisation provided for under foreign law, vacation obligations and final statement costs.

D. Liabilities

I. Donations from earmarked co-financed funds which have not yet been used

This relates to public funds pledged for projects which GAA is implementing itself. In-kind allocations are assessed according to market prices.

II. Project liabilities

The statement refers to liabilities for GAA's own projects and those contractually agreed with other project sponsors. In-kind allocations are assessed according to market prices

III. Liabilities from goods supplied and services rendered

These are chiefly liabilities resulting from goods supplied to projects abroad which are paid for within the payment period after the fiscal year change.

IV. Other liabilities

Donor loans may be revoked within a week.

The annuity life insurance in connection with gifts and legacies exists for an undetermined period of time and is valued according to actuarial valuation. Other liabilities relate to interest payable on grants, travel and fee expenses still to be settled and turnover tax.

For liabilities concerning grants resulting from earmarked co-financing funds which have not yet been used, there are guarantees amounting to € 7,194.

Liability analysis in thousand €	31.12.2006	< 1 year	> 1 year	> 5 years
1 Allocations from earmarked co-financed funds which have not yet been used	78,978	67,131	11,847	0
2 Project liabilities	50,064	16,521	33,543	0
3 Liabilities from goods supplied and services rendered	1,110	1,110	0	0
4 Donor loans	122	122	0	0
5 Liabilities assumed in connection with gifts and legacies	68	undetermined	undetermined	undetermined
6 Other liabilities	344	344	0	0
	130,686	85,228	45,390	0

Profit and Loss Accounts for the Period 1st January to 31st December 2006

	2006	Previous year
	€	€
1. Donations and other contributions		
a) Donations, bequests and allocated fines	34,348,821.93	71,738,092.68
b) Profit and loss transfer of the Welthungerhilfe Foundation	310,474.70	196,849.06
c) Grants from public institutions	130,208,646.31	140,949,176.11
d) Donations from cooperation partners	140,035.53	170,000.00
	165,007,978.47	213,054,117.85
2. Other income	1,275,941.55	813,654.48
3. Project funding		
a) abroad	-144,103,886.56	-172,249,422.65
b) in Germany	-2,941,635.18	-2,976,700.42
4. Personnel costs		
a) Wages and salaries		
Employees in Germany	-5,606,535.80	-5,238,586.03
Employees abroad	-10,695,680.65	-9,154,713.83
b) Social security and expenses for old-age pension and support		
Employees in Germany	-1,478,806.60	-1,347,257.17
Employees abroad	-1,825,733.72	-1,520,267.89
5. Depreciation		
a) on intangible assets from fixed assets and tangible assets	-508,459.48	-505,162.87
b) on assets from gifts and legacies	-2,618.33	-2,618.33
6. Other expenses	-8,123,395.35	-9,372,966.03
7. Income from participations and sponsoring	627,626.15	937,761.00
8. Other interest and similar earnings	1,788,046.08	1,479,127.18
9. Depreciation on investments	-198,062.72	-405,814.93
10. Interest and similar expenses	-5,872.71	-358.30
11. Result prior to transfer of reserves	-6,791,094.85	13,510,792.06
12. Transfer to reserves from legacies	-672,617.86	-1,530,558.11
13. Transfer to non-specific reserves	-628,160.46	-680,000.00
14. Transfer to project funds reserves	-6,852,000.00	-14,943,873.17
15. Transfer from project fund reserves	14,943,873.17	3,643,639.22
16. Result for the year	0.00	0.00

Bonn, 26th April 2007

Ingeborg Schäuble

Ingeborg Schäuble
Chairperson

Norbert Geisler

Norbert Geisler
Treasurer

We have issued this Annual Statement of Accounts (Balance Sheet and Profit and Loss Accounts, Notes and Status Report 2006) with an unrestricted auditors' examination certificate.

