Making the difference!
The BIG in Namibia

Basic Income Grant Pilot Project Assessment Report, April 2009
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<tbody>
<tr>
<td>AIDS</td>
<td>Acquired Immune Deficiency Syndrome</td>
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<tr>
<td>ARVs</td>
<td>Antiretrovirals</td>
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<td>BIEN</td>
<td>Basic Income Earth Network</td>
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<td>BIG</td>
<td>Basic Income Grant</td>
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<td>CBN</td>
<td>Cost of Basic Needs approach</td>
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<td>CCN</td>
<td>Council of Churches in Namibia</td>
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<td>DfSD</td>
<td>Desk for Social Development, Evangelical Lutheran Church in the Republic of Namibia</td>
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<td>ELCRN</td>
<td>Evangelical Lutheran Church in the Republic of Namibia</td>
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<td>HIV</td>
<td>Human Immunodeficiency Virus</td>
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<td>LaRRI</td>
<td>Labour Resource and Research Institute</td>
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<td>LWF</td>
<td>Lutheran Word Federation</td>
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<td>MDG</td>
<td>Millennium Development Goal</td>
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<tr>
<td>NamPost</td>
<td>Namibian Post Office</td>
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<td>NAMTAX</td>
<td>The Namibian Tax Consortium</td>
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<td>NANASO</td>
<td>Namibia Network of AIDS Service Organisations</td>
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<td>NANGOF</td>
<td>Namibian NGO Forum</td>
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<td>NHIES</td>
<td>Namibian Household Income and Expenditure Survey</td>
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<td>NUNW</td>
<td>National Union of Namibian Workers</td>
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<td>STD</td>
<td>Sexually Transmitted Disease</td>
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<td>UEM</td>
<td>United Evangelical Mission</td>
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<td>WHO</td>
<td>World Health Organisation</td>
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Foreword

When we came to Otjivero-Omitara in July 2007, one woman with the name of Emilia Garises told us “Some days we don’t have anything [to eat] and we just go and sleep and get up again without eating.”

Otjivero-Omitara before the introduction of the BIG was typical of how many people still live in Namibia today. On a daily basis, we are faced with the situation of sheer hunger next to incredible wealth. But in Otjivero-Omitara something has changed dramatically, and I would like to put this in the context of the miracle of the feeding of the five thousand (Lk 9,10-17). When Jesus fed all these people with five loaves of bread and two fish, we as modern rational, economically minded people always think about how one could divide up five loaves of bread for so many people and yet everybody could get enough? With the BIG pilot project, we have come to a completely different understanding of this miracle, due to our own experience.

The miracle lies in the sharing! The breaking of bread together. Jesus shared unconditionally, without saying: you look needy and you don’t, you are deserving and you are not, you need to stand in this queue and you must not. No, when you share bread you give to everybody, unconditionally, without so-called targeting - exactly like the BIG. And when you share, people open up, you create an opportunity and you create a community, and people start to give. The miracle is not about the arithmetic of dividing five loaves of bread among 5000 people, but the miracle is that if you break bread together, people start to open up and to share what they have. That is all: People started to contribute, and this is why you had more than you had before.

The sense of community makes people take ownership and responsibility. Just what Hermanus Coetzee expressed to us in Otjivero-Omitara after the introduction of the BIG: In my house there are many people. We are 28 and at pay-out we all contribute money for food. We give the money to granddad and grandmother and we are sitting together and draw up a list of the things to buy and one of us has to travel with the train either to Windhoek or Gobabis to go buy...
the food in bulk. We only travel once a month and we buy enough for the month and some of the small items we need we buy at the local shop and shebeens.

I would also like to put the concerns that a BIG could create dependency and a culture of laziness into a theological context: Before the pilot project started, opponents said that if you give people money, and especially poor people, they will sit down and become lazy. If you receive Manna from heaven (Ex 16), why should people work? The results of the research presented here, refute this claim. Moreover, if you look in depth at Exodus 16, the people of Israel in the long journey out of slavery, they received manna from heaven. But, it did not make them lazy, instead, it enabled them to be on the move to travel through the desert. In Namibia, we know how harsh the circumstances of the desert can be. In this context nobody would say, the manna made the Israelites dependent. To the contrary, it enabled them to move. And one might ask, why did the LORD not give them apple trees for example? Because he wanted them to move, you can pick up the manna and go. You can move out of the harsh realities of slavery and dependency - just like the BIG, you can pick it up and move, not being forced to stay at a certain location or in a particular condition. The BIG, like the manna, is freeing people to move and take ownership of their economic affairs. This is not a trap, but a precondition on the long and hard journey to the promised land. We have seen just that in Otjivero-Omitara. Look at Frida Nembwaya, who, when receiving the BIG, started to bake traditional rolls for just N$1. Currently she is baking 200 rolls a day, seven days a week. People in Otjivero-Omitara now have the money to buy from her. She currently considers to extend her shack and wants to employ somebody. She also added a small braiding business and sells local sausages and recharge vouchers for cellphones. The Manna works, she is moving, so much so that she wrote on all the sides of her newly-built zink house: “Good life after struggle”.

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I am convinced that the BIG is not only able to eradicate destitution, hunger and malnutrition, but that it lays a strong foundation for economic empowerment, responsibility and ownership taking. The BIG, by restoring the human dignity of people, frees people to become active and proud members of this society. It is my sincere hope that this dream did not only become true for the people of Otjivero-Omitara, but indeed for the whole of Namibia.

Bishop Dr. Zephania Kameeta

24 April 2009
Reader's guide to the report

This report is part of a series of publications on the Basic Income Grant in Namibia. It reflects the results of the Pilot Project in Otjivero-Omitara in particular. This one year report attempts to give an overview over the new findings, and possible lessons for national implementation of a BIG in Namibia.

For better usability this report summarizes, in parts repeats and only updates sections, which have been published before. In order to avoid cumbersome referencing to our own work, the references are given here in the beginning:\(^1\):


This report can be read as a comprehensive publication, without the need to have read all earlier reports. We trust that it provides a basis for further discussions and more importantly for the implementation of a nationwide BIG in Namibia.

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\(^1\) All of them are available for download on the Namibian BIG Coalition web page: www.bignam.org
Acknowledgements

This study would not have been possible without the active support of residents of Otjivero-Omitara. A special word of thanks must go to the BIG Committee, which the community elected and which rendered invaluable assistance in the process of facilitating the BIG payouts and implementing this study. The committee consists of:

- Director: Mr. S. S. Aigowab (Community leader)
- Dep. Director: Ms. R. Jeremia (Principal)
- Chairperson; Mrs. E. Gawaxab (Teacher)
- Secretary: Ms. C. B. Hambira (Constable)
- Under Secretary: C. Molelekeng (Health Officer)
- Public Relation Officer: Sgt. T. Kuutondokwa (S.C)
- Under Public Relation Officer: K. Kamperipa (leader)
- The contributing officers of the BIG committee are:
  - Ms. P. Shiweda (Shebeen owner)
  - Ms. M. Moliliking (Shebeen owner)
  - Mr. J. !Ganeb (PPRC)
  - Ms. R. Tjiho (Attending member)
  - Mr. S. Murangy (Attending member)
  - Ms. T Nehola (Attending member)
  - Ms. B. //Hamases (Attending member)
  - Mr. M. Shoombe (Attending member)
  - Mr. H. Klaasen (Church leader)

We are also grateful to all households and residents of Otjivero-Omitara, who on a continuous basis have been willing to be interviewed and to share their life stories with us. Their experiences touched us deeply. A special word of thanks must go to all our “key
informants’ who shared their knowledge and experiences with us. They are:

- Ms. F. Mbangu (Nurse)
- Ms. B. Nakanyala (Nurse)
- Ms. R. Jeremia (School Principal)
- Mr. E. Gawachab (Teacher)
- Mr. Thomas (Station Commander)
- Mr. H. Köhler (Bottle store/general dealer)

We wish to thank Patrick Bock; Nicola Diergaardt; Stephane Diergaardt; Rev. Wilfred Nico Diergaardt; Asino Erastus; Maria Garises; Jafet //Garoeb; Elton Imeme; Fabian Jauch; Lionel Kamburute; Muniovina Katjimune; Rev. Petrus #Khariseb; Petrulieth #Khariseb; Elton /Khoeseb; Bennie Muroko; Lee Ngurare; Lo-Rain Shiimi; Tageni Shindondola; Philip Tjerije; Israel Tobias and Cherlon Xamises for their commitment and dedication shown during the field interviews and data entry. For the data entry for the baseline study, we are indebted to Heide and Gerhard Haarmann.

The research is accompanied by an International Advisory Group whose invaluable comments, contributions and support are highly appreciated.

This pilot project and the study were only possible through the financial and administrative commitments, dedications and outstanding efforts of all members of the BIG Coalition in Namibia. In addition, the project received financial and administrative support from Bread for the World (BfW, Germany), the Evangelical Church in Rhineland (EkiR, Germany), the Evangelical Church in Westfalen (EkvW, Germany), the Friedrich Ebert Foundation (FES, Namibia Office), the Lutheran World Federation (LWF, Switzerland), the Lutheran Communion in Southern Africa (LUCSA, South Africa), the Kirchliche Arbeitstelle Sudliches Afrika (KASA, Heidelberg) in collaboration with the Blumhardt Congregation in Heidelberg and the United Evangelical Mission (UEM, Germany). Many individuals and businesses in Namibia and around the world have contributed financially to the BIG pilot. The donations did not only enable the successful implementation of the pilot, but enough finances have been secured for more than the anticipated two year period. Without this overwhelming support, the pilot project and this study would not
have become a reality. The BIG Coalition hereby wishes to extend a special thank you and acknowledgement to all who contributed.

The pilot project attracts an enormous amount of attention, not only in Namibia, but worldwide. The pilot is broadly covered and regularly reported about in the electronic and print media, as well as on local and international TV, and in major newspapers and weeklies in South Africa, Britain, Germany, the Netherlands, Norway, Sweden and the US. This attention has resulted in many visits by journalists, news crews, activists, students and politicians to the BIG Coalition and the community of Otjivero-Omitara. This has placed the community under great pressure and the BIG Coalition would like to record its gratitude for the hospitality displayed by the community during this time.
In January 2008, the Basic Income Grant (BIG) pilot project commenced in the Otjivero-Omitara area, about 100 kilometres east of Windhoek. All residents below the age of 60 years receive a Basic Income Grant of N$100 per person per month, without any conditions being attached. The grant is being given to every person registered as living there in July 2007, whatever their social and economic status.

This BIG pilot project is designed and implemented by the Namibian Basic Income Grant Coalition (established in 2004)\textsuperscript{2} and is the first universal cash-transfer pilot project in the world. The BIG Coalition aims to practically pilot the Namibian Government’s NAMTAX recommendation of a BIG for Namibia. Thus the BIG Coalition regards this project as the first step towards a BIG for all. The BIG Coalition consists of four big umbrella bodies in Namibia, namely, Council of Churches (CCN), the Namibian Union of Namibian Workers (NUNW), the Namibian NGO Forum (NANGOF) and the Namibian Network of AIDS Service Organisations (NANASO). Funds to start the pilot project were raised through voluntary contributions from supporters of the idea from all sections of Namibia’s society, and by support from people, churches, organisations and donors in other countries. The BIG pilot project will run for a period of 24 months up to December 2009.

The effects of the BIG pilot project are evaluated on an on-going basis. Four complementary methods were used. First, a baseline survey was conducted in November 2007. Second, panel surveys were conducted in July and November 2008. Third, information was gathered from key informants in the area. Fourth, a series of detailed case studies of individuals living in Otjivero-Omitara was carried out.

\textsuperscript{2} The Evangelical Lutheran Church in the Republic of Namibia (ELCRN) with its Desk for Social Development (DfSD) is the legal administrative and financial home responsible for the implementation of the BIG Pilot Project on behalf of the BIG Coalition.
EXECUTIVE SUMMARY

This report presents the socio-economic results after the implementation of the BIG for 12 months. The key findings include the following:

➢ Before the introduction of the BIG, Otjivero-Omitara was characterised by unemployment, hunger and poverty. Most residents had settled there because they had nowhere else to go, their lives were shaped by deprivation and they had little hope for the future.

➢ The introduction of the BIG ignited hope and the community responded by establishing its own 18-member committee to mobilise the community and to advise residents on how to spend the BIG money wisely. This suggests that the introduction of a BIG can effectively assist with community mobilisation and empowerment.

➢ As the BIG was only introduced in one particular location, there was a significant migration towards Otjivero-Omitara. Impoverished family members moved into Otjivero, attracted by the BIG, even if migrants themselves did not receive the grant. This points to the need to introduce the BIG as a universal national grant in order to avoid migration to particular regions, towns or households.

➢ The migration to Otjivero-Omitara affected the data obtained for this study. Per capita income from the BIG dropped from N$ 89 per month in January 2008 to N$ 67 in November 2008. We thus analysed the impact of the BIG, taking the influence of migration into consideration.

➢ Since the introduction of the BIG, household poverty has dropped significantly. Using the food poverty line, 76% of residents fell below this line in November 2007. This was reduced to 37% within one year of the BIG. Amongst households that were not affected by in-migration, the rate dropped to 16%. This shows that a national BIG would have a dramatic impact on poverty levels in Namibia.

