

## OPINIONS

# The BIG Debate in Context: Facts and Fiction about Otjivero

By Claudia & Dirk Haarmann, Hilma Mote and Herbert Jauch

Part 1:

DUE to the lively discussion about the BIG pilot project in the last few months, we, the authors of the BIG assessment report ([www.bignam.org](http://www.bignam.org)), decided to clarify some of the basic facts in an attempt to contribute to a constructive debate.

## The Background of the BIG in Namibia

In 2002, NAMTAX, a government appointed tax commission, proposed a 'universal income grant' as the best instrument to decrease poverty and inequality in Namibia and to achieve sustainable economic growth. NAMTAX argued that sustainable economic growth was not possible if poverty and inequality persist.

At a conference in November 2004, representatives from Namibian churches and civil society organisations decided to support the NAMTAX proposals and to create a broad-based BIG Coalition to work together with all stakeholders on the implementation of a country-wide BIG.

After three years of lobbying and persistent doubts about the effectiveness of a BIG, the coalition decided to start a two-year pilot project in Otjivero to establish the impact in practice. The pilot project was financed through donations from supporters and interested parties in Namibia and abroad.

The baseline and assessment studies, which were carried out before the start of the pilot project and after six and 12 months of implementation, examined the status quo before the impact of the pilot project.

They are based on several sources of data. Four locally based social scientists, 15 local enumerators as well as an international reference group, consisting of internationally recognized scientists, were involved in the study to ensure adherence to high academic standards. The members of the reference group are professors of economics with long-term experience in empirical social research and a wide range of publications. They are based at universities in South Africa (Cape Town), the United States (Yale & Williams College), and England (Bath).

## The critique and its context

In this section we will sum up the history of the criticism against the BIG pilot project and its findings.(1)

(1) It is important to note that this criticism was mainly published in newspaper articles and originated mostly from one person, Rigmar Osterkamp, who came from Germany to first work at NEPRU and now lectures economics at UNAM as part of a programme financed by the German Society for International Co-operation (GIZ).

Research methodology and the credibility of the scientists Statement: The people of Otjivero were not poor before BIG started.

Fact: The calculations, on which this statement is based, were proven to be methodically wrong.

In September 2008, NEPRU criticized the first BIG report and presented its own calculations of poverty in Otjivero, concluding that "there are poor households in Namibia but not in Omitara" and the credibility and the scientific validity of the impact of the BIG were questioned.

In response, the BIG Coalition pointed out that the methodological foundation of the NEPRU analysis was completely insufficient, because it was based on average values. The NEPRU analysis did not consider the situation of individual households, but rather the aggregate of all households in the village.

Such a poverty analysis is simply wrong because the few wealthier households skew the overall analysis and mask the actual poverty experienced by poor households. Applied to Namibia, this method would lead to the conclusion that nobody is poor in this country. On average, every Namibian is receiving a relatively high level of income. However, the reality is that a large part of the population is living in poverty, while only a few are very rich, with a relatively small number of the population falling into the category of the middle class. NEPRU admitted to this methodological mistake in a press statement stating that the numbers on which their analysis was based were "neither suitable for determining the income poverty level at the settlement, nor are they suitable for an analysis of changes in the expenditure patterns, because of existing disparities" (NEPRU, 05.11.2008).

Statement: All mentioned Profs [sic] [...] obviously are no experts in the methods of empirical social research, otherwise they would use another procedure and evaluation. The results would have conclusiveness, which is not given by the poor methods of the BIG Coalition and its Desk for Social Research. (Osterkamp in AZ, 24.05.2011)

Fact: The three economics professors (Nicoli Natrass, Michael Samson and Guy Standing) have long experiences in the field of empirical research, with long lists of very credible academic publications.

