



Geneva Social Observatory

37-39, Rue de Vermont / Case Postale 22

1211 Geneva 20, Switzerland

Tel: +41.22.734.96.01 Fax: +41.22.734.96.02

REPORT

GSO Roundtable Discussion on HIV/AIDS and Social Responsibility: Connecting with SMEs and the Informal Economy 31 May 2005, Geneva, Switzerland

On behalf of the Geneva Social Observatory, Katherine Hagen welcomed the participants to the third roundtable in the GSO series on “HIV/AIDS and Social Responsibility”. She explained that the GSO is a neutral forum for dialogue and information exchange on contentious social issues. This particular roundtable series is about the challenges and opportunities for multi-stakeholder partnerships involving the private sector in the fight against HIV/AIDS. In the first roundtable, the focus was on “the current state and prospects for public/private partnerships”; and in the second, the focus was on “reaching across the public/private divide”. Summaries of these roundtables are included in the background materials. The series is intended to be a cumulative learning experience. The third session brings the participants to the theme of “connecting with SMEs and the informal economy”.

Reviewing the agenda for the session, Katherine suggested that the discussion would start with a short presentation from ILO/AIDS describing their programmes for SMEs and the informal economy. Taking advantage of the ILO Conference, the GSO had also invited several representatives of national employers’ associations to join the discussion and share their experiences. This should include looking at the issue from the perspective of the SMEs themselves. Another part of the discussion should draw on how multinational enterprises and other large companies are networking with their contractors and suppliers and with the communities in which they operate. At this third event, the participants would have an opportunity to exchange views and experiences in search of putting together a consensus for the elements of an action plan improving the outreach to SMEs and the informal economy.

A series of questions had been prepared to set out the intended scope of the discussion, and definitions had been presented on what is meant by a “small and medium enterprise (SME)” and what is meant by the “informal economy”. These definitions are not intended to be final but, rather, to provide a context from which to draw observations in the course of the discussion.

The ILO/AIDS Programmes for SMEs and the Informal Economy

Ben Alli from the ILO/AIDS started the discussion by reviewing the work that the ILO has been doing in the field of SMEs and the informal economy and HIV/AIDS. The ILO has conducted studies in Zambia, Republic of South Africa and elsewhere in

Africa and in the Caribbean with regard to SMEs. He observed that the key findings show that there is a need to establish policies that are both targeted and comprehensively delivered in order to get support from the MNEs. Guidance on prevention and non-discrimination must be accompanied with a clear understanding of how voluntary counseling and testing is connected to reliable and confidential treatment programmes, along with viable options for care and support. He also confirmed that there has been a particular recognition of the gender ramifications of the SME workforce.

The ILO has also adapted the ILO Code of Practice on HIV/AIDS in the World of Work to SMEs and the informal sector – applying such provisions as the ones on non-discrimination and combating the stigma associated with HIV/AIDS to the particular circumstances of SMEs. They are also preparing a guidance note on helping SMEs to adopt a workplace policy and programme. And in terms of specific outreach activities, the ILO is promoting and supporting the efforts like that of the Ford Motor Company in South Africa which extends its workplace programmes to the smaller industries that are their suppliers and customers. In Kenya, he reported, that large companies rely extensively on small enterprises and informal sector operators (Jua Kali) for primary products, an initiative that is being actively supported by the Federation of Kenya Employers.

The ILO has done quite a bit of work on the informal economy in general and has specifically implemented four pilot projects funded by SIDA Sweden in South Africa, Uganda, Tanzania and Ghana on HIV/AIDS prevention and mitigation of impact in the sector. Another programme is currently being implemented in Zambia, funded by UNDP. Project outputs include a Rapid Assessment Tool and a video to document what obtains and what can be done.

Ben also noted that the definition of SMEs is a problem. In the Seychelles, for example, a big enterprise is anything over 200. In India or Nigeria a medium enterprise is anything up to 350. The definition needs to be revamped. Furthermore, small employers are typically in the informal economy. In most countries, one can find an association of informal sector operators, but it is important to recognize the limitations of what can and cannot be done with the informal sector. Prevention strategies are practicable, and attention to gender in this respect is also important, but it has to be understood that these employers - and their employees - can't afford treatment and have no access to it through the workplace.

