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South Africa Business Council, 6/28/00

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Sandra L. Thurman
Director
Office of National AIDS Policy
U.S. - South Africa Business Council
June 28th @ 11:00 AM
1625 K Street Suite 1090
"The Commonwealth Building"

10:50 AM Car to 1625 K Street, Suite 1090

11:00 AM **Start**

Purpose To meet with member companies and HIV/AIDS committee to discuss South Africa and recent designation of AIDS as a US national security threat.

The Business Council formed the HIV/AIDS committee last summer in response to the magnitude of the AIDS crisis in South Africa.

Attendees 25 - 30 mid to senior level executives of US corporations (total membership in the Council is 70).

These are all 'direct' investors in South Africa - some of them with extensive efforts underway through educational HIV/AIDS workplace programs, and some with only limited knowledge of what is possible.

Expected to be there: Ron Dellums, member of the Council
Al Cooper, Senior VP, Johnson & Johnson. (He is also the Chairperson of the Council.)

Format Large table, very informal

Agenda Al Cooper, Chairperson will open meeting

Dan O'Flaherty will introduce you

Sandy Thurman - 15 minutes, informal remarks and discussion
Suggested topics:

- What does the epidemic look like in Africa/South Africa?
- What is the Administration's and SA Govt's views and efforts to confront the crisis?
- What is the private sector's role? How can individual companies make a difference? Provide guidance and encouragement.
- Importance of leadership, model programs (if there are any), the importance of cultural differences in talking about these issues.

Dr. Marsha Martin

- HHS role
- Again, importance of US commitment, and private sector engagement

Dr. Metchali (invited)

Discussion

11:30 PM Car return to Jackson Place

Contacts Dan O'Flaherty or Emily Solomon, (202) 887-0278

Talking Points for South African Business Council

- AIDS is a plague of biblical proportion
 - worst disease catastrophe since the plague
- In the past decade, more than 16 million people have died of AIDS – nearly 14 million in sub-Saharan Africa
- Each day Africa alone buries 5,500 men, women and children as a result of AIDS – and by 2005 the daily death rate toll in Africa will rise to 13,000

And yet the pandemic rages on

- More than 34 million people are infected with HIV
- 11,000 in Africa - one every 8 seconds

AIDS is now the leading cause of death in Africa

South Africa is particularly hard-hit

- **4.2 million people are already infected and at least 1,600 people become HIV+**
- **By 2010, 25% of South Africa's adult population is expected be HIV+**
- **AIDS deaths will peak about 5 years later at 256 AIDS deaths per 100 normal deaths**
- **By 2015, SA total population will be 23% lower than without AIDS**

In the next decade, more than 40 million children will be orphaned - that is about the same number of children living east of the Mississippi in the United States

- **In the next decade, nearly 2 million South African children will have been orphaned by AIDS**
- **A new UNAIDS report says that in South Africa, AIDS is set to claim the lives of around half of all 15-year olds**

AIDS is wiping out decades of steady progress in development – turning back the development clock to the 60's

- In the coming decade, in many areas of sub-Saharan Africa infant mortality will double, child mortality will triple and life expectancy will be reduced by 20 years
- **Life expectancy in South Africa by a third, from 68 to 45**

AIDS is not just a health issue – economic, development, security and stability

Security

- UN Security Council
- High rates of infection in armies in Africa
- **40% of the South African military is already HIV positive. US military officials have raised this as a serious stability concern**

Economic Impact

- dramatic reductions in GNP
- Teachers are dying faster than they can be replaced
- two employees for every job
- one in four mineworkers are infected

South Africa is bearing brunt of economic impact

- **The economically active population (25 -50 years old) will be the worst affected, with infections rates expected to reach 26%**
- **The South African labor force is expected to average 10% lower due to AIDS**
 - decreasing the work force
 - lower labor productivity
 - lower labor income
 - increase demand for health services both in the private sector and in government supports
- **South Africa generates 45% of sub-Saharan Africa's total GDP**
 - lower growth, higher risk profile will not bode well for financial markets and may deter foreign investors

Urgency

We know what works

- Uganda and Senegal are key success stories
- Key is leadership and sustained investment
- **Since 1993, the South African power company Eskom, has guaranteed full ill-health and pension benefits to employees with AIDS and their families**
- **Provides clinical services, counseling and therapy, supports educational programs, and is engaged in funding vaccine research**

US and South Africa Response

Administration response

- LIFE Initiative

- **After slow start, South Africa became the first sub-Saharan country to implement a comprehensive HIV/AIDS policy**
- **Renewed leadership can help break the silence surrounding AIDS.**
 - **Both Archbishop Desmond Tutu and Nelson Mandela have spoken out publicly on HIV/AIDS issues including condom use and safe sex.**

Working together

- All sectors
- private/public partnerships

BUSINESS RESPONDS TO AIDS

AIDS is already costing businesses, and these costs will continue without timely company responses.

- Comprehensive workplace programs and appropriate HIV/AIDS policies can be established for a fraction of the amounts that would otherwise be incurred because of AIDS-related illness and death.

