



NATIONAL ASSEMBLY, 7th PARLIAMENT

**JOINT PARLIAMENTARY STANDING COMMITTEES ON NATURAL
RESOURCES
AND
ECONOMICS AND PUBLIC ADMINISTRATION**

**REPORT ON THE WORKSHOP ON MAXIMISING THE POTENTIAL OF THE
MINING AND ENERGY SECTORS IN NAMIBIA, 29 MAY- 03 JUNE 2023**

Seaside Hotel and Spa, Mile 4, Dolphin Drive, SWAKOPMUND

TABLE OF CONTENTS

EXECUTIVE SUMMARY ii

LIST OF ACRONYMS iv

1. BACKGROUND..... 1

2. OBJECTIVES OF THE WORKSHOP 2

3. METHODOLOGY..... 2

4. SUMMARY OF PRESENTATIONS BY STAKEHOLDERS 3

4.1. Module 1: An Overview of the Socio-Economic Impact of Mining in Namibia..... 3

4.2. Module 2: Energy Supply and Growing Demand in the Mining Sector 3

4.3. Module 3: Regulations of the Mining Sector 4

4.4. Module 4: Mineral Royalties and Taxation Regime in Namibia 5

4.5. Module 5: Beneficial Ownership and Contract Transparency..... 6

4.6. Module 6: Biodiversity, Livelihoods, Sustainable Development, and Mine Closure..... 6

4.7. Module 7: Water Resource Management and Mining in Namibia 7

4.8. Module 8: Energy Sector: Oil & Gas Discoveries and Production Agreements..... 8

4.9. Module 9: The Energy Sector: Renewable Energy Production, Agreements and Regulations..... 8

4.10. Module 10: The Energy Sector: Green Hydrogen Production Agreements and Regulation 9

4.11. Module 11: Regulatory Frameworks Governing Renewable Energy in Namibia..... 9

5. THE COMMITTEES’ FINDINGS..... 10

5.1. Mining 10

5.2. Small Scale Miners..... 11

5.3. Energy 12

5.4. Oil and Gas 13

5.5. Water 14

6. RECOMMENDATIONS 15

6.1. Mining 15

6.2. Small Scale Mining..... 16

6.3. Energy 17

6.4. Oil and Gas 17

6.5. Water 18

7. CONCLUSION..... 18

8. ANNEXURES 18

LIST OF ACRONYMS

DBN	-Development Bank of Namibia
EC	- Environmental Commissioner
ECB	-Electricity Control Board
EIA	- Environmental Impact Assessment
EIF	- Environmental Investment Fund
EMA	- Environmental Management Act
EMP	- Environmental Management Plan
EPLs	- Exclusive Prospecting Licences
GH2	– Green Hydrogen
MAWF	–Ministry of Agriculture, Water and Forestry
MAWLF	-Ministry of Agriculture, Water and Land Reform
MCF	-Mine Closure Framework
MFPE	–Ministry of Finance and Public Enterprises
MIT	- Ministry of Industrialization, Trade
MME	- Ministry of Mines and Energy
MURD	– Ministry of Urban and Rural Development
NAMCOR	-National Petroleum Corporation of Namibia
NAMDIA	-Namib Desert Diamonds
NamRA	- Namibia Revenue Agency
NDTC	– Namibian Diamond Trading Company
NEPL	- Non-Exclusive Prospecting Licence
NORED	– Northern Regional Electricity Distributor
REDS	– Regional Electricity Distributors
SOEs	- State-Owned Enterprises
SSM	– Small Scale Miners
VTC	–Vocational Training Centres

1. BACKGROUND

- 1.1. The Parliamentary Standing Committees on Natural Resources and Economics and Public Administration were established in terms of Article 59 of the Constitution of the Republic of Namibia. Conscious of their oversight responsibilities, the Committees conducted an oversight consultative workshop with the stakeholders in the mining and energy sector. The aim was to understand the governance, State shareholding and state of the mining and energy sector in Namibia, EPL instruments, value addition, community beneficiation and related matters affecting the economy of Namibia.
- 1.2. Namibia is rich in natural resources, including minerals, oil, and gas. It has a long history of mining, and the sector plays a crucial role in the country's economy, accounting for about 11.1% of GDP (NPC, 2021). These resources can potentially drive economic growth and development in the country. To ensure sustainable development and long-term benefits for all Namibians their exploitation must be managed carefully. However, there are concerns about the governance of these sectors, particularly about transparency, accountability, and the sustainable management of natural resources.
- 1.3. There is no provision in the law for the State to acquire shares in mineral rights except for mineral agreements. The State owns approximately 3.4%, 7.5% and 10% shares in various mining companies which is of great concern. It is only between the State of Namibia and De Beers Group where there is 50/50 shareholding. The Standing Committees desire to maximise Namibia's benefit from its natural resources while ensuring good governance and management of the natural resources. Based on these, the Committees recognized the importance of engaging different stakeholders to discuss the state of the mining and oil sector, focusing on the issues related to natural resources governance, State shareholding in the mining and oil sector, the potential economic benefit from the green hydrogen projects, petroleum and energy supply and progress in the implementation of the Mineral Beneficiation Strategy and other related diversification strategies.
- 1.4. It is against this background that the two Standing Committees organized a six-day oversight workshop to assess the state of energy, mining, and oil sector governance in Namibia.

