



Namibia

Oil and Gas Conference

**NATIONAL UPSTREAM PETROLEUM
LOCAL CONTENT POLICY (LCP)**

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What is Local Content?



Ministry of Mines & Energy

- No universally accepted singular definition
- Tends to incorporate areas of labour, provision of goods and service, technology transfer, financing and ownership



What is Local Content?



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- Traditionally, upstream petroleum sector—high risk, capital intensive, technologically driven, high import content for specialist goods & services—low national employment.
- Local content policies (LCP) are adopted to increase benefits for economy & nationals from the development of finite petroleum resources



Rationale?



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- **The Petroleum (Exploration and Production) Act 2 of 1991** and **Model Petroleum Agreement** not adequate to achieve this intended result
- After recent discoveries – Namibia decided to adopt a LCP that will target phased participation of Namibian labour, goods & services, companies and capital along the value chain



National Upstream Petroleum Local Content Policy: 5 OBJECTIVES



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1. Identification of specific sectors for the development of local capacity
2. Maximising employment and development of Namibians
3. Maximising the participation of local suppliers along the value chain
4. Encouraging the transfer of technology, knowledge and skills
5. Promoting Namibian ownership and financing at all levels of the sector



STRATEGIES TO ACHIEVE 5 OBJECTIVES



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1. Identification of specific sectors for the development of local capacity:

- Industry, academic & vocational training institutions & other stakeholders to conduct studies to identify strategic sectors for targeted capacity building of local firms to supply the sector, including financial and support services.
- Industry, academic & vocational training institutions and other stakeholders to conduct appropriate manpower studies to identify current & future skills/competence gap for targeted training and development of individuals.
- Evaluate the potential for providing local training centres vs. leveraging regional facilities.
- Ensure coordination amongst government entities across sectors to identify subsectors/activities with greatest impact to the nation.

STRATEGIES TO ACHIEVE 5 OBJECTIVES



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2. Maximising employment and development of Namibians

- Implement legislation stipulating for employment opportunities to be publicly advertised, and preference to given to Namibian citizens who possess appropriate qualifications.
- Ensure meaningful training & development of Namibians
- Use Training & Development contributions to fund targeted skills development.
- Require submission of an annual local content plan (as a requirement for holding a Licence) which will include recruitment, training and development of Namibians.
- Ensure co-ordination between the petroleum sector regulator and other agencies with respect to the recruitment of expatriates.
- Ensure mechanisms are in place & effectively monitored to accelerate transfer of skills & knowledge, including mentorships, understudies, succession plans and secondment programmes.

STRATEGIES TO ACHIEVE 5 OBJECTIVES



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3. Maximising the participation of local suppliers along the value chain

- Ensure legislation stipulates preference for Namibian suppliers of goods & services which are on competitive standards and terms.
- Require submission of an annual LCP which includes a Procurement section for development & participation of local firms.
- Require contracts to be unbundled to match the timing, and capabilities of local enterprises.
- Require contracts to be advertised locally ensuring access of local enterprises to all tenders.
- Require tender evaluation processes to place a weighting on local value-addition.
- Facilitate information sharing on procurement practices & standards to local providers.
- Require the Regulator to maintain a database of local pre-qualified suppliers.
- Encourage formation of partnerships, joint ventures & other commercial arrangements to maximize knowledge transfer from experienced companies to local enterprises subject to local law.
- Facilitate access to financial services for local firms with particular support to SMEs.

STRATEGIES TO ACHIEVE 5 OBJECTIVES



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4. Encouraging the transfer of technology, knowledge and skills

- Seek Research & Development opportunities in consultation with the industry and local education institutions (e.g. vocational institutions).
- Encourage use of exchange programmes to accelerate knowledge transfer and building “know-how” amongst government agencies as well as within companies.
- Require operators to disclose efforts in technology & knowledge transfer in the annual Local Content Plan.



STRATEGIES TO ACHIEVE 5 OBJECTIVES



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5. Promoting Namibian ownership and financing at all levels of the sector

- Ensure NAMCOR has an exercisable option to participate in upstream activities.
- Ensure Namibians' equity participation in companies involved in petroleum operations, including promotion of joint ventures and other ownership arrangements between local and foreign firms.
- Promote innovative structures and financing mechanisms to support local businesses in the sector.
- Develop measures to support and nurture investments in the sector by local SMEs.



INSTITUTIONAL ARRANGEMENTS



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For the effectiveness of the LCP Framework, it must be complimented by clarity on responsibilities for execution and appropriate resources for implementation and monitoring.

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.

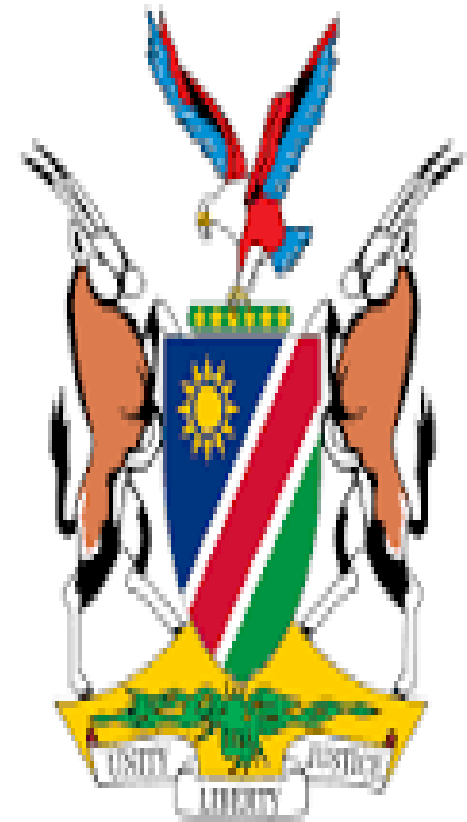
The key institutions include **MME, PETROFUND, The Ministry of Environment, Forestry and Tourism, National Planning Commission, Academic & Research Institutions, NAMCOR, Private Sector, the Community, and the Media.**

MONITORING & EVALUATION

- MME is the custodian of the LCP & will be responsible for monitoring compliance and enforcement
- Monitoring and evaluation of the LCP is to be based on an implementation Plan
- Operators required to submit a “Local Content Plan” when granted exploration and production licenses.
- The Local Content Plan will be required to address each of the policy objectives and when approved by MME, will provide the basis for ongoing monitoring & evaluation of each operator/licensee’s progress against commitments made.



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ALIGNMENT TO NATIONAL VISION, PLANS & GOALS



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Vision 2030

Provides for capacity building to be pursued with the utmost vigour by both public and private actors



Harambee Prosperity Plan (HPP)

Seeks to provide support for the establishment of local production capacity in targeted industries, as well as supporting efficient, inclusive, and sustainable local sourcing schemes



Namibia's 5th National Development Plan (NDP 5)

Seeks to Achieve Industrial Development through Local Procurement. The Growth at Home Strategy of NDP 5 encourages the public and private sectors to buy local products. This will benefit the economy in many ways including reduction in import bill, improved balance of payments and employment creation



National Energy Policy 2017

Whose objective is premised on creating opportunities to increase the share of local content providers throughout the Namibian energy industry and to promote local participation in the Energy sector's multiple value chains.

THANK YOU



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SCAN ME



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