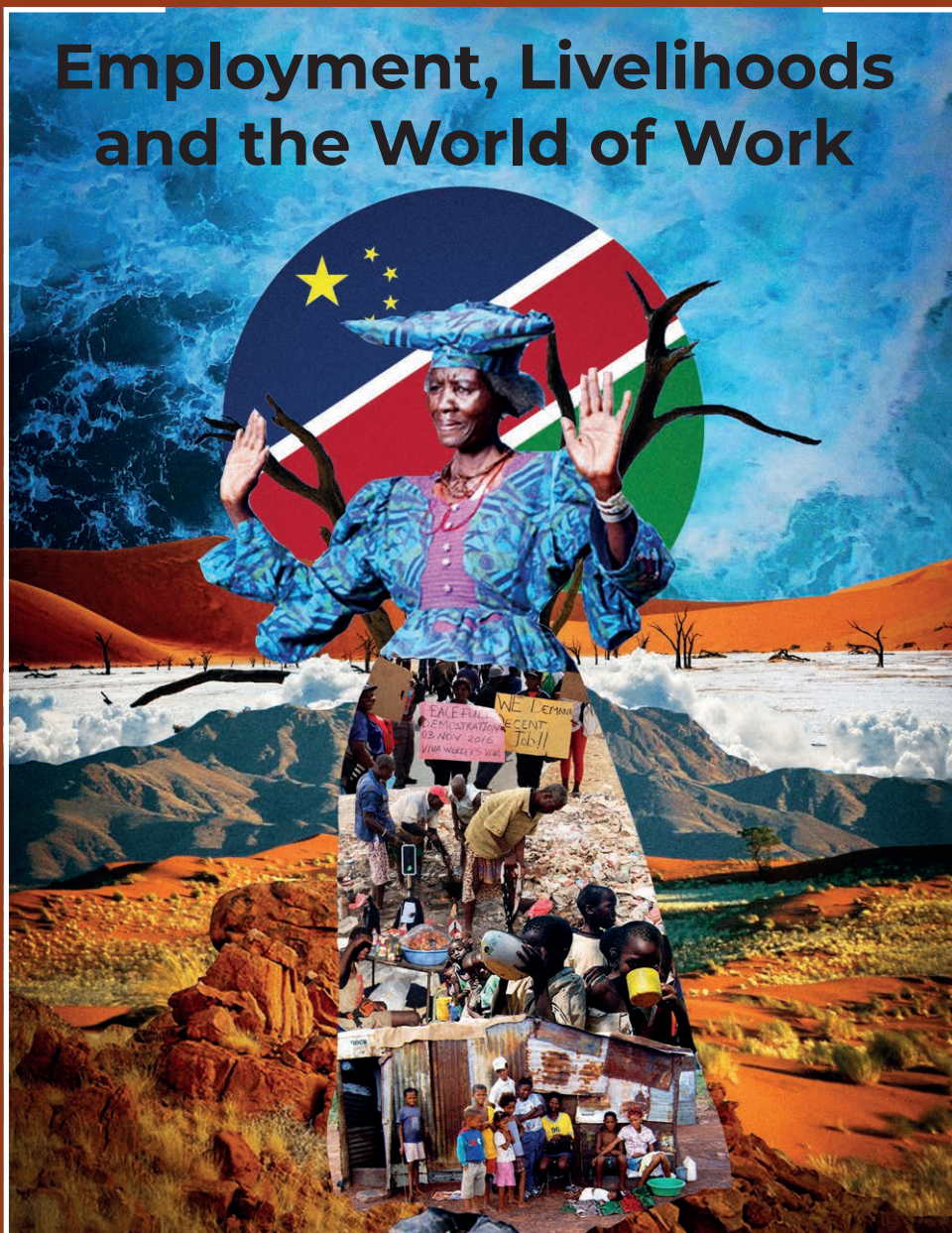


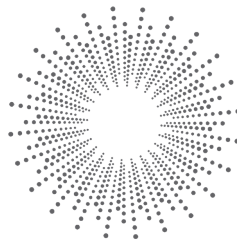
Employment, Livelihoods and the World of Work



