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## Working Paper

# Enhancing Business Response to HIV/AIDS in India:

Operational guidelines  
with estimated cost analysis

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*This paper* is an attempt to address five basic questions often raised by business leaders during discussions on HIV/AIDS:

1. *Why should we respond to HIV/AIDS?*
2. *When is the right time for a company to respond to HIV/AIDS?*
3. *How can we respond to HIV/AIDS?*
4. *How can we review the effectiveness of our HIV/AIDS response?;*  
*and*
5. *How much would the programme cost us?*

#### Why should businesses engage in the fight against HIV/AIDS?

According to the ILO estimates, over 26 million workers aged between 15-49, were living with HIV/AIDS at the end of 2004. Workers are dying as well as dropping out of labour force because of HIV/AIDS. World wide, nearly 13 million labour force participants had died of AIDS by 2000. 17 African countries are projected to lose more than 10 percent of their labour force by 2010 due to HIV/AIDS. Five of them, Botswana, Swaziland, Lesotho and Zimbabwe and South Africa are likely to lose more than 20 percent of their workforce. By 2015, 19 countries will have lost more than 10 percent of their labour force-three of them (Botswana, Lesotho and Swaziland) more than 30 percent, and Zimbabwe more than 40 percent.

HIV/AIDS shows its impact on businesses in the following ways:

- Increase in absenteeism due to illness and bereavement;
- Increase in labour turnover due to illness and death;
- Fall in production due to absenteeism, labour turnover, loss of skills/experience;
- Increase in expenditure on employees' replacement, training, health care and social security cost, and;
- Reduction in profit levels

Studies are available to show that workplaces in the most seriously affected countries report increases in absenteeism, labour turnover, and cost of recruitment, training and staff welfare due to HIV/AIDS:

- A survey of 1006 firms in South Africa found that 43 percent of firms envisaged significant adverse impact within five years due to HIV/AIDS. 30 percent of them reported higher labour turnover, and 24 percent increased costs of recruitment and training<sup>1</sup>.
- A six firm study by Rosen and co-authors in Botswana and South Africa found that AIDS would impose costs of between 0.4 percent to 5.9 percent of the annual wage bill in next ten years. All six companies would have achieved positive returns on investment had they provided free antiretroviral treatment to their infected employees.<sup>2</sup>
- A 14 firm study in Benin found that half of those employees identified as HIV positive held important positions<sup>3</sup>.

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<sup>1</sup> South Africa Business Coalition on AIDS 2004; *The impact of HIV/AIDS on Business in South Africa*. SABCOHA, forthcoming

<sup>2</sup> Rosen et al. (2003); *ibid*

<sup>3</sup> Bollinger, Stover and Martin-Correa (1999); *The economic impact of HIV/AIDS in Benin*. The Policy Project. Futures Group International, September

Even with the limited data, there is evidence of rising costs due to HIV/AIDS in Indian companies:

- The Singareni Collieries Company Limited, Andhra Pradesh (a high HIV prevalence state), incurred an amount of Rs. 65 lakhs (US\$ 144,444) in offering compensation to 29 employees, declared unfit to work by the company medical board due to AIDS related illnesses, (An ILO study, 2005).
- The Employees State Insurance Corporation scheme spent Rs. 12.22 lakhs (US \$ 27,155\*) in providing ARV treatment to around 200 ESIC beneficiaries in the year 2003-2004.
- The Indian Railways and BEST (Brihanmumbai Electric Supply and Transport Undertaking Ltd, Mumbai, are spending substantial amount in providing ARV treatment to their employees. Both have developed a comprehensive response to HIV/AIDS.

#### The benefits of direct business action against HIV/AIDS:

*The return on investment in the prevention of HIV far exceeds that of standard capital investments. Studies have indicated that these returns, in terms of cost savings through preventing HIV, are as much as 3.5 to 7.5 times the cost of intervention.*

- Source the ILO guidelines for employers

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\* Conversion rate used in US\$ 1 = Rs. 45.

