

## Deutsche Welle Anstalt des öffentlichen Rechts, Bonn

### Management report for the financial year from January 1, 2021 to December 31, 2021

## **1. Business development and general conditions**

### **1.1. Strategic planning and objectives**

Deutsche Welle (DW) is Germany's international broadcaster and a trusted source around the world for reliable news and information. It conveys a comprehensive image of Germany, while covering important events and issues with journalistic independence. With its media services in 32 languages, in all modern media and with the projects of its DW's media training center, DW Akademie, DW works to strengthen the right to freedom of expression around the world and unhindered access to information. In everything it does, DW promotes understanding between cultures and people, and helps shape the image of Germany around the world.

Pursuant to Section 4a (1) of the Deutsche Welle Act [*Deutsche Welle Gesetz – DWG*], DW prepares four-year Strategic Plan. It forwards the draft annual update of its Strategic Plan to the German Bundestag and the Federal Government. The Strategic Plan and its updates are adopted by the Deutsche Welle Broadcasting Board with the consent of the Administrative Board, taking into account the comments of the German Bundestag, the Federal Government, and the public. In its strategic planning relating to 2018-2021, DW defined the following three goals:

1. DW aims to strengthen freedom of expression and democracy globally in an age of terror, propaganda, refugees and migration.
2. DW aims to increase the effect and relevance of its programs.
3. DW aims to increase its weekly reach from 157 million to 210 million user contacts.

To achieve these goals, DW is concentrating on the following three priorities in its measures:

1. A greater focus on journalistic programs.
2. Completing its reorganization to become a digital media corporation.
3. Strengthening freedom of expression and democracy through journalistic programs and communicating media skills.

Deutsche Welle is therefore seeking to empower people worldwide to form their own opinion on the basis of reliable facts and an open exchange of ideas and defend them in debates within society.

### **1.2. Funding of Deutsche Welle**

DW is funded by annual federal grants from the Federal Government Commissioner for Culture and the Media (BKM) and by project funds from the German government and other sources. The German Bundestag (parliament) and the German government support the increasing importance of overseas broadcasters for communicating German and European perspectives in the target regions of DW with higher federal grants and one-off special funds.

In 2021, the federal grants of BKM for operating expenses amounted to EUR 360.0 million (of which EUR 7.2 million expenses on renting - BImA) and for investment expenses EUR 20 million. In addition, DW received one-off earmarked special funds in 2021 for digitisation purposes in the amount of EUR 7.5 million from the stimulus package of the Federal Government. In its settlement meeting, the budgetary committee at the Bundestag approved one-time funds of EUR 3 million for increased expenses from the technical conversion of distribution channels in connection with the

5G standard. DW was granted additional funds of EUR 4.8 million in 2021 for covering the additional expenses caused by the pandemic. For funding expenditure on pensions of former employees of the Deutsche Welle Further Education Centre (DWFZ), DW received federal funds in the amount of 0.6 million EUR, the same as in the preceding year. In 2021, the total funds from BKM, including one-off special funds, therefore amounted to EUR 395.9 million.

The media development activities of the project-funded DW Akademie are funded mainly by the Federal Ministry for Economic Cooperation and Development (BMZ) (drawdowns from BMZ in 2021: EUR 32.8 million).

Other major project funding of DW and DW Akademie comes from the German Foreign Ministry (AA) (drawdowns from AA in 2021: EUR 14.5 million, of which EUR 2.1 million on forwarding funds to the German Press Agency). In addition, there are funds from project grants from the European Union, the German Federal Ministry for the Environment, Nature Conservation, Building and Nuclear Safety (BMU) and other sources.

The DW staff establishment plan for 2021 was increased from 100 to 1,412 staff.

### **1.3. Framework conditions of German overseas broadcast**

Over the last few years, the challenges for international news providers have increased again. Anti-democratic governments are tightening their grip on the media landscape in various countries. Their interventions are varied and range from repressive media laws to censorship to changes in the institutional framework. These developments significantly impair and restrict democratic and liberal core values – in particular freedom of the press, freedom of expression and freedom of information. Restrictions on free reporting have increased, as have propaganda and fake news. States such as Iran, China and Russia are trying to influence the formation of opinion in other states, e.g., on issues around human rights, international conflicts or climate change.

An additional challenge comes from the dynamic global digitisation. In many target markets of DW the media consumption behaviour is changing with a lasting effect. Traditional mass media such as TV and radio are gradually losing importance, while the online news providers are gaining in popularity. For users, digital access to information is often easier and the internet is more difficult to control by governments than linear media in many markets. Digitisation therefore creates new opportunities to reach target groups. The young target group in particular hopes for quick access to free and independent information through social media. At the same time, there is a risk that false information will circulate more easily and widely. In many media countries, a strong polarisation of the media landscape can be observed.<sup>1</sup> In addition, DW is confronted with internet censorship in countries such as China, Iran and, more recently, Russia, which considerably restrict or impede the availability of DW services.

The COVID 19-pandemic continued to challenge the world in 2021 and was characterised by different approaches and progress in containing the pandemic. The pandemic enlarged the gap between economically strong and weak countries, as government responses were driven by national interests in many places.<sup>2</sup> Repressive states also used the pandemic as a pretext to further restrict free reporting by journalists.<sup>3</sup>

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<sup>1</sup> DW Evaluation Report 2021, p.11/p. 15-17

<sup>2</sup> [www.deutschlandfunkkultur.de/globale-solidaritaet-gegen-corona-reiche-laender-arme-100.html](https://www.deutschlandfunkkultur.de/globale-solidaritaet-gegen-corona-reiche-laender-arme-100.html)

<sup>3</sup> [www.reporter-ohne-grenzen.de/rangliste/rangliste-2021](https://www.reporter-ohne-grenzen.de/rangliste/rangliste-2021)

In addition, the number of conflicts between and within states increased. Greater awareness was raised worldwide on inner-state conflicts with supra-regional explosiveness, such as the Middle East conflict between Israelis and Palestinians, the seizure of power by the Taliban during the withdrawal of international NATO troops from Afghanistan and the violent suppression of the civil protests in Belarus. The same applies to the fighting by pro-Russian separatists in eastern Ukraine, the Assad regime in the Syrian civil war and Russia's war against Ukraine, which began in early 2022. The economic and political conflicts between the nuclear powers China and the USA also continued. In many target regions of DW, there have been setbacks for democracy movements, together with restrictions on freedom and human rights.

