



Bank of Namibia

NAMIBIA'S READINESS FOR FIRST OIL

ASSESSING INSTITUTIONAL, REGULATORY AND
ECONOMIC PREPAREDNESS FOR SUSTAINABLE
RESOURCE DEVELOPMENT



AGENDA

What We'll Cover



1

Why this discussion matters now

2

Namibia's Progress Towards a Sustainable Oil and Gas Industry

3

Risks Associated With First-Time Oil Producers

4

Conclusion and Recommendations



01

Why this discussion matters now



Why this discussion matters now



Potentially
transformative
economic
opportunity



Need for strong
governance
before first oil
production



Importance of
strong institutional
capacity, revenue
management &
technical skills



Goal: sustainable
and inclusive
resource
development

Why this discussion matters now

The pre-production window is when the rules, institutions and capabilities are easiest to shape.



VENUS

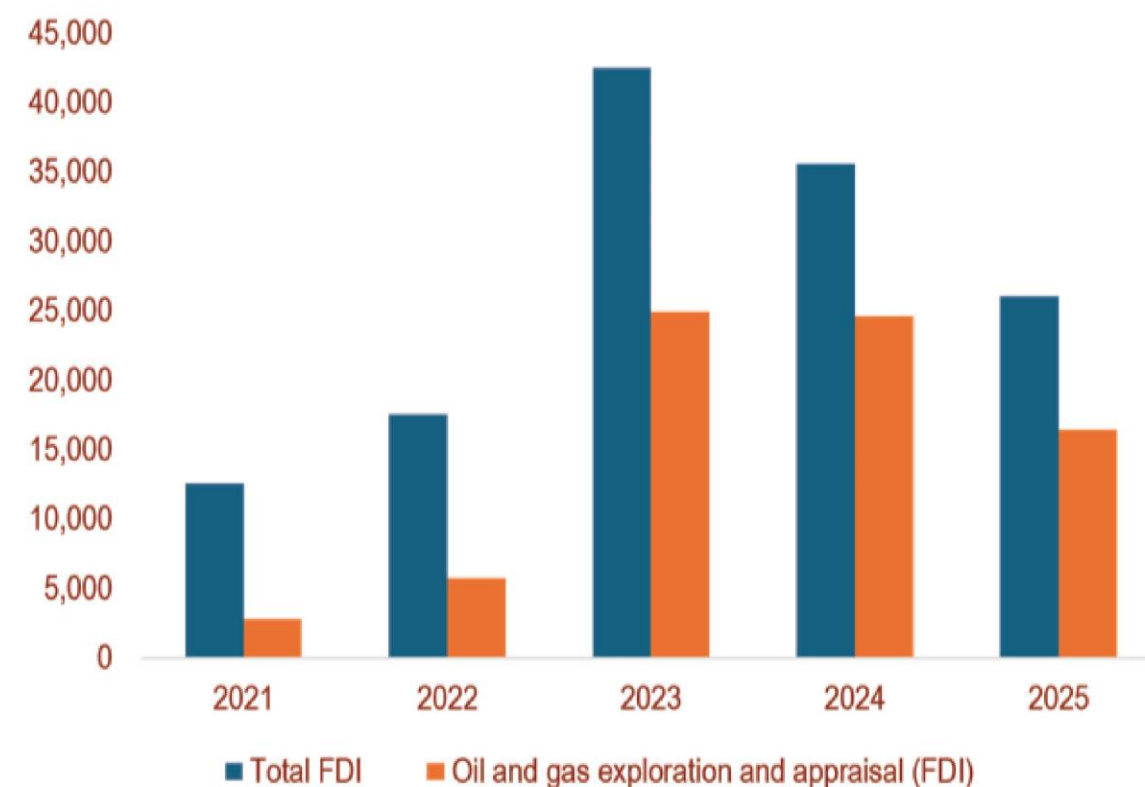
TotalEnergies and partners reaffirmed commitment; FID targeted by end-2026, subject to approvals.

MOPANE

Galp and partners expanded a multi-well appraisal campaign, confirming significant accumulations.

