



HIV/AIDS and BDS VIRTUAL INFORMATION GATHERING SESSION

Lessons Learned and Identified Strategies that Enhance the Participation of HIV/AIDS Affected Households into Productive Markets

Sponsored by BDSWG and HAMED Working Group
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October 2005

BACKGROUND

The Small Enterprise and Education Promotion (SEEP) Network is an organization of more than 50 North American private and voluntary organizations that support micro and small business and microfinance institutions in the developing world. Its mission is to advance the practice of micro and small enterprise development among its members, their international partners, and other practitioners. To achieve this, the SEEP Network:

- Provides collective examination from which emerges learning that advances professional development
- Increases program impact.
- Fosters continuing innovation.
- Informs the policy arena.

The HIV/AIDS focus came up when SEEP members raised the issue at the 2002 Business Development Services Working Group (BDSWG) meeting. They were struggling to apply the BDS market development approach when working with the very poor and marginal populations which included HIV/AIDS affected households. Although members recognized the value of the market development approach, they felt it needed adaptation for these populations who face more significant barriers to microenterprise development.

The BDSWG and the HIV/AIDS and Microfinance Development (HAMED) working group wanted to create a forum for practitioners to share their experiences so that lessons learned could be disseminated. What was working? What wasn't working? Why? This virtual information gathering session was the forum created to learn about how practitioners were responding to the HIV/AIDS pandemic in program delivery. Learning from practice to inform improved program development and delivery is a core principle of SEEP.

This important discussion series was made possible through a contract from USAID's Microenterprise Division and its Accelerated Microenterprise Advancement Project (AMAP) contract.

OBJECTIVES OF THE VIRTUAL INFORMATION SESSION

1. To determine the factors that make for a successful BDS intervention that targets HIV/AIDS affected individuals.
2. To identify strategies and interventions that enhance the participation of HIV/AIDS affected individuals in productive markets (subsectors, industries and value chains).
3. To identify mechanisms to increase earnings of HIV/AIDS affected individuals within value chains.

HIV/AIDS affected individuals = those who have had lifestyle changes as a result of someone dying of AIDS or is dying of AIDS. These could be care givers for someone dying of AIDS, have taken in orphans whose parent/s has died of AIDS and/or have lost one or both parents to AIDS. It is understood that anyone in the aforementioned categories can be also infected with HIV/AIDS but still have the capacity to be economically productive.

FORMAT OF THE SESSION

The session was in the form of a two-week (April 19-30, 2004), moderated email discussion. Each day daily questions were posted to guide the discussion. Daily contributions were summarized and distributed to participants.

TOPICS COVERED

- What microenterprise development initiatives have managed to stabilize or improve income levels in HIV/AIDS affected communities?
- How can BDS practitioners package initiatives to enhance their reach to those affected by HIV/AIDS, without exacerbating stigma on the one hand, or breaching sound enterprise development practices on the other?
- What needs to be taken into consideration regarding physical security for female caregivers and youth (18-25) when developing a BDS intervention? Are there additional considerations for youth who are also orphans and those under 18 years of age?

- What are the unique issues that HIV-affected households consider when making decisions about linking into new markets and value chains, and how do these unique issues affect their willingness to participate in new market opportunities?
- In communities where the prevalence of HIV/AIDS is high and there is an existing production or manufacturing cluster of MSEs, what sort of capacity building is needed to facilitate the formalization of a relationship between the cluster and a supplier within a value chain?
- What employment initiatives of small firms have been successful in hiring, training and maintaining HIV/AIDS affected individuals as employees? How could these same initiatives be transferred to a subcontractor relationship between a large firm sub contracting to a cluster of HIV/AIDS affected MSEs?
- How can Corporate Social Responsibility (CSR) be utilized to encourage suppliers in commodity value chains to outsource to MSEs affected by HIV/AIDS? What examples exist where CSR has been a key factor in closing a deal between a supplier firm and a cluster of HIV/AIDS affected MSEs?
- What examples are there of successful market linking between large firms and smallholder farmers or manufacturing MSEs? Why are they successful?
- HIV/AIDS affected families have low mobility, very limited cash and assets, limited time for productive labour and are risk adverse. If this is the case, then what kind of enterprises is HIV/AIDS affected individuals operating? And in what sectors?