These general conditions also influenced DW's activities and services in the financial year 2021. As the media voice of Germany, DW represents the values which Germany stands for in the world: democracy, the rule of law, a social market economy, openness to the world and international understanding. These are the principles on which the Strategic Plan 2018-2021 was based and which were translated in to targets and actions. In the financial year 2021, DW prepared and published an Evaluation Report which, in accordance with Section 4c of the Law on the Public Broadcasting Institution of Federal law "Deutsche Welle" (Deutsche Welle Act - DWG), deals with the evaluation of its services and their effects over the period of the Strategic Plan 2018-2021.

#### **1.4. Usage and development of the DW services in 2021**

DW meets the challenges of German overseas broadcasting with a broad range of information services in 32 languages via various platforms. The choice of platforms and the content focus differ, depending on the target markets.

The current number of users clearly demonstrates the importance of DW as source of information for many people: In 2021, an average of 289 million people worldwide made regular use of the DW services (p.y. 249 million). This significantly exceeded the 2021 target of 210 million weekly user contacts, as was already the case in 2020. The current reach corresponds to an increase of 16 % compared with the prior year. Compared to 2017, DW was able to increase its overall reach by more than 80%.

The increase in reach compared to the prior year is primarily due to the further increase in the use of online services. In 2021, online use surpassed TV use for the first time and established itself as the strongest output channel of DW with an average of 122 million users per week. The YouTube and Facebook platforms account for almost fifty percent of online access. In many target regions, TV and radio continue to be important media for obtaining information, which was also expressed in increased usage figures. The TV services of DW reached an average of 117 million weekly users in 2021. The radio services continued to be popular, especially in the African target regions, and reached an average of 50 million users in total.<sup>4</sup>

There are many different reasons for the increase in usage. In addition to an increased demand for independent news and information in connection with current conflicts, crises and the COVID 19-pandemic, the higher reach is mainly due to the concentration of DW on the digitisation and regionalisation of its media services.

The media usage of the DW target group provides a lot of potential, in particular in digital services. Within the framework of its digitisation strategy, DW concentrated more on its digital users and their expectations in the development of its services. DW increasingly designed content for digital usage, with the video service for social media and other digital distribution channels being expanded in particular.<sup>5</sup> DW is customizing its journalistic content for these target groups even more, new channels were opened up and users were better reached as a result of e.g., search engine optimisation.

<sup>4</sup> DW Total usage in 2021; Strategic Plan 2022 - 2025, p. 19 - 22

<sup>5</sup> DW Evaluation Report 2021, p. 11

By increasing the regionalisation of its programmes, DW contributed to the higher ranges. DW continued to develop its portfolio of video, audio and text formats with regionally relevant content, including by co-productions with key regional partners. Simultaneously, DW expanded its local capacities by establishing and expanding new locations abroad and strengthening its network of correspondents to allow for more direct reporting from the target regions. DW strengthened its regional reporting with the introduction of Hungarian and Tamil language services.<sup>6</sup>

In 2020, DW updated the prioritisation of target countries for its journalistic services and thus created an important strategic policy for the user-centred optimisation of its services. The focus of reporting is now on populous countries with dynamic media markets that are of major importance for Germany. At the same time, DW is targeting countries that suffer from a massively restricted freedom of press and the rule of autocrats and dictators. A total of 197 countries were considered, of which 70 were prioritised for DW services. This prioritisation gives DW staff a clear orientation as to where they should focus their work. The language focus is derived from the regional prioritisation of the target countries.

Given its mission and its view of itself, German will keep its special importance in the DW language portfolio. The most important language of DW is English, as many people can use the English-language information services due to their language skills. The English services continually concentrate on Africa, Asia and the USA. In view of the extremely heterogeneous markets and very different target group needs, DW has divided the target countries prioritised for the English services into the following target regions: East Africa, West Africa, South Asia, South East Asia, and the USA. In target regions where English is not widely spoken, DW reaches its target group with services in the relevant regional languages.<sup>7</sup>

### **Journalistic programmes by target region<sup>8</sup>:**

Global journalistic programmes in English and German: Due to the prevalence of English language skills and the target groups in sub-Saharan Africa, Asia and the USA, the English-language services have the greatest usage and impact potential and have the highest reach. In total, DW 2021 achieved an average of 91 million weekly user contacts with its English-language media services. With a wide portfolio of regionalised digital and linear content as well as a clear focus on news and current affairs, the profile of the English-language services was sharpened and therefore gained significantly in attractiveness and relevance for the target groups. With a view to increasing on-demand usage, DW has supplemented its radio portfolio with a range of digital audio formats, such as the environmental podcast “On the Green Fence” or the podcast series “Love Matters” produced in India, to name just a few.

With its German-language services, DW continues to face the challenge of producing programmes for an extremely small and at the same time very dispersed target group. This was done by making the topic profile of the digital services much more distinctive and by consolidating its portfolio of social media accounts and channels. DW was therefore able to increase the usage of its German-language services during the period of the preceding Strategic Plan. The legal mandate of DW includes the promotion of the German language. The multimedia German courses created under the auspices of DW Akademie have been established successfully on a worldwide scale.

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<sup>6</sup> DW Evaluation Report 2021, p. 11

<sup>7</sup> DW Strategic Plan 2022 - 2025, p. 15 - 17

<sup>8</sup> DW Evaluation Report 2021, p. 78 et seq.; DW Total Usage 2021; DW Strategic Plan 2022 - 2025, p. 32 et seq.

Sub-Saharan Africa This DW target region has about one billion inhabitants in 49 politically, economically, and culturally very heterogeneous states. In a global comparison, it is the region with the highest population growth. At the same time, almost fifty percent of all African inhabitants are younger than 18. In many African countries, democratic developments are currently characterised by regression; authoritarian tendencies are on the rise, especially in non-consolidated democracies, and existing autocracies manifest themselves. In many cases, freedom of the press and freedom of opinion are clearly restricted, making access to independent, balanced information increasingly difficult.

