



International
Labour
Organization

REDUCING HIV VULNERABILITY IN ZAMBIA THROUGH ECONOMIC EMPOWERMENT

Zambia has an HIV prevalence rate of 12.7 per cent, with 1,100,000 people living with HIV. Some 70 per cent of the population live in poverty, which forces them into informal and vulnerable employment. Poverty escalates vulnerability to HIV and AIDS, while HIV and AIDS entrench poverty. Poverty reduction and economic empowerment, therefore, lie at the centre of HIV vulnerability reduction programmes.

Zambia has 84.6 per cent of the population working in the informal economy. Informal workers have difficulties accessing the financial resources: they need more accessible and affordable credit to inject into their businesses not only to boost their profits but also to create employment. This is particularly challenging for women in the informal economy, who face additional constraints in accessing financial resources and enjoying their full rights, due to social and cultural norms.

FACTS AND FIGURES

Partners:

Cavmont Bank Zambia

Beneficiary country:

Zambia

Timeframe:

March 2011 - January 2016

Budget:

USD 140,000 (in kind contribution from Cavmont Bank)

THE RESPONSE

To create gainful employment as an avenue for economic empowerment and, eventually, to reduce vulnerability to HIV and AIDS, the International Labour Organization (ILO) signed and ratified a Corridor Economic Empowerment Innovation Fund (CEEIF) grant with Cavmont Bank in Zambia, kick-starting a public-private partnership in Zambia. The project is linked to the ILO's Corridor Economic Empowerment Project (CEEP) to reduce HIV vulnerability along the main transport corridors in Southern Africa.

The CEEIF is a user-friendly microcredit facility that helps financially excluded informal economy workers, who are particularly vulnerable to HIV, to obtain financial resources for their businesses. Groups and individuals draw amounts ranging from \$1,000 to \$10,000 from the microcredit pot for ventures, which they pay back to enable others to borrow from the facility. It is designed in such a way that beneficiaries, especially women and out of school girls, trained in business and entrepreneurship, can access finance at affordable interest rates.

To ensure effective management and sustainability of the Innovation Fund beyond the duration of the project, the ILO set rigorous requirements for its financial partner. These included the following. Among other requirements, a microfinance institution or a bank must –

- Match the fund dollar for dollar (the Cavmont Bank has matched the ILO funds with an additional USD 140,000);
- Be well spread geographically so as to cater to all project beneficiaries;
- Possess the capacity to generate new funds;
- Be able to provide other services to beneficiaries such as financial training.

The selection process was transparent, involving stakeholders drawn from Government, UN agencies, the ILO and organizations participating in CEEIF project implementation. Competition was high, but eventually Cavmont Bank was selected.

**Partnerships and Field Support
Department (PARDEV)**

International Labour Organization
4, Route des Morillons
CH-1211 Geneva-22 – Switzerland

Tel: +41 22 799 7309
Fax: +41 22 799 6668
E-mail: ppp@ilo.org
www.ilo.org/ppp



“I am now able to send my children to school and afford three decent square meals in a day. That business training was a springboard to change in my life situation. I have now expanded my business by including growing and selling maize, as it is a profitable business.”

A female beneficiary

RESULTS

By the end of 2014, the project attained the following results.

Some 1471 people were trained on economic empowerment, gender equality and HIV and AIDS risk reduction. Of this group 74 per cent were women.

The trainings helped beneficiaries to develop business plans which were submitted to the loans committee to access the funds. During this time some 190 proposals were submitted and 53 received funding. This allowed for the disbursement of \$126,993 to the beneficiaries.

Some 42 per cent of the beneficiaries were able to begin and expand their retail businesses, while 32 per cent focused on agro-related activities, 10 per cent went into service provision, and 6 per cent began retail and manufacturing businesses. These activities have led to the creation of 560 jobs.

An increase in profit was reported by these entrepreneurs. The 2014 outcome evaluation showed that those who were untrained had profits of \$452 in the last six months, while those who had received training had profits of \$1,292 on average. This has had a major impact on their self-reported socio-economic status and spending on health, nutrition and education (see table on the left).

Data collected also showed that people benefiting from the loans and starting an economic activity reduced their risky behaviour and initiated impact mitigation strategies: 67 per cent of the untrained beneficiaries had comprehensive knowledge of HIV and AIDS, while the trained group displayed 78 per cent with comprehensive knowledge.

Furthermore, through the loan system initiated in partnership with the Cavmont bank, groups benefiting from the loans and establishing their businesses were able to repay the funds (the repayment rate is 100 per cent), creating a feedback cycle that ensures the sustainability of the project.

	Untrained	Trained
Education	\$2	\$10
Health	\$9	\$37
Nutrition	\$10	\$33



BENEFITS OF PARTNERING

The Cavmont Bank in Zambia has been able to enhance its own profile by working with the ILO and thus been able to attract more funding from other sources. It has also increased its capacity to work with the informal sector. Through working with the business groups and associations, it has been able to reduce the risk of the loans. Through this partnership it is now able to offer innovative microfinance plus non-financial services. It now has access to a forgotten market that was perceived as high risk, but which has increased the number of their clients and increased their portfolio. The partnership has enabled them to contribute to the social economy and the national agenda of poverty alleviation. As a flagship initiative, the partnership enhances the bank's capacity in corporate social responsibility. This project broadens the horizons of the bank through innovatively linking poverty alleviation and HIV/AIDS vulnerability reduction. The approach also changed the mind-set of the staff and reduced discrimination against PLWHIV.

Partnerships and Field Support Department (PARDEV)

International Labour Organization
4, Route des Morillons
CH-1211 Geneva-22 – Switzerland

Tel: +41 22 799 7309
Fax: +41 22 799 6668
E-mail: ppp@ilo.org
www.ilo.org/ppp