BDO
Deutsche Warentreuhand
Aktiengesellschaft
Wirtschaftsprüfungsgesellschaft

Dr. Rolff

Dr. Rolff
Auditor

ppa. Kemmer

ppa. Kemmer
Auditor



Düsseldorf, 7th May 2007

Explanations Pursuant to Profit and Loss Accounts

Income items

Donations and other contributions

The project sector is financed exclusively by donations, the transfer of profits from the Foundation, public contributions and grants as well as contributions from cooperation partners. As expected, donations decreased compared with the tsunami year to € 34.3 million but still achieved a record result after adjustment by this factor. By contrast, public grants have decreased little.

Other income

Other income essentially includes exchange-related earnings on foreign donations and projects. Because of the weak US dollar, these income items increased compared to the previous year.

Income from participations and sponsoring

Income from participations arises from sponsoring fees and distribution of profits from the DW Shop for the short fiscal year in 2006. As a result of the shortened financial year, there is a one-off decline in income.

Other interest and similar earnings

Other interest and similar earnings mainly comprise interest on investment and interest on fixed-term deposits. As a result of the increase in interest rates in evidence in 2006, interest earnings rose significantly especially in the short-term sector.

Cost items

Project funding

This item relates to pledges for approved projects in developing countries on the basis of contractual and non-contractual obligations and project work in Germany in conformity with the Charter.

Personnel costs

Personnel costs cover the project and administrative sector in Germany and staff abroad who are appointed directly by the head office. Changes in the assignment of project-funded staff resulted in shifts in personnel and project costs. The previous year was adjusted accordingly. Local project staff with a local contract of employment represent expenditure within the framework of project funding. Personnel costs include € 465,000 for retirement provisions.

Other expenses

Other expenses relate to expenditure for advertising, general public relations (€ 5,666,000), rent (€ 681,000) and other material expenses and general expenditure (€ 1,776.00).

Other compulsory information

Other financial liabilities

Based on the remaining terms of the respective contracts, average annual financial commitments resulting from leases until 2016 total € 467,000, of which € 327,000 are owed to the Welthungerhilfe Foundation.

For projects which have already been approved internally but for which only partial contracts have been concluded with project partners, the contracts to be concluded amount to € 4,495,000. Maintenance contracts for software programmes total € 101,000 annually.

Staff

The average annual workforce consisted of the following:

	2006	2005
Number of staff in Germany		
positions for an unlimited period	73	79
temporary positions	82	59
	155	138
Staff abroad	164	136
	319	274

Agents of the organisation

The Board of Directors of the organisation was elected on 25th November 2004 by the General Assembly as follows:

Ingeborg Schäuble, Gengenbach (Chairperson)
 Prof. Dr. Dr. h.c. Franz J. Heidehues, Stuttgart (Deputy Chairperson)
 Norbert Geisler, Düsseldorf (Treasurer)
 Prof. Dr. Dirk Messner, Bonn
 Dr. Winfried Risse, Cologne
 Heike Troue, Berlin
 Dr. Tobias Schulz-Isenbeck, Erkrath

The Board of Directors is made up of honorary members.

Management

The activities of the organisation were managed in 2006 by the Secretary General, Dr. Hans-Joachim Preuß, according to the instructions and on behalf of the Board of Directors. Bonn, 26th April 2007

Ingeborg Schäuble Norbert Geisler
 Chairperson Treasurer

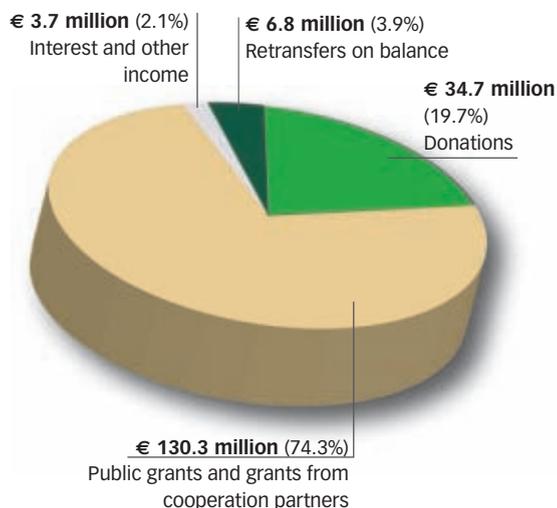
Profit and Loss Account According to Type of Expenditure