DW enables its target groups to play an active role in shaping social developments in their home countries by providing independent reporting that is geared to their information needs. The information services of DW are available online, on the radio and on TV in the national languages English, French and Portuguese as well as in the regional languages Hausa, Amharic and Kiswahili. In total, DW records an average of 78 million weekly user contacts in the Sub-Saharan Africa region.

Even though media are changing, DW achieved a wide reach in the sub-Saharan Africa region, in particular with its radio services. With radio services in all six broadcast languages for Africa, DW reaches both countries with sometimes severely restricted freedom of the press and freedom of opinion as well as counties in which the media markets are largely liberalised.

At the same time, the importance and use of TV has been steadily increasing for years, particularly in the urban regions on which DW concentrates. DW has expanded its service portfolio to respond to the situation: with regionalised TV formats for the English TV channel, numerous DW premium slots with high-reach partners such as Channels TV in Nigeria and regional-language TV formats in all African languages.

The region has the highest growth rates worldwide in the use of digital platforms and the internet. Taking into account the usage preferences of its target groups, DW has clearly increased its presence on digital platforms in Africa in the last few years, which is reflected in the increases in reach for digital services. In particular, the targeted involvement of local influencers as well as high-reach social media partnerships have proved to be usage drivers. Facebook continues to be the most popular social media platform; YouTube and Instagram are becoming increasingly important on the African continent.

Middle East: With its Arabic-language services, DW 2021 achieved the second-highest reach after the English programme, with an average of 71 million uses per week.

In addition to the two editorial offices in Berlin and Bonn, DW also produces from its office in Beirut, which opened in 2019, and with a widespread network of correspondents. DW further expanded its services with regionally relevant content to meet the need for forums for factual dialogue on controversial topics.

The content focus of all Arabic services is on topics related to freedom and human rights, democracy, as well as the struggle against terror, exclusion, racism and anti-Semitism. In addition, DW provides services with a broad range of topics in the Arab target countries, from science to culture, in order to convey its profile topics beyond the news agenda.

For the target group in the pan-Arab market, the content of DW, as an independent information provider, is of great importance. However, the political and social situation in most of these target countries is still considered fragile. Censorship, violence against media workers and legal restrictions are a problem for freedom of press and freedom of opinion in the region. In 2021, some DW programmes were censored by state authorities. After it became known that anti-Semitic content was being disseminated, DW suspended its work with several partners.

In 2021, a significant increase in usage was achieved, particularly with the digital services. With around 400 million monthly views, the online and social media services were the most successful in the internal DW comparison. The services on Arabic channels on Facebook, YouTube and Instagram as well as the cooperation with distribution partners in the region were decisive for this.

With the talk show “Jaafar Talk”, the journalistic research format “Sulta 5” and the satirical programme “Albasheer Show”, a mainly young audience was reached through social media. The Arabic-language programme also increased its reach with its linear services and achieved double-digit reaches in markets such as Lebanon, Algeria, Jordan and Iraq. In addition to the DW Arabia TV channel, usage was driven by numerous live TV link-ups via DW Premium with high-reach TV distributors and partial programme acquisitions.

Asia: With the re-prioritisation of the DW target countries, the Asian target regions have gained more importance. The mostly populous states in this region are characterised by a young population structure and increasing technologization in the field of information procurement.

The framework conditions for freedom of expression have deteriorated in almost all prioritised Asian target regions. This was particularly evident not only in Afghanistan, but also in Hong Kong. In 2021, state pressure on critical media workers also continued to increase in India, Pakistan, Bangladesh and Indonesia. China and Iran have been among the states with the strongest censorship for years.

Under these conditions, DW was able to increase its reach in Asia by one million to a total of 35 million weekly user contacts in 2021. The growth in usage is mainly attributable to the increased regionalisation and digitisation of DW services in this region. The strategy of diversifying output channels was decisive in keeping the DW services relevant for young information seekers. In addition to online services, linear TV continues to play a major role in most markets.

In 2021, DW was active with nine regional language editorial teams in the Asian market. In addition to Bengali, Chinese, Dari, Farsi, Hindi, Indonesian, Pashto and Urdu, a service in Tamil was launched in 2021 for the populous Indian region of Tamil Nadu. The Tamil service is provided exclusively via social media. A significant increase in usage was achieved in almost all language services.

The development and expansion of three Asian offices of DW in Taipei, New Delhi and Jakarta as well as the expansion of the correspondent network further supported the regionalisation of the DW programmes. Regional-language news could thus be better disseminated at peak usage times in the target regions.

Taking into account the usage habits of the rather young target group, the programme services were optimised for on-demand usage.

While in previous years DW websites and Facebook were still the major usage drivers in many places, the social media platforms YouTube and Instagram in particular have gained significantly in importance in almost all markets. In general, videos are the biggest usage drivers in the Asian languages. With MOJ, a regional platform was chosen for the first time for the Hindi-speaking audience, where DW was able to gain more than 100,000 subscribers in the three-month test phase alone.

The cooperation with national partners enables a wide distribution of digital DW content even in markets that are difficult to access, such as China. Here, however, only business, culture and the environment contents can currently be offered.

From the linear services, regional language adaptations, e.g., of the science programme “Tomorrow Today” and the environmental magazine “Eco India” were broadcast in the Asian target regions.

Latin America: With the re-prioritisation of its target countries, DW has prioritised its Spanish-language programmes for Argentina, Colombia, Mexico and Venezuela. In addition, the Portuguese-language programme for Brazil is a high priority for DW.

Many Latin American countries are affected by social unrest due to political or economic imbalances as well as high poverty rates, violence, crime and corruption. Also in these countries, free media work is restricted by censorship and threats against reporters. The regional media market is frequently dominated by a few, private companies, which facilitates biased reporting.

DW has established a broad range of access channels to its journalistic services for its target groups. With its Spanish-language 24-hour channel DW Español, DW is present in the TV markets. In addition, DW 2021 further expanded its digital services in response to changing usage habits, in particular among young target groups. For this purpose, the Spanish editorial team developed several personalised and dialogue-oriented social media formats on science, business and the environment. The social media content was expanded. Especially the videos on the three Spanish YouTube channels have developed into important usage drivers. In addition to platforms such as Facebook, Twitter and Instagram, the Spanish programme also serves the growing demand for on-demand audio services.

