

## Global Workforce in Transition (GWIT) Project-Resources and Information on the Economic and Workforce Impacts of HIV/AIDS

We have compiled a number of resources and facts in this paper which highlight the economic costs that HIV/AIDS is exacting on the workforce in the developing world, and responses by the international community to combat this epidemic.

### The Economic and Workforce Impacts of HIV/AIDS

Ninety percent of the 40 million people who are living with HIV/AIDS are in their productive and reproductive prime (ages 15-49). HIV/AIDS is a health problem that permeates all other aspects of development. Studies indicate that HIV/AIDS causes long-term damage to national economies by selectively destroying human capital i.e. peoples' accumulated life experiences, job skills, and their knowledge and insights built up over a period of years.

To learn more visit World Bank News Release, 2003, <http://www.unaids.org/en/media/press+releases.asp>

HIV/AIDS has a profound impact on both the size and quality of the labor force. ILO projections for 29 African countries with prevalence rates above 2% in 1997 indicate the total population for these countries will decrease by 8% in 2020 as a result of AIDS-related deaths. Many of those infected are skilled workers in both managerial and non-managerial employment. Decades of gains in development, training, skills and education are being eroded every day and they will not be easily or replaced or without cost.

The epidemic:

- cuts incomes and reduces the market for goods and services
- erodes savings and discourages investment
- reduces the supply of labor and skills
- increases business costs
- disrupts production and undermines productivity
- reduces revenue from taxation while at the same time raising spending on health and social services

HIV/AIDS threatens future generations as it forces children to leave school to care for family members or provide income. In rural areas, it is breaking down traditional systems of social learning that pass skills and knowledge from generation to generation. The loss of skilled workers, together with the entry into the labor market of orphaned children will lower both the average working age and skill level. HIV/AIDS threatens sustainable development. Responding to HIV/AIDS requires a multi-sectoral approach that draws upon the skills and capacities of both the private and public sectors.

To learn more visit ILO Fact Sheets, <http://www.ilo.org/public/english/bureau/inf/fact/index.htm>

In the paper, "*HIV/AIDS, Human Capacity, and Institutions: Sustaining Economic Growth*", Malcolm F. McPherson of the Kennedy School of Government, Harvard University discusses how

#### *Did you know?*

- Research by the World Bank suggests that the macroeconomic impact of HIV/AIDS may reduce the growth of national income by up to a third in countries where the prevalence among adults is 10 %
- By 2020, HIV/AIDS is expected to cause a 10 to 30% reduction in the labor force in high-prevalence countries
- In Botswana, which has the highest HIV prevalence in the world, some organizations are hiring 2 people for one job to make sure the job is done
- A World Bank report estimates that Botswana's economy will be nearly 1/3<sup>rd</sup> smaller in ten years' time than it would have been without the epidemic
- In Malawi, deaths among public service workers increased tenfold between 1990 and 2000, due mostly to AIDS. Unfilled vacancies in national ministries of Education, Health, Agriculture and Water Development stand at over 50%
- A third of rural households affected by HIV/AIDS in Thailand reported a 50% reduction in agricultural output
- Every day 7000 young people (under 25 years old) contract HIV
- Nearly 40 million children have lost one or both parents to HIV/AIDS

Source: ILO Fact Sheets

<http://www.ilo.org/public/english/bureau/inf/fact/index.htm>

the spread of HIV/AIDS systematically undermines human capacity and weakens institutions; thus diminishing a country's potential for economic growth. As growth declines, the economy has fewer human, financial, physical, and institutional resources to counteract the damage caused by HIV/AIDS. The economic and social regression is cumulative making it progressively more difficult to restore the economy to its former growth path. Numerous countries -Zambia, Malawi, Congo, Kenya, Angola and Rwanda are in or approaching that position. HIV/AIDS did not create the conditions that have dislocated these economies and societies. Its spread, however, has reinforced their downward spiral undercutting their ability to recover.

The author presents a framework illustrating how productive factors, of which human capacity and institutions are critical, contribute to the dynamics and processes that stimulate economic growth. The same framework is used to think about the impact of HIV/AIDS on economic growth and focus on how HIV/AIDS affects economic behavior. The principal impact of HIV/AIDS is to prematurely shorten the decision horizons of individuals who are HIV positive, or think they are. As the decision horizons of larger numbers of people in a society shorten, the behavior and activities crucial to sustaining economic growth diminish. The value of future expected benefits from any economic activity declines steeply and there is a bias towards short-term, high pay-off, low-risk activities. The author concludes by identifying measures that governments and donor agencies can take to strengthen capacity and help break the nexus between the spread of HIV/AIDS and economic growth. Some of these measures include:

- Stabilizing the macroeconomic climate to ensure that available resources are being used efficiently
- Easing the shortage of human capacity by re-combining existing factors of production in ways that use less of the scarce factor; for example, by using more nurses' aides (who require less training than nurses) than nurses where large numbers of nurses are being lost;
- Sharply curtailing the development agenda so as to more effectively match the economies' capacities to that agenda;
- Concentrating on making the most effective use of existing personnel instead of solely compensating for the loss of personnel by, for example, streamlining work procedures and providing opportunities for experienced HIV-positive workers to mentor their juniors; and
- Focusing on growth-oriented activities (especially trade) in order to revive income growth so as to help revive confidence and hope in an expansive future.

