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Africa Focus

Fueling a sustainable future



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Africa Focus: Fueling a sustainable future

Green hydrogen will play important roles in Africa's transition to renewable energy and as an exportable commodity. But is the current focus on the areas that will deliver the most value for Africa and its people? Carina Radford and Alex Field explain green hydrogen's potential for diversifying the continent's industrial base and contributing to bridging Africa's energy deficit—as well as for growing exports.

Disputes related to climate change are growing steadily, but most so far have been in North America, Europe and Australia. Markus Burianski and Federico Parise Kuhnle explain why these will likely ramp up in Africa, too. Disputes could involve liability and compensation for damages caused by climate change, how environmental regulations aimed at mitigating climate change are implemented and enforced, and investment disputes.

Sustainable finance is a perennially important topic in Africa, as is sovereign debt. Olga Fedosova and Max Turner combine these two, explaining Gabon's Blue Bond issuance (the first on the African mainland), exploring lessons from that innovative and important debt-for-nature swap, and outlining how such swaps might be deployed elsewhere in Africa.

In our third article, Marcus Booth and James Ateh interview Sam Senbanjo, Managing Director at private equity fund A.P. Moller Capital, about his experiences in Africa. The interview covers A.P. Moller Capital activities in Africa (including its approach to ESG), prospects for African PE generally and some very practical pointers for those considering investing on the continent.

The Koeberg Nuclear Power Station in South Africa is currently the only nuclear power station in Africa, but that is changing. The International Atomic Energy Agency (IAEA) forecasts between a five-fold and ten-fold increase in African nuclear power generation by 2050, compared to 2022. Ximena Vasquez-Maignan explains the process defined by the IAEA for developing new nuclear power stations, and the challenges involved.

Our final article examines exciting new oil & gas discoveries in Namibia. These are of a scale that could transform Namibia's economy and the livelihoods of its people, propelling the country to middle-income status. Gary Felthun and Tariq Kajee, collaborating with Irvin Titus of leading Namibian law firm Koep, explore implications for foreign direct investment into Namibia—especially into green hydrogen and mining projects.



Deji Adegoke
Partner, Head of Africa Practice



Our eleventh edition of *Africa Focus*, delves into key aspects of Africa's shift towards renewable energy and sustainable economic growth

Green hydrogen in Africa: A continent of possibilities?

There is huge interest in the development of green hydrogen projects in Africa, building on the continent's vast potential for renewable energy. But are these the right projects to achieve success, both for investors and for African populations? **Carina Radford** and **Alex Field** consider.

As the world continues along the path to energy transition, there is an opportunity for Africa, with its rich and largely untapped renewable energy potential, to become a key player in the growing field of green hydrogen. Hydrogen as an energy source and industrial chemical is not new—however, traditional production methods based around fossil fuels entail significant carbon emissions. Green hydrogen, produced through the electrolysis of water using renewable energy, offers a carbon-neutral alternative. As an energy carrier and fuel, it can help to balance often unpredictable renewable energy sources and decarbonize the power and transportation sectors. Green hydrogen can also play a role in decarbonizing many otherwise carbon-intensive heavy industrial processes (such as steel and cement manufacturing), as well as providing a more environmentally sustainable production method for fertilizers and other chemicals.

Focus on green hydrogen in Africa

Significant strides have already been taken to position Africa at the heart of green hydrogen developments. The establishment in 2022 of the Africa Green Hydrogen Alliance between Egypt, Kenya, Mauritania, Morocco, Namibia and South Africa (six of the key countries leading green hydrogen efforts on the continent) was coupled with the

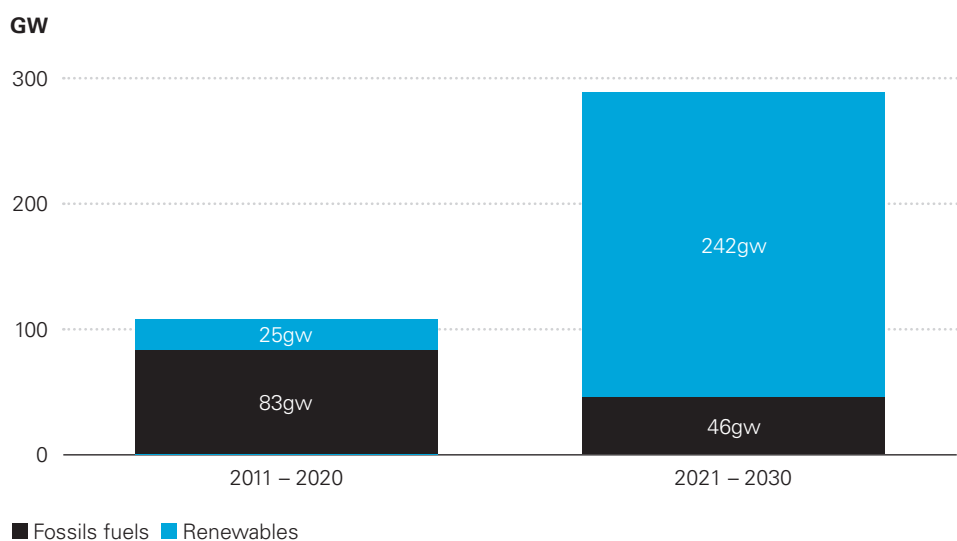
launch of the European Union's REPowerEU Plan. This plan, focused on accelerating renewable energy development, includes targets to import up to ten million tons per year of green hydrogen, much of it from Africa.

Africa is uniquely positioned to become a major producer of green hydrogen. The continent is blessed with some of the world's greatest solar and wind potential, much of which is currently undeveloped. The International Energy Agency estimates that Africa has 60 percent of the world's best solar resources, but so far accounts



Africa, blessed with some of the world's greatest and currently undeveloped solar and wind potential, is uniquely positioned to become a major producer of green hydrogen

Power generation capacity additions in Africa in the Sustainable Africa Scenario, 2011–2030



Source: EIA



for only 1 percent of global solar generation capacity.

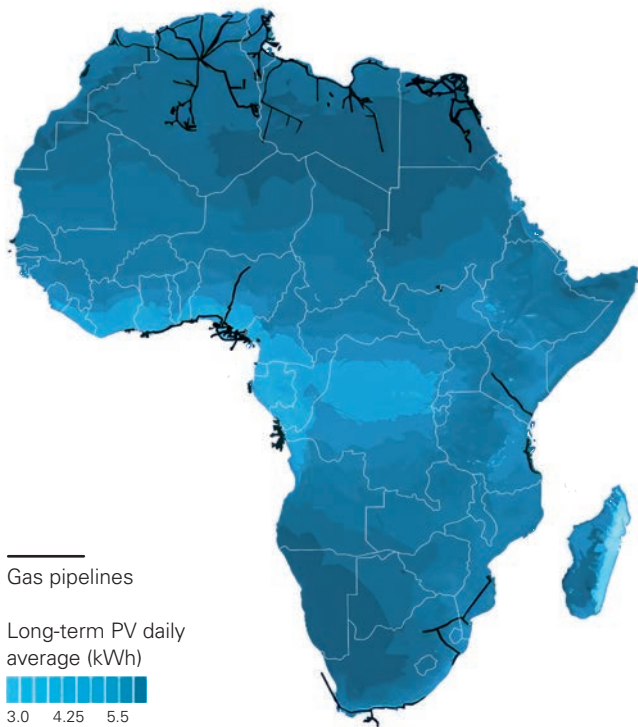
The continent is also facing a massive energy gap—roughly 600 million Africans currently lack access to electricity. The rapid population and economic growth anticipated across the continent demands an increased energy supply—by harnessing renewable energy resources for green hydrogen production, countries across the continent could fuel this growth in an environmentally sustainable manner. Countries in Africa also have access to many of the mineral and other resources critical to the green hydrogen production process, such as platinum and platinum group metals for use in fuel cells and other critical minerals key to next-generation technologies.

There is scope for robust exports of African green hydrogen. The European Investment Bank estimates that Africa could have a green hydrogen production capacity exceeding 50 million tonnes per annum by 2035. This production is projected to be economically viable at just €2 per kilogram, which is highly competitive with global oil prices—currently in the region of €90 per barrel. With their close proximity to Europe, countries such as Morocco, Mauritania and Egypt are well positioned to integrate production into the growing European hydrogen pipeline network as part of the European Hydrogen Backbone initiative. Other African nations also have the potential to leverage existing sea transport

infrastructure to export derivative products such as green ammonia.

The realization of such export potential could bring an influx of foreign investment and advance development of critical power and water infrastructure across the continent, with benefits across the population. It could also create jobs across the value chain and diversify Africa's economies, supporting the growth of industries covering renewable energy and green hydrogen; derivative products such as green ammonia and other green fertilizers; further semi-finished and industrial products such as green steel and green cement; and the equipment and components necessary for green hydrogen production.

Africa has enormous potential for solar power, hence also green or yellow hydrogen production



Source: Verisk Maplecroft, 2021

The hydrogen color chart

Green hydrogen

Produced through use of clean electricity from surplus renewable energy sources, such as solar or wind power, to electrolyze water.

Blue hydrogen

Produced typically from natural gas, using a process called steam reforming, which brings together natural gas and heated water in the form of steam. Carbon dioxide is produced as a by-product, and is captured and utilized or stored. Blue hydrogen is sometimes described as "low-carbon hydrogen" because the steam reforming process doesn't actually avoid the creation of greenhouse gases.

Grey hydrogen

Currently the most common form of hydrogen production. Produced by burning natural gas (typically methane) using steam methane reformation but without capturing the greenhouse gases produced.

Black and brown hydrogen

Using black coal or lignite (brown coal) in the hydrogen-making process.

Pink hydrogen

Pink hydrogen is produced using nuclear energy as the power source (also sometimes referred to as purple hydrogen or red hydrogen).

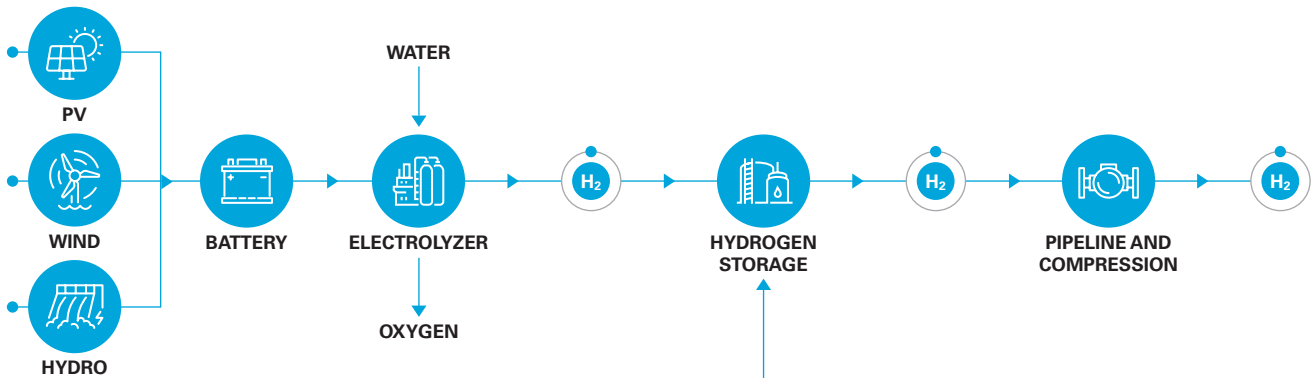
Turquoise hydrogen

Produced using a process called methane pyrolysis, which yields produce hydrogen and solid carbon. This is a new entry in the hydrogen color charts, and production has yet to be proven at scale. In the future, turquoise hydrogen may be valued as a low-emission hydrogen.

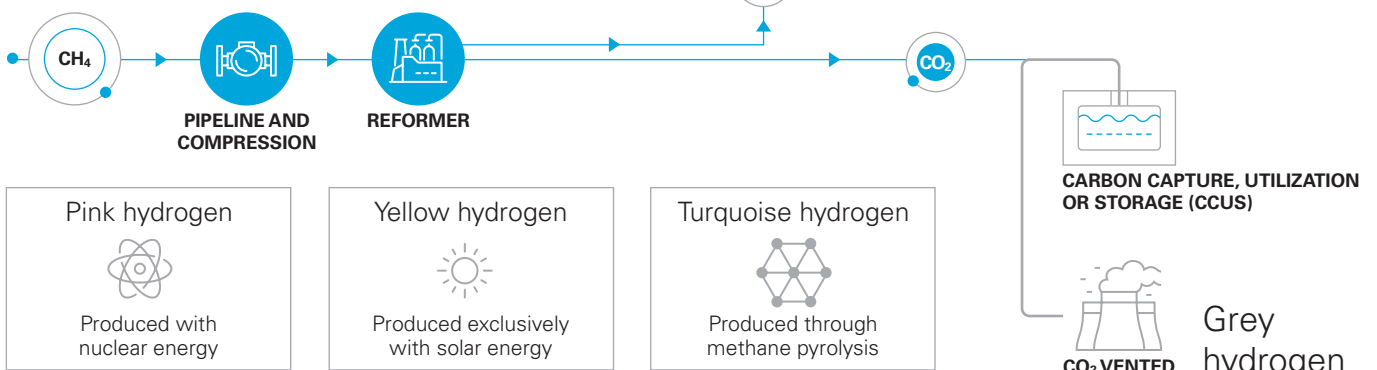
Yellow hydrogen

Yellow hydrogen is a relatively new phrase for hydrogen made exclusively through electrolysis using solar power.

Green hydrogen



Blue hydrogen



Source: White & Case

Sustainable hydrogen can be produced using a range of energy sources, the different kinds being named using colours

Challenges for infrastructure development

Realizing this vision of Africa as a green hydrogen powerhouse is not without its challenges. One of the most significant hurdles will be the sheer scale of infrastructure development required to support green hydrogen production and export at scale. Many parts of Africa that would be ideal for renewable energy generation remain seriously underdeveloped. Substantial investments will therefore be needed in transmission infrastructure to connect renewable energy sources to production facilities and export hubs. Governments will also need to balance their own broader energy strategy against heavy growth of non-dispatchable renewables, which could strain underdeveloped national transmission grids.