The Brazilian editorial team relies on a modern media mix of innovative formats for on-demand digital use. These were published across all relevant platforms and also by partners. A daily podcast with short news items serves the growing demand for audio formats, including on voice assistants.

Russia, Ukraine, and Eastern Europe: In addition to Russia and Ukraine, DW has also prioritised Belarus as a target region for its reporting since 2020.

In Russia and Belarus, the social and political situation as well as the situation of freedom of expression and freedom of the press have further deteriorated in recent years. Foreign media are confronted with major restrictions on their reporting. Working together with local partners is also becoming increasingly difficult.

Under these conditions, DW has succeeded in reaching an average of 10 million users per week with its services in Eastern Europe and Central Asia in 2021. In all three target markets, television continues to be the most important source of information, but it is largely subject to state control, especially in Russia and Belarus.

In Russia and Belarus, the use of digital media is becoming increasingly important, especially among the young target group. DW 2021 therefore concentrated on expanding its digital programmes, which, in addition to the Russian website, also include Facebook, Twitter, Instagram, Telegram, TikTok and YouTube. In particular, the three YouTube channels recorded high usage and also promise future growth. The content deals primarily with political and social developments, mainly background information on freedom and human rights, democracy and the rule of law. However, DW also covers culture, business, technology and development topics. With “dw.novosti”, DW launched an additional news service via Instagram in 2021. In early 2022, DW regional studio in Moscow had to be closed temporarily due to the political situation in Russia; as an alternative, reporting is currently being expanded from the new location in Riga.

In Belarus, DW continued to expand its reporting for the Belarusian population and published its regionalised services on YouTube, Telegram and a special website. In October 2021, the distribution of the DW online services in all 32 broadcast languages was blocked in Belarus.

DW continues to distribute its Russian-language services via partners in the neighbouring states of Armenia, Estonia, Latvia and Lithuania. The Russian-language services of DW reached an average of 8 million users per week in 2021.

The popularity of digital programmes is also growing in Ukraine. DW therefore continued to increase its presence on the social media platforms Facebook and YouTube. In this country bordering EU territory, which is characterised by domestic polarisation, influential oligarchs, armed conflicts (until early 2022) in the east of the country and poverty, there is a clear demand for German and European perspectives on issues related to democracy and the rule of law. Given all these facts, DW expanded its local capacities in 2021. The office in Kiev was expanded into a multilingual studio hub, where part of the Ukrainian editorial team is present together with DW News staff. However, with the start of the war in Ukraine in February 2022, a part of the studio had to be evacuated to Lviv and Germany and replaced by mobile, crisis-trained teams of reporters.

Europe: With its media services in ten European languages for thirteen states in the region, DW is responding to the increasing deterioration of the political and social mood in Eastern and South Eastern Europe. In this region, the importance of DW as a provider of independent information for the free formation of opinion and free will is increasing.

The focus of DW reporting is on profile topics around human rights, the rule of law and international understanding. In a DW-wide comparison, the target groups in this region have a heightened interest in German and European perspectives, especially when it comes to developments in their home regions.

DW is present with its regional language services in thirteen states of this region. The programmes are produced and broadcast in Bulgarian, Greek, Polish, Romanian, Hungarian, Albanian, Bosnian, Croatian, Macedonian and Serbian.

The European editorial teams rely on a mix of linear and digital output channels as well as extensive partner distribution. These include weekly TV magazines, video, text and live link-up partnerships as well as their own websites and presences on the social media platforms Facebook, YouTube, Twitter and Instagram.

In 2021, DW introduced Hungarian as an additional language. Under the title of “DW Magyar”, DW offers content from independent journalists for a primarily young target group and initiates various debates on European issues. The programme service, which is distributed by several distributors in Hungary, is primarily aimed at users between the ages of 20 and 35. The service started in April 2021, initially with a YouTube channel. DW also cooperated with the Hungarian TV channel ATV.

In addition, an office was opened in Vienna in 2021 to ensure more detailed regionalised coverage. With the start of the Ukraine war, the focus on this region has increased. DW is also preparing to expand its coverage here in 2022.



Turkey: For DW, the Turkish target market is a top priority. In the distribution of its content, the Turkish editorial team focused on digital services via its own and third-party platforms in 2021. In Turkey, social media are used for news consumption more than elsewhere. DW reaches the young target group primarily with its services on Twitter and YouTube. In addition, services are offered on the DW website and through channels on Facebook and Instagram.

Since 2019, DW has operated a strategic partnership with the BBC, VOA and France 24. The joint Turkish-language video service +90 was very successful on YouTube and was expanded to include its own channels on Instagram and Twitter.

Also, the Istanbul office is an important starting point for regional Turkish-language reporting.

### **Cross-language programmes and projects**

In view of the COVID 19-pandemic, the annual Global Media Forum (GMF) was held for the first time in a hybrid of face-to-face and online conference at the DW head office in Bonn on 14 and 15 June 2021. Interested people from all over the world dialled into the three live streams of the conference platform. The title of the extensive programme of talk sessions, partner panels and workshops was “Disruption and Innovation”. Distinguished guest speakers gave presentations during the media conference, including the then German Chancellor Angela Merkel and the Liberian Nobel Peace Prize laureate Leymah Gwobee. The International Media Conference was funded by the Federal Foreign Office, the Federal government of North Rhine-Westphalia, the Federal Ministry for Economic Cooperation and Development, and the International Savings Association Foundation Bonn [*Internationale Sparkassenstiftung Bonn*].

For the seventh time, DW presented its Freedom of Speech Award for outstanding commitment to human rights and in particular freedom of expression in the media. In 2021, DW honoured the Nigerian investigative journalist Tobore Ovuorie for her courageous reporting, e.g., on human trafficking and organ trafficking.

