

# Hydrocarbons and clean energy projects poised to energise Namibia's economy

Investors are racing to tap into the modern country's newly discovered oil and gas reserves, while also exploring state-of-the-art projects in the wind and solar power sectors as Namibia strives to become a green hydrogen hub

From abundant reserves of lucrative black gold to the emerging zero-carbon next-generation green hydrogen fuel that will play a crucial role in the global decarbonisation drive, Namibia boasts massive potential in key energy segments that are ripe for substantial foreign direct investment (FDI).

Offering enviable political, social and economic stability in a region that can often prove challenging for foreign investors, the welcoming and attractive country of 2.6 million people is embracing a clean energy revolution as it seeks to make the most of its wealth of competitive advantages.

This includes the mid-decade launch of Africa's showcase fuel of the future project, Hyphen: a state-of-the-art \$10 billion green hydrogen plant that will create thousands of employment positions and provide local and international markets with millions of tonnes per year of clean energy that will boost gross domestic product (GDP) and generate decent returns on FDI for investors.

With the worst of the Covid-19 crisis behind it, Namibia's economy enjoyed a GDP rebound in 2021 of 2.7 percent as commodity prices picked up and tourist arrivals started to return to normal. "During the last year, we recorded a small growth in FDI of about 4.2 percent, mainly in mining and financial services," says Ipumbu W. Shiimi, Minister of Finance.

"We are now ramping up our investment drive to promote Namibia as an investment destination. We have created a new entity that is responsible for investment promotion: The Namibia Investment Promotion Development Board (NIPDB), which is now located in the office of the President, Hage G. Gein-



**Tom Alweendo**  
Minister of Mines and Energy

gob. Our message is we are really open to investors, and are doing things in a proper way. Our President continues to emphasise what he calls PSI: processes, systems, and institutions; we want to do things transparently."

## Red carpet for green energy

Established at the start of last year, the NIPDB's mandate comprises the promotion, attraction and retention of domestic and foreign investments. NIPDB aims to create and stimulate new ventures that will contribute to national economic performance.

**"Our significant solar and wind resources can produce cheap energy. We are well placed to help the world to decarbonise."**

IPUMBU W. SHIIMI, MINISTER OF FINANCE

New investment strategies and the exploration of synergies with the public and private sectors for a conducive investment environment form another key spoke of its comprehensive list of goals.

"We have significant solar and wind resources that can produce energy. If you have cheap energy resources you can create almost anything, such as steel, methanol, and jet fuel. Energy is really the



**Immanuel Mulunga**  
Managing Director, NAMCOR

key to any production facility," Shiimi explains. "As a large country with a very small population, we have a considerable amount of unoccupied land available for wind turbines and solar panels. We are well positioned to help the world to decarbonise."

The minister highlights Namibia's unique selling proposition of modern and efficient infrastructure that are the ideal conduit for various goods. "If you look at roads, we are ranked number one on the continent," he adds. "We are investing significantly in rail infrastructure

to sell ourselves as a logistics hub for the region. We are close to landlocked countries that have transportation needs. Our port facilities enable the flow between these economies."

Given the construction start date and commissioning of phase one of the Hyphen green hydrogen project is only 3-4 years away, government officials are busy drawing up legislative

frameworks and regulations to ensure the export-oriented plant receives the necessary support. At full scale development, the Hyphen project should produce 350,000 tonnes/year of green hydrogen before the end of the decade

James Mnyupe, Economic Advisor to the President and Namibian Hydrogen Commissioner is convinced the world-scale project will place his country firmly on the international clean energy map. "Namibia is strategically positioned between two of the largest hydrogen markets in the world, Germany, which has a very long heritage and history with us, and South Africa, which is the largest and most industrialised economy in Africa," he states.

"We would love to use the African Continental Free Trade Area to deepen and diversify Namibia's export basket, instead of just trading the rudimentary goods that we used to deal in such as fish.

The plan is to start exploiting manufactured goods, energy, as well as synthetic fuels in the near future. We have the only credit-rated power utility in Africa and fantastic ports."

## Oil and gas open new chapter

Famous for its large deposits of precious metals and minerals that have financed infrastructure programmes and quality health-care and education systems for years, Namibia recently discovered substantial offshore oil and gas reserves that are estimated in the billions of barrels — meaning the country could become a magnet for industry titans.

"This discovery is a huge boost to the economy, given for some years now, we've been trying to discover oil," says Tom Alweendo, Minister of Mines and Energy. "We are fortunate in Namibia



as we have world-class renewables and while we are doing hydrocarbons, we are also pushing green hydrogen production, helping to decarbonise the environment."

As the state-owned national oil company, NAMCOR (National Petroleum Corporation of Namibia) is at the forefront of industry innovation and a growing force in the upstream and downstream sectors. This year has been a landmark one with two back-to-back discoveries in offshore exploration with partners QatarEnergy, Shell, and TotalEnergies.

**"NAMCOR does not want to miss the green hydrogen boat, rather we want to be part of the journey from the start."**

IMMANUEL MULUNGA, MANAGING DIRECTOR, NAMCOR

"We always knew it was just going to be a matter of time, and in February, we were fortunate to receive the great news of those two discoveries by Shell and TotalEnergies. NAMCOR is very happy to be a partner in both of those blocks," says Immanuel Mulunga, Managing Director.

The senior executive recently broadened NAMCOR's cooperation agreement with QatarEnergy as it looks to expand Namibia's energy sector. "A company like QatarEnergy and even the country of Qatar itself are both fine models to emulate," he says. "Qatar and Namibia have a lot of similarities. They have very small

populations, but are bold and punching above their weight. Qatar has truly found a place in the international community largely due to petroleum reserves and how it strategically uses that wealth. This is something that I would like Namibia to aspire to."

While delighted with the recent offshore discovery, Mulunga also understands hydrocarbons are finite, hence NAMCOR's fresh focus on renewables and synthetic fuels like green hydrogen. "We do not want to miss this boat, rather we want to be part of the journey from the start," he explains. "As much as we made

these discoveries in oil and gas, we want to ensure that we become relevant and part of the energy transition.

"We have appointed a manager to look after scientific advances in renewables and have already signed agreements with two companies to explore green hydrogen with us.

In Namibia, we have created an excellent enabling environment for investors; it is one of those places in Africa with a very strong rule of law and a democracy where security of tenure is guaranteed. Investors like to work in these types of environments and jurisdictions."

## NAMCOR UPSTREAM EXPLORATION

At NAMCOR, we act as a vehicle for the participation of the Namibian government in the oil and gas industry. Oil companies are invited to acquire equity in petroleum exploration licences (PELs) in which we have a working interest.

Companies and individuals pursuing activities related to oil exploration are invited to consider Namibia as their next hydrocarbon investment destination. Namibia offers a number of unique commercial features, among them being:

- Geological prospectivity, with a working petroleum system in place
- A stable political environment, with a judiciary widely lauded as independent
- An attractive fiscal regime
- Has attracted key international oil majors such as ExxonMobil, Shell Namibia, TotalEnergies, QatarEnergy, BW Offshore and Galp Energia to mention but a few

To date, our local exploration asset base includes five operating licences, and a possible sixth in the pipeline, with working interests between 67 percent and 70 percent, and an average of 10 percent carried interest in 98 percent of the PELs issued in the country.

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