

AIDS and the private sector: The case of South Africa

Private action for the public good: Moving HIV programmes into the community

Key points

- Multinationals in South Africa are increasingly involved in HIV/AIDS initiatives in the supply chain and employees' communities.
- Community-based AIDS programmes can learn lessons from effective workplace policies.
- More private sector policies and programmes need to be developed in South Africa and in other parts of the world.

Despite the international attention that AIDS has received, and donor spending on alleviating AIDS, it is still a pandemic that is out of control, particularly in sub-Saharan Africa. UNAIDS figures for 2007 estimate that 68% of the global total of the 33.2 million people living with HIV are in sub-Saharan Africa. Meanwhile, there have been 2.5 million new infections, globally, in the past year. South Africa has the largest number of HIV+ people in the world, although prevalence rates vary considerably between provinces.

South Africa's economic, political and social climate poses unique challenges in alleviating the spread of HIV and AIDS compared to other parts of Africa. UNAIDS estimates that around 16% of the South African population is infected with HIV (UNAIDS and WHO, 2007), a level of prevalence similar to other countries in the region, such as Zimbabwe and Zambia. What differentiates South Africa is that HIV prevalence has risen in parallel with: high GDP growth over the past decade (around 4.8% per annum in 2005);¹ a transition from apartheid to a democratic government; and a strong multinational business presence. Yet the country also suffers from high levels of unemployment, extreme social inequity, and a president who, for too long, refused to acknowledge the link between HIV and AIDS.

The high levels of HIV prevalence in South Africa present a risk to companies operating



A roadside mobile health clinic set up by TNT's North Star Foundation in Malawi (see p. 4).

in the country. Failure to take action to contain the spread of the virus can impact on a multinational's bottom line, through illness, absenteeism and possible death among employees, as well as directly impacting on recruitment and retention. Consequently, a high percentage of multinational corporations (MNCs) operating in South Africa have comprehensive HIV policies in the workplace, covering education and prevention, provision for testing and, in many cases, treatment for employees and their spouses.

But any business's operation also extends beyond its workplace. Business is often reliant on the services and skills of suppliers and contractors (the supply chain) and on recruiting local talent. As the epidemic has spread within

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South Africa, so too has its impact on companies, particularly those which have operations in high prevalence areas. This has led to some MNCs in South Africa addressing AIDS on a broader scale – to extend programmes beyond the workplace and introduce innovative programmes in communities and the supply chain.

This Briefing Paper provides a snapshot of MNC programmes that focus on AIDS outside the workplace. It explores the ‘business case’ for the MNC response to the epidemic and highlights some of the debates about the role of businesses in a national response. While the Briefing Paper is focused on South Africa, it offers lessons that may be appropriate for businesses responding to AIDS in other countries.

The business case for action

The case for business involvement in AIDS in South Africa has become clearer in the past five years, as the pandemic has spread more broadly within society. Few businesses are able to flourish in an environment of uncertainty. The business risk posed by AIDS in South Africa has been exacerbated by President Mbeki’s former position of denialism, which set back the implementation of HIV policy. It has also been affected by resource constraints in the health service on prevention of HIV and treatment of AIDS – both in terms of lack of capacity and Anti-Retroviral (ARV) roll-out. An effective company AIDS policy seeks to mitigate and manage this operational risk.

A 2005 study conducted by the South Africa Business Coalition on HIV/AIDS (SABCOHA) and the Bureau for Economic Research (BER), of more than 1,000 companies across various sectors, found that between 60% and 80% of the mining, manufacturing, financial services and transport companies had workplace programmes. These company programmes helped reduce new infections, absenteeism and deaths among employees. The business case is clear: Suhrcke et al. (2005) and Goetzl et al. (2005) estimate that a company will have an average return of US\$3 for every US\$1 invested in employee health, due to reduced absenteeism, better productivity and reduction in employee turnover. The business case has been bolstered by the falling costs of ARV treatment over the past five years. This has provided a greater incentive for business to provide treatment for employees, rather than relying on the public health system – particularly where it does not deliver.

In our research, business respondents repeatedly referred to a sense of ‘duty’ to help alleviate the epidemic by extending programmes beyond the workplace, because of the increasing negative impact of HIV within society. This also makes business sense: employees’ lives are connected to the wider community, so it is inevitable that workplace programmes alone will have only limited impact

when trying to reduce rates of sexually transmitted infections. It can also be argued that companies have a responsibility to help the communities that lie within a company’s ‘sphere of influence’ (see Box 1) – for example, the communities close to the company’s operations. However, some companies express concern that community health programmes will lead to an increased expectation and burden of responsibility on businesses.

