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TIPEEG SPENDS N\$1 MILLION TO CREATE ONE JOB

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ON Wednesday, November 14 The Namibian featured an article titled: “TIPEEG to create 3 000 jobs at NamPort”. The article explains that TIPEEG is to invest N\$3 billion in NamPort. This investment is expected to create 3 000 jobs. This is great news, isn't it?

However, if one does the arithmetic, it comes down to the fact that TIPEEG spends N\$1 million to create one job (three billion divided by 3 000)!

This sounds very different and not so much like good news, does it? In fact, it sounds pretty absurd and shocking, but reflects the current development focus, which narrows everything down to the State having to create any job – at any cost.

Our first thought was to suggest research among the people who will be the lucky ones to get the job, whether they want the employment offered by the TIPEEG investment or whether they would rather take a N\$1 million in cash instead and see whether they could come up with a more sustainable idea to secure the family livelihood. The answer of the people is not difficult to predict, especially in the light of the fact that TIPEEG admits to only create short-term employment.

So the choice is really to have a job for maybe three years or to have N\$1 million in cash and if one is very unimaginative, buy a

house, rent it out, have lifelong security and have some start-up capital (and collateral) for your own local business? What would you choose?

There is another angle to this: The current focus on job creation neglects the fact that the alleviation of poverty and achievement of development is more than just the reduction in the unemployment figures. For example, according to the International Labour Organisation (ILO) the unemployment rate of Mozambique is only 2.2%, while the ILO agrees that at the same time 92.9% of all Mozambicans live below the international poverty line of US\$2 per day!

This is by no means a typing error, it just shows the absurdity of the concept of “having a job” as an end in itself and certainly not as an indicator for poverty in a developing context. To illustrate, a person who has worked for one hour during the last week is considered employed. The unemployment definition simply does not take into account whether the work paid anything close to what would be enough to feed a family, for example.

Not to be misunderstood, Namibia needs to create jobs, there is no question about it, but it needs decent jobs that are long-term, sustainable and most of all provide economic security and a decent standard of living for the employee and its dependants. The current focus on job creation at any cost, or let's say N\$1 million to create one job, neglects factors that perpetuate mass poverty and hinder development like malnutrition, poor education, poor health, poor housing, and crime to name but a few.

One wonders how we can defend to spend N\$1 million to create one job, but are not prepared to spend money for these other factors on a broad scale.

The BIG pilot project in Otjivero has spent N\$1 million for 10 months for nearly 1 000 people and in the first year has reduced malnutrition from 42% to 10%, increased food security, doubled school fee payments to 90%, decreased drop-out rates from 40% to 0%, increased payments to the local clinic fivefold, improved the general health conditions of the settlement, enabled people to take their life-saving ARVs, it has decreased economic crime by nearly half and enabled people to build better houses and finally, it has increased the income per capita beyond the amount of the BIG and self-employment grew by 300%.

This is not some idealistic talk, but evidence from the people of Otjivero. N\$3 billion would pay a basic income to all Namibians for two years.

With regard to the TIPEEG investment of N\$3 billion at NamPort two more issues should be considered: On the one hand, one needs to ask what happens to the rest of the money not spent on the 3 000 jobs for about three years. Calculating on an average salary of N\$8 000 per month, the salary accounts only to N\$288 000 for a three-year period. That still leaves N\$712 000 per job spent. This means 71% of the money will, besides the material used, be spent on the salaries of the construction companies

directors', consultants and international engineers. Only 29% is benefiting the people directly.

Then, on the other hand, one might argue that the TIPEEG investment of N\$3 billion is primarily not about creating local jobs, but rather to create infrastructure at NamPort, which facilitates further economic growth and thereby on the long run might have positive trickle down effects for Namibia's people.

While infrastructure is an asset, one again needs to ask about the underlying development model. Are these trickle-down effects ever going to happen? Do the already rich really deserve the chunk of the money directly being invested in their business? Who are the direct beneficiaries of a deep-sea port, when it is mainly used to ship unprocessed natural resources out of Namibia? On top of that these natural resources are still VAT zero-rated, leaving the benefit to the Namibian people in some social responsibility project of the multinationals, not counting the massive ecological damage caused.

The good news is that there is no question whether Namibia has money to do something big. The question is just how to spend effectively: through a high cost infrastructure project hoping for a trickle down to the people or through a BIG with a direct nearly 100% benefit to the people?

Rather than allocating a meagre 29% of the N\$3 billion in terms of salaries to 3 000 people, we believe that there is a strong case to follow a new development model by building a people's economy. A BIG would secure that the money reaches all people and with this money circulating in the local economy sustainable jobs and livelihoods can be built by the people themselves.

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