INCOME GENERATION FOR PEOPLE LIVING WITHHIV/AIDS, ORPHANS AND VULNERABLE CHILDREN

Livelihood improvement through support to IGA
A review of KHANA and its partners with recommendations

Adam Platt, Kong Vutheary - Consultants
Tuot Sovannary – KHANA

August **2007**

USAID
FROM THE AMERICAN PEOPLE

KHANA
Khmer HIV/AIDS NGO Alliance

INCOME GENERATION FOR PEOPLE LIVING WITH HIV/AIDS, ORPHANS AND VULNERABLE CHILDREN

Livelihood improvement through support to IGA

A review of KHANA and its partners with recommendations

DISCLAIMER

This review is made possible by the generous support of the American People through the United States Agency for International Development (USAID). The content are the responsibility of KHANA and do not necessarily reflect the views of USAID or the United States Government.

ABBREVIATIONS

ART	Anti retroviral therapy
CGAP	Consultative Group to Assist the Poor
HBC	Home Based Care
HBT	Home Based Team
ICP	Integrated Care and Prevention
IGA	Income Generating Activity
KHANA	Khmer HIV/AIDS NGO Alliance
MFI	Multilateral Financial Institution
NAA	National Aids Authority (of Cambodia)
OVC	Orphans and Vulnerable Children
PLHA	People living with HIV/AIDS
PO	Program Officer
RGC	Royal Government of Cambodia
SMCC	Senior Management and Consultative Committee (KHANA)
SME	Small and Micro Enterprise
VFC	Vision Fund Cambodia

TABLE OF CONTENTS

ACKNOWLEDGMENTS

Thanks to the many staff of KHANA's partners in Cambodia and to KHANA for the opportunity to learn about their programmes to support the livelihood options of people affected by the HIV/AIDS epidemic in five provinces of Cambodia. Especial thanks to the many people living with HIV/AIDS, OVCs and their families who gave their time to explain their activities, businesses and the challenges they face in their daily lives. The findings and recommendations in this report are based on what we have been told and seen. The analysis and suggestions are solely our responsibility, though we hope that KHANA and its partners will find our suggestions helpful in this vital area of support.

Executive summary

1.1 Summary Findings

This report is of a brief survey to assess the successes and, challenges of KHANA and its local partners' support to Income Generating Activities (IGAs) of people affected by HIV/AIDS in Cambodia over the past three years.The survey covered 10 partners in 5 Provinces so provides a sample only of the whole IGA programme. The report also gives next steps recommendations.

Most of the partners KHANA supports have been encouraged to provide small grants or loans to PLHAs and OVC families for IGAs. The approach has been deliberately flexible and partners have tried many different schemes. These include grants, small loans with flexible repayment requirements, grants linked to savings and grants or loans to self-help groups. KHANA required only that each IGA grant or loan should be small, approximately 30 US Dollars. KHANA has not expected the funds used to be repaid; partners have decided whether or not to request repayments from clients. KHANA has not generated any income from this programme for the organisation. The programme is an addition to its ICP work, responding to the need expressed by PLHAs that livelihood support is an increasing priority for them.

Each partner has measured the success of their IGA programme in different ways: most regard success to be the survival of the business (IGA). Others record success if the money provided was used to finance the IGA and not for other purposes. A few partners have measured success by the ability of borrowers to repay the loan or to build their savings. Most of the ten partners visited claim moderate success for their IGA work but identify several problems. Some partners say that income from IGAs has made it possible for children to go to school. Support to IGAs has also reduced the need for children to stay at home to contribute to family income and work in the house (and farm if there is one). Some PLHAs have made very good progress with IGAs and have been able to repay loans, save money and expand their businesses. Self-help groups have found the IGA funding useful to start and run small collective businesses such as weaving and other crafts.

Most partners found the flexibility of the programme and the lack of guidelines difficult and were at times confused over what they can or cannot do with the funds from KHANA for IGAs. Partners found the funds permitted per client too low for many IGAs and that underfunding can result in early failure of the IGA. Frequently IGAs fail and follow up is difficult when clients migrate. Migration is often an indicator that the IGA is not working and the client gives up to go and seek work and income elsewhere. Selling products is often very difficult for HIV positive people and their families due to stigma and discrimination,

which remains high in all areas visited. It is almost impossible for PLHAs and their families to sell food. Partners find they lack adequate knowledge, skills and experience on IGAs to give adequate advice to clients on business management, marketing and technical areas (such as animal health, crop production etc.)

Managing micro finance and credit funds is a specialised activity and KHANA partners should not be encouraged to run credit schemes unless they are able to develop the full range of skills required.

A new initiative to link the micro finance organisation, Vision Fund Cambodia (VFC), to a KHANA partner has the potential to develop a model of care and livelihood support to people affected by HIV/AIDS. This small-scale pilot project is identifying IGA potential and markets and developing financial lending "products" to meet the situations of PLHAs and OVC families. Vision Fund International expect to be able to achieve a viable revolving credit portfolio. This is to be achieved by including a high proportion of non HIV/AIDS affected clients in the scheme to offset inevitable defaults from affected clients (due to ill health, death, migration etc). It was too early to assess progress with this pilot project, though the plans appear well developed. KHANA, with other NGOs, has accepted to underwrite losses that may be incurred through this experimental period. KHANA is not expecting to share in the income that may be generated through the VFC programme.

The summarised recommendations that follow highlight next steps for the expansion of the KHANA IGA support programme. Further details are in the report.

1.2 Summary Recommendations:

1. KHANA must clarify the position of IGA support in its mission and mandate and review its capacity to support partners with IGAs. This may require the appointment of one or more staff with expertise on IGA and micro finance management.
2. KHANA now needs to consult with partners who have developed the most effective IGA schemes and develop and agree a set of guidelines for all partners. These guidelines should retain some flexibility and should present different models to fit the needs of clients, especially for the poorest and for women, who are often carrying the greatest burden of care for families.
3. The size of loans and grants requires review and must be adjusted to fit the selected IGA.
4. KHANA must organise additional training on IGA management and technical areas. Trainers should be specialists and can be drawn from the more experienced KHANA partners and from micro finance organisations, government departments and NGOs.
5. Partners should be encouraged and supported to establish links with local institutions that can collaborate with them or provide advice on IGAs. These include credit agencies and banks, local government, NGOs.
6. Organise and support exchange visits and other opportunities for partners to learn from each other and other organisations with relevant experience.
7. Request partners with strong IGA support schemes to train other partners. For example WOMEN on their Trickle Up programme.
8. KHANA must introduce closer support and monitoring of the IGA programmes of partners. Clear agreements are needed with targets and indicators set with which to monitor progress.
9. The Vision Fund Cambodia/Kasekor Thmey pilot partnership must be closely monitored and analysed. Lessons from this programme should be shared with other partners. Care when introducing a new credit product must be taken to ensure that the poorest continue to receive support for potentially viable IGAs.
10. In addition to its IGA programme, KHANA should support access to vocational training for OVCs and for PLHAs where this will help them get jobs or start IGAs.

2 Background

2.1 KHANA, its mission and mandate

The Khmer HIV/AIDS NGO Alliance (KHANA) is one of Cambodia's leading non-governmental organizations (NGOs) working on HIV/AIDS. KHANA's mission focuses on reducing people's vulnerability to HIV/AIDS, other STIs and the impact of AIDS, by developing effective and sustainable community-level responses, building the capacity of NGOs and community-based organizations, and collaborating with the government and other stakeholders. KHANA began as the Cambodia country program of the International HIV/AIDS Alliance, which remains KHANA's main international counterpart. KHANA receives support from the International Alliance and a range of donors, including the Global Fund and USAID, and in turn provides management, technical and financial support to local NGOs/CBOs throughout Cambodia. In 2006, KHANA awarded 108 Grants to 68 NGO/CBO partners and other stakeholders in 17 provinces and municipalities of Cambodia to carry out their activities in response to HIV/AIDS and its impact[1]. In this way, in its prevention, care and support, advocacy and capacity-building work, KHANA mobilizes civil society and contributes to the broader national response.

2.2 The Integrated Care and Prevention (ICP) program

The ICP comprises KHANA's largest single program area, and is the work for which it is best-known. ICP began in the late 1990s as KHANA's Home-Based Care (HBC) program. A mid-project review in 2005 found that "the main achievement of HBC is (the delivery of) comprehensive services, such as basic home care, access to medical services, psychological support, ART, TB treatment, welfare support, and support for income generation and education." The mid-term review found an increase in PLHA involvement and empowerment, and a decrease in their economic burden and experience of stigma and discrimination. More recently, with the advent and rapid uptake of ART, KHANA has expanded the ICP approach beyond HBC to include:

- Engaging PLHAs in positive prevention,
- Facilitating access to treatment and care,

[1] *KHANA Annual Report 2006*

- Providing socio-economic support to PLHAs, orphans and vulnerable children (OVC), and their families,
- Improving capacity of governmental and PLHA partners, and
- Reducing stigma and discrimination faced by PLHA/ OVC through community education.

The program regularly reaches over 9,404 PLHA and over 13,031 OVC[2]. The program's annual cash budget is approximately US$1.5 million; of this, the two largest contributors, accounting for more than 90% of the total, are the Global Fund and USAID.

