



Adding value to the future –  
applying sustainable economic principles

# GTZ at a Glance

	2006 in EUR million	2007 in EUR million	Changes on previous year in %
● <b>Turnover</b>	917.8	<b>1,057.3</b>	+ 15.2
- of which public-benefit sector	769.1	<b>860.0</b>	+ 11.8
- of which GTZ International Services	148.7	<b>197.4</b>	+ 32.8
● <b>New contracts</b>	1,152.9	<b>1,060.6</b>	- 8.0
- of which public-benefit sector	866.3	<b>886.4</b>	+ 2.3
- of which GTZ International Services	286.6	<b>174.2</b>	- 39.2
● <b>Contracts in hand</b>	2,706.5	<b>2,636.2</b>	- 2.6
- of which public-benefit sector	2,107.5	<b>2,065.9</b>	- 2.0
- of which GTZ International Services	599.0	<b>570.3</b>	- 4.8

Personnel	Number of persons 2006	Number of persons 2007	Changes on previous year in %
● <b>Public-benefit sector in Germany</b>	1,233	<b>1,358</b>	+ 10.1
● <b>Public-benefit sector abroad</b>	822	<b>879</b>	+ 6.9
● <b>GTZ International Services in Germany</b>	109	<b>127</b>	+ 16.5
● <b>GTZ International Services abroad</b>	278	<b>310</b>	+ 11.5
● <b>National personnel in partner countries</b>	8,974	<b>9,231</b>	+ 2.9
● <b>Integrated Experts (CIM)*</b>	720	<b>789</b>	+ 9.6

\* employed by local employers in partner countries

# GTZ worldwide

- GTZ Head Office, Eschborn, Germany
- GTZ Berlin, Germany
- GTZ Bonn, Germany
- GTZ Brussels, Belgium

● GTZ Offices

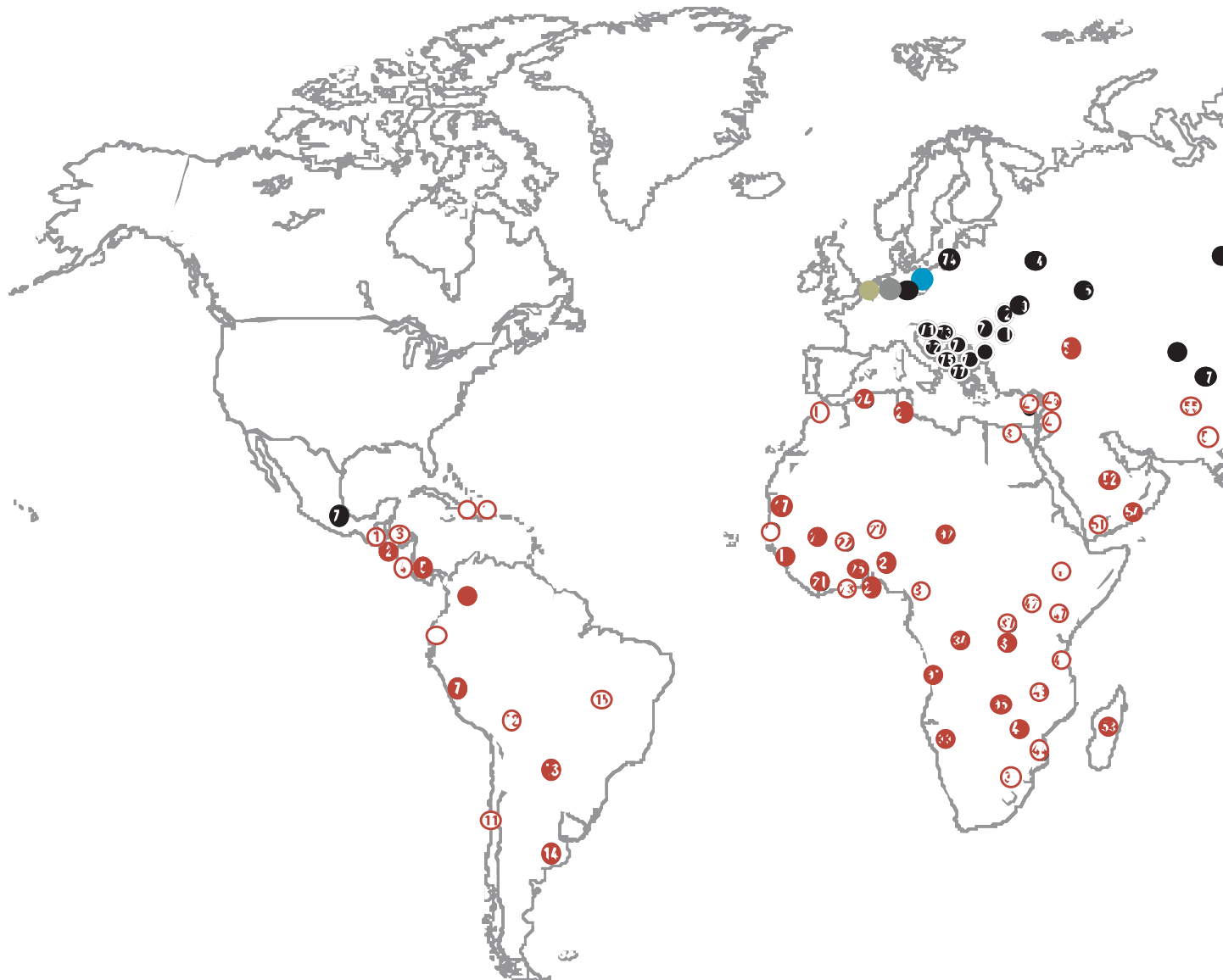
- 1 Guatemala City/Guatemala
- 2 San Salvador/El Salvador
- 3 Tegucigalpa/Honduras
- 4 Managua/Nicaragua
- 5 San José/Costa Rica
- 6 Quito/Ecuador
- 7 Lima/Peru
- 8 Bogotá/Colombia
- 9 Pétienville/Haiti
- 10 Santo Domingo/Dominican Republic
- 11 Santiago de Chile/Chile
- 12 La Paz/Bolivia
- 13 Asunción/Paraguay
- 14 Buenos Aires/Argentina

- 15 Brasilia/Brazil
- 16 Dakar/Senegal
- 17 Nouakchott/Mauritania
- 18 Conakry/Guinea
- 19 Rabat/Morocco
- 20 Bamako/Mali
- 21 Abidjan/Côte d'Ivoire
- 22 Ouagadougou/Burkina Faso
- 23 Accra/Ghana
- 24 El Biar/Algeria
- 25 Lomé/Togo
- 26 Cotonou/Benin
- 27 Niamey/Niger
- 28 Abuja/Nigeria
- 29 Tunis/Tunisia
- 30 Yaoundé/Cameroon
- 31 Luanda/Angola
- 32 N'Djamena/Chad
- 33 Windhoek/Namibia
- 34 Kinshasa/Dem. Rep. Congo
- 35 Lusaka/Zambia

- 36 Cairo/Egypt
- 37 Kigali/Rwanda
- 38 Bujumbura/Burundi
- 39 Pretoria/Republic of South Africa
- 40 Harare/Zimbabwe
- 41 Al-Bireh/Palestinian territories
- 42 Kampala/Uganda
- 43 Lilongwe/Malawi
- 44 Maputo/Mozambique
- 45 Damascus/Syria
- 46 Amman/Jordan
- 47 Nairobi/Kenya
- 48 Dar es Salaam/Tanzania
- 49 Addis Ababa/Ethiopia
- 50 Tbilisi/Georgia
- 51 Sana'a/Yemen
- 52 Riyadh/Saudi Arabia
- 53 Antananarivo/Madagascar
- 54 Abu Dhabi/United Arab Emirates

- 55 Kabul/Afghanistan
- 56 Islamabad/Pakistan
- 57 Bishkek/Kyrgyzstan
- 58 New Delhi/India
- 59 Colombo/Sri Lanka
- 60 Kathmandu/Nepal
- 61 Dhaka/Bangladesh
- 62 Ulan Bator/Mongolia
- 63 Bangkok/Thailand
- 64 Vientiane/Laos
- 65 Phnom Penh/Cambodia
- 66 Hanoi/Viet Nam
- 67 Jakarta/Indonesia
- 68 Beijing/PR China
- 69 Manila/Philippines

○ underlined:  
Development Cooperation Offices  
(shared with other organisations,  
such as KfW development bank,  
DED)



● **GTZ Project Offices  
with special duties**

- 70 Mexico City/Mexico
- 71 Zagreb/Croatia
- 72 Sarajevo/Bosnia and Herzegovina
- 73 Belgrade/Serbia
- 74 Kaliningrad/Russian Federation
- 75 Podgorica/Montenegro
- 76 Priština/Kosovo
- 77 Tirana/Albania
- 78 Skopje/Macedonia
- 79 Bucharest/Romania
- 80 Sofia/Bulgaria
- 81 Chişinău/Moldova
- 82 Odessa/Ukraine
- 83 Kiev/Ukraine
- 84 Moscow/Russian Federation
- 85 Saratov/Russian Federation
- 86 Tashkent/Uzbekistan
- 87 Dushanbe/Tajikistan
- 88 Omsk/Russian Federation
- 89 Bishkek/Kyrgyzstan
- 90 Almaty/Kazakhstan
- 91 Novosibirsk/Russian Federation
- 92 Altay/Russian Federation



**GTZ Head Office,  
Eschborn near  
Frankfurt am Main**



**GTZ-Haus,  
Berlin**



**GTZ Office,  
Bonn**



**GTZ Office,  
Brussels, Belgium**



**GTZ Office,  
Tunis, Tunisia**



**GTZ Office,  
Addis Ababa, Ethiopia**



**GTZ Office,  
Lima, Peru**



**GTZ Office,  
Kathmandu, Nepal**



**GTZ Office,  
Tbilisi, Georgia**



## Turnover + 15.2%

Fiscal 2007 was another highly successful year for GTZ. Compared to 2006 turnover climbed 15 percent, reaching EUR 1.06 billion.



## New Contracts in +2.3% the Public-benefit Sector

In 2007 GTZ received new contracts worth EUR 886 million in the public-benefit sector. The volume of contracts from the Federal Ministry for Economic Cooperation and Development alone rose 5.9 percent on the previous year's figure, reaching EUR 742.3 million.



## +8.1% GTZ Personnel Abroad

Plus 6.9 percent in the public-benefit sector and plus 11.5 percent for GTZ International Services: This positive development of GTZ's business is also reflected in the personnel figures. As at 31 December 2007, the company was employing a total of 11,905 persons – 489 more than in 2006. The number of seconded experts alone rose to 1,189, of whom 879 were employed in the public-benefit sector and 310 in GTZ International Services.



## Integrated +9.6% Experts (CIM)

Networked, integrated and in demand: CIM is an attractive instrument for many local employers, because Integrated Experts make an important and direct contribution toward the capacity development of individuals and organisations in partner countries.



## 26 SUB-SAHARAN AFRICA

In addition to helping develop the capacities of regional organisations, GTZ is supporting its African partners primarily in the fields of good governance, peace-building, education, health and sustainable economic growth.



## 32 ASIA

The region plays a key role in transboundary issues. Climate and environmental protection, peace-building and poverty reduction can only be tackled successfully if the emerging economies of Asia are also involved in the respective strategies.



## 38 LATIN AMERICA

Political, social and economic stability are key factors for development. Latin American governments often base their policymaking on strategies successfully applied in EU member states.



## 44 MEDITERRANEAN AND MIDDLE EAST

Social change and economic globalisation are advancing at a breathtaking pace in the region. Here, international cooperation is treading a delicate path between pursuing the European Neighbourhood Policy (ENP) and responding to occasional flashpoints of conflict.



## 50 EUROPE, CAUCASUS, CENTRAL ASIA

The pronounced structural differences within the region require a high degree of flexibility and expertise from international cooperation. This is why GTZ has further stepped up its presence in the region, where it is now operating in 32 countries with 187 seconded experts and 1,089 national personnel.

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Since the Millennium Declaration in New York, if not before, the compass needle of development cooperation has been pointing toward the common destination of a world free from poverty, violent conflicts and ecological destruction.



# Welcome by the Chair of the Supervisory Board

Erich Stather



..... **Global goals** call for a global approach – yet trivial though this statement may sound, it does illustrate the immense complexity of international development cooperation. In fact, given the large number of players involved and the rapidly changing setting, even agreeing on a joint path toward a more just world has become one of the most challenging tasks of our times.

In 2007 development cooperation thus turned its attention more often to broader issues of climate change and renewable energies. Also, the international donor landscape changed. Alongside the established donors, new development-policy actors increasingly emerged as providers of funding for development projects: EU countries, emerging economies such as China and India, dedicated funds, and the growing number of potent privately-funded actors such as private foundations.

Given the momentum of this change, it was once again extremely helpful over the last year that the international community of states was able to set its sights on a binding development objective. Since the Millennium Declaration in New York, if not before, the compass needle of development cooperation has been pointing toward the common destination of a world free from poverty, violent conflicts and ecological destruction.

This shared vision also guided the German Government as it discharged its special role in 2007. During its twin presidency of the Council of the European Union and the G8, Germany made appropriate use of its responsibility to help prepare the next key steps toward achieving the Millennium Development Goals. One positive result was the increase in funds for development cooperation, with an additional EUR 3 billion being made available between 2008 and 2011 – i.e. EUR 750 million a year – mostly for Africa.

As the budget of the Federal Ministry for Economic Cooperation and Development (BMZ) has been raised by EUR 641 million to EUR 5.1 billion between 2007 and 2008, the federally-owned enterprise GTZ will also profit from increases, especially in the commitment authorisation. This heavily underscores the importance of bilateral German development cooperation. As a flexible and highly competent service provider, GTZ plays a pivotal role in achieving the German Government's development-policy goals.

One of these goals is to implement appropriately the principles of the 2005 Paris Declaration on Aid Effectiveness – for instance by increasing partner-country ownership. Given the worldwide growth in funding and the growing complexity of the task, this calls for the swift but sustainable development of partner capabilities. Capacity development, an area of expertise in which GTZ possesses many years of experience and an impressive track record, is the right response to this challenge.

The high quality and client-friendly orientation of GTZ's service portfolio enjoy an excellent reputation among a growing number of clients. Alongside BMZ, other federal German ministries, private enterprises, governments of other countries, and institutions of the European Union and the United Nations are increasingly availing themselves of GTZ's international cooperation expertise.

My heartfelt thanks to all GTZ staff members both here in Germany and abroad for their outstanding commitment, which every day takes us a crucial step further toward the vision of a more just world.

Erich Stather, Chair of the Supervisory Board  
State Secretary in the German Federal Ministry for Economic Cooperation and Development



# Managing Change Successfully

## Report on Corporate Development and Outlook by the Managing Directors

In the private sector, facts and figures are the be-all and end-all. Where turnover and profit grow at least as targeted, then the business year is usually seen by the company as a successful one. At GTZ, by contrast, a glance at the balance sheet alone is not enough to judge the final outcome. This is because our goal is not the figures themselves, but the results achieved by our German development cooperation projects and programmes. The fact that we nevertheless continuously strive to optimise our business performance has one simple reason. This gives us the staying power we need in order to help sustainably improve the living conditions of people in our partner countries.

**Seen from** this angle, GTZ's current figures present us in an extremely positive light. In 2007 GTZ continued to gain momentum, our turnover passing the one billion mark for the first time. The accounts show a total of EUR 1.06 billion here, a growth of more than 15 % that further consolidates our position as a global market leader in capacity development. As well as our BMZ business sector, in which turnover rose from around EUR 706 to over 802 million, the largest contribution was made by our GTZ International Services (GTZ IS) segment. GTZ IS proceeds rose by almost 33 per cent to around EUR 197 million.

### Equipped to compete

This excellent trend in turnover on the one hand documents the high esteem enjoyed by GTZ's work among its clients. On the other hand it provides a sound basis on which to help crucially shape international cooperation both in 2008 and beyond. This is important because competition in our service segment is growing at a breakneck pace, as well as becoming more complex. More and more actors are crowding onto the market for international cooperation, as clients and partners become increasingly demanding. They now expect an even stronger orientation toward results and the delivery of visible and verifiable results of global, regional, national and local development and reform processes.

Furthermore, new modes of aid delivery such as budget support presuppose that partner governments possess proven administrative and financial capacities – the financial support provided by several donors does after all flow directly into the general budget of the country concerned, which then has to launch and see through the needed reforms independently. This is substantially increasing the demand for our capacity development expertise, while demand for other forms of international cooperation also continues to rise.

For GTZ, these trends simultaneously present challenges and opportunities. They demand maximum flexibility from both our corporate structure and our staff, but above all they open up a wealth of possibilities to further develop the international market position of our company, and thus continue supporting our partner countries' sustainable development. We have utilised recent months and years intensively



Dr. Bernd Eisenblätter

to marshal our human, technical and strategic resources such that we will be able to tread new paths with a maximum degree of planning and confidence.

### Capacity WORKS, e-VAL and HRM – tools with a practical basis for a far-sighted company

To ensure that we always keep an accurate overview, GTZ places its trust in sensitive instruments. One example is Capacity WORKS. In 2007 we tested the nuts and bolts of this new management model, and are very much looking forward to using it in the future to steer even the most complex projects more effectively and efficiently. Capacity WORKS helps project managers to break down complex contracts into manageable project steps, and identifies the decision-making options available to them in a clearly structured way.

Last year we also took a close look at e-VAL, the evaluation tool we introduced in 2003, and made it more flexible, efficient and effective. The computer-assisted interview procedure is a key component of our internal and external evaluations, and is an excellent complement to Capacity WORKS. It provides us with data on how third parties rate the progress and success of the projects and programmes analysed, and where they see strengths and weaknesses. In the spirit of the motto "learning through evaluation", the findings are then fed into the further steering of our measures. These evaluations also enable clients and the public to form a sound judgement of the results and success of our work, which makes a valuable contribution toward our corporate transparency.

With a view to further enhancing the effectiveness of its international cooperation services and harnessing fresh market opportunities for sustainable corporate success, GTZ relies on capacity development within its own ranks. To this end we have introduced a new human resources management tool – HRM – that enables us to efficiently compare the key competences of our staff with the future needs of the international cooperation market. We then close any gaps identified through individual training measures – or, where necessary, through targeted external staff recruitment.



Wolfgang Schmitt

### A vision for the future

All in all, in the 33rd year of GTZ's existence we have once again placed the company in an excellent position to continue providing our partner countries with major impetus for their future. We are firmly convinced that the key to sustainable development is the optimal interplay of social, economic and ecological goals, a belief reflected in GTZ's spotlight theme for 2008: "Adding value to the future – applying sustainable economic principles". This choice of theme will lend further momentum to the international dialogue for fairer globalisation.

One thing applies both to the world and to GTZ in equal measure. It is ultimately people and their abilities, their integrity and their enthusiasm that determine how rapidly and effectively both their own development and global development take place. And for this very reason, GTZ for one can face the challenges of the future with confidence, because we have the right crew on board, both for the results shown on our balance sheet, and for our overarching corporate goal. Their creativity, deep commitment and excellence once again proved their worth in 2007. We would like to express our sincere thanks to them, and we look forward to another year of outstanding cooperation.

