



## Capacity Development

Empowering Partners, Promoting Potentials

# GTZ in 2006 at a Glance

	2005 in EUR million	2006 in EUR million	Changes on previous year in %
<b>Business volume *)</b>	949.5	<b>1,005.4</b>	+ 5.9
<b>Total operating performance</b>	863.8	<b>944.6</b>	+ 9.4
– of which public-benefit sector	692.6	<b>771.4</b>	+ 11.4
– of which GTZ International Services	171.2	<b>173.1</b>	+ 1.1
<b>New contracts</b>	1,327.0	<b>1,152.9</b>	– 13.1
– of which GTZ International Services	451.1	<b>286.6</b>	– 36.5
<b>Income from public clients</b>	778.3	<b>832.3</b>	+ 6.9
– of which BMZ	666.6	<b>703.8</b>	+ 5.6
– of which German public clients	64.5	<b>67.5</b>	+ 4.7
– of which cofinancing	47.2	<b>61.0</b>	+ 29.2
<b>Total orders placed</b>	218.6	<b>236.2</b>	+ 8.1
– of which contracts with consulting firms **)	156.8	<b>156.6</b>	– 0.1
– of which contracts with consulting institutions	26.8	<b>39.1</b>	+ 45.9
– of which contracts with independent appraisers/short-term experts	35.0	<b>40.5</b>	+ 15.7
	<b>Number</b>	<b>Number</b>	
<b>Ongoing projects</b>	2,282	<b>2,198</b>	– 3.7
<b>Partner countries</b>	126	<b>122</b>	– 3.2
<b>GTZ project staff in Germany and abroad</b>	1,402	<b>1,465</b>	+ 4.5
– of whom in projects for public clients	1,166	<b>1,178</b>	+ 1.0
– of whom in GTZ International Services	236	<b>287</b>	+ 21.6
<b>National personnel in partner countries</b>	8,189	<b>8,974</b>	+ 9.6
– of whom professional and managerial staff ***)	3,334	<b>3,701</b>	+ 11.0
<b>Integrated Experts (CIM) ****)</b>	609	<b>720</b>	+ 18.2
<b>Total Head Office staff *****)</b>	981	<b>967</b>	– 1.4

\*) Simplified presentation: Total income in the public-benefit sector plus the total operating performance of GTZ International Services

\*\*\*) not including construction companies \*\*\* including administrative staff \*\*\*\*) employed by local employers in partner countries

\*\*\*\*\*) not including commercial trainees, temporary staff and experts between field-staff contracts

# GTZ worldwide

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

## ● GTZ Offices

- 1 Guatemala City/Guatemala
- 2 San Salvado/El Salvador
- 3 Tegucigalpa/Honduras
- 4 Managua/Nicaragua
- 5 San José/Costa Rica
- 6 Quito/Ecuador
- 7 Lima/Peru
- 8 Bogotá/Colombia
- 9 Port-au-Prince/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 Algiers/Algeria
- 25 Lomé/Togo
- 26 Cotonou/Benin
- 27 Niamey/Niger
- 28 Abuja/Nigeria
- 29 Tunis/Tunisia
- 30 Yaoundé/Cameroon
- 31 Luanda/Angola
- 32 N'Djaména/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 Amman/Jordan

- 46 Nairobi/Kenya
- 47 Dar es Salaam/Tanzania
- 48 Addis Ababa/Ethiopia
- 49 Tbilisi/Georgia
- 50 Sana'a/Yemen
- 51 Riyadh/Saudi Arabia
- 52 Antananarivo/Madagascar
- 53 Abu Dhabi/United Arab Emirates
- 54 Kabul/Afghanistan
- 55 Islamabad/Pakistan
- 56 New Delhi/India
- 57 Colombo/Sri Lanka
- 58 Kathmandu/Nepal
- 59 Dhaka/Bangladesh
- 60 Ulan Bator/Mongolia
- 61 Bangkok/Thailand
- 62 Phnom Penh/Cambodia
- 63 Hanoi/Viet Nam
- 64 Jakarta/Indonesia
- 65 Beijing/PR China
- 66 Manila/Philippines

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

## ● GTZ Project Offices with special duties

- 1 Zagreb/Croatia
- 2 Sarajevo/Bosnia and Herzegovina
- 3 Belgrade/Serbia
- 4 Kaliningrad/Russian Federation
- 5 Pristina/Kosovo
- 6 Tirana/Albania
- 7 Skopje/Macedonia
- 8 Podgorica/Montenegro
- 9 Bucharest/Romania
- 10 Sofia/Bulgaria
- 11 Odessa/Ukraine
- 12 Moscow/Russian Federation
- 13 Saratov/Russian Federation
- 14 Erevan/Armenia
- 15 Baku/Azerbaijan
- 16 Tashkent/Uzbekistan
- 17 Dushanbe/Tajikistan
- 18 Omsk/Russian Federation
- 19 Bishkek/Kyrgyzstan
- 20 Alma-Ata/Kazakhstan
- 21 Novosibirsk/Russian Federation
- 22 Altay/Russian Federation



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



... and GTZ-Haus Berlin near  
Potsdamer Platz.



GTZ Office, Im Tulpenfeld, Bonn



#### Die GTZ

- advises organisations and governments on carrying out their work and on developing democratic, free-market institutions that comply with social and ecological standards and are subject to the rule of law;
- offers project and financial management services;
- recruits, briefs and supports experts during their field assignments;
- manages logistics, and plans, steers and implements cooperation and event management;
- manages technical planning and the procurement of materials and equipment for projects;
- organises and conducts training measures,
- processes and disburses non-repayable financial contributions from technical cooperation funds.

# GTZ Profile

## 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.

## GTZ – Worldwide Operations

GTZ employs some 10,000 staff in more than 120 countries of Africa, Asia, Latin America, the Eastern European countries in transition and the New Independent States (NIS). Around 9,000 of these staff are national personnel. GTZ maintains its own offices in 67 countries. Some 970 people are employed at Head Office in Eschborn near Frankfurt am Main. In addition, 365 staff work for supraregional projects based 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 expert 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 needs 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 societal context. We act at local, regional, national and international level in order to achieve maximum impact.

With our wide spectrum of services, 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 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.



## 6 Market Leader in Capacity Development for Sustainable Development

2006 was an exceptionally successful year for GTZ. Both nationally and internationally, it is highly respected for the appropriateness of its corporate approach to sustainable development. GTZ's holistic approach, which is geared to processes and based on fundamental values, is its trademark. This vision of how to achieve sustainable development is therefore an integral part of our corporate identity, and as such is firmly embraced by all staff members.

## 10 Capacities in Concord

Only the competent interplay of financial, organisational and institutional inputs will bring about effective and sustainable service delivery. To ensure sustainability, a holistic approach is needed, geared to processes and values, ensuring citizen participation. This holistic principle underpins and drives GTZ's support for capacity development at individual, organisational and societal level.

## 2 GTZ honoured by UNESCO

UNESCO honoured the university initiative "Between the lecture hall and the project" by declaring it an official project of the UN Decade of Education for Sustainable Development.

Since 2001, GTZ has been promoting knowledge exchange between universities and development-policy practice through this initiative, which aims to involve students in Berlin and former East Germany drawn from a wide variety of disciplines. It recently also began cooperating with the international master's course in global change management at the University of Applied Sciences in Eberswalde.

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13 Sub-Saharan Africa

18 Mediterranean, Middle East, Central Asia

22 South-Eastern Europe, New Independent States

26 Asia

30 Latin America

**Ownership for the Future**  
Budget Planning in Mali, Water Supply in Benin, Industrial Development in Ethiopia, Combating HIV at the Workplace

**On the Road to Reform**  
Gender Equality in Morocco, Vocational Training in Lebanon, Water Management in Algeria

**Between EU Accession and Poverty Reduction**  
Land Registers in Serbia, Microcredit in Tajikistan, Promoting Economic Growth in Montenegro

**Making Development More Sustainable**  
Health Reform in Indonesia, Training Bankers in Mongolia, Environmental Protection in China

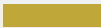
**For Greater Social Justice**  
Tax Collection in Peru, Regional Development in Brazil, Renewable Energies for Chile

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## Family-friendly

3

GTZ received the all-clear to participate in the Hertie Foundation’s “working life and family” audit, and so is on course to become even more family-friendly.





MAFDAK, Untitled, mixed media on canvas, 2006



# Welcome by the Chair of the Supervisory Board

In 2006, German development policy again managed to improve the prospects of many people through a large number of projects and programmes. We conducted policy dialogues with our partner countries on difficult aspects of good governance, advised ministries on decentralisation and implemented projects in the health sector. Working from within, we have persuaded multilateral organisations to rethink their approaches to the use of renewable energies, and inside Germany we have raised many people's awareness of the interdependence that exists between sustainable development in industrialised and developing countries. In this way, we have been working tirelessly and consistently to put in place the structural changes necessary to combat global poverty on a sustainable basis.

Development policy means translating hope and prospects into practice. In 2007, thanks to our dual presidency of the European Union and the G8 we can do much to help people in our partner countries. German development policy will be attaching special importance to the partnership for reform with our neighbouring continent, Africa. We will be working to put in place pro-development Economic Partnership Agreements, and to foster sustainable investment and decent working conditions. Other key topics include empowering women to participate fully in political and economic life, and winning a lasting victory in the fight against HIV/AIDS. We will also be supporting partner countries in their efforts to adapt to global climate change.

For decades, the German Government has relied on the services of the federally-owned GTZ, which it commissions to realise its development-policy goals. Technical Cooperation, which GTZ implements in developing countries and emerging economies on

behalf of the Federal Ministry for Economic Cooperation and Development (BMZ), is a complex and challenging field that reflects the global problems our world currently faces – from poverty reduction and environmental management to peace building. GTZ delivers effective responses to these challenges through its broad array of innovative advisory services for complex change processes. Other German ministries too avail themselves of the experience and the expertise of GTZ in their international activities.

The international acclaim enjoyed by German Development Cooperation and GTZ in its capacity as a German implementing organisation in many partner countries is, however, also reflected in the fact that other donors, be they multilateral organisations or bilateral donors, are increasingly utilising the services of GTZ by cofinancing technical cooperation projects and programmes. This process of donor harmonisation is helping achieve the targets of the Paris Declaration on Aid Effectiveness.

As the international structures of our bilateral development cooperation are brought into line with today's requirements, the work of GTZ, and the contributions it makes to capacity development, will continue to play a vitally important role.

My thanks go to all GTZ staff members for their excellent work both in Germany and abroad.

**Erich Stather**

Chair of the Supervisory Board



Erich Stather

# Market Leader in Capacity Development for Sustainable Development

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

2006 was an exceptionally successful year for GTZ. Both nationally and internationally, it is highly respected for the appropriateness of its corporate approach to sustainable development. GTZ's holistic approach, which is geared to processes and based on fundamental values, is its trademark. This vision of how to achieve sustainable development is therefore an integral part of our corporate identity, and as such is firmly embraced by all staff members.



Dr. Bernd Eisenblätter

For GTZ, sustainable development always entails a process of negotiation within a society, involving as many stakeholders as possible. To make these processes inclusive and to give all interest groups a fair chance to put their points of view, partner countries often need support. Through capacity development, GTZ strengthens the capabilities of its

partners at societal, organisational and individual level, enabling them to articulate, negotiate and implement their concept of sustainable development. To further underline and enhance the national and international positioning of the company as a service enterprise for capacity development, GTZ has made "Capacity Development – Empowering Partners, Promoting Potentials" its spotlight of the year for 2007.

### Fiscal 2006 – a successful year Breaking the billion barrier

In 2006, GTZ's volume of business broke the billion euro barrier for the first time ever. In business with our main client, the Federal Ministry for Economic Cooperation and Development (BMZ), income in 2006 topped forecasts, as fortunately the budget for Technical Cooperation was increased. In our business with other German public clients too our income was higher than expected.

Other donors who have no implementing structures of their own, such as the Dutch Government, are increasingly availing themselves of the services of GTZ, in the form of cofinancing. We expect this area of business to expand further in the coming years.

Developments in GTZ International Services (IS) too were encouraging. In 2006, GTZ IS was able to build on the successes of previous years, as it continued to attract new large-scale contracts.

### Pulling together for capacity development

For instance, on behalf of the European Commission, and in cooperation with one French and one Egyptian partner, GTZ IS is helping the Egyptian Government to reform its vocational training system. In the long term, the project aims to make Egyptian industry more competitive, and enhance the employment prospects of graduates completing vocational training courses. This example demonstrates how crucial capacity development is for future development.

Lending activities too need to build on the relevant capabilities: In Uganda, GTZ is operating on behalf of BMZ and the Swedish International Development Agency SIDA. It is delivering advisory services to the Ugandan central bank and other partners in the financial sector designed to help strengthen the country's financial system and improve the range of financial services available to poorer people in particular – an effective contribution to poverty reduction.

### Cooperation and networks – benefits for all

In international cooperation, alliances and cooperation arrangements are becoming increasingly important. GTZ has long realised this, and works successfully with the other German implementing organisations (KfW, the German Development Service DED and Capacity Building International, Germany (InWEnt)), the political foundations, private businesses, universities

and other organisations, including church relief organisations.

At international level too, GTZ is part of a tight network of research institutes and universities. It shares experience and ideas with other bilateral donors, UN organisations and the EU, and implements numerous cooperative ventures with them. These go from jointly organising international conferences to the close coordination of all development cooperation activities in a partner country with a view to improving donor harmonisation.

GTZ broke new ground with a programme devised by ADA, the Austrian Development Agency, which contracted GTZ in January 2006 to implement the programme. GTZ will be supporting ADA in its efforts to establish cooperation with the private sector. The programme is being implemented by GTZ International Services and GTZ's Centre for Cooperation with the Private Sector.

### CIM – completing the range of GTZ instruments

Through the Centrum für internationale Migration und Entwicklung (CIM), a joint operation of GTZ and the Federal Employment Agency, GTZ operates two flexible programmes: the Integrated Experts Programme and the Return and Reintegration Programme. CIM uses these programmes to match the demand for specialists in partner countries with the human resources available in Germany, helping to shape labour-market policy. The Return and Reintegration Programme supports individuals from developing countries who are currently working in Germany, but would like to return to their own countries as experts. Since CIM was first established, more than 10,000 experts have returned home under the auspices of this programme, taking with them the expertise they gained in Germany.

### Flexibility and performance – key requirements of our staff

After only one year, it is clear that GTZ's new remuneration system is enhancing both the competitiveness of the

company and the self-reliance of staff members. For the first time, excellent performance can now also be financially rewarded through variable remuneration.

The constantly changing demands made of Technical Cooperation call for the flexible, rapid and economical appointment of staff. Thus, in 2006, our human resources management conducted a strategic project, culminating in recommendations that are now being put into practice.

Yet the success of a company also depends on its ability to make its personnel policy compatible with the family life of the workforce. We are thus delighted that GTZ now meets the requirements to participate in the “working life and family” audit. In the course of this three-year audit, we will be developing new arrangements to make it easier to combine working life with family commitments, as well as modifying and optimising the arrangements already in place.

