What is the Potential of Cash Transfers to Strengthen Families affected by HIV and AIDS?
A Review of the Evidence on Impacts and Key Policy Debates

Michelle Adato and Lucy Bassett*

The international trend toward investing in social protection in poor countries has reached sub-Saharan Africa, taking on a new urgency as HIV and AIDS interact with other drivers of poverty to simultaneously destabilize livelihoods systems and family and community safety nets. A new focus on the vulnerability of families, and threats to the human capital of children with lifelong and intergenerational consequences, has accelerated international, regional, and national commitments to social protection programs in heavily AIDS-affected countries.

Social protection in the form of cash transfers—which can provide support for food purchases, transportation, education, health care and other expenses—is receiving increasing recognition as an important part of a comprehensive AIDS response. The urgency of cash assistance for food purchases is underscored by emerging evidence on the effect of good nutrition to slowing the progression of AIDS, and to the effectiveness of antiretroviral therapy, with consequences not only for people living with HIV but also their children, broader families and communities.

More commonly a feature of social policy in wealthier countries, social protection has emerged as a political possibility for poor countries, with an increasing number experimenting with program options. Social protection enables individuals, families, and communities to reduce risk and vulnerability, mitigate the impacts of stresses and shocks, and to support people who suffer from chronic incapacities to secure basic livelihoods because of, for example, age, illness, disabilities, discrimination, or their position within the social and economic structure of their society. If designed to do so, social protection can enable people to move structurally out of poverty by building assets, and by altering social relations.

Among different forms of social protection, a momentum is gathering around cash transfers, now found from El Salvador to Kenya to Bangladesh to Cambodia. In sub-Saharan Africa, national governments, donors, multilateral agencies, international and national non-governmental organizations (NGOs), are cooperating to pilot and roll out programs intended to reach hundreds of thousands of people within a few years. More than a dozen countries in southern and East Africa currently have cash transfers programs, most at early stages, and more countries are planning or considering them. Questions are raised, however, with respect to their effectiveness in mitigating the impacts of HIV and AIDS, reducing poverty, and protecting human capital, and their affordability, sustainability, political support, targeting, and design.

This brief is based on a comprehensive review of the same title. The original paper, reviewing over 300 documents, examines how social protection can be used to protect children and families affected by HIV and AIDS, and specifically, how well cash transfers can fare with respect to securing basic subsistence and reducing poverty, while also protecting the human capital of children—specifically, their education, health and nutrition. The paper reviews evidence to date on the impacts of programs under different designs, and reviews key policy debates that accompany decisions about whether to adopt cash transfers and how to design them to be responsive to the context of HIV and AIDS. In particular, it examines systems, experiences and dilemmas of targeting, and the debate on conditionality, i.e. whether cash transfers should be conditioned on beneficiaries’ participation in education and health services.

Cash transfer programs can take many forms. They can be given to households as a unit because they meet poverty or vulnerability criteria, to an individual such as an elderly person or disabled person, or to families based on the presence of individuals such as children, girls, or fostered orphans. Cash transfers can be unconditional—given without obligations—or conditional—tied to obligations of recipients to participate in work or training, education, health, nutrition, or other services or activities—or they can be linked to these activities but not obligatory. Cash transfers provide for current basic needs of adults and children such as food and clothing. They can also contribute to development processes, by enabling or encouraging investment in assets that increase people’s chances of breaking out of poverty in the long-term. Cash transfer programs can also have additional benefits such as increasing women’s autonomy and capacities, or strengthening capacities of local organizations.

Globally, the vast majority of cash transfer programs have been designed and rolled out in contexts where AIDS was either not a large-scale problem requiring different attention in social protection policy, or was not taken specifically into account. Under any circumstances, determining whether and which type of program should be undertaken.
requires policymakers to consider a web of issues related to the causes of poverty, the indicators most in need of improvement, the constraints on achieving those improvements, administrative, technical, and financial capacities, demographics, the structure of employment, political economy, as well as natural disasters, political conflict, and epidemics. In addition to the global challenges of growing the economy, creating jobs, and improving living standards, countries in sub-Saharan Africa face the added challenge of dramatic escalations in the number of adults and children whose livelihoods are threatened by HIV and AIDS. According to UNAIDS, AIDS killed almost 3 million people globally in 2006 while nearly 4.3 million became infected, bringing to 39.5 million the number of people living with the virus. Almost 25 million of these live in Sub-Saharan Africa. Furthermore, there is growing evidence that HIV/AIDS is significantly intertwined with other sources of vulnerability, including a two-directional relationship with food insecurity and malnutrition. Articulations of the epidemic with forms of chronic poverty have made social protection a moral and economic imperative.