Economic Landscape Since Oil & Gas Discovery

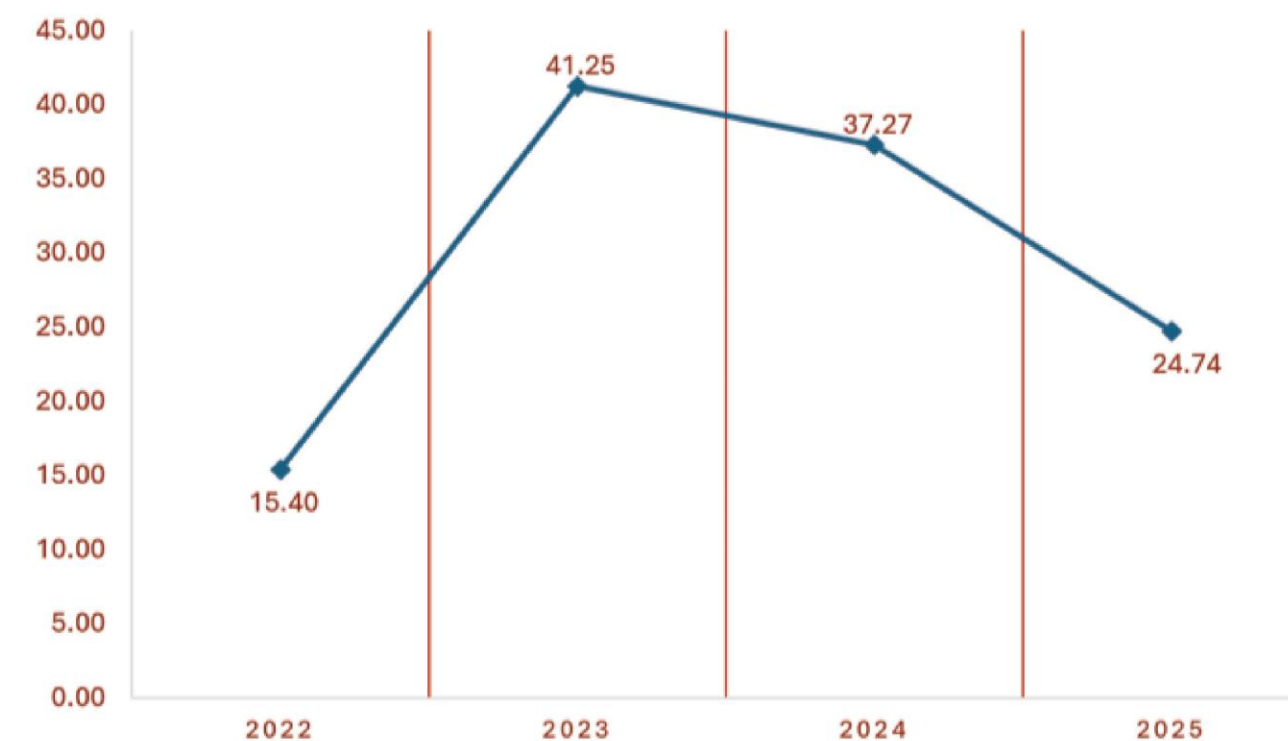
Figure 1: Namibia FDI inflows (N\$ Millions)



