



NANGOF

Namibia NGO Forum



Basic Income Grant Coalition

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Press Statement

***“They trample on the heads of the poor as upon the dust of the ground!”
(Amos 2,7a)***

The BIG Coalition recently released evidence about the impact of the Basic Income Grant in Otjivero-Omitara. The research showed that the BIG dramatically reduced poverty and child malnutrition. The full report is available on: www.bignam.org. Given this strong evidence, the Coalition was thus deeply disappointed and dismayed to read the misleading and incorrect assessment of the report by NEPRU. The claims of NEPRU are based on ill-informed speculation and incorrect extrapolations from the data the BIG Coalition presented. The BIG Coalition has started this project to support the Namibian Government on its route towards social and economic development for all in Namibia. NEPRU's approach is misleading and destroys a transparent and open debate. The people of Otjivero-Omitara and in the rest of Namibia deserve better!

Research basis

NEPRU implies in its ‘Quarterly Economic Review’ that it conducted a ‘research study’ whose findings allegedly contradict the BIG Pilot Project Assessment report. The truth is that NEPRU never conducted research on the impact of the BIG. Instead it chose to draw misleading and incorrect conclusions from the data presented in the BIG Assessment report and to rely on a few prejudiced opinions published in the German newspaper. This is shockingly inadequate.

The actual research on the BIG Pilot is being carried out jointly by the Desk for Social Development (ELCRN) and the Labour Resource and Research Institute (LaRRI). Both institutions have impeccable research capacity with local and international track records in social and economic research and social policy development. The entire research process employs a team of 15 local research assistants and four senior researchers. Furthermore, the research process is being monitored and examined by four external, independent internationally renowned experts in the field of economics, social security, labour, HIV/AIDS and development. These include:

- Dr Godfrey Kanyenze, Director of the Labour and Economic Development Research Institute of Zimbabwe (LEDRI), Zimbabwe
- Professor N. Nattrass, Director of the AIDS and Society Research Unit and Professor in the School of Economics, University of Cape Town (UCT), South Africa
- Professor M. Samson, Director of the Economic Policy Research Unit (EPRI), South Africa; Professor at Williams College, USA
- Professor G. Standing, Professor of Economic Security, University of Bath, UK; Professor of Labour Economics, Monash University, Australia

The BIG research report stood up to the most rigorous academic and scientific standards.

Poverty

NEPRU claims that the people living in Otjivero are not really poor. This statement is based on a misinterpretation of a table in our report. NEPRU claims that expenditure on food accounts for less than 30% of average expenditure in Otjivero-Omitara. This interpretation shows that NEPRU does not understand the nature of poverty in Namibia nor the impact of the BIG on malnutrition and living standards. The BIG Assessment Report has consciously avoided a technical discussion of artificially calculated poverty lines, which tend to be far removed from the harsh realities faced by people trying to survive, feed their children and keep them healthy. Instead, we concentrated on concrete measures of poverty – the most powerful being that 42% of children under five years of age in Otjivero were malnourished before the BIG was introduced! This figure was reduced to 17% within just 6 months of the BIG!

NEPRU makes a series of technical and methodological errors in its “assessment” of poverty. Firstly, one cannot draw conclusions about the nature of poverty based on a table that indicates *average* expenditure patterns. Establishing how much the poor spend on food, would require the exclusion of the data from the wealthier households. Secondly, one would need to exclude remittances to other households when calculating the percentage that poor households spend on food. It is well known that poor households sometimes give money to relatives and friends e.g. for child maintenance. Most of these remittances are probably spent on food. The table that NEPRU used for its analysis includes remittances as an expenditure item. NEPRU incorrectly assumed that this should be seen as part of expenditure within the transferring household, and furthermore assumes that none of this is spent on food. The remittances should have been excluded from the food to expenditure ratio of the transferring household. Furthermore, a proper analysis should have taken the overall size of households into account. Thus the conclusions that NEPRU has drawn about the percentage of income spent on food by the poor are simply incorrect. The figures used by NEPRU were not intended for and are not suitable for any poverty analysis.

As a result of the introduction of the BIG, people in Otjivero-Omitara were able to spend 40% more on food. Poor people were not only able to purchase more food but also food of a better quality. This contributed to the significant and dramatic reduction in child malnutrition in just six months! Furthermore, the BIG also allowed poor people to address some of the other pressing needs: schooling, health care, clothing, housing. Some even managed to reduce their debts, increase savings and start earning a living. They even managed to support other people, who were drawn to the area because of the BIG payments. Thus the BIG clearly had a dramatic impact on poverty. Only those with their eyes screwed tight shut cannot see this.