The successful cross-language cooperation with France Médias Monde (FMM), the umbrella organisation of the French foreign broadcasting services, was continued with the “ENTR- What’s next” project. This is a digital, multimedia and multilingual format which DW is developing together with FMM for young people in Europe. The program focus is on distributing content on social media in the numerous project languages. In 2021, the ENTR platform was launched, which will be used to present real-life topics in initially six languages, specifically for young Europeans, and distribute them via the social media platforms YouTube, Facebook, Instagram and Twitter. The media project is co-financed by the European Commission, the German Federal Foreign Office and the French Ministère de la Culture and led by DW, as the consortium leader, together with five other consortium partners. In 2021 (channel launch in May until the end of December), ENTR content has already reached 26.9 million views. The project will continue in 2022.

DW Akademie was able to continue its English-language Master's programme “International Media Studies” in a hybrid teaching mode. The programme focuses on the role of the media in the global context and develops a common understanding of media and development cooperation with the international students. The acquired knowledge should enable the students to work as media experts in their countries. In the future, institutional cooperation with universities in partner countries of development cooperation and a French-language branch are planned to be established.

DW is also continuing its cooperation with ARD (consortium of public broadcasters in Germany), ZDF (German public-service television broadcaster) and Deutschlandradio (German public radio broadcaster). In addition to the exchange of programmes, in particular in the context of current news reporting, participation in the structural reform of public broadcasting was a priority.

DW has maintained an important partnership with the Internationale Beethovenfeste Bonn gGmbH for more than 20 years. As shareholder in and media partner of the Internationale Beethovenfeste Bonn gGmbH, DW supported the Beethoven Celebration in Bonn, in particular also with regard to his international perception. After many events celebrating Ludwig van Beethoven's 250<sup>th</sup> anniversary had to be suspended in the anniversary year 2020, the Beethovenfest extended the celebrations until September 2021. DW reported on these festivities in detail and offered live broadcasts of several Beethoven concerts from Bonn.

As an extraordinary joint project of private and public media providers in the financial year 2021, DW, together with RTL Deutschland GmbH, Cologne, Rheinische Post Verlagsgesellschaft mbH, Düsseldorf and Fonden Constructive Foundation, Aarhus/ Denmark, formed the Bonn Institute gGmbH, with registered office in Bonn. The institute mostly deals with questions relating to the future of journalism, in particular with user-oriented and solution-oriented, constructive approaches, optimised integration of scientific expertise to public and social challenges while maintaining a critical, journalistic distance and monetisation perspectives for quality journalism.

The long-standing cooperation of DW with the Goethe-Institut was maintained and developed 2021. Both the DW programme and DW Akademie with its German learning programme work together with this non-profit institution. The Goethe-Institut was again present with its expertise at the Global Media Forum. In addition, there is a bilateral exchange on developing the DW corporate culture and implementing topics such as digitisation, new work, diversity and sustainability.

### **1.5. New Work, Diversity, Sustainability, IT and Cybersecurity**

For several years now, the general working environment in a media company has been changing as a result of continuing digitisation. In addition, the COVID 19-pandemic required an expansion of digital work opportunities at DW. At DW, “new work” is the umbrella for many initiatives, impulses and projects with which digital, mobile and collaborative work is being expanded and the cultural change at DW is developed further. The Digital Workplace project creates the technical, structural and organisational conditions to enable DW employees to work flexibly, regardless of time and place. “Digital Workplace” means more mobility inside and outside the broadcasting houses, while the broadcasting houses remain the centre of work and a meeting place.<sup>9</sup>

Considering the importance of diversity as a decisive factor for business success, DW strives to exploit this potential to the maximum extent possible. Management prioritised diversity by establishing the organisational unit “International Relations and Diversity” department and initiated processes of change. In 2021, the “International Relations and Diversity” department developed a package of measures to promote diversity among DW employees, e.g., workshops and training on the topic of diversity. The team developed a related structural frameworks, including participation formats and bilingual communication channels. In addition, DW joined the BBC “50:50 - The Equality Project”. The aim of this initiative is more visibility of women in the media to encourage media workers to question deep-rooted behaviours and editorial processes and decisions.

In 2021, DW was confronted with allegations of anti-Semitic and anti-Israeli attitudes by individual employees and cooperation partners. After the allegations became known, DW suspended cooperation with several partner broadcasters in December 2021 and released its own employees from their duties. DW initiated an independent external investigation into the allegations. Based on the results of the investigation, DW developed a 10-point action plan which will be put into practice also in 2022. The goals of this plan include the development of a binding definition of anti-Semitism for DW. In addition, Deutsche Welle will fine-tune its Code of Conduct and develop a special version for business partners. Also, the rules for values-based recruiting will be improved, the training programme on values and standards will be expanded, strict screening mechanisms for business partners will be implemented and a competence team will be set up in the editorial office to strengthen

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<sup>9</sup> 15 Digital Workplace Guidelines in DW 2020/21

the topics of anti-Semitism and Israel's right to exist in the programmes. Furthermore, an internal DW commission was formed to examine the distribution partner strategy.

As DW is aware of its responsibility for sustainable corporate development, it implemented sustainability as a target of the organisation. DW, which is financed by taxes, is aware of its role as a model and multiplier and takes responsibility for shaping a sustainable company, with a focus on climate protection. In 2021, a climate protection strategy was developed on this basis with the goal of reducing the greenhouse gas emission of DW by 30% by 2030 and achieving net zero emissions by 2045 at the latest. These targets are related to the greenhouse gas emissions of the core balance from the base year 2019. The DW climate balance is updated annually. In its climate protection strategy, DW concentrates on more climate-friendly travel policies, climate-friendly commuting, energy management, sustainable project planning, green production, sustainable procurement and supply chain engagement.<sup>10</sup> Every two years, DW reports on the progress made in achieving the goals in its sustainability report.

As IT and cyber-security matters are becoming increasingly important as well, DW combined them in a separate department in order to be able to address the related challenges even better in the future. The central tasks of this department include the structured development of measures for improving IT security and the further sensitisation of all DW employees concerning threats in the cyber environment. Some of these measures aim at enabling journalists to move around safely in the digital environment.

## **2. Net assets, financial position and results of operations**

### **2.1. Net assets position**

In the reporting year, the balance sheet total of the organisation increased by EUR 61.2 million (7.8%) to EUR 847.5 million.

In the past financial year, a total amount of EUR 9.9 million (p.y. 14.6 million EUR) was invested in intangible and tangible fixed assets. The lower investment volume compared to prior years is due to delays caused by the pandemic in project-related supply chains as well as the shortage of skilled labour in the market. In addition, there has been a shift from capital expenditure to operating expenditure, particularly in IT projects, e.g. due to more rental of software.