	2006 Total	Project support abroad	Project backup abroad	Campaign and educational work	Costs of advertising and general PR	Administrative costs
Project support						
a) abroad	144,103,886.56 €	144,103,886.56 €				
b) in Germany	2,941,635.18 €			2,789,635.18 €	152,000.00 €	
Personnel costs	19,606,756.77 €	10,072,783.18 €	5,023,619.00 €	1,613,375.00 €	1,348,760.00 €	1,548,219.59 €
Depreciation	511,077.81 €		271,087.91 €	87,062.04 €	72,782.68 €	80,145.18 €
Other expenditure	8,123,395.35 €					
Advertising and general PR					5,665,757.24 €	
Material expenditure (rent, computer etc.)			1,007,619.00 €	479,217.00 €	303,771.76 €	667,030.35 €
Depreciation on investments	198,062.72 €					198,062.72 €
Interest and similar expenditure	5,872.71 €					5,872.71 €
Total	175,490,687.10 €	154,176,669.74 €	6,302,325.91 €	4,969,289.22 €	7,543,071.68 €	2,499,330.55 €
in %	100.00 %	87.9%	3.6%	2.8%	4.3%	1.4%

The statement is based on the provisions of the advertising and administrative concept of the Deutsche Zentralinstitut für soziale Fragen (DZI) in Berlin.

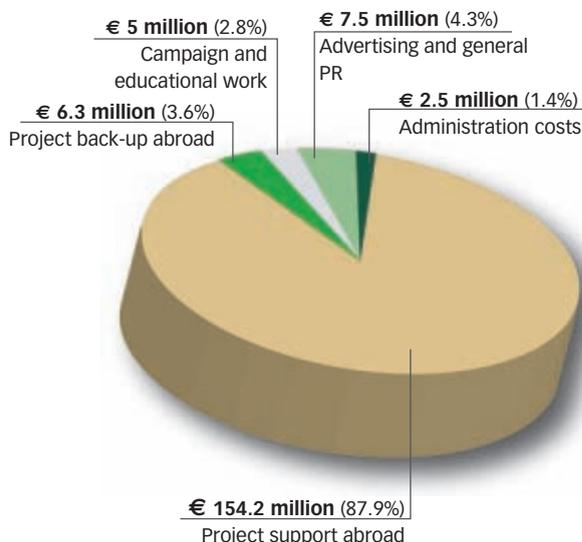
Income and retransfers 2006

€ 175.5 million



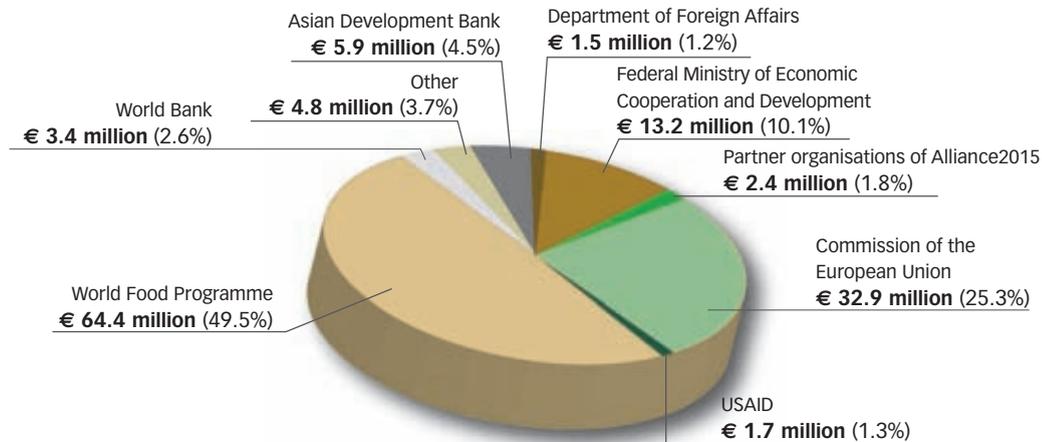
Expenditure 2006

€ 175.5 Mio.



