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# Aid and AIDS in Malawi

A World Bank study published on Sunday finds that young women in Malawi who received monthly cash payments were less than half as likely to contract HIV as those who were paid nothing. At this week's International AIDS Society summit in Vienna, the Bank is heralding this as evidence that giving away money in poor countries can actually do good. But a more pertinent lesson may be that in the world's poorest countries, even a little bit of extra prosperity can yield unexpected dividends.

The study randomly enrolled 3,796 girls between the ages of 13 and 22 in the small southeast African country, where an estimated 10% to 14% of adults are HIV positive. Half the girls in the study were given between $1 and $5 per month, and their families also received between $4 and $10, conditional on the girls' school attendance. The rest, the control group, received nothing.

After 18 months, researchers found that HIV infection in the paid group was 60% lower than in the control group. The World Bank suggests this was because the extra money helped deter what it delicately calls "transactional sex." At the beginning of the program, a quarter of the study's sexually active women "said they started relationships because they 'needed his assistance' or 'wanted gifts/money,'" according to the World Bank.

This is not the first study to illustrate the great benefits that a marginal wealth increase can yield. Malawi's per capita GDP is less than $300, so it's no surprise that being slightly less desperate for cash would keep people from desperate acts.

The study is being touted as proof that rich countries should step up their direct transfers to poor countries around the world—which might work, as long as the money lasts. The World Bank's program lasted only two years; an interesting follow-up might track these women's behavior and HIV rates after they stopped getting free money.

Handouts improve health outcomes, but a lack thereof is not the real obstacle to Malawians' well-being. The fault there lies with poor governance in the country, which includes corruption, trade tariffs, discriminatory regulations, and licensing requirements that hamper trade according to the 2010 Index of Economic Freedom from the Heritage Foundation and The Wall Street Journal. Would-be workers and entrepreneurs are also held back by what the index calls Malawi's "burdensome" labor regulations, and by property rights undercut by weak administration, slow due process, and still more corruption.

Encouraging improvements in these areas—for example, by withholding direct aid transfers to governments that fall short—would go a long way to increasing business opportunities in Malawi and around the world. And a proliferation of such opportunities, in turn, is the long-term solution to improving health and other outcomes for the roughly 14.8 million Malawians who didn't win the World Bank's time-limited lottery.