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The role of mining in economic development in Namibia post-2008 global economic crisis

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2015-04-28
http://hdl.handle.net/10539/17548

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ABSTRACT

Namibia is reported to have experienced several years of moderate economic growth since the country gained independence in 1990. The economy is largely supported by the country's mining sector which provides significant revenues through foreign export earnings, foreign direct investment (FDI), taxes and royalties. In the period leading to the 2008 global economic crisis, growth in the country's mining sector started to decline due to the rapid fall in mineral commodities' prices. This did not only negatively impact growth in the mining sector, but also stifled growth in other sectors of the economy. The paper examined the role of mining and its impacts in economic development in Namibia post-2008 global economic crisis. The paper also focused on building an understanding of Namibia's key macroeconomic policies and development strategies with regards to the mining sector. Despite its impressive mineral wealth Namibia continues to grapple with many social challenges including high levels of unemployment, widespread poverty, and high income inequality. The paper sought to establish whether Namibia's mineral resources were being optimally utilized to benefit Namibians. An extensive literature review which included amongst others, national and regional development policies, National Accounts, Chamber of Mines of Namibia reports as well as online data from the World Bank Data Catalog was carried out to appraise key social and economic development indicators. The paper found that despite the country having a fully articulated minerals policy, this has not effectively supported socio-economic development. The paper established that current levels of economic growth did not necessarily translate into broad-based sustainable socio-economic development. Lack of resource diversification has been identified as a major obstacle in the way of gainful economic transformation. In particular weak linkages between mining and other sectors of the economy have limited local business opportunities and impeded industrial development. Arguably, Namibia like many African countries has failed to obtain commensurate compensation for the exploitation of its mineral resources, as well as achieve equitable wealth sharing amongst its people.

Keywords: Economic Development; Employment Creation; Empowerment; Gross Domestic Product, Macroeconomic; Minerals Policy; Mining.