



GOVERNMENT OF THE REPUBLIC OF NAMIBIA

MINISTRY OF MINES & ENERGY

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NATIONAL UPSTREAM PETROLEUM LOCAL CONTENT POLICY

Acknowledgement

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The MME is grateful for the opportunity to collaborate with each stakeholder, whose insights helped draft a policy that reflects the ambitions and aspirations of all Namibians.

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Foreword

As Namibia embarks on its journey to harness its petroleum resources, it is vital that the development of this sector not only strengthens our national economy but also fosters inclusive growth and active participation of the Namibians at every level of the industry. The creation of a robust Namibian Content Policy for the Upstream Petroleum Sector, with linkages throughout the entire petroleum value chain, is crucial for ensuring that the benefits of Namibia's natural resources are shared fairly and sustainably among all Namibians.

In line with the MME's vision to be a leading institution that contributes to Namibia's socio-economic development by ensuring the optimal use and sustainable management of the country's mineral and energy resources, this policy serves as a strategic tool to guide the MME's efforts. Our mission is to facilitate and promote the responsible exploration, development, utilization, and management of Namibia's mineral and energy resources for the benefit of all Namibians, through effective policy frameworks, regulations, and partnerships.

Globally over the last two decades, local content laws have gained significance within the global petroleum sector. The introduction of the first frameworks in the early 1970s, has been a shift from philanthropic, *ad-hoc* corporate social responsibility models to value-driven economic policies that emphasise national involvement in high-skill activities. This policy, tailored to Namibia's unique context, serves as a foundation for realising Namibia's full potential in the petroleum industry and securing a prosperous future for our country.

The discovery and development of Namibia's petroleum resources mark a transformative chapter in our nation's history. This policy is designed to create essential forward and backward linkages that will integrate our emerging petroleum sector into the national economy. It presents a unique opportunity to transform the economy, uplift communities, enhance living standards, and ensure a prosperous future for all Namibians. However, this opportunity brings with it the responsibility to manage these resources prudently and sustainably, in order to guarantee that the benefits are equitably shared.

Namibia's Local Content Policy reflects the country's commitment to maximising the socio-economic benefits from petroleum exploration and production. It ensures that Namibians, particularly those from previously disadvantaged backgrounds, are actively engaged and benefit throughout the value chain of this critical industry. This is achieved through fostering the growth of local enterprises, enhancing workforce capabilities, and facilitating the transfer of knowledge and technology. Moreover, this Policy aims to build a dynamic and competitive Namibian petroleum sector.

We recognise that investing in our people is essential for the upstream petroleum sector to thrive. This Local Content Policy provides a framework for nurturing partnerships between international companies and Namibian businesses, thereby creating opportunities for local companies to grow and compete globally. It also underscores the importance of building a skilled workforce capable of meeting the demands of a rapidly evolving petroleum industry.

As we advance Namibia's petroleum industry, the principle of Namibianisation stands at the forefront of this Local Content Policy. Namibianisation is a key approach aimed at ensuring that our citizen play a central role in the growth and development of this critical sector and create an industry with a true reflection of Namibia.

Aligned with our broader national development goals, including the National Development Plans, Harambee Prosperity Plans, (as may be adopted from time to time) Vision 2030, and the United Nation Sustainable Development Goals, this policy integrates the Namibian content requirements to drive inclusive growth, reduce unemployment, poverty and, create lasting economic opportunities for future generations.

The development of this Local Content Policy has been a collective effort, drawing on the expertise and insights of government agencies, industry representatives, civil societies, and local communities. The MME team extends its heartfelt gratitude to all those who contributed to this important framework.

As we move forward, I encourage all stakeholders to work together in the spirit of partnership and shared responsibility to ensure the successful implementation of this policy and to achieve its vision of shared benefits for all Namibians. Together, we can build a sustainable and prosperous future for Namibia.

I hereby endorse the National Upstream Petroleum Local Content Policy.

Hon. Tom K. Alweendo
Minister

Acronyms

CSR	Corporate Social Responsibility
E&P	Exploration & Production
FTE	Full-Time Equivalent
GRN	Government of the Republic of Namibia
HPP	Harambee Prosperity Plan
IOC	International Oil Companies
LC	Local Content
LCP	Local Content Policy
M&E	Monitoring and Evaluation
MME	Ministry of Mines and Energy
MFPE	Ministry of Finance and Public Enterprises
NAMCOR	National Petroleum Corporation of Namibia
NAMPOA	Namibia Petroleum Operations Association
NPC	National Planning Commission
PETROFUND	Petroleum Training and Education Fund
SME's	Small and Medium Enterprises
TCF	Trillion Cubic Feet

Glossary

Appraisal	Activities carried out following a discovery for the purpose of estimating the quantity and quality of recoverable petroleum and whether it is a commercial discovery.
Company	means a company incorporated under Chapter 4 of the Companies Act, 2004 (Act No. 28 of 2004) and includes an external company registered in terms of Chapter 13 of the Companies Act, 2004 (Act No. 28 of 2004), a close corporation incorporated in terms of the Close Corporations Act, 1988 (Act No. 26 of 1988), and any other body which, immediately before the commencement of this Act, was a company in terms of the Companies Act, 1973 (Act No. 71 of 1973).
Contractor	A company that provides specialised services and equipment to support the oil and gas activities in terms of the Model Petroleum Agreement, a Production Sharing Agreement or equivalent.
Commercial Discovery	A discovery that is technically and economically viable.
Discovery	To establish through drilling of a well the presence of petroleum.
Development (phase)	The planning, construction and installation of facilities for production.
Downstream	The marketing and distribution of liquid petroleum and natural gas products derived from crude oil and natural gas. Such products include LPG, diesel, plastics, fertilizers, pesticides and pharmaceuticals.
Exploration	Activities carried out for, or in connection with the search for petroleum.
external company	means a company or other association of persons, incorporated outside Namibia, which has a place of business in Namibia, or

	which was an external company in terms of the repealed Companies Act, 1973 (Act No. 71 of 1973).
Foreign	In the case of a natural person means a person who is not a citizen of Namibia and in the case of a company, means an external company, firm or business or any such, incorporated under the laws of any country other than Namibia in which more than fifty percent of the shares are held by a person who is not a citizen of Namibia and in the case of partnerships, means a partnership in which the partnership controlling interest is owned by a person who is not a citizen of Namibia.
Frontier	Often also referred to as emerging.
Fronting	any practices or initiatives which are in contravention of or against the spirit of any law, provision, rule, procedure, process, system, policy, practice, directive, order or any other term or condition pertaining to economic empowerment of Namibians under the law and this Policy.
Host nation	Often also referred to as host government. The country or government where the resources are discovered.
Local community	A group of people residing in the area where petroleum activities are being undertaken. This includes both urban, sub-urban and rural areas inhabited by people with shared and distinct values and identities and bound by common historical experiences.
Local company	A company incorporated or registered under the Companies Act, 2004 (Act No. 24 of 2008) was a company in terms of the Companies Act, 1973 (Act No. 71 of 1973) in which Namibian citizens own at least 51 percent equity and at least 30 percent equity is owned by Previously Disadvantaged Persons as per the Affirmative Action (Employment) Act, 1998 (Act No. 29 of 1998) and with its principal place of business located Namibia. This includes a Close corporation incorporated in terms of the Close Corporations Act, 1988 (Act 26 of 1988) and a partnership or joint venture, so crated in terms of Namibian laws. Local company has a corresponding meaning.