An "End-of-Project" Review[3] in 2006 clearly identifies that KHANA needs to re-strategise its ICP support to meet the economic needs of an increasing number of PLHA and OVC families who state their priority to be support to livelihood activity, either through employment or self employment:

"Most critically, KHANA, through ICP, should significantly broaden its impact mitigation work - two of the most basic interventions should be increasing household incomes and increasing school enrolment in families affected by AIDS."

This current review and report is now intended to contribute information for KHANA's decision making on further support to PLHA and OVC family incomes through experience and lessons from the IGA support added to the ICP programme over the past three years.

2.3 ICP's income-generation activities (IGAs)

Support to IGAs by KHANA is currently limited in scope and effectiveness. Currently, grants or loans of approximately US$30 are given to PLHA and OVC households through the Home Care Teams (HCTs). On average, one HCT will give 20 grants (10 PLHA and 10 OVC households) per year. KHANA channels these grants to its partners and from there on to the HCT and finally the IGA clients. Currently, KHANA does not expect to profit from interest or profit earned from those grants but does allow the partners to distribute the grants based on their own policies, which may include linking grants to savings schemes, providing repayable loans, supporting self-help groups start up and run IGAs, re-lending repaid loans etc. Most grants (or loans) are usually provided for livestock-raising, handicraft production, market gardening, making and selling snacks and drinks, and grocery selling. KHANA has not generated any income from this programme for the organisation. The programme is an addition to its ICP work, responding to the need expressed by PLHAs that livelihood support is an increasing priority for them.

[2] *Loc cit.*
[3] *End-of-project Review for KHANA ICP Global Fund and PEPFAR/USAID. Ted Nierras. August 2006*

3 Study method

3.1 Terms of reference

Full TOR are at Annex 7.1.

3.1.1 Objectives

The objectives of the review are:

- To assess the current status of income-generation activities within the ICP program, in terms of their coverage, gender equality, success, and challenges.
- To suggest to what degree, and how, the ICP program should change to better fulfil the income-generation needs of the program's beneficiaries, while remaining within KHANA's mandate.
- To make recommendations as to how KHANA and its partners must adapt, in terms of their technical, financial and programmatic capacity to be able to operate an improved and expanded income-generation activity program.
- To make recommendations as to how KHANA's new partner, Vision Fund Cambodia (VFC), can best provide income generation/microfinance and vocational training opportunities to PLHA and OVC.

3.1.2 Review Outputs

- A report, detailing the status of income generation activities within the KHANA program and recommendations as to their expansion and capacity needs.
- A presentation, made to senior management and Consultative Committee (SMCC) members at KHANA and at the KHANA Annual Conference.

Fifteen days were allocated for the review.

3.2 Focus groups and meetings

Ten partner NGOs of KHANA were selected for this study. Two in each of 5 Provinces – Kampong Cham, Kampong Speu, Kandal, Takeo and Phnom Penh. Provinces in easy reach of Phnom Penh were selected as the time for the review was limited. For each partner organisation focus groups or meetings were organised with:

A) Partner staff engaged in IGA support

B) EITHER a group of PLHA OR a group of OVC families[4].

In Kampong Cham the KHANA partner working with Vision Fund Cambodia was included in the study.

All partner NGOs participating in the study were selected by KHANA's Research Coordinator.

Checklists were designed and used to guide the meetings and focus groups. Annex 7.3. These covered the areas:

- IGA support methods being used by partners
- IGAs supported
- Successes and challenges
- Monitoring and lesson learning

Preliminary results of the study were given at two feedback meetings:

one with SMCC members at KHANA (10th April 2007), the second through a presentation, with discussion, made to a wide range of stakeholders and discussions at the KHANA Annual Conference[5]. In addition a meeting was held with Vision Fund Cambodia to discuss their partnership with KHANA.

3.3 Literature review

We reviewed reports and literature on KHANA's programme. We searched for international materials on IGA and livelihood support for PLHAs and OVC families. A short list of literature is at Annex 7.8.

The paper In Focus on Young Adults paper Youth Livelihoods and HIV/AIDS January 2001 provides a thorough analysis on what can happen to the vulnerable if their economic livelihood needs are not addressed alongside their health, care and other needs. This paper identifies the likely results of unaddressed poverty on the young (OVCs etc):

- be in poor general health to begin with and to leave sexually transmitted diseases untreated;
- yield to pressure to exchange money or goods for sex;
- migrate to find work, and thus increase their chances of risky sex; and
- lack hope for the future

Some examples are provided of solutions attempted in a number of countries, See Box 1. Though this paper was written in 2001, we found few additional resources with evidence of successful livelihood support programmes for HIV/AIDS affected people.

[4] *For some of these groups both PLHA and OVC families attended together.*

[5] *Stakeholders Conference on the HIV/AIDS Response in Cambodia – "Looking back to move forward". 22nd and 23rd February 2007.*

Box 1

In Focus: Youth livelihoods and HIV/AIDS - extracts

Recent reviews of adolescent livelihoods programs have found that:

- a wide range of institutions have program or policy efforts to improve youth livelihoods;
- most efforts are small-scale and focus on boys;
- relatively few efforts explicitly link youth livelihoods activities and HIV/AIDS prevention, care and support; and
- few programs have been well-documented or rigorously evaluated.

Examples of types of programs and policy efforts include:

- Programs that provide jobs, work experience, and income generation. Such programs increase economic opportunities and improve life prospects. Although circumstances force many youth into exploitative and dangerous jobs, legitimate, non-harmful work may be the best option for youth whose educational opportunities are extremely limited.
- Work experience is a component of almost all of the U.S. youth development programs that have successfully reduced rates of risky sex and teen pregnancy.
- In El Salvador, the Homies Unidos peer education program provides school and job opportunities to youth gang members combined with information on sexuality and reproductive health, including condom provision.
- One study found that young women employed as garment workers in Bangladeshi factories marry later and delay childbirth after marriage.

The chance to earn income is also extremely important to an infected youth facing economic problems, or to a youth supporting a family when parents have fallen sick or died from HIV/AIDS.

As more adolescents enter the formal work force, their place of employment can also become a setting for prevention and care and support activities.

- One program for young female factory workers in Thailand increased workers' communication with their partners about HIV/AIDS and safe sex.

A short paper (2pps) by CGAP (2003) is included in this report as Annex 7.9 as it provides clear guidance on the options to consider in making micro finance programmes accessible to people affected by HIV/AIDS. The most relevant advice for KHANA is in Box 2. This advice is very important for KHANA in considering how to develop its IGA support beyond the initial 3 year pilot period. KHANA's partnership with Vision Fund Cambodia, see Concept Note and Market Survey (references in Annex 7.8) will provide options to consider. If IGA support is to meet the livelihood needs of the most vulnerable and potentially destitute it must be carefully targeted and planned. Credit products that are too strict on repayments and do not include insurance for problems very poor clients are likely to face will not help them.

Box 2

CGAP advice on micro finance services (2003)

How can financial services best be used in communities grappling with HIV/AIDS?
Financial services alone cannot solve the repercussions of HIV/AIDS. However, access to a broad range of financial services—especially savings—can help households build a safety net to deal with the impact of the disease.

Who can use financial services in regions affected by HIV/AIDS?	*What products and policies are responsive to their needs?*
• individuals who are HIV-positive, but still productive	• flexible savings
• productive family members of HIV-positive individuals	• education trusts for minors
• surviving spouses, children, or parents	• emergency loans
• households unaffected by HIV/AIDS	• burial insurance
	• loan insurance (in case of death)
	• acceptance of younger and older clients

The more vulnerable a household, the less likely it will be able to use microfinance effectively. When faced with a crisis, families may find it impossible to continue investing in productive activities, saving, paying insurance premiums, or repaying loans. Social services or grant programs may be better alternatives for such directly-affected poor households.

4 Findings

4.1 IGA support methods used by partners

KHANA, intentionally, provided minimal guidelines and restrictions to partners on the disbursement of funds to support PLHA and OVC IGAs. The idea was to permit partners to develop financial support for IGAs that would best fit the circumstances of the HIV/AIDS affected people they support. This has resulted in a rich and interesting range of approaches and schemes for IGA support. Some have worked well while others have been less successful. We will first describe some of the approaches used. Then we will identify some of the success factors and lessons to build on in next phases of IGA programming by KHANA and its partners.

All of the partners in our sample have distributed small grants or loans as a part of the activities of the Home Based Care Teams and as a component of the Integrated Care and Prevention programme (ICP).

Two partners, WOMEN and KOSHER, both in Phnom Penh, have taken a more distinct and focused approach to IGA support than others. The schemes of these two partners provide useful examples that can help KHANA and its partners develop guidelines for more effective use of IGA financing. (Note that other partners whom we did not include in our survey sample of ten partners may also have well focused schemes).

WOMEN have used their experience with another IGA support programme, Trickle Up, to design and implement their support to HIV/AIDS IGAs. See Box 3.

KOSHER operate a loan scheme specifically to support IGAs for HIV/AIDS affected individuals. KOSHER's scheme aims for a high repayment rate and the organisation is confident that it will be able to develop a self-sustaining credit fund without ongoing grant assistance from KHANA. KOSHER recognise that to achieve this objective they have to lend to those they judge can be expected to succeed in business and repay loans with minimum default on repayments. They therefore cannot work with the poorest who are at high risk of being unable to repay their loans. KOSHER achieves a repayment rate of 90%.

