

Opportunity and vision

By **H.E. LINDA SCOTT**

HIGH COMMISSIONER OF THE REPUBLIC OF NAMIBIA TO THE COURT OF ST JAMES'S



LINDA SCOTT joined the Namibian Ministry of Foreign Affairs in 1990 serving in London and Havana. Subsequent postings saw her in Sweden, Belgium, Botswana, Nigeria and Ethiopia. After time as Director of Multilateral Affairs in Namibia, she was appointed Deputy Permanent Representative at the United Nations and then High Commissioner to the United Kingdom in 2018, and synonymously to Malta, Greece and Ireland. She holds a Masters from the University of the Free State and was involved in the anti-apartheid movement as a student.

Located in southwestern Africa, the vast and beautiful country of Namibia has a unique opportunity to transform its own energy prospects, together with those of the southern African region, into a sustainable and environmentally friendly future. With abundant renewable and non-renewable energy resources, stimulated by a growing demand for electricity nationally, regionally, and globally, Namibia is seizing this moment to develop and implement a vision for a cleaner, more efficient and resilient energy sector to enhance the well-being of its population. I have been delighted to work with FIRST and with the Namibia Investment Promotion Development Board (NIPDB) in this project to highlight Namibia's energy sector as a catalyst for growth, investment, and development both for Namibia and for potential investors.

The NIPDB was established in 2021 to facilitate easy and significant investment into Namibia and to serve as a vital bridge between investors and Namibia's potential, by offering investors a one-stop shop service. This publication aims to facilitate ease of contact between them and the investors they serve.

With the increasing global demand for clean energy linked to the need to mitigate climate change, Namibia finds itself at a critical juncture in contributing to the future of the global energy landscape and of Africa in particular. In 2023 Namibia faces its seventh year

of drought in some areas of the vast country, making Government expressly aware of the importance of balancing the development of renewable energy sources with transparently and inclusively harnessing the economic benefits of its newly-discovered oil and gas reserves. Indeed, the government is determined to be a responsible custodian of these valuable resources and to manage them sustainably for the present and future generations.

The past 33 years of independence have allowed the country to set up universities, electric grids, schools, and water networks. Namibia is however, ready to move to the next level of development with scores of young people educated and ready to enter the job market while industry is challenged to meet the demand.

As a resource-rich country Namibia is gaining significant attention in the global investment community for its burgeoning energy sector. The nation has abundant natural resources coupled with supportive government policies and a strong commitment to grow both the oil and gas sector as well as its renewable energy resources to make it an attractive investor destination in sustainable power solutions. The focus here is to achieve rapid but sustainable economic growth that meet the needs of today's generations without compromising the needs of future generations.



Namibia is gaining significant attention for its burgeoning energy sector

Renewable Energy Potential

While Namibia's economy is largely dependent on fossil fuels, renewable energy has emerged as a key pillar for Namibia's sustainable development as outlined in the President's Harambee Prosperity Plan. His Excellency Dr Hage G. Geingob has used the Swahili word, Harambee, which means "pull together" to encapsulate the balance needed to develop the renewable energy sources of Namibia while harnessing the economic benefits of the oil and gas reserves and developing local skills. Namibia has also taken the lead in demonstrating how to unlock the regions potential for large green hydrogen development.

Its location in a sun-belt region of southern Africa provides Namibia with ample opportunities for the development of large-scale solar power plants. In addition, Namibia has considerable wind power potential, particularly in the long coastline area, making the country an ideal investor location for sustainable wind energy projects which can contribute to the national energy grid. That grid extends over the entire region, so that as Namibia's power base increases, that of the region's will too.

However, such a transition to renewables requires diligence in addressing not only the energy deficit we face regionally, but that we ensure that our energy basket is fully utilised and that Namibia contributes to a regional and global transition to sustainable energy over a long term while unlocking low-carbon industrialisation opportunities.

In these pages you will find more on how Namibia is developing its green hydrogen industry, especially after signing significant Memoranda of Understanding and Feasibility and Implementation Agreements with governments and private sector investors respectively, thus availing resources towards the proliferation of opportunities in this field.

Oil and Gas Reserves

While Namibia has committed itself to zero carbon emissions status through strong focus on renewable energy, Namibia possesses significant oil and gas reserves that are being developed. The offshore Kudu Gas Field, estimated to contain over 1 trillion cubic feet of natural gas, has the potential to transform Namibia into a regional energy hub. At the same time, Namibia's coastline is considered prospective for offshore oil exploration with its significant oil and gas reserves presenting an interesting opportunity for economic growth, attracting foreign investment and developing the local and regional energy industry.

