

GLOBAL HEALTH INITIATIVE

Private Sector Intervention Case Example

Designing and operating a site-tailored
HIV/AIDS programme to succeed in a
decentralized company

Case categories

Company: **Anglovaal Mining Ltd**

Industry: **Mining**

Location: **South Africa** Programme: **HIV/AIDS**

Key questions

- How can Anglovaal Mining deliver the high level of service mandated by its HIV/AIDS vision statement when the company is a diverse, decentralized collection of businesses?
- What level of financial analysis and risk assessment is required to spur the rapid development of programmes?
- How can Anglovaal Mining improve the attitude and competencies of its managers and supervisors to manage HIV positive employees to minimize the impact on production costs?

Overview

Company

Anglovaal Mining Limited (Avmin) is an African Mining Company.

- It develops copper, cobalt, nickel, ferrous and precious metals. The company has eight mining and plant operations in South Africa, Zambia and Namibia.
- The company has 7,500 workers (5,300 employees and 2,200 contractors).
- Avmin generated US\$ 369 million revenue and US\$ 37 million earnings in 2001.
- In March 2002, Anglo American obtained a 35% stake in Avmin.

Business case

With targeted interventions, Avmin aims to manage the impact of the current 14% HIV prevalence, which translates to a potential liability of US\$ 6.1 million.

- To reduce the impact of HIV/AIDS on Avmin's employees and families, thereby ensuring that this business risk does not affect Avmin's sustainable competitiveness in global markets.
- The present value cost to Avmin of future HIV related expenses associated with its 14.1% HIV prevalence is estimated to be **US\$ 6.1 million**.
- Avmin's 2002 centrally defined compulsory budget is US\$ 255,000 (US\$ 48 per employee). Operations will augment budgets with specific programmes.

Programme description

In 2002, Avmin defined the elements and outcomes for a successful Avmin HIV programme. Each of its eight operations will be held accountable for tailoring and implementing these programmes.

- Avmin created an HIV/AIDS **policy framework in 2001**. Each operation will use this framework to create agreements with the labour unions.
- Avmin will expand its **internal prevention** programmes in 2002 to focus on awareness, peer education and counselling, and condom distribution.
- Mines will hold **training and awareness sessions** to provide **management and communication skills to supervisors** to equip them with **the knowledge and attitudes** necessary to **manage HIV positive employees**.
- Operations are implementing a **Voluntary Testing and Counselling** programme.
- All operations have varying levels of involvement with the community, ranging from limited outreach to **prevention** initiatives targeting **commercial sex workers**. Operations will examine interventions by NGOs, local businesses and regional governments to identify **potential Avmin community partnerships**.
- Operations are implementing a **Wellness management** programme for HIV positive individuals as well as **antiretrovirals** for MTCT, rape victims and employees with occupational exposure in 2003.

Programme evaluation

Avmin evaluates programme effectiveness, impact and HIV risk.

- Avmin's board established a **scorecard programme** rating each operation's programme elements on a numeric scale. **External HIV experts** will evaluate **each operation's performance annually** and mine site management will be held **accountable for meeting minimum scores**.
- Avmin's board will review each mine's **annual risk assessment**, conduct a **bi-annual prevalence survey** and conduct annual **KAP assessments**.
- In 2002 **Boston University's Center for International Health** conducted an economic impact analysis. Local providers will evaluate **programme impacts**.

Future goals focus on the successful delivery of programme elements.

- **Programme implementation and evaluation:** the goal is to have all key programme elements available in all operations by the end of 2003. A component of **variable compensation** is expected to be **tied to scorecard results**.
- **Developing trust:** trust is essential between all stakeholders, and specifically between management and unions, a requirement for programme success.
- **New data collection model:** many mine operations provide health services through external health provider networks. Systems need to be developed to track relevant health statistics.

Business case

Vision

To reduce the impact of HIV/AIDS on Avmin's employees and families, thereby ensuring that this business risk does not, as a consequence, affect its sustainable competitiveness on global markets.

- Given that 86% of employees are HIV negative, the primary objective is to prevent new infections.
- This includes taking the lead and facilitating the management of HIV/AIDS and its impact on employees, communities and business.

Case for action

The present value cost to Avmin for current HIV prevalence of 14% is estimated to be US\$ 6.1 million.

- Average prevalence was assessed through partnerships with labour unions to conduct an anonymous saliva test surveying 70% of the 4,633 employees present during day shifts. The survey conducted in 2001 and 2002 spanned employees across all divisions, tenure levels and job categories.

Salary class	2002 Prevalence (Saliva test) Percent	Employees in salary class Percent
Tier I & II (line worker)	21.6%	60%
Tier III (supervisors)	4.4%	28%
Tier IV-VI (managers)	0.8%	11%
Company average	14.1%	100%

Note: the Precious Metals Division had 35.6% prevalence in its Tier I & II employees representing 20% of Avmin employees.

- In 2002, Avmin forecasted 68 HIV mortalities in the Ferrous and Precious Metals divisions (84% of employees are in those groups). Without intervention this number is projected to rise to 80 in 2006.
- The present value of the average cost of a newly infected HIV employee was estimated in all divisions except for headquarters and Zambia (85% of employees were assessed) in a study with Boston University School of Public Health.

Salary class	Present value of one infection USD
Tier I (unskilled)	\$5,774
Tier II (skilled & artisans)	\$10,091
Tier III-VI (supervisors and managers)	\$32,433
Company average	\$8,170

Average cost breakdown: death and disability (38.1%), productivity losses (41.9%), supervisory time (7.1%), sick leave (6.5%), medical aid premiums (4.5%), recruitment and training (1.9%).

In 2002, Avmin has roughly estimated a future HIV/AIDS liability of US\$ 6.1 million for all HIV+ employees. This assumes: estimated 2002 prevalence of 14.1%, present value per infection of US\$ 8,170, 5,300 employees, and that all infections started in 2002. Additionally, Avmin estimates that US\$ 805,000 of that liability was assumed through the estimated 99 HIV infections that were acquired in 2002.

Financing

Avmin's 2003 centrally defined HIV programme budget is US\$ 255,000 (US\$ 48 per employee, which is 1% of payroll).

- US\$ 255,000 centrally allocated compulsory programme baseline budget: bi-annual KAP studies (8%), prevalence studies (36%), risk assessment studies (3%), Economic Impact Analysis (6%), and an annual external Scorecard assessment of HIV programmes (8%). This will be supplemented by ongoing Management and Peer Education (21%) and Governance and Strategy (18%).
- Each operation is expected to augment the budget with local workplace and community programmes to meet programme goals.

Case-specific HIV/AIDS Resources

Documents

[Avmin HIV/AIDS Policy Guidelines](#)

[Avmin HIV/AIDS Scorecard, Programme Elements and Logo](#)

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This case study uses the following exchange rate: 10 South African rands to 1 United States dollar.

The World Economic Forum Global Health Initiative Private Sector Case example is developed in collaboration with the featured company; however, GHI member companies and partners, the World Economic Forum and the contributing company do not necessarily subscribe to every view expressed herein.

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