➢ The introduction of the BIG has led to an increase in economic activity. The rate of those engaged in income-generating activities (above the age of 15) increased from 44% to 55%. Thus the BIG enabled recipients to increase their work both for pay, profit or family gain as well as self-employment. The grant enabled recipients to
increase their productive income earned, particularly through starting their own small business, including brick-making, baking of bread and dress-making. The BIG contributed to the creation of a local market by increasing households' buying power. This finding contradicts critics' claims that the BIG would lead to laziness and dependency.

➢ The BIG resulted in a huge reduction of child malnutrition. Using a WHO measurement technique, the data shows that children's weight-for-age has improved significantly in just six months from 42% of underweight children in November 2007 to 17% in June 2008 and 10% in November 2008.

➢ HIV positive residents' access to ARVs was hampered by poverty and a lack of transport before the BIG was introduced. The BIG enabled them to afford nutritious food and gain access to the medication. This was further enhanced by government's decision to make ARVs available in Otjivero, freeing residents from the need to travel to Gobabis.

➢ Before the introduction of the BIG, almost half of the school-going children did not attend school regularly. Pass rates stood at about 40% and drop-out rates were high. Many parents were unable to pay the school fee. After the introduction of the BIG, more than double the number of parents paid school fees (90%) and most of the children now have school uniforms. Non-attendance due to financial reasons dropped by 42% and this rate would have been even higher without the effects of migration towards Otjivero-Omitara. Drop-out rates at the school fell from almost 40% in November 2007 to 5% in June 2008 and further to almost 0% in November 2008.

➢ The residents have been using the settlement's health clinic much more regularly since the introduction of the BIG. Residents now pay the N$4 payment for each visit and the income of the clinic has increased fivefold from N$ 250 per month to about N$ 1,300.

➢ The BIG contributed to the reduction of household debt with the average debt falling from N$ 1,215 to N$ 772 between November 2007 and November 2008. Savings increased during that period, which was reflected in the
increasing ownership of large livestock, small livestock and poultry.

➢ The BIG has contributed to a significant reduction of crime. Overall crime rates – as reported to the local police station – fell by 42% while stock theft fell by 43% and other theft by nearly 20%.

➢ The introduction of the Basic Income Grant has reduced the dependency of women on men for their survival. The BIG has given women a measure of control over their own sexuality, freeing them to some extent from the pressure to engage in transactional sex.

➢ The criticism that the BIG is leading to increasing alcoholism is not supported by empirical evidence. The community committee is trying to curb alcoholism and has reached an agreement with local shebeen owners not to sell alcohol on the day of the pay-out of the grants.

➢ The BIG is a form of social protection, which reduces poverty and supports pro-poor economic growth. As a national policy it would greatly assist Namibia in achieving the Millenium Development Goals to which the country has committed itself.

➢ The costs of a national BIG in Namibia are substantial. The net costs will be between N$ 1,2 – 1,6 billion per year, equivalent to 2,2 – 3% of Namibia’s GDP. There are various options to finance such a national grant. A moderate adjustment of VAT combined with an increase in income taxes is one option. This would benefit all middle and lower income households in terms of available incomes. Other financing options include a re-prioritisation of the national budget and the introduction of a special levy on natural resources.

➢ An econometric analysis revealed that Namibia’s tax capacity exceeds 30% of the national income. The current collection rate is below 25% and thus Namibia’s excess capacity to raise tax revenue significantly exceeds the net costs of a Basic Income Grant. This makes the BIG affordable in Namibia.

➢ A national BIG would have several medium to long-term benefits. Based on the developments in Otjivero-Omitara, it is safe to argue that the BIG will reduce poverty
EXECUTIVE SUMMARY

and unemployment, increase economic activities and productivity, improve educational outcomes and the health status of most Namibians.
Section 1: The BIG a small project with a large aim

1.1 Introduction to the Pilot Project

In 2002, the Namibian Government's Tax Commission (NAMTAX) proposed a universal grant along the lines of a Basic Income Grant (BIG), to be financed out of a progressive expenditure tax on the affluent. This marked a turning point in public consideration.

In 2004, concerned with the pace of poverty reduction, in spite of many good efforts, and a public commitment to reduce it by the Government of Namibia, a cross-section of Namibian society, from all walks of life and all shades of political opinion, set up a Coalition to promote a BIG for all Namibians.

The Coalition brought different umbrella bodies together. This includes the Churches – represented by the Council of Churches (CCN) – the trade unions – represented by the Namibian Union of Namibian Workers (NUNW), the Namibian NGO Forum (NANGOF) and the Namibian Network of AIDS Service Organisations (NASO). The Evangelical Lutheran Church in the Republic of Namibia (ELCRN) with its Desk for Social Development (DfSD) is the legal administrative and financial home responsible for the implementation of the BIG Pilot Project on behalf of the BIG Coalition. Besides the BIG Coalition many other groups and numerous individuals, including local businesspeople, churches, donors, and international agencies gave support and encouragement. Some Government Ministers and senior officials have also shown interest and indicated their willingness to develop a more universalistic system of social protection and economic empowerment.

The proposal developed by the BIG Coalition – following the NAMTAX recommendation – is that every Namibian
should have a citizenship right to a Basic Income Grant until she or he becomes eligible for the government pension at 60 years. The level of the BIG should not be less than N$ 100 per person per month. Given that the Namibian old-age pension is a universal grant for all men and women over the age of sixty, and that the take-up of that is nearly 100%, the BIG should be paid to all those men, women and children under the age of 60. The BIG is a cash transfer, whereby the recipient can choose how to spend the money. It is an act of empowerment, of giving people enhanced freedom and personal responsibility. It is not a gesture or an act of charity that potentially degrades. It is providing people with a right.

1.2 How BIG was piloted in Otjivero-Omitara

In 2007, the BIG Coalition decided to implement a pilot project to move the policy debate forward and to produce real evidence of the benefits of a BIG. The Namibian BIG pilot is the first universal cash transfer pilot project in the world.

The experience of other countries showed that national programmes have been successfully implemented when pilots have proven their viability. For example, a pilot project in Haiti, Rwanda and South Africa demonstrated that antiretroviral treatment could be provided effectively to poor people – even those in deep rural areas. This helped change national and international policy, thereby paving the way for the dramatic global roll-out of antiretrovirals (ARVs). The BIG Coalition hoped that by operationalising a BIG pilot project, Government leaders and others could see how the BIG could be transformed into a national programme.

After careful examination of several villages in Namibia, the site chosen for the BIG pilot project was the Otjivero settlement and the Omitara 'town' in the Omitara District. Otjivero-Omitara was selected for its manageable size, accessibility, and poverty situation.
Section 1: The BIG a small project with a large aim

Ojitivero was known for its bad reputation amongst the local farmers as a hot-bed of criminal activities.

Otjivero-Omitara is located some 100 kilometres east of Windhoek. People (mainly retrenched farmworkers) started settling in Otjivero about 5 km away from Omitara on government-owned land in 1992. A feature of the area is the proximity to a large dam that supplies water to Windhoek and surrounding areas. Unusually, the people in Otjivero have access to free water supply, but the area is impoverished, prone to diseases, such as TB and HIV/AIDS, and struggling to subsist as a viable community. In addition, the development of the settlement has been controversial from the beginning and there has been persistent conflict with the surrounding commercial farmers because of illegal hunting, trespassing and the collection of firewood. There was no reason to think that its choice as the site for the BIG pilot made it more or less likely to succeed there than in other parts of the country.

The pilot was implemented as follows: Every resident under the age of 60 living in Otjivero-Omitara receives N$ 100 each month from January 2008 until December 2009.
1.2 How BIG was piloted in Otjivero-Omitara

2009. Nine hundred and thirty residents got this grant of N$ 100 without any condition. The money for children and youths up to the age of 21 was paid out to a person designated as their 'primary care-giver' which by default is usually the mother.

In the period of two years, the aim was to monitor and evaluate the effects of BIG on individuals living in the area and on the community overall. The evidence was to be made available publicly to provide a basis for a constructive debate based on empirical evidence.

1.3 Implementation of the BIG

*Photo 2: The BIG as a right*
Section 1: The BIG a small project with a large aim

In the first 6 months, the practical payout of the BIG followed the methodology and the experience of the old age pension payout in Namibia. The recipients received a 'smart card' which contains the names, ID numbers and the picture of the recipients as well as a microchip containing the birth date, fingerprints and information on the amount and history of receiving the grant. The system also makes provision for a 'procurator', who is a person appointed by the recipient, who can receive the grant on his/her behalf by means of fingerprint identification, if for some reason the person cannot collect it personally. The company who managed the grant pay-outs for the first six months, United Africa, brought the grants by vehicle to the designated pay-out point. The vehicle was fitted with a cash dispenser and accompanied by an armed security guard. The recipient placed the card in the cash dispenser and identification was done via fingerprints. The date and place of payout was then written on the microchip for record keeping and to prevent double payment.

Since July 2008, the Namibian Post Office (NamPost) is conducting the pay-out of the grant via its Post Office smart card savings account system. Every recipient of
1.3 Implementation of the BIG

the BIG now has a saving account with NamPost into which the grant is paid on the 15th of each month. This system has the advantage of getting every recipient into the formal banking system. This enables the recipients to decide when, where, and how much of the grant should be withdrawn. It avoids the potentially stigmatising queueing for the cash pay-out.

The BIG Coalition registered the whole community on 31 July 2007. Each and every household was visited, all members of the households were identified by means of identification documents3 and everybody below the age of 60 was registered for the BIG. The registration was done in one day in order to avoid in-migration to the settlement. Anybody who moved to Otjivero-Omitara after 31 July was not eligible to receive the BIG. For children under the age of 21, the household identified a primary care-giver to receive the grant on the minor’s behalf.

3 This included any Namibian identification document like IDs, Birth certificate, Driver’s licence, Voter’s Card, etc. but also Baptismal card as many people living in Otjivero-Omitara do not have any of the national identification documents.
Section 1: The BIG a small project with a large aim

The project received international support from the General Secretary of the Lutheran World Federation, Dr. Ishmael Noko, Archbishop Desmond Tutu, the General Secretary of the United Evangelical Mission (UEM), Dr. Fidon Mwombeki, and from Senator Eduardo Suplicy, (Sao Paolo, Brasil)

The fund-raising campaign for the pilot was launched in August 2007. Namibia’s first Prime Minister and current Minister of Trade and Industry, Dr. Hage Geingob, was the first person to pledge support for the BIG during the event and generously donated money covering two grants for one year. Other committed individuals and donors followed his example and enough finances have been secured for the anticipated two year BIG pilot project.

1.4 Methodology

The BIG Coalition committed itself to carefully evaluating the pilot project in order to assess the impact of the BIG and to advise national policy-makers. Ideally, a survey of other areas at the same time should have been conducted (‘control group’). However, this is not only statistically very difficult, given the particular fea-
1.4 Methodology

tures of Otjivero-Omitara, but also ethically problematic. Therefore, a four-fold research methodology was adopted, drawing on four types of data.

First, a baseline survey of the settlement area was conducted in November 2007, two months before the first pay-out of the BIG. This survey collected retrospective and current data on the social and economic situation of the residents, including health and nutritional data.

Second, a panel survey was conducted in July 2008, covering the same households and individuals as in the baseline survey. The panel survey was repeated by a re-survey in November 2008.

Third, information was gathered from key informants living in or near the settlement area such as the local nurse, the police chief, local leaders and shop keepers.

Fourth, a set of case studies of particular individuals was collected in order to provide a picture of human life in Otjivero-Omitara. These are described in the next section. Aspects of how BIG changed their lives are recorded and quoted throughout the report. The individuals agreed that their real names and pictures are published. This is a brave commitment towards the project.

The whole community of Otjivero-Omitara has been registered and is voluntarily participating in the pilot project. The baseline survey of November 2007, and the panel surveys of July and December 2008 were successfully completed. Thus, an assessment of the various effects of the BIG could be made.
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2.1 Realities of poverty before the BIG

The inhabitants of Otjivero-Omitara are diverse. The majority of the adult population were not born in Otjivero-Omitara and many lived difficult lives. The following statements and quotes exemplify the experiences of life in Otjivero-Omitara before the introduction of the BIG, painting a picture of suffering and deprivation.

In November 2007, the people said the following about their daily living conditions:

“We are really hungry.”
(Emilia Garises)

Unemployment, hunger and poverty are the biggest problems. Some days we don’t have anything...
2.1 Realities of poverty before the BIG

eat) and we just have to go and sleep and get up again without eating. We are really hungry. (Emilia Garises)

Willemina Gawises 31, single mother of three:

There is a problem of unemployment and we don’t have money to travel to Gobabis and Windhoek to look for work. I have three children, age 10, 13 and a 7-months-old baby. Now I don’t know where their father is and I have no job or money to send them back to school. I and my three children depend on my unemployed parents for food and accommodation. Sometimes I wish I was dead because I cannot stand this type of life any more. I am supposed to provide and protect my children and parents but I am failing to do that. Life is very difficult here, we live in poverty with no hope for the future.

“Sometimes I wish I was dead because I cannot stand this type of life any more. I am supposed to provide and protect my children but I am failing to do that.” (Willemina Gawises)

Photo 7: Desperation before the BIG

My two boys were at “Koshuis” (Hostel) Gurichas School, but they were expelled from school 7 months ago, because I failed to pay for their school fees. It hurts me to see my children out of school. They were very happy in school and it was difficult
Section 2: Impact Assessment

“The pain a parent has to go through knowing that you cannot send them back because there is no money is unbearable and very depressing. I wish I did not have them.”
(Willemina Gawises)

for them to adjust. I could see their pain and feel it, they used to ask me “Mama wanneer gaan ons terug skool toe” (Mummy when are we going back to school). The pain a parent has to go through knowing that you cannot send them back because there is no money is unbearable and very depressing. I wish I did not have them.

