



Is Universal Basic Income the Answer to Alleviating Poverty?

By Oby Obyerodhyambo



At the height of the coronavirus pandemic, Kenya's Cabinet Secretary for Health, Mutahi Kagwe, made a statement that has become the butt of social media jokes. He said, "If we continue to behave normally, this disease will treat us abnormally. Behaving normal under these circumstances is akin to having a death wish."

The man in charge of the health docket as the nation is in the throes of a global pandemic moaning and lamenting the public's apparent refusal to comply with the official prevention strategy sounds defeatist.

The government had curtailed movement into and out of the capital city, Nairobi, and Mombasa and Kilifi counties. A national dusk-to-dawn curfew had been imposed, and a health advisory required that all Kenyans wear masks, avoid social gatherings and other crowded places, including places of worship, and practice handwashing with soap and running water, preferably every half hour.

"Stay at home. Work from home," was the official line.

"What work? Which home"? Kayole resident Albert Otieno, a 32-year-old father of two who lost his job when the economy was shut down by the virus and is battling a chronic health condition, puts the stay-at-home order in perspective:

Sasa ku-stay at home na isolation, pande yangu ilinifinya. Ilinifinya proper. Kwa sababu, for my family to eat . . . na mimi napata hand to mouth, yangu siwezi sema hata nita-save, yangu nikikuja nayo hivi, ni kuiweka kwa meza. Kesho unaenda tena kwenye umetoka. Unatoka kwa nyumba tena bure, bila hata bob, ya kuenda hata utasema eti nitaenda kula lunch huko kwenye ninaenda, ama utakula breakfast. So hiyo social distance iliniua. Hiyo working at home, mimi sina ati kazi nitaifanya kwa nyumba. Sasa kazi gani nitafanya na mimi kazi yangu ni ya mikono yangu? Now to stay and home and the matter of isolation to me was oppressive, properly oppressive. This is because for my family to eat, and I only get hand-to-mouth, for me I cannot even think of saving, what I earn lands on the table that day. Tomorrow you have to go back where you earned the previous day, you leave the house without even a shilling, nothing that you can say you will use to eat lunch or breakfast. For me when I put my earnings on the table it is all gone. So that social distancing is a death sentence, that working from home too. I do not have any work that I can engage in at home. What work will I do when I survive from the work of my hands?

The question that lingers is whether the government took into account what “normal” means for a majority of Kenyans before suggesting that behaving normally is akin to a death wish.

The Cabinet Secretary was addressing himself only to a small proportion of the Kenyan population, those with the wherewithal to host parties and deliberately disregard health advisories, and certainly not the majority of Kenyans whose existence is defined by poverty.

The coronavirus disrupted the livelihoods of a majority of Kenyans, and the only way that they could survive was to continue their usual, normal life struggles. The 17th edition of the [Kenya Economic updates 2018](#), places 36.1 per cent of Kenyans below the poverty line, whereas a [SIDA report](#) indicates that almost 80 per cent of Kenyans are either income poor, or near the poverty line. This means that a majority of Kenyans are tottering on the precipice and risk losing their means of livelihood at the drop of a hat. The report paints a gloomy picture of the Kenyan economic situation. It states,

As much as 78% of Kenyan workers are employed in the informal sector, many of whom lack security of employment, have few labour rights, lack trade union organization, and suffer from low access to social protection. Women, youth and persons with disabilities are even less likely than other groups to receive benefits, including health benefits, when engaged in the informal sector.

The informal sector is made up of small-scale business people, typically, casual or domestic workers, *mama mboga* (vegetable sellers), *mama fua* (washerwomen), street hawkers, *jua kali* artisans, *boda-boda* (motor-bike and bicycle taxis), *kamjesh* (transport sector crew) and *mjengo* crew (builders). Seventy-two per cent of the households which earn their livelihoods in the informal sector do not have a stable income and live mainly from hand-to-mouth. In the 2019 census, Nairobi recorded a population of 4,397,073 of whom 60 per cent — about 2.6 million people — live in informal settlements. Of these city residents, 30 per cent or 1,446,549 are severely food insecure with only 25,000 having a semblance of food security.

According to a rapid food security assessment conducted in April 2020 by The Kenya Red Cross Society, a majority are experiencing severe hunger. Only one out of every four households in Nairobi’s informal settlements has a stable income. Only 20 per cent of the thousands of households in Mukuru and Korogocho are able to support 80 per cent of their domestic needs. This is the situation in Kibera, Mathare, Soweto, Majengo, Gitare, Marigo, Gatina, Lunga Lunga, Kayole and probably in many other informal settlements in the Kenyan urban areas.