Dr. Bernd Eisenblätter

Wolfgang Schmitt  
Managing Directors

# Adding value to the future –

## applying sustainable economic principles

Making globalisation fair is one of the greatest challenges of our times. This can only succeed if states, the private sector and civil society work together for socially balanced and ecologically sound development. It is no coincidence that values and social principles are once again becoming important in shaping the economic models needed in this regard. Global structural change and the various transition processes since the collapse of the socialist systems almost two decades ago are also playing a vital role in these developments. Internationally, in the quest for country-specific responses to this overall trend, a growing interest is emerging in the continental European model of the social market economy, which is now also the ecological market economy.

**In its day-to-day work**, GTZ regularly receives enquiries from partners on this issue. Emerging economies with high growth rates for instance are becoming increasingly concerned with the issue of functioning social redistribution mechanisms. At the same time, less developed or fragile states are asking how they can put economic policy frameworks in place that will smooth the path for sustainable pro-poor growth.

Taking a representative selection of practical examples from our daily work, this Annual Report illustrates how GTZ's partners firmly bank on services that foster sustainable economic principles in their countries. Depending on their development status, their interest in particular aspects will vary – although

### ● MUHAMMAD YUNUS,

founder of the Grameen Bank in Bangladesh,  
winner of the Nobel Peace Prize for 2006



"Poor people are inspired to move forward and to save when they are given the chance to shape their own future. Easy accessible and competitively-priced small loans and microinsurance products provide the poor with an opportunity to overcome poverty and become increasingly self-reliant. I am sincerely grateful to GTZ for their valuable support when Grameen Bank was becoming established, and I very much hope that we will be able to cooperate in the field of microinsurance."

it hardly comes as a surprise that a certain orientation toward the ideal of this form of market economy is indeed evident. Its aim is, after all, to strike a balance between economic, social and ecological interests, and it has proved to be a strong integrating force in the process of modernisation. An active state can compensate for market failure and social contradictions, create significant equality of opportunity, apply professional economic management and deliver public goods. Furthermore, a social and ecological market economy can serve as an integrative and consensual framework that enables a society to formulate and

uphold different world views and principles for joint economic activity and co-existence.

### Unbalanced globalisation

A glance at the trajectory of globalisation to date lends further weight to the arguments for placing stronger emphasis on social and ecological aspects. Developments from 1990 until today have certainly been more dynamic than we might have imagined. International trade in goods has doubled, while foreign direct investment has tripled. Prices for air cargo and ocean shipping have fallen by a third; customs duties on trade between industrialised and developing countries have dropped by more than 40 percent. Thanks to the enormous economic growth in China, India and the four East Asian tiger states, in the 1990s the number of people below the poverty threshold of one dollar of income a day fell worldwide by four percentage points, yet the extraordinary growth of global capital and trade flows cannot conceal the fact that participation in the

additional prosperity generated by globalisation is distributed extremely inequitably across the individual regions of the world.

Trends in income distribution make this transparent. Even where poverty was reduced perceptibly, such as in China or the successor states of the Soviet Union, inequality of income and wealth differentials widened significantly. In the sub-Saharan Africa region, real income has fallen over the last 30 years by 0.2 percent per annum. The region's share in the global export trade declined between the early 1980s and 2004 from 4.6 to a mere 2.6 percent. In short, the yawning gap between foreign direct investment and capital flight is wider here than in any other region of the world. At the international level rising environmental pollution, the impacts of climate change and unequal access to knowledge also bear witness to the failure of global markets. Disproportionately high costs and risks are burdening especially the poor and less developed countries.

### Redefining the state

In India and China the return to a value-based economic model is particularly evident. Development-policy visions in both countries have undergone impressive change – inclusive growth and harmonious society are the new paradigms. The quality of the negotiatory processes involving governmental, private sector and civil society stakeholders will determine the success of a change of course away from one-sided growth and toward an economic policy that is committed to social objectives: fair participation, social reconciliation and environmentally sound production. Numerous developing countries and emerging economies face the task of redefining the state in this spirit: as a constitutive element of the economic and social system and in its relationship to society. This positive role of the state in shaping social change is what makes a social and ecological market economy so attractive to many countries. This economic model stands for good governance in the best possible sense, because it enables the state to build trust and confidence in its institutions, and legitimate its reform policy, by practising transparency and engaging in negotiation processes with society.

### Developing capacities for a value-based future

Despite the wealth of opportunity created by economic globalisation, unless the right conditions are in place, inequality and poverty may increase dramatically. It is therefore the task of the international community to construct an international framework to regulate competition on globalised markets, guarantee fair trade and ensure that global public goods are available. It is with this in mind that GTZ on the one hand advises partners such as the World Trade Organization, the International Labour Organization and the Global Environment Facility on issues of global structural policy. At the same time we also support developing countries by helping to facilitate their national processes of negotiation and by promoting capacity development at all relevant levels. Ultimately our partners have to build their own capable institutions to allow them to effectively articulate and assert their interests when negotiating global structural policy, and harmonise their economies with the ongoing changes in the global environment. It is no accident that our advisory services in this connection always aim to help optimise the interplay between broad-based growth, social justice, and environmental protection and natural resource management. We wish to make a lasting contribution toward fairer globalisation that will give all stakeholders a future with added value – because this is and will remain one of the key challenges of our times.

#### ● DR. JOHANNES MERCK,

Otto Group, Director for Corporate Responsibility



“The ‘Cotton made in Africa’ initiative represents a successful combination of private-sector expertise, and private and public investment. In conjunction with the delivery of extremely professional consultancy services for implementation, the initiative has already established a remarkable track record in three large projects in sub-Saharan Africa. I am delighted to be able to also count GTZ among our in-country partners. Without them we certainly would not have been able to implement the project in its present form.”

# Development in Progress

Anyone wishing to help support the development of others must themselves undergo permanent development – a principle that the Deutsche Gesellschaft für Technische Zusammenarbeit (GTZ) GmbH has taken to heart ever since 1975, and one which has helped it significantly shape the market for international cooperation. To support the sustainable improvement of people’s living conditions and prospects in developing and transition countries, this federally-owned enterprise today focuses on helping facilitate far-reaching reforms and change processes. Regardless of the complexity or target groups of the tasks concerned, the principle of help toward self-help has proved its worth throughout. GTZ supports its partners in developing the capacities they need in order to self-reliantly achieve their own long-term goals.

**This is how we help** individuals and organisations constantly improve their performance capacity, and how we also aim through our measures to improve countries’ political and institutional frameworks – these must ultimately provide an enabling environment so that our partners can fully unfold the development potentials of their new capacities. In this context we operate not only on behalf of our main client, the Federal Ministry for Economic Cooperation and Development (BMZ), but also on behalf of other federal ministries as well as other public and private clients both in Germany and abroad. We perform our tasks on a public-benefit basis, and use any surpluses generated exclusively for our own international cooperation projects for sustainable development.

## Participation – the path to ownership and sustainability

As a learning organisation GTZ always endeavours to design its projects and programmes such that their results remain sustainable, even in the face of the rapid pace of social change and economic globalisation.

They should help our partners achieve greater prosperity through successful economic activity, and promote greater equality of opportunity between rich and poor, North and South, and men and women. They are also based on a sound management of natural resources that will preserve these resources for future generations. Convincing though these guiding principles of our action may be, it is also clear that they can only lead to sustainable results if they have the

● **ALAN GARCIA**, President of the Republic of Peru



“I have been familiar with GTZ’s work for more than twenty years. They have always provided us with sound and impartial advice, and helped us solve our problems. I hope that we will also be able to count on GTZ and the solidarity of the German people in the future.”

support of key stakeholders in the countries concerned. Given that there is often a lack of broad identification with reform projects in partner countries when they are launched, the issue of country ownership is frequently the starting point for GTZ advisory services. The key to genuine sustainability is the participation of all major interest groups and institutions, if for no other reason than because it is they who are required to further develop and drive the needed reforms on their own once GTZ has withdrawn. To secure this viability, depending on the project we advocate involving representatives of the government, private sector and civil society in a process of negotiation that must be continuously kept alive – because ultimately, ongoing development requires permanent human interaction and should not be understood as a static objective. To put it another way, the desired long-term results can only be achieved if and when the reforms take into sufficient account the interests of all stakeholders. Hence,

: ... Hence, the path to sustainable development is clearly marked out by the formula “applying sustainable economic principles plus participation”.

the path to sustainable development is clearly marked out by the formula “applying sustainable economic principles plus participation”. Nevertheless, in practice there are stumbling blocks lurking along the way that need to be identified and removed. Even systematically formulating and structuring their own long-term interests and goals confronts disadvantaged sections of the population, and not only them, with a real challenge. Where they do not have the requisite capacities, it is often simply impossible to articulate these interests appropriately and feed them into the reform process without external support.

● **NELSON MANDELA**, former President of the Republic of South Africa, winner of the Nobel Peace Prize for 1993



“In 2002, my Foundation initiated the project ‘Support to the HIV/AIDS Programme of the Nelson Mandela Foundation’ jointly with BMZ and GTZ. Their support was instrumental in developing the Foundation and its HIV/AIDS Programme. We take pride in the fact that we now operate at a professional level implementing impactful HIV/AIDS initiatives.”

### Capacity development – a development tool for sustainable results

It is therefore no coincidence that political and organisational help toward self-help, i.e. capacity development, an extremely effective instrument for promoting sustainable development, comes to the fore at this point. To maximise its effectiveness, it is crucial to help develop the capacities needed by the individuals and organisations in the country concerned such that these stakeholders can assume ownership of their national development as a society on the basis of self-determination. Only then is it guaranteed that partner countries will be equipped to respond appropriately to crises, conflicts and obstacles, and drive and lead their own change and reform processes. The fact that our clients will testify to the professionalism of GTZ’s international service delivery for capacity development comes as no surprise. As a global market leader in the field, we have been using the instrument successfully for many years, and continue to develop it further. We do so because our experience shows that partner-country development occurs most sustainably through capacity development. And we strengthen the capacities of individuals, organisations and societies alike. Through capacity development, individuals for instance increase their learning capability and acquire skills that enable them to participate in the life of their society – while organisations develop an improved organisation and management culture.

### In-country presence and intercultural sensitivity for marketable solutions

In addition to capacity development services, GTZ’s clients trust in the professionalism of our advisory services on all issues of international cooperation, as well as our management and logistical expertise.

They also rely on our expertise in organising dialogue events, and regularly invite us on board to network with various partners. Obviously, the quality, topicality and intercultural adaptability of this service portfolio profit from GTZ's many years of experience in international cooperation, and from its comprehensive country knowledge. Currently, some 10,400 staff members are working in over 100 countries to promote sustainable development. They are involved for instance in poverty reduction and peace-building, democratisation and environmental protection, and in making globalisation equitable. Also at the top

● **LIZ MOHN,**

Bertelsmann Foundation, Deputy Chair



"In the face of global changes, policymakers and business leaders increasingly need to think and act with social responsibility. And many of the challenges can no longer be solved through regional or national action alone. We launched the 'Transformation Thinkers' forum together with GTZ in 2003.

Since then, this annual event has grown into a proven platform for the international exchange of experience between young leaders from transition countries in particular. Personal contacts and networks will be of inestimable value to these 'transformation thinkers' if they wish to help lead the transition to a socially responsible market economy and democracy based on the rule of law. This will be their valuable contribution toward making this world of ours a little more peaceful and human. In no small way because of this, we would then like to add many more chapters to the history of this forum's success – and in GTZ we know that we have a reliable and professional partner at our side for this."

of their daily business agenda – alongside many other subjects – are the fight against HIV/AIDS, the conservation of biological diversity, and renewable energies. It is thanks not least to this close proximity to the market and this practical orientation that GTZ is able to judge soundly which mix of its services is best suited to achieving its clients' goals – and whether individual projects at the local or national level are the better approach, or whether the objectives call for programmes of a supra-regional nature.

**Effective knowledge management – also vital for our own development**

Furthermore, the valuable operative experience of our staff is fed into our corporate knowledge management, thus also making a key contribution toward GTZ's own development. Once reflected upon and professionally analysed, the knowledge is made accessible both at Head Office in Eschborn near Frankfurt am Main, and at our Frankfurt, Bonn, Berlin and Brussels offices, as well as being available to our advisors in partner countries. The effectiveness and economic efficiency of our knowledge management are attributable above all to the excellent interplay of its supporting pillars. The Wis-

sensspeicher (Knowledge Base), a company-wide research tool, and a document management system ensure that sector- and project-specific information is available to all staff members at all times anywhere in the world. In addition we have systematised the key human component of knowledge management, with around 20 regional sector networks guaranteeing a regular exchange of information both in partner countries and with Head Office in Eschborn. Here, the professional quality of knowledge profits from the company's Planning and Development Department, which has organised GTZ's expertise into 160 specialised themes at the present count, in such a way that these can be swiftly transferred to country- and culture-specific contexts. On the basis of the fact that GTZ's knowledge management pursues a holistic approach "that takes into account the interaction between the individual, the organisation and technology", the Commerzbank, Financial Times Germany and the German financial journal Impulse have already presented us with an award for "exemplary knowledge management in the public sector". Although we are delighted to receive such accolades, they do not tempt us to sit back and relax. To identify potential improvements to our knowledge management we regularly seek out comparison with other companies – most recently in 2007 within the scope of a benchmarking activity of the European Business School, which described GTZ's knowledge management as attaining a "good level". It also placed us in all areas in the upper half of our peer group, which included such renowned international consulting firms as Ernst & Young, Accenture and Roland Berger.





## HRM - so that our knowledge remains "correct"

There are good reasons why knowledge management enjoys high priority at GTZ. It is not only essential for the development of our partner countries that we share our knowledge with them. As a consulting firm we also have to have the right knowledge available in the right place at the right time if we are to maintain our lead role in the long term in the face of today's competition. Because it is therefore also crucial to our success that the knowledge present within the company remains "correct" – which is to say continuously up-to-date and therefore relevant – GTZ relies on effective human resources management (HRM). Using this tool we compare the key competences of our workforce with the current and future demands of the international cooperation market, which enables us to respond appropriately to any gaps: for instance by rotating staff, giving them additional responsibilities, or providing them with specific further training. We also use HRM to provide ourselves with a comprehensive overview of the external human resources market, which enables us to fill vacancies swiftly while matching the requirements optimally. So whether we mean an individual, an organisation or an entire country – the sustainability of their development will depend more than anything else on the continuous development of their capacities. And because we wish to support our partners sustainably and effectively in this very respect, GTZ's staff and the company itself have continued to develop, out of conviction, permanently, since 1975.

● **RAJENDRA PACHAURI**, Chairman of the Intergovernmental Panel on Climate Change (IPCC), which was awarded the Nobel Peace Prize for 2007



"Taking appropriate measures to mitigate climate change is one of the most pressing global challenges facing us today. As the consequences often overwhelm the countries affected, most of which are poor, it is crucial to strengthen their proactive management capability in the fields of energy and climate. In the global efforts to avert climate change, it is most reassuring to know that GTZ, with over 30 years of experience in capacity development, is addressing these themes."

: So whether we mean an individual, an organisation  
or an entire country – the sustainability of their  
development will depend more than anything  
else on the continuous development of their capacities.



# Partnership a Factor for Success

Companies are responding to today's competition above all by becoming more flexible. If they also wish to play a long-term lead role in their field, they need to find the right blend of flexible action and stamina – only in the rarest of cases do hectic responses to short-lived trends lead to sustainable results. The fact that GTZ has succeeded in building up a wealth of experience in international cooperation over more than 30 years of business activity is therefore a real competitive advantage, which enables it to judge soundly when it is advisable to stick to established methods and strategies – and when changes in course are both feasible and appropriate.

**GTZ's corresponding expertise** and proven track record in the planning, advising and implementation of complex international projects and programmes make it a highly sought-after business partner. As well as its main client, the Federal Ministry for Economic Cooperation and Development (BMZ), an increasing number of other German and foreign public clients, institutions such as the United Nations and private enterprises have for a number of years been placing their trust in GTZ's many years of experience.

**Experts beneath the Bosphorus:** GTZ International Services (GTZ IS) is advising Turkey's Ministry of Transport on the construction of a railway tunnel linking the Asian and European parts of Istanbul. GTZ project manager Günter Haass (left) is shown here inspecting one of the newly drilled tunnels with Yakup Eknizioglu of the Ministry of Transport's General Directorate of Railways, Harbors and Airports Construction (DLH).



## Multiple perspectives – more innovation

The additional perspectives created by these different types of contract are crucial in helping GTZ to translate its flexibility and experience into genuine innovative capacity. When we say “business partner” we consider the “partner” to be just as important as the “business”. In other words we do not see the relationship as an intellectual one-way street, because we are acutely aware of the need for mutuality. Whenever we pass on something of GTZ’s many years of country- and sector-specific expertise, the experience we then gain in implementing the contract, the different demands and working methods of our respective partners, and their specific knowledge can always inspire us to create new sustainable solutions. And in that case it is ultimately all of GTZ’s business and cooperation partners, as well as our partner countries, who profit from this.

## GTZ International Services – sending the right signals

GTZ International Services (GTZ IS) is playing an increasingly important role in this process of mutual inspiration and synergic networking. Whereas our GTZ IS business segment accounted for just 13.6 percent of GTZ’s turnover in 2002, the figure for 2007 was already 18.7 percent. GTZ IS is the instrument through which not only the European Commission, development banks and the United Nations, but also foreign governments and enterprises with international operations regularly avail themselves of GTZ’s many years of expertise. The fact that clients see us chiefly as a professional service provider for complex projects and programmes is confirmed by the contracts received by GTZ IS to date. Around two-thirds have involved our partners availing themselves of our services for large-scale projects. Alongside other themes, GTZ IS offers its clients advisory services on water, governance, energy and health. It goes without saying that the experience, expertise and capacities thus gained on the market are fed into our company-wide knowledge management system, and thus into the ongoing development of practice-oriented GTZ solutions and methods. In the Democratic Republic of the Congo, GTZ IS advisory services are in demand for instance in the steering of HIV/AIDS programmes. One example is the Global Fund to Fight Aids, Tuberculosis and Malaria (GFATM), which has made more than US\$ 60 million available to this central African country, an amount that is being managed by the United Nations Development Programme (UNDP). GTZ IS is supporting UNDP in the financial management of these monies, and is coordinating various programme components – such as the country-wide HIV/AIDS programme, in cooperation with the Congolese health ministry. Here, GTZ IS is helping ensure that international quality standards are met, and is promoting the training of national personnel who in the long term will manage the AIDS prevention programmes self-reliantly. Confirming the degree of customer satisfaction are the most recent follow-on financing arrangements: GFATM has just topped up the value of the present contract by around EUR 500,000 to a total of around EUR 4.5 million.

### ● RICHARD WEBER, Deputy Director-General, EuropeAid



“It is always a pleasure to share thoughts with you about the European context for development and to receive very good advice from the efficient and experienced GTZ experts.”

