Kenya Launches Largest-Ever Basic Income Experiment That Goes to 2030

Paige Leskin

November 14, 2017

An American charity launched this week a 12-year-long experiment in Kenya involving 6,000 people and $30 million to test the potential success of basic income. By the year, 2030, researchers will have troves of data on how basic income has affected thousands.

The founders of the New York-based nonprofit GiveDirectly distinguish their basic income experiment from others by selecting people in "extreme poverty" for their study, the early results of which they expect to receive "within the next year or two."

The concept of basic income has few defining factors: Usually the amount of money is small, it's continual, and there are no strings attached. It allows impoverished people a "freedom, dignity, and flexibility" that other social programs aimed at eliminating poverty don't allow, GiveDirectly's founders wrote last year.

To test the theory, GiveDirectly has so far worked on a small scale by orchestrating direct cash transfers via cell phone in East Africa. But to prove that unrestricted monetary payments could be successful on a mass scale, GiveDirectly embarked this month on one of the largest-ever basic income tests; providing 6,000 residents in Kenya with a regular income.

Rural Kenyans involved in the experiment received their first payment Monday, GiveDirectly announced. Around 6,000 people in 40 villages will, each month for 12 years, get a basic income of a little over $20 per month.

Like any quality scientific experiment, they'll compare the results with a second group that receives the same monthly amount but for only two years, and a third group that gets a one-time lump sum payment equal to the two-year amount. The experiment's control group is made up of 100 other Kenyan villages not taking part in the study.

Researchers and governments from around the world often debate the best way to end, or at least mitigate, poverty. It's an issue that the United States alone spends almost $1 trillion each year trying to fix, according to the Cato Institute. The argument for universal basic income centers on the argument that impoverished people use regularly allotted funds to make productive choices for their own wellbeing, as well as their family. Critics of the concept argue that the poor can't be trusted to use money wisely and that charity resources like food and shelter should be managed by others, if charity is brought up at all.

But GiveDirectly's founders Michael Faye and Paul Niehaus argue in *Slate* that basic income is actually a better strategy to help the world's poor:

"It neither introduces perverse incentives discouraging work nor does it mandate work to receive benefits. The system's simplicity likely reduces the bureaucratic overhead of managing complicated social programs; and, better yet, it avoids the paternalism of many social programs."

GiveDirectly's experiment is not the first basic income pilot to be conducted. Y Combinator, a Silicon Valley tech start up has been running basic income tests in the United States, and the governments of Finland and the Netherlands have both led trials in their respective countries.

However, the universal basic income pilot program in Kenya is unique in both its length of time and reach of people. With this set-up, researchers will have long-term observations that shorter studies haven't been able to find. GiveDirectly saysthe experiment should fill in the blanks about how universal basic income would affect people's behavior when they have long-term economic security; including social dynamics, employment rates, the financial risks people take on businesses, and gender dynamics.

GiveDirectly was started by a group of Harvard and MIT graduates who were looking for "the most effective way to give their own money to reduce poverty." Since then, the team has expanded beyond New York to field offices operating out of Kenya and Uganda. Using their background in economic development, the nonprofit's founders opted for mobile technology as the most secure an efficient way to get money to those in need. Kenya already widely used a phone payment system called M-Pesa, which made GiveDirectly's decision to focus on Kenya all the more feasible. For those without phones, GiveDirectly provides households with devices and SIM cards so they can get their phone transfers. Once residents are sent this "mobile money," they're able to pay at stores directly from their phones, or exchange it for hard cash.

GiveDirectly accepts public donations on its website for any amount, and people can choose whether to delegate their funds for cash transfers or for the basic income experiment. The nonprofit evaluates how much goes directly into the hands of Kenya and Uganda's residents by calculating the costs of its staff in delivering and raising money.

The company estimates that they "put 91 percent of your donation into the hands of a recipient in Kenya and 85 percent in Uganda."