The main additions to tangible fixed assets in 2021 are attributable to investments in the broadcast projects (EUR 1.7 million), data centre (EUR 1.2 million), and IT projects (EUR 1.2 million). Taking into account the scheduled depreciation for the financial year of EUR 12.1 million and the asset disposals with net book values of EUR 0.1 million, the book value of the fixed assets decreased by EUR 2.3 million as at the balance sheet date.

The equalisation claim against the German Federal Government for pension, early retirement and other benefit obligations not covered by reinsurance policies increased compared to the prior year by EUR 25.5 million to EUR 592.2 million. The change was mainly due to the increase in pension liabilities by EUR 40.8 million, minus assets from reinsurance policies, which increased by EUR 16.2 million.

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<sup>10</sup> DW Climate Protection Strategy 2021, p. 11

The increase in current assets by EUR 35.5 million to EUR 216.3 million is due to the increase in assets from reinsurance policies reported under other assets (EUR +16.2 million) and the increase in receivables from funding providers in the amount of EUR 26.8 million (p.y. EUR 4.0 million). In contrast, bank balances decreased by EUR 4.7 million due to fewer drawdowns of funds at the end of the financial year. The – overall minor – changes in other balance sheet items in current assets were attributable to the reporting date.

Prepaid expenses were mainly set up for satellite rental fees and social benefits in connection with social security benefits in connection with company pensions paid in advance.

The equity of DW increased to EUR 49.4 million, with a net income for the financial year in the amount of EUR 18.4 million. The equity ratio at the end of the financial year was 5.8 % (p.y. 4.0 %) with an increased balance sheet total compared to the prior year. Due to the fact that financing is guaranteed by the government, sufficient liquidity of Deutsche Welle is ensured at any time, irrespective of the of equity reported by the Corporation.

Provisions, which are mostly set up for pensions and other personnel commitments, exceed the prior-year figure by 44.2 million EUR. Increases were reported mainly in pension provisions (EUR + 40.8 million) and in provisions for benefit obligations (EUR + 1.6 million) due to the low interest rates for the actuarial calculation of pension and benefit obligations, which were reduced again compared to the prior year.

The reduction in liabilities by EUR 1.4 million or 3.4 % is attributable to the reporting date.

## 2.2. Financial performance

Income from federal grants reported in the income statement mainly relates to grants from the Federal Government Commissioner for Culture and the Media (Beauftragter der Bundesregierung für Kultur und Medien - BKM) for the ongoing operations of Deutsche Welle. This grant in the amount of EUR 388.7 million (p.y. EUR 362.3 million) serves the financing of the operating budget and investments. Furthermore, EUR 7.2 million have been granted for the specific purpose of rent payment for the broadcasting center in Bonn (lessor: German Institute for Federal Real Estate (Bundesanstalt für Immobilienaufgaben)). In addition, this item contains project grants from the Federal Ministry for Economic Cooperation and Development (BMZ) for the DW Akademie and other project grants from public institutions – in particular the Federal Foreign Office.

Other operating income is mainly composed of other project grants (EUR 8.2 million, p.y. EUR 6.2 million) and the change in the reinsurance guaranty funds (EUR 6.2 million; p.y. EUR 3.8 million). The change in the equalisation claim against the German Federal Government (EUR 25.5 million, p.y. EUR 14.8 million) is shown as income and is reported in other operating income.

Personnel expenses amount to EUR 220.6 million and are EUR 28.7 million higher than the prior-year figure, up 14.9 %. The increase in current salaries (EUR + 9.1 million) and expenses on social security contributions (+ EUR 2.5 million) is primarily due to the higher average number of DW employees (1,767, p.y. 1,668), the wage increase of 2.1% in 2021 and higher pay grades. Post-employment costs increased by EUR 17.0 million or 27.5 %. Expenses from additions to pension provisions for future pension payments increased by EUR 14.0 million. The basic rate of interest for the calculation of provisions for pensions decreased from 2.30 % in the prior year to 1.87 % in 2021. The number of pension beneficiaries amounts to 3,369 (p.y. 3,279). The increase is due to employees hired in 2021, for whom the Versorgungswerk BTVA (defined contribution pension scheme) applies. Contributions to the ARD-Rückdeckungspensionskasse bbp (ARD pension fund) increased by EUR 2.1 million compared to the prior year. The contributions of bbp were calculated for the old VTV contracts (reinsurance contracts up to 2012) in the financial year 2021 with an interest rate of 2.25 % (p.y. 2.75 %).

Programme expenses increased by EUR 14.3 million, i.e. 9.7%, compared with the prior year. The fees for freelancers increased by EUR 11.2 million, which is attributable to the expansion of language services in the programme directorate, the additional use of freelancers due to higher project volumes at DWA and salary increases. Other programme expenses rose by EUR 2.2 million, e.g. due to higher expenses on programme purchases, other licences and for third-party TV productions.

Other operating expenses amount to EUR 72.4 million (p.y. EUR 67.1 million) in the financial year 2021 and, as in the prior year, they are related to maintenance, operation, and repair expenses, various services provided by third parties and lease and rental expenses. Compared to the prior year, expenses on the maintenance and upkeep of technical installations and for building maintenance increased. Due to the ongoing COVID-19 pandemic, DW incurred additional expenses in 2021 from the obligation to provide and carry out rapid antigen tests and from additional security services in the broadcasting buildings.

At EUR 12.1 million, depreciation and amortisation is slightly lower than in the prior year (EUR 12.8 million) due to the lower volume of investments in intangible and tangible fixed assets in 2021 (EUR 9.9 million, p.y. EUR 14.6 million).

Interest expenses (EUR 15.0 million, p.y. EUR 16.8 million) are attributable to the reported interest portion from the compounding of provisions for pensions and long-term provisions for personnel.

Deutsche Welle closed the financial year 2021 with a net income for the financial year amounting to EUR 18.4 million (p.y. EUR 14.2 million). The net income for the financial year allocated to the capital (equity) of DW, enables DW to remain capable of acting in the event of future uncertainties, which are based in particular on the business risks identified in the 2021/22 risk analysis (see risk report) and on forecast uncertainties (financial resources, inflation), without stopping projects and measures or reducing the number of employees in the short term.