Source: Bank of Namibia

- 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

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

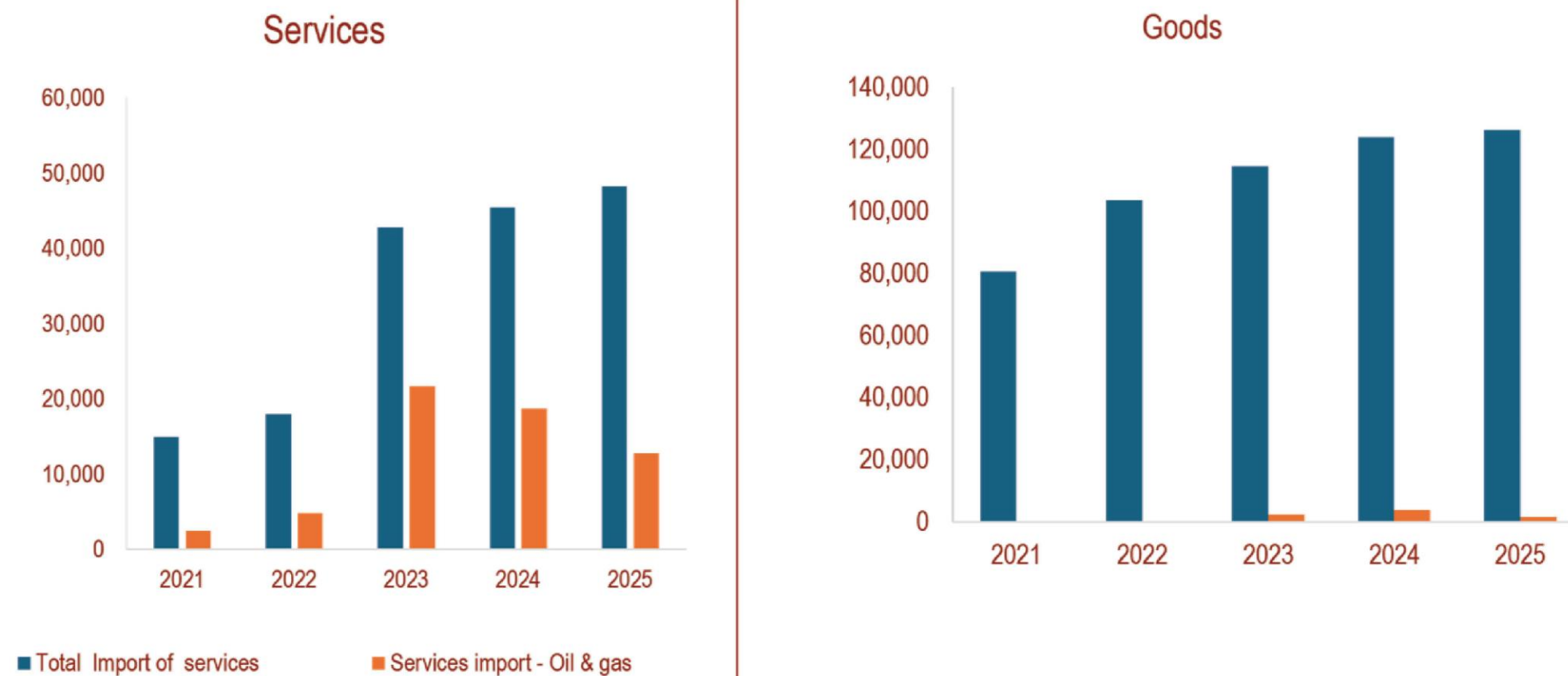


Source: Bank of Namibia

- Oil and Gas exploration activities accounted for an average of 30 percent of total Gross Fixed Capital Formation (GFCF) accounted for about 30 percent of GFCF between 2022 to 2025

Economic Landscape Since Oil & Gas Discovery

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



Source: Bank of Namibia

- Imports of services - Oil and gas industry: N\$60.3 billion since 2021 = 36 percent of total services imports
- Goods imports - oil and gas exploration and appraisal: N\$7.7 billion (1.4 percent of the total imports)



02

Namibia's Progress Towards a Sustainable Oil and Gas Industry



Institutional Legal and Regulatory Landscape



Various legal instruments

- Petroleum (Exploration and Production) Act, 1991
- Petroleum Taxation Act, 1991)
- Petroleum Laws Amendment Ac, 1998 ,
The Export Levy Act, 2016
- Petroleum (Exploration and Production) Amendment Bill, 2025



Local Content Policy

- Fully developed; currently focused on the Upstream segment
- Aims to generate meaningful economic opportunities for Namibians from the new industry
- Establishes various instruments of participation (jobs, skills)
- Envisioned to develop into a legal instrument
- Petrofund prioritising industry capacity building



Fiscal Regime

- Petroleum Income Tax (PIT): 35 per cent
- Royalty: 5 percent
- Export levy: 1.5 percent Additional Profits Tax
- Potential dividends from NAMCOR
- Petroleum Tax Unit (NamRa)

Domestic Savings Landscape

N\$552.8bn

Non-bank financial institution
assets in 2025

+16.6%

Growth in NBFI assets from
2024

Domestic
savings

Risk-sharing
mechanisms

Supplier finance

Local firms

Higher-value
local content

Maintain prudential standards: national importance should not be confused with low risk.

