



**NAMIBIA'S READINESS FOR FIRST OIL: ASSESSING INSTITUTIONAL, REGULATORY AND
ECONOMIC PREPAREDNESS FOR SUSTAINABLE RESOURCE DEVELOPMENT**

A paper to be presented at the Bank of Namibia Annual Symposium to be hosted on 24 September 2026, Windhoek.

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1. INTRODUCTION AND BACKGROUND

1. **This paper aims to explore Namibia's oil and gas industry landscape and identify possible policy interventions to improve the country's preparedness for the new industry.** Namibia is at a critical juncture as it prepares for its potential first oil production, with transformative implications for the country's macroeconomic structure. As such, it is imperative for the country to examine its preparedness for the emerging industry, including its governance structure, institutional readiness and capacity requirements, and the legal and regulatory environment. The objective of this paper is therefore to assess the country's preparedness, specifically focusing on the governance structure and institutional capacity, as well as the readiness of the legal and regulatory environment, to derive long-term economic benefits from the emerging industry.
2. **Natural resource discoveries such as oil and gas present significant opportunities for economic growth and transformation, especially for developing economies.** When managed well, resource abundance can sustain growth and propel development. Countries with success stories such as Norway demonstrate that under strong institutions, oil can lead to long-run income accumulation (Chang, 2025). Bhattacharya (2022) argues that oil production offers opportunities for growth and economic diversification that support infrastructure and social development, though it can also create policy and governance challenges that can span across technical economic, environmental and social issues. It is widely acknowledged that, in a high-risk industry such as this, failing to manage technical, operational, and environmental risks effectively could expose the national treasury to significant fiscal risk while also generating adverse spillover effects across other sectors of the economy.
3. **The first production of oil and gas brings a fundamental change in a country's economic landscape.** Agyapong (2025) studied the forward and backward interlinkages in Ghana before and after oil discovery and found that oil and gas discovery increased economic activity in high-oil-dependent districts relative to other regions, a pattern supported by relevant industrial policies. These results show that oil and gas production is a growth opportunity and a transformation that requires sound management of the entire economy. Therefore, it is important for a country to understand the requirements for an effective oil and gas industry and to develop sound institutional and legal frameworks to support local beneficiation, diversification, and the sustainable development of the broader economy.

4. **While oil is a major revenue source for many nations in Africa, several countries faced challenges, including uneven redistribution of oil revenue and unethical practices.** According to Adeola et. al (2021), disparities in revenue distribution, when compounded by weak governance, are among the principal causes of social unrest and enduring political instability in resource-rich areas. Basedau and Lay, J. (2009) suggest that when high oil dependency is paired with weak institutions, countries become significantly more prone to volatility and civil conflict. This can be exacerbated by a misinformed public, largely driven by citizens' high expectations of oil's benefits. Transparency, especially before oil production, and strong governance are therefore essential to maintaining peace and stability in an oil-producing country. The case of Guyana, appended to this paper, offers practical and valuable lessons for Namibia, given the similarities between the two countries in economic structure and size.
5. **Arezki and Brückner (2009) found that higher petroleum revenues are associated with increased levels of hidden wealth, particularly in countries with weak institutional governance.** In such contexts, exploration licensing systems may be exploited as mechanisms for self-enrichment and rent-seeking, thereby constraining the sector's contribution to government revenues and overall national wealth, as Scholvin (2021) argues. Mauro et al. (2019) also note that using public office for private gain undermines state efforts to improve economic growth and development. This highlights the need for strong institutional governance to regulate the industry effectively, ensure its benefits are shared nationwide, and support long-term economic growth.
6. **For first-time oil producers, the period between discovery and production is particularly important.** This phase provides a unique opportunity to strengthen the legal, regulatory, fiscal, and institutional frameworks needed to ensure the sector is governed effectively. During this period, governments must define institutional mandates, enact appropriate legislation, develop revenue management systems, strengthen regulatory oversight, and build the technical capacity needed to negotiate, monitor, and enforce complex petroleum arrangements. Once production commences, the scope for implementing fundamental reforms often narrows as commercial interests, political pressures, and public expectations intensify.
7. **To assess the country's preparedness for the oil and gas industry, the paper employs a qualitative approach, complemented by consultations with relevant stakeholders.** Following the introductory section, the rest of the paper is organised as follows: the next section provides a brief overview of Namibia's oil and gas discoveries. Section Three examines the country's

readiness, with particular attention to the institutional, regulatory, and legal framework, as well as local content requirements. Section Four highlights the key risks and remaining preparedness gaps, while Section Five concludes and offers policy recommendations.

2. NAMIBIA'S PETROLEUM LANDSCAPE AND PROGRESS SINCE DISCOVERY

- 8. Hydrocarbon exploration in Namibia began several decades before the country attained independence.** Offshore exploration activities commenced in the 1960s, marking the early stages of efforts to assess the country's petroleum potential¹. These exploration campaigns led to the discovery of the Kudu gas field in the offshore northern Orange Basin, one of Namibia's most significant early hydrocarbon discoveries. Despite this discovery, commercial development remained limited for many years due to technical, financial, and market-related constraints.
- 9. After independence, the Namibian Government intensified efforts to attract investment into the upstream petroleum industry by issuing exploration licences to international oil and gas companies.** Following lengthy periods, exploration activities by major oil giants have marked a breakthrough since 2021, confirming significant light oil with associated gas in the Orange Basin. Subsequently, several offshore exploration and appraisal wells have been drilled, with over 30² active Petroleum Exploration Licenses awarded by the Ministry of Industries, Mines and Energy, before a moratorium on new licenses was issued in late October 2024³. In addition to offshore exploration, onshore exploration has also unfolded, with recent work in areas such as the Okavango Basin since 2021.
- 10. According to the July 2026 Namibia Oil and Gas Industry Report⁴, Namibia's oil and gas industry has seen strong exploration and appraisal momentum in the first half of 2026, specifically in the Orange Basin.** TotalEnergies, alongside partners Qatar Energy and Impact Oil & Gas, affirmed its commitment to the Venus oil discovery. At the same time, Galp Energia, with partners, expanded its multi-well campaign at the Mopane complex, confirming significant hydrocarbon accumulations and plans further appraisal drilling. The companies have been in

¹ <https://www.namcor.com.na/history/>

² <https://www.namcor.com.na/history/>

³ <https://miningandenergy.com.na/namibia-keeps-freeze-on-new-mining-and-petroleum-licences-pending-review-of-existing-rights/>

⁴ <https://namibiaoilandgas.com/wp-content/uploads/2026/07/Namibia-Oil-and-Gas-Report-Jan-June-202606.pdf>

consultation with the Namibian Government, and target to reach the Final Investment Decision (FDI), specifically on the Venus project, by the end of 2026, subject to regulatory approvals⁵.