Ms. Mbangu, nurse at the clinic of Otjivero:

The biggest problem is unemployment. There is no work. When people look for work at the farms they are asked: where are you from? When they say from the Otjivero camp, they are sent back. They are not given a job. Those who worked on the farms before, are also lying around here now. People are hunting so that they can live. If you are working on a farm and you hunt a pig, they will chase you away.

Photo 8: Before BIG

Mr. Gawachab, a teacher at the Otjivero Primary School:

“Most of the learners are more interested in the pots than in schooling”
(Gawachab, teacher at the Otjivero Primary School)

We ask N$ 50 per year for school fees but most people struggle to pay that. Most of the learners are more interested in the pots than in schooling (the
2.1 Realities of poverty before the BIG

children receive cooked pap at the school every day). Many children stay away from school if they do not receive food. Generally the interest in school is very low among the learners. Some children don’t have school uniforms at all, others have uniforms of other schools.

Mr. Thomas, Police station commander at the Omitara Police Station:

There are no proper houses in the camp. People live in shacks made up of drums or pieces of tents. There are no jobs and people start some small business to make a living. Running a shebeen is normally the only way to make some money. Poverty and unemployment lead to all the other conditions like crimes, alcohol abuse, mushrooming of shebeen.
Section 2: Impact Assessment

Willemina Gawises 31, single mother of 3:

We have a problem with HIV/AIDS infections and it is on the increase because of poverty. Many people do not have access to ARV treatment and neither nutritional food. One cannot expect poor people to travel to Gobabis for treatment every month.

2.2 Expectations for the BIG

Many inhabitants of Otjivero-Omitara expressed different expectations for the BIG. Many made plans on how they would resolve some of the problems they were facing. In essence, the introduction of BIG was expected to fight extreme poverty and hunger in private households as well as in the community at large. The quotes below highlight some of the expected changes:

Ms. Emilia Garises:

I have hope. If I get the N$ 800 I will buy maize meal and other food; I will pay school fees; I will perhaps buy materials and make clothes. I want to make a bit extra so that I will not be hungry. I will pay the school and also buy new clothes for the children. I will also buy blankets and perhaps fix my house. I will also try and make more vetkoeks to sell and make some extra money. I want to put a little money aside so that I don’t have to struggle so much if we have a death in the family. Perhaps I can take out a funeral cover; they say it costs N$ 20 per month. Life will really improve next year.
2.2 Expectations for the BIG

Ms. Willemina Gawises:

*With the BIG grant, there will be hope for us, at least I will be able to buy my children food and send them back to school. The money will mostly be spent on food and school fees and uniforms. Maybe I will be able to travel to Windhoek to look for domestic work, because now I cannot look for work. There is no money to travel there. Life will change in Otjivero with BIG. Many people will have food.*

Mr. Gawachab, Schoolteacher at the Otjivero Primary School:

*The BIG will make it possible for families to pay school fees and to buy school uniforms for the children. Children will also have food and perhaps we can even build a hostel.*

Mr. Thomas, Station Commander:

*I believe that through the BIG, poverty will be reduced. The standard of living will be upgraded a little but there are zero chances for people to find jobs.*

Ms. Mbangu, the nurse at the clinic explained how poverty hinders access to health services and the fight against HIV and AIDS. She was hopeful that the BIG would facilitate access to the clinic and to anti-retroviral drugs:

*Most don't come to the clinic, because they do not have N$ 4,-. They are sick, but they stay at home. Not all people who are HIV positive are on ARVs because they can't get transport to Gobabis. It cost them about N$ 100 to take taxis from Otjivero to Gobabis and back. Then they are hungry but have nothing to eat. The BIG will be good for the people here and will help them to pay N$ 4,- and also to pay for transport to get the ARVs in Gobabis.*
2.3 Voices of change

Many positive changes were observed in Otjivero-Omitara immediately after the introduction of BIG. The impact was visible on different levels, on individuals, households, institutions and on the community. Most people noted that their expectations as expressed in the quotes above were met. The following quotes exemplify the impact of the BIG on the people of Otjivero-Omitara:

In June 2008, Ms. Emilia Garises explained how she used the BIG money:

“I have a lot of plans. I was also able to buy more food and have a photo showing when we were shopping in the shop. I also bought a 2-plate stove because we have electricity in the house.”
(Emilia Garises)

Since we get the BIG I bought materials and I am making 3 dresses that I will sell. When I finish with this one (shows an almost completed dress), I will start with new ones. I sell a dress for N$ 150. I also paid a deposit for new zinc sheets for my house. I am paying them off. When you come again, you will see the changes. I have a lot of plans. I was also able to buy more food and have a photo showing when we were shopping in the shop. We bought mealie meal, tomato sauce, cooking oil and all that.
2.3 Voices of change

We bought from the shop in Omitara. I also bought a 2-plate stove because we have electricity in the house.

Willemina Gawises also spoke about the changes in her life:

Things are really fine unlike before when I was really suffering and struggling very hard. Last year I used to be very depressed because I had to beg all the time, now I have enough to eat. I am still unemployed but at least I do not depend on my parents any more for food and other things now I have my own money. My children are back in school and I am saving some money to be able to send them to boarding school when they complete their primary education here. The BIG has helped me and my children a lot. I can now also travel to Windhoek in search for work.

In June 2008, Ms. Mbangu the clinic nurse shared her observations about the impact of the BIG on living conditions in Otjivero-Omitara:

I ask people how they are living and they are eating much better now. They tell me that things are going a bit better. Some people have started selling things like food, tobacco, clothing, cell phones, as a source of income. One HIV positive woman now buys materials and makes Nama dresses. We are thinking of holding a competition to see what people did with the BIG money. We want to give a prize and this can motivate others.

2.4 Profile of Otjivero-Omitara

The evaluation study is based on a random sample of about a quarter of Otjivero-Omitara's 200 or so households. The baseline survey of November 2007 covered a sample of 398 individuals in 52 households. The sample consisted of slightly more females (51%) than...
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males (which is roughly similar to the pattern in the country (53% female). Likewise, the age distribution in the sample was similar to that found in the country overall, with a preponderance of young people. The sample showed that the largest language group in Otjivero-Omitara are those speaking Damara/Nama (73%), followed by Afrikaans (10%), Otjiherero (8%), Oshiwambo (6%), Rukwangali and Setswana (2%).

Migration

The total number of individuals in the sampled households increased substantially over the period of the study. The table below sheds some light on those trends of in- as well as out-migration during 2008.

<table>
<thead>
<tr>
<th></th>
<th>baseline</th>
<th>Jul 08</th>
<th>Nov 08</th>
</tr>
</thead>
<tbody>
<tr>
<td>In-migrants (and as a % of base-line population for households present at the beginning and after a year)</td>
<td>0%</td>
<td>17%</td>
<td>27%</td>
</tr>
<tr>
<td>Out-migrants as % of base-line population*</td>
<td>0%</td>
<td>7%</td>
<td>16%</td>
</tr>
<tr>
<td>Total numbers moving as % of baseline</td>
<td>0%</td>
<td>24%</td>
<td>43%</td>
</tr>
</tbody>
</table>

Table 1: In- and out-migration over 12 months

Some in- and out-migration is typical for a rural Namibian community. Children come and go, depending on family arrangements to take care of them and the availability of schooling in the area. As the school in Otjivero only caters for children up to Grade 7, some outmigration of older children was to be expected. One also expected some outmigration by adults looking for work elsewhere. However, a 43% in- and out-migration is surprising.
2.4 Profile of Otjivero-Omitara

The out-migration (16%) has been considerably smaller than the in-migration (27%). Of those who left, the majority were unemployed (33%) followed by children who were full-time students (24%) and thirdly a group of people, who were in employment (18%).

It is noteworthy that the people who left, were also taking the BIG with them and thereby reduced the total amount of the BIG spent in Otjivero-Omitara.

An in-migration of 27% into Otjivero-Omitara points to the attraction of a community receiving the BIG, even when the in-migrants themselves do not receive the BIG. It seems many people came to Otjivero-Omitara out of destitution and in order to somehow benefit from the BIG paid to family members. This is remarkable, since Otjivero-Omitara as an isolated rural area has little attraction. The actual in-migration is likely to be even higher than 27%, which only captures existing households and not any new households that were established during 2008.

Ninety-four percent of in-migrating children were below 15 years old and hence were eligible to attend the Otjivero Primary School. Whether these children came to the area to take advantage of the BIG-induced increase in household income, or whether it was to take advantage of the school (which is widely believed to have improved as a consequence of greater school fee recollection), the result was to put greater, and unexpected pressure on the school.

It most cases, the extra people in the households put an additional strain on household budgets. The following table calculates the average per capita BIG in the households over time, both with and without an inflation adjustment:
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<table>
<thead>
<tr>
<th></th>
<th>Jan 08⁴</th>
<th>Jul 08</th>
<th>Nov 08</th>
</tr>
</thead>
<tbody>
<tr>
<td>Nominal</td>
<td>N$ 89</td>
<td>N$ 75</td>
<td>N$ 67</td>
</tr>
<tr>
<td>Real (inflation as per CPI taken into account)</td>
<td>N$ 89</td>
<td>N$ 70</td>
<td>N$ 61</td>
</tr>
</tbody>
</table>

Table 2: Average per capita BIG

When the BIG was introduced in January 2008 at N$ 100 per person, this resulted in an average per capita increase of income of N$ 89 (as not everyone, namely the pensioners qualified for the grant). This was reduced through in-migration to N$ 75 within 6 months and to N$ 67 within a year. Adjusted by overall CPI inflation⁵, the per capita value of the BIG in the households has been reduced to a mere N$ 62.

The migration patterns hold crucial lessons for the universal implementation of a BIG in Namibia. The impact of a targeted grant to only a certain section of the population will be eroded since living arrangements are so fluid that many unemployed and other dependent extended family members may simply move to where the money is. This is a well documented effect, already happening with old-age pensions, where one or two old-age pensions support entire households rather than just the needs of elderly and retired people.

For the evaluation, however, the spending and impact of the BIG in Otjivero-Omitara will increasingly become harder to trace since the direct intended benefit per capita is substantially diluted and reduced. A national BIG would not suffer from these repercussions.

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⁴ Note that the baseline study was conducted before the BIG was paid out
⁵ Note the inflation on basic food items was drastically higher than the overall CPI.
2.5 Community Mobilisation

When the BIG pilot project was still under discussion, the Otjivero-Omitara community demonstrated a healthy suspicion towards development aid and outside 'assistance', which they saw as short-term gestures and ill-conceived projects. However, after speaking to the community on the day of registration, the Bishop of the Evangelical Lutheran Church in the Republic of Namibia (ELCRN), Dr. Zephania Kameeta, was able to allay some of their fears. As the chairperson of the BIG Coalition in Namibia, his presence was important in helping instil trust and enhance the credibility of the pilot project.

With registration for the BIG pilot, the community of Otjivero-Omitara embarked on a process of mobilisation, conscientisation and self-empowerment. It is important to stress that this was an entirely organic process initiated and developed by the community without outside interference. The community decided to elect a 'BIG Committee' to guide the pilot project within the community and assist the community and the BIG Coalition wherever needed. In September 2007, an 18 member committee was elected at a community meeting. It comprised the local teachers, the nurse, the police as well as business people such as shebeen owners and community members. Representation of language and age groups was ensured.

The community felt that, unlike other projects, the BIG pilot project gave them ownership of the process and responsibility for the outcome. They felt that they had been entrusted with the project and wanted it to have the best possible impact on the lives of individuals and the wider community. By definition an unconditional universal cash transfer gives the recipient the choice of what to do with the money. The community realised at the outset that they had been given the opportunity to make it work. It was clear to all BIG recipients that the success or failure of the pilot project depended on them.

According to the guiding principles of the BIG committee, they were participating in a “little project with a
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large aim. The aim is to UPLIFT the 'life' of Omitara, then Namibia, then Africa and at last the world” (BIG Committee, 2007)

In September 2007, this BIG committee set itself a high standard by developing a strict code of conduct and outlining a number of tasks for the committee and its individual members. The committee elected a number of so-called 'control officers'. The name 'control officer' may appear, at first glance, to have a rather negative connotation. However, the committee explained that the name should support the seriousness of their tasks in contrast to weaker labels like 'advisor' which, they said, are known to be ineffective. 'Control officers' were tasked with educating, conscientising and empowering people in the community to make the best use of their BIG payments. The 'control officers' are not there to force people to spend the money in certain ways, but rather to raise awareness and provide advice.

The committee was well aware of the widespread problem of alcohol abuse and knew that this would receive special attention during the pilot project. Accordingly, shebeen owners were represented on the committee and were asked to assist with their advice and coopera-
2.5 Community Mobilisation

This bore fruit when the shebeens agreed not to open on the days the BIG was paid out. The challenge of alcoholism was openly discussed from the outset and addressed through a process of community mobilisation.

It was encouraging to see the powerful community mobilisation happening in Otjivero-Omitara even before the implementation of the BIG. The successful start in January confirmed the sense of trust between the community and the BIG Coalition. Due to the excellent organisation and work of the committee, the BIG Coalition has so far not experienced any problems in the cooperation and communication with the community of Otjivero-Omitara.

