



er für Perspektiven. Weltweit. 30 Years GTZ. Partner for the Future. Worldwide. 30 Jahre GTZ. Partner für Perspektiven. Weltw

Designing Tomorrow's Cities: Focus – Fascination – Future



Deutsche Gesellschaft für
Technische Zusammenarbeit
(GTZ) GmbH

PARTNER FOR THE FUTURE. WORLDWIDE.

GTZ in the Year 2004 at a Glance

	2003 in EUR million	2004 in EUR million	Changes on previous year in %
Turnover	884.8	878.8	– 0.7
– of which GTZ International Services	123.1	181.1	+ 47.1
Total operating performance	890.0	891.3	+ 0.2
– of which GTZ International Services	129.6	189.3	+ 46.1
New contracts	972.8	1,115.4	+ 14.7
– of which GTZ International Services	160.0	214.6	+ 34.1
Income from public clients	746.8	692.2	– 7.3
– of which BMZ	695.1	626.6	– 9.9
– of which other clients	49.0	48.2	– 1.6
– of which cofinancing	2.7	17.4	> 100.0
Total orders placed	273.3	250.5	– 8.3
– of which orders to suppliers	24.6	22.5	– 8.5
– of which contracts with consulting firms*)	169.0	156.5	– 7.4
– of which contracts with consulting institutions	31.9	34.0	+ 6.6
– of which contracts with independent appraisers/ short-term experts	47.8	37.5	– 21.5
	Number	Number	
Ongoing projects	2,726	2,628	– 3.6
Partner countries	131	131	0.0
GTZ project staff in Germany and abroad	1,430	1,393	– 2.6
– of whom in projects for public clients	1,259	1,217	– 3.3
– of whom in GTZ International Servicess	171	176	+ 2.9
National personnel in partner countries	7,081	6,971	– 1.6
– of whom professional and managerial staff**)	3,283	3,215	– 2.1
Integrated Experts (CIM) ***)	668	664	– 0.6
Total Head Office staff ****)	1,042	999	– 4.1

*) 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 Salvador, El Salvador
- 3 Tegucigalpa, Honduras
- 4 Managua, Nicaragua
- 5 San José, Costa Rica
- 6 Quito, Ecuador
- 7 Lima, Peru
- 8 Port-au-Prince, Haiti
- 9 Bogotá, Colombia
- 10 Santo Domingo,
Dominican Republic
- 11 La Paz, Bolivia
- 12 Santiago de Chile, Chile
- 13 Buenos Aires, Argentina
- 14 Asunción, Paraguay
- 15 Brasília, Brazil
- 16 Nouakchott, Mauritania
- 17 Dakar, Senegal
- 18 Conakry, Guinea
- 19 Rabat, Morocco
- 20 Abidjan, Côte d'Ivoire
- 21 Accra, Ghana
- 22 Bamako, Mali
- 23 Lomé, Togo
- 24 Algiers, Algeria
- 25 Ouagadougou, Burkina Faso
- 26 Cotonou, Benin
- 27 Tunis, Tunisia
- 28 Niamey, Niger
- 29 Abuja, Nigeria
- 30 Yaoundé, Cameroon
- 31 Luanda, Angola
- 32 N'Djaména, Chad
- 33 Kinshasa, Dem. Rep. Congo
- 34 Windhoek, Namibia
- 35 Cairo, Egypt
- 36 Lusaka, Zambia
- 37 Harare, Zimbabwe
- 38 Pretoria, Republic of South Africa
- 39 Amman, Jordan
- 40 Al Bireh, Palestinian territories
- 41 Kigali, Rwanda
- 42 Bujumbura, Burundi
- 43 Maputo, Mozambique
- 44 Kampala, Uganda
- 45 Lilongwe, Malawi
- 46 Dar es Salaam, Tanzania
- 47 Sana'a, Yemen
- 48 Addis Ababa, Ethiopia

- 49 Nairobi, Kenya
- 50 Antananarivo, Madagascar
- 51 Tbilisi, Georgia
- 52 Dubai, United Arab Emirates
- 53 Riyadh, Saudi Arabia
- 54 Kabul, Afghanistan
- 55 Islamabad, Pakistan
- 56 New Delhi, India
- 57 Colombo, Sri Lanka
- 58 Kathmandu, Nepal
- 59 Dhaka, Bangladesh
- 60 Bangkok, Thailand
- 61 Hanoi, Viet Nam
- 62 Phnom Penh, Cambodia
- 63 Jakarta, Indonesia
- 64 Manila, Philippines
- 65 Ulan Bator, Mongolia
- 66 Beijing, PR China

● **GTZ Project Offices with special duties**

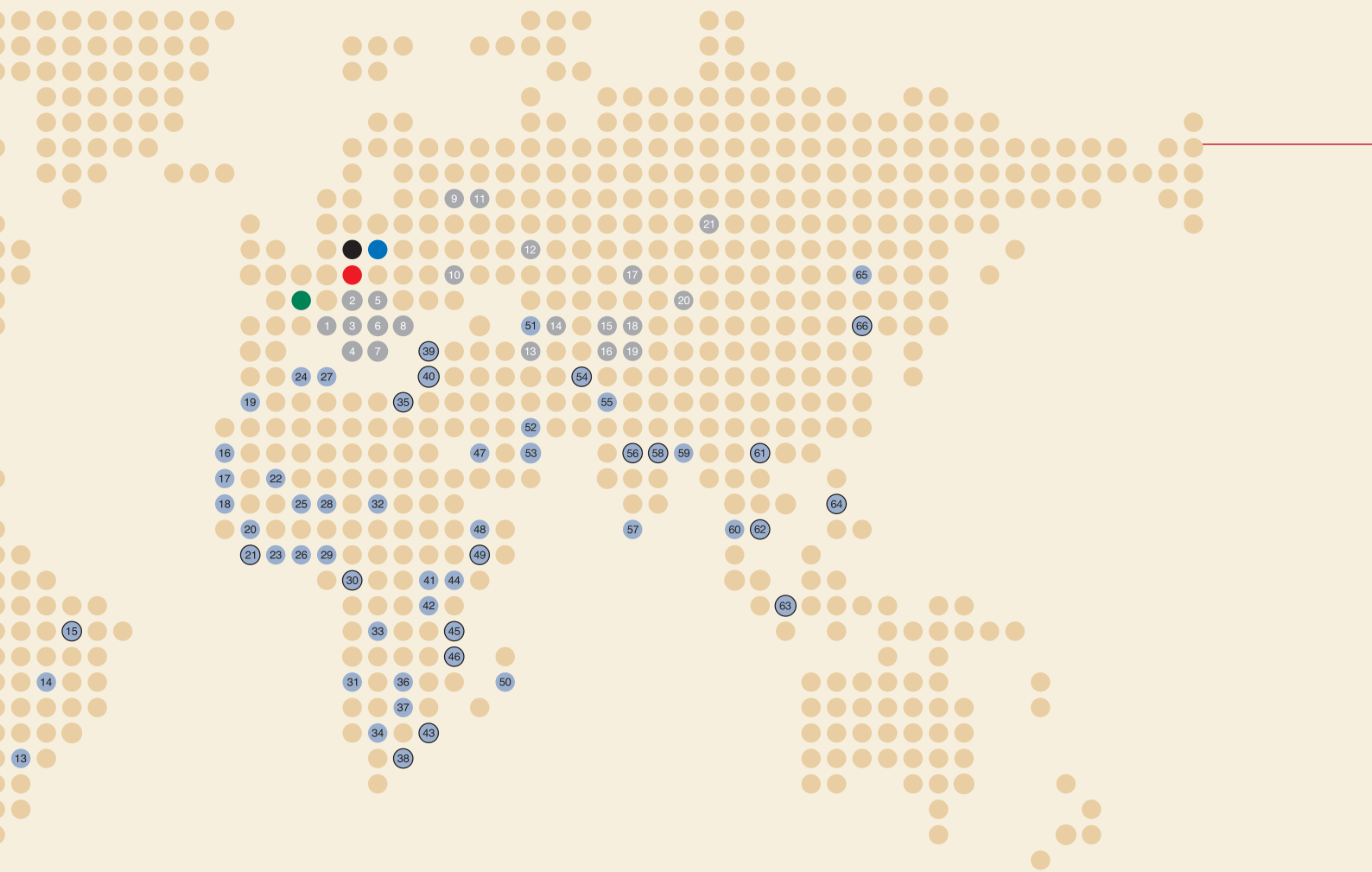
- 1 Zagreb, Croatia
- 2 Sarajevo, Bosnia and Herzegovina
- 3 Priština, Kosovo
- 4 Skopje, Macedonia
- 5 Belgrade, Serbia and Montenegro
- 6 Tirana, Albania
- 7 Sofia, Bulgaria
- 8 Bucharest, Romania
- 9 Kaliningrad, Russian Federation
- 10 Odessa/Ukraine
- 11 Moscow, Russian Federation
- 12 Saratov,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

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



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

- underlined:
Development Cooperation Offices
(together with other organisations,
such as KfW developmentbank, DED)



Our Wide Range of Services

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

The Deutsche Gesellschaft für Technische Zusammenarbeit (GTZ) GmbH is an international cooperation enterprise for sustainable development with worldwide operations. It provides viable, forward-looking solutions for political, economic, ecological and social development in a globalised world. GTZ promotes complex reforms and change processes, often working under difficult conditions. 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, partner-country governments 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. Any surpluses generated are channelled back into its own international cooperation projects for sustainable development.

GTZ – Worldwide Operations

In more than 130 countries of Africa, Asia, Latin America, the Eastern European countries in transition and the New Independent States (NIS), GTZ employs some 9,400 staff. Around 1,400 of these are seconded experts and approximately 7,000 national personnel. GTZ maintains its own offices in 66 countries. Some 1,000 people are employed at Head Office in Eschborn near Frankfurt am Main

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 the principle of sustainable development. In our work, we aim to enhance the competence of all stakeholders. We see capacity development as our core competence, our key task, and our mode of operation. Involving all actors and partners in planning and implementation is a major principle in our work. In this way, we promote both cooperation and consensus. We often act as a facilitator between state and society and a mediator in societal conflicts of interest. In addition, we assist our partners in formulating and implementing long-term strategies. In this way, we jointly establish the basis for achieving structural reforms. In all our services, we involve the private sector wherever possible and expedient. We act at the local, regional, national and also international level, in order to achieve the maximum possible impact.

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, fisheries 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 GTZ's 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 and running major events.



Good International Performance

6



The Future Belongs to the City

10

With every year that passes, cooperation arrangements, alliances and partnerships become more and more crucial to GTZ. Especially important with regard to economic synergy effects is the cooperation with KfW Entwicklungsbank and the close networking of Technical and Financial Cooperation that it affords. However, cooperation with the political foundations, the Goethe Institute and corporate foundations has also been stepped up significantly.

Every day, the number of city dwellers increases by 180,000. By the year 2030 there will be 2 billion more than there are today, almost all of them in developing countries. The problems associated with such dynamic growth exert an enormous pressure on policymakers and city administrators to act. They face mounting challenges, and their need for advisory support grows with every year that passes.

2



30 Years GTZ

GTZ can look back on three decades of experience, and celebrated its 30th birthday at the beginning of 2005. GTZ was officially launched on 1 January 1975, after the then development minister Egon Bahr had signed the General Agreement between the Federal Republic of Germany and GTZ on 12 December 1974. GTZ was founded as a company under private law and emerged from two predecessor institutions, Bundesstelle für *Entwicklungshilfe* (BfE, the Federal Agency for Economic Cooperation) and *Deutsche Förderungsgesellschaft für Entwicklungsländer* (GAWI, German Corporation for Technical Assistance to Developing Countries).

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Sub-Saharan Africa

Mediterranean and Middle East

South-Eastern Europe,
New Independent States

Asia

Latin America

Housing Construction in Ethiopia,
Solid Waste Management in
Mozambique, Local Development
Planning in South Africa, Sanitation
and Solid Waste Management in
Madagascar

Urban Development in Egypt,
Water Supply in the Palestinian
Territories, Restoring Ancient
Cities in Yemen

Rehabilitating an Old Town in
Romania, Urban Development in
Albania, Municipal Land Manage-
ment in Montenegro

Air Pollution Control in Malaysia,
Urban Development in Nepal,
Environmental Management in
China

Revitalising Contamin-
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Art in the Annual Report 2004

The Brazilian photographer Salete Goldfinger has an artistic obsession with her home city of Sao Paulo. Her photos tell of the inhabitants, the architecture and the rich tapestry of everyday life in this buzzing metropolis.

This Annual Report includes images taken from Salete Goldfinger's photo-essay completed for Sao Paulo's 450th anniversary celebrations. To find out more, turn to pages 46 and 47.





Libero Badaro Photo, Film Reala 200, 100 cm x 150 cm

Welcome by the Chair of the Supervisory Board

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The devastating impacts of the terrible flood disaster that hit South and South-East Asia in the last week of 2004 served to remind us once again of how closely the lives of people across the world are connected today. Even though it was of course the affected countries in Asia that bore the greatest losses, the suffering and the mourning are global. Development cooperation has the key task of helping steer the globalisation process toward greater global equity and sustainable development. For its part, the German Government has demonstrated how seriously it takes its responsibility toward the less well-off countries, not least through its generous pledge of funds for assistance and reconstruction in the countries hit by the flood.

Last year it became patently clear once again that war and violence in many regions pose a major challenge to the international community in their efforts to achieve the common goal of poverty reduction. Particularly problematic in this context were reconstruction in Iraq, and the flaring up of crises old and new in Africa. Having said that, positive trends were also evident. In Afghanistan the population elected a president for the first time, and in Ukraine the candidate voted in by the majority of the population in the presidential elections eventually won the day.

To support peaceful and democratic developments worldwide, the German Government needs strong partners like GTZ. Through its Spotlight 2004 – good governance – GTZ highlighted its work for democratisation, modernisation of the state and human rights. Together with national partners such as the political foundations, and international partners like the World Bank, the United Nations Development Programme (UNDP) and other orga-

nisations, GTZ helps strengthen democratisation processes in cooperation countries through its advisory services and capacity development inputs.

At the same time, GTZ also demonstrated its expertise and sustainability in other fields last year. Its organisation of the International Conference for Renewable Energies in Bonn was an excellent example of the professional competence that GTZ makes available to the German Government in its capacity as a reliable service provider and partner.

Internationally, GTZ enjoys high standing. This is reflected by the growth in business for GTZ International Services (GTZ IS) – the section of the company that opens up the experience and quality of GTZ’s public-benefit business to other clients. GTZ’s public-benefit business sector is stepping up its involvement in the joint programme-based approaches of the donor community. Increasingly, the combination of GTZ’s micro-, meso- and macro-level activities and its many years of presence in-country is being acknowledged by partners and other donors as a particular advantage.

In 2005 there will be many challenges to overcome. These will include the first review of the Millennium Development Goals. Here too, GTZ is called upon to make its contribution toward achieving the international community’s ambitious goals.

My sincere thanks go to all members of staff both in Germany and abroad for their great dedication and untiring efforts.

Erich Stather

Chair of the Supervisory Board



Erich Stather

5

”



Good International Performance

Report on Corporate Development and Outlook by the Managing Directors

6



Dr. Bernd Eisenblätter

The year 2004 ended with one of the most devastating natural disasters in recent history. In almost all the countries struck by the tsunami in Asia, GTZ had already been strongly committed to development for decades. This meant that our company was able to act swiftly and, in cooperation with local partners, to help care for survivors, procure and distribute urgently needed emergency supplies, and begin reconstructing the shattered infrastructure.

We are deeply saddened by the death of one of our members of staff and his wife who fell victim to the flood disaster. At the same time we were most relieved that around 800 GTZ staff members working in the affected countries of South-East Asia emerged unscathed.

