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To estimate the macro-economic impacts of a given level of HIV infection in four prominent sectors of the KZN provincial economy.
Methodology

- Standard HIV impact study:
  - Sero-prevalence survey of sample of companies in different sectors; HIV prevalence estimates for 10 years.
- Population/demographic model to capture the effects AIDS has on workers across different occupations.
- Macro modelling to estimate and measure the extent of AIDS on economic growth and poverty in KZN.
Sero-Prevalence surveys

• 4 sectors:
  ➢ agriculture
  ➢ transport
  ➢ manufacturing
  ➢ tourism/services

• 10000 employees participated

• VCT was offered to those employees who wished to know their HIV status.
Macro Model

• Utilised computable general equilibrium (CGE) micro-simulation macro model
• Innovative feature: captured the industry structure of South Africa’s economy and the linkages between producers and households
• Use: to estimate HIV/AIDS impacts on growth, poverty and inequality.
Limitations of the Study

- Companies not randomly selected
- Most companies from Durban area (85% of KZN GDP concentrated in PMB, Richards Bay & Durban; Durban: 61% of GDP)
- Unable to include financial services companies nor sizeable sample of tourism sector companies (key growth sectors in KZN)
- Up to 2 year gap between some company surveys
- No data on the effects of ART on SA population = unable to include ART as factor in modelling = Crude ‘with AIDS’ versus ‘without AIDS’ scenarios
Prevalence Findings

• Rapid tests on 6,689 employees; 1,411 (21.1%) were HIV positive

• Labour Workforce Survey = 924,196 employees in the four sectors
  Study estimate 22% HIV positive (204,000)

• Crude HIV prev. levels varied between companies: 5.3% to 30%.

• Age and pop. classification standardised HIV prevalence levels varied from 10.6% to 29.3% (indicated that differences between companies not attributable to these factors only)

• Greater HIV prevalence variation between companies than between sectors:
  transport (16.1%); manufacturing (19.7%), agriculture (23.4%), tourism/services (24.3%).
Key Demographic Findings: HIV/AIDS 2002-2025, KZN

- HIV/AIDS reduces KZN’s overall population growth
  - 1.85% under the *Without AIDS* scenario
  - 0.79% under the *With AIDS* scenario.

- 2002-2025:
  - 11,800,000 people will die of AIDS in SA
  - 3,000,000 people will die of AIDS in KZN

- Population growth rate declines by 1.06%
Key Economic Findings: HIV/AIDS 2002-2025, KZN

- Declines in the labour supply larger than declines in population growth rates

- Employment growth rate declines 1.12%

- Dependency ratio falls from 5.05 under the With AIDS scenario to 4.98 under Without AIDS scenario.
Economic Findings con’t.

• Lower-skilled ‘black’ workers have highest prevalence rates
• High HIV prevalence and a larger proportion of AIDS sick people = negative effect on labour productivity (also projection is that effect is higher in KZN than in the rest of the country).
• Labour productivity growth :
  - 1.80% per annum under the With AIDS scenario
  - 1.92% per annum Without AIDS scenario
• Labour productivity negative effect highest in Agriculture sector
Summary

By 2025, KZN economy will be 43% smaller than it would have been without HIV/AIDS

(SA economy: 37% smaller)

*Note: ART mitigation effects not included*
Conclusions

• HIV/AIDS has macro-economic effects  
  (*Denial in 2005 by Minister of Finance*)
• HIV/AIDS significant factor for company planning and operations  
  (*Majority of companies in SA do not have HIV policies and programmes*)
• HIV/AIDS is a significant factor for regional and 
  Ethekwini [Durban] metropolitan strategic planning  
  (*Little evidence of strategic thinking and programme planning in terms of ‘development in the context of 
  HIV/AIDS’*)