The debate on the reform of German Development Cooperation was a major issue in 2006 and will continue to be an important topic in the year to come. GTZ unreservedly supports the objectives of the reform: to strengthen the efficiency and the effectiveness of German Development Cooperation. Irrespective of the final outcome, GTZ will support the decisions made and do its utmost to ensure that they are implemented swiftly.

GTZ today stands on a firm foundation, and can look forward with confidence to the future. For this, we thank above all our employees in Germany and abroad, especially our many national staff members in partner countries. We would like to take this opportunity to thank them all for their unswerving dedication and their excellent work.



Wolfgang Schmitt

Dr. Bernd Eisenblätter

Wolfgang Schmitt

Managing Directors



### GTZ helped prepare the 2nd German-Chinese Environmental Forum in Qingdao.

More than 350 policymakers, businesspersons and academics gathered to discuss environmental policy issues, and especially the use of renewable energies. GTZ organised the forum on behalf of the Federal Ministry for the Environment, and in cooperation with BMZ, the Federal Ministry of Economics and the Asia-Pacific Committee of German Business.

8

11 – 13 January

BMZ and the British Department for International Development (DFID) signed a combined financing agreement in Nicaragua worth EUR 730,000.

The funds provided will be used by the GTZ “Local development and fiscal transparency” programme (PRODELFI) to support public municipal auditing.



10 February



## Highlights of 2006

1 September

Refurbished in line with today's ecological and technological standards: GTZ's radically refitted main building at Head Office in Eschborn was officially re-opened.

This was immediately followed by the 9th Eschborn Dialogue, whose theme for 2006 was “Knowledge Powers Development”. Almost 500 participants gathered to attend the three main events, eight workshops and several exhibitions, and discuss the relevance of knowledge and education for development and competitiveness.

18 September



10 October



At the Annual Meeting of the World Bank and the International Monetary Fund in Singapore, GTZ jointly organised a side event with the World Bank.

The podium debate was opened by Germany's Federal Minister for Economic Cooperation and Development, Heidemarie Wicczorek-Zeul. A group of international experts then went on to discuss how foreign private investment in partner countries might best be utilised for sustainable development.







German Foreign Minister Frank-Walter Steinmeier opened a new office in Abu Dhabi shared by GTZ International Services, the Goethe Institute and the German Academic Exchange Service (DAAD).

22 May

#### Media cooperation with the broadcaster rbb-InfoRadio, Berlin:

The “From the work of GTZ” series of events got off to a great start. Experts working in-country give radio interviews that provide listeners with an insight into their work. The interviews are then broadcast the following Sunday on rbb-InfoRadio. Project manager Leo Brandenburg got the ball rolling with a piece on alternatives to illegal drug cultivation entitled: “Afghanistan: a future without poppies”.



31 May



EUNIDA and GTZ signed their first joint agreement with the EU Commission for a project in the autonomous Palestinian territories.

GTZ will be mandated to help establish and operate a new EU aid delivery and disbursement mechanism. It will be supported in this by the French agency France Coopération Internationale and the British Crown Agents.

9

29 June

# 2006

30 November

GTZ successfully presented itself as a “Select Location” in the “Germany – Land of Ideas” competition.

In the name of the countrywide initiative launched to coincide with the 2006 World Cup and draw attention to Germany’s strengths as an attractive location, Tilman Wittershagen, Managing Director of Deutsche Bank AG, presented GTZ Managing Director Bernd Eisenblätter with the award. GTZ responded on “its” day with a specialist event on innovations in the field of organic fuels.



German President Horst Köhler met some 50 young leaders from Germany and African states in Wittenberg.

These young people had gathered to prepare the “Two Generations, One Future” conference that took place in Accra in mid-January 2007. This was part of the “Partnership with Africa” initiative launched by the Federal President in 2005 in cooperation with the ZEIT Foundation. GTZ won a new client in the Federal President, on whose behalf it organised the conference in Accra.

12 – 13 December

Overcoming female genital mutilation was the focus of an international meeting jointly organised in Berlin by BMZ, GTZ and the INTEGRA network.

In her opening speech, Development Minister Heidemarie Wiecek-Zeul said, “I am delighted to see that for the first time, all the relevant federal ministries, and regional and municipal agencies, as well as professional associations and many private initiatives, want to think about how we can redouble our efforts to join forces”.



# Capacities in Concord

A new power plant has been built. There it stands, ready to generate and contribute to economic growth in our partner country. What now?

The time of the advisor has come. Organisational development experts help enhance the administration. More realistic tariff systems are developed. New technologies make it possible to use more environmentally friendly sources of power. A code of ethics brings the utility close to its customers and ensures that the operation is socially acceptable. Legislation guarantees legal security for producers and customers alike. So far so good. But only the competent interplay of financial, organisational and institutional inputs will bring about effective and sustainable service delivery. To ensure sustainability, a holistic approach is needed, geared to processes and values, ensuring citizen participation. The special way GTZ works is thus particularly well suited to fostering sustainable development, by taking into account economic, social and ecological factors and providing support for all processes of searching and negotiation within a society. This holistic understanding also influences the way in which GTZ promotes capacity development at individual, organisational and societal level. Individuals must be enabled to participate more effectively in shaping their society. Developing organisations means improving their output processes as well as their organisational and leadership cultures. At the level of society as a whole, we can see whether or not the frameworks in place are conducive to sustainable development. The experience of German Develop-

ment Cooperation here is that the crucial factors at this level are legal security, democratic and participatory decision-making processes and a social and ecological market order. And one more capacity is called for – the ability of government, civil society and the private sector to pull together.

## A new focus

In the March 2005 Paris Declaration on Aid Effectiveness, capacity development thus plays a central part and is an important structural element in the architecture of international development cooperation. Capacity development has been a core competence of GTZ for more than thirty years and helps us implement the concept of sustainable development through our work.

Our advisors strengthen partner countries in their efforts to take charge of development processes in their own countries, in other words to assume ownership. Civil society and private-sector actors, provinces and local communities have already helped shape several national and sectoral development strategies in this way. Equally though, GTZ is acutely aware of the potentially conflicting objectives and the risks involved. It knows full well what is demanded of partners and donors who are expected to bring the full spectrum of interests and values that co-exist in their societies into line with a national development strategy. We know that many partners would like to be able to choose between development paradigms and approaches to development.



We also realise that we need a new quality of capacity development if extensive development funding is to generate success stories.

Against this background, GTZ remains involved in the ongoing conceptual elaboration of capacity development at the international level. We believe that this brings with it the obligation to contribute our experience and to help achieve a better understanding of sustainable capacity development through objective and factual debate.

As laid out in the OECD Development Assistance Committee (DAC) framework paper “The Challenge of Capacity Development: Working Towards Good Practice”, what is needed is country-led societal change management. This process must be country-driven, with GTZ shouldering a share of the responsibility for implementation. For this to work, partner country ownership must remain in place. Sustainable capacity development must regularly re-establish ownership throughout the process.

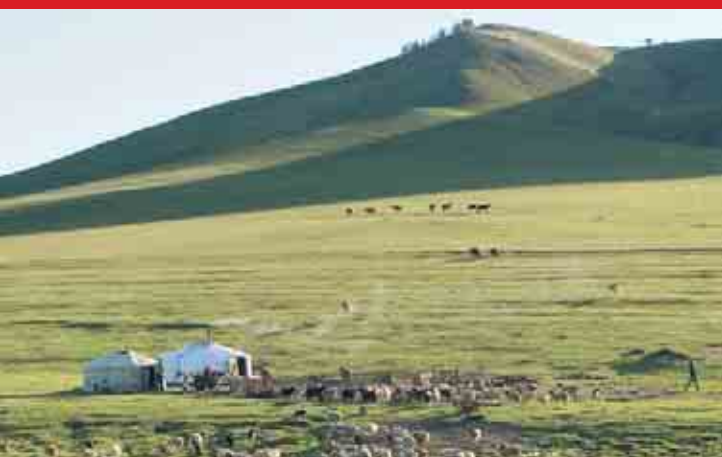
### The steering factor

Another example taken from our practical work: On behalf of the Federal Ministry for Economic Cooperation and Development (BMZ), a GTZ team supported the Indonesian Government from 1998 to 2003, helping to develop a competition law for Indonesia and to put in place a monopolies commission. During the second phase of the intervention from 2003 to 2010, an extensive capacity development package is being drawn up. The institutions responsible for implementation must be enabled to become operational. The fact that the efficient organisation of competition in Germany has done much to foster economic growth adds to the credibility of the advisory services we

deliver. Building on elements of the social market economy would appear to be an attractive option for value-based development.

Capacity development in the project takes the frameworks in place as its starting point, from central government level down to the decentralised levels, and provides training for the staff and institutions involved, including watchdog bodies, the police force and the public prosecutor's office. Targeted PR work generates legitimacy and sets the stage for credible accountability with respect to the work performed.

GTZ is coordinating its work in this project with USAID and the Japan International Cooperation Agency. Its work is part of a country-led holistic process. Parallel monitoring allows the reform course to be adjusted as required. Complex capacity development of this sort demands a high level of development-policy capabilities: the expertise and ability to bring together the myriad individual elements of advisory services and organisational development, to organise this process of interaction, and to manage the interplay with the private sector and other international and national organisations.



#### Mongolia:

Medical care is thin on the ground in the sparsely populated areas of Mongolia. Reproductive health facilities provide more rapid access to better advice and care. Their services make life easier, for women in particular.





Chidi Kwubiri, "Young Iroko", acrylic on canvas, 2005



# Ownership for the Future

Although Africa is still struggling to get to grips with major problems, some trends do give grounds for optimism. In a good forty of the forty-eight African states, multi-party presidential and parliamentary elections are now held regularly, for instance. The New Partnership for Africa's Development (NEPAD) and the African Union, founded in 2002, commit all member states to accept ownership for the future of the continent. This also includes a regular exchange of experience, with peer review of progress made.

Most African governments have laid down binding political strategies to combat poverty, based on internationally accepted criteria. To support them, the industrialised countries have launched several multi-lateral debt reduction initiatives for highly indebted poor countries (HIPC). By the end of 2006, donors had cancelled more than 60 billion US dollars worth of debt held by 25 African states. Debt cancellation and structural reforms are intended to strengthen the economic power of Africa, which possesses a wealth of raw materials. Higher economic growth rates, which some African countries are already achieving, can improve the lives of a great many people.

## Budget planning in Mali

As in most African countries, the Government of Mali has laid down in its Poverty Reduction Strategy Paper (PRSP) how it aims to reduce the poverty that continues to dog two thirds of the country's twelve million inhabitants. The strategy attaches particular importance to translating the priorities more effectively into actual development, and coordinating external support more efficiently. Since 2001, GTZ has been delivering advisory services to Mali's Ministry of Economics and Finance, the Ministry of Planning and Land Development and selected divisions of other sector ministries.

Along with organisational, in-process and technical advisory services, GTZ is giving its partners the institutional and practical expertise they need, and is

helping them in particular to draft their poverty reduction strategy. GTZ has developed methods to improve the coordination of poverty reduction strategies and budget planning. A medium-term finance plan was also established for a number of sectors, taking into account the macroeconomic environment, the inflow of external funds and the poverty reduction strategies. Thanks to the GTZ inputs, the Malian side is now better able to provide donors with guidelines as to how their funds can be better allocated. It lays out which funds are used for which purpose, making for greater transparency. For this reason, donors support the project wholeheartedly. It is also well integrated in the ministries.

Thanks to the dovetailing of the PRSP and budget planning, the strategy paper is more economically realistic and the budget is planned more efficiently and more effectively. Given the scarce resources available in Mali, this is vitally important, and ensures that project results are sustainable.

## Water supply in Benin

Of the seven million inhabitants of Benin, a state on the west coast of Africa, about half are currently supplied with safe drinking water. In rural areas only about ten percent of the population have access to sanitary facilities.

Benin is currently working on a national strategy for integrated water resources management. To translate the concept into practice, systemic and

holistic capacity development will be needed. GTZ advisory services are helping bring together national, regional and local levels, thus fostering communication between the sector ministries responsible for water and health, the state services, utility operators and the municipalities.

At local level, the programme is promoting interaction between non-governmental organisations (NGOs) and village committees, enabling them to identify where new water points and latrines are needed, helping villages to set up water users associations and upgrading private service providers who then assume responsibility for operating and maintaining the facilities. At regional level the programme strengthens public service delivery, making it more responsive to the local communities. Building on this experience, progress can then be made on development strategies and reform processes at national level.

Benin now has a planning framework for water supply with which all donors have aligned. Nationwide a long process of negotiation was organised, involving all relevant stakeholders. What emerged was a uniform model geared to the needs of end users and their ownership, which is intended to underpin the sustainability of the investments made. All major urban centres today comply with the terms of a ten-year development plan for the water sector. In close consultation with other European donors GTZ, KfW and the German Development Service (DED) are also supporting water supply and sanitation in selected urban and rural communities – a project that will benefit some three million people.

It seems likely that Benin will achieve the Millennium Development Goal of halving the number of people who have no sustainable access to safe drinking water by 2015.

## Industrial development in Ethiopia

Ethiopia is hoping to keep pace with globalisation by building a sound market economy and pursuing rapid industrial development. One of the cornerstones is the Engineering Capacity Building Program (ECBP), launched in 2005, which is harnessing the experience and strengths of German Development Cooperation and German industry. The German Government has contracted GTZ to manage the overall German contribution and to assume responsibility for the technical steering of the ten implementing organisations involved.

Development can only work if capacity development is country-driven. The ECBP is a national programme, devised by the Ethiopian Ministry of Capacity Building, which is also responsible for implementation. The entire country is to benefit from an improved environment for private sector development, the creation of new jobs and the availability of better qualifications for employees, as Ethiopian products become competitive on international markets.

The ECBP targets four reforms simultaneously: university reform focusing on technical faculties, the reform of vocational education, strengthening the private sector and the introduction of international standards and norms. The way the ECBP implements capacity development is unique, and builds on the successful traditions of German civil and mechanical engineering, and tried and tested economic structures. The fact that the Ethiopian Government has called in some 200 German experts, most of whom it is financing itself, clearly illustrates the importance it attaches to making swift, substantial and sustainable progress.



### Tanzania:

"Connect and learn" is a message young people in Tanzania don't need to be told twice. Once they log in, [chezasalama.com](http://chezasalama.com) is added to the list of favourite Internet links. Chezasalama is Swahili for 'play safely'. In other words, this site puts knowledge about reproductive health on the World Wide Web.



For every seconded expert, an Ethiopian specialist has been appointed to ensure direct knowledge transfer and joint problem solving. In all strategic decisions, the Ethiopian Government has the last word. Other major components of the ECBP are the involvement of the individual regions and the decentralisation of good governance.