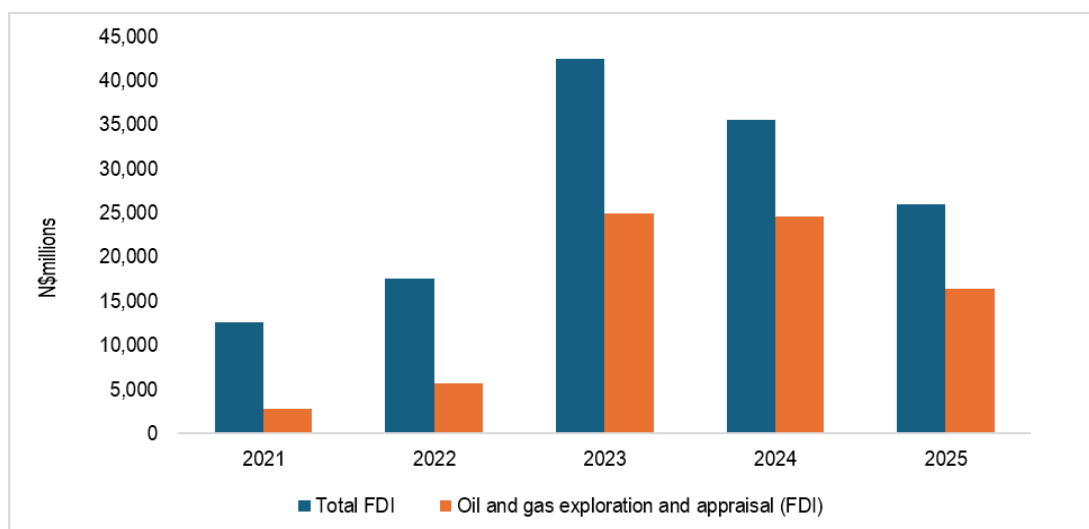
11. Given the sizeable volumes, the Orange Basin discoveries are expected to position the country as one of Africa's most promising energy frontiers. Although official projections remain unavailable ahead of the first Final Investment Decision (FID), the industry is expected to contribute significantly to national GDP, with potential direct impacts on job creation, government revenue, and foreign exchange reserves. As such, the country stands at a historic turning point, with oil discoveries positioning it to become a significant future hydrocarbon producer. The prevailing context, therefore, requires all sectors of the economy, especially government, to be adequately prepared to guard against the risks posed by the Dutch disease and the resource curse.

12. Since the commencement of oil-drilling activities by major giants in the country, Namibia has seen significant economic benefits in the form of foreign direct investment (FDI). These activities have attracted significant foreign direct investment (FDI), thereby stimulating the economy. The oil and gas industry attracted about N\$74.4 billion in FDI between 2021 and 2025, accounting for roughly 56 percent of total FDI inflows during the same period (Figure 1) towards spending on exploration, infrastructure development, logistics, and support services. Furthermore, Namibia's emergence as a promising oil-producing nation has strengthened its position in global energy markets, creating expectations of future government revenues and other fiscal contributions⁶. Collectively, these developments could position the country as an increasingly attractive destination for international investment and contribute to economic expansion.

⁵ <https://www.worldoil.com/news/2026/1/30/totalenergies-galp-reaffirm-namibia-commitment-as-venus-mopane-projects-advance/>

⁶ <https://www.woodmac.com/press-releases/new-global-oil-and-gas-discoveries-in-2022-drive-exploration-to-highest-value-creation-in-over-a-decade/>

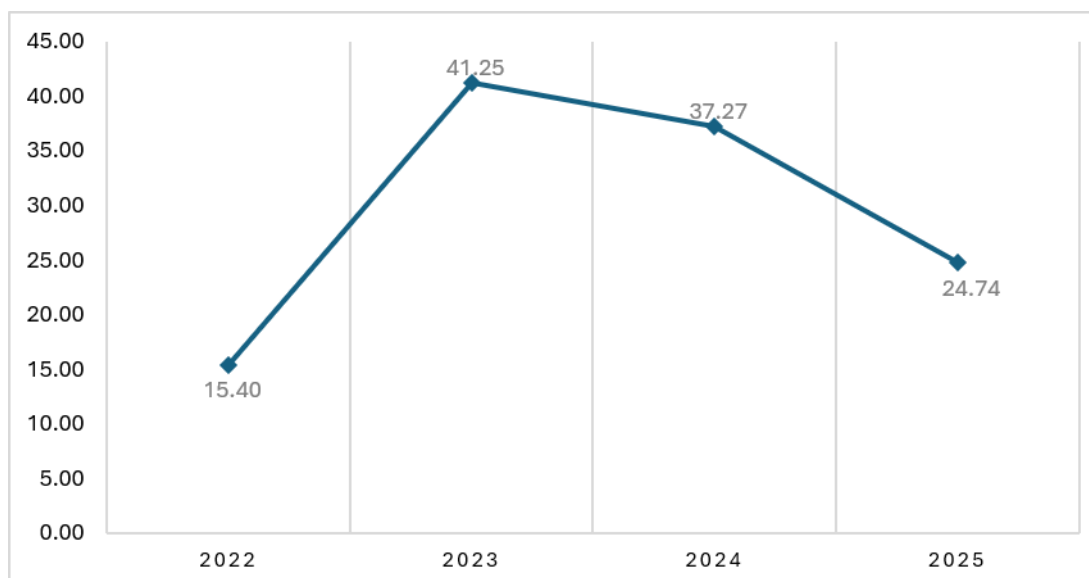
Figure 1: Namibia FDI inflows (2021-2025)



Source: Bank of Namibia

13. According to data from the National Statistics Agency, the contribution of oil and gas expenditure to Gross Fixed Capital Formation (GFCF) accounted for about 30 percent of GFCF between 2022 to 2025 (Figure 2). However, at present, the contribution of the Oil and Gas industry to GDP is relatively low because not all investment from exploration is spent in Namibia; but only a small portion constitutes the local content of around 10 percent.

Figure 2: Oil and Gas contribution to GFCF (%)

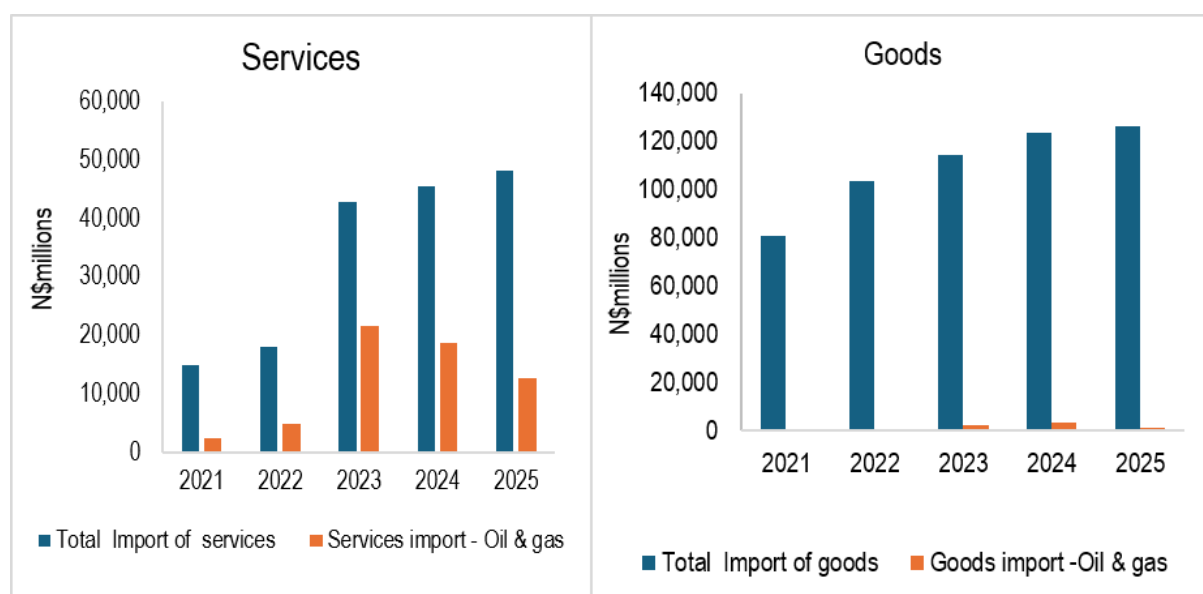


Source: National Statistics Agency

14. The industry's activity is equally reflected in the country's import bill, since the start of the appraisal and drilling activities. Imports of services related to the Oil and gas industry

remained high, totalling N\$60.3 billion since 2021, representing 36 percent of total services imports. On the other hand, goods imports related to oil and gas exploration and appraisal are estimated at N\$7.7 billion, accounting for 1.4 percent of the total imports basket over the same period (see Figure 3). This may reflect constraints in the domestic economy's capacity to meet the new industry's demand.

