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A New Approach to Aid

How a Basic Income Program Saved a Namibian Village

By Dialika Krahe in Otjivero, Namibia

It sounds like a communist utopia, but a basic income program pioneered by German aid workers has helped alleviate poverty in a Namibian village. Crime is down and children can finally attend school. Only the local white farmers are unhappy.

The full, red Namibian sun is setting outside his living room window, the workers are returning to their corrugated metal huts, and Siggie von Lüttwitz is hitting a wooden table with the palm of his hand to explain why the experiment cannot work.

"They all drink, you know," he says, smoking an unfiltered cigarette, "and if you give them 100 dollars, they'll just drink more." By "they" Lüttwitz means the people of Otjivero, a settlement adjacent to his farmland. And by "they" he means people who are poor and black.

Lüttwitz, a Namibian of German descent, is a farmer. He is sitting at his dining table, which is covered with wax cloth. A calendar of prize bulls is on the wall. "Stealing, having children, that's what it's like here."

He pays his workers, his "cadets," the minimum hourly wage of 2.21 Namibian dollars, which is about 20 euro cents, as well as rations of meat and milk, which he believes is sufficient. He knows that the people in Otjivero are hungry. "They're poor wretches," he says, "and in some ways I feel sorry for them." But giving them money? "An idiotic idea," says Lüttwitz, insisting that it isn't the right way to teach them to be hardworking.

Is Africa Beyond Help?

Most farmers in the area agree with Lüttwitz, and so do most people in the Western world. The general consensus is that Africa's poor need to be educated first before they can be given the right of self-determination, and that they should be given food vouchers and wells, but no responsibility.

The African continent receives roughly €30 billion in annual development aid, through charitable organizations, humanitarian assistance projects or direct payments to governments. The money flows into thousands of aid projects, into things like well-digging and malaria prevention, but some of it also ends up in the private bank accounts of corrupt statesmen or is spent on wars, and often never reaches its intended recipients. Indeed, the results of half a century of aid to the developing world are devastating: Out of the 40 nations that the International Monetary Fund (IMF) categorizes as "heavily indebted poor countries," 33 are in Africa.

It seems that the financial assistance coming from donor nations is barely keeping the continent alive, which leads to two possible conclusions: Either development aid is not a solution, or Africa is beyond help.

In the small Namibian village of Otjivero, a coalition of aid organizations is attempting to prove that both conclusions are wrong. They insist that Africa can be helped -- provided it gets the right kind of help, which requires a new and different approach to aid.

The idea is simple: The payment of a basic monthly income, funded with tax revenues, of 100 Namibia dollars, or about €9 (\$13), for each citizen. There are no conditions, and nothing is expected in return. The money comes from various organizations, including AIDS foundations, the Friedrich Ebert Foundation and Protestant churches in Germany's Rhineland and Westphalia regions.

The organizers of the trial want to know what their subjects will do with the 100 Namibian dollars, whether they will invest the money or waste it on drink, and whether it will deter them from working or motivate them to work harder. Most of all, they want to know if it alleviates poverty.

'The Only Way Out of Poverty'

"This country is a time bomb," says Dirk Haarmann, reaching for his black laptop. "There is no time to lose," he says, opening documents that contain numbers he hopes will support his case. Haarmann and his wife Claudia, both of them economists and theologians from Mettmann in western Germany, were the ones who calculated the basic income for Namibia. And both are convinced that "this is the only way out of poverty."

Haarmann is a slight, unshaven man, quiet but determined. He is sitting at an oval wooden table at the headquarters of the Evangelical Lutheran Church at Churchstreet 8 in the capital Windhoek, talking about Namibia the way a doctor discusses a patient's symptoms. "Here,"

he says, scrolling through his statistics, "more than two-thirds of the population live on less than \$1 a day." His office is filled with ring binders and books with titles like "Being a Christian" and "Heaven is Open," and others like "Basic Income and Finances" and "Income Security." According to Haarmann, in no other country is income distribution as inequitable as it is here. "This will undoubtedly cause problems eventually."

