

## Introduction

The HIV response is critical to progress across the breadth of the global development agenda. Success in addressing HIV and its socioeconomic impact will accelerate progress in achieving virtually all of the Millennium Development Goals. The global epidemic is stabilizing but at an unacceptably high level. Globally, there were an estimated 33 million [30 million— 36 million] people living with HIV in 2007.

Ethiopia is one of the least developed countries in the world, with a total population of 77 million (85% rural) and per capita income of US\$100. The country is ranked 169 out of 179 in the UNDP 2008 Human Development Index . Poverty is pervasive with about 44% of the population living below the national poverty line. Two decades after the report of the first AIDS case in Ethiopia, the disease is still posing the biggest public health problem facing the country. According to the MOH, at the end of 2005 a total of 1.3 million adults and children were living with HIV/AIDS in Ethiopia. In 2005 alone there were an estimated 128,900 new HIV infections, about 353 infections a day, including 30,300 HIV positive births and 134,500 AIDS deaths (363 a day), including 20,900 children aged under 15.

The country has one of the largest populations of children orphaned by AIDS in sub-Saharan Africa, currently estimated at 744,100. AIDS is the leading cause of mortality in the 15-49 age group, accounting for and estimated 43% of all adult deaths. According to the MOH, in urban areas, nearly two-thirds of adult deaths are estimated to be attributable to AIDS.

Currently, there are two national prevalence estimates, obtained through the 2005 ANC survey and the nationwide 2005 Demographic and Health Survey (DHS). The DHS estimate of adult (age 15-49) HIV prevalence is at 1.4% (5.5% for urban and 0.7 for rural) with prevalence rates among females being two fold of that among males (1.9% and 0.9%), while the ANC surveillance estimated the same at 3.5% with 10.5% urban and 1.9 for rural populations (MOH 2006).

Microfinance has been considered and pursued as a major strategy to meet the socioeconomic challenges of the poor. It is gaining popularity for creating access to financial resources for the poor. It is considered as one of the potential strategies in HIV/AIDS prevention and care for the affected through support programs aimed to help stabilize such households as well as creating a forum favorable to disseminate information in HIV prevention and forming a model of psychosocial support group to the members.

Very limited information exists on the social and financial effects of lending to people living with HIV (PLH) and affected households. The need to examine the impact of HIV/AIDS on microfinance is valid as both microfinance initiatives and the worsening problem of HIV coincide on poor individuals and households. Moreover, both program initiatives usually have the same client base. On the other hand there are no tailored products for people living with HIV/AIDS (PLH) and other disadvantaged groups.

However, in the contexts where the socio-economic impacts of HIV and AIDS are very high to individuals and households, the viability of MF initiatives is being questioned. Currently, microfinance institutions are providing loans and other financial services to about 2 million clients.

The objective of this study is mainly to assess the financial needs of people living with HIV and analyze the implications of HIV/AIDS on the performance of the microfinance institutions.