2. OBJECTIVES OF THE WORKSHOP

- 2.1. The purpose of the workshop was to explore the potential of maximising the contribution of the mining and energy sectors to the national development goals. Accordingly, the workshop set out to explore the following areas:
- 2.1.1. the state of the energy, mining, and oil sectors in Namibia, including their contribution to the country's economy, employment, and sustainable development;
 - 2.1.2. the policy, legal and regulatory framework governing the energy, mining, and oil sectors in Namibia, including the roles of State agencies, private actors, and civil society organizations;
 - 2.1.3. the effectiveness of the governance mechanisms in place for these sectors, including oversight, monitoring, and enforcement;
 - 2.1.4. the environmental and social impact of energy, mining, and oil exploration activities in Namibia;
 - 2.1.5. the challenges and opportunities for improving the governance of these sectors and the sustainable management of natural resources in Namibia; and
 - 2.1.6. to promote dialogue and collaboration among stakeholders, including State officials, industry representatives, civil society organizations, and academia.
- 2.2. To achieve these objectives, the Committees undertook an extensive review of several current and projected activities and their current and future impact on the two sectors going forward.

3. METHODOLOGY

- 3.1. The workshop brought together various stakeholders to explore all the options towards maximising the potential of the mining and energy sectors. The workshop deliberated on current operations and plans of the different institutions operating in the mining and energy sector by receiving submissions that took into account the current legal frameworks, their adequacy, proposals for filling in the gaps in performance and strategies for maximising the output of the different actors in the production of the minerals and energy, including the prospects for renewable energy production.
- 3.2. Frank and robust discussions after each presentation unpacked the challenges facing these sectors and proposed solutions to realise benefits for the local people. The discussions covered a wide range of topics, including mining and oil exploration, State shareholding, EPL instruments, value addition, minerals beneficiation, water supply for

mining, irrigation, commercial and domestic use, water tariffs, energy security, electricity tariffs, and the future of the developing oil and gas sectors.

3.3. The items were divided into eleven (11) modules with a panel of experts from the mining and energy sectors.

4. SUMMARY OF PRESENTATIONS BY STAKEHOLDERS

The following are the main thrust of the presentations and deliberations during the workshop:

4.1. Module 1: An Overview of the Socio-Economic Impact of Mining in Namibia

4.1.1. The mining sector contributes to employment, upgrade of health and sports facilities, support to training and development, SME development and construction of houses. Major challenges identified were health problems from dust and noise, poor sanitation facilities at some of the mines, damage to infrastructure due to vibrations from blasting, and lack of rehabilitation after mine closures.

4.1.2. Additional challenges relate to salary discrepancies, lack of medical aid and pension, contract employment, flooding of the mines, lack of infrastructure development, high cost of utilities, low commodity prices, and high cost of skilled labour.

4.1.3. The proposed recommendations include a mine closure policy, an independent audit to assess the cost of production, implementation of labour standards, diversification of investments, beneficiation of minerals, and development of skills.

4.2. Module 2: Energy Supply and Growing Demand in the Mining Sector

4.2.1. Power demand is increasing and Nampower is putting up new power plants to meet the demands to increase production and to replace the bilateral agreements that may lapse soon. Namibia has public policies to produce sustainable and reliable energy. These policies promote energy security, efficient use, renewable energy development, and regional cooperation.

4.2.2. The country has excess energy capacity but still imports 60% of its energy needs due to the low power plant capacity. Nampower receives more State funding in terms of investment in electricity-generating projects.

4.2.3. NamPower is actively engaged in multiple power generation initiatives with a combined capacity of 250MW. These projects aim to ensure a stable and reliable power supply that effectively caters to the energy needs of the Namibian

population. Approximately 27% of the total energy demand is attributed to the mines.

4.2.4. NamPower is facing several challenges, including a deficit in regional electricity supply and a lack of local capital with attractive interest rates, leading to project delays. Moreover, NamPower has difficulties securing land for national projects, insufficient State funding for strategic projects, defaulting customers, grid defection resulting from renewable energy technologies, and high foreign exchange exposure for natural gas-fired power plants.

4.2.5. NamPower has several promising opportunities to explore, which include developing their generation capacity through Mega Solar and Mega Wind projects, collaborating with private sector investors, addressing tariff affordability, engaging in exports through bilateral agreements, and accessing subsidised rates for natural gas.

4.2.6. The ECB, an electricity regulatory body, regulates electricity provision and promotes private-sector investment in the industry. They prioritise efficient and secure electricity provision while maintaining a competitive environment and protecting public interests.

4.3. Module 3: Regulations of the Mining Sector

4.3.1. The Minerals (Prospecting and Mining) Act of 1992 is under review to make it relevant to current developments and realise the maximum potential of natural resources. Regulations were previously non-existent for health and safety in mining operations.