PARTICIPANTS

One hundred and forty five individuals subscribed to participate. These comprised of BDS practitioners, microfinance institution staff that service HIV/AIDS affected individuals, HIV/AIDS programs that operate an economic development project, private sector business people, consultants and donors.

This paper has drawn the lessons learned from the current experience in the field that were shared during the ten-day virtual information session. The intent of this paper is to present in a systematic manner lessons from practice that can inform improved BDS program development and delivery to HIV/AIDS affected households.

LESSONS LEARNED

Kinds of enterprises HIV/AIDS affected individuals operate

1. HIV/AIDS affected MSEs are working in the trade, agriculture and service sectors.
2. Trade can be done from the home and/or in close proximity which provides flexibility to attend to ill family members or young children. Low capital is needed to engage in this activity.
3. Agricultural production and husbandry not only provides a means for earning an income it augments the food security in the household and provides needed nutrition.

Microenterprise development initiatives that have managed to stabilize or improve income levels in HIV/AIDS affected communities.

1. The provision of bundled financial and non-financial services to HIV/AIDS high-risk populations is effective in stabilizing income levels.
2. The trauma of losing a loved one who is the breadwinner to AIDS requires counselling for bereavement and also for HIV/AIDS prevention. Non-financial services that include counselling to the high-risk population before the provision of business management and marketing has proven to be successful to increase income levels for HIV/AIDS affected households.
3. When working with HIV/AIDS affected communities, it is important to work with the entire family unit. If someone is ill, the family still has a means to generate an income. If the caregiver cannot attend to the business, another family member is able to do so which reduces down time. Working with the entire family, mitigates the risk of enterprise failure due to loss of productive time.
4. Nutrition is key for HIV/AIDS infected individuals. If HIV/AIDS affected family members participate in healthy eating programs, this reduces food costs and also provides skills and a means for the family to augment their income levels.

5. In agricultural production, labour saving devices like drip kits, ensure a higher yield while reducing labour which permits a care giver to attend to someone who is ill or orphans to participate in an income generating activity while also feeding themselves.
6. Supporting HIV/AIDS affected individuals is a very effective way to assist HIV/AIDS infected individuals.
7. Linking NGOs who specialize in related issues with MED initiatives ensure higher success of the MED programs. It is important that the NGO with HIV/AIDS expertise should have some sort of comprehension of MED best practices and that the MED program staff have knowledge of HIV/AIDS.
8. Linking legal services that assist with the preparation of wills with MED projects is one measure to protect the assets of female-headed households.

Reaching HIV/AIDS affected individuals without exacerbating stigma or breaching sound enterprise development practices.

1. Community involvement utilizing cultural expression as in music and theatre encourages both infected and affected to become involved in economic initiatives. This is a good way to promote a new program. This is also a way for people to address how the community as a whole has been impacted by HIV/AIDS which takes the focus off the individual and results in de-stigmatizing the issue.
2. The line between “affected” and “infected” is so blurred and more often than not people who are infected are unaware of their status. Those not affected or infected today, can easily fall in to either category tomorrow, and it is best to focus on the economically vulnerable so that they will have the means to mitigate the impact of the affected status.
3. Building upon existing informal organizations that provide supports in the community to families that have lost someone to AIDS leads to acceptance of HIV/AIDS affected households.
4. Individuals who are HIV/AIDS affected are economically vulnerable. HIV/AIDS affected individuals will self select in to MED programs when the program packages products and services that are directed towards the economically vulnerable. If MED programs target HIV/AIDS affected or infected, people are stigmatized.
5. The promotion of MED programs should be done in forums which include the whole community; young and old, affected and infected so that the program is inclusive and folks will not feel resentment or left out and then in turn stigmatize the individuals participating in the program.
6. Within small firms, appropriate communications programmes and awareness building reduces stigma in the workplace which often affects productivity and the team spirit.