Another capacity development programme also has an impressive funding volume: the University Capacity Building Program (UCBP). It is funded by the Ethiopian Government, which aims to make the local construction industry competitive. Fifteen universities are to be built across the country. GTZ is delivering capacity development services all the way along the value chain, starting with the training of architects and engineers and going right up to larger construction companies. The UCBP, however, also involves training craftsmen and small and medium-sized enterprises. As sub-contractors they are to be enabled to draw up business plans and marketing concepts, and in the medium term are to perform forty percent of the work on building sites.

Combating HIV at the workplace

Half of all companies in Africa are struggling to cope with the consequences of HIV/AIDS, but only six percent of them have so far adopted a policy which lays out how they aim to proceed. On behalf of the Federal Ministry for Economic Cooperation and Development (BMZ), a GTZ regional project to combat HIV/AIDS in African businesses has been working on the problem since 2002. From 2002 to 2004 the focus was on workplace programmes for national and international businesses, designed to prevent further HIV infection and to help affected staff members. Now the project is concentrating on

Industrial associations in 6 countries	360 companies receive expertise on implementing HIV workplace programmes	Annual meetings of industrial association representatives
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Combating HIV at the workplace

HIV policy on the rights and obligations of employers and employees

Evaluation training for association members on how to evaluate their programmes


Should a member of staff contract the disease, company facilities or public health centres provide medical care

industrial associations. In Kenya, Mozambique, Namibia, Nigeria, Zambia and Tanzania there are now industrial associations which aim to combat HIV/AIDS. On average each association has sixty member companies.

The companies are provided with the information and expertise they need to implement HIV workplace programmes. An HIV policy elaborated in the course of the project lays out the rights and obligations of employees and employers for every workplace. Specially trained staff members educate and inform their colleagues on HIV/AIDS. Should a member of staff contract the disease, company facili-





	Total income EUR million for	No. of field staff		Total income EUR million for	No. of field staff
Angola	4.3	5	Malawi	7.4	13
Benin	11.2	11	Mali	7.5	6
Botswana	0.5	4	Mauritania	4.8	7
Burkina Faso	8.0	7	Mozambique	9.4	20
Burundi	9.0	9	Namibia	5.2	15
Cameroon	8.2	15	Niger	6.0	6
Cape Verde	0.7	0	Nigeria	4.3	7
Central African Republic	1.3	1	Rwanda	5.2	11
Chad	8.7	5	Senegal	8.0	18
Congo, Dem. Rep.	12.4	13	Sierra Leone	3.8	4
Côte d'Ivoire	5.0	1	Somalia	0.7	1
Djibouti	0.0 *)	1	Republic of South Africa	11.1	28
Eritrea	1.3	1	Sudan	17.1	4
Ethiopia	104.5	116	Tanzania	7.2	16
Gambia	0.3	0	Togo	1.1	1
Ghana	8.7	12	Uganda	7.1	16
Guinea	5.3	5	Zambia	6.1	14
Kenya	18.2	19	Zimbabwe	0.9	0
Lesotho	1.8	3	Supraregional projects	34.0	2
Liberia	1.1	2	<b>Total</b>	<b>362.7</b>	<b>432</b>
Madagascar	5.3	13	*) less than EUR 50,000		

\*) less than EUR 50,000

ties or public health centres provide medical care. Some member companies intend to extend their HIV workplace programme to cover suppliers.

Annual meetings of representatives of industrial associations generated confidence and thus laid the foundations for a peer review, which was held in the second half of 2006, and clearly identified the

strengths and weaknesses of the six associations. At the same time, association staff members were given theoretical and practical training in evaluation, because the member companies would like to have their HIV workplace programmes evaluated after a period of two to three years.



#### Mali: PACT for the future

PACT (Programme d'Appui aux Collectivités Territoriales) is easing the young municipality of Sanangoro Djitoumou into an independent future in an unusual way. To ensure that local authorities like this one can meet their commitments self-reliantly and exercise their rights, the programme is building up a network of local service providers, which train representatives of the municipal authorities.





## Making Development Aid More Effective: GTZ's Contribution to Implementing the Paris Declaration

In March 2005, more than 100 donor and partner countries, multilateral development organisations and non-governmental organisations signed the Paris Declaration, with the aim of making development aid more effective. With the Millennium Development Goals as their main focus, the donors undertook to harmonise and co-ordinate their procedures and activities and align them closely to partner policies and programmes. The objective is to promote ownership and the performance capability of partner countries and to ensure that development processes focus on results. In addition, donor organisations and partner countries agreed to apply the principle of mutual accountability.

The Federal Ministry for Economic Cooperation and Development (BMZ) has drafted an implementation strategy on how the Paris Declaration will be translated into practice in German Development Cooperation. German assistance, for example, is to become more partner-country oriented and more closely aligned with country development strategies and programmes. German Development Cooperation is aiming to achieve a more specific allocation of tasks among donor organisations and to participate wherever possible in joint country strategies. In future, Technical Cooperation is to step up its support to partners and enable them to elaborate their own capacity development programmes. It is vital that donor support for implementing these programmes is more closely coordinated.

Capacity development is crucial if partner countries are to achieve their development goals. The Paris Declaration mentions this specifically while directing attention in this respect to national governments, which need to align their actions more closely to attaining specific results. A consistent policy framework is essential for this and should be accorded top priority by all actors. Reliability and efficiency within the public financial management and procurement system is also necessary. GTZ is already supporting partner countries in these fields, providing advice on formulating and implementing poverty reduction strategies or strengthening public finance institutions. With this in mind, GTZ is currently expanding the range of services offered, for example in the field of public finance, results-based management or sector programmes. One comparatively new field in which GTZ is planning to scale up activities is in advising on capacity development programmes at sectoral or national level. As a rule, GTZ's advisory services today are already embedded in national structures and programmes. GTZ also provides flanking support for programme-based approaches, for example by assisting partners to design, implement and evaluate sector and macro-level programmes. It plans to further increase the proportion of programme-based projects and programmes in 2007.

Both programme orientation and German involvement in programme-based approaches and donor coordination place major demands on the ability of German Development Cooperation to act in-country. Over and above advisory services delivered directly to the partner, GTZ is thus increasingly providing advisory services to the Federal Ministry for Economic Cooperation and Development (BMZ) and is representing the German side in donor coordination. Individual partner countries too are turning to GTZ and asking for its help with harmonisation and donor coordination. The first interventions designed to help partner governments translate the provisions of the Paris Declaration on Aid Effectiveness into practice are currently starting up in Cameroon and Madagascar.

# On the Road to Reform

Their proximity to Europe and the Euro-Mediterranean Internal Market planned for 2010 make the countries of North Africa and the Middle East important partners for German Development Cooperation. Since the conflicts emanating from the region jeopardise global peace, stable, peaceful and prosperous development in this part of the world is in the interests of the entire global community.

High birth rates are helping to make unemployment higher here than in any other developing region. The widespread disadvantages suffered by women and girls and highly centralised systems of government, in many cases accompanied by a rigid bureaucracy, further limit development opportunities.

Yet many Arab countries have already set off on the road to political, economic and social reform. The people are to be given a greater say, educational opportunities improved and the private sector made more competitive – to equip them for the Euro-Mediterranean Internal Market.

The scarcity of water resources remains an unresolved problem for the entire region, especially in view of the fact that agricultural production, a mainstay of the region's export sector, uses huge quantities of water.

## Gender equality in Morocco

For King Mohammed VI, Morocco's reigning monarch since 1999, it is vitally important to accelerate the pace of modernisation in Moroccan society. Current reforms focus, among other things, on factors that negatively impact on the status of women.

The Moroccan Government aims to overcome the legal, social and economic discrimination suffered by women. This is to be achieved through a gender strategy that aims to strengthen and empower women by raising awareness, enabling Moroccans to see socioculturally determined gender roles in a more differentiated light.

Since June 2003, GTZ – on BMZ's behalf – has been advising the Moroccan side on mainstreaming the gender approach in its economic and social policy. The following January, the government adopted a new law on civil status, which significantly improved the legal framework for gender policies. To give further momentum to the public debate on gender equality, the broad Moroccan public is being educated and informed on the reformed law on civil status.

The project has already chalked up impressive achievements: today the gender approach is integrated into the policies of several ministries and the services of state institutions. All political parties, including the Islamic PJD, are involved in the debate on gender equality. A study and negotiations with the Marrakech City Council laid the foundations for gender-sensitive budgeting and, to mention

### Lebanon:

Lebanon's experience of vocational training based on the German model has been excellent. The dual system is gaining ground. An initially small project covering only four schools has spawned a nationwide vocational training programme.



just one example, for meeting the needs of groups of craftswomen. A minimum of thirty percent of the seats on all elected bodies of the NGO network Espace associatif are now reserved for women. Several larger and medium-sized Moroccan private businesses are now willing to create a gender-sensitive climate at work, to appoint gender officers and to have gender audits conducted as a quality assurance measure. A manual on the new family law has also met with a huge response.

With its national gender equality strategy, Morocco is doing much to achieve the Millennium Development Goals. After all, whether or not we manage to vanquish poverty and hunger will depend largely on women.

### Vocational training in Lebanon

During the civil war that ravaged Lebanon from 1975 to 1990, vocational education lay in ruins. Thus the country's labour market suffered a serious shortage of technical experts with practice-oriented training in line with the needs of industry. In 1995, Germany and the Lebanese Government agreed to introduce a dual vocational training system, of the sort that had proved its worth first of all in Germany and then as a highly successful export. Dual vocational training is conducted partly at vocational schools and partly in industry, and is driven by the needs of the labour market.

In summer 2006, the armed conflict between Israel and the Shia Hizbollah also obstructed the German-Lebanese TC programme, whose Lebanese partners nevertheless remained fully committed. After the cessation of hostilities, KfW and GTZ focused on repairing the damage to the vocational schools. Although the difficult political and economic situation continues to affect everyday life, the

Network of

**15**  
vocational  
schools

**1,066**  
graduates since  
1995

### Vocational education in Lebanon

**147**  
graduates in 2006

**470**  
businesses provide  
practical training

network of fifteen vocational schools throughout the country does still exist.

The target group of the programme consists of school leavers coming from middle schools, who have completed nine years of schooling. Most trainees come from poorer population groups of various religious beliefs. Trainees can choose from several three-year technical courses. The most popular is automobile mechanic, followed by industrial electrician and industrial mechanic. Practical training takes place in one of the 470 companies currently involved in the system, most of them small enterprises.

In June 2006, 147 trainees completed their dual training course, bringing the total number of graduates to 1,066. In spite of the armed hostilities, which forced many young people to flee, 55 percent of course graduates had found employment by that September, although many of them were not working in the jobs for which they were actually trained. About twenty percent were working part-time. It is very encouraging to note that a total of some 470

#### Algeria:

Vocational education in Algeria needs a better image. A reform based on the dual system is to improve the quality of training provided. With GTZ support, local apprentice training centres are being set up. Thus, vocational training is being brought into line with the future demands of the labour market.





	Total income EUR million for	No. of field staff		Total income EUR million for	No. of field staff
Afghanistan	41.3	33	Pakistan	7.9	10
Algeria	4.7	4	Palestinian territories	6.1	6
Cyprus	0.6	1	Qatar	2.2	17
Egypt	9.2	17	Saudi Arabia	10.0	36
Iran	0.5	0	Syria	3.9	7
Iraq	0.5	0	Tunisia	6.4	15
Jordan	3.7	7	Turkey	7.6	3
Kuwait	3.4	16	United Arab Emirates	4.1	3
Lebanon	2.4	3	Yemen	9.8	17
Malta	1.0	3	Supraregional projects	1.9	0
Morocco	6.4	8	<b>Total</b>	<b>134.5</b>	<b>209</b>
Oman	0.9	3			

young people applied for places for the academic year 2006/2007. The level of interest among businesses in taking part in the dual system remains high.

### Water management in Algeria

Water is desperately scarce in North Africa. Yet in Algeria more than half of all treated drinking water is lost as a result of leaks in dilapidated pipelines. The majority of citizens, especially the poor, only have access to drinking water supplied by mobile tankers on between one and three days a week. Inappropriate organisation and poor management in the water sector cost the national economy some 450 million US dollars a year.

An extensive modernisation programme of the Algerian Government is to help remedy the situation. The 1996 Water Law provides for the decen-

tralisation of water supplies, the abolition of the state water monopoly, and the involvement of the private sector. In the spirit of integrated water management, which recommends participatory procedures when tapping and managing water resources, GTZ is supporting this initiative.

The German-Algerian water programme embraces four components: advisory services for the Ministry of Water Resources, for one important utility and for the national sanitation authority, and the development and realisation of a model system for the Béni-Abbès oasis, which is situated in the Sahara. This is designed to improve state framework planning, boost efficiency and client orientation on the part of the institutions responsible, and improve economic efficiency. The programme also encompasses the introduction of cost-covering tariffs, subsidies for the needy, and the application of environmental legislation.



## Environmental Management – Successful Again in 2006

GTZ was able to build again on its successful environmental management in the year under review. The results can be seen in the environmentally sound modernisation of Head Office in Eschborn – a milestone which was one of the most important elements of corporate environmental management in 2006. Building I was to be renovated, bearing in mind energy and environmental considerations, to bring the fabric of the building up to the standards expected of a modern office construction. Great importance was attached to enhancing energy efficiency. All heating, ventilation and sanitary facilities were upgraded in line with the most modern technology, so as to reduce operating costs and cut the consumption of natural resources. Heating and air conditioning ceiling panels were fitted. The insulation of windows, external walls and the façade now complies with even the latest, most stringent insulation regulations. A new system, which retrieves heat from the outgoing air in the ventilation system and uses this to warm the incoming air, saves more energy. It will only be possible to provide precise figures for 2007, but it is already clear that the energy used to heat the building will be cut by at least half.

The materials used are also environmentally friendly, and, wherever possible, certified in line with environmental standards, such as the Forest Stewardship Council certification for timber from sustainably managed plantations, the Blue Angel label denoting environmentally friendly paints and the GUT label which guarantees that floor coverings are environmentally sound. By installing toilets that use a wastewater recovery system, GTZ is also employing some of the most modern sanitation concepts available. These were developed specially for regions suffering from water scarcity and depleted soils. The UN sees them as key innovative technologies.

To reduce emissions of greenhouse gases, a Clean Development Mechanism project has been developed in Thailand, which was approved by the German emissions trading office in 2006. GTZ aims to offset the remaining emissions of carbon dioxide through this project in future. And it is passing on its experience: as a participant in the Hessian Climate Partner project 2006, it shared its experience in developing and implementing climate-neutral activities with other companies, partly with a view to further raising the awareness of employees and the general public of the need for climate protection.

But there is still a lot we can do for our environment. In order to fully harness the potentials available, GTZ adopted its new environmental objectives in December 2006. One of these is to involve our colleagues in partner countries to an even greater extent. By 2009, more than 30 percent of GTZ in-country structures are to implement their own environmental protection measures.



# Between EU Accession and Poverty Reduction

Since the dissolution of the Soviet Union and the collapse of Yugoslavia, almost all successor states have been aiming to transform their political and economic systems. Yet the results vary widely. In Eastern and South-Eastern Europe, some states have already become members of the European Union. Others aspire to join them, or hope to benefit from the EU's Neighbourhood Policy.

