



HIV/AIDS and Private Sector Promotion Fact Sheet

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THE CONTEXT



HIV/AIDS erodes the fundament for development cooperation

The HIV/AIDS epidemic is more than a health problem. Its spread and impact are determined by poverty, social and gender inequality, discrimination and poor social services. While it spreads invisibly during the early stages of an epidemic, HIV/AIDS eventually has profoundly negative effects on the economic conditions of individuals, households, communities, countries, regions and whole continents. Countries with more developed epidemics like Eastern, Central and Southern Africa or the Caribbean will not just experience countless personal tragedies but also losses in annual per capita growth rates of up to 4.4% over the next 10-20 years. As HIV/AIDS affects people in their most productive years of life, including the elites, crucial government officials and skilled labourers, it erodes the very fundament for economic progress, capacity development and development cooperation.

Still a window of hope if ALL sectors act NOW

This means that HIV/AIDS threatens sustainable development, not just in regions that are already seriously affected, but also in those where it is spreading fast right now, such as Asia and Eastern Europe. The latest epidemiological data show that infection rates in many Asian and Eastern European countries stand today where they stood in Southern African countries 12 years ago, and that they are steadily growing. In the meantime, many lessons have been learned: We know that countries like Senegal, Thailand or Brazil, whose governments have openly acknowledged their HIV/AIDS epidemic and implemented comprehensive, multi-sectoral responses, have been able to reverse the fatal trend.

Today, there is still a window of hope for many regions if governments and development actors in all sectors acknowledge the exceptionality of the HIV/AIDS crisis and devise sector-specific responses to it.

GTZ responds to the HIV/AIDS challenge

The German Technical Cooperation (GTZ) recognises the challenge posed by the HIV/AIDS pandemic to its mission. To prevent its further spread and to mitigate its negative effects, GTZ has begun to “mainstream” the response to HIV/AIDS as a cross-cutting issue that needs to be addressed by all sectors. To support this process, this series of fact sheets highlights how HIV/AIDS impacts on different sectors and shows ways in which each sector can contribute to an effective response to it. The first four sections of this fact sheet relate to the following questions:

- **The impact:** How does HIV/AIDS affect the private sector?
- **The comparative advantage:** How can the private sector in particular reduce vulnerability to HIV/AIDS and mitigate its impact?
- **The risk scenarios:** How might the private sector contribute to the spread of HIV or aggravate its impact?
- **The GTZ approach:** How can German development cooperation in the private sector contribute to an effective response to HIV/AIDS?

The last two sections list recommended reading on the topic and present GTZ staff and working groups who can be contacted for support and information.



THE IMPACT

HIV/AIDS reduces productivity

In countries with advanced epidemics, HIV/AIDS has been shown to reduce businesses' productivity because of costs caused by an increased level of illness and death in the workforce. Studies have shown up to six-fold increases in worker mortality, and there are consistent data of significantly increased AIDS-attributable death rates between 7.5 and 9.4/1000 workers for several Southern African countries in the course of the nineties. Factors that reduce workers' productivity include affected workers' failing physical and emotional health, HIV/AIDS-related absenteeism and the initially limited performance of new workers covering for, or replacing, sick or deceased employees.

HIV/AIDS increases labour costs

The decline in productivity in countries with advanced epidemics has been shown to be closely related to an HIV/AIDS-related increase in labour costs. Roberts (1996) has shown that the most important factor, accounting for over 50% of this increase, is the absenteeism of employees, either because they are caring for sick family or friends or because of their own illness. Further factors include the increased costs of employees' burials, of funeral attendance, of increased employees' health care and benefits, as well as the costs caused by labour turnover, recruitment and training of replacement staff.

HIV/AIDS affects markets

Adults in their productive prime are also the most important group of customers for a large proportion of products produced by private sector companies. In countries with advanced epidemics, the negative demographic development will gradually erode this customer base: not only will there be considerably less young adults as potential customers. Many of them will be directly or indirectly affected by the epidemic and their consumption patterns will change accordingly as available income needs to be spent on health care or for the basic needs of an increasing number of dependents.

HIV/AIDS affects climate for investment

HIV/AIDS and the negative corollaries described above influence business and investment decisions in a globalised world. Globally operating enterprises will be less inclined to invest in regions where labour costs are on the increase and where customer demographics develop negatively due to advanced HIV/AIDS epidemics. There are several studies endorsing the negative impact of the HIV/AIDS-factor on companies' investment decisions.

In a globalised business world, it becomes more difficult to make individual companies liable for the costs and the impact of the HIV/AIDS pandemic. Without a clear commitment and proactive steps by local business coalitions against HIV/AIDS, it will be the governments of the poorer countries, and the individual households, who will bear the brunt of the problem. Given that public services depend on the revenue generated in the private sector, such countries' infrastructure will gradually be eroded and they will become ever less attractive as a business environment.