Working with women and youth

1. Government policies which support women and youth as vulnerable segments of the population create an awareness of the particular vulnerabilities that youth and women face in society.
2. Protecting the assets of women and orphans who have lost a husband or father is very critical for the household economy and for a HIV/AIDS affected household to go forward. Advocating for government policies to protect property is a necessary component for economic development with HIV/AIDS affected women and youth.
3. MED interventions need to take into consideration the barriers that prohibit women and youth to participating when designing the programmes. Illiteracy, gender biased laws that favour men and socio-cultural attitudes which determine women as insignificant are factors that curtail the participation of women and youth.
4. Including men in trainings and education programs that will sensitize them to the rights of women can dispel discrimination and open up the space to discuss domestic violence and the importance of women participating in the economy.
5. Getting community leaders on board to support and advocate for women and youth to participate in economic programmes helps pave the way for community members to be open and encouraging these segments of the population to get involved in economic activities.
6. Skills training and apprenticeships for youth who are AIDS orphans provide the means for youth to be economically active in their communities and to provide for their younger siblings.

How unique issues faced by HIV/AIDS affected households affect their willingness to participate in new market opportunities.

1. Scarce assets (liquid and fixed) make HIV/AIDS affected households risk adverse as a result of their economic vulnerability manifested in their non-existent margin for loss. If these households are going to enter new markets, they want to be assured of actual sales before entering a new market. This requires making contacts with markets in countries which will be the consumers to secure contracts, understand quality controls and standards and also product specifications desired by the final market.
2. Trusted intermediaries, such as NGOs with which HIV/AIDS households have a relationship, who can make links with new markets can reduce the perceived economic risk by brokering a business relationship between the private sector firm doing the purchasing who can provide capacity building, technical assistance and where appropriate, the introduction of labour saving technology.
3. Meeting the demand and production yields (whether agriculture or manufacturing) of new markets cannot be achieved at the MSE household level. Organizing is required to meet demand and to set up catchment areas for produce and manufactured goods to be collected.
4. HIV/AIDS affected households have demands on their productive time which in turn affects outputs. To ensure contracted obligations are met, it is wise to engage all working family members in a contract so that if one cannot work, another will be able to. If the household has only one or two productive workers, then informal and formal associations in the community can be useful in providing supports to augment the household production.

Capacity building that facilitates formal relationships between production clusters and a supplier in a value chain.

1. MSEs have little experience in market linking, negotiating contracts, developing contracts and honouring them. Capacity building in these areas strengthens clusters so that they can participate as active market players.
2. Developing community awareness of what a business relationship entails between a buyer and a cluster can develop solidarity amongst individual producers in a cluster. Individuals will work together to meet deadlines and there can be agreements to operate a rotation system for orders so that everyone benefits and contractual obligations are met.
3. Lead firms that outsource are looking for suppliers that have the skill sets and capacity to meet contract obligations which are guided by market forces. If the relationship between a MSE cluster and a lead firm is going to be long lasting, it is important that the cluster of MSEs continually upgrade in its production processes so that it can continue to produce what the market forces demand, otherwise the lead firm will go elsewhere to fill its contract needs.
4. Skills development beyond what is required for production has been successful in maintaining stable and continual relations with lead firms.

Employment initiatives of firms that have been successful in hiring, training and maintaining HIV/AIDS affected individuals as employees.

1. Small, medium and large firms cannot operate in societies where there is a high prevalence of HIV/AIDS as their productivity is negatively affected due to low employee morale, constant training and re-training, hiring and retaining employees and a high level of absenteeism.
2. Containing the HIV epidemic amongst the workforce is in the interest of large firms so that the associated costs related to training and loss of productive time are reduced.
3. Increasing awareness and understanding of HIV/AIDS amongst employees reduces stigma and restores harmony and productivity.
4. Appropriate communications programmes and awareness building works effectively for different sized companies. Workplace programmes that address HIV/AIDS prevention, care and support within the workplace are examples of successful initiatives. If resources are scarce for such programmes within smaller firms, linking with existing AIDS NGOs has been effective.

The potential role of Corporate Social Responsibility (CSR) in encouraging suppliers in commodity value chains to outsource to MSEs affected by HIV/AIDS.

1. Large firms, in particular mining companies, have found that workplace HIV/AIDS prevention needs to be augmented by investing in the surrounding communities in order to contain the epidemic.
2. Contracting to local suppliers increases income levels in the community which results in higher income levels that in turn provides households with resources to improve nutrition levels and send children to school.