It should be mentioned that the BIG Coalition and the research teams tried to make contact with the surrounding commercial farmers in order to learn about their views on the pilot project and the developments in Otjivero-Omitara. However, the farmers have so far been reluctant to engage with the process.

2.6 Dependency or dignity?

The BIG Coalition and the community of Otjivero-Omitara has also had to deal with criticisms from those opposed in principle to the BIG. One had hoped that the results presented in the 6 months report could inform the discussion, and in some cases it has. However, there is a level of debate that occurs at a purely ideological and emotive level which seems impervious to the data.

These criticisms revolve around two core beliefs: that a cash transfer is bad for people because it gives them rights without responsibility; and that poor people are not capable of spending the money wisely. On the eve of a press conference, the BIG Coalition received an email providing a typical example of such argumentation (2nd November 2008). The person asked that the email should be read as a contribution to the discussion at the press conference, and we reproduce it here:
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“To All involved in the "BIG Project" (...)

The basic idea of the "Basic Income Grant" is commendable, as we strive to alleviate poverty and create a better future for the disadvantaged people in our country. But how can you expect people to take responsibility, exert discipline and respect, if they have - some for generations! -not experienced ANY of this in their upbringing since childhood? You know, like the rest of us, what is going on in poverty-stricken communities abusing women and children under the influence of drugs and alcohol! There is no place to sleep, no food, no love, no basic living requirements - and now you expect people to responsibly handle money they are getting for nothing, no 'favour' or action asked in return? Even in history, trading amongst the native people meant: 'I give you something, you give me something in return. (..)”

Besides the implicit racist (but all too common) assumptions which underpin the above claims, the argument boils down to two prejudicial assertions: Firstly, that poor people in Namibia are so poor and damaged that they are incapable of making rational spending decisions to improve their lives. The results of the research in Otjivero-Omitara speak directly to the first claim: Poor people have spent the money wisely, child malnutrition has fallen dramatically, school fees and clinic fees are paid, houses have improved and income-earning activities have increased, helping to uplift others through these 'second round' economic effects. It was also found that the community organised itself to help make the BIG project a success. In other words, the BIG pilot project shows that there is good reason to trust the poor to make the right decisions for themselves rather than to write them off! They certainly know what their priorities are.

As regards the second claim, i.e. that a BIG is a bad idea because it gives people 'something for nothing', we accept that a BIG is innovative in this respect, but argue that its individual and social benefits are immense.
2.5 Community Mobilisation

Trusting poor people to spend an unconditional grant wisely restores dignity, is empowering in ways which government-administered alternatives are not, and saves a great deal of money by cutting out the layers of bureaucrats and paper work which typically absorb a large proportion of the funds allocated to targeted and conditional programmes. Indeed, there is a strong case for assuming that providing people with a BIG not only improves their material circumstances, but promotes dignity and socially responsible behaviour. As Otjivero resident Jonas Damaseb told us:

“Generally, the BIG has brought life to our place. Everyone can afford food and one does not see any more people coming to beg for food as in the past. What I can say is that people have gained their human dignity and have become responsible.”

The observation of one of researchers, Rev. P. #Khariseb, during the first 6 months research echoes this view:

During the case study interviews I generally observed that in the people of Otjivero have regained their human dignity during the first 6 months of the BIG. Through regaining their human dignity, people act more responsible: Their environment is clean and from small to the elderly everyone is dressed neatly. What a positive change!

The experience of the BIG pilot suggests that the universal cash grant liberated people and the community from the individually and collectively draining and devastating impact of poverty. Many people living in Otjivero-Omitara said that they had only survived previously by asking and begging for food. This was profoundly embarrassing and undermined their capacity to have normal social interactions and the development of constructive community relations and real community spirit. The payment of the BIG has dramatically changed this. Begging has basically stopped and people reported that they can now visit and speak freely to each other now, without the fear of being seen as a potential beggar. Judging from the observations of com-
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Community members, researchers and members of the BIG Coalition, it would appear that a stronger community spirit developed over the period of the first year of the BIG.

Similarly, we would suggest that a spirit of pride and responsibility was evident when the school fees were paid at the beginning of the year. One example is the case of a single father who was able, for the first time, to pay his daughter's school fees. When he came to the school, the teacher did not even know him, because he had always avoided contact with the school because he could not pay the school fees. When he paid, he said proudly:

*Now I want to pay for my child and because I have paid for the school, I will ensure that she performs well.*

Note how he said that he, rather than the BIG, was paying for the school fees. Precisely because it was his choice to use the money that way, he got the benefit of enhanced dignity and took on the responsibility of making sure that his daughter justifies the expenditure by working hard. If, instead of paying out a BIG, the project had adopted a more targeted and paternalistic approach of simply paying the school fees, then we would have seen neither benefit. This is yet another example of the individually and socially transformative power of an unconditional cash transfer.

### 2.6 Alcohol

One of the variants of argument against a BIG claims that a BIG is a bad idea because it will be spent on alcohol. As is the case elsewhere in Namibia, there is an alcohol problem in Otjivero-Omitara. Mr. Köhler, the bottle store/general dealer in Omitara, claims that the problem got worse because of the BIG:

*“My experience with BIG is that people buy some food and then there is money left over and they buy liquor...On BIG pay day people buy bread from*
2.6 Alcohol

the shop and then they go over the liquor store and buy Club Zorba – that is the killing petrol around here. If I don’t sell it to them, they will go to the shebeen and buy it for 20% more... Before the BIG there were 8 shebeens of which one had a license. Now there are 16 shebeens in the camp. After the BIG pay day, some people buy boxes of liquor there. They later sell that liquor back door.”

Mr Köhler, however, mistakes the increase in his own sales of alcohol on pay day for a general increase in alcohol sales. The fact of the matter is that the other liquor outlets had been persuaded by the community leaders to close on BIG pay-days. Mr Köhler was the only shop not to comply with this request. The small increase in liquor sales he experienced was simply because he was picking up a small fraction of the demand that was typically met by his competitors.

The research also found no evidence of an increase in the numbers of shebeens nor an increase in the turnover of existing shebeens. According to a shebeen owner:

“The number of shebeens did not increase, in fact there were 8 shebeens before and now there are 7. We know there are many reports that the people are spending the money on alcohol instead of buying food but that is not true at all. We had a few cases when things went out of control but that only happened during the first pay-out. I would say, some people got excited about the money. After that, the [BIG] committee sat and had a meeting with the community and after that nothing serious happened again”. (Adam Tjatinda, July 2008)

This was confirmed by the local police station, which indicated that problems experienced after the first pay-out day did not recur. However, the police expressed a

6 There was a report about fighting on the day of the first pay-out, which turned out to be a conflict between people who did not reside in Otjivero-Omitara. The police indicated that there has been no repeat.
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concern about the possibility of alcohol abuse in Otjivero-Omitara. This was supported by one of the residents:

“There are still people who are drinking and they don’t want to stop drinking like I did but a lot has changed [since BIG]. Everybody can at least afford to have food. When it is payout here we all travel to Gobabis to go buy food in bulk and the train is always full with people from Otjivero”. (Hermanus Coetzee, July 2008)

Alcohol abuse exists in Otjivero-Omitara as in any other community in Namibia. The BIG is not able to solve the problem, but there is also no evidence that it aggravates it. However, the establishment of the BIG committee and the discussion about the potential misuse of BIG money for alcohol has triggered a conscientisation process within the community. Shebeen owners are on the BIG Committee and there are open discussions about alcohol abuse. This should be regarded as a positive development and a step into the right direction to tackle the problem.

2.7 Crime

An important indicator of social conditions is the level of crime. Some crimes are economic in nature. These range from desperate actions in search of food, such as illegal hunting (as described in Johannes Goagoseb’s story7), to theft and fraud. Other crimes, such as assault, criminal injuria, reckless driving, malicious damage to property and perjury are more general in nature and not obviously or necessarily related to economic conditions.

There has always been a history of crime in the area. When interviewed in November 2007, the police station commander commented on the crimes that typically occurred in the area:

7 See 2.10 p. 60
2.7 Crime

“The criminal activities are mostly poaching, assault and housebreakings. Poaching is the most common one. Poverty and unemployment are the reasons for these criminal activities. Otjivero is a tiny place and there is no source of income there. Most people hunt or poach just for survival... Poverty and unemployment lead to all the other conditions like crimes, alcohol abuse, mushrooming of shebeens. As you can see, there are no proper houses in the camp. People live in shacks made up of drums or pieces of tents.

There are no jobs and people start some small business to make a living. Running a shebeen is normally the only way to make some money. However, there is also the Namwater dam and some community members catch some fish there that they sell. Some people look for jobs in the farms but the local farmers don’t want people from the Otjivero camp because they always accuse them of poaching on their farms.”

This problem was confirmed by the clinic’s nurse:

“There are no jobs, no food or any activities for the youth. They have to go hunting or stealing at nearby farms to sustain themselves. When looking for jobs at nearby farms, they don’t get jobs because [the farmers think they are] thieves. It seems that all the farms surrounding Otjivero belong to the same relatives. They are hostile to the Otjivero community and have decided not to give anybody from Otjivero employment.”

The Big Coalition hoped that the introduction of the BIG would reduce economic crime as people were provided with a minimum standard of living. This, indeed, has taken place.

According to official information provided by the Omitara police station, 54 crimes were reported between 15 January 2008 (when the BIG was introduced) to end of October 2008 while during the same period a year earli-
er (15 January to 31 October 2007) 85 crimes were reported. The Police statistics therefore reflect a 36.5% drop in overall crime since the introduction of the BIG. It should be borne in mind that this is so despite a considerable in-migration of 27% into the area and an increase in the number of people living there. This could rather have led to an increase in overall crime.

As shown in the figure below, all categories of economic crime fell substantially. The most dramatic fall was in illegal hunting and trespassing, which fell by 95% from 20 reported cases to 1. Stock theft fell by 43% and other theft fell by nearly 20% over the same period. Change in other (non economic crimes)\(^8\) was statistically insignificant over the period, but still decreased from 28 to 27 cases. The new acting Police Commander who came to Omitara in April 2008 confirmed this trend.

This dramatic decrease and change in economic and total crime was borne out in a number of statements made by key informants. In the base line survey (i.e. before the BIG), four out of five residents in Otjivero-

\[^8\] Non economic crimes comprise: assault, criminal injuria, reckless driving, using a vehicle without permission, illegal possession of a fire-arm, perjury.
2.7 Crime

Omitara reported that they had personally suffered from a crime in the previous year – most of which were economic crimes such as theft. Six months after the introduction of the BIG, this had dropped to 60%, with most crimes mentioned related to conflicts between people rather than economic crimes. One year after the BIG was introduced, the percentage of respondents experiencing crimes had dropped even further to 47%.

Most (75%) survey respondents reported noticing a change in the crime situation since the introduction of the BIG. Reflecting the majority view on the subject, two residents told us that economic related crimes had fallen significantly.

“We don’t hear any more people complaining of hunger or asking for food. The theft cases have also declined a lot. Many people bought corrugated zinks and repaired their houses. We buy wood most of the time and don’t have many cases of people stealing wood any more. Fighting and drinking have also reduced and we don’t hear of people fighting any more” (Johannes !Goagoseb and Adolfine !Goagoses, July 2008)

The BIG did not, of course, eliminate all crime. Assault remains a problem and economic crimes such as theft continue to occur, though on a lower level. The point, however, is that BIG has significantly reduced crimes relating to desperation (poaching, trespassing, petty theft) and thus appears also to have improved the general quality of life in the community.

2.8 Levels of poverty

Everyday life is a struggle to provide food for the children. It hurts me to see my children out of school. The pain a parent has to go through knowing that you cannot send them back because there is no money is unbearable and very depressing. (Willemina Gawises Nov 2007)
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Voices like Willemina Gawises bear witness to the depth of poverty in Otjivero-Omitara before the BIG was introduced. This section tries to depict the depth and the width of poverty before the BIG and the change thereof, after its introduction.

The Namibian Government through its National Planning Commission has introduced a national poverty line in its latest publication called A review of Poverty and Inequality in Namibia. (NPC, 2008:2-3) Government needs to be commended for adopting an absolute poverty line based on a Cost of Basic Needs (CBN) approach guaranteeing comparability throughout Namibia. The poverty line has been set at three different monetary levels:

1. A food poverty line at N$ 152 per capita per month
2. A lower bound poverty line called the “severely poor” at N$ 220 per capita per month
3. An upper bound poverty line called “poor” at N$ 316 per capita per month.

The following two graphs show the food poverty line as well as the lower bound line, defining the severely poor for the people in Otjivero-Omitara. The first graph (blue) reflects all households, while the second one (red) excludes those households which were affected by substantial migration.

9 The poverty lines are given by the NPC in 2003/4 monetary terms and have been updated using the CPI for inflation. The 2003/4 values as given by NPC are 1. N$ 127; 2. N$185, 3. N$262.
10 See above 33 Migration p. 34
2.8 Levels of poverty

Graph 2.8-1 shows that in November 2007, before the introduction of the BIG, 86% of all people in Otjivero-Omitara were below the lower bound national poverty line (blue line) and thereby considered “severely poor”. This poverty level is much higher than the national average, which the NPC calculates based on the NHIES 2003/04 at 13.8%. A massive 76% of people in Otjivero-Omitara fell below the food poverty line (red line), explaining the high incidents of child malnutrition\(^{11}\). Through the Basic Income Grant and its economic effects\(^{12}\) severe poverty has been reduced to 68% and food poverty to 37% after one year. While food poverty continuously declined over the study period, gains on the lower bound poverty rate were slightly reversed by 3% from July to November 2008. The following graph shows the underlying reason to be the migration.