They take their lead from the accepted EU standards and norms, such as those governing legal systems or the quality of products for export. With a view to meeting these standards, institutional partnerships between German associations, institutes or universities and their opposite numbers in Eastern and South-Eastern Europe for instance, have proved particularly valuable. By contrast, in most parts of Central Asia the end of the Soviet Union led to a rapid economic downturn and falling income. This makes it necessary to establish social market economy structures here, which go hand in hand with legal certainty, transparency and a stronger civil society. German Development Cooperation attaches particular importance to fostering trans-national cooperation.

## Land registers in Serbia

During the socialist era in former Yugoslavia most land was state-owned. Entire districts of towns were built without any consideration being paid to former property rights, and workers were supplied with housing without any rights of ownership being registered. In the course of privatisation and restitution, the separation of real estate and buildings is sparking innumerable conflicts.

Before housing can be purchased, inherited or sold legally, the property must be registered. This is also crucially important for the maintenance and sustainable utilisation of real estate. The new constitution, in force since November 2006, for the first time provides for the private ownership of housing built on state-owned land. Generally, private investors shied away previously because the risks were too great. If there is any movement at all on the property market, there is often a lack of transparency and control. For urban development the consequences are fatal, and can even result in entire districts of towns falling into social apathy and physical disrepair.

The Republic Geodetic Authority (RGZ) is responsible for ensuring the correct and legal registration of property rights to Serbia's 55 million or so pieces of land. The RGZ operates ten regional and 155 local offices. However, to perform the work expected of it, it needs better-trained staff, more appropriate methods and procedures, and improved management structures and technical equipment. With a view to Serbia's planned accession to the European Union, it is important for the RGZ to become familiar with European standards and norms. For the RGZ this is also a way to ensure the satisfaction of its most important new clients: the Serbian local authori-

### Latvia:

Training of skilled workers in Latvia lags behind the meteoric pace of modernisation of the regional economy. The Latvian-German training centre in Valmiera aims to help close this gap. A multifunctional concept places its faith in close cooperation with private businesses and could well become a model for all the Baltic republics.



ties. For them, property tax based on up-to-date land registration data is an important new source of income.

Within the framework of its twinning programmes, which have been doing a valuable job for many years, the European Union is financing the direct and comprehensive exchange of experience between sectoral institutions in Serbia and Baden-Württemberg, and GTZ is providing parallel advisory services. About 50 specialists from the Baden-Württemberg Ministry of Economics, the State Survey Office and the local land registration offices are working alongside GTZ experts to help transform the RGZ into an efficient, service-oriented institution. The spectrum of planned improvements goes from establishing a digital cartographic division to marketing new services. In December 2006, the RGZ adopted a strategic plan, which will take it up to 2015. This demonstrates that institutional twinning arrangements can establish firm relations based on mutual confidence.

### Microcredit in Tajikistan

Tajikistan is the smallest of the five Central Asian successor states to the Soviet Union. After gaining independence in 1991, and following a civil war that lasted several years, the country's economy lay in ruins. In spite of impressive rates of growth in recent years, the country's GNP has still not reached the pre-war level. In 2004, average annual per capita income was just 328 US dollars.

Seventy-five percent of Tajikistan's 6.7 million inhabitants live in rural regions, and 70 percent of all those in gainful employment work in agriculture, often on small or medium-sized farms, which provide more than a quarter of the country's jobs.

In rural areas, poverty is particularly widespread. In order to achieve the Millennium Development

Goals, the Tajik Government presented a strategy paper in 2002, which accords an important role to the promotion of the microfinance sector. Banks and commercial providers of financial services consider it uneconomic to provide small-scale loans to rural households. The latter, however, desperately need cash to purchase seed or fodder for their livestock, or to increase their herds. With the help of microcredit, agricultural potentials are to be better harnessed, and small-scale industry and trade expanded, so that employment also rises.

Microfinance institutions too must make a profit and build up reserves if they aim to operate successfully in the long term. In Tajikistan they are being supported in this by the Association of Microfinance Organizations of Tajikistan (AMFOT), which currently brings together 24 institutions. In the spirit of comprehensive capacity development, GTZ is cooperating closely with the association. Within the scope of this cooperation, new credit programmes are being opened up in three rural areas of Tajikistan. AMFOT offers a platform for sharing experience, articulates the interests of members vis à vis political decision-makers and watchdog authorities, introduces minimum standards and is involved in the certification of microfinance institutions.

In 2006, 306 specialists and managers attended the training events organised by GTZ and AMFOT. The strengthening of these partners has had a significant impact on the target group: sixty percent of borrowers were able to increase their income significantly. Many of them have created stable new jobs. The First Microfinance Bank of Tajikistan, which is partly funded by the Kreditanstalt für Wiederaufbau (KfW), the German Development Service (DED), the Centrum für internationale Migration und Entwicklung (CIM) and German Agro Action are involved in the project.



#### Russian Federation:

The days of the Little Octobrists, the Young Pioneers and the Komsomol are long gone. But no alternative youth organisations have been established to replace them in the region of Altay in south-western Siberia. The development society Halbstadt is filling the vacuum with new structures.

## Promoting economic growth in Montenegro


Europe's youngest republic, Montenegro, is focusing its efforts on becoming a member of the European Union. This presents the country with the challenge of reconciling local production methods with European and international standards. Private businesses not only want to secure their economic survival, but also aim to export to the EU today. Many companies would like to retain the traditional production methods used for regional specialties, but these often do not comply with EU regulations. This applies, for instance, to the smoked ham dried in the mountain air of the country's coastal mountains.

Since 2005, GTZ, on behalf of BMZ, has been advising the Directorate for Development of Small and Medium-sized Enterprises (SME) and the Ministry of Tourism and Environment of the Republic of Montenegro. The German side is supporting the Montenegrin partners in introducing modern economic promotion instruments. The project aims to increase the competitiveness of local products in selected fields of the private sector in Montenegro. New hygiene standards, for instance, are to be introduced, for which private consultants and members of staff of the veterinary authorities are being trained within the framework of the project. A manual produced by the GTZ experts is an important aid. To

enable SMEs to invest in improved hygiene, GTZ is advising the government on how to set up special credit lines.

If the country is to retain traditional production techniques it is important to have the products protected under the EU designation of origin provisions. Businesses must thus work under the umbrella of local associations to draw up common product specifications and put in place appropriate control mechanisms. In autumn 2006, the Montenegrin Association of Ham Producers took part in a competition organised by Baden-Württemberg's Butchers' Association. The guests found out about quality standards on foreign markets, which will require them to modify production techniques without, however, forcing them to abandon all the traditional methods. Alongside these concrete measures, the project is helping Montenegro's Ministry of Agriculture to elaborate legislation in line with the EU requirements, to obtain protection under EU legislation for designations of origin and to obtain permits that will allow individual companies to export specialties.

Another project, which is working to market tourist locations in the attractive interior of Montenegro, will increase the chances of selling local products directly to holiday-makers. This should generate additional income in the villages.

2006		Total income EUR million for		No. of field staff		Total income EUR million for		No. of field staff	
		Albania	2.3	0		Lithuania	0.1	0	
		Armenia	2.0	2		Macedonia	6.9	3	
		Azerbaijan	2.3	4		Moldova	0.5	0	
		Belarus	0.7	0		Poland	2.5	0	
		Bosnia and Herzegovina	7.9	4		Romania	7.6	3	
		Bulgaria	8.2	1		Russian Federation	14.0	14	
		Croatia	3.9	2		Serbia	17.5	16	
		Czech Republic	0.4	0		Slovakia	0.9	2	
		Estonia	0.3	0		Slovenia	0.9	0	
		Georgia	3.1	9		Tajikistan	2.9	5	
		Hungary	0.4	1		Ukraine	3.1	1	
		Kazakhstan	0.8	4		Uzbekistan	1.8	5	
		Kyrgyzstan	2.5	5		Supraregional projects	26.3	11	
		Latvia	0.8	0		<b>Total</b>	<b>120.6</b>	<b>92</b>	



## CIM: One person can make a difference

Businessmen and women aiming to invest abroad need legal certainty, and want to be sure that their concerns and expectations will be understood. Divergent cultural backgrounds often lead to misunderstandings. Mediation processes between the investor and those responsible in the host country can go a long way towards overcoming these obstacles. CIM experts have drawn up offers of mediation services of this sort for the Chambers of Foreign Trade in Yemen and Algeria. They lay down the rules of play, which can help avoid conflicts by establishing trust between Arab and European business partners and fostering economic growth and development on the basis of legal certainty.

How can we manage to involve the indigenous population in political decision-making in Latin America? In Ecuador, for instance, a CIM expert with the requisite technical expertise and a great deal of sensitivity has managed to get the concept of participatory budgeting accepted and disseminated inside Ecuador and even beyond its borders. For the first time ever, indigenous citizens have a say in whether the funds available to their community should be used to build a roofed-over market hall or a new road. Auki Tituaña Males, Mayor of the town of Cotacachi, which is home to 37,000 people, and the employer of the CIM expert, sings the praises of the expert's multi-year assignment. "As a foreign expert she guarantees transparency. She supports us, and helps us get the dialogue between all sections of the population moving. She has an excellent network of contacts and shows us how better coordination can help us achieve our objectives and realise our plans much more rapidly."

These are just two of the numerous examples of successful capacity development. In 2006 alone, 280 experts were assigned to 69 countries. The year before, 176 experts began their assignments in 53 countries. The situation has changed somewhat over the last few years: today, many CIM experts are closely networked with the activities of German and international development organisations.

Because of demographic trends, professional experts and managers are becoming more and more difficult to find in Germany and in Europe. Nor are all potential candidates willing to spend several years abroad. This is particularly true of regions where the prevailing conditions can be expected to be difficult, or where particular linguistic skills, say Arabic, are needed. CIM has thus further improved its human resources marketing and the preparatory courses it offers experts before they take up an assignment abroad.

One success story: CIM has stepped up its commitment in the Middle East, for instance in Yemen. Attracting applicants for this country is not an easy task, not least because knowledge of Arabic is essential. It was nevertheless possible to fill important, innovative positions in the field of economic promotion and extend the Young Professionals Programme. The number of CIM experts rose from 9 in 2005 to 14 in 2006.



Centre for International  
Migration and Development  
a joint operation of GTZ and the  
German Federal Placement Agency

Numbers of integrated experts assigned by region	2005 2006	
	2005	2006
Sub-Saharan Africa	128	160
Maghreb/ Middle East	54	67
South-Eastern Europe/ New Independent States	151	163
Asia	167	169
Latin America	110	125
<b>Total</b>	<b>610</b>	<b>684</b>

# Making Development More Sustainable

No other region of the world can rival Asia's progress over the last twenty years. China and India have made full use of the opportunities offered by globalisation, and have seen their economies expand at an impressive rate year after year. Countries such as Viet Nam are anxious to follow the example of their larger neighbours, while Malaysia is aiming to join the club of the highly developed industrialised states. However, in almost all countries there is a huge prosperity gap, which is especially marked between urban and rural areas. The percentage of Asians living in absolute poverty has dropped significantly, but there are still 700 million individuals who have to eke out an existence on less than one US dollar a day.

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In contrast to the booming economy, the public sector in many Asian countries remains weak. The state is often unable to provide the poor with a fully operational social infrastructure. This situation is then compounded by the environmental damage caused by the expanding economy. Consumption of non-renewable fossil fuels accelerates global climate change. In future, the focus in Asia will thus be not so much on pushing forward with development processes as on rendering these more sustainable.

## Health reform in Indonesia

In recent decades, the health status of Indonesians has improved tangibly, but improvements have not been so quick to reach the poorer rural areas in the east of the country, which consists of more than 17,500 islands. While the average life expectancy

for the country as a whole is 66, the figure in Nusa Tenggara Timur Province (NTT) is 63 and in Nusa Tenggara Barat Province (NTB) only 56. Infant mortality rates in these two provinces are also well above the national average. One reason for this is the often inadequate provision of primary health care services in the two provinces.

The SISKES health project (Proyek Sistem Kesehatan), which receives GTZ advisory inputs, aims to improve these services. It addresses above all poor target groups, and aims to dismantle the barriers, both objective and subjective, which prevent them accessing primary health care. The project is focusing above all on improving antenatal and neonatal health care. To this end it is important to help make communication and cooperation among state institutions at national, regional and local level more efficient as the Indonesian health service is decentralised – a task



### Sri Lanka:

Don Bosco is the place to go for people who seek to escape unemployment by setting up their own microbusiness. The training centre in Sri Lanka offers young people the recipe for success. The ingredients: starting small and acquiring business know-how. This knowledge is put to the test at the school shop.



which GTZ has made its own. Comprehensive capacity development, which harmonises the planning, budgeting and monitoring procedures in use, is to strengthen the health systems in the districts.

SISKES has had a training programme for primary health care and hospital management developed by an Indonesian university. The aim is local capacity development. All training modules are based on a thorough needs analysis, which involved health service staff, users and political decision-makers. The training programme, which was initially tested on the Island of Sumba in NTT Province, has been acclaimed throughout Indonesia. Donors such as the European Union, UNICEF and the Australian development agency AusAID are also interested.

At national level and in cooperation with international partners, the next important step has been taken: a comprehensive health management information system is to form the basis on which changes in the health sector are to be identified and the causes analysed. Here too, the spotlight will be on user needs and client satisfaction.

### Training bankers in Mongolia

In the wake of the Asian banking crisis in the late nineteen nineties, Mongolia's financial sector has stabilised and developed strongly. The technical equipment it uses and its financial products are fully in line with international standards. One major constraint to continued growth, however, is the level of training of staff members (in addition to legal and macroeconomic problems). This results in high costs for administration and provision for risks, which in turn is reflected in

extremely high interest rates. Long-term lending for investment then has to be kept at a low level.

Targeted measures to train both new employees and experienced specialists and managers of Mongolian commercial banks and microfinance institutions are offered by a project launched in 2005, which GTZ is helping implement on BMZ's behalf. GTZ's partners are the Mongolian central bank, the Bank of Mongolia, and the Mongolian Bankers Association. The project is strengthening the capacities of a national training centre, the Bank Training Center, on a sustainable basis, and is providing standardised training courses for a large number of financial institutions.

The course content covers how to appraise businesses and projects, and their credit-worthiness. The training also gives ideas on how to enhance management, staff assessment and client orientation. Courses in rural finance systems and microfinance address banking staff in rural regions, where half of all bank staff in fact work. The training courses have been very well received. The aim of achieving 3,800 training days by 2009 was almost achieved in 2006 with 3,205 training days, and will be far exceeded by December 2009.

### Environmental protection in China


China's phenomenal economic growth goes hand in hand with an ever-increasing demand for energy. With the exception of the USA, China generates more power than any other country on earth. In 2005 it generated over 500 gigawatts of power, which is more than four times the German output. About 80 percent of its electricity comes from coal-fired power stations. Since it has the world's third-largest coal reserves, China will in



#### People's Republic of China:

Farmers in the People's Republic of China waste a lot of water, pesticide and fertiliser. Water is subsidised, and pesticides and nitrogen fertilisers are cheap. Development experts have nevertheless managed to make more environmentally friendly cropping methods even more profitable in Hebei Province in northern China.