THE COMPARATIVE ADVANTAGE

In most countries, a large proportion of productive adults - the age group most at risk for HIV-infection - are actors (as employees, small- or larger business entrepreneurs) in the private sector. As much as they depend on the private sector for their livelihoods, the private sector depends on them: in order to function effectively, businesses have an interest in protecting their human capital and their customer base against the spread of HIV/AIDS, and they have daily and direct access to them.



Particularly medium-size and large businesses can promote responsible behaviour and well-being amongst their employees, through company-wide prevention and care measures (workplace programmes) and through the inclusion of HIV/AIDS-competence as an essential element of capacity development at all levels.

As principal generator of the revenue governments depend upon, private sector enterprises and their respective chambers and associations can influence local and national politics and promote the creation of an HIV/AIDS responsive legal framework as well as incentive systems for innovative HIV/AIDS responses by private sector companies.

THE RISK SCENARIOS

For each sector, there are specific HIV/AIDS-related risk factors that development experts need to be aware of when planning and implementing projects or programmes. For private sector promotion, the following need to be considered:

Increased commercial activity and mobility are associated with the spread of HIV/AIDS

When economies develop positively and economic activity increases, more people are likely to be on the move to market their products, to replenish their stocks and to expand the area that they cover with their services. Custom unions, like the recently launched union between Uganda, Kenya and Tanzania, facilitate and increase trade-related travelling across borders. Both, trade-related travelling and the increase in disposable income are associated with an increase in sexual risk behaviour and consequently with the spread of HIV/AIDS.

Labour migration is associated with the spread of HIV/AIDS

Economic development is often accompanied by labour migration from poorer neighbouring countries. Research has shown that migrant workers' separation from their families, partners and the socio-cultural norms that guide social and sexual behaviour in stable

communities make them more vulnerable to HIV/AIDS infection. Without specific prevention measures targeting migrant workers, these may contribute to the spread of the epidemic, both in their countries of origin and in the countries they work.



HIV/AIDS-related stigma and discrimination in the world of business

HIV/AIDS-related stigma and discrimination pervade all social sectors, in developing as well as in developed nations. Businesses, companies and institutions that fail to take a clear stand against HIV/AIDS-related stigma and discrimination, e.g. through HIV/AIDS workplace policies, will eventually have to deal with a range of negative consequences, including secretiveness between employees and their superiors to delay dismissal and affected personnel's lack of loyalty and motivation. In addition, it has been shown HIV/AIDS prevention, including voluntary counselling and testing, is only effective in an open and supportive environment.

THE GTZ APPROACH

Private sector promotion projects and programmes have developed a range of approaches to respond to HIV/AIDS:

- **Seeking information regarding the partner country's national HIV/AIDS strategy** and particularly any HIV/AIDS-related plans developed at national level for the private sector. To avoid



multiple, potentially contradictory strategies for the same sector, UNAIDS has called on all development actors to follow the so-called "Three Ones" principle for the effective coordination of one coherent national HIV/AIDS response (one strategy, one coordinating body, one M&E system).

- **Supporting partner organisations in conducting HIV/AIDS-related situation analyses**, considering both the business- and the customer side. On the business side, it must be examined how HIV/AIDS affects private businesses, their productivity and labour costs. On the customer side, changes in purchasing power and consumption patterns due to HIV/AIDS should be assessed. This type of research will not only provide valuable data but also enhance your partners' and your project staff's awareness of the problem and their commitment to address it as a relevant aspect of their working context.



- **Raising awareness for HIV/AIDS at all levels** at which private sector promotion projects intervene. Technical advisors can facilitate the dialogue about HIV/AIDS, its impact and the challenges it poses, with their partner ministries, with chambers of commerce, with business associations and their respective training and funding bodies. Ideally, HIV/AIDS should be considered in market analyses and in budgetary and operational planning at the makro-, meso- and microlevel (e.g. impact on productivity and labour costs, staff attrition rates and the resulting recruitment and training needs).

- Supporting your partner institutions at all levels (ministry, chambers of commerce, business associations) in developing and implementing **HIV/AIDS workplace policies and programmes**. Through prevention measures, the free provision of voluntary counseling and testing as well as treatment and care to their employees, public (ministries and chambers) and private organisations can protect their workforce against HIV-infection, HIV/AIDS-related stigma and the suffering caused by untreated opportunistic infections and AIDS.
- **Advocate for business involvement in HIV/AIDS prevention** through participation in local business coalitions against HIV/AIDS. Where such coalitions do not yet exist, GTZ can support the networking and exchange with business coalitions from neighbouring regions and help initiate the founding of local or regional business coalitions on HIV/AIDS.
- **Linking business associations and companies with AIDS service organizations** that are more experienced and better equipped to provide a range of HIV/AIDS-related services, such as information and prevention campaigns and mitigation and care measures for affected households, such as medical and home-based care and financial advice for affected families.