Behind these cases of infection and illness lie tens of millions of additional people who are affected by AIDS, most of them children. As of 2006, an estimated 15.2 million children under age 18 had lost at least one parent to AIDS, about 80 percent of whom live in sub-Saharan Africa. Most of these children are being taken care of by extended families and communities, but many of these families were already very poor, and are now in even greater need of external support. In addition to orphaned children, millions more children are also affected by HIV and AIDS, as illness in families and communities undermine livelihoods systems, human capital, and physical and psychological well-being. While preserving basic levels of comfort and human dignity among the sick, social protection interventions may also be the only means of preventing destitution of entire households, and irreversible health, nutrition and education deprivation among children—with lifelong consequences.

**Conceptual Framework**

Figure 1 presents an asset-based social protection conceptual framework for understanding what social protection can achieve, and how different types of interventions align with different objectives. The different uses of social protection are seen as one moves from left to right: 1) Securing a basic level of consumption needs; 2) reducing fluctuations in consumption and avert asset reduction; 3) Enable people to save, invest, and accumulate through reduction in risk and income variation; 4) Build, diversify, and enhance use of assets; 5) Transform institutions and relationships. Low capacities . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . Higher capacities

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Figure 1. An Asset-based Social Protection Framework
fluctuations in consumption in order to avert the reduction of assets; 3) enabling people to save, invest in, and accumulate assets through reduction in risk and income variation; 4) building, diversifying, and enhancing use of assets, by reducing access constraints, directly providing or loaning assets, or building links with institutions; and 5) transforming institutions and economic, social, or political relationships. The programs in the oval represent a range of interventions that provide forms of social protection. They are loosely placed under the objectives with which they are most normally associated. Although programs have tendencies to be used to achieve particular objectives, each can be used to achieve any of these five objectives depending on first, how they are designed (and, importantly, the ability to implement the design as planned); and second, the capacities that people have to take advantage of these design features.

A cash transfer program thus can assist AIDS-affected families by, for example, 1) securing basic subsistence for families where illness prevents them from securing a livelihood; 2) keeping children from leaving school because of inability to pay fees or labor needed at home; 3) enabling people to invest in a small income-generating activity; and 4) increasing the agency of communities where local organization participate in targeting, monitoring or service delivery.

**Impacts**
Cash transfers have demonstrated a strong potential to reduce poverty and strengthen the human capital of children. This conclusion is based on evidence from: (1) studies of several large-scale, well-established transfer programs in southern Africa; (2) studies from newer pilot cash transfer programs in southern and eastern Africa; (3) modeling of impacts of cash transfers in sub-Saharan Africa; and (4) studies of conditional cash transfers in Latin America and Asia. There is considerable evidence that unconditional cash transfer programs have increased food expenditure and food consumption. Figure 2 illustrates the relative shares of transfer spending within various programs—with the highest spending being allocated to food, followed by spending on other goods (including clothing and shoes, blankets, transportation, and household spending, e.g. water and electricity, hygiene, and livestock), and education.

![Figure 2. Use of Cash Transfer by Program](image-url)
A review of research on cash transfers conditioned on household participation in education, health, and nutrition services have demonstrated large, statistically significant impacts on poverty, and on education, health and nutrition outcomes, mainly for children. With respect to education, many conditional cash transfers (CCTs) have markedly increased school enrollment, attendance, and grade progression, though there has been less demonstration of impacts on achievement. In terms of health and nutrition, CCT programs have increased health service utilization, and reduced the incidence of illness, although evidence of the latter is weaker than the former. They have achieved impressive results with respect to increases in the quantity and quality of food consumption, and improvements in nutritional status, though the latter has been less consistent across countries and types of indicators.