Figure 3: Imports of Goods and Services: (2021-2025) (N\$ Millions)



Source: Bank of Namibia

15. On the other hand, the Namport Annual Report of 2025 indicates that Namibia's infrastructure is well advanced to handle the oil and gas activities. Namport expanded the Walvis Bay port entrance channel in 2025 to accommodate more vessels, increase competitiveness, and expand capacity for servicing vessels. In addition, a drilling fluid supply service has been established at Walvis Bay⁷. The report further states that Namport is positioning both Walvis Bay and Lüderitz as operational hubs for offshore oil and gas developments, with plans to expand logistics services at the Port of Lüderitz's Robert Harbour. These developments reflect the country's broader preparedness to participate in and support the emerging industry.

⁷ <https://www.oilandgas360.com/halliburton-opens-new-facilities-in-namibia-to-strengthen-oil-and-gas-operations-economy/>

3. ASSESSING NAMIBIA'S READINESS FOR A SUCCESSFUL AND SUSTAINABLE OIL ECONOMY

16. Namibia has made progress in preparing for the first oil production in the country's history, leveraging existing systems while charting new strategies to align with the new industry. This section analyses the country's readiness, focusing on key public institutions in the industry, capacity requirements, the legal and regulatory environment, and environmental issues.

3.1 Legal and Regulatory Readiness

17. The regulatory and institutional framework of Namibia's oil and gas industry forms the foundation for the exploration, development and management of the country's petroleum resources. As Namibia emerges as a new hydrocarbon frontier, the effectiveness of its legal, regulatory, and governance structures becomes increasingly important. The regulatory framework comprises policies, laws, regulations, guidelines, and state institutions that oversee licensing, operations, social and environmental impact assessments, revenue collection and management, and stakeholder engagement. Understanding the roles and interactions of these institutions is essential to leverage opportunities and manage challenges associated with a growing oil and gas industry while safeguarding long-term economic and social development objectives.

18. The Namibian oil and gas industry is governed by various legal instruments that have been amended over time. After independence, the country enacted the Petroleum (Exploration and Production) Act, 1991 (Act No.2 of 1991) and the Petroleum Taxation Act, 1991 (Act No.3 of 1991), the Petroleum Laws Amendment Act, 1998 (Act No.24 of 1998), as well as the Environmental Management Act, 2007 (Act, 7 of 2007). Since these legal instruments were introduced before the major oil discoveries (2022-2025), the Government saw it fit to initiate amendments via the Petroleum (Exploration and Production) Amendment Bill of 2025⁸, alongside substantive amendments on other issues, including fiscal terms. While the Bill is currently before Parliament, the Ministry of Industries, Mines and Energy is drafting regulations to guard and guide petroleum industry operations.

⁸ <https://namibiaoilandgas.com/2026/02/10/an-analysis-of-the-proposed-amendments-to-the-petroleum-exploration-and-production-act-no-2-of-1991/>

3.2 Institutional Structure

- 19. The institutional structure governing the Namibian oil and gas industry is anchored in the aforementioned legal instruments.** These legal instruments define the roles of the Minister responsible for Mines and Energy and the Petroleum Commissioner, the roles of NAMCOR, and the duties of the petroleum tax administrator under the Minister of Finance. The institutional structure is currently undergoing a transition following the introduction of the Petroleum (Exploration and Production) Amendment Bill of 2025 and the creation of the Upstream Petroleum Unit (UPU) under the Office of the President⁹.
- 20. With the Petroleum (Exploration and Production) Amendment Bill of 2025 yet to be finalised, the governance of Namibia's emerging petroleum sector is currently largely reliant on legacy legislation and interim institutional arrangements.** Although the Government may have firm plans for strong governance frameworks, delays undermine regulatory certainty and investor confidence. Furthermore, debate continues regarding the proposed institutional architecture, with concerns being raised about the concentration of decision-making authority and the need to ensure adequate transparency, accountability, and checks and balances in the management of Namibia's petroleum resources¹⁰.
- 21. Under the existing legal instrument, the Petroleum (Exploration and Production) Act, 1991, two state institutions are active players in the oil and gas industry, namely the Ministry of Industries, Mines and Energy and the National Petroleum Corporation of Namibia (NAMCOR).** The Minister of Industries, Mines and Energy issues exploration licences, approves development and production programmes, and oversees petroleum operations through the Petroleum Commissioner. On the other hand, the National Petroleum Corporation of Namibia (NAMCOR) is the Government's commercial arm in the petroleum industry¹¹. The Act mandates NAMCOR to carry out reconnaissance, exploration, and production operations individually or in cooperation with other parties in the industry. NAMCOR therefore holds interests in exploration licenses¹² thereby guaranteeing the Government a direct share in the industry's upstream value.

⁹ <https://namibiaoilandgas.com/2026/02/10/an-analysis-of-the-proposed-amendments-to-the-petroleum-exploration-and-production-act-no-2-of-1991/>

¹⁰ <https://neweralive.na/opinion-build-strong-institutions-of-accountability-not-personal-empires/>

¹¹ <https://www.namcor.com.na/overview/>

¹² NAMCOR has a 10% participating interest in Blocks 2913B (PEL 56), 2813A (PEL 83), 2813B (PEL 90), 2914A (PEL 85), and Blocks 2913A/2914B (PEL 39). Furthermore, the company holds a 5% interest in the Kudu Gas Discovery located in Block 2814 (PL003).

- 22. A significant institutional change occurred in 2025 with the creation of the Upstream Petroleum Unit under the Office of the President.** The development prompted mixed public responses. Supporters viewed it as a positive step towards centralising governance of the petroleum sector, expediting decision-making, guiding the transition from offshore oil exploration to production, and enhancing policy coordination across government. Critics, however, expressed concerns that the arrangement could concentrate excessive authority within the Presidency and potentially undermine the autonomy of existing sector institutions¹³. The pending Petroleum (Exploration and Production) Amendment Bill of 2025 generally aims to provide the legal basis and way forward for this arrangement.
- 23. The current transitional phase makes it difficult to fully evaluate institutional positioning ahead of first oil.** In practice, upstream petroleum functions have moved to the Upstream Petroleum Unit in the Office of the President, while the Petroleum (Exploration and Production) Act 2 of 1991 still vests those functions in the Minister responsible for Mines and Energy and the Petroleum Commissioner. The Petroleum (Exploration and Production) Amendment Bill of 2025 is intended to close that gap but is yet to be enacted. Operating on an administrative arrangement that runs ahead of the legislation creates legal risks at precisely the moment when licensing, development plan approvals and final investment decisions are being taken, and it weakens the State's position should any of those decisions later be contested.
- 24. Apart from the core petroleum institutions, several other government entities have roles to play.** The Ministry of Finance (MoF), represented by the Tax Policy Unit, sets tax policy, while the Namibia Revenue Agency (NamRA) administers and collects petroleum taxes. In addition, the Ministry of Environment and Tourism plays a key role in environmental assessments, while the Office of the Attorney General is instrumental in legal matters. Moreover, the Bank of Namibia currently facilitates the management of the Sovereign Wealth Fund's seed investments, to which a portion of oil revenue is expected to be transferred, as per the provisions of the Sovereign Wealth Fund Bill, when enacted.
- 25. Nonetheless, the key question is whether current government institutions have the necessary capacity to regulate the industry.** Although the country has requisite institutions such as the Ministry of Industries, Mines and Energy and NAMCOR, in-house capacity may be lacking,

¹³ <https://newz.africa/2026/02/06/namibia-petroleum-bill-reactions/>

given that this is a new industry. A 2024 Deloitte industrial survey found that the country is characterised by structural skills mismatch and acute shortages of technical expertise and specialised professionals required for emerging sectors such as oil and gas. In addition, critical Government institutions may lose highly experienced staff to the private sector, diverting talent from public service to the new sector.

