



**MARKET FACTORS, LEGAL &
BUSINESS CONSIDERATIONS
POST OIL AND GAS
DISCOVERIES IN NAMIBIA**

**NAMIBIA OIL AND GAS
CONFERENCE 2023**

Windhoek, Namibia
16 – 17 August 2023

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PRESENTATION OUTLINE



1. INTRODUCTION – MARKET FACTORS

2. LEGAL CONSIDERATIONS AFTER OIL & GAS DISCOVERIES IN NAMIBIA

3. BUSINESS CONSIDERATIONS AFTER OIL & GAS DISCOVERIES IN NAMIBIA

4. CONCLUSION

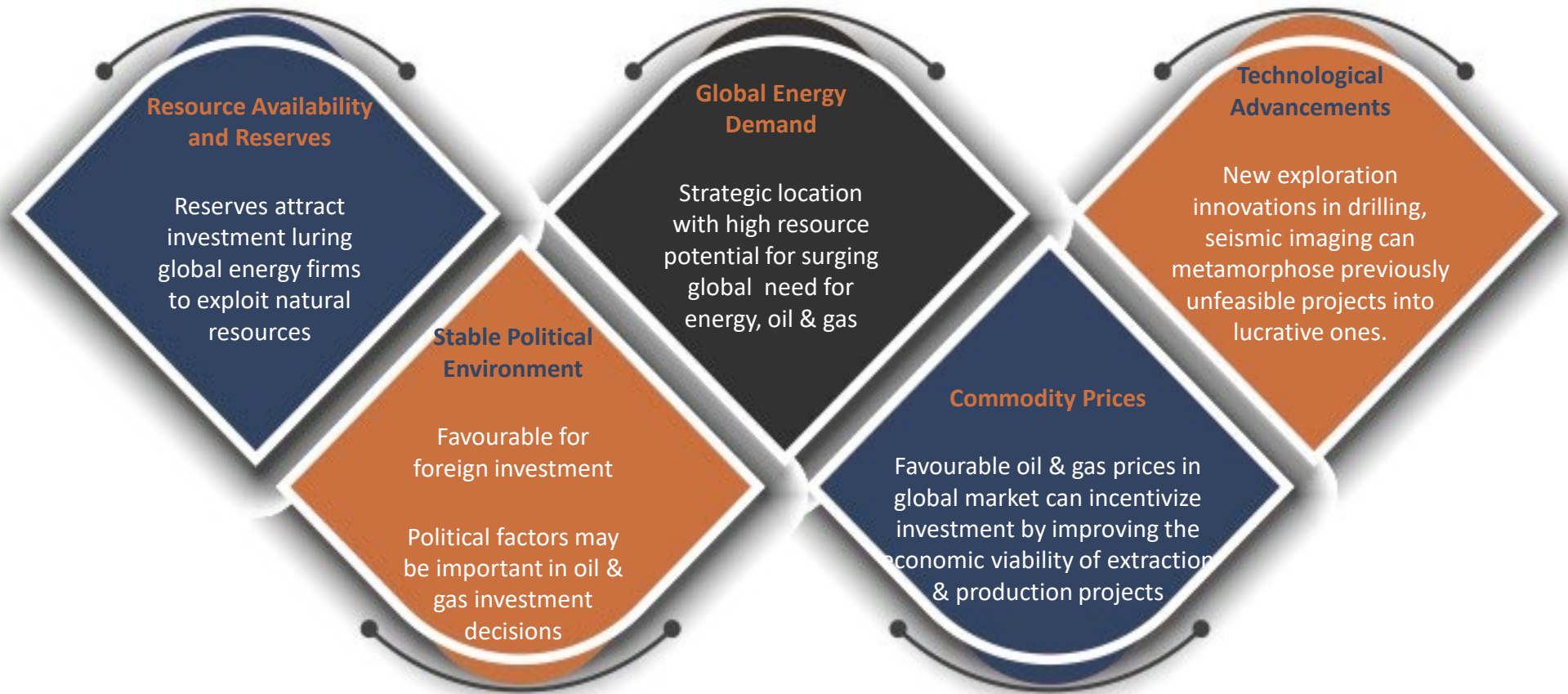
August 2023

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1.1 MARKET FACTORS TO ACCELERATE OIL & GAS DEVELOPMENT IN NAMIBIA