## German public clients – a growth segment taking shape

Increasingly, GTZ also operates on behalf of other German federal ministries and their downstream agencies, as well as Länder ministries and municipalities: in 2007 a turnover of EUR 58.3 million was recorded under German public clients, which already accounted for 5.5 percent of total turnover. This trend is especially

pleasing because it clearly reflects other positive aspects of expertise transfer. On the one hand, more and more federal ministries are drawing on our experience gained in complex transition processes for their own policy fields, without having to build up this expertise for themselves. On the other hand, as almost all policy fields internationalise, we are acting as a linking element to help present a coherent line of German policy abroad. In northern Afghanistan for instance we were involved in the construction of a 44-hectare camp for the Federal Armed Forces on behalf of the Federal Ministry of Defence, and together with the Federal Ministry for the Environment, Nature Conservation and Nuclear Safety we are supporting the establishment of national and regional environmental agencies in Romania. At the same time, individual Länder are also availing themselves of GTZ's experience. Acting as proxy to the Brandenburg ministry of the interior and in cooperation with the Brandenburg police force, we are for instance advising the Macedonian ministry of the interior on establishing a citizen-friendly and human rights-oriented police force, and on harmonising legislation with EU standards. This activity promises to benefit both sides. Given that its interest in transboundary cooperation makes the police force of Brandenburg dependent among other things on twinning arrangements with police forces in South-Eastern Europe, it will also benefit from the improved structures on the ground in Macedonia.

### **Cofinancing arrangements - cooperation built on trust for broad-based results**

Bilateral and multilateral organisations, foundations or commercial enterprises regularly cofinance projects that GTZ implements on BMZ's behalf. The Directorate-General for International Cooperation (DGIS) of the Dutch Ministry of Foreign Affairs for instance is cofinancing BMZ projects in the energy and tropical forest protection sectors, while the United Nations High Commissioner for Refugees (UNHCR) is participating in a programme for the support, return and reintegration of refugees. The fact that demand among GTZ's business partners for this form of cooperation has also risen in recent years reflects their trust and confidence in our country-specific project experience, and in the expertise we possess locally in the economically efficient use of funds for results.

### **CIM - Integrated Experts networked with German structures**

For many problems, our partner countries do not require comprehensive structural advisory services. What they want is to close concrete gaps in expertise with new staff of their own who match their requirements precisely. GTZ serves this demand swiftly and flexibly, in cooperation with the Federal Employment Agency's International Placement Services. The Centrum für internationale Migration und Entwicklung (CIM), jointly established by GTZ and the Federal Employment Agency in 1980, for instance supports experts from developing countries who have been trained or worked in Germany and wish to return to their home country and put their skills and experience to good use there. CIM's core activity though is the placement abroad of German

and European experts and managers. These "Integrated Experts" are employed locally, and directly integrated into the organisational structures of their respective employers. During their assignment, CIM experts are also integrated into GTZ's knowledge management structures, and are able to access GTZ's networks. CIM thus realises GTZ's principle of exchanging experience particularly effectively, and fits ideally into its concept of capacity development.

● **SADAKO OGATA**, President, Japan International Cooperation Agency (JICA)



"We are convinced that technical cooperation aimed at capacity development is fundamental to ensuring effective and sustainable reform processes. Here, JICA's and GTZ's approaches complement each other exceedingly well. The joint measures already under way in some countries are making good progress, and we are of course delighted with these developments."

Both its integrated and its returning experts are qualified professionals who use their knowledge, experience and valuable contacts to initiate and facilitate innovative processes in partner countries.

### Networks and alliances – pure knowledge exchange

When we speak of knowledge exchange and capacity development, other forms of partnership also come to the fore. When transferring its own knowledge, GTZ is increasingly utilising the multiplier effects generated by cooperation arrangements and alliances. We cooperate very successfully with the other German implementing organisations KfW Bankengruppe, DED (German Development Service) and InWent (Capacity Building International, Germany), as well as with universities, the church-based development agencies and the private sector. We also work particularly closely with the political foundations, and are part of an international network of research institutions and universities. In addition, we are involved in lively exchange with other bilateral donors, as well as UN organisations and the EU, with whom we implement numerous cooperation activities. As well as the impetus that the systematic sharing of knowledge can generate for international coopera-

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**Turning a vision into reality:** Experts consider the Marmaray tunnel project to be one of the most ambitious infrastructure projects of the modern age. From left to right: Maik Hennig, Erhan Kura (both GTZ), Dicle Sema Yilmazkardesler, Ayse Erdemci (both DLH).



tion, collaborating with GTZ offers the partners involved numerous advantages. Research institutes for instance gain access to practical subjects for research purposes, opportunities for contract-based research, attractive themes for publication in a research context, and opportunities to support and evaluate Technical Cooperation projects and programmes. Implementing joint contracts also creates opportunities for them to acquire additional funding – and through lectures, teaching contracts or our involvement in their seminars we strengthen their link to practical development work.

### PPP – three letters that spell more development

We also cooperate highly successfully with the private sector. Since 1999, on behalf of BMZ GTZ has already implemented 775 public-private partnerships (PPPs) in more than 90 countries – most of them in Africa, Asia and Latin America. The total volume of all PPP measures to date amounts to EUR 328 million, around 63 percent of which was contributed by the private sector and third parties. We plan, finance and conduct these

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**A surprising discovery:** Construction works on the Marmaray tunnel have uncovered numerous ancient sites, including an old Roman harbour. Some of the finds are now on display at the Istanbul Archaeology Museum. Inset: Günter Haass (right) and Rahmi Asal, Deputy Director of the Archaeology Museum.



public-private partnerships jointly with the respective businesses, which benefit in particular from GTZ's contacts, experience and worldwide network of experts. At the same time, through their commitment these enterprises help achieve development-policy goals: they create jobs, introduce technical innovations in the countries of the South and the East, and improve production processes. The fact that they invest in people and the environment in partner countries also increases their own chances of success there. The spectrum of themes addressed by PPPs cuts right across the board. Most frequently they are devoted to areas such as sustainable economic development, the environment or health. Within the scope of a PPP with the German Coffee Association for instance we developed a "Common Code for the Coffee Community", which has won major international acclaim. This common code requires participating actors to comply with minimum social, environmental and economic standards when producing and trading in coffee. As a result, the situation of small farmers, most of whom are suppliers, is being improved on a lasting basis.

### **AgenZ – systematic processes of dialogue and cooperation**

To support processes of political communication, GTZ's in-house agency AgenZ regularly promotes interaction between various cooperation partners. One example was the Nuremberg conference "Building a Future on Peace and Justice" in 2007, on behalf of the Federal Foreign Office. At this event, the Governments of Germany, Finland and Jordan continued their cooperation to promote the rule of law and international justice under the aegis of the United Nations. During the three-day conference, around 400 participants from more than 80 countries exchanged ideas on potentials for conflict transformation, reconciliation and reconstruction. Sponsors included the Robert Bosch Foundation and the Dräger Foundation, as well as the Federal Foreign Office, BMZ and the Friedrich Ebert Foundation. AgenZ facilitated the one-year preparatory process – which apart from financial planning and steering also included interface management for communication between the Federal Foreign Office, the sponsoring foundations and the cooperation partners – and was ultimately responsible for conducting the conference. A quite different kind of advisory input was required at Federal President Horst Köhler's forums for Africa. Forming part of his "Partnership with Africa" initiative, these events offer a select group of high-ranking guests an opportunity for dialogue, giving them a common platform on which to exchange ideas on current issues and challenges of African-German cooperation. In 2007 AgenZ supported the Office of the Federal President and the Ebelin and Gerd Bucerius ZEIT-Stiftung in staging these events on two occasions, once in January in the Ghanaian capital Accra, and once in November at the Kloster Eberbach Conference Centre near Frankfurt. AgenZ's expertise in the appropriate design and management of international cooperation themes and their presentation in event-ready formats are also in demand at the Eschborn Dialogues held every year at GTZ Head Office. As a GTZ agency, the team is able to draw on the knowledge and resources of the whole company at any time, and put them to good use for public and private clients both in Germany and abroad.

### **Planning and Development – turning inspiration into market-ready solutions**

To ensure that access to GTZ's rich store of knowledge is managed efficiently and that the knowledge delivered is ready for use under practical conditions, quite some preparatory work is needed. It is one thing to receive the many inputs and stimuli from the various cultures, networks and specialist fields, but it is quite another to systematise them on a company-wide basis such that they complement GTZ's advisory inputs appropriately. The innovative capacity needed for this is kept running smoothly by our prize-winning knowledge management system, and its engine room is our Planning and Development Department (P&D). Like the R&D department in a manufacturing company, this is where the ideas contained in our advisory inputs are moulded into shape. P&D has currently organised GTZ's expertise into 160 specialised themes in such a way that these can be swiftly transferred into country- and culture-specific contexts – in other words there are no blueprints, only appropriate solutions based on GTZ's operative themes and country experience. Only in this way can our advisory packages offer the practicability and effectiveness that have continued to convince our partners for more than 33 years. ....

● MUJERES PATAGÓNICAS, from the "Agua dulce" series, photograph, 2005



## Sustainable by Conviction

Setting a good example by practising what you preach creates credibility. Doing so not out of cold calculation but true conviction can inspire others to pursue common goals. And where these goals have also matured through a process of open dialogue and on the basis of years of experience and proven professional expertise, these other parties are confident in relying on their partners' expertise. Seen in this light, it comes as no surprise that GTZ enjoys its partners' trust and confidence in its work for sustainable development, because we at GTZ truly believe that sustainable development is the key to fairer globalisation. Sustainable development therefore remains the guiding vision for all our actions.

**This is why** we are involved in the Global Compact Initiative launched by the former UN Secretary-General Kofi Annan in 1999. Together with governments, civil society organisations, trade unions, universities and research institutes, the companies participating in the initiative work advocate corporate social and ecological responsibility. Both internally and externally we observe the ten principles of the Global Compact in the





areas of human rights, labour and social standards, the environment and anti-corruption. Our own Code of Conduct contains binding rules concerning the prevention of corruption and conflicts of interest. For GTZ staff members, integrity and ethical conduct are very important in their daily dealings both with each other and with business and project partners – and quite incidentally this makes a decisive contribution toward GTZ's fine reputation.

### **One world, one environment**

At the top of our agenda for sustainability is the protection of the ecosystem. Since 1988 GTZ has appointed environmental affairs managers to help ensure that the company practises responsible environmental and natural resource management. They report directly to the Managing Directors, and are responsible for the annual environmental report as well as the ongoing conceptual development of in-house environmental management. The latter is helping us become a climate-neutral company. To achieve this we are lowering our energy consumption, substituting fossil fuels with renewables wherever possible, and reducing motor vehicle travel by individuals. When we refurbished and modernised our main administration building at Head Office near Frankfurt for instance, we used environmentally-friendly carpets and timbers produced in sustainably managed forests. Thanks to improved heat insulation, we have now halved our energy consumption for heating purposes. Our offices are also equipped with low-energy light bulbs, and have an air temperature control system based on the so-called heat and cold recovery principle, which is especially energy-efficient. The plug sockets deliver certified green electricity, and all staff members are entitled to a free pass for commuting to and from their place of work on buses and trains – in 2007, 753 staff took advantage of this "job ticket" option.

### **Cycling to work – staying healthy and protecting the environment**

GTZ is also helping pilot the bike + business campaign launched by the Allgemeiner Deutscher Fahrrad-Club. We have mounted more bike stands and improved their accessibility, and had showers and lockers installed. The "cycle to work" competition is providing staff members with additional motivation to get on their bikes when they make their way to the office every day, which benefits both their own health and the climate. In 2007 a total of 143 GTZ staff members took part in the campaign, with the keenest cyclist in the company covering no less than 3,768 kilometres in 89 days. Environmental consciousness also plays an important role in GTZ's corporate procurement management. In compliance with our green procurement strategy, when buying in products we now pay closer attention to environmental factors as well as price and quality criteria. In the case of computers for instance this means ensuring high energy-efficiency. The preferential use of recyclable products also cuts our use of resources, and significantly reduces environmental burdens caused by waste or emissions. Though we still cannot avoid carbon dioxide emissions, we will in future offset them. We will "neutralise" global climate burdens caused by air travel by purchasing emission reduction certificates, thus promoting additional climate protection measures elsewhere. This will cancel out the greenhouse gas emissions generated.

### **Equal opportunities and high social standards – cornerstones of GTZ's personnel policy**

When dealing with GTZ's staff we do our best to meet the high social standards to which we aspire. Our understanding of equality of opportunity for instance is reflected in the fact that we reject all forms of discrimination in personnel matters. It is our basic assumption that any job can and will be made suitable for disabled individuals – our disabled persons' representative helps us make GTZ workplaces suitable for disabled staff members. Gender equality and the strengthening of women are a characteristic feature not only of GTZ's work in partner countries – here in Germany too we practise equality of opportunity. The corresponding personnel policy measures are guided by an equal opportunities plan, which

defines how the proportion of women can be increased in positions in which they are currently under-represented. Although there is still scope for optimisation here, our intensive support policy ensures that we are on the right track: 46.6 percent of the individuals with contracts of employment with GTZ as of 31 December 2007 were women. Furthermore, the proportion of female participants in the management and leadership development programme was 43 percent – and 27.2 percent of management positions were occupied by women. Further positive impetus for equality of opportunity is sure to emerge from GTZ's family-friendly personnel policy. As part of this policy, we pay additional child care costs incurred as a result of official journeys, as well as providing a child day care facility at Head Office that accepts children from the age of twelve months up to school enrolment. Flexitime arrangements and opportunities for part-time work are also key elements of GTZ's family-friendly policy, as has also been acknowledged by the not-for-profit Hertie Foundation, which in mid-2007 awarded GTZ its "job and family" audit certificate.

### **A vision for health**

Keeping GTZ's projects moving forward on a constant basis requires an extraordinary level of commitment as well as an enormous amount of energy and exertion from the staff, both in Germany and abroad. It is not least for this reason that measures to maintain and promote their health enjoy high priority within the company. In 2007 we further expanded the broad information package we offer on corporate health management. On our Intranet, staff members can now find tips on how to organise a stress-free working day, and discover how best to balance their hours of work and recreation. They can also find details on current GTZ health courses, on walking, yoga or Pilates for instance, as well as on the workplace counselling services for health offered by GTZ's in-house medical service, where themes range from ergonomic





### Presentation of the CSR study

Corporate Social Responsibility is also a comprehensive strategy for improving cooperation between the state, the private sector and civil society in order to better understand and solve complex problems. Together with the Bertelsmann Foundation, GTZ recently presented the "CSR Navigator" at GTZ-Haus Berlin. The study examines existing CSR policy instruments in 13 selected countries in America, Africa, Asia and Europe. Parliamentary State Secretary in the Federal Ministry for Economic Cooperation and Development (BMZ) Karin Kortmann, the former

Federal Minister of Labour Walter Riestler (left) and GTZ Managing Director Dr. Bernd Eisenblätter are visibly pleased with the result.



### JPMorgan Chase Corporate Challenge

No fewer than 82 staff members of GTZ's Head Office and CIM took part in the world's biggest road race, the JPMorgan Chase Corporate Challenge, held in Frankfurt. A total of 2,446 firms participated. Good humour and team spirit were just as important as athletic drive - qualities whose importance in the workplace should not be underestimated.



workplace management through to computer monitor spectacles. Furthermore, GTZ attaches high priority to the fight against HIV/AIDS, both externally and internally. Out of concern for the individuals who work for us we decided years ago to systematically inform our staff members - both in Germany and abroad - of the risks and consequences of infection and, should they become ill, to provide them with care and support. Where appropriate care is not guaranteed locally, GTZ picks up the costs of treating HIV/AIDS-related illnesses anywhere in the world for employees and their closest relatives.



### Fair and attractive: GTZ the employer

The magazine Junge Karriere recently rated us a “fair company” for employing interns during their training, primarily to give them some professional orientation, and for paying them an appropriate allowance during that period. This distinction is only awarded to companies that are committed to ethics in professional life and give prospective and recent graduates a fair chance. This also means that we do not substitute full-time posts with internships, nor do we entice interns with the vague prospect of subsequent full-time employment. Neither do we try to fob off graduates who have applied for a full-time position with an internship. The specific blend of exciting projects combined with individual and long-term career planning on the one hand, and an open corporate culture combined with a welfare-oriented personnel policy on the other, ultimately makes GTZ a much sought-after employer. It is therefore no coincidence that in 2007 the journal Wirtschaftswoche and the Trendence Institute jointly identified us as one of the top one hundred most attractive employers in Germany for young university graduates. This trend is corroborated by GTZ’s own workforce. In our biannual staff survey they recently rated their overall satisfaction as high, and expressly recommended us to others as an attractive employer.

### Art and culture – ambassadors of sustainability

In addition to the responsibility that GTZ assumes for the environment and its staff members, the company’s commitment to social issues also strongly reflects GTZ’s guiding corporate principle of sustainability. Since 1996 for instance we have staged an extensive annual contemporary art exhibition that has included paintings, drawings and graphic works, as well as photographic works and sculptures. All the works shown are produced by artists from countries in which we operate. The exhibitions offer glimpses into other cultures, stimulate debate and offer opportunities for discussion with the artists – demonstrating that art is a prime medium for intercultural exchange. Dialogue through art and about art teaches participants a great deal about the cultures involved, and generates mutual interest. Exhibiting art on GTZ’s premises also enriches our corporate culture, because art inspires people and opens their eyes and minds to life’s rich tapestry.





### Strange but familiar in Bonn

"Arriving in Bonn" was the theme of the first Sunday matinee in the series "Strange but familiar in Bonn", organised by the GTZ Office there in cooperation with other partners. People from other countries reported on their experiences as newcomers to Bonn. Bonn's mayoress Bärbel Dieckmann opened the proceedings: "People from other countries and cultures have stories to tell that their fellow citizens who are Germans often know nothing about. This series of events can help make what at first seems strange become familiar."