Local Content	The added value brought to the Namibian economy through systematic development of national capacity and capabilities and investment in the use, procurement and development of Namibian workforce, goods and services, companies, ownership, financing, capital and research capability in the petroleum sector value chain for the sharing of accruing benefits.
Local Content Plan	A detailed proposal or strategy outlining the steps and actions to be undertaken to maximise the use of local labour, goods, services, transfer of technology and knowledge, and to develop local skills. The plan is developed and submitted by the companies to the regulator, for further deliberations and regulator's approval. The upstream annual local content plan shall include a Human Resources section that encompasses employment, training, and upskilling of Namibians.
Local Content Performance Report	A comprehensive document submitted by companies operating in the petroleum sector, that tracks and evaluates the progress and effectiveness of an organisation local content initiatives.
Namibia	includes the territorial sea referred to in section 2 of the Territorial Sea and Exclusive Economic Zone of Namibia Act, 1990 (Act No. 3 of 1990), the exclusive economic zone referred to in section 4 of that Act and the continental shelf referred to in section 6 of that Act.
Operator	A company which is a licence holder undertaking operations on its own behalf or another company appointed or sub-contracted by the licence holder to manage and oversee Petroleum Operations on their behalf.
Opportunistic intermediary	This includes companies which have concluded agreement with other Companies with a view to leveraging the opportunistic intermediary's favorable status in circumstances where the agreement involves:

	<p>a) Significant limitations or restrictions upon the identity of the opportunistic intermediary's suppliers, service providers, clients or customers.</p> <p>b) The maintenance of their business operations in a context reasonably considered improbable having regard to resources; and</p> <p>c) Terms and conditions which are not negotiated at arms-length on a fair and reasonable basis.</p>
Petroleum	Any liquid or solid hydrocarbon or combustible gas existing in a natural condition in the earth's crust and includes any such liquid or solid hydro- carbon or combustible gas which has in any manner been returned to such natural condition, but shall not include coal, bituminous shale or other stratified deposits from which oil can be obtained by destructive distillation, or gas arising from marsh or other surface deposits.
Petroleum Operations	means any operations carried out for or in connection with the production of petroleum. This includes comprehensive activities carried out for or in connection with the exploration, appraisal, development, production and disposal of petroleum.
Regulator	Ministry of Mines and Energy: Petroleum Affairs Directorate.
Previously Disadvantaged Persons	Any person falling under the Designated groups as per the Affirmative Action (Employment) Act, 1998 (Act No. 29 of 1998)
Racially disadvantaged persons	mean all persons who belong to a racial or ethnic group which was or is, directly or indirectly, disadvantaged in the labour field as a consequence of social, economic, or educational imbalances arising out of racially discriminatory laws or practices before the Independence of Namibia.
Service provider	Means a company or natural person, other than a contractor's employee, who undertakes to perform petroleum operations or part of petroleum operations on behalf of a contractor. This includes a natural person or company sub-contracted to perform works ancillary or supplementary to petroleum operations.

	Ancillary and supplementary services shall include but not limited to consulting, legal services, investment banks, marketing, communications, storage, and processing services.
Stakeholders	Individuals, agencies, groups, or organisations that have an interest in, are affected by, or can influence the outcome of this policy.
Subcontractor	A company that is hired by a primary contractor (or contractor) to perform a specific portion of the work or services on a larger project.
Upstream	Activities that include reconnaissance, exploration, development, production of crude oil and natural gas.
Value chain	Sequential stages in the petroleum industry life cycle including exploration and development, production, treatment, transportation, refining, or other beneficiation, and distribution of crude oil and natural gas.

Executive Summary

The Local Content Policy outlines the Government of the Republic of Namibia's commitment to fostering in-country value addition and local economic development by promoting Namibian participation across the petroleum sector.

This Local Content Policy primarily applies to the upstream, midstream segments of the petroleum sector and, to a certain extent, to downstream activities directly related to the Namibian oil and gas production. The Minister may expand its scope to include other segments of the petroleum value chain and the broader energy sector, enhancing demand for local goods and services and supporting local capacity-building investments.

The Local Content Policy is a key tool for promoting economic sovereignty and reducing dependency on foreign expertise by building local capacity. It fosters sustainable development by ensuring that petroleum resources contribute to long-term national growth, beyond immediate economic gains.

Namibia's upstream petroleum sector is characterised by high risks, capital intensity, advanced technology requirements, and long investment horizons, often resulting in high levels of imports and limited local employment. To address these challenges and maximise the economic benefits of petroleum resources, Namibia has adopted this Local Content Policy.

This Policy aligns with national strategies, including the National Development Plan, Harambee Prosperity Plans (as may be adopted from time to time), National Energy Policy, National Equitable Economic Empowerment Framework (NEEEF), Growth at Home Policy, Poverty Eradication Policy, and Vision 2030, which envisions a prosperous and industrialised Namibia driven by its human resources.

The National Upstream Petroleum Local Content Policy's vision is to create an internationally competitive petroleum sector that maximises the benefits to the country through meaningful and sustainable participation by Namibians and local companies across all areas of the value chain.

The National Upstream Petroleum Local Content Policy's mission is to maximise the benefits to Namibian citizens from petroleum resources through the enhancement and development of strategies that will target phased participation of Namibian companies, workforce, goods and services, along the value chain.

The National Upstream Petroleum Local Content Policy's goal is to enable Namibian citizens and companies to participate in a meaningful and sustainable way across all areas of the value chain.

The Policy aims to provide a clear and stable regulatory framework for local content, focusing on:

1. Establishing a clear regulatory and institutional framework for local content.
2. Identifying and prioritising specific goods and services for local capacity development.
3. Maximising training, up-skilling, and employment of Namibians.
4. Enhancing the participation and development of local companies throughout the value chain.
5. Stimulating innovation, research, and development.
6. Ensuring the transfer of technology, knowledge, and skills.
7. Creating opportunities for meaningful Namibian participation and financing at all levels of the sector.
8. Fostering collaboration between international and local stakeholders to enhance knowledge transfer, skills development, and capacity building.
9. Mandating the localisation of services and procurement to ensure that local businesses are prioritised in the value chain.

This Local Content Policy is designed to foster collaborations amongst the government, international oil companies, their contractors and local communities to maximise the socio-economic benefits of the petroleum sector. The Namibian government is committed to ensuring that local content requirements are met to promote national economic development and capacity building. International Oil Companies and their contractors are expected to prioritise local businesses and workforce, thereby contributing to the growth of the local economy and enhancing national development. Local communities are also responsible for actively engaging with and supporting these initiatives, ensuring they take full advantage of opportunities created by the petroleum sector. This collaborative approach aims to ensure the benefits of the petroleum activities are widely distributed to support sustainable development and reduce economic disparities in Namibia.

For monitoring and evaluation, the policy's progress will be measured using Key Performance Indicators (KPIs) such as the percentage of local goods and services used, employment of Namibians in the sector, and the level of local investment in capacity-building initiatives. Operators and Contractors are expected to regularly submit compliance reports and audits to the MME. Stakeholder feedback will be continuously gathered to improve this policy and address emerging challenges.

Effective risk management and mitigation are critical to the successful implementation of this Policy. Given the evolving nature of global markets and nascent stage of Namibia's petroleum industry, the Policy will anticipate and address potential risks such as fluctuations in global commodity prices, changes in regulatory environments, and capacity constraints within local industries. As mitigation measures, this policy will incorporate flexible strategies that allow for adjustments based on

ongoing monitoring and evaluation. Furthermore, a robust framework will be established to identify, assess and mitigate risks at each stage of policy implementation, ensuring that local content objectives are met without compromising overall viability of projects and assist to safeguard the policy's goal. In terms of future outlook and policy evolution, the Local Content Policy will be reviewed and adapted periodically to reflect changes in global and local petroleum markets, technological advancements, and stakeholder feedback. This adaptable approach aims to position Namibia as a competitive player in the global petroleum sector while ensuring maximum benefits for its citizens.

For successful implementation, the legal framework governing the petroleum sector will align with the Local Content Policy and clearly define the obligations and mechanisms to achieve its objectives. The Government, operators, and private sector stakeholders will have to collaborate to ensure the policy's success, fostering long-term economic growth, diversification, and sustainable development of the petroleum industry.

Operators will be required to submit a "Local Content Plan" as part of the process for undertaking Petroleum Operations. These Operators are also mandated to ensure that their Contractors and sub-contractors are in compliance with the requirements of this Local Content Policy. The MME, as the Regulator, will be responsible for monitoring compliance and enforcing local content requirements.

1. Introduction

The Government of the Republic of Namibia (GRN) recognises the potential of the petroleum sector as a catalyst for economic development guided by sound governance and effective policies.

The Government of Namibia affirms the need to maximise value creation from petroleum resources while actively addressing inequality gaps by promoting empowerment of previously disadvantaged Namibians (PDNs), contributing to inclusive economic growth and sustainable development for all Namibians.

However, it also acknowledges that the presence of petroleum resources does not automatically translate into national wealth. Although the petroleum industry can generate significant wealth for the country, these benefits do not typically permeate the host nation's economy as easily as those from other industries.

Developing petroleum resources requires substantial capital, technology, and expertise and at the moment these are in short supply in Namibia. Consequently, Namibia relies heavily on foreign companies for these investments and such dependence may lead to social and political tension, due to the wealth linked to the petroleum sector being predominantly in the hands of non-Namibians.

Namibia's objective in the petroleum sector is to ensure that exploration and development of resources benefit all Namibians through capacity building of local knowledge, expertise, and technology development. To achieve this, petroleum licenses include conditions requiring the use of local service providers. It is essential for Namibia to establish policies that capture and retain value from petroleum resources, with a focus on local content and equity participation.