Box 3

WOMEN – uses "Trickle Up" credit scheme for PLHAs/OVCs

WOMEN has built the KHANA HIV/AIDS IGA financing into a broader scheme "Trickle Up", which they manage for the benefit of poor women and their families (not only for those affected by HIV/AIDS). Trickle Up is funded by a specialist American donor with similar projects in other countries. Home visits are made to check existing IGA activities and to discuss how a loan will be used. A workplan is prepared for the IGA.

If the person or family is considered suitable for a loan they are given two days of training on how to manage the activity and the loan. Clients are encouraged to save at lease small sums (500 to 1000 Riel 25 US cents). Savings are used both for IGA support and for emergency needs – e.g. when someone is sick. Repayments are agreed to be at the rate of 10,000 Riel (2.5 US$) per month, but this can be flexible according to the progress of the business. Frequent visits are made by Home Care Team (HCT) staff (all of whom have been trained in the Trickle Up method) to monitor the IGA and to give support. As well as the HCT staff, WOMEN employs volunteers to help with the scheme, most of whom are PLHA.

Standard forms are used to assess and record progress and to keep track of repayments. At three months a progress report is written based on an assessment visit. In the Trickle Up scheme, if the business is going well and some repayments are being made, but it needs more capital, a further loan can be given. WOMEN has difficulties with the KHANA scheme as they find the first loan of 30USD is usually too small and there are no additional funds to provide as follow on loans at three months or later. The Trickle Up scheme lends 50USD and there are funds to increase this if needed to build the IGA.

Success rates for the loans are difficult to assess as unless the client leaves the area or dies the WOMEN team keep working with them. In one health centre area, of 15 families 5 are regarded as successful, while there are difficulties with the activities of 10 others. The reasons for this are ill health in the family and the challenges of supporting a large family from one small IGA. The IGA choice is not the problem as both successful and less successful families are engaged in similar activities.

The other eight partners in this study have experimented with a range of support methods, these include:

- One time grants given to the those in greatest need but who demonstrate that they can start a small business.
- Linking grants to a savings scheme and providing a grant or a loan to those who show they can save
- Loans in place of grants with an agreement that repayments will be made when there is income from the IGA
- Loans made with an agreement to make fixed repayments
- Self help groups (SHGs) formed for a specific IGA (sometimes linked to the Happy-Happy programme) and funds provided as a grant or loan.
- A mixture of grants and loans – in some cases with a change from grant funding to loans after one or two years

Several KHANA partners have combined these methods as they have developed their IGA strategies and learned from experience, for example see Box 4 on Kasekor Thmey.

Box 4

Case study: Learning and adapting from experience

KHANA partner Kasekor Thmey (Kampong Cham) started in 2003-04 with US$25 loans to 25 families with expectation that these would be repaid in 6 months. Families used the loans to raise pigs for sale and to buy and sell fruit and vegetables. Although the families raised some income the result was not very good as several families used the funds to solve their livelihood problems and not for the business. The partner feels this was not the fault of the PLHAs and OVCs because they had not been given good advice on how to use the money. After discussion and lessons from this first experience and also from other IGA projects Kasekor Thmey adopted a new strategy. Before giving grants they assessed how many businesses can be run in an area, what resources the families have or would need, and where the activities will be done.

Under the new strategy grants were given for a wide range of activities: firewood collection and sale, vegetable sales, waste recycling, chicken rearing, watering cashew plantation, noodle production, pig rearing, tree seedlings, grocery sales, cake making, jack and cashew sales. Of 60 IGAs supported the partner considers 43 to be successful, 71%. (A further 11 IGAs have been supported bringing the total to 71 but it is too soon to access their success).

Critical to the success of the IGAs according to Kapsekor Thmey is the good health of the family. Failures are usually due to the family situation –

- ill health,
- families headed by widows with large numbers of children to support
- very poor families who may have sold assets to try to treat the deceased husband/father
- families with only grand mothers to lead them
- families with husbands/fathers who misspend money.

Kasekor Thmey have also started to give grants and loans to Self Help Groups of PLHAs and OVCs. First step is to provide a $30 grant to each family in a group of 10 families for start up. The members are encouraged to save and then they are lent $25 with agreement this will be repaid over 6 months.

Case study contd. PLHA needs – Kasekor Thmey

In discussions with 5 women and 2 male PLHAs in the Kasekor Thmey area we were told that it is the poor who have lost all their land who come out because they need support. They said that they can manage the financial support but that they need help with marketing, business advice and accommodation. They said healthy PLHAs need vocational training on pig and poultry raising. The PLHA said while the financial support is useful some need more funds. For example, to buy a generator and pump to irrigate farm land - $250. Another knows how to raise buffaloes but a buffalo costs $300. The women said thieves took their money or vegetables and they had to restart. With a higher grant or loan they could have made their chickens more secure from theft.

4.2 Criteria for support

Criteria used to decide who should be supported with IGA funding varied across the 10 partners. Those partners for whom the priority is to develop a successful revolving credit fund (KOSHER for example) select beneficiaries who can repay. Other partners who are concerned to reduce the poverty of the poorest OVCs or PLHAs assess levels of poverty and give funds to the poorest providing they have some idea for an income generating activity. See for example Box 5 on the work of KHANA partner Save Incapacity Teenagers (SIT), Kandal Province.

Box 5

Criteria for selecting IGA beneficiaries and support provided Save Incapacity Teenagers (SIT)

SIT looks for the poorest HIV/AIDS affected families who have children who need to go to school or are supporting OVCs. If they have a small business or an idea for one, SIT staff help them find a place to make and sell their products. SIT provides a loan of $30 and follows up with monthly visits to check progress of the business, to see that the children are getting to school, and to check on the health of family members. SIT provides help to change the business if it is not working well. SIT has started small group savings scheme and encourages repayments of IGA grants/loans into this fund. This is to help families with IGA funds get through difficulties. The savings group meets monthly and members are encouraged to contribute 1000 to 1500 Riel. Members can then draw on this fund to expand their businesses, for example when they need to improve their market stall as there business grows. This fund can also be applied to cover unexpected costs that could result in failure of their business, for example: to meet unexpected medical or education charges. They can take out up to 50,000 Riel (12.5 US$) but must repay this in 3 days. Members know the rules and keep to them. SIT has found the most successful IGAs to be vegetable growing, weaving, grocery sales, cane juice and hair dressing.

4.2.1 Links to other ICP activities and partner capacity for IGA support

All 10 Partners run their IGA activities using HBT staff. The IGA activities are therefore fully integrated with the other areas of support provided. Because IGA is a relatively new component of ICP most staff say they do not have sufficient training and experience in IGA support. KHANA has provided training in managing IGAs but most staff of partners want more training. Only WOMEN staff appear to have adequate skills in IGA support due to their experience with their Trickle Up programme. Kosher staff are also strong in credit management as their leader has experience in small enterprise credit management.

4.3 Types of Income generation activities chosen and supported

Annex 7.5 gives details of the IGAs PLHAs and OVCs identified in focus groups. The most popular IGAs (with over ten businesses) are:

- Pig raising (30)
- Preparation and sale of food (mainly sacks) (22)
- Chicken raising (13)
- Vegetable growing and sales (11) We recorded a total of 123 businesses in the study, though this will not be the full number supported by the partners as only a sample of beneficiaries attended the focus groups. Due to limitations in record keeping it was not possible to obtain accurate numbers of IGAs from all partner staff. While individual staff appear to keep records of the loans and grants they support, the collation of these into accessible reports is limited.

Many PLHAs and OVC families say they need vocational training to help them get jobs, as well as support for IGAs. See Recommendations.

4.4 Successes – what is working

4.4.1 Livelihood support to the poorest

Most KHANA partners surveyed are reaching the poorest HIV/AIDS affected individuals and families. Only partners focused on building a viable rotating credit scheme (such as KOSHER) appear to provide support mainly to the less poor.

4.4.2 Improved incomes for less poor

The incomes of the poorest are being improved successfully through IGAs when this is combined with other ICP support from KHANA partners. This also makes possible access to credit from other sources. One partner said they have seen posters and calendars from ACLEDA and other lending banks and schemes in the houses of some IGA clients, suggesting that they may be getting other loans - a sign that they are no longer among the poorest and can meet the loan criteria of commercial lenders.

4.4.3 Schemes with repayments can provide follow-on loans and reach more clients

Where Partners have succeeded in collecting repayments from loans made, or where grants have been provided alongside savings schemes it is proving possible to lend additional top up or follow on funds. Some partners have also been able to use repaid funds to give loans to additional clients. The latter situation is rare so far. Most partners emphasised that they have required KHANA to provide further funding for IGAs to extend their support. The most common use of repayments or savings is to help beneficiaries overcome temporary difficulties – such as health care needs and problems with the IGA.

4.4.4 More women than men are supported

We do not have exact figures from partners, but it is clear that women control the majority of IGAs supported. There are far more women than men struggling to care for their families. It is these women who seek support for IGAs. In many cases, women are managing their families unsupported by men, who often have died after infecting their wives/partners. In other cases men are absent from the family, preferring to migrate away to seek work or a new life.

