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HIV/AIDS as a Business Issue in the Russian Federation: Understanding Why and What Should Be Done



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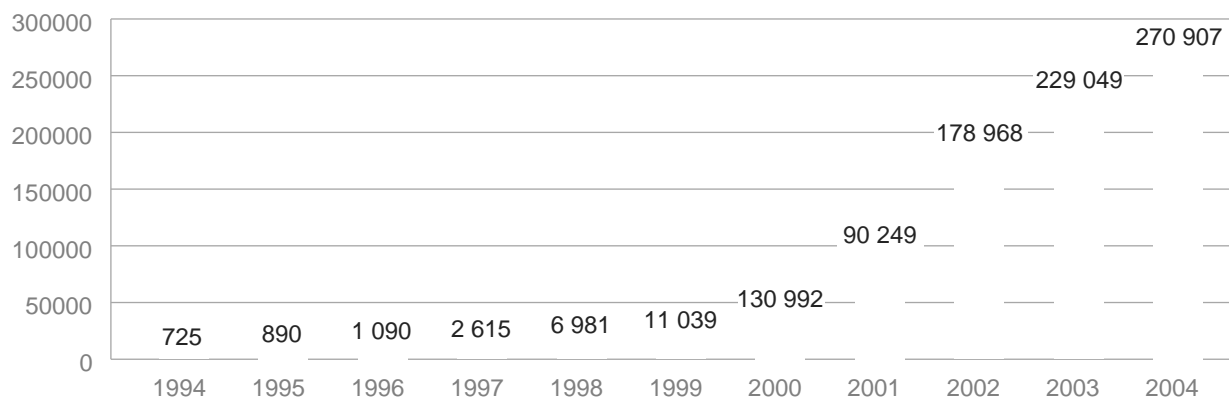
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This Brief is part of a series of publications for Russian policymakers, legislators, and others concerned with HIV/AIDS and related issues. The briefs are reviewed by a number of specialists representing both State agencies and non-governmental, Russian as well as international organizations.

The opinions expressed in this publication are those of the author and do not necessarily reflect the views of TPAA, its Board of Directors, staff, partners, or donors.



Fig. 1 Cumulative Number of HIV Cases: 1994...2004



Source: Russian Ministry of Health and Social Development, 2004.²

A recent World Bank study suggests that if trends in the Russian HIV epidemic observed between 1999 and 2001 persist, up to 8 million Russians could be infected by HIV by 2010, reflecting an adult prevalence rate of 10 %.³

The potential for the HIV epidemic to impact the Russian society and economy is especially severe because the disease is spreading predominantly among young people aged 15–39, a phenomenon that threatens to exacerbate the ongoing demographic decline in the working age population. More than 70 % of all people living with HIV/AIDS are young men aged 15–39.⁴

Ten geographic regions, which include Russia's **largest economic centers**, account for about **70% of all registered HIV/AIDS cases** ⁵ (Tab. 1). A generalized epidemic would negatively impact the economic stability and corporate competitiveness of firms in these regions.

Table 1. Cumulative Registered Number of PLWHA in 10 Regions with the Highest Number of Registered Cases in Russia, 2003

Regions	% of Total	Number of Cases	Prevalence Rate per 100,000
Moscow City and Moscow Oblast	17.3	42,763	286
St. Petersburg and Leningrad Oblast	11.8	29,269	472
Sverdlovsk Oblast	9.1	22,597	501
Samara Oblast	7.9	19,618	605
Irkutsk Oblast	6.7	16,618	616
Chelyabinsk Oblast	5.2	12,845	354
Orenburg Oblast	4.7	11,578	530
Tymensk Oblast	2.5	6,290	120
Kemerov Oblast	2.4	5,931	203
Saratov Oblast	2.4	5,849	220

Source: Russian Ministry of Health, 2003.