Moreover, the requirement for clean water for hydrogen production poses additional challenges, especially in regions where water resources are already scarce. To address this, some projects are already factoring in desalination as part of their overall design to meet clean water needs. Furthermore, while some countries are well positioned to take advantage of existing gas transportation and export infrastructure, others will need to build this from scratch if they are to access key export markets. These multi-faceted development requirements all add to the capital cost required for large-scale green hydrogen projects and build in substantial project-on-project risks that will need to be carefully managed to ensure their viability and successful implementation.

The political and investment environment across Africa is diverse and often challenging. This variance necessitates careful consideration and management, given the scale of investments required. While export-driven projects have the advantage if selling to hard-currency markets, there may still be a need for domestic subsidies and price support to make certain projects competitive.

Green hydrogen projects need to be developed in order to directly benefit local communities,

too. Africa currently contributes only 4 percent of global carbon emissions—it should not be the case that all the benefits of green hydrogen development go to enable continued consumption in wealthy foreign markets, thereby replicating historical resource extraction behaviors that treated Africa as a low-cost provider of primary resources. If green hydrogen development is primarily export-driven, real care will be needed (and governments may have to actively step in) to ensure that energy, infrastructure, and water resources are also put to work for the benefit of the country and local communities more generally.

Green hydrogen for export – the current focus

Much attention is currently focused on the possibility of producing green hydrogen in Africa for export. A wide range of very large-scale projects has been announced, such as the 15 GW Aman project in Mauritania, the 3 GW Tsau Khaeb project in Namibia and the 4 GW SCZONE project in Egypt. Multiple cooperation agreements between African nations and European partners have also



50m tonnes

The European Investment Bank estimates that Africa could have a green hydrogen production capacity exceeding 50 million tonnes per annum by 2035

been signed in recent months, such as the announcements in June and July of blended financing vehicles for hydrogen investment in Namibia (SDG Namibia One, a partnership between Namibia's Environment Investment Fund with the Dutch organizations Climate Fund Managers and Invest International, owned by the Dutch Ministry of Finance, targeting €1 billion) and South Africa (SA-H2, established by the governments of South Africa, the Netherlands and Denmark and with the support of FMO, Sanlam InfraWorks, International, the Development Bank of Southern Africa, the Industrial Development Corporation and others, targeting US\$1 billion).

Production for export has the advantage of bringing in foreign investment and enabling access to external price support and incentives, as well as opportunities for concessional and ECA-financing—coupled with relatively cheap solar generation at scale; this provides a strong basis for African projects to achieve vital cost-competitiveness. However, there are challenges. The significant multi-faceted development required

Detail of a hydrogen powered waste incinerator



to bring these projects to fruition will drive up capital costs and tariffs. Furthermore, African nations are not alone in targeting a lucrative export market—leaving aside competition between nations on the continent, countries such as Chile are also aiming to become leaders in hydrogen export, competing on price for the same export markets with the same product. It also remains to be seen whether the large-scale planned projects will come to fruition—these are many times larger than the relatively modest pilot projects currently coming on-stream, and are being developed against a generally constrained supply environment for key components for green hydrogen development and a background of high inflation.

Captive green hydrogen projects – an alternative path?

An alternative path to export projects could be the development of captive green hydrogen initiatives. These projects may initially be smaller in scale and focus on meeting domestic industrial needs. This might even include local airfields producing hydrogen for aviation fuel, as hydrogen-powered aircraft gain traction. Such projects align with domestic industrial development and may offer a more sustainable growth model. The Green Hydrogen Strategy and Roadmap for Kenya launched in September exemplifies this approach, putting much focus toward the production of domestic alternatives to imported hydrogen commodities, such as fertilizer or methanol, with the aim of mitigating supply risks and market price volatility to the benefit of the domestic economy.

In the longer term, green energy and green hydrogen could form the base for domestic-focused industrial hubs, supporting industrial development wherever there is sun, wind and water to match growing population and economic demand in a manner that is “green” from the beginning. As the prices for the technology involved in green hydrogen production are steadily driven down by export development, this could provide a viable opportunity for countries with substantial renewable energy-generating capacity that are not

currently well positioned to tap into foreign export markets. A focus on more semi-finished and downstream products (such as green steel or green cement) could also provide a viable avenue for long-term growth, positioning African green hydrogen economies further up the value chain.

A key challenge for such industrial development will be achieving cost competitiveness, working from a more limited market and in an environment where it is more challenging to leverage hard currency financing and external price support. Availability of appropriate financing will be key, particularly for the medium-sized local firms critical to developing industrial hubs—such firms are not always well-catered for by the existing financing instruments in the green hydrogen space, given their smaller transaction volumes and domestic customer base.

Distinct opportunities

Certainly, there are many opportunities for the development of green hydrogen projects across the continent of Africa, supporting the growth of major green hydrogen economies and playing a key role in the energy transition, both for Africa and the wider world. It would be incorrect to assume though that there is only one right path that all countries in Africa could (or should) follow—development will inevitably need to build on and be guided by the specifics of local markets and conditions, following a distinct path in distinct locations. There is a clear focus on export development in the emerging frontrunner markets in north Africa, with a case for direct

linkage into growing European pipeline infrastructure, and for sea transport from southern Africa. However, this cannot be the only focus, and other countries may need to find alternative avenues for development if they are to benefit. This could take the form of domestic-focused production aimed at the substitution of imports, the broader development of green industries (such as green steel or green cement) and industrial hubs built from the ground up around abundant renewable energy, or opportunities for “blue” hydrogen incorporating carbon capture in countries with significant and developed oil & gas resources.

Realizing this huge potential will be challenging, with projects crossing a range of sectors and requiring significant coordination and extensive financing. The regulatory landscape for green hydrogen development will be complex—green hydrogen is itself an emerging industry, and the multi-faceted development required to support projects in Africa will inevitably touch on a range of other sectors (including power generation and transmission, water, industrial processes, transportation and export) with their own regulatory requirements and practices. Future-proofing projects to maintain compliance with ever-developing “green” standards in export markets will also be a key and ongoing challenge. Nevertheless, as projects progress and African nations continue to explore and expand their capabilities, the likelihood of an economic and environmental transformation for the continent and beyond only increases.



There are many opportunities for green hydrogen projects across Africa, supporting the growth of economies and helping drive the continent’s energy transition



A new wave of African climate change disputes on the horizon

Africa's heavy reliance on fossil fuels for economic growth, set against the backdrop of strict environmental regulations and emissions-reduction targets, creates a perfect storm of factors that could give rise to climate change-related disputes in Africa.

Markus Burianski and **Federico Parise Kuhnle** shed light on strategies for both governments and investors to navigate this complex terrain.

Wind farm at sunset, Egypt

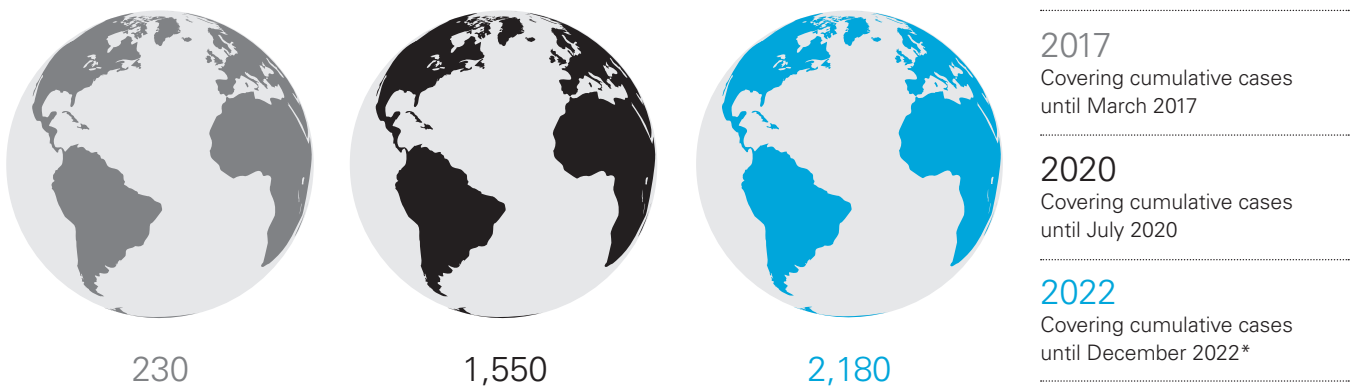


Growth of climate litigation as represented in UNEP's 2017, 2020 and 2023 litigation reports

Total number of climate change cases



Number of cases filed in all jurisdictions other than the United States of America



Source: "Global Climate Litigation Report" 2023 Status Review, UN Environment Programme

Over the past decade, climate change disputes numbers have been consistently rising. But this phenomenon has only marginally affected Africa so far, as most disputes have been located in North America, Europe and Australia. This is a paradox, given the impact climate change has and will have on the African continent. And indeed, African states are paving the way to implement measures to combat the adverse effects of climate change. Such endeavors may collide with the continent's aspirations for economic growth. The resulting conflicts, in turn, may trigger disputes both before local courts and international arbitral tribunals.

A perfect template for climate change disputes

Climate change poses significant challenges to Africa. According to the World Meteorological Organization, the average rate of warming in Africa was +0.3 °C/decade during the 1991 – 2022



African states are paving the way to combat the adverse effects of climate change

period, compared to +0.2 °C/decade between 1961 and 1990. This is slightly above the global average. The warming has been most rapid in North Africa, which was gripped by extreme heat, e.g., fueling wildfires in Algeria and Tunisia in 2022. Climate change not only leads to increased temperatures, but also to changing rainfall patterns and more frequent extreme weather events. All these phenomena impact agriculture, water resources and biodiversity. Climate change can also exacerbate the spread of diseases such as malaria and impact public

health infrastructure. Similarly, changes in temperature can affect energy demand and the availability of hydropower resources, which many African countries rely on. Finally, extreme weather events can damage roads, bridges and buildings, affecting transportation and economic development.

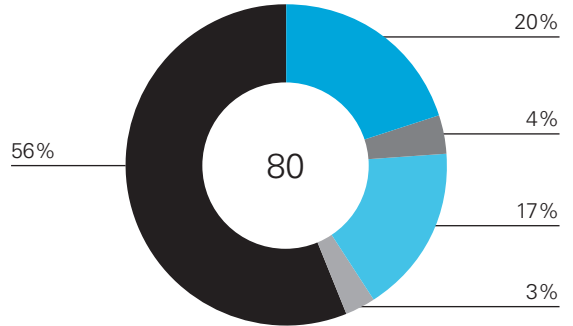
Sub-Saharan African countries are especially vulnerable because of limited resources for adaptation and a high dependence on climate-sensitive sectors such as agriculture, hydropower energy and tourism.



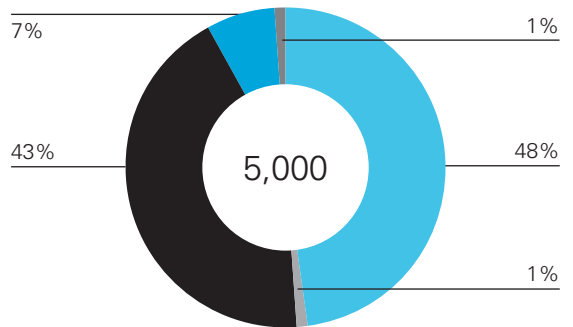
African forest

Weather-, climate- and water-related disasters in Africa in 2022

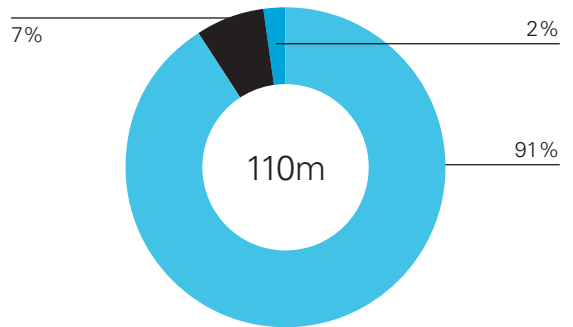
Reported events



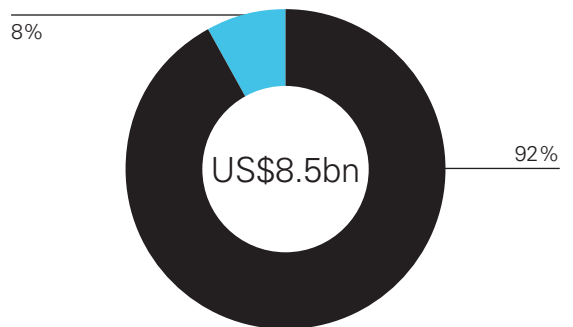
Deaths



Affected people



Economic damages

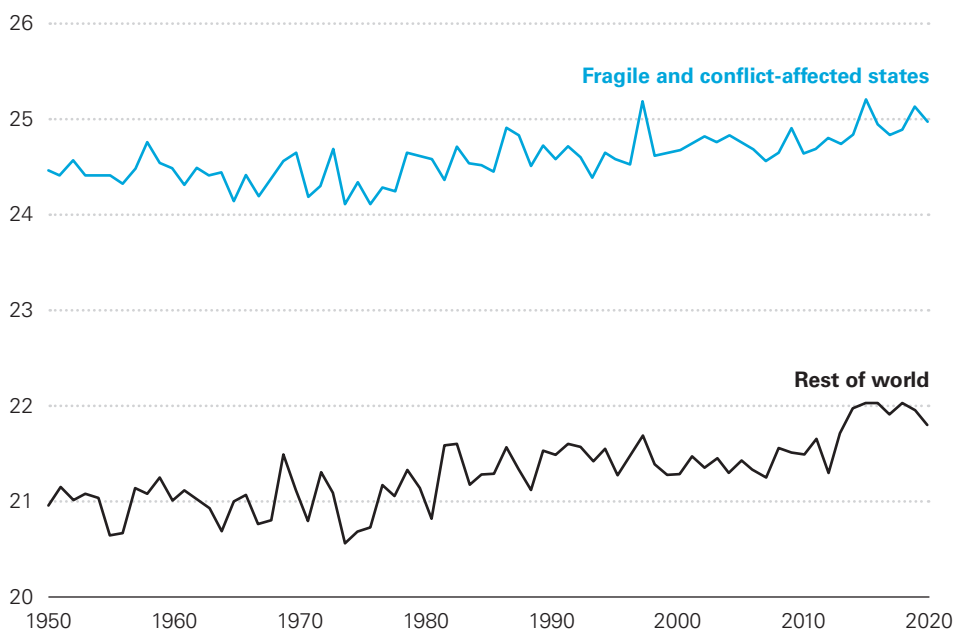


■ Flood ■ Storm ■ Landslide ■ Drought ■ Wildfire

Note: The economic damages of some disaster occurrences are not presented in the figure due to data unavailability.