4.4.5 IGAs help OVCs go to school

We were told repeatedly that IGA support for families is making school attendance more possible for OVCs in the care of families with IGA support. Children often do help with IGAs, but this is outside school hours. Without support for IGAs, families say they cannot afford the costs of schooling and they need to keep children at home to help with petty trading, recycling and other income earning activities. The risk of school age children being kept from school to assist with IGAs is said not to be a problem by all KHANA partners met. In all cases children are being assisted and encouraged to go to school as a result of increased income and the other support provided to OVC families through the ICP programme[6].

4.4.6 KHANA monitoring and support

Most partners say they value the visits made by KHANA programme officers. These can be useful for discussing progress and problems with IGA activity. Training provided is also valued. See next section for limitations of the support provided.

[6] *The example experienced in another (non – KHANA) IGA project where a 12 year old girl was kept from school to care for a cow provided by the project was presented to some KHANA partners. They stated that this kind of problem is not experienced in their IGA support work.*

4.5 Challenges and problems

4.5.1 Partners unclear on the guidelines and rules for IGA support using KHANA funds

All partners value the funds provided by KHANA to support IGAs. They understand that they should provide small loans only to a number of IGAs as agreed with KHANA. They are unclear on what freedom they have in deciding how to use the funding – as grants, loans, to individuals or groups etc. Partners say they need fuller guidelines within which to work. One partner said that beneficiaries supported by different KHANA partners talk to each other and if the schemes of partners are different clients may be confused. At worst this could result in a lack of confidence in the partner and a belief that the partner may be cheating them.

4.5.2 KHANA partners and beneficiaries lack skills in IGA scheme management

Apart from WOMEN, all partners said they needed more assistance with IGA promotion and technical skills to support specific IGAs. Beneficiaries also say that the partners are not able to guide and help them adequately with their IGAs. Partners were asked if they have links with local credit-giving organisations (for example ACLEDA and AMRET Banks) or have considered asking for help locally with managing their IGA schemes. All said that they have not done this and that they feel the help may not be relevant to the work they do with very poor HIV/AIDS affected families and individuals.

4.5.3 Partners can give only limited technical advice on specific IGAs

A few partners are seeking help from local technical experts – for example vet services to help with chicken sicknesses and deaths. Most partners are not asking for technical help for the IGAs from government and NGO services. Partners said that KHANA is their main source of assistance and advice but that KHANA project officers mainly do not have the expertise required to solve IGA management and technical problems. See Annex 7.6 for more details on reasons for business failure.

4.5.4 Partners are organised for ICP and Home based Care, not IGA

Apart from WOMEN and KOSHER, partners have not re-organised their teams to implement the IGA programme, in most cases IGA support has been added to the responsibilities of Home Based Care teams. These staff told us that they have insufficient knowledge and insufficient time to work on supporting IGAs adequately.

4.5.5 Assessment of IGA viability, market potential and beneficiary capacity is weak

As the partners in our sample (other than WOMEN and perhaps KOSHER) have limited IGA management and technical knowledge, the assessment of beneficiaries requesting IGA support is inevitably weak. Few, if any, business plans are produced with IGA clients. Grants and loans are frequently awarded without much understanding of the likely progress of the IGA.

4.5.6 Grant and loan size is too small for many IGAs

While most clients receiving grants and loans say they value them, they frequently claim the amount is too small to provide the start up and working capital for the IGA chosen. This too often results in clients using the funds to solve personal or family problems rather

than investing in getting their IGA started. Partners and beneficiaries agreed that there needs to be greater flexibility in the size of fund provided for each IGA. While some partners are trying to overcome this problem through supporting self-help groups and others are providing follow on grants or loans, this is not solving the problem of too limited initial capital. See Box 4 and Annex 7.7.

4.5.7 Stigma, discrimination and abuse weaken IGAs

Most clients and several partners identified problems with marketing products due to stigmatisation. Clients selling foodstuff often have to travel to markets where their HIV status is unknown to find customers. Several IGA clients stated that middlemen buyers of their products refuse to pay them until the goods were retailed, they then fail to bring the payment. Pig and poultry sellers, for example, are being cheated by traders in this way as IGA clients lack the transport to take their products to the market or people effuse to buy from them directly.

4.5.8 Migration, sickness and death weakens IGA support schemes

The most common reason for IGA scheme failures or losses is said by partners to be the migration of clients. Migration is common for all poor Cambodians as a means to seek improved livelihoods, or even to survive[7]. IGA scheme clients migrate when they find financial support to their IGA is too low, they have difficulties with marketing and lack technical knowledge for running a successful business. Sickness and death are also common reasons for IGA failure, which affects negatively on schemes that aim to rotate credit as loans have to be written off.

4.6 Monitoring, reporting and lesson learning

Partners complete standard forms issued by KHANA to record progress with all KHANA supported programmes and projects. Apart from discussions held with KHANA project officers when they visit, partners say they get little feedback on their reports other than occasional financial management queries. They do not submit regular narrative reports, with, for example, case studies on progress with the IGA scheme and particular beneficiaries. Partners said they know there is a lot to be learned from the experiences of other KHANA partners with IGA projects and that they would like opportunities to visit each other to share this experience. Apart from financial records, KHANA provided the reviewers with only very general (Annual Report type) information on the IGA scheme and its progress. It appears that there has been little direct assessment of the IGA scheme and so little lesson learning has taken place up to this point.

4.7 Vision Fund Cambodia

KHANA has an agreement for one year with Vision Fund Cambodia (VFC) to pilot a more structured IGA support scheme. VFC are implementing an interesting group lending based programme for HIV/AIDS affected people and families. To overcome the lack of collateral against which to secure loans, group solidarity will be used to encourage repayment. The group will take collective responsibility for the funds borrowed from VFC by its members. Full assessments of proposals for loans will be made, including home visits. The pilot programme will work with the KHANA partner Kasekor Thmey in Kampong Cham. Kasekor Thmey will identify target groups for lending. VFC will charge HIV/AIDS clients a lower interest rate than other borrowers (2% instead of 3.5%). Terms will be flexible initially to assess repayment capacity, then they will be fixed. To reduce the risk of scheme failure a high proportion of fund lending will be to non HIV/AIDS affected clients so there can be cross subsidy to cover payment defaults. At this stage there are no plans to introduce insurance schemes, burial schemes, emergency loans etc. to cover borrower or family sickness or death. The reduced interest rate to HIV/AIDS clients may not be appropriate given the higher risk of repayment default from them. (See Recommendation 5.1.7).

[7] *See UNESCO web site for relevant references and analysis on migrationand HIV/AIDS in Mekong region: portal.unesco.org/en/ev.php-RL_ID=23467&URL_DO=DO_TOPIC&URL_SECTION=201.html*

5 Recommendations

5.1 Recommendations for KHANA

5.1.1 Include IGA support in KHANA vision, mandate and strategy

All KHANA partners interviewed recognise livelihood support for PLHAs and OVCs as a priority. KHANA strategic documentation needs to identify more explicitly IGA support as one of the means to "integrate prevention and care" – that is for IGA to be a clear, even central, component of KHANA's mandate and ICP programme. This will help to clarify the position of IGA livelihood support in KHANA's strategy and plans.

5.1.2 Develop guidelines on IGA support for partners

In response to partner requests, KHANA must further revise and develop the guidelines for partners for designing and managing the grant or loan product they use with clients. From this survey it is clear that the flexibility so far given partners over the 3 year pilot period has helped many of them to learn what works and what does not in differing contexts. It is important that any guidelines are written based on this experience. To achieve this, it is strongly recommended that a small number of KHANA partners be brought together to collaborate with KHANA staff in developing a set of ***best practice guidelines for IGA financial and technical support.*** Only 10 partners were surveyed for this report, and of these perhaps two or three would provide useful and detailed inputs to guidelines. The KHANA Programme and Strategic Information Departments should identify a group of about 8 to 10 partners who can participate in depth on guideline production. The full body of partners should then be consulted on the guidelines in draft before they are finalised. The training event in Battambang organised for partners by KHANA (March 2006) and this review report should also provide information for the guidelines.

5.1.3 Appoint KHANA staff with expertise to manage and support IGA

Partners value KHANA training and support from the KHANA Programme Department Project Officers (POs) who regularly visit them, sometimes for as long as three days. The advice KHANA POs can provide on IGAs is limited as most are not IGA specialists. KHANA should therefore identify staff who can support partners with IGA advice. This may require KHANA to create a post or even a small team with specialist knowledge on supporting small and micro enterprises (SME). Care is needed in selecting staff for this purpose as the vulnerability of PLHAs and OVCs must not be ignored when supporting them

financially. KHANA IGA staff must work closely with other ICP project officers to ensure all client needs are addressed and that clients are not made poorer through increased debts if their IGA is not successful.

5.1.4 Further develop IGA training and partner exchanges and cross learning

As has been noted, there are differences in the types of IGA support schemes operated by partners and in the expertise with which these schemes are implemented. KHANA needs to set up a programme of exchanges and training so partners can learn from each other.

5.1.5 Review IGA grant and loan size

The loan or grant size at approximately $30 is adequate to help many clients start very small enterprises. Large numbers of PLHA's say they need considerably larger capital if their IGAs are to take off and run successfully. KHANA must consider how to ensure that partners provide realistic funding for IGAs. We found that there is a good understanding of what funds are needed to start up and run each IGA. KHANA can assemble this information from partners as part of its consultative guideline development process and include it in the guidelines. Whether KHANA can approve higher funding for larger IGAs is a question of affordability and donor support. If funds are limited, it will be best to prioritise providing small grants and loans to those with small scale IGAs (who are probably the poorest of clients). Larger capital can then be applied through viable revolving schemes run by VFC and similar credit agency or banking partners. (See Recommendation on VFC, section 5.1.7).