Russian government funding for HIV/AIDS control in Russia has not matched the epidemic's growth. Even though the number of registered HIV/AIDS cases has grown 10-fold since 1999, the planned budget of the national HIV/AIDS program has remained largely unchanged. A loan from the World Bank and grants committed by the Global Fund to Fight AIDS, Tuberculosis and Malaria this year will only partially be able to cover the resources needed for effective HIV/AIDS prevention and treatment in Russia. Furthermore, the country's needs will continue to increase upon completion of projects supported by the World Bank, the Global Fund, and other foreign donor-organizations. Russia must seek sustainable mechanisms to rely on its own resources for ensuring long-term, stable provision of all necessary HIV/AIDS prevention and treatment services.

HIV/AIDS is a special health and social issue with far-reaching implications for Russia's economy, demography and national security. Because uncontrolled HIV/AIDS epidemics predominately affect young people, they claim disproportionately more years of healthy life than other health problems of non-infectious origin and/or those that affect older population groups. For these reasons, strong and consistent early actions against HIV/AIDS can have a profound impact on the growth of the epidemic in Russia. The earlier that adequate investments are made in developing and implementing effective HIV/AIDS prevention and treatment interventions, the better the social and economic outcomes in terms of number of deaths averted, years of healthy and productive lives saved, children prevented from being orphaned, businesses prevented from shutting down, and markets prevented from closing.

Impact on the Economy



A major HIV epidemic will impact the Russian economy in the following ways:

- 1) Negative effect on the labor force;
- 2) Rising costs for firms (both direct and indirect);
- 3) Diversion of state resources;
- 4) Decreased productivity and reduced GDP.

The World Bank estimates that under some scenarios the HIV epidemic may be responsible for a 4.2% decline in Russia's GDP by 2010.⁶ If no effective action is taken to slow the spread of the epidemic, the GDP in 2020 may be 10.5 % smaller than today. The Bank further estimates that the epidemic will negatively impact investment, shrinking it by 5.5 % by 2010 and 14.5% in 2020, according to the most pessimistic scenarios, thus becoming a serious impediment to national economic growth.⁷ By reducing the size of Russia's GDP, the epidemic will also limit Russia's economic power and, by extension, its influence on the international stage. The potential for HIV to impact the Russian economy is especially severe because the disease disproportionately affects people aged 15–30.

HIV/AIDS increasingly affects the labor force throughout the economy, including in strategically important and so-called high-risk sectors such as mining, manufacturing, and heavy industry. Current trends indicate that HIV/AIDS will ultimately lead to a decline in both the country's labor supply, as illness and death rates rise, and in productivity among workers whose lives are otherwise affected by HIV, for example the need to provide care for loved ones.

Reducing impact of the growing HIV epidemic will require the diversion of both public and private resources to provide medication and care for the sick and to implement comprehensive prevention programs. Such resources could, in the absence of a growing epidemic that requires massive funds for immediate consumption, be invested in fostering economic growth and increasing the nation's savings rate. Thus, HIV/AIDS will have serious consequences not only for the government's fiscal health but also for long-term economic investment and growth.