The Experiences of National Employers' Associations

a. Lesotho

Thabo Makeka from the Association of Lesotho Employers pointed out that in Lesotho anyone with 200 employees is deemed to be a large employer. Any enterprise with 50 or less would be the threshold for an SME. Thus, the definition of an SME needs to take into account the economic circumstances of a country like Lesotho. In addition, he reported that employers are still in a state of denial about the pandemic, along with most policy makers as well. They have been working on their national HIV/AIDS plan for over two years, and it is still not fully in place.

One important factor is that the multinationals operating in Lesotho have their own programmes, and they are company-specific. So it is difficult to operate on a consensus or coordinated basis. Each employer has to take care of itself, including the SMEs, and many can't even afford a membership organization. They don't even have an association of operators. And so it is especially difficult to work in the informal sector. They are debating whether to bring a representative of the informal economy into their employers' association but have not reached agreement on doing this.

He went on to note that the bigger part of the problem of HIV/AIDS is in the informal sector, and so they have to be brought in to have a broad-based programme. The majority of the infected and of the affected are in that sector. So they are working in collaboration with donors – UNDP, ILO AIDS, etc. The Country is No. 3 in infection rate. They haven't yet convinced the majority of local employers to invest in this effort. The government has embarked on a number of projects. There is lots of international pressure from external groups.

The assumption is that the private sector should bear the cost of assisting/treating workers, and this is a very negative point for employers in Lesotho. They even have a problem with the promotion of condoms, since this is a very Catholic population. Management has resisted the distribution of condoms. They also have a problem on this point with programmes for the youth. It is difficult to promote the use of condoms. The Global Fund is working with them on this.

b. Nigeria

Olusegun Oshinowo from the Nigeria Employers' Consultative Association noted that Nigeria has a population of 150 million (more than the 120 million officially estimated), and 90 to 92% of the workforce is in the informal economy and SMEs. Less than 2% are in the civil service and the organized employer sector. (These percentages need to be corrected.) The challenges they are facing relate to the issue of representation. The three biggest employers organizations represent the formal sector – the manufacturers' association, the chambers of commerce and the Nigerian Employers Association, each with a different mandate. The gulf, however, is great between the companies that are represented in these three associations and the other sectors of the Nigerian economy, where the majority of the workforce is found. Yes, they do have an SME association, but this association is not interested in social issues and puts more emphasis on advocacy to survive as a business. Thus, the micro and small enterprise effort hasn't yet started off.

Most activity is in the big companies. The lesson they have learned is that the big companies have the expertise and the capacity to help the others, but they must collaborate between the big and the small. First, the big organizations can't take the message to the SMEs on their own. They must work through SME organizations. Second, the perception of the SMEs is that they see AIDS as a society problem, not a business problem. Mr. Oshinowo stated that they needed to attack this perception. On the other hand, the country has high unemployment, and therefore it is easy to replace workers in the SMEs.

Even though it is important to work through the SME organizations, the SMEs also lack the capacity and representation of their own organizations. The lack of funds is also important. Employers don't want to put money into the effort. It's only the foreign MNEs that are engaging in any significant action. The others, even the big ones, where they are indigenous, don't do anything. They don't have the deep pockets. A donor – the Scandinavian countries – has worked with the indigenous business community, but this works only as long as the money is there.

Developmental tools can be an important vehicle for reaching the SMEs. The "Improve Your Business" model is one such possibility, but there is currently no component of HIV/AIDS in this widely used tool. Mr. Oshinowo urged that people needed to integrate an HI/AIDS component into these kinds of tools.

Mr. Oshinowo then shifted to make some comments on the informal sector, which is often discussed here in Geneva. Even so, he noted that one can hardly put one's fingers on a proper definition! The sector is focused on daily survival. It is populated with illiterates. We must be able to reach them. One way of reaching them is through the small-employer associations, which are very strong in countries like Nigeria. The challenge is to reach them and to convince them to create the time to listen. We need to be creative on how to take the message to them. The government itself does not have a strategy for SMEs, either. They are talking to society at large.