The Local Content Policy provides a framework that maximises the value derived from the petroleum sector for Namibia and outlines the government's expectations for local participation and benefits.

Part 1 of the Local Content Policy provide a historical background within which this policy was initiated in order to address the unique challenges facing the Namibian economy and its citizens in this highly capital intensive and technical industry. It further sets forth reasons as to why there is a need to adopt this policy and links it to other developmental policies seeking to achieve the same objectives. Part 2 sets forth the guiding principles, vision, mission, and goals. Part 3 identifies and explains the key policy objectives and strategies. Part 4 describes the high-level framework within which the policy will be implemented.

2. Background

Petroleum exploration by international oil companies (IOCs) resumed in Namibia shortly after independence in 1990, with the first licensing round in 1991. While these rounds initially attracted IOCs, they were less effective under low crude oil prices in the late 1990s. In 1999, Namibia shifted from a five-year licensing round system to an open licensing system. Currently, multiple international oil and gas companies engage in exploration through joint ventures with each other and with the National Petroleum Corporation of Namibia Ltd (Namcor).

Since independence, 28 oil and gas exploration wells have been drilled offshore Namibia, and 15 appraisal wells. Additionally, 10 exploratory wells have been drilled onshore. Offshore seismic survey coverage includes more than 147,000-line kilometres of 2D data and over 40,423 km² of 3D seismic data acquired by license holders. After extensive exploration and following the discovery of Kudu Gas Field in 1974, Namibia made its first oil discoveries in 2022. Shell, QatarEnergy, and Namcor discovered oil in the Orange Basin, followed by TotalEnergies, QatarEnergy, and Namcor finding light oil with associated gas in the Venus prospect. In 2023, Galp Energy, Namcor, and Custos reported another significant discovery of light crude oil in the Orange Basin.

These discoveries underscore the need for a comprehensive policy defining local content to ensure that Namibians benefit from their natural resources. Such a policy would generate economic benefits through royalties, taxes, and employment, while requiring license holders to procure goods and services locally. This would foster local participation and maximise economic benefits.

The upstream petroleum sector is characterised by high risk, capital intensity, advanced technology, and long investment timelines. The exploration phase can span decades, involving geological data acquisition (such as seismic surveys) and exploratory drilling, followed by appraisal and technical assessments to determine economic viability. If commercial discoveries are made, developing infrastructure and facilities for oil production may take 5-10 years, or longer for gas due to its complexities. Production duration depends on the discovered resource volume, often lasting between 20 and 50 years or more.

Exploration requires specialised knowledge, with costs potentially exceeding USD 100 million, especially for offshore activities. Development costs can reach billions of dollars, necessitating highly skilled experts and specialised equipment. These technical and financial barriers limit entry, especially for developing countries, and result in high import content with relatively low local employment. Consequently, the sector often operates as an enclave, with limited linkage to the domestic economy, posing unique challenges for contributing to economic development.

Many countries have implemented “local content” or “in-country value addition”

policies to address these challenges and maximise benefits from finite petroleum resources. These policies have evolved from corporate social responsibility to a more comprehensive approach that enhances the national economy through expanded value chains and increased national participation. Successful economic transformation requires careful assessment of value-creating activities within the sector and targeted development efforts.

Since independence, Namibia has not adopted a specific policy for local capacity building in the petroleum sector. With hydrocarbon potential estimated at 300-500 billion barrels of oil equivalent, and recent promising exploration results, it is imperative for Namibia to establish a policy that outlines clear plans for capacity building and economic contribution. Such a policy would assist Namibia manage its resources more effectively, ensure national benefits, and create backward and forward linkages in the economy.

Globally, Local Content Policies are recognised as essential for effective petroleum resource management, including employment creation, capacity building, and promoting the use of local goods and services. As such, a clear and comprehensive local content policy will help ensure better management of Namibia's petroleum resources, maximising the sector's contribution to the national economy.

2. Rationale

The Local Content Policy for Namibia aims to maximise the benefits of the country's growing oil and gas sector for the local economy by increasing Namibian participation, creating jobs, and developing local expertise. This Policy addresses critical issues such as unemployment, economic disparities, and strengthens national sovereignty in managing Namibia's natural resources. The fundamental action is prioritising Namibian goods and services to allow a development of the local economy. It complements existing laws, such as the Petroleum (Exploration and Production) Act, 1991 (Act No. 2 of 1991) (Petroleum (Exploration and Production) Act, 1991), by establishing specific local content requirements for the industry.

The rationale for this policy is based on the following key national petroleum guiding principles:

1. **Effective National Stewardship:** All oil and gas activities must be effectively regulated by competent institutions with robust governance, management, and technical capacity. Prioritising timely institutional and capacity building is essential.

2. **Conservation and Sustainable Development of petroleum resources:** Conservation

and sustainable use of oil and gas resources are prioritised by requiring license holders to minimise waste and optimise recovery. Production rates must balance commercial and government objectives to ensure long-term sustainability and economic gains.

3. Energy Independence and Economic Contribution: Developing petroleum resources should advance Namibia's energy independence and increase export earnings. A policy priority is to meet domestic demand for petroleum products and electricity, reduce imports, and support the energy transition agenda.

4. Economic Diversification and Industrialisation: The oil and gas sector will drive economic diversification, industrialisation, and job creation by promoting inter-sectoral linkages and utilising proceeds to address structural challenges in the economy.

5. Social and Economic Inclusion: The Local Content Policy and value chain approach will promote social and economic inclusion, enabling Namibians to participate actively and take larger roles in the sector. New industries and competencies will be developed through oil and gas operations.

6. In-Country Value Addition: Oil and gas should be progressively processed in Namibia, requiring investment in midstream and downstream facilities and logistical infrastructure, supported by public enterprises like Namcor, Nampower, and Namport.

7. Onshore Processing of Natural Gas: Natural gas should be processed onshore, except when offshore processing is the only viable option. This approach will support domestic market development, inter-sectoral linkages, and job creation.

8. Environmental and Social Safeguards: All oil and gas activities must prioritise environmental and social protections, ensuring operations are conducted responsibly both onshore and offshore.

9. Securing State Commercial Interest: The national oil company (Namcor) will safeguard the State's commercial interests, participate in critical infrastructure development, and oversee government interests in petroleum exploitation, facilitated by the proposed National Oil Company Act.

10. Balanced Fiscal Regime: A balanced fiscal regime will be developed to encourage investment while ensuring optimal returns to both the State and investors. Stakeholder consultations will inform the specifics of this regime.

11. Prudent Revenue Management: Oil and gas revenues will be managed to address socio-economic challenges and ensure benefits for current and future generations. Revenues will fund social and economic investments, with a portion allocated to the Welwitschia Sovereign Wealth Fund to provide for national saving for the benefit of current and future generations. Transparency and effective management will be

ensured through the Petroleum Revenue Management Act.

In line with the Constitution, and all other relevant laws, this policy is designed to address historic inequalities by prioritising the inclusion of previously disadvantaged Namibians, ensuring equitable opportunities in employment, ownership, and skills development within the sector. By focusing on redressing past economic disparities, the policy helps to reduce unemployment, enhance economic participation, and strengthen national sovereignty in managing natural resources.

3. Policy Alignment

This policy aligns with **Article 23 of the Namibian Constitution** which enables the government to adopt policies directly or indirectly for the advancement of persons within Namibia who have been socially, economically or educationally disadvantaged by past discriminatory laws or practices. It also enables the government to implement policies and programmes aimed at redressing social, economic or educational imbalances in the Namibian society arising out of discriminatory laws or practices, or for achieving socio-economic balance in the country. Several pieces of legislation have been promulgated to further give effect to the general provisions of this Article 23. To this end this policy has further been aligned with legislation canvassed under this section and under section 8.2 below.

This policy aims to build the capacity of Namibians to strategically participate in the entire petroleum value chain, aligned with **Vision 2030's** objectives for vigorous capacity building by both public and private sectors. It also supports the Harambee Prosperity Plans (HPPs as adopted from time to time), which focuses on establishing local production capacities and promoting inclusive, sustainable local sourcing in targeted industries.

Additionally, the policy aligns with **Namibia's 5th National Development Plan (NDP 5)**, which emphasises industrial development through local procurement. The Growth at Home Strategy under NDP 5 encourages both public and private sectors to prioritise local products, leading to benefits such as reduced import costs, improved balance of payments, and job creation.

