

Direct Income Support reduced dependency in Namibia

In Namibia, a direct income support scheme- Basic Income Grant (BIG) - is being piloted in a severely impoverished rural community, where unemployment stood at 64 per cent in November 2007 – much higher than the national unemployment rate of 37 per cent. From January 2008, every adult in Otjivero-Omitara was given N\$100 (about UGX. 25,000) each month, unless they were already receiving a social pension.

In July 2008, six months after the BIG was introduced, unemployment in Otjivero fell to 52 per cent, while the proportion of those still unemployed but looking for work had risen significantly. Much of the increased employment was in the informal sector, with women and men using the BIG cash as working capital to engage in income-generating activities.

One woman set up a home bakery. “After the introduction of the BIG I started my business. I bake traditional bread every day. I bake 100 rolls per day and sell each for N\$1...I make a profit of about N\$400 (UGX 100,000) per month.”

Another woman started a dress-making business. “Since we get the BIG I bought materials and I am making 3 dresses that I will sell. When I finish...I will start with new ones. I sell a dress for N\$ 150 (UGX37,500).”

These small enterprises operate within the community, with other community members using their BIG cash to purchase the products. This illustrates how injections of cash can stimulate local economic growth. Average monthly per capita income in Otjivero rose from N\$160 (UGX 42,000) to N\$303 (UGX 80,000), an increase of 89 per cent in just six months, of which N\$100 (63 per cent) is directly attributable to the BIG direct income support, and N\$43 (27 per cent) is additional productive income leveraged by the BIG. This evidence refutes the prejudicial belief that poor people who are given free cash or food will become lazy and choose to work less than before, thus becoming totally dependent on the Direct Income Support for their survival. In fact, the opposite is true. Guaranteed income gives poor people the means to invest in productive activities and improve their livelihoods.

These examples of Direct Income Support impacts can be interpreted as reduced dependency of women on men, and of employees on exploitative employers. They also indicate enhanced empowerment of poor and vulnerable Namibians in relation to those who are wealthier and more powerful.

The BIG is also giving people independence in other ways. The BIG has helped many young women to become less dependent on men for financial support. The rapid spread of AIDS in Namibia (*which has one of the world's highest HIV prevalence rates*) has been attributed partly to transactional sex, driven by poverty and economic stress.

An assessment of the BIG after six months of implementation found that the Direct Income Support gave women more control over their sexual life and increased their economic independence.

For more information go to:

www.socialprotection.go.ug

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