3.3 Environmental Impact

- 26. While there are potential significant benefits, the Oil and Gas industry carries large environmental risks.** These include pollution such as soil and groundwater contamination, air and water quality issues, and habitat and biodiversity loss. The petroleum industry is also a major source of emissions. Namibia needs a clear, robust strategy to monitor risks and ensure the country remains competitively positioned in a carbon-constrained world.
- 27. Estevo et al. (2021) argue that there is a need for clear government interventions in mitigating the environmental impacts of oil production activities.** They studied the impact of a major oil spill in Brazil in 2019 and found that all fishing sales dropped by 50 percent after the spill. A deepwater oil spill can significantly harm the marine ecosystem and severely damage the Namibian economy, with implications for transboundary exposure. The Benguela area supports Namibia's fishing sector, a significant contributor to the country's export earnings, accounting for 11.4 per cent of total exports in May 2026 (NSA, 2026) and thus needs protection from environmental damage.
- 28. Strong environmental governance is thus needed, as approvals granted through inadequate processes can lead to costly consequences after FID.** According to Nakwaya-Jabus et al. (2021), Namibia has a functional Environmental Assessment system, anchored in sound legislation, institutional arrangements, and processes. They, however, highlighted weaknesses in the legislation and administrative frameworks, including a lack of legislative coherence, poor implementation and limited capacity for monitoring and enforcement. This raises concerns about whether the country is sufficiently equipped to conduct deepwater exploration and production assessments, including transboundary decommissioning costs. However, the Ministry of Environment, Forestry and Tourism has made efforts to secure specialised technical expertise to carry out the necessary assessments.

3.4 Fiscal and Revenue Management

- 29. The most apparent channel through which oil and gas benefits flow to the nation is government revenue as determined by the country's fiscal regime.** Through royalties and corporate taxes, the Government collects revenue that may be appropriated towards current consumption, developmental projects and/or national savings. However, the extent to which these benefits accrue to the nation depends largely on securing an equitable share of resource rents through effective revenue collection under the fiscal regime and petroleum agreements, clearly defined commercial terms at the project approval stage, and sound public financial management.
- 30. The Namibian fiscal regime indicates that the main revenue instrument for the Government is the Petroleum Income Tax (PIT).** The Petroleum Income Tax Act of 1991, as amended, mandates a PIT of 35 percent of taxable income, assessed separately for each licence area. Exploration and operating costs are deductible immediately and in full, while development expenditure is written off over three years. The royalty is set under the Petroleum (Exploration and Production) Act, at 5 percent of gross revenue based on market value at the agreed off-take point, guaranteeing the state income from the first barrel sold, although it is deductible against PIT. Additionally, an export levy of 1.5 percent is also set under the Export Levy Act 2 of 2016.
- 31. In addition to the above taxes, other avenues through which the government can generate revenue exist.** A three-tiered Additional Profits Tax may apply where after-tax real returns exceed 15 percent, subject to the terms of the relevant licence or petroleum agreement, while the licensing process also generates revenue through application fees and annual area rental payments¹⁴. Also, Government revenue is expected to be supplemented by dividends from NAMCOR through its interests in various exploration licences.
- 32. Revenue collection and management under the current fiscal regime may not be optimised effectively.** The provisions for the deduction of operating costs and the write-off of development expenditure, together with the current levels of licensing fees, imply that the value of the State's take depends almost entirely on the ability to verify costs. This creates potential avenues for tax avoidance and profit shifting. However, the IMF and the Commonwealth have undertaken separate dedicated reviews of Namibia's petroleum fiscal regime and sector. Their respective

¹⁴ Application fees range from N\$3,000 to N\$30,000, and annual area rentals run from N\$60–N\$150 per km² for exploration to N\$1,500 per km² for production areas.

findings are being considered for implementation at both the Ministry of Industries, Mines and Energy and the Ministry of Finance, with some already implemented, such as the limitation of the carry-forward of assessed losses.

- 33. Nonetheless, the Namibia Revenue Agency (NamRA) has been proactively strengthening its capacity in preparation for the emerging petroleum industry.** This includes the establishment of a Petroleum Unit aimed at providing strategic management, technical leadership, and operational oversight for the specialised taxation and auditing of the petroleum industry. The Agency also initiated various benchmarking exercises with several countries, sponsored staff to attend specialised petroleum-related training programmes, and established partnerships with key training institutes. These initiatives are meant to equip staff with expertise in petroleum law, audit, transfer pricing, petroleum revenue forecasting, and the broader taxation and economic analysis of offshore petroleum operations. In addition, PetroFund sponsored several NamRA employees to pursue full-time studies in law and petroleum taxation, further enhancing the Agency's technical and institutional capacity.
- 34. The Sovereign Wealth Fund, namely the Welwitschia Fund, launched in 2022, strengthens the country's preparedness for the emerging industry.** The Welwitschia Fund was introduced to manage revenues from the country's natural resources. It comprises a Stabilisation Account to mitigate the impact of macroeconomic shocks and an Intergenerational Account to preserve wealth for future generations. The Fund rules have been crafted; however, the legal instrument governing the Fund, the Sovereign Wealth Fund Bill, is undergoing statutory approval processes and is envisaged to be tabled in Parliament in 2026.
- 35. As Namibia moves towards becoming an oil-producing nation, the Welwitschia Fund will be crucial in promoting long-term economic stability, fiscal sustainability, and intergenerational wealth creation.** By safeguarding a portion of the country's resource wealth, the Fund helps build resilience against economic and fiscal shocks while ensuring that the benefits of today's natural resource revenues are shared with future generations. The timely finalisation of the Bill and full operationalisation of the Bill Fund are therefore essential to enhance public confidence and enable the effective fulfilment of the Fund's dual mandate of economic stabilisation and intergenerational wealth preservation.

3.5 The Domestic Financial Sector

- 36. The domestic financial sector is expected to play an important role in supporting the oil and gas industry through the provision of financing opportunities.** The Financial Stability Report (2026) reconfirmed that Namibia's financial system remains resilient despite increased exposure to various macroeconomic environments. The banking industry remains profitable and sufficiently capitalised, although with a relatively higher exposure to mortgage loans. The assets of the Non-Bank Financial Institutions, including retirement funds and long-term insurers, expanded to N\$552.8 billion in 2025, growing by 16.6 percent from the previous year. This indicates that the country possesses sufficient domestic savings across its pension funds, banks, and asset managers to fund local participation in the emerging oil and gas industry.
- 37. Enabling regulatory frameworks for microfinance institutions and credit extension to Micro, Small and Medium Enterprises (MSMEs) are key to supporting local participation in the new industry.** The IMF Financial System Stability Report of 2018 highlighted that the Namibian banking sector is highly concentrated, with fewer banks dominating the market. The IMF further stated that this has reduced competition, limited innovation, and lowered incentives to expand services, especially for MSMEs. The Bank of Namibia Seminar held in August 2026 also highlighted the MSME financing constraint, emphasising the need for the banking sector, together with regulatory institutions, to actively enable local participation in the oil and gas industry.
- 38. Despite the resilient banking sectors, several factors hinder the availability of capital to fund new ventures.** Cost and access to finance are perceived as a key obstacle by businesses in Namibia, rated as the number one constraint for growth (World Bank, 2016). This is echoed by Gu and Muchimba (2025), who find that the constraints are largely attributed to collateral requirements coupled with limited business-relevant skills, which may further be compounded by quality standards and requirements of the new industry. Moreover, regulatory and capital requirements are cited as constraints on the supply side of credit (Gu & Muchimba, 2025). Therefore, facilitating local MSME participation in the new industry requires a holistic approach from both financiers and regulators alike.

Box Article: Positioning Namibia's Financial Sector for a Sustainable Oil & Gas Economy

The Bank of Namibia held a seminar on 4 August 2026 titled "Positioning Namibia's Financial Industry for a Sustainable Oil and Gas Economy." The seminar brought in industry experts from

Uganda, the UPU, the Banking industry, and entrepreneurs for a public dialogue on how the country can position its financial sector to support the oil and gas industry. The box article mainly outlines the lessons from Uganda's experience in preparing and managing its financial sector as an oil-producing country.

