



# ECONOMIC & SOCIAL JUSTICE TRUST

## Poverty Eradication and the Basic Income Grant (BIG)

By Herbert Jauch, published in The Namibian, 16 October 2015

Over the last few weeks, consultative meetings were held in all regions to debate possible interventions to eradicate poverty and to redistribute wealth more equally in Namibia. Such debates are certainly welcome against the backdrop of Namibia still being one of the countries with the highest levels of income inequality in the world. Undoubtedly various strategies will need to be implemented in parallel to reverse both the historical inequalities and the skewed distribution of incomes that was maintained after independence. As stated by the President in his state of the nation address: "The war against poverty and the quest for economic emancipation must be a multifaceted war which we will fight on many fronts, using a myriad of methods at our disposal". This must entail a change in economic ownership structures and elite accumulation patterns if we want to build a more equal society. It is a daunting challenge that requires deliberate and strategic interventions to effect meaningful redistribution.

The Economic and Social Justice Trust as an organisation of volunteers promoting the achievement of economic and social justice in Namibia believes that despite the achievements made since independence, far too many Namibians are still living in dire circumstances and do not enjoy a life in human dignity as envisaged by the Namibian Constitution. We further believe that it is time to tackle poverty as a blatant human rights violation and we agree with the President that "all Namibians deserve a dignified life". Various proposals were made and the debate is bound to continue for years to come. However, discussions cannot substitute decisive action and there is little doubt that the introduction of a universal Basic Income Grant (BIG) has to be one of the key instruments in the war against poverty.

The Namibian Government's own NAMTAX commission of 2002 regarded the reduction of Namibia's income inequality not only as a justice issue, but as a prerequisite for economic growth. The BIG pilot project in Otjivero documented the positive social as well economic impacts that the grant had on food security, education, health, crime and local economic activities. In addition, during the 2013/14 drought, another 6,000 people in Omaheke, Kunene, Kavango West and Hardap experienced the positive impact of a cash grant of the Lutheran churches. We noted that even the critics of the BIG have not been able to propose a better alternative.

The available evidence from Namibia's pilot project as well as similar initiatives elsewhere (including India) have shown that economic security for people with low income greatly enhances the efforts in the health and education sector, supporting government's interventions

in these areas. This was even recognised beyond Namibia's borders, for example when the special UN representative Magdalena Sepúlveda visited Otjivero in 2012 and noted that the BIG had achieved many positive results and thus needed to be recognised as an effective tool to fight poverty.

The introduction of a BIG is not an act of charity but signals the introduction of an economic right to break the shackles of poverty which trap so many Namibians. Some have argued that a BIG should not be paid to all but only to those who live in poverty. While this argument sounds reasonable at a first glance, one needs to remember that means-tested grants require substantial resources for their administration. Means-testing can also lead to stigmatisation and may result in the exclusion of some people who were meant to be reached. Most Namibian household incomes are irregular and can change from month-to-month. Thus means-testing would have to be conducted on a continuous basis and this would consume a significant portion of the resources meant for the poor. A universal BIG on the other hand would be easy to calculate and to administer in terms of costs. It would guarantee all households a certain amount of income security, and it would reduce vulnerability, including the dependency of many women on their male partners. Vulnerable workers in low income jobs would also be afforded the opportunity to reject some of the most exploitative jobs as their survival would not solely depend on those jobs.

The BIG will certainly not lead to "laziness" but it would be an important enabler to overcome poverty. We therefore urge the Namibian government to introduce the BIG as a cost-effective intervention in the fight against poverty. With over 40% of Namibians under-nourished and another drought looming, the time for a national roll out of the BIG is now.

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