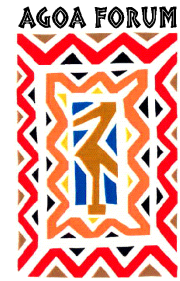


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# Trade, Development, and HIV/AIDS Prevention



This paper is one of four background papers prepared for the Plenary Session on HIV/AIDS, AGOA Forum, Washington, DC, December 10, 2003. The Africa Bureau of the U.S. Agency for International Development sponsored the preparation of the background papers.

## Introduction

There is a growing literature that discusses the impact of HIV/AIDS on prospects for development (Barnett and Whiteside, 2002, provides an excellent overview). Less attention has been paid to the impact of development on the spread of HIV/AIDS. The process of development often leads to rural–urban migration, increased trade and transport, and the attenuation of family relations due to physical separation. These processes pose challenges in the fight against HIV/AIDS. On balance, economic growth and development support the fight against AIDS, yet the process of development must be managed effectively to assure that economic development and the fight against AIDS work together to benefit sub-Saharan Africa. Workplace programs are cost-effective. AGOA factories provide ideal environments for implementation of HIV/AIDS prevention, care, and treatment programs that are mutually beneficial for the companies and societies.

## Economic Development

Simon Kuznets, Nobelist in Economics in 1971 and the premier historian of modern economic growth, identified three key characteristics of the growth process:

1. Structural shift of the sectoral components of the economy away from agriculture toward nonagricultural activities;
2. Redistribution of a growing population from countryside to cities, implying an increase in population mobility; and,
3. Growing specialization, division of labor, and exchange within and across national borders (Kuznets, 1966).

Growth and development, by raising incomes and productivity of human and physical resources, can be a great engine of positive change, especially in low-income countries. Is the development process also helpful to the fight against HIV/AIDS?

## African Economic Development: Difficult Past

Over the past quarter century, sectoral shift in sub-Saharan Africa has been modest and per capita incomes have fallen:

- Agriculture's share has fallen by a percentage point (from 18 to 17 percent of total output), and nonagriculture is up by 1 percentage point;
- The share of services rose by 7 percentage points, as manufacturing fell by 5 percentage points; and,
- Per capita consumption fell 2.1 percent per annum (i.e., by 40 percent over a quarter century) (World Bank, 2003a).

These changes suggest arrested development in many places and halting progress in others. Population redistribution did occur via rural–urban migration, as the urban share

of the population rose from under one quarter to more than one-third in the past quarter century.

Specialization, trade, and division of labor grew modestly. Sub-Saharan Africa's exports grew by 4.6 percent per annum, twice as fast as GDP growth of 2.2 percent per annum, in the 1990s. Continued population growth, conflict, and civil disorder were factors that caused sub-Saharan Africa's per capita product to decline in recent decades. Some gains in infant mortality, which fell by a quarter since 1980, occurred where socioeconomic conditions permitted.

## **African Economic Development: Brighter Future?**

If economic growth and development prospects improve (the World Bank projects annual improvement in per capita product of 1.2 percent, 2000–2015), what impact will that improvement have on HIV/AIDS and the challenge of bringing the pandemic under control? Currently, sub-Saharan Africa spends US\$29 per person per annum on health (World Bank, 2003a). Growth will expand the resource base, and some of that additional money can help sustain the fight against AIDS, a fight now substantially subsidized with donor assistance, but still drastically underfunded.

As education and health improve, knowledge, attitudes, and behaviors that assist the fight against HIV/AIDS will also improve. There is potential for a *virtuous circle* of economic and social development. Yet, even the near-term process of development has potential negative implications for HIV/AIDS. Vicious circles can arise because of the structural changes that accompany economic growth and development:

- Rural–urban migrants leave kith and kin behind and may be drawn into behaviors that lead to sexually transmitted infections and HIV/AIDS;
- Mobile populations, such as international truckers, mineworkers who must leave home for distant workplaces, and young women who take up factory jobs in cities, all confront the challenge to resist risky behavior.

A continuing task of those who guide the development process is to anticipate these negatives, build on sound opportunities, and manage risk associated with the generally beneficial choice of specialization and division of labor offered by participation in the global economy.

## **Circles: Vicious to Virtuous in the Workplace**

Structural changes associated with modern economic growth pose risks that can be reduced. Among the most effective steps to reduce these risks are workplace prevention programs. Young women recruited to factories, truck drivers crossing international borders, and mineworkers far from home can all be helped to protect themselves from unhealthy behavior. Employers can provide them with information, voluntary testing and

counseling on abstinence and being faithful, condom distribution, and treatment of infections where necessary.

To some extent, there are initial steps aimed at assuring that the process of development does help reduce the threat of HIV/AIDS. Governments have taken steps to improve border crossing delays, difficulties, and risks. The private sector is beginning to provide assistance to workers to prevent and treat HIV/AIDS. A challenge going forward is to accelerate initial efforts and roll them out to achieve broader coverage. Public-private cooperation focused around the workplace can be an especially beneficial means to assure that economic growth and the fight against HIV/AIDS work together.