*The HIV/AIDS epidemic has become a global crisis. Increasingly affected is the business world, which is suffering not only from the human cost to the workforce but also in terms of losses in profits and productivity that result in many new challenges for both employers and employees.... Constructive and proactive responses to HIV in the workplace can lead to good industrial relations and uninterrupted production"*

*- Francois Perigot,  
President, International Organization of Employers.*

#### When is the right time for a company to respond to HIV/AIDS?

HIV infection may go unnoticed for years, as generally there are no exclusive symptoms. That is why it is often called a silent killer. Manifestation of the problem in terms of identified illnesses/deaths takes years. Businesses have to be proactive and learn from the experiences of their counterparts in Sub-Saharan Africa who say that the best time to respond is when the prevalence is low. At a conference organized by the Global Business Coalition on HIV/AIDS, Dr. Brian Brink, Medical Director for South African mining conglomerate Anglo American issued a timely warning to business leaders across the world:

*"Don't make the same mistake we made in South Africa – we saw this coming but the first reaction of the business was that it wasn't our problem, it wasn't threatening us now, we'd let the government sort it out."*

Businesses don't act in vacuum. Looking at the current HIV/AIDS situation in India, and the emerging trends, it is clear that if businesses don't act now, the cost of inaction will be far greater. Prevention works best, and is most cost effective, when started early. The business response to HIV/AIDS should not wait until the

problem is obvious. Hence, the right time for a company to respond to HIV/AIDS is when it hasn't found any infected employee(s),

Some Indian companies have already developed a good response to HIV/AIDS. The ILO documented the HIV/AIDS response of eight enterprises in 2002. The management of these companies quoted the following reasons for developing their HIV/AIDS response:

- "Our companies are not in existence just to run our business and to make profits. We are responsible and good corporate citizen over and above our normal operations"  
- Mr.Ratan N. Tata, Chairman Tata Group.
- "A healthy workforce is the biggest asset for a company....A healthy workforce means less absenteeism that translates into more production, which could be ascribed to the success of the programme "  
- Mr.Madhur Bajaj, Bajaj Auto Ltd. Pune.
- "HIV records do not give the true picture, prevention is better for any company"  
- Mr.Vijayakumar, Tata Tea, Munnar.
- "By contributing towards the cause of HIV prevention and control, especially at the workplace, the company enhances the quality of life of its employees, and they in turn, can ensure higher productivity for the organization"  
- Mr.N.Y.Sanglikar, Glaxo Smithkline, India.
- "We believe in the creation of a nurturing, enabling and non-discriminatory environment for all employees. AIDS related issues are a testing ground for that policy."  
- Mrs. Anuradha Anand Mahindra, Mahindra and Mahindra Ltd. Mumbai

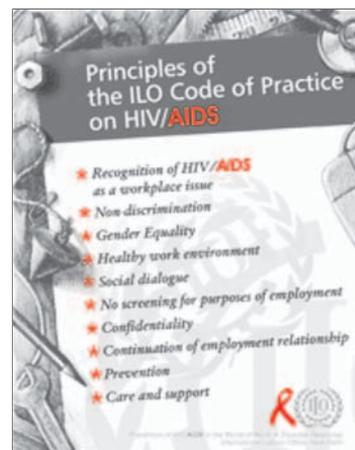
- “We shall constantly strive to work within our available resources to make our company, our country and this world a safe and healthy place for our future generations.”  
- Mr. A.M. Naik, Larsen and Toubro Ltd., Mumbai
- “Through active involvement of all sections of society in combating the menace of HIV/AIDS, especially at workplace, mutual trust, quality of life and ultimately enhancement of higher productivity is ensured.”  
- Mr. Arvind Pandey, Chairman, Steel Authority of India Ltd. (SAIL), New Delhi.