Impact at the Company Level



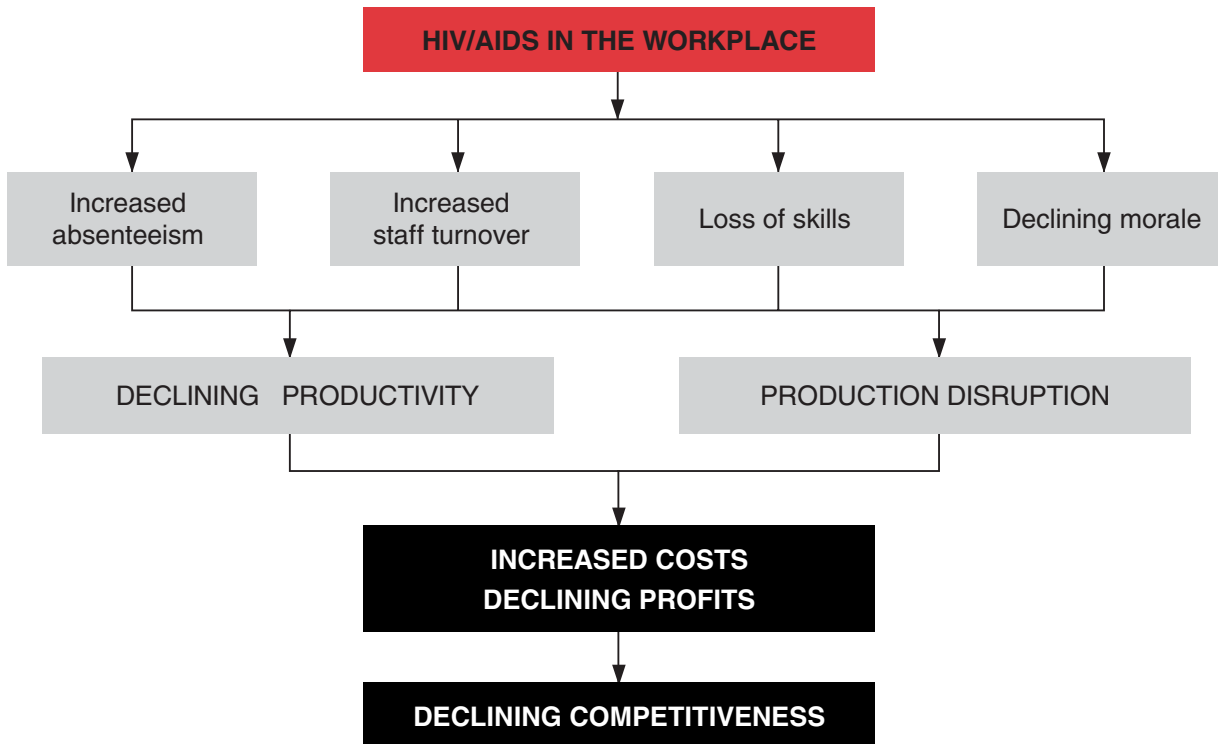
The experience of many companies around the world shows that HIV/AIDS reduces productivity both directly and indirectly and can have serious economic implications for companies. Business competitiveness often falls sharply and companies face considerable financial losses in areas with high or growing HIV prevalence.

The direct effects of HIV/AIDS include increased worker absenteeism and higher employee turnover. As more and more employees are forced to take sick leaves due to HIV-related medical conditions or are otherwise unable to perform their jobs at a former level, companies are forced to hire new, untrained personnel or become more dependent on using temporary workers. The increased number of less-experienced workers

makes accidents more likely.

The negative impact of these factors can ultimately lead to decreased productivity and under-utilization of equipment. Accompanied by declining morale among personnel, they can have costly ripple effects beyond the company work floor affecting suppliers, vendors and customers. Rising rates of HIV/AIDS in the workplace can force companies to dedicate additional resources to recruiting and training new employees, paying higher health and life insurance premiums and increasing support to pension plans. These costs erode profits and reduce companies' ability to increase productivity through investments.

Fig. 2 Impact of HIV/AIDS at the Company Level.