Funding options for local content

Namibia possesses abundant domestic savings across its pension funds, banks, and asset managers to finance local participation in the emerging oil and gas industry. However, this capital remains locked due to strict regulatory constraints, institutional risk aversion, and a lack of appropriate investment vehicles. Consequently, according to the presenter, local firms face a financial catch-22: they cannot secure supply chain contracts without proven assets, yet they cannot acquire assets or build a track record without initial funding. Resolving this bottleneck requires urgent regulatory reform, faster decision-making, and structural risk-sharing mechanisms among international oil companies, regulators, and domestic financiers.

Capturing this economic opportunity requires immediate action before foreign supply chains become permanently entrenched. Genuine local content must move beyond low-value services like catering toward meaningful, high-value supply chain participation by local firms employing Namibian workers. The seminar highlighted the need to facilitate efficient investment channels, modernise regulatory frameworks, and foster risk-sharing structures. Without these proactive interventions, Namibia risks suffering "man-made regulatory stagnation" and surrendering most of its petroleum value creation to foreign contractors.

Lessons from Uganda

Uganda's experience shows that banks should support the oil and gas value chain through lending, payments, trade finance, guarantees, foreign exchange services, and supplier financing, but without compromising prudential standards. The banking industry should be encouraged to participate, but regulators should avoid granting special treatment or relaxing risk-management requirements simply because a project is strategically important.

For Namibia, the overriding lesson is the need to prepare early. Since the country is still in the exploration and appraisal phase, institutions such as the Bank of Namibia, the Ministry of Finance, NAMCOR, and other regulators have an opportunity to establish reporting systems, supervisory guidelines, risk-monitoring frameworks, and coordination mechanisms before petroleum-related exposures become significant. Uganda's experience demonstrates that it is much easier to build sound practices before

a boom occurs than to correct weaknesses once banks have accumulated large concentrations of oil-related assets.

A key emphasis is that Namibia should not view oil and gas only through the lens of petroleum companies. Economic exposure spreads across the entire value chain, including construction, transport, logistics, engineering, hospitality, real estate, telecommunications, and professional services. As a result, regulators and banks need to assess both direct and indirect exposure to the industry to avoid underestimating concentration risks within the financial system.

Another important lesson is that national importance should never be confused with low risk. Even large oil projects can face delays, cost overruns, regulatory challenges, environmental disputes, and changing market conditions. Banks should therefore continue applying rigorous credit assessments, stress testing, and risk management rather than relying on optimistic assumptions about future oil revenues. Uganda stresses that sound banking requires verified repayment capacity, not expectations of future petroleum wealth.

The seminar further highlighted the importance of strengthening local participation without undermining financial stability. Many local firms may lack capital, collateral, or experience, but the solution is not weaker lending standards. Instead, Namibia should promote risk-sharing mechanisms such as credit guarantees, supplier-finance programmes, equipment leasing, development-finance participation, and syndicated loans. These approaches can support local-content objectives while protecting banks and depositors from excessive risk.

At the macroeconomic level, Namibia should prepare for both the benefits and risks associated with large petroleum inflows. While oil development can attract foreign investment and stimulate growth, it can also create exchange-rate pressures, concentrated bank deposits, rising asset prices, and Dutch Disease effects that weaken competitiveness in other industries. The seminar therefore argued that policymakers should focus on diversification and ensure that banks do not become excessively dependent on petroleum-related activity.

Overall, Uganda's experience suggests that Namibia's success will depend not only on discovering and producing oil, but on how effectively it manages the financial, regulatory, institutional, and macroeconomic consequences of that development. The key takeaway is that petroleum should be treated as a tool for sustainable and diversified economic development, rather than an end. Strong

institutions, prudent supervision, robust risk management, and long-term economic diversification will be critical to converting oil discoveries into lasting prosperity.

The overarching message that emanated from the seminar is that oil and gas development can create major opportunities for economic growth, local business participation, and financial-industry expansion, but these benefits will only be realised if banks, regulators and policymakers manage risks prudently and prepare early.

3.6 Local Content

39. The Government developed a Local Content Policy in the upstream industry, under the Ministry of Industries, Mines and Energy. The Policy's core objective is to promote the participation of local businesses in the petroleum industry, including the transfer of skills and technology. In its current form, the Policy mainly focuses on the upstream segment of the industry, with room to expand to other segments in the future. The government conducted nationwide public consultations on the draft Local Content Policy in 2025, and Cabinet approved it in August 2026. The policy mandates the submission of a Local Content Plan, including information on, among other things, recruitment, training, and development processes, as a requirement for holding a license and it is envisioned to become a legal instrument in the future. This is meant to encourage the transfer of technology, knowledge and skills to locals, although it remains silent on enforcement mechanisms.

40. The most documented challenge in local content policies is the gap between expectation and capacity requirements. Emerging oil producers fail to acknowledge local capacity when setting out requirements for local benefits. However, the success of local content policies depends on the balance between policy ambitions and the existing domestic industry skills base, including applicable available government support, Tordo et al., (2013). It is also important that expectations are incorporated into policy decisions because inflated hopes among citizens and political leaders can have damaging impacts on society (Marcel, 2016). The Government therefore needs to ensure transparency to manage expectations, build trust, and mitigate the risks of the resource curse, especially since benefits are generally realised more slowly.

41. Due to the water depth of the oil and gas reservoir, production is expected to be executed through a process called Floating Production, Storage and Offloading (FPSO). This is a

ship-like facility that processes, stores, and transfers hydrocarbons from subsea wells. Given the capital intensity and specialisation of deepwater exploration and production, Namibians may have limited opportunities for direct participation, in the short-term. Nonetheless, opportunities for local participation will be available through services and logistics, including the supply of products utilised in exploration and production. Cameron and Stanley (2022), however, explain that some international companies operate across all segments of the oil and gas industry, emphasising the need for a clear-cut local content framework to prioritise local participation wherever feasible. Therefore, the country needs an integrated long-term national approach to ensure sustainable local participation across all segments of the industry.

- 42. Gas monetisation may be a long-term opportunity if the country invests in gas-to-power development.** The Kudu gas field has yet to be developed and as more discoveries are made, gas to power for domestic markets could soon become a reality. This would reduce energy imports and enhance energy security to meet Namibia's growing energy needs. Depending on the scale of gas resources, there is the potential for broader benefits. Cameron and Stanley (2022) explain that gas monetisation infrastructure involves Liquefied Natural Gas (LNG) and a pipeline that may be extended to other countries for exports. Beyond power generation and industrial heating, natural gas benefits extend to other sectors, such as agriculture, through the production of ammonia and urea, and contribute to overall industrial development (SADC, 2021). A common feature among many emerging hydrocarbon producers has been the development of gas master plans to better understand the opportunities, enable targeted development and optimise benefits from the hydrocarbon industry. As such, gas monetisation can create additional opportunities in domestic and regional energy supply and increase participation prospects for local businesses.

3.7 Employment and critical skills required in public oil and gas institutions

- 43. Pickard and Scott (2020) explain that oil and gas production creates relatively few direct jobs when compared to other sectors such as agriculture or manufacturing.** This is because many job opportunities in the industry are short-term, mostly in the initial construction and installation phase. They also argue that the production phase involves a small number of highly skilled roles and that more opportunities lie in the indirect jobs and induced multipliers into other sectors.
- 44. A general assessment shows that Namibia's constraint primarily relates to a shortage of expertise at the key points where decisions, negotiations, and oversight matter most.**

Petroleum administration is unusually asymmetric: the gap in skills and expertise between multinational companies and revenue administrators poses challenges to the fiscal regime (Calder, 2014). Therefore, having enough specialists in the right places determines whether the State collects what the fiscal regime provides. Research indicates that the skills depicted below are the most commonly absent among first-time oil producers and the most relevant to Namibia's offshore, high-cost, cost-recovery-driven regime.

