



Afghan Generic Medicines

A Public-Private Partnership Initiative between:

**The European Generic Medicines Association (the EGA);
The Business Humanitarian Forum (the BHF),
The United Nations Development Programme (the UNDP);
The Deutsche Post World Net (DPWN)/ DHL;
And the Deutsche Investitions- und Entwicklungsgesellschaft mbH (DEG)**

The Partners:

The EGA is the official representative body of the European generic pharmaceutical industry, which is at the forefront of providing high-quality affordable medicines to millions of Europeans and stimulating competitiveness and innovation in the pharmaceutical sector. Formed in 1993, the EGA represents over 500 companies and their subsidiaries from throughout Europe, either directly or through national associations. Companies represented within the EGA provide over 100,000 jobs in Europe. Cost-effective generic medicines save EU patients and healthcare systems over €13 billion each year, thus helping to ensure patient access to essential medicines and providing urgently needed budget headroom for the purchase of new and innovative treatments. The EGA and its members work with the European national governments and the EU institutions to develop affordable solutions for pharmaceutical care and to increase Europe's competitive strength in the global pharmaceutical medicines market.

The BHF is an international Geneva-based non-profit association. Launched in 1999, the Business-Humanitarian Forum's primary purpose is to encourage dialogue and mutual support between the business and humanitarian communities. The BHF seeks to foment the recognition that business has a strong, long-term interest in supporting the work of the humanitarian community, which is a key element in the stabilization of developing and post-conflict societies. To implement this concept on the ground, the BHF seeks to use the synergy of business-humanitarian cooperation to help build sustainable economies in post-conflict and developing areas. To achieve these goals, the BHF is developing specific projects involving the private sector and humanitarian organizations in Afghanistan and other post-conflict and/or developing areas. The BHF has established a formal "umbrella" partnership with the United Nations Development Programme (UNDP) to enhance efforts to create sustainable economic projects. These projects represent the concrete expression of cooperation between business and humanitarian organizations to reconstruct the economies of war-torn countries, providing sustainable employment and locally-owned production facilities for these needy societies.

The UNDP is the United Nations's global development network, an organization advocating for change and connecting countries to knowledge, experience and resources to help people build a better life. The UNDP is on the ground in 166 countries, working with the local community to develop their own solutions to global and national development challenges. As they develop local capacity, they draw on the people of UNDP and its wide range of partners. World leaders have pledged to achieve the Millennium Development Goals, including the overarching goal of cutting poverty in half by

2015. UNDP's network links and coordinates global and national efforts to reach these Goals. The UNDP focus is in helping countries build and share solutions to the challenges of: Democratic Governance, Poverty Reduction, Crisis Prevention and Recovery, Energy and Environment, and HIV/AIDS.

The DPWN is present in Afghanistan under its express and logistics arm, DHL. Through "Worldwide Medical Express Service (WMX)" DHL in the Middle East provides temperature controlled supply chain logistics and packaging to the Life Sciences industry. DHL's entrepreneurial spirit and commitment to the Middle East region has earned it a long standing relationship with the Middle East community. DHL celebrates its 30th anniversary in the Middle East in 2005. DHL was the first international express and logistics company to set up operations in Afghanistan in 2002 and now operates throughout the country with offices in Bagram, Kabul and Kandahar. DHL was founded in 1969 as an airline express service. Today, DHL is the global market leader of the international express and logistics industry, specialising in providing innovative and customised solutions from a single source. DHL offers expertise in express, air and ocean freight, overland transport and logistics solutions, combined with worldwide coverage and an in-depth understanding of local markets. DHL's international network links more than 220 countries and territories worldwide. Over 170,000 employees worldwide are dedicated to providing fast and reliable services to customers. Deutsche Post World Net, is committed to balancing economic, social and environmental objectives for the overall goal of a successful sustainable business. Social Responsibility is one of Deutsche Post World Net's seven corporate values. This is expressed, among others, by the company's engagement in initiatives with the United Nations, the World Economic Forum and others. Additional information on Deutsche Post World Net's commitment to social responsibility is available on the Internet at www.dpwn.com in the Society and Environment section.

The DEG is a member of the Kreditanstalt für Wiederaufbau (KfW) banking group, part of the German Bundesministerium für Entwicklung und Zusammenarbeit (BMZ). It is one of the largest European development finance institutions for long-term project and company financing. The DEG promotes private enterprise in developing and transition countries as a contribution to sustainable growth and a lasting improvement in the living conditions of the local population. For more than 40 years, DEG has been financing and structuring the investments of private companies in developing and transition countries. DEG invests in profitable projects that contribute to sustainable development in all sectors of the economy, from agriculture to infrastructure and manufacturing to services. The institution also provides grant funding for public-private partnerships, as is the case in the Afghan Generic Medicines project for Afghanistan where the DEG has provided 200,000 EURO in grant financing to cover costs of the other partners in the project.

Dr. Karim Baz, the owner of Baz International Pharmaceutical Company Ltd. (BIPC), is an Afghan doctor with specialization in Orthopedic Surgery. He has 21 years of experience as an orthopedic surgeon and has been working in several health and medical programs with UNOPS/ UNDP (Comprehensive Disabled Afghans Programme) and has been the Health Manager at the Swedish Committee for Afghanistan (SCA) in the Eastern Regional Office from 1992 to 1996. In his last position he has been the Manager of Medical Solution for Siemens Afghanistan.