### How can businesses respond to HIV/AIDS?

A comprehensive workplace response to HIV/AIDS will have three components:

- A policy on HIV/AIDS that ensures non-discrimination;
- Prevention programmes; and
- Care and support programmes

Principles to serve as the basis of policies and practical guidance for programmes on HIV/AIDS are available in the ILO Code of Practice on HIV/AIDS and world of work. This is accompanied by an education and training manual, as well as guidelines for employers, trade unions and economic sectors such as transport. These materials can be seen at the ILO/AIDS website: [www.ilo.org/aids](http://www.ilo.org/aids).



The enterprise policy on HIV/AIDS should be a flexible document, which could be reviewed from time to time and necessary changes could be included.

The Operational Manual for enterprises included in the ILO kit "Enterprises and HIV/AIDS in India" (available at [www.ilo.org/hivaidindia](http://www.ilo.org/hivaidindia)) suggests a simple six step process to enterprises to help them develop their response to HIV/AIDS:

1. Convene a meeting to discuss HIV/AIDS - Set up HIV/AIDS Policy Committee/ and a nodal person
2. Prepare for the AIDS Committee Meeting
3. Convene AIDS Committee Meeting
4. Implement a pilot (short-term) plan of action
5. Finalize HIV/AIDS Policy and develop yearly plan(s) of action
6. Create link between business and community

As far as programme strategy is concerned, there are several options that could be tried out depending upon the nature of enterprise, its workforce, its welfare / human resource development programmes and efforts under corporate social responsibility.

However, a cost-effective, workable and sustainable strategy is the one which ensures that HIV/AIDS programmes are integrated within the human resource, welfare, health and safety programmes or CSR initiatives of enterprises.

Initially, enterprises could start small, covering their workforce (both regular and contractual) and later expand to the families of workers, workers in their supply chains and nearby communities

A meeting in the enterprise to discuss HIV/AIDS, called by the management is a good starting point to initiate the process. In the meeting, management should nominate a nodal person in the

enterprise to develop/implement the response to HIV/AIDS and set up an internal committee to develop / coordinate / review the HIV/AIDS work. The committee should have representatives from different wings of the enterprise, including trade unions. The nodal person will be the convener of the committee. The Committee could develop the company policy and work plan through discussions and consultations following the guidelines of the ILO Code and the national policy framework. Enterprises could seek technical support from NGOs/State AIDS Control Society/Employers' organizations/chambers/ILO/UNAIDS.

A sustainable and cost effective approach is the one in which enterprises get some of their selected employees trained as peer educators on HIV/AIDS. These peer educators are internal people, from different units like the human resources department, welfare department, medical health, occupational safety and health, trade unions etc. Once a cadre of peer educators is available at workplaces, HIV/AIDS education reaches all employees on a regular basis.

Enterprises need not invest in development of training/communication materials initially. They could use the already existing materials. ILO has produced a peer education training manual for workplace programmes, along with a set of communication materials, which is being used by several enterprises in India. These materials are available at the [www.ilo.org/hivaidindia](http://www.ilo.org/hivaidindia), and could also be requested from the ILO, Subregional office New Delhi. This site also contains HIV/AIDS policy of some of the enterprises/unions in India.

In addition to their peer education approach, enterprises can set up referral linkages with the nearby Voluntary Confidential

Counseling and Testing Centers (VCTCs), public and private hospitals, respective State AIDS Control Societies(SACS), NGOs working on prevention and care, and networks of People Living With HIV/AIDS for services like HIV counseling and testing, psychosocial support and care, treatment of sexually transmitted infections, opportunistic infections and Anti Retroviral Treatment (ART) /diagnostic facilities. If a company has its own medical set-up, it could also train its doctors and paramedical staff on treatment following NACO guidelines. The medical staff should also be trained in adopting universal precautions and infection control practices.

**How can businesses monitor and review the effectiveness of their HIV/AIDS response?**

- To get an idea about the level of HIV/AIDS related knowledge, attitudes, practices and behaviours at the workplace, an assessment study could be undertaken by the company. As HIV/AIDS education and training efforts should cover all employees, the assessment should draw a representative sample from all levels, rather than keeping it confined only to front line workers. The findings of an initial study provide good inputs to development of both policy and programmes. In addition to providing inputs into programme development, the assessment study serves as a baseline on key indicators, and subsequent studies would demonstrate the progress being made under the HIV prevention and care programme.
- An anonymous unlinked prevalence survey could also be undertaken if the company feels so. However, it need not be the starting point. This should follow the NACO guidelines and recommendations of the ILO Code of Practice, and should be undertaken with technical support from State AIDS Control Societies.

