Cash Transfer, Cash for Work, Basic Income Grant

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Outline of Presentation

• Context of Social Protection globally
• Cash Transfers
• Cash for Work – what are the issues?
• Universal Basic Income Grant – how feasible is it in the region?
Context of Social Protection globally

- Post WW2, a major instrument for the redevelopment of a decimated Europe, but schemes in the colonies of these same countries were generally restricted to the colonial administration elites.

- Ideological onslaught in 80’s and 90’s with ideas that the private sector market would better distribute resources led to reduction in many schemes, led to great degree of increase in poverty in vulnerable sectors in developed world, developed world dictated to, to reduce spending on social protection in terms of loan agreements, SAP.

- Post global financial crisis, austerity measures, social protection cuts, leading to unprecedented citizen action and protests.

- Rights based, developmental, poverty eradication – if properly developed can address all of these and not a trade off.
Social Protection Floor

• This led to the Recommendation 202 of the ILO in 2012 of a social protection floor below which no one should fall
• Idea is that as countries grow, so the values of benefits would change according to peoples’ needs, but a basic guarantee which would be progressively realised
• Start small, grow BIG
• 2015 – World Bank for the first time endorsed the universalism that informs the social protection floor of the ILO as a way of reducing social conflict and promoting inclusive growth and development
Cash transfers

• Direct benefit
• Gives autonomy of choice for household priorities – poor people are not stupid
• Been shown time and again to be developmental – is a springboard, does not promote dependency. Regular guaranteed income.
• Direct and easy to distribute
• Used to stimulate bottom up LED
• Conditionalities – Latin America- been criticised for being paternalistic (the poor will not look after their children), costly to monitor and enforce, difficult to exit people off transfers. Does it address an overwhelming objective like child labour?
• Supply = need for government to supply for the demand.
Cash for Work - Public Works?

• Ideological objection to giving poor people money – sweat equity
• SA context – long term structural unemployment – found to be not the solution.
• Poor paid, short term jobs. Not linked to any beneficial skills training or asset building
• Can be used to build labour intensive infrastructure, but general develops management costs, with poor, costly second tier work which is usually excluded from the NMW- entrenches disadvantage
Basic Income Grant

• Universal unconditional minimal cash transfer that targets individuals
• Already exist in Alaska, Iran and considered in other countries.
• Pro- poor, as taken back through the tax system from wealthier people
• No targeting, so administratively easy, no proof of income, residency, size of family etc.
• Larger families (poor) benefit more through pooling. Children’s paid to mothers so is gendered.
• Freedom to choose and budget
• Affordable as percentage of government spend if built in to existing social security systems
• Avoids the missing middle problem of working age poor
BIG Ideas

- Namibian pilot from 2009 – civil society, faith based and trade unions
- 1000 people in remote village ´Nam$ 100 per person per month paid through NamPost
- Initial two years – human development, economic development and social benefits – reduction in crime, increase in school attendance, reduction in drinking and small businesses flourished
- Extended since then
- Political champion – Bishop Kameeta, now new Minister of Poverty Alleviation, wants to roll it out, already almost doubled value for pensions since appointed in May 2015.
SADC BIG

• Civil society campaign
• Region rich in resources, but who gets the benefits? Foreign firms and a few elites.
• Argument the region is too poor to extend social protection must be questioned. Commitment to free movement of people within SADC across borders (and seas!)
• Sovereign wealth fund which receives a ring fenced levy of extraction under particular circumstances
• Distributed monthly wherever residents of SADC are
• New ways of innovation for development are possible –
• Our Land, Our Wealth, Our Right! THINK BIG