Source: World Meteorological Organization. Data as of June 2023 from EM-DAT

Rising temperatures, already higher in fragile and conflict-affected states, endanger human health and productivity (median temperature, degree Celsius; 1950 – 2021)



Source: World Bank Climate Change Knowledge Portal and authors' estimates.

As a result, efforts to address climate change in Africa involve adaptation strategies, renewable energy development and international cooperation to reduce greenhouse gas emissions.

Accordingly, African heads of state and government gathered for the inaugural Africa Climate Summit (ACS) in Nairobi, Kenya, from September 4 to 6, 2023, and released a declaration by which they called for, among other things:

- An increase in Africa's renewable generation capacity from 56 gigawatts (GWs) in 2022 to at least 300 GWs by 2030
- A shift in exports of energy-intensive primary processing of Africa's raw material back to the continent
- Access to, and transfer of, environmentally sound technologies, including technologies to support Africa's green industrialization and transition
- Design of global and regional trade mechanisms that enable products from Africa to compete on fair and equitable terms
- A request that trade-related environmental tariffs and

non-tariff barriers must be subject to multilateral discussions and agreements and not be unilateral, arbitrary or discriminatory measures

- Acceleration of efforts to decarbonize the transport, industrial and electricity sectors through smart, digital and highly efficient technologies such as green hydrogen, synthetic fuels and battery storage.
- Design of industry policies that encourage global investment to locations that offer the most and substantial climate benefits, while ensuring benefits for local communities
- Implementation of a mix of measures that elevate Africa's share of carbon markets

Whether actually adopted or not, these measures may trigger climate change disputes: On the one hand, if the subscribing African states fail to adopt and implement these measures effectively, individuals or interest groups may sue these states to force them to act. On the other, if adopted, these measures may contrast with these states' attempts to grow their economies. Many African nations



US\$2.8 trillion

Implementing Africa's Nationally Determined Contributions (NDCs) will require up to US\$2.8 trillion between 2020 and 2030

rely on the exploitation of their fossil fuel resources to boost their economies and create a middle class. In addition, climate-resilient agricultural practices often require changes that disrupt traditional methods, affecting livelihoods in the short term. At the same time, strict environmental regulations and emission reduction targets can limit industrial expansions and foreign investments. This conflict of goals is the perfect template for many climate change-related disputes.

What types of disputes may unwind?

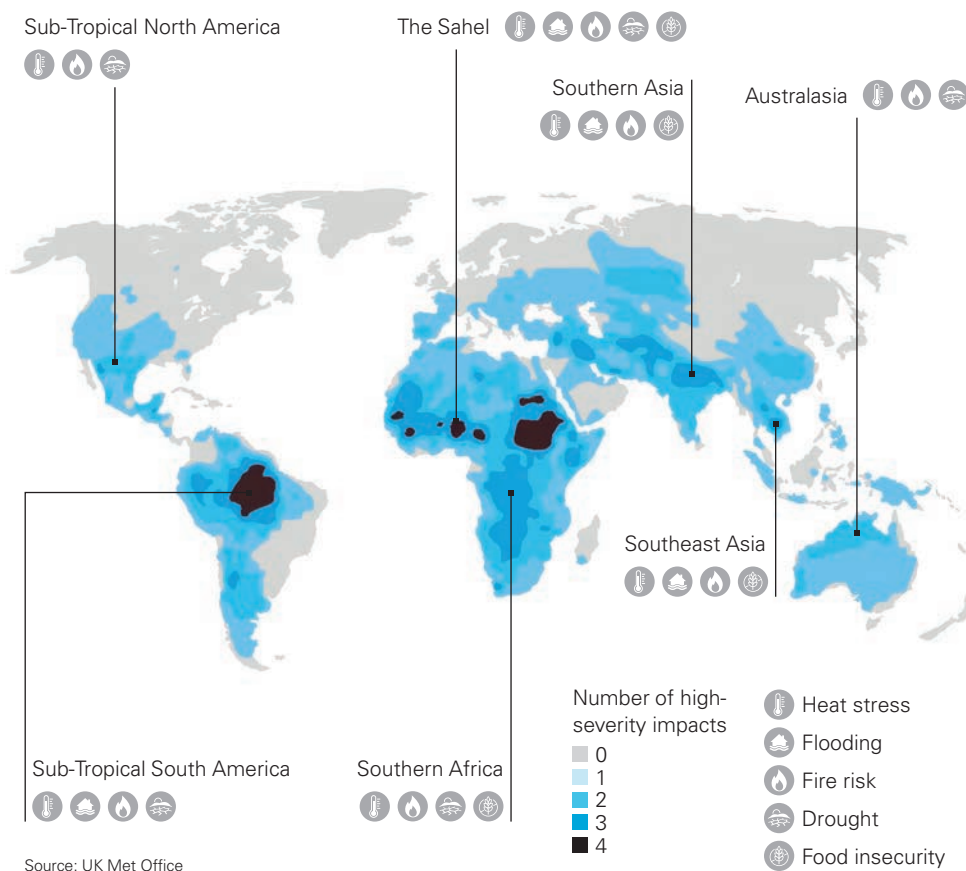
Considering the conflicting interests of the various stakeholders (states, populations, investors), climate change disputes in Africa can arise, have arisen, and will arise in various ways. That said, so far, only 15 climate change disputes related to Africa have been registered by the Sabin Center for Climate Change Law, Columbia Law School, Columbia University in the City of New York, which tracks climate change disputes worldwide.

Three categories of climate change-related disputes involving Africa are most likely to arise: liability and compensation disputes; environmental regulations disputes; and investment disputes.

Liability and compensation:

In some cases, individuals, communities, or even states and municipalities may seek compensation for losses and damages caused by the effects of climate change. This can lead to legal actions against entities, such as fossil fuel companies, alleging responsibility for greenhouse gas emissions and their contribution to climate change. A good example is the case of *Okpabi et al. v. Royal Dutch Shell et al.* In this case, 42,500 Nigerian citizens sued Royal Dutch Shell, seeking to hold the parent company responsible for the alleged environmental damage and human rights abuses by its Nigerian subsidiary, Shell Petroleum Development Company of Nigeria Ltd (SPDC), perpetrated in the Niger Delta. The claimants alleged that oil spills and pollution from pipelines operated by SPDC caused substantial environmental damage, so that natural water

Risks resulting from climate change, by severity and type of risk



Source: UK Met Office

sources cannot safely be used for drinking, fishing, agricultural, washing or recreational purposes. What is remarkable, however, is that this dispute was not brought before Nigerian courts, but before English courts (based on Royal Dutch Shell's seat). The decision on the merits is still pending before the UK Supreme Court, after it had been dismissed in the first instance. With the growth of African economies, it is likely that such disputes will also occur more in Africa. That said, for enforceability purposes, they may still be brought to the seats of the sued companies.

Environmental regulations:

Legal disputes may arise over the implementation and enforcement of environmental regulations aimed at mitigating climate change. Industries and local governments may challenge the legality of such regulations, leading to court cases or investment arbitrations, depending on the stakeholders involved. For instance, in *West Virginia et al. v. EPA*, 20 states and several

energy companies had sued the Environmental Protection Agency (EPA) for overstepping its powers. The case revolved around the Clean Power Plan (CPP) proposed by the EPA in 2015. It aimed to regulate emissions at existing power plants by using technology and shifting to clean energy sources. The CPP faced challenges, leading to court stays and was never enforced. The Trump administration introduced a similar Affordable Clean Power rule in 2019, which also faced legal challenges. Even with the change in administration to President Biden in 2020, the case remained relevant, because the EPA kept its intentions to include certain emissions controls, so that the central issues of the case—the EPA's regulatory authority—still applied. On June 30, 2022, the United States Supreme Court ruled that the EPA lacked the authority to regulate emissions from existing power plants based on generation shifting mechanisms, thus invalidating the Clean Power

Plan. Even so, the EPA can still regulate emissions at existing plants using emissions reduction technologies.

If such a dispute about overstepping powers by introducing new environmental regulation involves a foreign investor, it may end up in a dispute before an investment arbitration tribunal.

But disputes over environmental regulations can also arise when individuals or NGOs request their governments to act: A good example is *Africa Climate Alliance et. al. v. South African Minister of Mineral Resources & Energy et. al.* The applicants allege that the procurement of 1,500 MWs of new coal-fired power allowed by the Ministry represents a severe threat to the constitutional rights of the people of South Africa, especially their environmental rights, the best interests of the child, and the rights to life, dignity and equality, among others. On November 17, 2022, the High Court of South Africa held a hearing on the matter of the respondents' document production. The Court delivered its interlocutory judgment on December 9, 2022, which ordered that the minister must release records relating to the decision to include new coal power in the 2019 Integrated Resource Plan for Electricity (IRP), and to the 2020 ministerial determination for new coal issued under the IRP. Should the minister fail to release the records, the applicants will be entitled to proceed with the case against the minister without his opposition. It is unknown whether the ministry complied with these orders.

Investment disputes: As anticipated above, investment arbitration disputes related to climate change involving African countries have not occurred so far, but are very likely to be launched. In fact, investment disputes often revolve around issues such as environmental regulations, changes in government policies affecting investments and the effects of climate change on specific industries. A prominent example is *Rockhopper v. Italy*. In 2015, the Italian government re-introduced a ban on oil & gas exploration within 12 miles of the Italian coastline that it had lifted in 2012. In 2017, UK company Rockhopper Exploration Plc, along with its Italian subsidiary,

filed a claim for compensation alleging violations of the investor protection provisions of the Energy Charter Treaty (ECT). The claim concerned its interests in the Ombrina Mare oil rig, for which it was hoping to obtain a production concession from the Italian government before the introduction of the ban. On August 23, 2022, the ICSID arbitral tribunal ordered the Italian government to pay €184 million to the claimants.

Similar scenarios are very likely to appear in Africa. For instance, if an African government decides to introduce stricter environmental regulations to address climate change, foreign investors in industries like mining, energy or agriculture may challenge these regulations through investment arbitration. They might argue that the new rules harm their investments or violate international treaties. But the risk of disputes does not only come from the fossil fuel industry: As Africa invests in renewable energy projects to mitigate climate change, disputes can arise between governments and foreign investors regarding contracts, incentives and policy changes related to these projects. A prominent example are the many investment cases of investors against Spain (and to a lesser extent, Italy) for withdrawing state incentives for the solar industry. Similarly, climate-resilient infrastructure projects can involve significant foreign investments. Disputes may emerge over contract issues or government decisions related to these projects. Finally, climate change can exacerbate land and resource disputes in Africa, leading to conflicts between indigenous communities, governments and foreign investors.

Investment arbitration concerning climate change in Africa underscores the intricate relationship between environmental sustainability and economic development. Notably, African states have taken proactive measures to mitigate the potential risks associated with such disputes. For instance, the 2012 Model Bilateral Investment Treaty (BIT) of the Southern African Development Community (SADC) placed obligations on both states and investors, with the explicit aim of achieving a balanced distribution of

rights and responsibilities among the signatory parties. In doing so, the SADC model BIT even preceded the much-acclaimed 2019 Dutch model BIT. The SADC model BIT comprises numerous provisions that oblige investors to adhere to commitments pertaining to environmental preservation, human rights and anti-corruption measures.

Additionally, a commonly observed environmental provision is the general exception clause, which safeguards a state's sovereign right to enact and apply legislation for environmental protection, ensuring that the BIT does not restrict this authority. Furthermore, non-derogation clauses, often included in BITs concluded by Nigeria and Tanzania, specifically articulate that international investment agreements should not be interpreted as permitting any deviation from or waiver of compliance with established environmental standards.

In the same vein, several African states have incorporated exceptions or elucidations within their international investment agreements (IIAs) to address substantive legal protections, including the fair and equitable treatment (FET) standard, indirect expropriation and the national treatment standard. These provisions explicitly declare that environmental measures should not be considered as unfavorable treatment contravening the FET standard, thus empowering states to enact environmental regulations without the fear of arbitration. Morocco, for instance, has included such an exclusion related to FET in several of its IIAs. As an illustration, the Morocco-Japan BIT of 2020 specifies that "[m]easures of a Contracting Party that are designed and applied to protect legitimate public welfare objectives, such as public health, safety and the environment, do not constitute indirect expropriation." Older Moroccan BITs, such as the one with Germany (1961) or France (1996), do not contain similar provisions.

Strategies for navigating the climate litigation landscape in Africa

The ongoing impact of climate change and the attempts of



US\$8.5 billion

Weather, climate and water-related hazards in Africa in 2022 caused more than US\$8.5 billion in economic damages

African states, but also of African communities, to combat its negative effects will no doubt contrast with conflicting economic interests. This will trigger disputes on all possible avenues: It may lead to disputes before state courts (perhaps with an increase of involvement of African domestic courts) but also to large-scale investment disputes before investment arbitral tribunals. All involved actors (states, local communities, as well as domestic and foreign investors) should be prepared to address the issues resulting from the need to combat climate change and (if possible) prevent time and cost-consuming disputes. For example, governments should consider the effect of new legislation on current domestic and foreign investments, and contemplate strategies to negotiate and settle potential disputes at the outset. At the same time, investors should consider carefully the environmental and emissions impact of their investment and the likelihood of changes in legislation, perhaps by looking into legislative trends in the region or in similar jurisdictions. Both governments and corporates/investors should also aim at involving affected local communities and NGOs in discussions on how to handle the issues a project or a change in regulation/legislation may pose.

If disputes cannot be avoided, the stakeholders need to factor in the unpredictability of the outcome of such disputes, ones that are still new to the legal world.

In any event, all stakeholders are well advised to seek the support from experienced counsel with cross-border experience in climate change-related disputes. Such legal advice can help anticipate potential disputes, risks and pursuit of their rights based on similar experiences in other jurisdictions. This is particularly true for virtually all African jurisdictions. Despite an enormous potential for climate change-related disputes, for lack of their own decisions, they will need to look at decisions adopted in North America, Europe and Australia for guidance.

