Town Hall Meeting

Economic Strengthening of Household and Community Safety Nets to Mitigate the Impacts of AIDS

Document II—Annexes

December 2000

Annex 1—Agenda

9:00	**Introduction—Plenary** *Welcome remarks* *Chris Cosnick* *Lloyd Feinberg, Displaced Children and Orphan's Fund, Mark Connolly, UNICEF* ❑ Background on the need for "town hall" exchanges ❑ Summary of previous town hall meeting on community mobilization, ❑ Call for recommendations for future town hall meetings by the end of the day. *Overview of town hall objectives and agenda* *Jill Donahue, Displaced Children & Orphan's Fund* ❑ Provide a forum for learning and exchanging information between microenterprise and HIV/AIDS practitioners ❑ Provide information on how households cope economically in times of stress ❑ Examine strengths and weaknesses of different microenterprise services in supporting economic coping strategies ❑ Present programmatic responses to the HIV/AIDS pandemic and examine them in relation to economic strengthening needs of households affected by HIV/AIDS ❑ Explore options for fostering strategic alliances and creating new and utilizing existing modes for information exchange and dialogue
9:10	**Solidarity group simulation**
10:00	**Understanding the Implications of the Pandemic** *Magnitude, duration and consequences of HIV/AIDS* *John Williamson, Displaced Children and Orphan's Fund* ❑ Magnitude and duration; ❑ Consequences of the impact (changing social landscape) ❑ Strategic implications ❑ A framework to mitigate the impacts of AIDS on children and families
10:20	**Coffee Break**
10:40	**What is Economic Strengthening in an HIV/AIDS Context —Why is it Important?** *Economic coping strategies* *Jill Donahue, Displaced Children and Orphan's Fund* ❑ Poverty and HIV/AIDS—perspective of households heavily affected by HIV/AIDS ❑ Strategies that minimize risk ahead of time; and cope with loss once it occurs ❑ Role of microenterprise services in supporting household economic coping strategies
10:50	**Responses from three surveys:** ❑ "Questioning Boundaries: Linking Adolescent Reproductive Health and Livelihood Programs" *Simel Esim, International Center for Research on Women* ❑ "Responding to Economic Needs of Households and Communities affected by HIV/AIDS" *Jill Donahue, Displaced Children and Orphan's Fund* ❑ "The Intersection of Microfinance and HIV/AIDS: Glimmers from Africa" *Joan Parker, Development Alternatives, Inc.*

11:20	**Break out groups— Exchanging Sound Practices** **Group A—HIV/AIDS practitioners** Panel presentations: ❑ Microfinance services ❑ Savings schemes ❑ Business Development services ❑ Youth enterprise programs **Group B—Microenterprise practitioners** Panel presentations: ❑ Prevention ❑ Home-based care ❑ Orphans and Vulnerable Children ❑ Human rights, stigma and discrimination
12:45	**Lunch Break**
1:45	**Creating Dialogue—Plenary** ❑ Summary of highlights from break out groups ❑ Opportunity for participants to raise issues and share views in plenary ❑ Identification of issues or theme areas for further discussion in small groups
2:30	**Coffee Break**
2:30	**Exchanging Views —Small Groups** ❑ Participants choose the issue or theme area into which he or she would like to delve further (in smaller groups). ❑ Each small group clarifies various aspects of its theme and proposes steps for action.
3:45	**Where to next?** ❑ Small groups brief the rest of participants on what action they will take. ❑ Summary of key points made throughout the day? ❑ Discussion about whether further action is needed to increase understanding and dialogue between HIV/AIDS and microenterprise practitioners ❑ Request for input on future topics for additional town hall meetings
4:15	**Closing remarks** *(Lloyd Feinberg and/or Mark Connolly)*

Annex 2—List of Participants

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Annex 3—Presentation Notes: "Economic Coping Strategies"

1) Introduction

The numbers we heard during John Williamson's presentation make it clear that the consequences of HIV/AIDS are unprecedented and far-reaching. We also experienced, through the simulation, how this impact manifests itself on members of a solidarity group receiving microfinance services.

Today I would like to use this time to focus on three areas:

- Extended family network and household as a safety net for children, PLWAs and their communities
- Economic coping strategies of poor people in the face of risk and loss
- Role of microenterprise services in reducing the economic impact of AIDS

2) Link between poverty, HIV/AIDS and microenterprise services.

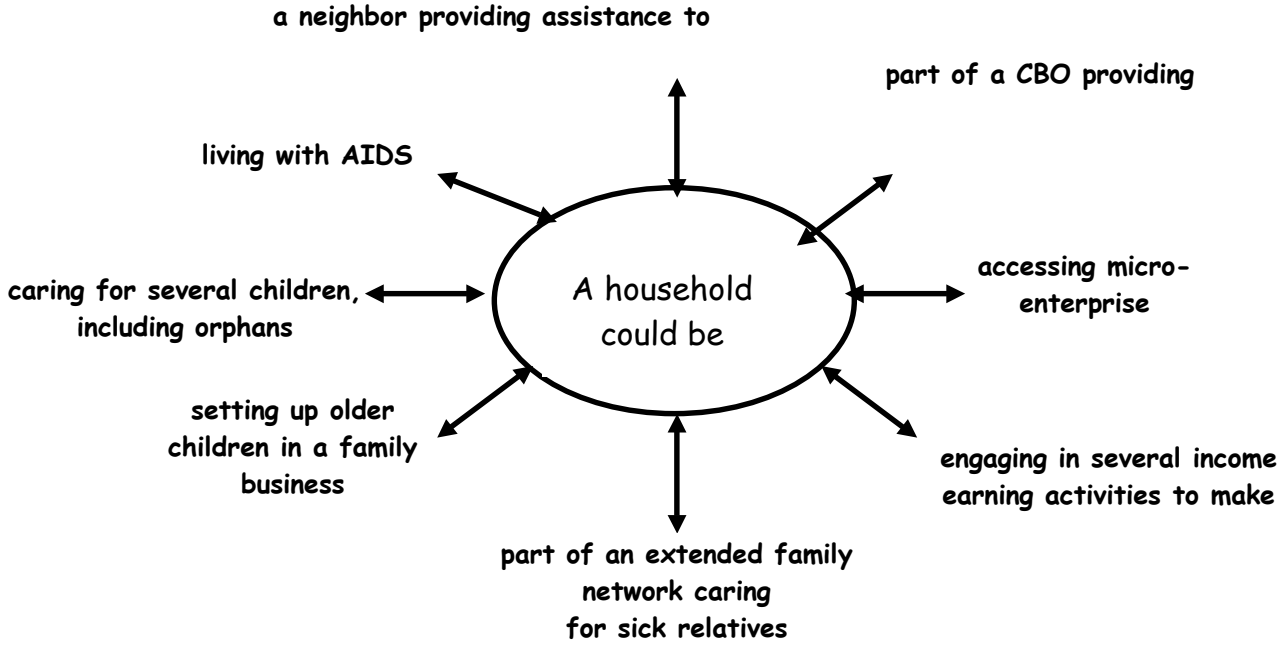
But first I would like to speak to the link between microenterprise and HIV/AIDS. Putting these terms—HIV/AIDS and microenterprise, and especially microfinance—in the same sentence tends to raise eyebrows. What could possibly be the link, is the question. The answer to that is simple, really—poverty. Microenterprise services (meaning both microfinance and business development services) are vital tools for economic empowerment and reducing vulnerability to poverty. The income and savings that microenterprise services aim to strengthen at the household level become crucial weapons against the impact of HIV/AIDS.

These are very important factors, especially because the impact of the disease does not stop with the individual who contracts HIV. It erodes the resources of immediate and extended families as they try to cover multiple hospital trips, medical expenses and funeral costs. It seriously undermines household and community safety nets, and over time, the ability of a nation to respond to its citizens in crisis.

Microenterprise services are about the needs of clients who are poor. However, these services cannot, nor should they attempt to, meet all their clients' needs. We need more innovation. We need to go further in exploring what microenterprise services can and cannot do in communities that are, or will be, heavily affected by HIV/AIDS. We need to think about strategic alliances between practitioners in the HIV/AIDS and microenterprise communities.

3) The Household Perspective

Let's look at reality from the perspective of a household living in a community heavily affected by HIV/AIDS.



Children are part and parcel of the household. Their welfare is inextricably linked to that of the household and their caretakers. One important way to help orphans, vulnerable children and people living with AIDS is to economically empower those who care for them. In fact, for many poor households, concerns about slipping further into poverty subsume their concerns about HIV/AIDS.

4) Understanding Economic Coping strategies

If we say that microenterprise services play a role in reducing vulnerability to poverty—then we need to be sure we understand the economic coping strategies of clients. Understanding clients also means examining how HIV/AIDS is changing the nature of the poverty confronting them. Getting a clearer picture on economic coping strategies and the changing nature of poverty is necessary for creating effective innovations.