Public grants (€ 130.2 million)

According to Profit and Loss Account

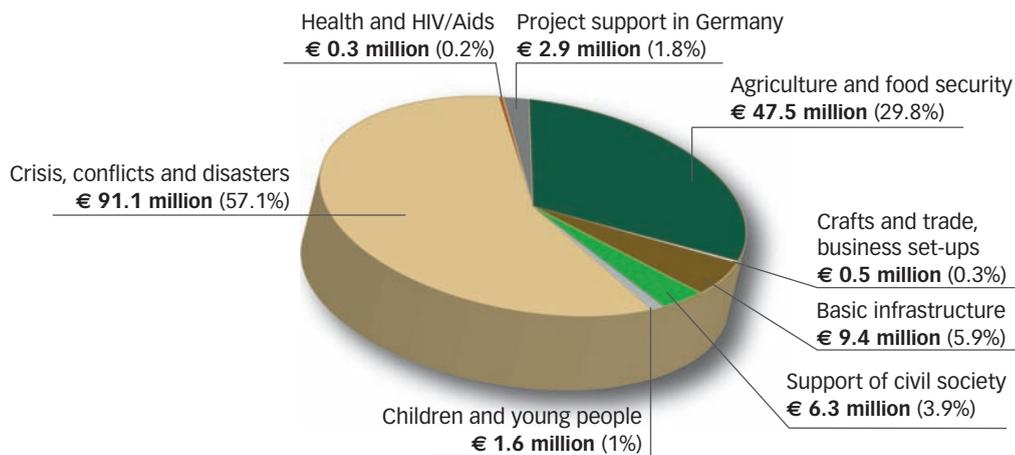


Without public grants, Welthungerhilfe would only be able to carry out its assignments abroad in conformity with the Charter on a significantly smaller scale. Private donations and public grants are a prerequisite to be able to help people affected by crisis and disaster at short notice, and both efficiently and noticeably. We also rely on public grants to finance projects in the long term and therefore guarantee a lasting commitment. The multitude of public

grant providers guarantees our autonomy and therefore strengthens our institutional position in the struggle against famine and poverty. The United Nation's World Food Programme was our "biggest" provider of public funds in 2006, as it was in the previous year. This is due, in particular, to the cooperation between Welthungerhilfe and the World Food Programme in Sudan.

Project support 2006 (€ 159.6 million)

According to the Profit and Loss Account

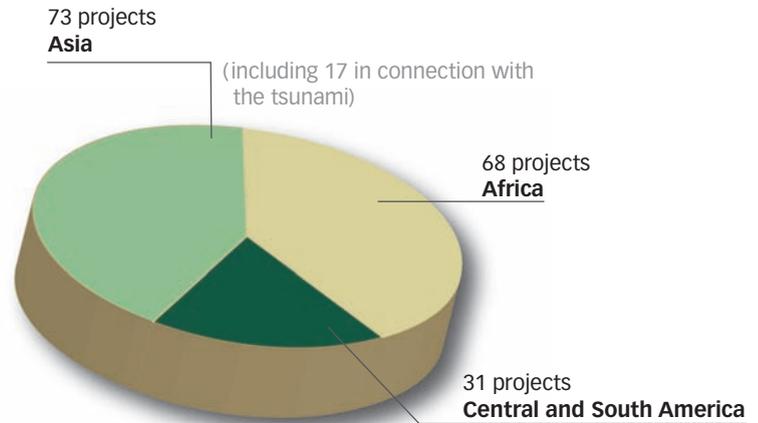


Our work in 2006 focused on dealing with direct consequences and preventing crises, conflicts and disasters. € 91.1 million of a total of € 159.6 million were invested in such activities. Another focus – as in previous years – was the promotion of agriculture and the improvement of food security. These two measures are geared specifically at supporting and promoting people in rural regions. Welthungerhilfe's strong commitment to the field of "crisis,

conflicts and disasters" highlights the fact that the immediate survival of many people is continually at risk. The generosity of private donors and providers of public grants in crisis situations continues to be considerable. However, this is to the detriment of long-term development measures. Without such long-term measures, the so-called "structural deficits" – and therefore people's dependency – cannot be eliminated.

