microNOTE # 49

Microfinance and HIV/AIDS: The Role of Donors and Funders

This microNOTE explores the role of donors and funders and the ways that they have supported financial institutions, particularly microfinance institutions, to better serve people living with and affected by HIV/AIDS. It also explores how organizations have used microfinance as a tool to mitigate the impact of HIV/AIDS.

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This note was written for the U.S. Agency of International Development by Colleen Green of DAI and Evelyn Stark who is transitioning from the Consultattive Group to Assist the Poor (CGAP) to the Bill and Melinda Gates Foundation.

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HIV/AIDS is more than a health issue. It is also an economic issue whose enormity threatens to roll back advances in economic development made over the past few decades. Over the past ten years, growing awareness of the devastating impact of HIV/AIDS has translated into greater international commitment to confront the epidemic and increasingly the economic issues surrounding it. This commitment has resulted in an outpouring of new resources and initiatives that support the treatment and prevention of the disease for people living with or affected by HIV/AIDS. Among the bilateral and multilateral commitments to these efforts are those from the United States President's Emergency Plan for AIDS Relief (PEPFAR), the Global Fund, the UK's Department for International Development (DFID), and the World Bank's Multi-Country HIV/AIDS Program (MAP). There are also significant funds from private institutions— most notably the Bill & Melinda Gates Foundation. All told, the allocation of development funding to HIV/AIDS in developing countries grew from an estimated US$300 million in 1996 to US$6.1 billion in 2004, to US$10 billion in 2007[1].

As more bilateral, multilateral, private and public funding is spent to test, treat and provide care to the more than 33 million people worldwide that live with HIV/AIDS, there is an increased focus on activities and interventions to support orphaned children and a broader affected community. There is greater attention being paid to the financial status of this growing group – recognizing

[1] The HIV/AIDS Monitor: Tracking AID Effective, Center for Global Development.

how the lack of economic choices has affected households, and particularly women.

Increasingly, this means that donors are focused on expanding livelihood options and food security, seeking to strengthen the economic prospects of people living with HIV/AIDS (PLWHA) and their families and link them to longer term, more market oriented services, including financial services such as savings and loans. The role that microfinance plays in economic strengthening of people living with or made vulnerable by HIV/AIDS is growing, but increasingly nuanced as it requires strategies and solutions that cut across the provision of a wide variety of both health and financial services.

This microNOTE explores the role of donors and funders in this niche area and the ways that they have supported financial institutions, particularly microfinance institutions, to better serve people living with and affected by HIV/AIDS and the gaps that still exist. The microNOTE will look at a variety of donor and funding organizations, including those engaged in health related activities to understand their role to date in using microfinance as a tool to mitigate the impact of HIV/AIDS.

MICROFINANCE AS A TOOL TO MITIGATE THE IMPACT OF HIV/AIDS: THE DONOR RESPONSE TO DATE

No one source provides a comprehensive view of how donors are addressing the economic mitigation of HIV/AIDS including responses that seek to strengthen the AIDS vulnerable by providing loans for business, household and income generating activities (IGAs), access to savings or in some instances insurance. The authors surveyed a number of key donors and funders including World Bank, Office of the Global AIDS Coordinator (OGAC)/PEPFAR, the International Finance Corporation (IFC), USAID, HIVOS and DFID to collect their views on the role of donors and funders in supporting programs and organizations at the nexus of HIV/AIDS and microfinance. The results of those discussions are reflected in the document.

USAID and PEPFAR. Of the donors interested in the intersection of HIV/AIDS and microfinance, USAID and increasingly PEPFAR have played the biggest roles in supporting and funding the nexus between HIV/AIDS and microfinance. Before PEPFAR was created, USAID was one of the key microfinance donors focusing research efforts and providing guidance to MFIs and practitioners, and developing training curricula to build awareness around HIV/AIDS for microfinance institutions and their clients. (This work continues today with this microNOTE series and support to other initiatives such as the HIV/AIDS and Microenterprise Development (HAMED) working group and community of practice managed by the SEEP Network.) Since its creation PEPFAR and USAID as one of its implementing agencies have supported various international NGO microfinance networks to roll out new products for PLWHA or HIV/AIDS affected including Opportunity International (OI), World Vision, World Relief, FINCA and CARE International. With the advent of PEPFAR and its decentralized approach, USAID (with funding from PEPFAR) continues to manage new initiatives including working with microfinance institutions that lend to PLWHA (such as the K-REP Development Agency in Kenya), OI's banks in Zambia, Mozambique and Uganda and Project Hope's village health banks which assist orphans and vulnerable children (OVC) in Mozambique, among others. According to OGAC, PEPFAR contributed approximately $8.4 million to microenterprise development programs (of which microfinance is a subset) in 21 countries (including the 15 focus countries) in 2007. PEPFAR's

funding for microenterprise related programming is expected to increase substantially in coming years.