Lets look briefly at what happens in households that are affected by HIV/AIDS. When households feel increasing pressure because they are caring for someone who is chronically ill, or are faced with the prospect of repeatedly absorbing additional dependents (orphans) or paying for funerals, they cope by:

- Growing less labor intensive crops (e.g. corn is substituted with cassava)
- Reducing consumption (especially food)
- Postponing responding to or paying for non-emergency health needs
- Removing children from school to reduce costs and to contribute to household labor pool
- Changing income earning activities, (e.g. reduce business volume or shift to less risky types of businesses)
- Increasing demands on extended family, kinship, and community resources.

Finally, as a crisis situation deepens, a household can be forced to:

- Liquidate savings
- Sell off productive assets and/or
- Shift care of children to other relatives or friends.

This mirrors a well-studied pattern of economic coping behavior during times of stress—whatever the cause. Research that describes how clients and poor people everywhere protect themselves against economic risk and worsening poverty already exists. This is good news because it means that drawing on this existing research can help speed up the innovation process by showing us strategies that can be built upon.

Stages	Strategies
I. Reversible mechanisms	➢ Seeking wage labor or migrating to find paid work ➢ Switching to producing low maintenance subsistence crops ➢ Liquidating savings accounts, selling jewelry, chickens, goats ➢ Calling on extended family or community obligations ➢ Borrowing from formal or informal sources of credit ➢ Reducing consumption and decreasing spending (education, health).
II. Disposal of Productive Assets	➢ Selling land, equipment, tools or animals used for farming or for business ➢ Borrowing at exorbitant interest rates ➢ Further reduction in consumption, education, health ➢ Reducing amount of land farmed and types of crops produced
III. Destitution	➢ Dependence on charity ➢ Break-up of household ➢ Distress migration

What does this research tell us? It shows that households develop strategies to reduce their risk ahead of time and to manage loss once it occurs.

5) Role of microenterprise services vis à vis mitigating the impact of HIV/AIDS.

So what is the role of microenterprise services? The main thing is to keep people from resorting to stage two and three in the loss management schema. Doing so depends on how successful people are in reducing their exposure to risk ahead of time.

Role of Microenterprise Services

- Increases the alternatives to resorting to irreversible coping strategies (e.g. sale of productive assets or business capital)
- Maintains or increases small but steady income flows to poor households
- Provides opportunities to acquire savings and other assets
- Improved or strengthened welfare of households = improved welfare of children (staying in school)

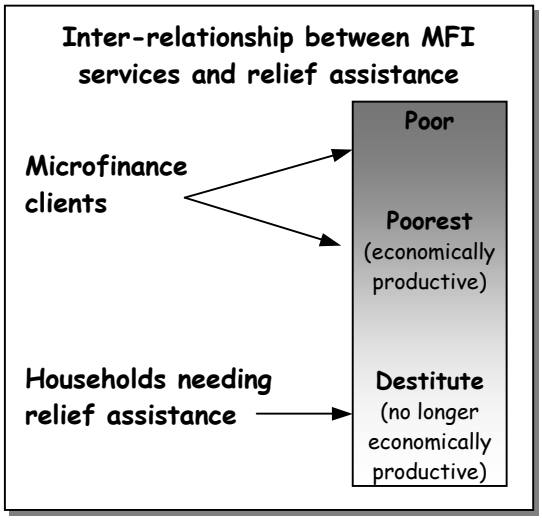
- Increases opportunities for self-employment of older children (inheriting the family business)

A household's access to microenterprise services will help caretakers provide a supportive environment for young children (for example, staying in school, having enough to eat, being healthy, receiving the emotional support they need). Many parents gradually introduce their older children into household enterprises. Sometimes parents use the revenue from one business to finance a business for some of their older children. Access to microenterprise service makes it possible for parents to continue this tradition.

Very little information, if any, is available about the impact of business development services on poverty reduction. It is still a very young field. And although there is much debate about microfinance's ability to act as an engine of economic development, there is general acceptance that it:

- Reduces vulnerability to loss and deepening poverty by increasing coping mechanisms
- Maintains or increases small but steady income flows to poor households
- Provides opportunities to acquire savings
- Enables affected households to avoid irreversible coping strategies
- There is also a built-in mandate within microfinance institutions to achieve economies of scale as part of their goal of achieving sustainability.

And finally, a more subtle aspect of microenterprise services' roles relates to the importance of protecting informal safety nets for those in crisis, for extended family members, and for the community generally. If too many families are unable to support themselves, their needs rapidly overwhelm their safety nets and the slide to extreme poverty can be frighteningly quick. This in turn puts tremendous strain on other safety nets. Minimizing the number of families in need of relief increases the chances that the communities, NGOs and government can maintain their safety nets.



From this perspective, microenterprise services are best applied BEFORE households are in economic crisis. Taking on more debt, for example is not for those are no longer economically productive.

6) Summing up

- The welfare of young children depends largely upon their extended families' ability to cope with the impact of HIV/AIDS. Being able to stay in school, stay healthy and remain within a supportive family network has enormous impact on their future as productive adults.
- An extended family network's ability to cope depends on the state of each households' resources before, during and after the disease affects them. The state of these resources depends on...
- ...A household's ability to avoid irreversible coping strategies (selling productive assets or business capital).

- Avoiding the sale of business capital is extremely important to adolescents who normally would inherit their parents' business.

Microenterprise services strengthen economic resilience by:

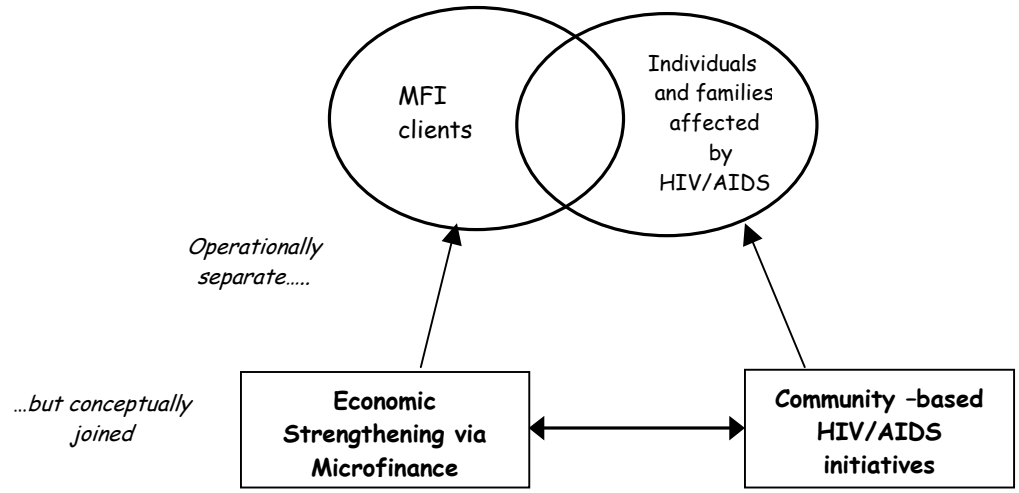
- Strengthening or enabling diversification of self-employment options for poor households
- Maintaining or increasing small but steady income flows to poor households
- Providing opportunities to acquire savings

All of the above helps increase a household's coping mechanisms and thus reduces vulnerability to loss and deepening poverty.

However, microenterprise services:

- are best applied BEFORE an economic crisis occurs;
- must be tailored to the economic characteristics of clients (services required vary according to economic capacity) and to geographic location (rural is different from urban)
- are NOT a panacea. For example, they aren't going to help those who are no longer economically productive nor will they address social needs.

This brings us to a final point, strategic alliances:



Trying to meet the non-financial needs of clients can undermine a microenterprise organization's sustainability. And while supporting income generation is important, HIV/AIDS project implementers may not have the best background to provide for their clients' needs.

Annex 4—Presentation Notes: "Questioning Boundaries"

(Simel Esim, ICRW)

ICRW is conducting an analysis of programs that integrate adolescent reproductive health and livelihood concerns, with a view to developing recommendations for more effective strategies and approaches. This effort involves the compilation of an inventory of "linked" programs in developing countries as well as a field-based assessment of selected programs in three countries: India, Kenya, and Colombia. The analysis aims to assess the challenges and potential effectiveness of integrated programs, highlight innovative approaches, and define gaps that exist in designing interventions.