These CCT impacts have been established using large-scale datasets, often in multi-year panels, mostly with control groups, using state of the art econometric methods for establishing causality. These impacts have been found mainly in Latin America and Asia, most of which which have better infrastructure, services and administrative capacities than countries in which the majority of AIDS-affected families reside. CCT impacts have also been achieved in some very poor countries with low levels of infrastructure and implementation capacities. Design and implementation approaches have been adapted to different country conditions, capacities, and objectives.

Unconditional cash transfers, with a growing presence in eastern and southern Africa, have also demonstrated substantial impacts on the well-being of families and children. The strongest impacts demonstrated have been on school enrollment and attendance, and on nutrition, mainly in South Africa, where the grants have been established for a long period and operate on a larger scale. In South Africa, receipt of the Child Support Grant and the Old Age Pension were associated with increases in school enrollment and attendance, with some important gender differences. Increases in school enrollment were found between baseline and evaluation of the Social Cash Transfer Program (SCTS) piloted in one district in Zambia. Here, girls have been disadvantaged compared to boys, with evidence suggesting that with a very low transfer level, parents often send only one child and it is usually a boy. In both countries, the largest impacts identified were on enrollment rates for very young children starting school, suggesting that improved nutrition and health might have increased their school readiness.

Studies in Kenya, Malawi, Zambia, Mozambique and Namibia infer some impacts on schooling via spending of cash transfers. While large proportions were spent in Kenya and Namibia, the proportions spent in Malawi, Zambia and Mozambique were very small. The large expenditures on food in all countries may have an indirect effect on schooling via nutrition and health improvements, though these studies did not examine this impact pathway. Old age pension spending on education in Namibia and Lesotho, together with large pension-driven school enrollment and attendance effects found in South Africa, suggest that old age pensions are an effective way of supporting children’s education. Modeling based on data from 15 African countries further supports that a transfer targeted to elderly-headed households would have a significant impact on girls’ schooling.

Impacts of unconditional cash transfers on health were found in the Zambia SCTS and in South Africa. In Zambia the self-reported incidence of illness among SCTS beneficiaries fell, with the largest impacts among the elderly, followed by children under-five, and adults of productive age, possibly as a result of improved nutrition and hygiene. In South Africa, pensions were found to improve the health status of pensioners themselves, but also that of other members of the household where pension income is pooled.

Evidence of impacts of unconditional cash transfers on nutrition comes mainly from South Africa, as it was not directly assessed elsewhere—a gap that should be addressed in future cash transfer evaluations. The Child Support Grant was shown to increase child height, but only if it was received sufficiently early in a child’s life and covered the majority of the first three years of life. This suggests the importance of cash transfers for very young children and guaranteeing continued receipt during this critical period for child growth and development. Evidence from South Africa also suggests that cash transfer programs targeted to the elderly can have a positive impact on children’s nutritional status, particularly if they are received by female pensioners. These impacts were particularly pronounced for girls.

Unconditional cash transfers led to increased food consumption in beneficiary households and, in most of the programs evaluated, grants were also associated with a reduction in hunger and an increase in average meals per day. The exception was where the transfer size was too small (as in Mozambique). In Malawi and Zambia the transfer also increased dietary diversity. It is often unclear what role nutritional counseling, seasonality, and some other factors played in changes in food consumption and dietary diversity, but cash transfers are being used to boost household food intake, resulting in less hunger.

Apart from South Africa, the results from empirical studies of unconditional transfers do not have good control groups and sample sizes are small relative to the CCT studies, so results should be interpreted cautiously. Still, collectively they make the case that unconditional transfers have had an impact on human capital, even if the magnitude of those impacts and isolation of program impacts are not definitive. Large-scale evaluations underway of new
cash transfer programs scaling up in eastern and southern Africa should provide a clearer picture.

Analysis of eight existing cash transfer programs and 15 country simulations demonstrate that these programs have the potential to reduce poverty, particularly the poverty gap and severity of poverty, if they are targeted to poor households, households with children, households without able-bodied members, or the elderly.

In addition to assessing impacts, the original paper addresses two central policy debates with respect to cash transfer design: targeting and the use of conditionality to increase human capital impacts.