In addition to its direct support for microfinance institutions and microfinance facilitators, USAID and PEPFAR have been increasingly active in developing economic strengthening programs that support OVC, caregivers and PLWHA. Economic strengthening activities encompass a myriad of interventions that help vulnerable people to increase their income and standard of living. This may include developing agricultural, business or petty trade activities combined with skills training, finance (small group loans and savings) and linkages to markets and market relationships. Large initiatives such as the ROADS project[2] which works along the East African transport corridor, UAPHAW[3] in Ethiopia, the COPE[4] Project in Tanzania, Uganda, Mozambique and Rwanda and AMPATH[5] in Kenya are examples of programs that address both the health needs (testing, treatment, nutritional support) and the livelihood and food security needs of HIV/AIDS affected vulnerable groups. While all of these programs are primarily focused on getting treatment and care for those that are sick or orphaned, they secondarily address the longer term need for food security and maintaining a livelihood that can support the extended households. These programs often have their own savings (or loan component), instead of linking in with more mainstream providers of financial services, such as MFIs.

World Bank. Since 1988, the World Bank has funded a wide variety of HIV/AIDS projects and activities in 67 countries. In 2002, the Bank set up the Global HIV/AIDS program to support the World Bank's efforts to address the HIV/AIDS pandemic from a cross-sectoral perspective. The program offers global learning and knowledge sharing on approaches and best practices to addressing HIV/AIDS. A key function of the Global HIV/AIDS Program is to lead the monitoring and evaluation efforts of UNAIDS (the Joint United Nations Programme on HIV/AIDS) partners at country level.

In 2002, the Bank launched the Multi-Country HIV/AIDS programme for Africa (MAP). This program initially made US$500 million available in flexible and rapid funding (grants and zero interest loans depending on the country debt and income levels) to African countries to assist in scaling up national HIV/AIDS efforts. Through MAP, support is provided to a variety of civil society and grass roots organizations that organize community based projects to prevent, treat and care for the HIV/AIDS affected with an emphasis on vulnerable groups such as youth, women of childbearing age and other groups at high risk. This has included support for income generating and economic strengthening initiatives. For example, in Rwanda the MAP program has supported about 100,000 people in small scale income generating activities, provided financial assistance for school fees for 27,000 OVCs, and made health insurance schemes affordable for more than 52,000 households. It has also supported vocational training, skills acquisition and

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[2] The Regional Outreach for Addressing AIDS through Development Strategies (ROADS) is currently managed by a consortium of organizations led by Family Health International. For more information, refer to the website at http://www.fhi.org/en/HIVAIDS/Projects/res_ROADS_Project.htm

[3] The Urban Agriculture Program for AIDS affected Women (UAPHAW) is currently managed by DAI. For more information, refer to the DAI website www.dai.com.

[4] The Community-Based Orphan Care Protection and Empowerment (COPE) project is currently managed by a consortium of organizations led by Africare. For more information, refer to the website at: http://www.emergingmarketsgroup.com/Services.aspx?ServiceID=%7B2F06077E-1149-47C9-8748-9FA386974BA6%7D&Article=EMG+Believes+Engaging+Women+in+Development+is+Pivotal+to+Reaping+Economic+Dividends+and+Promoting+Sustainability

[5] The Academic Model for the Prevention and Treatment of HIV/AIDS (AMPATH) program is managed by the University of Indiana in conjunction with a variety of local Kenyan partners. For more information, refer to the website at: http://www.emergingmarketsgroup.com/Services.aspx?ServiceID=%7B2F06077E-1149-47C9-8748-9FA386974BA6%7D&Article=EMG+Believes+Engaging+Women+in+Development+is+Pivotal+to+Reaping+Economic+Dividends+and+Promoting+Sustainability

HIV/AIDS messaging for youth.