- The key performance indicators for a company's HIV/AIDS programme are:
  - A representative committee, with a nodal person as Convener, set up by the company to develop the company's HIV/AIDS policy and work plan.
  - Number of peer educators trained at the enterprise level
  - Number of HIV/AIDS education sessions conducted by trained peer educators
  - Number of workers (with gender breakdown) who attended HIV/AIDS education sessions at the enterprise level.
  - Workplace policy on HIV/AIDS developed, approved by the company board and disseminated
  - Number of meetings of the representative committee held in a year
  - Number and type of Communication materials developed/procured and used in the programmes
  - Number of condoms procured and distributed
  - Number of Voluntary Confidential Counseling and Testing Centres (VCCTCs) and Sexually Transmitted Infection (STI) treatment facilities included as part of the company referral network.
  - Number of workers utilizing services in the referral network.
  - Number of persons tested positive for HIV/AIDS linked to care, support and treatment facilities, by gender.
  - Number of HIV infected workers provided treatment by the company. By maintaining the leave records of the infected employees, the company can see the benefit of providing ART to them and also take efforts to make reasonable

adjustments in their work profile as and when needed. However, every effort should be made to respect confidentiality of people living with HIV/AIDS.

- The total costs incurred by the company in HIV prevention and care programme.

#### How much does HIV/AIDS programme cost to businesses?

- The cost depends upon the comprehensiveness of the programme and strategies of implementation.
- The programme could be highly cost-effective and sustainable if integrated into the ongoing welfare/Health and Safety/CSR programmes of the company.
- At the start-up, seeking external technical support may be useful and necessary for building internal capacities and establishing policies and systems for HIV/AIDS programming. For a long-term sustained intervention, the approach of training selected company employees as peer educators for imparting HIV/AIDS education to peers would be the most cost effective and effective. Moreover, presence of internal trainers at the company level helps as HIV/AIDS education requires regular persuasion and reinforcement for translating knowledge into desired behaviour change.

Based on the peer education model, an idea about the cost implications could be presented through the following case study:

A company has 10,000 employees and is located in a state where the HIV prevalence is more than 1 percent in the general population.

### **Assumptions**

- Considering the location of company in a high HIV prevalence state, it can be assumed that 1 percent of the employees are infected with HIV.
- The company develops its response as part of its ongoing welfare/CSR programme.
- The company treats HIV/AIDS as any other serious illness as suggested by the ILO Code of Practice. This would mean that the company would provide treatment for opportunistic infections as it does in case of other illnesses. Therefore, the additional costs being included in the cost estimate is the cost for Anti Retroviral Treatment (ART), which does not cure but prolongs the life of people living with HIV/AIDS. There is evidence that once people are provided ART, and the treatment adherence is ensured, people are able to live a healthy and productive life for years. Some companies who have provided ART to their employees have seen the benefit in terms of reduced absenteeism, and reduced expenditure on treatment of opportunistic infections associated with HIV infection.
- The company adopts the peer education approach and is willing to spare a select group of workers to be trained as peer educators. Ideally, two full-days (8 hours per day) would be needed for conducting an effective training of peer educators. However, if this is not possible due to production schedules, training could be conducted over three to four half days (4-6 hours per day). In the year 2004-2005, 64 enterprises collaborated with the ILO in India for peer educators training, and have been successful in getting their workers trained.

- The company allows formal and informal mechanisms for the peer educators to provide education to their co-employees on a regular basis.
- The company seeks technical support from outside, uses the already existing training manuals/IEC materials, developed by agencies like SACS, employers' organizations/chambers, NGOs and ILO. The ILO has developed a package of training and communication materials for use at workplace, which can be used.