### Between Lecture Hall and Project Work

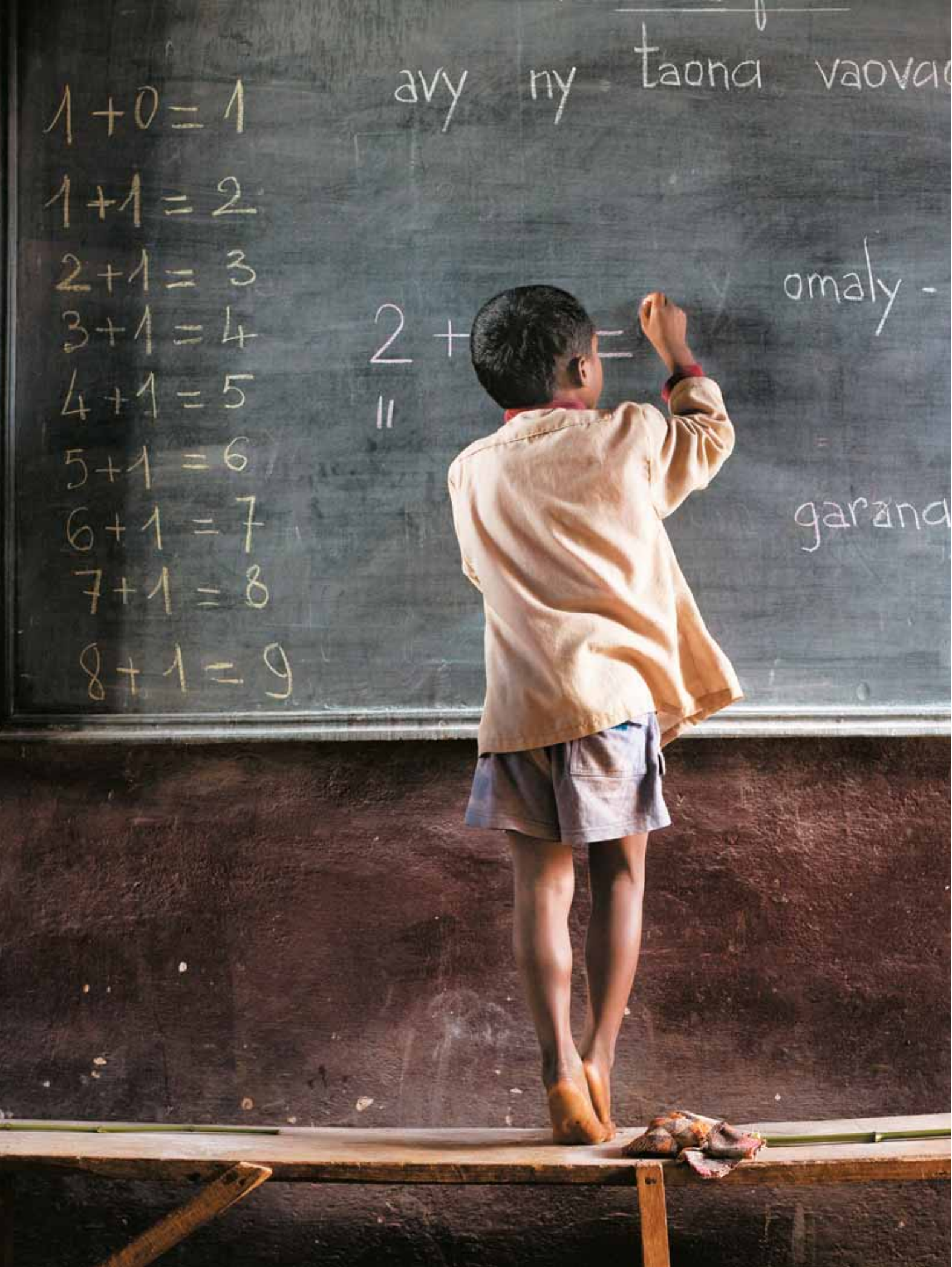
The GTZ university initiative "Between Lecture Hall and Project Work" is helping promote the continuous exchange of knowledge between universities and development practitioners. A GTZ project internship awaits the authors of the three best papers on practical development cooperation topics. UNESCO rewarded the initiative by awarding it the title of "Official Project of the UN Decade of Education for Sustainable Development 2005-2014".

## Linking theory with practice

Linking theory and practice also opens up fresh perspectives, which is why GTZ promotes various measures in the fields of education, knowledge transfer and networking. Through the university initiative "Between Lecture Hall and Project Work" for instance we have been contributing toward the continuous exchange of knowledge between universities and development practitioners since 2001. Here, practitioners benefit from synergies and the innovative inputs generated by research – while conversely, practical examples of actual development work help bring academic theories to life for the students. Lecturers at universities in Berlin and the new German Länder assign students presentation topics that are directly linked to the work of GTZ or another organisation with international operations. The best papers are rewarded with internships at GTZ or other institutions. This activity to promote continuous mutual knowledge exchange has also won recognition from UNESCO, which has awarded the GTZ initiative the title of "Official Project of the UN Decade of Education for Sustainable Development 2005-2014".

## Sharing responsibility for greater justice

The selection of topics described here by way of example demonstrates that irrespective of the sector in which it operates or its degree of internationalisation, every enterprise has a range of options for assuming social responsibility. The global community's sustainable development is crucially dependent on businesses' recognising this, and acting accordingly. After all, every single action of this kind shown by private individuals, enterprises or the state is capable of generating impacts that travel beyond borders – and conversely, we can only continue to move closer to the vision of global justice if everyone makes a contribution. This is what we keep in our hearts and minds, every day, because we are convinced that this is what is right.



$$1 + 0 = 1$$

$$1 + 1 = 2$$

$$2 + 1 = 3$$

$$3 + 1 = 4$$

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● The figures add up: The Malagasy municipality of Sambaina is introducing a simplified real estate tax system. The local school is also benefiting.

# : Rivers of Change for Development



In 2007 the German Government used its twin presidency of the Council of the European Union and the G8 to focus the attention of global policymakers on Africa. The increases in funding for development cooperation that ensued are now helping the second-largest continent on earth make further progress toward achieving the Millennium Development Goals. As well as helping develop the capacities of regional organisations, GTZ is supporting its African partners in the fields of good governance, peace-building, education, health and sustainable economic growth. One resource that crucially affects several of these development themes at the same time is water.



**Tax dialogue:** Wolfgang Solzbacher, GTZ tax and financial expert, discussing documents on Andriambilany's new real estate tax with mayoress Yvette Marine Rakotomalala.

## : Many development potentials ...

It has become clear once again in 2007 that in Africa, "H<sub>2</sub>O" is not only a chemical formula, but also a key parameter for sustainable development. As a foodstuff, an economic commodity and a production input for farming, water is essential to people's health. This is why the Millennium Development Goals aim to reduce by half the proportion of people without sustainable access to safe drinking water by 2015. Apart from the immediate impacts of water scarcity on health and the economy, it is quite clear that the scarcer water becomes, the more frequently conflicts will emerge over access to water. And these conflicts will severely magnify the constraints placed on development by inadequate water supply.

### **Water scarcity calls for conflict prevention**

Though Africa itself contributes little toward global warming, climate change may compound and exacerbate the situation. Scientists from the University of Cape Town forecast a drastic water shortage for one-quarter of the continent by the end of this century, unless the international community succeeds in curbing the greenhouse gas emissions that are damaging the climate. According to these scientists' investigations, densely populated regions in the south and west would be hardest hit, as well as areas of the Upper Nile. Southern Africa and parts of Madagascar would also be threatened by drought. In addition to promoting sustainable water supply and sanitation and delivering water policy advisory services, GTZ therefore devotes its efforts in Africa to transboundary water cooperation activities, which play an especially important role in regional conflict prevention. It must be realised that dams, large-scale irrigation and waste water discharge impair water quality, and can cause major rivers to dwindle to small streams along their lower reaches. Particularly in dry seasons, when the fields can no longer be irrigated, people along the lower reaches come to feel their considerable dependency on water users upstream – at which point conflicts between states over the "blue gold" all too often threaten to block economic cooperation between the African countries affected. To counteract this, on behalf of the Federal Ministry for Economic Cooperation and Development we are implementing numerous projects in the water sector in this region. We are for instance providing support to help national and regional African water authorities for the Niger, Nile, Congo, Orange-Senqu and Limpopo rivers, and for Lake Chad, manage their scarce resources such that wherever possible sufficient water is available to all riparians as a foodstuff and an economic commodity, as well as for power generation purposes. GTZ advisors have





**New budget:** The new real estate tax introduced with GTZ support in Andriambilany in Madagascar has long since taken effect. The printed municipal budget, called budget primitive, now includes a section on real estate tax.



**Meeting to discuss the figures:** As recommended by GTZ, the Directors General of the Ministry of Finance now meet on a weekly basis at the ministry in Antananarivo, the capital of Madagascar.

... can only  
be fully harnessed through a  
transboundary approach.

also helped establish and consolidate the Limpopo and Orange-Senqu international river basin commissions and their secretariats. Since then we have been assisting these commissions in developing their legal, institutional and organisational structures. Furthermore, we are planning training measures for their staff on integrated water resource management, as well as symposia that will provide the participating experts with an opportunity to exchange ideas and experience.

#### **National, regional, continental – why GTZ delivers advisory services at all levels**

The broad direction and content of national and regional water policy measures are decided on at the continental level. We are for instance supporting the African Ministers' Council on Water (AMCOW) in developing an effective and sustainable governance structure for the water sector in Africa. Because the Council is now recognised and established as an advisory body of the African Union (AU), regional river basin organisations and national governments endeavour to implement its recommendations to the best of their ability. Besides networking, AMCOW fosters cooperation between these organisations and governments and also with economic communities such as the Southern African Development Community (SADC). For its part, SADC plays an important role in the harmonisation of water policies and the political institutionalisation of regional water cooperation. The 13 transboundary river systems of the SADC region provide it with most of its water resources, whose sustainable management requires the cooperation of all riparians. The member states have signed a protocol on shared watercourses, the provisions of which are now being translated into national policy and legislation with GTZ support. Parallel to that we are training experts, for instance in the water management authorities of Angola and Namibia, to prepare them for a joint drinking water project in the Kunene region. Here we are cooperating closely with the KfW Entwicklungsbank. The example of transboundary water resource management clearly demonstrates the potential for crisis prevention and sustainable development that can be tapped through international cooperation, provided that this cooperation pursues a multi-level approach. We bring the concrete implementation expertise we have gained in technical projects to bear in our policy advisory activities for national, regional and supra-national reform, which enables us to place the measures within a viable and effective framework. Apart from the provision of institutional support to the responsible organisations, the promotion of knowledge management, networking, cooperation and policy harmonisation have proved to be effective approaches.



**Transferring technical expertise:** Following the success story in Andriambilany, the new real estate tax system is now being introduced in the municipality of Sambaina near Antsirabe. A PC is being installed in the mayor's office to record real estate tax data.

## Madagascar - financial reforms on course

Pursuing a multi-level approach and creating reliable frameworks for all stakeholders can create a climate of both trust and stability – something that is absolutely essential for both transboundary development and the development of individual states. Since Madagascar overcame its internal crisis in 2002, and as its economy has once again begun to grow consistently thanks to its enhanced nationwide stability, the world's fourth largest island has become one of Africa's beacons of hope. In the Madagascar Action Plan the Government of President Marc Ravalomanana has adopted a new poverty reduction strategy that also builds on comprehensive public financial reform. The Malagasy Ministry of Finance is responding to this major challenge with GTZ at its side. On BMZ's behalf we are helping our Malagasy partners to plan and steer the fiscal policy reform process, enabling them to introduce a fiscal constitution and prepare and manage the public budget efficiently and transparently, to give but a few examples of our activities. Another pillar of the Action Plan is stronger decentralisation. To bring the sometimes precarious financial situation of the municipalities under control, fiscal competences such as public governance, expenditure and revenues are being transferred from higher levels down to municipal level. In this way we aim to enable municipal tax offices to raise taxes on real estate using a new, simplified system. This system has already proved very successful on a pilot basis in Andriambilany municipality. The year they were introduced, real estate taxes were already the municipality's largest source of revenue, and cover one-quarter of its total expenditure. Together with GTZ, our partners are now systematically transferring the experience gained in this successful pilot measure to the rest of Madagascar. The evaluation of the project using our interview-based evaluation instrument e-VAL documents the Malagasy Ministry of Finance's high level of satisfaction. It put the current success rate at 80 percent, and saw potential for further improving this in the future. Strengths emphasised were flexibility, timely response to enquiries and the active input of the advisors. Positive mention was also made of the results for fiscal decentralisation in the pilot municipality and the dissemination of the approach. The partner underlined the fact that the seconded experts were well integrated and open-minded, and emphasised their professional and intercultural expertise.

### GTZ – partner for a strong Africa

We are currently operating in 39 countries in sub-Saharan Africa, where we are supporting our partners with 488 seconded experts and 4,849 national personnel. Where required, Integrated Experts are also placed through the Centrum für internationale Migration und Entwicklung (CIM), which we established jointly with the Federal Employment Agency's International Placement Services. In 2007, 199 CIM experts were employed directly by local employers and integrated into their organisational structures. Alongside BMZ, other German



**An eye on tax potentials:** GTZ advisors Wolfgang Solzbacher and Dr. Florian Lang assess the paddy fields in Andriambilany, one of the major sources of real estate tax in this rural municipality (left).

**Turning a numbers game into a ball game:** In the Malagasy municipalities of Andriambilany and Sambaina things are on the move. The real estate tax introduced there with GTZ support, which provides municipalities with greater financial scope and broader planning horizons, has long been making its presence felt – schools are among the first beneficiaries.

ministries are increasingly also contracting us to work in Africa. On behalf of the Federal Foreign Office for instance we are working to help strengthen Africa's architecture for peace and security, and on behalf of the Federal Ministry of the Environment we are promoting adjustment to climate change. Furthermore, our business segment GTZ International Services has been working for various national and international organisations in Africa since 2002. Its agenda includes themes such as education, fund management, energy, rural development and the fight against HIV/AIDS. Regardless of the specific subject area, GTZ gives top priority to capacity development when cooperating with African partners. We support our partners' capacity development to enable them to analyse the situation in their countries, set clear development goals, define promising strategies and implement these competently and on a durable basis. To achieve this we operate in the fields of decentralisation, good governance, budget management and energy, to give but a few examples, wherever possible at all levels of intervention and right across the spectrum of possible partners. When doing so, we involve representatives of the respective states, civil societies and private sectors in the processes of negotiation and capacity development.

### Toward greater competitiveness with an African touch

It is obvious why regional and even Africa-wide approaches are playing an ever greater role in these activities. Many development potentials can only be fully harnessed through a transboundary approach. Standardised frameworks provide the states involved with political orientation – while transboundary cooperation between those states promotes a mutual exchange of experience and moves joint learning processes forward. Solutions are identified that are specifically African and therefore culturally sustainable – and as globalisation unfolds, this is an aspect whose importance for the long-term competitiveness of the continent as a whole should not be underestimated. GTZ is supporting the African regional organisations, the African Union and its development initiative New Partnership for Africa's Development (NEPAD). We are also taking an intensive look at how the considerable increases in ODA funding can best be employed for a continuous and stable development of Africa, and how our projects can be harmonised even better with those of other donors and aligned with partner policies and programmes, as called for by the Paris Declaration. Furthermore we are cooperating with new donors such as international foundations and emerging economies. This is because despite many encouraging developments in Africa, numerous challenges remain. That is why we will continue to help strengthen our African partners' capacities – today and in the future. So that Africa's rivers of change for development can continue to flow.

# : Strategic Partnerships between Equals



In December 2007 the world held its breath as it turned its gaze toward Asia, or to be more precise the island of Bali. This is hardly surprising in view of the global interest in climate change that is now stronger than ever before. The international community was meeting in this Indonesian province to consult on a follow-up agreement to the Kyoto Protocol, which expires in 2012. Following sometimes heated debates and calls for radical change by the Asian heavyweights China and India, the assembly of government representatives settled literally at the last minute on a compromise that prompted the international cooperation community to sit up and take notice.



● **An electrifying plan:** In Nepal, on BMZ's behalf, GTZ is supporting the planning and operation of small hydropower plants that generate up to 10 megawatts of power.



**In the pipeline:** Shankar Johsi of the Himalayan Bank along with Ajoy Karki and Man B. Rai (both GTZ) inspecting the construction site of the 1 MW hydropower plant "Pati Khola" in Parbat district.

## : A reliable power supply ...

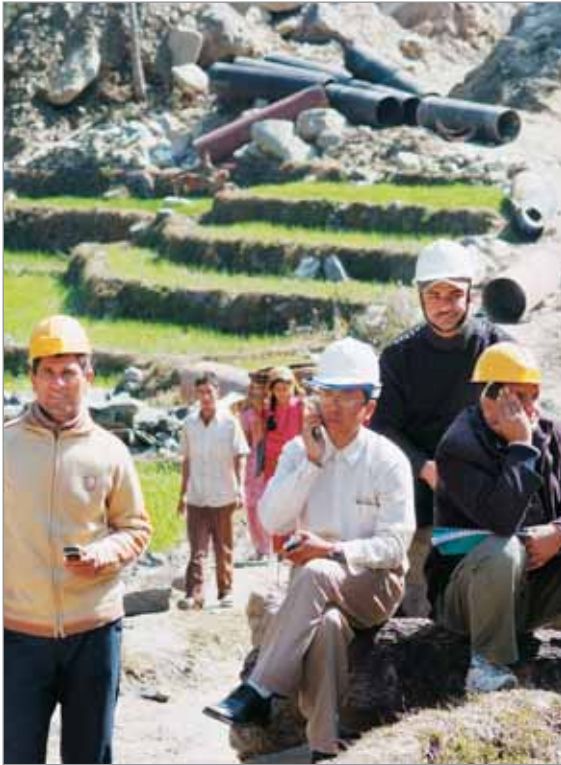
**It is** not just the content of the mandate agreed on in Bali to negotiate a new global climate agreement that is significant for cooperation with developing countries – it is the very existence of that mandate which reveals the future of international cooperation. Once again this clearly demonstrated that the international community can only respond to global challenges appropriately by bringing to the negotiating table all the states directly or indirectly involved. And it confirmed that partner countries with growing economic clout are increasingly standing up to traditional industrial and donor nations as equals when it comes to asserting their own interests.

### **India and China – anchors of the region**

The fact that China and India displayed such self-confidence is no coincidence. They wield particular economic and political influence in the region, and are increasingly demanding a bigger say in global policymaking. In recent years they have achieved continuous economic growth of up to ten percent – in 2007, trade between these two countries alone, whose combined population of 2.4 billion makes them the most populous in the world, passed the 30 billion dollar mark. Given these dimensions, the two countries have a key role to play in global stability and security. Transboundary issues such as climate and environmental protection, peace-building or poverty reduction can only be tackled successfully if these engines of economic prosperity in Asia are integrated in the respective strategies – and if they play a lead role in making an active contribution to these strategies in their own countries.

### **For sustainable poverty reduction – micro insurance with a macro effect**

The social protection of disadvantaged sections of the population is particularly important in anchor countries and emerging economies, where growth needs to be placed permanently on a broad footing. The larger the number of people with no access to social protection systems, the more this can constrain or even throw back



**A short break:** Pushpa Jyoti Dhungana, Managing Director of the Unified Hydropower Company, with foremen and construction workers on the Pati Khola construction site.

**In operation:** Subarna D. Shrestha, Managing Director of the Sanima Hydropower Pvt. Ltd., presenting the 2.5 megawatt hydropower plant "Sun Koshi" in Sindhupalchowk district.