BACKGROUND

As adolescents become a priority for donors and governmental and non-governmental organizations, there is increasing recognition that sexual and reproductive behavior for adolescents is closely linked with their educational, environmental, social, and economic options. Those interested in youth development are considering programs that integrate reproductive health and "livelihoods," a concept that broadly takes into account the capabilities, assets, and activities required for a means of living. However, ***why*** reproductive health and livelihoods should be linked is clearer than ***how*** this linkage should be best achieved, given that:

- Many program efforts are new and interventions are often designed using intuition and experimentation;
- Few efforts have been adequately documented or evaluated for impact;
- These two elements emerge from sectors with different priorities, philosophies, expertise, resources, and intervention strategies.

To better understand the mechanisms, challenges, and potential merits of these programs, ICRW has undertaken a two-year analysis of linked programs. There is an expressed need among program managers for sharing lessons so that programs can be implemented more effectively, and among policymakers and donors for knowing what kind of programs to promote and fund. ICRW's analysis aims to provide a clearer understanding of whether interventions that link reproductive health and livelihoods have ultimately greater potential than single focus interventions in reaching and improving the lives of youth.

With support from the Summit Foundation, the project began in March 2000 and consists of two phases:
1) a compilation of inventory on linked programs, and 2) a field-based assessment of linked programs.

PHASE 1

From March to September 2000, the project team inventoried and reviewed existing information on a wide range of programs that could be classified as "linked." At this stage, researchers allowed for the widest possible interpretation of the word "linkage." Experts on adolescence, mainly in the U.S., were interviewed and a large number of electronic and written secondary data sources were searched.

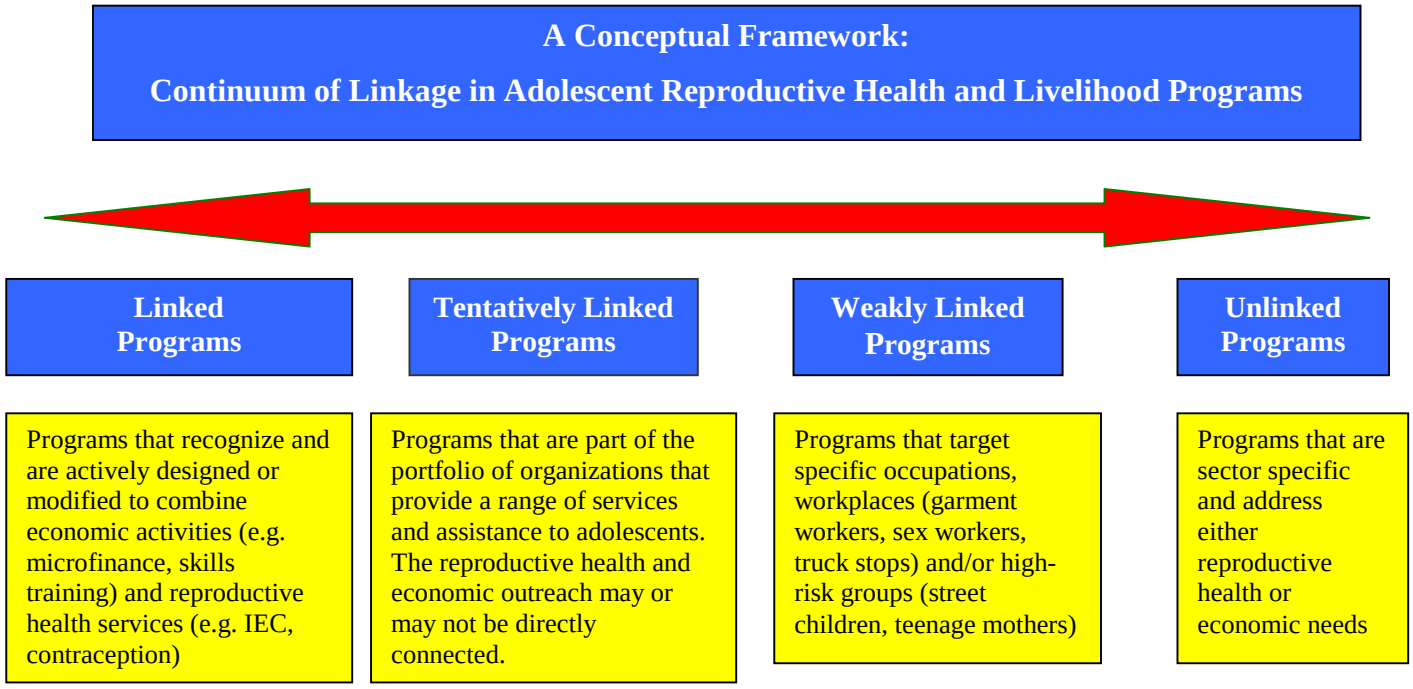
Outreach was biased in favor of greater representation of programs known to and implemented by international and Northern-based organizations, mainly because these organizations are more visible, better networked, and more accessible. They also have a higher capacity for documentation and access to electronic communication. Programs that were initiated earlier than 1990 were excluded in order to ensure that researchers could obtain specifics on program objectives, activities, target population, sectoral origins, and implementation period. In the end, only 239 programs that were on-going were reviewed and incorporated into the adolescent program inventory.

Table 1. Data Collection and Review for Program Inventory

Data Source	Number	Response & Success Rate
Organizations and individuals contacted via e-mail	~300	Very High (70%). Key organizations provided program information.
Websites and electronic databases searched	~100	**High (50%).** Websites provided important leads and links.
Individual experts interviewed	~10	**High.** Individuals provided rich detail and further contacts.
Secondary sources reviewed (published, unpublished and electronic documents)	500+	**Moderate.** Much of the documented information is on unlinked adolescent programs. A project library of these materials has been established.
Inquiries posted with online discussion groups	~10	**Low.** Inquiries to groups on regional and broader developmental issues yielded low response.
In-country NGOs contacted via letter and fax	~50	**Very Low (5%).** Individuals and organizations are either too busy, uninterested, or have discontinued their activities.

A Conceptual Framework of "Linkage"

It became evident that the manner and level of "linkage" in programs varies dramatically. In order to select or classify programs as linked, researchers needed to clarify this concept. Thus, a conceptual framework of linkage that stresses its distribution along a continuum was developed. **From an inventory of 239 programs, only 89 (37.2%) could be classified as linked in any form.**



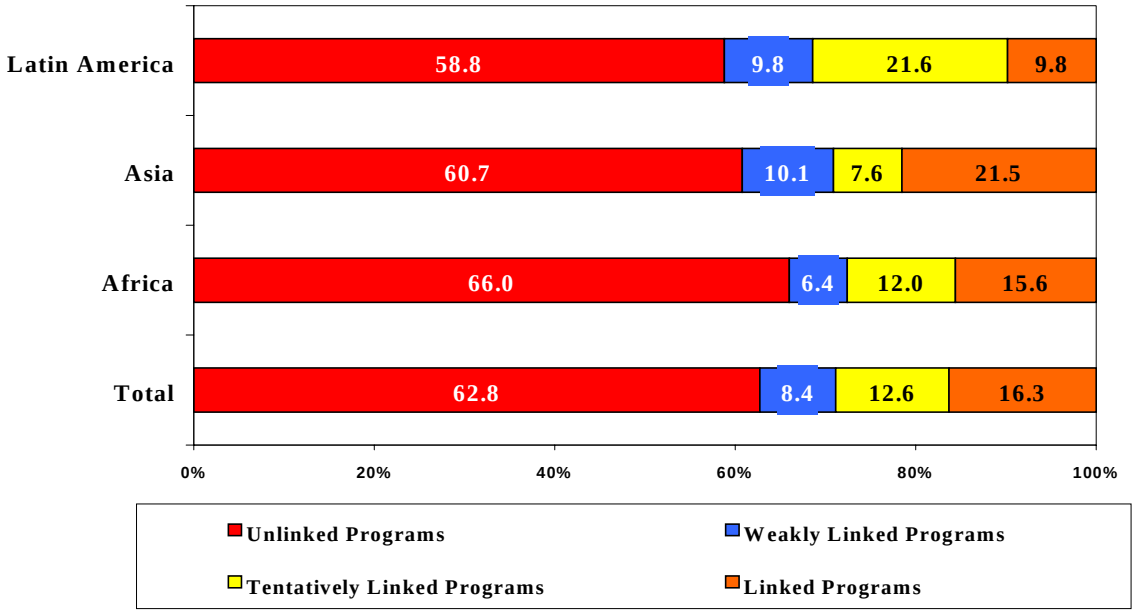
A Preliminary Analysis

Geographical distribution. The largest number of the programs in the inventory are from Africa (109). However, Africa has the smallest percentage (33.9) of programs that are linked, tentatively linked or weakly linked. Within Africa, the largest number of linked programs are in Kenya (11), Ghana (5), Uganda (4), and South Africa (4). Asia has the highest proportion of linked programs (21.5), and India (12), Bangladesh (6), Nepal (4), and the Philippines (3) have the highest representation of these programs. Latin America has the highest proportion of programs that are linked in any form (41.2) but many of these are only tentatively or weakly linked. Colombia (4) and Brazil (3) lead on linked programs.