4.3.2. The EPL period was changed to three (3) years renewal to align with the duration of the Environmental Clearance Certificate. Namibians are to procure and maintain ownership of not less than 5% of the equity shares in Mining companies. A small-scale mining permit has been introduced, which is tailor-made to the needs of the small-scale miners in Namibia. Mineral processing permits provide licences for mineral processing, smelting, and refining.

4.3.3. The Minister of Mines and Energy made it a condition that every license to be transferred to a foreign entity must retain 15% shares for Namibian. It is also made a condition that for every mining license to be awarded, a minimum of 5% share in the company must be held by a Namibian and 20% in the management structure of

the company holding the mining license. MME developed an online licensing application system, 'Landfolio', to make the licensing process transparent.

4.4. Module 4: Mineral Royalties and Taxation Regime in Namibia

- 4.4.1. Royalties are means of compensating the State for using its non-renewable resources. Minerals (Mining and Prospecting) Act 33 of 1992 governs the administration of royalties, which are mandatory payments for Mining Claims and Mineral Rights holders. Royalty payments are necessary to generate revenue for the State, fulfil legal obligations, and promote local value addition. Compliance with the Act is crucial as the State owns all mineral-related rights.
- 4.4.2. In the extractive industry, the Petroleum (Exploration and Production) Act sets a 5% royalty rate and requires trust funds for decommissioning. The Petroleum (Taxation) Act imposes a 35% rate on revenue and allows additional profit tax to promote progressivity.
- 4.4.3. The Income Tax Act taxes all business profits except for the oil industry. Downstream activities are subject to taxation. Recent amendments prevent tax base erosion, including the 3:1 ratio provision to avoid excessive interest payments to related parties. Companies in the oil and gas industry are exempt from paying import VAT on goods used for prospecting or mining activities.
- 4.4.4. Taxes by NAMRA apply to selling, donating, or transferring ownership of mineral or petroleum licenses or shares. Sellers must pay taxes and recoup any previously claimed deductions. Transfer pricing is a major concern in international taxation. Multinational enterprises manipulate prices to shift profits out of a country, causing significant revenue losses. Accurate valuations and proper validation of commodities during intra-group transactions are crucial to prevent this.
- 4.4.5. In the Oil & Gas sector, cross-border transactions involve local and foreign players forming tangible and intangible relationships. These transactions include sales and purchases of hydrocarbons, equipment procurement, and service transactions. Capital, loans, and guarantees may also be involved. Few corporations pay corporate tax, except for the diamond mining industry, which surpassed the target at 102.2%.
- 4.4.6. Some companies claim losses despite exporting minerals worth billions, while others are exempt due to incentives like export processing zone status. NamRA has

created a dedicated unit called the Large Taxpayer's Unit (LTU) to address the issue of some corporations not paying corporate tax.

4.5. Module 5: Beneficial Ownership and Contract Transparency

- 4.5.1. There is no explicit provision in the Law for the State to acquire shares in minerals rights. However, the State owns shares in the following companies: 50/50 GRN in Namdeb; 3.4% in Rossing Uranium; Epangelo Mining Company (Pty) Ltd owns 10% shares in Husab, 7.5% in the Navachab mine, and 10% in the Kombat mine. The current Law has no provision to compel mineral license holders to beneficiate or undertake value addition. Some minerals being beneficiated to some extent are diamonds, salt, dimension stones, and Semi-Precious Stones. The mineral beneficiation strategy was launched in 2020.
- 4.5.2. Epangelo Mining was established in 2008 by Cabinet Resolution and the State has 100% ownership. Namib Desert Diamonds (Pty) Ltd (NAMDIA) was established as a private company under the Companies Act, 2004, with 100% owned by the GRN of the Republic of Namibia. The NDTC ownership is 50/50 between GRN and the DeBeers group of companies. It provides evaluation and trading services to NAMDEB. According to the Chamber of Mines and Energy, the mining industry's contribution to Namibia's economy in 2022 was N\$ 37.961 billion, and out of that, 44% was used for local procurement.
- 4.5.3. The main constraints for mineral beneficiation are the unfavourable costs of production due to high costs of utilities and low productivity levels; international investors find the operating environment not conducive enough in terms of the credit rankings of the country; resources required for beneficiation and manufacturing are inadequate for cost-effective and viable operations due to low economies of scale; limited access to skills required for beneficiation and manufacturing; and local entrepreneurs find it difficult to obtain finance from financial institutions.

4.6. Module 6: Biodiversity, Livelihoods, Sustainable Development, and Mine

Closure

- 4.6.1. The Ministry of Mines and Energy is developing a Mine Closure Framework (MCF). The MCF states that all new and existing mining operations should develop a Rehabilitation Closure Plan (RCP) relevant to their current mining life cycle. For new mines, the RCP should accompany the mining license application. For existing

mines, the RCP should be developed or updated within a given timeframe after the MCF is implemented.