The successful development of Namibia's oil and gas resources holds the promise of economic growth, energy security, and technological advancement. The acceleration of oil and gas development in Namibia depends on a delicate interplay of both market and non-market factors, each contributing to the shaping of the industry's development.



2. LEGAL CONSIDERATIONS AFTER OIL & GAS DISCOVERIES IN NAMIBIA

2.1 SOVEREIGN WEALTH FUND

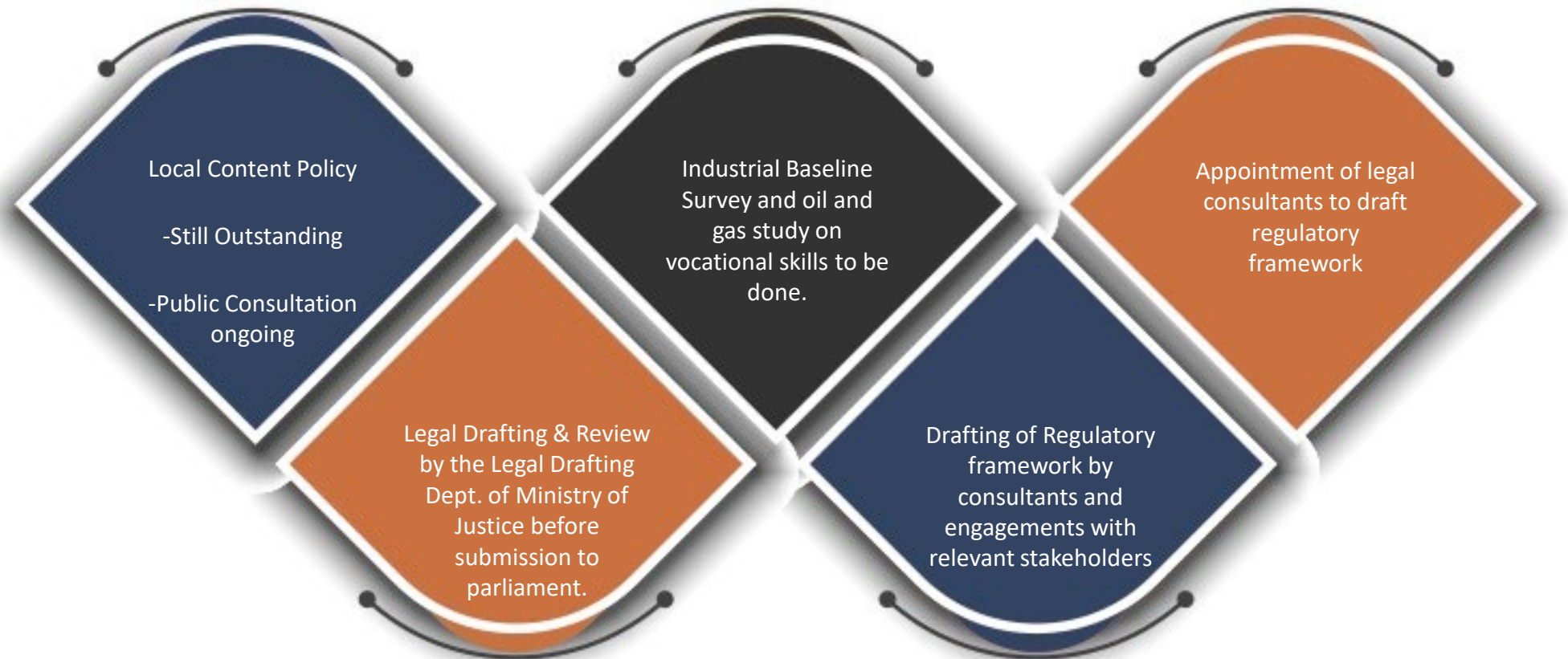
The Sovereign Wealth Fund for Namibia (The Welwitschia Fund) was launched on 12 May 2022. Need identified in National Energy Policy of 2017 (**Policy Statements P14.c and P14.d**) The Bank of Namibia manages the fund.