Prominent activities. The linked programs in Africa and Asia include reproductive health interventions that focus more on education and awareness (e.g. sexuality, HIV, STDs, pregnancy) rather than provision of services (e.g. contraceptive distribution, antenatal care). In Latin America, reproductive health components in linked programs include both education and medical services for youth., and livelihood activities include vocational skills, job training, skills-building. In Asia, livelihood activities have a stronger emphasis on entrepreneurship (e.g. business skills, accounting skills, and income generation), while programs in Africa include a variety of interventions ranging from traditional vocational skills to micro-credit.

Sectoral origins. In all three regions, most of the linked programs originate from the reproductive health sector rather than the economic sector. In these programs, livelihood concerns are usually added on project components. Very few programs that are linked by design give equal weight to the two components. Programs with an integrated design are for the most part very recent in origin.

Chart 1. Percent Distribution of Adolescent Programs



Scale and target groups. Little information is readily available on specifics regarding scale and target groups. For example, it is often difficult to determine whether the program is reaching a few hundred or several thousand adolescents. Similarly, the age range, gender, and other characteristics of the adolescents targeted are usually not documented. It is clear, however, that across the regions a significant proportion of linked programs target marginalized adolescents--those who are out-of-school, are street-based or working in exploitative conditions such as the sex industry.

Country Selection

Based on the review of linked programs in the inventory, researchers selected one country from each geographic region for field-based analysis. India, Kenya, and Colombia were selected, given the criteria in table 2.

Table 2. Country Selection Criteria

Number of Linked Programs: Presence of at least 3 strongly linked programs in our inventory
Technical Content: History of work with adolescents in the fields of reproductive health and livelihoods
Key Issues: Representative of the country on key issues affecting the region like HIV/AIDS in Africa
Counterparts: Availability counterparts with innovative approaches to youth programming
Level of Economic Development: Regional representativeness of social and economic indicators
Value Added to the Field: Potential to add value to knowledge on adolescent programming
Visibility: Country where study findings would be utilized by a large number of programmers
Follow-up: Potential for follow up pilot programs work

PHASE 2

In collaboration with in-country counterparts, from October 2000 to December 2001, ICRW will assess 3 to 5 linked programs in each country. The assessment will cover a range of programs including type of linkages, range of activities, and institutional origins and resources. Data will be collected and analyzed from secondary sources such as reports and documents, direct interviews with staff and clients, and observation of activities.

The data collection and analysis for Phase 2 of the project will focus on program-specific and organization-related issues as well as client-specific and adolescent related issues. The program-specific and organization related issues are as follows:

- Level of integration
- Origins and objectives of integrated program
- Organizational expertise, structure, capacity, resources and training mechanisms
- Approach adopted in linking adolescent reproductive health and livelihoods
- Provider perspectives on problems, advantages, and successes

The client-specific and adolescent related issues include:

- Types of adolescents the program serves -- gender, age, marital and economic status, need, etc.
- Strategy for addressing gender differences in linking reproductive health and livelihood issues
- Key stakeholder involvement
- Client perspective on program impact

The results of this assessment will contribute to more effective utilization of resources in addressing the holistic needs of adolescents.

For more information on the project, contact Simel Esim at International Center for Research on Women, 1717 Massachusetts Avenue NW, Suite 302, Washington, D.C. 20036. Phone: 202-797-0007 Fax: 202-797-0020 email: ifor@icrw.org OR visit the ICRW website at www.icrw.org

Annex 5—Presentation Notes: "Responding to Economic Needs"

(Jill Donahue, DCOF)

Purpose of Survey(s)

At the beginning of this year, USAID headquarters (2000) formed an HIV/AIDS and microenterprise working group. The members of that group needed more information on which to base their discussions. Two surveys were conducted among microfinance institutions and HIV/AIDS NGOs in June and August respectively.

Overall purpose for both surveys is to:

- Obtain information about the general state of economic strengthening interventions in HIV/AIDS affected countries;
- Clarify the issues to inform further debate and discussion on creating new ways of strengthening economic resources of households and communities affected by HIV/AIDS;

The AIDS NGO survey should:

- Determine the range of economic interventions implemented by AIDS NGOs (preferably local).
- Highlight opportunities where strategic partnerships between AIDS NGOs and microenterprise practitioners may or could be occurring.
- Provide technical/conceptual guidance for AIDS NGOs as to approaches/strategies they could use for effective economic strengthening programming.

Jill Donahue of Displaced Children and Orphan's Fund took the lead in designing the HIV/AIDS NGO survey and incorporated suggestions from the members of USAID's Microfinance and HIV/AIDS working group. Mary Partlow and staff from the Global Health Council managed the dissemination of the survey through their considerable library of information on various listservs and network organizations working in the HIV/AIDS field. Global Health Council provided logistical support as the repository for the survey as well.

Countries Responding

Thirty-three organizations sent in surveys from 17 different countries:

- **Asia** (7 respondents from 5 countries)
- **Africa** (22 respondents from 10 countries)
- **Eastern Europe** (2 respondents from 2 countries) and
- Two respondents reporting on their global coverage (CORDAID and ARC)

Asia	Africa		Eastern Europe
Bangladesh	Botswana	Nigeria	Russia
Cambodia (2)	Cote d'Ivoire (2)	South Africa (3)	Armenia
India (2)	Ghana (2)	Uganda (2)	
Nepal	Kenya (3)	Zambia (6)	
Thailand	Malawi	Zimbabwe	

Type of organizations

Type of Program	International PVO/NGO	Local NGO or CBO

HIV/AIDS focus	3	13
Multipurpose	7	10
TOTAL Respondents	**10**	**23**

Since this survey asked primarily about economic strengthening, organizations offered only very general information about their other activities.

For those that described themselves as multi-purpose, twelve provided details about the nature of their programs:

- **Five** reported having programs in technical sectors other than health.
- **Two** focused exclusively on youth
- **Five** others had one major project relating to HIV/AIDS, but which included various activities, mostly in the reproductive health arena and some type of economic strengthening activity.

For those that described themselves as HIV/AIDS NGOs:

- **Seven** focus support to PLWAs, either individually or through groups;
- **Two** are brothel-based, working with Commercial Sex Workers;
- **One** focuses on youth and
- **Six** have mixed targets (groups, widows, PLWA, orphans and orphan caregivers)

Even though respondents weren't asked about specifics, it was apparent that activities centered on meeting material needs, providing counseling services, and home-based care to people infected and affected by HIV/AIDS. Raising awareness to prevent HIV/AIDS, particularly among high-risk populations was also mentioned often.

Location of Activities

Activities are carried out mostly in urban and/or peri-urban areas; 72% operate in mostly urban environments. About a quarter of those in urban environments also work in rural areas.

Target groups

The majority of respondents chose mare than one category of target audience. However, most NGOs seemed to be targeting orphans, PLWA or groups. In this context, though, it is likely that groups are the vehicles through which organizations reach their target category.

Target group categories	
Widow	11
Orphan caregiver	11
Orphans	16
PLWA	15
Groups	15
Single, female-headed household	12

The trends in target audience can be broken down roughly as follows:

- Widows, caregivers, PLWA or single, female-headed households who care for orphans (61%)

- PLWA only, either individually or through groups (22%)
- Youth who are at risk of contracting HIV/AIDS and/or who are orphans (17%)

Key information disaggregated by stage of epidemic's impact

It is interesting to look at the types of target groups with which NGOs work as compared to how severely the country's general population is **affected** by HIV/AIDS.

Light to Moderate impact *Asia* *Eastern Europe* *Ghana* *Cote d'Ivoire* *Nigeria*	**Moderate to heavy impact** *South Africa* *Kenya*	**Severe impact** *Zambia* *Zimbabwe* *Malawi* *Uganda* *Botswana*
57% target PLWA or CSWs **21%** target mix of orphan caregivers, widows and orphans **14%** target female-headed HHs **7%** target youth	**33%** target PLWA **50%** target mix of orphan caregivers, widows and orphans **17%** target youth	**18%** target PLWA **55%** target mix of orphan caregivers, widows and orphans **9%** target women and youth **18%** target youth
More **urban**	More **rural**	Fairly **evenly distributed** among urban, peri-urban and rural areas

Priority Economic Concerns of Target groups

- Medical and health expenses (70%),
- Taking care of orphans (55%) and
- Feeding the family (52%) are primary concerns.

Activities

The following is the list of economic strengthening activities in order of importance:

Type of activity	# of NGOs engaging in activity*
Income generation or business management training	24
Job skill training	23
Savings or revolving funds	18
Linkages to markets	10
Cash grants	10
Credit	9

***** 26 respondents provided specific information on their interventions

Almost every NGO carries out some type of training in business or IGA skills (92%). None of the respondents offers credit only. In addition, NGOs tended to combine different types of economic intervention rather than specialize in one area. The following table provides a break down of the combination of economic strengthening activities.