- 4.6.2. The Environmental Management Act Amendment Bill (2022) was submitted to the Cabinet Committee for review and endorsement. With the amendment bill, the decommissioning and Rehabilitation (Closure) Plan is mandatory in the EIA & EMP process and financial assurance for rehabilitation.
- 4.6.3. This MCF applies to all State/public and private companies holding a Mining Licence and/or Mining Claim in terms of the Minerals (Prospecting and Mining) Act, 1992. This includes those small-scale miners with a Mining Claim for dimension stones – base and rare metals. All new and existing Mining Licence and/or Mining Claims applications will need to comply with the requirements of this MCF within 18 months of it becoming Law.

4.7. Module 7: Water Resource Management and Mining in Namibia

- 4.7.1. Namibia has laws and regulations to manage and protect water resources, including the Constitution's articles 95 (l) and 100, the Water Act of 1956, and the Water Policy of 2000. The Water Resources Management Act of 2013 is waiting for necessary regulations before coming into force. The permitting system controls water use and promotes sustainable utilisation while preventing waste and depletion. The Environmental Management Act of 2007 requires a review of activities impacting water and permits regulating water use. Water Control Areas are demarcated based on groundwater vulnerability. These measures are outlined in the Water Policy of 2000.
- 4.7.2. To use groundwater, individuals need permits for drilling boreholes. These permits are mandatory in regulated areas or Groundwater Vulnerable Areas based on geological and hydrogeological factors, proper drilling methods and technical conditions must be followed. Permits are needed to extract groundwater for mining and industrial use.
- 4.7.3. The mining industry adversely affects the environment and water resources. To minimise water pollution, mines must follow guidelines, obtain appropriate permits, and establish effective water management plans. They must also regularly submit reports on water usage and quality. High-risk areas like the Stampriet Transboundary Aquifer System should be avoided for exploration drilling and mining activities.

4.7.4. NamWater supplies water to 16 mines. Customers pre-finance infrastructure and pay for operation and maintenance costs annually. The central coastal area is currently facing challenges, including an increasing demand for water and the need for an integrated system for mines. Desalination is necessary due to the high demand from mining operations.

4.7.5. When assessing environmental impact, a Decommissioning and Rehabilitation Plan is required and evaluated as part of ECC conditions. The mine owner is responsible for implementing the plan during decommissioning, and rehabilitation costs fall on them. Non-compliance can result in legal action by the EC.

4.8. Module 8: Energy Sector: Oil & Gas Discoveries and Production Agreements

4.8.1. There is a discovery of oil and gas that justifies the commercial production of these resources in Namibia. This presents a clear opportunity to transform the economy and address unemployment, poverty and inequality.

4.8.2. The MME and NAMCOR are developing the regulatory frameworks for the supply and distribution of petroleum products in Namibia, the current state of petroleum supply and distribution, NAMCOR's role in the oil and gas sector, the history and current status of oil discoveries, NAMCOR's current projects and initiatives, the moratorium on petroleum exploration and production, the status of oil storage facilities and plans for future development, human resource development in the energy industry, and potential reforms or improvements to the petroleum supply and distribution sector in Namibia.

4.9. Module 9: The Energy Sector: Renewable Energy Production, Agreements and Regulations

4.9.1. NamPower and MME focused on rural electrification, while regional electricity distributors focused on urban electrification of informal settlement areas. There is off-grid rural electrification for productive use and the analysis for the last three years at the Tsumkwe and Gam solar PV mini-grids.

4.9.2. There are challenges with maintaining some solar systems and mini-grid because it is costly for the REDs, and no revenue is collected from containerised small microgrid systems installed in public institutions.

4.9.3. The Development Bank of Namibia (DBN) has a project preparation fund that can be used to unlock further projects. It can provide competitive finance packages such as project finance and concessional funding. The bank collaborates with other

financial institutions and has already pioneered financing of various renewable energy projects, some of which are 100% owned by Namibians. The bank managed to raise N\$730 million, which was applied to energy projects and has funding in the pipeline of N\$980 million. There are also 30 million euros on the credit line from the Green Credit line.

4.9.4. There is also a Sustainability Bond Insurance of N\$250 million to N\$350 million targeting renewable energy projects. DBN funded eight projects, seven of which are solar and one wind, to N\$766.1 million with a combined capacity of 62.3 megawatts. The bank is working on the application to be accredited by the Green Climate Fund (GCF).

4.9.5. The EIF has an investment focus on climate change; renewable energy and energy efficiency; wastewater management; and biodiversity conservation. Several funds are available to generate revenue for protected areas and support vulnerable communities.

4.9.6. The EIF funded several projects whereby 70% can be granted and 30% is a concessional loan, primarily for vulnerable communities and conservancies. Some funds are blended financing of 8 years with a high concessional approach to cover renewable energy and energy efficiency.

4.10. Module 10: The Energy Sector: Green Hydrogen Production Agreements and Regulation.

4.10.1. There is no gas bill to support the transportation of ammonia. There is an agreement on skills development on biomass to support the Ministry funded by the German State.