\(^{11}\) see below 50 Child malnutrition p. 53
\(^{12}\) see section 70 Income p.71
Graph 2.8-2 pointedly shows that if households with substantial migration are controlled for, the poverty rate both in the lower bound as well as food poverty have been declining over time. With the BIG, food poverty in the household without substantial migration was reduced to 16% and the percentage of severely poor dropped to 43% If a Basic Income Grant was to be introduced universally in Namibia, this is the graph adequately showing the effect, as migration to a ‘BIG area” would not occur. A reduction of food poverty from over 70% to 16% speaks for itself and the voices of the case studies express what a national BIG would mean to poor people in Namibia.

2.9 Hunger and malnutrition

In November 2007, the nutritional situation of people living in Otjivero-Omitara was bleak: 73% of house-
2.9 Hunger and malnutrition

holds indicated that they did not always have sufficient food. Thirty percent reported a lack of sufficient food on a daily basis, and 39% said this happened at least once a week. Only 20% reported that they never experienced food shortages.

When asked how they coped, almost half (48%) of the respondents indicated that in times of food shortages they went to friends and relatives in Otjivero-Omitara asking for food, while 18% went to friends and relatives outside Otjivero-Omitara. The nurse at the clinic observed:

“People borrow from each other to survive. Everyone borrows from everybody else. That’s how it is. When people see that someone bought sugar, the others come to ask for some of it. That’s why it does not last, because it has to be shared with the other houses in the neighbourhood.”

Another resident of Otjivero-Omitara described the day-to-day struggle for food:

*I live with my aunt and her family and we are 15 in one household and no one earns a decent income, we “zula” ['struggle'] to get food. We have nothing to eat at all.*

Good nutrition is essential for human well-being – especially for children. When describing the situation in November 2007, the local clinic nurse, Ms Mbangu, highlighted their suffering:

“I have one case where a baby who is HIV positive received sugar water instead of food. This baby is just one month old. The mother can’t breastfeed but she also does not have food. This morning she walked to the farm where her sister stays, just to get some maize meal. Such a baby will have a low weight and then we must send the baby to Gobabis... Low weight is especially a problem with children who are HIV positive although some others are also under-weight. Some have relatives who work elsewhere and send them some money or maize meal. Many others go to sleep without eating
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and the children are so hungry. That’s when you
don’t know what to do and where to find food for
them.”

This dire situation was illustrated in the shocking statistics regarding weight-for-age (see below). The BIG has helped improve the situation dramatically. This is, without doubt, one of our most important findings.

Child Malnutrition (Weight for Age)

The World Health Organisation (WHO) provides information on the distribution of ‘weight for age’ ratios we should expect to see in an adequately nourished population. Using this information as a benchmark, we can compare the distribution of children in Otjivero-Omitara with the WHO reference data to see how many would be regarded as under- or over-weight for their age.

Some children are naturally heavier or lighter than others, so the WHO regards a range of weight for age ratios as ‘normal’. Only those children who fall significantly below the median (mid-point) of the WHO’s range of values are classified as ‘malnourished’ and only those who fall significantly above the median are classified as ‘overweight’. The WHO uses ‘standard deviation units’ or ‘z-scores (which standardize the deviation from the average normal distribution) to classify children as under- or overweight for their age. In terms of this scheme, a child with a z-score of 0 weighs exactly what the WHO would expect, given his or her age. Children with z-scores of between 1 and -1 are above and below the median weight for age, but this difference is not regarded as a problem, as it falls within the healthy distribution of weight for age values. However, children, who fall below -1 are seen as heading towards serious malnutrition, and those below -2 are regarded as malnourished. Likewise, children, who score above 2, are regarded as unhealthyly overweight for their age.
2.9 Hunger and malnutrition

In Otjivero-Omitara, 42% of the children measured\(^{13}\) in November 2007 were malnourished (they had a z-score of below -2). This was significantly worse than the average in Namibia (where 24-30% of children under five are reportedly malnourished).\(^ {14}\) It is also well above the 30% mark, which the WHO regards as a very high prevalence of malnutrition and which is the worst classification in the WHO categories. Most (82%) of these children were between the ages of 2 and 3.

In short, the weight for age, and height for age measures indicated that the situation for Otjivero's-Omitara's children was dire indeed. This is a human tragedy because the damage caused to children by poor nutrition under the age of five is irreversible. It is also an economic and developmental disaster as poor childhood nutrition undermines human capital development and economic growth in the future.

In analysing the changes in the nutritional status it is important to take the effect of migration into account. This is because those children living in households with substantial migration (e.g. between 3 and 11 in-migrants) are likely to experience a drop in living standards over the period, since the BIG is not paid universally. Thus we first analysed the changes for children in households without significant migration, followed by households with 3 or more migrants.

**Child malnutrition**

Just six months after the introduction of the BIG, the malnutrition situation of children under five years of age had improved dramatically. The percentage of children malnourished had dropped from 42% to 17%!

After one year, looking at the same age cohort in house-
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holds that were present at all three stages of our study, no child had a z-score of below two. This implies no malnutrition at all. However, this result must be treated with some caution because the number of children, which can be traced throughout the whole year has shrunk due to migration. This necessarily increases the standard error, when we compare distributions across time. However, the clinic collected data for all children below the age of 7 years from 2007 onwards, so we have been able to extend our initial calculations (based on children under 5 only) to include these older children as well (see below). The graph below shows how the distribution of weight for age has become more 'normal' over time as the proportion of malnourished children fell. The two-sample Kolmogorov-Smirnov test (to test for significant differences between the distributions of z-scores) confirms that the shift across the first six months and over the entire year was statistically significant (at the 95% level)\textsuperscript{15}.

\textsuperscript{15} The p-value for the test for differences between waves 1 and 2, and 1 and 3 were 0.019 and 0.015 respectively.
The dotted green line represents the WHO expected normal distribution of weight for age. The red line depicts the nutritional status of the children before the introduction of the BIG, with 42% malnutrition. The dashed-dotted blue line confirms the direct and dramatic impact the introduction of the BIG had on malnutrition dropping to 17% within just six months. The solid blue line represents the nutritional status of children by November 2008 with malnutrition dropping even further to 10%. It is clear that the major shift in distribution happened in the first six months after the BIG was introduced. The one year results confirm and reinforce this hugely positive trend. To reiterate, with the BIG, the malnutrition rate decreased from 42% in November 2007 to only 10% a year later. This is an extraordinary developmental achievement; to see that child nutrition is directly and dramatically improved by giving this small universal cash grant to poor families.
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**Households with substantial migration**

It is worthwhile to also look at children living in households which experienced substantial migration during the second six months of the study. In these households the child malnutrition rate was reduced to 22% in July 2008 but some of these gains were unfortunately reversed by November 2008 as the rate climbed back up to 27%. This is a worrying trend and confirms the direct interdependence between the total household budget available and the child nutrition rate. In a situation such as the Otjivero-Omitara pilot project, where the BIG is not paid universally, because it does not cater for in-migration, the benefits to intended beneficiaries are dramatically diluted. Other poor people—usually from the extended family—move due to desperation to where the cash is. A similar pattern is well documented, with the usage of the old age pensions. While the money is intended for the well being of the elderly, often whole families depend and live on the old age pension as their only income, leaving no choice to the elderly but to share the little they have with children and grandchildren.

Note however, that even if the analysis includes all the children, there is still a large and significant improvement between the baseline in 2007 and the end of year one of the BIG.

2.10 General Health

A community such as Otjivero-Omitara suffers from a vicious circle of malnutrition, poverty, ill-health and lack of human development. All these factors are interconnected. An intervention such as BIG is likely to break this vicious cycle.

The situation in 2007 was desperate. Poverty prevented many residents of Otjivero-Omitara from seeking treatment for illnesses. The nurse explained that many were unable to pay the clinic fees of N$ 4. She explained that she would still treat people 'on credit', but many apparently felt too ashamed to go to the clinic without pay-
2.10 General Health

As a result they tended to go to the clinic only when they became very sick. She thus expected the BIG to have a major impact on clinic attendance – and on the capacity of people to pay the clinic fees.

She was subsequently proved right when she reported in June 2008:

*The big change that I noticed was payment for the clinic’s services. People are paying now and the statistics look good. Our administration (the Ministry of Health and Social Services) is now happy with the money that comes in.*

The clinic records of 2008 show that whereas in a typical month in early 2007, the clinic had an income of about N$ 250 per month, after the introduction of the BIG in 2008, the clinic reported a fivefold income increase to nearly N$ 1,300 per month. This is because more residents came for treatment because they could pay the $4, and felt comfortable exercising their rights. The increase in clinic attendance was not caused by an
unusual spate of illnesses or a sudden epidemic\textsuperscript{16}, but rather by people seeking medical attention for common complaints, which they had suffered without the benefits of health care in the past. Importantly, the nurse said that since the introduction of the BIG, she had observed a reduction in the cases of severe diarrhoea, while the people coming to the clinic in 2008 were mostly treated for more common sicknesses like flu and coughs. In short, it can be observed that since the BIG, Otjivero-Omitara has benefited from better nutrition and better health care – and hence that the quality of life has improved. This supports the results of the previous section on the improvement of the nutritional status of adults and children which, in combination with a better access to ARVs, led to improvements in general health of the population in Otjivero-Omitara.

\textbf{HIV and AIDS}

The nurse has been actively involved in the government’s HIV prevention and treatment program. She has educated the community about HIV prevention and the need for safe sex. She said:

\begin{quote}
“HIV/AIDS is the biggest health challenge in Otjivero. People here don’t work and the people who work on the farms come to Otjivero to drink. That’s when the people who don’t have food in their houses come to sell their bodies. However, things have improved since the clinic was opened in January 2002. There is a very big difference between the situation in 2002 and 2007. We are providing education about AIDS and how people can get HIV... At the beginning we had to explain what AIDS is because people still lived in the old days... Today people use a lot of condoms and come to the clinic to collect them We also give them health education. There are not so many STDs any longer... We have a support group for HIV patients and people are now openly talking about their HIV status.”
\end{quote}

\textsuperscript{16} There was also no increase in incidents of ill-health in our sample between November 2007 and July 2008.
2.10 General Health

In spite of progress, HIV/AIDS was still affecting most households in Otjivero-Omitara. For example, 78% of households that had experienced a death in the past two years indicated that it was AIDS-related.

Access to ARVs was often hampered by poverty and lack of transport. Interviewed in November 2007, the nurse explained:

“HIV positive people have dates at which they must collect their ARVs. They must go every month but they don’t have work, they don’t have income; they don’t have people who can help them. The only thing I can do is to ask the ambulance to take them to Gobabis. Not all people who are HIV positive are on ARVs because they can’t get transport to Gobabis. It costs them about N$ 100 to take taxis from Otjivero to Gobabis and back. Then they are hungry but have nothing to eat...

The nurse expected that the main impact of the BIG on the lives of HIV-positive people would be to give them the means to travel to Gobabis to collect their ARVs. As it turned out, however, this proved unnecessary because the doctor in Gobabis was persuaded by the nurse in March 2008 to come to Otjivero to deliver the ARVs to the growing group of ARV patients there:

“The situation of people in Otjivero on ARVs has improved. The doctor is now coming to Otjivero and people don’t have to spend N$ 70 for a trip to Gobabis. How must they come back? ARVs are free of charge but transport is expensive and so we talked to the doctor [in Gobabis]. He is coming here every month to bring ARVs and to take measurements”.

The number of people receiving ARVs increased from three in late 2007 to 36 in July 2008 – a twelvefold increase. This, of course, took place in the context of the Namibian Ministry of Health’s proactive national ARV rollout. However, some people in Otjivero-Omitara have expressed the view that the ARV rollout only came to Otjivero-Omitara because of the public attention focused on the area as a result of the BIG pilot project.
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Whatever the relationship between the BIG and the ARV roll-out, it is nevertheless fair to say that the BIG greatly assists people living with AIDS. People on ARVs need to be well nourished to benefit fully from their treatment. The BIG provides them with the opportunity to improve their diet. The BIG can benefit HIV-positive people in other ways too, as was the case for Johannes Goagoseb.

**The case of Johannes Goagoseb**

Johannes lives in Otjivero and has been living with HIV for about 3 years now. In 2007 he lost first his daughter and then his girlfriend who both died as a result of AIDS. He is unemployed and struggled to get his ARVs from Gobabis. As a result, he went hunting the day before he had to travel to Gobabis to get his ARVs from the Gobabis hospital. The next day, on which he was supposed to travel to Gobabis, he was arrested for illegal hunting.

This is his story as told in November 2007:

I came to Otjivero long before my parents came to Otjivero. I am 43 years old and worked at the Omitara hotel. Before I came to Otjivero, I worked at a farm called Hummels in the vicinity of Omitara. I lost my work after I fought with my colleague at work after which my employer chased me away. So I came to Otjivero and after some time I got employed at the Omitara hotel. Ever since my employers sold the hotel two years ago, I am jobless. In 2004 my parents came to Otjivero and since then I live with them.
During the illness of my girlfriend I also went for a HIV test on the advice of the clinic nurse. Although it was hard for me to believe it, I found out that I am also positive. I was very much disappointed but could not do anything else but had to accept the reality. From the beginning of this year, I became very sick, and since then I received Anti-Retroviral (ARV) treatment. The Omitara clinic does not provide ARVs but only pre-treatment. When the drugs finish, I have to struggle to get money to travel to the Gobabis hospital to get my medication. It is always a struggle to get money for transport to Gobabis. One cannot take these drugs on an empty stomach, but the main problem here is hunger.