Although the financial support provided by the World Bank is less than some other agencies, it continues to play a role in developing the evidence base for effective national HIV/AIDS strategies, in integrating HIV into broader areas of development and scaling up multi-sectoral and civil society responses, and in channeling money to communities. These community-based grassroots actions are crucial to stigma reduction, behavior change and care of people infected and affected by HIV/AIDS; which are areas where microfinance may play a role.

The Consultative Group to Assist the Poorest (CGAP), a multi-donor trust fund housed at the World Bank, has been less involved in the discussions of how to better serve affected populations with financial services. CGAP's most recent foray into the topic was a technical note and accompanying donor presentation from 2003 that warned against targeting PLWHA directly—a message that no longer matches the advances in treatment and care.

Department for International Development (DFID). DFID's support of the fight against HIV/AIDS has been substantial though overshadowed by the USG's growing involvement in all aspects of the epidemic.

Between 2005 and 2008, the United Kingdom (UK) has pledged $1.5 billion to the Global Fund for HIV and AIDS (see below), including £150 million for OVCs. In addition to this pledge, it has supported a variety of programs globally and at the country level to support various HIV/AIDS initiatives, including programs in Zambia and Malawi that support seek to keep girls in school thereby allowing them greater economic choices later in life. As one DFID health adviser noted "we're watching what PEPFAR is doing and from there trying to fill the gaps."

A significant funder of financial sector access and development programs (that include microfinance) in sub-Saharan and southern Africa, DFID has not had as prominent a role in the support of microfinance or financial sector initiatives that mitigate against the impact of HIV/AIDS. One exception of great note was the Micro-Save Africa[6] study conducted in 2001 that reported on how microfinance clients in Kenya and Uganda were coping with the crisis. *HIV/AIDS-Responding to a Silent Economic Crisis Among Microfinance Clients in Kenya and Uganda* (2001) quickly became required reading for any microfinance institution interested in the topic.

DFID has also increasingly showed interest and pledged support to social protection programs that provide cash and other commodities to vulnerable groups including those made vulnerable by HIV/AIDS. These programs can assist HIV/AIDS affected households by: contributing to basic subsistence and food security for families where illness prevents them from securing a livelihood; keeping children in school, particularly girls, and; enabling people to invest in income generating activities. The majority of recipients of such cash transfers are women and children.

Among the social protection programs supported by DFID are those that pay social pensions to elderly beneficiaries, many of whom are caring for OVC. Studies have shown that part of this pension goes to support education and other needs of OVC and other family members.

Global Fund to Fight AIDS, Tuberculosis, and Malaria. Set up in 2002 as a partnership between governments, civil society, the private sector and affected communities, the Global Fund's activities encompass a wide range of activities from grant making to governance. To date, it has committed $11.3 billion to 136 countries to help in their fights against these diseases. According to its framework document, the Global Fund functions in the following ways:

[6] Note: Micro-Save Africa was funded by a variety of donors including DFID, UNDP, CGAP and the Austrian bilateral AID agency.

- Operates as a financial instrument, not an implementing entity;
- Makes available and leverages additional financial resources;
- Supports programs that reflect national ownership;

The Three Ones

UNAIDS operates based on the three ones principles which ensures effective and efficient management of resources. These principles are:

- One agreed action plan/framework that provides the basis for coordinating activities of all the partners;
- One National HIV/AIDS coordinating body or committee with a broad-based, multi-sectoral mandate; and
- One agreed upon country-level monitoring and evaluation system.

- Operates in a balanced manner in terms of different regions, diseases and interventions;
- Pursues an integrated and balanced approach to prevention and treatment;
- Evaluates proposals through independent review processes; and
- Establishes a simplified, rapid and innovative grant-making process and operate transparently, with accountability.

While the Global Fund has supported grants to a whole variety of community based organizations, some of which support income generating activities for HIV/AIDS affected persons, there is not clear mandate to work in microfinance. Certainly many of its grantees however have.

UNAIDS. The Joint United Nations Programme on HIV/AIDS is a joint venture of the United Nations family, bringing together the efforts and resources of ten UN organizations to help the world prevent new HIV infections, care for people living with HIV, and mitigate the impact of the epidemic. UNAIDS acted as a clearing house or information repository for other agencies AIDS-support programs, including UNHCR, UNICEF, WFP,UNDP, UNFPA, UNODC, ILO, UNESCO, WHO and the World Bank.