4.10.2. The MME is finalising the ECB bill with the Ministry of Justice; it can be taken to Parliament for review. This will allow the ECB to regulate the non-electricity energy sectors, e.g., oil and gas. The Ministry has developed some scenarios to reach 80% self-sufficiency by 2028, including biomass, Solar, wind, and Energy Storage.

4.11. Module 11: Regulatory Frameworks Governing Renewable Energy in Namibia

4.11.1. The module featured the MME, NamPower, the ECB, and the Namibian Uranium Association presentations. They covered a range of topics, including the global and regional markets for renewable energy, Namibia's capabilities as a

renewable energy producer and exporter, the opportunities and challenges of developing a renewable energy industry in Namibia, possible collaborations and partnerships with other countries and companies in the renewable energy sector, potential improvements in the renewable energy industry, and the potential use of Uranium as a non-renewable energy source in Namibia.

5. THE COMMITTEES' FINDINGS

The following are the main findings:

5.1. Mining

- 5.1.1. The survey conducted by the NPC on the impact of the mining sector on the economy was reviewed by the Ministry of Mines and Energy and the Chamber of Mines. The recommendations will be used in the formulation of NDP6.
- 5.1.2. The Mining companies are not doing enough in terms of corporate social responsibilities. Corporate social responsibility is currently at the discretion of the mining companies. The mines currently have no legal obligation to engage in corporate social responsibility.
- 5.1.3. There is a concern about mining companies with private airstrips that need to be regulated. There is a need to monitor them to ensure that they do not transport diamonds and other minerals from these private airstrips unknown to customs officers
- 5.1.4. Mining Inspectors are not enough and they are not looking at the working conditions of mine workers and mining activities.
- 5.1.5. There is a need for value addition to the natural resources before they are exported to other countries.
- 5.1.6. We must not only look at mine rehabilitation. We should consider Mining Repurposing, and using abandoned or closed mines for other purposes such as Aquaculture.
- 5.1.7. The mining companies should complying with mandatory and regular health checks for miners. There are concerns regarding the poor health and safety measures at certain mines, and some employees are not receiving fair treatment.
- 5.1.8. There is no management of conflict between miners and private farm owners where the minerals are discovered. There is an issue of access to private commercial farmland for exploration in cases of non-exclusive prospective mining rights. The landowners sometimes deny people access to explore their land. In the case of

communal land, prospective small-scale miners are required to obtain consent letters from the Traditional Authority. There is a problem with giving mining rights to areas where people are already farming and the farmers are not consulted.

5.1.9. The royalty rates are very low and fail to promote value addition because the commodities are exported in raw form. Only about N\$ 8 billion was collected from royalties for 5 years. This is very small compared to the revenue from mines in the same period.

5.1.10. State shareholding in mining companies is an issue that needs to be addressed. There is no explicit law for the State to acquire shares in mining companies. The State should therefore make a strategic decision in this regard. There is a concern about Epangelo Mining borrowing money to buy shares in other mining companies. There are sentiments that the State must acquire shares from the mining companies right from the onset for free rather than waiting to buy shares from those companies. This is because the State ownership of those resources is enshrined in the Constitution.

5.1.11. The valuation of commodities is a challenge. The Ministry has a laboratory for testing minerals but it is not up to international standards and therefore not accredited, and not recognised by international investors. The establishment of an accredited lab has been in the plan of the MME but failed to take off due to a lack of funds. The lab must be part of public service delivery to the nation and not be left in the hands of the private sector. However, the private association may also initiate the establishment of an accredited lab.

5.1.12. Namdia is believed to be outsourcing its responsibilities to third parties and these practices are defeating the reasons for its establishment.

5.1.13. There is a call for consumables in the mining sector to be procured from the local market. Mining companies must disclose their procurement plans to the local SMEs so that SMEs can prepare themselves to procure and supply products to the mining companies. Preference must be given to SMEs that are producing mining equipment and consumables locally. The State must encourage citizens to set up a plant to manufacture mine consumables.

5.2. Small Scale Miners

5.2.1. The application fees for Exploration and Mining rights were adjusted from N\$50 to N\$250 in 2021. This was the first increment since 1994. The calculations were

made based on inflation and other factors that transpired over the years. It is believed that the cost of these services has increased but the quality of services has not improved, and the services were not brought closer to the people. These fees need to be reviewed to accommodate more Namibians who may not be able to afford these fees.

- 5.2.2. Due to the centralised approach of MME activities in Windhoek, small-scale miners face challenges and high costs when applying for licences. Travel expenses and increased license fees have made it unaffordable for them.
- 5.2.3. State participation is very important in terms of funding to assist small-scale miners to participate in the industry. This is because mining is capital-intensive and takes too long for them to start paying dividends or making a profit.
- 5.2.4. Financial institutions are not coming forward to finance small-scale miners. The DBN does not finance mining exploration but only funds mining operations and local shareholding in the mining companies. This is disadvantaging the emerging local mining explorers. The DBN must approach the Small Scale Miners to understand their needs and to consider a facility that will help Namibians to participate in mining exploration.
- 5.2.5. Small-scale miners are facing problems with the valuation of their products. There is a need for MME to assist small-scale miners with technologies and the use of certified laboratories.
- 5.2.6. The process of obtaining an Environmental Clearance Certificate is cumbersome, takes too long and is very expensive for small-scale miners.
- 5.2.7. No support from the MME to improve the health and safety of small-scale miners.
- 5.2.8. MME is not approaching SSM to give their views on mining laws and regulations.
- 5.2.9. No opportunity to showcase the products from small-scale miners.

