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Wealth, Natural Capital, and Sustainable Development: Contrasting Examples from Botswana and Namibia

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Abstract

Theoretical work has demonstrated that sustainable development requires non-declining per capita wealth, where wealth is defined to include produced, natural, human and social capital. Several studies have attempted to measure total national wealth or changes in wealth, but have been seriously hampered by a lack of data, especially for natural and human capital. To address this problem, the UN and other international statistical agencies developed a standardized framework for environmental accounts, the System of integrated Environmental and Economic Accounts (SEEA). Using the newly available asset accounts for natural capital, national wealth accounts are constructed and used to assess the contrasting development paths of Botswana and Namibia. Botswana, with an explicit policy of reinvestment of resource rents, has roughly tripled per capita wealth and national income over the past two decades. Namibia, with no explicit policy to use natural capita to build wealth, has seen per capita wealth and income decline.

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