Strategic Barriers: Limited Corporate Awareness of HIV

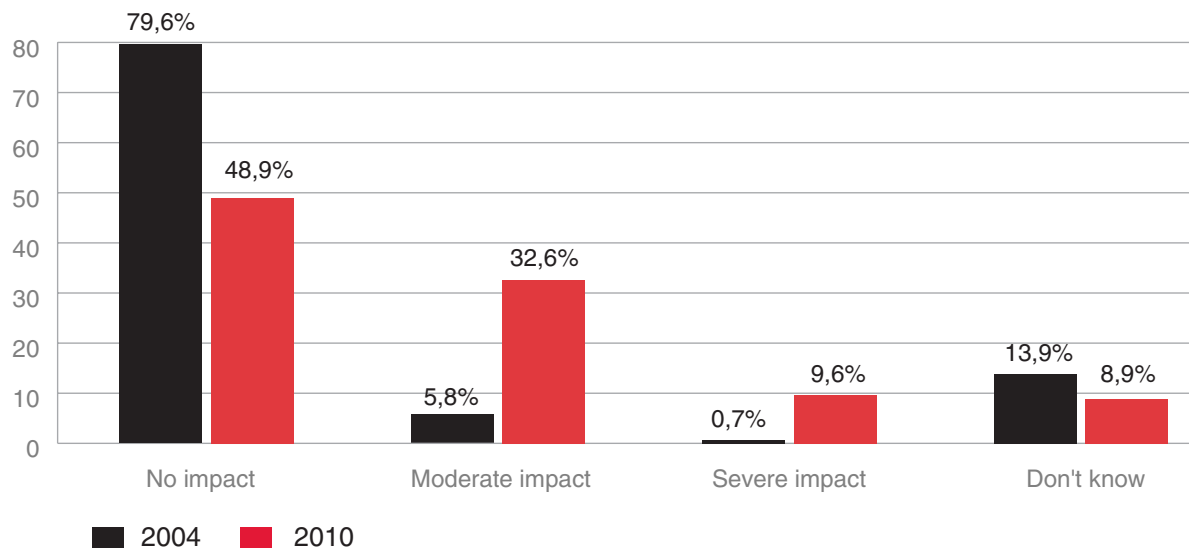


Despite the country's rapidly growing HIV epidemic, awareness among Russian companies about the economic implications of HIV remains low, and few companies have strategies in place to help prevent infection among workers or ensure the rights of those who may already be infected.

The results of an independent survey carried out by Transatlantic Partners Against AIDS (TPAA) in September 2004 highlights these concerns by indicating a clear absence of urgency or understanding of the epidemic's significance. TPAA conducted telephone interviews with human resources (HR) managers of 137 leading Russian and international companies operating in Russia in industries including oil and gas, metallurgy, chemicals, power generation, machinery building, telecommunications, finances, and professional services. Roughly 30 % of the companies surveyed have operations in Moscow and Moscow region; the remainder operate in regions outside the capital.