45. The IMF 2024 review of Namibia's petroleum fiscal regime emphasised the need for the country to proactively prepare for the potential development of its emerging petroleum sector. The review highlighted several priority areas, including strengthening government institutions' capacity to administer petroleum revenue collections effectively, enhancing petroleum regulatory functions, and developing specialised petroleum fiscal modelling and forecasting capabilities to support informed policy and fiscal decision-making. The IMF further noted that, as the petroleum industry evolves, Namibia will need to significantly boost regulatory capacity and strengthen institutional arrangements to ensure effective governance, oversight, and management of the sector. These recommendations reflect the broader challenge faced by many emerging petroleum producers, in which limited public-sector expertise can create information and capacity asymmetries relative to experienced multinational oil companies, potentially affecting the state's ability to maximise and manage petroleum revenues effectively.

Table 1: Required skills in first-time oil producers

SKILL AREA	DESCRIPTION AND RELEVANCE
Petroleum economics and fiscal modelling	Expertise in economic evaluation for project cash flow modelling for licence award negotiations, approval of projects, forecasting government revenues, macroeconomic impacts including sovereign wealth fund management. Mihalyi & Scurfield (2021) attribute much of the documented revenue over-estimation among African producers to the absence of this capability.
Petroleum accounting and cost audit	Ability to test capital and operating cost claims, distinguish recoverable from non-recoverable expenditure, and audit related-party service charges. This is the highest-value single skill in a regime with full and immediate cost deductibility.
Petroleum tax audit and international taxation	Expertise in transfer pricing, thin capitalisation, treaty application, and the taxation of farm-outs and indirect transfers. This function should sit within

	NamRA and be supported by the Tax Policy Unit in the Ministry of Finance, while ongoing efforts focus on upskilling existing staff.
Reservoir engineering and petroleum geoscience	Sufficient in-house capability to review field development plans, reserve estimates, and depletion profiles, rather than relying solely on operator submissions.
Measurement, metering and hydrocarbon allocation	Technical verification of produced and lifted volumes, which determines the base for both royalty and income tax and is often overlooked.
Commercial negotiation and specialised petroleum law	Legal reforms, drafting legislation and contracts, negotiation, and dispute resolution.
Health, safety and environmental regulation	Inspection, safety case assessment, spill response, and decommissioning oversight.
Local content administration	Supplier registration and verification, monitoring, and supplier development. These functions are essential for enforcing the Local Content Policy once legislated.
Sovereign asset and liability management	Fiscal rule design, investment policy, risk and performance measurement, and reporting, principally within the Ministry of Finance and the Bank of Namibia.
Public communication and oversight support	Capacity to explain petroleum sector economics to the public and support Parliament and the Office of the Auditor-General in exercising oversight of petroleum revenues.

Source: Authors' compilation

46. Local training institutions need to embed these skills in their curriculum offerings. A practical approach is to determine, for each function, whether the capability should be built in-house, shared across institutions through a small, pooled technical unit, or purchased from external specialists on retainer, and then build only what the State must hold permanently. The Namibia Investment Promotion Board (NIPDB) conducted a study to identify skills gaps and bottlenecks in the energy sector¹⁵, which is expected to pave the way for the education and training sector to prepare for the new industry before the country starts with oil production. Currently, the Petroleum Training and Education Fund (PETROFUND) provides specialised training programs, technical scholarships, and capacity-building initiatives to prepare Namibians for careers in the upstream oil and gas sector.

¹⁵ https://www.ilo.org/sites/default/files/2026-04/Namibia_Factsheet_final%20.pdf

47. The public sector should expect staff turnover and should plan on that basis, rather than employing attempts to prevent it. Operators and their contractors are likely to pay higher salaries than public service remuneration for the same skills, and they will recruit most aggressively in the period immediately before and after the final investment decision, which is precisely when the State needs competencies to design responsive policies and ensure continuity. The realistic objective is therefore not zero attrition but retaining a critical core and preserving institutional memory when individuals leave.

4. KEY RISKS AND PREPARATORY MEASURES UNDER DEVELOPMENT

48. An analytical view of the legal and regulatory framework highlights key elements that must be in place across the full project lifecycle, from discovery to decommissioning. As Namibia approaches the first final investment decision, the legal instruments must be clear on requirements for licensing and transfer of rights, the fiscal terms, discovery to development process, production and decommissioning phase. The instruments that shape the terms on which the resource is developed are crucial as they cannot be easily renegotiated once a petroleum agreement is signed. The instruments governing the receipt, custody and use of revenue must be settled before the first payments are received. The paper acknowledges that the Commonwealth Secretariat has been supporting regulatory reforms and the government is prioritising the strengthening of the legal and regulatory framework, in this regard.

4.1 Preparatory measures under development

4.1.1 Institutional and regulatory capacity

49. First-time oil producers generally face institutional and capacity challenges. Government and related agencies struggle to adapt and develop the capacity needed to regulate a new sector. On the other hand, international oil companies bring decades of experience in legal and technical matters, at times with a sense of urgency, which puts pressure on already strained government agencies. Marcel (2016) advises that countries should balance international best practices with practical, appropriate national capacity and context, effectively aligning processes given available resources. Furthermore, Marcel (2016) stresses that what is important is not whether the institutional framework exists on paper, but whether sufficient staffing and negotiating capacity can be built before the most important decisions are made.

50. The Welwitschia Fund is a strong architecture with strong and clear withdrawal rules, but its proposed Law remains in draft form. The Sovereign Wealth Fund is not yet an Act, meaning its rules are not currently binding, posing risks to revenue management. Additionally, at only 5 percent of market value, royalty shows that significant government revenue will only start flowing in at a later stage through profit taxes, which can easily result in the diversion of Fund transfers to other operations in the absence of a legislated Act.

4.1.2 Local Content

51. Namibia Upstream Petroleum Local Content Policy may not be fully fit to maximise local benefits from the new industry, in its current form. Given that the Policy is anchored in the Petroleum (Exploration and Production) Bill, it currently lacks legal enforcement. Therefore, to increase local benefits, the policy must become enforceable. The Policy also refers to a skills gap study to be conducted in conjunction with the industry, while it has already set the local employment requirements. This implies that the Policy envelope may have been established without fully capturing the existing local skill set and capabilities, thereby undermining alignment and the guidance of interventions.

52. In addition, due to the highly specialised nature of the upstream segment of the oil and gas industry as well as the need to meet international standards, Namibian firms require assistance to fully participate in the industry. This is especially important given the country's limited technical skills base. Namibian employees and service providers will be subject to international industry certification requirements to work on or provide services for certain operations, such as oil rigs. Therefore, the country should consider establishing a petroleum business development and support unit to help MSMEs prepare effectively to participate in and benefit from the industry. Guyana offers tailored business advisory to local businesses, enabling them to effectively participate in the petroleum industry, and thus presents a learning opportunity for Namibia in this regard¹⁶. Appendix A presents a supplementary case study on Guyana, with areas for Namibia to consider.

¹⁶ <https://centreguyana.com/>

4.1.3 Infrastructure development

53. For first-time oil-producing countries, infrastructure gaps are often among the biggest obstacles to maximising the benefits of oil production. Developing a globally competitive oil and gas industry will require infrastructure that far exceeds Namibia's current capacity. While the country possesses strategic advantages, including its Atlantic coastline, deep-water ports, and political stability, much of the infrastructure needed to support large-scale offshore petroleum operations remains underdeveloped. As development decisions are made and projects move toward production, demand for port services, logistics facilities, industrial land, transportation networks, power supply, water resources, and specialised petroleum service hubs is expected to increase.

54. A key preparedness gap is the limited availability of dedicated oil and gas support infrastructure. Existing ports and logistics facilities were not originally designed to serve a major offshore petroleum industry, and capacity constraints may emerge as exploration and development activities intensify. Despite Namport's current expansion, additional investments may be required in port infrastructure, supply bases, warehousing facilities, fabrication yards, and transportation networks to accommodate the movement of equipment, personnel, and services associated with offshore operations. Delays in developing such infrastructure could increase project costs, reduce opportunities for local participation, and encourage operators to source services from established regional hubs outside Namibia.