**Targeting**
The targeting debate centers mainly around who to target—who most needs benefits, whether to target AIDS-affected families or very poor families and how to reach both, and what targeting methods and criteria will best reach them. There is ample evidence that HIV and AIDS drive many processes that decrease food security and increase poverty. Targeting the “extremely poor,” using indicators that capture the very poor and those who are affected by AIDS (such as those related to poverty, prime-age disability, and high dependency ratios), can effectively reach the most vulnerable, who are the least resistant to and resilient to the impacts of HIV and AIDS. It is important that multiple criteria are used in combination as using one alone can result in mistargeting.

A more difficult ethical quandary surrounds targeting individuals on antiretroviral therapy (ART). Evidence on the importance of nutrition to the effectiveness of ART has motivated programs providing food transfers to people on ART. Food may be a better form of transfer for those on ART, given the direct nutritional objective of the transfer, but cash provides flexibility to meet other needs of patients, such as transportation to pick up their drugs. The relative advantage of food vs. cash for this population is an unknown that needs to be tested. It is difficult to argue against such targeting that will save lives. There are, however, equity, stigma, and related sustainability questions leading back to the conclusion that targeting extreme poverty in a way that captures both those on ART, and their destitute neighbors who are not, is a better option.

An important process of political mobilization for social protection in the context of HIV and AIDS has convened largely around orphans and vulnerable children, but dilemmas have also arisen here. Questions are posed around how to define a vulnerable child, whether orphans are disadvantaged in relation to non-orphans, including children with ill parents as well as those suffering other forms of deprivation and trauma, and whether children affected by AIDS are more in need of material assistance than poor children affected by other misfortunes, e.g. other diseases, conflict, or conditions making their families chronically unable to secure a livelihood. The evidence is complex. Orphans may be in very poor households, or in better off households that can afford to take them in. Some studies find that orphans are disadvantaged with respect to food security, nutrition, health, and education; other studies find they are not. This is not necessarily contradictory, but rather contingent on variables such as the relationship between children and caregivers, poverty/wealth status, and household demographics and structure. Targeting to respond to these variations at a household level would be infeasible. However, research can shed light on how AIDS-related specificities, articulated with other social and contextual variables (e.g. gender dynamics or household structure), can inform targeting criteria at a broad level, or complementary programming. In light of concerns around accuracy, equity and stigma, a consensus is building around targeting cash transfers based on poverty and multiple vulnerability criteria, rather than targeting orphans or families living with AIDS.

Another approach is to use categorical targeting of the elderly More than half of orphans living in six countries in southern and east Africa were living with grandparents, and there is considerable evidence of the positive impact of old age pensions on children. An old age pension can be means tested (or not, depending on costs and benefits), or additional criteria such as dependency ratios could be applied where narrower targeting is necessary.

There are also questions about what targeting mechanisms are most appropriate for reaching AIDS-affected families and under available administrative resources. There are currently three main systems that predominate with respect to targeting cash transfers. In Latin America, where administrative and financial capacity exists to carry out data-intensive proxy-means test surveys and analysis, these programs tend to do well in targeting extreme poverty, though they are often not perceived that way at the community level, where people often do not understand or agree with distinctions made between people above and below a poverty line. This method is probably not practical or cost-efficient in the context of low administrative capacity and sparsely populated areas, and would also likely be problematic if there is no community involvement. The system used in South Africa, using an application-based means test, results in low errors of inclusion but in the past had large exclusion errors. These have been substantially reduced, but remaining exclusions are a concern, resulting from constraints people face in accessing required documents and negotiating the application process.

The most commonly used system in the new generation of cash transfer programs in southern and eastern Africa is community-based targeting, where local committees or other public forums use a set of criteria to identify those who most need the assistance. The criteria have mainly reflected these inter-related categories of families: 1) living in extreme poverty, e.g. no income sources; lack of assets;
families, including the health, nutrition, and education of threats that HIV and AIDS pose to the human capital of transfers for protecting human capital, because of the The paper has focused heavily on the implications of cash conditionality indicators applied uniformly would probably have higher- and complex configurations of deprivation and dependency, Furthermore, given the variation in household conditions, improving indicators need to be tested. Some process of local participation or review will need to remain, at least in rural areas, where it seems likely that an externally-driven, non-transparent process would be problematic. Furthermore, given the variation in household conditions, and complex configurations of deprivation and dependency, a generic targeting formula using standard poverty proxy indicators applied uniformly would probably have high errors. The right balance must be found between using an equitable, “objective” process of applying criteria, and a qualitative assessment that catches errors of application, or what the other criteria miss. In any process, checks and balances are needed through oversight structures such as local government structures or organizations.

