The HIV/AIDS epidemic has spread with ferocious speed. Virtually unknown 20 years ago, HIV has infected more than 60 million people worldwide. Each day, approximately 14,000 new infections occur, more than half of them among young people aged 25 or younger. In 2004, nearly 40 million people globally were estimated to be living with HIV. In 2004, the AIDS epidemic claimed more than 3 million lives, and close to 5 million more people were infected with the human immunodeficiency virus (HIV).

The impact of AIDS on enterprises—through their employers, managers and workers—especially in countries with high HIV prevalence is well documented. There is growing evidence demonstrating that the private sector involvement in the fight against AIDS is crucial for both multinational and small and medium enterprises. Companies are recognizing that involvement is not only good for reasons for corporate citizenship, but also for corporate self-interest, even survival.

HIV/AIDS has a direct impact on companies’ profitability. The economic effects of the disease is observed in increased absenteeism, staff turnover, recruitment, training costs as well as in medical care, insurance coverage, retirement funds and funeral fees. Less obvious but equally pertinent costs are declining employee...
morale and productivity. AIDS causes productivity to fall, increases business costs and negatively impacts on the wider economic climate that influences business profitability.

HIV/AIDS is a human crisis but it is also a threat to sustainable social and economic development. The loss of life and the debilitating effects of the illness reduce the capacity of individuals to sustain employment which, in turn, undermines efforts to reduce poverty and promote development. The disease not only affects the health of workers, but takes its toll on their savings, the resources of their families and their overall productivity as they start spending more time taking care of the sick.

HIV/AIDS hits those aged 15 to 24 the hardest—they have the greatest number of new infections. These young adults are the current and future workforce and HIV/AIDS has therefore become a critical issue for every company in the world today. Businesses find it hard to cope with the human toll among their workforce. So many have died from HIV/AIDS in parts of Africa that even allowing employees time off to attend funerals of colleagues and family members has severely hit production.

The economic impact of AIDS therefore reaches beyond the infected population, their families, communities, and employers and affects national and regional economies. Firms depend on the economic dynamism of the economies in which they operate, and as increasing numbers of skilled employees in their most productive years fall victim to the disease, the consequences are severe. If companies fail, it leaves employees and communities in greater poverty. HIV/AIDS becomes as much a business and economic issue as it is a health and humanitarian concern. Workforces and consumers alike are being destroyed by the virus, while future generations are stunted by its effects.

Businesses are clearly hit hard by the HIV/AIDS epidemic, but they are also in a unique position to help fight back. Companies have reach to every community in a country, and to most HIV infected people, either through direct employer-employee relations, or through more indirect relations such as employee families, customers, or as community members. As companies, investors and other stakeholders recognize the impact of HIV/AIDS on businesses and the communities in which they operate, they need to take action.
operate, they are demanding to learn how they can address the challenges posed by the epidemic. Businesses are increasingly looking for tools that help them assess the impact of the disease, gather data, shape and communicate informed policy decisions. International organizations, such as the World Bank Group, and national NGOs are working with business to help meet this need.

How does one increase the coverage of workplace programs and facilitate private sector involvement at the scale necessary to get ahead of the epidemic? One option that is yielding results, is to work with business coalitions that can coordinate business response with the national strategy.

National business coalitions provide a platform that allows businesses to work together, leverage their resources, and facilitate information sharing; permitting economies of scale in the development of workplace HIV/AIDS products and services. Further, a unified business front allows businesses to participate more effectively in policy debate and advocacy to stop the epidemic.

The Trend Beyond Africa

Some 95% of the people with HIV are living in the developing world, a proportion that is expected to grow according to UNAIDS estimates. While Africa is hit the hardest, other regions are recognizing the potential impact of the disease on their economies. For example, the World Bank estimates that Russia may well sacrifice 4% of its GDP growth by the end of this decade due to the disease’s rapid spread. HIV/AIDS is increasingly striking Russia’s labor force, including strategically important sectors, such as mining, oil/gas, manufacturing, and heavy industry.

It will be critical to learn lessons from Africa’s response, which was often inadequate in the critical early stages. Those countries with low prevalence rates need to respond as quickly as possible through prevention programs before the disease reaches the tipping point of turning into a full-blown epidemic. The private sector must be an active partner in this effort. Encouragingly, companies in Brazil, China and Thailand have already demonstrated successful examples of programs delivered in partnership with local authorities.

Working in Partnership: Ethiopian Business Coalition Against AIDS

In 1986 there were just two reported AIDS cases in Ethiopia. By mid-2003 there were 147,000. It is currently estimated that of the 73 million population, 1.5 million Ethiopians are living with HIV and AIDS.

Kebour Ghenna, President of Initiative Africa, argues that, “As a vital part of society, businesses should respond to the HIV/AIDS epidemic.” But more needs to be done. According to a recent survey by the Ethiopian Business Coalition Against HIV/AIDS (EBC), 90% of managers in Ethiopia have encountered infected employees in their workplace and 87% have lost employees to HIV/AIDS. However, the same survey also indicated that only 18% of the companies had active HIV/AIDS committees at the workplace, 12% had an active HIV/AIDS policy and only 9% had HIV/AIDS awareness programs for their employees, leaving both the businesses and the employees at heightened risk.*

The World Bank Institute’s (WBI) Business, Competitiveness and Development Program, working closely with its partners, is assisting the EBC in Ethiopia, providing relevant knowledge and best practices for EBC member companies and building the skills of EBC so that the Coalition can train its members. EBC offers its members a range of services to help resist the spread of the disease. These include assessments of the impact of HIV/AIDS on member businesses, working to develop tailored corporate HIV/AIDS policies, and hands on help to implement workplace and community outreach programs. Such programs may involve establishing a management led committee with representation from all levels of employees, HIV/AIDS education, condom distribution, voluntary counseling and testing as well as provision of medical treatment.

The initiative of the EBC has demonstrated measurable results. A growing number of local Ethiopian companies are now coping far more effectively with the impact of HIV/AIDS and providing support for the staff and families in their fight against the disease. This approach is a good model of locally driven capacity development and demonstrates the effective supporting role that multilateral organizations, such as WBI, can play.

Conclusion

Worldwide, companies, their employees and their communities remain greatly at risk from the spread of HIV/AIDS. On the other hand, more and more businesses are realizing that they can and must play a role in beating back the disease in coordination with government and civil society. Private sector action to fight HIV/AIDS is just one way in which business is proving its value as a true partner in development. There is growing recognition that shared problems, such as HIV/AIDS, require shared solutions involving all society. International organizations, such as WBI and its partners, actively engage with business through capacity building and effective public-private partnerships to foster private sector contributions to development.

Notes

1. World Bank, Human Development Network, 2005
2. UNAIDS/WHO, AIDS epidemic update, December 2005
5. UNAIDS/WHO, AIDS epidemic update, December 2005
6. IFC Against AIDS, last accessed on October 20, 2005 [http://www.ifc.org/ifcagainstaids]

The Business and Development Discussion Papers encourage debate regarding the different forms of private sector action for development and the sharing of best practices. The series is one initiative of the Business, Competitiveness and Development Program of the World Bank Institute. Authors are committed to fostering sustainable and equitable development and effective multi-sectoral partnerships.

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