Six years ago, at the request of their bishop, Haarmann and his wife established the church's social welfare group. Since then, they have been living and working on the church premises here in Windhoek, attending mass in the morning and devising ways to fight poverty in the afternoon.

"The basic income scheme," says Haarmann, "doesn't work like charity, but like a constitutional right." Under the plan, every citizen, rich or poor, would be entitled to it starting at birth. There would be no poverty test, no conditions and, therefore, no social bureaucracy. And no one would be told what he or she is permitted to do with the money.

The concept is being discussed in many countries of the world. In Germany, it has gained the support of politicians across the political spectrum, including Dieter Althaus, the conservative governor of the eastern state of Thuringia, and businessmen like drugstore chain owner Götz Werner. More than 50,000 German citizens have signed a petition to the German parliament, the Bundestag.

In a country like Namibia, says Haarmann, a basic income would achieve what conventional development aid could never do: provide a broad basis for human development, both personal and economic. The first major objective of the program is to feed 2.1 million Namibians.

Behind the Fences

The **pilot project** is taking place in Otjivero, a settlement of 1,000 inhabitants in a hot and dusty region 100 kilometers (62 miles) east of Windhoek. The village, home to people as thin as their livestock, has one school and one clinic. Until recently, the unemployment rate was over 70 percent, 42 percent of children were malnourished, and few children attended school. Instead, the place had a reputation for alcoholism, crime and AIDS. Otjivero is surrounded on all four sides by the electric fences of rich, white farmers like Lüttwitz. The settlement offers a cross-section of a society with people at the bottom and people at the top, but little in the middle. Otjivero is a microcosm of Namibia, Africa and the world.

In other words, Otjivero is the perfect place to test ways to make the world a more just place. The pilot project began in early 2008, says Haarmann, when he, together with the coalition of aid organizations, led by the bishop, introduced a basic income in Otjivero on a trial basis. Between now and December, each of Otjivero's roughly 1,000 residents under 60 years of age will receive the "Basic Income Grant," or BIG for short, of the equivalent of €9 a month,

initially paid for with donations. For a woman with seven children, this translates into 800 Namibian dollars a month, which is considered a moderate income.

In Haarmann's files, Sarah Katangolo's hut has been assigned the registration number eight. It is noon, and she is doing her bookkeeping, which involves crouching on the floor and writing a few numbers in the sand with her middle finger. She writes the number 5 to represent how many of her children go to school, then the number 40 -- the tuition per child each month --, and multiplies the numbers. She slowly writes the product, 200 Namibian dollars, or €18, in the sand. Under normal circumstances, says Katangolo, 39 and dirt-poor, this would be completely unaffordable.

Katangolo grew up on property owned by white farmers. She has never owned her own home or learned a profession or trade. She is standing in front of her hut, made of corrugated metal and flattened oil drums, wearing a Chicago Bulls stocking cap on her head. Her life has become more difficult since her husband died, she says, although it was difficult enough before that. She has never had work, but she does have children, who need corn porridge, clothing and medicine. "What can you do?" Katangolo has written in blue chalk on her plywood wall.

A Village of Entrepreneurs

Since the pilot program began, she believes that she has discovered an answer to this question. The basic income, which includes the money for her seven children, provides Katangolo with 800 Namibian dollars a month. She calculates that after deducting the tuition, she will have 600 dollars left to feed her children. She smiles.

She wipes away the numbers in the sand and walks into her hut. Inside, there is a makeshift kitchen that comprises a wooden board and a few plastic bowls. The hut smells of rancid fat and an open fire. Katangolo counts her supplies. It has been 10 days since the last payment date, she still has two sacks of flour, and she shakes a bottle of oil to show that there is enough left. She also gathers dry spinach in the bush, which, now that the people here have a little money left over, she is sometimes even able to sell. "And if it still isn't enough," she says, "I'll just sell a chicken." Katangolo used her first BIG payment to buy two chickens for 25 Namibian dollars apiece.