The following additional conclusions emerge from recent experience with targeting: 1) Benefits should probably be targeted to women; this has been a very successful design feature in Latin America and elsewhere, improving women’s status, increasing their autonomy, and increasing expenditures on children’s needs. This would also ensure that women in polygamous households are not disadvantaged. 2) In urban areas, geographic targeting, survey methods, and community-based processes are more difficult to use than in rural areas. Program application methods are often used in urban areas, but these require strong outreach efforts and should not be overly-complicated or they will miss many of the most disadvantaged who most need the assistance. 3) In all of the alternative targeting methods, there are risks of missing certain households and individuals, e.g. remote households living in difficult terrain, migrants, street children, and child-headed households. All methods may miss some people who self-exclude or face discrimination by other community members due to race, ethnicity, caste, severe disability, or other factors. Ways to reach these groups, through eligibility criteria and targeting methods, should be carefully designed into the process.

**Conditionality**

The paper has focused heavily on the implications of cash transfers for protecting human capital, because of the threats that HIV and AIDS pose to the human capital of families, including the health, nutrition, and education of children. These threats result from a vicious downward spiral involving illness, loss of income and assets, decreased food security, need for children to care for the ill or otherwise work, inability to afford health care and school expenses, and stigma and emotional distress that reduce participation or performance in school. A concern over the ability of cash transfers to affect human capital is also driven by the extensive evidence on the interactions between early childhood nutrition, health and education, and the effect of these interactions on long-term income earning potential and thus long-term intergenerational poverty. In other words, many children who are not protected now from the impacts of HIV and AIDS in their families will never recover.

For these reasons, we examine not only unconditional cash transfers in southern and eastern Africa, but also conditional cash transfers in Latin America and Asia, which have demonstrated high impacts on children’s education, health, and nutrition. There are important debates on conditionality, involving issues of social externalities, power, autonomy, and political economy. Each of these issues involves arguments for and against conditionality, but all suggest that conditionality should be considered cautiously. At the same time, given the importance of children’s health, nutrition, and education, the main concerns to address are those that relate to whether conditionality is likely to strengthen human capital, or work against it. Most of the global evidence to date on impacts of cash transfer programs come from evaluations of conditional cash transfer programs. This is because of the large number of these programs implemented in the past ten years, and the quality of the evaluations conducted that leave little doubt about impacts. The context is very different than that of sub-Saharan Africa, but the impacts are of such magnitude that if there is anything worth learning from them, these programs are important to consider.

It is not as yet clear whether conditions would make a difference in the demand for and supply of services in the African context, or whether conditionality would work at all. There is limited evidence on the role of conditions in explaining impacts of CCTs, though the studies that have thus far examined this role in Latin America found significant impacts attributed to conditionality. This question needs to be tested in the new generation of cash transfer programs in Africa, under the gamut of contextual specificities. Such evaluations are underway or planned in several countries thus far.

The strongest concerns about conditionality in Africa relate to the availability of services, and administrative capacity to support a conditional program—cash cannot be conditioned on services that are non-existent, too far away, or of very poor quality. Some very poor countries in Latin America and Asia have managed CCTs, e.g. Nicaragua, experiencing some of the highest impacts, and have used the program as an impetus to improve supply, bringing in NGOs
to support government provision where needed. It should not be assumed that this is impossible in new programs in Africa by governments and their partners. Given the importance of improving services regardless of the role of cash transfers, perhaps the current interest in CCTs can be used to accelerate improvements. However, supply improvements will at best be very slow. For this reason, unconditional cash transfers are most appropriate for the near-term. Conditionalities could be tested on a small scale, under appropriate circumstances where supply is available or can be improved in the near term.