The sweeping criticism of the researchers thus lacks any scientific or rational basis. The research methods used for the BIG study are outlined in the reports: The research teams used a multiplicity of academically accepted methods and approaches as pointed out by UNAM's sociology lecturer Dr Lucy Edwards (*New Era*, 28.05.2010). The collection of data was not done exclusively

by the research team but some of the most important data was provided by local government institutions such as the local clinic (data on malnutrition, payment of clinic fees, access to ARVs), the local primary school (data on attendance, pass rates, payment of school fees) and the local police station, which provided crime statistics. The most significant of these data are the following:

Malnutrition among children stood at 42% before the introduction of the BIG. This rate dropped to 10% within six months, prompting a local nurse to comment: "Since January we didn't have a single case of malnutrition; we see that the N\$100 is helping."

Before the BIG was introduced, almost half of the children did not attend school regularly, only 40% passed the end-of-the-year examinations and less than half of the parents were able to pay the school fees. Within 12 months of the BIG, 90% of the parents paid the school fees and almost all children completed the school year. The school principal commented that: "In the past children came to school with an empty stomach but this is no longer the case. In the past, children could not concentrate on the lessons, because they were hungry. But now they have more energy and can concentrate better. This is the reason why we have better results than before."

Based on the statistics of the Omitara police station, the overall crime rate decreased by 37% after the BIG was introduced, with illegal hunting and trespassing declining by 95% and theft of livestock declining by 43%.

## Ensuring of data confidentiality

Statement: The data of the research cannot be verified and thus they are "sugar-coated".

Fact: The research data from individual households are not publicly available, because the Otjivero residents were promised confidentiality of their personal information. This is a standard procedure, also adopted in all government research projects. Apart from the Namibian research team, the international researchers came to Namibia twice to verify and analyse the data. The BIG Coalition repeatedly invited the Namibian Government to evaluate the data and asked for a commission to discuss the results.

The second part of this article will deal with the claim of a "conspiracy from Germany", as well as the finances of the BIG pilot project and the likely impact of a BIG in Namibia.

## Part 2:

Due to the lively discussion about the BIG pilot project in the last few months, we, the authors of the BIG assessment report, decided to clarify some of the basic facts in an attempt to contribute to a constructive debate. The first part of this arti-

cle dealt with the background of BIG in Namibia, the scientific methods used during the study and data confidentiality.

## "Conspiracy from Germany"

In April 2010, an article "Basic Income: From Germany to Namibia and back?" (Rigmar Osterkamp in AZ of 28. and 29.04.2010) was published. Among many unsubstantiated claims was a statement that SWANU was a member of the BIG Coalition. The article further claimed that the BIG pilot project was "only an example and ratification for the lobby groups which wants to adopt an unconditional basic income in Germany". Allegedly the German press supported this initiative through positive articles and reports in various electronic and print media "Mostly the articles of the German journalists are very positive exactly like the inviting BIG Coalition desires".

Fact is that the Namibian BIG Coalition never invited any journalists or financed any seminars for the media to promote the BIG. The fictitious claim that international journalists were paid for reporting positively about the BIG project is sharply contradicted by the reality of international journalism as can be testified by the media in question.

Another article (AZ, 6 May 2011) claimed that the BIG project was financed with German church taxes and German development aid. The article provided no proof for these unsubstantiated claims and presented the Namibian BIG Coalition under the leadership of Bishop Kameeta as puppets of political German interests. This is offensive, questions the integrity and intellect of the BIG Coalition and constitutes a very poor attempt to discredit the BIG project.

## Financing the BIG pilot project

Statement: The costs of the BIG pilot project are ca. 15 Million Namibia-Dollar (equal to ca. 1,5 Million Euro)

Fact: The cost of the project is N\$3 Million.

The cost of the pilot project is very easy to calculate: About 1 000 residents of Otjivero/Omitara received N\$100 per month. The BIG was paid for a period of 24 months and thus the total cost was N\$2.4 million. In addition, the administrative costs of the payout made by NamPost amounted to N\$11.35 per payout to a recipient which translated into an average cost of N\$4 per beneficiary. In other words, the average administrative cost for each N\$100 paid out was N\$4. All 1 000 residents of Otjivero were beneficiaries, while the recipients are the persons who actually received the money, for example a mother, who receives payments for herself and her children. Accordingly, the overall administrative costs of the pilot project were N\$4 000 per month. The pilot project

therefore cost N\$ 2.5 Million for the period of January 2008 until December 2009.