### **2.3. Financial position**

In the account of income and expenditure to be prepared in the process of compiling the annual financial statements, conforming to the budget system of the German Federal Government, governmental accounting methods were applied, and in contrast to the aforementioned accounting principles, they are based on payment transactions only.

The income and the expense account shows an increase in cash and cash equivalents by EUR 18.2 million to a total of EUR 63.7 million which is attributable to the reporting date. The portion of cash and cash equivalents of DW from bank balances and cash-in-hand amounts to EUR 10.0 million (p.y. EUR 21.8 million). Furthermore, Federal Government grants from the financial year 2021 not yet drawn down in the amount of EUR 26.8 million will be added to the item cash and cash equivalents of DW. These financial resources were used up in the first quarter of 2022, in particular for the settlement of payment and project obligations which arose in the financial year 2021. Cash and cash equivalents of DW Akademie increased by 7.2 million EUR to 26.9 million EUR.

## **3. Risk report**

Deutsche Welle periodically analyses its risks through an internal early risk detection system. Risk management is limited to monetary risks and subject to the active involvement of all executives reporting to the management.

The following risk presentation and assessment was based on the so-called gross presentation (risk assessment before consideration of measures taken to mitigate risks). Additional explanations are included for individual risks with an expected average amount of damages of > EUR 2 million and a probability of occurrence of >25 %.

The risk inventory 2021/22 showed that only the development of the government grant represents a risk with an adverse effect on the development of Deutsche Welle since it is financed almost exclusively by the German Federal Government.

The reduction of the government grant or lower project grants from various fund providers represents a material and therefore serious risk for Deutsche Welle (EUR > 10 million). Due to the short-term nature of the fund commitments of the Federal Government, the response time to unexpected reductions in funding is correspondingly short. At the time of reporting, there are still uncertainties regarding the amount of funding commitments for project grants in 2022 as well as the amount of the federal government grant for 2023.

The assessment of the risk "cyber-attacks on the DW IT infrastructure" and the resulting production disruptions and data losses was raised from substantial to severe, taking into account a significantly increased gross damage potential and a gross probability of occurrence of 75% to 100%. The high probability of occurrence was derived from the increasingly frequent, successful attacks on public authorities, including with encryption Trojans. The probability of occurrence and the amount of damage are reduced by a variety of technical and organisational measures, such as an intrusion prevention system, firewalls and virus filters on servers and PCs, the establishment of secured areas for server systems, as well as training and awareness-raising measures for all DW employees.

Significant risks (EUR 5 million to EUR 10 million) arise from events of force majeure, in particular from terror, war, crises, deployment of project staff and journalists in crisis areas as well as natural disasters, which basically cannot be influenced by Deutsche Welle. The probability of occurrence of this risk has been increased to 50 - 75% (p.y. 0 - 25%) taking into account current political and social events. After the COVID 19-pandemic with its economic and social effects, new events occurred with the development in Afghanistan and the outbreak of war in Ukraine, which in particular justified the necessity of an immediate evacuation of DW employees and local staff. With the establishment of a crisis team, DW was able to respond to these events with targeted measures quickly, without much bureaucracy and in a spirit of solidarity.

Other considerable risks exist in the area of technology/IT infrastructure for damage to IT systems and building technology, which may arise in particular from a "systems failure". The damage expectancy is effectively reduced by measures that are already in place, but in which DW will also have to invest continuously in the future.

During the 2021/22 risk inventory, the assessment of significant risks (EUR 2 million to EUR 5 million) were reported and the risk assessment was updated as follows:

Financial risks from "Additional costs in DW due to the COVID-19 pandemic" which are attributable, e.g., to increased costs for adjustments of the editing and production processes, technical equipment, room air-conditioners, and costs for hygiene and occupational safety measures required due to the ongoing COVID-19 pandemic are assessed as having a high probability of occurrence. The extent to which pandemic-related additional costs will be reimbursed by additional federal funds cannot yet be conclusively assessed at the time of reporting.

As in the prior year, a significant risks exists in relation to the high compliance costs in the event of the implementation of barrier-free access to linear TV as may be required (displaying subtitles, sign language).

The risk of increasing pension contributions to the collective pension agreement [*Versorgungstarifvertrag - VTV*] due to the ongoing low interest forecast continues to exist as a significant risk. The assessment of the probability of occurrence and the amount of loss were reduced from 2.75% to 2.25% in 2021 due to the reduction of the actuarial interest rate for the old VTV contracts (reinsurance contracts up to 2012).

Regarding production/broadcasting, risks exist from cost increases due to dependencies from producers and suppliers, or from infringements of copyrights. In the last few years, the market has become narrower in particular for software producers, leading to a risk of higher prices for licenses and higher penalties for non-compliance with complicated license agreements. This risk will be mitigated, e.g., by cooperation with other broadcasting corporations and a centralisation of license management.

Another financial risk with an expected loss amount of less than EUR 2 million may result for DW as from 1 January 2023 with the applicability of value-added tax on service relationships in the sovereign area between public broadcasters (Section 2b Value-Added Tax Act [*Umsatzsteuergesetz - UStG*]). DW is in dialogue with other public broadcasters as well as with the political decision-makers in order to minimise a possible VAT burden. Currently, the risks arising from an ongoing social security audit cannot be assessed.

#### 4. Forecast Report

For 2022, the government bill of the Budgetary Act for Deutsche Welle provides for a federal government allowance for operating expenses of EUR 380.0 million (of which EUR 7.2 million rent BImA), for capital expenditure of EUR 20 million as well as one-time earmarked special funds for digitisation measures from the federal economic stimulus package of EUR 4 million. In addition, DW was promised an amount of EUR 1.8 million for pandemic-related additional requirements and EUR 4.0 million to facilitate reporting on the Ukrainian war in Russian, Ukrainian and English. The staffing plan for 2022 includes an increase of 100 to 1,512 posts.