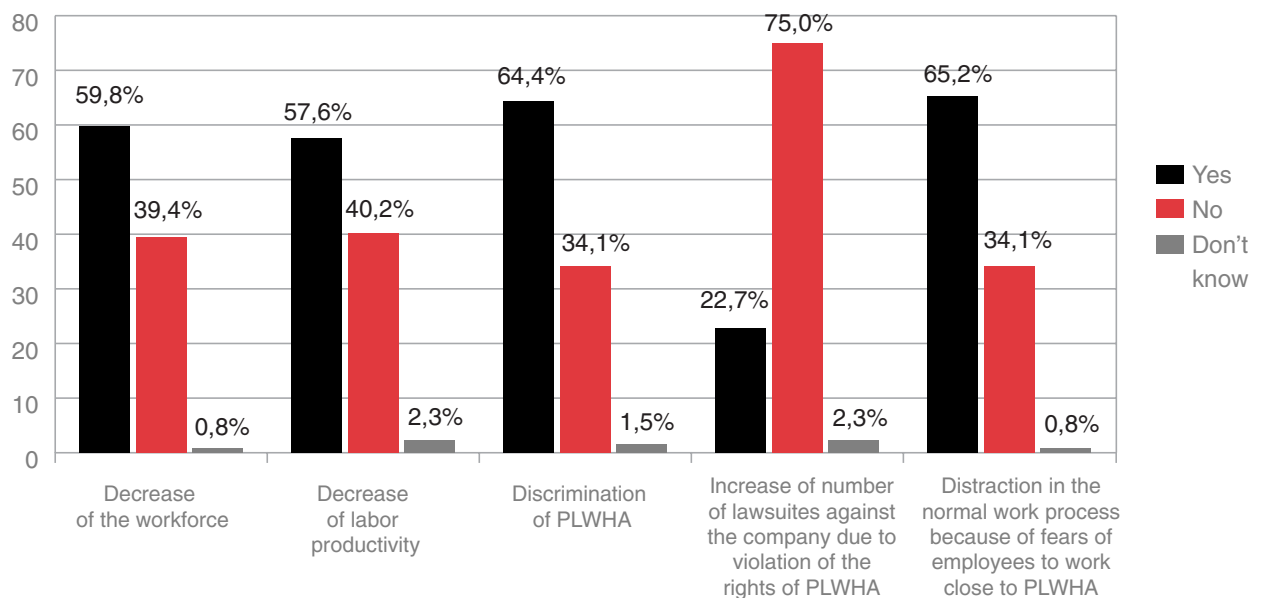
Although 93 % of respondents said they were aware of the HIV problem in Russia, only 43 % had any knowledge regarding which regions have particularly high HIV prevalence and which population groups are at highest risk. At the same time, just 6 % of respondents thought that the epidemic was currently having a moderately negative effect on their company's business profits, while 80 % believed that it had *no impact at all*. (In comparison, only 37 % of respondents thought that alcohol abuse by employees has no negative impact on their profits.) Respondents were relatively unconcerned about the future as well: just 32 % believed the HIV/AIDS epidemic would have a "moderate impact" on business profits in 10 years, while only 10 percent thought it would have a "strong impact." (Results of TPAA's survey of Russian HR managers are presented in Figures 4-10 on the following pages)

Fig. 3 Does/Will the Problem of HIV/AIDS Epidemic in Russia Have Negative Impact on Your Company's Profit?



The majority of respondents were concerned, however, about the possible negative consequences caused by the following potential developments: "reduction in the size of the overall workforce"; "discrimination against HIV-infected persons"; and "disruption in normal work process because of employees' fear of working in the same place with HIV-infected co-workers".

Fig. 4 Potential Negative Consequences Related to the HIV/AIDS Epidemic According to Russian HR Managers



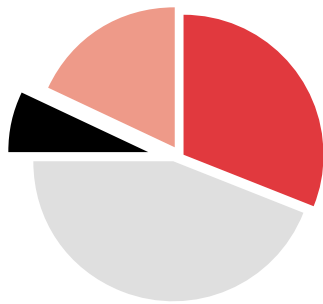
Only one of all companies surveyed has a defined policy regarding HIV-infected employees. Meanwhile, 68 % and 46 % have policies regarding alcohol abuse and drug use, respectively. HIV prevention programs are currently in place in only 10 of 137 surveyed companies, or roughly 7 % of the survey sample.

The research also uncovered high levels of misinformation about modes of HIV transmission and low levels of knowledge of relevant legal issues, including the right to confidentiality and non-discrimination as codified under Russian federal law. For instance:

- only 56 % of respondents were certain that HIV cannot be transmitted through coughing or sneezing (22 % thought the risk is "relatively low" and 6 percent believed it to be "rather high");

- only 30 % of respondents thought there is no risk to contracting HIV simply by working in the same office with an HIV-positive co-worker (44 % believed this risk to be "low", and 7 % thought it was "high");
- only 26 % believed that it was impossible to contract HIV from a mosquito or other blood-sucking insect (27 % thought the risk was "low", and 27 % thought it was "high");

Fig. 6 What do you think is the risk of being infected with HIV, if an HIV positive employee works in your office?



- No risk 31%
- Low risk 44%
- High risk 7%
- Not sure 18 %

Fig. 7 What do you think is the risk of being infected with HIV if you have lunch in a cafeteria which employs an HIV positive person?



