



## Basic Income Grant Coalition

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### A CALL FOR THE NATIONAL IMPLEMENTATION OF THE BASIC INCOME GRANT (BIG) IN NAMIBIA

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#### Press Release by the BIG Coalition, 25 June 2015

Despite the various achievements made over the past 25 years, Namibia still faces one of the highest income inequalities in the world mainly due to the legacy of colonialism and apartheid. Structural injustices have remained and a large part of our population still lives in poverty with a bleak outlook for the future while a small elite has accumulated extreme wealth. Despite the efforts and achievements after independence, food insecurity, malnutrition, overtaxed education and health systems, high unemployment rates and low levels of local economic development are still serious challenges. Without substantial economic security, precarious living conditions are still the norm for many Namibians and this in turn undermines the achievement of sustainable economic and social development. Structural injustices have remained and a large part of our population still lives in poverty with a bleak outlook for the future while a small elite has accumulated extreme wealth.

The Namibian Government's 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. Therefore, the introduction of a national Basic Income Grant (BIG) was proposed as a matter of urgency to free people from a survival economy and the debilitating effects of poverty.

The BIG pilot project in Otjivero documented the positive social as well economic impact of the grant on food security, education, health, crime and local economic activities. Furthermore, during the 2013/14 drought, another 6,000 people in Omusati, Kunene, Kavango West and Hardap bear witness to the developmental impact of a cash grant. This emergency cash grant of the Lutheran Churches was modelled on the Namibian BIG proposal.

The evidence of the BIG pilot project and the drought relief have proven beyond doubt that the BIG is the central instrument to eradicate poverty in Namibia. The recent report of the Food and Agriculture Organisation of the United Nations (FAO) on the state of food insecurity has shown that 42% of Namibia's population is under-nourished. Given the severe drought conditions currently prevailing in the country, this problem is bound to increase in the months to come. The BIG Coalition is therefore pleased to note that the Namibian Government has not only decided to increase the social pensions but that the President decided to establish a Ministry of Poverty Eradication and Social Welfare. Given Namibia's bountiful natural resources and high levels of GDP per capita, the eradication of poverty is certainly an achievable goal.

Over the years, the Namibian government has implemented various social grants. The universal pension achieves an almost universal coverage of people above the age of 60 and the beneficiaries of the grants for children increased manifold in the last years. In combination with the disability grants and the war

veterans' grants, there is already a safety net for some vulnerable groups in Namibia. However, far too many people still fall "through the cracks" and continue to be trapped in poverty.

The BIG Coalition believes that the time has come to act decisively and to wipe out poverty. The challenges of inequality and poverty have been well documented and the time for decisive interventions is now. We cannot afford to just maintain the existing social protection programmes when a more direct and fundamental attack on poverty is required and indeed possible.

The main objective of the Basic Income Grant is to achieve a basic level of income and food security for every Namibian, thus freeing them from the shackles of poverty that entrap them. The BIG is also an instrument of redistribution and will reduce the current high levels of income inequality. Above all, the BIG entrenches an economic human right as it provides every Namibian with a tool to overcome poverty. While other steps still need to be taken such as the creation of decent jobs and structural social and economic changes, the BIG is undoubtedly a key instrument to achieve the eradication of poverty and a better life for the majority. Other urgent measures needed, may be the protection of the value of these grants through legal measures that prevent the dilution of anti-poverty measures by unscrupulous businesses as we experienced with tax exemptions on various basic foodstuffs.

Economically, the Basic Income Grant will kick-start a qualitative different form of local economic development based on local production and consumption. The Namibian pilot project in Otjivero as well as relevant international experiences demonstrate that such grants kick-start local economic processes and thereby shifting buying power and investment capital into the rural areas. Furthermore, the Basic Income Grant is an emancipatory measure to enable people to meaningfully participate in society.

The BIG Coalition believes that in order to have the desired and anticipated effects, the national, universal BIG needs to be set at no less than N\$ 200 per person per month. The pay-out can easily be done at minimal costs through NamPost based on a smartcard system. This will limit the administrative costs to less than 10% of the value of the grant and is thus highly cost-effective – unlike targeted, grants that require means-testing.

The net costs of a national, universal BIG of N\$ 200 per person per month will be about 2-3% of GDP annually, or around N\$ 3 billion which is equivalent to 5-6% of the national budget. This amount can easily be raised through a mixture of tax and budget adjustments. The BIG thus has to become part of the national budget.

In addition to the immediate developmental impacts and improvements in the living conditions of the majority, a BIG will start to address some of the structural economic injustices that we are still facing. It contributes towards the realisation of socio-economic rights and human dignity as well as improved standards of living as envisaged in Article 95 of the Namibian constitution. It signals a commitment towards building a more caring and inclusive society.

The BIG Coalition therefore agrees with the Minister of Poverty Eradication and Social Welfare that the introduction of a national BIG has to be the central tool in the fight against poverty. We call on the Minister and the President to act swiftly and decisively by announcing the introduction of the BIG with effect from 2016. The next few months need to be used to carry out the registration for a national roll-out and to make the necessary budgetary arrangements. The time has come to act decisively.