The Intersection of Health, Industry & the Value Chain Methodology

By Bob Learmonth



The intersection of health and industry is increasingly recognized as critical and co-dependent in two ways: first, health is a factor that affects industry competitiveness; and second, health is an industry in itself, capable of delivering services in response to consumer demand.

As factors affecting industry competitiveness, health issues—specifically HIV/AIDS, malaria and tuberculosis—have a tremendous effect on worker productivity, which is an important factor in building and maintaining the productivity of industries in an increasingly global marketplace. In some countries in sub-Saharan Africa, for example, between 15 and 40 percent of the workforce has HIV/AIDS, resulting in low productivity, frequent absences and reduced investment in productive assets as cash income is diverted to pay for health treatment and burial expenses. The connection between the performance of industries, their ability to compete in a globalized marketplace and employee health is increasingly recognized as a vital issue in building the emerging private sector in developing countries.

In most countries, health is an important industry. Public health officials, donors and development professionals are becoming acutely aware that public funds and donor benevolence alone are not enough to deliver quality health services to all of the communities, particularly in rural areas. Just how private sector providers of pharmaceuticals, malaria nets and other products and services can help contribute to the health and welfare of poor and isolated communities is becoming an increasingly important question. A development imperative is to enable the private health sector to fill the growing gap between public and donor support for health products and services and the need for health care by an increasingly needy population.

Though seemingly distinct, these two perspectives are linked. Development initiatives directed toward poverty reduction, whatever the sector targeted, must find ways to overcome the devastating effects that the loss of productive labor has on competitive economic capacity. This is especially important in rural settings, where labor is physically taxing, but it is also important in the commercial urban areas, where the need for highly trained workers in the private sector is an essential factor in maintaining competitiveness. Without the introduction of appropriate technologies that substitute for increasingly scarce labor, without innovative financial products that enable the poor to purchase those technologies and without creative strategies to compensate for lost labor, the industries in which the poor are employed will be less able to compete. And without significantly increased investments in the provision and delivery of critical health services by private and public sector health providers, these same industries will lose their trained workforce in both rural and urban regions and, along with it, important intergenerational knowledge transfer.

ACDI/VOCA's value chain analysis is a useful tool for identifying and prioritizing constraints to improved industry performance, where bottlenecks and inefficiencies impede the capacity of an industry to respond to market demands. These participatory value chain tools can be used to mobilize industry stakeholders to address health-related constraints and create solutions to make their industries more competitive. Whether the industry is one that depends on a workforce vulnerable to serious disease, or whether it is the health care industry itself struggling to optimize a desirable health outcome, value chain analysis can be a powerful tool. In Africa, where illness, premature death and the high cost of treatment and burial are a considerable constraint, any initiatives that seek to improve incomes must incorporate health as a key component. Whether it is through educational campaigns, treatment programs or nutritional supplements, a successful program will meet the issues head-on.

Strategies to maximize private sector competitiveness can be a major complement to donor activities aimed at preventing and mitigating the impact of HIV/AIDS and other diseases. Private sector firms have the potential to increase income opportunities for the poor who are able to work, while accessing donor funds for public programs to provide a "safety net" of social and economic benefits for those who are not.

It is increasingly difficult to ignore the connection between health and industry, whether it is ensuring that health issues do not decrease competitiveness or that the health industry itself is able to meet the needs of rural populations. In either case, a value chain analysis can be used to recognize constraints and identify solutions.

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Value Chains & Health: HIV/AIDS in Africa

In Africa, Enterprise Development & Health Intersect



Because HIV/AIDS levels are so high in sub-Saharan Africa, the connection between industry competitiveness and health cannot be ignored. As part of the value chain approach, ACDI/VOCA attempts to identify constraints and take action to minimize them. In Kenya and Tanzania, where ACDI/VOCA focuses on a variety of agricultural and horticultural value chains, HIV/AIDS education is an essential component of project design. At the producer level, ACDI/VOCA encourages farmers to organize into cooperatives and associations. These shareholder-owned businesses provide an efficient vehicle for transferring not only technical and business knowledge but also information about living with and preventing the spread of HIV/AIDS. In Kenya, though the Maize Development Program concentrates on the maize value chain, it also addresses HIV/AIDS through education and information dissemination. In Tanzania, a similar strategy was incorporated into ACDI/VOCA's work in the seaweed value chain.

Health Care Demand: the Philippines



Updating Health Care Delivery in the Philippines

In the Philippines, through the EnRICH program, ACDI/VOCA is fighting tuberculosis and strengthening the overall health care sector. To address the first goal, the project has launched an education and prevention campaign that provides training for health workers in best treatment practices. In addition to its efforts to revitalize and modernize health care, ACDI/VOCA has taken strides to revamp the health care infrastructure in the region. Training volunteer health workers to educate and empower the people is a large component of the strategy. The region in which ACDI/VOCA works is a remote group of over 300 islands gripped by poverty and underdevelopment. Both transportation difficulties and poverty have crippled the health care industry. To mitigate the geographic constraints, ACDI/VOCA is implementing an innovative Distance Education Program through a local radio station. The program educates health workers on family planning and maternal and child health. The health workers meet in a classroom in their communities and listen to the educational program together. The one-hour program airs once every week for six months. The repair and refurbishment of a floating clinic is another element of this strategy. A local health office has used it to take doctors and medical staff to patients in remote regions who otherwise would lack access to health care. They often serve more than 1,000 individuals on a single outing. With new education initiatives and updated infrastructure, EnRICH will change the way health care is delivered. Age-old practices will yield to modern ones, and the program will enable citizens to take control of their health, allowing them to contribute toward developing a prosperous and peaceful home in the turbulent region.