

The Role of Namibia's Emerging Oil Industry in SADC's Economic Expansion

¹ Custon Ziwoni

¹Lecturer, International University of Management, Namibia

Publication Date: 2025/06/28

Abstract: Namibia's recent oil discovery presents a transformative opportunity for the Southern African Development Community (SADC), reshaping economic prospects, energy security, and regional development. This discovery has the potential to attract substantial foreign investment, create employment opportunities, and strengthen local industries, contributing to sustainable growth. It also has the potential to transform the economic landscape of the Southern African Development Community (SADC). As the country emerges as a key player in the regional energy sector, the oil industry is expected to drive economic expansion through increased investment, infrastructure development, and job creation. Furthermore, it may redefine SADC's energy landscape by reducing dependency on external sources and fostering intra-regional trade. This paper explores how Namibia's oil industry can enhance energy security, stimulate regional trade, geopolitical future and promote industrial growth within SADC. However, it also examines the challenges associated with resource governance, environmental sustainability, equitable resource distribution and equitable economic distribution must be addressed to maximize the benefits. By analyzing these factors, this study provides insights into how Namibia's oil sector can contribute to broader regional development while ensuring sustainable and inclusive growth.

Keywords: Namibia, Oil Industry, SADC (Southern African Development Community), Economic Expansion, Energy Security, Investment Opportunities, Infrastructure Development, Regional Trade, Industrial Growth, Natural Resources, Governance & Sustainability, Environmental Impact, Job Creation, Oil Reserves and Global Energy Markets.

How to Cite: Custon Ziwoni (2025) The Role of Namibia's Emerging Oil Industry in SADC's Economic Expansion. *International Journal of Innovative Science and Research Technology*, 10(6), 2063-2066. <https://doi.org/10.38124/ijisrt/25jun1001>

I. INTRODUCTION AND BACKGROUND TO THE STUDY

Namibia's emerging oil industry is poised to reshape the economic landscape of the Southern African Development Community (SADC). With recent discoveries in the Orange Basin, the country is attracting significant investment from global energy giants, including Shell, TotalEnergies, and Qatar Energy. This newfound resource wealth presents opportunities for economic expansion, energy security, and regional trade, but also raises concerns about governance, environmental sustainability, and equitable distribution of benefits.

Namibia's oil exploration gained momentum following major offshore discoveries, positioning the country as a potential energy hub within SADC. The government has responded by hosting industry conferences to promote investment and knowledge exchange. Additionally, Namibia has launched a \$2.1 billion port expansion to support oil exports and improve regional logistics. Also, the government and private sector stakeholders are actively promoting policies to attract foreign investment and develop local expertise in the oil and gas sector.

Despite these advancements, challenges remain. Namibia's high unemployment rate (36.9%) underscores the need for policies that ensure oil revenues contribute to job creation and economic diversification. Lessons from other resource-rich nations highlight the importance of transparent governance and sustainable development to avoid pitfalls such as corruption and economic inequality.

A. Current Developments and Implications

➤ Infrastructure Growth:

The expansion of Walvis Bay and Lüderitz ports is expected to enhance trade efficiency and attract foreign investment.

➤ Regional Impact:

Improved maritime connectivity will benefit landlocked SADC nations like Zambia, Zimbabwe and Botswana, reducing transit costs.

➤ Policy Considerations:

Namibia must implement strong regulations to manage oil revenues responsibly and prevent environmental degradation.

Namibia's oil industry presents both opportunities and challenges for SADC's economic expansion. While infrastructure development and investment growth signal progress, governance, sustainability, and equitable resource distribution remain critical factors in ensuring long-term benefits.

II. LITERATURE REVIEW

➤ *Overview of Namibia's Oil Industry*

Namibia's oil sector has gained global attention following significant discoveries in the Orange Basin, attracting major energy companies such as Shell, Total Energies, and Qatar Energy. According to a report by the Bank of Namibia, the country's petroleum industry is governed by the Petroleum (Exploration and Production) Act of 1991, which outlines regulatory frameworks for exploration and production.