Among its specific contributions has been research on the impact of HIV/AIDS, including the 2000 publication the Role of *Microfinance in the Fight Against HIV/AIDS* (Parker, Singh, Hattel). The study highlighted some of the emerging strategies that MFIs were using to address the crisis among staff and clients. Subsequent research and reports undertaken by UNAIDS examined the links between livelihoods and economic security and how microfinance might play a role, particularly as it relates to women and girls. In its 2008 report on the global AIDS epidemic, UNAIDS discusses the potential of microfinance to reach women affected by HIV/AIDS. Citing the results from a recent study done in South Africa as part of the IMAGE project (Kim et al (2007[7]) in which researchers examined the impact of an intervention that combines microfinance with training on HIV/AIDS, gender norms, domestics violence and sexuality; the study found that the intervention resulted in a significant reduction in gender based violence by an intimate partner as well as increases in household assets and savings and improved sense of community solidarity. Although the current evidence base of the power and role of microfinance remains limited, UNAIDS suggests that initiatives that use microfinance particularly to reach women and girls need to address transport and literacy barriers that confront women in accessing financial services[8].

Bill & Melinda Gates Foundation. The largest private foundation supporting global health and development initiatives, the Bill & Melinda Gates Foundation is among the top spenders in terms of funding initiatives that address HIV/AIDS. Specifically, its global health division is supporting efforts to stop HIV transmission, through the development of: a safe,

[7] Kim JC et al, Understanding the Impact of a Microfinance-Based Intervention on Women's Empowerment and the Reduction of Intimate Partner Violence in South Africa. *Am J Pub Health* 97:1794-1802.), 2007.

[8] UNAIDS 2008 Report on the Global AIDS Epidemic, Chapter 6, Mitigating the Epidemic's Impact, page 169.

effective, and affordable HIV vaccine; microbicides–gels or creams that women could apply to protect themselves from sexually acquired HIV infection; large-scale initiatives to expand access to existing HIV prevention tools, both in countries with emerging epidemics and those already with high HIV infection rates; and advocacy to build commitment for a science-based approach to stemming the epidemic.

On the Global Development side, the foundation has also been supportive of initiatives that facilitate access to financial services such as savings, loans and insurance that allow people to better weather the setbacks of emergencies big and small, including those caused by HIV/AIDS. These initiatives, though not expressly targeting the AIDS infected and affected, seek to address the constraints felt by them. Among the grants made by BMGF over the past three years are:

- $24,251,146 over 5 years to Opportunity International to address the lack of insurance availability among the poor through its subsidiary, the Micro Insurance Agency (MIA) (2007);
- $34,221,598 over 5 years to the International Labour Organisation (ILO) to improve and expand insurance for the poor through the creation of the Microinsurance Innovation Facility (2007);
- $5,931,291 over 4 years to provide health protection services to improve the commercial viability of microfinance for the very poor in Africa, Asia, and Latin America (2005); and
- Undisclosed amount of funding for a 16-month for a partnership between FINCA International and the Bloomberg School of Public Health at Johns Hopkins University (USA) to bring HIV and AIDS prevention message to clients of FINCA's village bank network in Malawi and message both the economic and health outcomes (2005).

Many of these grants are years away from completion. As the grants end, it will be important to evaluate among other things the impact of the insurance, savings or credit on HIV/AIDS affected households.

AfriCap. In 2005 the AfriCap Microfinance Fund with support from IFC, the Swedish International Development Agency (SIDA), AFMIN and the Global Business Coalition on HIV/AIDS formed a working group on HIV/AIDS to identify key issues in risk management for MFIs as they are related to HIV/AIDS. Made up of professionals from a variety of institutions, including MFIs, not-for-profits, donor and multilateral organizations, consulting firms, and insurers, the working group helped guide the completion of a risk management framework and set of tools for MFIs in countries with generalized AIDS epidemics. The guide *Partners in Action: Financial Institutions, Health, HIV and AIDS Risk Management* includes several tools to help MFIs with risk management and touches on medical, epidemiological, financing and insurance issues; cultural issues like stigma, workplace issues, and legal, political and policy issues. The risk management guide is available in an online format for reference at *www.microfinancerisk.org* and also refers the user to other existing resources, tools and expertise. So far, however, only Zambia has a comprehensive hyperlinked list of different resource organizations available for partnerships, including financial service providers (banks, MFIs, leasing and insurance companies),