NEPRU statements that the people of Otjivero have not been and are not poor is a direct insult to them and in fact to the majority of people in Namibia, who are still suffering under economic injustice and severe poverty.

Local economic growth

NEPRU claims that the BIG has not helped local economic growth. It is, of course, too early to determine the full impact of BIG on the local economy. However, as we document in our report, there are many encouraging signs, which NEPRU chooses to ignore. The BIG assisted people to start various local economic initiatives such as brick-laying, baking of bread, sewing and running small tuck-shops. Furthermore, after the introduction of the BIG 100 people opened savings accounts entering the formal banking sector for the first time in their lives. These savings are important for capital investment in the future and to ensure consumption smoothing (which in turn will help protect the viability of local enterprises). We believe that the foundation has been laid for sustainable income generation in future. NEPRU ignored these findings altogether.

School performance

There have been claims in the newspaper that recipients of the BIG are not spending the money on the school fees for their children and that only 100 children out of 281 children attending the

Otjivero Primary School have paid the fees. NEPRU tries to add “academic” legitimacy to the criticism by apparently calculating a “school attendance rate”.

In reality, substantiated by the receipts provided by the school, 250 children have paid their school fees in full and 2 paid half the amount. With the Basic Income Grant, the Otjivero Primary School has achieved a 90% payment rate of school fees, which constitutes an enormous and unprecedented achievement for any school! Again NEPRU's so called “scientific” contribution suffers from simple but severe methodological errors. First, NEPRU only took account of the number of children not attending school due to financial reasons, but, a real school attendance rate needs to account for all children, who did not attend school for whatever reason, for example because of ill health and other reasons. Secondly, NEPRU makes an arbitrary assumption that there would be three children per household, which is incorrect. Once more, whether due to a lack in basic research skills or intentionally, NEPRU engages in what seems to be deliberate misinformation.

Crime

NEPRU's claim of an increase in criminal activities due to migration to Otjivero-Omitara, is not evidence-based. Instead, NEPRU relies on unsubstantiated views expressed by some white commercial farmers, published in the German daily newspaper. Thus NEPRU engaged in ill-informed speculation and once again ignored solid indicators. The police statistics for the months from June to October 2008 confirm the trend already observed in the BIG assessment report: Overall crime as well as poverty-related crime has significantly decreased compared to the months before the introduction of the BIG. Crime incidents are down from 43 cases in the five months before the introduction of the BIG to 26 between January and May, and 27 between June and October. Thus crime was reduced with the introduction of the BIG!

NEPRU did not even consider the official police statistics and simply aligns itself with the vested interest of some white commercial farmers in the area whose actual aim is to have the settlement of Otjivero obliterated. To this end, they seem interested in prolonging the suffering of the people there.

Concluding remarks

We welcome an honest and serious debate about the introduction of the BIG in Namibia. However, we cannot tolerate ideologically-driven propaganda that chooses to ignore scientific evidence. NEPRU's misleading and incorrect comments on the actual results of the BIG in Otjivero-Omitara, has exposed NEPRU's position as unethical and extremely biased favouring the rich and powerful while trampling on the poor. We wonder if NEPRU has published its dismal BIG comments due to a lack of skills and knowledge, due to its own political agenda, or simply to force themselves onto the debate and thereby secure financial resources for future work. In any event, NEPRU acted to the detriment of the people in Otjivero-Omitara and the project as a whole. At a time when the Head of State and Government including the Founding President, Members of the Cabinet of the Republic of Namibia and elected Representatives of Parliament have reacted positively to the first BIG impact assessment report, NEPRU aligns itself with some conservative white farmers, certain elements in the German Embassy and the discredited neo-liberal Bretton Woods Institutions¹ in a calculated attempt to discredit this initiative. This constitutes a subversion of the national interest.

NEPRU has rather discredited itself and is hence unable to contribute constructively to the BIG debate. The only decent thing left to do, is for NEPRU to apologise to the people of Otjivero-Omitara and the Namibian public in general. The BIG deserves an honest debate in terms of its proven ability to reduce poverty significantly.

¹ It is noteworthy that NEPRU just repeats the calculations of the IMF, which were already proven wrong two years ago.