



The Case for Cash Transfers: Why Countries need to Implement Right Now

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Why Cash Transfers?

Food security and AIDS

- HIV and AIDS simultaneously undermines livelihoods & family and community safety nets
- Lack of social assistance accelerates the vicious circle of food insecurity & AIDS
 - AIDS impoverishes
 - Poverty/food insecurity increases HIV infection
 - Malnourishment affects disease progression
 - Higher caloric energy requirements for HIV+ adults and children
 - Increases vulnerability to opportunistic infections, disease progression, and reduces effectiveness of ART

Why Cash transfers? Human Capital

- AIDS-driven poverty and food insecurity will lead to loss of children's education, health, and nutrition, with irreversible, intergenerational consequences
 - Poor and malnourished children more likely to start school late or not at all (>80 countries)
 - Stunted children more likely to have lower school achievement and/or performance on cognitive tests (16 countries)
 - Each year of schooling on avg. increases wages 9.7% (51 countries)
- If we don't act now, effects are irreversible
- Food price crisis will exacerbate food insecurity and human capital loss

Lower capacities
Faster to scale
Lower inputs

Higher capacities
Slower to scale
Higher inputs

Protective

Preventative

Promotional

Transformational

Secure basic consumption

Reduce fluctuations in consumption and avert asset reduction

Enable people to save, invest, and accumulate through reduction in risk and income variation

Build, diversify, and enhance use of assets

- Reduce access constraints
- Directly provide or loan assets
- Build linkages with institutions

Transform institutions and relationships

- Economic
- Political
- Social

• **Unconditional cash transfers**

• Food Transfers

Conditional food transfers

• **Conditional cash transfers**

- Public works
- Insurance (e.g. health, asset)
- Maternal and Child Health and Nutrition
- Child and adult education/skills
- Early childhood development