Legal & Policy framework regulating the investment, withdrawal and management of funds to be in place to ensure transparency and accountability

Consultation with the oil & gas sector will be vital to ensure we have a fit for purpose legal & policy framework

2.2 LOCAL CONTENT FRAMEWORK

- ❑ Current local content provisions in the Petroleum (Exploration & Production) Act of 1991 & Model Petroleum Agreement
- ❑ Need for detailed Local content identified in National Energy Policy of 2017 (**Policy Statements P13**). Local Content Policy in final stages, it will provide:



2.3 LICENCE BID ROUNDS FOR TRANSPARENCY & ACCOUNTABILITY

Namibia is currently using an open bidding system.

- For purposes of transparency and accountability there will be a need to introduce license bid rounds to work simultaneously with open licensing for some of the acreages.
- Transparency limits opportunity for corruption.
- Accountability ensures the intrusted are held accountable for their actions or inactions.
- The current ongoing case in the High Court of Namibia by one of the Namibian oil and gas companies against The Ministry of Mines and Energy of Namibia over the award of a petroleum exploration block is a clear indication transparency methods for award of petroleum licenses should be introduced.

2.4 INDEPENDENT REGULATOR FOR UPSTREAM OIL & GAS SECTOR

Government & legislature to establish policy, while role of regulator is to administer the regulations arising from those policies

Regulator needed to administer supporting regulations' i.e. (local content)

Need to establish a Regulator identified by The White Paper on Energy Policy of 1998 and the National Energy Policy of 2017 (Policy Statements P14.b)