We are in celebration in Nigeria because our most recent statistics show a decline in the prevalence rate from 7.5% to 5.5%, but he does not believe it. The source of the data is not credible.

c. Uganda

George Tamale from the Federation of Ugandan Employers joined in the discussion to confirm that in Uganda, too, there is a need for a clear definition of SMEs. For Uganda, this is from anywhere from 1 to 80 employees. Employers with 80 to 250 are among the biggest members. The Federation offers social security for employers with at least 5 and above, but most employers have less than that. There is also a problem of time for small employers to participate in HIV/AIDS programmes.

What are their concerns? VCT is being promoted in Uganda, and there is a general willingness to test, but the question is asked what next? Drugs can't be accessed so why test? The message needs to include the certainty of treatment. MNEs are working in Uganda with the SMEs. Coca-Cola just won an award for promoting VCT in retail shops that take their products.

Uganda does not have an informal economy association. But they do have organizations of small enterprises in certain sectors – such as contractors or truckdrivers.

General Discussion

A participant from the World Association of Small and Medium Enterprises made reference to a survey in South Africa in 2004 showed that most employers say that AIDS is not a problem for their business. The views that were brought out in that survey are concerns that need to be addressed in this discussion. Only a small fraction of business resources is spent on AIDS, even though these employers are experiencing high turnover. However, they do not see a high cost in hiring new workers to replace the ones they lose. Also, the stigma of publicly acknowledging HIV/AIDS is severe. The SMEs could partner with government clinics or NGO groups, but the main question is whether SMEs are the right vehicle, especially if the formal sector is so small.

A representative of the Swiss Government remarked that he could understand the difficulties of SMEs but believed that the difficulties were not insurmountable. He represents the Swiss on the Global Fund. He has seen the efforts of Anglo-American and Exxon Mobil. It is in their interest not to lose skilled workers, and it might be possible to make the same case for SMEs. Everyone should have reasonable access to drugs within a given context. He disagrees that the informal sector can't be organized. The initiative must come from within the group, and we just have to recognize that informal sector organizations are just not as stable as in the formal sector. They can bring in messages of prevention. Even the argument that employees themselves do not want the programme can be overcome if the prevailing conditions are appropriate – including the need to ensure confidentiality, which is a particular challenge in SMEs. The key is to convince the SMEs of the importance of employee value.

A participant from a major pharmaceutical company noted that the issue of prevalence in low-income groups has been aided by bringing the price lower. Governments, faith-based organizations – it doesn't matter which vehicle is used. Why can't we encourage employer organizations to apply for GF grants? Ben Alli noted that the labour and employer representatives have been occasionally marginalized by the CCMs because of their location and domination by the Ministry of Health. One encouraging breakthrough is that \$5 million has been specifically allocated for workplace activities out of the total \$25 million grant to Indonesia by the Global Fund. What will ILO/AIDS do in the future? They are looking for new ways of promoting the activities of informal sector operators packaged as NGOs and sitting at the CCM. There is lots of money out there from various donors and bilaterals, and the ILO is trying to help their constituents to access that money. The ILO has prepared a document on "HIV/AIDS resources for the World of Work: How to access them at country level" and also organized two seminars to help constituents, but they still need skills to prepare credible project proposals.

The ILO is also using established structures to support SMEs – for example, through the "Work Improvement in Small Enterprises (WISE)", a training methodology programme. What is needed is to deliver additional training to include HIV/AIDS in the overall programme. Also, treatment, care and support can be realized through existing occupational health services. The enterprise can indeed be the source of treatment for workers and their families. They can extend activities to the community through our outreach programme and in cooperation with district health clinics to work out a reasonable cost structure for the treatment options. So the potential exists to connect HIV/AIDS programmes to SMEs.