Project History and Involvement of the Partners:

After the Afghan conflict in 2001, the BHF gathered an informal contact group meeting of private sector and international organizations representatives to discuss post-conflict reconstruction activities in Afghanistan.

In February 2002, the BHF invited the World Health Organization (WHO) to make a presentation on the availability of medicines in Afghanistan. A WHO staff doctor who had just returned from Afghanistan gave a presentation including pictures of the empty central warehouse in Kabul where medical supplies are stored for dispersal throughout the country.

The WHO presentation on this occasion was particularly striking; there were simply no stocks of medicines available for the medical dispensary system in Afghanistan. Years of inactivity, and the general deterioration of the medical supply system under Taliban rule had left the system in virtual abandonment. The BHF set out to interest the pharmaceutical industry in this problem.

In March 2002, the BHF invited to Geneva Mr. Rory O’Riordan, CEO of Clonmel Healthcare Ltd., an Irish generic medicines company, and also Chairman of the European Generic Medicines Association (EGA), which groups together over 500 generic medicines production companies doing business in Europe. EGA is based in Brussels, and had recently started a program entitled “Access to Medicines,” the objectives of which fit well with what the BHF had in mind.

During informal brainstorming at the time of his visit to Geneva in 2002, Mr. O’Riordan indicated that many generic medicines companies had recently replaced their production machinery with computer-controlled machines, and that the replaced machinery was still in good condition and in storage. The idea of using this machinery as the central donation to make possible the creation of an Afghan production facility was hatched.

The EGA later confirmed its offer to donate surplus manufacturing equipment for the Afghanistan project, and also committed to provide training for Afghan technicians in European generic medicines plants at no cost, so that they can operate the equipment effectively. The EGA also agreed to supply the ingredients for most-needed medicines, free of charge for the first production year.

At the end of 2002, the UNDP Country Office Afghanistan and the BHF identified a number of Afghans who were medical professionals, had impeccable backgrounds, and would be interested in leading a project of this kind. After considerable research, in 2003 the UNDP and the BHF identified Dr. Karim Baz as the central investor/entrepreneur for this purpose. Dr. Baz is a respected figure with a medical practice of his own, who has made a substantial personal investment in the project of 35% of the total project cost. The factory is being built by a local Afghan construction company.

The cornerstone of the building was laid on June 7, 2004, with the participation of the former Afghan Minister of Public Health, Dr. Suheila Siddiq.

At the beginning of 2004, BHF approached its contacts at DHL, the express delivery company, asking if they would undertake responsibility for the logistics/ transportation of the production machinery to Kabul. DHL responded positively within their CSR activities, though the challenges in such an undertaking are considerable, especially in view of the size and weight of the donated equipment. DPWN, who has acquired DHL in 2004 has continued to cooperate in the program as the new parent of DHL.

In spring 2005, the Deutsche Entwicklungs- und Investitionsgesellschaft mbH (DEG) also became a partner in this project and has awarded the project partners nearly 200,000 EURO in project implementation – mainly for the transport of the equipment to Afghanistan. This grant award was due to contacts initiated and developed over a nine-month period between the BHF, DPWN and the DEG. A two-year Public-Private Partnership Agreement has been signed in June 2005 between the EGA, DPWN, BHF and the DEG. Ever since the launch of the government sponsored PPP Programme in 1999, DEG has co-financed over 350 of these projects, especially in the fields of environment and qualification.

Project Timing and Project Impact:

At the date of the writing of this project, in June, 2005, the medicines factory is under construction in Kabul and is nearly completed. The BHF is procuring OPIC insurance for political risk for the start-up of the factory.

The equipment arrived at Kabul International Airport today. It has been flown by two cargo-planes from the U.A.E.

Training of the staff at the factory will take place in November 2005 at factory locations of EGA member companies in the United Kingdom, Ireland and Malta. The EGA and the BHF are currently working to procure the visas for 14 technicians to travel to Europe. Equally important, the EGA is currently preparing training materials and manuals for the Afghan staff so that they will be able to run the factory once they start production in Afghanistan.

The factory construction will be complete by the end of October, 2005 and the EGA will send one or two of its staff to calibrate the equipment in the Afghan factory.

When completed, the new factory will employ 10-14 trained Afghan technicians and will produce 300-400 million direct-compression tablets per year for the seriously under-supplied medicines market in and around Kabul. Initially, it will produce widely-used basic medicines such as analgesics, antibiotics and TB drugs. The product range will later be expanded up to a range of 16 to 20 medicines identified as essential by the World Health Organization (WHO).

The factory opening is expected in the late quarter of 2005.

Medicines to be produced, all in coated tablet form:

- Penicillin (250 mg, 500 mg, 875 mg)
- Tetracycline (250 mg)
- Oxytetracycline (250 mg)
- Amoxicillin (250 mg)
- Ciprofloxacin (250 mg, 500 mg, 750 mg)
- Metronidazole (400 mg)
- Paracetamol (500 mg)
- Codeine (30 mg)
- Morphine Sulphate (200 mg)
- Atenolol (50 mg, 100 mg)
- Captopril (12.5 mg, 25 mg, 50 mg)
- Cimetidine (200 mg, 400 mg, 800 mg)
- Famotidine (20 mg, 40 mg)
- Prednisolone (1 mg, 5 mg, 20 mg)
- Ferrous Gluconate (300 mg)

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