➤ *Economic Impact on SADC*

The emergence of Namibia as an oil-producing nation has implications for regional economic expansion. A study by Moyo (2019) highlights that fluctuations in global oil prices significantly affect SADC economies, particularly Mauritius, Mozambique, Tanzania, Zimbabwe and Zambia. Namibia's oil production could mitigate these vulnerabilities by providing a stable regional supply, reducing reliance on imports.

➤ *Infrastructure and Trade Development*

Investment in port expansions at Walvis Bay and Lüderitz is expected to enhance trade efficiency within SADC. The United Nations University World Institute for Development Economics Research (UNU-WIDER) suggests that improved infrastructure could facilitate biofuel and natural gas trade, strengthening economic ties among member states.

➤ *Governance and Sustainability Challenges*

While Namibia's oil industry presents economic opportunities, concerns about resource governance and environmental sustainability remain. Namhindo (2020), from the University of Namibia examines the relationship between oil prices and economic growth, emphasizing the need for transparent policies to prevent corruption and economic inequality.

➤ *Policy Recommendations*

To maximize benefits, Namibia must implement strong regulatory frameworks and sustainable development strategies. The National Energy Policy of 2017 and the National Renewable Energy Policy (NREP) provide guidelines for balancing oil production with environmental conservation.

Existing literature underscores the transformative potential of Namibia's oil industry for SADC's economic expansion. However, governance, sustainability, and equitable resource distribution remain critical factors in ensuring long-term benefits. Further research is needed to

assess the long-term socio-economic impact of oil production on Namibia and the broader SADC region.

III. RESEARCH METHODOLOGY

A. *Research Design*

This study adopts a mixed-methods approach, combining qualitative and quantitative research to analyse the impact of Namibia's emerging oil industry on SADC's economic expansion. The methodology includes case studies, economic modelling, and policy analysis to provide a comprehensive understanding of the sector's development.

B. *Data Collection Methods*

➤ *Primary Data:*

Interviews with government officials, industry experts, and economists to assess policy frameworks and economic projections.

➤ *Secondary Data:*

Reports from the Bank of Namibia, the National Planning Commission, and academic studies on Namibia's oil industry and regional trade.

C. *Sampling Techniques*

A purposive sampling method is used to select key stakeholders, including oil companies, policymakers, and trade analysts. Additionally, economic data from SADC member states is analysed to determine regional trade patterns.

D. *Data Analysis*

➤ *Economic Forecasting Models:*

Used to predict the impact of oil production on GDP growth, employment, and trade.

➤ *Comparative Analysis:*

Namibia's oil industry is compared with other resource-rich SADC nations to identify best practices and potential risks.

➤ *Policy Review:*

Examination of Namibia's Petroleum Act (1991) and SADC trade agreements to assess regulatory effectiveness.

E. *Ethical Considerations*

The study ensures confidentiality for interview participants and adheres to ethical research standards outlined by Namibia's National Research Council.

This methodology provides a structured approach to evaluating Namibia's oil industry and its role in SADC's economic expansion. By integrating economic modelling, policy analysis, and stakeholder perspectives, the study aims to offer data-driven insights for sustainable development.

IV. RESEARCH FINDINGS

➤ *Namibia's Oil Discoveries and Economic Potential*

Recent discoveries in the Orange Basin, including the Graff-1, Jonker-1X, La Rona-1, and Venus-1 wells, indicate significant oil reserves. Estimates suggest that Venus-1 alone could hold up to 2 billion barrels of recoverable oil, positioning Namibia as a potential energy hub within SADC.

➤ *Impact on Regional Trade and Infrastructure*

Namibia has accelerated efforts to develop infrastructure supporting oil production. The expansion of Walvis Bay and Lüderitz ports is expected to enhance trade efficiency, benefiting landlocked SADC nations such as Zambia, Zimbabwe and Botswana. Improved maritime connectivity could reduce transit costs and strengthen regional economic integration.