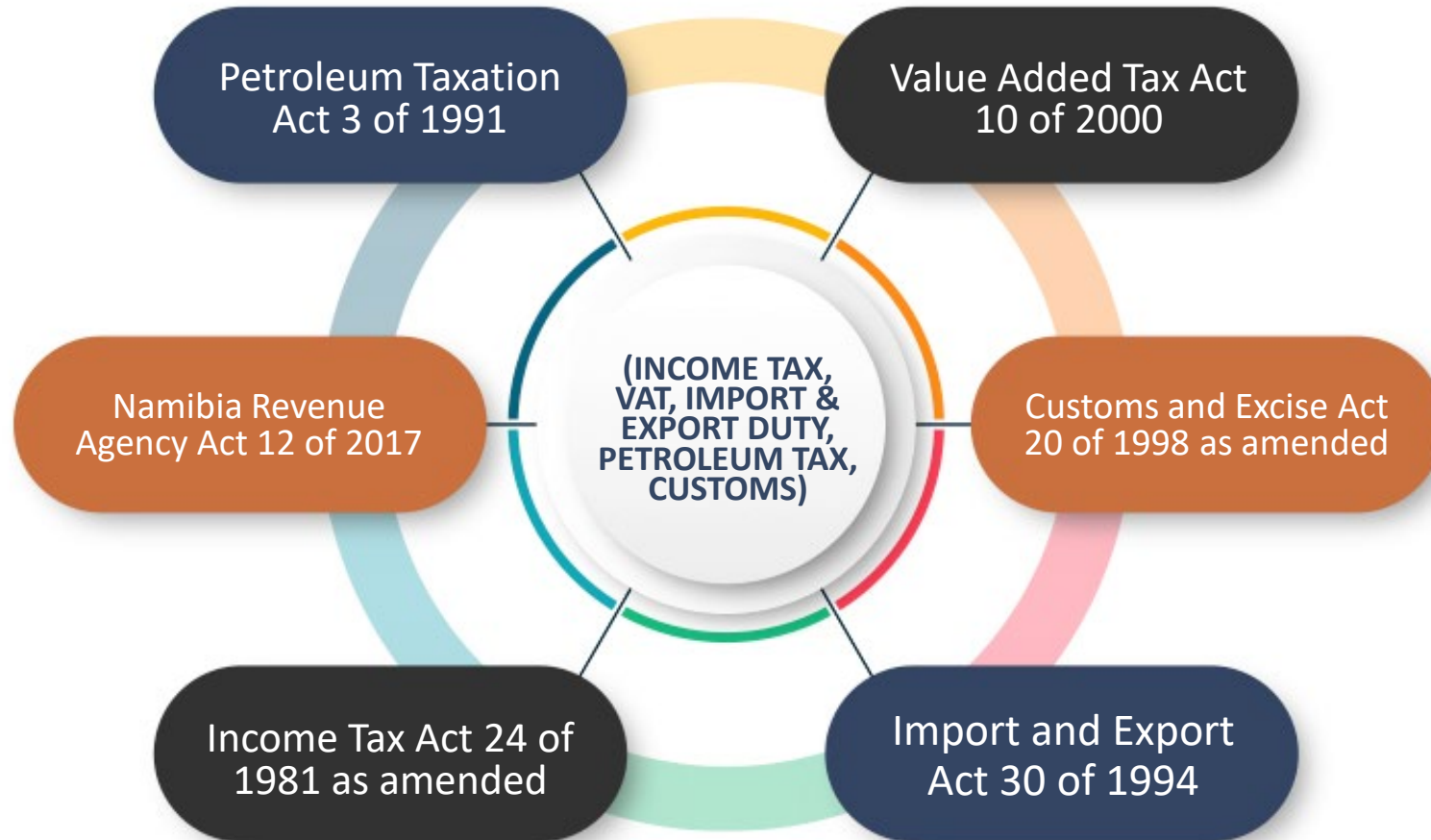


Regulator should therefore ideally be independent of the policy making process

3. BUSINESS CONSIDERATIONS AFTER OIL & GAS DISCOVERIES IN NAMIBIA

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3.1 TAX



3.2 CORPORATE FORMATIONS & REGISTRATIONS

Businesses intending to set up in Namibia need to have an idea as to what type of business entity they intend to register. There are various types available;

01

Company - Private or Public Company
(Companies Act 28 of 2004)

02

External Company-branch of a foreign
company (Companies Act 28 of 2004)

03

Close Corporations (Close Corporation Act
26 of 1988)

04

Business Trust (Trust Monies Protection
Act 34 of 1934 and Common law)

05

Partnerships i.e. Joint Ventures (no specific
registration requirements)

