



INSIGHT 2 - 2025



THE POTHOLE ECONOMY: FILLING PEOPLE'S POCKETS

With the blessed rains we have had since the beginning of the year, we have been lucky as Namibians. The whole country has been generously soaked, and not a moment too soon. Our roads are the only part of our country that hasn't been too pleased by the rain. Namibia has some of Africa's best, if not the best, road infrastructure, but it was no match for the unrelenting rain. Dodging potholes became a national sport. Some potholes are so big, you expect a bridge to be required to traverse them.

These potholes present an immediate opportunity for Namibia and Namibians. The potholes don't just need to be filled in, they need to be fixed permanently. Local authorities across Namibia have requested N\$500 million from the Road Fund Administration (RFA) to repair roads damaged by recent rainfall; RFA's Chief Executive Officer (CEO) Ali Ipinge, said that local authorities have so far applied for half a billion dollars to fix damaged roads. Thereby injecting an extra 500 million dollars into local economies; imagine what that would do for people.

As an economist in various roles throughout my career, I've always strongly advocated for stimulating the economy from a grassroots level, or in this case, from a pothole level and up. You cannot focus on large-scale projects in a country if people at every level are not employed and cannot make a living.

I look at economic theory and how we can apply it in the real world; in this case, Keynesian economics is applicable. It was developed by John Maynard Keynes and emphasizes the role of government intervention in stabilizing the economy. It suggests that during economic downturns, governments should increase spending and reduce taxes to boost demand and create jobs. If we can temporarily increase spending, paying local unemployed Namibians to fill the potholes at a local level, it will immediately catalyze the economy.



In Windhoek, we have seen this in action when some enterprising locals started filling potholes with buckets and spades. They received tips from drivers who were grateful not to navigate the canyon-like potholes. A few days later, the same enterprising young men returned with an old wheelbarrow, filling in longer stretches of road riddled with potholes. The money they received immediately went back into the local economy when they bought food, consumables, and a wheelbarrow.

If we are smart, we will recruit these young men, pay them from the N\$500 million earmarked to fix the potholes, and teach them how to properly and permanently fix the roads. The return on investment will be immense, and it will truly show empowerment at a grassroots or 'pothole' level across the country.

In Namibia, we usually award these contracts to one contractor with large overheads, whereas here, we can employ them people at a truly local level. This puts money directly into the pockets of the people who need it most, who will immediately spend it within the local communities. There are potholes all over the country, which means there's an opportunity to empower every local economy.



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