Financial services and training		Training only
Credit, savings or revolving loan fund & training	Savings or revolving funds and training	Job skills or IGA/business skills training
9	6	11

Many organizations seemed to intend their job skills training to result in self-employment rather than in jobs with other employers. Therefore, it is merged with training in this table. Similarly, except in two cases, it was unclear whether NGOs actually linked their target groups up to markets or whether this was part of their training package. Market linkages are also merged with training in the above table.

Purpose of Intervention

Respondents were offered a range of options to describe the purpose of their economic intervention. These were to:

a) Create a source of funds for social development activities of community;
b) Provide incentives for volunteers;
c) Meet the income needs of individuals living with HIV/AIDS; and
d) Strengthen household income and resources.

The purpose (d) "to strengthen household income and resources" was the most common response across all types of economic intervention for all but one type of target group. The exception is for PLWA, for which purpose (c) "to meet the income needs of individuals living with HIV/AIDS" was the more common response.

Comparison of target group to type and purpose of intervention

Target group trend	Financial services and training		Training only	Purpose
	credit, savings/revolving funds & training	Savings/revolving funds & training		
Orphans and their caregivers (14 NGOs)	**5**	**4**	**4**	Strengthen household income and resources
PLWA only (5 NGOs)	**0**	**2**	**3**	Meet the income needs of individuals living with HIV/AIDS
Youth (4 NGOs)	**1**	**1**	**2**	Strengthen household income and resources

Numbers reached

Only 10 organizations provided statistics on the number of people reached by their economic strengthening intervention. Some respondents counted by household, others by individuals and yet others by groups. The average coverage for each grouping is as follows:

- 440 households
- 198 groups
- 532 individuals.

Average cost

Eighteen respondents reported that they tracked their economic interventions costs separately from the rest of their organization's activities. However, only 11 provided figures for their costs. And despite claims of separate tracking, most NGOs seemed to include total program costs. There is a wide gap between the two most costly NGOs programs and the other 9 programs. The average, including the most costly, is USD 61,000. If the two most costly programs are excluded, the average drops to USD 10,000.

Of the 11 who provided cost estimates, only four also provided information on how many people they reached with the economic intervention. Of these four:

Target group	Estimated #s reached	Type of intervention	Total cost	Cost per target
Case 1: Widows, orphan caregivers and orphans	730 families	- Savings club & revolving fund - Business training	$8,000	$10.95/ family
Case 2: PLWA	1,500 people	- Revolving Fund - Business training & advice	$15,000	$100/ person
Case 3: PLWA and orphan caregivers	150 households	- Credit - Revolving Fund - Business & job skill training	$48,700	$324/ household
Case 4: Youth and orphans	660 young people	- Credit - Revolving Fund - Business & job skill training	$200,000	$303/youth

Annex 6—Presentation Notes: "Glimmers from Africa"

(Joan Parker, DAI)

Is Microfinance Linked to HIV/AIDS?

- It cannot escape the impact that HIV/AIDS has on it's clients...
- It can play a part in the response...

Two surveys were conducted on behalf of USAID and UNAIDS from June – October 2000.

- USAID/MBP: "Impact of HIV/AIDS on MFIs"
- UNAIDS: "Innovations by MFIs to Respond to HIV/AIDS"

Microfinance is...

- A productive input for those already doing business (or with a business idea)
- Designed for those with medium to long-term planning capability
- Reaching about 2 million clients in Africa (plus their families)
- Mostly reaching women between the ages of 25 and 55

Microfinance Clients Include HIV/AIDS-affected Households

Client-level Assessing the Impact of Microenterprise Services (AIMS) Research 1997-1999 in Uganda revealed that:

- 60-86% reported financial crisis due to illness/medical expenses in at least one of last three years
- 29% reported death of family member in last three years

Institution-level research by the MBP study of 22 African MFIs (IN HIGH-PREVALENCE COUNTRIES) revealed that, over the last 12 months:

- 95% say clients are under "extreme financial stress" due to medical expenses
- 77% say clients are under "extreme financial stress" due to funerals
- 50% say clients are under "extreme financial stress" due to care for orphans
- 60% say clients are showing increasing illness

What does this mean for Microfinance Behavior?

For 22 MFIs:

- 57% report increasing client problems with loan repayments;
- 25% say loan defaults on the rise
- 47% report increased requests for access to compulsory savings
- 45% report increased client absenteeism at meetings
- 29% report requests for smaller loan sizes

How Can We Interpret these observations?

- Can't be sure all of this is HIV/AIDS due to poor monitoring and little use of health indicators on the part of MFIs.
- However, these results are not appearing in the non-HIV/AIDS countries.
- Therefore, the likelihood is that HIV/AIDS is playing a major role in producing the results found in the MBP study.

Switching from Impact to Action (UNAIDS survey)

- So far, no MFIs appear to be closing
- Some "ostriches": ignorance is bliss
- Some experimenters:
    1. health/prevention information (43%)
    2. conduit for other non-financial services
    3. products for self-protection: loan insurance
    4. new products for clients
    5. better ways of keeping affected clients in program

Annex 7— Microfinance Services: What Are They and What Do They Have to Offer?

Town Hall Meeting on Economic Strengthening of Household and Community Safety Nets to Mitigate the Impact of AIDS

Breakout Groups – Exchanging Sound Practices – Group A: HIV/AIDS Practitioners
Presentation by Ellen Vor der Bruegge of Freedom from Hunger
November 21, 2000 – Washington D.C.

My presentation comes from the experience of Freedom from Hunger. It is an organization that for the past 12 years has been developing and implementing a *Credit with Education* strategy. Because of this, Freedom from Hunger has had one foot in the microfinance world and another in the health world, including HIV/AIDS prevention.

What is Microfinance?

Microfinance is a growing industry with a growing history. It has a lot to offer, but it is only one piece of the puzzle as a response to the AIDS epidemic. Think of the microfinance industry as three overlapping circles.

- The first circle offers small-business loans which:
  - Provide working capital to individuals for income generation
  - Are backed by physical collateral
  - Start around $5000 up to $50,000.

- The second circle offers microenterprise loans which:
  - Provide working capital to individuals for income generation
  - Are backed by joint liability of a Solidarity Group of 5-7 members
  - Start around $300 - $500 up to $5000.

- The third circle offers poverty-lending loans which:
  - Provide working capital to individuals for income generation
  - Are backed by joint liability of 5-7 in Solidarity Groups or 30-40 (usually women) in a Village Bank
  - Start around $50 or less up to $300 - $500.

All MFIs (microfinance institutions) operate from a similar list of "best" or "sound" practices. These can be defined in four categories.

1. Market Orientation, meaning:
   - Demand-driven rather than needs-driven.
   - Target a service package to respond to client demands.

2. Sustainability Goal, meaning:

- Profitable - a goal to be donor-free and self-financing from revenue generated by the service. This means to cover all the costs including such expenses as all operating costs, the cost of the loan capital, loan loss reserve, etc.
- Efficient – disciplined management and streamlined service. This is a "minimalist" approach to development services.

3. Reach Scale, meaning:
    - Serve large numbers of people. Generally an MFI must reach 10,000 "clients" to be credible as a practitioner. The "beneficiaries" can be calculated as the other family members.

4. Depth of Outreach, meaning:
    - How deep into the survival economy it can reach. This is at times referred to as the "poorest of the poor" or more correctly as the "poorest of the economically active poor."

The microfinance industry has a long list of financial ratios or indicators to rate "success" in each of these categories.

Microfinance started in the "development programming" mode. It created or rediscovered a new product—lending to joint-liability groups—to achieve a variety of mostly unspecific welfare impacts for the poorest of the economically active poor. They discovered that the poor could and would pay for these services and financial self-sufficiency became an active goal. The "best" practices are designed to complete the transformation of microfinance into the private-sector business mode.

On the other hand, the development programming of many HIV/AIDS practitioners is focused on development impact. It defines its impact very intentionally in terms of a particular market or target (like a geographic area, communities, etc.) who are to benefit from the intended impact. The institution is supposed to remain committed to this development impact for this market regardless of the market's willingness and ability to pay for the product.

The result of these two different orientations between the microfinance industry and the HIV/AIDS practitioners creates a tension as the goal of each group pulls it in a different direction. One obvious but difficult solution is to find a middle ground that allows microfinance institutions to be focused on the institution AND the development impacts (the financial bottom line and the social goal). This means finding the right mix of client satisfaction, social benefits and sustainable institution building.

What Services Can Microfinance Institutions Offer?