Oil and Gas opportunities



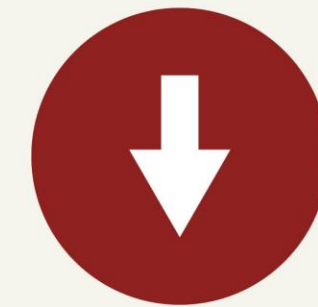
Upstream

Exploration and extraction activities

- Customs Clearance, Warehousing and Storage
- Freight and Logistics Management
Waste Management Services
- Oilfield Support Services
- Logistics and Supply Base Services



- Marketing services
- Consulting services
- Business support services
- Risk Management
- Relationship management



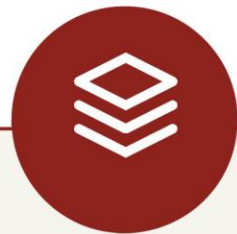
Downstream

Refining and marketing of petroleum products

- Fuel distribution, storage and retail storage terminals, wholesale distribution and retail networks,
- Marketing services
- Logistics and procurement services

Critical skills required

Local training institutions need to embed these skills in their curriculum offerings once FID is reached.



- Petroleum Economics and Fiscal Modelling,
- Petroleum Accounting and Cost Audit, Petroleum Tax Audit and International Taxation,
- Reservoir Engineering and Petroleum Geoscience,
- Specialised petroleum law,
- Offshore Health, Safety and Environmental Regulation
- Sovereign Asset and Liability Management,
- Public Communication.



Preparatory measures under development

Institutional and regulatory frameworks

- Key legal instruments remain under development
- Transitioning of key institutional structure
- Limited clarity on institutional mandates
- Institutional and capacity challenges - new industry.

Local Content Policy

- Limited enforceability of local content provisions.
- Shortfalls between local content targets and available domestic skills.
- Local skills and capability gaps relative to international industry requirements.

Public expectations

- No Public communication strategy
- Limited understanding of petroleum project timelines by the public
- Need for Public Awareness



03

Risks Associated With First-Time Oil Producers



Four key risks require active management

Timelines uncertainty, fiscal discipline, realistic expectations and protection of the wider economy.

TIMING

Production can be delayed; avoid commitments built on fixed dates.

Discovery $\neq$ guaranteed production

FISCAL

Commodity upswings can trigger pro-cyclical spending and borrowing.

Public debt: 64.0% of GDP

Prospective producers have often overestimated petroleum revenues.

Average overestimate: 37%

THE DUTCH DISEASE

Resource movement from other sectors, impacting competitiveness and inflationary pressures.

ENVIRONMENTAL IMPACTS

Offshore spill risks can lead to severe consequences and require safeguards.





04

Conclusion and Recomendations



Conclusion

1

The country has been putting measures in place in preparation for the new industry with significant groundwork already underway. As one of the few countries to have established a Sovereign Wealth Fund before the on-set of oil production, Namibia is comparatively well-positioned to manage future revenues from the oil and gas sector, towards sustainable and inclusive resource development.

2

Nonetheless, efficient positioning of key institutions that will govern the production is crucial, before FID, to avoid legal and regulatory changes that may carry costs to the country.



Recommendations

01

Legal and regulatory frameworks



- Advance the gazetting of key legal instruments
- Petroleum (Exploration and Production) Amendment Bill, 2025 to clarify institutional mandates.
- And Sovereign Wealth Fund Bill to support revenue management measures

02

Local Content



- Advance work on Local Content legislation to ensure enforcement
- Harmonise local content requirements with local capacity to encourage compliance
- Establish a petroleum business development and support centre.

03

Capacity and skills retainment



- Implement a strategic capacity-building plan for the public sector
- Special remuneration and retention framework for scarce petroleum skills

04

Public expectations



- Develop a Public communication strategy
- Institute public engagements to promote informed expectations



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THANK YOU