	Total income EUR million for	No. of field staff		Total income EUR million for	No. of field staff
Bangladesh	7.9	12	Nepal	11.8	11
Bhutan	0.2	0	Papua New Guinea	0.2	0
Cambodia	6.7	12	Philippines	7.6	18
China, PR	21.5	26	Sri Lanka	26.5	24
Fiji	0.0 *)	2	Thailand	5.0	8
India	15.0	14	Timor-Leste	4.6	9
Indonesia	39.9	62	Viet Nam	11.3	16
Laos	5.0	9	Supraregional projects	14.9	0
Malaysia	0.7	1	<b>Total</b>	<b>188.5</b>	<b>235</b>
Mongolia	9.7	11	*) less than EUR 50,000		

future continue to base its electricity and heat production on these. Coal is available in large quantities and can be exploited at a low cost. The consequences for the local and global environment, however, are dire. Today, China already emits more than three billion tonnes of carbon dioxide a year, making it the second-largest producer of the greenhouse effect. By 2010 it is expected to overtake the USA as the largest source of greenhouse gases. China is also one of the three regions of the world that are worst hit by acid rain. Forty percent of the country's industrial sulphur dioxide emissions originate in coal-fired power stations. Most Chinese thermal stations are less efficient than the thermal power stations in Western states, although they consume twice as much water.

On behalf of BMZ, GTZ is supporting a project that aims to make more environmentally sound use of coal and water. To this end, the legal foundations must first be laid, and a cleaner production strategy with technical guidelines developed. Research institutes must be enabled to improve the operational processes within power stations. The lead executing agency is the Bureau of Energy of the National Development and Reform Commission, which since 2003 has had overall responsibility for the coal and electricity sector. Since the project was launched in September 2005, the eleven research institutes involved have introduced

31 optimisation measures in Chinese coal-fired power stations, which have been financed by the power station operators. In this way, hazardous emissions have been reduced and the power stations made more efficient. Initial steps have also been taken to cut the amount of water used by power stations.

One particular challenge is the fact that about 20 million tonnes of China's coal reserves are lost every year as a result of hitherto unexploited coal seams catching fire due to spontaneous combustion. These fires have disastrous consequences for the environment and for the health of the local population. China's central government has now decided to link the problem of the coal seam fires with potential Clean Development Mechanism (CDM) projects. The CDM, which is part of the Kyoto Protocol on global climate protection, allows nations to offset investments made in climate protection projects against part of their own reduction commitments.

The XVIth National People's Congress set the scene for adopting the vision of sustainable development and accelerating the establishment of an energy-saving society. If China manages, it will be crucially important not only for the world's most populous country but for the entire globe.



## Our Concept of Sustainable Development

Whatever services GTZ provides, and for whatever client it works, it always takes its lead from the concept of sustainable development. At the Earth Summit in Rio de Janeiro in 1992, 178 countries set the scene for economically feasible, socially equitable and ecologically balanced development now and in the future. Since then, this vision has been a key and integral part of international and national policies. The German Government too gears its actions to the imperatives of sustainable development. And GTZ, as a federally-owned international cooperation enterprise for sustainable development, sees sustainable development both as its mandate and as a binding commitment.

Sustainable development means successful business, equal opportunities and utilising natural resources without prejudicing the ability of future generations to do likewise. In many instances the objectives of economic development, social justice and an intact environment are mutually complementary. At other times, however, these elements conflict. If, for instance broad-based economic growth is needed to combat poverty, the environment often suffers. Power and interests also come into play in no small way in the struggle for sustainable development. The aim here must be for self-reliant partners to negotiate solutions in a spirit of partnership that allows for a fair reconciliation of interests. GTZ sees its work in the interests of sustainable development as an ongoing process of negotiation. In the search for acceptable compromises, the concept provides a framework within which individual needs can be taken into account – the needs of different groups within society or the needs of this generation weighed up against the needs of generations to come. GTZ also, however, knows its limitations: development can only be truly sustainable if there is a genuine will to embrace change.

And change always addresses several levels. GTZ brings together sectoral, organisational and political advisory services. It is careful not to lose sight of the economic, social and ecological impacts of its work. Part of this holistic approach also includes cooperating with central government ministers and with local citizen action groups. When solutions are to be hammered out together, there can be no blueprints. GTZ cannot replace the efforts of its partners on the ground. It aims to help its partners participate independently and on their own responsibility in the process of negotiating the path to be taken to achieve sustainable development.

One key task of GTZ is to give individuals, organisations and societies the skills they need. This capacity development often includes promoting disadvantaged groups and enabling them to become involved in political decision-making. Internationally accepted values such as transparency, democracy and human rights are key cornerstones of GTZ's approach. It thus has a clear standpoint vis à vis its partners: a fair reconciliation of interests can best be achieved in a democratic society based on the rule of law, with a social and ecological market economy.

# For Greater Social Justice

2006 was a super election year for Latin America. A great many countries held elections, which were for the most part free and fair and conducted by secret ballot. This was a confirmation that formal democracy is becoming consolidated. After a decade of neoliberal policies, moderate or populist left-wing parties swept the board, promising greater social justice. Perhaps this is a signal for the continent where the gulf that separates the masses of the poor from the few enormously rich is wider than anywhere else in the world.

In economic terms, the region is benefiting on an almost unprecedented scale from the continuing high demand for raw materials. Brazilian raw materials companies are now global players. But concentrating on exports rather than building industry to process the raw materials where they are extracted stands in the way of sustainable business. There are also great disparities between the individual regions of certain countries, which can quickly spark conflicts: provinces rich in raw materials border on provinces with none, while industrialised provinces rub shoulders with underdeveloped areas. The enormous divide between poor and rich poses a risk to Latin American democracies that should not be underestimated. One of the major challenges facing many countries on the continent is thus to put in place effective social structures, with nationwide and universal coverage.

## Tax collection in Peru

Peru is home to 28.3 million people. About 1,800 local authorities are facing the task of providing basic public services. But the cash of these authorities is

spent mainly on the salaries of their staff. They have little leeway to invest in schools, roads, drinking water facilities or electricity supplies.

The income of Peruvian local authorities comes partly from state transfers and partly from taxes collected at local level. Generally the tax receipts are significantly lower than state transfers. It is estimated that the local authorities fail to tap about 80 percent of potential tax receipts, because of conflicts of interest and the lack of real political will, as well as poorly trained staff and inadequate technical equipment.

In selected parts of Peru, on BMZ's behalf GTZ is promoting democracy, good governance and civil society participation. In this context it is now also supporting the municipalities in four administrative zones in the north of the country in the correct and efficient collection of taxes. This should reduce their dependence on state transfers and benefit citizens: both as taxpayers and as beneficiaries of local authority services.

GTZ is concentrating on strengthening the capacities of the semi-autonomous local revenue authorities (SAT). The first revenue authority was established in the late nineteen nineties for the city



### El Salvador:

To tackle their mounting waste disposal problem, municipalities in the region surrounding the Salvadorian capital San Salvador have succeeded in forming a working association. BMZ is promoting Technical Cooperation for municipal development and decentralisation in El Salvador in the form of advisory services to be delivered over a period of 13.5 years, worth 16 million euros.



of Lima. In the intervening period, the success of the model has become evident: since the SAT was founded in Piura Province in 1999, tax receipts have almost tripled.

An up-to-date land register is the basis on which to determine property tax, the single most important source of income for local authorities. Sensitised to the problem by the German-Peruvian project, the mayor of Piura Province, which comprises nine municipalities with almost 650,000 inhabitants and about 155,000 pieces of real estate, signed a cooperation agreement to develop a joint land register. One month later, a municipal association followed suit with a similar cooperation agreement. This could point the way forward for all Peruvian municipalities.

### Regional development in Brazil

The north-eastern region of Brazil is often described as the poorhouse of the country. One in two of the 48 million people who live there is considered desperately poor. In the interior of the north-eastern region, land ownership is concentrated in a very few hands, the region is plagued by recurrent droughts, the industrial infrastructure is underdeveloped, and there are few jobs. It is no wonder that so many people leave to seek their fortune in the towns. Bahia, the largest state in the region, is home to 13 million people, of whom 3.5 million live in and around the state capital Salvador.

In June 2001, a technology transfer project was launched in Bahia that has now been expanded to cover two further north-eastern states, Pernambuco and Ceará: "TecnoTrans". The national project executing organisation is the National Industrial Training Service (SENAI), a subsidiary of the Brazilian industry associations. The project is establishing regional technology transfer centres, boosting the productivity and competitiveness of small and

medium-sized enterprises and helping combat structural poverty by creating jobs and generating income. In the field of research and development, GTZ is cooperating with numerous Brazilian and German partners, the latter including four German Fraunhofer Institutes, three universities, a technology centre and various private businesses. Since 2004, around 300 participants from each of the industrial and research sectors of the two countries have been meeting at the German-Brazilian Technology Forums, which were set up at the initiative of the project.

SENAI is an important partner for GTZ, because its network of training and service centres, which the project is developing as technology transfer centres, is the interface to small and medium-sized enterprises. Since SMEs account for 98 percent of regional industry and provide 96 percent of jobs, they are the key to regional development. By training SME staff (2,460 participants since 2004), using multipliers to disseminate technological knowledge, and advising companies on appropriate technology use, the project is helping diversify the industrial infrastructure of this underdeveloped region. This gives an anchor country like Brazil additional opportunities to attract investors to new locations. German medium-sized businesses too should increasingly see the north-east of Brazil as an attractive market for the future.

### Renewable energies for Chile

Sixty percent of Chile's electricity supply is dependent on imported fossil fuels, while the other forty percent is generated by hydropower. Affordable gas imported from Argentina and the country's huge potential for hydropower have so far kept energy prices down. In the wake of the government's liberalisation policy, though, power generation is now



#### Peru:


Plummeting coffee prices and declining exports are eating away at farmers' incomes. The bad news for Peru's coffee farmers just keeps coming. The best way for them to hold their own on the market is to improve the quality of their produce. GTZ and the Bremen-based company Jacobs Kaffee are working together to help producers meet the quality standards required.

entirely in the hands of private businesses, some of which are large enterprises with strong foreign involvement. State influence is minimal. The private sector is investing only sporadically in renewables such as solar and wind power, geothermal power, biomass and micro hydropower, for which Chile has excellent potential. Since 2004, Argentina has drastically cut its gas supplies, which has plunged the electricity sector into a structural crisis. The question of energy security is therefore moving to the top of the political agenda, and has become the subject of broad public debate.

In January 2006 the “Ordinance on Renewable Energies” came into force in Chile. This milestone was achieved in no small way thanks to a project in which GTZ – on BMZ’s behalf – has been working tirelessly since 2004 along with the National Energy Commission of Chile. An exchange between the University of Dortmund and the Universidad de Chile provides the technical expertise required. The new ordinance for the first time lays the legal foundations for feeding electricity generated from renewable plants with an output of up to 20 megawatts into the national grid, and thus makes it possible to

integrate renewables into the electricity market. Renewables benefit from certain concessions, while the new investors should make for more competition on the electricity market. In 2006 the Bachelet government announced that it would be aiming to see renewables account for 15 percent of newly installed generating capacity by 2010.

Yet a whole series of market barriers stand in the way of a breakthrough. If they are to make their mark on the electricity market, private investors will need political support and assistance in establishing technical and economic capacities. Along with investors, the project is conducting feasibility studies, offering guidelines on environmental impact assessment for planned technologies, and improving planning know-how. Additional funding to finance renewable energy projects could be tapped under the Clean Development Mechanism, provided for in the Kyoto Protocol – through the sale of emission reduction certificates. Guidelines for the CDM, drawn up within the framework of the project, were officially handed over to the people by President Bachelet in August 2006.

2006		Total income EUR million for		No. of field staff		Total income EUR million for		No. of field staff	
		Argentina	0.3	4		Guyana	0.2	1	
		Bolivia	10.3	13		Haiti	0.8	0	
		Brazil	9.5	22		Honduras	4.6	8	
		Chile	4.6	9		Mexico	3.0	8	
		Colombia	5.1	6		Nicaragua	5.0	4	
		Costa Rica	2.6	3		Paraguay	1.9	3	
		Dominican Republic	2.0	4		Peru	9.7	15	
		East Caribbean	0.4	0		Uruguay	0.0 *)	1	
		Ecuador	4.8	5		Supraregional projects	12.0	4	
		El Salvador	3.7	7		<b>Total</b>	<b>87.2</b>	<b>132</b>	
		Guatemala	6.7	15					

\*) less than EUR 50,000



## GTZ – an Important Partner for German Ministries: The Business Segment “German Public Clients”

Federal and state-level ministries are involved in almost all policy fields both inside and outside Germany. To allow them to make better use of the capacities of GTZ in international cooperation for sustainable development, the company restructured its business segment “German public clients” three years ago: a special range of services tailored to the needs of sector ministries at federal and state level as well as downstream authorities, allows this business segment to support their efforts to acquire and implement contracts for international projects. In addition to German budget funds, international funding is also used.

Thanks above all to its proven track record in acquiring European funding and in the financial management of programmes in line with EU standards, this business segment has now become an important partner for German ministries: the Federal Ministry of Defence, the Federal Ministry of the Interior, the Federal Ministry for the Environment, Nature Conservation and Nuclear Safety, the Federal Ministry of Finance and the Federal Ministry of Economics and Technology are some of its major clients. This section of GTZ does, however, also work for other federal ministries and increasingly also for the ministries of a number of federal states. New business received was 20.6 percent up on the 2005 figure at 81 million euros. Income rose by 4.6 percent to 67.5 million euros.

Against the background of globalisation, one central challenge for the German Government is the need to place international economic relations on a sustainable footing. The international cooperation activities of the federal ministries always contribute to the overall economic image Germany projects to partner countries – a concern which bring together the objectives of promoting foreign economic relations with those of development policy. For instance, on behalf of the Federal Ministry of Economics and Technology, GTZ is supporting German businesses in the renewable energies sector, helping them establish contacts with Senegal. This is a pilot project. In return, Senegal gains access to the world’s leading technologies in the field. Within the scope of another exemplary project, GTZ is helping the state of Brandenburg to implement an EU grant project: the structural reform of Macedonia’s police force with a contract volume of almost six million euros.

The importance of twinning as an instrument in capacity development for EU accession candidates has now been confirmed by an evaluation conducted by GTZ and the German National Contact Point for Twinning within the Federal Ministry of Economics and Technology after five years of working with the tool. The results of the evaluation, conducted with the help of GTZ’s e-Val procedure, also provided valuable pointers as to how twinning can be used in other regions. While the regional focus of activities in 2006 was still on European neighbours, developments can be expected to embrace Asia, Africa and multilateral cooperation arrangements in future.



