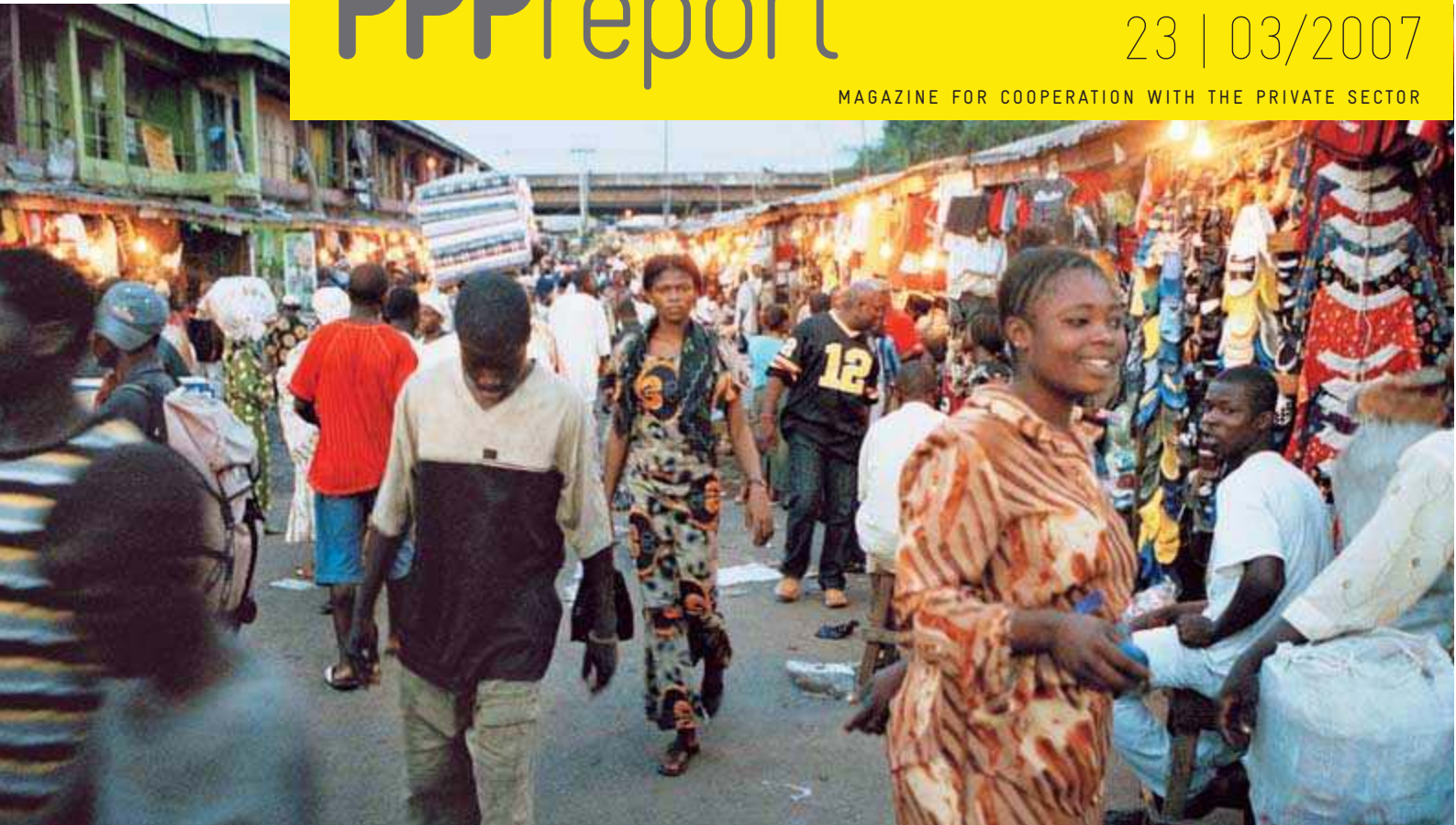


PPPreport

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MAGAZINE FOR COOPERATION WITH THE PRIVATE SECTOR



Africa – An economic partner for Europe



commissioned by

Federal Ministry
for Economic Cooperation
and Development

WHAT ARE PPPs?