Debt-for-nature swaps: A viable alternative for vulnerable economies amid global challenges

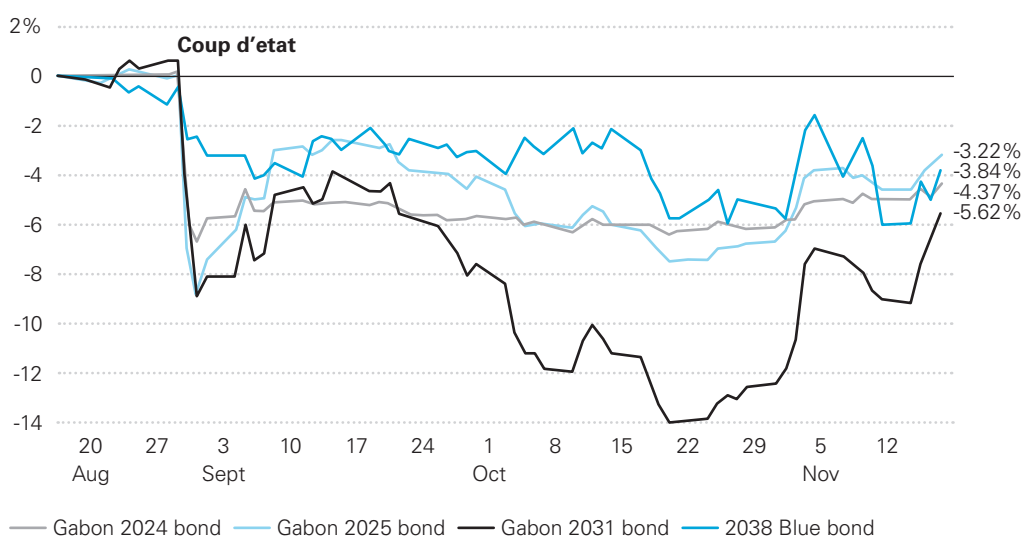
Debt-for-nature swaps convert debts of low- and middle-income countries, unable to service external debts, into commitments related to nature. In the face of recent geopolitical tensions, economic challenges and growing environmental concerns, DFNSs offer a promising alternative to traditional financing sources when access to international capital markets or commercial loans is limited, **Olga Fedosova** and **Max Turner** explain.

The concept of debt-for-nature swaps (DFNSs) was first introduced in the 1980s for conversion of debt owed to creditors by developing countries that were unable to service their external debt. Over the past 30 years, a whole range of different debt treatment operations has been developed under the umbrella of DFNSs involving both commercial debt and debt to official creditors that could be swapped for commitments related to nature. Since the early 2000s and until several years ago, DFNSs have not had much traction, partially due to a shift toward supporting developing countries through various initiatives such as HIPC/MDRI or DSSI, and partially due to a fairly long period of low interest rates. However, recent geopolitical, economic and climate changes brought the DFNSs back into the spotlight and here is why:

In the current global economic context, sovereigns face multiple geopolitical pressures (such as military conflicts in Ukraine and Israel), economic challenges (post-COVID-19 financial impact, high interest rates, inflation and food prices) and environmental concerns, including climate change and biodiversity loss. The low- and middle-income countries are more rapidly and more severely exposed

Benefits of nature... and an insurance policy

Gabon's blue bond has outperformed following August coup thanks to DFC political risk guarantee



Source: Reuters

to these challenges due to their lower resilience and higher socio-economic vulnerability. For these countries, DFNSs might serve as a promising alternative to traditional sources of financing at times when access to the international capital markets (Eurobonds) or commercial loan markets might be limited or even closed to them.

Gabon DFNS overview

Broadly speaking, DFNSs represent financial transactions aimed at refinancing a country's debt at lower relative interest rates in return for a commitment to spend a portion of savings on nature conservation. While DFNSs can take different forms, the purpose of this article is to specifically look into the



Gabonese Republic's debt-for-nature swap transaction in August 2023 and the lessons learned from it.

The first-of-its-kind in mainland Africa DFNS initiative echoes the stories of Belize, the Seychelles and Barbados or, most recently, Ecuador, which have successfully implemented DFNSs to free up financial resources to support nature- and conservation-related projects.

Gabon's US\$500 million DFNS represents a complex set of transactions, including new money, marine conservation and refinancing components.

The new money

The transaction was structured as an issuance of US\$500 million amortizing notes due 2038 by Gabon Blue Bond Master Trust Series 2, the proceeds of which were used to fund a loan to Gabon Blue Bond Master Trust Series 1. The blue loan lender used the proceeds of the issuer loan to fund a 15-year US\$500 million loan to Gabon under a loan agreement.

The blue bond issuance was arranged by Bank of America. Unlike previous DFNSs, the blue bonds were marketed and issued in the context of a Rule 144A/Regulation S offering aimed at institutional investors in the primary market (rather than a "bought deal" that is subsequently privately placed by the arranging bank). In this sense, the Gabon DFNS demonstrated that such deals can be successfully syndicated in a similar manner to traditional Eurobonds and offered to a wide spectrum of new money investors.

Central to the success of this transaction was the political risk insurance (PRI) provided by the US International Development Finance Corporation (DFC). The PRI is a specific DFC credit enhancement product that represents an insurance contract issued for the benefit of the blue loan lender and limited to non-payment of an eventual arbitral award and denial of recourse. The DFC PRI coverage is limited to the principal amount of the blue loan and seven months of interest thereunder, but does not include default interest, indemnity payments or make-whole amounts under the blue loan. This credit

enhancement enabled the blue bonds to receive an Aa2 rating (far higher than Gabon's sovereign debt rating of Caa1), resulting in a lower coupon on the blue bonds and consequently a lower coupon on the blue loan for Gabon compared to prevailing commercial lending conditions that would have applied to the sovereign borrower.

Gabon's interest payments under the blue loan are divided into three components: financial interest, the largest component, which is applied to payments owed under the blue bonds; conservation interest, which generates funds for conservation fund activities; and endowment interest, which is used to fund the endowment account for long-term conservation projects. The Gabon DFNS transaction effectively represents a pass-through structure whereby Gabon's payments of financial interest and principal under the blue loan are passed via the blue loan lender to the issuer and ultimately to the holders of the blue bonds. The protection of blue bond investors is enhanced by ensuring the bankruptcy remoteness of the issuer and, in the case of a default of Gabon, by the DFC PRI, as the benefit of any pay-out under the policy is effectively passed on to the blue bond investors. It is important to note that a default under the blue loan will not automatically accelerate the blue bond. Instead, it will start a 24-month moratorium on the blue bond interest payment during which period steps will be taken to activate the DFC PRI. A specifically created reserve account funded by Gabon is designed to provide additional protection to the blue bond investors as, under certain conditions, its funds may be used to make blue bond interest payments during the moratorium period.

Marine conservation

Gabon is an equatorial nation on the west coast of Africa with a diverse coastal and marine ecosystem, including a breeding ground for humpback whales and home to more than 120 of the world's most endangered or threatened marine species. Traditionally focused on oil production as a main driver of its economy, Gabon has shown strong interest in conservation in recent years, notably with the launch of the

Gabon



550 miles of coastline



2.4 million people



25% of coastline falls in the marine protected area established by the EEZ. Gabon is a major home of the leatherback sea turtle.



5th largest oil-producing nation in Africa. Gabon made a 30x30 pledge to protect **30%** of oceans, land and freshwater by 2030.



5 IUCN red-listed whale and dolphin species live in the region.



Major calving site for the humpback whale.



Debt-for-nature-swaps (DFNSs) could serve as a promising alternative to traditional sources of financing at times when access to the international capital markets (Eurobonds) or commercial loan markets might be limited to them

“Gabon Bleu” marine conservation project in 2013, which has since been complemented by other conservation initiatives.

The Gabon DFNS is designed to further support the country’s conservation initiatives in two ways: (i) by committing to generate approximately US\$125 million worth of dedicated conservation funding over the life of the blue loan in the form of the conservation interest component and the endowment interest component; and (ii) by undertaking compliance with certain conservation commitments under the blue loan agreement as further described below.

The Nature Conservancy (TNC) played a key role in providing structuring assistance in the context of the Gabon DFNS and helping develop the conservation milestones under the blue loan. In addition, during the life of the blue loan, TNC will oversee Gabon’s compliance with conservation milestones, supervise the endowment account funding and oversee the activities of Fonds de Preservation de la Biodiversité au Gabon Inc. (Conservation Fund) founded by Gabon and TNC.

In terms of conservation funding, Gabon committed to make periodic payments during the life of the blue loan to Gabon Blue Conservation, LLC (Conservation Organisation). These payments constitute the conservation interest component to generate funds for the Conservation Fund activities and the endowment interest component that will be used by the Conservation Organisation to fund the endowment account. The endowment account is intended to continue to fund Conservation Fund initiatives after the blue loan is repaid to provide long-term support to marine conservation, nature-based strategies for climate adaptation and sustainable economic development in Gabon. Both the conservation and endowment interest components represent savings from the refinancing and credit enhancement under the DFNS.

The Gabon DFNS will also help finance a marine spatial plan to increase the area of ocean under protection, improve management in currently protected areas and all new protected areas, and support Gabon’s sustainable blue economy.



**August
2023**

Gabonese Republic's debt-for-nature swap transaction is Africa's first

In addition, this project will help Gabon strengthen and enforce regulations in its fishing industry, which has been weakened by illegal, unreported and unregulated fishing. These objectives are represented by the conservation undertakings (Conservation Milestones) under the blue loan, each of which has a pre-defined framework and timetable.

In the event of non-compliance with the Conservation Milestones, Gabon will be required to make periodic payments to the blue loan lender which, if the non-compliance is eventually remedied, will be used to finance Gabon’s obligations to pay the remaining conservation interest under the blue loan. In addition, any breach of certain Conservation Milestones beyond defined grace periods may result in a major commitment default, which will be an event of default under the Blue Loan Agreement and, consequently, could trigger cross-default on Gabon’s other external debt instruments. Therefore, the Gabon DFNS contains strong financial incentives to respect the Conservation Milestones. Furthermore, these incentives are arguably stronger

compared to those contained in classic sustainability-linked instruments, where a failure to reach the pre-defined sustainability performance targets would not trigger an event of default and would normally result in a coupon step-up or, more rarely, increased principal.

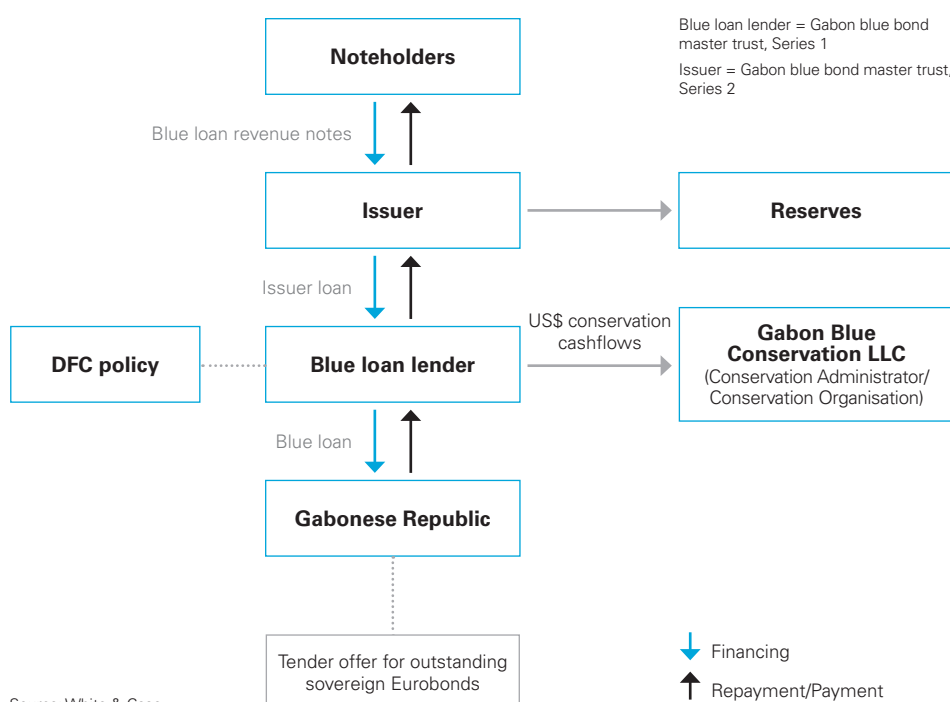
Refinancing via the tender offer

The proceeds of the blue loan were mainly used by Gabon to finance its tender offer for a portion of its outstanding US\$700 million 6.950% amortizing notes due 2025, US\$1 billion 6.625% amortising notes due February 2031 and US\$800 million 7.000% amortising notes due November 2031 (Notes). Gabon purchased the Notes at a discount to par for a total amount of approximately US\$442 million.

Lessons learned for future debt-for-nature swaps in Africa

Gabon’s DFNS set a precedent for other African countries that have both sovereign debt trading at discount and significant environmental priorities. It has also provided valuable insights for the successful execution of similar transactions in future.

Gabonese Republic’s debt-for-nature swap transaction



Source: White & Case

DFNS use case

The DFNS remains a relatively niche product for now. It is widely acknowledged that DFNSs cannot replace a comprehensive restructuring for countries with unsustainable debt levels unless the DFNS is able to refinance a much larger portion of the sovereign's outstanding debt while still generating meaningful savings on interest expense. In addition, DFNSs may not be the most cost- and time-efficient method to tackle challenging conservation projects compared to concessional loans and grants. However, grants and concessional loans are fairly limited, particularly for middle-income countries that normally do not qualify for grants, while the need for nature financing remains high.

The most suitable candidates for a DFNS transaction would appear to be sovereigns with credible nature projects and debt trading at significant discount, but not necessarily close to restructuring. The buyback of existing debt at a discount and a lower new money interest rate procured by credit enhancement help generate savings and can have a positive impact both for a sovereign's



US\$500 million

Total value of Gabon's first debt-for-nature swap transaction

public debt management and conservation agenda. For instance, in the cases of Belize and Ecuador, their respective bonds traded at a fairly significant discount, which translated into a higher amount of pure buyback-related savings under their DFNSs.

However, Gabon's DFNS demonstrated that it is not all about buyback discount and that this product can gain traction well beyond distressed debt situations. Whether a DFNS is the right debt management solution ultimately comes down to a policy analysis of a given country. In particular, access to new money in a complex market, maximizing the credit enhancement benefits via coupon savings, and dedicating funds to a conservation agenda could make DFNSs attractive to a wide range of sovereigns.