## ... is imperative for rural development.

a country's poverty reduction efforts. Where the financial security of families depends exclusively on an individual's health and ability to work, accidents, disease and natural disasters place livelihoods at acute risk. When a family's main breadwinner falls seriously ill, for instance, the family faces severe problems. Medical treatment becomes unaffordable, and the income of the entire family threatens to dry up. A public-private partnership (PPP) in India, Indonesia and Laos, set up by GTZ on behalf of the Federal Ministry for Economic Cooperation and Development (BMZ) with the insurer Allianz AG and the United Nations Development Programme (UNDP), points to a possible way out of this dilemma. In India for instance we are offering farmers, market women, artisans and micro entrepreneurs life insurance cover that costs the equivalent of 20 eurocents a month. Just how important a broad-based introduction of this kind of micro insurance could be for the sustainable development of the world's seventh largest state, becomes clear when we look at the global distribution of poverty. Despite India's impressive economic growth in recent years, one-third of the world's poor are still to be found there – and in rural areas in particular they often have no access whatsoever to social protection systems. When marketing the insurance products we therefore rely primarily on rural cooperatives, Indian non-governmental organisations, and credit and savings groups that enjoy a high degree of trust among the population, and can also negotiate lower premiums as group policyholders. In Tamil Nadu for instance, India's southernmost state, almost 60,000 people have taken out life insurance through the organisation "Activists for Social Alternatives". In addition to the broad range of products, the group arrangements offered are also conducive to efficient management, which ensures the sustainability of the project. In Indonesia we are also offering life insurance through the public-private partnership (PPP) with Allianz and UNDP, this time specifically for micro borrowers. Should an insured person die, the cover includes the outstanding loan repayment instalments. The surviving dependants additionally receive twice the total credit sum, enabling them to offset income losses at least in the short term, and to pay additional costs such as burial fees. We also offer this product as a group policy, and market it through regional and supraregional associations as well as local bank networks.

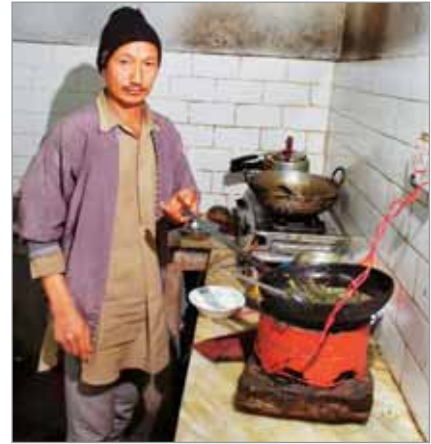


**Maintenance required:** Bishnu Vantana, deputy manager of the Sun Koshi power plant, showing Man B. Rai of GTZ deposits on the power plant turbine.

### Thailand - moving forward with small and medium-sized enterprises

In Thailand too it is becoming clear that a large number of small inputs can add up to a major impact. More than 90 percent of all Thai enterprises are small and medium-sized enterprises (SMEs). These operations – around 850,000 in number – generate more than 40 percent of the gross domestic product, provide more than half of all jobs and produce the majority of all goods for export. Following the Asian crisis in the late 1990s they made a key contribution to the considerable economic upturn experienced by this Southeast Asian country. Today Thailand, itself a major locomotive for growth, is one of the emerging economies in the region. The associated integration into the global economy is confronting Thai SMEs with the next major challenge. Now that competitors from low-wage countries such as China and Viet Nam have gained such momentum, the competitive advantages that Thai SMEs used to enjoy are rapidly disappearing. So it is no coincidence that GTZ's current work in Thailand focuses on the priority areas of economic reform and the development of a market economy, or that strengthening the competitiveness of Thai SMEs is playing a special role in that context. Through a comprehensive programme to promote SMEs we are making a major contribution to stabilising Thailand's economic development on a lasting basis, and tying this in to the results of projects in fields such as vocational training and technology transfer that are now drawing to a close. On behalf of BMZ, GTZ is for instance supporting the Thai Government in reviewing its enterprise promotion policy, which by global standards places excessive demands on the state, as well as being too heavily subsidised and insufficiently demand-oriented. The strengthening of the private consultancy and service market for SMEs is also on the agenda for cooperation, as is the creation of state incentives to promote environmentally-sound production processes – SMEs are after all responsible for around 55 percent of environmental burdens in Thailand. We are therefore supporting our Thai partners in developing sustainable and ecologically sound industries characterised by efficient utilisation of raw materials, recycling and energy-saving measures. To ensure maximum effectiveness of the aid funds deployed here we are harmonising the German contribution with those of other donors– alongside the World Bank and the United Nations Industrial Development Organization, these donors include Japan and Denmark. Since Thailand also has a fundamental interest in economically and politically stable relations with the neighbouring states of Laos, Cambodia and Viet Nam, the Government of Thailand is also engaged in development activities in a donor capacity. This creates interesting prospects for trilateral cooperation in Thailand's neighbouring countries.





**Power supply:** A reliable power supply is vital for rural development  
 – the small enterprises that are key to economic growth are the prime beneficiaries.

## Dynamic development, changed demands

GTZ is operating in a total of 15 countries in Asia, where it is supporting its partners with 262 seconded experts and 2,100 national personnel. Where required, Integrated Experts are also placed through the Centrum für internationale Migration und Entwicklung (CIM), which we established jointly with the Federal Employment Agency's International Placement Services. In 2007, 171 CIM experts were employed directly by local employers and integrated into their organisational structures. Alongside BMZ, other German ministries are also contracting us to work in the region with increasing frequency. On behalf of the Federal Foreign Office for instance we supported the registration of the approximately 2.5 million voters in Indonesia's tsunami-hit province of Aceh. For almost a decade we have also been operating in Asia on behalf of various national and international organisations, as well as increasingly for national governments. The inputs in demand are delivered by GTZ International Services mainly in the fields of economic and trade promotion, modernisation of the state, climate and natural resource protection, health, regional and rural development, and reconstruction for crisis prevention. The Asian region clearly demonstrates how international cooperation changes as partner-country development advances. Dynamic developments in the economic, social and ecological spheres of the emerging economies are strengthening their interest in sound planning, steering and process management expertise. Their need for technology-based knowledge transfer is declining, while policy advisory services for reform are in greater demand than ever before. The fact that GTZ's service portfolio satisfies these demands appropriately is documented not least by the financing assumed by our partners themselves. In India for instance the German share of financing for advisory programmes is between just 0.36 and 11 percent. The remainder is provided by public and private partners on the Indian side.

## Trilateral cooperation – tripling the knowledge transfer

These changes mean that new forms of cooperation are becoming more important. For instance, developing countries are benefiting more and more frequently from trilateral cooperation arrangements in which GTZ operates in a developing country on behalf of BMZ, but does so jointly with an emerging economy. Under these arrangements we transfer proven solutions to the new donors. The fact that the emerging countries themselves often were or are confronted with similar development problems, and are familiar with the role of the recipient countries from their own experience, lends the cooperation a new quality that also holds a wealth of learning experiences in store for GTZ. This is where traditional bilateral cooperation matures into strategic partnership between equals that fosters knowledge transfer in all directions.



● Working together: Village elder Mauro Barbosa de Oliveira at work for the COMARU cooperative in the Amazonian municipality of São Francisco do Itatapuru.

# :Greater Stability – More Development



In recent years, Latin America has achieved considerable economic growth almost across the board. Untapped market potentials are making emerging economies such as Brazil and Mexico attractive to foreign investors. Nevertheless the governments of Latin America are aware of the fact that their political, social and economic stability is lower than that of most industrialised nations. Since they have long recognised this as a constraint to further development and economic prosperity they are making corresponding efforts to reform – which they are basing not infrequently on successful policymaking strategies employed in states of the European Union.



**Looking for raw materials:** Like most men of the village Mauro Barbosa de Oliveira spends several weeks in the forest collecting Brazil nuts, from which the cooperative extracts oil that it sells to the NATURA company. At its production plant in São Paulo, Brazil's largest cosmetics manufacturer then processes the oil into perfume.

## : GTZ supports villagers in their negotiations ...

**Private capital is** absolutely essential to development and progress. Private investors do however demand a high degree of investment security and legal security, as well as internal stability, which require continuous poverty reduction and achievement of the Millennium Development Goals. The governments of German development cooperation's partner countries are striving to put in place frameworks to prevent social conflicts and ecological disasters, and promote sustainable and balanced growth.

### **Promoting good governance and internal security**

The countries of the region face numerous challenges as they press ahead with their political and economic integration into the globalised world. Not only do they need to improve their governance and consolidate their democracy – poverty and social inequality also have to be overcome. Consequently, government advisory services to support societal reforms are right at the top of the agenda for German development cooperation with Latin America and the Caribbean. Since sustainable development is so difficult to achieve without domestic security, peace-building and crisis prevention enjoy high priority in cooperation with Colombia and Guatemala. Like other partner states, these two countries are making considerable efforts to reduce their high crime rates. In Guatemala these efforts include measures to reform the police system. The incorporation of human rights issues into police training is therefore a component of the advisory services we deliver. GTZ is helping its Guatemalan partners to specifically promote women who wish to pursue a career in the police force. It is also advising its partners in Peru and Bolivia on how best to combat illicit drug production and narcotrafficking. Decentralisation and local governance are cornerstones of good governance, and help produce positive results in poverty reduction and peace-building. Advised by GTZ, central governments in many countries have trans-



**School instead of work:** Children used to help gather nuts in the forest – today NATURA requires them to stay in the village and go to school.



**Switching perspectives:** Mauro Barbosa de Oliveira is back from the forest and is drying the nuts in a large drum – the next production steps involve opening and pressing them.



**Living and working together:** Almost everyone in the village finds work in the factory, which is organised as a cooperative – after drying, the nuts have to be cracked.

## ... with NATURA and in organising themselves.

ferred responsibility to regional structures as well as municipalities. This has created new opportunities for municipalities inter alia to practise citizen-friendly public budget management. In Ecuador, Nicaragua and Paraguay for example citizens are now able to inspect municipal budgets at their local town hall. Implemented systematically at all levels, measures such as these increase the efficiency and transparency of public administration. Be it decentralisation or peace-building – our cooperation with our Latin American partners is always characterised by shared values that include democracy, a commitment to liberal civil rights and a social market economy. This reinforces both mutual trust and the effectiveness of our work in partner countries.

### Making sustainable forest management attractive

Logging in tropical forests threatens biodiversity and accelerates global climate change, which also has negative consequences for Latin America. Examples include the absence of rain in parts of Brazil and the increase in hurricanes in the Caribbean. Sustainable forest management offers an opportunity to utilise tropical forests for long-term economic benefit and reduce negative impacts. Partner countries are making efforts not only to create the legal frameworks for the protection and sustainable management of their forests, but also to improve the management capacities of their forest administrations. GTZ is advising and supporting them in this regard.

### Partner for global issues

The region is becoming an increasingly active and important partner in global policymaking – and is exerting growing influence on international organisations. Large countries such as Brazil or Mexico have helped shape international agreements of the World Trade Organization, as well as the Framework Agreement on Climate Change and the Convention on Biological Diversity. This involvement is all the more significant because strate-



**Quality control:** Mauro Barbosa de Oliveira filling freshly pressed Brazil nut oil into a container so that Ronaldo Freitas, who works for the purchaser NATURA, can see for himself the purity of the oil.



**To be negotiated:** GTZ advised the community while they were establishing themselves as a cooperative. Today it supports the villagers in organising themselves and in negotiating with NATURA. From left to right: Eudimar Viana, president of the cooperative, Johannes Scholl, GTZ staff member, village elder Mauro Barbosa de Oliveira and Bernadette Weiss, GTZ consultant.

gies for international trade, global security policy or global climate protection can only be implemented on a lasting basis if all regions are represented at the negotiating table. The fact that the Latin American and Caribbean states are moving in the right direction is demonstrated by the most recent figures published in the United Nations Human Development Report: Most countries are now ranked in the "Medium Human Development" category. Nevertheless major social contrasts do remain between individual states. Guatemala, Honduras, Bolivia and Nicaragua for instance still have a long way to go if they are to achieve the Millennium Development Goals such as the halving of extreme poverty, reducing maternal mortality and successfully combating HIV/AIDS – GTZ is supporting them in their efforts. They are also likely to benefit from the economic and political upswing being experienced by neighbours such as Mexico, Brazil and Argentina.

### Added value for all – public-private partnerships for development

Public funds are scarce. Yet because key areas of action by development policy clearly touch on the activity areas of private businesses, on behalf of the Federal Ministry for Economic Cooperation and Development (BMZ), GTZ is promoting public-private partnerships throughout Latin America in which it cooperates in-country with private businesses or their associations. Let us take one example from Brazil. The Biodiversidade product line has made the NATURA company Brazil's largest cosmetics manufacturer. It now cooperates with numerous Amazonian communities, which gather and process for the company andiroba seeds for soap, guarana lianas for body lotion and Brazil nuts for perfume. NATURA's corporate policy is to plough part of its profits back into the development of the villages that produce its raw materials. After all, the company has an interest in its suppliers organising themselves and becoming reliable negotiating partners that can withstand the competition on the raw materials market by increasing their productivity. GTZ advised a pilot community on joining forces to form a cooperative, which today is NATURA's sole negotiating partner. The raw materials suppliers gained an understanding of business as well as expertise in managing their cooperative, and the work processes were jointly put to the test with the aim of improving their quality. GTZ encouraged the citizens to use the money for village development by investing it in infrastructure to improve their living conditions and optimise their production processes. There are plans to apply the pilot model in other villages in the near future.

### Present on the ground

GTZ is currently operating in a total of 18 countries in Latin America and the Caribbean, employing 114 seconded experts and 779 national personnel. Where required, Integrated Experts are also placed through the



**At the main plant:** GTZ staff member Johannes Scholl (left) talking to Fernando Alegretti of the cosmetics manufacturer NATURA at its main plant in São Paulo.

**Bottled fragrance:** At the end of the production chain, the Brazil nuts of the COMARU cooperative have been turned into high-quality NATURA perfume. GTZ promoted the business skills of the raw materials suppliers and helped them develop the capacities needed to manage their cooperative. The successful pilot model is to be applied in other villages in the near future.

Centrum für internationale Migration und Entwicklung (CIM), which we established jointly with the Federal Employment Agency's International Placement Services. In 2007, 136 CIM experts were employed directly by local employers and integrated into their organisational structures. For several years we have also been operating in the region on behalf of various national and international organisations. The inputs in demand are delivered by GTZ International Services, mainly in the fields of modernisation of the state, economic and trade promotion, natural resource management and rural development.

### New clients, new paths, new financing models

Since countries such as Mexico, Brazil and Chile are themselves increasingly becoming involved in international development cooperation as advisors or donors, more and more of GTZ's bilateral partnerships are turning into trilateral cooperation arrangements. We support countries in orienting their donor activities toward development-policy principles such as those laid down in the Paris Declaration. Within the scope of a South-South cooperation, for instance, GTZ is advising Brazil, which has a successful track record in the fight against HIV/AIDS, in helping launch and support initiatives throughout the region. This is benefiting Uruguay's national HIV/AIDS programme, as well as the AIDS prevention programmes in state schools in the Mercosur member states. The underlying principle of this cooperation is simple – Brazil contributes its complex technical expertise while GTZ makes available its organisational capacities in cooperation with other countries, and its professional expertise in the structural improvement of public health systems. Particularly important here are relationships in a spirit of partnership, in which the respective third country plays a lead role in the joint planning of the steps needed to initiate a reform process. To an increasing extent other donor countries such as Sweden, the UK and the Netherlands are also contributing financially to BMZ development projects and programmes. GTZ has acquired expertise in managing complex financing models – especially in cases where the different demands of participating donors have to be met. The fact that new donors time and time again place their trust in GTZ is a confirmation of the company's professionalism and an acknowledgement of our decades of successful work in the region. In line with the needs of its public and private clients, GTZ responds to changed political and economic circumstances and to new themes and forms of international cooperation swiftly, flexibly and with a view to achieving results. At the same time we always attempt to make the respective measures participatory, as well as socially, economically and ecologically sustainable – which is why we enjoy an excellent reputation among our Latin American partners.

# : Good Neighbours



Whether the Middle East appears near or far is not necessarily dependent on where the onlooker is standing. More distant countries can for instance appear economically, politically or culturally closer to the European Union (EU) than geographical neighbours – and in some cases this view can be reversed within a few years. Social change and economic globalisation are also advancing at a breathtaking pace in the Mediterranean region and the Middle East. For international cooperation in these regions this means treading a delicate path between pursuing the European Neighbourhood Policy (ENP) and finding the appropriate response to trouble spots where there is a potential for conflict.





● In the trainees' workshop: At the Moroccan textile firm ITEX, trainer Mina Akil is instructing female trainees during their first year of training.



**Cutting out waste:** The efficient use of resources is a basic prerequisite for profitable environmental management – a principle which also applies at Société Rony's shoe factory in Casablanca. Foreman Jamal Hassani (left) explains to GTZ staff member Christian Pollak how at Rony's pieces are now being punched out of the leather to curb the consumption of shoe production materials. GTZ is advising the shoe factory within the scope of a project to promote the international competitiveness of the Moroccan economy.



**A new spin:** Innovations provide Moroccan firms with key stimulus for growth, thus making the country more competitive. Take the example of shoes. Advised by GTZ, the shoe factory Group Home Company in Ain Harrouda near Mohammedia recently also began manufacturing shoes for infants. Before that the company had produced only work shoes.

## : The reform agenda of the European Neighbourhood Policy ...

**In this** complex situation, achieving and maintaining stability is a top priority for partner countries in the Mediterranean region and the Middle East. Tensions or conflicts within and between individual states do after all impact on surrounding countries, thus impairing regional development as a whole. Examples are regularly provided by the divided societies in Iraq and the Palestinian territories, as well as the Palestinian-Israeli conflict. The Iraqi refugee problem is affecting Syria and Jordan, and supply shortages in the Gaza Strip are causing hundreds of thousands of Palestinians to crowd across the Egyptian border.

### **ENP: Building stability and security through shared values**

A contribution toward greater regional stability is being made by the ENP agenda for reform. This policy aims to build on and deepen existing political relationships between the enlarged Union and its neighbours, help prevent tensions and promote not only the stability and security of the participating states but also their prosperity. In the Mediterranean and Middle East regions the policy includes the EU's immediate neighbours. The intensity of political relations with countries such as Algeria, Jordan or Morocco and the degree of their economic integration into the EU are dependent on the extent to which they share common values such as democracy and human rights, the rule of law, good governance, market economy principles and sustainable development. The policy centres on the bilateral ENP Action Plans that set out the respective agendas for reform in the neighbouring countries. Since the EU aims to achieve closer cooperation with its neighbouring states primarily through simplified trade relations, it is supporting these countries in reforming their trade and tax legislation. One effective instrument for this is the twinning of administrations in EU member states with administrations in partner countries. Twinning proved effective during the last EU enlargement as a means to prepare the acceding countries, and is now being launched in the ENP states of the Mediterranean region. GTZ is supporting twinning arrangements with Jordan and Lebanon for instance, where it is concentrating its efforts on project steering and financial management. Its supreme objective is to create institutional networks involving German institutions that are designed to help build lasting neighbourly relations. In cooperation with German public institutions we are also supporting the supraregional networking of countries on certain themes – such as the development of water supply strategies.



**Quality assurance:** A tannery worker in Mohammedia examines a raw hide for flaws – a key step in quality control. Salt plays an important role in the tanning process.