Within a year, the two chickens had produced 40 offspring. Nowadays she sells one chicken for 30 dollars. If she were to sell all her chickens, she says, she would have turned a profit, after deducting the cost of feed, of about 1,000 dollars (€87). Through the use of capital and investment, she has generated economic growth and profit, and has even managed to reinvest her capital. Thanks to the basic income program, Katangolo is now a businesswoman.

She used her initial revenues to buy seed corn, and she now has a few healthy-looking rows of corn growing in front of her hut. She has purchased new corrugated metal to expand her

hut, she is able to pay her children's tuition regularly, and sometimes she can even afford the luxury of macaroni instead of corn porridge, or a bus ticket to visit relatives in the north. "I would never have dreamed that this was possible," she says, giggling a little. Then she sits down on a plastic box and tells the story of how the money came to Otjivero.

'I'm Too Old for Lies'

It was two years ago, on a hot Tuesday in July, when a group of men and women from the city arrived in the village. They drove across the sand in their Jeeps and Volkswagens, raised a cloud of dust and, using a megaphone, announced that everyone in the village was to gather under a camel thorn tree. It sounded serious. Katangolo took along her children and an old tire to sit on, and walked the short distance to the gathering place.

Bishop Zephania Kameeta was standing under the tree. She had heard about him many times. He is famous man in Namibia, a man like Desmond Tutu in South Africa, who had played an important role in the struggle for independence. And there he was, standing in her god-forsaken village, with its poverty, filth and alcohol. There he was, Bishop Kameeta, standing on a white plastic table, microphone in hand, talking about the money that each of them was going to be given.

"We didn't believe him," says Katangolo, who lives in a country where nothing is free. But the bishop said: "I have not come all the way from the city to lie to you. Besides, I'm too old for lies." The visitors asked the people of Otjivero to go back to their huts and wait until someone came to register them, all 961 residents. Then they left. Six months passed, and nothing happened.

The next year, on Jan. 15, the group returned, and something astonishing happened: One after another, each resident received a plastic chip card imprinted with his or her name, a photograph and a fingerprint -- and, from a cash-dispensing machine they had brought along, the first red 100-dollar bill. The bishop had told the truth.

Buying Dignity

Bishop Zephania Kameeta is a man of faith, not of numbers. But people also need numbers so that they can continue to believe in God's righteousness, money to buy bread and clothing. "You cannot be rich and swim in a pool of poverty," says the bishop. "It's like swimming in a pool filled with sharks."

He is leaning back in a leather armchair in his office, with its mint-colored walls, two houses away from the Haarmanns. He is tired, exhausted by the effects of albinism and age, by jetlag and, most of all, by the world's injustices. He has just returned from Bangkok, where he spoke at a conference on the rights of the "untouchables." And now, after his 23-hour flight, he is back home, where hungry Namibians are waiting for his help. It never stops, he says.

Kameeta has spent much of his life fighting for causes. He was long politically active, fighting for independence and against apartheid, and he was arrested several times. Today, his fight is against hunger. The weapon he has chosen to wage the latest of his battles is an unconditional basic income, and the successes in Otjivero are his ammunition.

Those successes are certainly impressive. There are the women who travel to the city with their money, where they buy fabric remnants and make clothing to sell. And there is the man who invested his 100 dollars in cement and is now making concrete blocks. Another man opened a shoe repair shop. The residents have formed a committee of 18 people to provide financial advice. On payday, they walk through the village and ask the owners of bars not to sell alcohol until the evening, so that people don't waste their basic income on drink during the day.

