LAW CREATES THE SEAT, CAPACITY FILLS IT

Positioning Namibian Companies to Benefit from Local Content in the Upstream Petroleum Sector

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PRESENTATION OUTLINE

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Namibia Oil and Gas Conference

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1. INTRODUCTION

- Over the last five years, Namibia has made significant strides in upstream oil and gas activities, with various discoveries having been made in the Orange Basin. Expectations are rising ahead of TotalEnergies' potential final investment decision in respect of the Venus project.
- August 2026: Reported that Cabinet approved the National Upstream Petroleum Local Content Policy.
- Stated ambition of NUPLCP: strengthen domestic capabilities, encourage the development of local industries, facilitate skills development and technology transfer, and create stronger linkages between the petroleum sector and the broader national economy.
- Intention is for benefits to reach Namibians across the full value chain — not only through royalties and taxes to government

2. LOCAL CONTENT LEGAL FRAMEWORK

In Namibia, there are currently two channels through which governments has set local content obligations – which is legislation and contractual agreements:

- **Petroleum Act**
- **Petroleum Agreement**
- **Affirmative Action Act (Not limited to Oil and Gas)**

Petroleum Act

<u>Section 14 of the Petroleum Act places the following conditions for holding a licence</u>*:*

- ➢ Preferential employment of qualified Namibian citizens;
- ➢ Use of Namibian products, equipment & services where efficient;
- ➢ Training programmes to develop citizens' skills;
- ➢ Co-operation to develop local skills & technology;
- ➢ Contribution to the Petroleum Training and Education Fund (PETROFUND).

Petroleum Agreement

<u>Negotiated between the parties and once signed includes provisions of local content</u>.

Clause 22 (Employment and training) stipulates preferential employment of Namibian citizens having appropriate qualifications;

There is also a negotiated annual contribution for training and education of Namibians, 70% paid to PETROFUND and 30% on in-house training of Namibian citizens. Annexure 6 governs the inhouse training;

Clause 23: preference to Namibian goods and services at competitive price and quality;

Annexure 4 outlines the Local Procurement Statement that is to be submitted to the Minister within 60 days after the end of each calendar year.

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....continuation of local content legal framework

Affirmative Action Act (Not limited to Oil and Gas)

The Employment Equity Commission through the principle of affirmative action requires a Relevant employer to give preferential treatment to employees from designated groups when recruiting:

- Racially disadvantaged persons:
- Women;
- Persons with disabilities.

The Affirmative Action (Employment) Act 29 of 1998 is not sector-specific, it applies broadly across industries and focuses on advancing designated groups, rather than establishing specific local participation requirements for the oil and gas sector.

3. NATIONAL UPSTREAM PETROLEUM LOCAL CONTENT POLICY

NATIONAL UPSTREAM PETROLEUM LOCAL CONTENT POLICY

The NUPLCP has been developed as a strategic framework to maximize the socio-economic benefits derived from Namibia's petroleum resources. It seeks to ensure that Namibians actively participate across the petroleum value chain and that the development of this sector creates lasting value for the country through employment, enterprise development, skills transfer, and industrial growth.

The **Inter-Agency Technical Committee** is intended to provide a cross-government coordination and technical oversight mechanism for the implementation of the NUPLCP, ensuring alignment of institutional mandates, legal and regulatory measures, financing mechanisms and other interventions necessary to maximise Namibian participation in the upstream petroleum sector.

The following plans are to be submitted:

- **Local Content Plan** must detail how the company intends to maximize the use of Namibian goods, services, and workforce throughout its operations. It will provide the basis for the Government to negotiate realistic and attainable targets and commitments with individual companies;
- **Implementation Action Plan** sets out the specific actions required to give effect to the Policy, identifying the entities responsible for initiating actions, achieving outcomes and mobilising the necessary funding, while allowing implementation to be delegated where appropriate.

4. LAW VS POLICY: WHY IT MATTERS

POLICY

- A statement of intent and direction
- Sets priorities, principles and targets
- Adopted by executive/administrative decision — e.g. Cabinet approval
- Guides national discussion — not binding

LAW

- A binding rule, formally enacted (Parliament + Government Gazette)
- Enforceable — creates rights, obligations and penalties
- Currently: the Petroleum Act and Petroleum Agreements

DISTINGUISHING BETWEEN THE TWO MATTERS: TO MANAGE EXPECTATIONS: It matters because some of the aspects in the Policy are not readily implementable today – but the policy tells us what to do to make sure we can implement what we can't implement today – tomorrow: so, expectations must be managed today.

A policy is a statement of intent it sets out what government wants to achieve and broadly how and it can be adopted through an executive decision like Cabinet approval, without going through Parliament. A law, by contrast, **is a binding rule, formally enacted.** In Namibia's case, passed by Parliament and published in the Government Gazette and it's enforceable, with rights, obligations and usually penalties attached.

Today, the enforceable law is still the Petroleum Act and the Petroleum Agreements. The 2026 Local Content Policy, important as it is directionally it is not yet enforceable and is not intended to enforceable. For your business planning, that means: comply with what's already binding, but watch closely for the regulations that will give the new policy legal teeth.

5. THERE ARE OPPORTUNITIES: WHAT NEEDS TO HAPPEN NEXT

Introduce Regulations: fast-tracked consultation with local businesses, operators and associations is critical

- A dedicated monitoring body

  to verify suppliers, track operator compliance, review local content plans and publish findings (Namibia currently has none, unlike Ghana and Guyana)

- Performance bonds and corrective action plans

  financial guarantees and structured remediation steps, rather than blunt penalties alone

- Decriminalising non-compliance

  replacing criminal sanctions that drain police resources with proportionate fines (for example up to 5% of project value)

6. OPPORTUNITIES

40–80%

- of extractive-industry revenue spent on procurement of goods & services

3 Types of Jobs

- Direct
- Indirect
- Induced employment

Backward Linkages

- The domestic supply chain opportunity

- The sector is capital-intensive, technologically driven and high-risk but its procurement spend is the real backward-linkage opportunity for Namibian enterprise
- Sustainable, higher-paying roles require specialist training not just headcount
- Winning work requires understanding oil & gas-specific standards, codes of practice, and multinational procurement processes

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7. Getting Company Ready - Legal Due Diligence on your company

Getting Company-Ready

Governance & Compliance

- ✓ Keep company records current — good standing & fitness certificates, up-to-date BIPA filings
- ✓ File tax returns even when there is no income, to avoid penalties and interest
- ✓ Maintain documents at your registered office — gaps raise fronting and screening red flags in due diligence

Policies & Bankability

- ✓ Put in place an Anti-Bribery Policy and Know-Your-Client (KYC) procedures
- ✓ Adopt a business code of conduct; comply with labour and human rights law
- ✓ Open bank accounts with authorised dealers — funders require compliant, bankable structures

8. Conclusion

Local content is only as strong as Namibians are positioned to claim it!

The law and now the policy create the seat at the table, but capacitation is what lets Namibians actually sit in that seat. The skills to do the work, the firms able to deliver at the standard multinationals require and real ownership stakes in the value chain.

If we, as Namibian companies and professionals, are not competent and capacitated, we will lose out regardless of how strong the law looks on paper and its application will remain dormant. The opportunity in front of us is real. Whether we capture it is up to us.

THANK YOU!

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