At this point in my presentation, I have a confession to make. I am best qualified to talk about poverty lending and within that "circle of service" about village banking. The good news is that this strategy is one that is well suited to respond to the HIV/AIDS epidemic with at least three services.

1. Credit and Savings Services – The opportunity to receive working capital for income-generating activities and a secure savings service offer some measure of mitigation of the problems families have coping with AIDS. Clients often have better cash flow and/or financial depth to deal with health or death "shocks" to the family. They can also be in a better position to absorb and care for members of the extended family or community who are in need of assistance due to HIV/AIDS-related problems.

   An example of one such program comes from PULSE, a CARE/Zambia program. There is a handout (attached at the end of the presentation) available that tells the story of Clare, a 36-year-old woman with five children and four dependents. She started a grocery business that she was able to grow with working capital from a series of loans. When her husband died from AIDS she was able to continue to support her family from business profits.

2. Education – Information on prevention and management of HIV/AIDS in the family and community is a second service that can be offered to village banking groups. This occurs by blending education sessions into the regular (usually weekly) meetings of the village bank. There is an excellent opportunity to build on the trust and solidarity of the groups to discuss facts about AIDS, learn recommended practices for preventing infection, and to engage in problem-solving discussions to take action in AIDS-related crises.

   Freedom from Hunger has confirmed the potential to influence behavior change in this environment. A series of impact studies demonstrate significant change toward better health practices and self-confidence to manage health issues. This education service can be offered and still maintain the self-financing goal of the microfinance institution.

3. Insurance – Some MFIs offer additional products in the form of insurance to its clients. There are three types of insurance products that have emerged:
   a. Loan Insurance – pays off outstanding loan and interest payments in the case of default
   b. Death Insurance – covers the outstanding loan, provides a lump sum of money to the family, and/or pays for the funeral.
   c. Health Insurance – various packages to cover health costs to the client and in some programs to family members.

What Are Examples of MFI Structures?

There are various institutional structures for MFIs that can be considered for these blended services. The examples that I am going to offer come from a list of Freedom from Hunger partner organizations offering *Credit with Education* —a combination of credit, savings and education services.

1. Start an NGO or PVO – It is possible to start a local NGO or implement a PVO project and build an MFI offering one or a combination of these services. FOCCAS Uganda (see information listed in the handout of reference materials) is approaching 15,000 clients each with an average loan of $36.
2. Convert an existing NGO or PVO – Instead of starting a local organization from nothing, it is possible to convert an existing organization or program to provide microfinance services. An example from Freedom from Hunger partners is CRECER in Bolivia. This was a traditional community development program of Freedom from Hunger started in the mid-1980s. It was converted into a local NGO focused on *Credit with Education* and now has approximately 24,000 clients receiving an average loan of $150. CRECER has an outstanding loan portfolio of about $3.5 million and is self-financing.
3. Partner with Existing Microfinance Organizations – A third option is to partner with an existing microfinance organization such as a credit union or a rural bank. This option can be easier to implement than the first two. In this instance, the loan officers also become health agents offering health and business education to the clients. One example is the Réseau des Caisses Populaires in Burkina Faso. This is a credit union federation that has developed and maintained a growing client base that is currently at about 27,000 members receiving *Credit with Education* services. The average loan size is about $39 and this product line of the RCPB is self-financing. There are similar examples in other countries.
4. Link a Microfinance Organization with an HIV/AIDS Practitioner Organization – A fourth option is to broker a relationship between organizations that each provides services in their specialty area. Where microfinance organizations and HIV/AIDS service providers overlap in a geographic area, it is possible to facilitate collaboration between them to offer coordinated services to clients and communities. Health insurance is one example of a service that could potentially utilize this overlap of institutional capabilities to the advantage of HIV/AIDS victims.

In conclusion, microfinance, especially linked with HIV/AIDS education and insurance products, is a mechanism that gives tools and opportunities to clients and communities to better cope with the growing AIDS crisis.

Brief Presentation at the Region Conference (OVC)- November 7, 2000

Brief Background to Pulse

- Pulse began as a project under CARE International in 1994 and its first loans in 1995
- The main objective of Pulse is to increase household income, economic security and employment opportunities among families of poor micro and small entrepreneurs.
- The main product is a loan and the lending methodology is solidarity group lending
- The lending process begins with self-selection of clients to form cells of 5, which later facilitate formation of groups called GULUs of 10 or 15 clients, that is, consisting of 2 or 3 cells of 5.
- An induction training culminating into registration of clients and subsequently loan disbursements and repayments follows formation of groups.
- Self-selection is a very important aspect of the Pulse lending methodology and has many strong points in facilitating social collateral and peer pressure within groups. Clients in these groups are able to draw mutual support from each other and ensure disbursed loans are fully repaid.
- However self-selection has a way of screening out certain categories of people in society especially ones deemed of high risk by would-be clients themselves. This unfortunately includes those who may be seen as suffering from HIV/AIDs or just persistently ill for a time. This is done of course to avoid the burden of responsibility for liabilities in case of death or failure to repay the loan.
- Pulse recently took some first steps in helping out its clients and ensuring financial assistance to vulnerable individuals in society in a better way. Pulse introduced a self-managed type of insurance- Borrowers' Protection Fund, which covers the liability of clients in case of death and permanent disability. This has increased self selection of those people who may at a time be experiencing persistent illness as the fellow loanees would allow them in groups and encourage them. For some of them illness is but for a time. What really counts is a viable business. One advantage of group lending is that it also provides members with an opportunity to draw mutual support from each other.

Microfinance, HIV/AIDs and vulnerable children and orphans

Pulse survey

A recent survey undertaken by Pulse to investigate the determinants of a client's loan repayment performance yielded a number of important findings regarding factors which hinder clients from experiencing success in their micro enterprises, livelihood and loan repayment. The summary of relevant results cardinal to the theme of this conference is as follows:

- Death and illness plays a role in the creation of default and the effect is at the following levels:
  1. Client
  2. Household
     - Death and illness of spouse
     - Death and illness of children
     - Death and illness of dependents
     - Death and illness of distant relatives

- The average household size was 9
- Average number of dependents was 5
- Pulse works in peri-urban areas of Lusaka where there is a high prevalence of illness and HIV/AIDS.
- High prevalence of HID/AIDs, death and illness has a bearing on the high numbers of dependents in the households.
- In almost every Zambian household there are at least some dependents, some of which are full or half orphans. Microfinance helps them indirectly, through the people who care for them and access financial assistance from Microfinance institutions.

Special findings

The Pulse survey was also an opportunity for Pulse to get some real success stories and impact related findings. Here is a success story:

Clare Chitalu Kiyeya, 36- Mtendere, compound

Clare, aged 36, and now a widow with 5 children and keeping 4 dependents lives in Mtendere compound of Lusaka. She began doing business in 1990. Over the years, she has engaged herself in various business lines but later stablised in trading in groceries. She runs a grocery shop in Mtendere market.

Clare joined Pulse in 1996 and got her first loan of K250, 000. She repaid it within the repayment period and got a second loan and third loan of K 750, 000 and K1, 000, 000 respectively. She just finished repaying the third loan and plans to get a fourth loan. Clare's husband was in formal employment and died over a year ago.

When asked how she was coping up considering the number of children and dependents she is keeping, Clare responded saying that there is no big difference; she is able to generate income from her business to meet household expenditure, medical and school fees for both children and dependents who are in school. She however mentioned that sometimes there is a lot of household expenditure pressure especially that the husband financial support is now no more.

Clare in conclusion mentioned that Pulse financial assistance has helped her a lot and significantly contributed to her ability to meet her expenditures after her husband's death. She says microfinance services should continue and Pulse is doing a commendable job.

The critical questions here are:

- What would have happened to Clare, her children and dependents after her husband's death if she was not running a microenterprise?
- What would have happened if she had not been accessing financial assistance from Pulse?

Conclusion

- Microfinance helps orphans and vulnerable children indirectly because their caretakers are better able to provide food, shelter and access to education.
- Recent innovations in Microfinance are intended to facilitate greater impacts on people accessing Microfinance services by removing obstacles to efforts that help vulnerable groups in society directly or indirectly. Further, there is growing recognition and emphasis on designing Microfinance products that are more client friendly and demand driven and also find cost effective ways of assisting people cope up with shocks but of course still achieve financial sustainability.

Annex 8—Savings Schemes

"Savings clubs are groups of people who come together to set up and run their own basic personal financial intermediation services. There are two kinds of clubs - the ROSCA kind (where everyone puts in and takes out the same amount) and the 'accumulating' kind (where they don't)."