Mr. Makeka pointed out, as President of the CCM in Lesotho, that the main problem is a lack of meaningful projects. There is a lack of knowhow among SMEs to prepare project proposals.

A representative from the International Federation of Red Cross and Red Crescent Societies reported that they have been very involved, in collaboration with governments, in reaching out to SMEs and informal economy workers. They have 100 million volunteers and a workforce of 300,000. They have learned that they have to work in their own societies. They are trying to support small local enterprises with a focus on prevention, stigma and discrimination. Their experience with Nestlé in Nigeria and Kenya and in six Southeast Asian countries is concentrating on non-discrimination and prevention, but they are also helping find ways to deliver care and support. In general there is increasing collaboration with MNEs, mobilizing in the communities especially. The big problem still is fighting stigma and ensuring non-discrimination.

He referred to other specific examples, such as the Uganda Business Coalition against HIV/AIDS, which has 300 peer educators. This is a means of communicating the information. Some effective work can be done in an organized manner through these business coalitions. Another example is an American company working in Harare to prepare a toolkit for work in the community. This initiative, however, is cross-sectoral, including the workplace but not exclusively focused on the workplace. In general, the money is coming, but it is not trickling down to the community level. There is too much government bureaucracy. So it is urgent to strategize and develop an innovative new approach. The CCMs are monopolized by governments, and the money is just not going to the communities. The Global Fund has provided up to 50% extra funding for Ministries of Health above their regular budgets, and their desire to control the funds is a real problem.

Mr. Oshinowo observed that he has a seat on the CCM for the Global Fund in Nigeria. The prevailing view among members of the CCM is that the private sector should contribute to the effort, and not to submit proposals. They are seen as sources of giving, not asking. The government is sitting on a huge fund and should be asked to account for how the money is getting to various sectors in society, including the private sector. The Global Fund put this system in place to monitor projects effectively, but there is a need to find a mechanism to minimize the bureaucracy.

The WASME representative returned to the issue of replacement costs. SMEs don't do much training to start with. That is why the cost element is so important. They need to work through existing infrastructures to connect the training on HIV/AIDS education and prevention with more general training programmes. Mr. Oshinowo agreed that there are agencies for SMEs. Maybe we should put in health elements to facilitate the enlightenment for the promotion of HIV/AIDS efforts in SMEs.

A representative from the WHO observed that the informal economy has a lot of menial and manual work. The real issue is unemployment. There are large market places where one could reach informal sector workers –in Kenya for example, where SMEs are important. It is a very dynamic part of the economy. One should look at

peer education, but one can't go "top down". One must go through what is good for the community.

The Role of Multinational Enterprises

Participants from the World Bank and the UNAIDS Secretariat reported that the MAP programme is working with groups on how to mobilize the private sector through business coalitions. Important outcomes are emerging from the work undertaken to set up these coalitions. In Namibia, for example, the coalition has as its core the 50 largest companies in Namibia, and now some SMEs are being added through their supply chains. The National AIDS Commissions, along with several donors are providing seed money to support these efforts. SABCOHA has a tool kit that is very good, and it is being modified by business coalitions to fit their local needs.

The participant from the World Bank further reported that the World Bank is working with the ILO, WEF and UNAIDS. They are working on private sector initiatives in 17 Anglophone and 8 Francophone countries. There is an increased focus on involving SMEs and the informal sector. They are working closely, for example, with the private sector in Nigeria on these very issues. There are three very large, informal sector markets in Nigeria. They do have structures through which to reach them. It is recognized that there needs to be varied strategies to reach these important groups, and it is recommended that it best be done by local or international NGOs, like the Red Cross, which have the experience to mobilize and work with the target population. It should be noted that working with SMEs and the informal sector is labour-intensive and can be costly.

Procedurally, the World Bank is introducing a number of Micro and SME credits in the region. This is to support an enabling environment for SMEs. Each has an HIV component – somewhat separate but part of the total. Tanzania, for example, is planning for approximately \$3 million from the \$70 million credit for capacity building with SMEs, that could be targeted on HIV/AIDS. How the HIV/AIDS and private sector initiatives can link to these projects, including those with SMEs, is under discussion

The World Bank is also working with the WEF on a study on how to work with supply chains. Business coalitions have mostly large companies and parastatals, but these entities all have service providers, etc., that can be categorized as SMEs.