The **Petroleum (Exploration and Production) Act, 1991**, specifically Section 14, mandates license holders to employ qualified Namibian citizens and utilise locally available products, equipment, and services. These requirements are also reflected in Clauses 22 and 23 of the **Model Petroleum Agreement, 1998** forming the contractual basis between the government and license applicants.

This policy further aligns with the **National Energy Policy**, which aims to enhance local content across the Namibian energy industry and promote local participation in multiple value chains within the sector.

Furthermore, the Local Content Policy for the Namibian upstream petroleum industry is committed to advancing the principles of United Nation Sustainable Development Goals (SDGs) by fostering inclusive economic growth, reducing poverty and ensuring equitable opportunities for all Namibians.

By applying to all stages of the petroleum value chain, this Local Content Policy ensures that the upstream petroleum sector contributes to the goals of these policy instruments. It focuses on developing local capacity, enhancing strategic participation, and fostering the transfer of technology, knowledge, and skills from international oil companies (IOCs) and contractors, while increasing local involvement and value addition throughout the sector. A Local Content Plan will be developed to support these efforts across the value chain.

4. Guiding Principles

The Government is committed to ensuring that the Local Content Policy is guided by the following principles:

4.1 Progressive Development and Impact Focus

The policy will adopt a phased approach, prioritising areas of highest impact while ensuring the sustainability of the sector. It will remain flexible to adapt to changing conditions, such as geological risks and market fluctuations. The Government will identify and prioritise strategic sectors for capacity development, with the expectation that as local human and physical capital grows, local content requirements will progressively increase. Competitiveness and economic efficiency are essential for maximising benefits to Namibians. The policy will employ a mix of legal mandates, performance targets, economic incentives, and negotiated agreements to achieve its goals.

4.2 Commitment to Health, Safety, and Environmental Standards

Given the risks associated with the petroleum sector, the Government is committed to upholding the highest standards of health, safety, and environmental protection. All industry participants will be held accountable to national laws and international best practices. Local content goals will not compromise quality or safety standards.

4.3 Partnerships Between Government and Industry

A strong partnership between the State and investors is essential for a thriving petroleum sector. The Government will maintain a clear, predictable regulatory and fiscal environment that ensures transparent and fair treatment of all investors. The sector's growth will be driven by private sector initiatives, supported by strategies that foster cooperation and coordination among all stakeholders to enhance Namibian participation and value addition.

4.4 Transparency and Accountability

Transparency and accountability will be fundamental in the design and implementation of this policy. The Government will ensure a transparent licensing process, fair contract awards, and clarity on beneficial ownership. Efforts will focus on setting realistic targets and fostering a transparent decision-making process to encourage compliance and maximise value.

4.5 Adherence to International Best Practices

The Government is committed to applying international best practices in managing the petroleum sector and maximising value for the people of Namibia. This includes learning from global experiences, staying current with industry trends, and adopting proven measures to increase local value addition effectively.

5. Policy Direction

5.1 Vision

To develop an internationally competitive petroleum industry in Namibia, characterised by strong Namibian participation and in-country value creation, while establishing Namibia as a leading investment destination and a hub for oil and gas goods and services regionally and globally.

5.2. Mission

This policy establishes a framework to maximise the benefits to Namibian citizens from petroleum resources by:

1) Building and enhancing Namibian capabilities and capacity in the sector through targeted training, technology transfer, and development programs; and

- 2) Ensuring progressive and meaningful participation of the Namibian workforce, goods and services, companies, and financial stakeholders throughout the petroleum value chain.
- 3) Ensuring that locally produced goods and services have preferences over internationally procured options.

5.3. Goal

To cultivate local expertise and capacity in the petroleum sector, maximising in-country value through sustainable and meaningful local participation across the value chain, while positioning the National Oil Company, or any designated state-owned entity, as a world-class operator. The goal includes achieving measurable outcomes, such as increasing local content levels and fostering innovation, collaboration, and economic growth within the sector.

6. Policy Objectives and Strategies

The Local Content Policy provides a framework to maximise the benefits of petroleum resources for Namibian citizens by promoting phased and strategic participation of the Namibian workforce, goods and services, companies, ownership, and financing throughout the entire value chain.

The key objectives of the Local Content Policy are to:

1. Establish a clear and stable regulatory and institutional framework for local content requirements.
2. Identify and prioritise specific goods and services to build local capacity.
3. Maximise training, upskilling, and employment opportunities for Namibians.
4. Enhance the localisation of the supply chain by increasing the participation and development of local suppliers.
5. Stimulate innovation, research, and development.
6. Facilitate the transfer of technology, knowledge, and skills to Namibians.
7. Create opportunities for meaningful Namibian participation and financing at all levels of the sector.
8. Foster collaboration between international and local stakeholders to enhance knowledge transfer, skills development, and capacity building.
9. Mandate the localisation of services and procurement to ensure that local businesses are prioritised in the value chain.

The objectives outlined in this section will be implemented using the following strategies:

6.1. Establishing a Clear Regulatory and Institutional Framework for Local Content Requirements

The Government of Namibia is committed to providing a clear and stable regulatory framework for local content, ensuring all stakeholders are aligned with the government's objectives and are well-positioned to drive local content development in the petroleum sector.

The framework will incorporate both specific and flexible targets to effectively support Namibia's current capabilities while fostering growth. Prescriptive targets may be necessary at present to encourage progress and set clear expectations. These targets will be designed based on careful assessment, aligned with international best practices, and introduced in consultation with industry stakeholders to ensure they are realistic and achievable.

Standard definitions and reporting templates will be employed to enhance transparency, streamline administration, and enable effective monitoring and benchmarking of progress, empowering all participants to contribute positively to the sector's development.

Strategies:

1. Define local content requirements clearly to provide precise guidance on what constitutes local participation and value addition.
2. Regularly review and update the regulatory framework to ensure local content requirements reflecting Namibia's strategic interests and aligned with international best practices.
3. Integrate local content development as a mandatory criterion in the awarding of permits, licenses, and contracts.
4. Ensure operators are accountable for enforcing local content compliance throughout the supply chain, while minimising any undue burden on local companies.
5. Require operators and contractors to submit a Local Content Plan and Local Content Performance Reports as part of their regulatory obligations.
6. Establish and maintain strong, well-resourced institutions to effectively develop, monitor, and enforce local content requirements in line with industry growth and evolution.
7. Mandate the public disclosure of beneficial ownership and shareholding structures for all companies bidding for oil and gas contracts.

6.2 Identifying and Prioritising Goods and Services for Local Capacity Development

The potential for local content in Namibia's petroleum sector presents a dynamic opportunity for growth and development. Given the capital-intensive and technologically advanced nature of the industry, the inputs needed across various stages—exploration, development, and production—differ and have traditionally been sourced globally. However, this also opens opportunities for Namibia to build its local capacity, reducing reliance on foreign resources and fostering a skilled local workforce.

Namibia, as a frontier region, currently has limited specialist skills and industry activity. Yet, recent discoveries have created a surge in demand for skills, goods, and services, many of which are new to the local market. To seize this opportunity, workforce development must progress in tandem with industry growth, ensuring that skills match demand without creating shortages or surpluses. Achieving this balance will require strong collaboration between the industry and government to proactively address current and future skill needs.

To fully capitalise on Namibia's hydrocarbon resources, the Government will focus on strategically developing local markets to support the petroleum sector. This includes assessing current capacity gaps and identifying immediate skill needs, as well as areas for future capability development. Emphasising transferable skills across sectors—such as logistics or mining—will help create a more versatile and resilient workforce.

Aligned with broader industrialisation strategies, this policy will ensure that local content development complements existing initiatives, creating a unified approach. Coordination among government Offices, Ministries and Agencies (OMAs) in areas such as education, employment, innovation, and infrastructure will further enhance this effort.

By identifying specific opportunities for Namibians—targeting products, services, and sectors over defined timelines—the Government will conduct diagnostic studies to pinpoint strategic areas within the petroleum industry and related sectors. This proactive approach will support targeted development of local capabilities, ensuring local content requirements align smoothly with the growth trajectory of Namibia's petroleum sector. This positive, forward-looking strategy will help establish Namibia as a leader in the regional and global oil and gas market.

All things considered, this policy mandates that supply and delivery services be exclusively reserved for Namibian businesses, particularly those owned by Previously Disadvantaged Persons. This approach aligns with the United Nation Sustainable Development Goal (SDG1) which focuses on eradication of poverty in all its form. By prioritising these businesses in the supply chain, the policy aims to foster economic empowerment, create equitable opportunities and poverty eradication within Previously Disadvantaged Persons segment of the Namibian population. By creating decent work and economic opportunities within the industry (SDG 8), the policy aims to reduce inequalities (SDG 10) and contribute to the development of sustainable and resilient communities (SDG 11). Through these efforts, the Namibian petroleum industry will play a pivotal role in ensuring that the benefits of resource extractions are maximised and contributes to the broader and inclusive economic growth and promotes a positive well-being of the Namibian citizens.