In view of this horrific disaster, which once again hit people above all in less well-off countries, it has become clear to us all that we must redouble our efforts to boost sustainable development in these countries. Through the UN Millennium Declaration and the development goals which this spawned, the international community gave a clear signal in this direction. GTZ will be strengthening its efforts to support BMZ and the German Government in achieving the Millennium Development Goals.

GTZ Now a Member of the Global Compact

In 2004, GTZ succeeded in further improving its international performance. For instance, it was awarded top marks for its work in the field of micro-finance by CGAP, a trust fund housed at the World Bank. GTZ also became a member of the Global Compact in 2004, and is therefore committed to the ten principles of this initiative launched by the UN Secretary-General. This means that our company will be attaching even greater importance in its daily work to human rights, core labour standards and environmental protection. GTZ is now advising German enterprises on Global Compact issues.

A further success in 2004 was the International Conference for Renewable Energies held in Bonn, which sent a clear signal for change in the global

energy sector. GTZ planned and implemented the conference on behalf of Germany's Federal Ministry for Economic Cooperation and Development. It also briefed members of the International Parliamentary Forum and the Business Forum, which were held as side events to the conference.

Numerous well-attended events held at gtz-Haus in Berlin in 2004 also served to demonstrate how much additional professional expertise in conference and forum management the company has acquired in just a few years.

Positive Trend in GTZ International Services

Given the reduction in income from public-benefit business, our corporate business situation remains challenging. It is true that the slight reduction in income from our main client (BMZ) was partially offset by contracts performed for other ministries and public clients, such as the twinning programme for EU accession states. At the same time, GTZ International Services and its contracts for international clients are becoming increasingly important as a pillar of our company.

In 2004, GTZ International Services succeeded in acquiring a number of very substantial contracts. The EU for instance made EUR 9 million available, in order together with GTZ IS to help reduce illegal drug cultivation in Afghanistan, and at the same time to identify alternative sources of income together with the farmers. GTZ was awarded two major contracts by the World Food Programme for reconstruction in the Sudan, a country ravaged by decades of civil war. The municipal administration

of Addis Ababa awarded GTZ IS a contract worth over EUR 40 million to build thousands of housing units quickly and inexpensively using Low Cost Housing (LCH) technology. Large follow-on contracts are already under discussion. Projects of this kind demonstrate one thing: What we do is in demand – internationally.

Hand in Hand with the Private Sector

With every year that passes, cooperations, alliances and partnerships become more and more crucial to GTZ. Especially important with regard to economic synergy effects is the cooperation with the KfW Entwicklungsbank and the close networking of technical and financial cooperation that it affords. Yet at the same time, cooperation with the political foundations has also been intensified. The recently initiated cooperation arrangements with corporate foundations, the Goethe Institute and the German Academic Exchange Service (DAAD) are proof of the complementarity of GTZ's expertise for other international cooperation organisations. Furthermore, in 2004 GTZ also embarked on strategic partnerships with VW and the International Labour Organization (ILO), in order to help develop national action plans for health and safety at work in the newly industrialising countries of South Africa, Brazil and Mexico. Another consortium involving GTZ, ILO and the World Health Organization (WHO) offers professional advisory services to governments on developing social security systems.

Public-private partnerships (PPPs) for development are also gaining ground. In 2004, for example, GTZ launched a joint project with the private sector in South America. In the poor north-eastern region of Brazil, we are helping boost the sustainability of small and medium-sized production enterprises in cooperation with large international firms such as DaimlerChrysler, Bosch and Philips. All in all, GTZ has come a considerably closer to its goal of making PPPs an integral component of Technical Cooperation.

The opportunities afforded by public-private partnerships can be illustrated by two examples from the coffee sector. The new alliance between Kraft Foods Germany and other partners under the auspices of GTZ aims to help achieve sustainable high-quality coffee production in Ethiopia. Another alliance with the German Coffee Association succeeded in forging an international and broad-based alliance for labour and environmental standards in coffee production.

Reform of the Collective Bargaining Agreement Seen to be a Success

GTZ's success is due first and foremost to the people who work in our company. Their professional expertise, job satisfaction, motivation and flexibility are the key to our corporate competitiveness. A fundamental reform of the collective bargaining agreement, developed and negotiated over the last three years, came into force on 1 January 2005. The reform has been seen to be a success – also by observers outside GTZ. It promotes greater flexibility, ends the different treatment of our staff at Head Office and in the field, and rewards our staff members for their inputs to the success of the company with performance-related pay. Thanks to this reform, GTZ will further improve its position on the international market for development services, making it a stronger actor in the international cooperation arena in the years to come.

We would like to extend our warmest thanks to our staff members both in Germany and abroad for their strong personal commitment.

Dr. Bernd Eisenblätter

Managing Directors

Wolfgang Schmitt



Wolfgang Schmitt



Germany's Federal Foreign Minister Joschka Fischer (right) opens the new Consulate General for the Kaliningrad region.

The inauguration ceremony took place at the German-Russian House in Kaliningrad. It is being maintained by GTZ within the scope of

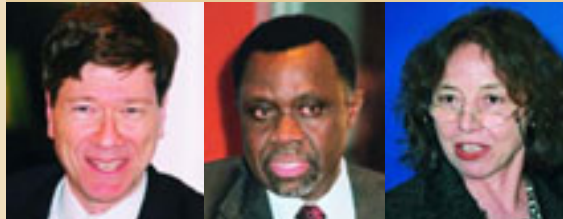
the Programme for Ethnic Minorities in Eastern Europe and Central Asia run by Germany's Federal Ministry of the Interior.

8

12 February

A discussion is held at gtz-Haus in Berlin on the achievement of the Millennium Development Goals in sub-Saharan Africa.

Participating in the discussion were Jeffrey Sachs (left), Director of the UN Millennium Project, K.Y. Amoako (middle), Executive Secretary of the UN Economic Commission for Africa, and Uschi Eid (right), Parliamentary State Secretary at BMZ. The event was attended by around 200 guests, including members of the German Bundestag, representatives of ministries and foundations, and numerous ambassadors.



9 March



9 March

Highlights of 2004

15 – 16 June

GTZ's 6th Eschborn Dialogue, devoted to the theme of good governance.

The main events and four workshops each day were attended by 447 participants, including 242 from outside the company. Many took the opportunity to discuss with the more than 80 invited speakers the principles of good governance, political reform in partner countries, and the link between policymaking and development cooperation.



19 – 20 October



The 15th Malenter Symposium addresses the theme of youth employment.

The symposium was staged by the Dräger Foundation, GTZ, and the Youth Employment Network promoted by the UN, World Bank and International Labour Organization (ILO). GTZ also helped organise a one-day international youth dialogue that gave young people from 37 countries an opportunity to present their own ideas on employment promotion a day ahead of the symposium.

3 – 4 November





**Kerstin Müller
visits GTZ Head
Office in Eschborn.**

Addressing some 300 staff members, the State Secretary at the Federal Foreign Office advocated strengthening development cooperation with Africa. Ms. Müller visited GTZ by invitation of its Managing Director Wolfgang Schmitt.

Around 300 guests come to Mainz for the symposium “Oil prince, coal baron, sun king” by joint invitation of ZDF, GTZ, KfW Entwicklungsbank and the German Council for Sustainability.

Participants followed with great interest the debate between policymakers, captains of industry, scientists and representatives of NGOs. The symposium took place in the run-up to the “renewables 2004” conference.



13 May



The international conference “renewables 2004” in Bonn is attended by 121 heads of state and ministers, including Gerhard Schröder, Heidemarie Wieczorek-Zeul and Jürgen Trittin.

The four-day conference on renewable energies, attended by 1,450 delegates from 154 countries, was prepared and run by GTZ on behalf of the Federal Ministry for the Environment, and the Federal Ministry for Economic Cooperation and Development. GTZ also ran the conference secretariat. Furthermore, a team of GTZ energy experts put together a catalogue of 165 measures: the International Action Programme (IAP), which was adopted on 4 June. More than 700 journalists from all over the world attended and reported on this highly successful conference.

9

1 – 4 June

17 – 18 November

Over 300 guests from Germany and abroad take part in the international university conference “Achieving the Millennium Development Goals” held at the Berlin-Brandenburg Academy of Sciences.

This conference, jointly implemented by the German Academic Exchange Service (DAAD) and the German Recruiters' Conference (HRK), underlined the major significance of close collaboration between development cooperation and universities. The conference noted that an efficient and effective education system in developing and transition states is a key prerequisite to achieving the UN Millennium Development Goals.



Germany's Federal Chancellor Gerhard Schröder opens the South-Eastern Europe conference at the House of German Business in Berlin. The event is organised every year by GTZ, the Association of German Chambers of Industry and Commerce, and the Committee on Eastern European Economic Relations.

The German Chancellor made some very positive remarks on the economic promotion activities implemented by GTZ on behalf of BMZ to support states in the region in their preparations to join the EU.

8 December

Germany's Federal President travels to Africa: Horst Köhler opens a training centre for the basic education project in Waterloo, Sierra Leone.

Further stops on his itinerary were Benin and Ethiopia, where the Federal President was able to find out more about the GTZ Low Cost Housing project in Addis Ababa.



The Future Belongs to the City

One glance at the statistics gives the reader an idea why the UN Secretary-General, Kofi Annan, speaks of the “urban millennium”: Every day, the number of city dwellers increases by 180,000. By the year 2030 there will be 2 billion more than there are today, almost all of them in developing countries. In 2004, 15 of the 20 megacities – cities with more than ten million inhabitants – were in developing countries. The problems associated with such dynamic growth exert an enormous pressure on policymakers and the administrative organs of the cities to act.

In developing countries, the “smoking chimneys” that here in Europe used to be associated with progress, often indicate that a process of “catch-up development” is under way based on inappropriate models taken from the industrialised countries. On the other hand, they also indicate considerable economic success. In many countries, the lion’s share of the national product is generated in the cities. As centres of innovation and magnets for investment, they are the greatest driving force for growth.

Yet even at economically prosperous locations, large sections of the population often participate at best only marginally in the growth. Increasing numbers of poor people crowd onto the shrinking labour market in the informal sector, where conditions continue to deteriorate. Poverty is also a striking feature of many cities: dilapidated quarters, poverty-stricken slums and sprawling spontaneous settlements in periurban zones are the result of

economic deprivation. In sub-Saharan Africa, 72% of all city dwellers live in slums, and worldwide the figure is almost 900 million people. Seen against this background, the international community’s Millennium Development Goal of achieving a significant improvement in the lives of at least 100 million slum dwellers by the year 2020 seems fairly modest. Nonetheless, it will require enormous additional efforts by the cities, national governments and the international community.

In many cities, the rapid growth in the number of inhabitants is exacerbating social and cultural tensions. Traditional bonds are disintegrating, and often neither the state nor civil society nor the private sector is capable of performing core public tasks. This leads to conflicts that compromise the governability of many cities.

Nevertheless, cities continue to fascinate us. They offer a wealth of opportunities; their density and diversity foster creativity, innovation and social change processes. Whether or not these positive aspects dominate in the future will crucially depend on the numbers of people who are able to participate in those opportunities. To facilitate co-existence between very different sections of the population, it will also be necessary to identify rules with which those groups feel able and willing to comply.

In view of this diverse panorama, the question arises of what GTZ can do to help meet these immense challenges. Evidently a great deal: GTZ has been implementing urban development projects for some 30 years. It is currently implemen-



ting around 100 projects in more than 20 countries.

In the fields of urban infrastructure, public services, cadastre management or business promotion, GTZ acts as a knowledge provider, delivering packages of expertise tailored to suit the case in hand. These technical consultancy inputs also help municipal administrations assess the ecological, economic and social impacts of urban development measures. It often then emerges that integrated solutions are required which embrace several problem areas simultaneously. One example would be urban renewal projects in which employment and housing opportunities, infrastructure development and the preservation of historic monuments are all promoted through a single interdisciplinary strategy.

Where resources are scarce and needs often diverse, it is advisable to negotiate priorities with particular care. It is essential not only to involve the affected citizens in order to better understand their point of view, but also to reconcile conflicting interests and motivate target groups to participate. Poor sections of the population in particular need help in articulating their needs. Municipal administrations must explain and account for their decisions, and make transparent both their expenditure and its results. To institutionalise the principles of such good urban governance, GTZ projects create visible models, and help stimulate both public debate and the political agenda.

The experience gained in project work, and the application of objectives-oriented procedures in response to specific problems, modifies perspectives, attitudes and working practices. This applies not only to individuals, but also to organisations, which GTZ advises using modern organisational development methods. It also applies to structured

cooperation arrangements between groups and organisations that are often launched for the first time in a project setting.

Municipal administrations act with a legal mandate and in the respective national policy context. It then usually emerges how inappropriate the frameworks prescribed by the national central government are. Consequently, urban development projects often cooperate with associations of cities and ministries. Together with these actors they draw up proposals for decision-making based on proven practices, and carry out extensive consultation procedures to help build a political consensus for the vital reforms.

Cities face growing challenges. Their need for advisory services is increasing by the year. The art of Technical Cooperation is to propose the right mix of measures for the situation in hand, and to develop the capacities of the participating actors. These services can help foster what might be called “better management for better cities”.

This year's Annual Report focuses on urban development – just one of our services – to demonstrate GTZ's expertise and the sustainability of our approaches.

Romania:

Sibiu (German: Hermannstadt) in Romania has added a key element to the mosaic of its urban development strategy. The authorities and inhabitants now know that to make the old town really worth living in, it will not be enough to just restore the fabric of residential buildings. Public space is on the agenda, along with road traffic.





Faria lima Photo, Film Agfa CT 100, 100 cm x 150 cm

Housing Construction and Solid Waste Management

While many cities and metropolitan zones in Europe are shrinking, sub-Saharan Africa is experiencing rapid urban growth as the 21st century begins to unfold. According to UN reports, since the mid-60s the urban population of Africa has virtually doubled every 15 years, reaching annual growth rates of 4.7% during the years 1965-70, and 5.0% between 1985 and 1990. The projected figure for 2005 to 2010 is 4.2%. Currently, some 40 to 50% of the total population live in urban zones; in South Africa the figure is as high as 58%. Africa currently has the highest urban growth rates of any continent in the world.

Housing Construction in Ethiopia

Although Ethiopia is one of the least urbanised countries in the world, with a degree of urbanisation of 17%, the capital Addis Ababa and the regional capitals do display very high growth rates. These urban zones face an extreme shortage of housing. In Addis Ababa alone there is a shortfall of some 300,000 units. And up to 85% of existing dwellings display serious deficits. In these urban centres the poor sections of the population – which in Addis Ababa means around half of all households – live in housing that is unfit for human habitation.

GTZ is delivering comprehensive advisory services on urban administration to the City Government of Addis Ababa, which was newly set up two years ago. Within this framework, GTZ also helps support the urban development process, which includes slum upgrading. The measures, implemented with the participation of residents, are designed to improve site development, water supply and sanitation. These key activities correspond to the agreed Millennium Development Goals, and will help raise the living conditions of slum dwellers in the capital considerably over the next ten years.

Due to the fact that the market economy was first introduced in Ethiopia in 1991, markets for building land, construction services and construction financing remain underdeveloped. Along with rapid urban growth, this is a key reason why the gap between housing supply and demand is so wide.

Since 1999 GTZ, on BMZ's behalf, has been supporting a project entitled “Integrated social housing construction” in Ethiopian cities. The project, which now focuses on Addis Ababa, benefits low-income households that are capable of saving 15% of their income. These developments, which involve proper infrastructure and the erection of apartment buildings, are based on the principle of building mixed communities. The new residents join forces to form neighbourhood groups, and assume responsibility for the maintenance of all infrastructure and facilities.

Construction is based on Low Cost Housing (LCH) technology, which uses prefabricated building elements. As a result, savings of up to 50% were made on conventional building costs. Six local building contractors have adopted the low-cost and environmentally-friendly LCH technology. Housing construction creates jobs for tens of thousands of mostly unemployed youth, leads to the establishment of small and medium-sized enterprises, and turns the building and construction sector into a driving force for economic growth. Local banks too are showing an increasing interest in extending individual house building loans with a 15-year term, once the municipality has pre-financed the respective construction project.