## **GTZ International Services: Continuing Success on the International Market**

In 2006, the demand for GTZ's services continued to rise – a trend which is also reflected in the new contracts received by GTZ International Services (GTZ IS): the volume of new business in 2006 totalled 286 million euros, significantly more than the figure originally forecast for fiscal 2006.

Although the volume of new contracts was lower than in the previous year, 2006 was nevertheless a very successful year. The unusually high volume of new contracts in 2005 was attributable mainly to the major order from the Ethiopian Government for the implementation of the University Capacity Building Programme (UCBP). With a volume of some EUR 244 million, this was one of the largest orders in GTZ's history.

For many GTZ IS clients, GTZ represents German Technical Cooperation. They are interested in the concepts and experience of German Technical Cooperation, and expect GTZ to deliver these. GTZ IS thus does much to strengthen the development-policy reputation of the German Government among partners and donors, making it an important additional instrument in German Development Cooperation.

The most important clients of GTZ IS in fiscal 2006, measured in terms of the new business received, were the European Commission and its in-country delegations (with a total contract volume of around 92 million euros) as well as the Governments of Ethiopia and Saudi Arabia (with a total volume of about 65 million euros each).

### **Examples of the work of GTZ IS**

On behalf of the European Investment Bank (EIB), GTZ IS is advising and supporting the Turkish Ministry of Transport in realising the Bosphorus Tunnel Project, one of the largest infrastructure projects of modern times. The first plans for this tunnel, which will join the European and Asian parts of Istanbul date back to 1860. In August 2004, the Turkish Government decided to make the dream come true. The General Directorate of Railways, Ports and Airports Construction is responsible for the project and its total budget of some 2.6 billion US dollars. GTZ IS is advising the project management on financial and contract management, quality assurance, environmental management and on the integration of and dialogue with all stakeholders. No other tunnel in the world will run as deep as this one. It will be a milestone project which should help ease traffic congestion in the ever-growing metropolis. Archaeologists and historians are also delighted. During the excavation work needed before the tunnel digging machinery could be used, wooden ships dating back one thousand years were found along with a major Byzantine harbour of the ancient city that was then known as Constantinople.

In cooperation with a French and an Egyptian partner, GTZ IS is working for the European Commission to help the Egyptian Government reform the country's vocational training system. The project has a total funding volume of 7.4 million euros and is planned for a six-year term. Its aim is to make Egyptian industry more competitive, and enhance the occupational prospects of graduates completing vocational training courses. The concept was developed by GTZ and is geared to the extremely successful and well-known predecessor project, the so-called Mubarak-Kohl Initiative, which was implemented by GTZ within the framework of bilateral cooperation.

## New contracts in 2006

The most important new contracts received in 2006 included the nationwide construction of health centres for the Ethiopian Government. The project is part of the World Bank-assisted Health Sector Development Program (HSDP) and aims to improve primary health care in Ethiopia. A network of health centres spanning 2,100 locations across the country is to be established, and GTZ IS is managing the entire process. Capacity development, including management training for operators and staff, plays an important part. The contract is worth more than 48 million euros over a term of about four years.

The Government of the Kingdom of Saudi Arabia, represented by the Saudi Fund for Development, has contracted GTZ IS to implement the fourth phase of the Saudi Sahel Water Programme. In twelve West African countries, the drinking water supply system is to be extended so as to give the people permanent access to safe drinking water. This contract is worth some 41 million euros and is planned to run for about seven years.

On behalf of the Delegation of the European Commission to the Philippines, GTZ IS is heading an international consortium, which is advising and supporting the Filipino Ministry of Health in the planning and implementation of a national health reform. The focus is on drugs legislation and regulations as well as on improving and decentralising financial management of the system. The programme aims to establish an improved range of affordable health care services. The contract has a total volume of some 8.6 million euros over a three-year term.

### New contracts International Services - 2006

	in EUR million	Share in %
EU	91.8	32.0 %
Saudi Arabia, Gulf states *	71.2	24.8 %
UN organisations **	18.1	6.3 %
World Bank	6.8	2.4 %
KfW	3.2	1.1 %
regional banks	0.5	0.2 %
national governments and others ***	95.0	33.2 %
<b>Total</b>	<b>286.6</b>	<b>100 %</b>
* of which Saudi Fund for Development	41.1	14.3 %
** of which World Health Organization	16.8	5.9 %
*** of which		
Ministry of Health, Ethiopia	48.0	16.7 %
DFID, Great Britain	5.8	2.0 %
NEDA, Netherlands	5.4	1.9 %
SIDA, Sweden	3.1	1.1 %

# Human Resources Management – the Key to Raising Performance Capacity

In all organisations, people are a key factor. The fact that the vision of sustainable development is an integral component of GTZ's corporate identity places high demands on its staff. Because the way GTZ operates sets it apart from other enterprises for development: its approach is holistic, process-oriented and participatory, and is based on fundamental values. In their joint work with partners, GTZ advisors focus on economic, social and ecological aspects. They do not use blueprints, but support broad-based country-driven processes of seeking, learning and negotiation. They have a political understanding of what they do. And they base their work on the principles of good governance and internationally accepted fundamental values.

Meeting these high demands requires sophisticated capacity development – for GTZ staff too. Consequently, GTZ sees professional human resources management as the key to securing the performance capacity and thus the future of the company.

This also applies to our partner organisations, which is why we provide them with targeted support as they design and implement capacity development measures for their own staff.

## GTZ Personnel

GTZ employs field staff, project personnel in Germany and head office personnel. Field staff currently operate in 104 countries, both in GTZ offices and within GTZ's various programmes and projects. Staff based in Germany may also work directly for projects, which are often of a supraregional nature. GTZ head office staff are employed to perform long-term steering and service tasks.

## Field Staff

The term "field staff" covers:

- › GTZ seconded experts with unlimited or fixed-term employment contracts, as well as project assistants. On 31 December 2006, 822 field staff were employed in the public-benefit sector, and 278 in GTZ International Services. Compared to

the figures for 31 December 2005, this represented a 3.6 % increase in the proportion of seconded experts employed in GTZ International Services to 25.3 %.

- › national personnel who are recruited on-site in the partner country and contracted locally. On 31 December 2006, the number of staff members falling into this category totalled 8,974 – a rise of 9.6 % on the previous year's figure, resulting inter alia from an increase in the volume of orders for GTZ International Services.

Some 207 national experts (2.3 %) performed senior management tasks, a further 2,282 (25.4 %) held professional and middle management positions, 1,212 (13.6 %) performed specialised administrative tasks, 1,825 (20.3 %) performed administrative tasks, and 3,448 (38.4 %) were employed as support staff.

Together with the Central Placement Office of the German Federal Employment Agency, GTZ runs the joint operation CIM – the Centrum für Internationale Migration und Entwicklung. CIM places so-called integrated experts, who enter into a contract of employment with an organisation in a partner country. On 31 December 2006, 720 integrated experts were assigned (this figure also includes both those experts who had not yet left Germany, and those still receiving transitional aid through CIM following their return).

	as at 31 December in	2003	2004	2005	2006
Project personnel in Germany and abroad		1,430	1,393	1,402	<b>1,465</b>
National personnel		7,081	6,971	8,189	<b>8,974</b>
Integrated experts (CIM) *)		668	664	609	<b>720</b>
<b>Total project and field staff</b>		<b>9,179</b>	<b>9,028</b>	<b>10,200</b>	<b>11,159</b>

Table 1:  
Project personnel

\*) employed by local employers in countries of assignment



## Project Personnel in Germany

This group of personnel is employed almost exclusively in supraregional projects at various locations in Germany. Either they perform advisory duties for BMZ in so-called sector projects, or work on behalf of other federal ministries. Compared to the previous year, the number of project personnel in Germany rose by 13 (3.7 %) to 365. Nine of those individuals are employed in GTZ International Services projects.

## Head Office Personnel

On 31 December 2006, 977 staff were employed at Head Office or at other locations in Germany. Of these, 100 were working for GTZ International Services. This was equivalent to a share of 10.2 % (compared to the previous year's figure of 9.3 %).

Also employed at GTZ Head Office on 31 December 2006 were a total of 72 young people undergoing commercial training (as compared to 64 in 2005). GTZ thus trains more young people that it needs. This reflects its commitment to make a special contribution toward the training of young people, and offer them a start in professional life.

## Organisational Structure of the Workforce in Germany and Seconded Personnel

With the reform of the collective bargaining agreement, which came into force on 1 January 2005, GTZ introduced a uniform system of levels of responsibility for its workforce. Of the 429 staff members employed at the three senior levels of responsibility and receiving salaries negotiated outside the collective bargaining agreement, 342 individuals held managerial positions. Some of the professional positions also involved managerial tasks. The proportion of managerial staff totalled 18.7 % (as opposed to the previous year's figure of 18.2 %).

The largest category of staff were the 1,322 individuals holding professional positions, who accounted for 54 % as in the previous year.

	Number of persons	Change on previous year	in %
2003	1,094	- 6	- 0.6
2004	1,030	- 64	- 5.9
2005	1,050	+20	+1.9
<b>2006</b>	<b>1,100</b>	<b>+50</b>	<b>+4.8</b>

Table 2a:  
Seconded experts

	Number of persons	Change on previous year	in %
2003	336	+ 63	+ 23.1
2004	363	+ 27	+ 8.0
2005	352	- 11	- 3.0
<b>2006</b>	<b>365</b>	<b>+ 13</b>	<b>+ 3.7</b>

Table 2b:  
Project personnel in Germany

	as at 31.12.05	as at 31.12.06
Economic development and employment	21.9	<b>22.3</b>
Governance and democracy	30.7	<b>28.1</b>
Health, education, social protection	13.3	<b>14.2</b>
Environment and infrastructure	20.6	<b>22.1</b>
Agriculture, fisheries and food	10.8	<b>10.5</b>
Other	2.7	<b>2.8</b>

Table 3:  
Project personnel by sector (in %)

	as at 31.12.05	as at 31.12.06
Sub-Saharan Africa	36.1	<b>39.0</b>
Asia (including Oceania)	24.9	<b>25.3</b>
Latin America	14.8	<b>12.0</b>
Mediterranean and Middle East	15.0	<b>15.0</b>
Central and Eastern Europe, NIS	9.2	<b>8.7</b>

Table 4:  
Deployment of seconded experts by region (in %)

	Number of persons	Change on previous year	in %
as at 31.12.2003	1,042	- 5	- 0.5
as at 31.12.2004	999	- 43	- 4.1
as at 31.12.2005	981	- 18	- 1.8
<b>as at 31.12.2006</b>	<b>977</b>	<b>- 4</b>	<b>- 0.4</b>

Table 5:  
Trends in Head Office staff (as at 31 December)

**Table 6:**  
Structure of responsibilities within the workforce

	as at 31.12.2006 in %	Women in %	Men in %
Executive management	0.5	27.3	72.7
Management	2.6	28.6	71.4
Lower management/leading professional	14.5	27.9	72.1
Professional	54.1	36.2	63.8
Junior professional	8.4	62.3	37.7
Senior administration professional	17.6	81.6	18.4
Administration professional	2.3	75.4	24.6
<b>Total</b>	<b>100.0</b>	<b>45.8</b>	<b>54.2</b>

### Junior Employees

GTZ is an attractive employer for young people beginning their professional careers. It offers opportunities to first-time job seekers through special junior positions, and through the new development cooperation trainee programme, which has now replaced the project assistant programme. On 31 December 2006, GTZ was employing a total of 204 individuals in these positions.

The new development cooperation trainee programme 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. The strong interest in this programme is reflected by the large number of applicants. In 2006, 1,473 individuals applied for 20 places in the development cooperation trainee programme.

Through its work experience scheme, GTZ offers students an opportunity to gain insights into how the company works. In 2006, 325 students gained experience at GTZ Head Office, while a further 411 worked in projects and in a few cases also GTZ Offices. Compared to the previous year's figure, the number of student trainees rose by 15.7 %. The magazine Junge Karriere has now awarded GTZ the "Fair Company" seal of approval in recognition of its exemplary contribution to the training of young people.

### Cooperation with the Staff Council

As in previous years, cooperation with the Staff Council was conducted in a constructive spirit.

Two new Employer/Staff Council Agreements on dependency and private email use were adopted in 2006. Constructive cooperation was also the order of the day in the weekly meetings between the Personnel Department and the Staff Council, where current issues of co-determination within the company were raised and jointly resolved.

### Obituaries

In the year under review the following staff members passed away:

Ursula Gleim  
Dr. Rainer Groß  
Karl-Heinz Ochs  
Wolfgang Rost  
Kay Steinkopf  
Kurt Stührenberg

Retired employees:

Dr. Günter John  
Hartmut Paschen  
Horst Rau  
Dr. Richard Rhode

We shall always honour their memory.



Murshida Arzu Alpina, "System saves lives", mixed media on paper, 2005



## Business Development and Turnover

Compared to the previous year's figure, GTZ's volume of business in 2006 rose by 5.9 % to over EUR 1 billion. This business development is being driven very largely by income in the public-benefit sector and the total operating performance of GTZ International Services. GTZ posted overall turnover of EUR 917.8 million in fiscal 2006. This represents a growth of 4.8 % (approx. EUR 42 million) on the previous year (EUR 875.7 million). The total operating performance rose by EUR 80.8 million (9.4 %) from EUR 863.8 million to EUR 944.6 million.

## 2. Income

In the year under review, income in the public-benefit sector stood at around EUR 832 million. This was an increase of around EUR 54 million (about 7 %) over 2005. This highly positive development was due to an increase in the TC budget item, as well as additional income from extraordinary tsunami funds. Income from German public clients was also significantly higher.

The total income from BMZ budget items reached EUR 703.8 million, representing an increase of EUR 37.2 million on the previous year's figure.

The TC budget item generated income of EUR 592.1 million. Compared to 2005, this was an increase of EUR 62.7 (11.8 %).

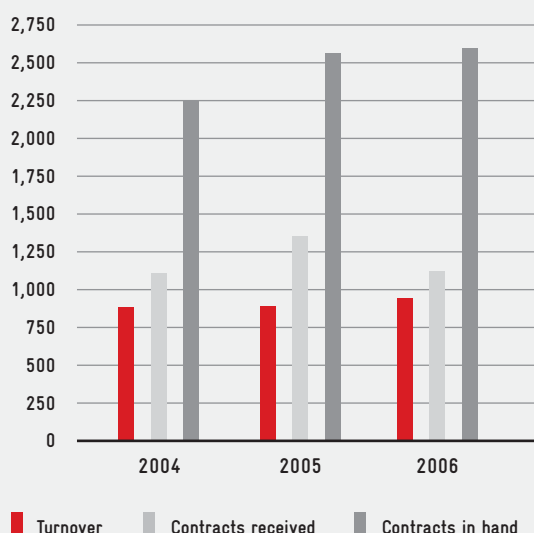
While income from the TC budget item rose significantly over 2005, income from the other BMZ budget items fell sharply to EUR 111.7 million (– EUR 25.5 million, or – 18.6 %). This was due to the expiry of the Eastern Europe budget item in 2006, as well as the integration of the extraordinary tsunami funds into the TC budget item.