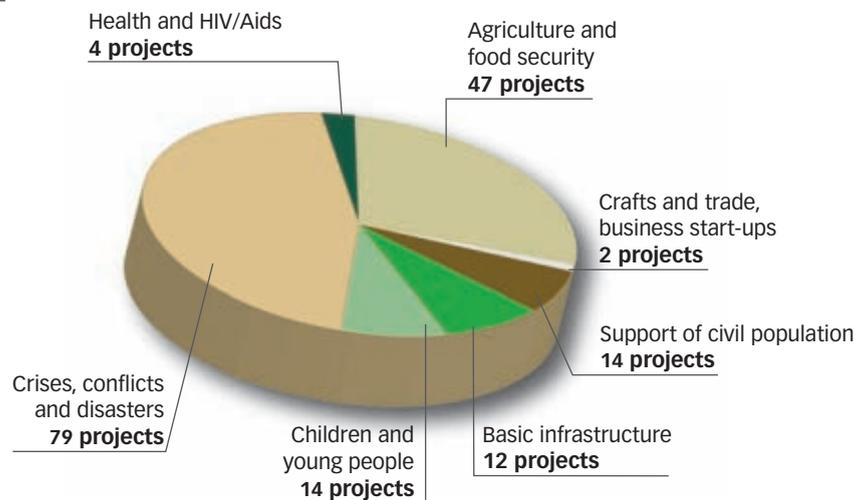
Newly approved projects in 2006 – Regional distribution

Welthungerhilfe's project support concentrates on Africa and Asia: 82% of a total of 172 new projects are carried out on these two continents. This takes into account structural poverty – especially in Africa – and the elimination of acute emergencies resulting from natural disasters (such as the tsunami in Southeast Asia, the earthquake in Kashmir, the drought and floods in eastern Africa) and political conflict (Sudan/ West Darfur).



Newly approved projects in 2006 – main areas of support

Fighting and preventing crises, conflicts and disasters continues to be the main emphasis of project support abroad. However, by increasing our commitment to the promotion of agriculture, food security and basic infrastructure, we want to secure sustainability and therefore actively promote and call for people's independence by enabling them to help themselves. A total of 194 new projects were approved, including 22 domestic projects.



Regional project support since 2002

Regional project support has changed significantly since 2002. For many years, projects abroad have concentrated on Africa. Welthungerhilfe thereby reacts both to acute crisis situations and to improved general conditions for long-term and sustainable development prospects.

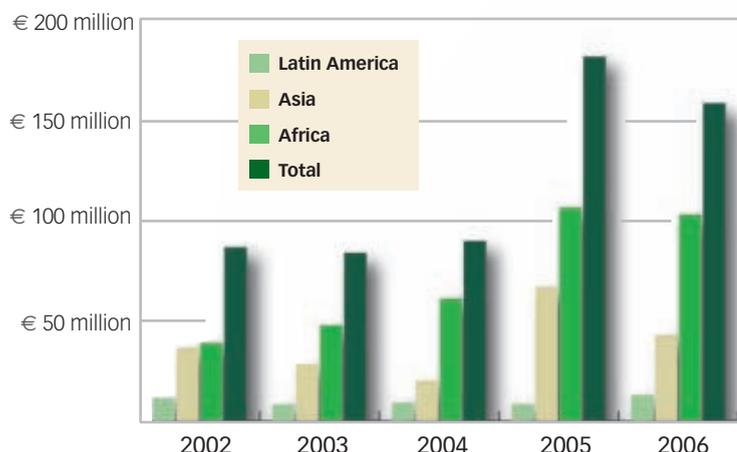




Photo: Lachemaler

To enable her to fend for herself, this young girl in India has been given a small loan by the relief organisation MV Foundation to buy a sewing machine. Together with Welthungerhilfe, the partner organisation MV Foundation supports the campaign "Stop Child Labour – School is the best place to work!"