Workplace prevention programs are not expensive (McGreevey et al., 2003). Specialists calculate costs in the range of US\$10 to US\$15 per employee per year. If wages per worker were a mere US\$2 a day, or US\$500 per year, then this program would add, at most, 3 percent to the worker's wage.

Viewed as a share of total output or revenues, the cost of such prevention is less still, adding little to other medical care usually offered in the workplace setting of modern manufacturing, mining, and transport.

Prevention programs are cost-effective. They can prevent costs of worker absenteeism and training of new workers. Some large firms in Africa now fund prevention programs in their communities—not just for their workers—to improve the health environment where employees and their families live.

Private enterprises have been leading the way in providing antiretroviral therapy to employees in Africa. These life-extending treatments now cost less than US\$300 per person per annum, far less than costs prevailing in more developed countries (Itano, 2003). Similarly, the cost of treating opportunistic infections is now within reach in most parts of Africa.

Actions at the workplace offer one means to reduce the negative impact of urban migration and accelerated movement of goods and people. However, such actions are not a panacea. Workplace interventions must be accompanied by policies and programs that address inequities, stigma and discrimination, and information and guidance on healthy lifestyle choices for mobile populations set adrift from their normal residence. National AIDS programs need a strategic approach to address messages of caution and behavior regulation especially to the millions of persons drawn away from home and tradition by the process of development itself.

## **AGOA, Trade, and the African Workplace**

A front-page article in *The New York Times* attributes to President Yoweri Museveni of Uganda the view that AGOA “is the best thing the West has done for Africa since

independence” (Lacey, 2003). Free trade encouraged by tariff reduction has led to job growth in manufacturing.

AGOA is a leading sector for modern economic growth. AGOA apparel and textile factories are part of the shift from agriculture to nonagriculture. The young women working in AGOA factories will often be drawn from the countryside, and truck drivers who transport products to ports for shipment to the United States will often be part of a growing mobile population. AGOA employees specialize in export-led growth and hence become key participants in the global economy, with all its risks and rewards. Nineteen of the 38 AGOA-eligible countries were declared eligible for the apparel provision through March 4, 2003.<sup>1</sup>

A few key facts about AGOA and the workplace:

- AGOA-related textile and apparel exports to the United States in 2001 amounted to US\$803 million, a substantial increase although still small when compared to ongoing African petroleum exports to the United States under AGOA;
- Lesotho alone accounts for 40 percent of Africa’s AGOA-related apparel and textile exports, which derive from 36 enterprises employing some 45,500 workers, and exporting US\$318 million to the United States in 2001 under terms of the AGOA agreements;
- Malawi had AGOA-related apparel and textile exports of US\$47 million in 2001 from five AGOA-approved enterprises with employment of 6,500 workers;
- AGOA-related textile and apparel firms in sub-Saharan Africa employ some 110,000 workers.

These AGOA-linked workplaces could play a leading role in the fight against HIV/AIDS. The disease is already the leading health problem in many AGOA countries, as there are more than 20 million HIV-infected persons in those countries. AIDS threatens economic productivity in most of the AGOA countries.

If AGOA-linked workplaces could establish workplace prevention, care, and treatment programs, perhaps by means of targeted technical assistance programs, the examples and lessons they would offer may be of inestimable value in the fight against HIV/AIDS.

An analysis using the GOALS Model indicates that adding workplace prevention to AGOA factories in Lesotho would cost \$450,000 and save 1,000 infections (Futures Group, 2003a). A report on Lesotho from DFID (the British foreign assistance agency), says in part, “Factories should implement HIV/AIDS policies...They must go beyond simply stating that the factory will not discriminate, and should lay out some proactive steps that the factory will take to strengthen its prevention and mitigation activities” (IRIN-SA, 2003). Workplace interventions can be both cost-effective and consistent with overall development policies.

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<sup>1</sup> Apparel eligible countries are Botswana, Cameroon, Cape Verde, Ethiopia, Ghana, Kenya, Lesotho, Madagascar, Malawi, Mauritius, Mozambique, Namibia, Rwanda, Senegal, South Africa, Swaziland, Tanzania, Uganda, and Zambia.

## **AGOA, Development, and HIV/AIDS**

AGOA had already contributed to improving employment conditions for workers in many African countries. It could also stimulate greater use of AIDS in the workplace programs (Futures Group, 2003b). These programs would offer economic benefits to the firms, health benefits to the workers, and overall health and development benefits to the society.

Effective actions in the workplace can complement national strategic plans for HIV/AIDS in the AGOA countries. Such actions cannot by any means substitute for those national strategic plans. The process of development, as it induces population mobility, must be managed with care by rational AIDS programs, perhaps by targeting messages on the young women who leave rural residences behind, and the young men who take up work in mines and long-distance transport.

AGOA could help support national HIV/AIDS policies and strategies. It could help assure that vicious circles become virtuous circles and that the modern workplace opens a door to a healthier future.

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