The participant from WASME then suggested that the discussion should shift to the role of MNEs in reaching out to their supply chains. It is good to get MNEs to include suppliers in their programmes, but her impression is that very few have extended their AIDS programmes to them. There is the perception that this will be a steep and unsustainable bill.

The participant from the World Bank pointed out that the Bank was not asking MNEs to pay to cover their suppliers. They just want them to set up the network, including such things as requesting suppliers to adopt a common code on HIV/AIDS in the workplace,. Even this, however, can be a bit delicate to implement if the suppliers are not willing to be adopt a common code or commit themselves to introducing an HIV/AIDS programme among their employees. In Mozambique, for example, the

multinational Mozal has tried to introduce a common code with its suppliers on HIV/AIDS, but this has been a bit sensitive because there are only one or two suppliers per product. If the supplier says no, it is hard to push the code.

Innovative Approaches

A participant from PharmAccess then shared his concerns. He expressed strong pessimism about where things were going. It's like everything is on fire, and we're only putting out a few brush fires on the edges. The World Bank, NGOs, IOs, all agree that things are going wrong. The question is how to get the health infrastructure in Africa out of its weak state. He stated that we have failed because no one is coming up with a drastic and comprehensive solution. Although he himself did not know what the solution is, he offered some suggestions.

There is no functioning health infrastructure, and therefore it is useless to realize a full treatment programme. While it does appear that prevention can be done, treatment continues to be a problem because there is no good health structure. The resources are available and some 90 to 95% is going through the multilaterals and governments, but they are not reaching the patient.

He went on to say that in Asia and Latin America, the health infrastructure is in better shape, due to a large private health sector presence. Why not the same in Africa? Why is this not happening in health care? Why aren't these efforts being subsidized? There are examples of private health care companies that are in fact reaching the poor – or at least the middle-income groups that have also been neglected in these countries. He believed that such companies should be allowed operate and make a profit. But the bigger challenge is to figure out how to reach the 95% informal sector workers – how to get investment bankers to deal with health in Africa as a market.

Mr. Oshinowo observed that in Nigeria there are HMOs who are creating a window of opportunity to reach out. Their package of services included HIV/AIDS. The extra amount that it costs to include HIV/AIDS treatment in an HMO is so token that it is appealing. They decided to include this in their own association's HMO, encouraging VCT, and the employees went for it because they knew there was coverage. The HMO approach is a good one, especially since the public health sector is non-existent for anyone but civil servants. In contrast, Mr. Oshinowo also reported that the government is beginning to accept the idea that there should be no free medical care for civil servants. They are about to shift to using the benefit of free medical care for the purchase of HMO services. The HMO idea is taking hold, and Mr. Oshinowo argued that we can't throw it out.

A participant from a pharmaceutical company suggested that these were the kinds of experiences that were contributing to learning and applying new methods for delivering health care. She was aware of significant local efforts in Uganda and Kenya involving associations of small employers. It includes adaptation of health care delivery by medical staff assistants and other cost-effective measures.

Ben Alli referred to similar successful efforts such as the ACHAP programme in Botswana. The ILO has conducted a study on the issue of sustainability of treatment through social health insurance. We need to be sure it continues. There is a need to continue such innovative activity.

The participant from the Red Cross observed that the question is how to ensure that the HMOs and others make money by including HIV/AIDS in their programmes. Treatment has to be life-long. If one can't ensure sustainability, this is a deterrent. How can an HMO or other insurer cover lifelong treatment? Unless there is a mechanism designed to deal with this.

The participant from PharmAccess acknowledged that health is typically a government issue, a government responsibility. But if the government fails, the private sector can and should come into it. The question then is whether the private sector should stay indefinitely in the health field or only to ensure that certain goals are met.