- No risk 33%
- Low risk 34%
- High risk 12%
- Not sure 21 %

Fig. 8 What do you think is the risk of being infected with HIV through bites of sanguivorous insects (i.e. mosquitoes)?



- No risk 26%
- Low risk 26%
- High risk 27%
- Not sure 21 %

- 45 % of respondents thought that employees have a legal right to know if a co-worker has HIV so they can ensure their personal safety; and
- 14 % of respondents believed that an employer has the right to refuse to hire a qualified applicant simply because he or she has HIV.

Fig. 9 Would you agree that colleagues of a person living with HIV/AIDS have a legal right to know about it for personal safety?



- Yes 45%
- No 26%
- Don't know 29%

Fig. 10 Does an employer have a legal right not to hire a candidate because he or she has HIV?



- Yes 14%
- No 76%
- Don't know 10%

Corporate Action Against HIV/AIDS in Russia



Reducing the impact of the Russia's growing HIV epidemic will require the diversion of both public and private resources to provide medication and care for the sick and to implement comprehensive prevention programs. Over the past year, a growing number of executives have become involved in advocacy work for improved policies related to HIV prevention, treatment, care, and support. At the same time, significant efforts are being undertaken to educate the Russian business community about the realities of the HIV/AIDS epidemic. Examples include:

- The Russian Union of Industrialists and Entrepreneurs (RSPP) and the Ukrainian League of Industrialists and Entrepreneurs (ULIE) joined forces to organize the first Transatlantic Business and Labor Summit on AIDS, held in March 2004. Over 300 Russian, Ukrainian, and international CEOs, senior corporate executives, union leaders, and healthcare specialists gathered at the Summit to discuss the surging HIV/AIDS epidemic in Russia and Ukraine and identify ways they can work collaboratively to address the crisis. The Summit participants endorsed Protocol for non-discrimination in the workplace, and several companies announced specific commitments to expand their efforts to fight HIV/AIDS in their workplaces.

"We recognize that every company operating in Russia has an opportunity to help protect employees and their families from HIV infection through workplace education programs and employee non-discrimination policies. As in other countries battling this virus, the business community in Russia should play an important role in any comprehensive response to HIV/AIDS and should participate in the design and implementation of prevention strategies." Arkady Volsky, President of the RSPP

- With the support of the United States Agency for International Development (USAID), several Russian companies have recently initiated efforts to implement comprehensive HIV workplace policies and prevention education programs. These new initiatives are an important sign of growing corporate commitment to protecting the health and well-being of employees and their families and implementing prevention practices. Truly historic precedents set by Wimm-Bill-Dann and AvtoVAZ are to be modeled by other companies.
- In addition, international organizations, including the International Labor Organization, the World Bank, and the Global Fund to Fight AIDS, Tuberculosis, and Malaria are actively promoting the development of private-public partnerships to address HIV/AIDS in Russia. These partnerships help coordinate efforts in areas including HIV prevention; treatment and care of people living with HIV; employment security; and the establishment of consistent and enlightened national policies regarding HIV/AIDS.

Key Elements of a Comprehensive Prevention Strategy



More than a decade of international experience in addressing HIV/AIDS at the workplace has shown that timely investments in health care and HIV education and prevention have long-term financial benefits. Companies throughout the world have developed comprehensive policies and prevention programs that have proved to be effective in reducing the virus' spread and avoiding workplace disruption and business losses related to HIV. A comprehensive corporate HIV-prevention program in the workplace generally includes the following elements:

1. Risk assessment to measure factors that increase the risk of HIV/AIDS on key business criteria, including productivity and profit.

2. A comprehensive workplace HIV/AIDS policy to define a company's HIV-prevention efforts and goals; set appropriate standards of corporate conduct, including non-discriminatory policies; and ensure compliance with local laws and regulations.
3. Prevention and awareness programs to educate employees about how HIV is transmitted and how they can protect themselves.
4. Access to confidential and voluntary counseling, care, support and treatment to ensure that employees have the opportunity to receive professional counseling and peer group support.