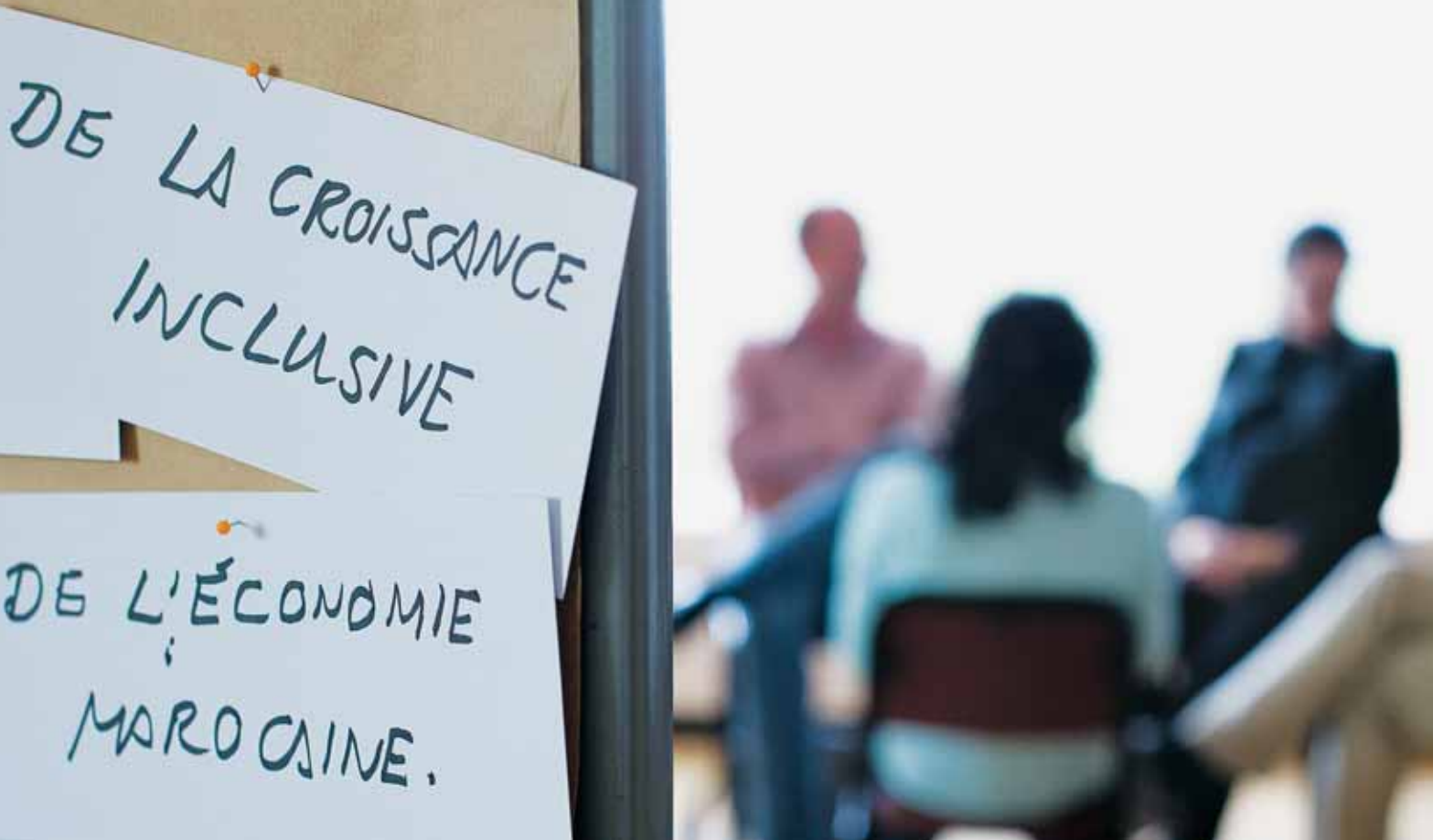
## ... is helping improve stability in the region.

### New Programme Office for Intercultural Relations with Predominantly Islamic Countries

The fact that many countries in the region require from the intercultural point of view a particularly sensitive approach in the Islamic context creates further challenges for international cooperation. In some countries and societies in the region, the advocates of political Islam enjoy a significantly stronger position than was previously the case, as demonstrated by Hamas' assumption of power in the Gaza Strip, or the entry into parliament of the Muslim Brotherhood in Egypt. GTZ's responsible project officers are therefore making a conscious effort to create space for dialogue and interaction with Islamic actors, and to engage more intensively with Islamic concepts of economic and social development, governance, gender and environmental issues. To ensure that GTZ projects in the region can generate sustainable results, our staff members permanently oscillate between cultural adjustment on the one hand – and the need to press forward with reform goals on the other. To prepare them even better for these ambivalent demands, GTZ has established the "Programme Office for Intercultural Relations with Predominantly Islamic Countries". Apart from conducting human resources development workshops, this office provides conceptual advice to relevant projects and programmes, prepares background papers and studies, and conducts dialogue events in partner countries and in Europe. It addresses issues such as law, education, environment, social protection, banking and microfinance.

### Islamic councils and imams as multipliers of German development cooperation

Time and time again, everyday practice in partner countries shows that an openness to reform is present within the Islamic population, and that numerous points of entry exist for sustainable cooperation in partnership. For example, core norms of Islamic ethics such as poverty reduction, social justice and the preservation of Creation can be used to derive strategies for environmentally and socially sound development, social insurance or financial products which are plausible from a Muslim perspective. More and more often, when implementing these strategies we are cooperating with Islamic institutions legitimated by the state, such as mosques, educational institutions, ministries for religious affairs or Islamic councils. In a number of cases these councils have issued religion-based legal opinions, or fatwas, which have opened doors for our joint projects. This was the case in Yemen, where a fatwa enabled us to initiate the treatment of waste water from mosques for irrigation purposes. Just how helpful cooperation with an imam can be is shown by the example of Algeria. On behalf of the Federal Ministry for Economic Cooperation and Development (BMZ) we reorganised waste management in the port city of Annaba jointly with local public agencies, enterprises and civil society representatives. Whereas prior to that only few citizens had disposed of their waste appropriately, today the majority have made the new system their own. By placing their rubbish conscientiously in containers provided for the purpose, they are now enabling the sanitation companies to remove the waste efficiently –



For the Moroccan economy: Local GTZ staff members practising teambuilding.

a contribution to environmental protection that would not have been possible without the active involvement of 24 imams. As well as conducting environmental awareness-raising work after Friday prayers, the imams were involved in preparing a manual on the role of the mosque in environmental education. The manual explains the position of Islam regarding nature and the environment, basing its arguments on verses in the Qur'an, and the words and deeds of the Prophet Muhammad handed down by tradition. The manual is now being distributed to imams throughout the country by Algeria's Ministry of Religious Affairs.

### **Morocco - setting its sights on international competitiveness**

To the west of Algeria lies its immediate neighbour, the Kingdom of Morocco. While the liberalisation of world trade and advancing globalisation are creating new opportunities for this most westerly of the Maghreb countries, they are also exposing it to growing international competition. To meet this challenge appropriately and secure sustainable growth and employment, decision-makers are opting for a business-friendly policy designed to promote cooperation between public institutions and the private sector. GTZ is supporting Morocco's Ministry of Industry, Trade and Economy Upgrading in this connection. Together with our partners we are working to improve the services offered to small and medium-sized enterprises (SMEs) by both public and private providers. In addition to promoting female entrepreneurs, we are supporting innovation, as well as profitable environmental and natural resource management that also includes efficient energy use. In cooperation with associations, technical centres, research institutes, universities of applied sciences and non-governmental organisations we have already designed various packages of SME consultancy services whose considerable effectiveness is attested overall by the enterprises concerned. All in all this project, which we are implementing on BMZ's behalf, is making an important contribution toward the international competitiveness of this north-west African country. Just how crucial the combined effect of such bilateral contributions to sustainable development can be in advancing the entire Mediterranean and Middle East region can be seen by glancing across the national borders. According to government figures, one in six inhabitants of the riparian states along the southern Mediterranean is living below the respective country-specific poverty threshold – and rapid population growth is driving the already high unemployment figures even further upward.



**Close scrutiny:** To improve the raw materials for the manufacture of tiles, Najia Gouzouli monitors the process and carries out various raw materials tests. A doctoral student in materials chemistry, she investigates how viscosity, particle size and residue density are manifested in the fired ceramic material.

**Discussing the situation:** Laboratory technicians discussing the results of tests on raw materials and process monitoring.

## Regional approaches for greater sustainability

Alongside sustainable economic development, education and especially cooperation with universities are important for international cooperation in the region. GTZ for instance recently helped establish master's degree courses focusing on water in Jordan, economics in Syria and energy in Egypt that are designed for students from both Germany and the Arab world. Given that regional cooperation is also becoming increasingly important for the sustainability of development projects, we complement our bilateral projects by implementing regional activities for good governance, integrated urban development, SME promotion, vocational training and water. These cooperation activities always go hand in hand with intensive international dialogue processes that promote the mutual exchange of knowledge and experiences, and can help prevent conflicts. GTZ is currently operating in a total of 16 countries in the Mediterranean and Middle East region, where it is supporting its partners with 163 seconded experts and 456 national personnel. Where required, Integrated Experts are also placed through the Centrum für internationale Migration und Entwicklung (CIM), which we established jointly with the Federal Employment Agency's International Placement Services. In 2007, 64 CIM experts were employed directly by local employers and integrated into their organisational structures. GTZ also regularly operates in the region on behalf of other German and international public clients. In the energy sector we are advising within the context of a cooperation arrangement involving BMZ, the Federal Economics Ministry, the Federal Environmental Ministry and Egyptian governmental agencies. We are also contracted directly by national governments and their institutions through GTZ International Services. In the United Arab Emirates, Oman, Kuwait, Bahrain, Qatar and Saudi Arabia for instance we have been contracted to implement projects in the fields of water, training and the labour market, health, transport and infrastructure.

## Stronger donor coordination – even better results

In the spirit of the Paris Declaration, in 2007 we further intensified our support of donor dialogue in all countries of the region, and entered into new cooperation agreements with the EU – in Algeria for instance in the economic promotion sector, and in Morocco in the field of vocational training. In the Palestinian territories we are advising a fund for municipal development that is managed by the World Bank, and into which payments are made by a number of bilateral donors. We are also promoting sectoral donor coordination by participating in multi-donor strategy groups – in the Palestinian territories for instance in the economic policy sector, and in Jordan in the water sector. Regardless of the sector or partner country concerned, for most measures in the region the ENP serves as a key frame of reference for us. This is because both we and our partners ultimately have two things in mind: a stable and sustainable development of the entire region, and good neighbourly relations among all stakeholders that are built to last.



● **Rush hour in Bucharest:** Air pollution is one of the biggest problems in the Eastern European societies in transition.

# : Applying Bilateral Expertise in a Regional Context



“Between fragility and stability” - from a security policy perspective, it would be difficult to describe more succinctly the sheer breadth of the structural differences present in the Europe, Caucasus and Central Asia region. Here we find fragile states such as Afghanistan and the Republic of Kosovo on the one hand, and new members of the European Union (EU) such as Romania and Bulgaria, and candidates for accession such as Macedonia, on the other. Obviously, this mixture demands a high degree of flexibility and expertise from international cooperation. GTZ must draw exhaustively on its many years of country-specific experience - both within the scope of bilateral development cooperation and in cooperation with multilateral donors such as the EU and the World Bank.



**Always in view:** Air quality monitoring in the heavily polluted downtown areas is a focus of EU projects in Romania – including the ongoing twinning projects supported by GTZ.

**Environmental meeting:** Management meeting in the twinning project at Romania's National Environmental Protection Agency (NEPA). From left to right: Dr. Lothar Gündling, twinning advisor and GTZ staff member, Nicu Băjan, Vice President of NEPA, Mihaela Petcu, twinning project manager on the Romanian side, and Corina Rugină, counterpart of the twinning advisor.

**s ea 1** diversified client structure reveals a trend toward the embedding of bilateral measures in a regional context. It also reflects the heterogeneity of country portfolios. The fact that we have to continuously readjust international cooperation project strategies, in order to bring them into line with the divergent and fluctuating security conditions, presents us with an additional challenge. To allow us to respond to these challenges flexibly, appropriately and on a timely basis together with our partners, in 2007 we further strengthened our in-country presence. GTZ is therefore now operating in 32 countries in the region with 187 seconded experts and 1,089 national personnel. Where required, Integrated Experts are also placed through the Centrum für internationale Migration und Entwicklung (CIM), which we established jointly with the Federal Employment Agency's International Placement Services. In 2007, 189 CIM experts were employed directly by local employers and integrated into their organisational structures.

### Regional approach a stabilising factor

Supraregional programmes build on the many years of experience GTZ has gained in bilateral projects in the respective countries, and are intended to strengthen the results of those projects. Conversely, we always attempt to disseminate and deepen positive national results within the region so as to help prevent conflicts and make the development of the entire region as sustainable as possible. One example is the Caucasus Initiative of the Federal Ministry for Economic Cooperation and Development (BMZ). With GTZ support, this initiative is promoting political and economic cooperation between the southern Caucasus republics of Azerbaijan, Armenia and Georgia. Activities to develop the democratic legal system and strengthen municipal democracy and civil society are only some examples. Also on the agenda is promotion of the energy sector and the private sector, as well as the transboundary protection of biospheres. These measures add up to a significant contribution toward economic and social stabilisation, and thus toward conflict reduction and crisis prevention in the region. Regional cooperation can also facilitate sectoral synergies. In both the southern Caucasus and Central Asia, GTZ's supraregional legal advisory services for instance enjoy such an excellent reputation that we are now leaders in the region. And as we share our multifaceted country-specific experiences across the region, the efficiency and effectiveness of all involved projects benefit – an approach that is convincing a growing number of clients. The EU for instance is increasingly availing itself of our comprehensive Central Asian legal expertise. In the western Balkans, together with BMZ GTZ has established open regional funds, which are proving to be a particularly effective instrument for regional cooperation. Here we offer partners an opportunity to apply for assistance in the fields of commercial law, municipal development, energy efficiency or foreign trade promotion on a regional basis. This means that





**Laboratory analysis:** Twinning projects in Romania are designed to develop the environmental administration at all levels, from the national Ministry of the Environment down to the local district environmental agencies, where environmental chemistry laboratories play an important role. They collect and analyse the data from monitoring stations which NEPA is using to develop a central environmental information system.

**Face to face:** GTZ staff member Dr. Lothar Gündling talking to Liliana Chirila, Director General for EU structural instruments at the Ministry of the Environment and Sustainable Development. Twinning projects are an important pillar of the EU PHARE programme to harmonise Romania's regulations with EU environmental law and EU environmental standards. Coordination and continuous feedback to the Ministry of the Environment and its directorate for European programmes are key prerequisites for successful implementation of the twinning arrangements.

development cooperation in the countries of the western Balkans can be continued through the open regional funds even when bilateral pledges have come to an end. The funds are also open to other bilateral donors for cofinancing, can be used flexibly across national borders, and are extraordinarily lean in terms of administration. The funds thus enable donors to respond swiftly also to the short-term needs of the various partner countries.

### Security in development - the challenge of Afghanistan

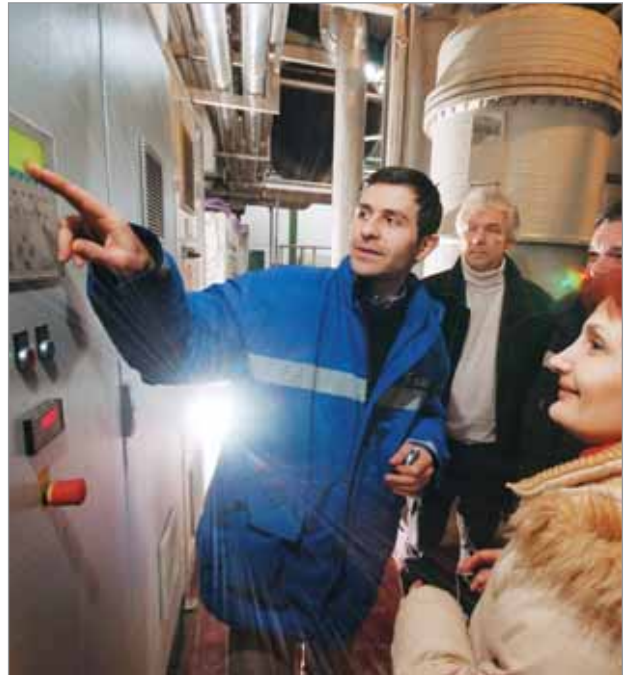
Given the difficult conditions that prevail in Afghanistan, our work there faces immense challenges. Take basic education for example: currently around 57 percent of men and 86 percent of women are illiterate. Some two-thirds of all schools have been destroyed or damaged as a result of war, and only about 15 percent of teachers are sufficiently trained. GTZ has been contracted by BMZ to coordinate the priority area "education". As a result we are supporting the Ministry of Education in Kabul, and its downstream school administration and supervisory bodies, in implementing country-wide educational reform. In four provinces female and male teachers are undergoing improved pre-service and in-service teacher training at selected teacher training colleges and model schools. The true diversity of Afghanistan's development needs is ultimately reflected in the breadth of our activities on behalf of BMZ. Alongside education, the agenda also includes the promotion of the rule of law and, within the scope of two major programmes, the improvement of economic frameworks. Together with our Afghan partners we are developing solutions in the fields of energy and water, and these too are designed to help rapidly improve people's living conditions. However, as bomb attacks and armed conflict are making the central state apparatus increasingly fragile and the security situation more and more tense, cooperation with our partners is extremely difficult. This has given us cause to fundamentally revise our security strategy for the country and bring it into line with the security architecture in place. With support from external experts we have adopted a strategy and contingency plans that are binding for all GTZ and CIM staff members, as well as for all consulting firms operating on our behalf. In consultation with BMZ this security strategy was broadened into a joint security system for all official German implementing organisations.

### Romania - international cooperation after EU accession

In Romania, since 1993 GTZ has been supporting its partners, mainly on behalf of BMZ, in making the transition from a centrally planned economy to a market economy based on competition. In 2005 the country became a candidate for EU accession, and since 1 January 2007 it has been one of its newest members. Cooperation in recent years was therefore dominated by preparatory and follow-up work in connection with Romania's accession to the EU. Translating



**Exchanging ideas:** One key instrument in twinning projects is the training workshop, where experiences of the participating countries are discussed and compared – as at this German-Romanian workshop at the regional environmental agency in Klausenburg. Taking part: Friederike Sabiel, coordinator of Romanian twinning projects at the Federal Ministry for the Environment, Nature Conservation and Nuclear Safety, and Marian Proorocu, the Romanian project manager.