The Foundation offers enterprises alternative ways to donate money

Since its foundation in 1998, the Welthungerhilfe Foundation has made a sustainable and plannable contribution towards financially supporting Welthungerhilfe's work. It handles all bequests for Welthungerhilfe and publicly promotes tax-deductible ways of making donations in the form of endowments, endowment funds, dependent foundations and foundation loans. Last year, for example, an endowment fund and a dependent foundation were set up at the initiative of the managing directors of two medium-sized enterprises:

Endowment fund for disabled children

On the occasion of their company's 75th anniversary, the two managing directors, Felix G. Hensel and Sigurd Siebel of Hensel GmbH & Co. KG of Lennestadt, decided to set up an endowment fund with the Foundation Deutsche Welthungerhilfe. In an invitation to the company's anniversary celebration, customers, business partners and suppliers were requested to donate a sum of money rather than bring a gift. A total of € 12,000 was raised in this way. The proceeds now fund the Life Help Center in Chennai on a long-term basis – an institution that instructs and trains children and young people with its own workshop. Hensel has been operating a subsidiary in Chennai since 2003. "Through our presence in India, we know that several hundreds of millions of people live below the absolute poverty line in rural regions. This is why we wanted to do some-

thing for children and young people in need," said Felix G. Hensel to explain his motivation.

Primary education for everyone

Peter Bückner, a self-employed businessman from Hille/Westphalia, also used his company's 20th anniversary as an opportunity to do a good deed. With € 20,000, he set up a dependent foundation under the auspices of the Foundation Deutsche Welthungerhilfe. The "Bückner EDV Stiftung für Kinder in Not" (foundation for children in need) now funds the campaign "Stop Child Labour – School is the best place to work!". The aim of the campaign is to eradicate all forms of child labour by the year 2015 and to enable all the children of the world to enjoy a state primary education. Peter Bückner has always been socially committed, both as a businessman and a private person, and is glad to have found a long-term solution in the form of the Treuhandstiftung. "Now we can combine our efforts and don't have to think again about what we can do next year," Peter Bückner explains why he decided to set up the dependend foundation.

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Welthungerhilfe (German Agro Action)

Members

Member	Permanent delegate
German Bundestag President Dr. Norbert Lammert, Member of Parliament	Erdmute Rebhan
CDU/CSU Chairman Volker Kauder, Member of Parliament	Sibylle Pfeiffer, Member of Parliament
SPD Chairman Dr. Peter Struck, Member of Parliament	Gabriele Groneberg, Member of Parliament
FDP Chairman Dr. Guido Westerwelle, Member of Parliament	Sibylle Laurischk, Member of Parliament
Bündnis 90/Die Grünen Chairperson Renate Künast, Member of Parliament Chairman Fritz Kuhn, Member of Parliament	Thilo Hoppe, Member of Parliament
German Bishops' Commissary Office, Catholic Office, Berlin Head Prelate Dr. Karl Jüsten	Dr. Martin Bröckelmann-Simon
Council of the Evangelical Church in Germany Representative Prelate Dr. Stephan Reimers	Dr. h.c. Volker Faigle, superior member of church council
German Wholesale Trade and Foreign Trade Association President Anton F. Börner	Dr. Peter Haarbeck
German Trade Union Association Chairman Michael Sommer	Dr. Jürgen Eckl
German Industry Association President Jürgen Thumann	Dr. Claudia Wörmann
German Farmers' Association President Gerd Sonnleitner	Ines Tesch
German Cooperative and Raiffeisen Association President Manfred Nüssel	Adrian Grasse
Federal Association for Non-Statutory Welfare Associations President Barbara Stolterfoht	Rudi Frick
German Red Cross President Dr. h.c. Rudolf Seiters	Joachim Müller
German Agricultural Society President Carl-Albrecht Bartmer	Karl-Martin Lüth
German Nutrition Society President Prof. Dr. Peter Stehle	Prof. Dr. Michael Krawinkel
Trade Union for Construction, Agriculture and Environment Chairman Klaus Wieseühgel	Hans-Joachim Wilms
German Journalists' Association Chairman Michael Konken	Frauke Ancker
German Women Farmers' Association President Erika Lenz	Heike Troue
InWent, Internationale Weiterbildung und Entwicklung gGmbH (Capacity Building International) Managing Director Dr. Ulrich Popp	Dr. Hans Pfeifer
Welthungerhilfe Promotion Society Jürgen Dorsch	
National Federation of Skilled Crafts and Trades President Otto Kentzler	Prof. Dr. Friedrich H. Esser
Confederation of German Employers' Associations President Dr. Dieter Hundt	Ulrich Hüttenbach
Congress of German Municipalities Member of Managing Committee Dr. Stephan Articus	Walter Leitermann
Federal Association of German Newspaper Publishers President Helmut Heinen	Dietmar Wolff
General Association of the German Insurance Sector General Manager Dr. Jörg Freiherr Frank von Fürstenwerth	Thomas Kräutter