The Kenyan economy was already doing badly when the coronavirus struck and COVID-19 was just

one more nail in the coffin. Those who were struggling are now barely clinging to life by the skin of their teeth. As the pandemic intensified, food prices soared and reached an unprecedented three-year high, while the cost of essential items like paraffin for lighting and cooking went up by more than 20 per cent in some cases.

Mildred Lucia, a single mother of four living in Dandora who used to wash clothes to earn a living until the coronavirus struck, laments the rise in the prices of basic commodities. "Vitu zimepanda, kama unga tulikuwa tunanunua unga kilo moja shilingi 40. Saa hii imepanda hadi 50 to 55. Napia mchele imepanda. Tulikuwa tunanunua Pakistan 40 shillings saa hii imepanda ni 55 nusu kilo!" The cost of basic commodities has skyrocketed, like maize meal that we were buying at forty shillings now costs between fifty and fifty-five shillings. The price of Pakistan rice has also gone up. We used to buy at forty for half a kilo and now it's fifty-five!

Food prices have risen by over 25 per cent since the pandemic struck. Food and rent are the highest recurring costs in the informal settlements, followed by health. With no work, residents in the informal settlement see their debts pile up day after day. The sense of desolation evident in Nairobi's informal settlements is replicated in every informal settlement in Mombasa, Kisumu, Eldoret and Nakuru.

The coronavirus pandemic and the government's mitigating strategies disrupted livelihoods. Informal jobs were lost. Those working in the construction industry lost their jobs because building sites were closed and those that remained open could only operate within the limits of the curfew. At the beginning, the 7 p.m. curfew meant that construction sites closed at 3 p.m. having opened late as the curfew only ended at 5 a.m.

Workers were paid less for working fewer hours. Women who sell food and water to the construction workers and the washerwomen who make a paltry Sh200 per day washing clothes suddenly found themselves *persona non grata* in the homes of the wealthy who feared that they might transmit the coronavirus to them. The street hawkers selling food, groceries, vegetables and fruits were affected, not only because they were not able to freely ply their trade, but also because the incomes of their customers had been disrupted. And with movement curtailed, the earnings of *boda boda* riders dropped because they had fewer clients.

Children in the informal settlements had their education completely disrupted because they do not have access to online learning facilities and nor can they afford home schooling. Children stayed at home, or wandered aimlessly around the informal settlements making their parents very worried for their safety. Staying at home in the crowded informal settlements is untenable, yet when the children and their parents wander outside the anxiety rises further because no one knows who could be a COVID-19 vector. Parents return home after a day of trying to earn money to buy food and cannot hug their children because they do not have water to sanitise. Water in the informal settlements costs 150 per cent more than it does in the more affluent neighbourhoods where it is piped right into the houses.

As the loss of livelihoods ate up whatever savings families had, debts began to pile up: food credit, fuel bills and rent arrears. Landlords evicted the Incomeless tenants and locked up the houses, in some cases locking up the tenants' belongings inside. Many residents of informal settlements built up huge rent arrears forcing them to adopt extremely desperate measures. Thirty-two-year-old Albert Otieno moved into the single room occupied by his old ailing mother, whose own house back in Budalang'i in Busia County had been swept away by the floods that preceded the coronavirus pandemic. In Albert's culture, this is taboo and totally unacceptable. He says this has affected the entire family.

All these little traumas arising from valiant attempts to stay alive are taking a toll on the mental health of the inhabitants of informal settlements. Cases of domestic violence, homicide and suicide have risen significantly since the coronavirus hit. The National Council on the Administration of Justice (NCAJ) noted that 35.8 per cent of crimes reported just a fortnight into the coronavirus lockdown were of a sexual nature. The perpetrators were for the most part people close to or known to the victims.

Data from the Centre for Rights Education and Awareness (CREAW) shows a similar trend. During the pandemic, CREAW's gender-based violence [helpline](#) has been recording an average of 90 cases a month, compared to 20 cases during the same period last year. The rate of gender-based violence was alarming enough for President Uhuru Kenyatta to order investigations into the rising cases. The National Crime Research Centre was tasked to probe the escalating cases of gender-based violence as well as the sharp rise in teenage pregnancies during the lockdown.