5.1.6 Develop partner monitoring and reporting on IGA support

The standardised report forms completed by partners do not provide adequate information on the diversity of IGA support activities. KHANA must develop a stronger monitoring and reporting system which provides partners with the opportunity to provide case studies on interesting clients (success stories and problems). KHANA must extend its of indicators against which partners report on IGA progress. *(See Recommendation to partners, section 5.2.1, for monitoring information areas and possible indicators).*

The format for monitoring and record keeping by partner staff can be based on the Trickle Up project run by the partner WOMEN. By keeping records of each IGA client in this way the partner staff responsible will develop increased understanding of IGA support, as well as being able to report to their manager The partner management will then have adequate information to report to KHANA and its donors.

Important note: Unless they are prepared and able to develop the full range of skills required, partners should NOT attempt to operate micro finance credit schemes. This is a specialised activity best managed by banks and credit institutions with the necessary capacity, such as VFC, ACLEDA and AMRET banks.

5.1.7 Monitor VFC progress and ntegrate lessons into partner IGA schemes

Use the pilot partnership with VFC[8] and Kasekor Thmey in Kampong Cham to assess the success of supporting IGAs with a revolving credit model that links credit to HIV/AIDS affected people with credit to the general population (to reduce risk of credit fund failure through non repayments by HIV/AIDS clients). KHANA must review the outcome of this partnership and decide if lessons are relevant to other KHANA partners supporting IGAs. Options are:

A. Transfer lessons from VFC pilot to other KHANA partners in the form of guidelines with appropriate training.

B. Phase out financial support to partner IGA schemes and replace with local partnerships between VFC branches and KHANA ICP partners. VFC to manage credit for IGAs and ICP partners to continue to support the borrowers with HBC and other non financial areas.

These options must be carefully considered and the benefits of flexible funding to the poorest HIV/AIDS affected people must not be lost through replacement with a credit model that may not reach the poorest and weakest. A gradual transfer to the VFC model is likely to be the best way forward, with a continuing and adequate proportion of funds provided for distribution as grants by the ICP partners to the poorest and weakest. In this way it should be possible to help the weakest reach the point where they can join self help groups successfully and benefit from the VFC credit "product", and those of local banks.

[8] *See Annex 7.8 for references to partnership Concept Note and Market study December 2006.*

5.1.8 Safeguard the livelihood support needs of the weakest and most vulnerable to avoid destitution

VFC plan to experiment with "emergency loans" (see their Concept Note). If this is successfully piloted then it may also be a means to link the main VFC credit model to a form of insurance that can help clients when they have difficulties running their IGA and repaying their debt. For example through ill health, death, social demands such as weddings, meeting educational costs etc.

Such a scheme needs to be examined to test if it is accessible to the poorest and weakest. If it will not, KHANA should continue to assist ICP partners with funds to support the weakest ICP beneficiaries with small grants and advice on IGAs. (See section 5.1.7)

5.1.9 KHANA to support vocational training and job searches for OVCs/PLHAs

OVCs cannot all be supported through IGAs, nor will all achieve academic success and employment through attending schools. KHANA should consider how it can increase the employability of OVCs and PLHAs. This should include support, through partners, to vocational training in skills for which there are employment opportunities. Assistance and advice should also be given on applying for jobs. To achieve this, KHANA should identify partners engaged in vocational training who can be supported to include HIV/AIDS affected people in their programmes.

5.2 Recommendations for Partners

5.2.1 Organise staff to manage IGA support

Partners must decide if they need separate trained staff for IGA support. If HBT staff are to continue to support IGAs then they need more training. Staff working on IGA support must be able to keep adequate records of progress against indicators agreed with KHANA.

Indicators against which IGA staff provide information need to be extended to include:

- lists of IGAs supported
- amounts given
- estimate of financial position of client
- assessment of IGA and business plan
- gender of clients
- size of family supported by business and HIV status of family members where known – PLHA, OVCs, school age children etc
- whether funds given have been grants or loans
- savings and/or repayments made
- additional funds provided
- advice given
- significant problems
- significant successes.

The IGA funds should be accounted for separately from other grants from KHANA, with income (from repayments and savings credited) shown so that an accurate record of fund progress is maintained. Partner finance staff therefore may need training to maintain these accounting records.

Time and costs of partner staff supporting IGA clients should be recorded as realistically as possible (though it is recognised that IGA support is sometimes hard to separate from the other assistance given to beneficiaries).

Reports should include any assistance mobilised locally to assist clients – for example additional financial support from family sponsors, credit organisations, banks etc. Records should be kept of technical advice provided by local government agencies and other NGOs.

Note: Partners must not manage micro credit schemes without full capacity, training and support.

5.2.2 Employ PLHA "volunteers" who assist with IGA support on full pay

Several partners identified the use of PLHAs as volunteers to assist with IGA and other support activities. We met some of these volunteers and found them extremely competent and effective. They understand the issues faced by other PLHAs and they easily gain their confidence. Most of these volunteers are paid small sums only for part time work by the KHANA partner (typically 10 to 12 US$ per month for half time working). We strongly recommend that partners should review the apparent practice of limiting PLHA employment to volunteer status and should recognise more fully their value by putting them onto the staff of the partner at proper and full rates of pay (whether full or part time). If they require additional training, this should be provided. With ART there is only a limited risk of underperformance through sickness. Most PLHAs make up for any deficiency in physical fitness with enthusiasm, commitment, hard work, and extended working hours (which should be discouraged unless paid for).

5.2.3 Establish links with local credit and technical organisations

Most partners are attempting to manage their IGA support with little or no support from local sources such as NGOs, Government departments, banks and other institutions. IGA clients have many problems – with technical issues, marketing, managing money etc – which the partner can assist with to a limited extent only. Partners should seek out local institutions and link clients to these. The veterinary services and local agricultural and horticultural advisers from both NGOs and Government can help them, for example. While banks may not be prepared to lend to poorer PLHAs, it is still possible to gain advice and support from bank staff, where these include poverty reduction in their mandate. Other credit and bank staff may be prepared to help with feasibility studies for IGAs even if the outcome is that they cannot provide support. Such studies will provide useful information on market potential that the partner and client can use.

5.2.4 Share IGA experience with other NGOs working with PLHAs and OVCs

Few non-KHANA supported partners are attempting to provide livelihood assistance to PLHAs and OVCs. KHANA partners should link up with these NGOs to share experience and to identify IGA opportunities and possible clients. This is the model being tested with Vision Fund Cambodia and Kasekor Thmey. Other partners should study and develop positive parts of the model even before the results of the VFC pilot are known.

5.2.5 Request strong partners on IGA (WOMEN etc) to provide training to others

Training organised by KHANA should now be based on the experience of existing partners. Strong IGA schemes such as that of WOMEN must be shared with others to help them strengthen their programmes.

5.3 Recommendations for other donors and other stakeholders

5.3.1 Donors use best practice in supporting KHANA and others with IGA/livelihood work

The experience of KHANA partners recorded in this survey and the best practice described in the literature should be the basis for support provided by donors for IGA and livelihood programmes for PLHAs and OVC families. Donors should be informed of what works best by KHANA (and other operational agencies) in progress reports and proposals for further support.

5.3.2 Multilateral Financing Institutions (MFIs) adapt products for HIV/AIDS affected families

The CGAP concepts *(see Literature review, section* 3.3*)* and the findings of this survey should be presented to MFIs whose mandate includes poverty reduction and the inclusion of marginalised groups (which includes most HIV/AIDS affected people who have declared their status).

5.3.3 RGC/NAA promote best practice livelihood support through National Strategy implementation

The Cambodia National Strategy for a Decentralised Multisectoral Response to HIV/AIDS recognises the economic needs of HIV/AIDS affected people and families. KHANA should continue to present the findings of its work on IGA support to the National Aids Authority and other relevant agencies concerned with the HIV/AIDS epidemic and its impact on the economy of Cambodia and individual livelihoods.

5.3.4 Development agencies and actors in Cambodia promote reduction in stigma and discrimination

Stigma and discrimination is still preventing many PLHAs from exercising their rights to participate in social and economic life. They often say they cannot sell their products, especially food. Many migrate, after declaring their status, to avoid local level discrimination, thus disrupting their and their families lives and economic futures. Others come out only when they are near destitution and it is too late to get useful assistance with health and livelihoods. In most cases this is due to fear of stigma and discrimination and not ignorance on available testing and other services. There is much evidence from PLHAs and the public to confirm that there is still stigma though the details of transmission are known by most people, and discrimination is common. The challenge for all development actors is to reduce this discrimination if PLHAs, and OVCs are not to be denied their rights. Fear of discrimination and loss of reputation is the single most significant factor preventing HIV/AIDS affected people improving their economic situation though IGA and employment.

5.3.5 Development agencies including government make possible schooling for OVCs and children of PLHAs

Though prevalence rates in Cambodia are falling, OVCs and other children affected by the epidemic will be with society for many years. Neglect of the rights of these children to an education will perpetuate the poverty cycle for them and, in turn, their children. Education to the standard for which they are capable and additional vocational training and assistance with employment and IGA should be a priority for the RGC and all development actors concerned with or responsible for poverty reduction.