Photo 14: Parents of Johannes Goagoseb (Nov 2007)

It is because of hunger and especially to get transport money to travel to Gobabis for my ARVs that I am imprisoned today. On the previous day, I went into Mr. Held’s farm and hunted one warthog in order to sell the meat and get some income. But on the next day, on which I had to travel to Gobabis to get my ARVs, I was arrested after the police followed my footprints to our house. I tried to explain my situation to the police, but they arrested me. Since the week I was arrested and put in the
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Witvlei prison until now that I am in Gobabis main prison, I have not received the ARVs. Due to this break ... I am now receiving TB treatment in prison.

In July 2008, we visited Johannes again, this time at his house in Otjivero. Both Johannes and Adolfine, his sister, who is also HIV positive, were looking far healthier than they were before the introduction of the BIG. Johannes was released from jail on 11th March 2008 after paying his fine with the money he received from the BIG and he explains how his life has changed due to the introduction of the BIG:

Photo 15: Johannes Goagoseb - reunited with his family (July 2008)

Our expectations are definitely met with the introduction of the BIG and we feel good and really happy that Otjivero was chosen for the BIG. The hundred N$ we receive seems small but it is a blessed money. Many things have changed in our lives. We have bought blankets, clothes, school clothes, paid school fees and a strong plastic to put on the roof of our house. We do not any more suffer from the severe hunger we were in before we started getting the BIG. We don’t any more buy only maize meal but also different kinds of food. Sometimes we also buy vegetables. We have still
2.10 General Health

lots of things to buy but the money is not always enough so we plan carefully. One good thing is that we don’t spend any more money for transport to Gobabis to get our pills (Antiretrovirals), but the doctor himself comes to Otjivero every month. So we get our treatment on time that’s why we look so good and well. The people of Otjivero have changed a lot. We don’t any more hear of people complaining of hunger or asking food around. The theft cases have also reduced tremendously. Many people bought corrugated zinxs and repaired their houses. We buy most of the time wood, thus we don’t have any more many cases of people stealing wood. Fightings and strong alcohol use have really been reduced. We don’t any more hear of people fighting. (Johannes and Adolfine Goagoses, July 2008)

His story bears testimony to how the health status as well as the living conditions of people living with HIV improved since the introduction of the BIG. It shows how the BIG can complement and strengthen the Government's efforts to provide ARVs to all who need them.

2.11 Education

Otjivero-Omitara has had a primary school, which is located in the centre of the settlement since 1996. It has the potential to improve the prospects of Otjivero's children, but at the time of the baseline survey in November 2007, financial problems were keeping many children out of school. In addition, the school reported that the lack of adequate nutrition of many children had a negative impact on the performance. Due to the lack of payments of school fees, the school had very limited financial resources and leverage to improve the quality of education.
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Some 77% of the respondents reported that they could read and write in at least one language, while 23% said they were illiterate.

Almost half (49%) of the households with children of school-going age indicated that their children did not attend school regularly. Nearly half of them said this was due to financial reasons, while 21% cited ill health or the lack of an adequate school feeding scheme as the main reasons.

Schooling opportunities are limited for the children of Otjivero-Omitara. As of November 2007, the primary school catered for about 250 children in grades 1-7. The teachers reported that only about 20-30% of the children did well, while the others were struggling. Pass rates stood at about 40% and drop out rates were high. Only few children managed to complete grade 7 and to further their schooling in Gobabis, Windhoek or Gunikhas. This state of affairs was directly linked to the widespread poverty, as the teachers explained:

“Most learners are more interested in pots than in schooling... Many children stay away from school if they don’t receive food. Our school is part of the
2.11 Education

school feeding scheme but sometimes there is no pap. Sometimes they get some meat, about once a week, but there are no vegetables or fruit.”

Another problem was the parents’ inability to pay the school fees of N$ 50 per year, due to their poverty. Teachers also pointed out the difficulty of enforcing children to wear school uniforms:

“Some children don’t have school uniforms at all, others have uniforms of other schools. We tried to solve this problem in 2005 but we could not.”

Teachers were aware of the many problems that their learners had to confront, including the difficulty of finding a place to study and read after school. Therefore they introduced study time at school in the afternoons which helped some of the students. However, the root cause of the problem was identified by the school’s teachers:

“Unemployment and poverty are the causes of most problems. For the young people, grade 7 at our school has become like their matric. Some go for further schooling but some return after just one term. They lack the discipline, or the money, or don’t find a place in the hostel. Some also struggle to adjust to life in bigger places. Because of unemployment, the parents can’t afford to send their children for further schooling.”

The BIG has a very positive influence on the educational circumstances of children in Otjivero-Omitara. The school teacher described the changes as follows:

There are changes at the school even though not hundred percent changes. Some of the changes cannot happen overnight. (...) Most of them are having school uniforms, blue shirts, their grey shorts and shirts. They even have shoes. (...) The parents are even giving the teachers some N$ 50 saying buy my child some shoes when you go to town. (...) Even when you look at them [the children] they are
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clean which was not like that before. You can see this one has been washed, soap has been bought so that the uniforms can be cleaned, the hair is plaited.

The primary school’s principal noted that payment of school fees had improved significantly since the introduction of the BIG and substantiated by the receipts provided by the school, in 2008, 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 that school.

Photo 17: The school’s reports show a 90% payment rate of school fees after the introduction of the BIG
Graph 2.11-1 shows the non-attendance due to financial reasons. In spite of the impact of substantial in-migration of children to Otjivero, the number of children not attending school due to financial reasons dropped by 42% from 12 to 7 in November 2008. Six of the seven not attending school came from households that had drawn migrants who were not receiving the BIG.

Since the introduction of the BIG, the number of children not attending school due to financial reasons dropped by 42%.

**Photo 18: Proud to be at school**

Graph 2.11-1
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The principal further reported that drop-out rates at her school were 30-40% before the introduction of the BIG. By July 2008, these rates were reduced to a mere 5% and by November 2008 to 0%.

At the beginning of 2009, the principal of the school also reported a further improvement for those learners who finished at the Otjivero School, as for the first time a group of 9 learners, who passed grade 7, left Otjivero and are able to attend Secondary School.

It was not only in the primary school where changes have taken place. School staff and parents alike noted the improved use of pre-primary school facilities.

Photo 19: Enrolment at the crèche increased from 13 to 52 after BIG

“We had a crèche with only 13 children last year and this year the number increased to 52 children because many parents now have the money to pay for the children. If you go to the primary school you will notice that most of the children have school uniforms and they are clean and happy”. (Adam Tjatinda)

The kindergarten teacher, Mathilde Ganas, added:
2.11 Education

“There is a tremendous change [since the introduction of the BIG]. The children come to school clean, on time and well fed. When it is break time we send the children back home to eat and they now come back on time. In the past, when we sent them home, most of them never returned...because the parents did not have food to give them and therefore they could not return back. Before the Basic Income Grant things were really bad and it was difficult to teach the children. Now they concentrate more and pay more attention in class. They are generally happy because they have enough to eat at home.”

Likewise, the teachers at the primary school pointed out that:

“Learners used to come to school with empty stomachs but now this is no longer the case. Before [BIG] the learners did not concentrate in class due to hunger but now they are more energetic and concentrate more, thus there are better results now.”

Photo 20: School performance and attendance improved after the BIG
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Thus, the BIG has significantly contributed to an improved environment as far as schooling and child development are concerned. This happened without any outside pressure or attachment of conditionality to the cash transfer. People themselves decided what was good for their children. All they needed was the income to do so.

2.12 Economic activity, income, and expenditure

Employment

The pilot project aimed to investigate whether the introduction of the BIG would result in people choosing not to work, (i.e. withdraw from the labour-force), or whether it would help them find work (by financing their job search), or enable them to start their own businesses (by providing start up money and by increasing the buying power of others in the community). This section therefore explores trends in economic activity over a 12 months period.

Graph 2.12-1 looks at the unemployment rate among the potential labour force (adults aged 15 and above) who were present in the data throughout all three surveys and is hence able to show the impact of BIG on economic behaviour.
The graph shows a decrease of the number of unemployed people from 60% to 45%. To put it differently: since the introduction of the the BIG, employment rose from 44% to 55% of those aged 15 and above. It is important to note that the actual labour force increased slightly while the labour force participation rate increased as well. The data thus provides evidence that the BIG did not result in people deciding not to work. On the contrary, the BIG facilitated greater labour-market participation and employment.

**Income**

The positive employment trends were accompanied by an increase in income. The following graph depicts the average monthly per capita income:
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Graph 2.12-2 shows that the BIG had a major and direct impact on income growth and that personal incomes rose substantially more than the actual grant paid out. This is despite the impact of in-migration into the area. The BIG has hence had positive direct as well as indirect effects on income generation. By providing the BIG as a small source of secure income, people were able to increase their productive income earned. Again, this refutes the notion that people would withdraw from productive work. This is an important finding especially in times when countries struggle to positively stimulate their local economic development. The stimulus created by the BIG resulted in a sustained personal income increase beyond the money given from the outside. The mean income – excluding income from the BIG – increased on average by 29% in just one year.

The stimulus created by the BIG resulted in a sustained personal income increase beyond the money spent from the outside. The mean income – excluding income from the BIG – increased on average by 29% in just one year.
The following sections analyse in greater detail the economic impact by looking at the household income of the panel broken down into the sources of income.

### Sources of Household Income

<table>
<thead>
<tr>
<th>Mean household income by source excluding BIG (panel)</th>
<th>Nov 07</th>
<th>Nov 08</th>
<th>Increase / Decrease in %</th>
</tr>
</thead>
<tbody>
<tr>
<td>Wages</td>
<td>N$ 581</td>
<td>N$ 692</td>
<td>19%</td>
</tr>
<tr>
<td>Self-employment</td>
<td>N$ 170</td>
<td>N$ 681</td>
<td>301%</td>
</tr>
<tr>
<td>Farming</td>
<td>N$ 42</td>
<td>N$ 57</td>
<td>36%</td>
</tr>
<tr>
<td>Remittances</td>
<td>N$ 103</td>
<td>N$ 82</td>
<td>-21%</td>
</tr>
<tr>
<td>Government grants</td>
<td>N$ 199</td>
<td>N$ 285</td>
<td>44%</td>
</tr>
</tbody>
</table>

*Table 3: Household income*

The main source of household income growth was in self-employment. As can be seen from the table above, income from all sources (except remittances) rose over the year of the study. The fall in remittances (typically remittances are contributions by extended family members supporting poor rural households through cash or in kind transfers) no doubt reflects the reduced need in Otjivero-Omitara to be supported by relatives elsewhere. The sharp rise in contributions from self-employment speaks for the improved earnings from self-employment after incomes were boosted in the area by the BIG, as well as the growth of new self-employment activities. Self-employment has grown to the same level as wages.

Most small enterprises which emerged following the introduction of the BIG were in retailing, brick-making and the manufacture of clothing. According to the respondents, the BIG was central in providing start-up capital and external demand. This is supported by the following remarks from residents of Otjivero:
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“Since we get the BIG I bought materials and I am making three dresses that I sell for N$ 150” (Emilia Garises).

“I started my business of making ice lollies right after the BIG started.... The demand for ice lollies is big because I make the biggest ice lollies in the settlement. I sell one ice lolly for 50 cents and I make 50 a day... With the BIG, people have money to spend, that is why I make the ice lollies” (Belinda Beukes).

“I started my tuck-shop in August this year (2008) after the introduction of the BIG. The BIG came to our place like a miracle, and I will constantly thank God for his grace. The BIG made it possible for me to start a business I never dreamed of. Now I am able to sell food, soft drinks and a bit of alcohol. My profit per month is about 800.00 to 1000.00. I believe, by giving this money to all Namibians will also force the young people like me to start using their skills and talents” (April Isaacs)
“I started the brick-making business in 2006 but had to stop it due to a lack of finances. After the BIG was introduced... I started again with it. From one cement bag I make 250 bricks. The bricks are standard and I sell them for one dollar. I get the sand for the bricks from the river. It is still a family business which I plan to expand in the future if I get more finances. Bricks are in demand so I will need more manpower in order to serve the interests of the people here at Otjivero. I am very optimistic that this project will expand with the BIG and employ more people” (Joseph Ganeb)
“We started the project last year but we had to stop due to a lack of funds and materials. We resumed full force in January 2008 after we received the BIG money. We are six women who are involved in the project... We make dresses, especially Nama cultural dresses because most of our clients are looking for them. We have clients from as far as Gobabis, Witvlei, Windhoek and from the surrounding farms. When there are occasions like weddings and funerals, we make good sales... One dress is about N$ 150 and we make about N$1,500 – 2,000 per month. We have opened a bank account in Windhoek where we do our savings” (Rudolfine Aigowas).
“After the introduction of the BIG I started my business. I bake traditional bread every day. I bake 100 rolls per day and sell each for one dollar... I make a profit of about N$ 400 per month. My business is good and I believe that it will grow. The only problem that I have is the lack of fire wood. It is often hard to get wood. But I made an application for additional help to the government in order to expand my business” (Frieda Nembwaya)
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“...The introduction of the BIG made it possible for me to start my tuck shop. It is a very small business but people support it a lot... I mostly sell sugar, tea, maize meal, sweets and popcorn. We make about N$ 800 – 1000 per month. I also sell self-made materials for donkey carts. I buy my stock in Gobabis, travelling on the train” (Alfred !Nuseb)

“I started my project in August this year (2008) after the introduction of BIG. As you can see, I made those dresses and one cost N$150-00-, If I make 5 dresses then I make a profit of N$750, in three weeks time. People are very much eager to support my business. ...I will continue to pray that the Otjivero community will use the money for the real needs so that through us, the entire Namibia will get the BIG” (Emilia Garises).
2.12 Economic activity, income, and expenditure

The evidence suggests that the BIG has helped people to become economically active and to raise their participation in economic activities. Far from discouraging work, the BIG has empowered people to raise their incomes further.