The emergence of ‘corporate responsibility’ is also increasing global pressure on corporations to contribute positively to society. Therefore, an MNC’s failure to address AIDS when operating in countries of high prevalence may impact negatively on its reputation and, consequently, its bottom line. Conversely, high profile AIDS programmes involving local communities can have a positive impact on a company’s brand. MNCs are also under pressure to ensure that their supply chain meets standards of ‘responsibility’, which may include implementing effective AIDS policies. This business response to non-workplace programmes is timely, given the current emphasis among the AIDS community on prevention.

A business response: Contested

The involvement of business in responding to the AIDS epidemic touches on broader issues of public responsibility. Some argue that the private sector has no role in providing health services when the public sector can and should provide them. Therefore, they argue that MNCs should contribute to publicly financed services through taxation mechanisms.

This position is countered by those who argue that increased taxes may deter business investment and operations (and, so, job creation). This is a key concern given high levels of unemployment in South Africa.

To date, country successes in reducing rates of new infections have been based on multi-sectoral interventions rather than public health sector interventions only. Experience in countries as diverse as Thailand and the UK suggests that an effective national response requires support from the media, politicians, police and private sector – not just the public sector. In light of this, possibilities need to be considered that incentivise, rather than discourage, business involvement.

A range of civil society organisations and AIDS networks, as well as some business leaders, encourage a minimum standard of AIDS policy and practice across businesses. Introducing regulation to impose such standards could ensure that every employee has access to a certain level of AIDS education and prevention. However, the corporate responsibility trend indicates a preference among business for voluntary standards – rather than legal obligations – to drive social initiatives. This view was supported by businesses interviewed in recent

research. Voluntary practices, however, rely on a ‘trickle down’ approach to other businesses – if this fails, the result can be islands of relative excellence in a sea of under-provision.

MNC HIV programmes: A typology

Programmes run by companies in communities differ significantly in terms of their structure and approach. Our research identifies three different models which can be replicated by other MNCs:

- a community-based partnership: the company works with government (often at the provincial level), community-based NGOs and, sometimes, other companies in a collaborative business partnership;
- supply chain support: the company supports its own supply chain or local small businesses to introduce AIDS policies;
- a sector-based initiative: the company instigates, or takes part in, a sector-driven AIDS programme.

The examples highlighted below are just a sample of the programmes currently being undertaken in South Africa by companies across all sectors, such as De Beers and Xstrata (mining), SAB Miller (beverages), Unilever (consumer goods), Ford (automotive) and SAPREF (extraction).

Anglo Coal and Virgin Unite: A corporate partnership to serve a rural community

Anglo Coal and Virgin Unite (the charity arm of Virgin Group) collaborated with a local community to build and open a health centre in rural Bushbuckridge. This centre provides free HIV treatment, TB and general medical services to around 70,000 people in the area (where around 20% of the population are estimated to be HIV+). Previously, there was only a government mobile clinic. Anglo Coal has mining operations in the area, while Virgin has a game-lodge nearby.

Collectively, R50 million (US\$7.4 million) has been pooled for the project. Anglo Coal donated R5 million (US\$0.74 million) for infrastructure development and will contribute the same amount in the next five years towards management support. President Bush’s Emergency Plan for AIDS Relief (PEPFAR) supports operational costs, including technical assistance, management systems and ARVs.

The opening of the centre offers high standard facilities in a rural area, which can be accessed by anyone, not just the companies’ employees and their families. The project also intends to stimulate the local economy by creating small businesses around the clinic, to help reduce unemployment, build the capacity for entrepreneurship, tackle HIV/AIDS-related stigma, and create a model for rural AIDS treatment in South Africa.

The attraction of this model for any MNC is the dual benefit of addressing employees’, and their

The business ‘sphere of influence’

The ‘sphere of influence’ concept is included in the United Nation’s Global Compact 2000, a set of ten voluntary corporate responsibility principles. The Compact’s first principle states that the business community has a responsibility to uphold human rights both in the workplace and within its sphere of influence.

A company’s ‘sphere of influence’ covers the broad area where that company may have an impact – from the workplace to contractors, through its supply chain, its products and into its surrounding communities.

families’, needs as well as the community within a partnership structure.

Mercedes-Benz South Africa: Fostering workplace ‘best practice’ among small businesses

Mercedes-Benz South Africa (MBSA) – formerly Daimler Chrysler – supports the Siyakhana project in the Eastern Cape, to offer HIV/AIDS workplace support and programmes for small businesses. MBSA’s manufacturing plant in the Buffalo City Municipality is a key employer in the area – the poorest province in South Africa.