Parents are now able to pay tuition, and the proportion of children attending school rose to 92 percent last year. The school has used the additional revenue to buy paper, pens and ink for its printers. The rate of malnourishment among the children has plunged from 42 to 10 percent. The local police crime statistics show a decline in theft and poaching. People with AIDS are responding more effectively to treatment, now that their nutritional needs are being met more consistently. "Suddenly the children were wearing shoes," says the teacher. A man went to see Dirk and Claudia Haarmann. Beaming from ear to ear, he asked: "Don't you see?" They asked him what he meant. "Don't you see? I now have trousers and a t-shirt. I am now a person."

Even dignity, it seems, can be purchased for 100 Namibian dollars a month.

Fast Progress

Robert McNamara, the former president of the World Bank, famously once said that there are two kinds of poverty: relative and absolute poverty. A relatively poor person is someone whose income is far below the average income in a country. Absolute poverty, in his definition, is suffered by those who live life on the extreme periphery of existence, those who fight to survive in a state of neglect and degradation. Until recently, the people of Otjivero lived in absolute poverty.

Before the introduction of the basic income, women prostituted themselves to earn money for food, while the men stole and poached. They spent the rest of their time sitting idle and in a daze in front of their dilapidated huts, waiting -- because there was nothing else to do but wait -- and they used alcohol to drown their sorrows. A person who is in absolute poverty has no energy left to concentrate on anything but eating, sleeping and trying to forget.

In Otjivero, once everyone had had enough to eat, progress came surprisingly quickly, especially to Frieda Nembwaya, the bishop's favorite example.

'I'm Doing Very Well'

On a sweltering afternoon in Otjivero, the young woman is standing behind her wooden counter, flipping through a book of clear plastic sleeves. The sleeves contain German baking recipes she has written onto the pages in ballpoint pen. "I've sold out today," she says. "Let me see what I'm baking tomorrow." She continues to flip through her book, looking for white bread, roll and cake recipes. The words "Good Life After Struggle" are written in big red letters on the outside of her hut. It's the name of her bakery, the most successful business in the village.

Nembwaya, a 35-year-old mother of seven children, is an attractive woman. She is wearing a red-and-white dress and a matching scarf on her head. She smiles a lot when she speaks. "I'm doing very well," she says in German. Like many of the people in Otjivero, she has spent half of her life on German-owned farms. Her hut, one of the best in the village, is made of new corrugated metal and has a watertight roof. Her children are clean and well-fed. Nembwaya owes her success to an idea she had when the money came to Otjivero.

She already knew how to bake, after spending years working as a cook for a farmer -- for the paltry wage of €32 a month. "He didn't even give me meat or milk," says Nembwaya. She was barely able to feed her children, and the nearest school was several kilometers away, so that her daughters had to walk the long distance in the ditch next to the road every day. Eventually she decided that living on the farm was unbearable, and she moved to Otjivero. Nembwaya was lucky. Only a few weeks after arriving in the village, she was registered for the basic income. She had also brought along a few recipes.

With the first 100 dollars, she bought a bag of flour, some yeast, firewood and an aluminum sheet. She dug a hole in the sand in front of her hut, placed the wood in the hole and lit a fire. Then she placed an oil drum over the fire. She filled empty sardine cans with a dough she had made with the flour and placed them inside the hot drum, replaced the lid and waited. After 20 minutes, Nembwaya had her first batch of miniature loaves of bread.

She started selling the mini-loaves for one Namibian dollar apiece. Word spread quickly that Frieda was selling bread, that it was inexpensive and tasted good, and that you had to get there early before she sold out. After 10 months, Nembwaya had made enough money to buy a stove for 3,000 Namibian dollars, something that hardly anyone else in the village owned. She is proud of her acquisition. "Look, three burners," she says. She opens the lid, closes it, then opens it again and pulls out her sardine tins. "Now I can bake 250 little loaves a day," she says. That translates into 250 dollars a day in revenue.