- **Supporting the integration of HIV/AIDS competence in private sector organizations' capacity development programs.**
- Against the background of the international **TRIPS** (trade-related aspects of intellectual property rights) **agreement**, supporting the development and implementation of a **patent right system** allowing companies in countries with advanced HIV/AIDS epidemics to produce essential drugs as generics (including anti-retroviral therapies for AIDS).
- **Strengthening the pharmaceutical sector** in these countries through promotion of investment in pharmaceutical research and development and the definition, implementation and monitoring of quality standards.

RECOMMENDED READING

The following texts have been selected as recommended reading because they give up-to-date, focused and readable insights into the issues discussed above. The pdf-files, as well as a CD-Rom with more literature on HIV/AIDS and private sector promotion, can be ordered from: carmen.perez-samaniego@gtz.de

Asian Business Coalition on AIDS (2002): **Business taking action to manage HIV/AIDS**, Bangkok

This document identifies a selection of business practices for Asian businesses to respond to HIV/AIDS in- and outside the workplace. It also provides contact information of organizations in Asia that collaborate with the private sector to manage HIV/AIDS.

Bendell, J. (2003) **Waking up to Risk – Corporate Responses to HIV/AIDS in the Workplace**, Geneva

This survey of transnational corporations shows that the corporate sector is just beginning to wake up to the risk posed to business operations by HIV/AIDS. The private sector needs to take on its wider responsibilities, which arise from its influence over the conditions that encourage HIV/AIDS prevalence and

undermine possibilities for mitigating its effects. Very recommendable.

Bloom, D. E., Bloom, L. R., Steven, D., Weston, M. (2003) **Business and HIV/AIDS – Who me?**, Geneva

The article analyzes the attitudes of almost 8.000 companies in 103 countries concerning HIV/AIDS. Based on the findings the authors develop a model on how businesses can respond to the epidemic.

Bloom, D., Mahal, A. et al. (2002) **HIV/AIDS and the Private Sector – A Literature Review**

This paper reviews the literature on HIV/AIDS and the private sector. It encompasses the impact of HIV/AIDS on businesses, the idea of corporate responsibility and the business response to AIDS.

GTZ (2004) **Challenging Partnerships – GTZ and Private Sector Commitment to the Fight Against HIV/AIDS at the Workplace in Africa**, Eschborn

This brochure reflects on five years of cooperation between GTZ and private companies in the field of HIV/AIDS workplace programs in Southern Africa. It analyzes the successes but also the challenges associated with these public-private partnerships and gives recommendations on how to improve and maintain HIV/AIDS interventions at the workplace. Highly recommended.

Global Compact Learning Forum (2004) **HIV/AIDS – Everybody's Business**, New York

A selection of articles and case studies on HIV/AIDS workplace programs. Prominent international organisations such as UNAIDS, ILO and GFATM discuss the topic from their point of view.

PriceWaterhouseCoopers (2003) **HIV/AIDS – What is Business Doing?**, Kenya, Zambia, Tanzania, Uganda.

The study presents the results of a survey of the business community's response to HIV/AIDS in Kenya, Zambia, Tanzania and Uganda.



Sodeco/SIDA (2002) Chapter 8: The Private Sector and HIV/AIDS in: **How to “Invest for Future Generations” - Guidelines for Integrating HIV/AIDS in the development Cooperation**”, Stockholm

The guidelines in chapter 8 consist of a general introduction of the relation between the private sector and HIV/AIDS and a useful checklist of sector specific questions to be used with private sector institutions and business organizations on all levels how to integrate HIV/AIDS aspects in private sector development projects. Highly recommended.

UNAIDS (2000) **The Business response to HIV/AIDS: impact and lessons learned**, Geneva

The publications covers the epidemic’s impact on businesses on a macroeconomic and a company level, gives examples and case studies of responses by businesses and examines the factors that influence successful partnerships in response to HIV/AIDS.

CONTACTS AND NETWORKS

To facilitate the mainstreaming of HIV/AIDS, each sector has appointed HIV/AIDS focal points: experts in their own field who can advise and support their colleagues with regard to HIV/AIDS mainstreaming. At GTZ headquarters, in the department of development and planning, this is

Sonja Kurz, sonja.kurz@gtz.de

In addition, the AIDS team at headquarters has a named member for HIV/AIDS mainstreaming in each sector. For the private sector, the responsible person is

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Photos: WHO/P.Virot, Guley Ulutuncok.
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