**Environmentally-friendly beer:** Close cooperation between the public and private sectors, especially in large industrial enterprises, are key to good environmental management and essential for technological progress in environmental protection. Shown here is a state of the art CO<sub>2</sub> recovery plant at a large brewery in Bucharest – a plant that cuts costs and protects the environment.

applicable EU law into Romanian national law, and implementing it, requires not only considerable investment but also extensive institutional adjustment. GTZ is continuing to support this process of adjustment in Romania through bilateral development cooperation projects and twinning projects. These projects run for up to two years and receive a budget of up to EUR 2 million. With this EU-financed instrument civil servants are seconded from administrations in EU countries to cooperate with their counterparts in the respective partner country administrations. The details of these twinning arrangements are the responsibility of the German and Romanian partner authorities. GTZ supports twinning partnerships by performing project and financial management, and advises on the selection of appropriate project activities. These partnerships also benefit from the excellent contacts and the many years of country-specific experience with legal and administrative issues of the GTZ Offices in-country. Topics on the agenda include advisory services on draft legislation, internal administrative regulations, and organisation and personnel plans. For example, together with and on behalf of Germany's Federal Ministry for the Environment, Nature Conservation and Nuclear Safety, we have been supporting the establishment of national and regional environmental agencies in Romania within the scope of several twinning projects since 2005. The primary aim here is to adopt EU standards of environmental law – for instance by developing approval regulations for industrial plants and drawing up rules for environmental monitoring. The national environmental agency is supporting the twinning arrangements in its capacity as the supra-ordinate authority that must develop country-wide framework directives on all relevant environmental issues. In this connection it cooperates with Romania's Ministry of the Environment and Sustainable Development and the downstream environmental agencies. Staff members receive task-specific training and backstopping, for instance concerning the preparation of environmental guidelines or methodology manuals. Day-to-day tasks at regional level involve themes such as the approval and supervision of industrial plants, solid waste management, rehabilitation of contaminated sites, atmospheric pollution control, chemicals law, and environmental investment and impact assessments. On the one hand the example of Romania clearly demonstrates that twinning is extremely well suited to developing practical capacities specifically required by personnel in the partner administrations, so that those officials can continue to perform the tasks effectively on their own once the projects are completed. On the other hand it shows how GTZ can support the German Government in other European states, and make its broad wealth of experience available to other federal ministries.



**Progress and species diversity:** Protecting untouched nature without impeding rural development poses a special challenge in Romania. It is also a challenge facing the twinning projects that are helping establish the NATURA 2000 system of protected areas at national and regional level while reconciling the competing demands of biodiversity and economic development.

## Heterogeneous region, diverse themes

All in all the range of countries in the Europe, Caucasus and Central Asia region is among the most diverse in international cooperation. On the one hand, operative day-to-day business is more or less dominated by the EU – alongside the integration of south-east European countries into the EU and the support of new members, the agenda also includes the harmonisation of frameworks in the countries neighbouring the EU as well as the EU's Central Asia strategy. And on the other hand the rule of law and crisis prevention are dominant themes in the Caucasus, as are economic and political stabilisation in Afghanistan, Pakistan and the Central Asian countries. Bilateral development cooperation on behalf of the German Government in the region focuses on education, sustainable economic development, democratisation, public administration and governance, and increasingly also on energy, energy efficiency and environmental protection. Since 1994 GTZ has also been operating in the region on behalf of various multilateral and bilateral donor organisations. The inputs in demand are delivered by GTZ International Services, mainly in the fields of modernisation of the state, including legal advisory services and public financial management, economic promotion in rural and urban areas, health and environment.

## Presence is a factor for success

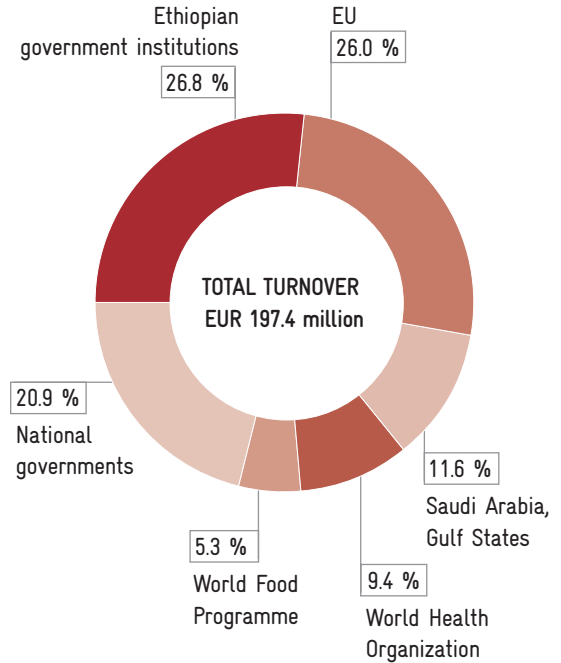
The fact that we further stepped up our presence in Europe, the Caucasus and Central Asia in 2007 is helping us forge ahead with the donor dialogue and thus increase aid effectiveness, as called for by the Paris Declaration. GTZ is also continuing to network with multilateral organisations such as the EU and the World Bank, as well as with other bilateral donors in the region. One example is cofinancing: In Bosnia, alongside BMZ the Swedish International Development Cooperation Agency (SIDA), the Austrian Development Agency (ADA) and the World Bank are now also participating in the financing of a municipal development project. In Central Asia and Afghanistan we are increasingly cooperating with the Aga Khan Foundation, which is enabling us to make an even more effective contribution toward multi-donor sector coordination. Ultimately we wish to fully utilise all options for translating our bilateral expertise together with our partners into sustainable development results for the whole region. ....

# • Fiscal 2007

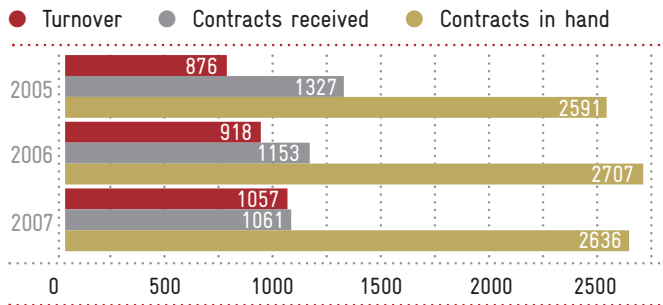
## TURNOVER UP

Fiscal 2007 was another highly successful year for GTZ. Having crossed the billion euro threshold in its volume of business for 2006, in 2007 the company for the first time achieved the same feat in its turnover. Compared to 2006 the figure climbed by more than 15 percent to reach EUR 1.06 billion. Alongside GTZ's **BMZ business**, where turnover rose from around EUR 706 million to over EUR 802 million, this increase was largely due to the performance of the **GTZ International Services (GTZ IS)** segment. Turnover in GTZ IS business rose by just under 33 percent to around EUR 197 million – the highest figure for turnover ever achieved in this business segment. This significant increase in GTZ IS turnover was due partly to a high volume of billing for a university project in Ethiopia, in which the client in 2007 accepted several GTZ works performed in previous years. Measured by turnover, Ethiopian government institutions were thus the largest client group for GTZ IS in 2007, accounting for 26.8 percent of GTZ IS turnover. The second-largest segment of turnover (26.0 percent) fell to the European Union, followed in third place by various national governments, which accounted for a combined total of 20.9 percent.

## GTZ IS, turnover by client 2007



## Turnover, contracts received and contracts in hand 2005 to 2007 GTZ total, trends (in EUR million)



## NEW CONTRACTS

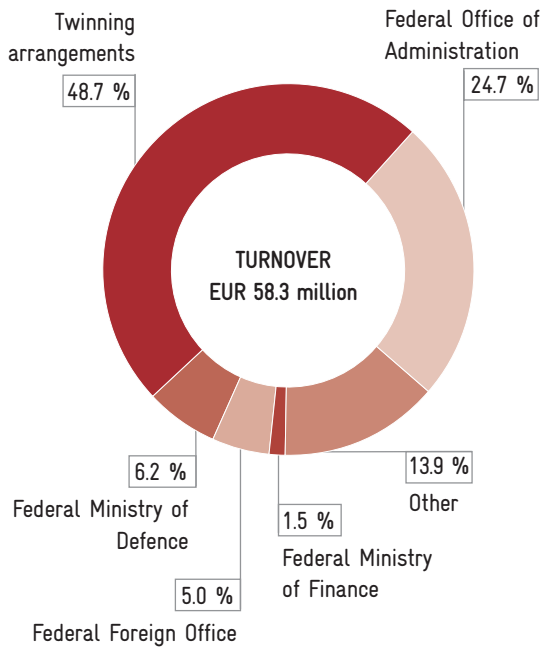
In 2007 GTZ once again saw an increase in the volume of new contracts received in the **public-benefit sector**. The company received new contracts worth a total of EUR 886 million in this segment, a figure 2.3 percent higher than the previous year's figure and 6.7 percent higher than the target for 2007 (EUR 830.5 million). This trend resulted above all from the significant increase in the volume of orders from **BMZ**, whose value of EUR 742.3 million was around EUR 41 million (5.9 percent) higher than in 2006. The new contracts received from **German public clients** were worth EUR 67.5 million, a figure 16.7 percent lower than

## Business areas BMZ, GTZ IS, German public clients Turnover and contracts received 2006/2007

	BMZ*		GTZ International Services		German public clients	
	2006	2007	2006	2007	2006	2007
Turnover EUR million	706.1	801.7	148.7	197.4	63.0	58.3
Contracts received in EUR million	785.3	818.9	286.6	174.2	81.0	67.5

\* including cofinancing arrangements

### German public clients, turnover by ministry 2007



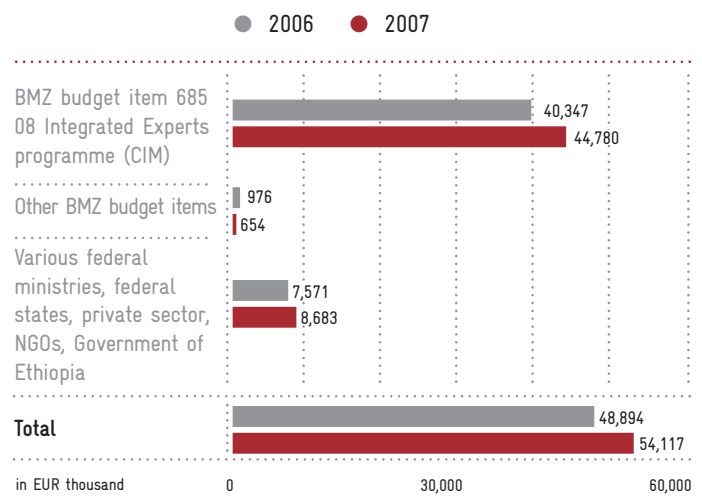
the previous year's. This was partly due to a drop in the volume of contracts received from the Federal Ministry of Defence. However, since this segment is acutely dependent on current political decision-making, it is only natural that it displays wider fluctuations than BMZ business. New contracts received that involved **cofinancing** by other donors reached a value of EUR 76.6 million, which was nine percent below the figure for 2006. Around EUR 22.5 million of this was accounted for by UNHCR measures, as was the case in 2006. New contracts worth EUR 54.1 million were received for other cofinancing arrangements. This was around EUR 8 million below the previous year's figure, which for this type of business also represents a normal fluctuation. One of our largest cofinancing partners, the European Union, for instance did not begin to approve its new programme lines until a year later than planned, which meant that in 2007 only funds remaining from the previous year could be acquired in this segment. The fact that the value of new contracts received from German public clients and from other donors for cofinancing fell below the 2006 level, as anticipated,

was fully offset by GTZ through the increase in the volume of BMZ contracts. In the **GTZ IS** business segment the value of new contracts received reached EUR 174.2 million (2006: EUR 286.6 million) – this was partly caused by delays in two follow-on contracts that had been planned for 2007, but did not fully materialise until early 2008. In 2007 GTZ IS received major contracts inter alia from the Government of the Netherlands to construct a road and develop rural infrastructure in the Afghan province of Uruzgan, and from the World Health Organization to procure drugs worldwide. Beneficiaries of GTZ's healthy order books also included the German consulting sector. In 2007, contracts placed with companies, institutions and appraisers reached a total value of EUR 267.4 million, a 13.2 percent increase on the previous year's figure.

### Orders placed with the consulting sector

	Value of contracts in EUR million		Changes in %
	2006	2007	
Consulting companies	156.6	178.0	+ 13.7
Consulting institutions	39.1	39.2	+ 0.3
Appraisers	40.5	50.2	+ 24.0
<b>Total</b>	<b>236.2</b>	<b>267.4</b>	<b>+ 13.2</b>

### Income received through the "Integrated Experts" programme



## CONTRACTS IN HAND

The development of turnover, contracts received and contracts in hand are inextricably linked. If turnover increases more sharply than contracts received, the value of contracts in hand drops automatically by the same amount. Given that the 11.8 percent growth in the **public-benefit sector** was significantly higher than the increase in the value of contracts received in that segment (2.3 percent), the value of contracts in hand fell from EUR 2,107.5 million to EUR 2,066 million. A similar change occurred in the contracts in hand for **GTZ IS**, where the value of contracts in hand fell 4.8 percent on the previous year's figure to EUR 570 million. As at 31 December 2007, **GTZ's** contracts in hand were thus worth a total of around EUR 2,636 million, which was around EUR 70.3 million (2.6 percent) down on the previous year's figure.

## Public-Private Partnerships (PPP)

	2006	2007
Newly-launched projects	95	116
Public contributions*	14.2	18.8
Private contributions*	21.9	34.2

\* in EUR million

## PERSONNEL FIGURES

The positive development of GTZ's business is also reflected in the personnel figures. As at 31 December 2007, the company was employing a total of 11,905 individuals – 489 more than in 2006. The number of seconded experts alone rose to 1,189, an 8.1 percent increase on the previous year's figure. A similar trend was observed in the percentage of **national personnel** performing managerial and professional tasks. Their numbers rose by 15.3 percent to 4,269, which meant that they accounted for over 46 percent of all national personnel. The latter are recruited on-site in the partner country and contracted locally. As 2007 drew to a close, national personnel totalled 9,231. Through the Centrum für internationale Migration und Entwicklung (CIM), a joint operation of GTZ and the Federal Employment Agency's International Placement Services, GTZ also placed 261 **Integrated Experts** in 65 countries. This meant that in 2007 a

## Project personnel by sector (as at 31 December)

	2006	2007
Economic development and employment	22.3 %	20.8 %
Governance and democracy	28.1 %	30.2 %
Health, education, social protection	14.2 %	12.7 %
Environment and infrastructure	22.1 %	23.1 %
Agriculture, fisheries and food	10.5 %	11.0 %
Other	2.8 %	2.2 %

## Structure of responsibilities within the workforce

(as at 31.12.2007, not including national personnel)

	Number	Men in %	Women in %
Executive Management	12	66.7	33.3
Upper Management	67	74.6	25.4
Management/Leading Professionals	369	72.6	27.4
Professionals	1,439	63.4	36.6
Junior Professionals	292	37.0	63.0
Senior Administration Professionals	430	15.8	84.2
Administration Professionals	65	21.5	78.5
<b>Total</b>	<b>2,674</b>	<b>53.4</b>	<b>46.6</b>

## Structure of responsibilities among national personnel

(as at 31.12.2007)

	Number	Percentage
Auxiliary personnel	3,279	35.5 %
Administrative personnel	1,683	18.2 %
Administration professionals	1,317	14.3 %
Professionals in projects	2,115	22.9 %
Professionals in advisory positions	608	6.6 %
Senior administration professionals	107	1.2 %
Team leaders with managerial responsibility	99	1.1 %
Principal advisors with responsibility for contracts and cooperation	23	0.2 %
<b>Total national personnel</b>	<b>9,231</b>	<b>100.0 %</b>

total of 761 Integrated Experts (2006: 684) were being employed directly by local employers – which also included 25 construction experts for Ethiopia. The number of staff employed at Head Office or other locations in Germany rose to 1,044 in 2007 (2006: 977).

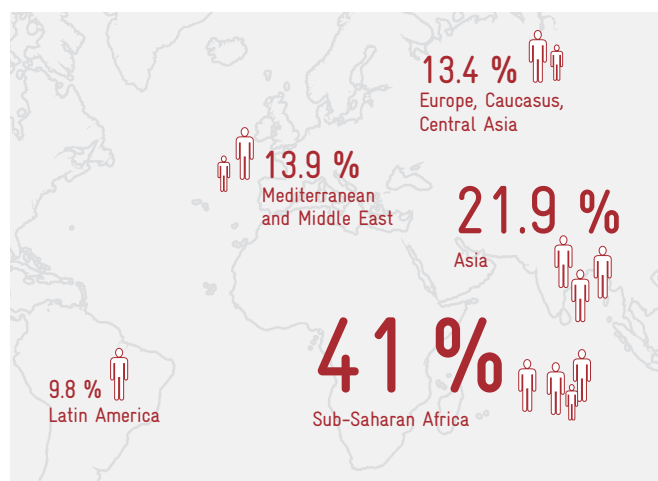
## AREAS OF ASSIGNMENT

It remains the case that by far the majority of GTZ **seconded experts** (41 percent) are employed in sub-Saharan Africa, while around one-fifth work in Asia. The numbers of seconded experts assigned in Latin America dropped by two percentage points in 2007, accounting for just under ten percent of the total. With regard to sectors, GTZ **project personnel** are distributed across five major priority areas. As in the previous year, the largest proportion (30.2 percent) were operating in the “governance and democracy” sector. At the same time the “environment and infrastructure” sector rose by one percentage point to 23.1 percent, putting it in second place, followed by “economic development and employment” (20.8 percent).

## CAPACITY DEVELOPMENT

Professional personnel management is key to securing the performance capability and employability of GTZ staff, and therefore also the company's long-term future. This is why capacity development for our workforce enjoys high priority at GTZ. This is exemplified by our **training of junior employees**. Alongside 78 individuals who were employed at GTZ in 2007 as trainees in business administration or IT, 20 development cooperation trainees began their training. This new trainee programme replaces the previous project assistant programme, and aims to provide the best possible training for work in various organisations for development. One important element in the 18-month training period are placements with other development cooperation organisations.