The new house owners have to make a down payment of 30% of the construction costs before moving in, which increases their willingness to save. By the end of 2004, 1,400 families had acquired

their own properties. For the first time it became possible for broad sections of the population to finance these measures. According to current construction figures, by the end of 2005 a total of around 65,000 people will be living in their own homes, more than twice as many as originally planned.

The success of the project is underlined by the fact that the municipality of Addis Ababa itself now uses the LCH method in the construction of new housing and public buildings. Due to the enormous demand, by the end of 2004 the municipal administration had placed contracts with GTZ International Services for the construction of 10,000 residential units worth EUR 60 million. Further contracts worth up to EUR 40 million are in the pipeline.

Solid Waste Management in Mozambique

Anyone flying into the international airport in the Mozambican capital of Maputo about two years ago would have seen thick clouds of smoke rising from just beside the runway. They were billowing up from several fires, revealing the location of Maputo's refuse tip. Driving from the airport into the city centre, once again the traveller's eye would have been caught by the refuse containers spilling over at the side of the road. Maputo's first freely elected municipal government had been in office just two years, and the city was undergoing dramatic upheaval.

Following 16 years of civil war, the first free elections were held in Mozambique in 1994. These were followed in 1999 by the first free municipal elections. The 33 newly formed municipalities were, however, overstretched by the tasks that they then had to perform, as indeed some still are. The capital Maputo, which over the last five years has experi-

enced an enormous construction boom and immense growth in the number of its inhabitants, is considered the flagship of the country's development progress, and has ambitions to become an attractive location for businesses.

Solid waste management is a good indicator of the quality of life in a city like Maputo. It also reflects the status of decentralisation and good governance in general, as well as the performance capability of public administration in particular. Although two years ago the city of Maputo was spending around 40% of its entire budget on refuse collection, two-thirds of its inhabitants still had no access to what was overall a very poor waste management system. Consequently, the poor population living in the densely populated suburbs in particular were exposed to considerable environmental and hygiene risks. The municipal government of Maputo elected at the end of 2003 has acknowledged this situation, and now sees the new democratic structures as providing an opportunity to tackle these problems more effectively.

Since 2002, GTZ has been advising the municipal administration of Maputo on all issues of sustainable solid waste management. In cooperation with CARE International and Médecins Sans Frontières (MSF), the project has established regular and appropriate waste collection by small contractors in two quarters. This means improved waste management for around 43,000 people. The integration of the private sector is just as expedient and important as the laying down of municipal regulations on the compulsory collection and disposal of refuse, and a system of rates that guarantees financial sustainability.

Following an extensive public awareness raising campaign, in 2002 a second attempt to introduce refuse collection charges proved successful. The



Ethiopia:

The Merkato is the hub of Addis Ababa's informal sector. Yet no administration has ever managed to provide this vast marketplace with an infrastructure.



municipality now adds one US dollar per month to the electricity bill of each household. This generates average revenues of 60,000 dollars, covering almost half the waste management costs incurred.

Local Development Planning in South Africa

A decade after the end of the apartheid system, South Africa's fragmented settlement structures are still reminiscent of the former policy of racial segregation. Urbanisation remains ongoing, chiefly through a process in which informal settlements accumulate in periurban zones, and inner-city slums become denser and denser. To redress the negative legacy of settlement patterns prescribed by apartheid – spatial separation of ethnic groups, functional separation of residential and working zones, long distances, poor access to basic services – comprehensive and legally underpinned reforms are required.

Following the municipal reforms in 2000, all municipalities drew up their integrated municipal development plans. However, neither when preparing nor when implementing those plans did they receive sufficient support from national institutions or from provincial bodies. Municipal planning was not sufficiently integrated into the state planning system as a whole. This was due to a lack of experience, strategy, methodology and personnel.

In February 2001 President Thabo Mbeki introduced a national urban renewal programme for eight identified priority zones. For the first time in South Africa, this marked an acknowledgement of the fact that close cooperation was needed between all governmental and civil society actors in order to successfully fight mass poverty, youth unemployment, soaring crime rates, deplorable living conditions and poor public services in selected townships.

Using the experience gained inter alia in delivering advisory services to the township of Mdantsane in the Eastern Cape province, a GTZ programme implemented on behalf of BMZ is contributing to sustainable development in urban areas. It aims to improve the reconciliation of interests and cooperation between governments at the national, provincial and district levels, so that local development plans can be implemented on a coordinated basis. The complex package of organisational and strategic advisory services offered by the GTZ programme incorporates problem analysis, case studies, the formulation of prospective interministerial objectives, draft legislation, plans for pilot measures, and training concepts. The experience gained will be shared at a national workshop in 2005.

Sanitation and Solid Waste Management in Madagascar

On the west coast of Madagascar lies Mahajanga, one of the island's largest urban areas, with a population of 250,000. A rapid growth of the urban population (over 12% per annum) and a completely overstretched municipal administration have led to a situation in which, among other things, sanitation systems no longer operate, and informal refuse tips are a common sight. In 1999, this meant that a cholera epidemic was able to spread rapidly; even cases of the plague are no rarity. The cyclones that regularly rage in the region exacerbate this alarming health situation.

In view of these circumstances, GTZ has been operating in Mahajanga on behalf of BMZ since early 1998. The project helps enable the municipal administration to secure sanitation and solid waste management that relieve pressure on the environment and reduce health risks. The collection and



Ethiopia:
A new master plan puts the capital's self-governance expertise to the test.

disposal of domestic waste is being farmed out step by step to private contractors. Resident participation is extraordinarily important in the maintenance of sanitation and waste management systems. The project's key target group are poor families living in the densely populated quarters, some of which are spontaneous settlements.

The project works particularly closely with women, because they are responsible for family health, the supply of drinking water and the disposal of faeces, household wastewater and refuse. GTZ is currently cooperating with 45 registered women's associations. It is also cooperating with KfW Entwicklungsbank, with whose funds Mahajanga is repairing and extending its key water supply plant. Furthermore, GTZ's project work is closely coordinated with French Technical Cooperation, which is

helping strengthen the municipal administration and improve living conditions in quarters that face particular problems.

GTZ is now operating in 14 out of 26 quarters, which have a total of around 122,000 inhabitants. So far, 35,000 metres of open, easy-to-clean sewers have been installed, 3,500 metres of which are main sewers in a region particularly vulnerable to flooding. The results of the measures are plain to see: whereas in 1999 several hundred cases of cholera were recorded, almost one hundred of which were fatal, two years later not a single case was reported. An increased awareness of sanitation and waste management problems among the population is clearly evident. Other quarters have asked the project for support.



2004

	Total income EUR million for	No. of field staff		Total income EUR million for	No. of field staff
Angola	2.5	7	Madagascar	2.9	6
Benin	7.0	12	Malawi	6.8	13
Botswana	0.9	5	Mali	7.3	9
Burkina Faso	6.7	11	Mauritania	4.5	6
Burundi	7.8	4	Mozambique	11.1	28
Cameroon	6.9	17	Namibia	4.1	7
Cape Verde	1.2	2	Niger	3.5	7
Central African Republic	1.0	1	Nigeria	3.2	5
Chad	11.7	9	Rwanda	5.1	9
Congo, Dem. Rep.	7.6	5	Senegal	7.9	16
Congo, Rep.	1.2	0	Sierra Leone	8.3	4
Côte d'Ivoire	5.5	1	Somalia	0.4	2
Djibouti	0.0*)	1	Republic of South Africa	11.6	34
Eritrea	0.7	2	Sudan	9.7	4
Ethiopia	30.4	27	Tanzania	9.4	19
Gambia	0.7	0	Togo	1.6	2
Ghana	7.7	16	Uganda	8.6	15
Guinea	7.9	7	Zambia	5.0	13
Kenya	13.2	20	Zimbabwe	1.7	1
Lesotho	1.6	4	Supraregional projects	11.1	0
Liberia	5.3	2	Total	251.3	353

*) less than EUR 50,000

Responsibility and Integrity

As a company in international cooperation for sustainable development, GTZ feels bound to assume responsibilities in the ecological, social, cultural and political spheres. We carry this responsibility over from our own company into cooperation with our partners.

We work to recognised international standards, our results can be measured, and as a result of the corporate form and equity structure of our company, we are audited several times a year. Efficiency and ethics play an equal role in our actions. Respecting human dignity and human rights is just as important to us as responsible use of the environment and natural resources. This prompted our company to become a member in early 2004 of the Global Compact, which was called into being in 1999 by UN Secretary-General Kofi Annan. Key goals are to protect human rights and the natural resource base, to ensure appropriate labour and social standards, and to fight corruption. Some 1,700 companies worldwide have joined it.

The battle against HIV/AIDS enjoys high priority in our international work – and begins within the company. In view of its obligation to provide welfare services for its staff, GTZ introduced its HIV/AIDS workplace policy two years ago. All Head Office and field staff are systematically made aware of the risks and consequences of infection and are provided with care and support should they fall ill. Worldwide, GTZ assumes the costs of HIV/AIDS-related illness for its staff and their immediate family members if appropriate provision is not in place. Non-discrimination and confidentiality are imperative in this context. GTZ is advising numerous multinational companies, and increasingly also small and medium-sized enterprises, on the introduction of AIDS programmes in the workplace. Companies advised in South Africa include VW, DaimlerChrysler and Bosch, and in the Republic of the Congo the Dutch brewers Heineken.

We attach especially high priority to integrity and preventing corruption. Were a member of our staff to break the law, this would damage our name and considerably undermine trust in our company. Key prerequisites for our corporate success include not only the price and quality of our services, but also our good reputation and our integrity. In our view, this means upholding and abiding by the law, as well as maintaining honesty, reliability and impartiality. Having said that, integrity cannot be guaranteed either by criminal law statutes or a system of controls, no matter how fine-meshed that system might be. Integrity must be rooted in the self-understanding of our company, and must be of personal concern to each and every member of staff. We have therefore drawn up our Code of Conduct, based on the corporate values that help define our corporate identity.

To help implement these principles GTZ has created the post of “integrity adviser”. The incumbent acts as ombudsman on all matters concerning the Code of Conduct, and as mediator and integrator when conflicts arise with respect to integrity issues. S/he is also our direct interface with Transparency International, a body in whose foundation GTZ was instrumental. As a corporate member of Transparency International we cooperate closely with other corporate members in corruption prevention and control.



Urban Development and Water Supply

Almost all North African and Middle Eastern countries are highly urbanised. In most of them, the urban population accounts for more than 50% of the national total. Almost 80% of the total population of Jordan live in urban zones, and the figure for Lebanon is closer to 90%. The figures for Egypt and Yemen are below 50%. The Egyptian capital Cairo is the largest metropolis in the region. Today, Greater Cairo has a population of 15 million, and if the trend in growth continues, this figure will reach the 20 million mark in ten years. Throughout the region, the proportion of people living in urban zones is expected to rise at an average rate of 2.5% per annum over the next 15 years.

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In other words, cities have to offer a decent quality of life to increasing numbers of people. This includes water supply and sanitation. For many cities in the region this poses problems that the cities cannot solve by themselves. Particularly in the urban centres of the Palestinian territories, but also in Amman, Damascus and Beirut, the situation has also been aggravated by the crises and conflicts in the region. At the same time, this region is also home to the world's three oldest inhabited cities – Jericho, Damascus and Aleppo. And UNESCO has placed a number of ancient cities in the region – such as Damascus and Aleppo in Syria, and Sana'a and Shibam in Yemen – on its list of World Heritage Sites. Yet the unique buildings there can only be saved from ruin if restoration activities are supplemented by measures to create social and economic development opportunities for residents.

Urban Development in Egypt

In the Egyptian capital Cairo, where the average age of the city's 15 million inhabitants continues to fall, employment opportunities are in short supply. Basic social and technical services are inadequate, and hygienic living and environmental conditions often prove difficult to maintain. The public administration is unable to remedy these deficits on its own. In urban development and poverty reduction, Technical Cooperation projects have proven in recent years that participatory approaches lead to the desired result - both when defining and when solving the problems in hand. Using funds from the German Government's Anti-Terror Package and the Programme of Action 2015, GTZ has been promoting 80 local self-help initiatives countrywide since 2002. This has enabled it to reach and secure the participation of almost 800,000 poor inhabitants.



Egypt:
The greatest problem for Egypt's cities are the unplanned, poor quarters with no urban infrastructure.



A programme launched in 2004 and jointly implemented by GTZ and KfW Entwicklungsbank builds on this experience. It is designed to enable the public administration and civil society organisations to better meet the basic needs of the poor urban population by improving their service delivery. The programme institutionalises the participatory approach at the national government level, and implements it in two quarters of Cairo: in Manshiet Nasser and Boulaq El Dakrou. GTZ has been operating since 1998 in these two spontaneous settlements, both of which are home to half a million people living in extremely cramped conditions.

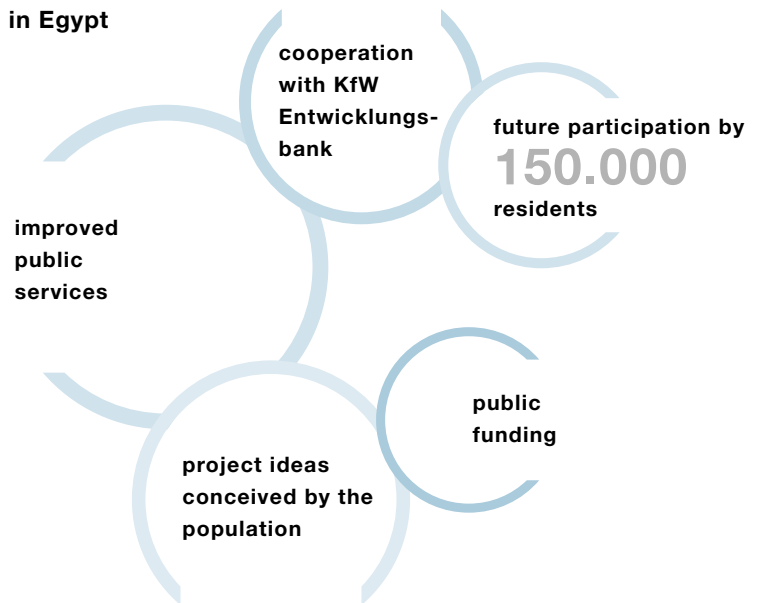
The participatory urban development strategy is now firmly established at the policymaking level. The advisory services delivered can thus now focus on the decentralised promotion of the approach using public funds. Together with KfW Entwicklungsbank GTZ is helping transfer these approaches to wider areas, securing the direct participation of 150,000 as opposed to the previous 35,000 inhabitants.

Now that the GTZ experts have placed communication with all stakeholders and actors at the centre of their activities, the scope for participation by the poor population and local non-governmental organisations has increased. The population have put forward first project proposals, which have been discussed and agreed on with the administration. It is planned to realise these proposals using KfW Entwicklungsbank funds.

Water Supply in the Palestinian Territories

Due to the conflict with Israel, the situation in the Palestinian territories remains critical. The ongoing

Urban development in Egypt



intifada and the frequent closure of the border crossing points into Israel have dramatically reduced the incomes of the population of Nablus (West Bank), and made their lives more difficult. To supply its 160,000 inhabitants and the 40,000 Palestinian refugees living in three camps with water, the city of Nablus is also dependent on water deliveries from Israel. There are often serious bottlenecks in these deliveries. The fact that the city discharges untreated sewage into the surrounding river valleys also jeopardises the existing water resources.

In 1994 GTZ launched a project – which it has been implementing in cooperation with the KfW Entwicklungsbank since 1997 – to enable the city of Nablus operate its water supply and sanitation plant on an efficient, break-even, sustainable and ecologically-sound basis. Two wells sunk in the late 1990s with capacities of 160 and 300 cubic



Egypt:
Dialogue between the residents of illegal settlements and the administration has broken down. GTZ reopens channels of communication.





