

# USING CASH HANDOUTS TO COMBAT POVERTY

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A useful tool: Samson, a villager in Bondo region, who benefited from the universal basic income experiment. AFPYASUYOSHI CHIBA

In Kenya's Siaya County, a cash handout known as "universal basic income" has been introduced. It's part of a large, intensive, multi-year study aimed at discovering a new way to end poverty in Africa.

Molly, a villager, began receiving a no-strings, fixed monthly donation of 2,250 shillings (\$22) two years ago, and since then "everything has changed", she says. "I was able to save to study to be a nursery school teacher," she says proudly.

With a paid internship at the village school, Molly has built on the foundation of universal basic income to see her monthly income more than double to \$50.

According to the World Bank, over a third of Kenya's nearly 50 million citizens live below the international poverty line of \$1.90 a day.

Molly's village is one of scores in the area chosen by the U.S. charity Give Directly to test the universal basic income theory. The region was selected because of its poverty, but also its stability and, crucially, the effectiveness of Kenya's mobile money transfer system, M-Pesa.

Founded in 2010 and working in six African countries, Give Directly sends money straight to the poor, allowing them to choose their own priorities, rather than outsiders "deciding instead of them", explains the non-profit's spokeswoman Caroline Teti.

## Questions asked

"When you give people money monthly, will they stop working? Will they take risks in the way they invest knowing they will have an income whatever happens? How does that affect their aspirations?" says Ms. Teti of some of the questions their programme is testing.

The study is the biggest in the world and will involve a total of 20,000 people in western Kenya. Residents of 40 villages will receive \$22 a month for 12 years, a further 80 villages will receive the same amount for just two years, while another 76 villages will receive two lump sum payments of \$507 spaced two months apart.

Give Directly believes universal basic income is useful, but not a panacea. Nor, Ms. Teti says, is it a substitute for the state's obligations to provide basics such as schools and health care.

For villagers involved in the experiment, the money is an assist, not a solution. "2,250 shillings is not enough to buy useless things," says Judge Samson, 72, explaining why villagers are not wasting their cash handouts. "It's just enough to feed you and get out of poverty."

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