55. The sector also faces broader infrastructure challenges linked to electricity, water, telecommunications and industrial capacity. Large-scale downstream petroleum developments and associated downstream industries require reliable, affordable energy and water supplies, yet existing systems are already under pressure from growing national demand. Furthermore, limited industrial infrastructure may constrain Namibia's ability to capture value through local manufacturing, fabrication, maintenance, and repair services. Without targeted investment and coordinated planning, infrastructure bottlenecks could reduce the competitiveness of local businesses seeking to participate in the petroleum value chain.

4.1.4 Information and data asymmetry

56. Sound policy analysis depends on the state's capability to independently collect, verify and interpret information generated from the industry. The IMF (2026) notes that the

Namibia Statistics Agency (NSA) faces constraints in effectively tracking oil and gas exploration activity, although improvements are expected through technical assistance from the IMF's Statistics Department. Moreover, the NSA National Strategy for the Development of Statistics 2023/24-2026/27 and the corresponding Strategic Plan identify the need for sufficient funding to, among other things, address staff shortages in statistical institutions and improve the Agency's operations.

4.1.5 Public awareness

57. This challenge is compounded by several preparedness gaps. Public understanding of petroleum project timelines remains limited, with many stakeholders' expecting immediate employment and revenue gains once discoveries are announced. At the same time, structured, consistent communication about the likely benefits, risks, development milestones, and implementation timelines for petroleum projects is lacking. Without clear messaging, communities, local businesses, and job seekers may develop unrealistic expectations. Furthermore, the number of near-term employment opportunities available in the early stages of project development is likely to be significantly smaller than public perception suggests, particularly given current skills constraints and the highly specialised nature of offshore petroleum operations.

4.2 Key risks associated with first-time oil producers

58. The sudden influx of petroleum revenues can create macroeconomic imbalances and governance challenges culminating in risks if adequate policies and oversight mechanisms are not in place. Understanding these challenges is critical for ensuring that oil wealth is harnessed efficiently and equitably, while minimising the risks commonly associated with resource-dependent economies. The following section discusses the key perceived gaps Namibia faces in preparing for commercial oil production and the potential risks the country may face.

4.2.1 The time delays between discovery and production

59. Experience shows that the most underestimated risks in oil and gas production occur between discovery and actual production. This period may be longer than projected, and the resulting gap can entail fiscal and political costs. São Tomé and Príncipe offers a practical example. Hydrocarbon indications around the country were first reported in 1974, while the islands were still under Portuguese administration. In 2006, Chevron and its partners announced that the Obo-1 exploration well had encountered hydrocarbons, raising expectations of a major discovery. However, subsequent drilling and appraisal work failed to confirm a commercially viable

field. The country has therefore not moved into oil production¹⁷. As such, production timelines should be treated as uncertain and subject to change, and commitments should not be built around fixed dates, which may lead to cost implications.

4.2.2 Impaired Fiscal Prudence

60. According to Bova et al. (2016), resource-rich countries tend to employ expansionary fiscal policy. This implies that oil producers tend to increase expenditure in response to strong commodity-price years. As a result, oil-producing countries that fail to restrain spending during price upswings will find it difficult to reduce expenditure during economic downturns. This creates a growing fiscal deficit that eventually requires more borrowing. Given Namibia's current public debt level of 64.0 percent of GDP (Bank of Namibia, 2026), increased borrowing can have severe impacts on the country's fiscal sustainability and requires strict, enforceable fiscal rules, especially for expenditure.

4.2.3 Overestimation of Revenue Forecasts

61. Revenue overestimation has been persistently documented among prospective oil-producing countries in Africa (Mihaly & Scurfiel, 2021). Unrealistic expectations and production timing often stem from limited public understanding of the oil and gas sector's complexity. Mihaly and Scurfiel (2021) also observed that out of the 12 Sub-Saharan countries that made commercially viable petroleum discoveries during the commodity boom, their revenue projections were, on average, 37 percent higher than what was eventually collected. Factors contributing to this included revenue forecasts that failed to account for the fiscal regime, in some instances by building in assumptions of tax payments in the first year of production or by overlooking capital cost recovery provisions under the applicable petroleum law. This risk of delayed revenues is especially heightened in the presence of high extraction costs, an apparent case for deepwater production (World Bank, 2021).

4.2.4 The Dutch Disease

62. Mostly associated with resource-rich countries, the Dutch disease is implied by the harmful consequences of a substantial increase in a country's income. This may include resource shifts from non-resource sectors such as manufacturing and agriculture towards the booming industry, resulting in output contraction in the former (Ebrahimzadeh n.d). However,

¹⁷ <https://openknowledge.worldbank.org/server/api/core/bitstreams/4ff961a6-179e-51d7-b674-f1a02b22b120/content>

given that deepwater petroleum is capital-intensive, highly specialised, and largely dominated by expatriate labour, direct labour movement from other sectors such as agriculture and manufacturing in Namibia may be minimal and therefore a limited cause for concern.

- 63. The Dutch disease effects may be felt through an increase in consumption associated with production that would raise demand for domestic goods and services (Corden & Neary, 1982).** This includes demand for goods and services, such as property and professional services, which indirectly drives up domestic prices. This is especially important given structural constraints in certain markets such as housing in Namibia (Mwilima et al., 2011). Additionally, higher resource revenue may lead to higher government spending and higher private spending through higher wages. This may lead to higher domestic inflation, posing challenges for monetary policy; however, the country's peg to the Rand might cushion the adverse effects. Furthermore, with the Sovereign Wealth Fund in place, government spending is expected to be effectively managed, and revenue will be appropriated from the Fund only in accordance with its rules.

4.2.5 Environmental Impacts

- 64. The transportation of oil in the ocean carries the risk of spillages, which can result in severe consequences for the ocean ecosystems and the dependent communities (Estevo et al., 2021).** The literature shows that, for deepwater operations, oil spills pose challenging containment challenges; they damage ocean ecosystems and may cross a country's marine boundaries. Therefore, an effective environmental impact assessment is necessary to mitigate oil spill risks. This is especially key for countries like Namibia, where the fishing sector significantly contributes to economic growth.

4.2.6 Public Expectations

- 65. Major discoveries have generated expectations of rapid employment creation and economic transformation.** One non-technical risk facing Namibia's emerging oil and gas sector is managing public expectations. The scale and publicity surrounding recent offshore discoveries have created widespread anticipation that petroleum development will rapidly translate into large-scale employment, increased incomes, direct ownership, business opportunities, and broader economic transformation. While the sector can generate substantial long-term benefits, oil and gas projects typically require lengthy appraisal, development, financing, and construction phases before significant economic returns are realised. As a result, there is a risk that public expectations regarding the speed and scale of benefits may outpace what the industry can realistically

deliver in the short term. This risk needs to be effectively managed to avoid spillovers into potential social unrest.

5. CONCLUSION AND POLICY RECOMMENDATIONS

5.1 Conclusion

66. As one of the few countries to have established a Sovereign Wealth Fund before the onset of oil production, Namibia is comparatively well-positioned to manage future revenues from the oil and gas sector. However, despite this important foundation, institutional readiness remains a work in progress. Recent reforms have provided only limited clarity on the future roles and mandates of key institutions, highlighting the need to further strengthen the governance and regulatory framework. Ensuring clear institutional responsibilities, robust oversight mechanisms, and effective sector management before first oil will be critical for maximising petroleum revenues and translating resource wealth into broad-based and sustainable economic development.