The other important question is: on what should any given program condition? Conditionalities should not all look alike—rather, they should be tailored to the problem that the country or region needs to solve, rather than target the wrong outcome. For example, a cash transfer may help children stay in school by substituting for children’s contribution to subsistence production, or by paying for school expenses. However, it may not solve the need for girls to take care of ill relatives or small children—in which case an alternative or a complementary program of home based care or early childhood development would be needed. A condition also does not have to apply to primary school enrollment if this is already very high, or where parents want to enroll children but there is no school nearby. Conditionalities is a form of incentive and can be designed to encourage participation in, for example, health awareness services, or testing for sexually transmitted infections (STIs), as some countries are beginning to explore. Conditionalities may be appropriate for particular geographic areas under particular combinations of circumstances, e.g., very poor areas with high numbers of fostered orphans, low attendance rates, and evidence of discrimination in education outcomes among orphans. Furthermore, design can adapt to administrative capacity, with conditions simple, unenforced, or waived altogether in the case of the mobility impaired or areas without services. Finally, there are ways in which services and activities—e.g., productive economic activities, legal and social welfare services, early childhood development, adult education, and health awareness—can be linked to cash transfer programs, facilitating participation in these activities without requiring it. These are new areas that need further experimentation in terms of mechanisms for linkages, and where governments promoting cash transfers can team up with NGOs that are delivering these kinds of services already.

**Other Forms of Social Protection**

Other questions have emerged around the relative benefits of other approaches to social protection for families affected by HIV and AIDS—on one side driven by a concern about building sustainable livelihood opportunities, and on the other by a concern about meeting urgent needs via food and nutrition transfers where these may be more appropriate. With respect to livelihoods activities and related microcredit, these are also important parts of a strategy, and should continue to be supported to reach as many people as possible. Like public works programs designed for HIV/AIDS-affected contexts—which also have significant potential as part of a social protection strategy—they are likely to be most appropriate for AIDS-affected families that are “less affected”—less labor constrained and less destitute, and possibly better-off in various asset endowments. Livelihoods activities will reach fewer people than cash transfers. These activities are on the higher end of the capacities/scalability/inputs continuum in Figure 1. Even where they can be designed to be pushed toward the middle of that continuum—as public works can be through less demanding work or livelihoods activities can be through home gardens—they will still be hard to scale up to meet the urgent and huge need that currently exists (a demand that will only continue to grow as disease stages progress and the regional impacts approach their peak).

With respect to food and nutritional transfers, these are also important parts of a social protection strategy, which do not run into the household-level capacity constraints, and do respond to urgency. They may be most useful for subgroups of the most AIDS-affected, e.g.: people on ARVs, children in need of nutrition rehabilitation. Research using an HIV/AIDS lens is needed to understand these conditions, in order to develop the best mix of interventions. Food assistance will continue to play an important role in social protection. However, issues of logistics, economics—including rising food prices—and political-economy make it unlikely that food transfers would be scaled up as a national strategy of social protection. Cash has been gaining more momentum in recent years in countries looking at national social protection systems for children affected by AIDS.

“AIDS-affected families” do not comprise a homogenous category; they involve many variations with respect to poverty level, education, household structure, stage of illness progression, dependency ratios, social status, and access to assets. This argues for a mix of approaches rather than a single approach. However, pursuing a mix does not conflict with a national strategy of scaling up cash transfers. Cash transfers appear to offer the best strategy for reaching families who are the very poorest, most constrained and at-risk with respect to human capital, in large numbers, relatively quickly. These are important considerations given the extent and nature of deprivation, the long-term risk to human capital, and the current international and national political willingness to act.

Additional knowledge gaps remain. These include operational issues such as appropriate size of the transfer and flexibility under changing circumstances (e.g., prices, markets), number of transfers per household, when and how to transition households out of the program—hopefully into something better, the pace of scaling up, and the role
of NGOs and community-based organizations in program implementation and service delivery. Other questions pertain to human capital objectives and service delivery: what is the current status of services, what is the potential for scaling up, and how can constraints be overcome? Still others pertain to political-economy: how much will the programs cost, is this “affordable,” who will pay for it, and how can this strategy be made politically viable? These are issues on which there is some information available with regard to social protection, but require further investigation and analysis through an HIV/AIDS lens. This research can take place in the course of action, as part of current efforts underway to scale up cash transfer programs, and current political processes underway to motivate for social protection as part of the response to HIV and AIDS.

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