'We Farmers Are Always the Bad Guys'

Siggi von Lüttwitz, the farmer, is not familiar with Frieda Nembwaya's story, and perhaps it wouldn't interest him if he were. He too receives the 100 dollars a month, which he doesn't need. Compared with the people in Otjivero, Lüttwitz is rich. "I don't see what all this is supposed to achieve," he says, smoking his unfiltered cigarettes. "They're just as dirty and tattered as they were before." He doesn't believe that people have a right to a guaranteed

subsistence. He says: "If I give you 100 dollars, you should at least give me 90 dollars of work in return."

What he finds most offensive about the basic income scheme, he says, is not the basic income itself, but the fact that the white farmers are always seen as the bogeymen. Now that the village has garnered so much attention, says Lüttwitz, the way the situation is portrayed here is far too one-sided, especially with the bishop and Haarmann constantly spreading so much positive news.

"And we farmers are always the bad guys," he says, "as if we were to blame for the poverty, and as if we had never tried to help the people in Otjivero. That's just reverse racism."

These sentiments prompted Lüttwitz to comment on the basic income scheme in the local paper. Since the money was distributed in the village, he wrote, burglaries and poaching have increased, and so has alcohol consumption.

But the police statistics, Haarmann's numbers and the people in Otjivero tell a different story. It's as if the farmers lived on one planet and the proponents of the basic income on another.

Haarmann says that he doesn't understand why the farmers are reacting so emotionally to the basic income. One farmer, who baited a Swedish camera team with his eight dogs, says that he had received emails with racist comments. "I assume that the farmers are afraid," says Haarmann -- afraid that the poor will gain some influence and deprive the rich, white 20 percent of the population of some of their power. Their dissatisfaction probably stems in part from the fact that if a basic income is widely introduced, it will be the rich whose taxes will go up to help pay for the program.

"One hundred dollars isn't much," says Haarmann. "You can't expect every citizen to immediately open a successful business with the money." Or that people will stop drinking from one day to the next, or that they will start wearing brand-new clothing and living in stone houses. "But at least we can see to it that they have enough to eat." And if some happen to develop a business plan that helps them become independent, he says, "then so much the better."

Building Higher Fences

After a few months Frieda Nembwaya, the baker, had her first competitors. She spends some of the money she earns at other local businesses, and she says she will soon need to hire her first employee. Microlending programs in developing countries have also shown that when poor people gain access to money, a large percentage manage to attain financial independence -- by starting businesses like hair salons and telephone call shops.

A few weeks ago, Dirk Haarmann published his annual report, which he sent to politicians, the United Nations and even a few presidents. According to the report, economic activity in

the village has grown by 10 percent, more people are paying tuition and doctors' fees, health is improving and the crime rate is down.

The report also stated that the basic income could be funded through the tax system by increasing the value-added tax or income tax by a few percent. Only 3 percent of the gross domestic product, or €115 million, would be enough to provide a basic income for all Namibians.

Reactions to the idea have been cautious but positive. The UN Commission for Social Development has defined Otjivero as a "best practice" model. Hage Geingob, the former Namibian prime minister and current trade and industry minister, has commented positively on the pilot project. A group of 16 members of parliament recently paid a visit to Otjivero, where they watched Frieda Nembwaya bake her bread and Sarah Katangolo feed her chickens. The National Planning Commission called the BIG program a forward-looking concept for the country's economic development.

But what if Otjivero remains nothing but an experiment?

"That would be a disaster," says Siggie von Lüttwitz. "First you make them dependent, and then you drop them."

Frieda Nembwaya, the baker, says that she is worried, but prepared. Haarmann says that he is drumming up additional donations to keep the flow of money going for a short time, so that he can gradually phase out the program over a few months, perhaps even half a year.

"And if the government still doesn't do anything," he says, "the rich will soon be building higher electric fences."

Find out more about the project at www.bignam.org.

Translated from the German by Christopher Sultan

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