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Volume 3

November 2023



Namibian
Journal
of Social
Justice

www.namsocialjustice.org

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Opinion Piece

Germany's Hydrogen Rush in Namibia: Green Extractivism at its Best

Johanna Tunn and Franziska Müller

Everyone is talking about green hydrogen. Since the invasion of Ukraine, at the latest, the search for the “green gold” has been dominated by debates around energy security, diversification and the imminent decarbonisation of Europe and especially Germany. However, domestic production of green hydrogen would hardly be sufficient to produce the needed quantities from renewable sources, given the small amount of land available in densely populated countries. Furthermore, the strategic urge to remain a traditional hub of steel production and the automotive industry means that a combination of deindustrialisation and decarbonisation is not considered an asset, but rather a no-go. This has resulted in drastically increased interest in producing green hydrogen in remote places and importing it from there, as this is considered to be an indisputable imperative of national energy security. Indeed, no other country in the world has been pushing the (green) hydrogen agenda and its import strategy as hard as Germany, whose “expansive bilateralism” is unique, a fact which is mirrored by a myriad of energy and hydrogen partnerships. Step by step, Germany has intensified its economic

ties with Saudi-Arabia, the Emirates, Mauritania, Brazil, Australia, Canada and, not least, Namibia, so as to create large-scale hydrogen production sites in areas with favourable geophysical conditions, since, so the argument goes, both solar and wind potentials are available there in quantities that could never be accessed domestically for the generation of hydrogen from renewable sources.

However, Germany is not the only country pursuing an expansive hydrogen strategy. The hydrogen rush is a global one which is driven by bilateral state partnerships and multilateral corporations, as well as by private and corporate interests. Over the past two years, many players in the Global North have formulated their own hydrogen strategies, amongst them Australia, the US and many individual European states, as well as the European Union. To govern the drastic demand for (green) hydrogen, these strategies are being implemented through the development of global trading platforms and pricing schemes – the H2Global mechanism being a case in point – which may position European

stakeholders in an advantageous position when negotiating market conditions and the overall governance of the hydrogen economy. Apart from state actors, private corporations have been advancing their vested interests in getting their share of the hydrogen pie.

What is remarkable here is that it is especially the gas industry and many energy-intensive industries that have been pushing the hydrogen agenda – and not only by signing deals and planning huge projects in many countries of the Global South. As Corporate Europe Observatory has shown, it is the gas industry that has been influencing European hydrogen policies, in particular, those of Germany. In accordance with their lobbying, German and other European policies facilitate the production of hydrogen from renewables, as well as so-called “blue hydrogen” that is processed from fossil gas with the application of carbon capture and storage technologies. These processes have not yet proven to be safe or carbon neutral. The application of hydrogen is not only foreseen for sectors that are hard to electrify, but also for the transport sector (for example, e-fuels for motor vehicles and aviation). This will intensify extractive consumption patterns in the global north.

Namibia plays a central role in Germany’s hydrogen strategy. Less than two years ago, at the UN Climate

Change Conference in Glasgow (COP 26), Namibian President Hage Geingob announced plans to redesign the country as a global hub for green hydrogen. In fast forward, the Namibian government issued a tender awarding a 4 000 km² area for the production, processing and shipping of green hydrogen in the protected Tsau ||Khaeb National Park. Under the auspices of Hyphen, a joint venture consisting of a private equity company (Nicholas Holdings Limited) and the German project developer ENERTRAG, green hydrogen would be produced on an area thrice the size of New York City. The projected investment volume is a whopping 9.4 billion US dollars, which is not only equivalent to Namibia’s gross domestic product (GDP) in 2020, but also to the total amount of funding that Germany has so far earmarked for the promotion of green hydrogen. The plan is to build solar panels and electrolyzers with a capacity of 5 GW (five billion watts) that will produce around 300 000 tonnes of green hydrogen annually for export to Europe. Within the next years, the Namibian government plans to capitalise on 15 to 20 more Hyphen-equivalent sized projects in the national park. In President Geingob’s (second, and constitutionally final) term, which is coming to an end in 2024, all the strings are being tightened to turn Namibia into a hub for green hydrogen over the next 40 years and to boost exports to European countries.