Income of EUR 67.5 million was received from German public clients, an increase of around 4.7 % on the previous year's figure. While the value of orders received from the Federal Ministry of Defence declined, the volume of business done with German public clients involving EU twinning arrangements and grants experienced dynamic growth.

As in 2005, in 2006 the tapping of new business fields through cofinancing helped sustain the positive development of the volume of business in the public-benefit sector. As compared to 2005, a further increase in income of around EUR 61 million (29.2 %) was achieved. Some EUR 21.2 million of this was accounted for by UNHCR, and EUR 39.8 million by other donors.

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Figure 1:  
Turnover, contracts received  
and contracts in hand  
2004–2006 (including GTZ  
International Services),  
Figures in EUR million



As at 31 December 2006, GTZ's total volume of new orders in the public-benefit sector stood at EUR 866.3 million, which was comparable to the previous year's figure. Orders for International Services fell 36.5 % short of the previous year's level (EUR 451.1 million). The higher figure for 2005 was, however, due largely to the order for the University Capacity Building Program (UCBP) in Ethiopia.

## Developments in the Public-Benefit Sector

### 1. Turnover

It was pleasing to note that turnover in the public-benefit sector rose by 11 % to EUR 769.1 million (as compared to the previous year's figure of EUR 692.9 million).



### 3. New Contracts and Contracts in Hand

In 2006, GTZ received new contracts worth a total of EUR 866.3 million in the public-benefit sector.

New contracts worth a total of EUR 701.1 million were received from BMZ, which was around 4 % below the previous year's unusually high figure. Some EUR 588.6 million of this was accounted for by contracts for measures under the TC budget item, which represented a drop of 2.9 % on the previous year's figure. New contracts worth EUR 112.5 million were received under the minor BMZ budget items, a 9.5 % drop that was due to the disproportionately high volume of orders received under the budget item for development-oriented emergency and transitional aid in 2005.

It was pleasing to note a sharp increase of EUR 13.8 million (+ 20.5 %) in the value of new contracts

received from German public clients, which reached EUR 81 million. The largest clients in this field of business in 2006 were the Federal Ministry of Defence (EUR 14.4 million) and the Federal Ministry of the Interior/Federal Office of Administration (EUR 6.6 million). A rather dynamic trend was evident in the new contracts received for measures under public programmes for EU twinning arrangements/grants (EUR 35.8 million).

By 31 December 2006, new contracts worth a total of EUR 84.1 million had been received that involved cofinancing by other donors.

As 2006 drew to a close, the contracts in hand were worth a total of EUR 2,107.5 million, which was almost equal (– 0.5 %) to the previous year's figure.

	2005 EUR million	Share in %	2006 EUR million	Share in %	Change in %
Sub-Saharan Africa	213.6	27.4	246.0	29.6	+ 15.2
Asia (including Oceania)	192.8	24.8	215.1	25.8	+ 11.6
Latin America	82.9	10.6	79.9	9.6	– 3.6
Central and Eastern Europe, CIS	95.7	12.3	84.9	10.2	– 11.3
Mediterranean and Middle East	55.1	7.1	56.3	6.8	+ 2.2
Supraregional projects	138.2	17.8	150.1	18.0	+ 8.6
<b>Total</b>	<b>778.3</b>	<b>100.0</b>	<b>832.3</b>	<b>100.0</b>	<b>+ 6.9</b>

Table 1:  
Income from public  
clients by region  
(not including interest)

	2005 EUR million	2006 EUR million	Change in %
Technical Cooperation	606.3	588.6	– 2.9
Public-private partnerships	16.9	20.0	+ 18.3
Promotion of economic development in Central and Eastern Europe	3.7	1.5	– 59.5
Grants to integrated experts	40.6	37.0	– 8.9
Emergency and transition aid	52.5	33.6	– 36.0
International agricultural research	9.3	16.5	+ 77.4
Other BMZ budget items	1.3	3.9	> 100.0
<b>Total BMZ budget items</b>	<b>730.6</b>	<b>701.1</b>	<b>– 4.0</b>
German public clients	67.2	81.0	+ 20.5
Cofinancing arrangements	78.1	84.1	+ 7.7
<b>Total public clients</b>	<b>875.9</b>	<b>866.3</b>	<b>– 1.1</b>

Table 2:  
Contracts received  
from public clients

#### 4. Orders Placed with Consulting Companies/Institutions and Appraisers

As at 31 December 2006, orders placed with companies, institutions and individuals in the public-benefit sector were worth a total of EUR 216.7 million. This 10.7 % increase on the previous year's figure was due in particular to the sharp rise in orders placed with institutions (EUR 38.6 million, as compared with EUR 26.4 million in the previous year). An upward trend was, however, also evident in orders placed with companies (EUR 144.6 million, compared to EUR 140.7 million in 2005) and individuals (EUR 33.5 million, compared to 28.7 million in 2005).

Table 3:  
Orders placed with consulting companies/institutions and appraisers (public-benefit sector and GTZ International Services)

\*) not including contracts with consulting companies

	Value of contracts in EUR Mio.		Change in %
	2005	2006	
Consulting companies *)	156.8	156.6	- 0.1
Consulting institutions	26.8	39.1	+ 45.9
Appraisers	35.0	40.5	+ 15.7
<b>Total</b>	<b>218.6</b>	<b>236.2</b>	<b>+ 8.0</b>

#### GTZ International Services

At EUR 148.7 million, turnover was 18.7 % down on the previous year's figure. At the same time, accounts receivable also rose strongly, with the result that the total operating performance increased by 1.1 % to EUR 173.1 million.

The level of new contracts received was also down on last year's figure of EUR 451.1 million, but this was primarily the result of one contract for the university project in Ethiopia that alone brought in EUR 244.4 million in 2005. If we disregard this exceptional contract, the volume of new contracts received in 2006 was about EUR 80 million higher than the 2005 figure, a rise of around 39 %.

At the end of 2006, GTZ IS had contracts in hand worth some EUR 599 million. Compared to the already high level of the previous year (EUR 474.1 million) this represents a further rise of EUR 125 million or approx. 26 %. The reasons can be

seen in the high volume of new contracts received, which contrasted with the lower turnover.

	2005 EUR million	2006 EUR million	Change in %
Total operating performance	171.2	173.1	+ 1.1
Turnover	182.8	148.7	- 18.7
Contracts received	451.1	286.6	- 36.5
<b>Contracts in hand</b>	<b>474.1</b>	<b>599.0</b>	<b>+ 26.3</b>

Table 4: GTZ International Services

#### Increased Demands on CIM Experts

CIM succeeded in raising the number of experts from the previous year's figure of 610 to 684. Conducive to this growth were the BMZ allocations, the interest shown by other federal ministries and private-sector partners, and in particular a very significant input provided by the Ethiopian Government. At the same time, the demands placed on CIM experts increased. They are required to contribute not only professional expertise, but also international experience. And to ensure that their foreign assignments produce sustainable results, experts have to engage with the networks of international cooperation and act as change agents in key development processes.

	2005	2006
BMZ budget item 685 08	41,979	40,347
"Integrated Experts" programme		
Other BMZ budget items	811	976
Income from various federal ministries, federal states, private sector/NGOs	2,983	7,571
<b>Total</b>	<b>45,773</b>	<b>48,894</b>

Table 5: Income received through the "Integrated Experts" programme in EUR thousand



Jorge Alfonso, "Palafitos", mixed media on paper, 2006

# Organisation Chart

## Supervisory Board

### Shareholder Representatives

#### Erich Stather (chairperson)

State Secretary in the German Federal Ministry for Economic Cooperation and Development, Bonn

#### Dr. Peter Ammon

Director General in the Federal Foreign Office, Berlin

#### Alexander Bonde

Member of the German Federal Parliament, Berlin

#### Jochen Borchert

Member of the German Federal Parliament, Berlin

#### Iris Hoffmann

Member of the German Federal Parliament, Berlin (since 23 February 2006)

#### Jürgen Koppelin

Member of the German Federal Parliament, Berlin

#### Peter Mießen

Director General in the German Federal Ministry of Finance, Berlin

#### Dr. Guido Peruzzo

Director in the German Federal Ministry of Economics and Technology, Berlin

#### Brigitte Schulte

Member of the German Federal Parliament, Berlin (up to 22 February 2006)

### Representatives of the Workforce

#### Hartmut Runde

(Deputy Chairperson)  
GTZ, Eschborn

#### Jürgen Euler

GTZ, Eschborn

#### Petra Gerstenkorn

Unified Service Sector Union (ver.di), Berlin

#### Christiane Kalle

GTZ, Namibia

#### Willi Monigatti

GTZ, Eschborn

#### Cornelia Richter

GTZ, Eschborn

#### Thomas Schenk

Unified Service Sector Union (ver.di), Frankfurt am Main

#### Marlis Weißenborn

GTZ, Egypt

## Office of the Managing Directors Dr. Bernd Eisenblätter, Wolfgang Schmitt

### Information Technology

Dr. Eric Heinen-Kontschak

### Corporate Communications

Dorothee Hutter

### Auditing

Jürgen Endress

### Corporate Development

Andreas Proksch

- GTZ Office Berlin, Franziska Donner
- GTZ Office Bonn, Volker Franzen

Country Department Africa *) Peter Conze	Country Department Asia/ Pacific, Latin America/ Caribbean *) Günter Dreschüsse	Country Department Mediterranean Region, Europe, Central Asian Countries *) Dr. Christoph Beier
<b>Departmental Controlling</b>	<b>Departmental Controlling and Consultancy</b>	<b>Departmental Controlling and Consultancy</b>
<b>Finance Team</b>	<b>Finance Team</b>	<b>Finance Team</b>
<b>Economic Affairs, Poverty Reduction Strategy Papers (PRSPs)</b>	<b>Public-Private-Partnerships Regional Team</b>	<b>Public-Private-Partnerships Regional Team</b>
<b>Public-Private-Partnerships Regional Team</b>	<b>South Asia</b> <ul style="list-style-type: none"> <li>• <a href="#">Bangladesh</a></li> <li>• <a href="#">Nepal</a></li> <li>• <a href="#">Sri Lanka</a></li> </ul>	<b>Europe, Caucasus, Central Asia</b> <ul style="list-style-type: none"> <li>• <a href="#">Afghanistan</a></li> <li>• <a href="#">Albania</a></li> <li>• <a href="#">Armenia</a></li> <li>• <a href="#">Azerbaijan</a></li> <li>• <a href="#">Belarus</a></li> <li>• <a href="#">Bosnia and Herzegovina</a></li> <li>• <a href="#">Bulgaria</a></li> <li>• <a href="#">Croatia</a></li> <li>• <a href="#">Georgia</a></li> <li>• <a href="#">Iran</a></li> <li>• <a href="#">Kazakhstan</a></li> <li>• <a href="#">Kyrgyzstan</a></li> <li>• <a href="#">Moldova</a></li> <li>• <a href="#">Montenegro</a></li> <li>• <a href="#">Pakistan</a></li> <li>• <a href="#">Romania</a></li> <li>• <a href="#">Russian Federation</a></li> <li>• <a href="#">Serbia</a></li> <li>• <a href="#">Tajikistan</a></li> <li>• <a href="#">Turkey</a></li> <li>• <a href="#">Turkmenistan</a></li> <li>• <a href="#">Ukraine</a></li> <li>• <a href="#">Uzbekistan</a></li> </ul>
<b>BMZ-UNHCR Partnership</b>	<b>South-East Asia</b> <ul style="list-style-type: none"> <li>• <a href="#">Cambodia</a></li> <li>• <a href="#">Indonesia</a></li> <li>• <a href="#">Laos</a></li> <li>• <a href="#">Malaysia</a></li> <li>• <a href="#">Myanmar</a></li> <li>• <a href="#">Thailand</a></li> <li>• <a href="#">Timor-Leste</a></li> <li>• <a href="#">Viet Nam</a></li> </ul>	
<b>Sahel and Western Africa I and Liberia</b> <ul style="list-style-type: none"> <li>• <a href="#">Burkina Faso</a></li> <li>• <a href="#">Cape Verde</a></li> <li>• <a href="#">Côte d'Ivoire</a></li> <li>• <a href="#">Gambia</a></li> <li>• <a href="#">Guinea</a></li> <li>• <a href="#">Liberia</a></li> <li>• <a href="#">Mali</a></li> <li>• <a href="#">Mauritania</a></li> <li>• <a href="#">Niger</a></li> <li>• <a href="#">Senegal</a></li> <li>• <a href="#">Sierra Leone</a></li> </ul>	<b>South-East Asia, Pacific</b> <ul style="list-style-type: none"> <li>• <a href="#">Bhutan</a></li> <li>• <a href="#">China</a></li> <li>• <a href="#">India</a></li> <li>• <a href="#">Mongolia</a></li> <li>• <a href="#">North Korea</a></li> <li>• <a href="#">Pacific</a></li> <li>• <a href="#">Papua New Guinea</a></li> <li>• <a href="#">Philippines</a></li> </ul>	
<b>Central and Western Africa II</b> <ul style="list-style-type: none"> <li>• <a href="#">Benin</a></li> <li>• <a href="#">Burundi</a></li> <li>• <a href="#">Cameroon</a></li> <li>• <a href="#">CAR</a></li> <li>• <a href="#">Chad</a></li> <li>• <a href="#">Dem. Rep. Congo</a></li> <li>• <a href="#">Gabon</a></li> <li>• <a href="#">Ghana</a></li> <li>• <a href="#">Nigeria</a></li> <li>• <a href="#">Rwanda</a></li> <li>• <a href="#">Togo</a></li> </ul>	<b>Andes Countries and Paraguay</b> <ul style="list-style-type: none"> <li>• <a href="#">Bolivia</a></li> <li>• <a href="#">Chile</a></li> <li>• <a href="#">Columbia</a></li> <li>• <a href="#">Ecuador</a></li> <li>• <a href="#">Paraguay</a></li> <li>• <a href="#">Peru</a></li> <li>• <a href="#">Venezuela</a></li> </ul>	<b>Programme Office Privatisation (BMF) Transform Programme</b>
<b>Southern Africa I and Madagascar</b> <ul style="list-style-type: none"> <li>• <a href="#">Angola</a></li> <li>• <a href="#">Madagascar</a></li> <li>• <a href="#">Malawi</a></li> <li>• <a href="#">Mozambique</a></li> <li>• <a href="#">Zambia</a></li> <li>• <a href="#">Zimbabwe</a></li> </ul>	<b>Commission for Latin America and the Caribbean (ECLAC)</b>	<b>Programmes for Public-Sector Clients</b>
<b>Southern Africa II</b> <ul style="list-style-type: none"> <li>• <a href="#">African Union</a></li> <li>• <a href="#">Botswana</a></li> <li>• <a href="#">Lesotho</a></li> <li>• <a href="#">Namibia</a></li> <li>• <a href="#">Rep. of South Africa</a></li> <li>• <a href="#">Southern African Development Community (SADC)</a></li> </ul>	<b>Central America, Caribbean, Mexico, Eastern Latin America</b> <ul style="list-style-type: none"> <li>• <a href="#">Argentina</a></li> <li>• <a href="#">Brazil</a></li> <li>• <a href="#">Caribbean</a></li> <li>• <a href="#">Costa Rica</a></li> <li>• <a href="#">Cuba</a></li> <li>• <a href="#">Dominican Republic</a></li> <li>• <a href="#">Eastern Caribbean States</a></li> <li>• <a href="#">El Salvador</a></li> <li>• <a href="#">Guatemala</a></li> <li>• <a href="#">Guyana</a></li> <li>• <a href="#">Haiti</a></li> <li>• <a href="#">Honduras</a></li> <li>• <a href="#">Jamaica</a></li> <li>• <a href="#">Mexico</a></li> <li>• <a href="#">Nicaragua</a></li> <li>• <a href="#">Panama</a></li> <li>• <a href="#">Uruguay</a></li> </ul>	<b>Mediterranean Region and Middle East</b> <ul style="list-style-type: none"> <li>• <a href="#">Algeria</a></li> <li>• <a href="#">Egypt</a></li> <li>• <a href="#">Iraq</a></li> <li>• <a href="#">Jordan</a></li> <li>• <a href="#">Lebanon</a></li> <li>• <a href="#">Morocco</a></li> <li>• <a href="#">Palestinian territories</a></li> <li>• <a href="#">Syria</a></li> <li>• <a href="#">Tunisia</a></li> <li>• <a href="#">Yemen</a></li> </ul>
<b>Eastern Africa</b> <ul style="list-style-type: none"> <li>• <a href="#">East African Community (EAC)</a></li> <li>• <a href="#">Eritrea</a></li> <li>• <a href="#">Ethiopia</a></li> <li>• <a href="#">Intergovernmental Authority on Development (IGAD)</a></li> <li>• <a href="#">Kenya</a></li> <li>• <a href="#">Sudan</a></li> <li>• <a href="#">Tanzania</a></li> <li>• <a href="#">Uganda</a></li> </ul>		<b>Construction</b> <ul style="list-style-type: none"> <li>• <a href="#">Building and Civil Engineering, Housing</a></li> <li>• <a href="#">Building Control</a></li> <li>• <a href="#">BMVg (German Federal Ministry of Defence) Programmes</a></li> </ul>

