



International
Labour
Organization

REDUCING HIV VULNERABILITY IN ZAMBIA THROUGH ECONOMIC EMPOWERMENT

Zambia has an HIV prevalence rate of 12.7 per cent, with 1.1 million 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 are therefore key to HIV vulnerability-reduction programmes.

In Zambia, 84.6 per cent of the population work in the informal economy. Informal workers find it difficult to access 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 funds and enjoying their full rights, on account of 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

The ILO has signed and ratified a Corridor Economic Empowerment Innovation Fund (CEEIF) grant with the Cavmont Bank in Zambia, kick-starting a public-private partnership in that country, with a view to creating gainful employment as an avenue for economic empowerment and, eventually, to reducing vulnerability to HIV and AIDS. 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 USD 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, who are trained in business and entrepreneurship, can access finance at affordable interest rates.

To ensure effective management and sustainability of the CEEIF 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 had to be able to:

- 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 the Cavmont Bank was selected.



RESULTS

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

Some 1,471 people had received training on economic empowerment, gender equality and HIV and AIDS risk reduction. Of this group, 74 per cent were women.

The training helped beneficiaries to develop business plans, which were submitted to the loans committee to access the funds. During this period, some 190 proposals were submitted and 53 received funding. This allowed for the disbursement of USD 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 led to the creation of 560 jobs.

	Untrained	Trained
Education	USD 2	USD 10
Health	USD 9	USD 37
Nutrition	USD 10	USD 33

These entrepreneurs reported an increase in profit. The 2014 outcome evaluation showed that those who were untrained had profits of USD 452 in the last six months, while those who had received training had profits of USD 1,292 on average. This has had a major impact on their self-reported socio-economic status and spending on health, nutrition and education.

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



"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



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BENEFITS OF PARTNERING

The Cavmont Bank in Zambia has enhanced its own profile by working with the ILO, and has 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 succeeded in reducing the risk of the loans. Through this partnership, it is currently able to offer innovative microfinance plus non-financial services. It now has access to a forgotten market – once perceived as high risk – which has increased the number of the Bank's clients and increased its portfolio. The partnership has enabled it to contribute to the social economy and the national agenda of poverty alleviation.

Furthermore, as a flagship initiative, the partnership enhances the Bank's capacity in corporate social responsibility. It also broadens the Bank's horizons through innovatively linking poverty alleviation and HIV/AIDS vulnerability reduction. Last but not least, the approach has changed the mind-set of the staff and reduced discrimination against PLWHIV.