	Total income EUR million for	No. of field staff		Total income EUR million for	No. of field staff
Algeria	5.4	7	Palestinian territories	5.6	8
Egypt	9.2	20	Qatar	1.0	4
Iran	1.1	0	Saudi Arabia	9.9	26
Jordan	4.0	10	Syria	1.7	4
Kuwait	0.8	13	Tunisia	5.3	14
Lebanon	1.3	3	Turkey	4.0	1
Malta	0.2	2	United Arab Emirates	8.8	10
Morocco	6.2	13	Yemen	9.8	15
Oman	0.0*)	0	Total	74.3	150

*) less than EUR 50,000

metres per hour respectively are making a crucial difference to the water supply situation, and will make Nablus largely independent of Israeli water deliveries in the future. A further positive result chalked up by the project is the creation of a single utility for water supply and sanitation. The project will continue to support this agency in future through extensive advisory inputs and training measures.

Restoring Ancient Cities in Yemen

Shibam is the historic capital of the Hadramaut region, a fertile river valley located in the middle of the desert in southern Yemen. In ancient times, Shibam was a hub of caravan trade along the legendary incense road. Since the 16th century the ancient city, with its striking tower-like clay houses up to eight storeys high, has formed an ensemble comprising around 500 buildings. In 1982 UNESCO declared the historic walled city of Shibam, which is home to some 3,000 people, a World Heritage Site.

In the 20th century, however, the city lost its economic base, and a section of the population left the region, while others moved into more comfortable accommodation outside the city walls. The inhabitants left behind were predominantly poor. Over the last 30 years, the fragile loam houses fell into a state of increasing disrepair, and threatened to become completely dilapidated.

Contracted by BMZ, GTZ has been promoting the careful maintenance and revitalisation of this unique city since 2000. In cooperation with the German Development Service (DED), GTZ has so far advised around 150 homeowners, more than half of whom have since initiated measures to restore their clay houses, using subsidies in conjunction with their own capital. Craftsmen, master builders and engineers from Shibam and the region have been employed to implement the measures, thus ensuring that income is generated locally, and that the older craftsmen are able to hand down their expertise to the next generation.

In the long term, however, the historic buildings can only be protected successfully if the quality of life of the residents is also improved. Consequently, the TC project is also advising the local private sector in order to help professionalise cultural tourism services and improve local infrastructure - water supply, wastewater and solid waste management - for the historic city and its surroundings.

Across the wider project region, which encompasses the district of Shibam, small projects are helping strengthen inhabitants' self-help initiatives - especially those run by and for women and youth. All measures are planned in a process of close consultation between the local district council, the regional offices of the ministries, local non-governmental organisations, citizens' groups and the GTZ team.

The GTZ Environmental Audit Five Years On

In 2004 the GTZ environmental audit celebrated its fifth birthday. During these five years it has become established as an integral component of GTZ's environmental management and reporting. Our environmental management in 2004 included a number of outstanding events that also met with great public interest. In 2005 we intend to build on these positive results, and continue systematically reducing GTZ's environmental impacts.

CO₂ Neutrality Strategy

Over the next few years we plan to gradually implement the three-stage strategy "reduce, replace and compensate". CO₂ reduction will be promoted, for instance, through the job ticket, the bike & business initiative and the modernisation of House 1. Having successfully converted 100% of power consumption to renewable sources of energy in 2003, GTZ now plans to offset its remaining CO₂ emissions by obtaining CO₂ reduction certificates. This process was launched in early 2004. Our strategy to neutralise CO₂ emissions, which is unique in Germany, was presented to the public at the "renewables 2004" conference in Bonn.

Commuter Traffic

In 2003, GTZ became one of the first two companies in Hesse to participate in the bike & business campaign run by Germany's bicycle association, the ADFC. In 2004, GTZ's commitment also won public acknowledgement. At the 2nd all-Germany "Business on the Move" congress, held on 13/14 May at Hambach Castle, GTZ together with the Infineon and Kärcher companies was awarded the "Business on the Move Award" by the federal association of young entrepreneurs and the Autoclub Europa.

Environmental Management System

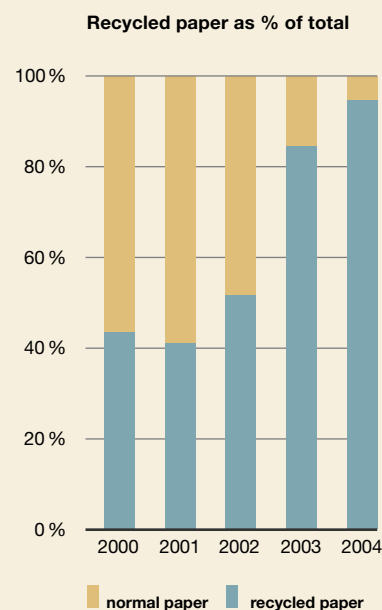
In 2004 a new environmental management system was introduced that is integrated into the European Foundation for Quality Management (EFQM) model. One of the key innovations of the model is the self-evaluation of environmental issues, performed by the environmental management team using the EFQM criteria.

Modernising House 1 at Head Office

The plans approved include measures to increase energy efficiency, reduce water consumption and further improve facilities for staff cycling to work.

Paper

One major achievement is that the proportion of recycled paper we use has now been increased to about 95%. The fact that our paper consumption is still high compared to other companies led us to make paper our Spotlight 2005.



The complete version of the environmental audit 2004 is available as a PDF file, and can be accessed via the GTZ website at <http://www.gtz.de>

Conservationist Urban Renewal – Municipal Land Management

Nowhere in the countries in transition is the economic upswing more visible than in the cities – especially in South-Eastern Europe. Yet nowhere are the social and economic distortions more visible than here. Due to the absence of rehabilitation strategies, and the fact that the responsible authorities lack the essential human and financial resources, buildings of historic value in many old cities and towns – whose tourist potential remains untapped – are suffering severe damage. Many multi-family housing blocks are falling into disrepair due to the lack of clearly defined property rights and responsibilities for common property, poor management, and an absence of financial resources or development programmes. Some 30% of the entire housing stock in the region, i.e. 5 to 6 million residential units, affected. Experts estimate that, unless urgent measures are taken, about half the units will be uninhabitable 15 years from now.

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In almost all the countries in transition an immense housing crisis is looming, compounded by a rapid growth in acute social problems. Since responsibility for urban planning and development was transferred to the municipalities, new building sites are being designated without the proper urban planning concepts or appropriate statutory planning regulations being brought into play. This mostly investor-driven trend is virtually out of control. An estimated 40% of all buildings in South-Eastern Europe are erected illegally; building regulations are not usually observed, and planning permission processes lack transparency. All these shortcomings occur at the expense of the cities as a whole. Cities in South-Eastern Europe are now at the crossroads, and must choose the right road forwards.

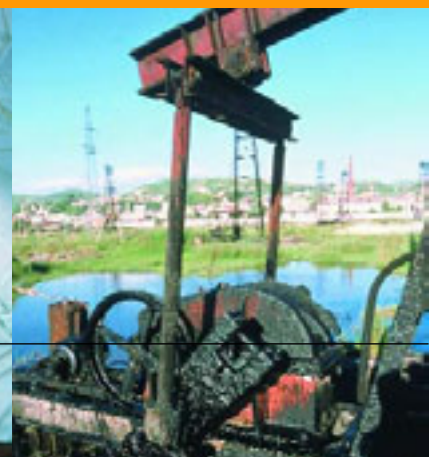
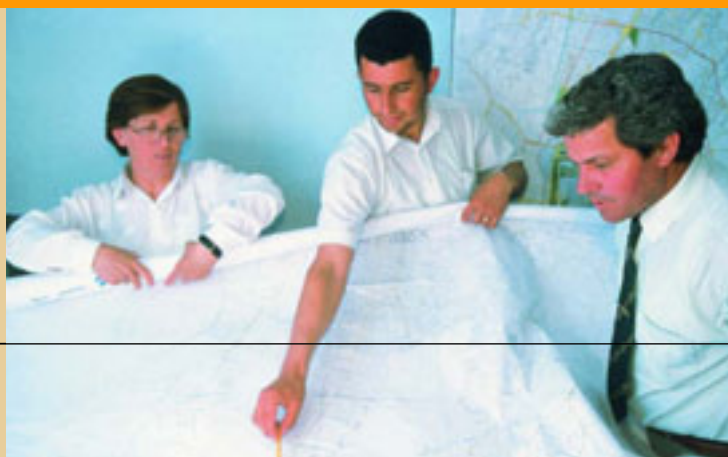
Rehabilitating an Old Town in Romania

Founded by immigrants from Saxony, Sibiu (German: Hermannstadt) remains one of the most important cities of Transylvania. The historic old town, which is essentially Mediaeval but also includes buildings added during the Late Gothic, Baroque and Gründerzeit periods, is a heritage site of international calibre. Some of the total of 1,200 historic buildings are well preserved, but many of them show signs of significant damage, and a number are at acute risk of collapse. Some 20,000 people currently live in the old town of Sibiu – in poor housing conditions, and at a density reminiscent of bygone days.

The lamentable dilapidation of these historic buildings is the result of inappropriate rehabilitation



Albania:
A new political self-confidence is emerging in Albanian municipalities. A law creates the basis for greater local autonomy.



strategies, poor planning and weak institutional capacities on the part of the authorities. Most of the attempts made to completely restore individual buildings at great expense have failed because not all of their residents were willing to move out. In the meantime, many residents have carried out the most vital repairs on their own initiative.

To better harness the self-help potentials of owners and tenants, in September 2000 GTZ began targeted cooperation with the municipal administration of Sibiu. All promotion programmes propagate careful, low-cost rehabilitation measures in small steps. The historic gates so characteristic of the city are being restored, façades are being plastered in the traditional fashion, buildings at risk are being secured, water damage is being repaired, and apartments are being modernised and equipped with bathrooms. These showcase properties then serve to encourage the residents of Sibiu, whom the project advises free of charge, to undertake their own projects, which can be subsidised. A participatory procedure allows residents, public authorities, local private enterprise and civil society organisations to become partners and take joint decisions.

The “conservationist urban renewal” approach pursued by the project goes far beyond the mere restoration of the substance of historic buildings in order to preserve a heritage site. By reviving the traditional building trade and developing tourism in Sibiu, the approach creates income and jobs. It creates acceptable living conditions for the owners and tenants, the majority of whom are old and impoverished. As a result of their intensive participation, the residents increasingly come to identify with their cultural heritage – regardless of their ethnic background. Through its broad array of measures, the project has already generated a perceptible mood of positive change.

Urban Development in Albania

Since the early 1990s, the Albanian capital Tirana has undergone rapid change. High population growth and illegal construction measures have lent not only the periurban zones but also the inner city a somewhat chaotic appearance, with a noticeable lack of coordinated urban planning and imagination. As a result, Tirana now lacks the flair one might expect to find in a capital city. Buildings of historic value were torn down to make way for faceless skyscrapers. Traffic is virtually out of control. This chaos resulted from the fact that the municipal and state authorities were vastly overstretched. Consequently, at the end of 2002 the responsible ministry for territorial planning and tourism imposed a blanket moratorium on construction activity in the centre of Tirana.

In 2003 the municipality of Tirana – with GTZ support – prepared an international competition for inner-city planning. In this cooperation, major significance was attached to an exchange on key procedural issues with experts from the municipality of Frankfurt am Main. The competition, which was won by a team of French planners, attracted international attention, and was also well received by the Albanian population. The process of implementing the results of the competition set new standards of transparency and legality in urban development planning, and incorporated binding decisions for Tirana. Both aspects will be helpful to Albania in its endeavours to join the EU.

In 2004 a summer school, jointly organised by the Berlage Institute for architecture and urban planning, the municipality of Tirana and Albanian students, was held as a follow-up measure. This not only helped promote international exchange, but also facilitated the production of designs for the two most important parks and local recreation areas in Tirana.



The success of this project, which was completed in 2004, led the popular Lord Mayor of the capital, Edi Rama, to express his interest in continuing the cooperation with Germany.

Municipal Land Management in Montenegro

In 2003 the Government of Montenegro passed a land tax law that entitles municipalities to receive the charges levied in full as direct local revenue. To date, barely any municipality has succeeded in collecting these land tax revenues on anything like the scale anticipated. Firstly, the municipalities have hardly developed any corresponding capacities. Secondly, cooperation with the national land registry is not running smoothly, and there is a lack of access to information on real estate. As a result, Montenegro's municipalities are losing tens of millions per annum.

Since early 2004, a five-year project supported by GTZ on behalf of BMZ has been advising coastal municipalities on municipal land management. The

coast of Montenegro is a highly attractive tourist region. It is therefore a key aim of the project to stem uncontrolled settlement, in order to protect the coast from irreversible long-term damage that would destroy its strong potential for developing tourism. This concern also arises from the fact that the return of formerly nationalised land to private ownership is creating legal uncertainty and possible conflict in the event of restitution claims. The lack of clearly defined property rights is deterring potential investors and hampering the economic development of the coastal municipalities.

With the help of the project, in late 2004 a key agreement was reached which guarantees that the land registry office will make available to the municipalities its entire real estate database. This information can then be used for levying the land tax, for drawing up land-use plans and for land management. Further measures are planned to facilitate the management of spatial development in the coastal municipalities.


2004

	Total income EUR million for	No. of field staff		Total income EUR million for	No. of field staff
Albania	2.6	0	Lithuania	0.6	0
Armenia	3.3	3	Macedonia	3.2	0
Azerbaijan	3.4	7	Moldova	1.6	0
Belarus	0.8	1	Poland	3.0	1
Belgium	26.2	8	Romania	8.5	4
Bosnia and Herzegovina	7.8	11	Russian Federation	17.6	14
Bulgaria	8.1	1	Serbia and Montenegro	13.6	18
Croatia	2.5	1	Slovakia	0.6	0
Czech Republic	1.7	1	Slovenia	1.0	0
Estonia	0.7	0	Tajikistan	1.7	3
Georgia	4.0	8	Turkmenistan	0.3	0
Hungary	0.5	0	Ukraine	5.0	4
Kazakhstan	1.5	6	Uzbekistan	2.9	4
Kyrgyzstan	2.4	5	Supraregional projects	5.5	0
Latvia	1.2	0	Total	131.8	100

The CIM Programme: Beating Environmental Problems with Sustainable Urban Planning

In its capacity as German Development Cooperation's recruitment and placement agency for integrated experts, the Centrum für Internationale Migration und Entwicklung (CIM) has been placing experienced German and other European professionals with employers in Asia, Africa and Latin America for almost 25 years, and more recently also in South-Eastern Europe and the New Independent States. The range of CIM's services includes professional personnel recruitment on the German labour market, swift handling of immigration formalities, and attractive top-up payments to supplement local salaries. CIM is a joint operation of GTZ and the German Central Placement Office (ZAV). A local contract of employment and jointly agreed objectives tie the experts placed by CIM into the local structures. Through diverse networks and global partnerships, these experts help achieve the German Government's development-policy objectives by practising international cooperation for results-oriented and sustainable development.

CIM has always promoted employers in urban and municipal development. This is because the phrase "one person can make a difference" holds particularly true for ambitious municipalities willing to reform. At the end of 2004, a total of 664 CIM experts were employed in 73 countries: 28% of them in Asia and Oceania, 9% in the Mediterranean region and in the Near and Middle East, 23% in Africa, around 25% in Central and Eastern Europe and around 16% in Latin America. More than 30 CIM experts were employed in urban planning and development.

In Afghanistan, for example, three years after the end of the war the impacts of conflict and terror can still be felt everywhere, and reconstruction is still virtually impossible to achieve without external assistance. Consequently, in November 2002 CIM placed an experienced construction engineer – initially as an advisor – with the Ministry of Urban Development and Housing in Kabul. Today, the German-Afghan advisor is himself Vice-Minister, and personally advises the Minister on all urban and traffic planning issues, as well as supporting the Ministry in establishing an operational administrative structure. The results to date are impressive. In July 2003, urban development plans were finally completed for the capital Kabul and several provincial capitals. A round table for traffic system management in Kabul has also been created to help this city of three million regulate its chaotic traffic in the future.

