



## FIFTH ITEM ON THE AGENDA

**HIV/AIDS and employment****I. Introduction**

1. The impact of HIV/AIDS on labour and employment seriously threatens the fulfilment of the ILO's goal of decent work for all. The epidemic has already caused substantial labour force losses and will, unless counteracted, continue to reduce labour force growth in many developing countries, especially in Africa. This in turn presents a major threat to sustainable development and poverty reduction. However, action by the ILO's constituents can mitigate the economic and social effects of the epidemic and contribute to reducing HIV transmission.
2. The detrimental impact of HIV/AIDS on employment results from the effects on labour, enterprises and households, as well as on demand and investment.<sup>1</sup> Of particular concern is the long-term damage to human resources through erosion of the skills base and loss of organizational capacity. In the workplace, discrimination due to HIV/AIDS is endangering rights, including income entitlements and social protection benefits.
3. The rationale for addressing HIV/AIDS in all aspects of the ILO's work, put forward by the Director-General in 2001,<sup>2</sup> is strengthened by mounting evidence of the effects of HIV on employment, as well as by evidence that the Decent Work Agenda can contribute effective responses to the epidemic.
4. This paper first outlines the primary impact of HIV/AIDS on the labour force, and then discusses the effects on enterprises, employment and job creation. It draws attention to employment strategies that can help mitigate the impact of the epidemic. The paper concludes with a review of the ILO's work in this area and calls for consolidation of efforts to date.

<sup>1</sup> The Committee on Employment and Social Policy is invited to refer to earlier papers on the growing evidence for the impact of HIV/AIDS on employment presented at the Committee's March 2001 (GB.280/ESP/5) and November 2003 (GB.288/ESP/3) sessions.

<sup>2</sup> Establishment of an ILO Programme on HIV/AIDS and the world of work (ILO/AIDS), Circular No. 187 (Rev. 1), Series 2, 26.02.2001.

## II. Labour force losses due to HIV/AIDS

5. The ILO estimates that 28 million labour force participants have been lost to the global workforce to date due to HIV/AIDS, and the damage is expected to continue if insufficient action is taken. The ILO projects that 48 million workers will be lost by 2010, and 74 million by 2015. The great majority of these losses are due to the deaths of labour force participants, but ILO projections also take into account losses due to reduced family size. The fact that most workers who die are in their reproductive as well as productive prime means that some would have had more children if they had lived, who would in turn have entered the workforce. Two-thirds of losses will be in Africa, where the acceleration is staggering (see table):<sup>3</sup> five African countries will lose over 20 per cent of their labour force by 2010, and eight countries by 2015. By the same year, four countries will lose over a third.
6. Outright losses are compounded by the inability of millions of workers in later stages of illness to work. The ILO estimates that at present 2 million workers become unable to work yearly and that by 2015, 4 million workers will become unable to work each year. Other workers shoulder the economic burden of support, and other persons of working age the economic and social burden of care.

### Projected cumulative labour force losses and yearly death toll of working-age persons, world and Africa, 1995-2015 (rounded)

Year	1995		2000		2005		2010		2015	
	World	Africa	World	Africa	World	Africa	World	Africa	World	Africa
Labour force losses (millions)	4.5	2.8	12.8	8.8	27.6	19.9	48.2	34.0	74.2	49.6
Labour force losses as proportion of total labour force (per cent)	0.2	1.2	0.6	3.2	1.3	6.3	2.2	9.4	3.2	12.0
Yearly death toll of working-age people (millions)	0.7	0.5	not available		3.2	2.5	not available		5.6	3.4

Source: ILO, 2004.

7. It is not only the size of the labour force that is being diminished, but its quality. Of particular concern is the loss of human resource capacity due to the break in the transmission of knowledge and skills, both formal and informal, which would normally have been undertaken by parents, mentors, older workers, trainers and teachers.
8. There are manifest effects on national economies. The ILO estimates that affected countries lost 0.2 per cent of the annual rate of growth of GDP on average between 1992 and 2002, equivalent to an average annual loss of US (1995) \$25 billion. Research by the ILO confirms that the higher the prevalence of HIV in working-age people, the more GDP growth is held back.<sup>4</sup> This has negative impacts on job creation, employment and incomes.

<sup>3</sup> The projections assume that antiretroviral treatment scale-up might not be fully implemented, but also do not forecast worsening of epidemics in some regions; in particular, they may understate future labour force losses in Asia.

<sup>4</sup> *HIV/AIDS and work: Global estimates, impact and response 2004* (Geneva: ILO, 2004).