STRATEGIES

1. Conduct studies with industry, academic, vocational institutions, and stakeholders to identify strategic sectors for targeted capability building of local firms, including financial and support services.
2. Perform manpower studies in collaboration with industry and educational institutions to identify current and future skills gaps for targeted training and development.
3. Strengthen local training capabilities by developing new and existing training centers and leveraging regional facilities.
4. Coordinate efforts among government entities to identify subsectors and activities with the greatest national impact.
5. Reserve the provisions of supply and delivery services exclusively for Previously Disadvantaged Persons in Namibians

6.3 Maximise training, up-skilling, and employment of Namibians.

The Government of Namibia is committed to unlocking the full potential of its citizens by maximising employment opportunities in the petroleum sector across all skill levels. While the sector may offer fewer direct jobs compared to others, the Government is determined to ensure that Namibians can effectively participate and thrive in every aspect of the industry.

To build a skilled and versatile workforce, the Government will undertake a comprehensive review of current and future manpower needs to guide the strategic development of essential skills, including vocational expertise. Training programs will

be designed to be inclusive and diverse, with a strong emphasis on gender equality and empowering Previously Disadvantaged Persons.

The Government encourages all sector participants to prioritise the employment of Namibians, recognising the vital role this plays in national development. Companies are expected to adopt recruitment, training, and development practices that reflect this commitment to nurturing local talent.

In addition to prioritising the employment of qualified Namibians, the Government will broaden its measures to assess local content by considering career progression, skill levels (management, technical, unskilled), and gender representation. This comprehensive approach will help ensure that Namibians have meaningful opportunities for growth and advancement.

The policy envisions that all unskilled roles will be filled by Namibians, with increasing representation in technical and managerial positions over time. A collaborative and phased approach, developed with industry partners and stakeholders, will support this transition. Proactive steps will be taken to prevent practices that undermine this policy, including fronting. Fronting include, but are not limited to:

(1) Window-dressing

This includes cases in which racially disadvantaged persons are appointed or introduced to a company on the basis of tokenism and may be:

- (a) Discouraged or inhibited from substantially participating in the core activities of a company; and*
- (b) Discouraged or inhibited from substantially participating in the stated areas and/or levels of their participation;*

(2) Benefit Diversion

This includes initiatives implemented where the economic benefits received as a result of the status of a company do not flow to racially disadvantaged persons in the ratio as specified in the relevant legal documentation.

(3) Opportunistic Intermediaries

This includes companies which have concluded agreement with other companies with a view to leveraging the opportunistic intermediary's favourable status in circumstances where the agreement involves:

- (a) Significant limitations or restrictions upon the identity of the opportunistic intermediary's suppliers, service providers, clients or customers;*
- (b) The maintenance of their business operations in a context reasonably considered improbable having regard to resources; and*

- (c) *Terms and conditions which are not negotiated at arms-length on a fair and reasonable basis.*

The fronting indicators include, but are not limited to:

- (a) *The racially disadvantaged persons which a company claims are its shareholders, executives or management are unaware or uncertain of their role or participation within an Enterprise*
- (b) *The racially disadvantaged persons who serve in executive or management positions in a company are paid significantly lower than the market norm, unless all executives or management of a company are paid at a similar level*
- (c) *The racially disadvantaged persons identified by a company as its shareholders, executives or management have limited knowledge of a company;*
- (d) *There is no significant indication of active participation by racially disadvantaged persons identified as top management at strategic decision making level*

The Local Content Plan will include a dedicated Human Resources section focused on recruitment, training, and development. This will be the key mechanism for ensuring compliance and fostering a thriving, skilled Namibian workforce in the petroleum sector.

STRATEGIES

1. Enforce existing legislation requiring employment opportunities to be publicly advertised, with preference given to qualified Namibian citizens.
2. Make meaningful training and development of Namibian citizens a mandatory requirement for all sector operators.
3. Require operators and service companies to contribute an agreed amount towards a fund dedicated to upskilling and training Namibians, targeting essential skills development.
4. Ensure training programs are inclusive and representative of Namibian society, with a focus on gender equality and Previously Disadvantaged Persons. Require submission of a Local Content Plan, including a Human Resources section on recruitment, training, and development, as a condition for holding a license.
5. Promote coordination between the petroleum sector regulator and other relevant agencies regarding the recruitment of expatriates.

6.4 Maximise the participation and development of local suppliers along the value chain.

The Government is committed to ensuring that Namibian suppliers of goods and services (including works) actively participate and thrive throughout the upstream value chain. To strengthen economic linkages, a targeted approach will be applied to procure local goods and services.

Efforts will begin by focusing on subsectors with lower technology and investment barriers, prioritising products and services that are already being produced or can be developed locally. As local capabilities expand, the Government will actively support growth into new areas of the supply chain, fostering a dynamic, competitive, and efficient domestic market.

Participants in the petroleum sector are encouraged and expected to champion the development of local suppliers and adhere to the highest international standards for health, safety, workforce welfare, human rights, and environmental protection.

To boost the competitiveness of local companies, there will be proactive efforts to create partnerships with experienced international firms, maximising opportunities for knowledge and skills transfer. The Local Content Plan will feature a dedicated procurement section, serving as a key tool for monitoring and promoting the active engagement and growth of local businesses in the sector.

STRATEGIES

1. Ensure legislation prioritises Namibian suppliers for goods and services.
2. Identify local capacity through studies, prioritise participation in areas with existing capabilities, and create mechanisms to build capacity in other skills areas.
3. Require submission of a Local Content Plan, including a Procurement section focused on developing and involving Namibian companies, as a condition for holding a license.
4. Facilitate local company and Small and Medium Enterprises (SME) participation by minimising barriers to their adequate involvement.
5. Mandate unbundling of contracts to align with the timing, financial, and human capacities of local enterprises.
6. Ensure all contracts are advertised locally to provide local enterprises with access to tenders.
7. Include a local value-added weighting in tender evaluation processes.

8. Facilitate information sharing on procurement practices and standards with local providers where applicable.
9. Require the Regulator, in collaboration with stakeholders, to develop a database of registered local suppliers.
10. Encourage partnerships, joint ventures, and commercial arrangements to facilitate knowledge transfer from experienced companies to local enterprises, in compliance with applicable laws.
11. Implement mechanisms to provide access to financing for local companies, with particular support for SMEs.

6.5 Ensuring the transfer of technology, knowledge and skills.

The transfer of technology and knowledge is essential for enabling meaningful participation by Namibian citizens and local companies in the petroleum value chain, given the sector's technological complexity. The Government views this as a key factor in delivering value to Namibia.

To support this, the policy includes measures to foster knowledge transfer to the local workforce and businesses. Additionally, the Government expects efforts to be made, wherever possible, to establish facilities, technology, research, and development within Namibia to accelerate the growth of local expertise and capabilities.

The Government will encourage collaboration between IOCs and local entities to promote the adoption of best practices and innovative solutions. Initiatives such as joint research programs, mentorship opportunities, and technical training will be encouraged to build a robust local knowledge base. Operators will be incentivised to invest in local technology development and actively engage in skills transfer through structured programs and partnerships.

Furthermore, the Government will establish frameworks for monitoring and evaluating the effectiveness of technology and knowledge transfer efforts, ensuring continuous improvement and alignment with industry standards. This approach aims to position Namibia as a leader in the regional oil and gas industry, with a skilled and competitive local workforce and thriving local enterprises.

STRATEGIES

1. Promote collaboration with industry stakeholders to identify, design, and implement projects, alliances, and research initiatives that support the transfer of skills,

knowledge, and technology within Namibia.

2. Pursue research and development opportunities in partnership with industry and local educational institutions, such as vocational schools.
3. The Regulator will work with academic institutions, relevant Ministries, and industries to establish research and development centers or other infrastructure to facilitate knowledge, skills, and technology transfer.
4. Encourage the use of training and exchange programs to accelerate knowledge transfer and build expertise within government agencies and companies.
5. Require operators and service companies to report on their technology and knowledge transfer efforts in their Local Content Plans and Local Content Performance Reports.
6. Introduce incentives for companies that actively engage in technology and knowledge transfer initiatives.
7. Develop a monitoring and evaluation framework to assess the effectiveness of knowledge transfer efforts.
8. Support the creation of local innovation hubs and incubators to drive entrepreneurship and local technological development.