In Bolivia too, growing urbanisation has generated numerous environmental and social problems that city and municipal governments wish to redress through environmentally sound spatial planning schemes. In the former silver mining town of Potosi, whose groundwater and air have been severely polluted by the numerous mineral processing plants, a CIM expert is coordinating implementation of the local urban development plan. Its declared aim is to sustainably improve the quality of life of the inhabitants, and reduce poverty in the region. The plan provides for the construction of a modern industrial estate, for instance, to which the numerous metal processing plants currently spread across the entire town are to relocate. Also involved in this project alongside CIM are GTZ and KfW Entwicklungsbank.



Air Pollution Control and Environmental Management

Asia is home to 60% of the world's population, and one in two city dwellers. At the same time, the frequent heterogeneity of the continent is also reflected in the widely differing urbanisation rates. While a city state such as Singapore displays an urbanisation rate of almost 100% and has an average population density of 4,800 inhabitants per km², although the figure can be as high as 200,000 per km² in some residential districts, 85% of the population of Nepal live in rural areas. Since some of the world's most populous countries that are in Asia display relatively low urbanisation rates, such as India (28%), Bangladesh (24%), Pakistan (36%) and China (32%), the average figure for Asia is just 37%. According to forecasts, however, Asia's urban population will rise by more than 3% per annum in the near future, and will have doubled in about twenty years.

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This creates major challenges for the municipal policymakers and administrations who have to provide the new cities with housing and infrastructure. Today, enormous environmental burdens are already becoming evident that will increasingly take on global dimensions.

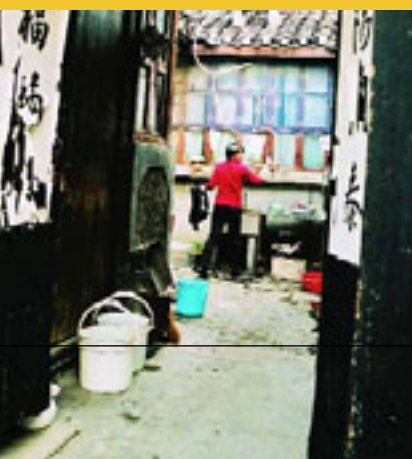
Air Pollution Control in Malaysia

Strong economic growth, and the rapid urbanisation and motorisation it generates, are causing the air quality in Malaysia's cities to deteriorate. The government has acknowledged the importance of environmental protection, and is pursuing a national environmental policy that incorporates the GTZ-supported "Air pollution control for Malaysian cities: transport and industry" project, launched in May 2002. This project aims to help develop the

capacities of Malaysia's environmental agency and other public institutions, and to implement air quality amelioration measures.

The project, implemented on behalf of BMZ, is based on many years of technical cooperation experience gained in similar types of project in Mexico and Chile. For the first time, however, it covers all aspects of an air pollution control policy: the introduction and monitoring of emission standards for industrial plants and vehicles, the improvement of petrol and diesel quality, sustainable urban traffic development, environmental communication, and quality management of the information gathered on the causes and impacts of air pollution.

Project results to date are impressive. A fuel quality regulation will soon be passed, preparations are under way to introduce the vehicle emission standards presently in force in Europe, and modern



China:

Yangzhou has ambitions to become an eco city. GTZ process consultants are supporting the city of 4 million plus in its endeavours. It is one of the first in China to comply with the Eco City Programme. Since the late 90s this concept has been setting standards: for sustainable urban development and the preservation of cultural values.



emission regulations for industry are now being discussed. A Malaysian-German team is working on sector-specific emission limits.

In view of the considerable natural gas reserves on hand in Malaysia, and the high price of oil, it makes sense to use natural gas for public transport. To this end, the project prepared studies and draft cabinet resolutions. It also organised a national workshop that presented alternatives to car-centred city traffic. Ultimately, none of these measures can take effect unless they are supported by the public. It is therefore crucial that public awareness-raising and environmental communication work also be performed, involving opinion leaders from the spheres of policymaking, private enterprise and civil society, as well as the universities and the media. Public-private partnerships (PPPs) and the conjoining of German and European industrial interests with those of Malaysian companies are also on the agenda of this successful project.

Urban Development in Nepal

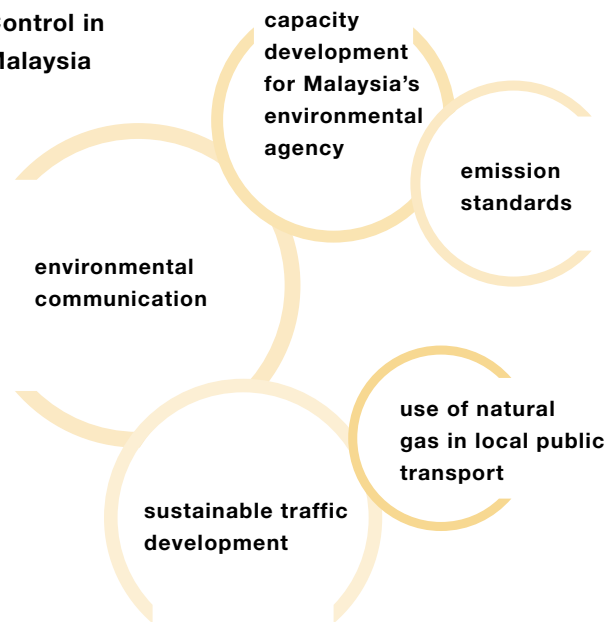
Nepal is one of the Asian countries with the lowest urbanisation rates. Only 15% of its population live in the country's 58 urban municipalities, more than half of them in the towns and cities in the Kathmandu Valley. This is where the historic royal cities and temples are located that have been declared a World Heritage Site by UNESCO. And in 1974, this is where GTZ, on BMZ's behalf, began restoring the ancient royal city of Bhaktapur, which at the time was in a state of dilapidation. As a result, the ancient city regained something of its former grandeur in the eyes of the population. This is still considered a showcase project. Since then, Germany has been a partner for urban development in Nepal.

In 1987 "Urban development through local efforts" was launched, a project with a title that sig-

nals its intentions. All Nepal's municipal administrations were to benefit from the advisory and training services provided by the project. Furthermore, an urban development fund was set up that gave the cities access – through KfW Entwicklungsbank – to technical expertise and financing for infrastructure. The demand from a growing number of cities was so strong that the mobile consultancy teams were no longer able to meet it. Consequently, the Municipal Association of Nepal (MuAN) was strengthened in its role as multiplier, private consultants were called in, and staff at municipalities were trained. It was agreed with five towns and cities in different regions that they would be made centres for local self-governance issues, in order to foster exchange among the cities and towns.

The Local Self-Governance Act passed by Nepal's parliament in 1999 raised the expectations placed on local government agencies and the services

Air Pollution Control in Malaysia





	Total income EUR million for	No. of field staff		Total income EUR million for	No. of field staff
Afghanistan	30.8	31	Myanmar	0.0*)	0
Bangladesh	4.8	11	Nepal	10.8	11
Bhutan	0.8	2	Pakistan	6.8	6
Cambodia	6.9	12	Papua New Guinea	0.0*)	1
China, PR	22.4	26	Philippines	7.2	18
Fiji	0.0*)	2	Singapore	0.0*)	0
India	11.7	15	Sri Lanka	11.3	19
Indonesia	13.2	30	Thailand	5.2	13
Korea, Democratic PR	0.0*)	0	Timor-Leste	1.9	5
Laos	3.9	7	Viet Nam	11.8	11
Malaysia	2.7	8	Supraregional projects	12.4	0
Mongolia	5.7	5	Total	170.3	233

*) less than EUR 50,000

they provide. But in 2002, first the government dismissed the local politicians, and shortly thereafter the king dismissed the government and parliament. The civil war-like conflict between the security forces and the Maoist rebels is accelerating urban migration, leaving less and less scope for municipal action.

To be able to plan and implement poverty reduction measures, the development community is now returning to direct cooperation with neighbourhood groups and other civil society organisations in the towns and cities.

Environmental Management in China

Yangzhou and Changzhou, two cities located in the province of Jiangsu just a few hours away from Shanghai by car, both have over four million inhabitants and continue to grow vigorously. The two cities have ambitions to become model “eco cities” for China. The aim is to achieve an economic, social and environmental balance in steering the rapid urbanisation process, to improve environmental management and thus environmental quality. Germany is providing exemplary support to both cities in their endeavours.

In August 2003, the Eco City Master Plan for Yangzhou was the first in the country to be approved by China’s ministry for environmental affairs. The “strategic planning” approach suggested by the Ger-

man advisors helped facilitate brisk consultation and coordination between the relevant agencies. Within two years, Yangzhou succeeded in increasing its public parkland by 64% to 563 hectares. Following intensive consultations, there are now plans to adopt a new way of dealing with the old city centres. This will involve replacing the policy of large-scale demolition and rebuilding with one of “careful” urban renewal. At the same time, measures to improve living conditions in the old city centres will also attempt to preserve cultural traditions. Citizen participation in measures of this kind is an integral aspect of the method, and is now accepted by local decision-makers.

The momentum unfolding in Chinese cities means that the conditions and priorities there are in a state of constant flux. This calls for a high degree of flexibility when identifying joint activities. Further priority areas of Sino-German cooperation at present are land-use planning, traffic, urban water management and corporate environmental protection.

This project has generated very broad impacts in China. Numerous cities have sent delegates to Yangzhou to find out more about its emergence as an eco city. In April 2004, 250 participants from around 40 cities took part in a conference on environmentally sound urban development that was organised by the project.

Public-Private Partnerships for Development

In 2004, the public-private partnership (PPPs) programme continued to grow dynamically in its various facets.

Through the special BMZ fund – called the PPP facility – GTZ was able to help launch 31 new PPP projects last year. A total of EUR 14.4 million was made available by the public and private sectors, with public-sector partners providing around 35% of that amount. In terms of regional distribution, Africa once again topped the list with 11 new PPP projects, followed by Asia with 9 projects, Latin America and the Middle East with 4 projects each, Eastern Europe with 2 projects, and one supra-regional project.

In terms of sectoral distribution, economic reform was most prominent with 11 projects, followed by health (8), agriculture (5) and regional concentration (2). In the year under review, GTZ received a total of 169 project proposals from commercial enterprises and associations.

Five years of PPPs have yielded the following result: a total of 333 projects worth around EUR 148 million altogether, EUR 53.7 million of which was provided by the public sector. The strongest regional focus was in Asia, where 111 projects were located. The major sector was economic reform, with 155 projects.

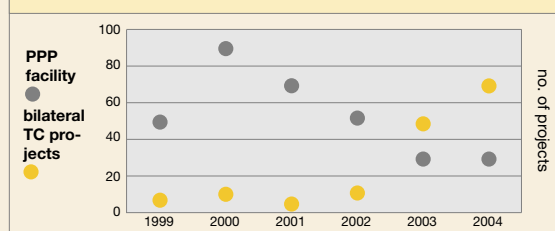
The importance of PPPs in bilateral Technical Cooperation has been rising steadily. Last year, not only were more PPP projects financed through TC projects than through the PPP facility, but also the volume of funds and the number of agreements were both significantly higher than in the previous year. A total of 51 TC projects entered into 70 PPP agreements with private-sector partners. Corporate partners made EUR 14.7 million available for this purpose, while the public sector pledged EUR 3.6 million. PPPs also continued to make advances in the planning of new TC projects. Of the 365 GTZ offers submitted to BMZ, 167 included PPP components. The PPP facility is therefore successfully performing its task of paving the way for integrated PPP projects.

The so-called strategic alliances realised at international level, embracing entire sectors and involving coalitions of enterprises or trade associations, remain a key focus of the ongoing development of the PPP programme. Five such alliances have been forged to date: with the German Coffee Association, the Foreign Trade Association of the German Retail Trade, SAP, Holcim and Volkswagen.

PPP



Quantitative trends in PPP projects launched through the PPP facility or bilateral TC projects



Spatial Planning and Local Agenda 21

In Latin America, the average degree of urbanisation is equivalent to that of the industrialised nations. National values vary widely, however: In Argentina and Uruguay the figure is around 90%, while in Guatemala it is just 40%. Disparities are particularly wide in the Caribbean, where in Haiti only 35% of the population live in urban zones, as opposed to 100% in the Bermuda Islands. One other key difference has a massive impact on urbanisation in Latin America: in no other part of the world is the gulf between rich and poor so wide; nowhere else is income so unequally distributed. This discrepancy began to influence the urban development process in Latin America early on, and continues to shape it to this day. The favelas – poverty-ridden urban districts – became symbolic of slums the world over. These spontaneously erected quarters are often directly adjacent to the shopping centres on the edge of city centre zones, or the heavily guarded villa ghettos of the rich. Sadly, a culture of violence thrives amid poverty.

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Revitalising Contaminated Sites in Brazil

In the 70s, forced industrialisation and urbanisation in Brazil led to significant areas of land and ground-water in and around the urban centres becoming contaminated. The contaminated sites register, compiled by the São Paulo state environmental agency with GTZ support, now records virtually 1,300 “contaminated or suspected contaminated sites” in the state of São Paulo alone. Many of these areas, a large number of which are industrial, although some are informal landfills, pose acute hazards to the environment and human health. At particular risk are the inhabitants of favelas erected illegally on these sites. In one such case, the inhabitants of a slum built on the site of a disused chemical plant had to

be relocated. The contaminated areas were analysed with GTZ support.

Many former industrial locations are simply being reused without any environmental reports ever having been produced. According to the most recent surveys of the São Paulo urban planning office, around 2,000 such sites have been reused in this way over the last five years alone. For instance, a group of private investors built a residential complex for some 4,000 residents on a former informal landfill. The case hit the headlines when a maintenance engineer met with a fatal accident. Now, the entire area has to be detoxified – a complex and costly rehabilitation project.

The growing environmental problems posed by contaminated sites are generating pressure to act, which is a heavy burden for Brazil’s municipal



Chile:

Environmental policy is on the move in Chile. Air pollution control guidelines for the Santiago region produce measurable results. GTZ has been supporting the process for a decade, improving pollution control and air quality.



administrations. A project supported by GTZ on BMZ's behalf is advising the municipal environmental office in São Paulo on the reuse of contaminated wasteland. The "Sumidouro" pilot project is now approaching completion. There are plans to build an arts centre with adjacent park on the site of a former refuse incineration plant. A large Brazilian publishing group was found as a potential investor.

In November 2004, GTZ entered into a strategic partnership with the Caixa Econômica Federal. This national financing institute with a public mandate operates primarily in the fields of social housing construction and urban building development. One object of the partnership is to plan and implement promotion programmes to revitalise urban wasteland.

Spatial Planning in Chile

In Chile's capital Santiago and its environs, more than six million people live in an area the size of Schleswig-Holstein (15,349 km²). This region, which is the political, economic and cultural centre of the country, gains around 80,000 inhabitants per annum. Every year, population and economic growth claim more than 2,500 hectares of land for new development. Valuable land, which was previously utilised to produce wine, fruit or vegetables for export, is consequently lost. The quality of life of the population also suffers.

A GTZ-supported project aims to help facilitate organised spatial planning and the resolution of land-use conflicts. The project now has a team of experts trained by German specialists. The team updates the database on spatial resources, prepares expert reports, and transfers information to specialists and the general public.

A number of measures now facilitate more sustainable spatial development in the region: housing

development areas are identified that are at possible risk of flooding, airflow corridors and mountain valley ventilation are maintained for the city of Santiago (which is located on the slopes of the Andes), and green belts around settled areas are preserved. At the same time, the project underpins other measures designed to improve the quality of life. These include an air pollution control project for Greater Santiago, which is also supported by GTZ on behalf of BMZ.