Distress calls to helplines have surged more than ten-fold since the lockdown measures were imposed. The US Centers for Disease Control and Prevention (CDC) advises that dealing with pandemics can be stressful, and that the prevention strategies suggested could lead to fear and anxiety thereby increasing stress levels. Stress can cause fear and worry for one's safety as one is forced to continue doing what they must in order to live. This results in an upsurge of mental health challenges and a worsening of pre-existing mental health conditions.

There are also other health-related challenges that further complicate the lives of the poor. In the informal settlements where cases of chronic diseases such as tuberculosis and HIV/AIDS are more prevalent, and cases of hypertension and cardiovascular disease remain untreated for long, access to health services is disrupted because resources to travel to seek health services cannot be raised. The result is that scheduled medical appointments are missed, and respecting medication schedules becomes impossible.

There is also the reluctance to visit a health facility for fear of contracting the coronavirus there and cases have been reported where healthcare providers lacking personal protective equipment (PPE) are reluctant to see patients they suspect could be infected. This means that expectant mothers are not able to access prenatal care, and new-borns cannot be taken for post-natal clinic appointments. Moreover, many children in the informal settlements will miss their immunisations and this will have long-term effects well after the COVID-19 curve has been flattened. Mutahi Kagwe's remarks rang hollow for the millions of poverty-stricken Kenyans forced to take risks and behave as they normally do as they struggle to eke out a living day by day.

Universal basic income is the answer to the inequalities exposed by COVID-19. This bold statement is the title of a blog by Kanni Wignaraja, the United Nations Assistant Secretary General and United Nations Development Programme (UNDP) Regional Director for Asia and the Pacific, and Balázs Horváth, Chief Economist, UNDP, Asia-Pacific. Kanni has been consistent in her [writing](#) in support of a policy response to the coronavirus that has universal basic income (UBI) as its centrepiece. She has argued that without a robust response targeting the poor and the marginalised, the long-term social effects could be grim, and could erase any economic recovery put in place to re-energise the economies devastated by the coronavirus lockdown.

Of all the models of social protection, universal basic income is probably the most radical approach. Social protection describes a wide range of interventions — direct and indirect, in cash or in kind, social services, reliable public and private initiatives that enable people to deal with risk, vulnerability or shocks such as the coronavirus, provide support to overcome acute and chronic poverty and enhance the resilience, the social status and rights of marginalised individuals.

As the coronavirus pandemic tightened its grip on the informal settlements, a consortium of NGOs — Oxfam Kenya, The Kenya Red Cross Society, Concern Worldwide, ACTED, IMPACT, the Centre for Rights Education and Awareness (CREAW) and the Wangu Kanja Foundation — have been running a cash transfer social protection project targeting 20,000 households in Nairobi's informal settlements with funding from the European Union (EU). The programme began in June and was designed to complement the government's *Inua Jamii* initiative that was offering cash support to the poor. The cash transfer project reached out to 11,250 households that were already receiving Sh2,000 from the government with a Sh5,668 top-up every month.

Through the *Nyumba Kumi* mechanism, the project identified a further 8,750 households which received Sh7,668 monthly. The sum was calculated to provide at least 50 per cent of what is described as the Minimum Expenditure Basket (MEB), or half of what an average family needs to survive. The project also identified 1,200 survivors of sexual and gender-based violence (SGBV) for legal and psychosocial support and even resources to find a safe house. The Royal Danish Embassy also signed a DKK20 million (Sh310 million) grant to provide cash support to 40,000 vulnerable households within informal settlements in Mombasa and Nairobi. By mid-September, Sh204,020,492 — approximately €1.6 million — had been transferred to 15,792 individuals. This is obviously a drop in the ocean, but does it present a model that can be scaled up as a solution to help alleviate poverty?

Social protection programmes that provide cash transfers have greater impact compared to initiatives run by the government. Studies have shown that government-run social protection programmes in Kenya typically missed out 90 per cent of the informal workers compared to a reach of 50 per cent in Latin America and the Caribbean. Workers in the informal sector, when compared to other workers in Kenya, are less likely to get involved with organisations or service providers through whom they can access medical benefits from employers. The elderly and persons with disabilities (PWD) are worse off in this respect.

Speaking for UNDP, Kanni Wignaraja has made it clear that there must be some sort of minimum income that acts as a safety net so that the most vulnerable do not succumb to hunger or other diseases well before COVID-19 gets them. In Nairobi's informal settlements where this social support project was running, it was a case of pulling people back from the brink.