6.6 Create opportunities for Namibian participation and financing at all levels of the sector.

The Government is dedicated to fostering meaningful and sustainable participation for all Namibians in the petroleum sector, with special focus on Previously Disadvantaged Persons. With a forward-looking approach, the Government aims to ensure that local equity participation remains resilient and inclusive, navigating the dynamic and capital-intensive nature of the industry.

A company will be regarded as "local" if it is incorporated under Namibian law, with at least 51 percent of its equity held by Namibian citizens and 30 percent equity held by Previously Disadvantaged Persons, and its principal place of business is located in Namibia. Measures will be in place to ensure genuine local ownership, preventing fronting and circumventing beneficial ownership regulations.

For ownership of upstream acreage, the Government will actively promote NAMCOR as the primary vehicle for local participation, while encouraging wider involvement from other local companies and emphasising the inclusion of Previously Disadvantaged Persons in all licenses.

To further enhance local involvement, the Government will empower local investors, particularly those from previously disadvantaged communities, to participate in the sector's development across the supply chain. This will be achieved by identifying and nurturing key clusters in collaboration with other OMAs, such as the Ministry responsible for Trade, Business Incubation Programs, and Small and Medium Enterprises (SMEs).

Understanding that access to finance is crucial, especially for Previously Disadvantaged Persons, the Government will strive to remove financial barriers by leveraging existing national initiatives and developing innovative financing solutions tailored to the Namibian context. This will ensure every opportunity for growth, inclusion, and participation is fully realised.

STRATEGIES:

1. Ensure that the National Oil Company and other state agencies have the option to participate in upstream activities.
2. Promote equity participation by Namibians, with a focus on Previously Disadvantaged Persons, in companies within the petroleum value chain, including through joint ventures and other ownership arrangements between local and foreign companies.
3. Facilitate innovative financing structures and mechanisms to enable the Namibian financial sector to support local businesses, particularly those owned by Previously Disadvantaged Persons, in the oil and gas industry.
4. Develop targeted measures to support and encourage investment in the sector by local SMEs, with a specific emphasis on businesses owned by Previously Disadvantaged Persons.

6.7 Stimulate Innovation, Research and Development (R&D)

The oil and gas industry thrives on continuous innovation, research, and development, which are crucial for enhancing operational efficiency, advancing technologies, and maintaining competitiveness in a dynamic global market. Recognising the importance of fostering these activities within its borders, the Government of the Republic of Namibia is committed to implementing targeted interventions that will stimulate local innovation and R&D in the oil and gas sector.

These interventions will focus on creating a conducive environment for technological advancements, building local expertise, and promoting collaborative efforts between Namibian companies, international partners, academic institutions, and industry stakeholders. Through the following strategies, the Government aims to ensure

that Namibia becomes a hub for cutting-edge research, sustainable practices, and innovative solutions in the petroleum sector:

STRATEGIES

1. The Government, through the MME, will promote alliances between Namibian companies and leading global firms to enhance innovation, research, and development in the upstream petroleum sector.
2. Operators with production licenses, along with their contractors, subcontractors, affiliates, and other associated entities, will be required to contribute a stipulated amount towards research and development initiatives.
3. Encourage collaboration between industry players and local academic institutions to align research programs and curricula with the needs of the petroleum sector.
4. Establish incentives for companies that invest in local R&D initiatives and develop innovative technologies.
5. Create a National R&D Fund to support research and development activities in the petroleum sector, funded by industry contributions, international partnerships, and government allocations.
6. Support the creation of innovation hubs and incubators focused on petroleum technology to foster local entrepreneurship and technological advancement.

6.8 Foster collaborations between international and local stakeholders

The government shall mandate a structured collaboration between international and local industry players to facilitate knowledge transfer and skills development in the petroleum upstream and midstream sector. This policy will ensure that all foreign investors develop and implement targeted training programs, technology sharing initiatives, and capacity building frameworks that empowered local professional workforce to be developed with the expertise required for an efficient resource management and operations.

Furthermore, to address the skill gaps and skilled workforce shortage, all petroleum upstream and midstream activities, government shall prioritise workforce development through mandating the development and enforcement of skill transfer agreements between international companies and local institutions. This policy requires that the integration of specialised training programs, apprenticeships, and mentorship initiatives within oil and

gas contracts to build a competent local workforce. Through this ambition, government will ensure the gradual localisation of technical and management roles, reducing dependence on foreign expertise while enhancing employment opportunities for local professionals.

STRATEGIES:

1. Ensure the development of mandatory knowledge transfer agreements requiring international companies to incorporate structured programs in their contracts to provide training in advanced industry practices and technologies.
2. Promote the development of mandatory training, apprenticeship, and certification programs in collaboration with technical institutions and industry partners developing globally recognised competencies
3. Implement a phased approach to increase the percentage of local professionals in critical upstream operations, ensuring gradual transfer of expertise and leadership positions to nationals.

6.9 Mandate localisation of services and procurement processes

The government shall mandate the localisation of procurement processes in the petroleum upstream and midstream sector to ensure that Namibian businesses and professionals play a central role in supplying good and services for Namibian projects under the regulation and authorisation of the Regulator. This policy shall ensure that the procurement of goods and services contributes directly to national economic development, creating opportunities for Namibian companies and ensuring that Namibia benefits from its natural resources beyond revenue generations.

To safeguard national interests, the government shall maintain oversight to regulate and monitor the procurement processes within the petroleum sector. This oversight shall guarantee that Namibia's petroleum industry operates in a manner that prioritizes national economic growth while maintaining international standards of efficiency and competitiveness.

The government shall also require that Namibians be actively involved in the procurement decision making process within operations to ensure that national interests are upheld.

STRATEGIES:

1. Ensure that government develop mechanisms to oversee procurement localisation, enforce compliance and ensure transparency in contract allocation.

2. Promote investment in local manufacturing and serving industries.
3. Launch awareness campaigns and stakeholder engagement forums to educate Namibian business on procurement opportunities and requirements within the petroleum sector.

7. Local Content Compliance and Reporting

7.1 Annual Local Content Performance Report

In line with the approved Local content Plan, a contractor shall within forty-five (45) days of the beginning of each Namibian financial year submit to the Ministry, an Annual Local Content Performance Report covering all the contractor's projects and activities for the year under review.

The Annual Local Content Performance Report shall be in a format prescribed by the Ministry and shall specify by category of expenditure, the Namibia local content on both the current and cumulative cost basis and shall:

- (a) set out the number of employees specifying specific categories being Namibians and Non-Namibians, their age, sex, race, colour; and ethnicity as well as their job positions, employment statuses;
- (b) set out employment achievement in terms of hours or days worked by Namibians and foreign workers and their age, sex, race, colour; and ethnicity as well as their job positions, employment statuses and remuneration;
- (c) set out procurement achievement in terms of quantity and or tonnage of locally manufactured materials and materials of foreign origin as well as works and services executed, consolidating the Quarterly Procurement Reports as set out in section 7.4.
- (d) show the industrial and technology transfer achievement availed to Namibians and foreigners being pursued and the current results in relation to the approved Technology Transfer Plan.
- (e) any other information the Ministry may require.

The Ministry shall, within forty five (45) days after receipt of the Local Content Performance Report, assess and review the Local Content Performance Report to ensure compliance with this Policy.

Further, the Ministry shall undertake regular assessment and verification of the Namibian Local Content Performance Reports filed by a contractor in compliance with this Policy as may be considered appropriate by the Ministry. For the purposes of assessment and verification of the report, a contractor and its sub-contractor, shall allow an employee or a designated agent of the Ministry access to their facilities, documents and information as the Ministry may require.

A person who makes and submits a false plan, returns, report or other documents, commits an offence and is liable and may be reported to relevant authorities or law enforcement agencies who shall take action in accordance with the relevant Namibian laws.

A citizen who acts as a front or connives with a foreign company or foreigner to deceive the Ministry as representing a Namibian company to achieve the local content requirement under this Policy liable and may be reported to relevant authorities or law enforcement agencies who shall take action in accordance with the relevant Namibian laws.

7.2 Annual Employment and Training Report

In line with its Local Content Plan as approved by the Ministry, a contractor shall be obligated to, within forty-five (45) days of the beginning of each year after commencement of the contractor's energy activities, submit to the Ministry an Employment and Training Report covering all its approved training projects and activities for the year under review.

Contractors should specifically report on professional, vocational, technical and academic learning programmes which they have put their employees into, which trainings should meet the critical needs for the petroleum industry - petroleum science and technological development, generally combining course work at universities, universities and colleges of science and technology with structured learning at work.