6 Conclusions

The KHANA and partner IGA pilot programme is achieving its purpose by adding economic livelihood support to the ICP programme. Best practice guidelines are now needed. This will enable those with weaker programmes to learn from stronger partners. KHANA must reorganise its support to IGA within the framework of its mandate and adjust its strategy as necessary to recognise the central importance of economic support for PLHAs and OVCs. This is especially necessary as larger numbers of PLHAs are relatively fit through ART and most OVCs are faced with lives of poverty if their education, training and livelihood needs are not addressed. The future of the IGA programme should be to combine seeking viable credit options for the less poor alongside continuing support to the poorest through start up grants, savings schemes and insurance products. The poorest, especially women with families with deceased fathers, will continue to need grants, rather than loans, to help them establish IGAs. Self-help groups should also be supported for the poorest.

KHANA must provide additional training and leaning opportunities to its partners on IGA management and technical areas of specific IGAs. KHANA should continue to seek donor support for economic livelihood work with partners. It must develop its monitoring and reporting systems to generate output and impact information from which to learn and to use for donor reporting. The Vision Fund Cambodia pilot must be monitored carefully and care taken not to undermine support to the poorest with credit products they cannot access. Overall expansion of the IGA programme should include a mix of credit and grant products based on linkages between credit agencies, such as VFC, and the KHANA ICP partners. Adequate training, support and monitoring from KHANA and its stronger partners to weaker partners will be the key to expanding the effectiveness of the IGA programme. As well as supporting IGAs, KHANA should seek alternatives to support the economic livelihoods of OVCs and PLHAs through vocational training and support to job seeking. KHANA must also use its experience and influence to advocate for Government and other support to national programmes so that PLHAs and OVCs are included and not excluded from mainstream economic development programmes.

7 Annexes

7.1 Terms of Reference

Terms of Reference
Evaluation of KHANA-Supported Income Generation Activities

Background

The Khmer HIV/AIDS NGO Alliance (KHANA) is one of Cambodia's leading non-governmental organizations (NGOs) working on HIV/AIDS. KHANA's mission focuses on reducing people's vulnerability to HIV/AIDS, other STIs and the impact of AIDS, by developing effective and sustainable community-level responses, building the capacity of NGOs and community-based organizations, and collaborating with the government and other stakeholders. KHANA began as the Cambodia country program of the International HIV/AIDS Alliance, which remains KHANA's main international counterpart. KHANA receives support from the Alliance and a range of donors, including the Global Fund and USAID, and in turn provides management, technical and financial support to local NGOs/CBOs throughout Cambodia. In 2006, KHANA supported over 70 NGO CBO partners to implement over 120 projects [9](sic). In this way, in its prevention, care and support, advocacy and capacity-building work, KHANA mobilizes civil society and contributes to the broader national response.

The Integrated Care and Prevention (ICP) program comprises KHANA's largest single program area, and the work for which it is best-known. ICP began in the late 1990s as KHANA's Home-Based Care (HBC) program. A mid-project review in 2005 found that "the main achievement of HBC is (the delivery of) comprehensive services, such as basic home care, access to medical services, psychological support, ART, TB treatment, welfare support, and support for income generation and education." The mid-term review found an increase in PLHA involvement and empowerment, and a decrease in their economic burden and experience of stigma and discrimination. More recently, with the advent and rapid uptake of ART, KHANA has expanded the ICP approach beyond HBC to include:

- Engaging PLHA in positive prevention,
- Facilitating access to treatment and care,
- Providing socio-economic support to PLHA, orphans and vulnerable children (OVC), and their families,

[9] *See main report "Background" for corrected figures for Partner numbers etc.*

- Improving capacity of governmental and PLHA partners, and
- Reducing stigma and discrimination faced by PLHA/OVC through community education.

The program regularly reaches over 9,000 PLHA and over 12,000 OVC. The program's annual cash budget is approximately US$1.5 million; of this, the two largest contributors, accounting for more than 90% of the total, are the Global Fund and USAID.

ICP's income-generation activities are currently limited in scope and effectiveness. Currently, one-off grants of US$30 are given to PLHA and OVC households through the Home Care Teams. On average, one HCT will give 20 grants (10 PLHA and 10 OVC households) per year. These grants are channelled from KHANA, to its partners and from there on to the HCT and finally the households. Currently, KHANA does not expect to profit from interest or profit earned from those grants but does allow the partners to distribute the grants based on their own policies.

Grants are usually provided for livestock-raising, handicraft production, market gardening and grocery selling.

Assignment

Many PLHA/OVC reached are poor. Therefore, particularly in cases where PLHA/OVC are already receiving ART, PLHA/OVC say that their needs are: income, employment, food, shelter and education. ICP is essentially a community health outreach program with an objective to offer overall AIDS health care. In so doing, it also provides a limited range of income, food, shelter, and education support, but the program is not currently designed to meet all the socio-economic needs of PLHA/OVC.

KHANA has now entered a new funding phase with USAID and the Global Fund and will soon receive additional funding from the EU. It is the intention of KHANA that the ICP program, as well as KHANA itself, evolves to make the best use of these funds as well as respond most effectively to the changing HIV/AIDS epidemic in Cambodia and the needs of the affected. It is therefore necessary that KHANA evaluates its present income-generation activities and determines how they can be improved, if and how they can be expanded and how KHANA's resources can be best used to cope with that expansion.

One of the results of our new funding agreement with USAID is that Vision Fund Cambodia and Phnom Penh Politechnical School have become new partners of KHANA. VFC will shortly be embarking on a pilot project to provide microfinance opportunities to PLHA and OVC families in Kampong Cham province, while Phnom Penh Politechnical School will be provided vocational training to selected OVC. As part of this assignment the consultant will be asked to make recommendations as to how these new partners can best serve KHANA's beneficiaries.

Assignment Objectives

1. To assess the current status of income-generation activities within the ICP program, in terms of their coverage, gender equality, success, and challenges.
2. To suggest to what degree, and how, the ICP program should change to better fulfil the income-generation needs of the program's beneficiaries, while remaining within KHANA's mandate.
3. To make recommendations as to how KHANA and its partners must adapt, in terms of their technical, financial and programmatic capacity to be able to operate an improved and expanded income-generation activity program.
4. To make recommendations as to how KHANA's new partners, VFC and the Phnom Penh Politechnical School in particular, can best provide income generation/micro-finance and vocational training opportunities to PLHA and OVC.

Assignment Outputs

1. A report, detailing the current status of income generation activities within the KHANA program and recommendations as to their expansion and capacity needs.
2. A presentation, made to senior management and ICP staff at KHANA and at KHANA Annual Conference.

7.2 Schedule of focus groups and meetings

Province	NGOs	Contact person	Date	Time of interview		Number	
				Key Informant	PLHA/OVC	Key Informant	PLHA/OVC
Kampong Cham	KT	012968605	05 Feb	10:30-12 am	10:30-12:30 am	7 include Director	10 PLHA
	NAS	012255866	05 Feb	14:00-15:30 pm	14:30-17:30	4 include Acting Director	10 OVC &family members
Kampong Speu	NAPA	012499768 016738323	06 Feb	9:00-10:30 am	9:30-11:30 am	3 include Director	10 PLHA
	WOSO	012688364	06 Feb	9:00-10:30 am	01:30-04:00 pm	3 include Director	10 OVC & family members
Takeav	AFD	012954894	07 Feb	13:30-15:00 pm	14:00-16:30 pm	4 include Director	10 PLHA
	PC	012414689 016324497 0121860697	07 Feb	08:30-10:00	09:00-11:00 am	3 include Director	10 OVC &family members
Kandal	IDA	012897161	08 Feb	8:-9:30 am	8:30-11:00 am	4 include Director	10 PLHA
	SIT	012473751	08 Feb	2:00-3:30 pm	2:30-4:30 pm	3 include Director	10 OVC & family member
Phnom Penh	WOMEN	012949982	09 Feb	8:00-9:30 am	8:30-11:00 am	4 include Deputy Director	10 PLHA
	KOSHER	012928290	09 Feb	2:00-4:00 pm	2:30-4:30	4 include director	10 OVC & family members
Total	**10 NGOs partners**		**5 days**				**100 PLHAs/OVCs**

7.3 PLHA and OVC Focus Group Checklist

KHANA Income Generating Activities Focus Group Checklist Introductions, purpose of focus groups, OVC/ HIV +ve or family member.

1. Are you receiving a grant or loan for IGA?
2. How much is the grant/loan?
3. When did you receive it?
4. What are you using it for?
5. If a loan have you repaid or are repaying – on time/late
6. Do you work alone on your IG activity?
7. If not how many people work with you? Family/ friends/employees?
8. How much money are you getting from your business?
9. How much is profit?
10. How much is to cover costs of buying materials etc?
11. If you are not making a profit when will you in the future
12. What support are you getting to run your IGA?
13. Who provides this support?
14. How useful is it?
15. What more support do you need?

