

The distinctions between UBIG & CBIG?

How UBIG could work in Namibia

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Presentation overview

1. Basic Income - Origins and key differences
2. Financing - CBIG vs UBIG
3. Circular economy - Namibia with a UBIG

Basic Income - common ground

- ◆ The debate, we don't need to have
- ◆ Agreement basic income is needed:
 1. People need cash in order to get out of precarious poverty
 2. Link to economic transformation: enable economic growth
 - assist in job creation

Where does the idea come from? (UBIG)

- ◆ **NAMTAX 2002 - basic income - N\$ 100 paid to every Namibian (0-59)**
 - ◆ Significantly reduce absolute poverty levels
 - ◆ *Significantly reduce the degree of inequality [as inequality is suffocating economic growth in Namibia]*
 - ◆ *Target those most in need without requiring a complex administrative system*
 - ◆ *Be sustainable and affordable without retarding economic growth*
 - ◆ *Avoid the negative consequences of alternative strategies to transfer income from the rich to the poor.*
 - ◆ *[Financed through tax system so that] 85% of Namibians will receive a grant that is worth more than the additional amount they pay*
- ◆ **BIG pilot project in Otjivero 2008-2011**
- ◆ **Current proposal: N\$500 paid to every Namibian (0-59)**

Where does idea of CBIG come from?

- ◆ MGEPSW - UNDP feasibility study 2020 - Cost benefit analysis:
 - ◆ Benefit levels were estimated relying extensively on the **Otjivero-Omitara BIG Pilot [...]** **crucial in extrapolating benefit levels**
 - ◆ Cost calculation: comparing universal, targeted and conditional in Excel table—> *Universal option is expensive because of the number of beneficiaries covered.* —> **CBIG**
- ◆ MGEPSW social protection policy 2020-2030 (October 2020):
 - ◆ *Child and Disability Grants – progressively move towards universal child and disability grants*
 - ◆ *Basic Income Grant – introduction of a Basic Income Grant, following successful pilots in Otjivero-Omitara, targeting the poor and vulnerable [...] 19-59 that are unemployed.*

Where does idea of CBIG come from?

- ◆ **MGEPEWS food bank conversion to CBIG (starting 2022):**
 - ◆ N\$600 per household per month (not per individual).
 - ◆ Household income below N\$1,600 per month (means-tested at registration).
- ◆ $\pm 8,000$ recipients (2024) now $\pm 20,000$ (2025)

Key Differences

- ◆ **Excluding children vs 0-59**

- ◆ while 63% of children experience multidimensional poverty and 30% stunting (chronic malnutrition) (UNICEF 2024)

- ◆ **Conditional vs Universal**

- ◆ *Retarding economic growth* (Poverty trap)
- ◆ *Requiring a complex administrative system*

- ◆ **Household vs Individual**

- ◆ Extrem low level (HH 10 = N\$ 2 per person per day)
- ◆ Regressive: disadvantage for rural and informal