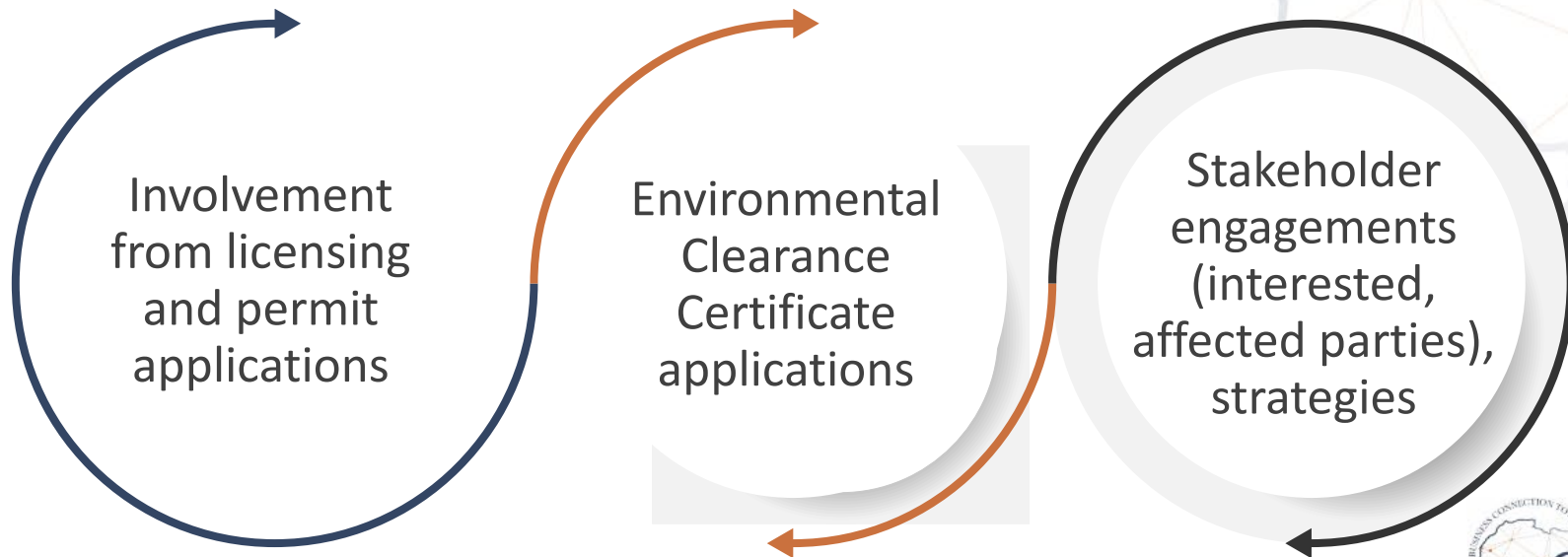
3.3 EMPLOYMENT & LABOUR ISSUES

- **Every business setting up or intending to operate in Namibia needs to have an understanding of the following;**
 - **Basic Conditions of Employment**
 - Ordinary Working Hours
 - Overtime
 - Calculation of Remuneration
 - Types of leave
 - **Termination of Employment**
 - **Rights and Duties of Employers and Employees**



3.4 LITIGATION RISK, ENVIRONMENTAL PRESSURE GROUPS

- **Potential litigation by environmental pressure groups litigating from an environmental protection perspective**
- **Examples; Court cases in South Africa and Namibia**
- **How to mitigate potential litigation;**
 - Managing Stakeholders through effective communication
 - Early and continuous stakeholder engagements
 - Earlier involvement of lawyers in the projects so they better represent client when litigation arises



3.5 WORK VISAS FOR OIL AND GAS EXPATS

- The success of oil and gas projects needs skilled expatriates who possess specialized knowledge in exploration, extraction, and production processes.
- The availability and ease of obtaining work visas for expatriates play an essential role in shaping the development of the oil and gas industry in Namibia.
- Work visas that are accessible, efficient to acquire and tailored to the industry's needs can attract a diverse pool of international professionals and experts.
- Compared to other African oil producing countries Namibia has a strict immigration system, with Work Permit applications often having extended processing times of up to 1 – 4 months.

