In April, oil prices on the world market soared to a high of well above $70 per barrel. Earlier in 2006, an interruption of gas deliveries from Russia to Ukraine affected parts of the EU. High energy prices, insecurity of supply and the need to reduce greenhouse gas emissions are the three main reasons why talk about biofuels has gained centre stage in the EU. What are biofuels and what prospects are there for developing countries?

Biofuels are liquid or gaseous fuels derived from biomass. They are usually seen as an energy source for transport, but can also be used for other purposes (e.g. stand alone generators). The main biofuels presently used in the world (biodiesel and bioethanol) are generally blended with fossil fuels (diesel, petrol), though with engine adaptations they can also be used as a single fuel in cars. Biodiesel is mainly derived from rapeseed and soybeans, but crops like palm oil, coconut oil and jatropha can also be used. Bioethanol is primarily produced from sugar cane and maize. Other crops like sugar beet, sweet sorghum and sweet potatoes are possible, but more costly. Germany is the leading biodiesel producer in the world (55% of production), followed by France and the USA. In bioethanol, Brazil is the main producer (45%), closely followed by the USA. Since 2001, a rapid increase in world production has taken place for both bioethanol (doubling) and biodiesel (quadrupling).

Within the EU the market for biofuels is rapidly developing. This is largely politically determined and related to the Biofuels Directive of 2003, which sets a target level for 2010 when

Continued on page 2

Monthly Graph > Per capita total expenditure on health, 2002

Source: World Health Organisation

<table>
<thead>
<tr>
<th>USD</th>
<th>≤100</th>
<th>101-300</th>
<th>301-600</th>
<th>601-1000</th>
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Editorial

Caribbean at the crossroads: adapting to a changing world

Olivier Luyckx, Assistant to the DG DEV Director General

The end of the Cold War has led to a decline in the Caribbean region’s geostrategic importance. At the same time, there has been a gradual erosion of preferential trade arrangements, a reduction in aid and an overall slowdown in growth.

Although characterised by satisfactory overall levels of human development, Caribbean countries have experienced serious social problems in recent years. Unemployment, inequality and the precarious situation and rights of indigenous populations in countries such as Belize, Guyana, Suriname and Dominica further aggravates the socio-economic situation.

Internal social, economic, and in some cases political problems are fuelling migration sapping the region of much needed quality human resources. Despite an overall trend of declining unemployment in the region especially in countries like Barbados and Trinidad & Tobago, where it dropped from more than 20% at the beginning of the 1990s to around 10% in early 2000, unemployment rates have tended to remain stable in the rest of the Caribbean region and are generally higher in the banana producing countries ranging from between 15% in Jamaica to more than 20% in the countries which make up the Windward Islands.

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Biofuels development?

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5.75% of the market share in the EU should be filled by biofuels. This Directive is currently under review and discussions are taking place on the appropriateness of the target level and the proposed ways in which to reach it. Moreover, in early 2006, the Commission adopted a Communication on an EU Strategy for Biofuels, which aims to promote biofuels, to improve their cost-competitiveness and to further explore the opportunities for developing countries. Demand for biofuels is also rapidly increasing in the USA and in Asian countries.

In developing countries, Brazil has a long history in using bio-ethanol from sugar cane for its domestic fleet of cars. Its Proalcool programme, launched in 1975 has initially been quite successful and has become the world’s prime example of large-scale use of biofuels for transport. Although in the 1990s it lost much of its glace, related to lower oil prices and phasing out of government incentives, it is currently seeing an important resurgence. In

many other developing countries there is also an increasing interest in the use of biofuels. A number of Asian countries are setting blending targets for biodiesel, while many of the ACP sugar protocol countries are making plans to start or expand production of bio-ethanol.

At present most of the biofuels demand in the world is still met by domestic production and international trade in biofuels is limited. With further market expansion this is likely to change, which will bring prospects to those countries that can (quickly) adapt their production to export markets. Particular prospects appear to exist for bioethanol from sugar cane, but not all sugar producing countries will be in a position to produce profitably for the world market. Sugar production costs are a main determining factor for the price at which bio-ethanol can be offered. Until recently it was only bio-ethanol from Brazil that was able to compete with fossil fuels on the world market. But with ongoing oil price increases that may change as well.

2005 proved to be a remarkable year for development. The hopes of millions were raised by declaring to make poverty history. During the July G8 Gleneagles summit, heads of leading industrial countries pledged to double aid to Africa and backed a $50 billion increase in annual development aid by 2010, including $25 billion for Africa.

A month before, G8 leaders agreed to write off debts of 18 countries owed to the World Bank, the International Monetary Fund and African Development Bank. In Europe, 15 Member States committed to reach the UN 0.7% target by 2015. Overall, development aid is projected to rise from $80 billion to $130 billion a year by 2010. Many African governments also progressed on their commitment to increase health spending to 15% of their country’s budgets.

The list of promises made in 2005 is long. 2006 must be the year when the international community delivers on those commitments. Development assistance in 2004 was lower than in the 1990s. If the international community is serious about reaching the Millennium Development Goals (MDGs) it agreed upon in 2000, it must invest more into human development to lift millions out of ill health, malnutrition and poverty.

There is no single answer to the challenge of development financing. Many initiatives are currently on the table to find additional resources for development. Examples include the International Finance Facility for Immunisation, the Air Ticket Solidarity Contribution among other innovative financing mechanisms. These address part of our financing challenge. More must be done.