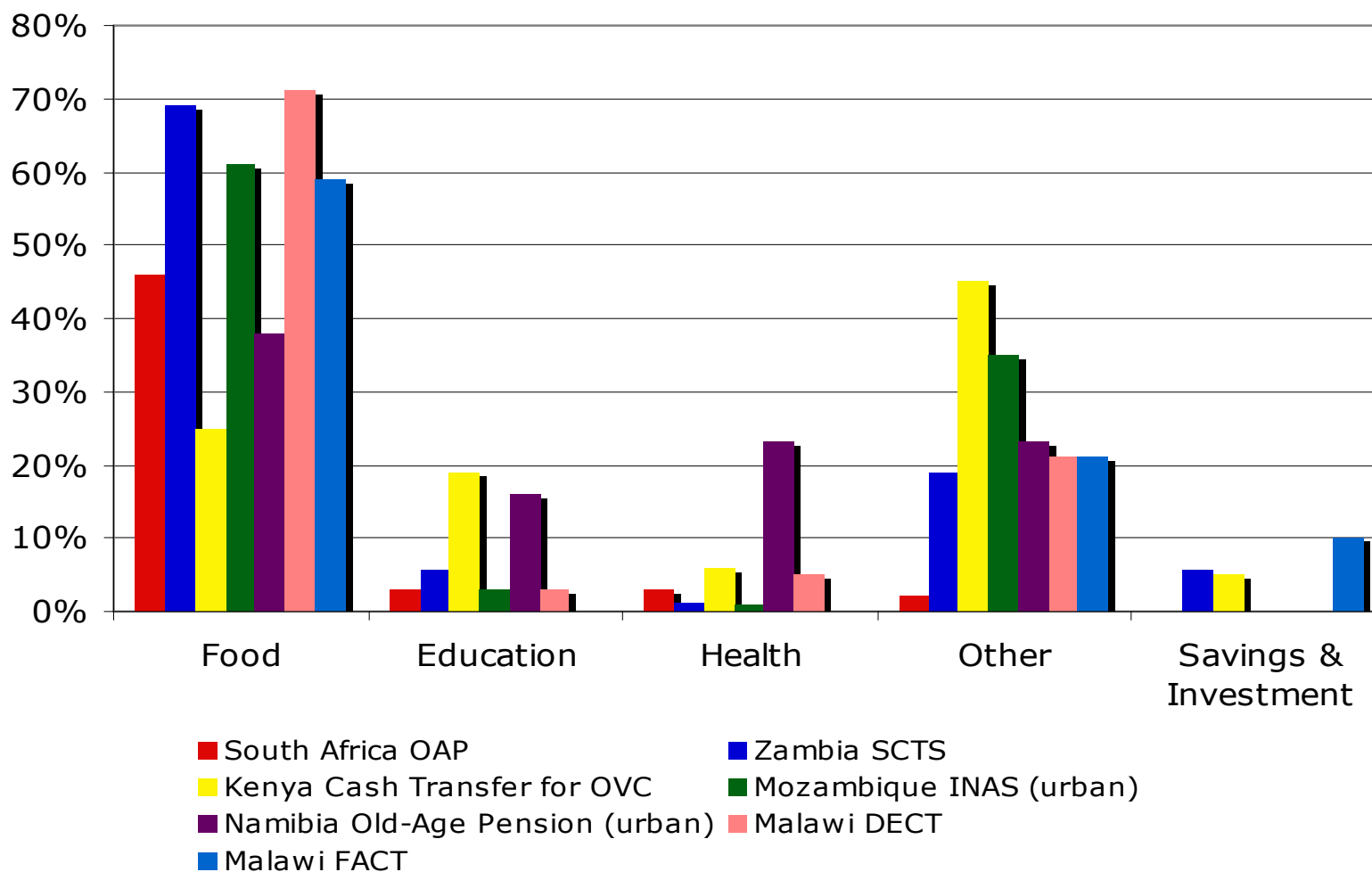
- Livelihoods programs
- Credit

Cash Transfers: current and planned

Country	Program	Start/expansion	# individuals
Mozambique	GAPVU/INAAS	1997	101,800
South Africa	Child Support Grant	1998	8 million (2007)
South Africa	Old Age Pension	~1944	2.2 million(2007)
Namibia	Old age pension	~1992	97,000 (2001)
Lesotho	Old age pension	2004	72,000
Kenya	Program for OVCs	2004-2008 2009-2015	30,000-50,000 300,000
Zambia	Social Cash Transfer Scheme	2007-2008 2009-2012	9,600 (15 districts) 72 districts
Malawi	Social Cash Transfer Scheme	2007-2008 2009-2012	25,000 260,000
Uganda	Cash Transfer Pilot	2007-2010	9,000

Use of transfer by type of spending and program

Use of Cash Transfer by Program



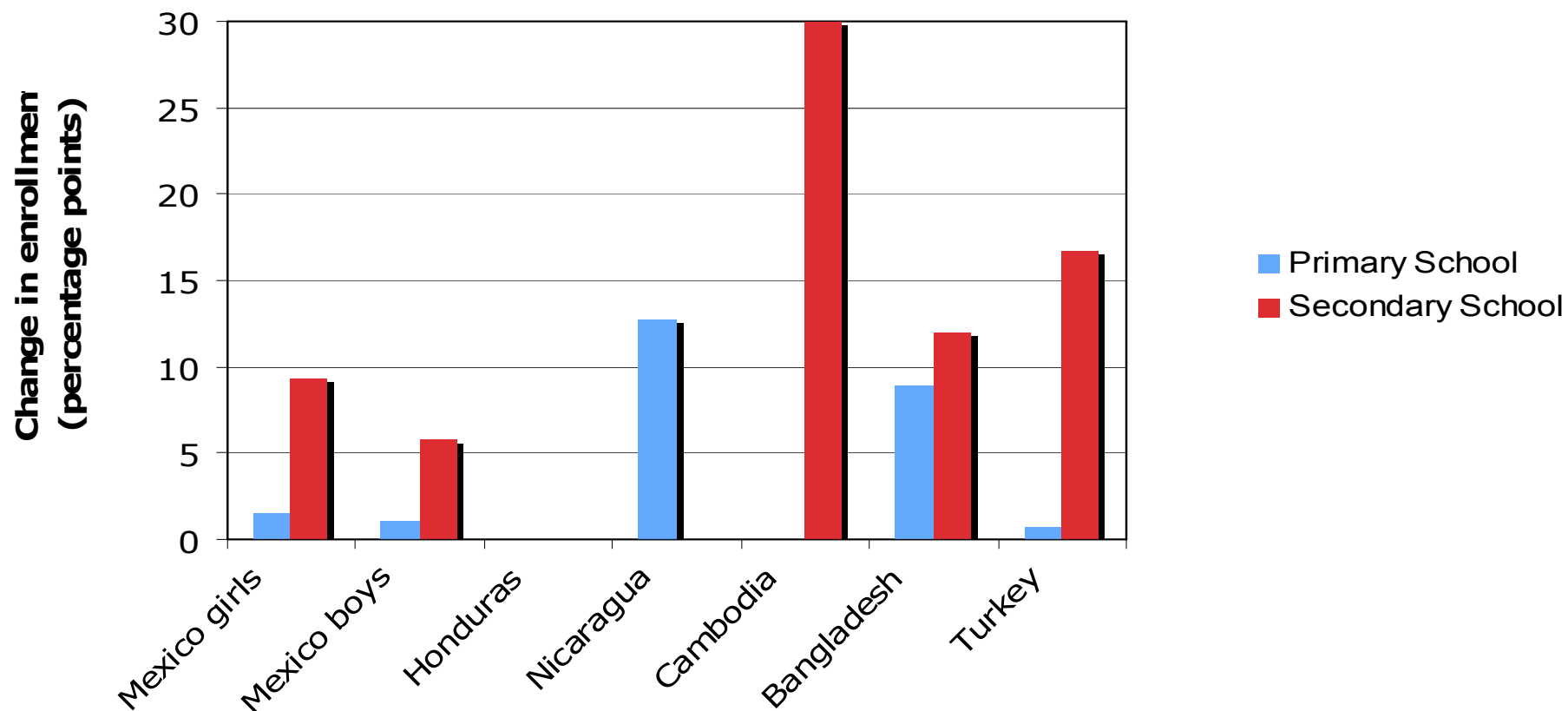
Impacts of Unconditional Cash Transfers on Education