**Expenditure and assets**

The increase in income appears to have facilitated an increase in savings. Six months after the BIG was introduced, 21% of respondents reported saving some of their BIG money (amounting to an average of 7.2% of BIG money). We obtained independent confirmation that the BIG was linked to a large increase in savings activity in Otjivero-Omitara. According to Laurensia Nowases from the NamPost Post Office in Omitara:

> I work here for some years and before the introduction of the BIG only very few people opened the smartcard saving account. But after the BIG was introduced, 100 people opened their smartcard saving accounts and they are still coming. There are also parents who opened smartcard accounts for their children. I can also say that the pensioners who used to spend their pension money on food and children are now able to make savings for themselves at the post office. The post office also makes good business and it stays busy nearly the whole day. About 38 people also took out funeral policies of Old Mutual and pay N$ 9.99 per month. I realise that the BIG is a great help and real solution to poverty. (Laurensia Nowases – NamPost Omitara, July 2008)

This increase in savings activities is in line with the stated intentions of the respondents. When asked in November 2007, 40% said that they intended to save some of the money. Thirty-two percent said they wanted to use part of the money to fix their houses, 9% said to plan to invest in livestock and 11% said they would pay back debt. These types of expenditure are geared towards improving the quality of life and long-term security. Such expenditures make perfect sense.
given that the people of Otjivero-Omitara knew that the BIG pilot was only going to last for two years.

Debt is not necessarily a bad thing. Used wisely, debt can help households escape poverty by enabling them to borrow money to help start businesses, or to purchase capital assets (like tools, or cars and houses). Low levels of indebtedness to local shops can also help ensure that the household has access to food, even when monthly incomes have run out. This 'consumption smoothing' can help households escape the hunger and malnutrition that may otherwise be caused by shortages of cash. However, if households accumulate more debt than they can cope with, then the debt burden itself may become a cause of poverty – especially when high interest rates result in the debt burden growing faster than the income of the household that owes it.

The BIG could help households reduce their existing debts to shops, but we did not expect 'consumption smoothing activities' to end altogether. This is because households may choose to allocate the BIG to large once off payments (such as school uniforms, school fees, home renovations, small business start-up costs etc) and hence may still find it useful to be able to buy on credit from the local shop.

In June 2008, 41% of the respondents reported to be using the BIG to help pay back debt, but only 9.4% of total BIG payments were allocated to that purpose. This suggests that a large number of people are paying back debt, but that the amounts are small. This is consistent with the picture provided by total household expenditure during the first six months which saw an increase in the average monthly debt repayment from N$ 186 to N$ 200. Some households paid off their debts altogether – whereas others increased their debts. The data shows that 80% of the reported changes in debt were for amounts smaller than N$ 500. Most of these debts were owed to the local shop.

According to data from the survey conducted a year after the BIG was introduced, average household debt (for those households reporting debt) had fallen from N$ 1,215 to N$ 772, with over twice as many house-
holds reducing debt compared to those who increased it.

Analysis of the data shows that levels of debt fluctuated during the first six months after the BIG was introduced. Most reduced their debts while only eight increased their debts, and by typically small amounts. Interestingly, 16 households who were not indebted in November 2007 had accumulated debts by July 2008. Again, these were mostly small amounts owed to the local shop. Only two households experienced a large increase in debt – and these were for fixed assets (furniture and a motor vehicle).

As regards the accumulation of household assets, there are some indications that people have purchased useful consumer durables. For example, the number of households reporting working stoves rose from 31% to 43% during the first year following the introduction of the BIG. The number of households reporting owning a working tool box rose from 40% to 59%. However, for the most part, the stock of household assets has not changed dramatically. The picture is different, however, with regard to livestock.

When the respondents were interviewed in November 2007, 9% explicitly mentioned their intention to purchase livestock with their BIG. At that time, only 29% of households had any large livestock. A year later, this had risen to 39%. Similarly, the percentage of households reporting ownership of small livestock rose from 19% to 37% and ownership of poultry rose from 42% to 59% over the same period. This is a significant increase in asset accumulation as people use livestock as a form of savings (and as a form of food security). Those reporting a vegetable garden fell from 40% to 30% during the first six months of BIG and then rose again up to 39%. This can probably be attributed to seasonal fluctuations in agricultural activity.

In November 2007, a third of the respondents indicated that they would be using part of the BIG money to renovate their homes. There are strong and visible indications from the data and the observed changes in the community that this has happened. For example, the average number of rooms in households rose from 2.6
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(baseline) to 3.2 (six months) to 3.3 (one year). Over a fifth of households indicated that they had improved the roof of their homes (mostly with corrugated iron, but also with plastic and canvas) and many indicated that they intended to renovate and expand their homes later.
3.1 Affordability

The debate around a Basic Income Grant in Namibia raises important questions about the affordability of universal cash transfers and their long-term economic impact. This section provides evidence from a micro-simulation accounting exercise that calculates the gross and net costs of the proposed intervention. This section also presents emerging global evidence on the likely economic impacts.

**The cost of a Basic Income Grant**

The first step in estimating the cost of the grant is to model the number of individuals eligible to receive the grant. Since the Basic Income Grant is universal, this number is the entire population. However, the universal State Old Age Pension already covers those above 60 years. When a person turns 60 the person will move from the Basic Income Grant to the higher Old Age Pension, which would remain as it is. The cost of the universal Old Age Pension is already a public obligation and does not pose any additional cost. The population estimate associated with Namibia’s National Household Income and Expenditure Survey (2003/2004) was 1.7 million people, and the UNFPA estimates Namibia’s population growth rate as 2.6% per year, implying a population in 2009 of 2.1 million people.

Assuming a grant size of N$ 100 per month, and given an estimated 150,000 of older people receiving the Old Age Pension, an estimated 1.9 million people would receive the Basic Income Grant (excluding those receiving the Old Age Pension—whose grant amount would be
considered part of the existing payment). The gross cost of the grant would amount to N$2.3 billion per year—calculated by multiplying the grant size by twelve months by the recipient population. The gross cost of the grant, however, is not the relevant cost measure. For many tax-paying recipients, the grant is essentially a tax rebate. Part of the additional taxes raised to pay for the grant are simply returned to the taxpayer in the form of their own grants—similar to the stimulus tax packages popular in many industrialised countries that are tackling the global financial crisis. The relevant cost measure is the amount of additional taxes raised from taxpayers that yield real payments to lower income Namibians. This amount is referred to as the net cost. It is important to mention that only since it is a universal grant the tax system can be employed to recuperate gradually the money from those not in need and progressively redistribute from the higher income earners to the poor, without risking to adversely affect certain sections of the lower income earners.

The net cost is estimated using a micro-simulation model based on Namibia’s National Household Income and Expenditure Survey (2003/2004), with nominal figures grown to 2009 equivalents using the Consumer Price Index, and population estimates aged to 2009 equivalents using the UNFPA population growth estimate. The net cost depends on the taxes recuperated from upper income recipients, which in turn depends on the structure of the associated tax adjustments. Depending on the mix of direct and indirect tax adjustments, the net cost ranges from N$1.2 to N$1.6 billion—from 2.2% to 3.0% of GDP. The actual net cost will depend on how it is financed—with a VAT-financed grant leading to a lower net cost, while greater reliance on income taxes raises both the net cost and the total amount transferred to the poor.

For example, through moderate adjustments in the marginal tax rates with a top marginal tax rate on higher incomes to 38%, and increasing the Value Added Tax rate by two percentage points, will yield an estimated additional tax collection of N$ 1.7 billion—of which N$ 1.0 billion would be returned through the Basic Income Grant to the very same taxpayers who are paying for it.
3.1 Affordability

This reduces the net cost of the intervention to N$ 1.3 billion, of which N$ 0.7 billion would be covered by these tax adjustments. This leaves another N$0.6 billion to be covered by additional tax adjustments\(^\text{17}\). On a household level the effect can be demonstrated through the following examples:

1. An average household, which has no income at all would receive an additional income of N$ 498 per month.

2. Equally, a typical household with a low paid income earner of N$ 20,000 per year, would receive an additional income of N$ 498 per month.

3. An average household with a middle income earner of N$ 46,000 per year, would no longer receive the full benefit, but would still receive an additional income of N$ 217 per month.

4. An average household in the higher income group with an income earner of N$ 300,000 per year would pay a higher net tax of N$ 1,270.\(^\text{18}\)

These examples are based on pure tax adjustments to recuperate and to finance the BIG. However, there are other options to finance the BIG as well and the final financing will depend on the policy decision taken and could be one of the options or a combination thereof. For example, if a royalty tax on fishing and mining or tourism is used to finance the BIG it would ensure that the total population has a stake in the national resource of the country. Last but not least budget re-prioritisation could be employed to finance the BIG.

\(^{17}\) It is noteworthy that this is an overestimate of the costs, since household data underestimates the top income e.g. in the data set available nobody indicated to earn more than N$750,000 per year.

\(^{18}\) This is based on a household with 2.7 members, which is the average household size in this income bracket. It is noteworthy, however, that the bigger the household is, the more the net-cost to the household drops. This is so since the ‘additional’ members also qualify for the BIG and hence bring additional income into the household. The net costs to the household hereby drop by the ‘additional’ number of people times the net BIG per month.
Section 3: A national Basic Income Grant

The second step in assessing affordability is determining how much additional tax revenue Namibia can afford. Economists usually address this question with “tax effort” analysis, a type of econometric modelling based on cross-country comparisons. Tax effort models evaluate the taxable capacity of a country based on the structural characteristics of the economy and the country’s ability to raise taxes. The graph below documents the growing tax capacity of the Namibian economy from 2001 to 2007.

![Graph showing tax capacity of Namibia from 2001 to 2007](image)

According to the econometric analysis, Namibia’s taxable capacity exceeds 30% of national income. Yet Namibia’s actual tax collection and projected tax collection over the medium term horizon has been falling. Namibia’s excess capacity to raise tax revenue significantly exceeds the net cost of a Basic Income Grant under all the financing scenarios.

### 3.2 Sustainability

The preceding analysis documents the short term affordability of a Basic Income Grant for Namibia. Estimates of the net cost in the first year range from 2.2% to 3.0% of Gross Domestic Product, while Namibia’s excess taxable capacity exceeds 5% of national income. More important than short term affordability, however, is the question of sustainability. What are the long term
3.2 Sustainability

prospects for the affordability of the Basic Income Grant in Namibia? The answer to this question depends on the impact of the grant on household well-being, labour productivity and the macro economy.

International experience with social grants documents the positive impact on household well-being. Low income households that receive social grants spend nearly the entire amount on food, education and transportation—expenditures that support long term household well-being. Children in households that receive social grants are more likely to attend school, and this effect is particularly strong for primary school-age girls, supporting gender equity effects. Social grants are associated with significantly greater household expenditure on food, and children in households receiving grants have lower rates of hunger, even compared to households with similar income levels. Social grants reinforce developmental household spending.

The household spending effects improve labour productivity, providing a means for households to accumulate human capital that can help to break the poverty trap afflicting low income households. International studies document how social grants increase labour force participation by very low income households. In addition, job-seekers from households receiving social grants are more likely to succeed in finding employment than comparable income job-seekers from households that do not receive grants. Social grants provide security, and this security increases the likelihood that unemployed potential workers will invest in job search. In the absence of the security social grants provide, job search is too risky, particularly when the likelihood of success is low. Workers in households that do not have access to safety nets cannot afford the risk that the few resources they have available will be squandered in futile job search—and this insecurity traps them into poverty. The Basic Income Grant is not so much a safety net but rather a springboard that lifts the poor to more sustaining livelihoods.

In addition, the macroeconomic impact of social grants tends to reinforce economic growth and job creation, further supporting their affordability. Social grants shift
Section 3: A national Basic Income Grant

spending power from higher income groups to lower income groups, as taxes on the more affluent finance grants to the poorest in the country. Upper income households spend a greater proportion of their income on imports and goods produced with capital-intensive technology. Neither of these spending patterns supports job creation in Namibia. The poor, however, tend to spend a greater proportion of their income on goods produced in Namibia—and goods produced in a relatively labour-intensive manner. As social grants shift spending power to the poor, the demand for goods that create jobs in Namibia increases. A Basic Income Grant is also likely to increase social stability, which is a precondition for sustainable economic development.

