



**Promoting Inclusivity in
Namibia's Oil and Gas Sector:
*Lessons from Africa to Address
Socio-Economic Inequalities
and Drive Sustainable
Development***

Dr. Jacobs (Mbango) Sihela
Graduate School of Business (GSB)
The International University of Management, Namibia



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Introduction

As Namibia embarks on its journey into oil and gas exploration and production, it is crucial to learn from the experiences of other African nations. The goal should be to ensure that oil wealth not only spurs economic growth but also addresses socio-economic inequalities and fosters sustainable development.

Inclusive and Sustainable development (ISD) is a comprehensive approach that integrates economic growth, social equity, and environmental protection to ensure that the benefits of development are shared equitably among all members of society. This approach is particularly critical for African oil and gas-producing countries, which often face the "resource curse," where abundant natural resources lead to economic instability, social inequality, and environmental degradation rather than prosperity (Ross, 2015).

Components of Inclusive Sustainable Development

1 Equitable Wealth Distribution

Ensuring that oil and gas revenues are distributed fairly among all segments of society to address socio-economic inequality.

3 Institutional Strengthening

Building robust governance structures to manage resources transparently and effectively.

2 Human Capital Development

Investing in education, skills training, and healthcare to empower the population and create a skilled workforce.

4 Environmental Sustainability

Implementing practices that protect the environment and promote long-term ecological balance.

Namibia's Contextual Challenges and Threats

Income Inequality

Namibia has a high Gini-index of 59.1%, making it the second most unequal country in the world.

Historical Inequalities

Persistent historical racial and gender inequality, OPM (2018) estimated 95% of the economy controlled by 5% of the population (predominantly white).

Economic and Governance Challenges

Rising corruption levels, illicit financial flows, high unemployment (33.40%)- NSA (2024), and poverty (14% living in extreme poverty)- World Poverty Poverty Clock

Namibia's Strengths and Opportunities

Political Stability

Namibia benefits from a stable political environment, providing a foundation for foundation for sustainable development of its oil and gas resources (Moyo and Erameh, 2024).

Strong Legal Frameworks

Existing robust legal structures can be adapted to effectively manage the emerging oil emerging oil and gas sector (

Institutional Commitment

Fairly strong institutions and a commitment to democratic governance provide a solid provide a solid base for transparent resource management.





Resource Curse Theory (Ross, 2015)

1

Economic Stagnation

Resource-rich countries often experience slower economic growth due to overreliance on extractive industries.

2

Inequality

Concentration of wealth in the hands of a few, leading to widening socio-economic economic gaps.

3

Governance Issues

Corruption and weak institutions often accompany resource abundance, hindering hindering effective management.

4

Social Unrest

Inequitable distribution of resource wealth can lead to social tensions and political political instability.

Critique of the Resource Curse Theory

The theory of “resource curse” has been challenged by several scholars. In his book, *The scramble for African Oil*, American Political Scientist, Douglas Yates argues that resource curse as counter-intuitive because, he says, we Any theory that claims that oil wealth causes poverty is counterintuitive, because we all know of countries which have gotten rich from their oil, if the resources are well managed, as supported by other scholars such Brunnschweiler & Bulte (2010).

Yates (2012) critiques the simplistic view of the resource curse by analyzing how oil wealth has reinforced neocolonial relationships and fostered a system of dependency, rather than merely causing economic stagnation or political instability.



Theory of Collaboration (Yates, 2012)

1

Multinational Partnerships

Collaboration between African governments and multinational oil companies

2

Power Dynamics

Uneven relationships often favoring foreign entities over local interests

3

Elite Beneficiaries

Local elites often profit while broader population remains impoverished

4

Perpetuating Inequalities

Collaborative relationships can reinforce existing socio-economic disparities



Ownership of African Oil

(Source: Oil Change International, 2021)

African Companies	33%
European Companies	36%
Asian and North American Companies	31%



Ownership and Control of African Oil and Gas

1 Unequal Ownership

Just 33% of projected oil and gas production in Africa is controlled by African companies, while the majority is controlled by companies in the global North, particularly Europe, Asia, and North America.

2 Foreign Dominance

African oil is still largely dominated by foreign oil corporations, which rule over their oil concessions with quasi-sovereign power, unlike in Latin America or Asia where national champions have gained control.

3 Passive Role of National Companies

In some cases, such as in Angola's Cabinda region, foreign foreign corporations continue to continue to dominate despite despite the establishment of a a national oil company, Sonangol, which plays a passive passive role.



Lessons from Nigeria

Oil conflict and Corruption Challenges

Oil conflict in the Niger Delta region;
Widespread corruption has hindered equitable distribution of oil wealth.

Economic Inequality

31% of population lives in extreme poverty despite vast oil revenues.

Environmental Degradation

Severe environmental damage in oil-producing regions, particularly the Niger Delta.
Delta.

Governance Reforms

Recent efforts to improve transparency and governance through new Petroleum Industry Act (2021) but implementation of the Act is slow.