The Employment and Training Report submitted by a contractor to the Ministry with respect to employment and training activities should:

- (a) set out number of new employees trained during the reporting period and their age, sex, race, colour; and ethnicity as well as their job positions, employment statuses and proof of financial support by the contractor
- (b) set out the number of employees who have started, are undergoing and those who have completed their training;
- (c) set out the number of those who have completed their training and have been retained by the same contractor and the number of those who have completed their training but have not been reemployed and reasons for not being re-employed.
- (d) Audited financial reports on training expenditure for those starting, undergoing and those who have completed their training;
- (e) Show a forecast of the employment and training needs of the contractor which should include:
 - (i) a specification of the skills needed by the contractor;
 - (ii) the anticipated skill shortages in the contractor's workforce;
 - (iii) the available list of industrial attachment opening within the contractor;
 - (iv) the specific training requirements; and
 - (v) the anticipated expenditure that will be incurred by the contractor in implementing the training activities as approved by the MME in terms of this policy.
- (f) a time frame within which the licensee, contractor, or any other entity will provide employment opportunities for the Namibian workforce for each phase of the energy activities to enable members of the Namibian workforce prepare for such opportunities; and
- (g) efforts made and procedures adopted for the accelerated training of Namibians.

Each Employment and Training Report shall be accompanied by an Annual Employment and Training Plan for the following academic year. Upon receipt of the Employment and Training Report and the attached Employment Training Plan, the Ministry shall assess whether or not to approve the Employment Training Plan as submitted by the contractor.

The Ministry may request any further information the Ministry considers necessary for the purpose of the implementation of this Policy.

7.3 Key indicators on training

Training is part of skills development in the Namibian petroleum industry. Petroleum industry skills, knowledge and expertise development must form the core of training offered to the contractors employees and it contribute to the achievement of Namibia's petroleum industry growth, broader economic growth and social development goals that will enrich the creation of decent work and sustainable livelihoods for Namibians. In particular when involving employees in training by contractors, and the Ministry in assessing whether the contractor has met the threshold of this Policy, the following key indicators should stand as minimum benchmarks.

1. Each training should be approved by the Ministry. Contractors are free to give their own training apart from training which has been sent for approval by the Ministry but such other training shall not count for the purposes of benchmarking local content policy compliance under this policy.
2. Each training should promote the development of the Namibian petroleum industrial skills, knowledge and expertise base in critical areas of exploration, production including value-added manufacturing, and distribution which are largely capital intensive petroleum activities needing the availability of special skills among Namibians.
3. Each training should support 'Professional, Vocational, Technical and Academic Learning programmes, achieved by means of sponsorship for academic studies, professional placements, work integrated learning, apprenticeships, learnerships and internships, that meet the critical needs for the Namibian petroleum industry.
4. Each training should strengthen the skills, knowledge and expertise base by encouraging the support of skills development initiatives with an emphasis on skills development and career pathing for all working people in order to support employment creation.
5. Skills Development Expenditure should include any legitimate expenses incurred for any Learning Programme offered by a recognized educational institution or registered training company to racially disadvantaged Namibians evidenced by an invoice or appropriate internal accounting record.

6. Expenses on scholarships and bursaries for racially disadvantaged Namibians do not constitute Skills Development Expenditure if a recognized educational institution or registered training company can recover any portion of those expenses from the employee or if the grant of the scholarship or bursary is conditional. A bursary or scholarship scheme is a grant made to or for trainees or students who are registered at educational institutions a recognized educational institution or registered training company established by or registered in terms of Namibian laws.
7. Examples of legitimate training costs for a bursary or scholarship includes: unconditional payment of school, college or university fees, or a portion thereof; funding for textbooks or other learning materials; funding for subsistence or accommodation during the period of study and or training.

7.4 Annual Procurement Report

A Contractor shall submit to the Ministry within 30 days at the end of each Namibian financial quarter, a listing of all contracts, sub-contracts and purchase orders exceeding two hundred and fifty thousand United States Dollars (US\$250,000.00) or the equivalent in Namibian Dollars (N\$) or such other limit as the Ministry may determine, awarded in the previous quarter.

The listing of all contracts, sub-contracts and purchase orders should at the minimum include:

- (i) a list of all items and services;
- (ii) value of contract or purchase order;
- (iii) name of the successful contractor or vendor;
- (iv) a primary location of work;
- (v) estimates of Namibian content;
- (vi) commencement and completion dates; and
- (vii) any other information required by the Ministry for Finance for the purposes of implementing the provisions of this policy.

7.5 Power to review contracts in respect of compliance

The Ministry shall, where it considers necessary, review some contracts entered by,

contractors or its sub-contractors or any other related entity to ensure compliance with Namibian local content reporting requirements.

8. Implementation Framework

This section outlines the high-level framework for implementing this policy, which is designed to guide developments in key areas that increase value to the local economy. Envisioned as a long-term document, the policy will be periodically reviewed by the Government in response to global and national developments.

Recognising that Namibia's petroleum industry is still in its early stages, and that several prerequisites for the effective implementation of local content measures are not yet in place, this policy provides a comprehensive framework to enhance value at all levels. It is applicable both in the current exploratory phase and in the event of major discoveries.

Developed through a consultative process with key stakeholders, the policy integrates lessons learned and international best practices, tailored to Namibia's specific conditions.

8.1 Institutional Arrangements for Implementation

To ensure the effectiveness of the Namibian Local Content Policy (LCP) Framework, it must be complimented by clarity on responsibilities for execution and appropriate resources for implementation and monitoring.

The Government is committed to incorporating the various aspects of developing local content into existing institutions rather than the creation of new agencies, as it holds the view that this is efficient and will aid in the sustainability of efforts. To this end the government is committed through this policy to foster both horizontal and capabilities-led linkages through inter- and intra-sectorial efforts to effectively implement this policy. Therefore various ministries, agencies and offices should do their utmost to engage investors in the petroleum sector. In this light the following institutions are selected offices whose mandates are critical.

Institution	Roles
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Ministry of Mines and Energy (MME)	<p>To establish a Local Content Division within the Petroleum Affairs Directorate to be responsible for:</p> <ul style="list-style-type: none"> - implementing the Local Content Policy. - Monitoring the implementation of this policy. -enforcing Acts and Regulations - Compliance and enforcement of local content requirements. - Facilitate the process of establishing an autonomous industry regulatory authority, as may be designated by Government, to take over the responsibilities of the Local Content Division to administer this policy and laws which may be passed with the purpose of giving effect to the principles contained this policy.
Petroleum Training and Education Fund (PETROFUND)	<p>PETROFUND was formed to build capacity for the Petroleum Industry and to ensure the Petroleum Industry is sustained by competent Namibians. Their role will be to award scholarships and bursaries to Namibian students to study petroleum related subjects with contributions obtained by oil companies.</p>
Ministry of Environment and Tourism	<p>Responsible for promoting the sustainable management of the environment and the use of natural resources. Ensure all upstream activities are conducted in environmental sustainable manner. The MEFT ensures that adequate and relevant legislation and regulations facilitate the environmentally responsible uptake, use, and eventual disposal of technologies used in upstream petroleum activities.</p>
Ministry of Finance and Public Enterprises	<p>Responsible for the collection and administration of petroleum revenues.</p> <p>The MoF provides annual budget allocations to the MME to fund all activities and processes related to the effective implementation of this Local Content Policy.</p>
National Planning Commission (NPC)	<p>The NPC is overall responsible for managing and monitoring the implementation of government policy, and therefore exercises oversight over the MME's implementation of this Policy.</p>

National Petroleum Corporation of Namibia (NAMCOR)	<p>-To acquire participating interest in each license issued in the upstream activities at a percentage as may be determined.</p> <p>-NAMCOR is responsible for the implementation of activities that fall within its designated mandate, including additional mandates that may be added through this and other policies.</p>
Operators and Investors (Private Sector)	<p>-The Operator and Investors play an important role in the implementation of the policy.</p> <p>-Operators will be required to submit a local content plan which will include a Human Resources section to cover recruitment, training and development of Namibians.</p> <p>- Investors will continue to work with the Government to promote, build capacity and facilitate joint ventures or other arrangements in the oil and gas value chain.</p>
The Community	<p>-Communities have a great opportunity to participate in activities related to oil and gas operations. The community needs to be provided with information in order to participate fully in the petroleum sector.</p>
Academic and Research Institutions	<p>These institutions will work with Government and the private sector to promote education, training and research in the oil and gas industry, recruitment and retention of the human resources required in the industry</p>
Ministry of Labour, Industrial Relations and Employment Creation	<p>To promote harmonious labour and industrial relations by protecting the national workforce from unfair labour practices and unsafe working conditions.</p>
Ministry of Industrialisation and Trade	<p>Responsible for promoting growth and development of the economy through the formulation and implementation of appropriate policies to attract investment, increase trade, develop and expand the country's industrial base.</p>
Ministry of Higher Education, Training and Innovation	<p>To regulate higher education and to promote training and innovation in order to drive Namibia towards a knowledge-based economy. It will also ensure that the technical, vocational and/or engineering curricula meet the needs of petroleum exploration and production projects undertaken in Namibia. It engages in the development and approval of petroleum related qualifications, where relevant.</p>

