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.

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.
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.

<table>
<thead>
<tr>
<th></th>
<th>Untrained</th>
<th>Trained</th>
</tr>
</thead>
<tbody>
<tr>
<td>Education</td>
<td>$2</td>
<td>$10</td>
</tr>
<tr>
<td>Health</td>
<td>$9</td>
<td>$37</td>
</tr>
<tr>
<td>Nutrition</td>
<td>$10</td>
<td>$33</td>
</tr>
</tbody>
</table>

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.

“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

**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.