In Africa specifically, 2024 and 2025 are expected to be years of sovereign Eurobond maturity spikes in the context of an increasing level of distressed debt situations. In addition, many of these countries are in tropical areas severely impacted by climate change. While DFNSs are unlikely to be a silver bullet to address debt and climate challenges, they can certainly be an arrow in the

quiver of refinancing options, and present an attractive opportunity for both non-distressed and distressed sovereigns.

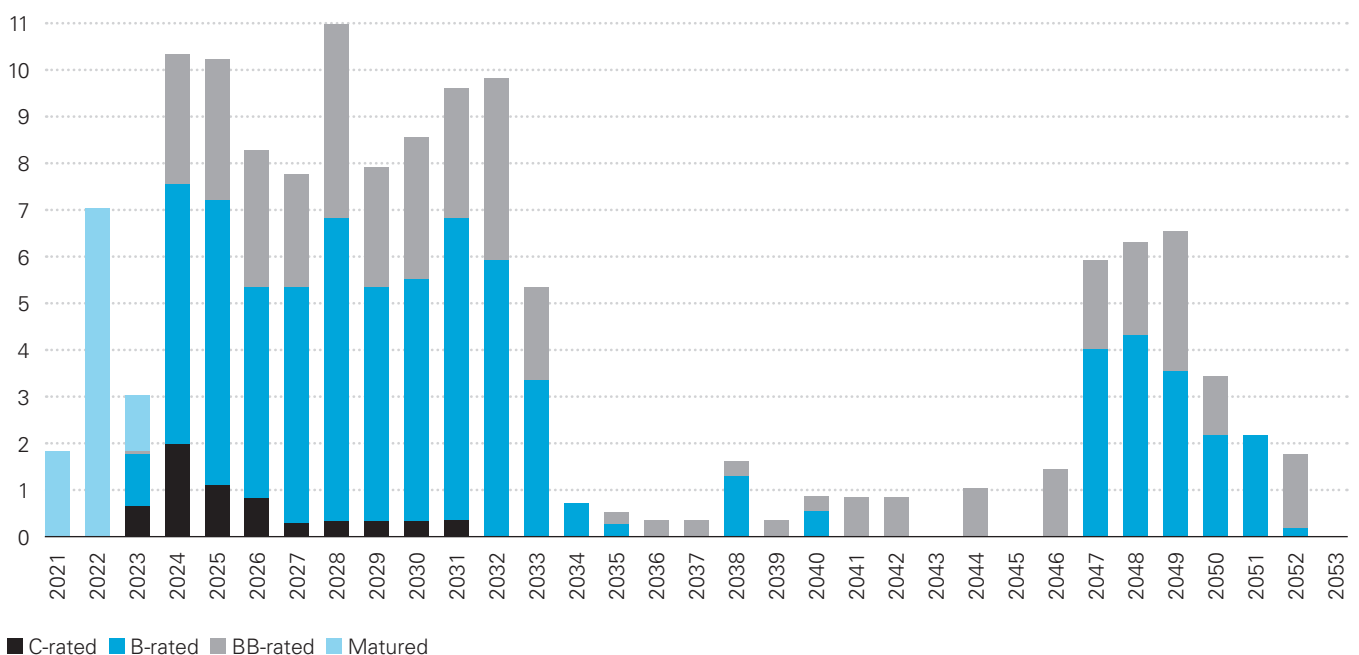
Teams, timing and costs

A DFNS is a complex transaction that involves multiple parties (the sovereign, the non-governmental entity (NGO) helping to structure the conservation aspects, the investment banks that will place the bonds with investors, the credit enhancement providers, and legal, financial and other advisers, as well as the creation of various special purpose vehicles and dedicated funds). The necessity of careful calibration of financial, conservation and legal elements and negotiations between multiple stakeholders make the execution costly and long. A DFNS can easily take several years from inception to closing.

At the sovereign level, it is important to have a dedicated team for a project that typically involves both the ministry of finance and ministry of environment to ensure full coordination of the country's financial and conservation objectives.

Success of the transaction heavily depends on an experienced and credible NGO. So far, TNC has been

African Eurobond maturities (US\$ billion-equivalent)



Source: World Bank



Gabonese forests are important sequestrators of atmospheric carbon dioxide

very active in this area, leading the DFNSs of Barbados, Belize and Gabon. Pew Charitable Trusts led the Ecuador DFNS. The choice of the credit enhancement is also a critical decision, affecting the structuring, documentation and marketing of the transaction. DFC provided credit enhancement in Belize, Ecuador and Gabon, while the Inter-American Development Bank served this role in the Ecuador and Barbados DFNSs. For DFNSs to have a real impact on both conservation and debt management generally, it will need to be scaled upward. Involvement of a wider range of NGOs and credit enhancement providers could help bring this financial product to a wider pool of potential borrowers and investors.

Governance and transparency

Accountability and transparency should be the cornerstones of a DFNS. As noted by the OECD, debt swap facilities should be centers of “professional excellence,” in order to maintain creditors’ trust and, eventually, attract additional financing.

In this sense, Gabon’s deal set a good standard for conservation governance. Under the Gabon DFNS, conservation funding is managed by the Gabonese Conservation Fund founded by Gabon and TNC. The Conservation Fund is subject to clear

governance rules to ensure its independence from the founders, in particular the sovereign, transparent decision-making and allocation of funds, and exclusive focus on the conservation projects in and for the benefit of the country, with the participation of independent experts and stakeholders as well as the involvement of the Gabonese nationals.

To further increase the transparency and credibility of future DFNS transactions, a sovereign could introduce public reporting on its progress achieving the Conservation Milestones, similar to the approach taken for ESG use-of-proceeds or sustainability-linked instruments.

Clear labeling

As with any financial product that is nature- or climate-related, it is important to pay specific attention to appropriate labeling. In particular, DFNS terminology applies terms such as “blue bond” and “blue loan,” alluding to the marine conservation focus (or other similar terms depending on the particular conservation or social-interest focus). However, it is important to differentiate these products from use-of-proceeds bonds, including traditional “blue bonds,” as defined in the September 2023 ICMA Bonds to Finance the Sustainable Blue



1980s

The concept of debt-for-nature swaps (DFNSs) was first introduced in the 1980s

Economy, a Practitioner's Guide. While DFNS documentation is very clear on the fact that the proceeds of the new money component will be used to refinance existing debt (and not for conservation projects), and that conservation activities will be financed purely through interest expense savings from the lower coupon, references to “blue bond” and “blue loan” in the context of a DFNS may lead to confusion among investors and other stakeholders, and may need to be revisited going forward.

Unlocking the potential of debt-for-nature swaps

Debt-for-nature swaps are not a universal solution for distressed debt countries, some of which may require a traditional restructuring. Nor can DFNSs offer the most cost-effective response to climate changes and biodiversity loss. But they can serve as a strong complementary instrument to address both debt and climate challenges simultaneously, especially in a context where grants are not forthcoming and debt relief is not necessarily on the table. In this sense, the Gabon DFNS could, and hopefully will, serve as an inspiration for other African nations seeking to tackle their debt burdens while prioritizing conservation.

The next logical steps in the evolution of DFNSs would be their scaling-up through an increased number of deals, volume of debt refinanced and attraction of a wider pool of NGOs, credit enhancement providers, and private and official sector creditors. In addition, DFNSs can be further expanded to address “debt for health,” “debt for education,” “debt for climate” or, as proposed by the IMF, structured around broad climate and environmental goals such as de-carbonizing the energy industry or investing in adaptation, and linking swaps to simple-to-monitor metrics such as carbon emissions, deforestation or ocean exploitation.

It remains to be seen whether DFNSs will continue their momentum and evolve further, but in the current economic and climate context, there is definitely a strong case for them among the African sovereigns and beyond!

Empowering Africa through impact investing

In an exclusive interview, **Marcus Booth** and **James Ateh** discuss Africa's infrastructure, renewable energy and investment landscape with **Sam Senbanjo**, A.P. Moller Capital.



Sam Senbanjo
A.P. Moller Capital

Please give us an overview of your experience in Europe and then Africa. How has that shaped your perspectives on PE in Africa?

I started off my African PE journey back in 2010 with Helios Investment Partners. I was with Helios for about five years, which was a great experience, working up to being a principal, and leading transactions in the energy and digital infrastructure sectors.

I started to get much more involved in infrastructure and, having initially joined the board of HTN Towers, I transitioned into a role as its Chief Commercial Officer and led the sale of that business to IHS in 2016. Following the sale, I decided to stay in Nigeria to enhance my local relationships, and started a business working with and providing growth capital to local startups. Then, in 2020, I had the opportunity to join A.P. Moller Capital and to work with some former colleagues, which brought me to Dubai.

Have you always had a focus on Africa?

I didn't intend at the outset to have a particular Africa focus, and was

initially focused on developing and funding renewable energy projects across Europe with HgCapital. However, I always recognized the huge opportunity for investing in Africa and, as an African, I am excited and driven by being able to make investments that have a positive and long-lasting impact on the continent.

At A.P. Moller Capital, we focus on infrastructure opportunities that enable food security, increase trade flows between Africa and other regions and within Africa itself, and improve access to power and digital communications.

Opportunities for technology leapfrogging are common in Africa. Legacy ways of doing things aren't in place and there are significant capital constraints, which drives the need for innovation. Technology offers the opportunity to add value to many people in a relatively low-cost way, and I believe that enabling digital communication infrastructure is one of the most important things that we can do to accelerate the growth of African economies.

Where is Africa today in terms of digital communication infrastructure?

It is very much still developing. Of course, one cannot talk about communications without talking about power and access to electricity. Only about 40 percent of telecoms infrastructure in Africa has been divested to third-party specialist tower owners. The rest is still in the hands of mobile network operators (MNOs). One tends to see less investment and higher operating costs when tower infrastructure is still in the hands of the MNOs

because they are not able to realize the benefits of sharing the tower infrastructure across multiple MNOs.

As third-party specialist tower owners become involved, one starts to see greater investment into things like hybridization—moving away from diesel toward using batteries and solar—and in the future toward mini-grids. Increasingly, towers are being built in rural communities and the opportunity exists to install greater power generation capacity than the tower itself needs, so that the surplus can be distributed via a mini-grid to local communities.

Mini-grids can also be deployed across a portfolio of towers. If one has 50 or 100 telecoms towers that are not too far from each other, one can build a 1 to 2 MW solar plant and connect all the towers. This creates an opportunity for significant cost savings and, instead of paying about US\$1 per kilowatt hour for diesel-generated power, that cost can be reduced to approximately 10 cents per kilowatt hour. Of course, one also benefits from emissions reduction as well.



Expanding digital telecommunications in Africa will have a significant educational impact, benefiting people who can't get to school or where educational facilities are not great

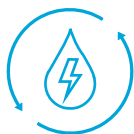
Cambéréne Bridge, Dakar, Senegal



How do you manage risk in your investments?

There are two important dimensions. The first is about how we run the company, and the policies and procedures that we put in place. We are part of the A.P. Moller Group, a diversified group of industry-leading companies with employees and operations across almost all countries in Africa. We have never experienced significant governance issues across the group, thanks to a robust governance framework that all group companies adopt.

The second dimension is the investment itself. We invest on behalf of pension funds, insurance companies and others who are not Africa experts, and so we manage risk in a holistic way. We look at insurance that can help mitigate political risk and adverse currency



~80%

Currently, approximately 80% of Africa's energy generation comes from fossil fuels

fluctuations. If we can fund our businesses in local currencies, then that also makes them less susceptible to global shocks. We standardize quite a lot so that we can leverage learnings from our previous investments and our hundred-plus years of operating in Africa.

What investment policies and criteria do you set for businesses? Are they sector-specific? Are there areas that you'll completely avoid or, conversely, focus on?

Our underlying investment philosophy is about doing well while doing good. We focus on finding opportunities where we can generate a positive impact re the environmental, safety and governance (ESG) aspects of a target company as an enabler of

returns. As an example, our first investment of our first fund was an opportunity to commercialize flared gas in Nigeria. This turned a negative ESG story into a positive one and has been highly profitable for us, as we were able to procure the flared gas at nominal rates.

Another good example is Kenya-based KEG Holdings, which owns the largest LPG import and distribution business in East Africa. We are evaluating an opportunity to replace the petrol tuk-tuks that KEG uses to deliver LPG cylinders to consumers with electric tuk-tuks, which will both reduce emissions and reduce the potential for road traffic accidents—the batteries in electric tuk-tuks give them a lower center of gravity so they are much more stable.

What are the most important effects of expanding Africa's digital telecommunications?

Expanding digital telecommunications in Africa allows more people to work from home and make money online that otherwise they would not have been able to earn. There is also a significant educational impact, as a lot of learning happens through online channels, benefiting people who can't get to school or where educational facilities are not great. The third really positive impact is the ability to electrify remote regions, giving more people access to electricity.

In what other kinds of industry sectors are you active?

We're involved in a cold storage chain solution in South Africa, which addresses a problem area that also exists in the rest of Africa and in many other markets with hot climates and growing populations. Food security and reducing food waste are core needs we can meet. In Egypt, we support exports through our ownership of HAU logistics, which has cold chain air cargo handling facilities at Cairo International Airport. Fruit and other agricultural products grown in many parts of Africa never reach market because they get spoiled in transit, and so we are proud to be able to help to fix that.



Key to all of this is the transition to renewable energy. How does Africa fit into the global green energy transition?

Renewables are a key area for investment. About 80 percent of Africa's energy generation is from fossil fuels, and roughly 25 percent of that is from coal. That will likely flip by 2030, with about 75 percent of Africa's energy then coming from renewables and only 25 percent from fossil fuels.

Capital costs of solar and other technologies are coming down. That's phenomenal for Africa because many renewable sources don't have ongoing fuel costs. Once the hurdle of deploying the initial capital is cleared, it's the most cost-effective source of power generation available. This is crucial when you're dealing with economies where household income and GDP per capita are as low as in most of Africa.

Also, we expect that about 27 percent of energy access in Africa will be through standalone installations. In many cases, customers can adopt a pay-as-you-go model through using mobile money rather than having to bear the capital costs upfront. Many companies are emerging to develop this part of the market, such as ZOLA Electric, which specializes in providing off-grid homes and businesses with power through their "solar as a service" model.

What challenging M&A experiences have you had in Africa, and what lessons did you learn from them?