Mr. Oshinowo, on the other hand, noted that governments can play an important role even with a flawed health infrastructure. They do have some infrastructure that can be used and will then get paid for it. Government's role, however, should diminish over time.

The participant from the WHO remarked that South Africa and Nigeria are areas where there is a strong enough economic base to look at private health care. Private insurance systems need fertile ground for movement. Also important, he observed, are faith-based organizations (FBOs) – 40% of health care in Nigeria is delivered by FBOs.

The participant from the YWCA agreed that NGOs have an important role in reaching the informal sector in the AIDS campaign as their programmes and services reach many people within the sector. The YWCA has integrated HIV prevention and education into existing programmes reaching women in the informal sector through its economic empowerment and micro-credit initiatives.—. It has been a more effective strategy than trying to get them to come to the meetings to take time away from their stalls, etc. to discuss HIV. The angle of prevention and education is the key, but care and treatment need to be a part of it as well. As women make up a large part of the informal sector, any strategy for the informal sector needs to target them and the factors that make them vulnerable to infection.

The MNE representative noted that it is also urgent to deal with youth the 19 to 25 age groups. 65% are hit.

The participant from PharmAccess suggested that one avenue worth pursuing is to trace the ways the poor spend their money and trace how it might be possible to connect their spending patterns to the purchase of premiums for health insurance. He also suggested that an AIDS tax should be considered, such as the proposal put forward by President Jacques Chirac last January.

Legal Issues

The second representative from the Swiss Government remarked that she was interested in the protection of rights, which depends on a legal and political framework. There are no ILO conventions on HIV/AIDS. Do we need more protections than we have today?

The ILO reviews national legislation, especially in the area of discrimination. They also look at national policies for the workplace to be incorporated into the effort. They are also using and distributing a training manual.

The Swiss participant then observed that one concern is that HIV/AIDS is not recognized as a workplace sickness. This is important for prevention purposes. There should be a process to revise the standard.

Ben Alli agreed and added further that the professions in health services are also important in terms of recognizing occupational diseases in these particular professions. This may also require the development of a national workplace policy specifically for medical facilities. He mentioned the recently concluded joint ILO/WHO Tripartite Meeting of Experts that finalized guidelines on health services and HIV/AIDS and the forth-coming meeting of experts on Post Exposure Prophylaxis as a step in the right direction. The participant from the World Bank noted that more information is needed on this matter. The participant from the pharmaceutical company mentioned the 2006 World Health Report, which will focus on health professionals. There is an open forum on the WHO website.

In wrapping up this short discussion on legal issues, the participant from the YWCA wondered whether it might be worthwhile to try to adopt a convention for women and HIV/AIDS. She referred to the newly formed Business Coalition of Women and also of the CEDAW which is looking specifically at gender and AIDS.

Conclusion and Next Steps

Katherine observed that the discussion on SMEs and the informal economy had been very fruitful. Many innovative ideas and valuable experiences had been shared in the course of the exchange. In addition, there were other ideas and experiences in the previous two roundtables that had a direct bearing on the linkages to SMEs and the informal economy. She sensed that the participants were ready to pull these various ideas together into an action plan, with visible options for the group to consider. This should be done as the focus of the GSO programme in the next several months, to connect the discussions with the objective of building a consensus on an action plan. She suggested that a small planning group be convened from volunteers among the participants and that this group should meet in July in the place of another GSO roundtable event to develop a proposal for action. Then, in September the GSO could convene a programme to debate and adopt this action plan. There was broad consensus among the participants to proceed in this modified direction over the course of the next two scheduled dates in the GSO series.

Katherine also asked the participants for help in identifying supporters for underwriting the continued operation of the GSO series. Thanks to the generous support of Merck and Co., the GSO had been able to develop the programme thus far. Additional supporters were needed to continue the programme and to facilitate a broad and participatory forum.

Future dates include a planning group meeting on Tuesday, 19 July and a debate for an action plan directed to SMEs and the informal economy on Thursday, 15 September. Participants are also encouraged to hold the date of Thursday, 17 November for a follow-up roundtable.