Local Agenda 21 in Latin America

Since early 2000, GTZ has been actively supporting selected countries and regions in Latin America and the Caribbean in implementing the Local Agenda 21 plan of action, which emerged

Spatial planning in Chile



from the Earth Summit held in Rio de Janeiro in 1992. With Local Agenda 21, the aim is to meet the commitment entered into in Rio: to design national strategies for sustainable development and to realise this through local initiatives and efforts. Twelve years after the Rio Conference, the number of activities has more than doubled. This was no doubt positively influenced by the growing autonomy of local authorities brought about by the democratisation and decentralisation processes in many Latin American countries.

The project aims to help enable urban and municipal administrations manage their Local Agenda 21 Action Plans in partnership with the key actors. A total of 74 towns and cities are being advised in two regions in Chile, in Peru, in Ecuador (especially Amazonia), and in Costa Rica.

The project promotes measures that produce good examples, and national and international exchange between towns and cities. It cooperates with numerous institutions and organisations, and helps build national networks whose members are committed to the goals and criteria embodied in Local Agenda 21. These networks have proved their worth not least as platforms for new and skilful local politicians.

2004



	Total income EUR million for	No. of field staff		Total income EUR million for	No. of field staff
Argentina	1.5	4	Haiti	1.5	2
Bolivia	11.9	16	Honduras	5.2	9
Brazil	10.1	25	Jamaica	0.1	0
Chile	5.6	12	Mexico	2.6	7
Colombia	6.0	9	Nicaragua	5.5	11
Costa Rica	1.6	5	Panama	0.5	0
Cuba	0.0*)	0	Paraguay	2.8	5
Dominican Republic	2.4	9	Peru	10.2	24
East Caribbean	0.3	0	Trinidad and Tobago	0.0*)	0
Ecuador	6.2	12	Uruguay	0.1	2
El Salvador	4.0	14	Venezuela	0.5	1
Guatemala	5.7	15	Supraregional projects	11.6	0
Guyana	0.4	0	Total	96.3	182

*) less than EUR 50,000

Direct Contributions – a Strength of German Development Cooperation

Technical Cooperation (TC) is usually implemented in the form of direct contributions. This means the recipient country is granted not funds, but goods and/or services. The implementing organisations of the donor and recipient countries carry out the project or programme in a spirit of partnership and in close consultation, and the two parties assume joint responsibility for success. This aspect of co-ownership is increasingly regarded as an important element of successful cooperation, also in international circles. Together with financial support, direct contributions are the most widely applied instrument of Development Cooperation.

We can observe that as cooperation countries progress in their development, the demand for direct contributions rises. China, India and South Africa are good examples in this respect. Direct contributions are also especially effective in countries experiencing crises or in post-conflict situations. During and after crises, whatever form these may take, many countries do not succeed in setting in motion self-sustaining stabilisation and reconstruction processes. And governments in many cooperation countries are not strong enough to initiate and pursue reform processes on their own. Reform concepts, such as improving governance structures, combating corruption or unblocking market-economy potentials, often cannot be undertaken without redefining core government functions. Under such conditions, it has proven most effective for external organisations, by providing direct contributions, to assume co-responsibility for a period, though without stifling the self-initiative of the stakeholders.

Direct contributions are a part of the political process in which the development-policy thinking of the donor country is regularly renegotiated in the context of the interests and thinking of the respective partners. As such it stands for an understanding of Development Cooperation that clearly states and conveys its own values and interests. It is interesting that other donors (for example UK's DFID, Netherlands, and to some extent even the World Bank and the International Finance Corporation) avail themselves intensively of the services of GTZ as a provider of direct contributions. Since many of these donors no longer have implementing organisations of their own, they are increasingly contracting GTZ to implement Technical Cooperation as direct contributions in the form of co-financing and silent partnerships. Another advantage of direct contributions for these donors is the security of financial settlements and protection against corruption.

Although international debate today revolves to a great extent around programme approaches and various forms of joint financing, this in no way makes direct contributions superfluous. GTZ too participates in programme-based approaches. In practice, there are numerous hybrid forms of project and programme aid, of joint financing and direct contributions. A lack of implementation capacity on the partner side often impairs the effectiveness of financial support, and capacity development provided through direct contributions is in demand for precisely this reason. There are many examples to illustrate how Technical Cooperation delivered as direct contributions successfully enhances the efficacy of budget support and basket funding. In Mozambique, for instance, GTZ, working on behalf of BMZ, is coordinating very successfully the operations of all donors participating in the national education programme, which includes an advisory services component and is supported through joint basket funding. The German Technical Cooperation contribution is held in very high esteem.





GTZ International Services



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Contracts received in 2004
for GTZ International Services
in EUR million, by client/finan-
cing body

Contracts received in 2004		
	EUR million	as % of total
EU	61.2	28.5
UNHCR	41.9	19.5
Saudi Arabia, Gulf States	23.6	11.0
World Bank	10.5	5.0
KfW Entwicklungsbank	4.2	2.0
UNDP	1.9	0.9
Regional banks	8.1	3.7
Other *)	63.2	29.4
Total	214.6	100

*) includes among others

City Government of Addis Ababa	39.2	18.3
World Food Programme	16.7	7.8
Department for International Development (DFID)	1.7	0.8

GTZ International Services: On Course for Success

The markets continue to confirm that our GTZ International Services (GTZ IS) business sector is on the right course. GTZ's experience and worldwide presence led once again last year to stronger demand for GTZ IS on the part of our partners and clients in developing countries and countries in transition, bilateral donors (excluding the German government), multilateral organisations (such as the World Bank, EU and UN) as well as private companies. Contracts worth around EUR 215 million were received, a 34% increase on the figure for 2003.

Several factors contributed to this encouraging trend. GTZ IS won major recognition for its implementation of large contracts; it stepped up its acquisition activities among potential clients; it widened its network of cooperation partners and experts; and thanks to close networking within the company its range of services was utilised more emphatically as well as more broadly. The systematic market orientation of the GTZ IS structures and business processes also helped bring about this positive result. The success of GTZ IS is inextricably linked to the GTZ trademark, which is shaped by GTZ's role in German Technical Cooperation.

This trend, which has now continued for the third year since the founding of GTZ IS, proves that the pooling of competences within this business sector was and is a sound strategy. GTZ IS is successfully extending the reach of German Development Cooperation, orienting it toward GTZ IS clients while remaining fully in line with the German Government's development-policy orientation.

Last year, the main clients were the EU with contracts worth around EUR 61 million, the City Government of Addis Ababa with around EUR 39 million, and Saudi Arabia and the Gulf States with around EUR 24 million.

In Indonesia, GTZ IS is working on behalf of the EU to establish a coordinated fire management system in the province of Palembang in South Sumatra. The contract is worth around EUR 4 million, and the project will run until the end of 2007.

Since 2003, GTZ IS has been implementing the EuroMed Transport Project – acting as lead company – together with four other European companies on behalf of the EU. The project focuses on fostering political dialogue in the MEDA region, i.e. among the Mediterranean states, and on developing a transport network with the appropriate infrastructure in order to make the transport system competitive on a sustainable basis. The project is worth a total of around EUR 10 million and will run until 2007.

GTZ IS – Our Service Areas

- water
- education
- commercial and management services (fund management, procurement)
- development-oriented emergency aid
- rural development and natural resource management
- infrastructure management, energy, transport
- health, HIV/AIDS
- environmental policy and sustainable business practices
- governance
- economic reform, economic promotion, vocational training

Travelling on a Tailwind: Our Work for Public Clients

Alongside BMZ, other federal and Länder ministries and their downstream agencies, research institutes and civil society interest groups are stepping up their active engagement beyond Germany's borders. Their primary focus is on the tasks associated with European Union enlargement and cooperation with the EU's new neighbours. However, this also extends to countries that for diverse reasons offer considerable potential for cooperation arrangements which are of interest to both sides.

GTZ supports German institutions in implementing their respective agendas in the area of international cooperation. Our clients include Germany's Federal Ministry of Finance, the Federal Foreign Office, the Federal Ministry of the Interior, the Federal Ministry of Defence, the Federal Ministry for the Environment, the Federal Ministry of Consumer Protection, Food and Agriculture, and the Federal Ministry of Education and Research. We also implement cooperation projects involving two or more ministries, harness synergies between orders, and deliver advisory services for policymaking or technical evaluations.

Many of these international activities are financed not only through German public funds, but also with international support. In order to broaden our clients' outreach, we therefore also advise on acquiring European or other funding. In addition, if called on we also assume the financial management of such mixed-finance programmes, ensure the proper use of funds and financial settlement in line with EU procedures, and support the coordination between the various donors.

An encouraging development in 2004 was the receipt of contracts from public clients other than the Federal Ministry for Economic Cooperation and Development worth roughly EUR 60 million, a 21% increase on the previous year's figure. The largest volume of business came from the Federal Ministry of Defence and the Federal Ministry of the Interior/Federal Office of Administration (EUR 15 million each), and the various twinning contracts (around EUR 22 million).

In this business area, GTZ undertakes a wide range of tasks. Commissioned by the Federal Foreign Office, for instance, GTZ is supporting the African Union in implementing peacekeeping measures, as well as carrying out drug control measures in Iran and Afghanistan. On behalf of the Federal Ministry for the Environment and the Federal Ministry for Economic Cooperation and Development, GTZ planned and organised the "Renewables 2004" International Conference for Renewable Energies held from 1-4 June in Bonn, and which attracted around 3,500 participants. Commissioned by the Federal Ministry of Justice and BMZ, GTZ is supporting implementation of the Sino-German dialogue on the rule of law initiated by Federal Chancellor Gerhard Schröder and the former Premier Zhu Rongji in Beijing in November 1999. One further example is the Twinning programme. Here, GTZ supports German ministries in entering into twinning projects with their European neighbours. Twinning arrangements between public institutions make an important contribution towards aligning the legislation and administrative practices in accession countries with those used inside the EU. The Twinning programme is coordinated countrywide by the Federal Ministry of Finance – supported by GTZ.



The jobs abroad involve highly specific requirements: a special mix of technical and methodological expertise, language skills, and prior experience, perhaps gained in the particular region. Any project requires specific expertise for a given period of time. Consequently, when appointing experts for project tasks, GTZ opts for the limited-term contract as the instrument of choice. Time and again, experts on limited-term contracts inject fresh expertise into project work. In cooperation with our personnel on permanent contracts, they help guarantee state-of-the-art solutions for our clients. GTZ has been successfully integrating new experts on limited contracts into its work for over thirty years.

Since the collective agreement system was reformed, GTZ has had a uniform system for the whole workforce. The terms of employment for field staff and head-office staff are now harmonised. This should make it even easier to switch between assignment locations. Staff rotation between Head Office and project countries brings benefits. Project work will be enriched by experience drawn from strategic development and general corporate policy, while steering tasks and support processes at Head Office will profit from the project experience of field staff.

The uniform system for the whole workforce will not, however, mean a relative increase in the number of staff on permanent contracts. GTZ is moving increasingly towards new areas of work and new clients. For this very reason it must remain flexible, which means that it will keep generating a demand for specific new expertise on the labour market. As this trend continues, increasing numbers of individuals will work for GTZ on a limited-term basis – also at Head Office. This is why the new collective bargaining agreement provides for non-explicit limited-term employment contracts for up to four years.

The terms of employment GTZ offers to individuals on limited-term contracts are also attractive

because, having been employed on that basis, those individuals' future employability is then enhanced. The project structure of contract management and the work performed by GTZ create challenging tasks that give individuals an opportunity to prove themselves. Contracts for consultancy and other services offer scope for creativity. This kind of context is highly conducive to learning, i.e. to gathering experience, trying out solutions and acquiring personal and social skills. As economic relations become globalised, work experience in an international context and constructive engagement with solutions drawn from other national traditions are also in demand in Germany.

GTZ Personnel

GTZ employs field staff, project personnel in Germany and head office personnel. Field staff currently operate in 131 countries – both within GTZ's various programmes and projects, and at the GTZ offices. Individuals based in Germany may also be contracted directly to perform project work. The projects for which they work are often of a supra-regional nature, which is why the tasks can be performed in Germany. A distinction is drawn between these project personnel in Germany, and GTZ head office staff employed to perform head office work.

Field Staff

The term "field staff" is wider in scope than "seconded experts". It includes:

- GTZ "project personnel" with fixed-term or unlimited employment contracts, as well as project assistants with fixed-term contracts for periods of up to two years. In 2004, 857 field staff were employed in the public-benefit business sector and 173 in GTZ International Services.

Table 1:
Field staff

	2001	2002	2003	2004
Project personnel in Germany and abroad	1,373	1,373	1,430	1,393
National personnel in partner countries	8,572	7,865	7,081	6,971
Integrated experts*)	711	703	668	664
Total project personnel	10,656	9,941	9,179	9,028

*) employed by
local employers
in partner countries

- “national personnel”, who are recruited on-site in the partner country and contracted locally in accordance with local law. Of the 6,971 individuals employed on these terms in 2004, 185 (2.7 %) performed senior management tasks, a further 1,797 (25.8 %) held professional and middle management positions, 2,520 (36.1 %) performed administrative tasks, and 2,469 (35.4 %) were employed as support staff.

Through the Centrum für internationale Migration und Entwicklung (CIM), and together with the German Federal Employment Agency, GTZ also places “integrated experts”, who enter into a direct contract of employment with an organisation in a partner country. The terms of these contracts are in line with customary local practices and remuneration, which CIM supplements with top-up payments.

Project Personnel in Germany

This category of personnel is employed almost exclusively in supraregional projects, and staff work at various locations in Germany. Compared to the previous year, the number of staff in this category rose by a further 27 (8 %) in 2003, as this figure also includes personnel employed in projects for other federal ministries. This increase reflects the pronounced diversification of the client base, and especially the advisory services delivered to BMZ through the sector projects.

On 31 December 2004, 363 individuals were employed in supraregional projects, three of them in GTZ International Services projects.

Head Office Personnel

On 31 December 2004, 999 staff were employed at GTZ Head Office in Eschborn or at other locations in Germany, 43 fewer than in the previous year (– 4.1 %). The GTZ International Services Department employed 91 of these persons. Also employed at GTZ Head Office on 31 December 2004 were 7 experts between field staff contracts, and 36 young people undergoing commercial training.

	Number of persons	Change on previous year	in %
2002	1,100	+ 22	+ 2.0
2003	1,094	– 6	– 0.5
2004	1,030	– 64	– 5.9

Table 2a:
Seconded experts

	Number of persons	Change on previous year	in %
2002	273	– 22	– 7.5
2003	336	+ 63	+ 23.1
2004	363	+ 27	+ 8.0

Table 2b:
Project personnel in Germany

	2004
Economic development and employment	20.2
Governance and democracy	27.3
Health, education, social protection	15.9
Environment and infrastructure	23.2
Agriculture, fisheries and food	12.1
Other	1.3

Table 3:
Breakdown of seconded experts by sector (in %)

	2003	2004
Sub-Saharan Africa	33.7	34.5
Asia (including Oceania)	23.2	22.6
Latin America	18.2	18.2
Mediterranean and Middle East	14.5	14.6
Central and Eastern Europe, NIS	10.4	10.1

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

	Number of persons	Change on previous year	in %
2001	1,032	– 56	– 5.2
2002	1,047	+ 15	+ 1.5
2003	1,042	– 5	– 0.5
2004	999	– 43	– 4.1

Table 5:
Trends in head office staff (as at 31 December 2004)

Table 6:
Breakdown of head office
staff*) by type of post

	2004 in %	Women in %	Men in %
Senior management positions	17.1	5.2	11.9
Professional and managerial positions (complex, strategic tasks and/or demanding managerial and coordination tasks)	23.6	11.5	12.1
Expert positions (complex and demanding, sometimes highly specialised planning tasks)	18.9	7.7	11.1
Administrative positions (complex, structured, specialised office tasks)	25.5	20.8	4.8
Secretarial, general and technical positions	14.5	13.1	1.4
Other types of post	0.4	0.2	0.2
Total	100.0	58.5	41.5

*) not including staff of supraregional projects based in Germany

The proportion of head office personnel in senior management positions was 17.1 %, of whom 30.2 % were women (compared to 29.6 % in 2003). The proportion of women in professional and middle management positions stood at 48.7 % (compared to 44.6 % one year earlier).