The broad cost components of the programme can be as follows:

S.NO.	Programme Components	Estimated costs (INR)
1.	<b>HIV prevention programmes</b>	
	Behaviour Change Communication (BCC)	
	a. Training of 80-100 peer educators through three trainings of two-day each, each training approx. cost: Rs.10,000 (trainers 4,000+ materials 1,000+ food/tea 4,000+ misc. 1,000)	30,000
	b. Three refresher training of peer educators of one day each @ Rs.5,000	15000
	c. IEC materials printing (existing materials may be used and replicated)	40000
	d. Quarterly awareness events at workplace (film shows, lectures, street plays etc.)	20000
	Condom promotion and distribution (condoms can be obtained free from SACS or procured from social marketing agencies at a nominal cost)	5000
	Treatment of Sexually Transmitted Infections (STI) Information about signs and symptoms of STI will form part of BCC efforts, treatment support can be given as per the company rules. Referral linkages can be set up with the nearby government facilities. This component would require no extra cost to the company. As a result of good BCC efforts and enhanced health seeking behaviour, a marginal increase in the company's annual health bill may take place but it would be difficult to record it separately.	—

S.NO.	Programme Components	Estimated costs (INR)
2.	<b>Care and support programmes</b>	<b>200,000</b>
	Treatment of 10 infected employees (supposing 10 percent of those infected are in the need for treatment through Anti Retroviral Therapy (ART): Linkages with government ART treatment centers should be set up for following up on right treatment protocols. Cost of ART @ Rs.1000 per month =12000; Other costs of diagnostic tests/consultations Rs.8000 per year/person) Total Rs.20,000 per person per year; Company requires linkages with VCTC for availing testing/counseling facilities.	
	Programme management, research and evaluation- Meetings of committee, assessment study in a selected sample. Policy development and dissemination. Existing tools and technical support may be used	20000
	<b>Total</b>	<b>330000</b>

#### Analysis of cost implications:

- The above cost analysis is only illustrative, based on average generic costs of three-drug Antiretroviral Treatment (ART) for people living with HIV/AIDS. This may change depending upon the combination prescribed by the doctors, which may be different for different people. Further, the present estimates are based on average cost of first line generic ART combination in India, as prevalent in the months of Jan-February 2005. The costs of second and third generation drugs may change in future, particularly in the light of the Patent Law.
- Based on this estimate, the unit cost of a comprehensive HIV/AIDS programme comes to be Rs.33 (US\$ 73 cents) per employee per year.

- The unit cost of prevention programme is only Rs.13 (US\$ 29 cents) whereas the unit cost of ART per person is Rs.20,000 (US\$ 444) per year. This does not include the indirect cost of absenteeism and other social security benefits etc., which will have to be borne by the company.
- If the company had started earlier when no employee was infected, it would have done only prevention at an annual cost of just Rs.130,000 per year. This shows the importance of early start in sheer economic terms.
- If the company still does not respond and responds when it has reached a 2 percent HIV prevalence, the ART cost would double, and the total estimated cost would be Rs.530,000, the unit cost being Rs.53 (US\$ 1.2).
- This is only an estimation of economic costs. Stigma and discrimination associated with HIV/AIDS and the sufferings of affected individuals and families cannot always be measured in economic terms. Also it does not include the production losses due to absenteeism caused by AIDS related illnesses, losses due to disruption of production schedules, costs incurred in replacing the sick /dead employees etc.

The costs to company should not be seen only in terms of cost of prevention and care programme. There are major social and economic cost implications. In addition, AIDS affects the consumer base for company's products and services in the long run.

The overall economic impact may take time to show but when it shows it would have already done irreparable damage. And here we are not talking about the equally important social dimensions of the impact of HIV/AIDS on people, families, children and development processes.

Therefore, businesses need to act in their own interest and in the interest of people who work for them as well as in the larger interest of society and economy.

**And the right time to do this is now!**

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References and notes:

[www.ilo.org/aids](http://www.ilo.org/aids)

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