- ◆ **20,000 vs every Namibian**

- ◆ Charity vs Economic Transformation

Financing

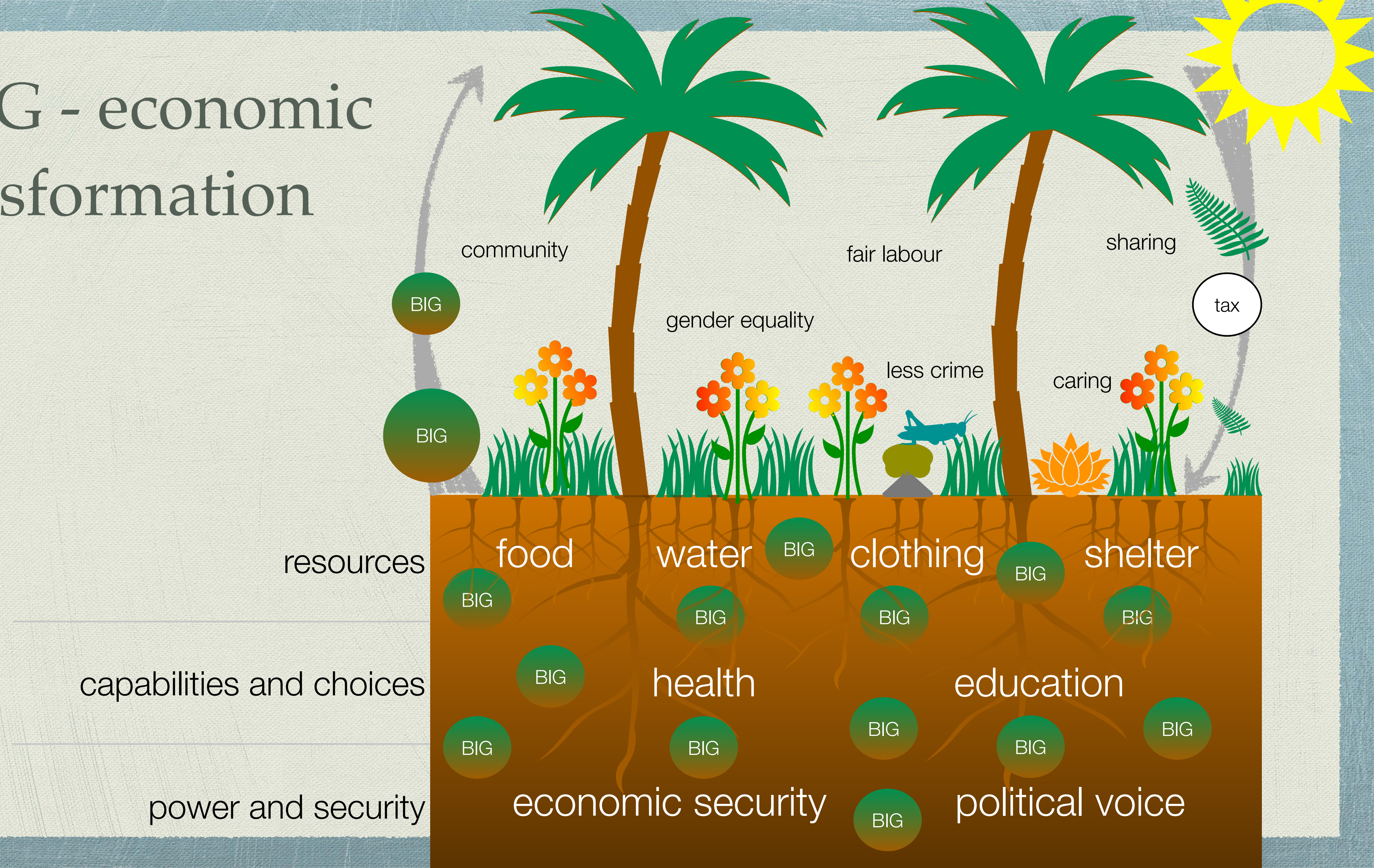
- ◆ CBIG:
 - ◆ Has to be financed out of current budget
 - ◆ High administrative cost
- ◆ UBIG
 - ◆ Redistributive system from rich to poor through progressive taxation
 - ◆ 3-4% of GDP