By public-private partnerships, we mean development partnerships with the private sector. PPP projects are financed jointly by enterprises and official development agencies.

GTZ, DEG and SEQUA work here on behalf of the Federal Ministry for Economic Cooperation and Development (BMZ.)

WHAT CAN PPPs DO FOR THE PRIVATE SECTOR?

- We contribute finance and personnel to projects that benefit partner country development.
- We guide and support you in project planning and implementation.
- We liaise between you and our contacts to governments, trade associations and enterprises.
- We provide you with specific know-how about countries, sectors and legislation.

If you are planning projects in developing countries, you should talk to us.



Africa is catching up

DEAR READERS,

2007 is a special year for development cooperation. Germany's concurrent presidency of the European Union Council and of the G8 forum gives us the opportunity to press for equitable and sustainable global development. This is why the PPPreport this year will be showcasing projects that share the priorities of the two German presidencies. We shall be focusing on our neighbouring continent Africa, the main theme of our first and fourth issues this year. edition two and three will look at projects from Latin America, the Mahgreb and Central Asia.

In this edition, Development Minister Heidemarie Wieczorek-Zeul will answer questions on the goals German development policy has set itself during the dual presidency. We also take a look at two projects in Africa that set an example on how to improve health care and primary school education. Improving health and education is crucial in the fight against poverty and for sustainable economic growth.

Jörg Hartmann
Executive Director of the GTZ Centre for
Cooperation with the Private Sector

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Partner for a strong Africa

Germany puts Africa at the centre of the EU and G8 presidencies



Improved health care, schooling and occupational training are key instruments in the fight against poverty. German development cooperation works for social equity, environmental protection, resource conservation and sustainability.

DID YOU KNOW ...

... that Germany has raised its development assistance budget by 7.6 percent to EUR 4.5 billion for 2007? It plans further substantial increases up to 2009.

Africa needs to go its own way

Development cooperation means looking for African answers together

With its dual presidency of the European Union's (EU) Council of Ministers and the forum of the eight leading economies (G8), Germany has taken on special responsibility in the international community for 2007. Two major items on the German agenda are equitable economic globalisation and a special commitment to Africa and the underprivileged regions of the world. PPPreport talked with German Development Minister Heidemarie Wieczorek-Zeul about the special opportunities this will afford German development policy.

Federal Minister, what does Germany's dual presidency mean for development cooperation?

It gives us the chance to press more forcefully for global development partnership in 2007. We want to make the most of this chance and take a big step forward in development cooperation together with our partners in the European Union, the G8 nations and together with our partner countries in the various regions. Even though the EU Council and G8 presidencies differ due to the divergent institutional setups and procedures, they both share a common concern: We are aiming to expand our partnership with Africa further and promote self-sustaining economic growth.

Africa is often seen as a problem case in development cooperation. Do you share this view?

Africa – sub-Saharan Africa, to be more exact – is the only region worldwide where poverty has increased over the last 20 years. It is where 60 percent of all HIV-infected persons live and where about a quarter of the population are suffering under conditions of warfare. Nonetheless, Africa is not the continent of disasters, crises and wars. In recent years, many African governments have made major changes to advance national development. Democratic reforms have taken hold in many places. The people and the political leaders in Africa are looking to make tangible changes. The foundation of the African Union in 2002 or the New Partnership for Africa's Development (NEPAD) initiative by the pro-reform countries are cases in point. The political climate is improving in sub-Saharan Africa and so are the economic conditions for foreign investments as evidenced, for example, by the IFC report, Doing Business in 2007. Economic growth in Africa currently averages over five percent.

I appeal to business and industry, including German firms, to take up this opportunity. Do not let this investment opportunity go to waste!

Where do you see openings for German companies in Africa to do good business and make major developmental contributions at the same time?

Two areas that are key items on our development agenda but also afford opportunities for German businesses are sustainable energy supply and health care. Especially in view of the threats posed by global climate change, we advocate secure and environmentally sound forms of energy supply.

