

Micro-Enterprise and HIV Prevention

Micro-enterprise development (MED) transforms the lives of the poor by providing them with the tools they need to lift themselves out of poverty by enabling them to reap the rewards of their own labor. Poor individuals are often overlooked, neglected, or ignored by conventional banking because of the lack of collateral, small loan size, gender or education level, and proximity to brick-and-mortar banks. Yet the global repayment rate for micro-credit loans is often higher than 95 percent, showing that the poor, when given the proper capital, can play a huge role in breaking the cycle of poverty. Micro-lending is an exciting development endeavor due to its high success rate, its inherent sustainability, and its ability to improve people's lives both socially and economically. MED is especially effective in regions affected by HIV and AIDS when combined with AIDS education.

MED is the process of providing training and credit to people who do not have access to formal credit systems, such as bank loans. MED programs provide block loans to a group of borrowers, who divide the loan among individuals but repay the loan as a group. All members are held jointly accountable to repay the entire loan amount. Loans are for small amounts, often around 150 U.S. dollars per person in African countries, and usually come due in less than one year. After repaying a loan, groups of borrowers are eligible to apply for another loan and can continue to build their businesses.

Through this process, micro-enterprise development creates economic opportunities within communities, enabling both men and women to avoid high-risk work and empowering women to negotiate respect and better roles within their community. Through increased savings, basic insurance, and access to credit, MED can also help provide a safety net that can enable families affected by AIDS to avoid selling productive assets, such as land and tools, to buy food and to pay for medical and funeral expenses. MED training has also been shown to be an excellent forum for conveying information and having community conversations about HIV and AIDS.¹

World Vision has a program in rural East Africa that seeks to improve the lives of very poor women by combining economic development assistance with improved access to HIV and AIDS care, mitigation services, and education. The program is called PRISM and stands for Promote Rural Integration and Security through Microfinance. Women are a primary focus because they tend to invest the additional income they earn into improving the lives of their children. For example, studies show that poor women entrepreneurs use 92 cents of each dollar of extra income to improve their children's health and education. Social capital is built through working together as well. The support systems that are built through group lending as opposed to individual lending are extremely important for the continued economic progress of the community. Women are empowered to communicate information to each other on child rearing, health issues, best business practices, and so on.

When women are empowered to earn an income, they not only gain financial clout, but their husbands also have opportunities to remain closer to home rather than seeking work through migration, which may lead to other sexual relationships. As women experience financial independence, their sense of empowerment grows, changing family and community relationships. When women no longer are constrained by economic forces, they can choose not to participate in sexual relationships that



are dangerous and degrading. When they can repay business loans, they become financially stable and better equipped to negotiate their roles within the community. This personal transformation can lead to social transformation, establishing the necessary springboard for HIV prevention.

Please go to www.worldvision.org for more information on how to help.

¹ Jill Donahue, *Forward Looking Review: World Vision's Approaches to Integrating Microenterprise Development and HIV/AIDS Response*, (Johannesburg: World Vision, 2005).

² *Integrating Microfinance with HIV/AIDS Care* (Federal Way, WA: World Vision, 2006), 2.