7.4 Partner organisation Focus Group Checklist

1. Purpose of our meeting, introductions etc.
2. Please tell us about your programmes with HIV/ AIDS affected people.
3. Please describe the ways you are using your IGA funding from KHANA.
4. Who manages and provides IGA support, how is this organised?
5. How does it fit in with your other ICP activities?
6. What success are you having?
7. What challenges and problems do you have?
8. Please give examples of successes and failures with IGA support.
9. How many IGAs have you supported, how many do consider to be successful? How many are not working?
10. What IGA activities are clients engaged in?
11. Which are the more successful ones?
12. Why are they successful? Why do some fail?
13. How do you assess and select clients for IGAs?
14. How many are OVCs, PLHAs, women, men, how big are families?
15. What support are you giving IGA clients?
16. How are you monitoring and reporting on IGAs?
17. What support are you getting from KHANA?
18. What links do you have with other organisations locally to help with IGAs? What help are you getting?
19. Do you employ PLHAs?
20. How many staff do you have? How many work on IGA support?
21. What messages do you have for KHANA on its IGA support programme through you?

7.5 Information on IGAs supported – 10 KHANA partners, 128 PLHAs/OVCs

Summary notes of FGDs with 128 PLHAs and OVC of 10 partners in 4 provinces and Phnom Penh from 5-9 Feb 2007

Business (IGA) types for which PLHA/OVC received loan from partners

Agriculture

Cropping

Vegetable growing, x11
Rice production, x6

Livestock

Pig raising, x30
Chicken raising, x13
Cow raising (WOSO support), x1
Fishing, x1

Handicraft

Silk weaving, x2
Knitting, x2
Making flowers from clothes, x2
Mat weaving (from cloth), x1
Sewing, x1
Produce roofing material from palm leaves, x1

Other family businesses

Food selling: Rice, Numbangchuk (Khmer noodle), desert, snacks (egg with embryo, meat ball, fried banana, Cambodian snacks-nums), ice, ice with sweet sauce, sugar cane juice, soy bean juice, x22

Fruits selling, x7
Vegetable selling, x4
Grocery selling, x4
Fish selling, x4
Motor taxi, x3
Sugar palm selling, x2
Sugar palm production, x2
Laundry, x1
Collect and sell recycled items, x1
Fuel selling, x1
Sugar cane selling, x1

7.6 Reasons for successes and failures

Summary from focus groups with 128 PLHA/OVCs working with 10 KHANA partners.

Achievements

The loan of $25-30 to PLHA/OVC families helped them to start, restart and continue their small businesses as their health improves. It also helped some poor and sick PLHA/OVC families to survive for a short period. Among 71 families of PLHA/OVC received loan, 56 families are able to continue their businesses. It has contributed to supporting some OVC and children of PLHA to attend school.

Key Failure factors:

- PLHA/OVC were sick and died.
- Buyers cheated. They collected products from businesses promising to pay later but did not give the money for the purchase of pigs, fish or food.
- No skills and experience in business.
- Pigs were ill and died. There are no veterinary services accessible or businesses have no money to pay for veterinary service. E.g. a grand mother of 2 OVC raised a pig that had babies. When, her pigs were sick she bought medicine and she injected her pigs to cure them. But all pigs died a week later.
- A sick pig has little value and is difficult to sell.
- Thieves steal chickens during day and night time.
- Chickens were ill and died.

Difficulties/problems:

Common issues

- Lack food-rice.
- Health: sickness, time needed to take care of sick family members, weak when taking ARV and not enough food to eat.
- Some hospitals have poor services for PLHA/OVC.
- Lack travel cost to get ARV.
- Lack money for children to attend school (study materials, clothes, money and transport).
- No land and accommodation.
- Lack funds to start family business after achieving better health but spent savings and sold assets.
- Psychological problems: stress, think and worry a lot about living, children and loans, cannot sleep and lose appetite, weak, often sick.
- Stigma and discrimination.
- Took children from school to help find food.
- Lack technical, skills and experience in business.
- Current businesses have very low income.
- Family expenses are larger than income.
- Have loans with other loan providers to repay.
- Lack fund to start better business.
- No marketing skills.
- Difficulty to re-enrol a child after dropping school for a period of time.

Agriculture:

- Cropping:
- No fund to buy inputs e.g. fertilizer, pesticide water pump.
- No skills on producing organic fertilizer and pesticide.

Livestock raising:

- Lack skills on pig and chicken raising.
- Do not know how to cure pigs when they are sick.
- No veterinary service.
- No fund to buy veterinary service.
- Do not known where to get help when chicken ill.
- Thieves have stolen chickens.
- Buyers cheated. They did not give money (100%) for pig price after 6 months.

Handicraft:

- No fund to buy materials/inputs e.g. silk, cloth for mat weaving, metal for casting.

Other family businesses:

- Buyers cheated. They did not give money for fish, groceries.
- Fruits and vegetable were spoiled when they were not bought.

7.7 Summary of support needs and suggestions from 128 PLHA and OVC families

Support needs

Common needs

- Food support: rice and food nutrition.
- Support for PLHA children and OVC to attend school: study materials, transportbicycle, clothes, coordination with school principle to help OVC and PLHA children. Allow them to attend additional classes without pay.
- Accommodation.
- Training
- Training on production of organic fertilizer and pesticide.
- Training on Vegetable growing skills.
- Training on chicken raising.
- Training on pig raising.
- Training fish raising.
- Training on handicraft skills.
- Vocational training for OVC and PLHA.
- HIV/AIDS awareness for community people to reduce stigma and discrimination.

Businesses

- Fund/loan/capital to start/restart/continue/expand family businesses according to experience and skills.
- Fund to start group businesses e.g. chicken raising, pig raising, handicraft, metal casting.
- Change from low-income businesses to a better income businesses.
- Business advice.
- Marketing

Suggestions

General

- Rice support to OVC and PLHA.
- Need loan to buy rice to eat.
- Provide jobs/employment to PLHA.
- Loan of $25-30 is very small to start a family business.
- Provide vocational training to PLHA, OVC and OVC supporters (their relatives).
- Create OVC center at district level – for training, to meet.
- Support OVC to attend school, e.g. scholarship.
- Support on accommodation.
- Save money to use when sick.
- Increase incentive PLHA volunteers from $15/month to $20/month.

Agriculture

- Provide loan for pig raising.
- Provide loan for chicken raising.
- Some have skills on chicken raising. Need fund around $US50 to start with 5 hens, their food and cages. The capital will increase over 100% in the period of 4 month if the chickens are not sick.
- Create a group of women PLHA to work together on handicraft e.g. sewing clothes, bags and knitting.
- Create a group of men PLHA to work in group on carving, carpenter work and motor repairing.
- Raise chicken in a group of around 10 PLHAs.
- 10 PLHA work together to raise pigs.

- Need loan to raise cattle.
- Some know how to raise fish and eels. Need funds to start.
- Need fund to start fishing activity.
- Have a piece of land for sugar cane plantation. Need loan for inputs (water pump and fertilizer).

Other family businesses

- Have skill on cloth mat weaving. Need loan to start.
- Know how to make brooms. Need fund to start.
- Have skill on producing wine. Did this work before sick. Lack fund to restart.
- Provide loan for PLHA group to start rice business-buy and sell rice.
- Provide loan to buy materials for sugar palm production.
- Fund/loan to buy a sewing machine.
- Need loan to start grocery selling.
- Support for study tour to share experience with other provinces.

7.8 Literature

End-of-project Review for KHANA ICP Global Fund and PEPFAR/USAID. Ted Nierras. August 2006 hivinsite.ucsf.edu/global?page=cr08-cb-00

In Focus on Young Adults paper - Youth Livelihoods and HIV/AIDS. January 2001. pf.convio.com/pf/pubs/focus/IN%20FOCUS/jan_2001.htm

KHANA IGA Workshop at Battambang (IGA 21-23) March 2006. Attended by Concern, IDA, WOSO, WOMEN, CLA, CPR, BFD, IDA, SEADA, COHD, KBA, Vitheichivit, SCC, CDRCP, SCC, BTB, KT, FAP, PWHO, KBA, WOSO. Internal unpublished report – KHANA.

KHANA Indicators – no date Excel list Khana unpublished internal document

Living With, but Not Giving in to HIV/AIDS – Case study Buddhism for Development cited in: KHANA Annual Report 2006 www.khana.org.kh/download/Annual%20Report%202006_V5FINAL%2029%2003%2007.pdf

Microfinance and HIV/ADS. CGAP. 2003. www.cgap.org/docs/DonorBrief_14.pdf

'Normalising' HIV/AIDS by involving Buddhist monks, Cambodia www.aidsalliance.org/sw27778.asp

Report on Market Research for New Area Expansion Vision Fund Cambodia. Provincial Level: Tboung Khmum 19/12/2006, also Project Concept Paper. Internal report – Vision Fund Cambodia.

7.9 CGAP on Microfinance and HIV/AIDS

CGAP

DONOR BRIEF
No. 14, September 2003

Helping to Improve Donor Effectiveness in Microfinance

MICROFINANCE AND HIV/AIDS

Over 40 million people worldwide are living with the HIV/AIDS virus, and 15,000 are newly infected every day. The consequences are exponential, touching not only those infected with HIV/AIDS, but also depleting the economic and social resources of entire families and communities. In countries heavily affected by HIV/AIDS, microfinance institutions (MFIs) and the donors that support them are struggling to combat the impact of the epidemic on clients and MFI institutional viability.