67. The assessment in this paper suggests that Namibia is generally well positioned for the new industry, with significant groundwork already underway. However, finalising key legal and regulatory instruments is necessary to provide certainty and manage stakeholder expectations. Three instruments are time-critical: enacting the Petroleum (Exploration and Production) Amendment Bill to finalise institutional structure and mandates; gazetting the Sovereign Wealth Fund Bill together with statutory revenue management rules; and modernising the petroleum tax and cost audit provisions. Alongside these, building sufficient skills and capability in verifying costs and volumes, and the ability to attract and retain such specialists will determine whether the fiscal regime performs as designed. These matters can still be settled; however, they may be challenging to address once production has commenced.

68. Notwithstanding the above, literature shows that no country has ever been perfectly prepared for an oil and gas industry. Countries that put the right frameworks in place still encountered delays or faced legal disputes, while those that reached FDI faster faced other challenges. For Namibia, however, the time lag between finalising legal instruments and institutional frameworks and the first oil production may be narrower than perceived. This is especially critical given the need to consider international best practices while balancing the country's context. In the absence of good governance and strong legal enforcement, there is a risk of value leakage and of local participation being concentrated among a limited class of society.

5.2 Policy Recommendations

69. Following the above conclusion, the paper recommends the following points for consideration, mainly by the Namibian public sector, to help the country prepare for the new industry with the objective of maximising local benefits. The recommendations are grouped by implementation horizon, and each is assigned a lead institution accountable for delivery together with the institutions whose participation is required. Short-term actions are those that should be completed before the final investment decision, because they determine the terms on which the resource is developed. Medium-term actions must be in place before first oil because they determine the State's ability to collect, verify, and account for revenue. Long-term actions begin with production and continue through the industry's lifetime. Where an action spans more than one horizon, it is placed in the horizon in which it must be initiated. The institutional assignments are indicative and should be confirmed through the Pre-First-Oil Readiness Plan.

No.	Recommended action	Lead institution	Supporting institutions
SHORT TERM – before the final investment decision (immediate to end-2026)			
1	LEGAL AND REGULATORY REFORMS: - Enact and bring into force the Petroleum (Exploration and Production) Amendment Bill, 2025, to clarify institutional mandates among the President, the Upstream Petroleum Unit, the Minister, and the Petroleum Commissioner for transparency. - Enact amendments to strengthen the regulatory reforms for the effective management of the petroleum sector	Ministry of Industries, Mines and Energy	Office of the President (Upstream Petroleum Unit); Office of the Attorney-General; National Assembly
2	Develop a public communication strategy on production timelines to manage political pressure and public expectations.	Office of the President (Upstream Petroleum Unit)	Ministry of Information and Communication Technology;
3	Finalise and gazette the Sovereign Wealth Fund Bill , incorporating formula-based deposit and withdrawal rules, a sustainable-income withdrawal limit, and a statutory prohibition on the collateralisation of future petroleum revenue.	Ministry of Finance	Office of the Attorney-General; National Assembly.
4	Adopt and publish a Cabinet-approved Pre-First-Oil Readiness Plan , assigning every outstanding legal instrument and institutional capability to a named institution, with deadlines and quarterly reporting to Cabinet.	Office of the President (Upstream Petroleum Unit)	National Planning Commission; Ministry of Finance; Ministry of Industries, Mines and Energy; Bank of Namibia; NamRA; NAMCOR

No.	Recommended action	Lead institution	Supporting institutions
5	Approve a special remuneration and retention framework for a published list of scarce petroleum skills, funded by a levy on licence holders rather than from the general Budget.	Office of the Prime Minister (Public Service Commission)	Ministry of Finance; Office of the President (Upstream Petroleum Unit); NamRA; Bank of Namibia
6	Advance work on implementing the Local Content Policy. The legal instrument should provide for measurement, verification, reporting and sanctions, and extend its coverage to the midstream and downstream segments, supported by supplier development and measurable beneficiation targets, always requiring price and quality competitiveness of local suppliers	Ministry of Industries, Mines and Energy	Ministry of Finance; Namibia Investment Promotion and Development Board; NAMCOR; organised business Ministry of Finance
7	Implement a strategic capacity-building plan against the identified critical skills list, using bonded scholarships, secondments into operator teams and twinning with peer institutions.	Ministry of Industries, Mines and Energy; Upstream Petroleum Unit	Ministry of Higher Education, Technology and Innovation; Namibia Training Authority; Ministry of Finance; NamRA; Bank of Namibia; NAMCOR, Petro Fund
MEDIUM TERM – before first oil (2027 to first production)			
8	Introduce statutory transparency obligations covering the publication of relevant information on petroleum agreements.	Ministry of Finance	Office of the President (Upstream Petroleum Unit); NamRA; Office of the Auditor-General; Financial Intelligence Centre
LONG TERM – from first production and through the life of the industry			
9	Institutionalise skills retention and succession through structured rotation across petroleum institutions, documented procedures, model agreements and standardised audit programmes.	Office of the Prime Minister	Ministry of Finance; NamRA; Bank of Namibia; Office of the President (Upstream Petroleum Unit); NAMCOR
10	Establish a petroleum business development and support centre to equip MSMEs in understanding and obtaining relevant certification required for participation in the petroleum industry.	Ministry of Industries, Mines and Energy; NIPDB	Ministry of Finance; NamRA; Bank of Namibia;
11	Monitor and report on potential triggers for Dutch disease and diversification efforts , including the real effective exchange rate, industrial labour reallocation and non-resource competitiveness.	Bank of Namibia	Ministry of Finance; National Planning Commission; Namibia Statistics Agency

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7. Appendices

7.1 Appendix A: Case Study: Guyana – Lessons for Namibia

Guyana's experience provides a valuable reference for Namibia as it approaches potential first oil. Following the Liza-1 discovery in 2015, Guyana achieved first oil in December 2019 and subsequently recorded exceptional economic growth. However, the speed of the transition also exposed weaknesses in fiscal, regulatory and institutional arrangements. Its experience highlights the importance of establishing robust frameworks before production and revenues accelerate.

Firstly, Petroleum wealth should be governed before significant revenues begin to flow. Guyana established its Natural Resource Fund in 2019, ahead of first oil, to support fiscal stability, intergenerational savings and national development. For Namibia, this reinforces the importance of fully operationalising the Welwitschia Fund, supported by clear rules for deposits, withdrawals, investment and oversight before substantial petroleum revenues materialise.

Secondly, fiscal terms and administrative capacity matter just as much. Guyana's initial petroleum agreement became increasingly contentious as discoveries expanded, particularly its royalty and cost-recovery provisions. Subsequent reforms strengthened the fiscal framework and cost-audit requirements. Namibia should therefore ensure that petroleum fiscal terms remain appropriate as projects move from high-risk exploration to commercial certainty, while building the technical capacity to verify costs, administer revenues, and monitor compliance.

Thirdly, transparency and public communication are essential for managing expectations. Guyana pursued EITI participation before first oil and expanded disclosure of petroleum-related information. Nevertheless, rapid GDP growth did not immediately translate into equally visible improvements in broader social outcomes, raising concerns about how benefits are distributed. For Namibia, transparent management of petroleum revenues should therefore be paired with realistic communication about when benefits will materialise and how they will support national development priorities.

Fourthly, local content should focus on building lasting domestic capabilities. Guyana introduced business-development initiatives before first oil and later adopted binding local-content requirements, expanding opportunities in construction, logistics, transportation and other supporting sectors. However, skills shortages constrained participation in higher-value activities, while direct offshore employment remained relatively limited. Namibia should similarly prioritise skills development, competitive domestic

suppliers and linkages between petroleum and the wider economy rather than relying primarily on direct oil-sector employment.

Overall, Guyana demonstrates that petroleum governance can be strengthened over time, but early preparation reduces the need for costly corrections later. Namibia already has important building blocks, including the Welwitschia Fund, petroleum legislative reforms and a Local Content Policy. The priority lesson is to translate these initiatives into clear, operational and enforceable frameworks before first oil. Guyana's experience therefore gives Namibia an opportunity to learn from another emerging producer and strengthen its readiness before commercial production sets the sector's long-term trajectory.