Dr. Horst Köhler,
Deutsche Welthungerhilfe's patron and
President of the Federal Republic of Germany

Board of directors

Ingeborg Schäuble
Chairperson

Prof. Dr. Dr. h.c. Franz J. Heidhues
Deputy Chairman

Norbert Geisler
Treasurer

Prof. Dr. Dirk Messner
Dr. Winfried Risse
Dr. Tobias Schulz-Isenbeck
Heike Troue

Secretary General

Dr. Hans-Joachim Preuß

The honorary members of the Board of Directors are elected by the General Assembly for a period of four years. The Board of Directors determines the guidelines Welthungerhilfe's project support by Welthungerhilfe. It also decides on the promotion of projects discussed by Welthungerhilfe's Project Committee and appoints the Secretary General.

The full-time Secretary General carries out Welthungerhilfe's everyday business, represents the organisation in legal matters and acts as employer. He is bound by the charter, the organisation's terms and conditions and by the resolutions of the Board of Directors and the General Assembly.

The General Assembly decides on the guidelines for Welthungerhilfe's activities. It is responsible for electing members of the Board of Directors and passing the financial plan, approving the annual accounts and appointing an auditor.

Project Advisory Committee

Welthungerhilfe's Project Advisory Committee is made up of 19 honorary members: one chairperson and six members from each of the regional project committees for Africa, Asia and Latin America. The members of the Project Advisory Committee are appointed by the Board of Directors for the duration of the term of office. The Project Advisory Committee examines each project application presented by the Board of Directors or the Secretary General in terms of its eligibility for aid on the basis of the criteria laid down by the Board. It then submits recommendations to the Board of Directors for a final decision.

Members of the Project Committee

Chairman:
Prof. Dr. Dr. h.c. Dieter F. Bommer, Rosdorf

Regional Project Committee for Africa:
Eberhard Bauer, Berlin
Dr. Karin Fiege, Seminar for Rural Development, Berlin
Prof. Dr. Rolf Hofmeier
German Institute for African Studies, Hamburg
Gerd Marmann, Eupen
Prof. Dr. Manfred Zeller
University of Hohenheim, Stuttgart
Prof. Dr. Max Zurek, Bornheim

Regional Project Committee for Asia:

Prof. Dr. Michael Fremerey
University of Kassel, Department of Agriculture, International Agricultural Development and Ecological Protection of the Environment
Prof. Dr. Friedrich Golter, Heilbronn
Dr. Hans Gsänger
Deputy Chairman of Project Committee, Consultant Rural and Social Development
Dr. Ernst G. Jentzsch
Deputy Chairman of Project Committee, University of Göttingen, Institute for Rural Development
Prof. Dr. Dr. h.c. Walter Schug
University of Bonn, Institute for Agrarian Policy, Market Research and Economic Sociology
Prof. Dr. Winfried von Urff,
Deputy Chairman of the Project Committee, Bad Zwesten

Regional Project Committee for Latin America:

Dr. Dieter Elz,
Publisher Quarterly Journal of International Agriculture, Berlin
Prof. Dr. Hartmut Gaese, Institute of Tropical Technology, Advanced Technical College Cologne
Prof. Dr. Béatrice Knerr
Agriculture Department, International Agricultural Development and Ecological Protection of the Environment
Lilli Löbsack, Berlin
Dr. Günter Schmidt
Society for Agricultural Projects, Hamburg
Erich Süßdorf, Berlin