Successful and unsuccessful market linking between large firms and micro producers

1. Exporting firms are in need of supplies to meet their quotas and customer orders. MSEs have skill sets and collective resources to meet the needed quotas. Agro exporting firms are willing to transport the product from the rural areas to major centres where they are packaged and exported. In order to meet international standards, these exporting companies will provide TA, although this will be a hidden cost that is reflected in the final price that is offered to the smallholder farmers.
2. Provision of technical assistance to smallholder farmers requires distinct techniques to transfer the required knowledge. Some agro export companies do not have this expertise which results in poor quality production and the smallholder farmers are not able to sell their final product. NGOs have filled this gap.
3. Meeting standards for export often requires some value added activity like drying. Simple technology like tin roofs where products are dried in the sun make production accessible to small holder framers due to the low cost of the required technology. This facilitates a successful business transaction between an agro export company and smallholder farmers.
4. Regulating bodies would ensure that final price offers to the producers are honoured and consistent. Governments can play this role.
5. In the case of market links for handicraft producers, product development which includes quality control is essential. Forming associations makes the delivery of technical assistance in product development much more viable.
6. Meeting production yields for HIV/AIDS affected producers may require labour saving technology devices that need to be purchased. This may be provided with the assistance of a loan. Farmers need to be educated on the use of the loan and also the conditions to which the loan is provided. In some cases, companies have confiscated irrigation kits and treadle pumps if production yields were not met. This breaks down trust and can discourage MSEs from engaging in other market links that may be beneficial to them.
7. There have been experiences of smallholder farmers breaking their end of the contract and also of firms that have reneged on their side of the contract. When the firm reneges on their obligations to a contract, the HIV/AIDS affected producer tends to be the bigger loser in the deal.