This paper can be obtained from the author Malcolm McPherson at [Malcolm\\_Mcpherson@harvard.edu](mailto:Malcolm_Mcpherson@harvard.edu).

## **Regional Trends on HIV/AIDS**

### **Eastern Europe and Central Asia: still the fastest growing epidemic**

Eastern Europe continues to experience the fastest-growing epidemic in the world, with the number of new HIV infections rising steeply. In 2001, there were an estimated one million people living with HIV. Given the high levels of other sexually transmitted infections, and high rates for injecting drug use among young people, the epidemic looks set to grow considerably.

### **Asia and the Pacific: narrowing windows of opportunity**

An estimated 7.1 million people are now living with HIV/AIDS in this region. Though national prevalence rates are low, there are localized epidemics in different areas, including some of the world's most populous countries. But, as Cambodia and Thailand have shown, prompt, large-scale prevention programs can hold the epidemic at bay. In Cambodia, efforts driven by strong political leadership and public commitment lowered HIV prevalence among pregnant women to 2.3% at the end of 2000-down by almost a third from the rate recorded in 1997.

**Sub-Saharan Africa: the crisis grows**

AIDS killed 2.3 million Africans in 2001. Currently, over 28 million Africans live with the virus. Without adequate care and treatment, most of them will not survive the next decade. In West Africa, at least 5 countries are experiencing serious epidemics, with adult HIV prevalence exceeding 5%. Recent data show that several parts of southern Africa have now joined Botswana with prevalence rates exceeding 30% among pregnant women. However, HIV prevalence among adults continues to fall in Uganda and also among young people in some parts of the continent.

**The Middle East and North Africa: slow but marked spread**

The number of people living with HIV totals 440,000 in this region. While HIV prevalence continues to be low in most countries in the region, increasing numbers of HIV infections are being detected in several countries such as Iran, Libya and Pakistan.

**Latin America and the Caribbean**

An estimated 1.8 million adults and children are living with HIV- a region that is experiencing diverse epidemics. With an average adult HIV prevalence of approximately 2%, the Caribbean is the second-most affected region in the world. But relatively low national HIV prevalence rates in most South and Central American countries mask the fact that the epidemic is already firmly lodged among specific population groups. These countries can avert more extensive epidemics by stepping up their responses now.

*Source: UNAIDS Epidemiological Update, 2002 from the Employer's Handbook on HIV/AIDS*

**Selected Donor Activities:*****Role of the ILO***

The ILO has adopted a "Code of Practice on HIV/AIDS and the World of Work". The Code provides practical guidance to governments, employers and workers, as well as other stakeholders, for developing national and workplace policies and programs to combat the spread of HIV and mitigate its impact. It covers the key areas of prevention and behavior change, protection of worker's rights, and care and support. 25 countries have applied the code and it has been translated into 15 languages to date. The ILO is implementing a wide range of initiatives based on the code of practice, including advisory services for governments on integrating HIV/AIDS into labor legislation, capacity-building for employers and workers to implement workforce programs on HIV/AIDS, and the production of information and training materials, including an exchange of best practices.

***President Bush signs the U.S Leadership against HIV/AIDS Act***

President Bush signed the U.S. Leadership against HIV/AIDS, Tuberculosis and Malaria Act of 2003 into law on May 27, 2003. This comprehensive program will provide \$15 billion over the next 5 years to the most HIV/AIDS afflicted countries in Africa and the Caribbean: Botswana, Cote d'Ivoire, Ethiopia, Guyana, Haiti, Kenya, Mozambique, Namibia, Nigeria, Rwanda, South Africa, Tanzania, Uganda, and Zambia. The target countries have among the highest prevalence of HIV infection and account for nearly 20 million HIV-infected adults and children-almost 70 % of the total in all of Africa and the Caribbean.

To coordinate this effort, the president has nominated a global AIDS coordinator who works closely with the Departments of State and Health and Human Services, as well as with USAID and the Centers for Disease Control, to direct the efforts in the worldwide fight against AIDS. Dr. Anne Peterson, Assistant Administrator for USAID's Bureau for Global Health, said that "While we often hear of the hopelessness of HIV/AIDS, today there are many signs that give us hope of winning the war against this deadly disease."

## **Publications and Research**

### **Employers' handbook on HIV/AIDS: A guide for action**

International Organization of Employers/UNAIDS

This handbook is aimed at employers and outlines the rationale for businesses addressing HIV/AIDS and provides guidelines on creating a response strategy. It begins by outlining the economic impacts, both macro and micro, of the epidemic and arguing that businesses worldwide need to become more involved in the mitigation efforts to the epidemic.

The handbook then provides guidelines on the following subjects:

- guidelines for employers' organizations
- guidelines for companies
- developing a HIV/AIDS policy for the enterprise
- providing HIV-prevention education in the workplace
- providing care, support and treatment
- implementing fair employment practices
- community involvement

The document ends with examples of good practice by firms and employers' organizations. Read the full text at [http://www.uscib.org/docs/ioe\\_aids\\_handbook.pdf](http://www.uscib.org/docs/ioe_aids_handbook.pdf)