Companies that take a leadership role - lending their name and resources - in battling AIDS at the workplace and in their communities are rewarded with a positive public image.

Businesses are now more globally linked politically, economically, and technologically.

What businesses can do

- Establish AIDS programs for companies and their stakeholders
- Create links between business and local communities
- Implement philanthropic programs: business and its "social contribution"
- Sustain the fight.

AIDS IN SOUTH AFRICA



Overview

- In sub-Saharan Africa, more than 11,000 additional people become HIV+ each and every day. In South Africa alone, 4.2 million people are already HIV+¹ and at least 1,600 people a day are newly infected.²
- UNAIDS reports that half of all HIV+ people in the 9 southern African countries hardest hit by the pandemic live in South Africa.
- The number of reported AIDS cases in South Africa has risen 33% since the end of 1997.³
- By 2010, 25% of South Africa's adult population is expected be HIV+; AIDS deaths will peak about 5 years later at 256 AIDS deaths per 100 normal deaths.⁵
- According to the Actuarial Society of South Africa (ASSA), the country's total population by 2015 will be 23% lower than it would have been without AIDS.⁶
- UNAIDS reports that during the last 8 years, HIV prevalence in South African prenatal clinics has increased more than 21-fold, and that the 1998 national prevalence rate among pregnant women was 23%.
- By 2008, 1.6 million South African children will have been orphaned by AIDS.⁷
- A new UNAIDS Report estimates that in South Africa, AIDS is set to claim the lives of around half of all 15 year olds.⁸

Development

- In the next few years, AIDS will reduce life expectancy in South Africa by a third, from 68 to 45 years⁹. By 2010, infant mortality is expected increase by 40%.¹⁰
- AIDS as a security issue. Recent reports confirm that 40% of the South African military is already HIV positive. US military officials have raised this as a serious stability concern.¹¹
- A South African anti-crime institute has linked the growing number of children orphaned by AIDS to future increases in crime and civil unrest. Without appropriate intervention, many of the almost 2 million children projected to be orphaned by AIDS in South Africa will raise themselves on the streets, often turning to crime, drugs, commercial sex, and gangs for survival. This not only effects social stability but also dramatically increases their risk of HIV.¹²

¹ New UNAIDS Report.

² Africa Facts 2, ONAP.

³ USAID Country Profile.

⁴ UCB.

⁵ Ing Barings, South African Research, Economic Impact... April 2000, Page 1.

⁶ Ing Barings, Page 6

⁷ UCB.

⁸ UNAIDS Press Release, 6/27/00

⁹ Africa Facts 2, ONAP.

¹⁰ UCB.

¹¹ Africa Facts 2, ONAP.

¹² Africa Facts, ONAP.

Economic Impact

- The economically active population (25-50 years old) will be the worst affected, with infections rates expected to reach 26% in just a few years. South Africa's unskilled and semi-skilled workforce will be most heavily impacted, though skilled and professional workers follow close behind.¹³
- Between 2000-2015, The South African labor force is expected to average 10% lower due to AIDS.¹⁴
- In a country already battling a skills shortage, AIDS will only exacerbate the problem by decreasing the work force, lower labor productivity, lower labor income, and increase demand for health services both in the private sector and in government supports.¹⁵
- By 2010, the demand for health services could be over 11% higher than it would have been without AIDS.¹⁶ The cost of treating one AIDS case already exceeds the GNP per capita by more than \$1,000. In KwaZulu/Natal, the entire provincial health budget is spent on AIDS-related illnesses.¹⁷
- A recent report predicts that South Africa's Real GDP will be .4% lower by 2006 than it would have been without AIDS. As the country generates 45% of sub-Saharan Africa's total GDP, the lower growth and higher risk profile for South Africa will not bode well for financial markets and may deter foreign investors.¹⁸
- At a meeting with African trade and finance ministers, Professor Jeffrey Sachs, director of the Harvard Institute for International Development, stated that, "a frontal attack on AIDS in Africa may now be the single most important strategy for economic development."¹⁹

Response

- After a slow start, in 1994 South Africa became the first sub-Saharan country to develop and gain Cabinet approval for a comprehensive HIV/AIDS policy.²⁰
- Though the failure of past actions continue to challenge the South African government in their ability to respond successfully, renewed leadership has and will continue to help break the silence surrounding AIDS. Both Archbishop Desmond Tutu and Nelson Mandela have spoken out publicly on HIV/AIDS issues including condom use and safe sex.
- The private sector has begun to respond. Since 1993, the South African power company Eskom, has guaranteed full ill-health and pension benefits to employees with AIDS and their families. It also provides clinical services, counseling and therapy, supports educational programs, both in the workplace and in the public arena, and is engaged in funding vaccine research.
- USAID, UNAIDS (still working on donor involvement info...)

¹³ Ing Barings, Page 1.

¹⁴ Ing Barings, Page 10.

¹⁵ Ing Barings, Page 1.

¹⁶ Ing Barings, Page 15.

¹⁷ USAID Key Talking Points.

¹⁸ Ing Barings, Page 2.

¹⁹ Africa Facts 2, ONAP.

²⁰ UCB.

Business Responds to AIDS

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