\*) Countries with GTZ offices underlined

As at May 2007



**Legal Affairs/ Insurance**  
Dr. Friedrich von Kenne

**Centrum für internationale Migration und  
Entwicklung (CIM)**  
Oliver Auge

**(AgenZ) – Agency for Market-  
oriented Concepts**  
Andreas von Schumann

**Evaluation**  
Dr. Fred Brandl

**Planning and Development Department**  
Cornelia Richter  
Bernd Hoffmann

**Commercial Affairs**  
Mary Schäfer

**Personnel Department**  
Michael Lau

**GTZ International Services**  
Dr. Elmar Kleiner  
• GTZ Brussels Office,  
Eleni Andrikopoulou

**Centre for Cooperation with the  
Private Sector**  
Jörg Hartmann

**Departmental Controlling**

**Departmental Controlling, Social Issues**

**Gulf States, supranational**

**Departmental Controlling and Finance Team**

**Facility Management, Postal Services,  
Central Archives**

**Management Positions**

**Sub-Saharan Africa**

**Organisational and Management Consul-  
tancy, MODeLS Consultancy Team**

**Financial Management Consultancy Team**

**Principles of Human Resources Management**

• West Africa  
• Southern Africa  
• Central and Eastern Africa

**Knowledge Management**

**Corporate Controlling**

**Personnel Recruitment**

**Asia, Latin America**

**Economic Development and Employment**

- Financial Planning, budget, forecasts
- Management information and external reporting
- Cost accounting
- Expenditure accounting
- Final accounts

- Competence centre
- Training of young professionals
- Competence Building
- Management development

**Europe, Mediterranean, Central Asia**

- Technical and vocational education and training
- Economic policy and private sector development
- Financial systems development
- Programme-based approaches

**Financial Accounting, Payments, Taxes**

**Medical Services**

**Strategic Departmental Development**

**Governance and Democracy**

- Creditor Accounting
- Debitor Accounting
- Fixed assets accounting
- Annual accounts
- Accounting: International Services
- Payments/ cash letters of credit
- Taxes
- Financial archives

**Personnel Administration Services**

**Personnel**

- International cooperation in the context of conflicts and disasters
- State reform and political participation, law and justice, public finance and administration, gender
- Decentralisation, regional governance, municipal and urban development
- Structural poverty reduction

**Contracting, Procurement and Logistics**

- Personnel Administration Services 1
  - Asia/Latin America
  - Planning and Development
  - Information Technology and Corporate Communications Unit
- Personnel Administration Services 2
  - Africa
  - Mediterranean, Europe, Central Asia
  - Commercial Affairs Department
  - Auditing, Corporate Development, Legal Affairs/Insurance Units, CIM, AgenZ, Evaluation Unit
- Strategic themes, Crisis Desk, Cooperation with Personnel in Stress, Conflict and Crisis (COPE)
- Salaries and time recording

**Health, Education, Social Protection**

- Contract management
- Procurement of materials and equipment
- Public procurement systems, procurement management
- Finance team, contracts

**Personnel-related Information Technology,  
Travel**

- Health systems and health promotion
- Strengthening education systems, knowledge organization and youth policies
- Information and Communications Technology (ICT) in DC
- Social protection
- Development-oriented Drug Control (DDC)

**Environment and Infrastructure**

- Environmental and resource management
- Water
- Energy and transport

**Agriculture, Fisheries and Food**

- Policy consultancy in the agriculture, fisheries and food sector
- Promotion of agriculture and food

**Programme Office for Social  
and Ecological Standards**

## Art in the Annual Report 2006

### Alberto Flores:

Born in 1959 in Lima in Peru. 1980-1985 studied at the National School of Fine Arts in Lima, Peru. Subsequently employed there as a lecturer in painting. Also worked as a set designer, commercial artist and textile designer. Since 1986 has lived and worked as a freelance artist in Lima. Exhibitions in Peru, Ecuador, Israel, Germany, Italy, Dominican Republic, Chile and USA, among others.



"Colluriti", acrylic on canvas, 2006



"Living in a dream", acrylic on canvas, 2001

Since 1994, the GTZ Annual Report has traditionally been embellished with the works of young artists. These "artists of the year" come from GTZ's partner countries, and are almost unknown outside their own country or region. The presentation of these works broadens the reader's knowledge of the cultures of our partner countries, and at the same time provides the artists with a forum in which to exhibit their works to a wider public.

This year's GTZ spotlight – "capacity development" – provides us with an occasion to trace the development of some of these artists. How have their styles and artistic positions changed? Where are they today?

This year's Annual Report therefore includes some "old" and "new" works by a selection of artists from previous years.

### Chidi Kwubiri:

Born in 1966 in Umuahia, Nigeria. Studied free painting at the Düsseldorf Academy of Art (1993–2002) under A. R. Penck. Took part (inter alia) in the 2004 International Biennial of Graphic Art in St. Petersburg, Russia, and in the 2005 International Art Fair in Palm Beach, USA.



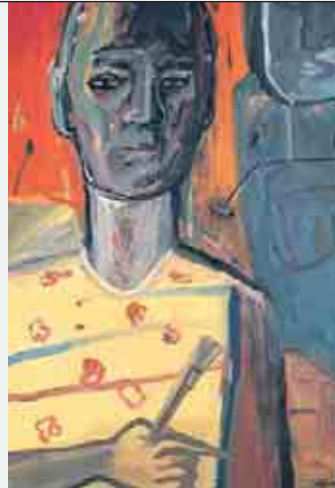
"Young Iroko", acrylic on canvas, 2005



"Reflections", acrylic on canvas, 2000



"System saves lives", mixed media on paper, 2005



"The artist and high tech", acrylic on canvas, 2000

#### Murshida Arzu Alpana:

Born in 1961 in Dhaka, Bangladesh. 1983 Bachelor of Fine Arts, Institute of Fine Arts at the University of Dhaka. 1988 Master of Fine Arts, Visva Bharati University, Santiniketan, India. 1993–96 DAAD scholar. 1997–98 studied under Prof. Karl Horst Hödicke, University of the Arts in Berlin. Individual exhibitions inter alia in the UK and Germany.



"Palafitos", mixed media on paper, 2006



"Lament of the bee", mixed media on paper, 2000

#### Jorge Alfonso:

Born in 1957 in Playas de Catanzajá, Chiapas, Mexico. Trained in sculpture and engraving at La Esmeralda National School for Painting, Sculpture and Engraving, Mexico City. Exhibitions in Mexico and Colombia, Austria and Germany.



Untitled, mixed media on canvas, 2006



"Bearers", acrylic on canvas, 2003

#### MAFDAK (Metissage d'Art forever Dakar):

To enable themselves to work more creatively together Niankou Niasse, Pape Diop, Bira Kasse, Lawin Coly, Solei Man and Dam Sur joined forces to form the Mafdak group of artists. Based in the Senegalese capital Dakar, these artists also hope as a group to be able to improve their position on the art market.





## **GTZ Annual Statement of Accounts and Status Report 2006**

*32 pages, DIN A4  
(German and English)*

The Annual Statement of Accounts compiles the corporate facts and figures on GTZ and presents the current status and trends of the company along with a roundup of operations in 2006.

## **Abridged Version of the GTZ Annual Report 2006**

*14 Pages, DIN A4 (English, German, French, Spanish, Portuguese, Russian)*

A more concise report on the work of GTZ, and its regional and sectoral divisions. Includes facts and figures on the fiscal year 2006 and project examples from partner countries.



## **Akzente | Akzente Special Editions**

*52 pages, DIN A4 (German and English)*

The Akzente magazine provides exciting insights into the practical work of GTZ in partner countries with photos, reports and interviews. The magazine is published quarterly, and focuses on one country or topic. Special editions explore key sectoral themes in detail. Some of these are available in other languages.

## **Akzente: Capacity Development**

*52 pages, DIN A4 (German and English)*

Developing countries will not be able to solve their problems with money alone. With this in mind, GTZ chose the theme of capacity development as its Spotlight of the Year 2007. Political, institutional and personal competence is vital to achieving overarching goals, such as poverty reduction and good governance. This edition of Akzente illustrates through selected examples how Technical Cooperation can lever its core area of competence to develop the capacity of partners and secure their sustainable future.



## **Sustainable Development**

*16 pages, square 21 x 21 cm  
(English, German, French, Spanish, Portuguese, Russian, Arabic)*

These GTZ guidelines explain what GTZ understands by "sustainable development", and how it translates the vision into its work. Examples taken from its practical work illustrate how GTZ can make successful contributions to sustainable development.

To obtain any of the materials shown here, or for further information on GTZ, please contact: [i-punkt@gtz.de](mailto:i-punkt@gtz.de), Telephone +49 (0) 61 96 79-11 50.

These and other materials are also available as PDF downloads at: <http://www.gtz.de>.



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Lebanon on pages 3 and 18: Ursula Meissner

Russian Federation on pages 3 and 23: Karin Desmarowitz

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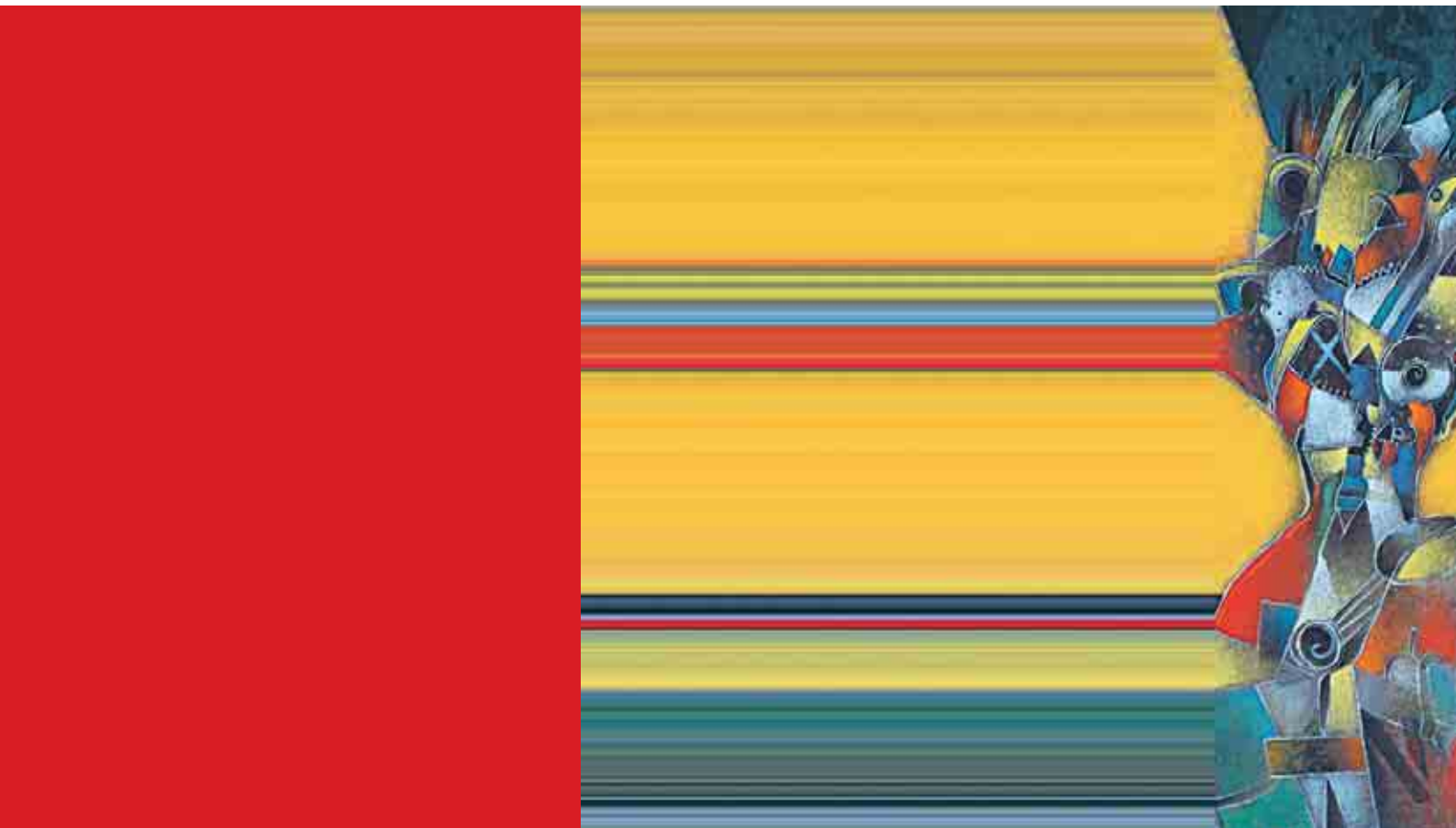


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