Recommendations



Business and labor leaders throughout the Russian Federation have a unique opportunity to help mitigate the spread of HIV/AIDS by implementing educational programs to inform employees about HIV/AIDS and ways to prevent infection; taking a public stand against stigmatization and discrimination of people living with HIV/AIDS; and supporting HIV/AIDS awareness and education programs in the communities in which they do business.

- *Workplace prevention programs*

To meet international standards in the area of workplace safety and the provision of education and prevention programs, healthcare, and human rights, companies should adopt workplace HIV/AIDS education programs to provide accurate information about the epidemic and ways to prevent infection; increase awareness of the problem; and help protect company employees and their families from infection.

- *Non-discriminatory policies*

Active support to implementing non-discriminatory policies in the workplace will ensure that employees are not discriminated on the basis of their HIV status and guaranteed their right to confidentiality.

- *Healthcare and Treatment*

With the help from their employers or trade union employees living with HIV can continue to make their contribution to the business. Companies can also collaborate with local AIDS-centers to ensure that affected employees can receive medical care and advice.

- *Corporate leadership and advocacy*

Increased action and commitment is required to work with elected officials, civil society representatives, and people living with HIV/AIDS to advance policies and practices that support the prevention and treatment of HIV/AIDS.



Transatlantic Business and Labor Taskforce on HIV/AIDS Member Protocol
(Endorsed by the Transatlantic Business and Labor Summit on March 30, 2004, Moscow, Russia)

Recognizing that HIV/AIDS carries significant economic implications and has a direct impact on the competitiveness of businesses everywhere, including in Russia, Ukraine, and neighboring countries;

Valuing the health and well-being of all employees and their families,

Acknowledging that the countries of Eastern Europe and Eurasia face a strategic challenge from the HIV virus that causes AIDS;

Acknowledging that business plays an important role in any comprehensive response to HIV/AIDS, and therefore should participate in the design and implementation of national and local HIV/AIDS strategies;

Recognizing the need to meet international standards in the area of workplace safety, the provision of education and prevention programs, healthcare, and human rights;

Recognizing that national and multinational companies operating in the region have important social responsibilities to the communities in which they do business;

Recognizing that business and labor leaders can fight stigma and discrimination against people living with AIDS;

Acknowledging that every company and union has an opportunity to help protect its employees, members and their families from HIV infection through workplace education programs and employee non-discrimination policies;

Recognizing that business and labor communities represent a powerful mechanism to advocate for improved legislation and expanded federal budgetary expenditures for HIV/AIDS;

Confirming that business and labor communities need a forum in which they can exchange views and experiences related to HIV/AIDS in the workplace and identify opportunities for collaboration;

Members of the Transatlantic Business and Labor Taskforce on HIV/AIDS agree to:

Adopt workplace HIV/AIDS education programs to provide accurate information about the epidemic and ways to prevent infection to employees and their families;

Implement non-discriminatory policies in the workplace, support similar policies in society generally, and pursue a legislative base that advances non-discrimination;

Mobilize leaders from the spheres of business, labor, government, media, and civil society to engage publicly in the fight against HIV/AIDS;

Support HIV/AIDS education and prevention initiatives in the communities where we operate;

Advocate for universal access to treatment, care and support for people living with HIV/AIDS;

Work with elected officials, civil society representatives, and people living with HIV/AIDS to advance policies and practices that support the prevention and treatment of HIV/AIDS;

Exchange progress reports with other Taskforce members and our governments on a regular basis.

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Transatlantic Partners Against AIDS (TPAA) is an independent, non-governmental organization that leverages the political, civic, scientific, and economic resources of North American, European, and Eurasian partners to combat the rapid and devastating spread of HIV/AIDS in Russia, Ukraine and neighboring countries.