Via GIZ (the Agency for International Cooperation), the German government has also been significantly involved in the development of the Namibian hydrogen strategy that was published in November 2022. Three green hydrogen hubs were conceived along Namibia's coastline, including the Southern Corridor Development Initiative (Hyphen) in the south of the country and the Erongo Green Energy Hub in the centre, where four further projects financed by the German government are being developed. Within the next years, the Namibian government plans to capitalize on 15 to 20 or more Hyphen-equivalent sized projects. All the strings are being tightened to turn Namibia into a hub for green hydrogen over the next 40 years and to boost exports to European countries.

On a state visit, Robert Habeck, the Federal Minister for Economic Affairs and Climate Action, underlined Germany's interest in cooperation in the well-known phrasing of "dialogue at eye level". What reads as a fabulous parade towards a green transformation of the German economy with the integration of Namibian interests on eye level should, however, be viewed with a caution. Meanwhile, social movements, activists and even critical scientists are asking the question: Is green hydrogen a new scramble for Africa?

Hydrogen Capitalism at its Best

The current debate portrays the hydrogen rush and the German-Namibian cooperation as a win-win situation: For Namibia, it means electrification and energy independence from South Africa, while at the same time increasing GDP by a projected 15 to 19 billion US dollars annually, as well as urgently needed jobs. In addition, energy-intensive sectors are to be attracted by the cheap and clean energy, and industrialisation is to be promoted, mainly aiming at fertiliser markets. For Germany, this means the chance to secure exclusive access to cheap green hydrogen and to establish itself in a leading position in a new market and on coveted geopolitical terrain. While the benefits for the German industry are likely to be achieved due to its standing in the international economy and technology leadership, the question remains whether the promises made for Namibia and its people will materialise, or if this remains a marketing strategy with little overall substance besides a tightened territorial grip and enhanced competition for the cheapest production sites. Let's dive into the pledges and have a look at both obvious, structural and rather subtle strategies and risks that are likely to emerge.

What about Jobs?

The hype around the planned large-scale projects is fuelled above all by the prospect of new jobs. Hyphen promises to provide 90% of the planned 15 000 jobs and an additional 3 000 jobs during the construction phase in Lüderitz to local companies in the construction and service sectors. People are already moving into the townships of Lüderitz in the hope of finding new jobs. Field research results of the authors of this article show that these projects pose a risk in a city with only 15 000 inhabitants. This is especially true with regard to the already existing housing shortage and the lack of sanitary and logistical infrastructure. In addition, the project will only need 3 000 workers after completion, so that, as the South African energy transition also shows, the hope for a substantial job miracle could fail to materialise.

In general, civil society actors complain that Namibia's hydrogen hype is a presidential project. Although they would be essential actors in a just transition, civil society has thus far not been involved in the debate. On the contrary, a recent comment covered by The Namibian newspaper on President Geingob telling civil society not to interfere with the government's decisions is concerning to say the least, and is consistent with what civil society actors we have conducted interviews with in the past year have told us.

Rather than considering their concerns, opening up a debate and involving NGOs, unions, and especially affected people in such processes, high-ranking officials from both governments, law firms, financiers and project managers close deals behind closed doors. The lack of transparency and accountability in procurement have been raised several times, yet major decisions seem to be made without the involvement of Namibian people.

Ecological Risks

All the proposed projects carry severe socio-ecological risks ranging from water scarcity to the disturbance and pollution of terrestrial and marine ecosystems. In the case of Hyphen, the project runs a high ecological risk due to the extensive use of the Tsau ||Khaeb National Park. Before the area was designated as a national park in 2004, it had been a restricted area for almost a hundred years – the Sperrgebiet – first for the benefit of the German Diamond Company, then for DeBeers. Now Hyphen is estimated to cover about 4 000 km², which is almost thrice the size of New York City. Much of the succulent flora is endemic, and is endangered by climate change as matters stand.