Country/Program	Enrollment	Attendance
Ethiopia: Productive Safety Nets Programme		+12 % pts. (boys 6-10) No impact (girls)
South Africa: Child Support Grant	+8.1 % pts (age 6) ¹ +1.8 % pts (age 7) ¹	+25% ²
South Africa Old Age Pension		+20-25% ² +3% (boys); +7% (girls) ³
Zambia Social Cash Transfer Scheme (Kalomo district pilot)	+10.9% pts G, 9.5% pts B (age 5-6) -1% pts G, +7.1% pts B (age 7-13) 0% G,+7.7% pts B (14-18)	
Malawi Mchinji Cash Transfer	+12 % pts enrollment rate +5 % pts newly enrolled -3 % pts drop out rate	-1.3 days absent in previous month



1. KwaZulu-Natal, Umkhanyakude District; 2. National, Income and Expenditure Survey and The Labour Force Survey; 3. National, OHS data.

Impacts of Conditional Cash Transfers on Education (Enrollment)



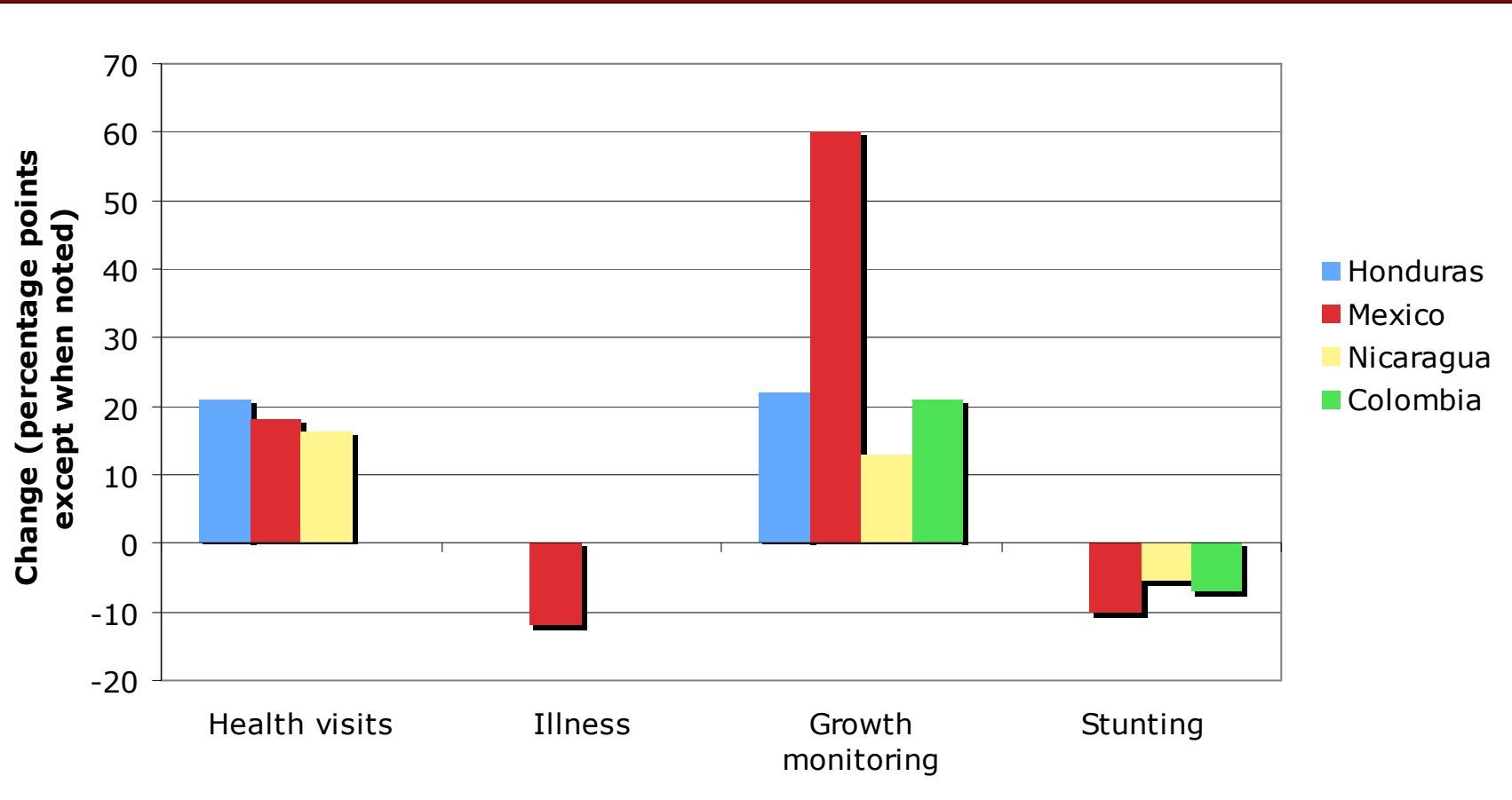
Impact of Unconditional Cash Transfers on Health