Junior Employees

GTZ is investing in professionally trained junior employees for international cooperation. In 2004, 306 student trainees were able to acquaint themselves with GTZ's work at Head Office; 293 guest students worked in projects, and in a few cases also GTZ offices. In all the junior employee programmes, special emphasis is placed on appointing women.

Cooperation with the Head Office Staff Council and Field Staff Representation

As in the previous year, cooperation with the staff council was conducted in a fair and constructive spirit.

As the new GTZ collective agreement system was being standardised in 2004, prior to being introduced on 1 January 2005, several company agreements were concluded covering, for instance, variable remuneration, remuneration outside the scope of the collective agreement, a new format for staff

assessment talks, and the introduction of yearly working hours and long-term work time accounts. Throughout the year, the dialogue held with the staff council to address individual topics arising from the impending introduction of the new system was at all times constructive and geared toward resolving all the issues involved.

Toward the end of 2004, negotiations with the staff council also produced a consensus concerning a further company agreement to protect non-smokers in the workplace.

Obituaries

In the year under review the following GTZ staff members passed away.

Former Managing Director:

Dr. Hartmut Hoepfel

Head office staff:

Westphal

Field staff:

Walter Schöll

Retired employees:

Ursula Alles

Irene Krause

Adolf Dietz

Jonny Gudat

Friedrich Langer

Heinrich Weinmann

We shall always honour their memory.



Development of Income, Turnover and Contracts in Hand

The key indicators of GTZ's business in the year under review are turnover, total operating performance and income. The volume of turnover refers to services for which clients have been charged. The total operating performance also includes changes in figures for services yet to be put to account under contracts in hand.

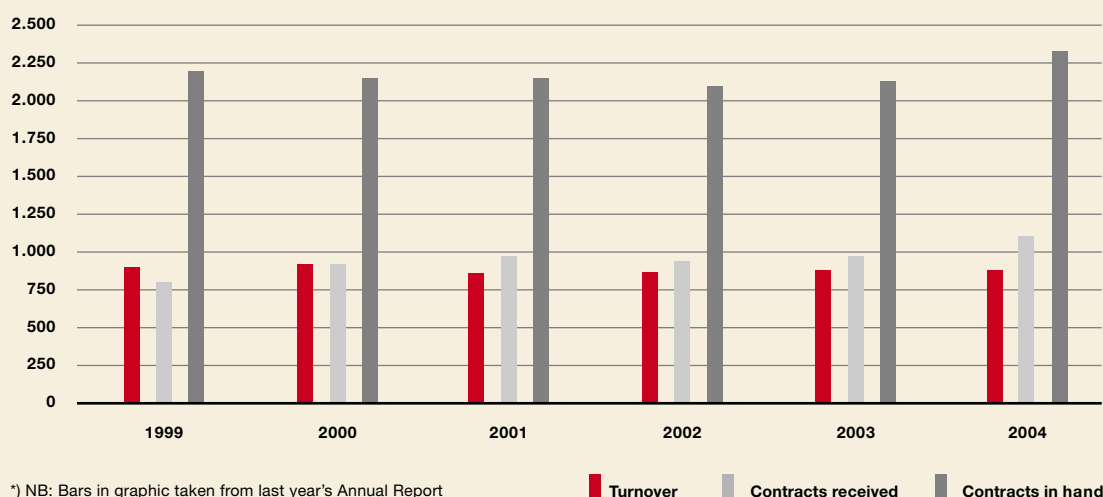
Turnover trends were not uniform across all business sectors. Whereas turnover in public-

benefit business fell due to the cabinet resolution to transfer funds from the BMZ budget to the Federal Foreign Office, GTZ International Services (GTZ IS) succeeded in increasing its turnover by 47.1 % to EUR 181.1 million (2003: EUR 123.1 million).

The trend in contracts received was clearly positive. In the year under review, the volume of contracts received for public-benefit business rose by around 11 % to EUR 900.8 million. GTZ IS recorded an increase of around 34 %, reaching a figure of EUR 214.6 million.

40

Figure 1:
Turnover, contracts
received and contracts
in hand 1999 – 2004
(including GTZ
International Services)
Figures in EUR million



Developments in the Public-Benefit Sector

1. Turnover

Turnover in the public-benefit sector fell by 8.4 % to EUR 697.7 million (2003: EUR 761.8 million).

2. Income

In the year under review, income in the public-benefit sector stood at EUR 692.2 million, a decline of EUR 54.6 million on the previous year. The drop in income from BMZ business (– 9.9 %) was due mainly to the impact of the cabinet resolution concerning the Stability Pacts for Afghanistan and South-Eastern Europe (in 2004, EUR 80 million of the allocations for Technical Cooperation were brought under the management of the Federal Foreign Office, and transferred accordingly), the expiry of the BMZ allocations for Eastern Europe, and the overall reduction in expenditure on the remaining BMZ allocations.

	2003 EUR million	Share in %	2004 EUR million	Share in %	Change in %
Sub-Saharan Africa	195.7	26.2	173.6	25.1	- 11.3
Asia (including Oceania)	155.4	20.8	144.6	20.9	- 6.9
Latin America	114.7	15.4	92.5	13.4	- 19.4
Central and Eastern Europe, NIS	100.4	13.4	101.1	14.6	+ 0.7
Mediterranean and Middle East	64.7	8.7	51.9	7.5	- 19.8
Supraregional projects	115.9	15.5	128.5	18.5	+ 10.9
Total	746.8	100.0	692.2	100.0	- 7.3

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

	2003 EUR million	2004 EUR million	Change in %
Bilateral Technical Cooperation	631.8	721.8	+ 14.2
Public-private partnerships	27.1	14.6	- 46.1
Promotion of economic development in Central and Eastern Europe	8.0	3.6	- 55.0
Grants to integrated experts	50.5	43.3	- 14.3
Food and refugee aid	19.0	19.2	+ 1.1
Food security programme	19.8	15.2	- 23.2
International agricultural research	0	18.0	+ 100
Advisory services for development in Central and Eastern Europe	1.2	0.3	- 75.0
Other BMZ allocations	5.7	4.5	- 21.1
Total BMZ allocations	763.1	840.5	+ 10.1
Other public-benefit sector clients	49.7	60.3	+ 21.3
Total public clients	812.8	900.8	+ 10.8

Table 2:
Contracts
received from
public clients

3. New Contracts and Contracts in Hand

Compared to the previous year, the value of contracts received rose by around 11 % to some EUR 900 million. Broken down by major clients and budget allocations, the trends in contracts received were as follows: GTZ received contracts worth a total of EUR 840.5 million from BMZ. This is around 10 % up on the previous year's figure. Contracts received for measures under the TC allocation were worth EUR 721.8 million, an increase of around 14 %. Contracts received under the minor BMZ allocations amounted to EUR 118.7 million, which was almost 10 % down on the previous year's figure.

One pleasing development was the increase of EUR 10.6 million (around 21 %) in the value of contracts received from other public-benefit sector clients, which reached EUR 60.3 million. As in the previous year, GTZ's main clients in this business sector were the Federal Ministry of Defence (EUR 15 million), the Federal Ministry of the Interior/Federal Office of Administration (EUR 15.2 million) and other ministries in the framework of the EU twinning programme coordinated by the Federal Ministry of Finance (EUR 22.2 million).

Due to the large volume of contracts received in the public-benefit sector, the value of contracts in hand was 5.7 % higher than the previous year's figure. On 31 December 2004, contracts in hand were worth a total of around EUR 2,034 million.

4. GTZ-financed Measures

Table 3:
Development of GTZ-
financed measures

	2003 EUR million	2004 EUR million	Change in %
Agreed/planned GTZ-financed measures	19.5	10.3	-47.2
GTZ-financed measures in hand	32.6	24.1	-26.1

Cooperation with the Private Sector and Consulting Institutions

1. Orders Placed with Suppliers

The volume of orders to suppliers fell 8.5 % short of the previous year's figure, reaching a total value of EUR 22.5 million in 2004. Whereas a significantly higher volume of materials and equipment (+ 155 %) was required in GTZ International Services projects, procurement in public-benefit sector projects and programmes fell (- 37 %).

2. Orders Placed with Consulting

Companies/Institutions and Appraisers

In 2004, GTZ placed a total of 5.1 % fewer contracts for consulting and appraisal services with companies, institutions and individuals. This was due essentially to the reduction in income. Encouragingly, however, the previous year's high level of cooperation with consulting firms was almost

In addition to projects and programmes for public clients, GTZ also implements development-policy measures of its own. These "GTZ-financed measures" are financed from surpluses generated either in the current or in previous years, since in accordance with its articles of association GTZ uses any surpluses for further Development Cooperation. In the main, these funds are channelled into small-scale, self-contained projects.

unchanged (- 1.2 %), although the volume of contracts placed with individuals fell significantly (- 25.9 %).

Cooperation with consulting firms and appraisers in the GTZ IS business sector is of course subject to major fluctuations, and the figures were down on the previous year. This was due to the major shift that took place in 2004 in the structure of contracts received by GTZ IS (e.g. a large-scale construction project in Ethiopia in cooperation with local construction firms, fund management inter alia in Afghanistan).

	Value of contracts in EUR million		Change in %
	2003	2004	
Consulting companies *)	169.0	156.5	-7.4
Consulting institutions	31.9	34.0	+6.6
Appraisers	47.8	37.5	-21.5
Total	248.7	228.0	-8.3

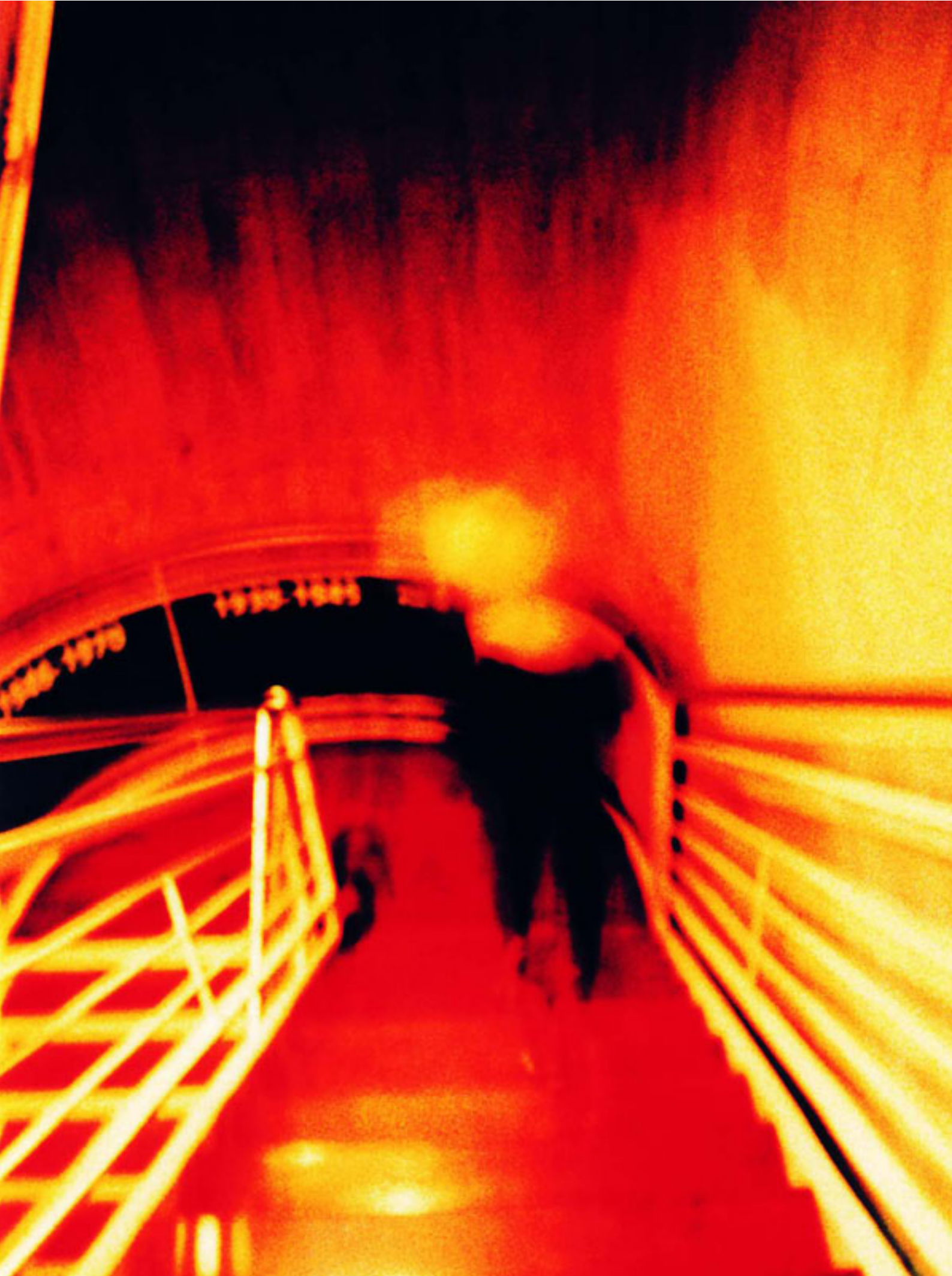
GTZ International Services

Fiscal 2004 witnessed a vibrant development in contracts received by GTZ International Services. At EUR 214.6 million, the total figure for contracts received was 34.1 % up on the previous year's figure

	2003 EUR million	2004 EUR million	Change in %
Turnover	123.1	181.1	+47.1
Contracts received	160.0	214.6	+34.1
Contracts in hand	208.6	230.6	+10.5

Table 5:
GTZ International Services

of EUR 160 million. The largest clients were the EU (around EUR 61 million), UNHCR (around EUR 42 million), the City Government of Addis Ababa (around EUR 39 million for the large-scale Low Cost Housing project), Saudi Arabia and the Gulf States (around EUR 24 million), the World Food Programme (around EUR 17 million) and the World Bank (EUR 10.5 million). Since the value of contracts received in fiscal 2004 was again significantly higher than the volume of turnover (EUR 181.1 million), a further increase in the volume of contracts in hand to EUR 230.6 million (+ 10.5 %) was recorded as the year drew to a close.