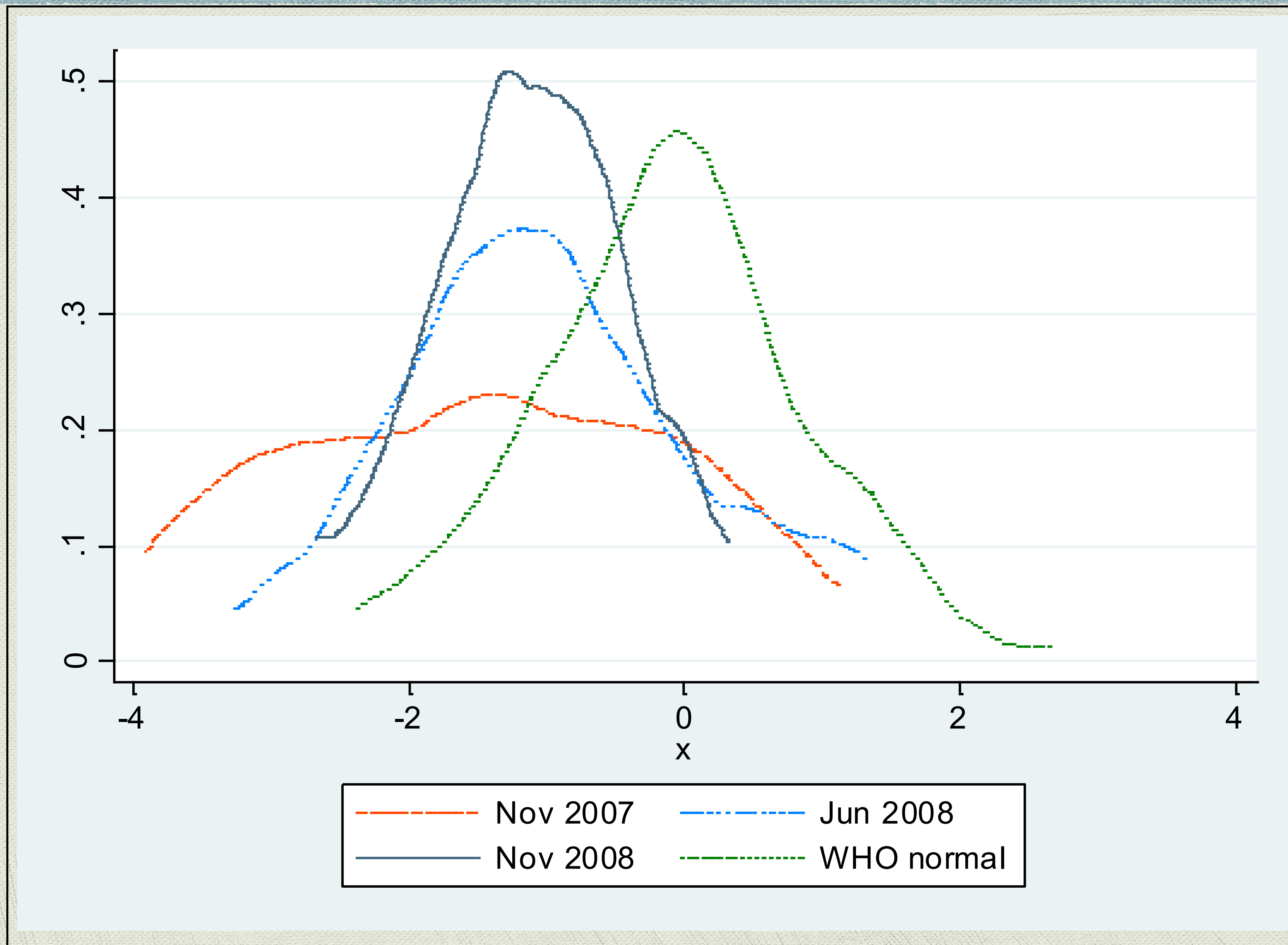
Population:	3'000'000
Basic income grant amount:	N\$ 500
Months to be paid out:	12
Number of current social grant recipients:	600'000
Percentage of high income earners (paying back benefits of average non-income earners in HH through tax system):	10%
Number of Net BIG beneficiaries:	2'100'000
Total annual net-cost:	N\$ 12'600'000'000
(-15% VAT)	N\$ 10'712'820'590
Percentage of GDP	3.53%

Economic transformation - circular economy

- ◆ President Nandi-Ndaitwah's 500,000 job pledge requires an economic transformation, which
 - ◆ Invests in human capital
 - ◆ Provides security by freeing people out of precarious situations of fight for daily survival into productive, sustainable activities
 - ◆ Provides cash in circulation
- ◆ BIG pilot has been a window to point to how a Namibian economy would be transformed with a UBIG

UBIG - economic transformation





Food



Education (2008)



Having a voice



Sella and Alfred Nuseb 2008



Sella and Alfred Nuseb (2019)



Josef Ganeb 2008



Josef ganeb (2019)



Frida Nembwaya (2008)



Frida Nembwaya (2019)