This includes stepping up the use of biofuels and other renewable energies on the one hand, but also the efficient use of available energy resources on the other. German enterprises are leaders in the renewable energy sector and their products can help improve energy supply in Africa for sustainable development and climate protection. An issue I am particularly concerned about is the need to strengthen African health care services, especially in the fight against HIV/AIDS. Apart from being a human tragedy, this pandemic has far-reaching economic repercussions. As initiatives such as the DaimlerChrysler HIV/AIDS Workplace Programme have shown, individual firms can also achieve a great deal and do a lot to improve the health of their personnel!

Under the DaimlerChrysler programme for AIDS control and prevention in South Africa, about 30,000 people are now receiving medical care. Thanks to better care, the chances of survival for affected DaimlerChrysler employees have now risen to 93.5 percent, a level that has only been reached in Western Europe and North America.



Heidemarie Wieczorek-Zeul

What support does German development cooperation provide for these kinds of initiative?

The example we just cited started out as a public-private partnership. Under the PPP programme, we support and flank corporate developmental commitment. We want to step up this support particularly in fighting HIV/AIDS because we need companies and civil organisations, above all, to contribute. The development ministry has earmarked additional funds for this. I urge enterprises, also in their own business interests, to approach the organisations entrusted with implementing the PPP HIV/AIDS initiative, DEG and GTZ, with PPP project proposals.

Fighting malaria

Effective combination therapies made in Africa



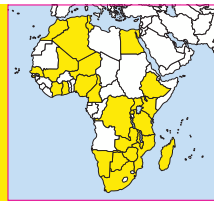
African smallholders grow annual mugwort. This medicinal plant is a source of artemisinin, the basic substance for modern combination therapies against malaria.

DID YOU KNOW...

... that 90 percent of all malaria infections occur in Africa? An estimated 300 to 500 million people contract malaria every year worldwide. Through malaria alone, the African economy loses about EUR 9 billion every year.



Lisa Amenity



Sub-Saharan Africa suffers most from malaria; over one million people die of it every year, half of them children. The most common medicines hardly help at all any more because resistance has grown rapidly. New effective malaria therapies are based on a combination of the agent artemisinin and other malaria drugs. An emergency programme by WHO aims to introduce them everywhere. The artemisinin-based combination therapies (ACTs) are, however, several times more expensive than the old drugs, making them almost unaffordable for the poor, most susceptible sections of the population. In a transregional PPP project supported by the German medical relief organisation Action Medeor, GTZ and the British firm Advanced Bio Extracts (ABE) are now aiming at initiating the local production

of ACTs in Africa, which will substantially reduce the price for the malaria medication. Up to 5,000 small farmers from Kenya, Uganda and Tanzania are being trained to cultivate annual mugwort, which contains artemisinin, to established international ecological and social standards. ABE guarantees to buy the plants and extract the raw artemisinin. It is processed in ABE's own special small factory in Uganda and since early 2007, also at its main works in Kenya. ABE plans to start producing artemisinin derivatives by the end of the year. The agents are produced to ecological standards and will be reprocessed by East African pharmaceutical enterprises. International experts train the African pharmaceuticals manufacturers to produce ACTs and prepare them for WHO certification.

Low-cost, effective malaria drugs made in Africa

From the cultivation of the medicinal plant to highly effective, modern combination therapies: Lisa Amenity, External Funding Coordinator at Advanced Bio Extracts, talks about production in Africa.

Ms Amenity, how long has Advanced Bio Extracts been engaged in Africa and what is it aiming at?

Advanced Bio Extracts has gained more than eight years' experience in East Africa. We have developed methods of extracting, purifying and refining artemisinin that have been tested and certified by an independent expert. Our aim is to become one of the largest suppliers of affordable pharmaceutical artemisinin in the next two years and make a significant contribution to the fight against malaria.

How do artemisinin-based combination therapies differ from common malaria drugs and why are they more expensive?

Traditional malaria therapies are monotherapies. As a rule, ACTs contain refined artemisinin in combination with a conventional malaria drug. An example of this is artesunate, an artemisinin derivative, in combination with amodiaquine, a traditional malaria medication.

You have built your first factory in Kenya. What are you going to do next?

In late January 2007, we started production at our factory in Kenya, in which we invested about nine million US dollars. We made our first deliveries to our main customers four weeks later. We are focusing in the near term on quality standards and optimising production outcome and so forth. As soon as production has stabilised, we will proceed to the next stage of the supply chain – refining artemisinin. In the second quarter of 2007, ABE will start introducing processes for the production of the derivative artesunate with regular production planned for the fourth quarter. Producing the refined raw substances in Africa will reduce the cost of ACTs considerably. Many people on this continent will be able to afford effective malaria drugs for the first time.