The above excerpt is from an essay commissioned by MicroSave, an action research initiative supported by UNCDF, DFID and CGAP. It is titled, "The Poor and Their Money An essay about financial services for poor people," by Stuart Rutherford. It can be downloaded from www.uncdf.org/sum/msa. The essay was recently published as a book (same title) and is distributed by the Institute for Development Policy and Management. Email Maggie.Curran@man.ac.uk or IDPM@,am.ac.uk for details on how to order your copy.

A RoSCA or **Ro**tating **S**avings and **C**redit **A**ssociation, is a time honored, informal mechanism by which poor people (especially women) have mobilized the savings they need for business and personal reasons. RoSCAs are an informal means of mobilizing savings where members of the association put in equal amounts of money that is pooled and rotated equally in turn to each person.

ASCAs, or **A**ccumulating **S**avings and **C**redit **A**ssociations, are similar to RoSCAs except that the pooled savings are not automatically rotated. Some members take the pooled money out as a loan that is paid back with interest. The interest allows the pooled funds to accumulate.

A RoSCA is simpler to manage, but can't always meet it's users' needs for lump sums of cash. ASCAs offer a way for users to build up more money, but it is riskier and demands more skill and management ability than the RoSCA.

RoSCAs and ASCAs have many names. In West Africa, they are called "tontines"; in Kenya they are known as "merry-go-rounds"; in South Africa, it is "stokvel"; in Ghana, they are refered to as "su-su", in Zambia, it is "chilemba", etc.

The above informal mechanisms work well because they are based on relationships of trust and mutual interests. Its members typically know each other well. In fact, formal microfinance institutions base their peer lending methodology on the informal RoSCA and ASCA. Credit Unions are another example of a formal financial institution that uses the RoSCA/ASCA principles.

Many NGOs have been promoting a type of RoSCA or ASCA+; often calling it, "self-managed savings and loan associations". In other words, they assist a group of self-selected individuals to build their skills in managing their RoSCA or ASCA. Sometimes, these NGOs will inject grants or soft loans to help the group capitalize its loan fund. This last method is a bit tricky since many groups are less careful with funds provided from external sources, that they are with their own hard-earned cash. Another common method to assist self-managed groups is the "Financial Service Association" or FSA.

NGOs of note who are promoting the self-managed approach or the FSA approach are: CARE Int'l (Niger is a famous case); PACT (Nepal has initiated a women's savings club scheme coupled with literacy clubs); IFAD; Plan International (FSA); and K-rep (FSA).

Annex 9—Commonly Used Microenterprise Terms

Microenterprise Development is the technical field of programs aiming to provide support to microentrepreneurs. (see "Framework for Business Characteristics" for definitions of income generating activities, micro and small enterprises)

Microenterprise programs are divided into two major areas:

Microfinance, defined as the delivery of financial services to poor clients. Services include:	**Business Development Services**, defined as "everything that isn't a financial service". Services include:
• Small loans • Savings • Insurance Financial services can be: ---Credit-led (starting with credit services financed initially by external grants) ---Savings-led (starting with savings services and offering credit later, financed from member savings) **Methodologies** for delivering services include: • Individual lending • Peer lending through solidarity groups • Self-managed organizations	• Training • Market development and linkages • Brokering/subcontracting • Improved technology that brings added value to product Business development is a very young field. It has not yet developed a "package" for widespread replication. Practitioners are working towards initiatives that are demand-driven and that reach large numbers of entrepreneurs in a cost-effective manner.

A few other useful definitions for terms related to financial services:

ROSCAs — **RO**tating **S**avings and **C**redit **A**ssociations. ROSCAs are an informal means of mobilizing savings where members of the association put in equal amounts of money that is pooled and rotated equally in turn to each person.

ASCA—Accumulating **S**avings and **C**redit **A**ssociation. ASCAs are similar to ROSCAs except that the pooled savings are not automatically rotated. Some members take the pooled money out as a loan that is paid back with interest. The interest allows the pooled funds to accumulate.

Targeting—packaging financial services to attract a particular type of client. For example, offering very small loans guaranteed by a group of peers to attract poorer entrepreneurs.

Outreach—is understood in two ways, depth and scale. Depth of outreach refers to how deeply into the survival economy that financial services reach. Scale means reaching extensive numbers of clients.

Comparison of Microfinance Models and Methodologies

<table>
<tr><th colspan="4">Methodologies</th></tr>
<tr><th>Individual lending</th><th colspan="3">Peer lending</th></tr>
<tr><td rowspan="8">• Loans are guaranteed by collateral and/or cosigners
• Potential clients are screened by program staff
• Loan amount is based on thorough viability analysis
• Loan size and term can be tailored to needs of business
• Loan size tends to be larger than those offered through peer lending
• Clients tend to operate small and medium (as opposed to micro) enterprises
• Each client requires a significant investment of staff time and energy</td><td colspan="3">• Loans are mutually guaranteed with other borrowers in lieu of collateral. The group formation is the loan guarantee mechanism
• Potential clients are screened by their peers
• Little or no analysis is made of the business by program staff
• Loan size and terms closely follows a predetermined gradual growth curve
• Using groups of peers reduces staff workload and cost of lending small amounts of money.</td></tr>
<tr><th colspan="3">Models using peer lending methodologies</th></tr>
<tr><th colspan="2">Solidarity Groups</th><th colspan="2">Self-managed organizations</th></tr>
<tr><td colspan="2">• Program does not develop the self-management capability of the group
• Participants are considered long-term clients of the program and must take loans to retain membership
• Loan capital starts with an external grant</td><td colspan="2">• Program develops financial self-management capability of the members
• Program works towards the goal of operational and financial independence of the organization
• Loan capital comes either from member savings</td></tr>
<tr><td colspan="2">Variations of Solidarity groups</td><td colspan="2">Variations of self-managed groups</td></tr>
<tr><td>Groups range from roughly 5 to 10 members. Groups can be organized into a larger body that convenes in one place for loan repayments. The larger body also can cross-guarantee between the smaller groups to spread risk.</td><td>Groups that range from roughly 15 to 40 members are generally called village banking. Originally these banks were to become self-managed. However, some village bank practitioners opted to become financial institutions where group members are long-term clients.</td><td>Revolving Loan Funds, Village or Trust Banks. External funds are added to member savings to capitalize the loan fund. Credit is offered from the start. Over time, member savings and interest replace external loan capital</td><td>Financial Service Associations (FSAs) and Credit Unions. Savings are mobilized first, credit comes later. FSAs also mobilize capital through the purchase of shares. Taking credit is not a requirement for membership.</td></tr>
</table>

Source: Anuj Jain, SEAD Coordinator for CARE Int'l/Zambia; adapted for Town Hall participants by Jill Donahue, DCOF

Framework of Business Characteristics

Level	Characteristics	Type of Assistance
Survival Economy ******Income Generating Activities*	Owner engages in activity for survival purposes to generate cash for household consumption. Owner typically relies on multiple activities that vary seasonally. Growth of activity requiring reinvestment of profits is not owner's primary objective. May not have time for, nor interest in, managing a bigger business and learning new management skills. Most activities do not have business development potential, but are effective for raising income for household consumption.	Assistance is most effective when matching the owner's objectives of increasing sales (cash income). Access to financial services can increase profit margins by enabling lender to buy goods or raw materials in bulk at cheaper per item costs. Loans can also enable owner to increase sales volume. Also important is improving the owner's access to market information, to growing, unsaturated markets, and to more economical sources of raw materials to decrease costs.
Micro-Enterprises	Owner's primary objective may still be to generate cash but s/he has chosen self-employment as primary source of income. Still uses most business profits for household consumption, but may occasionally reinvest in the business. Owner may engage some household members to assist in the business.	Access to financial services for working capital is important. Entrepreneur may need to improve production techniques or quality of product/service. Linkages to markets and market information, and sources of raw materials are crucial. Training in costing/ pricing and cash management may be useful.
Small Enterprises	Owner has chosen business as primary source of income. Growth is an important objective. Reinvests profits in business as opposed to using for household consumption. Employs one or more persons not in the owners' household.	Owner can make use of training to improve the internal operations of the business (accounting, pricing/costing, marketing, business plan etc.). Credit may be needed for fixed capital investments.

*It is worth highlighting the difference between how microenterprise practitioners use the term "income-generating activities" (IGAs) and how health and social welfare fields understand it.

As defined by the microenterprise industry in the table above, IGAs are marginal and informal. They are usually survival strategies that poor people resort to in the absence of a job.

Health and social welfare programs use the term "IGA" to describe various situations. For example:

- IGA could mean a group-run activity, typically some type of business, that generates revenue: a) for individuals in the group or b) for community development activities, or c) both.
- IGA could also refer to an individual activity. In either case, these types of IGAs are not meant to be marginal. On the contrary, they are supposed to generate significant revenue.