5.3. Energy

- 5.3.1. The State's intention to create the REDs was noble but some REDs such as NORED are not living up to the expectations. E.g. NORED cannot meet the demands for electricity in the north. The discussions need to happen to rectify the issues at NORED, and a small Committee was constituted to unpack the challenges at NORED.

- 5.3.2. Lack of legislation to manage the REDs. They operate under the Companies Act and not under the State-Owned Enterprises Act. Therefore, there is a need for them to be recognised as SOEs.
- 5.3.3. There is a need to maximise and optimise the Ruacana Power Plant to reduce electricity tariffs.
- 5.3.4. Solar and wind resources are abundant in the southern part of Namibia, especially in the Sperrgebiet area.
- 5.3.5. Instead of exporting Uranium, there is a need for a storage facility to pile it up until such a time it can be used within the country. We should consider establishing a Nuclear Power Plant to produce electricity. There have been offers from other countries to help Namibia to establish Nuclear Plants.

5.4. Oil and Gas

- 5.4.1. There is a concern about whether the green energy global agenda will affect the prospects of revenue generation from the oil discovery. However, this should not deter the effort to produce oil.
- 5.4.2. There is an issue of illegal importation of oil from Angola because Angola is not subscribed to the SADC standards. Namibia and Angola are buying oil from the same source. But Angolan oil is cheaper because the State subsidises the prices. However, Angolan oil is believed to contain more sulphur which is higher than the international standards that are meant to protect the environment.
- 5.4.3. The discovery of oil and gas must take into consideration the environment and its effect on marine resources. This is part of the environmental clearance certificate and the oil drilling will take place very far from the marine animals. The oil drill is taking place over 200 km away. However, there is a need to build capacity to manage possible oil spills and mitigate the effects of oil spills on the marine environment.
- 5.4.4. The need for local production capacity through the value chain is very important for Namibia to benefit from the GH2 projects. There is a need for the involvement of VTCs and universities to train more young people on GH2 while the project is still at its infant stage so that they will be ready to take up opportunities that will be presented by GH2 projects. Namibian universities and the National Commission on Research, Science and Technology must be involved in the research projects for GH2.

5.5. Water

- 5.5.1. For underground water management in the mining environment, a permit is required to extract underground water for mining purposes. There are monitoring setups to ensure that there is no contamination of underground water.
- 5.5.2. There is a need to balance the scale between mining, economy and water resources. There is a laboratory, albeit accreditations, to test water samples for mining and human consumption.
- 5.5.3. There is a need for more desalination plants. The need for desalination of seawater is driven by the increasing demand for water in the mining sector. Mining companies need the security of the water supply before operation. New desalination plants are needed because the water demand is increasing, especially in the central and coastal regions where mining activities are taking place. The desalinated water shall be dedicated to mining activities while the underground water shall be dedicated to local authorities for human consumption. However, the desalinated water shall also be used to top up the supply to the local authorities.
- 5.5.4. There is a concern about open pits in communal areas after the sand mining and boreholes. This water is contaminated and not portable. These pits need to be rehabilitated. On the other hand, the flow of rivers is interrupted by the construction of illegal dams especially in the Daures Constituency.
- 5.5.5. Radioactive materials could be available in underground water and aquifers. However, the MME is conducting tests on water samples to detect possible uranium and radioactive elements. The laboratories where the radioactive tests are conducted are in South Africa. Specialists from international bodies such as International Atomic Agencies are also assisting Namibia to conduct those tests. There is no specialist in Namibia.
- 5.5.6. The flow of water from the Kunene River has been dropping constantly, raising concerns for future availability. This is a concern in light of energy production in the Hydroelectric Plant in Ruacana. The Kunene River is managed under a joint commission that regulates the operations of the dams that are taking water from the river. This problem needs to be managed by the creation, strengthening and implementation of interim regulations to regulate the water flow between Angola and Namibia. This is because water as a transboundary resource is best addressed through these joint commissions.

- 5.5.7. The water utilisation for Namibia under these conventions is a concern. Namibia is not fully utilising its water allocation.
- 5.5.8. The floods in the northern part of Namibia indicate that the water is being re-rooted from inside Angola due to the construction of dams. There are constructions of canals and irrigation schemes in Angola. There is an indication that enough water is no longer reaching Namibia. This needs negotiations between the two countries to ensure that the flow of water is normalised.
- 5.5.9. There is a plan to extract water from the Ohangwena Aquifer to supply the northern regions. Additional boreholes are currently being constructed and treated through reverse osmosis. There is also a plan to construct of purification plant along the Kavango River to provide water to towns such as Rundu.