Extensive water use in a desert region characterised by recurrent droughts and water scarcity poses another risk. For example, the Daures project in Erongo,

which is co-financed by the German government, plans to draw on scarce groundwater reservoirs during the first phase of the project. To circumvent the withdrawal of freshwater resources from water-scarce regions, hydrogen projects are euphorically promoting the desalination of sea water for the electrolysis process. The Hyphen project alone will require huge amounts of water. The are plans to procure water through seawater desalination. However, brine production, land requirements and energy consumption through desalination constitute severe risks with regards to water and environmental justices, that are barely discussed in the context of the hydrogen transition. Obvious examples of this include coastal erosion through construction and the endangering marine ecosystems through the residues that are discharged into the ocean. Imagine: for every desalinated litre of water produced through desalination, about 1.5 litres of liquid contaminated with chlorine and copper are produced – and these have to be released somewhere. Globally, around 80% of brine from desalinated water production is released into the seas and the environment.

Resource Pool for European Interests

Current developments further point to the emergence of an enclave economy, driven by the interests

of importing countries – a form of “hydrogen capitalism” from which the Namibian population hardly benefits. Hydrogen capitalism comes with a finance scheme, which may serve as blueprint for several others to come: The SDG Namibia One Fund worth US\$1 billion seeks to attract private green capital, backed by concessional loans from public lenders like the European Investment Bank. At the same time, Germany’s H2Global initiative promotes hydrogen partnerships with exporting countries and seeks to get Germany’s industry on board to decarbonise their production and to act as “first mover” in a new green power game. While northern actors are able to de-risk their African investments thanks to public lenders of the last resort, in the case of Hyphen, it is currently being debated if the Namibian state should take a 24% share in the project. Should the project fail – for example due to a lack of demand or exchange rate fluctuations that do not yield the expected returns – the Namibian state, and ultimately its people, would have to bear these shortfalls themselves, all while Namibia’s national debt is already over 60%. It is understandable that the government is trying to refinance Namibia’s own share through private financiers by means of green bonds via the Namibia One Fund, but such green bonds are often rewarded with little interest in economies of the Global South.

Overall, this indicates how large-scale hydrogen projects are associated with the risk of accumulating even more debt in the form of loans, and exacerbating financial dependencies on foreign banks. This results in a highly financialised green transition which deepens north-south dependencies and limits room for manoeuvre for southern actors. Moreover, it socialises the risks of such large-scale investments and privatises the benefits, mostly for capitalist elites and international investors.

Increasingly, activists and scholars are criticising the colonial tendencies of the burgeoning hydrogen economy worldwide. These manifest in extractivist practices, new financial dependencies, indebtedness and land appropriation, accompanied by legitimisation strategies linked to arguments of climate protection and sustainability. The leading Namibian discourse echoes similar patterns. Here, the questionable strategies of privatisation and the commercialisation of nature in the name of energy security, diversification and decarbonisation, as well as the narratives of progress and modernisation, are being pushed. There is a threat of growing financial and political dependencies, especially given the power of foreign companies over land.

What we are seeing right now is a clear externalisation of costs – while European

countries will ultimately benefit from Namibia's hydrogen economy through the import of green hydrogen, most of the costs will be and are already carried by Namibia – socially, ecologically, and financially. Although the green hydrogen revolution in Namibia raises hopes of jobs, energy security, electrification and potential prosperity, it should be approached with extreme caution. Such large-scale energy projects have usually done little to improve local socioeconomic conditions in the long run, but have rather perpetuated (neo-) colonial dynamics in a structurally uneven world.

Extractive practices and the various resource rushes have a long tradition in Namibia – be it diamonds, mining, oil explorations in Kavango Region, or even the Fishrot Scandal, in which those responsible have to date not been held accountable. Both German Federal Minister for Economic Affairs and Climate Action Robert Habeck and Namibian Hydrogen Commissioner James Mnyupe have smilingly made light of concerns about a “new energy imperialism”. Both German and Namibian shareholders should take this systemic criticism seriously and face up to it – especially in view of Germany's colonial atrocities and the still outstanding adequate reparations and reappraisal for exploitation, forced labour and the genocide against Herero and Nama people.