## Deployment of seconded experts by region in % (as at 31.12.2007)

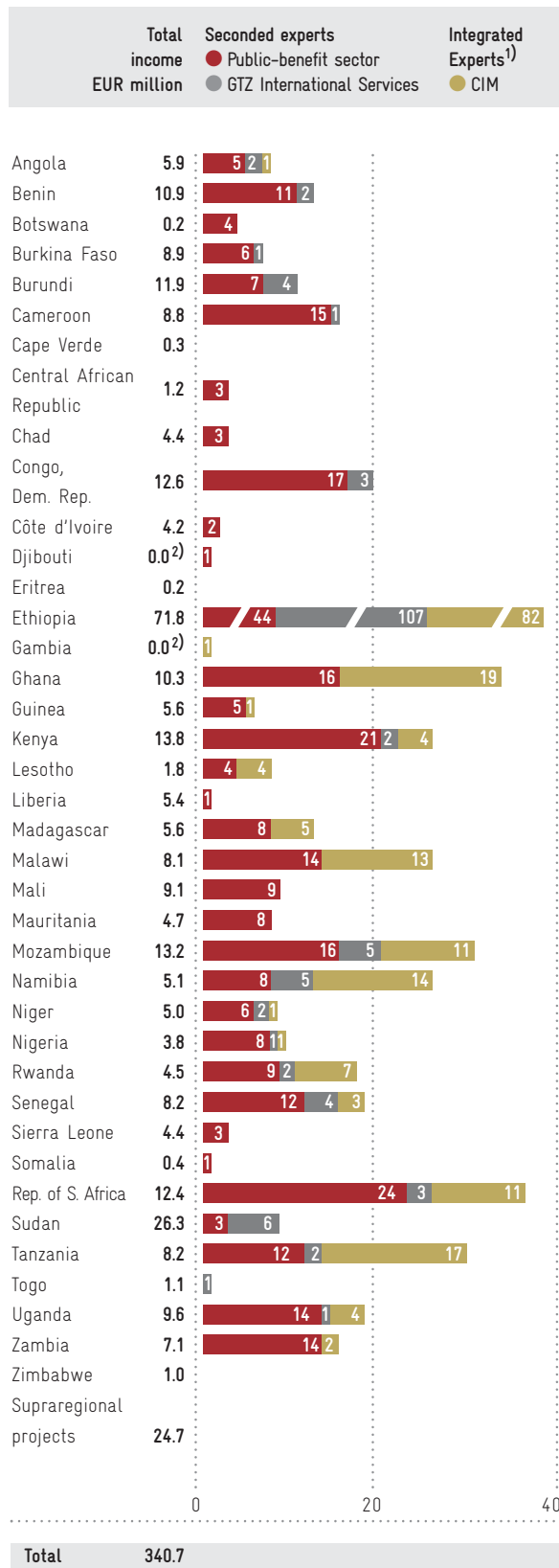


## Training 2007

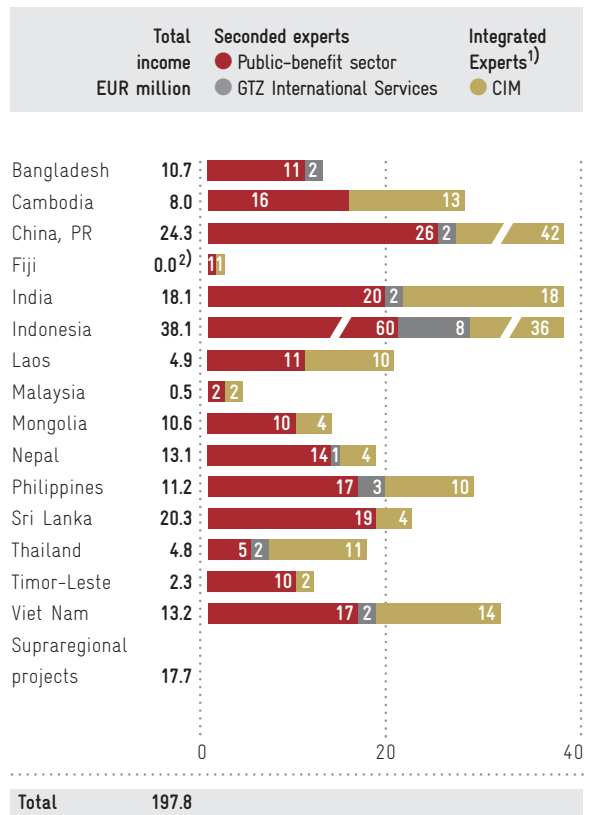
Training course	Number
Clerical officer	37
Media specialist	1
Public relations volunteer	1
Business administrator Frankfurt academy	15
Business administrator Mannheim academy	21
IT specialist for application development	2
IT specialist for systems integration	1
<b>Total</b>	<b>78</b>

### Numbers of seconded experts and Integrated Experts, and income by country (as at 31.12.2007)

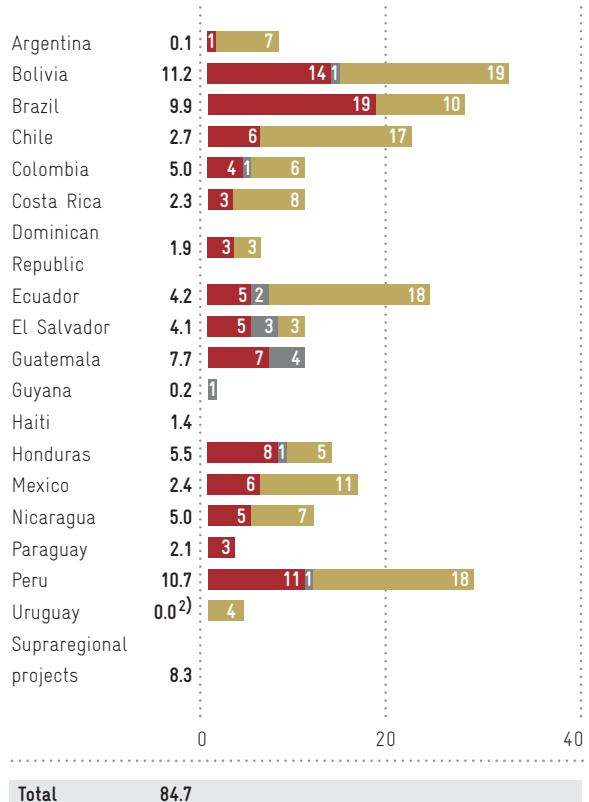
#### Sub-Saharan Africa



#### Asia

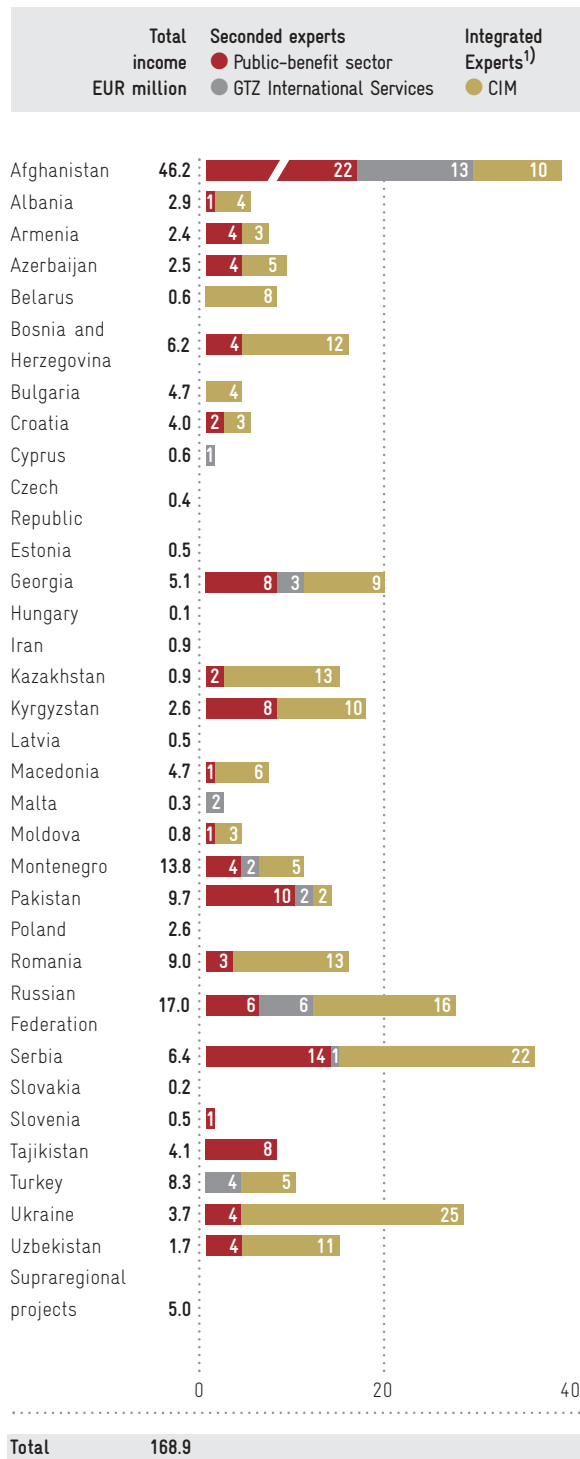


#### Latin America

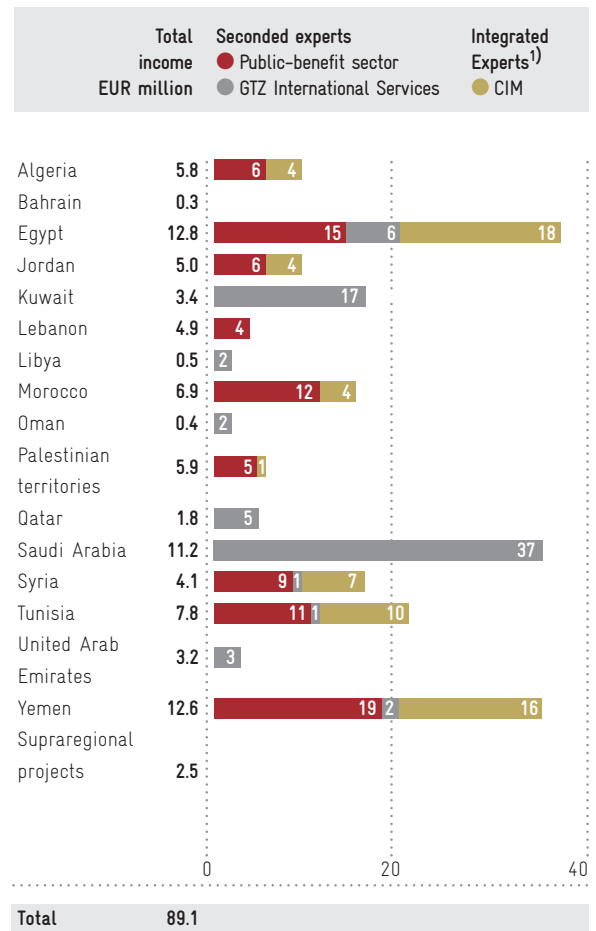




## Europe, Caucasus, Central Asia



## Mediterranean and Middle East



1) employed by local employers in the partner countries

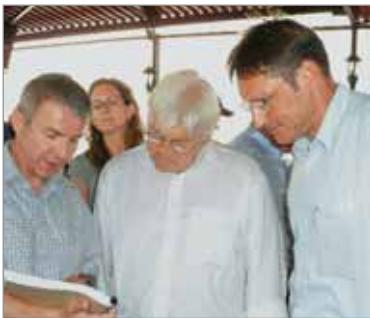
2) less than EUR 50,000

# : Highlights of 2007 at GTZ

06.05.07

## Water for the Middle East

On his visit to the Middle East in early May, Germany's Federal Foreign Minister Frank-Walter Steinmeier was able to find out more about water problems in the region. During a boat trip across the Sea of Galilee Uwe Stoll, GTZ Programme Manager in Jordan (left), and KfW Office Director Matthias Schlund (right) provided him with detailed information on German development cooperation projects.



21.–22.05.07



## Opportunities – not alms

Nobel Prize winner Muhammad Yunus, founder of the Grameen Bank for microcredit in Bangladesh, is shown here at the German World Bank Forum welcoming the microfinance initiative for African countries announced in the run-up to the G8 Summit. GTZ organised the Forum on behalf of the Federal Ministry for Economic Cooperation and Development.

22.06.07



## A family-friendly company

Accolade for our family-conscious personnel policy: At a ceremony in Berlin, Federal Minister for Family Affairs Ursula von der Leyen presented the Hertie Foundation's basic certificate for its "Work and Family Audit" to Managing Director Dr. Bernd Eisenblätter. GTZ has been participating in this scheme since November 2006.

28.–29.06.07

## CAPACITY DEVELOPMENT

Partner stärken, Potenziale entwickeln | Empowering partners

### Ten years of Eschborn Dialogues

The Eschborn Dialogues have become an established platform for communication on innovative themes. Over 500 national and international development experts used this anniversary event to maintain their networks, make new contacts and compare notes on the latest trends in capacity development.



27.–31.08.07



## German and South American parliamentarians visit Bolivia

Members of the Bundestag found out more about GTZ, CIM and KfW projects in Potosí province. They were

particularly impressed by a lodging house for children from remote villages.

04.09.07



## Architectural prize for the "Manhattan of the Desert"

The GTZ-supported urban development project in the city of Shibam in Yemen was one of nine projects to be awarded the renowned Aga Khan Award for Architecture. This accolade, awarded every three years, is considered the "Nobel Prize for architecture" in the Islamic world.



**Outlook +5**

Germany's Federal Development Minister and the President of the German Bundestag at the GTZ management conference. In front of an audience of around 200 GTZ managers, Heidemarie Wieczorek-Zeul outlined BMZ's view of the strategic challenges to be faced over the next few years. Norbert Lammert inspired those present with his thoughts on good governance and the role of parliaments.

31.10.07



**Among women – Federal Chancellor visits Indian microfinance programme**

Germany's Federal Chancellor Angela Merkel was able to see for herself the entrepreneurial qualities of the members of a women's self-help group when she visited the world's largest microfinance project. This project was launched by India's Mumbai-based National Bank for Agriculture and Rural Development (NABARD), and is being promoted by GTZ on BMZ's behalf.

02.-04.11.07



**The Federal President's Africa Forum**

Federal President Horst Köhler invited the "Partnership with Africa" initiative to the Eberbach Monastery Conference Centre. With his presidential colleagues from five African countries and 40 representatives from the public and private sectors, as well as civil society, he discussed "The Challenges of Change – African and German Responses". GTZ's AgenZ partnered and organised the event.

29.11.07

**GeldtransFAIR.de**

Launching an Internet success story: Federal Development Minister Heidemarie Wieczorek-Zeul and Federal Minister of Finance Peer Steinbrück activated the [www.geldtransFAIR.de](http://www.geldtransFAIR.de) website in Berlin. This online service enables migrants to transfer money back to their countries of origin on better terms. GeldtransFAIR compares the prices and time taken by around 40 different banks and financial service providers.



● **The eres atag nicas gro p o artists** was founded in 1994 by Julieta Chiappano (born in 1958 in Buenos Aires), Susana Comezaña (born in 1959 in Bahía Blanca) and Viviana Martín (born in 1965 in Buenos Aires). The group works on themes of nature and life in eastern Patagonia, most of which belongs to Argentina. Photography and installations are the media of choice for these artists. All three studied art and also work as lecturers at the University of Fine Arts in Neuquén.

Since 2005 the group has been dealing with ecological problems, with a special focus on water: the melting of the glaciers in the Los Glaciares National Park, water scarcity and water pollution in general worldwide.



This is the background against which the "Agua dulce" ("freshwater") series of photographs was created in 2005. The artists describe the concerns underlying their series of photos as follows: "As inhabitants of Patagonia we are able to enjoy the immense resources of the freshwater from our water-rich rivers. Our photos are designed to remind the onlooker of the 'value of water': in our earth, which is water, in our bodies, which are water, in our bellies, which are water ... because our future, our life depends on that 'freshwater'."



# Organisation Chart

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Published by: Deutsche Gesellschaft für Technische Zusammenarbeit (GTZ) GmbH  
Dag-Hammarskjöld-Weg 1-5, 65760 Eschborn, Germany  
Telephone +49 (0)6196 79-0, Fax +49 (0)6196 79-1115,  
Email: info@gtz.de, Internet: http://www.gtz.de

Officer responsible: Dorothee Hutter,  
Director of GTZ Corporate Communications

Text and editing: Lars Spilger

Additional editorial input: Marion Frank, Andrea Hahn, Frank Hartmann  
Concept and project management: Daniele Lovens

Design and production: Jens Neumann and Claudia Becker

Artistic consultant: Dr. Petra Skiba

Translation team: John Cochrane, Lynne Jagau, Melinda Leong,  
Tom McClymont

Layout: Iris Christmann, Susanne Knieriemen, Christian Mentzel  
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## ● GTZ

### Our organisation

As an international cooperation enterprise for sustainable development with worldwide operations, the federally owned Deutsche Gesellschaft für Technische Zusammenarbeit (GTZ) GmbH supports the German Government in achieving its development-policy objectives. It provides viable, forward-looking solutions for political, economic, ecological and social development in a globalised world. Working under difficult conditions, GTZ promotes complex reforms and change processes. Its corporate objective is to improve people's living conditions on a sustainable basis.

### Our clients

GTZ is a federal enterprise based in Eschborn near Frankfurt am Main. It was founded in 1975 as a company under private law. The German Federal Ministry for Economic Cooperation and Development (BMZ) is its major client. The company also operates on behalf of other German ministries, the governments of other countries and international clients, such as the European Commission, the United Nations and the World Bank, as well as on behalf of private enterprises. GTZ works on a public-benefit basis. All surpluses generated are channelled back into its own international cooperation projects for sustainable development.

### Worldwide operations

GTZ has operations in more than 120 countries in Africa, Asia, Latin America, the Mediterranean and Middle Eastern regions, as well as in Europe, Caucasus and Central Asia. It maintains its own offices in 92 countries. The company employs nearly 12,000 staff worldwide, more than 9,000 of whom are national personnel. About 1,500 people are employed at Head Office in Eschborn near Frankfurt am Main and at various locations within Germany.

### Experience and competence

GTZ can draw on over 30 years of experience in international cooperation for sustainable development. It maintains a local presence of professional and managerial staff in the partner countries. GTZ operates nationally, adapting its approaches and solutions to the conditions in the individual country. Together with its partners, it develops and implements concepts and measures tailored to the prevailing situation. For this, it relies on a combination of sectoral, regional and managerial competence.

### Open to alliances

International cooperation for sustainable development calls for alliances. GTZ has a worldwide network of partnerships in civil society and in the economic and cultural spheres. It has always cooperated closely with national and international development cooperation organisations. Wherever technically and financially expedient, GTZ avails itself of the knowledge of the private consulting sector, independent experts and specialist public institutions both in the Federal Republic of Germany and in other countries.

### Our concept

GTZ takes on tasks in the field of international cooperation and implements them in line with its concept of sustainable development. We help realise this concept with our holistic, value-based and process-oriented approach that secures the participation of all stakeholders. We take account of economic, social and environmental issues in our work and support our partners when it comes to negotiating solutions in the broader social context. We act at local, regional, national and international level in order to achieve maximum results. Through our various modes of delivery, the most important of which is capacity development, we translate sustainable development into practice. We promote capacity development at individual, organisational and societal level so that our partners are able to articulate, negotiate and implement their own concepts of sustainable development. In doing so, we often assume the role of facilitator between state and society and of mediator in societal conflicts of interest. Whenever possible and expedient we involve the private sector.

### Our activity areas

GTZ's services span a wide range of activity areas, from economic development and employment promotion, through governance and democracy, health and basic education to environmental protection, resource conservation, agriculture, fishing and nutrition. In all our activity areas we help enhance the capabilities of individuals and organisations. Government advisory services are a high priority area of our work, and in many partner countries we are assisting comprehensive reform processes and the necessary changes to the political, economic and social framework conditions. Where acute need is jeopardising human survival, GTZ also responds with emergency aid and refugee programmes. Here too, our concept is geared to strengthening people's capacity to help themselves and promoting development that is self-sustaining in the long term. In recent years, GTZ has further extended its services, for example in organising major events.



Deutsche Gesellschaft für  
Technische Zusammenarbeit (GTZ) GmbH

- German Technical Cooperation -

Dag-Hammarskjöld-Weg 1-5  
65760 Eschborn, Germany  
T + 49 (0) 61 96 79-0  
F + 49 (0) 61 96 79-11 15  
E [info@gtz.de](mailto:info@gtz.de)  
I [www.gtz.de](http://www.gtz.de)