The Challenges of Oil Dependency: Angola



Oil Dependency

Angola's oil wealth has played a key role in its post-civil war reconstruction, yet the country remains heavily dependent on oil, which accounts for over 90% of its exports.



Neglected Sectors

Angola's over-reliance on oil revenues has led to the neglect of investment in sectors like agriculture, making the country a major food importer.



Lack of Diversification

The challenge for Angola has been to translate oil revenues into broad-based economic development, as the lack of diversification and persistent poverty highlight the need for a more inclusive development strategy.



Ghana's Approach to Oil

Governance ; Ghana Scored 78/100 RGI in 2021-2021-(NRGI, 2021)

1

Proactive Legislation

Implemented Petroleum Revenue Management Act for transparency and accountability

2

Social Investments

Focused on using oil revenues for social programs and infrastructure development

3

Stabilization Funds

Established funds to mitigate oil revenue volatility and save for save for future generations



Mozambique : Local Content

The Mining and Petroleum Laws, and their regulations make an attempt to establish more equitable profitsharing structures, strengthening government capacity and clarifying the public and private sector's roles in the extractive industry. Petroleum Law related to Local content:

1 Stock Exchange Listing

Oil and gas companies required to be registered on Mozambique Stock Exchange Exchange

2 National Preference

10% price benefit for local companies and products

3 Local Partnership

Foreign companies must associate with Mozambican firms for specialized services services

4 Capacity Building

Focus on developing local expertise and skills in the oil and gas sector

Key Lessons for Namibia

Governance and Transparency

Namibia can learn from the experiences of countries like Ghana by prioritizing strong governance frameworks, transparent revenue management, and equitable distribution of oil wealth to ensure sustainable development.

Economic Diversification

Namibia should also heed the lessons from Angola and Nigeria by investing in the diversification of its economy, reducing its reliance on oil and gas and exploring opportunities in sectors like agriculture, tourism, and renewable energy.

Local Content & Community Engagement

Namibia must also prioritize the rights and needs of local communities affected by oil and gas development, ensuring their direct participation and equitable benefit from the industry's revenues and activities.



Opportunities to Promote Inclusive and Sustainable Development in Namibia

Inclusive Economic Policies

Namibia should implement policies that ensure the oil and gas sector contributes to reducing socio-economic inequalities, such as local content requirements and a progressive tax system.

1

Long-Term Planning and Equity

Namibia should establish sovereign wealth funds and invest in education, healthcare, and infrastructure to promote sustainable development and benefit future generations.

2

3

Improving Ownership and Stake

Namibia must gradually increase local ownership within the oil and gas sector, ensuring that the benefits of resource extraction are retained within

Possible Economic Diversification Strategies



Manufacturing

Invest in value-added industries to reduce reliance on raw resource exports



Agriculture

Modernize and expand agricultural sector to ensure food security and create jobs



Renewable Energy

Develop green energy projects to diversify energy sources and create sustainable jobs



Tourism

Promote eco-tourism to capitalize on Namibia's natural beauty and wildlife





Environmental Stewardship

Green Energy and Technologies

Namibia should use oil revenues to fund renewable energy development, reducing its reliance on reliance on fossil fuels and creating a more sustainable and diversified economy.

Environmental Regulations

Namibia should establish strict environmental regulations and enforce compliance through through monitoring and penalties for violations to prioritize environmental stewardship. stewardship.

Balancing Costs and Regulations

Namibia should consider initiatives to reduce operating costs, such as addressing regional regional insecurity, and ensure that local content regulations strike an appropriate balance balance between building local capacity and reducing costs.



Human Capital Development

1

Education Alignment

Tailor educational programs to meet the needs of the emerging oil and gas sector

2

Vocational Training

Establish specialized vocational training centers for technical skills development

3

Industry Partnerships

Collaborate with oil companies to provide internships and on-the-job training

4

Continuous Learning

Implement programs for lifelong learning and skill upgrading for the workforce

Governance and Transparency Measures

1 Independent Oversight

Establish an autonomous body to monitor oil revenue management and allocation

2 EITI Implementation

Fully adopt and implement Extractive Industries Transparency Initiative standards

3 Public Reporting

Regular, detailed public reports on oil revenues and expenditures

4 Civil Society Engagement

Involve civil society organizations in monitoring and decision-making processes



Conclusion: A Pathway to Inclusive Prosperity

Key Strategies

Namibia must implement inclusive economic policies, improve local ownership, engage in long-term planning, develop human capital, and strengthen governance and transparency to ensure that its oil wealth benefits all citizens.

Sustainable Development Goals

By prioritizing inclusive and sustainable development, Namibia can contribute to the achievement of the United Nations Sustainable Development Goals, particularly Goal 16 on peace, justice, and strong institutions.

A Prosperous Future

Namibia's oil discovery presents a unique opportunity to transform its economy and create a more equitable and sustainable future for all its citizens, if the right policies and strategies are implemented.



Thank you



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