6. RECOMMENDATIONS

6.1. Mining

- 6.1.1. The MME should incorporate the Mine Closure Framework into the proposed amendment to the Minerals Act.
- 6.1.2. The MME should increase the number of Mining Inspectors across mining regions to ensure compliance with mining laws and regulations. This is also necessary to ensure the health and safety of mine workers as well as environmental protection.
- 6.1.3. The Ministry of Labour and Social Welfare, Ministry of Mines and Energy, Chambers of Mines and Mine Workers Union of Namibia should regularly undertake inspection visits to mines to ensure compliance with health regulations and the well-being of employees.
- 6.1.4. The MME in consultation with stakeholders in the mining sector should consider the establishment of an insurance policy to cater for the post-employment healthcare needs of mining retirees in general since these individuals often work in multiple mining companies before retirement. This recommendation is to take care of health hazards that manifest after employment which cannot be attributed directly to the period of employment in a particular company.
- 6.1.5. MME should ensure that no mining rights are given without 50% shareholding of the state.
- 6.1.6. The MME should encourage, compel mining companies to establish processing plants for value chain additions and assist SSF financially in setting up refining and value addition factories.

- 6.1.7. NamRa and the Ministry of Finance should audit mining companies that are not paying corporate tax to determine whether they are making a profit or loss.
- 6.1.8. Namdia and NDTC should collaborate with the MME to activate the laboratory to help it meet international standards and accreditation.
- 6.1.9. The MME in collaboration with the entities responsible for airspace in particular the Ministry of Works and Transport, Ministry of Home Affairs, Immigration, Safety and Security; and Namibia Civil Aviation Authority should investigate and monitor the movement of aircrafts at private airstrips at mines.
- 6.1.10. The Customs and Excise Division of NamRa should be empowered to monitor all points of entry for mining inputs as well as points of exit for mineral exports be it through privately owned airstrips or public airports/seaports and overland entry points.
- 6.1.11. MME should review existing legislation to make it mandatory for the State through Epangelo Mining to own shares in every mining operation at zero cost.
- 6.1.12. NamRa should design a new tax model to capture a portion of windfall revenue/profits as a result of unforeseen price increases in the international commodity market.
- 6.1.13. MME together with the Ministry of Labour and Social Welfare to enforce the Affirmative Action Act for mining companies to have understudies where foreigners are employed.

6.2. Small Scale Mining

- 6.2.1. The MME should institute different fee regimes for local (Namibian) small-scale mining enterprises to prevent exclusion from the mining sectors.
- 6.2.2. The MME should capacitate SSMs on the licensing system, legal procedures, technologies, equipment, environmental protection and acquiring mining claims.
- 6.2.3. The MME should decentralise the licensing systems to regions with mining operations. This is to cut transport costs to Windhoek.
- 6.2.4. The MME and MIT should assist small-scale miners with market access including participation in trade fairs, exhibitions and mining indabas.
- 6.2.5. The MME should consider combining the EPL and the mining license applications so that they may be issued together. This will ensure the efficiency of the process because sometimes potential investor that would collaborate with Small small-scale miners asks for the mining license before they commit their funds.

- 6.2.6. MME should develop a policy to minimise conflict between conservancies and miners and between farmers and holders of exploratory licenses.

6.3. Energy

- 6.3.1. The MME, MAWF and Namwater should institute a technical committee on shared waters between Angola and Namibia to enable the utilisation of sufficient water from the Kunene River to optimise production from the Ruacana Power Plant.
- 6.3.2. The Ministry of Finance and NamPower should allocate more funds for the generation capacity of NamPower to reduce reliance on imported power.
- 6.3.3. The MURD should support NamPower to intensify the rural electrification projects, particularly for the benefit of schools and health clinics. Rural electrification should continue to be funded by the State, and the tax on electricity be removed to relieve the burden from the consumers.
- 6.3.4. The MME and Nampower should invest in power storage facilities and manufacture storage batteries for solar energy.
- 6.3.5. The MME should engage the VTCs to help build the capacity of the communities to maintain their solar grids.
- 6.3.6. The ECB should compel the REDs to make provisions for people to pay in instalments to install private transformers.
- 6.3.7. The ECB should institute an investigation into the operations of NORED due to its failure to deliver on its mandate.
- 6.3.8. MME and NamPower should prioritise completing crucial energy projects such as Kudu Gas to ensure self-reliance and mitigate power shortages.
- 6.3.9. The MME should decentralise its services to mining regions without further delay.
- 6.3.10. The MME should consider receiving payments from SMEs in digital formats or collaborate with NamPost to receive license fees.

6.4. Oil and Gas

- 6.4.1. The MME and the MFPE should design a model to bring down the prices of fuel. This could be addressed by relooking at the levy structure to reduce the burden on the consumers.
- 6.4.2. Namcor should take service stations to rural areas and not concentrate on places where there are already more private service stations.
- 6.4.3. The MME should develop legal frameworks and regulations to regulate the GH2 projects.

