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Green hydrogen - a win-win for all?

The Green hydrogen cooperation could foster social and ecological transformation in Namibia but only if the EU respects the interests of both parties

In terms of social inequality, Namibia is one of the world's worst performers — but now there is hope that the production of green hydrogen will change this. During the latest UN Climate Conference, President of the European Commission Ursula von der Leyen and Hage G. Geingob, Namibia's President, signed a strategic accord outlining a cooperation in the areas of hydrogen generation and natural resources. The fact that the agreement was signed at the presidential level shows that the project is intended to be understood as a cornerstone of the European Green Deal and as a central plank in the continent's energy transition.

According to the EU, green hydrogen could become a motor for economic development both outside and inside Namibia. The country's president also sees the technology as a cue for massive foreign investment which will create jobs and secure joint prosperity.

A raft of multinational joint ventures is already planning gigantic plants on the Namibian coast from where, starting in 2025, ammonia (used as an energy carrier for green hydrogen) will be shipped. Both at the EU and member-state level, investments in hydrogen infrastructure are planned, with the German government also counting on the technology to help it reach its ambitious goal of climate neutrality by 2045.

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So, the future is looking bright for everyone involved, right? Well, even though this might look like an automatic win-win scenario, there is a danger that, if Europe focuses exclusively on its own economic and ecological interests, green hydrogen might not turn out to be a motor for social and ecological transformation in Namibia after all. If, for instance, profits from the hydrogen joint ventures flow outwards into other jurisdictions, benefitting only those

Namibians with business activities in the sector (and who are generally drawn from wealthier social groups), then there is a considerable risk of green hydrogen actually increasing rather than decreasing the country's wealth disparities.

In Namibia today, more than 40 per cent of young people – many with degree-level qualifications – are out of work, and even prior to the Covid19-pandemic, over 57 per cent of the working-age population were employed in the informal sector, without any form of social insurance to cover losses of earnings. More than 43 per cent of Namibians do not have access to electricity and rural areas especially are plagued by multi-dimensional poverty. A large number of corruption scandals and irregularities surrounding the activities of state institutions and multinational corporations in the recent past, especially in raw materials extraction, has led to a pronounced erosion of public trust in the socio-economic utility of large-scale primary-industry projects.

Making hydrogen cooperation a success

In view of this, the EU must, in addition to its own climate goals and its aim of strengthening its economic position, also focus on unlocking the transformative potential of green hydrogen technology to improve standards of living in potential supplier countries such as Namibia. It is crucial that social, ecological and economic questions beyond the EU's external border are given due thought and that the roadmap to implementation of the strategic agreement in 2023 and 2024 is laid out accordingly. Specifically, the EU and Namibia should set concrete standards, define measures to reach them and assign responsibility for oversight as essential conditions for state investment from Team Europe. The following three ideas should be understood as suggestions on how exactly to make sure cooperation is a success for both parties.

Firstly: What could be simpler than feeding a portion of the green electricity generated into the Namibian grid? This would allow the country to reduce the proportion of its electricity supply that it imports from neighbouring South Africa – largely generated from fossil fuels – and currently about 60-70 per cent, helping the country to reach its own Paris Climate Goals. Moreover, a share of the potentially considerable state revenues from this new industry could be used to fund the expansion of the Namibian electricity grid. Beyond this, the EU and its member-states could agree to oblige multinational corporations to provide set quotas of electricity generated in Namibia to the local population at favourable rates.

Secondly: If you choose to believe what representatives of the private sector claim, green hydrogen is set to 'flood the Namibian labour market with jobs'. But the well-paid positions in the industry are, of course, primarily set to go to qualified engineers. For this reason, the Engineering Council of Namibia is demanding that local candidates be hired for management positions right from the start – rather than, as was so often the case in similar projects, bringing in people from abroad. One potential approach would be to start by advertising the jobs on Namibian markets and, where required, providing additional training to get local candidates into the roles.

Undeniably, there is a skills gap between the qualifications of many Namibian graduates and the demands of the labour market, so a target increase in knowledge transfer and development in the most specialised areas of the green hydrogen value chain would represent an important step forward in a long-term attempt to up-skill the Namibian labour market. This summer, a programme of stipends for young Namibian students pursuing technical education in the hydrogen sector was agreed upon between Berlin and Windhoek. If these initiatives were to be intensified and the private sector be brought in at scale, this may well unleash the transformative potential of green hydrogen technology for the Namibian economy in a broader sense, spreading into other sectors and establishing a long-term trend.

If the two parties do not commit to any hard-and-fast standards, the social impact of green hydrogen on the lives of ordinary Namibians will be limited at best.

Thirdly, corruption and environmental damage represent serious challenges to prestige projects in the raw materials sector. According to the Institute for Public Policy Research, in order to hem in the pernicious effects of corruption, to render visible the social and ecological impact of the primary industry as a sector and to increase the attractiveness of Namibia as a place to do business overall, the country's government should join theExtractive Industries Transparency Initiative (EITI). This organisation makes member-states commit to transparent accounting on how proceeds from raw materials extraction are put to use. In doing so, it aims to prevent corruption and enhance economic growth in supplier countries.

If for no other reason than to reduce the risk of embezzlement for EU public funds provided to Namibia, the country's entry into the initiative should be made a precondition for the planned loan from the European Investment Bank and all direct investment from the EU. This has clear

grounds – both moral and financial. Fortunately, joining EITI by 2025 is already stated in Namibia's government policy in tackling corruption.

The three suggestions made above are a good fit to the six pillars of the partnership, due to be finalised between the European Commission and the Namibian government in a detailed roadmap by mid-2023. If the two parties do not commit to any hard-and-fast standards and fail to define specific measures and sanctions in case of non-compliance, the social impact of green hydrogen on the lives of ordinary Namibians will be limited at best.



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