The total research cost amounted to about N\$500 000 and covered fieldwork, training of enumerators, data recording, data analysis, printing and publication of the reports etc.

The overall cost of the pilot project thus amounted to N\$3 million, fully accounted for by the secretariat of the BIG Coalition (Desk for Social Development of the ELCRN) and audited by Grant Thornton Neuhaus.

## Social protection in the development debate

The abundance of articles – radio and TV programmes – have shown how important the BIG pilot project had become for the national and international debate. The overwhelmingly positive reporting by journalists was a direct reflection of the actual changes that occurred in Otjivero.

During the past 10 years, a rethink of the importance of social protection systems in the fight against poverty and as a stimulus for economic development has taken place within the development debate. Social protection systems are now seen as an important and effective instrument to fight poverty. Social protection is increasingly seen not as an aim in itself but as a pre-condition for economic and social development. The pilot project in Otjivero was the first project worldwide in which a cash transfer was paid universally and without conditions imposed on recipients. This makes the pilot project vitally important and Namibia stands a chance to spearhead a new way of fighting poverty and inequality.

## Universal versus means-tested and conditional grants

Critics have repeatedly stated that a BIG should only be paid to "the poor and the deserving" and that it should only be given under certain conditions. Superficially, this seems to make sense but a national unconditional BIG would be more effective, less discriminatory and far easier to administer. A national BIG, also financed through income tax adjustments, would mean that every Namibian will receive the grant but those with high or very high incomes will not only pay the BIG back through the new tax system but will also have to pay some additional amount to pay the grant for their less fortunate compatriots. This will lead to decreasing levels of income inequality, as the effective beneficiaries would be those with lower levels of income. Thus a national BIG is targeted at "the poor and the deserving" as a right and an entitlement and fights against poverty. A BIG empowers the poor to start some economic activities because it gives income security – even though on a very low level.

The advantages of such a universal BIG are the minimal

bureaucracy needed to facilitate the pay-out and being able to avoid corruption in the process of identifying beneficiaries of the scheme. A cash transfer which is conditional and paid only to a certain group needs a far bigger, more expensive and more efficient bureaucracy. A large percentage of the funds would have to be spent on the maintenance of the bureaucracy instead of reaching the intended beneficiaries. International and Namibian experiences with targeted grants have shown that they often do not reach the poorest of the poor because of bureaucratic hurdles. Also, targeted systems are prone to corruption. Bureaucrats decide who will benefit and who will not and thus may hold back payments, for example if the recipient is not willing to pay a "special fee" (bribe).

Likewise, enforcing conditions such as regular school attendance by children requires a costly bureaucratic procedure and international experiences have shown that poor people will send their children to school and will visit clinics if they are given the opportunity to do so. There is no need to force them and the emerging evidence shows that conditions are usually not necessary. The majority of the people know what is best for them and their families. Conditions and means tests have the potential to stigmatize and exclude those people who are in greatest need.

The BIG Coalition sees the BIG as a necessary instrument to fight poverty, as a method to reduce income inequality and as a pre-condition for economic and social development. BIG does not replace employment creation measures, in the same way as a BIG does not replace the need for the provision of schools or hospitals. A BIG complements the current government measures and empowers individuals, households and local communities to start small businesses and to build small local markets, especially in rural areas. The people of Otjivero have shown how a BIG can make such a development possible.

The BIG Coalition never claimed that a BIG would solve all development problems. However, it can lead to substantial improvement in people's lives as demonstrated in Otjivero, one of the poorest settlements where residents suffered from severe hunger, malnutrition, poverty and unemployment. They themselves used the BIG to develop a better, healthier and more productive community. They are willing to share their experiences with anybody willing to listen and they are a living testimony that the BIG is one of the steps needed to build a better and more inclusive society in Namibia. The BIG Coalition therefore hopes for an honest and rational debate about the BIG in Namibia that involves the residents of Otjivero. They are the ones who experienced the BIG in practice.