

# Namibia spearheads Basic Incomes Grant

The Namibian Basic Income Grant Coalition advocates for a free universal grant to all citizens. To prove its effectiveness in combating poverty, it conducted a pilot project in one village. **Herbert Jauch** tells of some astonishing results.

Nineteen years after independence, Namibia is still one of the most unequal societies in the world. The Gini Coefficient (defined as a ratio with values between 0 and 1 - '0' corresponds to perfect equality) stands at 0.63 as inequalities are stark and widespread. Poverty has racial, ethnic and gender dimensions and permeates all spheres of life. In the absence of policies of redistribution since independence, the legacies of apartheid-colonialism are still visible today.

In 2002, the government appointed the Namibia Tax Consortium (Namtax) to review the tax system and explore ways to foster economic growth and development. In its report, the consortium found that high levels of inequality and poverty were economically unsustainable and "that by far the best method of addressing poverty and inequality would be a universal income grant".

The consortium further suggested that the BIG (basic incomes grant) should be set at a level of N\$100 per person per month. This would cover all Namibians from the date of birth until they reach the age of 60 at which time the national old age pension scheme (currently N\$450 per month) would kick in. It pointed out that the cost of a BIG would amount to about 3% of Namibia's GDP and could be recovered through changes in the

tax system, to make it affordable.

The government was divided over the question of a BIG. Some regarded it as an unaffordable welfare measure and the International Monetary Fund did its utmost to discourage Namibia's policy makers from implementing it. Thus in 2005, a coalition of churches, trade unions, NGOs and AIDS service organisations formed the Basic Income Grant Coalition to advocate for the introduction of a BIG.

After two years of debating and lobbying, no breakthrough was achieved. Government ministers and parliamentarians were still divided over the merits of a BIG and so the Coalition decided to implement a basic incomes grant in one village. It wanted to demonstrate the impact of a BIG in practice.

## RESULTS OF PILOT

The village was Otjivero in the Omitara district in eastern Namibia. About 1 200 people live there, most of them retrenched former farm workers and their families. Poverty and desperation were widespread and the Coalition believed that if the BIG could make a difference in people's lives in Otjivero, it would certainly make a difference to Namibians in the rest of the country.

The pilot project started in January 2008 with all residents below the age of 60 receiving a BIG of N\$100 per person per month. The pilot is accompanied by a team of local and

international researchers that will monitor the impact over a two-year period until December 2009. The research team documented the situation prior to the BIG implementation in November 2007.

In July 2008, the first impact assessment study was carried out by the research team, jointly coordinated by the Desk for Social Development within the Evangelical Lutheran Church and the Labour Resource and Research Institute (LaRRI). The sample consisted of 54 households, covering almost a third of inhabitants. In addition, the team conducted interviews with key informants in and around Otjivero. The report was launched in early October 2008 and revealed some amazing results after only six months.

The community responded to the introduction of the BIG by establishing its own 18-member committee to mobilise the community and advise residents on how they could improve their lives with the money. This suggests that the introduction of a BIG can assist with community mobilisation and empowerment.

Since the BIG's introduction child malnutrition in Otjivero has dropped remarkably. Using a WHO (World Health Organisation) measurement technique, the results show that children's weight-for-age has improved significantly from 42% of

Dirk Haarman



Small business has grown in Otjivero since the introduction of BIG and people are growing and eating more nutritious foods

severely underweight children to only 17%.

The majority of people have been able to increase their work for pay, profit or family gain as well as self-employment. This finding contradicts critics' claims that the BIG would lead to laziness and dependency.

Income has risen in the community since BIG's introduction by more than the amount of the grants. There is strong evidence that more people are now able to engage in productive activities which fosters local economic growth and development. Several small enterprises have started in Otjivero, making use of the BIG money that people are spending in the community.

The local school recorded a 95% payment of school fees and the parents prioritised the buying of school uniforms. More children are attending school and the stronger financial situation has enabled the school to improve teaching material for the pupils. The school principal reported that drop-out rates were 30-40% before the introduction of the BIG. By July 2008, these rates were reduced to a mere 5%.

The BIG supports and strengthens government's efforts to provide antiretroviral treatment to people living with HIV/AIDS by allowing access to government services and enabling people to afford nutritious foods. Residents use the settlement's health clinic much more since the introduction of the BIG. People now pay the compulsory N\$4 for each visit and the income of the clinic has increased fivefold.

The criticism that the grants are leading to more alcoholism is not supported by evidence. On the contrary, the introduction of the BIG has induced the community to set up a committee that is trying to curb alcoholism and that has worked with local shebeen owners not to sell alcohol on the day of the pay-out of the grant.

The introduction of the BIG has helped young women to take charge of their own lives. Several cases document that women have been freed from having to engage in sex work.

Economic and poverty-related crime such as illegal hunting, theft and trespassing have fallen by over 60%.

The BIG has helped to achieve progress towards all eight Millennium Development Goals.

#### INTENSIFYING BIG DEMAND

These initial results are very encouraging and exceed the expectations of the BIG Coalition. The Otjivero residents have embraced the pilot project and are actively engaged to make it work. In their own words: "Generally, the BIG has brought life to our place. Everyone can afford food and one does not see any more people coming to beg for food as in the past. What I can say is that people have gained their human dignity and have become responsible."

"We don't expect everything to change overnight because people were hungry and N\$100 is not enough for everything to change. In the beginning the parents were using

the money for school fees and uniforms and to make sure they have sufficient food. The BIG has really helped the community in Otjivero, people now feel part of the nation."

In December 2008, the second impact assessment was carried out. Its results will be released in April 2009. Preliminary indications are that the positive trends found during the first six months have continued.

The BIG coalition will use these findings to intensify the campaign for the BIG across Namibia and to further engage policy makers. After all, 2009 is an election year and the coalition wants to ensure that 2010 will not only be the year of football but also the year in which Namibia becomes the first country to introduce a universal BIG. The coalition also hopes that other countries with similar levels of poverty and inequality like South Africa will follow suit.

There is no doubt that the BIG is a limited measure and *cannot* cure all socio-economic challenges. The initiative has to be accompanied by other measures of redistribution, job creation and structural changes. However, the BIG represents a promising start that can make an immediate dent in the debilitating and violent poverty that undermines the life chances of so many people. LB

*Herbert Jauch is a senior researcher for the LaRRI in Windhoek, Namibia. The BIG report is available at: [www.bignam.org](http://www.bignam.org) and under 'research reports' at [www.larri.com.na](http://www.larri.com.na)*