In August 2007 IFC rolled out plans to work with Blue Financial Services, a pan-African consumer finance provider, to implement a pilot HIV/AIDS awareness and prevention program in Botswana, South Africa and Zambia. The program targets local communities and small companies, helping them protect businesses and preserve jobs by managing the business risks associated with HIV/AIDS. A similar program has been rolled out with the K-REP Group in Kenya, including for K-REP Bank and K-REP Development Agency.

hospitals, hospices, health centers and clinics, other AIDS service organizations (including those that provide VCT, care and support, and services to OVC), governmental entities addressing HIV/AIDS, associations of PLWHA, donor-funded programs and ecumenical groups. It is unknown how much this resource is actively utilized.

International Finance Corporation (IFC). The IFC, through its internal support program the *IFC Against AIDS*, seeks to protect people and profitability by being a risk management partner, HIV/AIDS expert and catalyst for action in places where HIV/AIDS is threatening sustainable development. Approximately 80 percent of its work, however, is focused on IFC investments, including investments in MFIs, primarily to ensure that the investee companies make serious corporate commitments in the fight against HIV/AIDS. As of June 2008 IFC was working with 27 companies in Africa and six in India on HIV/AIDS-related projects that are linked to more than $1.1 billion in investment and $18 million in advisory services.

LESSONS LEARNED FROM THE PAST DECADE

Over the past ten years health and microfinance practitioners have sought to understand the intersection of HIV/AIDS, poverty and the role that financial services. Unfortunately, one of the most difficult realities is that knowledge and understanding about the impact of HIV/AIDS remains "silo-ed" within health and AIDS service organizations instead of shared more broadly with other economic development focused institutions, such as MFIs. And, the converse is also true with the microfinance industry conducting limited outreach to other development actors, or, in fact, seeking to "protect" MFIs from other development actors who may seek special considerations for "their" clients.

As a result, for many MFIs HIV/AIDS remains only a health issue and thus, not one around which greater exploration of financial needs is explored or researched. Although there is a general understanding that with proper treatment PLWHA have far longer life-spans, many financial institutions continue to believe that serving PLWHA and the HIV/AIDS affected carries high financial risks and costs. In addition, stigma and cultural taboos make it difficult to specifically research affected households and clients. Nonetheless, many financial institutions have chosen to provide products that, while not specifically addressing HIV/AIDS, are more compatible to PLWHA. For example, microinsurance policies increasingly do not exclude HIV/AIDS. Also, a greater emphasis on savings allows a client a more flexible payment schedule (e.g., not "due" weekly) and more control over usage. Even credit products have become far more flexible as more institutions drop lengthy weekly meetings and even allow for "alternates" –

A Successful Partnership in the IMAGE Project

The Intervention with Microfinance for AIDS and Gender Equity (IMAGE) project, a community-based structural intervention for HIV/AIDS prevention, was founded in 2001 in conjunction with the Small Enterprise Foundation, the University of Witswatersrand, the London School of Hygiene and Tropical Medicine, and the South African Department of Health's Rural AIDS and Development Action Research Programme. Two years ago, IMAGE began a study to see if providing microfinance loans to women could indeed reduce their risk of infection by making them less financially dependent on men and more able to negotiate safer sex. The results were assessed based on a number of factors: economic well-being, empowerment, intimate partner violence and HIV-related variables. After two years, the study showed:

- An increase in household asset value, together with a trend towards a higher savings rate; no differences in school enrolment or food security were noted;
- With respect to empowerment, the only significant change was related to communication with household members; women who participated in the scheme did not show greater self-confidence or communication with a partner than the control group;
- Intimate partner violence was significantly reduced (55 percent); and
- With respect to HIV-related factors, unprotected sex with a non-spousal partner decreased significantly. Participants were also more likely to access VCT services and reported higher levels of HIV-related communication. However, the incidence of HIV showed no significant decline over the period.

generally, family members who can make repayments a client who may be recovering from a car accident, or suffering from an HIV/AIDS related illness.

Also, although partnerships have been shown to be effective, there are many reasons why partnerships have not been pursued as a course of business.