The financing gap for immunisation until the year 2015 remains at $11-15 billion. Closing this gap would mean a 2/3 reduction in vaccine-preventable mortality. Full coverage of existing and new vaccines would mean 25% of MDG 4 on reducing child mortality could be met. Approximately 27 million children are not immunized every year, that’s one in every five children. Two to three million children still die each year because they have no access to basic health services. We know countries can absorb significant additional finance based on GAVI’s experience over the past 5 years.

Country support resulted in 15 million more children receiving basic vaccines and over 115 million more children receiving new and under-used vaccines. This included substantial results in “fragile states” such as the DRC (see figure below). These results present a clear case for increased investment in health and for health systems strengthening. GAVI phase II (2006-2015) has opened a new window of support for health systems strengthening (HSS). The HSS window provides catalytic support to countries to scale-up integrated maternal-neonatal and child health packages. It also provides an opportunity to GAVI to demonstrate its full commitment to the principles of the Paris Declaration on Aid Effectiveness by harmonizing and aligning inputs according to country-led plans.

The European Commission and ACP Group are doing their part to reduce child mortality. €40 million were allocated to GAVI in 2005-2006, a contribution which helps fund supplies of new and under-used vaccines in low-income countries. But there is still a long way to go to close the financing gap in the remaining years leading up to 2015.

Raising financial commitments, reducing poverty

Julian Lob-Levyt, Executive Secretary of the GAVI Alliance (formerly known as Global Alliance for Vaccines and Immunisation) and CEO of the GAVI Fund (formerly known as The Vaccine Fund)
Europe could not remain inactive in the face of such a challenge and we considered it our duty to set up a plan to make our policies more effective and more focused on generating fast and stable growth in the whole region. That’s why the European Commission launched its Communication on the Caribbean (COM (2006) 86) in which the future political approach of our partnership with the Caribbean Countries is defined.

The EU’s new Caribbean strategy, which is built around a common vision of the future based on a history of shared values, has as its objective to highlight how the challenges facing the Caribbean can be transformed into opportunities by focusing on the right “policy-mix”. This can best be achieved by ensuring that the EU encourages long lasting socio-economic growth in the Caribbean. At the same time, by promoting good governance in the financial, tax and judicial areas and assisting in areas such as countering organised crime, migration and drug trafficking, the EU can prevent the Caribbean from becoming a fragile region. Leadership and local responsibility at the Caribbean level are crucial.

A new political dialogue will also involve civil society so as to ensure all voices are heard.

Actions will include:
• Conducting an enhanced political dialogue within the EU-CARIFORUM and the EU-LAC contexts on a broad range of issues of common concern;
• Actions to support good and effective governance;
• Enhanced co-operation in international fora.

The removal of current barriers to intra-regional trade and investment and the establishment of more stable, transparent and reliable rules and institutions will contribute significantly to the growth of national and regional economies.

In this context the key to successful economic diversification and structural reform is the establishment and effective implementation of national long term strategies by the region and the governments of the Caribbean states. Support should be given to the private sector and especially small and medium sized enterprises that are expected to be the driving force behind sustainable growth and job creation.

Infrastructure for both intra- and extra-regional connections such as regional airports, ports and ICTs must be supported. This requires closer coordination throughout the regions of transport policies and services and serious supply side reforms as is the case with the air transport sector.
Fighting child mortality through immunisation
Prof. em. André Meheus, International Public Health Expert, University of Antwerp, Belgium

As the EU and the global community examine options in the battle against child mortality, there is a realisation that many of the tools necessary to make it possible to achieve Millennium Development Goal (MDG) 4 i.e. to reduce under-five child mortality by two thirds between 1990 and 2015, are already there if used effectively.

One such tool in this fight is the increasing availability of new vaccines; the most cost-effective means of preventing childhood mortality, against an ever increasing number of infectious diseases, such as, rotavirus, pneumococcal and meningococcal diseases. Despite progress in recent years, before the 2015 deadline for MDG 4 is reached, an estimated vaccine-preventable 2.5 million1 deaths of children under the age of 5 per year will occur. Put another way, nearly one quarter of the around 10.6 million2 children under the age of 5 that die each year in the developing world from poverty diseases, could be prevented by vaccines. The rotavirus vaccine alone has the potential to save millions of lives before 2015. Moreover, the possibility of a malaria vaccine could lend us a tool that could potentially help save around 3000 children every day in sub-Saharan Africa alone.

These new tools will greatly enhance our current body of vaccines and our potential to save lives. However, as Albert Sabin, inventor of the oral polio vaccine, said, “A vaccine that sits on the shelf is useless.” The need now is for decisions to be made to quickly introduce the new vaccines, but also for improved and expanded immunization services and programmes, including support for vaccine distribution, as well as education and training for policymakers, health care workers and citizens. Regulators must also be poised to act quickly.

Fortunately, vaccines and immunization are now an established part of EU and global development, health and poverty reduction policies. Additionally, new funding mechanisms such as advance market commitments and the innovative International Finance Facility for Immunization are more steps in the right direction. In the EU and in global society there is recognition of how important vaccines are. However, without continued and intensive efforts to get immunization technology and immunization services to the children they are meant to help, MDG 4 will not be met.

In 2015, we have the potential to mark a great milestone in the history of infectious diseases and child survival. The tools are there; the knowledge is there; the will is increasingly there. With the pledges of 2005 to accelerate action towards achievement of the MDGs behind us, now, all we need is action against vaccine-preventable diseases.

Reducing child mortality
Under-five mortality rate per 1,000 live births, between 1990 and 2003

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<th>Region</th>
<th>1990</th>
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Source: UN Millennium Development Goals Report 2005

* This article represents the author's free point of view. Its publication does not imply either direct nor indirect agreement, approval or support from the European Commission.

1. WHO Global Immunisation Vision and Strategy 2005
2. WHO World Health Report 2005