6.4.4. Namibian universities and the National Commission on Research, Science and Technology must be involved in the research projects for GH2.

6.5. Water

6.5.1. The MAWF and MME should request mining companies to collaborate to establish an accredited laboratory to undertake the continuous monitoring of underground aquifers and test samples rather than taking samples to South Africa.

6.5.2. The MAWF and MURD should collaborate to erect more earth dams to harvest flood waters from Angola. This is because a lot of waste goes to waste while people in those areas need water.

6.5.3. The MAWF and Namwater should ensure that the Otavi Fountain is revived and sustained for tourism, consumption by local authorities etc. All the water from the fountain should be put in pipes.

6.5.4. The MAWF, Namwater should prioritise the desalination of seawater for mining and industrial purposes.

7. CONCLUSION

7.1. The workshop aimed to facilitate productive and professional discussions on significant issues related to the natural resources sector. It spanned over six days and was intended to serve as a prime forum for individuals involved in devising innovative solutions that could be effective locally and possibly extend to the broader resource industry.

7.2. The objective of the workshop was for Parliament, State ministries, agencies, industry leaders, and technocrats to collaborate and discover comprehensive and sustainable solutions that tackle the actual challenges encountered by the mining and energy sector. The workshop delved into the difficulties the mining, water, and energy sectors experienced in meeting their demands in a complex environment. These industries frequently face conflicting priorities, such as balancing short-term survival with long-term strategic objectives.

7.3. It is vital to develop solutions considering Namibia's specific complexities while withstanding the global influences of the minerals and energy industries to ensure long-term sustainability. The discussions ultimately resulted in the recommendations for implementation.

8. ANNEXURES

The following presentations were given during the workshop and are available in a separate folder.

- 8.1. Module 1: The impact of the Mining Sector in Namibia on the Namibian Economy – Socio-Economic and Environmental effects
- Executive Director: National Planning Commission
 - Chairperson: Emerging Mining Association of Namibia
- 8.2. Module 2: Energy Supply and Growing Demand in the Mining Sector
- Executive Director: Ministry of Mines and Energy
 - Managing Director: NamPower
 - Chief Executive Officer: Electricity Control Board (ECB)
- 8.3. Module 3: Ministry of Mines and Energy, Agencies of Central State and Regulations of the Mining Sector
- Executive Director and Commissioner of Mines: Ministry of Mines and Energy
 - Executive Director: Ministry of Urban and Rural Development
- 8.4. Module 4: Mineral Royalties and Taxation Regime in Namibia
- Executive Director: Ministry of Mines and Energy
 - Executive Director: Ministry of Finance
 - Commissioner: Namibia Revenue Agency (NamRA)
- 8.5. Module 5: Mine Ownership, Local Participation, Beneficial ownership and Contract transparency; Value Addition and Community Beneficiation
- Executive Director: Ministry of Mines and Energy
 - CEO: Epangelo Mining Company (Pty) Ltd
 - CEO: NAMDIA
 - Executive Director: Ministry of Industrialisation, Trade and SME Development.
 - Managing Director: Chamber of Mines of Namibia
- 8.6. Module 6: Issues relating to Biodiversity, Livelihoods, Sustainable Development and Mine Closure
- Ministry of Mines and Energy
 - Environmental Commissioner: Ministry of Environment, Forestry and Tourism
 - Managing Director: Chamber of Mines of Namibia
 - CEO: Namibia Chamber of Environment
- 8.7. Module 7: Water Resource Management and Mining in Namibia
- Executive Director: Ministry of Agriculture, Water and Land Reform
 - CEO: Namibia Water Corporation (NamWater Ltd)
 - Executive Director: Ministry of Environment, Forestry and Tourism

8.8. Module 8: The Energy Sector: Petroleum & Gas Discoveries and Production Agreements

- Ministry of Mines and Energy
- Chairperson of the Board and Acting CEO of National Petroleum Corporation of Namibia (NAMCOR)

8.9. Module 9: The Energy Sector: Renewable Energy Production – Solar, Wind and Biomass in the Production of Electricity – Potential, Concessions, Agreements and Regulation

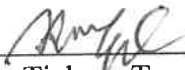
- Ministry of Mines and Energy
- Governor: Bank of Namibia
- CEO: Development Bank of Namibia
- CEO: Environmental Investment Fund

8.10. Module 10: The Energy Sector: Renewable Energy Production – Green Hydrogen Production – Potential, Concessions, Agreements and Regulation

- Ministry of Mines and Energy
- Economic Advisor in the Presidency and Green Hydrogen Commissioner in Namibia
- Managing Director: NamPower
- CEO: Electricity Control Board (ECB)

8.11. Module 11: Regulatory frameworks governing renewable energy in Namibia

- Ministry of Mines and Energy
- MD: NamPower
- Electricity Control Board
- Namibian Uranium Association
- Attendance List



Hon. Tjekero Tweya
Chairperson: Natural Resources

3/4/24

Date



Hon. Natangue Ithete
Chairperson: Economics and Public Administration

3/4/24

Date