



Building a Legal Framework for Namibia's Midstream Infrastructure

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Namibia's recent offshore oil discoveries mark a pivotal moment in the country's energy sector. With major players such as Shell, TotalEnergies, QatarEnergy, and Galp uncovering significant reserves, Namibia is poised to become a key oil producer. However, while exploration and production activities have gained momentum, the midstream sector; involving transportation, storage, and refining of petroleum, remains underdeveloped.

A strong legal framework for midstream infrastructure is essential to ensure that Namibia maximizes economic benefits, attracts investment, and builds a sustainable energy industry. CLG Legal and Business Advisory, with its extensive advisory experience across Africa, is uniquely positioned to support this transition. CLG has advised on midstream regulatory frameworks, infrastructure structuring, and investment promotion strategies in various jurisdictions, and brings this expertise to the Namibian context.

Understanding Midstream Infrastructure and Its Importance

Midstream infrastructure serves as the critical link between oil extraction and the end consumer. This includes pipelines, refineries, storage facilities, and specialized port infrastructure that facilitate the transportation of crude oil and natural gas. Without adequate midstream infrastructure, Namibia risks becoming an exporter of raw crude without capturing additional value through processing and distribution. A robust midstream sector can boost job creation, industrial development, and energy security, making it a strategic national priority.

Market studies from other African producers have shown that well-developed midstream infrastructure can contribute up to 30% more in local value addition compared to direct crude exports.[1] In Ghana, for instance, domestic refining and pipeline infrastructure contributed significantly to its GDP growth in the petroleum sector between 2016–2022. Namibia has the opportunity to tap into similar economic potential.[2]

Existing Legal Framework and Gaps

Namibia's petroleum sector is primarily governed by the Petroleum (Exploration and Production) Act 2 of 1991 and the Petroleum Products and Energy Act 13 of 1990. These laws focus largely on upstream activities and the regulation of downstream petroleum products. However, there is no

dedicated midstream regulatory framework. The absence of clear midstream regulations means there is little guidance on ownership structures, investment incentives, and operational guidelines for pipelines, storage, and refining facilities. For example, Nigeria's midstream sector prior to the Petroleum Industry Act (2021) faced significant bottlenecks due to the absence of a clear regulatory framework, particularly regarding third-party access and Namibia's recent offshore oil discoveries mark a pivotal moment in the country's energy sector. With major players such as Shell, TotalEnergies, QatarEnergy, and Galp uncovering significant reserves, Namibia is poised to become a key oil producer. However, while exploration and production activities have gained momentum, the midstream sector; involving transportation, storage, and refining of petroleum, remains underdeveloped.

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dustry Act (2021) faced significant bottlenecks due to the absence of a clear regulatory framework, particularly regarding third-party access and tariff setting for pipeline infrastructure. These issues led to investor reluctance and underinvestment, which were only addressed after the establishment of the Nigerian Midstream and Downstream Petroleum Regulatory Authority (Nigeria Petroleum Industry Act, 2021).

Lessons from Other Oil-Producing Countries

Namibia can draw inspiration from countries that have successfully developed midstream infrastructure through effective regulation. Norway, for example, has established a robust midstream legal framework that ensures state participation in pipelines and refineries while promoting private investment. Ghana has a dedicated Petroleum Midstream Regulatory Authority that oversees infrastructure development and ensures compliance with environmental and safety standards. Similarly, Nigeria's Petroleum Industry Act (2021) introduced the Nigerian Midstream and Downstream Petroleum Regulatory Authority, which provides clear guidelines on pipeline ownership and operations.

The Role of Key Stakeholders in Strengthening Namibia's Legal Framework

To unlock the full potential of the midstream sector, coordinated action is required among various stakeholders:

Government Ministries and Regulators: Responsible for drafting legislation, setting environmental and safety standards, and issuing licenses.

Private Sector and Investors: Bring in capital and technical expertise, while also needing legal certainty to invest confidently.

State-Owned Entities: Can serve as infrastructure operators and strategic partners in public-private partnerships.

Civil Society and Communities: Essential for ensuring environmental accountability and social license to operate.

Legal Advisory Firms: Provide technical assistance in drafting laws, structuring transactions, and navigating policy reform.

Strengthening Namibia's Midstream Legal Framework

To address the existing gaps, Namibia must develop a comprehensive legal framework that clearly defines the governance of midstream activities. A dedicated Midstream Act would be a crucial first step, providing legal certainty on pipeline infrastructure, refineries, storage, and transportation. Encouraging public-private partnerships can drive midstream development while ensuring local participation. Establishing an independent regulatory authority will help enhance transparency, streamline approvals, and enforce compliance.

Additionally, Namibia should implement policies that prioritize local employment and skills transfer, ensuring that midstream investors contribute to national workforce development. Environmental and safety standards must also be strengthened to mitigate risks associated with pipeline integrity, spill preven-

tion, and emergency response. To further attract investors, tax breaks, duty exemptions, and streamlined licensing processes should be introduced to make Namibia a more competitive destination for midstream infrastructure development.

Conclusion

For Namibia to fully capitalize on its oil discoveries, it must establish a strong midstream legal framework that facilitates the efficient transportation, storage, and processing of petroleum resources. Without this, the country risks losing significant economic value and remaining dependent on crude exports.

By adopting best practices from other oil-producing nations and implementing strategic legal reforms, Namibia can create a thriving midstream sector that benefits both investors and citizens alike. CLG stands ready to support this transformation, leveraging its pan-African expertise in midstream regu-

lation, infrastructure development, and legal advisory. Our team has been instrumental in shaping midstream legal regimes across West and Central Africa, and we are committed to helping Namibia build a regulatory foundation that supports sustainable growth and long-term prosperity.

[1] Ruben, R., Kuijpers, R., & Dijkxhoorn, Y. (2022). Mobilizing the Midstream for Supporting Smallholder Intensification. *Land*, 11(12), 2319. <https://doi.org/10.3390/land11122319>

[2] Oxford Business Group. "Ghana's energy production targets and exploration attract investment". Retrieved from <https://oxfordbusinessgroup.com/reports/ghana/2024-report/energy/future-focused-expanding-production-targets-new-exploration-activity-and-infrastructure-development-efforts-draw-investment-overview/#:~:text=The%20economy%20continues%20to%20exhibit,GDP%20between%202013%20and%202021>.

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