- Many organizations simply do not want to go through the cumbersome and lengthy partnership process of working with another organization, particularly one that does not work like they do, look at development impact like they do or share the same sympathies of the needs of the HIV/AIDS affected;
- Some health or HIV/AIDS service organizations have approached MFIs about partnering but have had little success. As a result, some of these organizations have chosen to "go it alone" and develop their own programming or financial products. These organizations have gone on to set up a variety of revolving loan funds for PLWHA as a way to strengthen these individuals economically. These funds often provide low or no interest rate loans for one-off investments in start-up ventures which have a very high rate of failure, and which lack linkages to other needed business services. The result has been poor programs that are unsustainable, and have credibility problems.
- Similarly, some MFIs have sought to go it alone providing HIV/AIDS awareness, prevention and testing messages and training to their clients through regular weekly meetings. In one instance, where loan officers where promoting voluntary counseling and testing, clients came forward in search of more information and other types of psychosocial support which the loan officers were unprepared to provide.

Where partnerships have been developed such as by the IMAGE project in South Africa, real impact can be had on clients. Donors can play a role in promoting and supporting partnerships instead of funding a program to "recreate the wheel" which has a higher likelihood of failure.

WHERE IS THE MOMENTUM? WHAT ELSE NEEDS TO BE DONE?

The momentum around HIV/AIDS and financial services is shifting and rightly so. Over the past few years, the US government through PEPFAR, and the World Bank through MAP have begun funding programs that focus on the economic strengthening of OVC, among other HIV/AIDS affected groups. Microfinance is seen as one tool within this broader prescription. In 2007, the funding for economic strengthening from PEPFAR alone was approximately 10% of PEPFAR's overall budget.

Also, while USG, MAP, DFID, BMGF etc. put more money into programming that directly and indirectly benefits PLWHA and those affected by it, there is little research and study as to the impact on that target segment. While stigma and culture (not to mention sheer logistics) make it difficult for MFIs to even know how many PLWHA or those affected by it, HIV/AIDS support organizations could assist MFIs in gauging the impact of financial services on their beneficiaries who do participate in microfinance. MFIs and other researchers could research why some PLWHA participate in microfinance and why others do not. This would allow MFIs to better tailor products to meet the general needs of all, and the specific needs of some. It could be as simple as marketing, and as complex as changes in methodology; for example, some have already begun to allow for client substitutes at meetings, or to accept repayments electronically, rather than face-to-face.

Of course, microfinance services alone cannot drive improvements in the economic lives of infected and affected people. Business development, market linkages, policy and market reform, not to mention education, and health and economic infrastructure are pieces of the puzzle that will affect any client's ability to utilize financial services well. Unfortunately, poorly designed economic strengthening programs (like many failed rural livelihood and income generating schemes before them) seem to litter the HIV/AIDS project landscape.

GOING FORWARD: THE DONOR RESPONSE

Given the growing international commitment to HIV/AIDS, including the reauthorization of PEPFAR for an additional $48 billion over the next five years, there is a high likelihood of yielding dramatic results. Although this funding will predominantly go for further prevention, treatment and care of HIV/AIDS affected individuals, there is much room for innovation in financing, particularly for the poor. This could mean additional and targeted support to microfinance institutions and other financial service providers to address constraints faced by both PLWHA and the many affected groups.

Product Development

On the financial sector or microfinance side, donors and funders should continue to support MFIs and other financial institutions (including banks and insurance companies) to conduct solid market research and develop financial products and services that address the constraints felt by people made vulnerable by HIV/AIDS. These critical products and services include:

- **Comprehensive and Affordable Health Insurance.** Although some strong examples exist of new and up and coming health insurance initiatives such as MicroCare in Uganda and Zambia, the health mutuelles in Rwanda and the Micro Insurance Agency, the provision of affordable, comprehensive health insurance coverage that covers outpatient and inpatient medical treatment— for lower-income clients—is lacking through much of the countries with generalized AIDS pandemics. While such comprehensive coverage does exist in the upmarket for employees insured under company-paid insurance schemes, these insurance schemes are generally provided at an additional premium and at a price point that is much higher than the majority of the market, particularly microfinance clients, is able to pay. Studies from southern Africa, for example, have demonstrated that lack of access to outpatient services only drives up in hospital costs. Additionally, coverage that includes preventative health encourages people to get tested and get access to treatment. Healthcare financing is a big interest of many of the HIV/AIDS donors, particularly in larger countries where the population is more dispersed. It should also be of interest to insurance providers, who while wanting to limit the pay out for costs associated with opportunistic infections, should see it in their best interest to cover HIV/AIDS affected on the prevention and treatment side.