In his address to the Namibia International Energy Conference in April 2023, Minister of Mines and Energy, Hon. Tom Alweendo stated that just as it saw the country benefitting from a mix of energy

sources, Namibia would look at new and mixed forms of financing: "Sustainable Financing must include fossil fuels produced sustainably". By this he called for finding "the most realistic way in which we fit the current level of technology into the current energy demand structure, whilst balancing the people, the economy and the planet."

In order to address the various challenges, including present environmental concerns, Namibia has been working with organisations such as the Commonwealth and the International Maritime Organisation (IMO) to ensure that it adopts best practices and leverages modern technologies, legal policy frameworks to minimise impact on the environment while, at the same time, addressing disproportionately negative consequences of the energy transition on the Namibian economy. Developing a framework for sustainable environmental, social and governance practices and implementing stringent regulations while ensuring a conducive investment environment are all part of the Namibian investment vision.

Recognising the importance of a delicate equilibrium between the renewable energy development and the extraction of oil and gas reserves for the benefit of the country, Government has developed a National Integrated Resource Plan (NIRP) outlining a roadmap for energy development, setting ambitious targets for renewable energy deployment, and creating a framework for the sustainable exploitation of oil and gas resources.

Collaboration between the public and private sectors are seen as fundamental to development and has meant that Government encourages partnerships and fostering innovation to drive both the renewable and oil and gas sectors. Moreover, public awareness and education campaigns are crucial to promote a sense of responsibility and ownership among the Namibian people.

Entering International Carbon Market

Namibia was one of 120 countries which supported the climate change initiative, the Paris Agreement's Article 6, which established the post-2020 international carbon market through Nationally Determined Contributions (NDCs) for mitigation and adaptation.

In 2023, Namibia published its second and more ambitious NDC update conditionally committing to reduce GHG emissions by 11.9 MtCO_{2e} by 2030. Namibia aims to increase the total net sink by 11.9 MtCO_{2e} from -90.7 to -102.6 MtCO_{2e} (through 7.99 MtCO_{2e} removals and 3.92 MtCO_{2e} emission reductions).

Namibia has identified 38 programmes requiring an estimated US\$9.1 billion to achieve this ambitious target in mitigation outcomes. However, Honourable Pohamba Shifeta, Minister of Environment, Forestry,

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and Tourism, estimates that the country would require about US\$12.6 billion to allow Namibia, a country which in 2023 faces its 7th year of drought, to completely combat climate change. Namibia’s NDC plans would cut emissions and adapt to climate impact and would require about US\$6 billion for adaptation measures, and US\$9 billion for mitigation.

To realise this goal, the Ministry is working closely with the United Nations Development Programme (UNDP) to adopt national guidelines for the international carbon market. This is apart from its programmes on climate change with the Commonwealth Secretariat in London. Namibia aims to be a strong participant in the international carbon market via the processes it is setting in place to develop and implement carbon market activities across the country.

Supportive Government Policies

Since the Namibian government believes it has a duty to generate job opportunities, local economic growth and technological advancement to benefit Namibian people, it has a demonstrated strong commitment to promoting investment in the energy sector with a focus on partnership for the benefit of both stakeholders and local people, while recognising the complexities of a local content policy, incentives include tax benefits, power purchase agreements and streamlined regulatory procedures, all of which aim to ensure a transparent and business-friendly environment.

Namibia’s Renewable Energy Feed-in Tariff (REFTT) programme provided a guaranteed tariff for renewable energy producers, incentivising private investment in clean energy projects. Such initiatives offered stability and long-term revenue streams, assuring investors of a secure return on their investments.

Namibia’s strategic geographic location is important to place it as the sustainable energy capital of Africa.

Government is involved in regional initiatives to ensure cross-border energy trade through strengthening regional transmission lines and distribution networks in the Southern African Development Community. Off-grid opportunities, particularly in remote rural areas provide investment opportunities. Investments in mini-grids and standalone renewable energy systems can be transformative for these communities when they have reliable for households, businesses and importantly, agriculture.

Conclusion

Namibia’s energy sector is just one area of potential investment. Opportunities abound in education and training, agri-processing, aquaculture, and agricultural technology, to name but a few. However, the investment in the energy sectors spans expanding power infrastructure and regional integration initiatives and sustainable energy. Namibia’s aim is to ensure value creation for all stakeholders.

With a stable political environment, favourable investment policies and a commitment to renewable energy development, Namibia offers a promising investment landscape for both local and international investors. By participating in the country’s energy sector, investors can contribute to regional sustainable development goals while enjoying long-term financial returns.

The NIPDB is available to support investors. As always, prospective investors will find that as they do their market research, engage with local stakeholders and seek professional advice for their informed investment decisions that Namibia holds great potential. Those who embrace the opportunities stand to benefit from the environmental and economic dividends, while contributing to the development of a country based on strong governance and social principles. **E**



Wind farms will reduce Namibia’s reliance on imported electricity