Annex 10—Small Group Discussion Notes

Theme group 1—Linkages and Alliances: Summary of Discussion

What Can We DO? (We being participants of the workshop)

- Through HIV and AID/Microenterprise conferences, workshops that we are involved in, invite speakers from the other group
- Identify organizations that can supply expertise to move forward
- Involve private sector in this process
- Stimulate this discussion amongst partners that we have eg. In country organizations, affiliates etc.
- Educate HIV and AID/Microenterprise on important sector issues
- Share sound practices
- Create a resource directory
- Donor education
- Share knowledge of existing resources
- Do we need to start a clearinghouse of information?

What Can Others DO?

*Donors contribute to setting objectives, they can have an impact but encouraging HIV and AID/Microenterprise organizations to collaborate.

Big Picture Questions

Integration/Linkages

- What efficiencies can be had eg. Cost saving potential, take advantage of groups of people already meetin for another purpose, share staff
- To what level should integration take place? Thoughts on this are: Different organizations will integrate in different ways that work best for them. Linkages should not be forced but rather natural.(In summary in the spirit of the event we can say that integration should be consensual, safe, and loving!)

Summary

- Donor education/HIV/AIDS organizations/ ME sector (BDS/MFI)
- Advocate information shared at a local level
- Create a forum for gathering information and continuing dialogue

Request to Organizer:

Compile names of networks and other resources from meeting participants and distribute.

Theme group 2—RESEARCH issues

POSSIBLE RESEARCH ACTIVITIES:
Conduct a comprehensive inventory of what is going on and who is doing what (similar to the ICRW study presented earlier in the session), including both linked (economic strengthening (ES)+ HIV prevention, care or support activities conducted by the same organization) and unlinked programs (stand-alone ES projects that coordinate with HIV/AIDS groups). Include programs that address children affected by HIV/AIDS as well as micro-finance programs

Determine added value of linking programs through more in-depth case studies that include qualitative as well as quantitative data collection and analysis.

Develop indicators and conduct an impact assessment of programs that include ES and HIV prevention, care and support activities.

POINTS OF DISCUSSION:
A major point that came out of the small group was that there is currently a lot of advocacy for linking micro-finance and HIV/AIDS programs but not enough sound research to determine if/how it actually works.

The group stressed the importance of building on what already exists and utilizing the existing micro-finance (and HIV/AIDS) networks rather than starting from scratch.

It was suggested that research methodology should be developed by interested parties working within the existing micro-finance and HIV networks, and that efforts should be made to create buy-in from relevant organizations.

What are our goals? 1. Sustainability, 2. Client satisfaction, 3. Social benefits (HIV outcomes?)

The point was made that micro-finance institutions are good at monitoring their own health, and as such, it is likely that a lot of research on the impact of HIV on micro-finance programs is already going on.

POSSIBLE RESEARCH QUESTIONS:
What are the unintended consequences (positive and negative) of linking micro-finance and HIV programs?

Is it feasible to sustain a micro-finance program in the face of widespread disease and death?

Is it worth it to put money for HIV into micro-finance programs? Will there be an impact?

What is the cost of micro-finance interventions? Who are the participants and do they/can they play a key role in HIV prevention and impact mitigation??

How are high repayment rates maintained among micro-finance programs in areas with high HIV prevalence?

How do you sustain micro-finance programs in the face of AIDS without stigma?

How can we use micro-finance structures to have a better impact on AIDS?

Theme group 3—WHAT IS HAPPENING ALREADY IN COMMUNITIES?

Ideas evoked:

- Need to make micro-finance relevant for clients: "What does micro-finance mean for me?"
- What **mechanism** exists for getting **needs** from communities?
- Techniques for consultation, faculty for grassroots answers:
    - ✓ **listening**
    - ✓ assessments

What are the communities' assets?

- Transport – drivers of minivans as resource people, in carrying news and messages
- Revolving funds (build on this proven local system)
- Housing sector (e.g. Tanzania)

Technical approaches:

- Knowledge of Asian Grameen Bank led to Grameen phones in Tanzania: these addressed the need for an alternate to travel during seasons that make roads unusable, so that displaced orphans can connect to relatives. Movement of adults or children disrupts the continuity of family ties.
- Wind-up radios are still the best technical solution
- (Phones and radios can serve 2 purposes: first allow telecommunication, second generate income for person who can rent it out)

Programs cited:

- Iringa Tanzania = model integrating MF and other activities.
- Kenya Women's Finance Trust

Suggestion: Micro-finance should fund **group activities** (as opposed to current practice of funding groups undertaking individual entrepreneurs). However, it was also pointed out that this is where microenterprise practitioners started, only to realize that group-rum businesses are not generally successful. In addition, the level of funds needed for group-based enterprises are not micro by any stretch. This requires a different kind of lending methodology. Different market—different product.

Query: how to use micro-finance tools to solve the ubiquitous problem of school fees for children whose parents are ill or deceased?

ACTION POINTS

- Go – listen, learn (study tour, assessment), focus on key community members and on children. Build from what is already there, the existing assets and what already works.
- Be an "ambulatory resource center" = share learning from other programs visited / known, increase the multiplier effect
- Speak with one voice: US teams and institutions with so many manuals, interests, resources, etc., to re-create an affinity group such as the Orphan Task Force. Mirror this at country level (e.g. UGOBAC)

Annex 11— Sources of Further Information on Microfinance and HIV/AIDS

READINGS

- "The MBP Reader on Microfinance and HIV/AIDS: First Steps in Speaking Out," compiled by the Microenterprise Best Practices Project, DAI, Bethesda, MD. (May be obtained in pdf format at www.mip.org/pubs/mbp-def.htm) Contents:
    - Donahue, Jill: "Microfinance and HIV/AIDS…It's Time to Talk," August 2000.
    - Clark, Heather: Microfinance and HIV/AIDS: Some Issues for Consideration," Keynote address, UNDP Workshop on Microfinance and HIV/AIDS, Penang, Malaysia, 2000.
    - Parker, Joan: "Initial USAID Survey Results on the Impact of HIV/AIDS on MFIs," MBP, August 2000.
    - Winship, Guy and Julie Earne: FINCA/Uganda Case Study, September 2000.
    - Richards, Bob: FOCCAS/Uganda Case Study, September 2000.
    - Manje, Lemmy: CARE's Pulse/Zambia Case Study, September 2000.
    - Synthesis of Opportunity International Experiments in Africa, UNAIDS Report, forthcoming
    - Cautionary Tale from World Relief/Rwanda, MBP, September 2000.
    - Anonymous Case: East Africa, MBP, September 2000.
    - Anonymous Case: Southern Africa, MBP, September, 2000.

- "Community Based Economic Support for Households Affected by HIV/AID," Jill Donahue, Discussion Paper #6, Health Technical Services Project, June 1998. (available on www.iaen.org/impact/

- "A Review of Household and Community Responses to the HIV/AIDS Epidemic in the Rural Areas of Sub-Saharan Africa," UNAIDS, Geneva, Switzerland, 1999. (available on www.unaids.org/publications/documents/economic/

- "MBP Discussion Paper: Microfinance and HIV/AIDS," Joan Parker, Microenterprise Best Practices Project, DAI, May 2000 (available in French and English, www.mip.org/pubs/mbp-def.htm)

- "Microfinance Minimum Requirements in an AIDS Context," Betty Wilkinson, IRIS Center, University of Maryland, June 1999 (available on www.soc.titech.ac.jp/icm/microcredit-aids.html)

- World Development Report 2000 – 2001; Microfinance, Poverty and Risk Management, Cohen and Sebstad. (available on www.worldbank.org/poverty/wdrpoverty/background/index)

- "The Poor and their Money", Stuart Rutherford, January 2000, (distributed by the Institute for Development Policy and Management. Email Maggie.Curran@man.ac.uk or IDPM@.am.ac.uk for details on how to order your copy.

LISTSERVES

- CABA electronic discussion forum. Send a subscription request to Dierdre Gilmore with the Synergy Project at <dierdre@tvtassoc.com>.
- Microfinance & HIV/AIDS listserv (hosted by CMF/Asia Pacific): www.hivaidsmf/listbot.com

WEBSITES

- International AIDS Economic Network: www.iaen.org/impact
- World Bank: Voices of the Poor; www.worldbank.org/poverty/voices/reports/
- USAID's website for Microenterprise Development: www.mip.org
- Displaced Children and Orphan's Fund NEW website: www.usaid.gov/index.html
- UNCDF Special Unit for Microfinance (SUM) www.uncdf.org/sum/
- MicroSave—UNCDF SUM/CGAP and DFID action research initiative on informal savings in Africa: www.uncdf.org/sum/msa/
- SEEP (Small Enterprise and Education Promotion) Network: www.seepnetwork.org
- Assets Based Community Development Institute (ABCD):www.nwu.edu/IPR/abcd.html
- Social Capital: www.worldbank.org/poverty/scapital/