

Executive Summary

‘Establishment of Condom Manufacturing Plant in Africa’

The African Condom Alliance (ACA):

ECPD/ DSW, CPR (German Condom Manufacturer), Share Holder

Approach: Producing condoms locally to meet local demand by creating a sustainable healthcare industry

Project Description: Setting up an efficient and innovative manufacturing plant of condoms, as well as related marketing capacities to private & social marketing entities within Eastern Africa & internationally- location: data suggests Uganda or Tanzania. The plant will be the first of its kind in Africa and will have a capacity to manufacture 120 million condoms per annum (which can be scaled up if needed). Related latex products, e.g. latex gloves, can be produced at a later stage into the production.

Purpose: The project has positive impact on socio-economic & social developments especially in the areas of

- Improving the health status in the region
- Health products capacity building
- Employment creation
- Sustainable transfer of know-how and technology
- Private sector involvement in assisting Governments to fight HIV/AIDS & sexually transmitted infections (STIs)
- Sustainable export development
- Reaching the Millennium Development Goals (MDGs)

Strategies for Success:

- Sound implementation schedule
- Prior recruitment of a project management team to ensure sound operations, marketing and financial control
- Environmentally friendly framework regarding waste water & energy
- Integration of purchasing, production and marketing know-how
- Close co-operation with national, regional & international organisations working in the area of reproductive health (RH), Family Planning (FP) and HIV/AIDS prevention
- Entering long-term supply contracts with national, regional and international agencies for the supply of private branded & donor funded condoms
- Offering a broad high-quality product range
- Flexible and creative management

Implementation Plan:

Phase 1: up-date of the recent feasibility survey for the selected country/ site

Phase 2: construction of factory buildings, acquisition and installation of machinery and equipment for quality control, sealing and packaging – start marketing to private brands & donors

Phase 3: setting up the machinery to produce 120 million condoms (‘dipping lines’) annually. Total number of lines: four, each producing 30 million condoms.

Advantage of smaller quantity dipping lines: production can easily continue on smaller scale in case of severe power failure or delays in latex supply.

Additional Costs: Purchase of motor vehicles, generator, raw and packaging materials
Provision for pre-operating expenses: training of staff
Working capital to ensure smooth implementation
Energy provision: possibility of solar/wind energy (costly)

Total estimated costs, incl. initial working capital and training expenses, amounts to the equivalent of **EURO 6,945 million** (if 'green version' solar panels/wind for sealing & packaging = total of EURO 8,945 million). Cost estimate for Kampala:

Amount in EURO '000			
ITEM	LOCAL	FOREIGN	TOTAL
Land Acquisition	100	-	100
Construction/ Buildings & Civil Works	1500	-	1500
Condom Plant & Machinery/Equipment	-	4,100	4,100
Motor Vehicles	100	30	130
Other Equipment & Accessories	50	100	150
Pre- Operational Expenses	300	80	380
Training & Education	200	-	200
Marketing & Distribution	100	-	100
Initial Working Capital	285	-	285
TOTAL PROJECT COST	2,635	4,310	6,945
Optional: Solar Panels/ Wind energy	400	1600	8,945

Besides a sound financial feasibility, the project will care for the following:

- **Safeguarding neutrality & opposing monopolisation:** the African Condom Alliance as a neutral factor brings together private sector, non-governmental & governmental players to assist the processes to find solutions to condom supply challenges.
- **Designing & further developing a new concept in contraceptive supply rather than copying existing efforts:** Investing in a condom manufacturing plant under the roof of private & public players (with common vision & interest of improving the regions' health status) will positively affect style & quality of condom use. Sustaining the supply of quality condoms & their delivery will enable customers to use high quality products, which will have a large impact on improving the RH status in the region.
- **Building upon existing structures:** In order to create synergies, be cost efficient & avoid duplication of efforts, the African Condom Alliances' know-how will be used to contribute innovative ideas, complementing what existing programs are already doing successfully in supplying condoms.
- **Targeting underserved areas:** Establishing a condom plant in Africa will result in an improvement in supply efforts & an expansion of the private sector through new approaches & strategic partnerships concerning marketing & distribution to make delivery most effective in view of reaching remote areas (e.g. Congo/ Sudan).
- **Supporting efforts to improve variety & quality of condoms available in Africa**
- **Addressing environmental issues & implementation of EU standards:** By lobbying for the installation of solar/wind panels to ensure independent, sustainable & 'green' sealing & packaging of condoms (which could be an additional marketing strategy at international level since this would be a worldwide unique intervention).
- **Attracting other sectors of production:** After success with the condom manufacturing through combining a social & an economic development approach, the African Condom Alliance is convinced other sectors of equal importance to the people will be interested in similar ventures in the region.

The African Condom Alliance would like to express its commitment to the concept of strengthening local population's capacities as an important success factor for economic and social development in Africa and sees this project proposal as a milestone on the way to a healthier future for disadvantaged people.