

## Researcher

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# The Effect of Access to AIDS Treatment on Employment Outcomes in South Africa

This study examines the impact of access to AIDS treatment on employment outcomes in South Africa. Antiretroviral (ARV) drug treatment offers promise as an effective policy intervention to improve the lives of the nearly 6 million South Africans who are HIV-positive. In 2004, the government began the rollout of free ARV treatment in public health clinics. Generally, within three to six months of treatment initiation, health status dramatically improves and life expectancy increases. Recent studies have found ARV treatment to be associated with an increase in labor supply and a reduction in absenteeism. One would expect that the improvement in health from access to treatment would raise the productivity of sick workers, which should increase labor force participation, search activity, and employment rates. I create a new data set that combines detailed, nationally representative economic data with data from public clinics that provide AIDS treatment. I analyze data at the community level using seven consecutive waves of survey data from September 2004 to September 2007. This is the first evaluation of the government provision of ARV treatment in South Africa. The results of this study will provide guidance for the targeting of health service provision in limited-resource environments. Better alignment and coordination of health and labor policy can improve the efficacy and cost-effectiveness of government policies in both arenas.

## Country where the research will take place

South Africa

## How does the research describe the impact of population/reproductive health on poverty reduction and/or economic growth?

This study examines the impact of access to AIDS treatment on employment outcomes in South Africa. Antiretroviral (ARV) drug treatment offers promise as an effective policy intervention to improve the lives of the nearly 6 million South Africans who are HIV-positive. In 2004, the government began the rollout of free ARV treatment in public health clinics. It was an ambitious program that increased enrollment to approximately 500,000 patients in the first four years. Generally, within three to six months of treatment initiation, health status dramatically improves and life expectancy increases. Recent studies have found ARV treatment to be associated with an increase in labor supply and a reduction in absenteeism. One would expect that the improvement in health from access to treatment would raise the productivity of sick workers, which should increase labor force participation, search activity, and employment rates. These positive effects will spill over within the household as other household members are released from caretaking responsibilities and able to pursue employment outside of the home.

## How the research address a policy need, and what kind of policy lesson is expected?

Mitigating the economic impact of AIDS is of particular importance in South Africa. Both HIV and unemployment are concentrated among black Africans and any relationship between HIV/AIDS and employment outcomes is likely to reinforce existing racial inequalities. This is the first evaluation of the government provision of ARV treatment in South Africa. The results of this study will provide guidance for the targeting of health service provision in limited-resource environments. Better alignment and coordination of health and labor policy can improve the efficacy and cost-effectiveness of government policies in both arenas.

## Methods used

I perform fixed effects regression analysis at the community level using seven consecutive waves of survey data from September 2004 to September 2007.

## Data used

I create a new data set that combines detailed, nationally representative economic data with data from public clinics that provide AIDS treatment. Geographic coordinates allow me to link the South African Labour Force Survey to newly available monthly data on patient enrollment at ARV treatment sites. Treatment access is calculated using a continuous

measure of distance from a community to the nearest clinic, and treatment intensity is calculated using a distance-weighted measure of the number of enrolled ARV patients in the vicinity of each community.