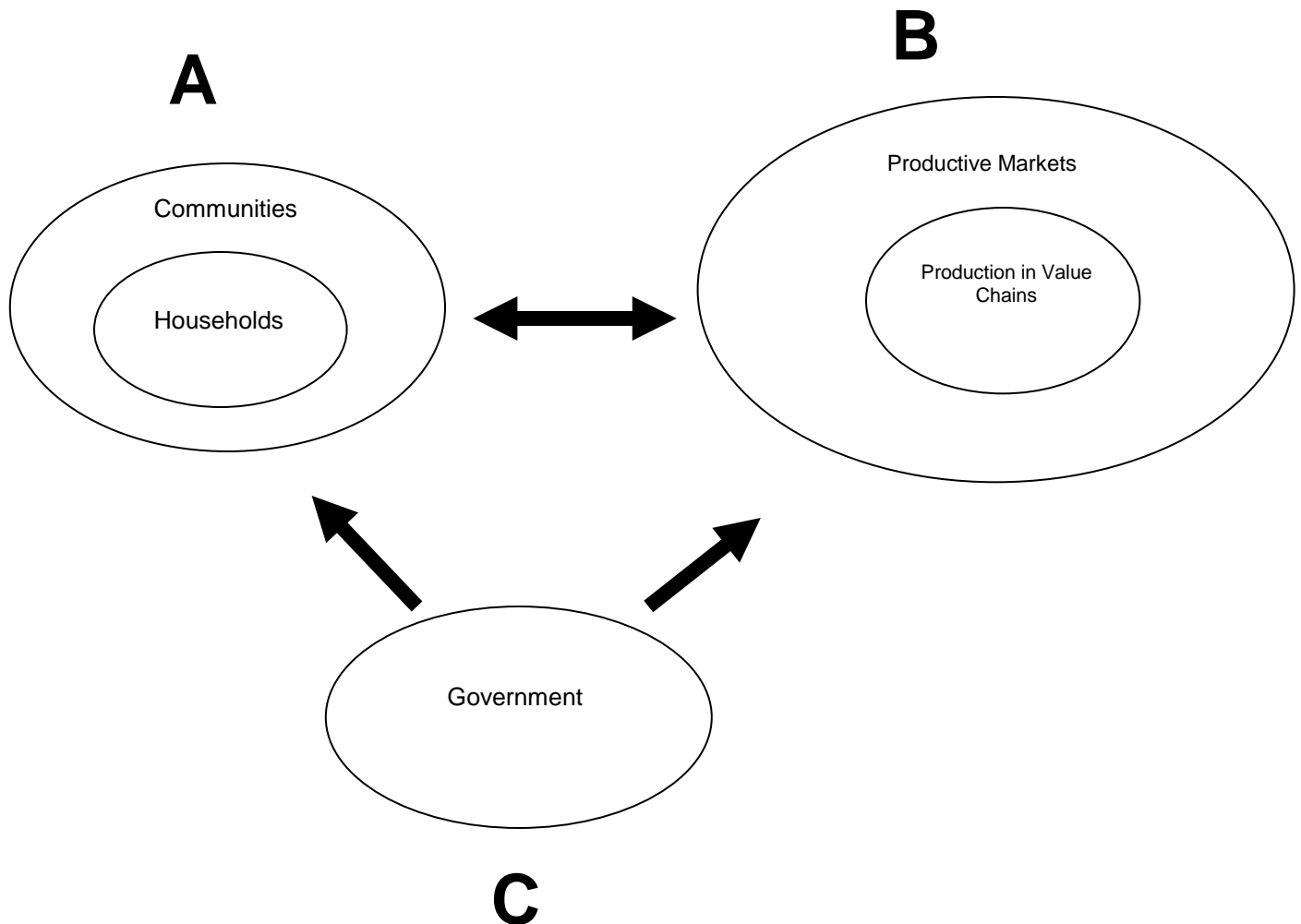
CONCLUSION

The consequences of the HIV/AIDS pandemic are unprecedented and far-reaching. In some regions the prevalence of the disease is so high everyone is affected. For many families, concerns about sliding into poverty subsume the other effects of HIV/AIDS. Practitioners in the field have been responding to the needs of these families by adapting micro enterprise development (MED) programs to address the unique issues that HIV/AIDS affected households face. Innovations have been tried, mistakes have been made and lessons have been learned.

Innovations that have emerged from ground zero do not provide the luxury of time for reflection because of the overwhelming magnitude of the pandemic. This virtual discussion has provided the forum to share and reflect. The contributions made during this ten-day virtual dialogue is a testament that a body of knowledge exists as a result of the innovative work of practitioners in the field who have responded to the challenges posed by the HIV/AIDS pandemic in MED program delivery.

Successful participation requires interventions at the level of the household, community, firm and government applied in timely manners. If HIV/AIDS households are going to participate in productive markets, there is a need to work with the households within a community to mitigate stigma and ostracism. HIV/AIDS affected communities need to be connected to productive markets which entails preparing them to link with national firms that export or international firms that import. Firms with a

competitive advantage within value chains that can provide income growth for MSEs affected by HIV/AIDS need to be identified and sensitized to working with this population. To facilitate this relationship, governments need to create enabling legal environment that protects HIV/AIDS affected households and facilitates relationships between this population and medium and large sized firms. The following diagram illustrates how all levels relate to each other.



IDENTIFIED BDS STRATEGIES & INTERVENTIONS

These BDS strategies and interventions have been gleaned from the lessons learned from the virtual information gathering session. This is not an exhaustive list.

A.

1. Build community support
 - Develop relationships with existing formal & informal associations
 - Use theatre and music to educate about the potential of a new market
 - Solicit endorsement from community leaders who then can actively promote the initiative
2. Strengthen clusters
 - Contract negotiations, contractual obligations, pricing, accountability, transparency
 - Upgrading: skills training, quality control, product development

3. Technology
 - Introduction of labour saving technology
 - Maintenance of technology

B.

1. HIV/AIDS education and sensitivity
 - Communications programme
 - Non discriminatory
 - HIV/AIDS prevention
 - Costing of HIV/AIDS prevention vs. no HIV/AIDS prevention
2. Value chain analysis to identify buyers with competitive advantage
 - Imports & exports to what regions
 - Destination of sales
 - Flow of services & skills along the chain
 - Physical flow of commodities
 - Role of buyers – backwards links to producers & forward links to retailers
3. Identify buyers who offer embedded BDS
 - Technical Assistance in production, product development, quality control
 - Transportation
 - Inputs & supplies at good prices
 - Most competitive price for final product of MSE clusters
4. Broker market links between HIV/AIDS affected community clusters and firms

C.

1. Advocacy/Policy
 - Laws that protect widows and orphans from property grabbing
 - Policies that acknowledge the economic vulnerability of women and OVCs (orphans & vulnerable children)
 - Incentives to firms outsourcing to HIV/AIDS affected communities
 - Regulatory bodies to protect agricultural micro producers