PROPOSED SOLUTION

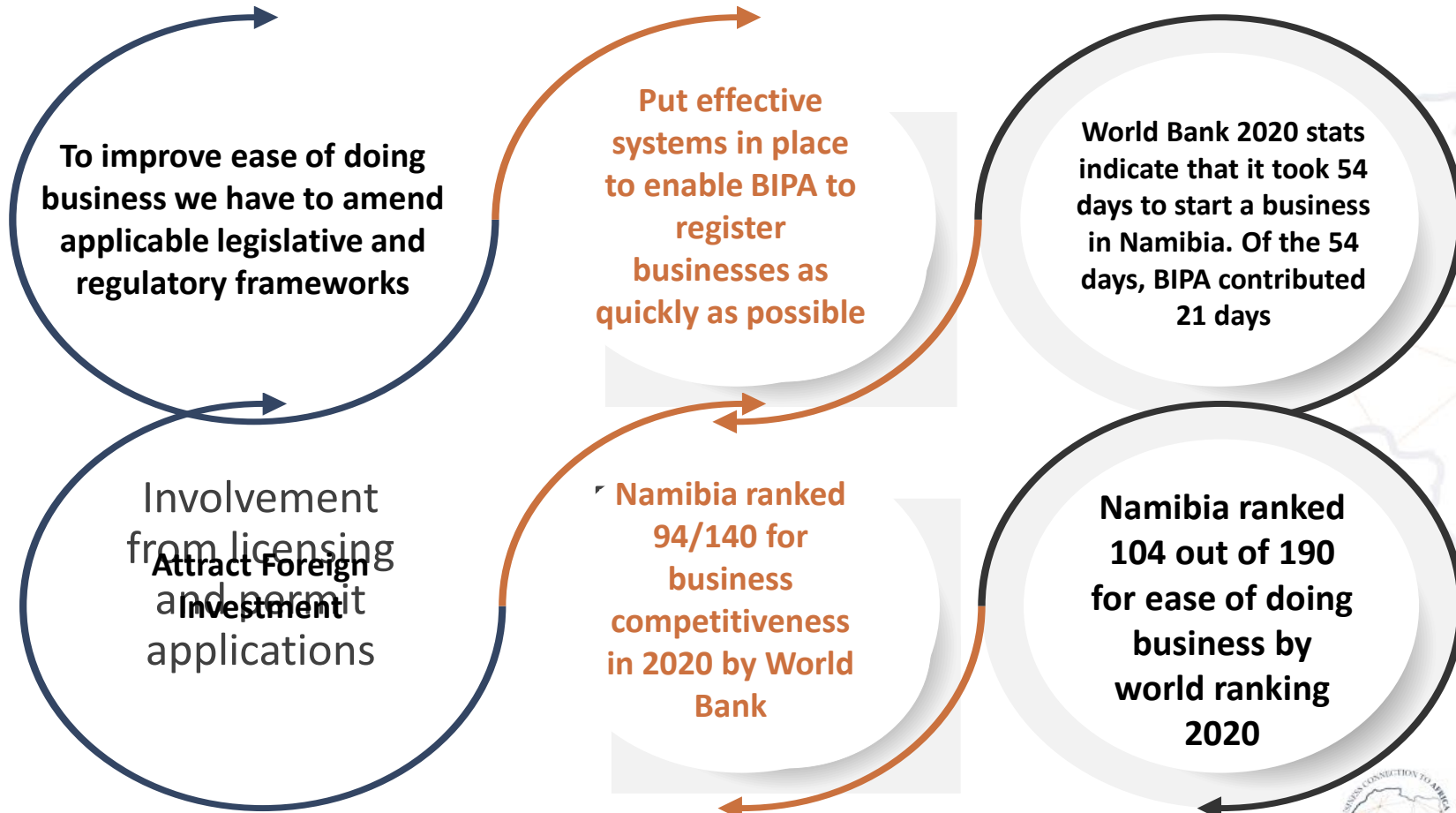
- Replicate **efficient work permit systems** tailor made specifically for oil & gas industry.

Ghana – The Ghana Immigration Service in 2013 introduced Rotators Permit specifically for oil & gas workers with approval done in 3 days.

Angola – Enter country on visitors permit and apply for work (Type C) whilst on site

- 2 to 3 weeks lead time

3.6 EASE OF DOING BUSINESS



4. CONCLUSION

- **A bright future awaits Namibia.**
- **Transparency and Accountability is key for Namibia to get the best of its Petroleum Resources.**

THANK YOU!

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