Why are you cooperating with a public partner? What is GTZ's contribution?

GTZ provides valuable help in bringing the process stakeholders together. For example, GTZ intro-

duced ABE to regional drugs manufacturers in East Africa and we have now already signed an initial letter of intent. GTZ also initiated the collaboration with Action Medeor, with which we will make a formal agreement next month. We also rely very heavily on GTZ to liaise between ABE and the responsible ministries in the region. GTZ also supports us in complying with international ecological standards and building a sustainable supply chain, including training for smallholders so they can produce the requisite quantity and quality of artemisinin.

Flourishing future

A flower-grower in Kenya invests in education and health



Mothers and children will soon be coming to the new Andersen Medical Centre for checkups, where they will also be given advice and treatment for serious illnesses such as HIV, malaria and typhoid fever.

DID YOU KNOW ...

... that a bunch of roses you buy today very likely came from an East African country? Currently the biggest exporter of cut flowers worldwide is Kenya, about a third of exports going to Europe.



Bea Andersen-Schipper



The conditions in Chepchoina, a remote region of Kenya near the Ugandan border, are typical of large parts of Africa. Much of the population lives off subsistence farming. The educational system is in a very poor state. The rudimentary public health care service just about meets basic needs. Up to 30 per cent of the population are HIV positive. Malaria is everywhere. Poverty, disease and lack of education opportunities combined present the worst possible prospects for development.

A PPP with Mount Elgon Orchards Ltd. (MEO) and DEG is going to change that. MEO is a floriculture firm certified by the Kenyan Flower Council and the Dutch flower label MPS. For many years now, the enterprise has been active against poverty and disease and has

taken many measures to improve the local community's living conditions. In a joint PPP project with DEG, MEO is now building the Andersen Development Village (ADV). On completion, ADV will include a primary school. In addition, a new building will be constructed with better infrastructure and equipment for medical facilities, where up to 25,000 patients a year can be examined and treated for HIV, malaria, typhoid fever and other serious diseases. MEO cooperates closely with the local authorities throughout the process. A charitable foundation set up specially for this purpose will run ADV on behalf of the community. The project contributes to improving education and medical care and will give the people in Chepchoina a future once again.

We belong to the Chepchoina region

Dr Bea Andersen-Schipper, Managing Director of Mount Elgon Orchards Ltd. and trustee of Mount Elgon Trusts, takes her responsibility for her Kenyan employees seriously.

Dr Andersen-Schipper, why are you engaged in Chepchoina so far beyond your core business?

We pay our employees well so they can maintain a decent standard of living for themselves and their families. Unfortunately, the government has neglected the region. Public facilities, especially those relating to education and health, are lacking. We see ourselves as part of the community here, so it is natural for us to make a contribution and help people who have no other access to education and health care.

What was the situation in Chepchoina when you started?

Chepchoina has had a chequered past. The district thrived over large parts of the 20th century and became one of the most productive cropping regions in the country. However, central government made hardly any investments in the region so development almost came to a complete standstill. When I moved to Chepchoina from the Netherlands in 2003, almost everything was lacking. There were no paved roads, no electricity grid or telecommuni-

cations networks, no clean water, no health facilities and no schools.

Why does MEO concentrate on health and education?

Poverty is everywhere and contagious diseases are widespread. Without our help many people would die needlessly. Better health care for our employees also raises productivity, so both sides benefit.

What problems did you encounter in implementing the project?

It was generally difficult to impart an awareness of health and educational issues in the district. It was particularly hard here to convince families to send girls to school as well. We also had problems obtaining licences and permits from the government, but by involving the population in planning and implementing the project, we were able to get over most of the obstacles.

How did cooperation with DEG work?

Without support from DEG, we could not have set up the Andersen Development Village and made the

changes we have in the district. We find DEG's way of doing things very supportive and encouraging. Since we have been collaborating with DEG, cooperation with the government has also improved a lot. It is now very committed to the construction of our hospital and our school.