### **III. The impact of HIV/AIDS on enterprises, employment and job creation**

#### **Enterprises**

9. Employees who are HIV-positive are as productive as other workers for many years before they become ill with AIDS-related symptoms. This fact is of great importance to employers and workers because it clearly shows that there is no basis to discriminate against persons who are HIV-positive.
10. The late onset of illness can, however, foster a dangerous complacency about HIV transmission, given the potential harm to enterprises. Eventually, when opportunistic infections and other HIV-related conditions do arise, workers become increasingly unable to work unless they have access to treatment.
11. In small and medium-sized enterprises, and household-based enterprises of the informal economy, the person with HIV/AIDS may be the only – or key – worker. Vital personnel also include management and staff with skills acquired through training and long experience, but the absence of any employee with specific skills slows production and lowers productivity. Output is jeopardized as a critical proportion of workers become ill. To maintain production levels, the enterprise faces new costs including the recruitment and training of new workers.
12. Furthermore, enterprises face the direct costs of medical, disability, death and survivor benefits, or the costs of insurance against these risks, and the epidemic increases both types of costs. In many small and medium-sized enterprises, workers and employers bear the costs directly.

#### **The informal economy**

13. Over half of all workers in developing regions work in the informal economy, and in many countries the percentage is much higher. In Ghana, for example, it accounts for 70-80 per cent of total employment and in India, nearly 90 per cent. Enterprises in the informal economy usually rely heavily on one or a few operators. When a worker falls sick and eventually dies, it has often proved very difficult for these small enterprises to stay in business. The precarious nature of informal employment, the lack of social protection and limited access to health services also worsen the impact of the epidemic for individual workers. The scale of lost income, lost employment and extra costs due to HIV in the informal economy is hard to measure, but may be dwarfed by a critical loss in inter-generational transfer of skills. In some farming areas with high levels of HIV, orphans and children in poverty are entering the labour force prematurely and with virtually no skills.

#### **The public sector**

14. Falling enterprise income and profitability reduces the tax base for government revenue and the scope for public expenditure. The public sector also suffers direct effects as employees in key services become ill and unable to work. At the same time demand for public services, especially in the health sector, is mounting because of HIV/AIDS. The public sector is being systematically weakened just when it needs to intensify efforts to eradicate poverty, achieve education for all, implement the right to health, and ensure a comprehensive response to HIV/AIDS. The responsibility of the public sector does not end there: as the largest employer in many countries affected by HIV/AIDS, the public sector is

also summoned to adopt HIV/AIDS workplace policies to meet the needs of its employees, and to serve as a model for other employers.

### **Income and effective demand**

15. Like enterprises, households experience loss of production and income as family members become incapacitated and the costs of support and care increase. Poor households are especially at risk, and further impoverishment undermines their capacity to sustain surviving family members.
16. Declining household and enterprise incomes are linked. Reduced disposable income further depresses production as demand for goods and services falls or changes in households where breadwinners are ill. Many households drastically shift their spending to the care of family members who are ill. As households cut down on expenses, less money and fewer goods and services circulate.

### **Investment and competitiveness**

17. Declining income on the part of enterprises and households lowers the capacity for savings and the ability to invest. Furthermore, lower labour productivity and higher production costs as a result of the impact of HIV/AIDS on the workforce reduce international competitiveness and discourage direct foreign investment.

### **Loss of jobs and effects on employment creation**

18. Slowed economic growth, declining investment and job contraction are a further consequence of falls in production and demand. As enterprises retrench and fail, jobs are lost. To contain costs and survive, others do not replace workers lost to AIDS. The real loss in jobs and accompanying shift from stable to precarious employment makes workers poorer and reduces the market for goods and services.

### **Workers in high-risk situations**

19. Job contraction hurts employment options for all labour force participants, although the worst affected are poorly-trained young entrants to labour markets, women who are discriminated against, and migrants seeking new opportunities. Unemployment and underemployment are typically high for these groups, and they are also exposed to a high risk of HIV.
20. Efforts to improve work opportunities for groups who are disadvantaged and exposed to the risk of HIV can reap benefits for workers, for HIV/AIDS control, and for the economy in general.
21. The proportion of youth (15-24 years) at school or at work depends on highly variable social and economic factors, including the availability of schooling and training, the demand for education, and the demand for skilled and for unskilled labour. Such factors

influence the occurrence of child labour,<sup>5</sup> the average length of education, the level of youth participation in the labour force, and the level of youth unemployment.