There are so many aspects to answering that question. One challenge is that founders often have a hard time letting go of control of their businesses, which is obviously not unique to Africa. A way in which one can have a smoother transition is by using a more structured equity product that uses less of the equity. As an investor, this reduces your downside risk but it might mean giving up some of the upside. On the other hand, it might mean the difference between getting the deal done or not with a founder who is worried about being marginalized in the business that they founded.

The second crucial challenge is governance and how that will be managed. I believe strongly that this needs to be agreed upfront. We seek to front-load the agreement to address aspects, such as the rights each side will have in relation to various aspects of decision-making and exit. Most deals tend to fail because of these points rather than the due diligence kicking up something that makes you think you don't want to be involved with the other party.

So before spending money on due diligence, I want to really understand who I will be partnering with in this business for the next five, six or seven years. How will we run the business together? What do they

feel strongly about in terms of rights that they want to retain? Why do they feel so strongly about that? What are the risks? How are we going to run the business together and make it successful?

The biggest risk lies in getting the wrong partner. So, I need to understand who I am dealing with. Are the people I'm talking to the real principals, or are they fronting for somebody else? Do they have integrity? This is really the first aspect of any deal we will diligence using networks within the group, as well as third-party diligence providers such as Risk Advisory or Kroll.

When we get down to due diligence, I know things are not going to be perfect. Areas will be found that need improvement and we must then agree on a plan for how to fix those issues. One wants to be in a position where one never needs to look at the shareholder's agreement later because things are not going well.

How optimistic are you about Africa's prospects generally over the next few years?

Probably not as optimistic as I would like to be, what with global geopolitical trends, rising interest rates and other macro-economic issues. It's a fact that Africa imports so many goods and products from other countries, so imported inflation is a real concern. De-globalization is also having an impact. As an example, US fund managers seem



far more interested right now in Mexico than in Africa.

These factors mean that in Africa one must focus on finding regional solutions and opportunities. Improving inter-regional trade is an example. We spend a lot of time looking at ports, particularly those related to exports. Africa is very rich in minerals and resources, many of which don't exist elsewhere. These can feed into manufacturing and other activities that generate local economic activity. Logistics within Africa is, on a per-unit cost basis, one of the costliest anywhere in the world. We believe we can add value by finding opportunities to reduce those costs and through increasing the efficiency of supply chains and networks.

Are there any countries within Africa where you are especially optimistic?

Given that currency risk is such a challenge, countries in West Africa that use the CFA franc, such as Ivory Coast and Senegal, stand out because that currency is backed by the French treasury and pegged to the euro. Also Morocco, where the currency is pegged to a basket comprising the euro and the US dollar. This, together with its proximity to Europe, makes that country especially interesting. We like Egypt, even though it does have its own economic challenges because its location is attractive for trade between Africa and

Southeast Asia. There is also South Africa. Its challenges in its energy infrastructure and its logistics sector create significant opportunities for investors like us.

Do you have any comments on exits?

Exit issues are sector-dependent. Investments in renewable energy platforms are probably the easiest sector to exit at the moment because a lot of renewable energy and energy transition funds have been set up recently. Generalist PE players and those focused on fossil fuels are having to reinvent themselves. It's more challenging to exit successfully if you've got fossil fuel-related investments, because then you are limited to strategic buyers.

With transportation and trade-related investments, we're seeing a lot of opportunities. Right now, roughly ten big, global multi-modal logistics companies are looking to expand their footprints and their networks. We're getting a lot of queries about our businesses in those areas. For instance, we have a great business portfolio that we acquired less than three years ago, and we weren't thinking about selling it for another few years, but we might sell it next year because of the unsolicited queries that we are getting about it.

The final point I would make is that exits take a lot of planning. One must start two years beforehand.



~75%

By 2030, about 75% of Africa's energy will come from renewables

The first step is to agree on what we're trying to do with local shareholders. Secondly, to begin spreading the word about our portfolio so that potential buyers, who probably already have their eye on the company, will know when it will become available.

The third step is to engage with potential buyers and their advisors to understand how they view the business, and the risks and opportunities, so that it can be correctly positioned. The fourth step is to think about the funding. In Africa, one can't simply rely on a buyer making a cash offer. So, how can we help the right buyer with financing to make it as easy as possible for them to buy the business?

And then obviously the final step is to run an efficient process. Where there is just one obvious buyer, then it might not be necessary to run a full process although it's important to create some sort of competitive tension. When we're talking to two or more interested buyers at the same time, then it is more typical to run a full process.

How did you maintain personal well-being? You are always so positive and energetic. How did you maintain balance in life?

The opportunity to build infrastructure that has a long-lasting positive impact on Africa and its people is immensely rewarding. I was born in Nigeria and so I am proud of this lasting legacy that our investments create in Africa, for Africans. When it comes to maintaining balance and focus, it's trying at a personal level to focus on what is important rather than what's urgent. So, a lot of that is deciding what not to do to make space for what is important.

I've also started to try to take extra days off around my work-related travel, particularly to countries that I have not visited before. Just to look around and engage a little bit more with the culture. That's one new way in which I'm trying to get to a little bit more personal balance. Not sure how my wife feels about that, though!

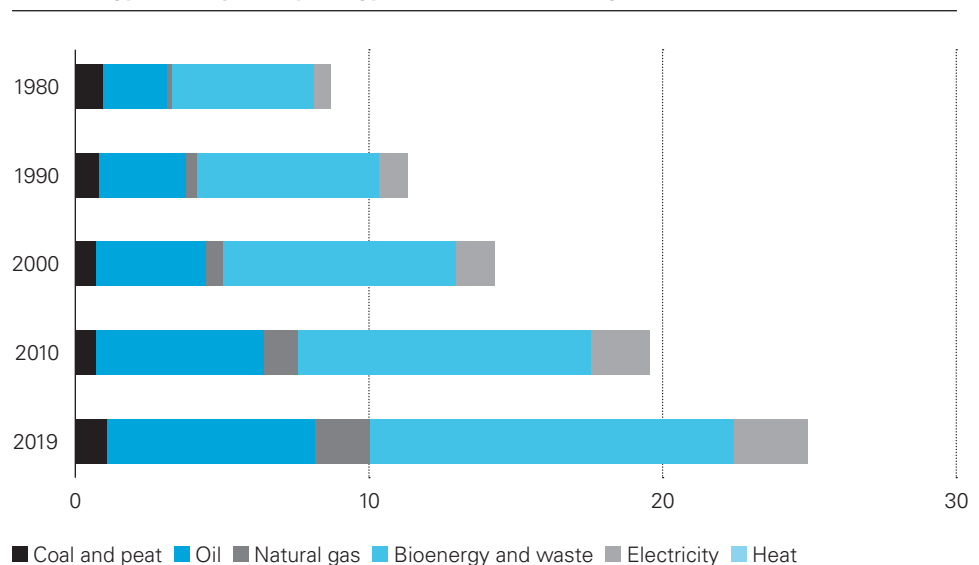
Africa's quest for universal electricity access and net-zero through small modular reactors

Africa needs to significantly increase its electricity production to ensure universal access to its expanding population. It also needs to achieve net-zero emissions by 2050. Small modular reactors (SMRs) offer a potentially accessible and sustainable solution, but financing and regulatory hurdles must be addressed for widespread adoption, **Ximena Vasquez-Maignan** explains.

Africa is in great need of energy: More than 40 percent of its population—approximately 600 million people—lacked access to electricity in 2022. That same year, 74 percent of the electricity was produced with fossil fuels, with low-carbon energies only producing 24.7 percent of the total electricity output (19 percent for hydro, 4.5 percent for wind and solar, and 1.2 percent for nuclear) according to the International Atomic Energy Agency (IAEA). Despite its substantial reliance on fossil fuels, Africa contributes only 2 to 3 percent of global carbon dioxide emissions from energy, as reported by the United Nations Framework Convention on Climate Change.

Electricity comprises a relatively small part of final energy consumption in Africa. The continent needs to significantly increase electricity production to ensure universal access to its expanding population (according to the United Nations, more than half of the global population growth between now and 2050 is expected to occur in that continent), while achieving its net-zero emissions target by 2050. The full transition to clean energy technologies will require more than doubling energy investments this decade, according to the IAEA. Nuclear will inevitably be part of the energy mix, together with other low-carbon energies, such as hydro, wind and solar, in order to achieve the big challenge ahead.

Final energy consumption by energy source in the Africa region



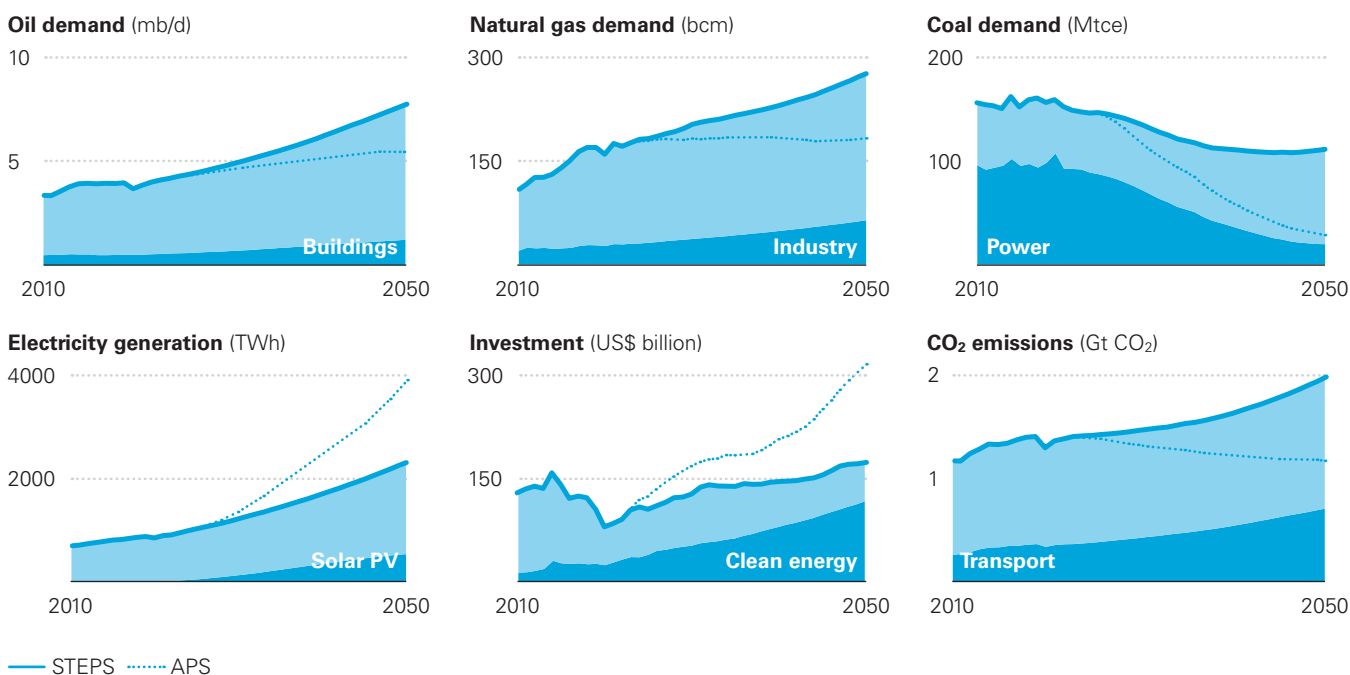
Source: "Energy, Electricity and Nuclear Power Estimates for the Period up to 2050," IAEA, 2023



The full transition to clean energy technologies in Africa will require more than doubling energy investments this decade



Key energy and emissions trends



The Stated Policies Scenario (STEPS)
Announced Pledges Scenario (APS)

Source: Milestones in the development of a national infrastructure for nuclear power (IAEA, 2015)

Nuclear power and net-zero goals

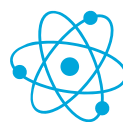
According to the latest projections of the IAEA, the “total electrical generating capacity [for Africa] is expected to increase by 44 percent by 2030 and to undergo an almost four-fold increase by 2050. In the high case, nuclear electrical generating capacity is projected to increase by 58 percent by 2030 and to undergo more than a ten-fold increase by 2050 compared with 2022 capacity. In the low case, nuclear electrical generating capacity is projected to remain constant to 2030, and by 2050 it is expected to undergo close to a five-fold increase compared with 2022 levels.”

Today, only two African countries have nuclear power programs: South Africa and Egypt. South Africa has two 970 MWe nuclear reactors, which started commercial operation in the 1980s and which output accounted for 4.9 percent of the electricity production in 2022. Egypt launched the construction of three 1,200 MWe reactors last year.

In 2007, the IAEA developed a comprehensive guide to assist

newcomer countries in developing their nuclear power program in a sound manner: the IAEA Milestones Approach. The countries will have to go through three phases, which completion is marked by a specific milestone. The IAEA Integrated Nuclear Infrastructure Review (INIR) service monitors the progress made during the different phases and confirms whether a milestone has been achieved, as shown in the figure below. During the INIR missions, a holistic peer review is carried out by the IAEA and international experts to ensure that the country has set up the necessary infrastructure to develop a nuclear power program. It covers, among others, the national policies, the legal and regulatory regimes, the human resources capacity, the reliance of the electrical grid infrastructure, the potential sites that may be suitable to construct nuclear facilities and the supporting infrastructure.