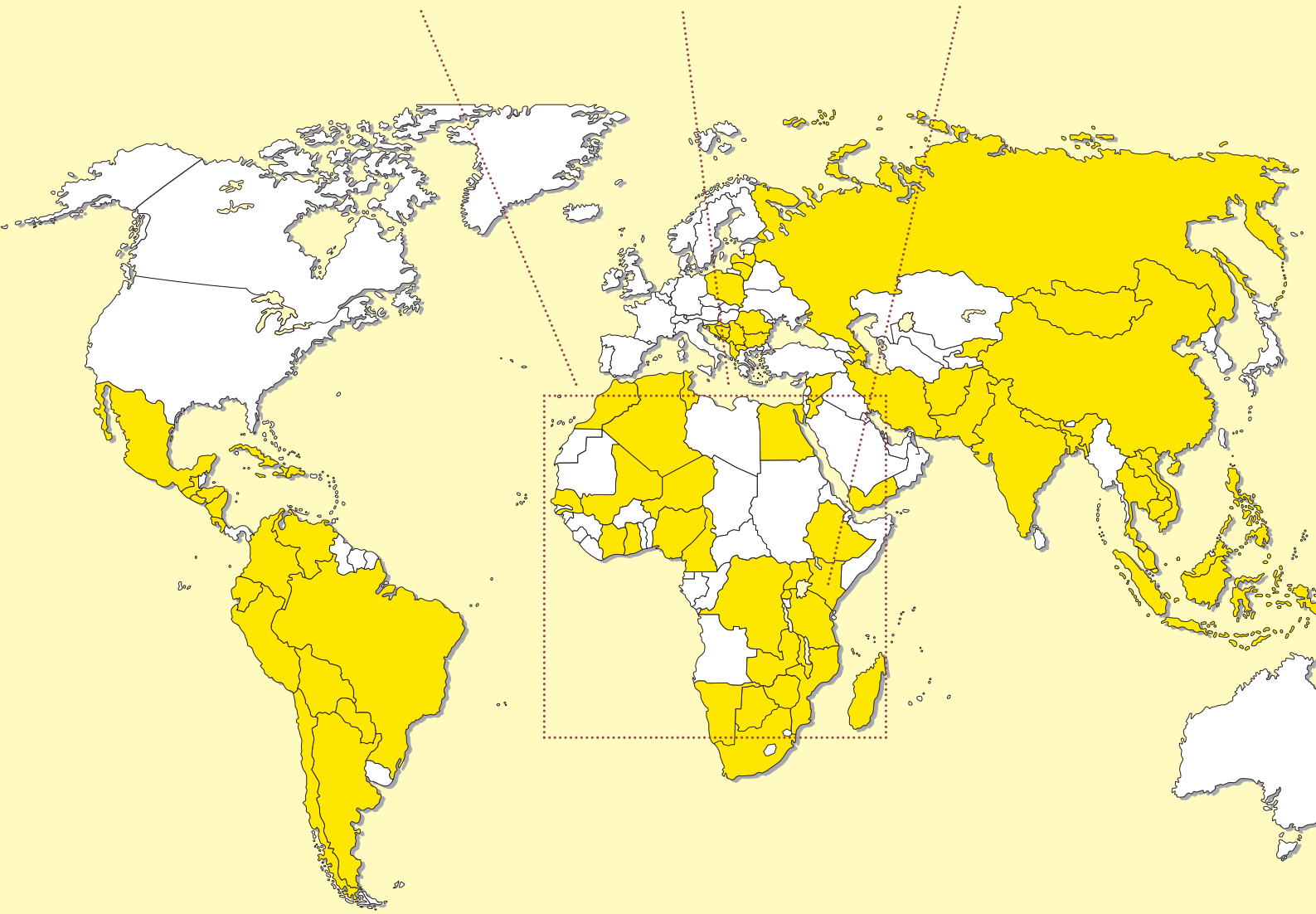
German development assistance puts Africa at the centre of the EU and G8 presidency.



GTZ and Advanced Bio Extracts declare war on malaria.



DEG and Mount Elgon Orchards build a community centre in Kenya.



Development organisations and private enterprises jointly run PPPs in around 70 countries.

www.gtz.de/ppp

gtz

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