➤ *Investment and Policy Considerations*

The Namibian government is actively promoting foreign direct investment to support oil development. However, concerns remain regarding governance, taxation policies, and environmental sustainability. The Petroleum (Exploration and Production) Act of 1991 and the National Energy Policy of 2017 provide regulatory frameworks, but further refinements may be necessary to ensure equitable resource distribution.

➤ *Employment and Economic Diversification*

While oil production promises economic growth, Namibia's high unemployment rate (36.9%) underscores the need for policies that ensure oil revenues contribute to job creation and industrial diversification. Lessons from other resource-rich nations highlight the importance of transparent governance to prevent economic inequality.

Namibia's emerging oil industry presents both opportunities and challenges for SADC's economic expansion. While infrastructure development and investment growth signal progress, governance, sustainability, and equitable resource distribution remain critical factors in ensuring long-term benefits. Continued research and policy adjustments will be essential to maximize the positive impact of Namibia's oil sector on the broader SADC region.

V. RECOMMENDATIONS

➤ *Strengthening Policy and Governance*

Namibia should enhance regulatory frameworks to ensure transparent oil revenue management and prevent corruption. The Petroleum (Exploration and Production) Act of 1991 should be updated to align with global best practices and SADC trade agreements.

➤ *Sustainable Infrastructure Development*

Investment in port expansions at Walvis Bay and Lüderitz should be prioritized to support oil exports and regional trade. The Namibia Oil and Gas Conference 2025 emphasizes the need for modernized logistics to facilitate economic integration.

➤ *Economic Diversification and Job Creation*

Oil revenues should be reinvested in manufacturing, renewable energy, and technology sectors to reduce reliance on petroleum exports. The Bank of Namibia suggests that diversification strategies can mitigate economic volatility.

➤ *Environmental and Social Responsibility*

Namibia must implement strict environmental regulations to minimize the ecological impact of oil extraction. The National Energy Policy of 2017 provides guidelines for balancing oil production with sustainability goals.

➤ *Regional Collaboration within SADC*

Namibia should strengthen bilateral agreements with SADC member states to promote energy security and trade partnerships. The Namibia Investment Promotion and Development Board (NIPDB) is facilitating business matchmaking to attract investors.

These recommendations aim to ensure that Namibia's oil industry contributes to long-term economic expansion within SADC while maintaining sustainability and governance integrity.

VI. CONCLUSION

Namibia's emerging oil industry has the potential to reshape the economic landscape of the Southern African Development Community (SADC). The discovery of significant oil reserves in the Orange Basin has attracted global investment, positioning Namibia as a future energy hub. This study has examined the economic, infrastructural, and policy implications of Namibia's oil sector, highlighting both opportunities and challenges.

A. *Key Findings*

➤ *Economic Growth & Trade Expansion:*

Oil production is expected to boost Namibia's GDP, create employment, and enhance regional trade within SADC. The expansion of Walvis Bay and Lüderitz ports will facilitate exports, benefiting landlocked nations such as Zambia, Zimbabwe and Botswana.

➤ *Investment & Policy Considerations:*

While foreign direct investment is increasing, Namibia must strengthen governance frameworks to ensure transparent revenue management and sustainable development.

➤ *Environmental & Social Responsibility:*

Oil extraction poses environmental risks, necessitating strict regulations to mitigate ecological damage and ensure long-term sustainability.

➤ *Regional Collaboration:*

Strengthening bilateral agreements within SADC will promote energy security and economic integration, fostering a more resilient regional economy.

➤ *Final Thoughts*

Namibia's oil industry presents unprecedented opportunities for economic expansion, but success will depend on effective governance, sustainable policies, and regional cooperation. By implementing transparent regulatory frameworks and environmentally responsible practices, Namibia can maximize the benefits of its oil sector while ensuring long-term prosperity for SADC.

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