African countries have shown a great interest in developing nuclear power. More than 26 percent of the INIR missions since 2009 have



58%

Nuclear electrical generating capacity is projected to increase by 58% by 2030

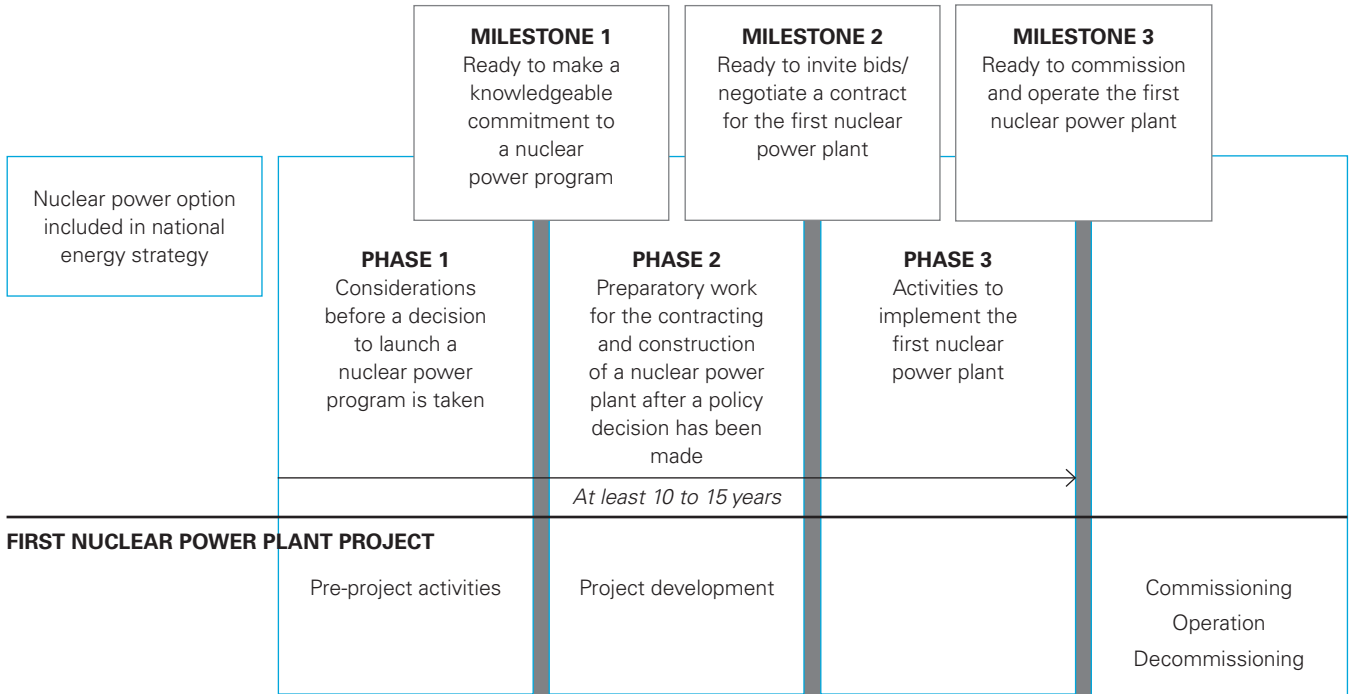
concerned African countries, such as Ghana, Kenya, Niger, Nigeria, Sudan and Uganda. Two of them are currently in Phase 2 of the IAEA Milestones Approach: Ghana and Nigeria.

The nuclear sector is one of the most regulated industries, in order to ensure that nuclear technology, material, equipment and services will only be used for peaceful purposes in a safe manner, thus preventing their diversion and nuclear accidents. In its 70 years of history, there has been one case of diversion that led to a state acquiring nuclear military capability and three nuclear accidents with off-site damage. Each time, the international legal framework and guidelines have been reviewed to prevent such situations from recurring.

A country will need to ratify the conventions that form part of the international nuclear legal framework if it intends to develop a nuclear power program. As nuclear material is also used for non-power purposes (e.g., radioisotopes for medicine, industry or agriculture, and fuel for research reactors),

The IAEA Milestones Approach to developing a nuclear power program

NUCLEAR POWER INFRASTRUCTURE DEVELOPMENT



Source: Milestones in the development of a national infrastructure for nuclear power (IAEA, 2015)

most countries would already have ratified some of those conventions, and most certainly the Convention on Nuclear Safety and the Joint Convention on the Safety of Spent Fuel Management and on the Safety of Radioactive Waste Management. It is important however, that the conventions to which they are a party be duly incorporated into their national legal and regulatory framework, and that the key organizations are established (i.e., the governmental organization in charge of implementing the nuclear power program, the regulatory body and the owner/operator of the nuclear power plant).

Regulatory strategies for widespread integration

The vendors of nuclear technology and the suppliers of nuclear material, equipment and services for a nuclear power plant will require that the legal and regulatory framework are consistent with the international nuclear conventions, especially with regard to nuclear liability and international guidelines (at least those of the IAEA). The international



Nuclear fuel rods

Interior of a power station cooling tower



nuclear liability conventions provide that in case a nuclear incident occurs, the operator of the nuclear installation will be strictly and exclusively liable for any nuclear damage (e.g., loss or damage caused by radiation), and will only have a right of recourse to recover compensation paid for such nuclear damage against them “if and to the extent that it is so provided expressly by contract.” For the vendors and suppliers, it is therefore key to ensure that such principles apply, and that the operator of the nuclear power plant will be the only entity to be held liable for such damage. It is important to note that vendors and suppliers will continue to bear the usual liabilities for non-nuclear damage, such as product liability.

The country interested in developing a nuclear power program will also need to enter into nuclear cooperation agreements (NCA) with those countries which organizations will be providing technology, nuclear material, equipment and services. NCAs provide the framework for bilateral cooperation in the nuclear field, ensuring that the recipient country will only use them for peaceful purposes and will meet the export policy requirements.

Small and micro-modular reactors as a sustainable solution

After setting up the domestic legal and regulatory framework, the government will need to prepare the relevant procurement structure, as well as the invitation to tender, which would imply that a decision has been taken with regard to the type of reactor that will be sought.

There are today a wide variety of reactors that should be able to address the different needs:

- Large reactors, with capacity beyond 700 MWe: The latest generation of large reactors is generally of 1,000 MWe at least
- Small modular reactors, with capacity from 10 MWe to 700 MWe: The Rolls-Royce version with a capacity of 470 MWe may be considered the largest
- Micro-reactors, with capacity of less than 10 MWe: the smallest being the MARVEL reactor of the Idaho National Laboratory in the

US that will generate 100 kilowatts of power for various electrical and non-electric applications, such as thermal storage, water purification and district heating.

Until now, only large nuclear power plants have been constructed around the world to provide electricity to the grid and have been mostly financed by public funds. However, some countries could struggle to finance such a capital-intensive technology, especially if/when multilateral financial institutions have not yet considered financing nuclear power projects.

Small and micro-modular reactors may be an alternative for countries to start building nuclear capacity, as their cost should be more accessible. This is partially due to the fact that they are “modular,” meaning that they can be partially or fully manufactured in a factory and then assembled or directly installed on-site. Additional units may also be deployed to address potential increases in energy demand.

The majority of small and micro-reactors have been developed mainly for off-grid purposes (e.g., providing power or desalination capacity to isolated communities), and some have been specifically developed to decarbonize energy-intensive industries, such as chemicals, refining, mining, iron and steel. The advantages for an industrial site to be powered or receive heat from a small or micro-reactor are several: it will improve its footprint, as nuclear is a low-carbon energy; nuclear energy is reliable and not intermittent; with stable production costs, it will ensure a stable energy price; given the size and the new construction approach, the construction phase should be dramatically shorter than for a large nuclear power plant (expected to be at most five years for the largest SMRs), which would allow the vendor to be more easily on-time and on-budget; and most of all, it will provide the end-user with a long-term security of supply.

If micro- or small modular reactors are to be used to decarbonize an industry, the latter may be able to finance them with minimal or no public funds. However, given the risks entailed with nuclear energy, the lenders or investors



Small and micro-modular reactors may be an alternative for countries to start building nuclear capacity, as their cost should be more accessible



2–3%

Africa contributes only 2 to 3% of global carbon dioxide emissions from energy

may certainly require some financial support from the state where the reactors will be located, and from the nuclear technology-exporting state through export credit arrangements or financial institution development loans.

Financing nuclear projects in Africa has become one of the major topics at the IAEA, the International Energy Agency and the OECD Nuclear Energy Agency conferences, where calls for multilateral financial institutions to start financing nuclear projects have been made by those organizations, as well as governments and the nuclear industry. While all these stakeholders discuss potential solutions, the African countries that are interested in developing nuclear power programs should concurrently put in place the relevant legal and regulatory frameworks and ratify the required international conventions in order to be ready to continue the process once a financial scheme has been identified, and to allow the industry to use SMRs to decarbonize their activities and benefit from a reliable source of energy.

Charting Namibia's new investment potential

Namibia's regulatory environment, stable economy and rich mineral resources make it an attractive investment destination in Africa. Investors should view Namibia as a key emerging investment hub on the continent, as **Gary Felthun** and **Tariq Kajee** and Koep partner **Irvin Titus** highlight.

Recent discoveries by Shell, TotalEnergies and their joint venture partners in Namibia's Orange Basin suggest the presence of significant reserves: approximately 11 billion barrels of oil and up to 8.7 trillion cubic feet of gas.

In February 2022, TotalEnergies announced a major discovery of light oil and associated gas in block 2913B, known as the Venus-1X site, in the Orange Basin. This block, owned jointly by TotalEnergies as the block operator, QatarEnergy, Impact Oil and Gas, and the National Petroleum Corporation of Namibia (NAMCOR), is estimated to contain 3 to 5 billion barrels of oil, making it the eighth-largest global oil discovery since 2000.

In the same month, Shell announced its discovery of light oil and confirmed the presence of a working petroleum system at the Graff-1X well in PEL 39, also in the Orange Basin. Owned jointly by Shell Namibia Upstream B.V. as the PEL operator, QatarEnergy and NAMCOR, the Graff-1X well holds an estimated 2.38 billion barrels of oil. Following this, in April 2022 and March 2023, Shell and its partners announced additional significant oil discoveries at the La Rona-1 and Jonker-1X exploration wells in PEL39, with the latter potentially holding as much as 2.5 billion barrels of oil.

Following these discoveries, Shell and TotalEnergies have both conducted successful flow tests in Namibia: the former at the Graff-1X well, in June 2023, and the latter

Notable recent developments

- In October 2023, the European Union pledged approximately US\$1.34 billion to Namibia's green hydrogen and raw materials sector, following a memorandum of understanding signed in September 2023, and the establishment of a roadmap for green hydrogen investment by the European Union and its constituents in Namibia.
- The creation of SDG Namibia One, a US\$1 billion blended-finance vehicle for green hydrogen investment in Namibia. This initiative is a partnership between Namibia's Environment Investment Fund and two Dutch organizations, Climate Fund Managers and Invest International B.V. (II).

at the Venus-1X site, in September 2023. Both companies are now assessing the commercial viability of these discoveries and have earmarked substantial portions of their 2024 exploration budgets for further activities in Namibia.

Although Shell does not anticipate producing oil in Namibia until after 2030, it announced plans in November 2023 to drill two additional wells over the next six to nine months, investing approximately 25 percent of its deep-water exploration budget in the country.

Green hydrogen

Alongside the development of its oil & gas reserves, Namibia is also making great strides in renewable energy. Global pursuit of net-zero commitments regarding greenhouse gas emissions and limiting global warming to below



Namibia is uniquely positioned to produce green hydrogen for export at scale to global markets

1.50 Celsius, below pre-industrial levels, which means that demand for hydrogen—a clean fuel that, when burned, produces only water vapor—will grow, very significantly. Namibia is ideally positioned to produce green hydrogen for global export. With more than 3,000 hours of sunlight annually, the country boasts abundant renewable energy sources for electrolysis, including high solar power potential. It also has access to vast water resources along its 1,572-km coastline.



Additionally, Namibia's sparse population and ample space favor infrastructure development, and its ports provide logistical access for exporting hydrogen.

Mining & metals

Mining currently contributes about 30 percent to Namibia's GDP. Given rising global demand for critical minerals, investment in Namibia's mining sector is also poised for significant growth. Such minerals include copper, lithium, nickel, cobalt and rare earth elements that are essential for clean energy technologies such as wind turbines and electric vehicles. Namibia is especially rich in lithium and rare earth mineral deposits. In 2022, for instance, a rare earth minerals deposit with an ore body estimated at 579 million tonnes was discovered at Kalkveld.

Namibia has secured a provisional agreement with the European Union to supply rare earth minerals, complementing its green hydrogen exports to Europe. In August 2023, Namibia also entered into an agreement with Japan for the joint exploration and development of rare earth minerals, aiming to secure a consistent supply to that country for electric vehicle batteries in its automotive sector. Under this agreement, the Japan Organisation for Metals and Energy Security (JOGMEC) will collaborate with Epangelo, a Namibian state-owned mining company, on various exploration activities.

Unsurprisingly then, Namibia is witnessing a surge in mine acquisitions—both of operational mines and those in maintenance.



30%

Contribution of mining to Namibia's GDP in 2023

Notable recent acquisitions include Rosh Pinah Zinc by Appian Natural Resources and Namib Lead and Zinc by CL Ventures Lux S.A.R.L.

Interest in Namibia's critical minerals is set to rise even further, though. To achieve global net-zero emissions by 2050, demand for these minerals is projected to double by 2030. Lithium demand has already surged, with a 200 percent increase globally between 2017 and 2022. Namibian authorities have responded by banning the export of unprocessed lithium and other critical minerals to promote in-country beneficiation. This strategy aims to maximize local profits throughout the supply chains and enhance the development of its critical minerals potential.

Oil & gas

TotalEnergies has allocated approximately US\$500 million, half of its 2023 global exploration budget, to further appraisal of blocks 2912 and 2913B. As of December 2023, two rigs, three wells, and four drill stem tests are operational to establish the scale of resources and expedite development in the area. These developments have sparked considerable interest in the Orange Basin. Chevron and Woodside Energy have secured farm-in agreements with frontier explorers holding licenses adjacent to the discoveries.

The Namibian Ministry of Mines and Energy is formulating a local content policy to increase participation by historically disadvantaged Namibian citizens. A draft local content policy has been published by the Ministry and a

consultative process initiated with stakeholders to develop a policy for the petroleum upstream industry in Namibia. The draft aims to define "local content" clearly and set out comprehensive plans to ensure that Namibians benefit from their natural resources. This process is ongoing.

Navigating regulatory challenges and due diligence in extractive industries

In considering opportunities in Namibia, potential investors need to consider the significant political pressure that exists for local beneficiation in the extractive resources industry. Acquisitions planning job cuts may face particular scrutiny and challenges. Regulatory bodies, such as the Namibian Competition Commission, are increasingly advocating for investment in local processing as a condition for acquisition approvals, wherever economically feasible.

With regard to opportunities in the oil & gas sector, investors typically apply for, or farm into, exploration licenses allowing exclusive operations within designated blocks. These licenses are subject to the terms and conditions specified in the license, and the terms and conditions contained in a petroleum agreement entered into with the Namibian government.