Affected households can use financial services as one way to protect and build their economic resources. Launching a financial intervention specifically to target persons with AIDS, however, would not be appropriate, given that financial services depend on the on-going ability of clients to earn income. MFIs that operate in hard-hit regions can serve the families and supporters of infected people and can benefit by planning for the institutional risk posed by HIV/AIDS. They can also build effective links to specialized providers of health and insurance services.

How does HIV/AIDS affect poor households?
About 95 percent of new HIV infections occur in the developing world, triggering a vicious cycle for poor communities. As poverty deepens, poor people's vulnerability to the disease increases, and their ability to protect themselves against further economic losses decreases. Households where one or more persons suffer from prolonged HIV/AIDS-related illnesses experience a decline in income for three reasons:

- lost income of a sick adult
- lost economic productivity of the healthy adults who become caregivers
- dramatic increases in household expenses, especially for medical care

Households handle economic stress in different ways, depending on their initial resource base. Economically diversified households are usually better able to cope. Other families are forced to liquidate their savings, reduce food consumption, borrow from informal and formal sources, and cut back on non-essential expenses (including school fees and non-emergency health needs). As a last resort, households may sell their assets such as household items, tools, livestock, and land—leaving them less able to earn income in the future.

How can financial services best be used in communities grappling with HIV/AIDS?
Financial services alone cannot solve the repercussions of HIV/AIDS. However, access to a broad range of financial services—especially savings—can help households build a safety net to deal with the impact of the disease.

Who can use financial services in regions affected by HIV/AIDS?

- individuals who are HIV-positive, but still productive
- productive family members of HIV-positive individuals
- surviving spouses, children, or parents
- households unaffected by HIV/AIDS

What products and policies are responsive to their needs?

- flexible savings
- education trusts for minors
- emergency loans
- burial insurance
- loan insurance (in case of death)
- acceptance of younger and older clients

The more vulnerable a household, the less likely it will be able to use microfinance effectively. When faced with a crisis, families may find it impossible to continue investing in productive activities, saving, paying insurance premiums, or repaying loans. Social services or grant programs may be better alternatives for such directly-affected poor households.

CGAP 1818 H Street, NW Washington, DC 20433
Tel: 202 473 9594 Fax: 202 522 3744 E-mail: cgap@worldbank.org Web: www.cgap.org
CGAP European Office c/o The World Bank 66, avenue d'Iena 75116 Paris FRANCE

How can financial institutions be effective in heavily affected HIV/AIDS areas?

Linkage approach. MFIs can leverage their relationship of trust and proximity to clients to provide basic messages on HIV/AIDS prevention and care. Beyond that, MFIs can serve as brokers, referring clients to specialized providers of health and insurance services. The linkage approach allows each institution to focus on its core competencies. For example, FINCA/Uganda negotiated an insurance plan for its clients with Microcare, a health plan provider that offers coverage of acute HIV/AIDS-related episodes, plus three weeks of hospital care every four months. The fee-based plan is offered as an option to MFI clients.

Portfolio diversification. MFIs can operate successfully in communities seriously affected by HIV/AIDS by maintaining a diverse portfolio. Explicitly targeting persons living with AIDS, however, can overly concentrate the portfolio and severely impair an MFI's ability to achieve sustainability and scale. This approach can also overburden clients with debt they cannot manage. In 1999, World Relief/Rwanda launched a pilot lending program for people with AIDS. The program was halted after 100 percent of clients in one borrower group defaulted on their loans.

Risk management. Financial institutions need to develop risk management strategies to prepare for the impact of HIV/AIDS. Such strategies include advance planning on how to respond to clients in crisis (i.e. clients who default due to illness); planning for reduced savings rates; monitoring for higher dropout, absentee, and (possibly) default rates; strengthening management information systems; and adjusting loan-loss provisioning.

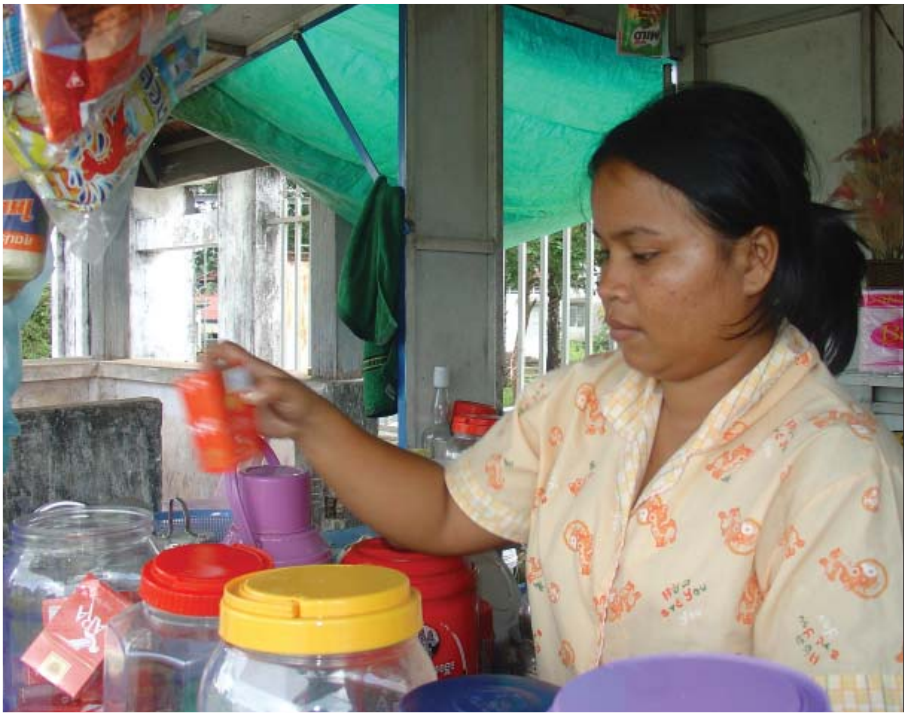
What can donors do to support an effective microfinance response to the HIV/AIDS crisis?

- **Avoid pushing MFIs to launch operations in markets specifically to respond to the HIV/AIDS crisis.** A more appropriate role is to help MFIs, already working in heavily affected regions, manage the risks. Alternatively, donors may support organizations able to provide grants instead of financial services.
- **Facilitate the exchange and dissemination of lessons learned across the microfinance community.**
  - Better understand the prevalence of HIV/AIDS and its impact on clients and MFIs
  - Improve the ability of MFIs to respond to the crisis (e.g., workshops on operational planning)
  - Reduce the social stigma of HIV/AIDS
  - Develop guidelines on non-discriminatory HIV/AIDS workplace policies

  In Zimbabwe, USAID funded training for staff from 15 MFIs on assessing the impact of HIV/AIDS on clients, staff, product demand, and financial results. The training culminated with a strategic planning exercise. At the request of the MFIs, subsequent training was organized on how to adapt financial products to HIV/AIDS settings. Seed funding for pilot testing of new or modified products followed.
- **Support financial institutions that are focused and specialized.** Only sustainable, efficient MFIs can provide communities affected by HIV/AIDS with permanent access to financial services. MFIs that directly integrate non-financial components into their microfinance activities are likely to incur high costs and overstretch the capacity of management and staff. Most integrated programs have poor results for clients with regard to both the quality and appropriateness of financial and HIV/AIDS services.
- **Encourage innovations in linkages and broker strategic partnerships** between strong MFIs and organizations providing HIV/AIDS-related services, including seed funding for cross-sectoral collaboration, such as experimenting with separate-but-linked finance and health projects.

Author: United Nations Capital Development Fund/Special Unit for Microfinance (UNCDF/SUM), with input from Joan Parker of the HIV/AIDS Response Team of Development Alternatives, Inc., and CGAP staff. **Sources:** Jill Donahue, Kamau Kabbucho, and Sylvia Osinde, *HIV/AIDS—Responding to a Silent Crisis* (Nairobi, Kenya: MicroSave-Africa, 2001); Joan Parker, *MBP Microfinance and HIV/AIDS Discussion Paper* (Washington, DC: USAID/MBP, 2000); Joan Parker, *The MBP Reader on Microfinance and HIV/AIDS: First Steps in Speaking Out* (Washington, DC: USAID/MBP, 2000); Joan Parker, Ira Singh, and Kelly Hattel, *The Role of Microfinance in the Fight Against HIV/AIDS*, A report to the Joint United Nations Programme on HIV/AIDS (Washington, DC: Development Alternatives, Inc., 2000); *UNAIDS Fact Sheet: Meeting the Need* (New York: UNAIDS, 2003); *UNDP Statistical Fact Sheet: HIV/AIDS* (New York: UNDP, 2002). **Websites:** www.microfinancegateway.org, www.uncdf.org/sum, www.microsave-africa.com, www.unaids.org, www.usaidmicros.org, www.dai.com/publications/h-art_publications.htm.

CGAP Contact: Alexia Latortue - alatortue@worldbank.org
CGAP Donor Information Resource Centre (DIRECT) -- www.cgap.org/direct



Khana is a linking organisation of the global partnership
International HIV/AIDS Alliance
Supporting community action on AIDS in developing countries

Khmer HIV/AIDS NGO Alliance (KHANA)

33, Street 71, Tonle Bassac, Chamkar Mon, Phnom Penh
P.O. Box 2311 Phnom Penh 3, Kingdom of Cambodia

Tel: (855) 23 211 505 - **Fax:** (855) 23 214 049 - **Website:** www.khana.org.kh