- **Financing of ARTs and non-treatment costs of treatment**. With access to ARTs, good nutrition and improved health lifestyles, PLWHA can and are living productive lives. The death sentence that was AIDS ten years ago has changed as individuals are living for ten, fifteen and even twenty years longer than originally anticipated. Access to ARTs through public and mission hospitals

particularly in PEPFAR focus countries is expanding, mostly in urban areas. However, there are numerous countries that are not PEPFAR's focus (and thereby not receiving the same high levels of financial support particularly for treatment.) In these countries opportunities exist for donors to support MFIs and other financial institutions that work with lower income groups to develop consumer or supplementary loan products that can finance first line antiretroviral drug regiments. In these countries, where first line drug regimens average between $100-200 annually, financial institutions could develop the model for private financing of ARTs. One World Bank expert suggested that the actuarial analysis can be done to support the risk. Similarly, there may also be opportunities to help financial institutions—including those in countries with high levels of publically funded drugs – to develop loan products that cover the other costs associated with getting treatment, namely transport particularly for people who live in rural and peri-urban areas and need to travel to the city to get their treatment. Although these transport costs may be infrequent, particularly once treatment has become and the drug regimen is adhered to, initially these costs could be great for poorer and more rural individuals. For microfinance clients with existing business loans, these supplementary loans could be provided as an add-on or second loan with the institution.

- **Financing of labor saving agriculture.** Many of the organizations working on increasing food security and strengthening the economic position of HIV/AIDS-affected households recognize the need for them, particularly PLWHA and caregivers, to use their time and energy wisely. Both caregivers and PLWHA may not be able to commit their entire days and weeks to tending to businesses or agricultural activities because they spend their time caring for the sick or children. Alternatively, they may need to conserve energy to live healthier if they are undergoing treatment. Labor-saving agricultural activities range from kitchen gardens to fruit trees, mushroom production, bee keeping, and palm oil production. Initiatives that identify both appropriate agriculture and market opportunities for expansion may be good partners for linking into newer value chain finance initiatives being explored by donors and microfinance institutions who have a keen interest and expertise in financing agriculture.
- **Savings.** With the numbers of orphans and spouses widowed increasing each day, the need for products in which parents/ guardians and families can invest in the short, medium and long term is important. While a number of MFIs has already developed loans for school fees or supplementary loan for emergency expenditures, more could be done to develop contractual savings products that allow for the regular accumulation of lump sums to pay for both regular and one-off emergency events. Studies in different countries have indicated that clients would find this an attractive product if 1) it were linked to another liquid savings account that could be used in the event of an emergency (or the ability to borrow against it) and 2) if there were adequate returns on the savings. While the variety of informal savings and loan groups being facilitated is a good start to creating a savings culture, it is time for donors to push the

envelope a bit and figure out the real constraints to formalizing savings within institutions. For many NGO MFIs, this will continue to pose challenges given their inability to legally intermediate savings. This challenge should however, force them in the short run to forge other alliances including partnerships with commercial banks that can safely protect depositor money. More work is being done to encourage savings of Government to People (G2P) payments such as conditional cash transfers (CCTs), pensions and other benefits.

- **Add on to Social Safety Net Programs.** To the extent that opportunities exist, donors should support linkages to social safety net programs developed for PLWHA or the HIV/AIDS affected such as OVC to "add on" programming that bridges people from pure subsidy such as cash transfers to more permanent types of financial services, namely savings. "Add-ons" to social safety net programs are currently being experimented with in a few countries in sub-Saharan Africa, albeit not specifically for HIV/AIDS vulnerable populations. Through this opening programming and products could be developed, for example, that allow older youth to access training (business skills, empowerment and financial education), mentorship opportunities and contractual savings that would them and their guardians to save small sums toward an end goal at the end of a 18–24 month period. This type of add-on could better prepare youth for their graduation from the cash transfer program at age 18.

The Added Benefits of Savings: Naming Beneficiaries

Women in Northern Uganda, affected by both conflict and HIV/AIDS, for example, were keen on opening "official" savings accounts because they could be assigned to their children. Opportunity Malawi's bio-metric ATM card is responsible for a widow being able to retain her savings after her in-laws tried to take them upon the death of her spouse. This story has since been passed around to young women at their bridal showers.