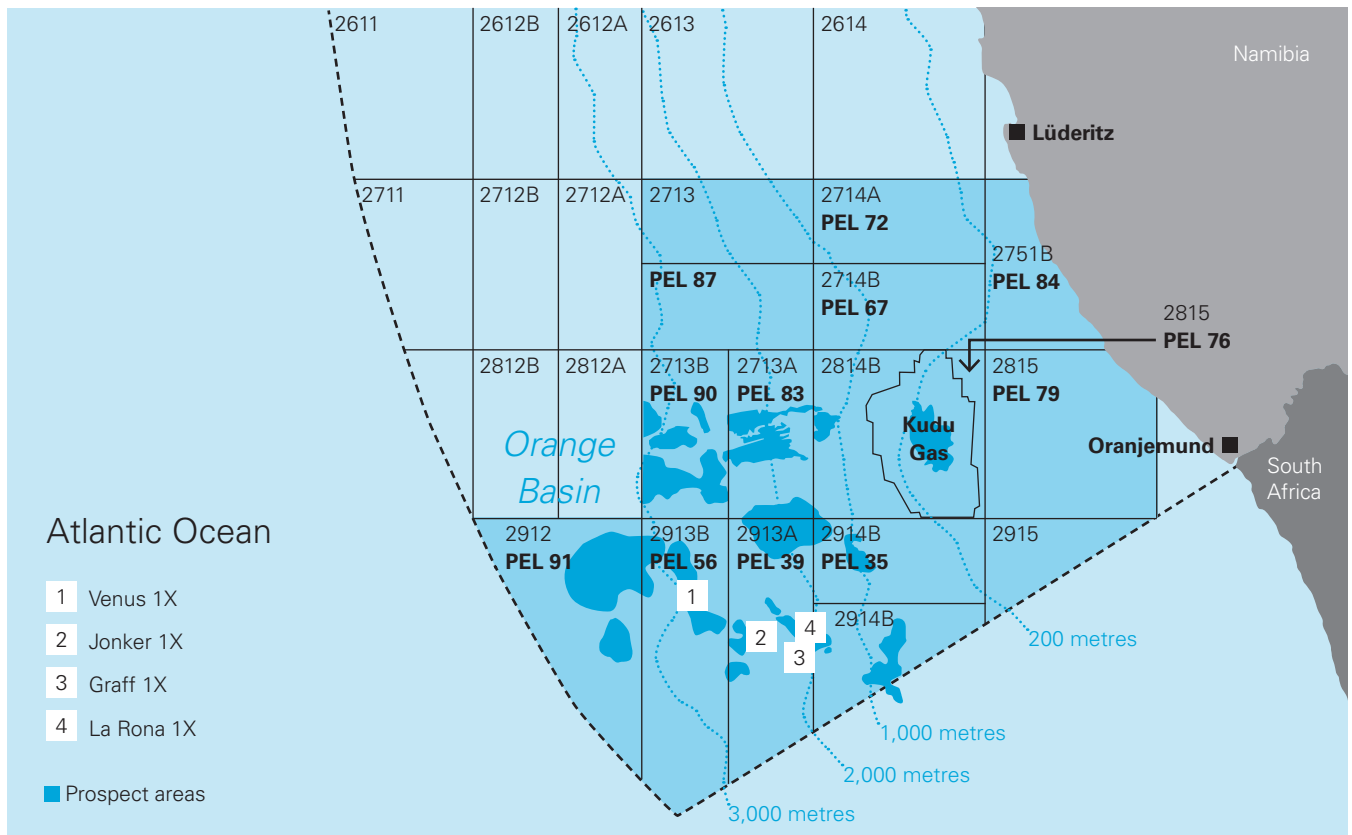
Prior to finalizing farm-out, share purchase or asset purchase agreements, comprehensive due diligence is conducted on the relevant exploration license. This includes title opinions and securing necessary statutory approvals, such as ministerial approval for license transfers or assignments, and merger approval where a transaction triggers a change in control and merger thresholds are breached.

In the mining sector, investments in exclusive prospecting licenses (EPL) and mining licenses are made through share acquisitions, investments or asset purchase agreements. Mining licenses often require a minimum of 20 percent representation of historically disadvantaged Namibians in management, including the board. Additionally, 5 percent of principal voting shares or mining license holdings must be owned, directly or indirectly, by historically disadvantaged Namibians.

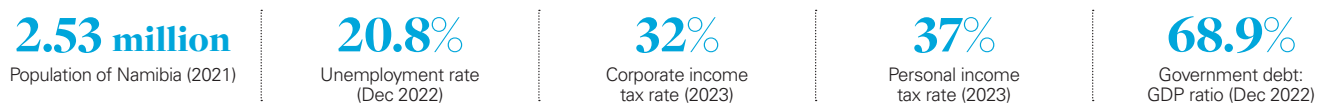


The terms of foreign loans are restricted, and prior exchange control approval is required for disbursements

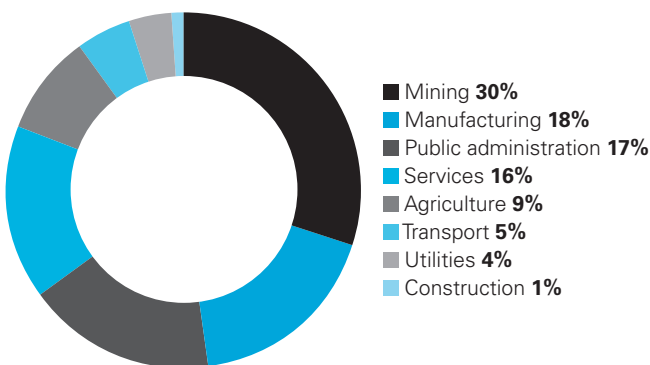
Prospect areas in the Orange Basin, off the coast of southern Namibia, have delivered a number of promising oil and gas finds – with perhaps more to follow.



Source: Energy Africa; Offshore Energy

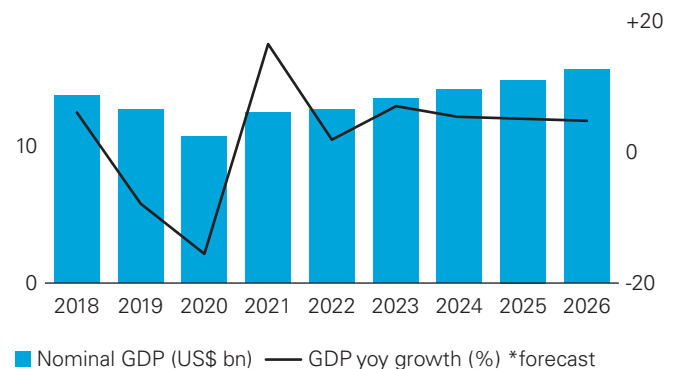


As at December 2023, mining contributes roughly 30% of Namibia's economic output, followed by manufacturing, services (including tourism) and the public sector



Source: Namibia Statistics Agency, via Trading Economics

Namibia's economy is forecast to grow at between 2 to 3% p.a. over the next few years. This will likely accelerate as oil & gas production commences



Source: IMF



Aerial view of the mining development, quarry in Namib desert, Namibia

Applicants must also demonstrate strategies for addressing the government’s objectives, including poverty eradication and benefiting disadvantaged youth, women and impoverished individuals.

Other conditions stipulate that mineral license holders must prioritize Namibian-manufactured products and services, with due regard for technical and economic efficiency. Preference is given to employing local professionals and collaborating with local people to develop the industry.

Competition, exchange control and tax structuring

Foreign investment in hydrocarbons or mining licenses is generally unrestricted. However, the Bank of Namibia mandates a 3:1 thin capitalization and a similar debt-to-equity ratio for exchange control purposes, applicable to transactions outside the Common Monetary Area in South Africa, Namibia, Lesotho and Eswatini.



579m tonnes

Estimated size of a rare earth minerals deposit discovered at Kalkveld in 2022

If financial assistance from a foreign entity is disproportionate to a company’s fixed capital, interest or charges on the “excessive portion” may be disallowed as a deductible expense by the Namibian Receiver of Revenue.

Foreign loan terms are restricted. Exchange control approval is necessary for both loan disbursements and repatriation of repayments, the latter especially if the original loan advances were not approved by the Bank of Namibia.

From a tax perspective, investors should consider implications of bilateral investment treaties and double-taxation agreements to which Namibia is a party. Namibia operates on a source-based tax system, taxing both residents and non-residents on income sourced within the country. Capital gains are not taxed, however, and this applies to the sale or transfer of interests in petroleum licenses.

Dividends are tax-exempt, but non-resident shareholder tax

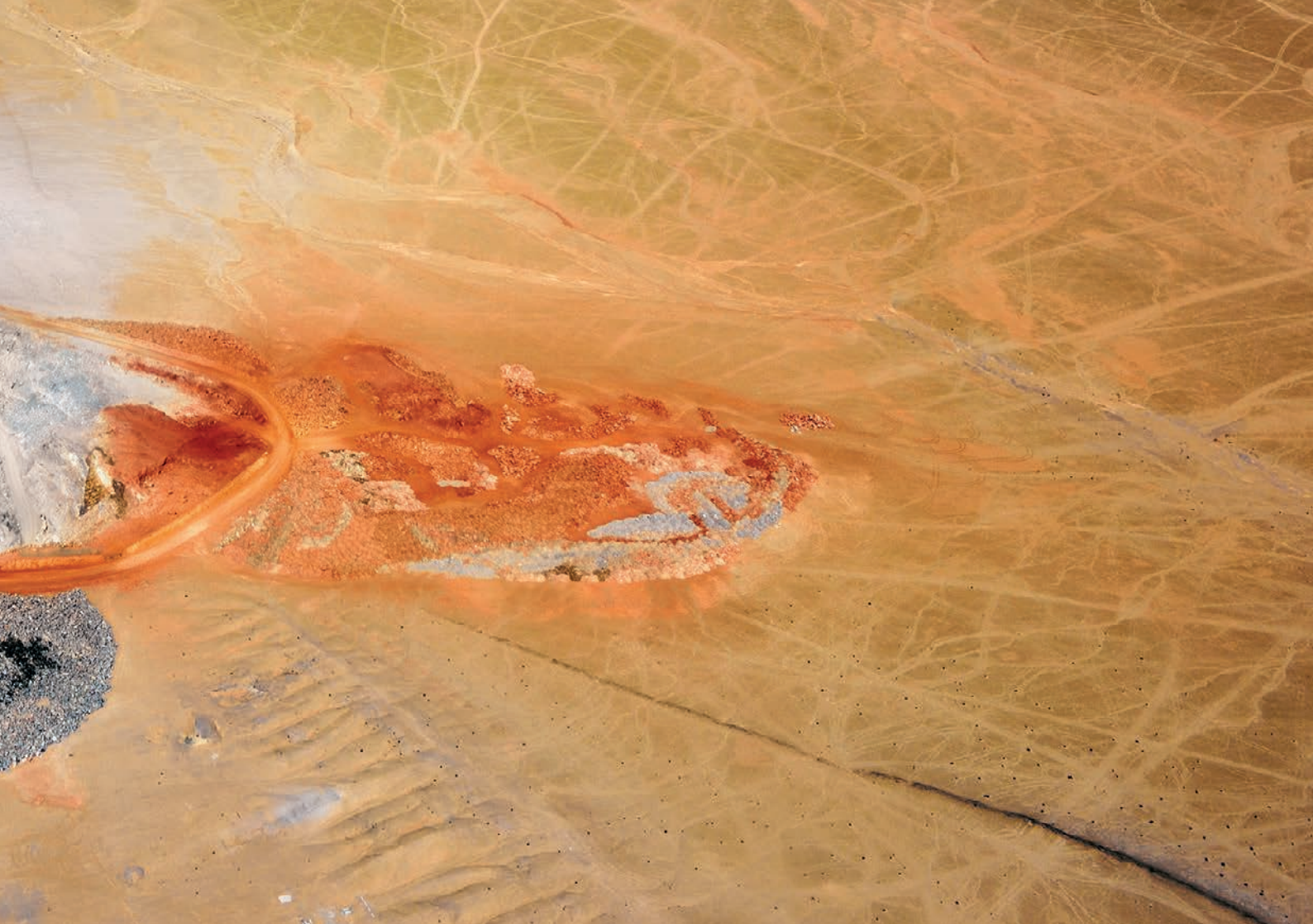
(NRST) is withheld at 10 percent if a Namibian company holds at least 25 percent of the shares and the shareholder is a company. Otherwise, NRST is payable at 20 percent.

Withholding taxes apply variously to service fees paid by residents to non-residents, including fees for directors, royalties and consulting services, subject to any double-taxation agreements.

Overcoming obstacles to obtaining regulatory approvals

To secure regulatory approvals in the mining or oil & gas sectors, demonstrating financial and technical capacity to meet work obligations and minimum expenditure is essential.

Furthermore, and as noted earlier, investments leading to job losses will undergo additional scrutiny and challenge. Regulatory bodies like the Namibian Competition Commission are increasingly requiring investment in local processing as a prerequisite



for merger approvals. This trend suggests that investors focusing solely on extraction without adding value to the Namibian supply chain may face challenges. Thus, investing in the processing of raw materials within Namibia could be advantageous, especially considering more rigorous regulation that might be introduced in the near future to require even greater local processing of key mineral resources.

Investment protection and dispute resolution regime

Namibia's adherence to international treaties it has ratified and protocols to which it has acceded exerts significant influence over its domestic legislation. According to Article 144 of the Namibian Constitution, general rules of public international law and international agreements binding upon Namibia under the Namibian Constitution form part of the law of Namibia.

If the Minister of Mines and Energy and a license-holder

cannot resolve a dispute through negotiation, either party may opt for arbitration. Such disputes are settled in accordance with the Arbitration Rules of the UN Commission on International Trade Law, effective as of the agreement signing date. Unless agreed otherwise, arbitration typically occurs in London, unless parties agree otherwise. As far as is practicable, the Minister of Mines and Energy and the company are expected to continue to implement their agreement while arbitration is pending and during arbitration.

Namibia's promising horizon

Namibia's regulatory environment, stable economy and rich mineral resources make it an attractive investment destination. While Namibia's GDP is forecast to grow at only 2 to 3 percent over the next few years, the new oil & gas discoveries coming online will have the effect of ramping this up. This, with new clean energy opportunities (particularly in critical metals and



Namibia might become a new pivotal destination for investment in Africa

green hydrogen) will also present attractive opportunities for Namibia to diversify its economy and reduce unemployment. Moving away from reliance on diamonds, gold and copper exports, and tourism, these developments could drive significant economic growth by the end of the next decade. Given this outlook and the potential for further opportunities, investors should view Namibia potentially as a key emerging investment hub in Africa.

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