These economic effects increase the affordability of the Basic Income Grant over time. The improvements in household well-being reinforce the poverty-reducing income effects of the grant, improve labour productivity and support household human capital accumulation. In addition, the improvements in nutrition, education and health reduce the direct expenditure obligations of government, further supporting the affordability of the Basic Income Grant. For instance, a child who attends school and has the resources for proper nutrition is more likely to succeed, reducing the government’s expenditure on repeat rates. This child is more likely to grow into an adult who can find a job, contributing taxes that further support the Basic Income Grant’s affordability. As adults, people are less likely to suffer from chronic and debilitating diseases if they had proper nutrition as a child. Diseases that often increase the expenditure liabilities of the government can be reduced significantly. In addition, the labour market and macroeconomic impacts of the Basic Income Grant support long term sustainability.

The Basic Income Grant is not an added burden at a time of economic crisis, but an appropriate intervention.

The following section highlights some of the emerging global evidence on the impact of cash transfers on economic growth in developing countries
3.3 Cash transfers and economic development

An emerging evidence base demonstrates that cash transfers promote economic growth. Policy makers do not necessarily face a trade-off pitting social against growth objectives – but rather have the opportunity to engineer a virtuous circle of increased equity promoting growth supporting further improvements in equity. There are at least nine paths through which cash transfers promote economic growth. Most of these mechanisms work by increasing overall economic efficiency—through better policies and strategies, improved resource allocation (increasing employment, human capital development and other investment and reducing discrimination), and by more effectively taking advantage of the economy’s capacity.

1. Cash transfers can generate gains for those groups who might otherwise be disadvantaged by specific elements of a pro-poor growth strategy, providing a balancing function that can enlist stakeholder support for the reforms necessary to sustain long-term growth. Labour unions in Nepal, for example, have identified effective cash transfers as a prerequisite for necessary labour market reforms, the combination of which would enhance both equity and growth. Cash transfer initiatives have compensated the poor for reduced price subsidies in Mexico and Indonesia.

2. Cash transfers promote human capital development, improving worker health and education and raising labour productivity. Studies in South Africa and Latin America repeatedly document significant responses of health and education outcomes, particularly in response to both conditional and unconditional cash

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19 This section is based on a forthcoming paper by Samson et al for POVNET, please refer to the POVNET publication for the references
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transfer programmes and social health initiatives. Child benefits (particularly cash transfers) and school assistance packages improve school attendance, and education constitutes the single most effective HIV-prevention asset. Social cash transfers piloted in countries with high HIV prevalence (Zambia and Malawi) successfully reduce poverty in HIV/AIDS-affected households. The Child Support Grant in South Africa promotes livelihoods, improves nutrition and facilitates access to education.

3. Cash transfers enable the poor to protect themselves and their assets against shocks, enabling them to defend their long-term income-generating potential. Droughts in Ethiopia have significantly reduced household earning power as long as 15 years later. Cash transfers enable households to resist desperate measures and reduce future vulnerability. Cash transfers can assist households to maintain their consumption without selling productive assets.

4. Cash transfers mitigate risk and encourage investment. The downside of the riskiest and yet most productive investments threatens the poor with destitution. Cash transfers enable people to face these risks. For example, farmers protected by the Employment Guarantee Scheme in Maharashtra, India, invest in higher yielding varieties than farmers in neighbouring states. The risk associated with impoverishing health expenditures in rural China has adversely affected work migration and school enrolment decisions of households. Improved social risk management supports long-term pro-poor growth.

21 Irish Aid GPN (2007)
24 Dercon (2005)
5. Cash transfer programmes combat discrimination and unlock economic potential. In Bangladesh, Brazil and South Africa, transfers provided to women have a greater positive impact on school attendance by girls compared to boys. Empowerment directly tackles discrimination, improving society’s employment of human resources.

In particular, while gender inequality exacerbates the spread of HIV and AIDS, empowering and increasing resources in the hands of women improves child survival, nutritional status and school attendance. “When women are healthy, educated and free to avail of life’s opportunities, children also thrive. In households where women are key decision makers, the proportion of resources devoted to children is far greater than in those in which women have a less decisive role. Consequently, who controls cash transfers at household level is crucial in terms of AIDS and poverty mitigation, child survival and empowerment of both women and children.”

6. Cash transfers support the participation of the poor in labour markets, contributing to broader empowerment objectives. Job search is often expensive and risky. In South Africa, workers in households receiving social transfers put more effort into and are more successful at finding work than those in comparable households not receiving these grants. The impact of cash transfers on women’s labour market activity is about twice as great as that for men. Social health protection increases labour productivity by improving people’s health status and replacing inefficient risk-coping mechanisms, which in turn promotes employ-

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26 Samson et al. (2004, 2006)
28 HelpAge International (2006)
29 Irish Aid GPN (2007)
30 Samson et al. (2004), Samson and Williams (2007)
Section 3: A national Basic Income Grant

There is a need to better understand how more effective cash transfers for informal sector workers might promote access to sustainable decent employment.\(^3\)

An emerging evidence base is providing evidence of how cash transfer interventions support employment and entrepreneurial activities. Participants in Zambia’s cash pilot scheme use a significant proportion of the benefits to hire labour, for example in order to cultivate the land around their homes and consequently multiply the value of the social transfers while creating employment for local youth.\(^3\) Mexico’s Progresa (now Oportunidades) social transfer programme is associated with local economy impacts that improve consumption, asset accumulation and employment broadly within communities—for both programme participants and non-participants.\(^3\) Participants in Progresa invest a portion of their social transfers in productive assets and are more likely to engage in entrepreneurial activities, improving their potential for sustainable self-sufficiency.\(^3\)

7. Cash transfers stimulate demand for local goods and services, promoting short-term growth outcomes. In Zambia 80% of the social transfers are spent on locally purchased goods, supporting enterprises in rural areas. In South Africa the redistribution of spending power from upper to lower income groups shifts the composition of national expenditure from imports to local goods, increasing savings (by improving the trade balance) and supporting economic growth.\(^3\) A social account matrix analysis of the Dowa Emergency Cash Transfer (DECT) programme in Malawi found multiplier impacts from the payments broadening benefits to the entire community.\(^3\) In Namibia, the dependable spend-

\(^{31}\) GTZ GPN (2007)
\(^{32}\) Lund (2007)
\(^{33}\) Schüring et al. (2006)
\(^{34}\) Barrientos and Sabates-Wheeler (2006)
\(^{35}\) Gertler et al. (2005)
\(^{36}\) Samson et al. (2004)
\(^{37}\) See Davies and Davis (2007), which estimates multipliers ranging from 2.02 to 2.45
3.3 Cash transfers and economic development

ing power created by social pensions supports the development of local markets and revitalises local economic activity. However, the macro-economic impact for any given country will depend on the patterns of demand across income groups and the manner in which social transfers are financed.

8. Cash transfers help create an effective and secure state, promoting growth by building social cohesion and a sense of citizenship as well as reducing conflict. Social health protection, for example, is grounded in values of equity and solidarity, strengthening bonds of co-operation and reciprocity and thereby promoting social stability. A safe and predictable environment is essential to encourage individuals, including foreign investors, to work and invest.

The social pension, for example, in Mauritius contributed to the social cohesion necessary to support the transition from a vulnerable mono-crop economy with high poverty rates into a high growth country with the lowest poverty rates in Africa. Likewise, Botswana’s social pension provides the government’s most effective mechanism for tackling poverty and supporting the social stability that encourages the high investment rates required to drive Africa’s fastest growing economy over the past three decades.

9. Cash transfer promotes empowerment and growth by improving the negotiating power of workers, smallholder farmers and micro-entrepreneurs in the marketplace. Workers who have a better fallback position (provided by cash transfers) can search for a job that takes more effective advantage of their capabilities, rather than accepting the first job that becomes available. This raises

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38 Cichon and Knop 2003
40 GTZ GPN (2007)
41 Roy and Subramanian (2001)
labour market efficiency—by better matching workers
to positions that harness greater productivity and pay
higher wages, thereby reducing underemployment.
Small-scale producers with access to cash transfer be-

enfits are less compelled to sell produce at a loss in or-
der to survive—such as at harvest times when tempo-
ary gluts in food markets might severely depress prices.
Participants in one of Malawi’s social transfer pro-

grammes were empowered by the resources to invest in
their own farms during the planting season rather than
rely on dead-end casual employment for their immedi-
ate survival.\textsuperscript{42} Cash transfers enable the poor to engage
with the market system on a more equal footing, im-
proving its efficiency and legitimacy.

3.4 Local economic development

Unemployment stands at close to 40\% in Namibia. The
most affected by unemployment are rural people, wo-
men and youth. Local entrepreneurship opportunities
are also rare and often fail because of lack of cash to
enable local communities to support local businesses.
At present, economic growth tends to be in favour of big
business. In Namibia, the major beneficiaries are some
of South Africa’s major food and clothing chains such
as Shoprite, Edgards and Pep Stores who are often loc-
at\ed in urban centres. The fruits of economic growth
are not enjoyed by the large majority of Namibia’s poor
who have no work or who live on wages and salaries.
The gap between the highly paid and the lowly paid
continues to grow by leaps and bounds. Many Namibi-
ans remain poor and are not able to live on their mea-
gar incomes. The kind of economic growth we have wit-
nessed over the years has reduced purchasing power -
the ability to buy and pay for goods and services for
Namibia’s poor. The current growth path therefore con-
tributes to the sustenance of poverty rather than the
elimination thereof.

Formal and big business enterprises are not attracted
to rural areas. In addition, the absence of cash in the

\textsuperscript{42} Harnett and Cromwell (2000)
3.4 Local economic development

local economy prevents businesses and local projects from becoming successful and sustainable. Small and rural enterprises do not survive because only the larger enterprises benefit from economic growth.

_Growth can, and must, be re-focused from the global to the local, from the world-scale to the human scale. Of course not everything can be localised: ship, planes and car building, as well as mining, are obvious examples. But nobody needs to choose between sugar and tea-shirts, tables and carpets from all over the world. When production and consumption are geographically closer, many benefits follow’_ (New Economics Foundation, 2006).

BIG supports an economic growth that puts cash income into the hands of the poor. The people of Otjivero-Omitara have demonstrated that there are wider benefits to be derived from putting cash into poor communities. The results show that poor people did not choose to be dependent on the BIG forever, but have used the grant to diversify their incomes. In the absence of formal jobs, they were able to sustain livelihoods and activate local skills.

The people of Otjivero-Omitara have also shown the benefits that can be derived when the local and even national economy is driven by its people. BIG supports local economic development and promotes sustainable livelihoods for communities such as Otjivero-Omitara that have been facing long-term structural unemployment and overarching dimensions of poverty. BIG makes it possible for local people to be actors - not only consumers of goods and services.

Unlike most foreign businesses, local business owners have a better sense of the needs of the people in their own communities. The dresses that are made are the kind that the people in Otjivero-Omitara will buy, the brick making business was inspired by the wish of residents to improve their dwellings, and the tuck-shops offer the basic necessities that the people of Otjivero-Omitara need.
Unlike in the past when people were forced to buy from one local dealer in Omitara, they now have a choice. The BIG promoted diversity and choice for people in accessing goods and services.

### 3.5 Concluding remarks

The BIG pilot project in Otjivero-Omitara has shown the wide-ranging benefits of a universal income grant in addressing poverty. The findings contained in this report document the social and economic changes that occurred during the past 12 months – some of them being nothing less than spectacular.

The Basic Income Grant is more than an income support programme. It provides security that reinforces human dignity and empowerment. It has the capacity to be the most significant poverty-reducing programme in Namibia, while supporting household development, economic growth and job creation. A BIG has various developmental impacts. A grant of N$ 100 per person per month would generate a net benefit of over N$ 900 million a year reaching the rural communities in Namibia. It can be argued that this would work as an engine for local economic development. The poor would have the ability to spend larger amounts on locally produced goods and services. This would create more viable and sustainable opportunities for employment in the rural areas. Furthermore, if people are constantly confronted with economic insecurity, they will not be able to engage in entrepreneurial activities. The BIG would therefore provide income security, which has the ability to free resources for entrepreneurial risk taking. A BIG is not an added burden at a time of economic crisis, but an appropriate intervention that will stimulate demand - particularly for basic consumer goods.

The BIG is a form of social protection which reduces extreme poverty and supports pro-poor economic growth. As a national policy it would greatly assist Namibia in achieving the Millenium Development Goals to which the country has committed itself. These goals include the eradication of extreme poverty and hunger, the pro-
motion of gender equality, the reduction of child mortality, combating diseases like HIV/AIDS and malaria, and ensuring environmental sustainability. The empirical results in Otjivero-Omitara have shown that a BIG will have a positive impact in all these areas.

While the BIG alone cannot solve all of Namibia’s social and economic problems, it will certainly make a substantial contribution. One of our findings in Otjivero-Omitara was that the grant has reduced the dependency of young women on men for their survival. The BIG has given women a measure of control over their own sexuality, freeing them to some extent from the pressure to engage in transactional sex.

There is no doubt that the cost of a BIG is substantial - ranging from 2.2% to 3.0% of national income. As shown by the calculations in this report, Namibia has the capacity to mobilise the necessary resources without undermining financial stability. On the contrary, over time, as Namibia benefits from the long term growth impact, the Basic Income Grant will become increasingly more affordable. Moderate adjustments to VAT and income tax, alternatively royalties levied on natural resources, or a shift in budget priorities or a combination of these interventions, will make a national BIG an immediate option for Namibia. Its implementation is thus merely a question of political will.
Section 3: A national Basic Income Grant
3.5 Concluding remarks

The Basic Income Grant Pilot Project receives financial support from...