- **Technology.** For people who may have restricted movements due to illness, or to caring for someone who is ill, or simply as a result of distance to the nearest financial provider, increased investment in technology and customer adoption techniques are required. These investments can include point of sale devices and cell phones. M-PESA, a cell phone payment provider in Kenya, for example, demonstrates that poor populations are comfortable with transferring cash via mobile phones, often from urban to rural areas – being able to harness that technology to allow for savings, borrowing and loan repayments would be useful for PLWHA, possibly to a greater degree than to the general population. Similarly, Sekula debit cards are used in South Africa to make a wide variety of social payments, including those for the HIV/AIDS affected.

Economic Strengthening

On the health and market development side, donors should continue to support economic strengthening of OVCs and PLWHA, particularly programs that build in longer term links to market-oriented, sustainable microfinance and financial services. According to staff at PEPFAR, this should be done by organizations that understand economic development, instead of the AIDS service organizations whose comparative advantage is in health. PEPFAR also believes that AIDS service and health organizations do not have a comparative advantage in bringing microfinance to HIV/AIDS affected communities, just as MFIs have no comparative advantage in providing counseling and treatment.

Instead, linkage and partnerships should continue to be formed to bring HIV/AIDS affected into already existing, long term institutions that provide a variety of products and services, especially savings.

Impact Assessment

Both health and microfinance funders can support impact assessment initiatives done at the institution and client level to determine if microfinance or other non financial services have had an impact on mitigating the impact of HIV/AIDS on households made vulnerable by the disease. While the evidence base is growing with studies like the one conducted by IMAGE in South Africa and FINCA/JHU study, it is still a limited body of evidence surrounding economic and gender-related activities on HIV vulnerability, and change in risk behaviour is still quite small. This poses a dilemma for similar programs trying to emulate this study, particularly health organizations that may not have the same grounding in best practice microfinance or microenterprise development. Donors should continue to support research that expands this evidence base.

Financial Capability, Social Marketing and Behavior Change Communication

The ability of individuals to make informed decisions regarding their personal and business finances, including budgeting, saving, borrowing and investing, and managing risk is important to all individuals but especially to those who have fewer resources and greater vulnerability. The costs associated with HIV/AIDS—for illness, hospitalization, better nutrition, caring for additional children and with the responsibilities at the end of life to bury the dead and provide for those left behind—are enormous. Not nearly enough is being done to address the understanding of these issues by HIV/AIDS-affected households. With greater financial literacy comes the possibility to empower and enhance an individual's social system, to develop a positive attitude toward institutional finance and a willingness to adopt beneficial new services and technologies.

There is both interest in and need for financial service providers, governments, economic development practitioners, health organizations and communities to enhance financial capability initiatives. For the HIV/AIDS-affected, these initiatives could also address issues of legacy planning, legal rights with respect to inheritance, joint title registration among spouses and the rights of children, and with the recognition that this will and needs to change cultural norms and traditions in tribal communities in order to protect women and children in particular. These initiatives could be done in partnerships. For example, VCT clinics who are often the first to help clients cope with new knowledge and acceptance of their HIV status could partner with financial service providers (either through community outreach initiatives or CSR activities) to offer regular or embedded seminars on financial coping, planning and education.

Of course, the best way to deal with this debate is to reduce the number of new HIV infections. The health field has many years of social marketing and behavior change communication efforts behind it, especially in increasing the use of contraceptives to protect against HIV transmission. Knowing that many women engage in risky sexual behavior as a result of economic need, more needs to be done to provide information and social marketing messages to microfinance clients and others about the risks of transmission, and the potential for "economic independence" to contribute to a reduction in infections.

Partnerships

Finally, donors and funders should continue to promote partnerships between microfinance institutions and other health and AIDS service

organizations that can provide complementary services that prevent, provide treatment or provide support to the HIV/AIDS affected. Not only will this begin the process of tearing down donor silos, these partnerships will allow for greater nuanced knowledge to be contributed to new programming, new service areas and certainly to needed financial products, such as insurance and savings.

USEFUL RESOURCES

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SEEP Network's HIV/AIDS and Microenterprise Development (HAMED) community of practice and online guide (http://communities.seepnetwork.org/hamed/node/903)