In its Coalition Agreement, the Federal Government states that it will continue to expand DW and the DW Academy. The German government wants to modernise strategic communication in the European network and, in cooperation with DW, gear it towards new target groups and define regional priorities.<sup>11</sup> With the federal subsidies, the German Bundestag (parliament) and the Federal Government enable DW to further develop its services and therefore remain fit for the future.

DW will also continue to receive project funds from the German Foreign Ministry (AA) in 2022 to finance its programmes and DW Academy activities. The AA has been working together with DW in this area for many years. The project funds were granted during the year based on the approval of the individual project applications.

The financial challenge for the coming budget periods will be to compensate for the further increase in personnel costs. These are attributable in particular to the expected salary increases as well as to rising pension costs due to the longer-term development of the capital markets. DW intends to communicate with the social partners on a socially responsible flexibilisation of employment, including automatic mechanisms based on collective agreements.

In addition, there are cost increases resulting from the general price development due to inflation and supply bottlenecks, as well as cost increases from the success of DW itself. The successful implementation and marketing of a program format in a specific region or in the worldwide programme will lead to expenses on community interaction in the editorial departments, distribution activities and user-dependent distribution costs concerning distribution on demand and streaming. Furthermore, the ongoing consistent expansion of digitisation in the organisation leads to higher expenses on technical infrastructure (investments, operating equipment, technical personnel, project personnel), which will not be offset by potential savings until a later point in time (e.g. consistent expansion of AI (Artificial intelligence) in programmes and automation in supporting business processes).

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<sup>11</sup> Coalition Agreement 2021-2025, p.124 Media and p.127 Foreign Cultural and Educational Policy

DW has prepared a new Strategic Plan for the period 2022 to 2025 in accordance with Section 4b (1) of the Law on the Public Broadcasting Institution of Federal law "Deutsche Welle" (DWG). With its Strategic Plan, DW has set itself three overarching strategic corporate goals:

1. DW enhances its reach from 289 million to 400 million weekly user contacts.
2. DW aims to increase the effect and relevance of its programs.
3. DW intensifies the dialogue.

DW has identified three key topics for this period, which are to contribute significantly to the fulfilment of the strategic corporate goals:

1. DW increases its regional competence and presence.
2. DW produces on demand first.
3. DW uses its resources efficiently and sustainably.

For the future design of work and cooperation at DW, DW will focus on shaping a diverse and digital corporate culture. With its Digital Workplace project, DW is creating the technical, structural and organisational prerequisites for the future design of digital and physical workplaces in order to make work independent of time and location and more flexible. In particular, mobile IT equipment is being expanded and connected to the central systems of DW to allow decentralised production and distribution of content based on technical innovations in the field of on-demand production and the use of artificial intelligence.

A comprehensive diversity strategy is being developed to define and implement a diverse corporate culture. Within this framework, DW is developing concepts that promote an understanding of diversity within the company and break down systemic barriers in order to help exploit the potential of diversity for working at DW. The 10-point action plan developed from the results of the investigation into the allegations of anti-Semitism will continue to be implemented in a targeted manner in 2022.

In order to ensure its success in the long term, DW is required to adapt its activities to the arising new challenges. Current ground-breaking measures include the expansion of the presence of DW in its target regions and the implementation of the on-demand strategy.

DW will align its reporting in 32 languages even more precisely to the prioritised target countries to increase its regional competence and presence. For this purpose, many editorial offices will be even more closely linked to these target markets in the future. In the prioritised target countries, additional local staff will be recruited, who will have knowledge of modern video production and relevant digital channels in particular. In order to maintain the high technical and journalistic standards of DW, the training services (digital/video/on-demand) for the staff of the language editorial offices will be expanded. DW Akademie is expanding its regional activities in Asia, Africa, Latin America, the Middle East and Eastern Europe with a view to increasing its regional presence.

The production of new DW programmes will concentrate mainly on on-demand platforms ("on demand first"), which – in addition to its own services on dw.com, the media library and the B2B platforms – also includes the social media and streaming platforms of third-party providers. The objective of this digital multi-platform strategy is to ensure the comprehensive use of DW content in the future as well. In addition, DW continuously evaluates the potential and usage scenarios of its output channels in the various markets. In order to remain competitive there in the future, the costs, reach and relevance of individual services are examined. From 2022 onwards, programme portfolio management will help in this process, which is intended to identify both low-performance or low-quality output channels and programmes as well as empty spaces in the portfolio. By reallocating resources accordingly, DW should be able to respond to market changes more flexibly in the future and at the same time with less impact on reach.



Technically, DW faces a major challenge with regard to satellite distribution channels. The successive and extensive implementation of the new mobile radio standard 5G in many countries will lead to significant changes for DW concerning the current TV satellite broadcasting via so-called C-band satellites. In the Americas and in Asia, 5G uses the same frequencies as C-band satellites, leading to disruptions in DW broadcasting. In order to avoid significant range losses and ensure broadcasting reliability, DW must switch to more cost-intensive alternative supply channels here. DW continues to monitor this market development and is also working on a final technical solution for distribution that is both reliable and cost-efficient.

Implementing the objective of an efficient and sustainable use of resources requires an efficiency optimisation of the business management systems of DW and DW Akademie: The “(D)ein SAP” project, which is currently running in the ARD network, is intended to organise business processes and DW's own digitisation projects efficiently, to accelerate them and improve their structure. The standardisation of processes and the structure of production and IT should also increase efficiency.

DW pursues the goal of becoming one of the most sustainable media organisations in Germany by 2025. In the area of ecological sustainability, its focus is on a climate protection strategy whose reduction target is based on scientific findings as well as the core balance from 2019, which include reducing the number of business trips and active sustainable action in the entire process chain of production.

DW will continue to focus its programmes on its widest-reach service – the English-language programme – in order to reach its goal of a further increase in reach as well as in international competitiveness of DW. Its focus will be on a sharper profile and clearer regionalisation of English-language content, in particular for the target regions of Africa, Asia, and the USA. Based on existing, successful cooperation and co-productions such as “Jaafar Talk” or the “Eco” magazines for Africa and Asia, DW will involve its local production partners and distributors more in the creation of programme content. For this purpose, special attention will be paid to efficiency and sustainability.

Bonn, 12 May 2022

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Deutsche Welle Anstalt des öffentlichen Rechts

Peter Limbourg

Director General