Country/Program	Health outcomes
Malawi Mchinji Cash Transfer	Reduced illness in past month: -21 % pts (adults) -13 % pts (children) Improved child health: +67 % pts improved health -56 % pts no change -11 % pts worse health
South Africa OAP	Improved health for all household members when income is pooled
Zambia SCTS	-12 % pts incidence of illness (children 0-5, adults 19-64) -14.3 % pts incidence of illness (elderly)

Impact of Unconditional Cash Transfers on Food Consumption & Nutrition

Country	Hunger or Meals per day
Ethiopia PSNP	-10.6-11.2 % pts likelihood that hh had low kcal intake; +181-183 kcal/person
Lesotho OAP	-10 % pts never enough to eat; +10% pts always enough to eat
Zambia SCTS	-6 % pts hhs eating 1 meal/day; +6 % pts hhs eating 3 meals/day
Malawi Mchinji Cash Transfer	+83 % pts food intake improved; -35 % pts food intake worsened +23 % pts satisfied after meal; -25.5 % pts somewhat hungry after meal; -3.7 % pts very hungry after meal
	Nutritional Status
South Africa CSG	+3.5 cm., on average, if received during first year of life and for at least 2/3 of first 3 years
South Africa OAP	+2.23 cms (girls); +.88 cms (boys) if received by woman (national) +5 cms (Western Cape)
Malawi Mchinji Cash Transfer	-11 % pts child underweight No change in mean WAZ

Impacts of Conditional Cash Transfers on Health and Nutrition



Key Policy Debates

■ Who should be targeted and how

- Consensus forming to target based on poverty and multiple vulnerability criteria, not AIDS or orphans—but stay attentive
 - Malawi and Zambia: Approx 70% were 'AIDS affected'
- Target children or elderly?
- Community-based or conventional means-tests?

■ Cash transfers or food

- Depends on infrastructure, markets, prices, seasonality, logistical capacity, political economy, gender relations
- Cash more likely as a national strategy
- For severely malnourished and ART patients, food is needed fast
 - But cash assists with food, transportation, education & other needs
- Rising food prices?

Key Policy Debates

- **Combining cash transfers with services**
 - Conditional/mandatory?
 - For severely AIDS-affected, urgency and insufficient service supply argues against strict conditionality now
 - But creative, context appropriate pilots
 - Cash + services—without overburdening?
 - Education on child and maternal health, prevention and treatment of illness, nutrition
 - Social welfare services, child protection, psychosocial support
- **Duration of coverage**
 - Continuous, ageing out, life-cycle, 'graduation'
- **Capacity, affordability**

Implications for Policy and Practice

- Cash transfers protect human capital and should be scaled up rapidly in heavily AIDS-affected countries
- Heterogeneity of AIDS-affected families requires mix of approaches; however, cash transfers are easier to scale up, and most appropriate for most highly affected
- Cash transfers should be implemented in conjunction with non-mandatory complementary services, appropriate to priority needs, context, and capacities
- Strong gender effect (who receives the cash, who benefits) needs attention in program design
- Many debates, but need for action now
- Roll-out is technically and financially feasible, but main need is *political commitment*