The Siyakhana project offers HIV/AIDS workplace services to local companies for a nominal annual cost: companies with fewer than 50 employees pay R6,000 a year (approximately US\$860), while companies with more than 50 employees pay R8,000 (approximately US\$1,145) to participate. MBSA uses its experience gained from its own HIV/AIDS workplace interventions to advise the project owners, who aim to have 67 companies signed-up by the end of 2009 (17 companies are already involved). Siyakhana ties in with the local Chamber of Commerce to connect with small businesses, and MBSA currently provides 55% of the project funding.

MBSA has deliberately extended its commitment beyond its own supplier and dealer network for both practical and reputation-based reasons: to address the development challenges posed by AIDS and to demonstrate its ongoing commitment to corporate responsibility.

Workplace policy: Applying lessons to broader initiatives

Many MNCs have refined their workplace HIV practices over the past decade, and have adapted learning to community programmes. Some key successful principles within the workplace include:

- Adopting an underlying human rights framework. The application of a human rights framework within workplace HIV-testing is critical to ensure an individual’s privacy and a guarantee that s/he will not be discriminated against if HIV+.
- Comprehensive, clearly communicated and targeted education campaigns. Such campaigns are likely to have more success. This includes educating people on the ease of testing and treatment and encouraging ‘peer education’, where delegated employees educate others in the workforce on HIV and AIDS.
- Proximity of services. Distance has proven to be a deterrent to the uptake of testing and treatment. Accessible services for employees and their families, including community programmes will facilitate broader uptake.

This model can be replicated in other regions within a partnership structure with an NGO and inviting support from local corporations.

TNT: Commercial responsibility initiative in the region, delivered through a corporate foundation

Dutch-owned express delivery and mail company, TNT, launched its North Star Foundation (NSF) in September 2006, which provides roadside mobile health clinics, called Wellness Centres, on key transport corridors throughout southern Africa. The programme is a sector-based partnership, specifically aimed at truck drivers and sex workers, but is also inclusive of people in the communities. The clinics offer sexual health education, treatment and condom distribution.

The partnership was set up by TNT with the World Food Programme (WFP) – building on a previous partnership – and is a multi-partner, multi-sector collaboration. Companies can contribute to the partnership in different ways – for example, by donating the containers that house the Wellness Centres. The clinics are run in partnership with a local NGO network in each of the countries.

TNT gave a grant of €700,000 (US\$1.04 million) and is working with other corporations, bilateral and humanitarian donors to sustain funding and expand the clinics to transport corridors across Africa and Asia. This sector-approach model could be adapted to other sectors, and may appeal to MNCs due to its high visibility and potential scalability.

Recommendations

A number of policy recommendations and principles can be extracted from this discussion and applied beyond South Africa. The recommendations for businesses apply both to those with existing policies and those interested in addressing AIDS through corporate responsibility action.

For business

- MNCs need to consider addressing their broader ‘sphere of influence’ as part of their boundaries of responsibility. This is prompted by the natural limit of workplace programmes in tackling

the spread of HIV among employees as well as increasing pressure on global businesses to contribute to social issues.

- The clear business case for MNCs may be less apparent for smaller companies where financial pressures may outweigh HIV/AIDS mitigation. MNCs may benefit their own supply chain by finding practical ways to support workplace programmes for smaller companies.
- Shared learning and collaboration can help disseminate best practice. Companies need to facilitate greater knowledge sharing among themselves and with others, including government, through both informal and formal networks.
- Companies need to consider the sustainability of any HIV/AIDS programme. This may include partnering with other businesses, government (national or provincial) and NGOs to build capacity so that programmes become self-sustainable.

For government

- A collaborative process needs to be facilitated by government. This could be achieved through, for example, a government appointee specifically tasked to work with the private sector and to encourage partnerships.
- Partnerships with the private sector can lead to mutual learning. Governments can potentially replicate successful techniques that have been proven by companies.
- Governments need to be kept informed of private sector initiatives as these may impact on what the government chooses to fund and provide. Donors may also use private sector initiatives as an entry point to achieve their own goals.
- Governments may consider providing a regulatory framework to encourage a supply chain approach to rolling out AIDS responses.

Written by Melissa Davis, Corporate Responsibility Consultant (melissa@truebranding.co.uk), Fiona Samuels, Research Fellow, ODI (f.samuels@odi.org.uk) and Kent Buse, Research Fellow, ODI (k.buse@odi.org.uk).

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Overseas Development Institute

111 Westminster Bridge Road, London SE1 7JD

Tel: +44 (0)20 7922 0300

Fax: +44 (0)20 7922 0399

Email:

publications@odi.org.uk

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