Paulista Photo, Film Agfa CT 100, 100 cm x 150 cm

Organization 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 German Federal Foreign Office, Berlin

Alexander Bonde

Member of the German Federal Parliament, Berlin (since 18 February 2005)

Jochen Borchert

Member of the German Federal Parliament, Berlin

Gerd Ehlers

State Secretary in the German Federal Ministry of Finance, Berlin (until 31 December 2004)

Antje Hermenau

Member of the German Federal Parliament, Berlin (until 31 December 2004)

Jürgen Koppelin

Member of the German Federal Parliament, Berlin

Peter Mießner

Director General in the German Federal Ministry of Finance, Berlin (since 18 February 2005)

Dr. Guido Peruzzo

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

Brigitte Schulte

Member of the German Federal Parliament, Berlin

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(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

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Susanne Alfs

Corporate Communications

Volker Franzen

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Gabriele Krause-Frieling

Corporate Development

Andreas Proksch

• Evaluation, Dr. Fred Brandl

• GTZ Office Berlin, Franziska Donner

• GTZ Office Bonn, Hans Schöneberger

Country Department Africa*

Peter Conze

Departmental Controlling

Finance Team

Public-Private Partnerships Regional Team

Economic Affairs, Poverty Reduction Strategy Papers (PRSP)

Sahel/Western Africa I

- *Burkina Faso*
- *Côte d'Ivoire*
- *Mali*
- *Mauritania*
- *Niger*
- *Sierra Leone*
- *UNHCR*

Central and Western Africa II

- *Benin*
- *Burundi*
- *Cameroon*
- *Central African Republic*
- *Chad*
- *Dem. Rep. Congo*
- *Gabon*
- *Ghana*
- *Nigeria*
- *Rwanda*
- *Togo*

Eastern Africa

- *Eritrea*
- *Ethiopia*
- *Kenya*
- *Sudan*
- *Tanzania*
- *Uganda*
- *Intergovernmental Authority on Development (IGAD)*

Southern Africa I and Madagascar

- *Angola*
- *Madagascar*
- *Malawi*
- *Mozambique*
- *Swaziland*
- *Zambia*
- *Zimbabwe*

Southern Africa II

- *African Union (AU)*
- *Botswana*
- *Lesotho*
- *Namibia*
- *Rep. of South Africa*
- *Southern African Development Community (SADC)*

Regional Office Dakar

- *Cape Verde*
- *Gambia*
- *Guinea*
- *Senegal*

Country Department Asia/ Pacific, Latin America/Caribbean*

Günter Dresrüse

Departmental Controlling and Consultancy

Finance Team

Public-Private-Partnerships Regional Team

South Asia

- *Bangladesh*
- *Nepal*
- *Sri Lanka*

South-East Asia

- *Cambodia*
- *Indonesia*
- *Laos*
- *Malaysia*
- *Myanmar*
- *Thailand*
- *Timor Leste*
- *Viet Nam*

South-East Asia, Pacific

- *Bhutan*
- *China*
- *India*
- *Mongolia*
- *North Korea*
- *Pacific*
- *Papua New Guinea*
- *Philippines*

Southern Latin America

- *Argentina*
- *Brazil*
- *Chile*
- *Paraguay*
- *Uruguay*
- *Economic Commission for Latin America and the Caribbean (ECLAC)*

Andes Countries

- *Bolivia*
- *Colombia*
- *Ecuador*
- *Peru*
- *Venezuela*

Central America, Caribbean

- *Caribbean*
- *Costa Rica*
- *Cuba*
- *Dominican Republic*
- *Eastern Caribbean States*
- *El Salvador*
- *Guatemala*
- *Guyana*
- *Haiti*
- *Honduras*
- *Jamaica*
- *Mexico*
- *Nicaragua*
- *Panama*

Country Department Mediterranean Region, Europe, Central Asian Countries*

Dr. Christoph Beier

Departmental Controlling

Finance Team

Public-Private-Partnerships Regional Team

Central and South-Eastern Europe, Caucasian and Central Asian Countries, Building and civil engineering

- *Albania*
- *Armenia*
- *Azerbaijan*
- *Belarus Federation*
- *Bosnia and Herzegovina*
- *Bulgaria*
- *Croatia*
- *Georgia*
- *Kazakhstan*
- *Kyrgyzstan*
- *Moldova*
- *Romania*
- *Russian*
- *Serbia and Montenegro*
- *Tajikistan*
- *Turkey*
- *Turkmenistan*
- *Ukraine*
- *Uzbekistan*
- *Macedonia*

GTZ Project Office Sarajevo
Programme Office Privatisation
Transform Programme

Programmes for Public-Sektor Clients

- *Twinning Office Berlin*
- *Programme for Ethnic Minorities*
- *EU Grant Programmes*

Mediterranean Region and Middle East

- *Afghanistan*
- *Algeria*
- *Egypt*
- *Iraq*
- *Iran*
- *Jordan*
- *Lebanon*
- *Morocco*
- *Pakistan*
- *Palestinian territories*
- *Syria*
- *Tunisia*
- *Yemen*

*countries with GTZ offices in italics.

As at 1 April 2005

Legal Affairs/Insurance
Dr. Friedrich von Kenne

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

**AgencZ – Agency for Market-
oriented Concepts**
Andreas von Schumann

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Centre for Cooperation with the Private Sector Jörg Hartmann	Departmental Controlling	Departmental Controlling, Social Issues	Gulf States, supraregional
Departmental Controlling and Finance Team	Facility Management, Postal Services, Central Archives	Document and Graphics Centre, Secretariat Service	Sub-Saharan Africa
Organizational and Management Consultancy	Financial Management Consultancy Team	Cooperation with Personnel in Stress, Conflict and Crisis (COPE)	Asia, Latin America
Knowledge Management	Consultancy Programme – On-Site Procurement Management	Human Resources Policy and Development <ul style="list-style-type: none"> • Management development • HR National Personnel • Seminar organisation and training advisory services • Principles and instruments of human resources management • Training of young professionals • Personnel planning and controlling, remuneration system 	Mediterranean, Europe, Central Asia
Economic Development and Employment <ul style="list-style-type: none"> • Vocational training • Private-sector and trade promotion • Finance-system development and credit • Economic policy 	Corporate Controlling <ul style="list-style-type: none"> • Financial planning, budgets, forecasts • Management information and external reporting • Cost accounting • Expenditure accounting • Final accounts 	Medical Examination Centre	Strategy
Governance and Democracy <ul style="list-style-type: none"> • International cooperation in the context of conflicts and disasters • State reform and political participation, law and justice, public finance and administration, gender • Regionalisation and local governance, decentralisation 	Financial Accounting, Payments, Taxes <ul style="list-style-type: none"> • Creditor accounting • Debitor accounting • Fixed assets accounting • Annual accounts • Accounting: International Services • Payments • Taxes • Financial archives 	Personnel Recruitment and Human Resources Management <ul style="list-style-type: none"> • Western, Central Africa, Mediterranean Region, Europe, Central Asia, Planning and Development • Eastern and Southern Africa, GTZ Units, Planning and Development • Asia, Latin America, GTZ Units, Commercial Affairs Department • Corporate policy, crisis officer • Staff council, managers, Personnel Department • Salaries 	Finance and Controlling
Health, Education, Social Protection <ul style="list-style-type: none"> • Health systems and promotion • Promotion of education systems, knowledge organization and youth policies • Information and Communications Technology (ICT) in Development Cooperation • Sustainable social protection 	Contracting, Procurement and Logistics <ul style="list-style-type: none"> • Contract management • Procurement: agro, medical, communications, logistics • Procurement: vehicles, workshops, industrial technology • Finance team 	Personnel-related Information Technology, Travel	Personnel
Environment and Infrastructure <ul style="list-style-type: none"> • Environmental policy and management of natural resources • Water, wastewater, solid waste • Energy, transport, eco-efficiency 			
Agriculture, Fisheries and Food <ul style="list-style-type: none"> • 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 2004:

SALETE GOLDFINGER



The photographer Salete Goldfinger feels magnetically attracted to her home city of São Paulo.

This attraction has triggered something akin to an artistic obsession. For many years, she has been producing series of photographs of São Paulo. They tell of the inhabitants, the architecture and the rich tapestry of everyday life in this buzzing metropolis. Her photographic essays display poetic, illusionist qualities. Their moods are often created by unusual reflections and elements that are out of focus – key stylistic traits in Salete Goldfinger's understanding of her photographic art. Though the megacity is bursting with frantic activity, the photography of Salete Goldfinger captures a sense of São Paulo as a harmonious whole, well equipped to face the future.

Salete Goldfinger was born in São Paulo. She studied photography at the Escola Panamericana de Arte in São Paulo and has won many prizes for her work, including the Grand Photography Award of the 21st Art Salon in Pará, Brazil. In 2004, Salete Goldfinger exhibited a series of photographs in São Paulo's art gallery during the city's 450th anniversary celebrations. Pictures taken from that series are included in this Annual Report. For 2005, the artist has been commissioned by the Brazilian Government to display her photo-essay entitled "almost infinite".



Libero Badaro, Photo, 100 cm x 150 cm



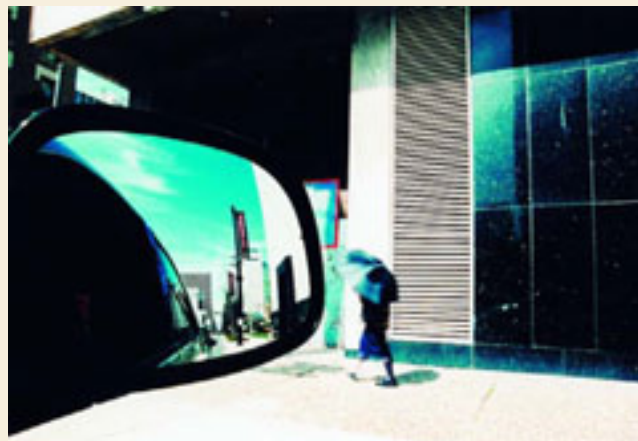
Faria lima, Photo, 100 cm x 150 cm



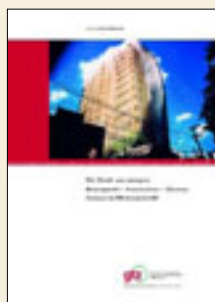
Paulista, Photo, 100 cm x 150 cm



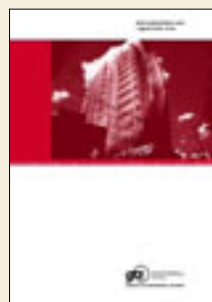
Domingos, Photo, 150 cm x 100 cm



Untitled, Photo, 150 cm x 100 cm



Abridged Version of the GTZ Annual Report 2004
 Designing Tomorrow's Cities:
 Focus – Fascination – Future
 14 pages, DIN A4
 (English, German, French, Portuguese, Spanish, Russian)
 A more concise report on the work of GTZ, and its regional and sectoral divisions.
 Includes facts and figures on the fiscal year 2004 and project examples from partner countries.



GTZ Annual Statement of Accounts and Status Report 2004
 24 pages, DIN A4 (German)
 A compact compilation of corporate facts and figures on GTZ.
 Presents the current status and trends of the company, and includes a retrospective view of operations in 2004.



Akzente
 aus der Arbeit der GTZ
 52 pages, DIN A4
 (German, some editions available in translation)
 Published quarterly, the development policy magazine Akzente offers exciting journalistic insights into GTZ's work. Special editions explore key sectoral themes in detail. Some of these are available in translation.



Environmental Audit 2004
 24 pages, DIN A4 (German)
 GTZ's environmental audit is published simultaneously with the Annual Report.
 Provides key data on GTZ's energy, water and paper consumption, waste emissions and commuter traffic in 2004, at a glance.



Eschborner Fachtage 2005
 32 pages, DIN A4 (German)
 Several hundred leading personalities from the public and private sectors, and civil society, attended the Eschborn Dialogue 2005 to debate current issues of development cooperation with GTZ experts. The brochure documents the eight workshops held on this year's key theme "Designing tomorrow's cities: – Focus – Fascination – Future".



GTZ. Partner for the future. Worldwide.
 24 pages, DIN A4 (German/English)
 What does GTZ do? And how exactly does it approach international co-operation? The work of our company is illustrated using brief, vividly descriptive texts.
 Attractive large-format photos and clear project descriptions give the reader an insight into the diversity of GTZ's tasks.

To obtain any of the materials shown here, or for further information on GTZ, please contact:
 i-punkt@gtz.de, Telephone +49 (0) 6196 79-1150.

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



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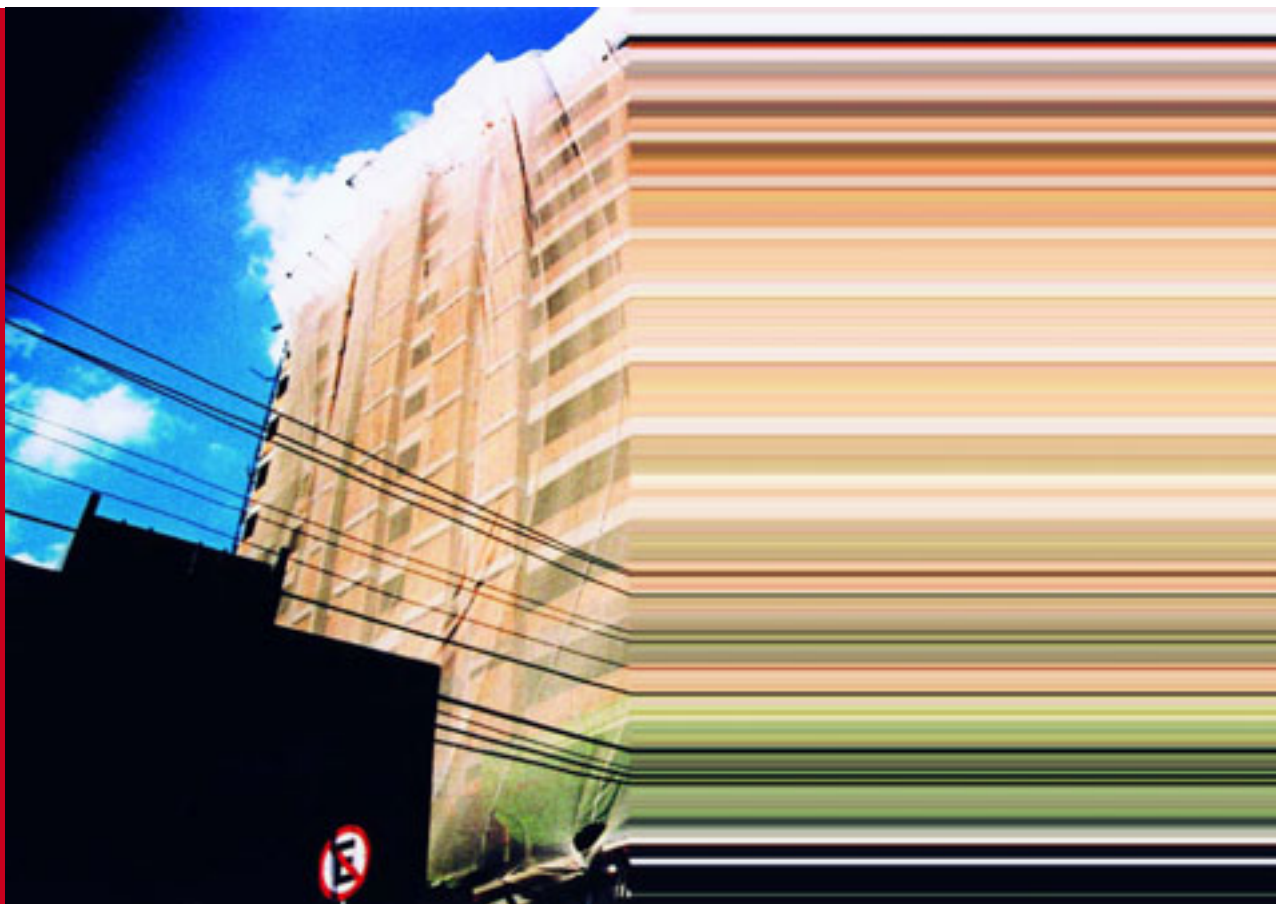
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Artistic images: Salete Goldfinger
 GTZ Eschborn and GTZ-Haus Berlin: GTZ archives
 Managing Directors on page 2 and on page 7: Gaby Gerster
 Romania on page 2 and pages 10-11: Valeriu Pana
 Ethiopia on page 3 and pages 14-15: Thomas Vesper
 Egypt on page 3 and pages 18-19: Thomas Vesper
 Albania on page 3 and pages 22-23: Paul Hahn
 China on page 3 and pages 26-27: Christiane Kühl
 Chile on page 3 and pages 30-31: Pablo Martínez
 Chair of the Supervisory Board on page 5: GTZ archives
 Managing Director on page 6: GTZ archives

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 Malenter Symposium, page 8: Axel Kirchdorf
 Berliner Akademie, page 8: HRK
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 Kerstin Müller in Eschborn, page 9: Jens Heine
 "Oil prince, coal baron, sun king" symposium, page 9: Rossival
 Conference on South-Eastern Europe, page 9: ap
 Federal President Horst Köhler, page 9: GTZ Ethiopia
 Photo of the artist on page 46: Salete Goldfinger



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