22. A successful transition from education to employment assures young people of their place in society. In practice, a proportion of youth are prematurely lost to the school system and discover that gainful employment is unavailable or beyond their reach. This leads to the frustration of personal aspirations, and a net loss to society when youth become socially excluded and alienated.
23. When income must be obtained at any cost, youth find work that is marginal, dangerous or illegal. Some young people – orphans without other guidance and children living on the street – are at exceptional risk of engaging in desperate behaviours to survive. The lack of a sense of purpose and hope stemming from the lack of decent work opportunities amplifies HIV risk-taking behaviour linked to sex and/or drug and alcohol abuse.
24. Women – especially young women – bear the brunt of the HIV/AIDS epidemic. Women's low social status – deriving from legal, economic, social and cultural inferiority – is the driving force of women's greater risk of contracting HIV. Women everywhere are discriminated against in the labour market, are paid less than men, and more frequently perform work with no security or benefits. Girls are more often uneducated or removed from school, especially when a family member becomes sick. When they are older, work opportunities are limited and they remain poor. They may lose their job when they have to care for sick household members. Women's poverty becomes linked to risky behaviours for survival.
25. Migrants are also at risk of HIV in many situations. Although migrant labour contributes substantially to the economies of receiving countries, the rights of migrants are often ignored. They face xenophobia and discrimination, and are frequently excluded from information and services. Highly abusive migration, such as human trafficking for sex work, place migrants at the highest risk of HIV, as do certain types of contract and domestic labour. The poverty and marginalization of many migrants – especially young women – also exposes them to violence, stigma, and abusive sexual practices.

#### IV. The role of the ILO

26. The ILO is engaged in addressing the employment impact of HIV/AIDS on four fronts:
  - advocacy to mobilize governments, employers and workers to safeguard workers' rights, extend HIV prevention to the workplace, and provide care, treatment and support for workers living with HIV/AIDS;
  - advisory services to assist the integration of workplace issues in national plans, the development of HIV/AIDS policies in the world of work at all levels, and the revision of labour laws;
  - education and training programmes to support implementation of the ILO code of practice on HIV/AIDS and the world of work and strengthen tripartite capacity to address HIV/AIDS;

<sup>5</sup> The large number of countries ratifying ILO Conventions Nos. 138 and 182 attests to the global consensus that children belong in school and not at work.

- research and policy analysis to document the impact of HIV/AIDS on labour, employment and development, and identify the considerable potential of workplace action in response to HIV/AIDS.
27. As its contribution to the global response to HIV/AIDS, the ILO is pressing for employment growth to be at the centre of national strategies to respond to HIV/AIDS. Such action needs to address both the structural causes of the epidemic, linked to poverty, and the effects of the epidemic on sustainable development. The ILO can also strengthen institutional capacities for planning and implementing national HIV/AIDS strategies, including resource mobilization and allocation, information management, monitoring and evaluation, and integration into overall poverty reduction strategies, such as Poverty Reduction Strategy Papers (PRSPs).
28. Investments by the ILO and its constituents to improve human resource capacity and provide decent employment can confer lasting benefits on the global workforce, improve both its quality and quantity, and reduce exposure of workers to occupational and social risks of HIV.
29. National, sectoral, and enterprise-based HIV/AIDS strategies should address long-term employment loss and include shorter-term goals to provide training and employment to disadvantaged groups, thus contributing to prevention. Employment strategies complement efforts to address HIV/AIDS through vigorous implementation of the ILO code of practice. Investments in employment creation enable economies affected by HIV/AIDS to avoid a significant share of longer-term losses to economic and employment growth. Specific actions should include:
- intensified efforts to improve access to work, through opportunities for apprenticeship, vocational training and skills development in both enterprise settings and public sector programmes;<sup>6</sup>
  - targeted efforts to provide skills training to youth, young women, migrants and former sex workers;
  - ensured access to school<sup>7</sup> and school-based skills development for girls, orphans and children in poverty;
  - strengthened regional and subregional structures to develop and implement comprehensive workplace programmes, in collaboration with employers' and workers' organizations, UNAIDS and fellow co-sponsors.
30. Further actions should focus on developing the ILO's commitment to address the employment implications of HIV/AIDS and pursue policy guidance and capacity-building for the constituents. They may draw, in particular, on the joint statement of the International Organisation of Employers (IOE) and the International Confederation of Free Trade Unions (ICFTU) of May 2003 to give HIV/AIDS highest priority and jointly commit to fight the epidemic,<sup>8</sup> and the good practice recommendations of the *Consensus Statement*

<sup>6</sup> One possible framework is the Youth Employment Network.

<sup>7</sup> The recommendation made in Washington, DC, on 16 December 2004 by the Global Partners' Forum for Orphans and Vulnerable Children Living in a World with HIV/AIDS to abolish school fees to achieve education for all is of notable relevance on this point.

<sup>8</sup> *Fighting HIV/AIDS together: A programme for future engagement*. (Geneva, IOE and ICFTU, 2003).

of the Tripartite Interregional Meeting on Best Practices in HIV/AIDS Workplace Policies and Programmes elaborated in December 2003.

- 31.** The Committee is invited to review and comment on the report with a view to advising the Office on how it can strengthen HIV/AIDS activities to help the constituents to consolidate and build on progress to date.

Geneva, 25 January 2005.

*Submitted for discussion.*