Ministry of Education, Arts and Culture	To provide quality inclusive education and training for national development and to educate and train for sustainable national development.
Ministry of Justice	Drafting policies, laws and regulations for local content promotion in Namibia. Setting the strategic direction, overseeing operations, and representing the Ministry in public and political spheres pertain the implementation of this policy and any other government law and policy that foster the effective implementation of local content principles in Namibia.
Ministry of Home Affairs, Immigration, Safety and Security	To facilitate lawful migration into Namibia through overseeing foreign workers' permits and immigration statistics and work permits and visas for those who come and invest in the petroleum and gas industry in Namibia.

The Ministry will cause the establishment of an autonomous industry regulatory authority, as may be designated by Government, to take over the responsibilities of the Local Content Division to administer the local content policy.

The Minister shall form a Local Content Advisory Committee to ensure that there is a strategic approach in line with this framework and to manage expectations. The Local Content Committee shall be comprised of competent and able public and private sector stakeholders that may include:

- Non-Governmental Organizations
- Representative of Petroleum Industry Operators, Non-Operators, Contractors and Sub- contractors; and
- Representatives from the Private Sector

The role of the Local Content Advisory Committee will be to oversee and advise on the implementation of the policy by the Local Content Division.

8.2 Legal and Regulatory Arrangements

All petroleum activities in the upstream petroleum sector are to be conducted in compliance with the Namibian Constitution especially, Article 23. In addition, under this broader Constitutional Framework, all upstream petroleum activities have to be undertaken in line with the regulatory framework as provided under the sector

specific instruments listed below and all other applicable laws.

- **Petroleum (Exploration and Production) Act, 1991 (Act No. 2 of 1991) as amended-** The Act makes provision for the reconnaissance, exploration, production, and disposal of, and the exercise of control, petroleum; and to provide for matters incidental thereto.
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- **Petroleum (Exploration and Production) Regulations, 1991 (draft)** - The Regulations define the responsibilities of operators in the field of petroleum exploration and exploitation for health, safety and welfare of persons employed or performing work and the protection of the environment and natural resources in respect of any area where petroleum activities are carried out.
- **Model Petroleum Agreement- In terms of Section 13 of the Petroleum Act** - the Minister is required to enter into a petroleum agreement with an applicant for a petroleum exploration license before such license is granted. The Model Petroleum Agreement serves as a basis of negotiation with applicants for exploration licenses.
- **Affirmative Action (Employment) Act, 1998 (Act No. 29 of 1998)** in line with Article 23 of the Constitution, this Act regularizes the application of affirmative action in employment. The very essence of this Act is that it, just as the policy does, promotes preferential treatment for certain groups within Namibia who have been previously disadvantaged. It prohibits the practice of racial discrimination and the perpetuation of all forms of apartheid vestiges which Namibians have for long been suffering from.
- **Labour Act, 2007 (Act No. 11 of 2007)**- In line with Article 23 of the Constitution and the Affirmative Action (Employment) Act, this Act contains with affirmative action measures providing for equal employment opportunities and an equitably representation in the workforce of an employer. It also enjoins employers to respect fundamental labour rights and regulates basic terms and conditions of employment in line with International Labour Organisation standards. It emphasises the concept of collective bargaining and collective labour rights.
- **Public Procurement Act, 2015 (Act No. 15 of 2015)** – regulates the provision of goods and services or awarding work assignments by a state body, organization, institution or some other legal person regarded as a procuring entity. It entrenches the concept of preferential procurement which pursues certain socio-economic objectives, such as the promotion of former disadvantaged groups of Namibia. The general procurement method is open advertised bidding; the alternative procurement methods outlined in the Act can only be applied as exceptions if certain requirements are met.

These legal instruments are being revised as part of the Government's efforts to strengthen the regulatory framework and reflect international best practices in sustainable development of petroleum resources. As part of that process, the Government aims to embed the appropriate elements of this policy into the relevant instruments.

8.3 Resource Mobilisation

The mobilization of resources required to implement the Local Content Policy will apply a variety of methods and approaches, and the main options and responsibilities are:

FUNDING SOURCE	ENVISAGED APPLICATION	MAIN RESPONSIBILITY
PETROFUND	Use Training & Development contributions to fund targeted skills development.	PETROFUND
Government Budget	All activities that cannot be funded from other sources	MME in consultation with the Ministry of Finance and Public Enterprises
Private Sector	Private sector to contribute to the capacity building of Namibians	MME in consultation with the private sector
NAMCOR	Facilitate the skills transfer and knowledge transfer initiatives at joint venture levels.	MME/NAMCOR

8.4 Monitoring and Evaluation framework

The MME, as the custodian of this Local Content Policy and regulator of the petroleum sector, is responsible for monitoring compliance with and enforcing local content requirements.

The Local Content Policy's monitoring and evaluation will be guided by the Implementation Plan (see Appendix) and further detailed in MME's strategic plans as needed. The Implementation Plan will be periodically updated to reflect the current state of the industry supply chain.

Under the revised legal framework, each operator will be expected to submit a "Local Content Plan" when applying for exploration and production licenses. This submission is required initially during the negotiation of the Petroleum Agreement (for exploration licenses) and, if a discovery is made, as part of the Field Development Plan (for production licenses). The Local Content Plan must address each policy objective and, upon approval by the MME, will serve as the basis for ongoing monitoring and evaluation of the operator's or licensee's progress against its commitments.

Operators are responsible for ensuring compliance with local content requirements, whether directly or through subcontractors and service providers, and must ensure all parties adhere to the Local Content Policy standards.

8.5 Advocacy and Dissemination

In accordance with the Access to Information Act, 2022 (Act No. 8 of 2022), the MME is responsible for the dissemination of this Policy, and the facilitation of all advocacy activities associated with it. Furthermore, the MME will regularly communicate the activities, opportunities, outcomes, achievements, and progress made in reaching the policy objectives.

8.6 Implementation Action Plan

This section presents this Policy's Implementation Plan and identifies the implementation activities for each of this Policy's main thrusts. As part of the Local Content Policy, a coordinated framework is established to ensure compliance with local content requirements across the petroleum sector.

This framework includes clear guidelines for operators to submit Local Content Plans as part of their license obligations for approval by relevant government authorities. Government will work closely with industry stakeholders to support the achievement of local content objectives including workforce development, supplier engagement and technology transfer. Regular audits, reporting mechanisms and evaluation processes will be implemented to track progress and address any gaps.

The plan identifies the entity/entities responsible for initiating specific actions, based on the policy's strategies, as well as the entity responsible for mobilising the requisite funding. This does not imply that the identified entity must fully execute the activity, the responsible entity may delegate when appropriate but retains the responsibility for initiating the activity and for achieving the outcomes. Similarly, the entity responsible for the deployment of funding does not necessarily have to fund the activity itself but must arrange for funding from whatever source may be available and suitable.

The actual Implementation Plan is attached as Annexure 1.

9. Conclusion

The Local Content Policy establishes a comprehensive framework to maximise the benefits of Namibia's petroleum resources for its citizens by promoting the phased participation of the Namibian workforce, goods and services, companies, ownership, and financing throughout the value chain. Key elements of this policy have been

integrated into the revised - Petroleum (Exploration and Production) Act, 1991 and Model Petroleum Agreement, ensuring alignment with the legal framework for consistency and precision.

This policy aims to build a competitive and sustainable petroleum sector that enhances national economic growth, creates employment, fosters technological innovation, and strengthens local capacities. It is designed to adapt to the evolving dynamics of the industry, enabling Namibia to respond effectively to global market changes while safeguarding the interests of its people.

By incorporating flexibility, the Policy allows for periodic reviews and updates, ensuring it remains relevant and capable of addressing emerging opportunities and challenges. The Government remains committed to collaborating with all stakeholders to realise the full potential of Namibia's petroleum sector for the benefit of current and future generations.