Beneficiaries of the cash transfers recount how the money literally gave them a lifeline. Albert Otieno was able to pay his rent arrears, buy medication to treat his cancer and buy food for his children. The money also eased the domestic tension and brought a smile to his wife's face; for the first time since he lost his job his family were able to eat three square meals a day. Albert is still in disbelief that he was included in the social protection programme without knowing someone or having a godfather or being asked to pay a bribe. He describes himself as a guy who was a thorn in the flesh of the *Nyumba Kumi* chairman because whenever he had no money to buy his medication or food for his family he would go to the chairman. The transparency in vetting and the integrity of the programme is why he feels it should be adopted by the government. Otieno says that in Kayole where he lives, he has not heard of any beneficiary of the government's *Inua Jamii* programme although it is supposedly on the ground.

Beatrice Mbendo, a 39-year-old pregnant single mother of three whose washing jobs had dried up, was able to pay her debts including rent arrears when she received the money. In her view, the government should have a social protection programme for the poor even in the absence of a pandemic. So does Mildred Lucia, who sells tissue paper in Dandora Phase 4. She is a mother of four whose business collapsed with the onset of COVID-19. She used to be a washerwoman, but all like her are now treated like pariahs because of fear that they might infect their clients. When she received the cash transfer, the money went to feeding her family which had been reduced to eating a

single meal a day. Mildred also invested a little money to grow her business and she is hopeful that this boost will get her out of the clutches of poverty.

Margaret Mutambi was thrown out of her home after an abusive eleven-year marriage. When she received the cash transfer she was able to purchase household goods for her new home, pay rent arrears and buy food for her children. Margaret decries the fact that there are no formal jobs for women in the informal sector, saying that their vulnerability to sexual and gender-based violence is exacerbated by their dependence on men. At her lowest moment before she received the cash transfer Margaret had to re-use a face mask when she went out to look for work because she could not afford Shs20 to buy a mask and could not afford to stay put at home.

Cash transfer as a social support strategy has its critics, with the most vociferous saying that it is unsustainable and leads to a dependency syndrome that results in recipients not being keen to try and get back on their feet. Others have complained that receiving “hand-outs” is undignified and robs the assisted communities of their sense of self-worth. Yet others complain that cash transfers promote lethargy and laziness, that recipients adjust to being in the programme and have no incentive to exit even when their lives improve. Those against cash transfers also argue that poor people do not know how to handle money, and that they are wont to waste whatever they receive or invest in non-essentials. However, research and evaluative studies have debunked these myths and vindicated the cash transfer social protection approach.

The argument that UBI is unsustainable is the most challenging one to counter except from a moral standpoint. Kanni responds to it with an existential dilemma. She states,

The alternative to not having UBI is the rising likelihood of social unrest, conflict, unmanageable mass migration, and the proliferation of extremist groups that capitalise and ferment on social disappointment. It is against this background that we seriously need to consider implementing a well-designed UBI, so shocks may hit, but they won't destroy.

A properly designed social support programme should be able to transition the community from abject poverty to a state where social business can take over in uplifting living standards. The Grameen Bank model has demonstrated that the poor have the capacity to work themselves out of poverty as long as they are given initial support. By the end of 2008, the bank had loaned up to \$7.6 billion to the rural poor with a repayment rate of 99.6 per cent. Of these borrowers, 97 per cent were women. The 2006 Nobel Peace Prize recognised the work of Grameen Bank and its founder Muhammad Yunus.

Grameen Bank believes that the poor know best how to better their situations and debunks the notion that unconditional cash transfers to the poor will be abused and lead to further poverty. [Research findings](#) show that cash transfers actually do provide the poor with support to pull themselves up, and notions of reluctance to resume work have been disproved.

In the informal settlements the normal cannot be avoided. It is a threadbare normal, rendered worse by the efforts to curb the spread of the coronavirus. Without cash transfers, the risk of death lies not in ignoring the government's advisory but in actually adhering to it.

Today, the cash transfers from the state and the bilateral partners have ceased but millions are still held hostage by poverty. Is there a lesson to be learnt from the UBI “coronavirus vaccine” that, for a while, shielded some 20,000 households from COVID-19? Could UBI be used as a blueprint for a national social support and livelihood system that could be run by the national and county governments?

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